

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Statements of Financial Position as at 31 March 2018

	Note	The Group		The Bank	
		As at 31-03-2018 RM'000	As at 31-12-2017 RM'000	As at 31-03-2018 RM'000	As at 31-12-2017 RM'000
ASSETS					
Cash and short-term funds		631,544	588,245	336,696	214,687
Deposits and placements with banks and other financial institutions		-	10,313	-	10,313
Financial assets at fair value through profit or loss ("FVTPL")	11	369,459	95,051	310,778	69,269
Financial assets at fair value through other comprehensive income ("FVOCI")	11	4,580,642	-	4,580,642	-
Financial assets at amortised cost	11	48,989	-	48,989	-
Financial investments available-for-sale	11	-	4,824,526	-	4,793,901
Financial investments held-to-maturity	11	-	8,107	-	8,107
Loans, advances and financing	12	1,168,325	1,208,511	1,168,325	1,208,511
Trade receivables	13	510,216	549,359	434,340	420,747
Derivative financial assets		78,210	54,950	78,210	54,950
Commodity Gold at FVTPL		31,932	32,198	-	-
Other assets	14	43,878	33,958	40,186	30,713
Statutory deposits with Bank Negara Malaysia		164,601	169,000	164,500	169,000
Amount due from subsidiaries		-	-	721	21,660
Investment in subsidiaries		-	-	124,121	124,121
Investments in associated company		-	-	732	732
Taxation recoverable		7,274	12,338	7,222	12,202
Deferred tax assets		23,366	22,165	16,196	10,817
Property and equipment		32,722	33,136	20,299	20,719
Intangible assets		323,319	323,801	316,653	316,969
Total ASSETS		8,014,477	7,965,658	7,648,610	7,487,418
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	15	4,811,741	4,491,527	4,811,741	4,491,527
Deposits and placements of banks and other financial institutions	16	344,223	590,600	344,223	590,600
Obligations on securities sold under repurchase agreements	17	96,617	96,013	96,617	96,013
Trade payables	18	642,306	676,938	433,622	393,714
Derivative financial liabilities		72,715	54,808	72,715	54,808
Amount due to related companies		248	9,222	-	-
Other liabilities	19	362,390	384,152	274,738	254,715
Provision for taxation		3,327	6,964	-	-
Total LIABILITIES		6,333,567	6,310,224	6,033,656	5,881,377
Share capital		999,800	999,800	999,800	999,800
Reserves		623,710	603,086	615,154	606,241
		1,623,510	1,602,886	1,614,954	1,606,041
Non-controlling interests		57,400	52,548	-	-
SHAREHOLDERS' EQUITY		1,680,910	1,655,434	1,614,954	1,606,041
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,014,477	7,965,658	7,648,610	7,487,418
COMMITMENTS AND CONTINGENCIES	29	9,789,977	7,706,101	9,789,977	7,706,101
CAPITAL ADEQUACY					
Basel III					
CET 1 capital ratio	28	33.548%	34.802%	36.554%	40.546%
Tier 1 capital ratio	28	34.021%	35.059%	36.554%	40.546%
Total capital ratio	28	34.834%	35.438%	37.444%	40.546%
After deducting proposed dividends:					
CET 1 capital ratio (net of proposed dividends)	28	33.548%	32.342%	36.554%	37.449%
Tier 1 capital ratio (net of proposed dividends)	28	34.021%	32.599%	36.554%	37.449%
Total capital ratio (net of proposed dividends)	28	34.834%	32.978%	37.444%	37.449%

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Income Statements for the financial period ended 31 March 2018

