

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Unaudited Statements of Financial Position
as at 30 September 2017

	Note	The Group		The Bank	
		As at 30-09-2017 RM'000	As at 31-12-2016 RM'000	As at 30-09-2017 RM'000	As at 31-12-2016 RM'000
ASSETS					
Cash and short-term funds		606,328	601,468	228,488	265,442
Deposits and placements with banks and other financial institutions		10,142	20,637	10,142	20,637
Reverse repurchase agreements		47,527	-	47,527	-
Financial assets held-for-trading	12	194,074	326,302	158,585	299,982
Financial investments held-to-maturity	12	31,917	33,563	31,917	33,563
Financial investments available-for-sale	12	4,932,124	4,847,957	4,884,474	4,825,864
Loans, advances and financing	13	1,218,034	1,079,130	1,218,034	1,079,130
Trade receivables	14	548,946	527,905	311,801	434,801
Derivative financial assets		86,075	122,088	86,075	122,088
Other assets	15	79,654	107,559	75,803	104,533
Deferred tax assets		4,157	10,727	-	6,291
Taxation recoverable		17,731	29,566	17,595	29,393
Statutory deposits with Bank Negara Malaysia		182,000	177,740	182,000	177,740
Investment in subsidiaries		-	-	124,121	121,217
Investments in associate		-	-	732	-
Amount due from subsidiaries		-	-	772	2,780
Property and equipment		33,679	34,797	21,382	23,603
Intangible assets		323,576	323,090	316,726	316,645
Total ASSETS		8,315,964	8,242,529	7,716,174	7,863,709
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	16	4,793,290	5,002,565	4,793,290	5,002,565
Deposits and placements of banks and other financial institutions	17	671,106	484,561	671,106	484,561
Obligations on securities sold under repurchase agreements	18	96,900	145,878	96,900	145,878
Trade payables	19	762,707	724,497	290,431	419,197
Derivative financial liabilities		93,517	150,291	93,517	150,291
Amount due to related companies		226	396	-	-
Other liabilities	20	244,601	212,433	178,512	153,029
Provision for taxation		2,300	60	-	-
Deferred tax liabilities		1,441	-	1,441	-
Total LIABILITIES		6,666,088	6,720,681	6,125,197	6,355,521
Share capital		999,800	780,000	999,800	780,000
Reserves		594,801	700,476	591,177	728,188
		1,594,601	1,480,476	1,590,977	1,508,188
Non-controlling interests		55,275	41,372	-	-
SHAREHOLDERS' EQUITY		1,649,876	1,521,848	1,590,977	1,508,188
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,315,964	8,242,529	7,716,174	7,863,709
COMMITMENTS AND CONTINGENCIES	28	7,903,982	4,568,820	7,903,982	4,568,820
CAPITAL ADEQUACY					
Basel III					
CET 1 capital ratio	27	32.678%	32.532%	38.555%	35.662%
Tier 1 capital ratio	27	32.923%	32.618%	38.555%	35.662%
Total capital ratio	27	33.294%	32.976%	38.555%	35.662%
After deducting proposed dividends:					
CET 1 capital ratio (net of proposed dividends)	27	32.678%	32.223%	38.555%	35.301%
Tier 1 capital ratio (net of proposed dividends)	27	32.923%	32.309%	38.555%	35.301%
Total capital ratio (net of proposed dividends)	27	33.294%	32.667%	38.555%	35.301%

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Income Statements for the financial period ended 30 September 2017

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-09-2017 RM'000	Preceding Year Corresponding Period 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Interest income	21	77,252	67,710	228,153	201,151
Interest expense	22	(54,994)	(47,612)	(161,880)	(140,497)
Net interest income		22,258	20,098	66,273	60,654
Other operating income	23	182,158	126,088	506,986	334,264
Net income		204,416	146,186	573,259	394,918
Other operating expenses	24	(151,648)	(110,248)	(433,035)	(304,169)
Operating profit before loan and financing loss and allowance		52,768	35,938	140,224	90,749
Write-back of losses on loans, advances and financing and receivables	25	415	181	1,162	965
Impairment loss on securities	26	(299)	-	(1,011)	-
Profit before zakat and taxation		52,884	36,119	140,375	91,714
Zakat		(408)	(328)	(1,131)	(794)
Profit before taxation		52,476	35,791	139,244	90,920
Taxation		(12,347)	(9,245)	(32,638)	(23,706)
Net profit after zakat and taxation		40,129	26,546	106,606	67,214
Attributable to:					
- Equity holders of the Bank		35,138	21,450	92,659	55,755
- Non-controlling interests		4,991	5,096	13,947	11,459
		40,129	26,546	106,606	67,214
Earnings per share:					
- basic/fully diluted (sen)		4.50	2.75	11.88	7.15

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Statement of Comprehensive Income for the financial period ended 30 September 2017

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-09-2017 RM'000	Preceding Year Corresponding Period 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Net profit after zakat and taxation	40,129	26,546	106,606	67,214
Other comprehensive income:				
Net fair value changes in financial investments available-for-sale	526	47,088	53,864	118,236
Net gain transferred to income statement on disposal	(8,486)	(13,191)	(11,421)	(19,995)
Deferred tax on financial investments available-for-sale	1,886	(8,043)	(10,221)	(23,342)
Other comprehensive income for the period, net of tax	(6,074)	25,854	32,222	74,899
Total comprehensive income for the period	34,055	52,400	138,828	142,113
Attributable to:				
Equity holders of the Bank	29,096	47,189	124,925	130,360
Non-controlling interests	4,959	5,211	13,903	11,753
Total comprehensive income	34,055	52,400	138,828	142,113

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Unaudited Income Statements
for the financial period ended 30 September 2017

The Bank	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-09-2017 RM'000	Preceding Year Corresponding Period 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Interest income	21	76,850	68,659	227,415	200,493
Interest expense	22	(54,994)	(47,612)	(161,880)	(140,497)
Net interest income		21,856	21,047	65,535	59,996
Other operating income	23	68,932	70,413	203,581	169,123
Net income		90,788	91,460	269,116	229,119
Other operating expenses	24	(57,542)	(53,486)	(186,432)	(156,196)
Operating profit before loan and financing loss and allowance		33,246	37,974	82,684	72,923
Write-back/(allowances) of losses on loans, advances and financing and receivables	25	415	181	1,162	965
Impairment loss on securities	26	(299)	-	(1,011)	-
Profit before zakat and taxation		33,362	38,155	82,835	73,888
Zakat		(346)	(214)	(927)	(582)
Profit before taxation		33,016	37,941	81,908	73,306
Taxation		(9,212)	(7,368)	(20,686)	(16,307)
Net profit after zakat and taxation		23,804	30,573	61,222	56,999
Attributable to:					
- Equity holders of the Bank		23,804	30,573	61,222	56,999
Earnings per share:					
- basic/fully diluted (sen)		3.05	3.92	7.85	7.31

