

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position
as at 31 March 2019

	Note	The Group		The Bank	
		As at 31-03-2019 RM'000	As at 31-12-2018 RM'000	As at 31-03-2019 RM'000	As at 31-12-2018 RM'000
ASSETS					
Cash and short-term funds		516,236	624,791	233,651	204,360
Financial assets at fair value through profit or loss ("FVTPL")	11	631,354	232,824	528,709	181,365
Financial investments at fair value through other comprehensive income ("FVOCI")	11	5,299,387	5,038,173	5,299,387	5,038,173
Financial investments at amortised cost	11	48,959	48,381	48,959	48,381
Loans, advances and financing	12	1,254,160	1,276,004	1,254,160	1,276,004
Trade receivables	13	562,860	368,429	444,502	279,537
Derivative financial assets		39,464	29,857	39,088	29,784
Commodity Gold at FVTPL		45,413	42,733	-	-
Other assets	14	30,232	35,195	24,358	30,227
Statutory deposits with Bank Negara Malaysia		193,701	196,600	193,600	196,500
Amount due from subsidiaries		-	-	277	273
Investment in subsidiaries		-	-	125,721	125,721
Investments in associated company		-	-	1,132	1,132
Taxation recoverable		38,742	28,879	21,820	22,095
Deferred tax assets		3,201	26,597	891	14,506
Property and equipment		29,829	30,334	17,710	18,658
Intangible assets		322,678	323,102	315,717	315,963
Right-of-use assets	15	10,797	-	7,037	-
TOTAL ASSETS		9,027,013	8,301,899	8,556,719	7,782,679
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	16	5,707,017	5,131,652	5,707,017	5,131,652
Deposits and placements of banks and other financial institutions	17	473,381	424,913	473,381	424,913
Obligations on securities sold under repurchase agreements	18	137,291	142,477	137,291	142,477
Trade payables	19	619,439	600,898	387,049	292,945
Lease Liabilities	20	10,851	-	7,069	-
Derivative financial liabilities		34,389	28,107	34,389	28,107
Amount due to holding company		44	47	-	-
Amount due to related company		221	448	-	-
Other liabilities	21	358,736	415,947	281,769	298,651
TOTAL LIABILITIES		7,341,369	6,744,489	7,027,965	6,318,745
Share capital		999,800	999,800	999,800	999,800
Reserves	22	581,170	491,837	528,954	464,134
		1,580,970	1,491,637	1,528,754	1,463,934
Non-controlling interests		104,674	65,773	-	-
SHAREHOLDERS' EQUITY		1,685,644	1,557,410	1,528,754	1,463,934
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,027,013	8,301,899	8,556,719	7,782,679
COMMITMENTS AND CONTINGENCIES	31	8,004,570	6,376,955	8,004,570	6,376,955
CAPITAL ADEQUACY					
Basel III					
CET 1 capital ratio	30	30.615%	30.644%	34.233%	34.177%
Tier 1 capital ratio	30	31.257%	31.194%	34.233%	34.177%
Total capital ratio	30	32.043%	32.005%	35.104%	35.099%
After deducting proposed dividends:					
CET 1 capital ratio (net of proposed dividends)	30	30.615%	30.644%	34.233%	34.177%
Tier 1 capital ratio (net of proposed dividends)	30	31.257%	31.194%	34.233%	34.177%
Total capital ratio (net of proposed dividends)	30	32.043%	32.005%	35.104%	35.099%

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 31 March 2019

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2019 RM'000	Preceding Year Corresponding Period 31-03-2018 RM'000	Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Interest income	23	76,037	70,867	76,037	70,867
Interest expense	24	(60,399)	(51,584)	(60,399)	(51,584)
Net interest income		15,638	19,283	15,638	19,283
Fee and commission income	25(a)	105,187	141,299	105,187	141,299
Fee and commission expense	25(b)	(29,091)	(54,708)	(29,091)	(54,708)
Net fee and commission income		76,096	86,591	76,096	86,591
Net gain and losses on financial instruments	26	41,086	25,749	41,086	25,749
Other operating income	27	2,760	950	2,760	950
Net income		135,580	132,573	135,580	132,573
Other operating expenses	28	(87,923)	(90,502)	(87,923)	(90,502)
Operating profit before allowances		47,657	42,071	47,657	42,071
(Allowances)/write-back of credit impairment losses	29	(2,010)	128	(2,010)	128
Profit before zakat and taxation		45,647	42,199	45,647	42,199
Zakat		(447)	(237)	(447)	(237)
Profit before taxation		45,200	41,962	45,200	41,962
Taxation		(10,535)	(9,264)	(10,535)	(9,264)
Net profit after zakat and taxation		34,665	32,698	34,665	32,698
Attributable to:					
- Equity holders of the Bank		27,731	27,758	27,731	27,758
- Non-controlling interests		6,934	4,940	6,934	4,940
		34,665	32,698	34,665	32,698
Earnings per share:					
- basic/fully diluted (sen)		3.56	3.56	3.56	3.56

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
for the financial period ended 31 March 2019

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2019 RM'000	Preceding Year Corresponding Period 31-03-2018 RM'000	Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Net profit after zakat and taxation	34,665	32,698	34,665	32,698
Other comprehensive income:				
Net fair value changes in financial investments at FVOCI	68,973	(2,348)	68,973	(2,348)
Net credit impairment losses change in financial investments at FVOCI	1,622	(47)	1,622	(47)
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal	(7,219)	(919)	(7,219)	(919)
Net loss on disposal in financial investments at FVOCI (non-recycle to profit or loss)	303	-	303	-
Deferred tax on financial investments at FVOCI	(14,884)	543	(14,884)	543
Other comprehensive income for the period, net of tax	48,795	(2,771)	48,795	(2,771)
Total comprehensive income for the period	83,460	29,927	83,460	29,927
Attributable to:				
Equity holders of the Bank	76,526	24,987	76,526	24,987
Non-controlling interests	6,934	4,940	6,934	4,940
Total comprehensive income	83,460	29,927	83,460	29,927

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Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 31 March 2019

The Bank	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2019 RM'000	Preceding Year Corresponding Period 31-03-2018 RM'000	Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Interest income	23	75,467	70,396	75,467	70,396
Interest expense	24	(60,345)	(51,584)	(60,345)	(51,584)
Net interest income		15,122	18,812	15,122	18,812
Fee and commission income	25(a)	19,448	28,764	19,448	28,764
Fee and commission expense	25(b)	-	-	-	-
Net fee and commission income		19,448	28,764	19,448	28,764
Net gain and losses on financial instruments	26	39,708	24,980	39,708	24,980
Other operating income	27	3,354	4,378	3,354	4,378
Net income		77,632	76,934	77,632	76,934
Other operating expenses	28	(53,938)	(55,351)	(53,938)	(55,351)
Operating profit before allowances		23,694	21,583	23,694	21,583
(Allowances)/write-back of credit impairment losses	29	(1,990)	128	(1,990)	128
Profit before zakat and taxation		21,704	21,711	21,704	21,711
Zakat		(365)	(156)	(365)	(156)
Profit before taxation		21,339	21,555	21,339	21,555
Taxation		(5,314)	(5,442)	(5,314)	(5,442)
Net profit after zakat and taxation		16,025	16,113	16,025	16,113
Attributable to:					
- Equity holders of the Bank		16,025	16,113	16,025	16,113
Earnings per share:					
- basic/fully diluted (sen)		2.05	2.07	2.05	2.07

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
for the financial period ended 31 March 2019

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2019 RM'000	Preceding Year Corresponding Period 31-03-2018 RM'000	Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Net profit after zakat and taxation	16,025	16,113	16,025	16,113
Other comprehensive income:				
Net fair value changes in financial investments at FVOCI	68,973	(2,348)	68,973	(2,348)
Net credit impairment losses change in financial investments at FVOCI	1,622	(47)	1,622	(47)
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal	(7,219)	(919)	(7,219)	(919)
Net loss on disposal in financial investments at FVOCI (non-recycle to profit or loss)	303	-	303	-
Deferred tax on financial investments at FVOCI	(14,884)	543	(14,884)	543
Other comprehensive income for the period, net of tax	48,795	(2,771)	48,795	(2,771)
Total comprehensive income for the period	64,820	13,342	64,820	13,342
Attributable to equity holders of the Bank:				
Total comprehensive income	64,820	13,342	64,820	13,342

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statement of Changes in Equity
for the financial period ended 31 March 2019

	Attributable to equity holders of the Bank								
	Share Capital RM'000	Regulatory reserve RM'000	Foreign exchange reserve RM'000	Stock options reserve ^ RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
The Group									
At 1 January 2019	999,800	28,357	593	8,328	3,968	450,591	1,491,637	65,773	1,557,410
Comprehensive income:									
Net profit for the financial period	-	-	-	-	-	27,731	27,731	6,934	34,665
Other comprehensive income, (net of tax) -									
- Financial investments at FVOCI (debt instruments)	-	-	-	-	48,795	-	48,795	-	48,795
- Net gain/(loss) transferred to retained profits (non-recycle to PL)	-	-	-	-	303	(303)	-	-	-
Total comprehensive income	-	-	-	-	49,098	27,428	76,526	6,934	83,460
Options exercised during the period*	-	-	-	(8,328)	-	8,328	-	-	-
Dilution of interest in subsidiaries	-	-	-	-	-	12,807	12,807	31,967	44,774
Transfer from regulatory reserve	-	(463)	-	-	-	463	-	-	-
At 31 March 2019	999,800	27,894	593	-	53,066	499,617	1,580,970	104,674	1,685,644

* On March 2019, the options holders have fully exercised the employee stock option incentive scheme.