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2018 RM'000	Preceding Year Corresponding Period 31-03-2017 RM'000	Current Financial Period-to-date 31-03-2018 RM'000	Preceding Year Corresponding Period-to-date 31-03-2017 RM'000
Interest income	20	70,867	67,374	70,867	67,374
Interest expense	21	(51,584)	(50,695)	(51,584)	(50,695)
Net interest income		19,283	16,679	19,283	16,679
Fee and commission income	22(a)	141,299	107,074	141,299	107,074
Fee and commission expense	22(b)	(54,708)	(38,317)	(54,708)	(38,317)
Net fee and commission income		86,591	68,757	86,591	68,757
Net gain and losses on financial instruments	23	25,749	36,015	25,749	36,015
Other operating income	24	950	4,483	950	4,483
Net income		132,573	125,934	132,573	125,934
Other operating expenses	25	(90,502)	(85,118)	(90,502)	(85,118)
Operating profit before allowances		42,071	40,816	42,071	40,816
Write-back of credit impairment losses	26(a)	128	-	128	-
Write-back of losses on loans, advances and financing and receivables	26(b)	-	945	-	945
Impairment loss on securities	27	-	(712)	-	(712)
Profit before zakat and taxation		42,199	41,049	42,199	41,049
Zakat		(237)	(337)	(237)	(337)
Profit before taxation		41,962	40,712	41,962	40,712
Taxation		(9,264)	(9,736)	(9,264)	(9,736)
Net profit after zakat and taxation		32,698	30,976	32,698	30,976
Attributable to:					
- Equity holders of the Bank		27,758	27,537	27,758	27,537
- Non-controlling interests		4,940	3,439	4,940	3,439
		32,698	30,976	32,698	30,976
Earnings per share:					
- basic/fully diluted (sen)		3.56	3.53	3.56	3.53

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

Affin Hwang Investment Bank Berhad
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**Unaudited Statement of Comprehensive Income
for the financial period ended 31 March 2018**

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2018 RM'000	Preceding Year Corresponding Period 31-03-2017 RM'000	Current Financial Period-to-date 31-03-2018 RM'000	Preceding Year Corresponding Period-to-date 31-03-2017 RM'000
Net profit after zakat and taxation	32,698	30,976	32,698	30,976
Other comprehensive income:				
Net fair value changes in financial assets at FVOCI	(2,348)	-	(2,348)	-
Net fair value changes in financial investments available-for-sale	-	9,070	-	9,070
Net credit impairment losses change in financial assets at FVOCI	(47)	-	(47)	-
Net gain on financial assets at FVOCI reclassified to profit or loss on disposal	(919)	-	(919)	-
Net gain transferred to profit or loss on disposal of financial investments available-for-sale	-	(3,890)	-	(3,890)
Net transfer to profit or loss on impairment of financial investments available-for-sale	-	660	-	660
Deferred tax on financial assets at FVOCI	543	-	543	-
Deferred tax on financial investments available-for-sale	-	(1,328)	-	(1,328)
Other comprehensive income for the period, net of tax	(2,771)	4,512	(2,771)	4,512
Total comprehensive income for the period	29,927	35,488	29,927	35,488
Attributable to:				
Equity holders of the Bank	25,075	31,957	25,075	31,957
Non-controlling interests	4,852	3,531	4,852	3,531
Total comprehensive income	29,927	35,488	29,927	35,488

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

Affin Hwang Investment Bank Berhad
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Unaudited Income Statements
for the financial period ended 31 March 2018

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2018 RM'000	Preceding Year Corresponding Period 31-03-2017 RM'000	Current Financial Period-to-date 31-03-2018 RM'000	Preceding Year Corresponding Period-to-date 31-03-2017 RM'000
Interest income	20	70,396	67,217	70,396	67,217
Interest expense	21	(51,584)	(50,695)	(51,584)	(50,695)
Net interest income		18,812	16,522	18,812	16,522
Fee and commission income	22(a)	28,764	26,619	28,764	26,619
Fee and commission expense	22(b)	-	-	-	-
Net fee and commission income		28,764	26,619	28,764	26,619
Net gain and losses on financial instruments	23	24,980	35,971	24,980	35,971
Other operating income	24	4,378	4,255	4,378	4,255
Net income		76,934	83,367	76,934	83,367
Other operating expenses	25	(55,351)	(57,218)	(55,351)	(57,218)
Operating profit before allowances		21,583	26,149	21,583	26,149
Write-back of credit impairment losses	26(a)	128	-	128	-
Write-back of losses on loans, advances and financing and receivables	26(b)	-	945	-	945
Impairment loss on securities	27	-	(712)	-	(712)
Profit before zakat and taxation		21,711	26,382	21,711	26,382
Zakat		(156)	(273)	(156)	(273)
Profit before taxation		21,555	26,109	21,555	26,109
Taxation		(5,442)	(6,055)	(5,442)	(6,055)
Net profit after zakat and taxation		16,113	20,054	16,113	20,054
Attributable to:					
- Equity holders of the Bank		16,113	20,054	16,113	20,054
Earnings per share:					
- basic/fully diluted (sen)		2.07	2.57	2.07	2.57