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Unaudited Statement of Comprehensive Income
for the financial period ended 30 September 2017

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-09-2017 RM'000	Preceding Year Corresponding Period 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Net profit after zakat and taxation	23,804	30,573	61,222	56,999
Other comprehensive income:				
Net fair value changes in financial investments available-for-sale	630	46,705	54,009	117,256
Net gain transferred to income statement on disposal	(8,486)	(13,191)	(11,421)	(19,995)
Deferred tax on financial investments available-for-sale	1,886	(8,043)	(10,221)	(23,342)
Other comprehensive income for the period, net of tax	(5,970)	25,471	32,367	73,919
Total comprehensive income for the period	17,834	56,044	93,589	130,918
Attributable to equity holders of the Bank:				
Total comprehensive income	17,834	56,044	93,589	130,918

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Statement of Changes in Equity for the financial period ended 30 September 2017

	Attributable to equity holders of the Bank					Retained profits	Sub-total	Non-controlling interests	Total equity
	Nominal value	Share premium	Statutory reserve	Regulatory reserve	Available-for-sale revaluation reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group									
At 1 January 2017	780,000	219,800	251,343	9,667	(26,830)	246,496	1,480,476	41,372	1,521,848
Comprehensive income:									
Net profit for the financial period	-	-	-	-	-	92,659	92,659	13,947	106,606
Other comprehensive income, (net of tax) -									
Financial investments available-for-sale	-	-	-	-	32,266	-	32,266	(44)	32,222
Total comprehensive income	-	-	-	-	32,266	92,659	124,925	13,903	138,828
Transfer to regulatory reserve	-	-	-	2,446	-	(2,446)	-	-	-
Transfer pursuant to new BNM guidelines	-	-	(251,343)	-	-	251,343	-	-	-
Transfer pursuant to Companies Act 2016	219,800	(219,800)	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(10,800)	(10,800)	-	(10,800)
At 30 September 2017	999,800	-	-	12,113	5,436	577,252	1,594,601	55,275	1,649,876
At 1 January 2016									
As previously reported	780,000	219,800	214,915	5,594	(14,831)	233,868	1,439,346	35,827	1,475,173
Prior year adjustments	-	-	-	-	11,534	(11,534)	-	-	-
As restated	780,000	219,800	214,915	5,594	(3,297)	222,334	1,439,346	35,827	1,475,173
Comprehensive income:									
Net profit for the financial period	-	-	-	-	-	55,755	55,755	11,459	67,214
Other comprehensive income, (net of tax) -									
Financial investments available-for-sale	-	-	-	-	74,605	-	74,605	294	74,899
Total comprehensive income	-	-	-	-	74,605	55,755	130,360	11,753	142,113
Transfer to regulatory reserve	-	-	28,499	-	-	(28,499)	-	-	-
Transfer to statutory reserve	-	-	-	(1,406)	-	1,406	-	-	-
Dividend paid	-	-	-	-	-	(3,042)	(3,042)	(12,000)	(15,042)
At 30 September 2016	780,000	219,800	243,414	4,188	71,308	247,954	1,566,664	35,580	1,602,244

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Unaudited Statement of Changes in Equity
for the financial period ended 30 September 2017

	Non-distributable					Distributable	
	Nominal value RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available -for-sale revaluation reserve RM'000	Retained profits RM'000	Total equity RM'000
The Bank							
At 1 January 2017	780,000	219,800	251,343	9,667	(26,901)	274,279	1,508,188
Comprehensive income:							
Net profit for the financial period	-	-	-	-	-	61,222	61,222
Other comprehensive income, (net of tax) -							
Financial investments available-for-sale	-	-	-	-	32,367	-	32,367
Total comprehensive income	-	-	-	-	32,367	61,222	93,589
Transfer to regulatory reserve	-	-	-	2,446	-	(2,446)	-
Transfer pursuant to new BNM guidelines	-	-	(251,343)	-	-	251,343	-
Transfer pursuant to Companies Act 2016	219,800	(219,800)	-	-	-	-	-
Dividend paid	-	-	-	-	-	(10,800)	(10,800)
At 30 September 2017	999,800	-	-	12,113	5,466	573,598	1,590,977
At 1 January 2016							
As previously reported	780,000	219,800	214,915	5,594	(14,762)	274,498	1,480,045
Prior year adjustments	-	-	-	-	11,534	(11,534)	-
As restated	780,000	219,800	214,915	5,594	(3,228)	262,964	1,480,045
Comprehensive income:							
Net profit for the financial period	-	-	-	-	-	56,999	56,999
Other comprehensive income, (net of tax) -							
Financial investments available-for-sale	-	-	-	-	73,919	-	73,919
Total comprehensive income	-	-	-	-	73,919	56,999	130,918
Transfer to regulatory reserve	-	-	28,499	-	-	(28,499)	-
Transfer to statutory reserve	-	-	-	(1,406)	-	1,406	-
Dividend paid	-	-	-	-	-	(3,042)	(3,042)
At 30 September 2016	780,000	219,800	243,414	4,188	70,691	289,828	1,607,921

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Statement of Cash Flows for the financial period ended 30 September 2017