^ The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme.

	Attributable to equity holders of the Bank								
	Share Capital RM'000	Regulatory reserve RM'000	Foreign exchange reserve RM'000	AFS revaluation reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
The Group									
At 1 January 2018	999,800	11,790	151	(14,466)	-	605,611	1,602,886	52,548	1,655,434
- As previously reported	-	13,186	-	14,466	(9,273)	(21,884)	(3,505)	(7)	(3,512)
- Adjustments arising from adoption of MFRS 9	-	-	-	-	-	(1,262)	(1,262)	-	(1,262)
- Adjustments arising from adoption of MFRS 15	999,800	24,976	151	-	(9,273)	582,465	1,598,119	52,541	1,650,660
At 1 January 2018, as restated									
Comprehensive income:									
Net profit for the financial period	-	-	-	-	-	27,758	27,758	4,940	32,698
Other comprehensive income, (net of tax) -									
Financial investments at FVOCI	-	-	-	-	(2,771)	-	(2,771)	-	(2,771)
Total comprehensive income	-	-	-	-	(2,771)	27,758	24,987	4,940	29,927
Transfer to regulatory reserve	-	708	-	-	-	(708)	-	-	-
At 31 March 2018	999,800	25,684	151	-	(12,044)	609,515	1,623,106	57,481	1,680,587

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

Affin Hwang Investment Bank Berhad
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Condensed Interim Financial Statements
Unaudited Statement of Changes in Equity
for the financial period ended 31 March 2019

	←----- Non-distributable -----→			← Distributable →	
	Share Capital RM'000	Regulatory reserve RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Total equity RM'000
The Bank					
At 1 January 2019	999,800	28,357	3,913	431,864	1,463,934
Comprehensive income:					
Net profit for the financial period	-	-	-	16,025	16,025
Other comprehensive income, (net of tax) -					
- Financial investments at FVOCI (debt instruments)	-	-	48,795	-	48,795
- Net gain/(loss) transferred to retained profits (non-recycle to PL)	-	-	303	(303)	-
Total comprehensive income	-	-	49,098	15,722	64,820
Transfer from regulatory reserve	-	(463)	-	463	-
At 31 March 2019	999,800	27,894	53,011	448,049	1,528,754

	←----- Non-distributable -----→			← Distributable →		
	Share Capital RM'000	Regulatory reserve RM'000	AFS revaluation reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Total equity RM'000
The Bank						
At 1 January 2018						
- As previously reported	999,800	11,790	(14,762)	-	609,213	1,606,041
- Adjustment arising from adoption of MFRS 9	-	13,186	14,762	(9,328)	(22,109)	(3,489)
- Adjustment arising from adoption of MFRS 15	-	-	-	-	(1,262)	(1,262)
At 1 January 2018, as restated	999,800	24,976	-	(9,328)	585,842	1,601,290
Comprehensive income:						
Net profit for the financial period	-	-	-	-	16,113	16,113
Other comprehensive income, (net of tax) -						
Financial investments at FVOCI	-	-	-	(2,771)	-	(2,771)
Total comprehensive income	-	-	-	(2,771)	16,113	13,342
Transfer to regulatory reserve	-	708	-	-	(708)	-
At 31 March 2018	999,800	25,684	-	(12,099)	601,247	1,614,632

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statement of Cash Flows

for the financial period ended 31 March 2019

	The Group		The Bank	
	31-03-2019 RM'000	31-03-2018 RM'000	31-03-2019 RM'000	31-03-2018 RM'000
Cash flow from operating activities				
Net profit before tax for the financial period	45,200	41,962	21,339	21,555
Adjustments for items not involving the movement of cash and cash equivalents:				
Interest income				
- financial assets at FVTPL	(4,699)	(4,675)	(4,699)	(4,675)
- financial investments at FVOCI	(54,462)	(49,298)	(54,462)	(49,298)
- financial investments at amortised cost	(641)	(640)	(641)	(640)
Dividend income:				
- financial assets at FVTPL	(1,150)	(1,784)	(895)	(1,170)
- financial investments at FVOCI	(910)	(303)	(910)	(303)
Intangible assets written-off	-	(12)	-	(12)
Property and equipment written-off	3	-	3	-
Gain on disposal of property, plant and equipment	(48)	(99)	(47)	(82)
(Gain)/loss arising from disposal/redemption of:				
- financial assets at FVTPL	(17,276)	(18,009)	(17,271)	(18,335)
- financial investments at FVOCI	(11,158)	(989)	(11,158)	(989)
Depreciation of property and equipment	2,326	2,272	1,450	1,490
Depreciation of ROU assets	2,299	-	1,366	-
Amortisation of intangible assets	615	577	315	316
Net accretion of discounts/(amortisation of premiums)	1,350	1,124	1,350	1,124
Unrealised (gain)/loss on derivative instruments	(589)	47	(589)	47
Unrealised loss on financial assets at FVTPL	(5,291)	127	(4,173)	608
Expected credit losses ('ECL') made/(written-back) on:				
- securities and placements	1,625	53	1,625	53
- other assets	377	(3)	366	(3)
- loans, advances and financing and receivables	88	(944)	79	(944)
- loans and financing commitments and financial guarantee	(12)	768	(12)	768
Zakat	447	237	365	156
Unrealised foreign exchange (gain)/loss	(1,637)	3,087	(1,085)	(165)
<i>Operating loss before changes in operating assets and liabilities</i>	(43,543)	(26,502)	(67,684)	(50,499)
<i>(Increase)/Decrease in operating assets</i>				
Financial assets at FVTPL	(370,114)	(239,881)	(320,306)	(207,751)
Loans, advances and financing	21,673	35,814	21,673	35,814
Statutory deposits with Bank Negara Malaysia	2,899	4,399	2,900	4,500
Intercompany balances	-	-	(4)	20,939
Trade receivables	(194,338)	39,273	(164,872)	(13,463)
Derivative financial assets	(7,381)	(26,394)	(7,629)	(23,142)
Commodity Gold at FVTPL	(2,680)	266	-	-
Other assets	4,577	(10,969)	5,503	(10,522)
	(545,364)	(197,492)	(462,735)	(193,625)
<i>Increase/(decrease) in operating liabilities</i>				
Deposits from customers	575,365	320,214	575,365	320,214
Deposits and placements of banks and other financial institutions	48,468	(246,377)	48,468	(246,377)
Repurchase agreements	(5,186)	604	(5,186)	604
Trade payables	18,541	(34,632)	94,104	39,908
Amount due to related companies	(227)	(8,974)	-	-
Amount due to ultimate holding company	(3)	-	-	-
Derivative financial liabilities	6,282	17,907	6,282	17,907
Other liabilities	(43,841)	(22,436)	(3,433)	19,348
	599,399	26,306	715,600	151,604
Cash generated from/(used in) from operating activities	10,492	(197,688)	185,181	(92,520)

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Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statement of Cash Flows
for the financial period ended 31 March 2019**

	The Group		The Bank	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)				
Net taxation paid	(11,996)	(6,763)	(6,416)	(3,563)
Zakat paid	(10)	237	(10)	316
Net cash generated from/(used in) from operating activities	(1,514)	(204,214)	178,755	(95,767)
Cash flow from investing activities				
Proceeds from disposal of property and equipment	54	152	48	106
Purchase of property and equipment	(1,830)	(1,911)	(507)	(1,082)
Purchase of intangible assets	(191)	(83)	(68)	-
Interest received:				
- financial investments at FVOCI	54,462	49,298	54,462	49,298
- financial investments at amortised cost	641	640	641	640
Net disposal/(purchase) of:				
- financial investments at FVOCI	(204,234)	240,967	(204,234)	210,364
Net proceeds on redemption of:				
- financial investments at amortised cost	(581)	(41,117)	(581)	(41,117)
Exercise of ESOS	44,774	-	-	-
Dividend income received from:				
- financial investments at FVOCI	910	420	910	420
Net cash (used in)/generated from investing activities	(105,995)	248,366	(149,329)	218,629
Cash flow from financing activities				
Cash payments for the principal portion of the lease liability	(2,375)	-	(1,410)	-
Cash payments for the interest portion of the lease liability	130	-	76	-
Net cash used in financing activities	(2,245)	-	(1,334)	-
Net increase in cash and cash equivalents	(109,754)	44,152	28,092	122,862
Cash and cash equivalents at beginning of the financial period	576,254	539,126	155,823	165,568
Cash and cash equivalents at end of the financial period	466,500	583,278	183,915	288,430
Analysis of cash and cash equivalents				
Cash and short term funds	516,236	631,544	233,651	336,696
Amount held on behalf of clients and commissioned dealer's representatives	(49,736)	(48,266)	(49,736)	(48,266)
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	-	-	-	-
Cash and cash equivalents at end of the financial period	466,500	583,278	183,915	288,430

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

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Notes to the financial statement for the financial period ended 31 March 2019

1. Review of financial performance

The Group recorded a higher Profit Before Zakat and Taxation ("PBT") of RM45.6 million for the 3 months period ended 31 March 2019 compared to a PBT of RM42.2 million for the previous corresponding period. The investment bank contributed RM21.7 million for both periods ended 31 March 2019 and 31 March 2018 while the asset management business contributed RM25.3 million (31.3.2018: RM20.8 million) to the Group's PBT.