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

Affin Hwang Investment Bank Berhad
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**Unaudited Statement of Comprehensive Income
for the financial period ended 31 March 2018**

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2018 RM'000	Preceding Year Corresponding Period 31-03-2017 RM'000	Current Financial Period-to-date 31-03-2018 RM'000	Preceding Year Corresponding Period-to-date 31-03-2017 RM'000
Net profit after zakat and taxation	16,113	20,054	16,113	20,054
Other comprehensive income:				
Net fair value changes in financial assets at FVOCI	(2,348)	-	(2,348)	-
Net fair value changes in financial investments available-for-sale	-	8,763	-	8,763
Net credit impairment losses change in financial assets at FVOCI	(47)	-	(47)	-
Net gain on financial assets at FVOCI reclassified to profit or loss on disposal	(919)	-	(919)	-
Net gain transferred to profit or loss on disposal of financial investments available-for-sale	-	(3,890)	-	(3,890)
Net gain transferred to retained earnings (non-recycle to profit or loss)	-	-	-	-
Net transfer to profit or loss on impairment of financial investments available-for-sale	-	660	-	660
Deferred tax on financial assets at FVOCI	543	-	543	-
Deferred tax on financial investments available-for-sale	-	(1,328)	-	(1,328)
Other comprehensive income for the period, net of tax	(2,771)	4,205	(2,771)	4,205
Total comprehensive income for the period	13,342	24,259	13,342	24,259
Attributable to equity holders of the Bank:				
Total comprehensive income	13,342	24,259	13,342	24,259

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

Affin Hwang Investment Bank Berhad
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Unaudited Statement of Changes in Equity
for the financial period ended 31 March 2018

	Attributable to equity holders of the Bank							Total equity RM'000
	Nominal value RM'000	Regulatory reserve RM'000	Foreign exchange reserve RM'000	FVOCI revaluation reserve RM'000	Retained profits RM'000	Sub-total RM'000	Non-controlling interests RM'000	
The Group								
At 1 January 2018								
- As previously reported	999,800	11,790	151	(14,466)	605,611	1,602,886	52,548	1,655,434
- Adjustment arising from adoption of MFRS 9	-	13,186	-	5,133	(21,830)	(3,511)	-	(3,511)
- Adjustment arising from adoption of MFRS 15	-	-	-	-	(940)	(940)	-	(940)
At 1 January 2018, as restated	999,800	24,976	151	(9,333)	582,841	1,598,435	52,548	1,650,983
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	-	-	-	(2,683)	-	(2,683)	(88)	(2,771)
Total comprehensive income	-	-	-	(2,683)	27,758	25,075	4,852	29,927
Transfer to regulatory reserve	-	708	-	-	(708)	-	-	-
At 31 March 2018	999,800	25,684	151	(12,016)	609,891	1,623,510	57,400	1,680,910

	Attributable to equity holders of the Bank							Total equity RM'000		
	Nominal value RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Foreign exchange reserve RM'000	Available-for-sale revaluation reserve RM'000	Retained profits RM'000		Sub-total RM'000	Non-controlling interests RM'000
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	-	-	-	-	-	-	27,537	27,537	3,439	30,976
Other comprehensive income, (net of tax) -										
Financial investments available-for-sale	-	-	-	-	-	4,420	-	4,420	92	4,512
Total comprehensive income	-	-	-	-	-	4,420	27,537	31,957	3,531	35,488
Transfer to regulatory reserve	-	-	-	1,831	-	-	(1,831)	-	-	-
Dividend paid	-	-	-	-	-	-	(10,800)	(10,800)	-	(10,800)
At 31 March 2017	780,000	219,800	251,343	11,498	-	(22,410)	261,402	1,501,633	44,903	1,546,536

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

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Unaudited Statement of Changes in Equity
for the financial period ended 31 March 2018

	Attributable to equity holders of the Bank				
	Nominal value	Regulatory reserve	FVOCI revaluation reserve	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	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	5,434	(22,109)	(3,489)
- Adjustment arising from adoption of MFRS 15	-	-	-	(940)	(940)
At 1 January 2018, as restated	999,800	24,976	(9,328)	586,164	1,601,612
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)	601,569	1,614,954