	The Group		The Bank	
	30-09-2017 RM'000	30-09-2016 RM'000	30-09-2017 RM'000	30-09-2016 RM'000
Cash flow from operating activities				
Net profit before tax for the financial period	139,244	90,920	81,908	73,306
Adjustments for items not involving the movement of cash and cash equivalents:				
Interest income				
- financial assets held-for trading	(15,755)	(15,533)	(15,755)	(15,533)
- financial investments available-for-sale	(149,749)	(121,434)	(149,749)	(121,434)
- financial investments held-to-maturity	(1,505)	(3,711)	(1,505)	(3,711)
Dividend income from subsidiary	-	-	-	(28,000)
Dividend income from financial instruments	(12,208)	(11,902)	(11,938)	(11,405)
Gain on disposal of property, plant and equipment	(470)	(195)	(132)	(91)
Property and equipment written-off	1	1,056	-	157
Intangible assets written-off	-	17	-	-
Depreciation of property and equipment	6,582	6,086	4,468	4,440
Amortisation of intangible assets	1,731	1,515	918	819
Net accretion of discounts/(amortisation of premiums)	3,083	2,387	3,083	2,387
Gain arising from disposal or redemption of :				
- financial assets held-for-trading	(53,464)	(22,148)	(53,465)	(22,148)
- financial investments available-for-sale	(24,606)	(16,159)	(24,564)	(14,576)
Unrealised (gain)/loss on derivative instruments	(3,287)	1,872	(3,287)	1,872
Unrealised (gain)/loss on financial assets held-for-trading	582	(3,254)	493	(3,301)
Unrealised foreign exchange (gain)/loss	4,647	12,563	3,525	12,778
(Gain)/loss on sale of derivatives	26	-	26	-
Impairment loss on financial investment available-for-sale	1,011	-	1,011	-
Net collective impairment	(789)	(1,205)	(789)	(1,205)
Net individual impairment	(367)	229	(367)	229
Allowance for bad and doubtful debts on other debtors	67	472	67	472
Zakat	1,131	794	927	582
Bad debts recovered	-	(461)	-	(461)
<i>Operating loss before changes in operating assets and liabilities</i>	(104,095)	(78,091)	(165,125)	(124,823)
<i>Decrease/(Increase) in operating assets</i>				
Deposits and placements with banks and other financial institutions	10,495	125,182	10,548	125,182
Financial assets held-for-trading	201,299	9,112	210,558	3,078
Loans, advances and financing	(138,123)	216,205	(138,123)	216,205
Statutory deposits with Bank Negara Malaysia	(4,260)	14,910	(4,260)	14,910
Intercompany balances	-	-	2,002	(5,391)
Trade receivables	(20,666)	34,394	123,376	101,509
Derivative assets	34,627	23,365	35,750	23,365
Reverse repurchase agreements	(47,527)	-	(47,527)	-
Other assets	27,841	32,902	28,668	30,811
	63,686	456,070	220,991	509,669
<i>Increase/(decrease) in operating liabilities</i>				
Deposits from customers	(209,275)	391,777	(209,275)	391,777
Deposits and placements of banks and other financial institutions	186,545	(178,082)	186,545	(178,082)
Obligations on securities sold under repurchase agreements	(48,978)	47,866	(48,978)	47,866
Trade payables	38,210	(15,692)	(128,766)	(75,361)
Amount due from related company	(170)	9,071	-	-
Derivative liabilities	(56,773)	(36,441)	(56,773)	(36,441)
Other liabilities	29,794	(45,107)	23,007	(41,151)
	(60,647)	173,392	(234,240)	108,608
Cash generated from operating activities	(101,056)	551,371	(178,374)	493,454

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Unaudited Statement of Cash Flows
for the financial period ended 30 September 2017

	The Group		The Bank	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)				
Net taxation paid	(20,775)	(17,995)	(11,374)	(8,348)
Zakat paid	(1,121)	(979)	(826)	(978)
Net cash generated from operating activities	(122,952)	532,397	(190,574)	484,128
Cash flow from investing activities				
Proceeds from disposal of property and equipment	695	204	132	100
Purchase of property and equipment	(5,693)	(12,233)	(2,248)	(3,401)
Capital injection for subsidiaries	-	-	(3,630)	-
Acquisition of an equity interest in an associate	-	-	(52)	-
Purchase of intangible assets	(2,217)	(1,824)	(999)	(882)
Interest received:				
- financial investments available-for-sale	149,749	121,434	149,749	121,434
- financial investments held-to-maturity	1,505	3,711	1,505	3,711
Net purchase of financial investments available-for-sale	(21,240)	(697,146)	4,419	(705,896)
Net proceeds on redemption of financial investments held-to-maturity	1,594	16,419	1,594	16,419
Dividend income received from:				
- financial investments available-for-sale	11,856	11,233	11,586	10,736
- subsidiary	-	-	-	28,000
Net cash used in investing activities	136,249	(558,202)	162,055	(529,779)
Cash flow from financing activities				
Dividend paid by a subsidiary to minority interests	-	(12,000)	-	-
Dividend paid	(10,800)	(3,042)	(10,800)	(3,042)
Net cash used in financing activities	(10,800)	(15,042)	(10,800)	(3,042)
Net increase in cash and cash equivalents	2,496	(40,847)	(39,318)	(48,693)
Cash and cash equivalents at beginning of the financial year	554,377	413,380	218,351	196,108
Cash and cash equivalents at end of the financial period	556,873	372,533	179,033	147,415
Analysis of cash and cash equivalents				
Cash and short term funds	606,328	420,506	228,488	195,388
Amount held on behalf of clients and commissioned dealer's representatives	(49,455)	(47,973)	(49,455)	(47,973)
Cash and cash equivalents at end of the financial period	556,873	372,533	179,033	147,415

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 30 September 2017

1. Review of financial performance

The Group recorded a higher Profit Before Tax ("PBT") of RM139.2 for the 9 months period ended 30 September 2017 compared to a PBT of RM90.9 million for the previous corresponding period. The investment bank contributed RM81.9 million (30.9.2016: RM73.3 million included intercompany dividend of RM28.0 million) while the asset management business contributed RM58.4 million (30.9.2016: RM45.6 million) to the Group's PBT in the current period under review.

Summarised analysis of the Group PBT for the 9 months period ended 30 September 2017 are as follows:

- Net interest income of RM66.3 million was higher than the Net interest income of RM60.7 million recorded in the previous corresponding period primarily due to higher average interest earning Assets in the current period under review.
- Other operating income registered an increase from RM334.3 million in the previous corresponding period to RM507.0 million in the current period under review. The increase was primarily due to the higher unit trust management fees, and initial service fee income from the asset management business, net investment gains generated by the investment bank activities and brokerage fees from the securities business during the current period under review.
- Operating expenses incurred for the period under review were higher at RM433.0 million compared to RM304.2 million incurred in the previous corresponding period contributed mainly by higher personnel costs and higher commission and brokerage expenses.

2. Prospect for the current financial year

Following the strong domestic demand and export trends in 1H17, Malaysia's economic growth will likely exceed 5% in 2017, following 4.2% in 2016. The economy will be supported by a strong underlying economic fundamentals such as lower fiscal deficit, healthy current account surplus, ample international reserves and in a better position to weather external challenges. The country's economic expansion is becoming more broad-based, where real GDP growth will depend more on internally generated growth, especially from private investment and consumption, where economic activity is also projected to improve further in 2018. With groups diversified business profile, supported by sound financial and banking system in the country, the investment bank and asset management should benefit from the overall improved market sentiments. Despite improving market sentiments and business opportunities in 2017, the Group will continue to build resilience across its business and drive efficiency savings in all its business operations, with collaborative efforts within the group to increase its ability to offer a wider range of products and services to its enlarged clientele.

3. Basis of preparation

The unaudited condensed interim financial statements for the 9 months period ended 30 September 2017 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 condensed interim financial statements may be read in conjunction with the annual financial statements for the financial year ended 31 December 2016. The explanatory notes to the unaudited condensed 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 2016.

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with effect from 31 January 2017. Amongst the key changes introduced in the New Act that will affect the financial statements of the Group and of the Bank for the current financial period includes:

- (a) removal of the authorised share capital;
- (b) shares of the Bank will cease to have par or nominal value; and
- (c) the Bank's share premium account will become part of the Bank's share capital. Number of issued shares remains at 780,000,000.