Summarised analysis of the Group PBT for the 3 months period ended 31 March 2019 are as follows:

- Net interest income of RM15.6 million was lower than the net interest income of RM19.3 million recorded in the previous corresponding period primarily due to lower net interest margin in the current period under review.
- Net fee and commission income registered a decrease from RM86.6 million in the previous corresponding period to RM76.1 million in the current period under review. The decrease was primarily due to the lower unit trust management and incentive fees earned from the asset management business and lower net brokerage income in the current period.
- Net gain and losses on financial instruments registered an increase from RM25.7 million in the previous corresponding period to RM41.1 million in the current period mainly due to higher gains on disposal of financial investments at FVOCI and net unrealised gains of financial assets measured at FVTPL.
- Other operating income registered a slight increase from RM1.0 million to RM2.8 million in the current period mainly due to higher net foreign exchange gain.
- Operating expenses incurred for the period under review were lower at RM87.9 million compared to RM90.5 million incurred in the previous corresponding period contributed mainly by lower personnel costs.
- Higher allowances of credit impairment losses was mainly due to increase in expected credit losses provided for debt securities and other assets.

2. Prospect for the current financial year

The Group expects the country's real GDP growth to expand by 4.7% in 2019. The domestic economic fundamentals remain resilient amidst downside risks on the global front with the lingering uncertainties in the global trade policy and Brexit.

Given the above, the Group remains cautiously optimistic, and shall continue on its efforts to expand and leverage on its existing key pillars i.e. the securities, asset management and investment banking businesses to drive and create values. The Group shall continue to drive for resilience across its business and operations with continued collaborative efforts to better serve its clientele base. The Group also takes cognisance that its business and operations are highly dependent on the performance of the equity and capital markets, which is expected to remain challenging for the remainder of the year.

3. Basis of preparation

The unaudited interim financial statements for the period under review have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act 2016 in Malaysia.

The unaudited interim financial statements may be read in conjunction with the annual financial statements for the financial year ended 31 December 2018. The explanatory notes to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group and the Bank since the financial year ended 31 December 2018.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

3. Basis of preparation (continued)

There are no changes to the accounting policies adopted since the last financial year except for the adoption of MFRS 16 "Leases". The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The Group and the Bank has adopted MFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the financial year ended 31 December 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on 1 January 2019.

Adjustments recognised on adoptions of MFRS 16

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the market's incremental borrowing rate as of 1 January 2019. The weighted average market incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.33% for the Group and 3.92% for the Bank.

The remeasurement were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Lease commitments	The Group		The Bank	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
Within one year	6,752	8,759	5,128	6,656
One to five years	4,099	1,676	1,941	827
Total	10,851	10,435	7,069	7,483

Reconciliation between the MFRS 117 operating lease commitments to MFRS 16

	The Group 2019 RM'000	The Bank 2019 RM'000
Operating lease commitments disclosed as at 31 December 2018	10,435	7,483
Discounted using the market's incremental borrowing rate at the date of initial application	(693)	(285)
Add: finance lease liabilities recognised as at 31 December 2018	-	-
(Less): short-term leases recognised on a straight-line basis as expense	(1,027)	(987)
(Less): low-value leases recognised on a straight-line basis as expense	(35)	(30)
(Less): contracts reassessed as service agreements	-	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	4,416	2,222
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-	-
Lease liability recognised as at 1 January 2019	13,096	8,403

4. Qualification of preceding annual financial statements

The Bank's financial statements for financial year ended 31 December 2018 were not qualified by the auditors.

5. Seasonal or cyclical factors

The Group's and Bank's operations are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

6. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial reporting period.

7. Changes in debt and equity securities

There were no issuances, cancellation, repurchases, resale or repayment of debt and equity securities at the Bank's level during the financial reporting period.

8. Material litigations

Material litigations during the financial period ended 31 March 2019 are as follows:

- (a) A chargor of a piece of land ("the Land") charged to the Bank as part of the collaterals for a syndicated facility granted to a borrower by a consortium financial institutions, had filed a claim against the Bank on 9 June 2016 for the sum of RM5,185,683.19 or in the alternative damages to be assessed, interests and costs, alleging that the Bank as Security Agent had failed to perform its contractual and/or statutory obligations in relation to the application of the sales proceeds of the Land and had wrongfully deducted the recovery and enforcement expenses, which included expenses for other properties/securities from the surplus of the sales proceed of the Land. As Security Agent, the consortium financial institutions will indemnify the Bank for the claim instituted against the Bank. The Bank had filed an application for disposal of the claim under Order 14A of the Rules of Court 2012 and the Kuala Lumpur High Court ("KLHC") had decided in favour of the Bank, by dismissing the chargor's suit, with costs. Nevertheless, one out of the four questions posed by the Bank was not answered in favour of the Bank, i.e. the chargor was not estopped from disputing the redemption sum. In this regard, the Bank had filed its appeal against the said part of the decision. The chargor had also filed its appeal against the KLHC's decision. The Court had directed the Bank's appeal to be heard together with the chargor's appeal on 9 April 2019. The Court of Appeal has allowed the Bank's appeal and dismissed the chargor's appeal, with cost of RM15,000 awarded to the Bank.
- (b) The Bank is the Agent for the syndicated lenders in the syndicated facilities for the sum of up to RM165 million comprising Revolving Credit Facility, Letter of Credit ("LC") Facility and Bank Guarantee ("BG") Facility granted to a borrower. The Bank is also one of the lenders and had granted a BG Facility in the sum of RM25 million to the borrower. The borrower had defaulted in its payment of the syndicated facilities and the Bank and 2 other syndicated lenders ("Plaintiffs") have filed a claim against the borrower on 29 October 2018 claiming for the sums owing to the Plaintiffs. The borrower has filed its Defence and Counterclaim against the Plaintiffs. The Court had fixed the matter for case management on 29 April 2019.

9. Changes in the composition of the Bank

There is no change to the composition of the Bank as at end of the reporting period.

10. Dividends

The Directors did not recommend any payment of interim dividend for the financial year ending 31 December 2019.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statement
for the financial period ended 31 March 2019****11. Securities portfolio**

	The Group		The Bank	
	31-03-2019 RM'000	31-12-2018 RM'000	31-03-2019 RM'000	31-12-2018 RM'000
<u>Classification of securities portfolio:</u>				
(i) Financial assets at fair value through profit or loss ("FVTPL")				
<u>At fair value</u>				
<u>Money Market Instruments</u>				
<u>Quoted</u>				
Negotiable Instruments of Deposit	10,000	10,007	10,000	10,007
Malaysian Government Securities	121,859	50,387	121,859	50,387
Malaysian Government Islamic Investment Issues	219,538	10,115	219,538	10,115
	351,397	70,509	351,397	70,509
<u>At fair value</u>				
<u>Quoted securities</u>				
In Malaysia:				
Shares, warrants and REITS	27,526	21,531	27,526	21,531
Unit trusts	231,779	120,143	149,780	89,325
	259,305	141,674	177,306	110,856
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia	4,376	4,365	6	-
Corporate bonds and/or Sukuk outside Malaysia	16,276	16,276	-	-
	631,354	232,824	528,709	181,365
The Group and the Bank				
31-03-2019 31-12-2018				
RM'000 RM'000				
(ii) Financial investments at fair value through other comprehensive income ("FVOCI")				
<u>At fair value</u>				
<u>Money Market Instruments</u>				
Malaysian Government Securities			226,482	247,082
Negotiable Instruments of Deposit			10,135	10,047
Malaysian Government Islamic Investment Issues			563,935	520,154
Cagamas Bonds			102,242	101,906
			902,794	879,189
<u>Quoted securities</u>				
In Malaysia:				
REITS			19,501	18,406
Outside Malaysia:				
REITS			41,763	41,126
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia			4,167,012	3,926,332
Corporate bonds and/or Sukuk outside Malaysia			146,496	151,299
Shares in Malaysia			21,821	21,821
			5,299,387	5,038,173