	Nominal value	Share premium	Statutory reserve	Regulatory reserve	Available-for-sale revaluation	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	20,054	20,054
Other comprehensive income, (net of tax) -							
Financial investments available-for-sale	-	-	-	-	4,205	-	4,205
Total comprehensive income	-	-	-	-	4,205	20,054	24,259
Transfer to regulatory reserve	-	-	-	1,831	-	(1,831)	-
Dividend paid	-	-	-	-	-	(10,800)	(10,800)
At 31 March 2017	780,000	219,800	251,343	11,498	(22,696)	281,702	1,521,647

The Group and the Bank have applied MFRS 9 and MFRS 15 on 1 January 2018. Under the transition methods adopted, comparative information are not restated.

Affin Hwang Investment Bank Berhad

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Unaudited Statement of Cash Flows for the financial period ended 31 March 2018

	The Group		The Bank	
	31-03-2018 RM'000	31-03-2017 RM'000	31-03-2018 RM'000	31-03-2017 RM'000
Cash flow from operating activities				
Net profit before tax for the financial period	41,962	40,712	21,555	26,109
Adjustments for items not involving the movement of cash and cash equivalents:				
Interest income				
- financial assets at FVTPL	(4,675)	(5,293)	(4,675)	(5,293)
- financial assets at FVOCI	(49,298)	-	(49,298)	-
- financial assets at amortised cost	(640)	-	(640)	-
- financial investments available-for-sale	-	(48,240)	-	(48,240)
- financial investments held-to-maturity	-	(509)	-	(509)
Dividend income:				
- financial assets at FVTPL	(1,784)	-	(1,170)	-
- financial assets at FVOCI	(303)	-	(303)	-
- financial investments available-for-sale	-	(4,642)	-	(4,604)
Gain on disposal of property, plant and equipment	(99)	(130)	(82)	(130)
Gain arising from disposal/redemption of:				
- financial assets at FVTPL	(18,009)	(23,294)	(18,335)	(23,294)
- financial assets at FVOCI	(989)	-	(989)	-
- financial investments available-for-sale	-	(4,217)	-	(4,175)
Intangible assets written-off	(12)	-	(12)	-
Depreciation of property and equipment	2,272	2,143	1,490	1,491
Amortisation of intangible assets	577	566	316	312
Net accretion of discounts/(amortisation of premiums)	1,124	1,046	1,124	1,046
Unrealised loss on derivative instruments	47	1,464	47	1,464
Unrealised loss on financial assets at FVTPL	127	206	608	170
Impairment loss on financial investment available-for-sale	-	712	-	712
Net writeback of collective impairment	-	(737)	-	(737)
Net writeback of expected credit loss ("ECL")	(8)	-	(8)	-
Net writeback of individual impairment	(214)	(214)	(214)	(214)
Allowances for other assets	-	48	-	48
Zakat	237	337	156	273
(Write-back)/allowance for bad and doubtful debts - other assets	93	-	93	-
Unrealised foreign exchange gain	3,087	5,084	(165)	4,695
<i>Operating loss before changes in operating assets and liabilities</i>	(26,505)	(34,958)	(50,502)	(50,876)
<i>(Increase)/Decrease in operating assets</i>				
Deposits and placements with banks and other financial institutions	-	358	-	358
Financial assets at FVTPL	(239,764)	63,093	(207,634)	81,783
Loans, advances and financing	35,814	(91,303)	35,814	(91,303)
Statutory deposits with Bank Negara Malaysia	4,399	3,350	4,500	3,350
Intercompany balances	-	-	20,939	2,455
Trade receivables	39,273	(164,226)	(13,463)	(82,023)
Derivative financial assets	(26,394)	25,210	(23,142)	25,599
Commodity Gold at FVTPL	266	-	-	-
Other assets	(10,966)	(2,638)	(10,519)	(2,098)
	(197,372)	(166,156)	(193,505)	(61,879)
<i>Increase/(decrease) in operating liabilities</i>				
Deposits from customers	320,214	(71,076)	320,214	(71,076)
Deposits and placements of banks and other financial institutions	(246,377)	261,972	(246,377)	261,972
Repurchase agreements	604	(4,908)	604	(4,908)
Trade payables	(34,632)	352,807	39,908	94,805
Amount due to related companies	(8,974)	-	-	-
Derivative financial liabilities	17,907	(20,979)	17,907	(20,979)
Other liabilities	(22,436)	(6,949)	19,348	14,299
	26,306	510,867	151,604	274,113
Cash (used in)/generated from operating activities	(197,571)	309,753	(92,403)	161,358