During the current financial period, the Bank had transferred a total of RM 219,800,000 from its share premium account to the share capital pursuant to the New Act.

The adoption of the New Act will not have any significant financial impact on the Group and the Bank for the current financial period and the effect of adoption will mainly be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.

4. Qualification of preceding annual financial statements

The Group and Bank's financial statements for financial year ended 31 December 2016 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.

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(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 30 September 2017

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. Litigations against the Bank

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. On 15 November 2016, the Judge granted an order allowing the Bank's application to transfer the proceedings to Kuala Lumpur High Court and the case is now fixed for case management on 3 November 2017.

9. Acquisition of equity interest and capital injection

(a) On 25 January 2017, the Group has completed the acquisition of entire share capital of Affin Hwang Trustee Berhad (formerly known as ABB Trustee Berhad) ("AHTB") comprising 100,000 ordinary shares of RM10 each (of which RM5 is uncalled), from Affin Bank Berhad for a total cash consideration of approximately RM630,000, based on the audited net asset value of AHTB as at 31 December 2015, subject to further adjustment if any. The entire share capital of AHTB is acquired by five shareholders in equal proportion, namely the Bank, Affin Hwang Nominees (Tempatan) Sdn Bhd ("AHNT"), Affin Hwang Nominees (Asing) Sdn Bhd ("AHNA"), AHC Global Sdn Bhd (formerly known as Classic Uptrend Sdn Bhd) ("AHCG") and AHC Associates Sdn Bhd (formerly known as Sole Delta Sdn Bhd) ("AHCA"), each holding 20% equity interest in AHTB. Correspondingly, the Bank has further capital injected RM126,000 each into AHNT, AHNA, AHCG and AHCA for the purpose of this acquisition.

	AHTB RM'000
Assets	
Cash and short-term funds	404
Deposit and placements with financial institutions	263
Other assets	5
tax recoverable	19
Total Assets	<u>691</u>
Liabilities	
Amount owing to related company	11
Other liabilities	18
Total Liabilities	<u>29</u>
Net assets acquired	662
Less: Cash and short term funds acquired	<u>(404)</u>
Net outflow cash flow arising from the acquisition	<u>258</u>
Net outflow cash flow, 20% equity interest in an associates at Bank level	<u>52</u>

(b) A capital injection of RM3,000,000 has been injected into AHTB to meet its setup and initial operating needs. To accommodate this capital injection, AHIB further injected RM600,000 each into the four wholly owned subsidiaries namely AHNT, AHNA, AHCG and AHCA.

10. Changes in the composition of the Bank

There is no change to the composition of the Bank as at end of the reporting period other than the acquisition of an associate on 25 January 2017 as disclosed in Note 9 above.

11. Dividends

A final dividend of RM1.385 sen per ordinary share, amounting to RM10,800,000 in respect of the previous financial year ended 31 December 2016 was paid on 30 March 2017.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 30 September 2017

12. Securities portfolio

	The Group		The Bank	
	30-09-2017 RM'000	31-12-2016 RM'000	30-09-2017 RM'000	31-12-2016 RM'000
Classification of securities portfolio:				
(i) Financial assets held-for-trading				
<u>At fair value</u>				
<u>Money Market instruments</u>				
<u>Quoted</u>				
Malaysian Government Securities	51,383	-	51,383	-
Malaysian Government Islamic Investment Issues	50,537	-	50,537	-
	101,920	-	101,920	-
<u>At fair value</u>				
<u>Quoted securities</u>				
In Malaysia:				
Shares, warrants and REITS	41,303	18,763	41,303	18,763
Unit trusts	14,032	4,864	-	-
Negotiable Instruments of Deposit	-	256,015	-	256,015
	55,335	279,642	41,303	274,778
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia	19,504	31,218	15,362	25,204
Corporate bonds and/or Sukuk outside Malaysia	17,315	15,442	-	-
	194,074	326,302	158,585	299,982
The Group and the Bank				
30-09-2017				
31-12-2016				
RM'000				
RM'000				
(ii) Financial investments held-to-maturity				
<u>At amortised cost</u>				
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia			23,764	25,471
Redeemable Secured Loan Stocks			15,103	15,042
			38,867	40,513
Impairment transferred from loan and advances			(6,950)	(6,950)
			31,917	33,563
The Group				
30-09-2017				
31-12-2016				
RM'000				
RM'000				
(iii) Financial investments available-for-sale				
<u>At fair value</u>				
<u>Money Market Instruments</u>				
Malaysian Government Securities	172,631	228,087	172,631	228,087
Malaysian Government Islamic Investment Issues	393,682	288,667	393,682	288,667
Cagamas Bonds	61,965	66,597	61,965	66,597
Sukuk Perumahan Kerajaan	80,055	79,286	80,055	79,286
	708,333	662,637	708,333	662,637
<u>Quoted securities</u>				
In Malaysia:				
Shares	22,655	32,134	22,655	32,134
Unit Trusts	226,254	190,278	179,599	169,171
REITS	22,140	50,266	22,140	50,266
Outside Malaysia:				
REITS	14,518	78,540	14,518	78,540
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia	3,746,257	3,527,166	3,745,262	3,526,180
Corporate bonds and/or Sukuk outside Malaysia	181,377	308,454	181,377	308,454
Shares in Malaysia	22,056	21,720	22,056	21,720
	4,943,590	4,871,195	4,895,940	4,849,102
Allowance for impairment of securities	(11,466)	(23,238)	(11,466)	(23,238)
	4,932,124	4,847,957	4,884,474	4,825,864

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

13. Loans, advances and financing

(i) By type of Loan/Financing

	The Group and the Bank	
	30-09-2017	31-12-2016
	RM'000	RM'000
Term loans/financing		
- Syndicated term loan/financing	375,001	402,709
- Other term loans/financing	383,863	356,509
Staff loans	5,123	5,560
Share margin financing	360,265	241,772
Revolving credits	55,246	53,589
Receivables	41,078	40,490
Gross loans, advances and financing	1,220,576	1,100,629
Less :		
Allowances for impaired loans, advances and financing		
- Individual allowance	(8)	(18,176)
- Collective allowance	(2,534)	(3,323)
Total net loans, advances and financing	1,218,034	1,079,130

(ii) By Type of Customers

Domestic business enterprises		
- Small medium enterprises	29,911	49,307
- Others	801,976	773,207
Domestic non-bank financial institutions	45,433	20,148
Individuals	342,898	257,010
Foreign individuals	358	957
Total gross loans, advances and financing	1,220,576	1,100,629