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statement
for the financial period ended 31 March 2019****11. Securities portfolio (continued)****(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

- (a) During the financial period, RHT Health Trust ("RHT") had disposed its entire portfolio of operating assets and returned 90% of the proceeds to investors in the form of Special Distribution. RHT is still being listed on SGX and has 6 months from 4 February 2019 to decide on its new business model. The Special Distribution has been offset against the cost of investment and the Bank realised a loss of RM0.3 million which was reclassified from FVOCI revaluation reserves to retained earnings (no recycle to profit loss).
- (b) The Group and the Bank recognised certain portfolio of unquoted securities as well as equity securities listed in the local and foreign exchanges at FVOCI as follows:

	Carrying Amount at 31-03-2019 RM'000	Dividend Income for the financial period 31-03-2019 RM'000	Dividend Income of equity investments disposed during the period 31-03-2019 RM'000
Quoted securities			
REITs in Malaysia	19,501	61	-
REITs outside Malaysia	41,763	756	93
	<u>61,264</u>	<u>817</u>	<u>93</u>
Unquoted securities	<u>102,967</u>	-	-
	<u>164,231</u>	<u>817</u>	<u>93</u>
	31-12-2018 RM'000	31-12-2018 RM'000	31-12-2018 RM'000
Quoted securities			
REITs in Malaysia	18,406	1,133	-
REITs outside Malaysia	41,126	2,754	-
	59,532	3,887	-
Unquoted securities	<u>103,339</u>	<u>270</u>	-
	<u>162,871</u>	<u>4,157</u>	-

- (c) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	The Group and the Bank			
	12 months ECL Stage 1 31-03-2019 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-03-2019 RM'000	Lifetime ECL Credit Impaired Stage 3 31-03-2019 RM'000	Total 31-03-2019 RM'000
At beginning of the financial period	1,168	40	17,515	18,723
Derecognised during the financial year (other than write-offs)	(22)	-	-	(22)
New originated or purchased	27	-	-	27
Changes due to change in credit risk	1,632	(14)	-	1,618
Other adjustments				
- Unwind of discount	-	-	-	-
- Foreign exchange and other adjustments	(1)	-	-	(1)
At end of the financial year	<u>2,804</u>	<u>26</u>	<u>17,515</u>	<u>20,345</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

11. Securities portfolio (continued)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

(c) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows (continued):

	The Group and the Bank			
	12 months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	31-12-2018	Stage 2	Stage 3	
RM'000	31-12-2018	31-12-2018	31-12-2018	
	RM'000	RM'000	RM'000	RM'000
The Group and the Bank				
At beginning of the financial year,				
effects of adoption of MFRS 9	912	4,180	-	5,092
Transfer between stages:				
Transfer to 12-months ECL (Stage 1)				
- Changes due to change in credit risk	-	-	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2):				
- Changes due to change in credit risk	(22)	22	-	-
Transfer to Lifetime ECL credit impaired provision (Stage 3):				
- Changes due to change in credit risk	-	(4,094)	4,094	-
Total transfer between stages	(22)	(4,072)	4,094	-
Derecognised during the financial year				
(other than write-offs)	(537)	-	-	(537)
New originated or purchased	761	-	-	761
Changes due to change in credit risk	54	(103)	13,421	13,372
Other adjustments				
- Foreign exchange and other adjustments	-	35	-	35
At end of the financial year	<u>1,168</u>	<u>40</u>	<u>17,515</u>	<u>18,723</u>

(d) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses are as follows:

	The Group and the Bank			
	12 months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	31-03-2019	Stage 2	Stage 3	
RM'000	31-03-2019	31-03-2019	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
The Group and the Bank				
At beginning of the financial period	4,775,167	73,595	26,540	4,875,302
Derecognised during the financial period				
(other than write-offs)	(931,774)	(15,388)	-	(947,162)
New originated or purchased	1,300,751	-	-	1,300,751
Changes due to change in credit risk	(146,087)	(1,017)	262	(146,842)
Other adjustments				
- Unwind of discount	-	-	-	-
- Foreign exchange and other adjustments	54,403	129	(1,425)	53,107
At end of the financial period	<u>5,052,460</u>	<u>57,319</u>	<u>25,377</u>	<u>5,135,156</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

11. Securities portfolio (continued)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

- (d) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses are as follows (continued):

	12 months ECL Stage 1 31-12-2018 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-12-2018 RM'000	Lifetime ECL Credit Impaired Stage 3 31-12-2018 RM'000	Total 31-12-2018 RM'000
The Group and the Bank				
At beginning of the financial year	4,383,487	103,914	-	4,487,401
Transfer between stages:				
Transfer to 12-months ECL (Stage 1)				
- Changes due to change in credit risk	10,062	(10,062)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2):				
- Changes due to change in credit risk	(10,972)	10,972	-	-
Transfer to Lifetime ECL credit impaired provision (Stage 3):				
- Changes due to change in credit risk	-	(31,787)	31,787	-
Total transfer between stages	(910)	(30,877)	31,787	-
Derecognised during the financial year (other than write-offs)	(1,475,254)	-	-	(1,475,254)
New originated or purchased	1,956,117	-	-	1,956,117
Changes due to change in credit risk	(88,841)	255	(5,228)	(93,814)
Other adjustments				
- Foreign exchange and other adjustments	568	303	(19)	852
At end of the financial year	4,775,167	73,595	26,540	4,875,302

The Group and the Bank
31-03-2019 31-12-2018
RM'000 RM'000

(iii) Financial investments at amortised cost

At amortised cost

Unquoted securities

Corporate bonds and/or Sukuk in Malaysia
Redeemable Secured Loan Stocks

Expected credit loss ("ECL")

	41,078	40,497
	<u>15,000</u>	<u>15,000</u>
	<u>56,078</u>	<u>55,497</u>
	<u>(7,119)</u>	<u>(7,116)</u>
	<u>48,959</u>	<u>48,381</u>

- (a) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	The Group and the Bank			
	12 months ECL Stage 1 31-03-2019 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-03-2019 RM'000	Lifetime ECL Credit Impaired Stage 3 31-03-2019 RM'000	Total 31-03-2019 RM'000
At beginning of the financial period	166	-	6,950	7,116
Net remeasurement of loss allowance	3	-	-	3
At end of the financial period	<u>169</u>	<u>-</u>	<u>6,950</u>	<u>7,119</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

11. Securities portfolio (continued)

(ii) Financial investments at amortised cost

(a) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows (continued):

	The Group and the Bank			Total
	Lifetime ECL			
	12 months ECL	Not Credit	Lifetime ECL	
	Stage 1	Impaired	Credit Impaired	
31-12-2018	31-12-2018	31-12-2018	31-12-2018	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year,				
effects of adoption of MFRS 9	235	-	6,950	7,185
Derecognised during the financial year				
(other than write-offs)	(487)	-	-	(487)
New originated or purchased	487	-	-	487
Changes due to change in credit risk	(69)	-	-	(69)
At end of the financial year	<u>166</u>	<u>-</u>	<u>6,950</u>	<u>7,116</u>

(b) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses:

	The Group and the Bank			Total
	Lifetime ECL			
	12 months ECL	Not Credit	Lifetime ECL	
	Stage 1	Impaired	Credit Impaired	
31-03-2019	31-03-2019	31-03-2019	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	40,497	-	15,000	55,497
Changes due to change in credit risk	581	-	-	581
At end of the financial period	<u>41,078</u>	<u>-</u>	<u>15,000</u>	<u>56,078</u>

	The Group and the Bank			Total
	Lifetime ECL			
	12 months ECL	Not Credit	Lifetime ECL	
	Stage 1	Impaired	Credit Impaired	
31-12-2018	31-12-2018	31-12-2018	31-12-2018	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year,				
effects of adoption of MFRS 9	40,513	-	15,041	55,554
Derecognised during the financial year				
(other than write-offs)	(200,034)	-	-	(200,034)
New originated or purchased	200,018	-	-	200,018
Changes due to change in credit risk	-	-	(41)	(41)
At end of the financial year	<u>40,497</u>	<u>-</u>	<u>15,000</u>	<u>55,497</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

12. Loans, advances and financing

(i) By Type of Loan/Financing

	The Group and the Bank	
	31-03-2019	31-12-2018
	RM'000	RM'000
Term loans/financing		
- Syndicated term loan/financing	175,488	229,444
- Other term loans/financing	607,687	643,887
Staff loans	5,382	5,494
Share margin financing	397,419	336,644
Revolving credits	78,217	70,396
Gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>
Less :		
Allowances for impaired loans, advances and financing		
- Expected credit loss ("ECL")	(10,033)	(9,861)
Total net loans, advances and financing	<u>1,254,160</u>	<u>1,276,004</u>