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**Unaudited Statement of Cash Flows
for the financial period ended 31 March 2018**

	The Group		The Bank	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)				
Net taxation paid	(6,763)	(6,099)	(3,563)	(3,470)
Zakat paid	237	(31)	316	(31)
Net cash (used in)/generated from operating activities	(204,097)	303,623	(95,650)	157,857
Cash flow from investing activities				
Proceeds from disposal of property and equipment	152	130	106	130
Purchase of property and equipment	(1,911)	(1,633)	(1,082)	(995)
Purchase of intangible assets	(83)	-	-	-
Interest received:				
- financial assets at FVOCI	49,298	-	49,298	-
- financial investments available-for-sale	-	48,240	-	48,240
- financial assets at amortised cost	640	-	640	-
- financial investments held-to-maturity	-	509	-	509
Net purchase of :				
- financial assets at FVOCI	240,967	-	210,364	-
- financial investments available-for-sale	-	(135,492)	-	(133,473)
Net proceeds on redemption of :				
- financial assets at amortised cost	(41,117)	-	(41,117)	-
- financial investments held-to-maturity	-	(546)	-	(546)
Capital injection for subsidiaries				
Capital injection for associate				
Acquisition of an equity interest in an associate	-	-	-	(52)
Dividend income received from:				
- financial assets at FVOCI	303	-	303	-
- financial investments available-for-sale	-	4,642	-	4,604
Net cash generated from/(used in) investing activities	248,249	(84,150)	218,512	(81,582)
Cash flow from financing activities				
Dividend paid	-	(10,800)	-	(10,800)
Net cash used in financing activities	-	(10,800)	-	(10,800)
Net increase in cash and cash equivalents	44,152	208,674	122,862	65,475
Cash and cash equivalents at beginning of the financial period	539,126	554,378	165,568	218,352
Cash and cash equivalents at end of the financial period	583,278	763,052	288,430	283,827
Analysis of cash and cash equivalents				
Cash and short term funds	631,544	811,075	336,696	331,850
Amount held on behalf of clients and commissioned dealer's representatives	(48,266)	(48,023)	(48,266)	(48,023)
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	583,278	763,052	288,430	283,827

Affin Hwang Investment Bank Berhad
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Notes to the financial statement
for the financial period ended 31 March 2018

1. Review of financial performance

The Group recorded a higher Profit Before Tax ("PBT") of RM42.0 million for the 3 months period ended 31 March 2018 compared to a PBT of RM40.7 million for the previous corresponding period. The investment bank contributed RM21.6 million (31.3.2017: RM26.1 million) while the asset management business contributed RM20.7 million (31.3.2017: RM15.1 million) to the Group's PBT in the current period under review.

Summarised analysis of the Group PBT for the 3 months period ended 31 March 2018 are as follows:

- Net interest income of RM19.3 million was higher than the net interest income of RM16.7 million recorded in the previous corresponding period primarily due to higher average interest earning assets in the current period under review.
- Net fee and commission income registered an increase from RM68.8 million in the previous corresponding period to RM86.6 million in the current period under review. The increase was primarily due to the higher net brokerage income, corporate advisory fees earned from the asset management business in the current period.
- Net gain and losses on financial instruments registered a decrease from RM36.0 million in the previous corresponding period to RM25.8 million in the current period mainly due to lower gains on disposal of financial assets measured at FVTPL and FVOCI during the current period.
- Other operating income registered a decrease from RM4.5 million to RM0.9 million in the current period mainly due to lower net foreign exchange gain.
- Operating expenses incurred for the period under review were higher at RM90.5 million compared to RM85.2 million incurred in the previous corresponding period contributed mainly by higher personnel costs, promotion and marketing-related expenses and establishment-related expenses.
- Marginal year on year movement in the writeback of credit impairment losses or losses on loan, advances, financing and receivable and impairment loss on securities.