(iii) By Interest/Profit Rate Sensitivity

Fixed rate		
- Share margin financing	360,265	241,772
- Receivables	41,078	40,490
- Other fixed rate loans/financing	36,925	71,764
- Housing loans/financing	2,902	2,889
- Hire purchase receivables	2,157	2,655
Variable rate		
- Cost-plus	713,728	651,475
- BLR plus	23,378	25,026
- Other floating rate	40,143	64,558
Total gross loans, advances and financing	1,220,576	1,100,629

(iv) By Economic Purpose

Purchase of securities	678,027	535,732
Working capital	200,137	200,855
Purchase of transport vehicles	55,343	62,173
Construction	39,558	65,100
Purchase of landed properties (non-residential)	20,067	21,287
Purchase of landed properties (residential)	11,501	17,122
Personal use	64	16
Others	215,879	198,344
Total gross loans, advances and financing	1,220,576	1,100,629

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

13. Loans, advances and financing (continued)

	The Group and the Bank	
	30-09-2017	31-12-2016
	RM'000	RM'000
(v) By Sector		
Household	343,256	256,268
Real estate	194,501	182,237
Finance, insurance and business services	198,262	77,382
Transport, storage and communication	140,108	150,632
Manufacturing	110,540	122,251
Wholesale retail trade and restaurant and hotels	62,621	64,133
Education, health & others	58,300	59,956
Construction	58,003	61,804
Mining and quarrying	6,938	54,214
Electricity, gas and water	-	20,013
Others	48,047	51,739
Total gross loans, advances and financing	<u>1,220,576</u>	<u>1,100,629</u>
(vi) By Geographical Distribution		
Wilayah Persekutuan	683,602	529,224
Selangor	405,577	414,086
Johor	51,225	70,923
Sarawak	38,518	39,424
Perak	26,371	28,272
Pulau Pinang	13,891	17,154
Negeri Sembilan	762	760
Sabah	276	471
Kedah	273	221
Melaka	81	94
Total gross loans, advances and financing	<u>1,220,576</u>	<u>1,100,629</u>
(vii) By maturity structure		
Maturing within one year	535,255	375,376
One year to three years	327,104	269,786
Three years to five years	213,437	260,001
Over five years	144,780	195,466
Total gross loans, advances and financing	<u>1,220,576</u>	<u>1,100,629</u>
(viii) Movement of impaired loans, advances and financing		
At beginning of the financial year	49,307	66,375
Classified as impaired during the financial period/year	8	-
Amount converted to financial investments held-to-maturity	-	(15,000)
Amount recovered	(1,220)	(2,068)
Amount written-off	(18,176)	-
At end of the financial period/year	<u>29,919</u>	<u>49,307</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>2.45%</u>	<u>4.48%</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

13. Loans, advances and financing (continued)

The Group and the Bank
30-09-2017 31-12-2016
RM'000 RM'000

(ix) Movement in allowances are as follows:**Individual allowance**

At beginning of the financial year	18,176	25,126
Allowance made	8	-
Amount written off	<u>(18,176)</u>	<u>(6,950)</u>
At end of the financial period/year	<u>8</u>	<u>18,176</u>

Collective allowance

At beginning of the financial year	3,323	9,407
Allowance made	174	1,750
Amount written-back	<u>(963)</u>	<u>(7,834)</u>
At end of the financial period/year	<u>2,534</u>	<u>3,323</u>

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

Purchase of landed properties (non-residential)	20,067	21,287
Purchase of transport vehicles	4	-
Personal use	4	-
Working capital	<u>9,844</u>	<u>28,020</u>
Total impaired loans, advances and financing	<u>29,919</u>	<u>49,307</u>

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

Finance, insurance and business services	15,494	16,715
Real estate	14,264	14,264
Wholesale retail trade and restaurant and hotels	153	10,828
Manufacturing	-	7,500
Household	8	-
Total impaired loans, advances and financing	<u>29,919</u>	<u>49,307</u>

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

Selangor	29,915	49,307
Wilayah Persekutuan	4	-
Total impaired loans, advances and financing	<u>29,919</u>	<u>49,307</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

14. Trade receivables

	The Group		The Bank	
	30-09-2017 RM'000	31-12-2016 RM'000	30-09-2017 RM'000	31-12-2016 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	237,145	93,104	-	-
Amount due from clients (a)	232,606	323,900	232,606	323,900
Amount due from brokers	80,188	112,269	80,188	112,269
	<u>549,939</u>	<u>529,273</u>	<u>312,794</u>	<u>436,169</u>
Less : Allowance for bad and doubtful accounts (b)				
- Individual allowance	(993)	(1,368)	(993)	(1,368)
	<u>548,946</u>	<u>527,905</u>	<u>311,801</u>	<u>434,801</u>

The Group and the Bank

30-09-2017 31-12-2016
RM'000 RM'000

(a) Movement of impaired amount due from clients are as follows:

At beginning of the financial year	1,705	4,460
Addition during the period/year	420	1,781
Amount recovered	(795)	(866)
Amount written off	-	(3,670)
At end of the financial period/year	<u>1,330</u>	<u>1,705</u>

(b) Movement in allowances are as follows:

Individual allowance

At beginning of the financial year	1,368	4,123
Allowance made	420	1,781
Amount written back	(795)	(866)
Amount written off	-	(3,670)
At end of the financial period/year	<u>993</u>	<u>1,368</u>

Collective allowance

At beginning of the financial year	-	16
Amount written-back	-	(16)
At end of the financial period/year	<u>-</u>	<u>-</u>

15. Other assets

	The Group		The Bank	
	30-09-2017 RM'000	31-12-2016 RM'000	30-09-2017 RM'000	31-12-2016 RM'000
Other debtors, deposits and prepayments	41,065	34,185	37,314	31,271
Collateral pledged for derivative transactions	36,397	76,561	36,397	76,561
Clearing Guarantee Fund	1,773	1,725	1,773	1,725
Clearing Fund	1,000	1,000	1,000	1,000
Transferable membership	200	222	100	110
Allowance for bad and doubtful debts (a)	(781)	(6,134)	(781)	(6,134)
	<u>79,654</u>	<u>107,559</u>	<u>75,803</u>	<u>104,533</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

15. Other assets (continued)

(a) Movement in allowances are as follows:

	The Group and the Bank	
	30-09-2017	31-12-2016
	RM'000	RM'000
Individual allowance		
At beginning of the financial year	6,134	10,137
Allowance made	261	898
Amount written back	(180)	(525)
Amount written off	(5,434)	(4,376)
At end of the financial period/year	<u>781</u>	<u>6,134</u>