(ii) By Type of Customers

Domestic business enterprises		
- Small medium enterprises	81,017	95,176
- Others	854,755	938,743
Domestic non-bank financial institutions	103,998	57,362
Individuals	213,906	194,047
Foreign individuals	10,517	537
Total gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>

(iii) By Interest/Profit Rate Sensitivity

Fixed rate		
- Share margin financing	397,419	336,644
- Other fixed rate loans/financing	60,748	36,585
- Housing loans/financing	2,642	2,628
- Hire purchase receivables	2,704	2,826
Variable rate		
- Cost-plus	744,430	849,595
- BLR plus	21,098	21,125
- Other floating rate	35,152	36,462
Total gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>

(iv) By Economic Purpose

Purchase of securities	558,711	526,705
Working capital	205,518	221,038
Purchase of transport vehicles	40,437	41,870
Construction	60,311	53,922
Purchase of landed properties (non-residential)	62,666	63,124
Purchase of landed properties (residential)	2,642	2,628
Personal use	36	40
Others	333,872	376,538
Total gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

12. Loans, advances and financing (continued)

(v) By Sector

	The Group and the Bank	
	31-03-2019	31-12-2018
	RM'000	RM'000
Manufacturing	235,970	309,533
Household	224,423	194,582
Real estate	219,564	228,074
Finance, insurance and business services	199,670	154,370
Wholesale retail trade and restaurant and hotels	81,637	86,816
Transport, storage and communication	104,149	106,142
Education, health & others	21,098	21,125
Construction	89,618	109,137
Agriculture	56,309	50,748
Mining and quarrying	5,592	5,591
Electricity, gas and water	26,163	19,747
Total gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>

(vi) By Geographical Distribution

Wilayah Persekutuan	484,273	465,868
Selangor	398,312	393,240
Johor	223,296	243,482
Sarawak	42,399	41,971
Perak	22,979	50,935
Pulau Pinang	12,398	16,740
Sabah	50,364	50,499
Negeri Sembilan	2,664	2,411
Kedah	1,345	972
Terengganu	26,163	19,747
Total gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>

(vii) By Maturity Structure

Maturing within one year	784,897	684,962
One year to three years	246,241	352,430
Three years to five years	88,119	114,472
Over five years	144,936	134,001
Total gross loans, advances and financing	<u>1,264,193</u>	<u>1,285,865</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

12. Loans, advances and financing (continued)

(viii) Movement in allowances for loans, advances and financing

Movement in expected credit losses for loans, advances and financing:

	The Group and the Bank			Total 31-03-2019 RM'000
	Lifetime ECL			
	12 months ECL	not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1 31-03-2019 RM'000	Stage 2 31-03-2019 RM'000	Stage 3 31-03-2019 RM'000	
Expected credit loss				
At the beginning allowance of financial period	4,065	223	5,573	9,861
Loans/Financing derecognised during the period (other than write-offs)	(117)	-	-	(117)
New loans/financing originated or purchased	63	-	-	63
Changes due to change in credit risk	285	(49)	-	236
Other adjustments:				
- Foreign exchange and other adjustments	(10)	-	-	(10)
At the end of financial period	4,286	174	5,573	10,033

	The Group and the Bank			Total 31-12-2018 RM'000
	Lifetime ECL			
	12 months ECL	Not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1 31-12-2018 RM'000	Stage 2 31-12-2018 RM'000	Stage 3 31-12-2018 RM'000	
At beginning of the financial year	5,756	775	10	6,541
Transfer between stages:				
Transfer to 12-months ECL (Stage 1)				
- Changes due to change in credit risk	-	-	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2):				
- Changes due to change in credit risk	(758)	758	-	-
Transfer to Lifetime ECL credit impaired provision (Stage 3):				
- Changes due to change in credit risk	-	(4,219)	4,219	-
Total transfer between stages	(758)	(3,461)	4,219	-
Loans/Financing derecognised during the financial year (other than write-offs)	(1,889)	(438)	-	(2,327)
New loans/financing originated or purchased	2,168	-	-	2,168
Changes due to change in credit risk	(1,229)	3,347	1,344	3,462
Other adjustments				
- Foreign exchange and other adjustments	17	-	-	17
At end of the financial year	4,065	223	5,573	9,861

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statement
for the financial period ended 31 March 2019**

12. Loans, advances and financing (continued)

(viii) Movement in allowances for loans, advances and financing (continued)

Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses:

	The Group and the Bank			Total 31-03-2019 RM'000
	Lifetime ECL			
	12 months ECL	Not Credit	Lifetime ECL	
	Stage 1	Impaired	Credit Impaired	
	31-03-2019	31-03-2019	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
At the beginning allowance of financial period	1,191,473	13,541	80,851	1,285,865
Loans/Financing derecognised during the financial year (other than write-offs)	(56,403)	(182)	-	(56,585)
New loans/financing originated or purchased	116,492	-	-	116,492
Repayments	(79,742)	(141)	(950)	(80,833)
Changes due to change in credit risk	(137)	(88)	(28)	(253)
Other adjustments				
- Foreign exchange and other adjustments	(493)	-	-	(493)
At end of the financial period	1,171,190	13,130	79,873	1,264,193

	The Group and the Bank			Total 31-12-2018 RM'000
	Lifetime ECL			
	12 months ECL	Not Credit	Lifetime ECL	
	Stage 1	Impaired	Credit Impaired	
	31-12-2018	31-12-2018	31-12-2018	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year effects of adoption of MFRS 9	1,075,087	29,773	65,910	1,170,770
Transfer between stages				
Transfer to 12-months ECL (Stage 1)				
- Changes due to change in credit risk	185	(185)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2):				
- Changes due to change in credit risk	(29,784)	29,784	-	-
Transfer to Lifetime ECL credit impaired provision (Stage 3):				
- Changes due to change in credit risk	(2)	(23,731)	23,733	-
Total transfer between stages	(29,601)	5,868	23,733	-
Loans/Financing derecognised during the financial year (other than write-offs)	(308,826)	(12,679)	(5,572)	(327,077)
New loans/financing originated or purchased	810,372	-	-	810,372
Changes due to change in credit risk	(356,352)	(9,421)	(3,220)	(368,993)
Other adjustments				
- Foreign exchange and other adjustments	793	-	-	793
At end of the financial year	1,191,473	13,541	80,851	1,285,865

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

12. Loans, advances and financing (continued)

The Group and the Bank
31-03-2019 31-12-2018
RM'000 RM'000

(x) Movement of impaired loans, advances and financing

At beginning of the financial period	80,851	65,910
Classified as impaired during the financial period	-	23,708
Amount recovered	(978)	(8,767)
At end of the financial period	<u>79,873</u>	<u>80,851</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>6.32%</u>	<u>6.29%</u>

(xi) Impaired loans, advances and financing analysed by their economic purpose

Working capital	36,545	36,545
Construction	21,097	21,125
Purchase of landed properties (non-residential)	12,560	13,010
Other purpose	7,086	7,586
Purchase of transport vehicles	2,583	2,583
Personal use	1	1
Purchase of securities	1	1
Total impaired loans, advances and financing	<u>79,873</u>	<u>80,851</u>

(xii) Impaired loans, advances and financing analysed by their economic sector

Construction	36,545	36,545
Education, health and others	21,098	21,125
Finance, insurance and business services	12,560	13,010
Real estate	6,992	7,492
Mining and quarrying	2,581	2,581
Wholesale retail trade and restaurant and hotels	94	94
Household	3	4
Total impaired loans, advances and financing	<u>79,873</u>	<u>80,851</u>

(xiii) Impaired loans, advances, and financing by geographical distribution

Sarawak	36,545	36,545
Perak	21,097	21,125
Selangor	19,555	10,170
Wilayah Persekutuan	2,676	13,011
Total impaired loans, advances and financing	<u>79,873</u>	<u>80,851</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

13. Trade receivables (continued)

(b) Movements in allowances for impairment on trade receivables (continued):

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-12-2018	31-12-2018	31-12-2018
	RM'000	RM'000	RM'000
Expected credit losses			
At beginning of the financial year	105	1,029	1,134
Reclassified to other assets	-	(420)	(420)
Allowance made	154	212	366
Amount written back	(205)	(407)	(612)
At end of the financial year	<u>54</u>	<u>414</u>	<u>468</u>

	The Bank		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-12-2018	31-12-2018	31-12-2018
	RM'000	RM'000	RM'000
Expected credit losses			
At beginning of the financial year	83	1,029	1,112
Reclassified to other assets	-	(420)	(420)
Allowance made	152	212	364
Amount written back	(197)	(407)	(604)
At end of the financial year	<u>38</u>	<u>414</u>	<u>452</u>