2. Prospect for the current financial year

The Group is cautiously optimistic of its prospect in 2018 as it expects the domestic economic fundamentals to remain resilient notwithstanding potential external vulnerabilities such as the threat of a trade war between US and China, the escalation in geopolitical concerns in the middle East and etc.

The Group shall continue on its efforts to expand its present market leading positions in the securities and asset management businesses, whilst capitalising on potential investment banking activities.

The Group remains positive on the industry outlook for 2018 and will continue to build resilience across its businesses taking cognisance that a major part of its business and operations are highly dependent on the performance of the equity and capital markets.

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**Notes to the financial statement
for the financial period ended 31 March 2018**

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 2017. 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 2017.

There are no changes to the accounting policies adopted since the last financial year except for the adoption of MFRS 9 "Financial Instruments" and MFRS 15 "Revenue from Contracts with Customers" with effect from 1 January 2018. In addition to the adoption of these 2 new standards, IFRS 9 introduced a consequential amendment to paragraph 82(a) of IAS 1 "Presentation of Financial Statements" which is effective from 1 January 2018.

(i) Adoption of MFRS 9 "Financial Instruments"

Classification and measurements

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

The combined application of the entity's business model and the cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset when compared to the existing classification of financial assets in the statement of financial position as at 31 December 2017. However, the Group and the Bank have identified certain instruments currently held at financial investments available for sales of which that fail the solely for the payment of principal and interest ("SPPI") test will be reclassified as fair value through profit or loss ("FVTPL") with certain equity instruments elected at inception to be fair valued in OCI accordingly on 1 January 2018.

The Group and the Bank do not expect a significant impact arising from the changes in classification and measurement of the financial assets.

There are no changes to the Group's and the Bank's accounting for financial liabilities. All the financial liabilities, except for derivatives financial liabilities which is at FVTPL, will remain as amortised cost as there has not been significant change in the requirements for financial liabilities under MFRS 9.

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

Impairment of financial assets

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model requires the recognition of impairment allowances based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, loan commitments and financial guarantee contracts.

Under MFRS 9, impairment is measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 – from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).
- Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL).
- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

As all financial assets within the scope of MFRS 9 impairment model will be assessed for at least 12-month ECL, and the population of financial assets to which full lifetime ECL applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with MFRS 139, the total allowance for credit losses is expected to increase under MFRS 9 relative to the allowance for credit losses under MFRS 139.

In addition, changes in the required credit loss allowance, including the impact of movements between Stage 1 (12-month ECL) and Stage 2 (lifetime ECL) and the application of forward looking information, is recorded in profit or loss, and allowance for credit losses will be more volatile under MFRS 9.

The impact of adoption of the MFRS 9 on the Group's and the Bank's classification and measurement categories and opening retained profits as at 1 January 2018 are set out below:

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

Group	MFRS 139	Reclassification	Remeasurement	MFRS 9 carrying
	carrying value			value
	31 December 2017			1 January 2018
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Cash and short-term funds				
Opening balance	588,245	-	-	588,245
Closing balance	588,245	-	-	588,245
Deposits and placements with banks and other financial institutions				
Opening balance	10,313	-	-	10,313
To FVTPL - Negotiable instruments of deposits	-	(10,313)	-	(10,313)
	10,313	(10,313)	-	-
Financial Investments held-to-maturity ("HTM")				
Opening balance	8,107	-	-	8,107
To financial assets at amortised cost	-	(8,107)	-	(8,107)
Closing balance	8,107	(8,107)	-	-
Loans, advances and financing				
Opening balance	1,208,511	-	-	1,208,511
To financial assets at amortised cost	-	(40,497)	-	(40,497)
Remeasurement -expected credit loss ("ECL")	-	-	(3,785)	(3,785)
Closing balance	1,208,511	(40,497)	(3,785)	1,164,229

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018. (continued)