16. Deposit from customers

	The Group and the Bank	
	30-09-2017	31-12-2016
	RM'000	RM'000
By type of deposits:		
Fixed deposits	3,292,866	3,550,924
Negotiable instruments of deposits	1,008,480	1,209,644
Other deposits	491,944	241,997
	<u>4,793,290</u>	<u>5,002,565</u>
By maturity structure:		
Due within six months	3,593,577	4,349,787
Six months to one year	594,018	551,035
More than one year	605,695	101,743
	<u>4,793,290</u>	<u>5,002,565</u>
By type of customer:		
Domestic non-banking financial institutions	2,076,387	2,043,552
Business enterprises	1,298,844	1,144,147
Domestic banking institutions	1,008,199	1,209,258
Government and statutory bodies	321,657	510,519
Individuals	59,088	69,333
Others	24,033	20,799
Foreign entities	5,082	4,957
	<u>4,793,290</u>	<u>5,002,565</u>

17. Deposit and placements of banks and other financial institution

	The Group and the Bank	
	30-09-2017	31-12-2016
	RM'000	RM'000
Licensed banks	548,780	484,561
Licensed investment banks	122,326	-
	<u>671,106</u>	<u>484,561</u>

18. Obligations on securities sold under repurchase agreements

	The Group and the Bank	
	30-09-2017	31-12-2016
	RM'000	RM'000
Financial investment available-for-sale	<u>96,900</u>	<u>145,878</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 30 September 2017

19. Trade payables

	The Group		The Bank	
	30-09-2017 RM'000	31-12-2016 RM'000	30-09-2017 RM'000	31-12-2016 RM'000
Amount due to clients	135,364	224,683	135,364	224,683
Amount due to brokers	153,973	165,360	153,971	165,360
Amount due to unit trust funds	289,963	264,371	-	-
Amount due to unit holders	182,311	40,869	-	-
Amount due to external fund managers	-	60	-	-
Amount due to Bursa Securities Clearing Sdn. Bhd.	1,096	29,154	1,096	29,154
	762,707	724,497	290,431	419,197

20. Other liabilities

	The Group		The Bank	
	30-09-2017 RM'000	31-12-2016 RM'000	30-09-2017 RM'000	31-12-2016 RM'000
Commissioned dealer's representative trust balances	49,455	47,090	49,455	47,090
Collateral pledged for derivative transactions	6,603	8,761	6,603	8,761
Amounts payable to dealer's representative	34,150	22,174	34,150	22,174
Accrued employee benefit	52,283	50,726	26,651	25,415
Other liabilities	102,110	83,682	61,653	49,589
	244,601	212,433	178,512	153,029

21. Interest income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended 30-09-2017 RM'000	Preceding Year Corresponding Period ended 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Loans, advances and financing				
- Interest income on loans and advances	12,483	12,697	37,058	42,385
- Margin financing	5,743	3,720	16,087	10,198
Money at call and deposit placements				
with financial institutions	2,570	1,076	8,512	8,180
Derivative instruments	729	738	2,250	2,440
Financial assets held-for-trading	5,245	5,315	15,755	15,533
Financial investment available-for-sale	50,915	43,835	149,750	121,434
Financial investment held-to-maturity	480	1,105	1,505	3,711
Others	90	100	319	(343)
	78,255	68,586	231,236	203,538
Net accretion of discounts less amortisation of premiums	(1,003)	(876)	(3,083)	(2,387)
	77,252	67,710	228,153	201,151
of which:				
Interest income earned on impaired loans, advances and financing	282	334	837	950

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

21. 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
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on loans and advances	12,483	12,697	37,058	42,385
- Margin financing	5,743	3,720	16,087	10,198
Money at call and deposit placements				
with financial institutions	2,169	2,025	7,775	7,522
Derivative instruments	729	738	2,250	2,440
Financial assets held-for-trading	5,245	5,315	15,755	15,533
Financial investment available-for-sale	50,914	43,835	149,749	121,434
Financial investment held-to-maturity	480	1,105	1,505	3,711
Others	89	100	319	(343)
	<u>77,852</u>	<u>69,535</u>	<u>230,498</u>	<u>202,880</u>
Net accretion of discounts less amortisation of premiums	<u>(1,002)</u>	<u>(876)</u>	<u>(3,083)</u>	<u>(2,387)</u>
	<u><u>76,850</u></u>	<u><u>68,659</u></u>	<u><u>227,415</u></u>	<u><u>200,493</u></u>
of which:				
Interest income earned on impaired loans, advances and financing	<u>282</u>	<u>334</u>	<u>837</u>	<u>950</u>

22. Interest expense

	The Group and 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
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	49,610	43,050	144,366	125,949
Deposits and placements of banks and other financial institutions	3,406	3,593	10,693	10,943
Derivative instruments	654	668	1,911	2,159
Repurchase agreements	575	95	2,660	283
Foreign currency borrowings	662	163	1,888	780
Others	87	43	362	383
	<u>54,994</u>	<u>47,612</u>	<u>161,880</u>	<u>140,497</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

23. Other operating income

	Individual Quarter		The Group	
	Current Financial Period ended 30-09-2017 RM'000	Preceding Year Corresponding Period ended 30-09-2016 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Fees income				
Unit trust management and incentive fee	65,695	46,462	187,931	134,714
Initial service charge	44,195	26,655	110,354	54,427
Brokerage	22,677	18,936	75,867	60,941
Private placement Fee	573	205	4,232	1,539
Corporate advisory fees	2,620	1,357	7,473	6,284
Underwriting commissions and placement fees	4,008	2,302	6,011	2,978
Fees on loans, advances and financing	1,105	365	2,918	926
Arrangement fees	4,175	1,050	5,175	5,279
Agency fees	715	473	1,759	1,367
Guarantee fees	-	-	192	-
Others	393	1,429	3,661	3,423
Income from financial instruments				
Gains arising on financial assets held-for-trading				
- net gain on disposal	12,593	10,435	53,464	22,148
- unrealised (loss)/gain	(302)	(721)	(582)	3,254
- gross dividend income	219	202	352	669
Gains on derivative instruments				
- realised (loss)	(26)	-	(26)	-
- unrealised gain/(loss)	7,488	(354)	3,287	(1,872)
Gains arising on financial investments available-for-sale				
- net gain on disposal	16,197	10,645	24,606	16,159
- gross dividend income	3,578	3,472	11,856	11,233
Other income				
Foreign exchange gain/(loss)				
- realised	6,722	(1,411)	12,083	21,342
- unrealised	(10,723)	5,214	(4,647)	(12,563)
Gain on disposal of property, plant and equipment	55	72	469	195
Other non-operating income	200	(700)	550	1,821
	182,157	126,088	506,985	334,264