14. Other assets

	The Group		The Bank	
	31-03-2019	31-12-2018	31-03-2019	31-12-2018
	RM'000	RM'000	RM'000	RM'000
Other debtors, deposits and prepayments	28,854	32,207	23,068	27,338
Collateral pledged for derivative transactions	380	1,298	380	1,298
Clearing Guarantee Fund	1,844	2,159	1,844	2,159
Clearing Fund	1,000	1,000	1,000	1,000
Transferable membership	200	200	100	100
Less : Expected credit loss ("ECL") (a)	(2,046)	(1,669)	(2,034)	(1,668)
	<u>30,232</u>	<u>35,195</u>	<u>24,358</u>	<u>30,227</u>

	The Group and the Bank	
	31-3-2019	31-12-2018
	RM'000	RM'000
Movement in credit impaired accounts		
At beginning of the financial period	1,661	712
Reclassified from trade receivables	-	583
Classified as impaired during the financial period	452	1,053
Amount recovered	(39)	(687)
At end of the financial period	<u>2,074</u>	<u>1,661</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

14. Other assets (continued)

(a) Movements in allowances for impairment on other assets:

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-3-2019	31-3-2019	31-3-2019
	RM'000	RM'000	RM'000
Expected credit losses			
At beginning of the financial year	11	1,658	1,669
Allowance made	61	462	523
Amount written back	(64)	(82)	(146)
At end of the financial year	<u>8</u>	<u>2,038</u>	<u>2,046</u>

	The Bank		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-3-2019	31-3-2019	31-3-2019
	RM'000	RM'000	RM'000
Expected credit losses			
At beginning of the financial year	10	1,658	1,668
Allowance made	61	451	512
Amount written back	(64)	(82)	(146)
At end of the financial year	<u>7</u>	<u>2,027</u>	<u>2,034</u>

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-12-2018	31-12-2018	31-12-2018
	RM'000	RM'000	RM'000
Expected credit losses			
At beginning of the financial year	13	712	725
Reclassified from trade receivables	-	420	420
Allowance made	27	1,412	1,439
Amount written back	(29)	(886)	(915)
At end of the financial year	<u>11</u>	<u>1,658</u>	<u>1,669</u>

	The Bank		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-12-2018	31-12-2018	31-12-2018
	RM'000	RM'000	RM'000
Expected credit losses			
At beginning of the financial year	12	712	724
Reclassified from trade receivables	-	420	420
Allowance made	27	1,412	1,439
Amount written back	(29)	(886)	(915)
At end of the financial year	<u>10</u>	<u>1,658</u>	<u>1,668</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

15. Right-of-use assets

	The Group 31-03-2019 RM'000	The Bank 31-03-2019 RM'000
<u>Cost</u>		
Balance as at 1 January	13,096	8,403
Additions	-	-
Disposals	-	-
Write-off	-	-
At end of the financial period	13,096	8,403
<u>Accumulated Amortisation</u>		
Balance as at 1 January	-	-
Charge for the financial period	2,299	1,366
Disposals	-	-
Write-off	-	-
At end of the financial period	2,299	1,366
NBV of Right-Of-Use assets at end of the financial period	10,797	7,037

16. Deposit from customers

	The Group and the Bank 31-03-2019 RM'000	31-12-2018 RM'000
<u>By type of deposits:</u>		
Fixed deposits	4,619,186	4,025,083
Negotiable instruments of deposits	1,018,073	1,009,563
Other deposits	69,758	97,006
	5,707,017	5,131,652
<u>By maturity structure:</u>		
Due within six months	4,303,420	3,861,340
Six months to one year	654,812	544,123
More than one year	748,785	726,189
	5,707,017	5,131,652
<u>By type of customer:</u>		
Domestic non-banking financial institutions	3,090,647	2,679,465
Business enterprises	1,112,699	1,028,397
Domestic banking institutions	1,017,720	1,009,373
Government and statutory bodies	390,570	314,584
Individuals	40,090	42,785
Foreign entities	17,004	16,850
Others	38,287	40,198
	5,707,017	5,131,652

17. Deposit and placements of banks and other financial institution

	The Group and the Bank 31-03-2019 RM'000	31-12-2018 RM'000
Licensed banks	315,085	271,515
Licensed investment banks	158,296	153,398
	473,381	424,913

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

18. Obligations on securities sold under repurchase agreements

	The Group and the Bank	
	31-03-2019	31-12-2018
	RM'000	RM'000
Financial investments at FVOCI	137,291	142,477
	<u>137,291</u>	<u>142,477</u>

19. Trade payables

	The Group		The Bank	
	31-03-2019	31-12-2018	31-03-2019	31-12-2018
	RM'000	RM'000	RM'000	RM'000
Amount due to clients	288,148	151,463	288,148	151,463
Amount due to brokers	74,959	141,482	74,959	141,482
Amount due to unit trust funds	146,578	260,864	-	-
Amount due to unit holders	85,812	47,089	-	-
Amount due to Bursa Securities Clearing Sdn. Bhd.	23,942	-	23,942	-
	<u>619,439</u>	<u>600,898</u>	<u>387,049</u>	<u>292,945</u>

20. Lease Liabilities

	The Group		The Bank	
	31-03-2019	31-12-2018	31-03-2019	31-12-2018
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year, on adoption of MFRS 16			13,096	8,403
Interest expense			130	76
Lease payment			(2,375)	(1,410)
At end of the financial period/year			<u>10,851</u>	<u>7,069</u>

21. Other liabilities

	The Group		The Bank	
	31-03-2019	31-12-2018	31-03-2019	31-12-2018
	RM'000	RM'000	RM'000	RM'000
Commissioned dealer's representative trust balances	49,736	48,537	49,736	48,537
Amount payable to dealer's representative	41,231	37,874	41,231	37,874
Accrued employee benefit	50,317	67,703	37,160	30,543
Securities borrowing and lending - borrow	99,908	127,194	99,908	127,194
Other liabilities	83,194	92,249	53,712	54,469
ESOS liabilities	-	8,028	-	-
Puttable liabilities	34,328	34,328	-	-
Less : Expected credit loss -loan commitments and financial guarantee (a)	22	34	22	34
	<u>358,736</u>	<u>415,947</u>	<u>281,769</u>	<u>298,651</u>

(a) Movement in expected credit losses ("ECL")

	The Group and the Bank	
	31-03-2019	31-12-2018
	RM'000	RM'000
At beginning of the financial year	34	596
Net remeasurement of loss allowance	(52)	(1,797)
New loan commitments/financial guarantees issued	40	1,235
At end of the financial year	<u>22</u>	<u>34</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

22. Reserves

	The Group		The Bank	
	31-03-2019 RM'000	31-12-2018 RM'000	31-03-2019 RM'000	31-12-2018 RM'000
FVOCI revaluation reserves (a)	53,066	3,968	53,011	3,913
Regulatory reserves (b)	27,894	28,357	27,894	28,357
Stock option reserves (c)	-	8,328	-	-
Foreign exchange reserve	593	593	-	-
	81,553	41,246	80,905	32,270
Retained profits	499,617	450,591	448,049	431,864
	581,170	491,837	528,954	464,134

- (a) The FVOCI revaluation reserves represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit loss allowance for financial investments FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.
- (b) Pursuant to BNM letter dated 1 November 2017, effective from 1 January 2018, the Bank shall maintain, in aggregate, Stage 1 and Stage 2 provisions and regulatory reserves of no less than 1% of all credit exposures (on and off balance sheet that are subject to MFRS 9 impairment requirement, excluding exposures to and with an explicit guarantee from Malaysian Government), net of Stage 3 provision.
- (c) The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme. The options holders have fully exercised the employee option incentive scheme as of 31 March 2019.