Group	MFRS 139 carrying value			MFRS 9 carrying value
	31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	1 January 2018 RM'000
Financial assets at amortised cost				
Opening balance	-	-	-	-
From Loans, advances and financing	-	40,497	-	40,497
From HTM	-	8,107	-	8,107
Remeasurement	-	-	(235)	(235)
Closing balance	-	48,604	(235)	48,369
Trade receivables				
Opening balance	549,359	-	-	549,359
Remeasurement	-	-	(105)	(105)
Closing balance	549,359	-	(105)	549,254
Other assets				
Statutory deposits with Bank Negara Malaysia	33,958	-	(12)	33,946
	169,000	-	-	169,000
Total financial assets at amortised cost	2,567,493	(10,313)	(4,137)	2,553,043
Financial assets at FVOCI				
Financial investments available-for-sale ("AFS")				
Opening balance	4,824,526	-	-	4,824,526
AFS to FVOCI - debt	-	(4,487,401)	-	(4,487,401)
AFS to FVOCI -equity	-	(118,847)	-	(118,847)
AFS to FVTPL	-	(218,278)	-	(218,278)
Remeasurement	-	-	-	-
Closing balance	4,824,526	(4,824,526)	-	-
Financial assets at FVOCI - debt				
Investment securities:				
Opening balance	-	-	-	-
From AFS	-	4,487,401	-	4,487,401
From amortised cost	-	-	-	-
Remeasurement	-	-	(5,092)	-
Closing balance	-	4,487,401	(5,092)	4,487,401
Financial assets at FVOCI - equity				
Opening balance	-	-	-	-
From amortised cost	-	-	-	-
From AFS	-	118,847	-	118,847
Remeasurement	-	-	-	-
Closing balance	-	118,847	-	118,847
Total financial assets at FVOCI	4,824,526	(218,278)	(5,092)	4,606,248

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018. (continued)

Group	MFRS 139	Reclassification	Remeasurement	MFRS 9 carrying
	carrying value			value
	31 December 2017	RM'000	RM'000	1 January 2018
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL and derivative financial assets				
Opening balance	150,001	-	-	150,001
From amortised cost - Deposits & placements with banks and other financial institutions	-	10,313	-	10,313
AFS	-	218,278	-	218,278
Total financial assets at FVTPL and derivative financial assets	150,001	228,591	-	378,592
Other liabilities				
Opening balance	384,152	-	-	384,152
Remeasurement off-balance sheet loan, loan commitments and financial guarantee issues	-	-	(596)	(596)
Closing balance	384,152	-	(596)	383,556

The following table shows the effects of the reclassification of financial assets from MFRS 139 categories into the amortised cost category under MFRS 9.

	MFRS 9 carrying value
	1 January 2018
	RM'000
From financial investments AFS under MFRS 139	
Fair value at 31 December 2017	-
Fair value gain that would have been recognised during 2018 in OCI if the financial assets had not been reclassified	-

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the liability credit reserve, the fair value reserve and retained earnings. There is no impact on other components of equity.

Group	Impact of adopting MFRS 9 at 1 January 2018
	RM'000
Fair value reserve	
Closing balance under MFRS 139 (31 December 2017)	(14,466)
Recognition of expected credit losses under MFRS 9 for debt financial assets at FVOCI	5,092
Reclassification of financial assets (debt and equity) from AFS to FVTPL	41
Opening balance under MFRS 9 (1 January 2018)	(9,333)
Collective allowance ("CA") reserve - 1.2%	
Closing balance under MFRS 139 (31 December 2017)	11,790
Reserve to retained earnings on adoption of MFRS 9	(11,790)
Opening balance under MFRS 9 (1 January 2018)	-
Regulatory reserve ("RR") - 1%	
Transfer from retained earnings	24,976
Opening balance under MFRS 9 (1 January 2018)	24,976

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the liability credit reserve, the fair value reserve and retained earnings. There is no impact on other components of equity. (continued)

Group	Impact of adopting MFRS 9 at 1 January 2018 RM'000
Retained earnings	
Closing balance under MFRS 139 (31 December 2017)	605,611
Reclassification under MFRS 9	(41)
Recognition of expected credit losses under MFRS 9 (including loan commitments)	(12,571)
BNM 1% RR	(24,976)
Reversal of 1.2% CA reserves	11,790
Reversal of Collective Allowance under MFRS 139	2,746
Deferred Tax	1,222
Opening balance under MFRS 9 (1 January 2018)	<u>583,781</u>

The following table reconciles:

- the closing impairment allowance for financial assets in accordance with MFRS 139
- the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018.