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

23. Other operating income (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended 30-09-2017 RM'000	Preceding Year Corresponding Period ended 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Fees income				
Brokerage	22,677	18,936	75,867	60,941
Private placement Fee	573	205	4,232	1,539
Corporate advisory fees	2,850	1,357	7,703	6,284
Fees on loans, advances and financing	1,105	365	2,918	926
Arrangement fees	4,175	1,050	5,175	5,279
Agency fees	715	473	1,759	1,367
Underwriting commissions and placement fees	503	972	938	1,332
Guarantee fees	-	-	192	-
Others	239	743	3,286	3,273
Income from financial instruments				
Gains arising on financial assets held-for-trading				
- net gain on disposal	12,593	10,435	53,464	22,148
- unrealised (loss)	(245)	(541)	(493)	3,301
- gross dividend income	219	202	352	669
Gains on derivative instruments				
- realised (loss)	(26)	-	(26)	-
- unrealised gain/(loss)	7,488	(354)	3,287	(1,872)
Gains arising on financial investments available-for-sale				
- net gain on disposal	16,197	8,945	24,564	14,576
- gross dividend income	3,434	3,172	11,586	10,736
Gross dividend income				
- subsidiary	-	21,000	-	28,000
Other income				
Foreign exchange gain/(loss)				
- realised	5,924	(1,475)	11,283	21,907
- unrealised	(9,819)	5,121	(3,525)	(12,778)
Gain on disposal of property and equipment	2	10	132	91
Other non-operating income	328	(203)	887	1,404
	68,932	70,413	203,581	169,123

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

24. Other operating expenses

	The Group			
	Individual Quarter Current Financial Period ended 30-09-2017 RM'000	Preceding Year Corresponding Period ended 30-09-2016 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Personnel costs				
Salaries, allowances and bonuses	46,824	38,737	142,904	110,945
Contributions to defined contribution plan	8,239	6,225	22,595	18,660
Other personnel costs	9,404	7,348	26,189	19,918
	<u>64,467</u>	<u>52,310</u>	<u>191,688</u>	<u>149,523</u>
Promotion and marketing-related expenses				
Commission and brokerage expenses	55,352	26,641	139,698	66,101
Dealers' handling fees	2,043	1,808	7,970	5,764
Business promotion and advertisement	3,382	2,914	11,609	5,977
Dealers' performance incentive	1,437	1,128	5,940	4,116
Entertainment	746	608	2,479	1,921
Travelling and accommodation	1,085	879	2,671	2,417
Others	1,852	1,312	5,922	3,680
	<u>65,897</u>	<u>35,290</u>	<u>176,289</u>	<u>89,976</u>
Establishment-related expenses				
Rental of premises	3,119	3,531	9,707	11,469
Depreciation of property and equipment	2,249	2,075	6,582	6,086
Repair and maintenance	1,581	1,504	4,962	5,549
Electricity, water and sewerage	579	607	1,787	1,954
Amortisation of intangible assets	600	533	1,731	1,515
Equipment rental	348	603	965	1,295
Insurance and indemnities	135	166	567	688
Others	52	76	151	204
	<u>8,663</u>	<u>9,095</u>	<u>26,452</u>	<u>28,760</u>
General administrative expenses				
Telecommunication expenses	2,963	3,052	7,291	8,309
Transaction levy	2,360	1,775	7,302	5,813
Subscription	765	2,297	4,488	5,935
Professional fees	2,015	1,825	5,961	2,545
Subsidies	716	831	2,160	2,541
Directors' remuneration	657	619	1,948	1,783
Auditors' remuneration	185	209	643	543
Property, plant & equipment written off	-	4	1	1,056
Intangible assets written off	-	-	-	17
Others	2,960	2,941	8,812	7,368
	<u>12,621</u>	<u>13,553</u>	<u>38,606</u>	<u>35,910</u>
Total other operating expenses	<u>151,648</u>	<u>110,248</u>	<u>433,035</u>	<u>304,169</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

24. Other operating expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended 30-09-2017 RM'000	Preceding Year Corresponding Period ended 30-09-2016 RM'000	Current Financial Period-to-date 30-09-2017 RM'000	Preceding Year Corresponding Period-to-date 30-09-2016 RM'000
Personnel costs				
Salaries, allowances and bonuses	29,816	26,510	99,541	76,678
Contributions to defined contribution plan	4,278	3,485	12,434	10,997
Other personnel costs	2,495	2,564	8,220	6,903
	<u>36,589</u>	<u>32,559</u>	<u>120,195</u>	<u>94,578</u>
Promotion and marketing-related expenses				
Dealers' handling fees	2,043	1,808	7,970	5,764
Dealers' performance incentive	1,437	1,128	5,940	4,116
Business promotion and advertisement	592	437	1,656	1,203
Travelling and accommodation	514	493	1,279	1,264
Entertainment	212	230	557	605
Commission and brokerage expenses	157	35	419	275
	<u>4,955</u>	<u>4,131</u>	<u>17,821</u>	<u>13,227</u>
Establishment-related expenses				
Rental of premises	2,206	2,580	7,015	8,381
Depreciation of property and equipment	1,504	1,433	4,468	4,440
Repair and maintenance	2,267	514	3,313	1,696
Electricity, water and sewerage	(688)	1,054	1,548	3,242
Amortisation of intangible assets	312	297	918	819
Insurance and indemnities	105	112	456	527
Equipment rental	25	7	63	144
Others	52	76	151	204
	<u>5,783</u>	<u>6,073</u>	<u>17,932</u>	<u>19,453</u>
General administrative expenses				
Telecommunication expenses	2,530	2,655	6,003	7,243
Transaction levy	2,360	1,775	7,302	5,813
Subscription	643	2,132	4,147	5,678
Subsidies	716	831	2,160	2,541
Directors' remuneration	530	475	1,570	1,340
Auditors' remuneration	266	161	518	413
Property, plant & equipment written off	-	4	-	157
Professional fees	320	216	673	(544)
Others	2,850	2,474	8,111	6,297
	<u>10,215</u>	<u>10,723</u>	<u>30,484</u>	<u>28,938</u>
Total other operating expenses	<u>57,542</u>	<u>53,486</u>	<u>186,432</u>	<u>156,196</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

25. Write-back/(allowance) for losses on loans, advances and financing and receivables

	The Group and the Bank			
	Individual Quarter	Preceding Year	Cumulative Quarter	Preceding Year
	Current	Corresponding	Current	Corresponding
	Financial	Financial	Financial	Financial
	Period ended	Period ended	Period-to-date	Period-to-date
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Write-back/(allowance) for losses on loans, advances and financing and trade receivables:				
Individual allowance				
- Made during the financial period	(24)	(283)	(429)	(899)
- Written back during the financial period	428	189	796	670
Collective allowance				
- Made during the financial period	24	(228)	(174)	(1,207)
- Written back during the financial period	60	878	963	2,412
Bad debts recovered	-	33	73	461
Write-back/(allowance) for other bad and doubtful debt:				
- Trade debtors	(73)	(408)	(67)	(472)
	<u>415</u>	<u>181</u>	<u>1,162</u>	<u>965</u>