23. Interest income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended 31-03-2019 RM'000	Preceding Year Corresponding Period ended 31-03-2018 RM'000	Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Loans, advances and financing				
- Interest income on loans and advances	13,047	11,731	13,047	11,731
- Margin financing	5,893	6,543	5,893	6,543
Money at call and deposit placements with financial institutions	3,237	3,600	3,237	3,600
Financial investments at amortised cost	641	640	641	640
Financial investments at FVOCI	54,462	49,298	54,462	49,298
Others	107	168	107	168
	77,387	71,980	77,387	71,980
Net accretion of discounts less amortisation of premiums	(1,350)	(1,113)	(1,350)	(1,113)
	76,037	70,867	76,037	70,867
of which:				
Interest income earned on impaired loans, advances and financing	1,016	850	1,016	850

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

23. Interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on loans and advances	13,039	11,724	13,039	11,724
- Margin financing	5,893	6,543	5,893	6,543
Money at call and deposit placements with financial institutions	2,675	3,136	2,675	3,136
Financial investments at amortised cost	641	640	641	640
Financial investments at FVOCI	54,462	49,298	54,462	49,298
Others	107	168	107	168
	<u>76,817</u>	<u>71,509</u>	<u>76,817</u>	<u>71,509</u>
Net accretion of discounts less amortisation of premiums	<u>(1,350)</u>	<u>(1,113)</u>	<u>(1,350)</u>	<u>(1,113)</u>
	<u>75,467</u>	<u>70,396</u>	<u>75,467</u>	<u>70,396</u>
of which:				
Interest income earned on impaired loans, advances and financing	<u>1,016</u>	850	<u>1,016</u>	850

24. Interest expense

	The Group			
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	55,991	48,450	55,991	48,450
Deposits and placements of banks and other financial institutions	2,805	1,853	2,805	1,853
Obligations on securities sold under repurchase agreements	535	417	535	417
Interest expense on lease liability	130	-	130	-
Foreign currency borrowings	182	500	182	500
Others	756	364	756	364
	<u>60,399</u>	<u>51,584</u>	<u>60,399</u>	<u>51,584</u>

	The Bank			
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	55,991	48,450	55,991	48,450
Deposits and placements of banks and other financial institutions	2,805	1,853	2,805	1,853
Obligations on securities sold under repurchase agreements	535	417	535	417
Interest expense on lease liability	76	-	76	-
Foreign currency borrowings	182	500	182	500
Others	756	364	756	364
	<u>60,345</u>	<u>51,584</u>	<u>60,345</u>	<u>51,584</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

25. Net fee and commission income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2019	31-03-2018	31-03-2019	31-03-2018	
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income :				
Unit trust management and incentive fee	70,470	74,124	70,470	74,124
Initial service charge	13,894	37,773	13,894	37,773
Net brokerage income	13,859	20,208	13,859	20,208
Private placement Fee	477	262	477	262
Corporate advisory fees	801	3,774	801	3,774
Underwriting commissions and placement fees	1,443	250	1,443	250
Fees on loans, advances and financing	708	1,033	708	1,033
Arrangement fees	100	850	100	850
Agency fees	525	1,795	525	1,795
Guarantee fees	2,243	561	2,243	561
Others	667	669	667	669
	<u>105,187</u>	<u>141,299</u>	<u>105,187</u>	<u>141,299</u>
(b) Fee and commission expense :				
Commission and referral expenses	<u>(29,091)</u>	<u>(54,708)</u>	<u>(29,091)</u>	<u>(54,708)</u>
Net fee and commission income	<u>76,096</u>	<u>86,591</u>	<u>76,096</u>	<u>86,591</u>

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2019	31-03-2018	31-03-2019	31-03-2018	
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income :				
Net brokerage income	13,859	20,208	13,859	20,208
Private placement Fee	477	262	477	262
Corporate advisory fees	574	3,638	574	3,638
Fees on loans, advances and financing	708	1,033	708	1,033
Arrangement fees	100	850	100	850
Agency fees	525	1,795	525	1,795
Underwriting commissions and placement fees	554	-	554	-
Guarantee fees	2,243	561	2,243	561
Others	408	417	408	417
	<u>19,448</u>	<u>28,764</u>	<u>19,448</u>	<u>28,764</u>
(b) Fee and commission expense :				
Commission and referral expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net fee and commission income	<u>19,448</u>	<u>28,764</u>	<u>19,448</u>	<u>28,764</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

26. Net gain and losses on financial instruments

	The Group			
	Individual Quarter Current Financial Period ended 31-03-2019 RM'000	Preceding Year Corresponding Period ended 31-03-2018 RM'000	Cumulative Quarter Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	17,276	18,009	17,276	18,009
- unrealised gain/(loss)	5,291	(127)	5,291	(127)
- gross dividend income	1,150	1,784	1,150	1,784
- interest income	4,699	4,675	4,699	4,675
Gains/(losses) on derivative instruments				
- unrealised gain/(loss)	589	(47)	589	(47)
- interest income	406	678	406	678
- interest expense	(393)	(515)	(393)	(515)
Gains arising on financial investments at FVOCI				
- net gain on disposal	11,158	989	11,158	989
- gross dividend income	910	303	910	303
	41,086	25,749	41,086	25,749
	The Bank			
	Individual Quarter Current Financial Period ended 31-03-2019 RM'000	Preceding Year Corresponding Period ended 31-03-2018 RM'000	Cumulative Quarter Current Financial Period-to-date 31-03-2019 RM'000	Preceding Year Corresponding Period-to-date 31-03-2018 RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	17,271	18,335	17,271	18,335
- unrealised gain/(loss)	4,173	(608)	4,173	(608)
- gross dividend income	895	1,170	895	1,170
- interest income	4,699	4,675	4,699	4,675
Gains/(losses) on derivative instruments				
- unrealised gain/(loss)	589	(47)	589	(47)
- interest income	406	678	406	678
- interest expense	(393)	(515)	(393)	(515)
Gains arising on financial investments at FVOCI				
- net gain on disposal	11,158	989	11,158	989
- gross dividend income	910	303	910	303
	39,708	24,980	39,708	24,980

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

27. Other operating income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
- realised	897	3,753	897	3,753
- unrealised	1,637	(3,087)	1,637	(3,087)
Gain on disposal of property and equipment	48	99	48	99
Other non-operating income	178	185	178	185
	<u>2,760</u>	<u>950</u>	<u>2,760</u>	<u>950</u>

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
- realised	2,074	3,909	2,074	3,909
- unrealised	1,085	165	1,085	165
Gain on disposal of property and equipment	47	82	47	82
Other non-operating income	148	222	148	222
	<u>3,354</u>	<u>4,378</u>	<u>3,354</u>	<u>4,378</u>

28. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	51,382	51,176	51,382	51,176
Contributions to defined contribution plan	7,294	7,611	7,294	7,611
Other personnel costs	5,046	9,078	5,046	9,078
	<u>63,722</u>	<u>67,865</u>	<u>63,722</u>	<u>67,865</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	2,926	2,026	2,926	2,026
Travelling and accomodation	921	801	921	801
Entertainment	931	715	931	715
Others	335	939	335	939
Dealers' handling fees	300	300	300	300
Commission and brokerage expenses	157	139	157	139
	<u>5,570</u>	<u>4,920</u>	<u>5,570</u>	<u>4,920</u>
Establishment-related expenses				
Rental of premises	956	3,165	956	3,165
Depreciation of property and equipment	2,326	2,272	2,326	2,272
Depreciation –ROU Lease	2,299	-	2,299	-
Repair and maintenance	2,548	1,893	2,548	1,893
Electricity, water and sewerage	612	616	612	616
Amortisation of intangible assets	615	577	615	577
Equipment rental	86	322	86	322
Insurance and indemnities	280	237	280	237
Others	47	46	47	46
	<u>9,769</u>	<u>9,128</u>	<u>9,769</u>	<u>9,128</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

28. Other operating expenses (continued)

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
General administrative expenses				
Telecommunication expenses	2,526	2,311	2,526	2,311
Subscription	2,796	1,945	2,796	1,945
Professional fees	1,301	1,442	1,301	1,442
Directors' remuneration	628	677	628	677
Auditors' remuneration	200	180	200	180
Intangible assets written off	-	12	-	12
Property, plant and equipment written off	3	-	3	-
Others	1,408	2,022	1,408	2,022
	8,862	8,589	8,862	8,589
Total other operating expenses	87,923	90,502	87,923	90,502
	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	33,959	35,330	33,959	35,330
Contributions to defined contribution plan	4,165	3,993	4,165	3,993
Other personnel costs	2,549	2,273	2,549	2,273
	40,673	41,596	40,673	41,596
Promotion and marketing-related expenses				
Business promotion and advertisement	535	740	535	740
Travelling and accommodation	407	318	407	318
Dealers' handling fees	300	300	300	300
Commission and brokerage expenses	150	135	150	135
Entertainment	207	141	207	141
	1,599	1,634	1,599	1,634
Establishment-related expenses				
Rental of premises	840	2,245	840	2,245
Depreciation of property and equipment	1,450	1,490	1,450	1,490
Depreciation – ROU Lease	1,366	-	1,366	-
Repair and maintenance	1,319	1,136	1,319	1,136
Electricity, water and sewerage	527	537	527	537
Amortisation of intangible assets	315	316	315	316
Insurance and indemnities	205	181	205	181
Equipment rental	(23)	24	(23)	24
Others	47	46	47	46
	6,046	5,975	6,046	5,975
General administrative expenses				
Telecommunication expenses	2,131	1,954	2,131	1,954
Subscription	1,798	1,807	1,798	1,807
Directors' remuneration	403	487	403	487
Auditors' remuneration	126	126	126	126
Professional fees	109	52	109	52
Intangible assets written off	-	12	-	12
Property, plant and equipment written off	3	-	3	-
Others	1,050	1,708	1,050	1,708
	5,620	6,146	5,620	6,146
Total other operating expenses	53,938	55,351	53,938	55,351

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

29. (Allowances)/write-back of credit impairment losses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2019	31-03-2018	31-03-2019	31-03-2018	
RM'000	RM'000	RM'000	RM'000	
(Allowances)/write-back of credit impairment losses :				
Expected credit losses				
- loans, advances and financing and trade receivables	(88)	944	(88)	944
- securities and other assets	(2,002)	(50)	(2,002)	(50)
- loan and financing commitments and contingencies	12	(768)	12	(768)
Bad debts recovered	75	2	75	2
Bad debts written off	(7)	-	(7)	-
	(2,010)	128	(2,010)	128

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2019	31-03-2018	31-03-2019	31-03-2018	
RM'000	RM'000	RM'000	RM'000	
(Allowances)/write-back of credit impairment losses :				
Expected credit losses				
- loans, advances and financing and trade receivables	(79)	943	(79)	943
- securities and other assets	(1,991)	(49)	(1,991)	(49)
- loan and financing commitments and contingencies	12	(768)	12	(768)
Bad debts recovered	75	2	75	2
Bad debts written off	(7)	-	(7)	-
	(1,990)	128	(1,990)	128

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

30. Capital adequacy

	The Group		The Bank	
	31-03-2019 RM'000	31-12-2018 RM'000	31-03-2019 RM'000	31-12-2018 RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Paid-up share capital	999,800	999,800	999,800	999,800
Foreign exchange translation reserve	593	593	-	-
Retained profits	478,948	478,948	460,221	460,221
Unrealised gains on FVOCI instruments	53,066	3,968	53,011	3,913
	1,532,407	1,483,309	1,513,032	1,463,934
Less : Regulatory adjustment				
Goodwill and Intangible assets	(322,678)	(323,102)	(315,717)	(315,963)
Investment in subsidiaries /associates	-	-	(131,384)	(131,384)
Regulatory reserve	(27,894)	(28,357)	(27,894)	(28,357)
55% of unrealised gains on FVOCI instruments	(29,186)	(2,183)	(29,156)	(2,152)
Deferred tax assets	(3,201)	(26,597)	(891)	(14,506)
Total CET 1 capital	1,149,448	1,103,070	1,007,990	971,572
Additional Tier 1 Capital				
Non-controlling interests	24,106	19,783	-	-
Total CET 1 capital / Tier 1 capital (a)	1,173,554	1,122,853	1,007,990	971,572
Tier 2 capital				
Expected credit loss for financial assets	29,511	29,215	25,630	26,197
Less : Regulatory adjustment				
Investment in subsidiaries	-	-	-	-
Total Tier 2 capital (b)	29,511	29,215	25,630	26,197
Total Capital (a) + (b)	1,203,065	1,152,068	1,033,620	997,769
Proposed dividends	-	-	-	-
Capital Ratio				
CET 1 capital ratio	30.615%	30.644%	34.233%	34.177%
Tier 1 capital ratio	31.257%	31.194%	34.233%	34.177%
Total capital ratio	32.043%	32.005%	35.104%	35.099%
CET 1 capital ratio (net of proposed dividends)	30.615%	30.644%	34.233%	34.177%
Tier 1 capital ratio (net of proposed dividends)	31.257%	31.194%	34.233%	34.177%
Total capital ratio (net of proposed dividends)	32.043%	32.005%	35.104%	35.099%
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	2,360,915	2,337,222	2,050,384	2,095,749
Market risk	493,801	383,926	432,372	289,550
Operational risk	899,821	878,448	461,721	457,468
Total Risk-Weighted Assets	3,754,537	3,599,596	2,944,477	2,842,767

With effect from 1 January 2013, the regulatory capital ratios as well as the level of these ratios of which the Bank is required to operate are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel III) and Capital Adequacy framework (capital components).

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

31. Commitments and contingencies

	The Group and the Bank	
	31-03-2019	31-12-2018
	Principal amount RM'000	Principal amount RM'000
Direct credit substitutes	46,790	96,674
Transaction related contingent Items	39,856	-
Forward Asset Purchases	55,000	-
Obligations under underwriting agreements	-	27,000
Commitments to extend credit:		
- maturity not exceeding one year	16,536	24,133
- maturity exceeding one year	1,827	588
Interest rate related contracts:		
- less than one year	645,000	695,000
- one year to less than five years	1,870,000	1,810,000
- more than five years	30,000	30,000
Foreign exchange related contracts:		
- less than one year	4,434,723	2,920,701
- one year to less than five years	406,615	304,689
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	458,223	468,170
Total	8,004,570	6,376,955

32. Credit exposures arising from transactions with connected parties

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 31 March 2019 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	575,272
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	8.52%
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 31 March 2019

33. FAIR VALUE MEASUREMENTS

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

- Level 1 - quoted price (unadjusted) in active markets for identical assets and liabilities
- Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31-03-2019				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	351,397	-	351,397
- Corporate bonds or sukuk	-	20,652	-	20,652
- Shares, warrant unit trusts and REITs	259,305	-	-	259,305
Financial investments at FVOCI				
- Money market instruments	-	902,794	-	902,794
- Corporate bonds or sukuk	-	4,313,508	-	4,313,508
- Equity securities	-	-	21,821	21,821
Derivative financial assets	-	39,464	-	39,464
	<u>259,305</u>	<u>5,627,815</u>	<u>21,821</u>	<u>5,908,941</u>
Liabilities				
Derivative financial liabilities	-	34,389	-	34,389
	<u>-</u>	<u>34,389</u>	<u>-</u>	<u>34,389</u>
31-12-2018				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	70,509	-	70,509
- Corporate bonds or sukuk	-	20,641	-	20,641
- Shares, warrant unit trusts and REITs	141,674	-	-	141,674
Financial investments at FVOCI				
- Money market instruments	-	879,189	-	879,189
- Corporate bonds or sukuk	-	4,077,631	-	4,077,631
- Shares, warrant unit trusts and REITs	59,532	-	21,821	81,353
Derivative financial assets	-	29,857	-	29,857
	<u>201,206</u>	<u>5,077,827</u>	<u>21,821</u>	<u>5,300,854</u>
Liabilities				
Derivative financial liabilities	-	28,107	-	28,107
	<u>-</u>	<u>28,107</u>	<u>-</u>	<u>28,107</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 31 March 2019

33. FAIR VALUE MEASUREMENTS (continued)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy (continued):

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31-03-2019				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	351,397	-	351,397
- Corporate bonds and/or sukuk	-	6	-	6
- Shares, warrant unit trusts and REITs	177,306	-	-	177,306
Financial investments at FVOCI				
- Money market instruments	-	902,794	-	902,794
- Corporate bonds and/or sukuk	-	4,313,508	-	4,313,508
- Equity securities	-	-	21,821	21,821
Derivative financial assets	-	39,088	-	39,088
	<u>177,306</u>	<u>5,606,793</u>	<u>21,821</u>	<u>5,805,920</u>
Liabilities				
Derivative financial liabilities	-	34,389	-	34,389
	<u>-</u>	<u>34,389</u>	<u>-</u>	<u>34,389</u>
31-12-2018				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	70,509	-	70,509
- Shares, warrant unit trusts and REITs	110,856	-	-	110,856
Financial investments at FVOCI				
- Money market instruments	-	879,189	-	879,189
- Corporate bonds and/or sukuk	-	4,077,631	-	4,077,631
- Shares, warrant unit trusts and REITs	59,532	-	21,821	81,353
Derivative financial assets	-	29,784	-	29,784
	<u>170,388</u>	<u>5,057,113</u>	<u>21,821</u>	<u>5,249,322</u>
Liabilities				
Derivative financial liabilities	-	28,107	-	28,107
	<u>-</u>	<u>28,107</u>	<u>-</u>	<u>28,107</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statement
for the financial period ended 31 March 2019**

33. FAIR VALUE MEASUREMENTS (continued)

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 of the valuation hierarchy. These would include listed equities which are actively traded. Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate private debt securities, corporate notes and most of the Group's over-the-counter ("OTC") derivatives.

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The Group and the Bank may also use valuation models or discounted cash flow technique to determine the fair value.

Most of the OTC derivatives are priced using valuation models. Where derivative products have been established in the markets for some time, the Group and the Bank use models that are widely accepted by the industry. The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models. OTC derivatives which are valued using unobservable inputs that are supported by little or no market activity which are significant to the fair value of the assets or liabilities are classified as Level 3.

The following table present the changes in Level 3 instruments for the financial period/year ended:-

	The Group and The Bank	
	31-03-2019	31-12-2018
	RM'000	RM'000
Opening	21,821	20,611
FVOCI revaluation reserve	-	1,210
Closing	<u><u>21,821</u></u>	<u><u>21,821</u></u>

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at end of the current reporting date and last financial year ended 31 December 2018, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purpose.

In estimating its significance, the Group used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be statistical or other relevant approved techniques.