26. Impairment loss on securities

	The Group and the Bank			
	Individual Quarter	Preceding Year	Cumulative Quarter	Preceding Year
	Current	Financial	Current	Financial
	Financial	Financial	Financial	Financial
	Period ended	Period ended	Period-to-date	Period-to-date
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Allowances for impairment loss:				
- Financial investments available-for-sale	(299)	-	(1,011)	-
	<u>(299)</u>	<u>-</u>	<u>(1,011)</u>	<u>-</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statement for the financial period ended 30 September 2017

27. Capital adequacy

	The Group		The Bank	
	30-09-2017 RM'000	31-12-2016 RM'000	30-09-2017 RM'000	31-12-2016 RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Paid-up share capital	999,800	780,000	999,800	780,000
Share premium	-	219,800	-	219,800
Statutory reserve	-	251,343	-	251,343
Retained profits	589,363	256,163	585,710	283,946
Unrealised gains on AFS instruments	5,436	(26,830)	5,466	(26,901)
	1,594,599	1,480,476	1,590,976	1,508,188
Less : Regulatory adjustment				
Goodwill and Intangible assets	(323,577)	(323,090)	(316,726)	(316,645)
Investment in subsidiaries /associates	-	-	(113,583)	(108,692)
Collective allowance reserve	(12,113)	(9,667)	(12,113)	(9,667)
55% of unrealised gains on AFS instruments	(2,990)	-	(3,006)	-
Deferred tax assets	(4,157)	(10,727)	-	(6,291)
Total CET 1 capital	1,251,763	1,136,992	1,145,548	1,066,893
Additional Tier 1 Capital				
Non-controlling interests	9,401	3,000	-	-
Total CET 1 capital / Tier 1 capital (a)	1,261,164	1,139,992	1,145,548	1,066,893
Tier 2 capital				
Collective allowance for financing & trade receivables	14,200	12,525	14,200	12,525
Less : Regulatory adjustment				
Investment in subsidiaries	-	-	(14,200)	(12,525)
Total Tier 2 capital (b)	14,200	12,525	-	-
Total Capital (a) + (b)	1,275,365	1,152,517	1,145,548	1,066,893
Proposed dividends	-	10,800	-	10,800
Capital Ratio				
CET 1 capital ratio	32.678%	32.532%	38.555%	35.662%
Tier 1 capital ratio	32.923%	32.618%	38.555%	35.662%
Total capital ratio	33.294%	32.976%	38.555%	35.662%
CET 1 capital ratio (net of proposed dividends)	32.678%	32.223%	38.555%	35.301%
Tier 1 capital ratio (net of proposed dividends)	32.923%	32.309%	38.555%	35.301%
Total capital ratio (net of proposed dividends)	33.294%	32.667%	38.555%	35.301%
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	2,607,720	2,601,028	2,231,754	2,400,616
Market risk	457,537	188,107	325,801	196,766
Operational risk	765,333	705,881	413,682	394,323
Total Risk-Weighted Assets	3,830,591	3,495,016	2,971,238	2,991,705

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 30 September 2017

28. Commitments and contingencies

	The Group and the Bank	
	30-09-2017	31-12-2016
	Principal amount RM'000	Principal amount RM'000
Direct credit substitutes	104,927	110,050
Obligations under underwriting agreements	-	19,481
Commitments to extend credit:		
- maturity not exceeding one year	93,595	179,115
- maturity exceeding one year	472	694
Interest rate related contracts:		
- less than one year	350,000	300,000
- one year to less than five years	750,000	370,000
Foreign exchange related contracts:		
- less than one year	5,907,872	3,001,759
- one year to less than five years	324,238	220,011
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		
	372,878	367,710
Total	<u>7,903,982</u>	<u>4,568,820</u>

29. 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 30 September 2017 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	483,424
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	11.40%
(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 30 September 2017

30. 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:-

- (a) Level 1 - quoted price (unadjusted) in active markets for identical assets and liabilities
(b) Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either (i.e. as prices) or indirectly (i.e. derived from prices); and
(c) 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
30-09-2017				
Assets				
Financial assets held-for-trading				
- Corporate bonds and/or sukuk	-	36,819	-	36,819
- Other financial assets	-	101,920	-	101,920
- Equity securities	55,335	-	-	55,335
Financial investments available-for-sale *				
- Corporate bonds and/or sukuk	-	3,927,634	-	3,927,634
- Equity securities	276,293	-	19,864	296,157
- Other financial assets	-	708,333	-	708,333
Derivative financial	-	86,075	-	86,075
	331,628	4,860,781	19,864	5,212,273
Liabilities				
Derivative financial liabilities	-	93,517	-	93,517
31-12-2016				
Assets				
Financial assets held-for-trading				
- Corporate bonds and/or sukuk	-	46,660	-	46,660
- Other financial assets	-	256,015	-	256,015
- Equity securities	23,627	-	-	23,627
Financial investments available-for-sale *				
- Private debt securities	-	3,835,620	-	3,835,620
- Equity securities	330,172	-	19,528	349,700
- Other financial assets	-	662,637	-	662,637
Derivative financial	-	122,088	-	122,088
	353,799	4,923,020	19,528	5,296,347
Liabilities				
Derivative financial liabilities	-	150,291	-	150,291

* Net of allowance for impairment

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

30. 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
30-09-2017				
Assets				
Financial assets held-for-trading				
- Corporate bonds and/or sukuk	-	15,362	-	15,362
- Other financial assets	-	101,920	-	101,920
- Equity securities	41,303	-	-	41,303
Financial investments available-for-sale *				
- Corporate bonds and/or sukuk	-	3,926,639	-	3,926,639
- Equity securities	229,638	-	19,864	249,502
- Other financial assets	-	708,333	-	708,333
Derivative financial	-	86,075	-	86,075
	270,941	4,838,329	19,864	5,129,134
Liabilities				
Derivative financial liabilities	-	93,517	-	93,517
31-12-2016				
Assets				
Financial assets held-for-trading				
- Corporate bonds and/or sukuk	-	25,204	-	25,204
- Other financial assets	-	256,015	-	256,015
- Equity securities	18,763	-	-	18,763
Financial investments available-for-sale *				
- Corporate bonds and/or sukuk	-	3,834,634	-	3,834,634
- Equity securities	309,065	-	19,528	328,593
- Other financial assets	-	662,637	-	662,637
Derivative financial	-	122,088	-	122,088
	327,828	4,900,578	19,528	5,247,934
Liabilities				
Derivative financial liabilities	-	150,291	-	150,291

* Net of allowance for impairment

Company No:

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statement
for the financial period ended 30 September 2017

30. 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	
	30-09-2017	30-09-2016
	RM'000	RM'000
Opening	19,528	18,131
AFS revaluation reserve	336	1,397
Closing	19,864	19,528

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 2016, 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.