Group	MFRS 139 CA 31 December 2017 RM'000	Reclassification RM'000	ECL Remeasurement RM'000	MFRS 9 ECL 1 January 2018 RM'000
Loans, advances and financing				
- Individual and collective impairment	2,756	-	3,785	6,541
Loans/financing commitments	-	-	596	596
Financial assets at FVTPL	-	-	-	-
Financial assets at FVOCI and amortised cost	16,509	(7,818)	5,444	14,135
	<u>19,265</u>	<u>(7,818)</u>	<u>9,825</u>	<u>21,272</u>
Deferred tax assets				
Opening balance	22,165	-	-	22,165
Remeasurement - deferred tax assets	-	-	1,222	1,222
Closing balance	<u>22,165</u>	<u>-</u>	<u>1,222</u>	<u>23,387</u>

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Bank's financial assets and financial liabilities as at 1 January 2018.

Bank	MFRS 139	Reclassification	Remeasurement	MFRS 9
	Carrying value			Carrying value
	31 December 2017			1 January 2018
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Cash and short-term funds				
Opening balance	214,687	-	-	214,687
Closing balance	214,687	-	-	214,687
Deposits and placements with banks and banks and other financial institutions				
Opening balance	10,313	-	-	10,313
To FVTPL - Negotiable instruments of deposits	-	(10,313)	-	(10,313)
Closing balance	10,313	(10,313)	-	-
Financial Investments held-to-maturity ("HTM"):				
Opening balance	8,107	-	-	8,107
To financial assets at amortised cost	-	(8,107)	-	(8,107)
Closing balance	8,107	(8,107)	-	-
Loans, advances and financing:				
Opening balance	1,208,511	-	-	1,208,511
To financial assets at amortised cost	-	(40,497)	-	(40,497)
Remeasurement	-	-	(3,785)	(3,785)
Closing balance	1,208,511	(40,497)	(3,785)	1,164,229
Financial assets at amortised cost:				
Opening balance	-	-	-	-
From Loans, advances and financing	-	40,497	-	40,497
From HTM	-	8,107	-	8,107
Remeasurement	-	-	(235)	(235)
Closing balance	-	48,604	(235)	48,369
Trade receivables				
Opening balance	420,747	-	-	420,747
Remeasurement	-	-	(83)	(83)
Closing balance	420,747	-	(83)	420,664
Other assets	30,713	-	(12)	30,701
Statutory deposits with Bank Negara Malaysia	169,000	-	-	169,000
Amount due from subsidiaries	21,660	-	-	21,660
Amount due from associates	732	-	-	732
Total financial assets at amortised cost	2,084,470	(10,313)	(4,115)	2,070,042

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Bank's financial assets and financial liabilities as at 1 January 2018. (continued)

Bank	MFRS 139 Carrying value 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 Carrying value 1 January 2018 RM'000
Financial assets at FVOCI				
Financial Investments AFS :				
Opening balance	4,793,901	-	-	4,793,901
AFS to FVOCI - debt	-	(4,487,401)	-	(4,487,401)
AFS to FVOCI -equity	-	(118,847)	-	(118,847)
AFS to FVTPL	-	(187,653)	-	(187,653)
Closing balance	4,793,901	(4,793,901)	-	-
Financial assets at FVOCI - debt				
Opening balance	-	-	-	-
From AFS	-	4,487,401	-	4,487,401
Remeasurement	-	-	(5,092)	-
Closing balance	-	4,487,401	(5,092)	4,487,401
Financial assets at FVOCI - equity				
Opening balance	-	-	-	-
From AFS	-	118,847	-	118,847
Remeasurement	-	-	-	-
Closing balance	-	118,847	-	118,847
Total financial assets at FVOCI	4,793,901	(187,653)	(5,092)	4,606,248
Financial assets at FVTPL and derivative financial assets				
Opening balance	124,219	-	-	124,219
From amortised cost - Deposits & placements with banks and other financial institutions	-	10,313	-	10,313
From AFS	-	187,653	-	187,653
Total financial assets at FVTPL and derivative financial assets	124,219	197,966	-	322,185
Other liabilities				
Opening balance	254,715	-	-	254,715
Remeasurement off-balance sheet loan, loan commitments and financial guarantee issues	-	-	(596)	(596)
Closing balance	254,715	-	(596)	254,119

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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the effects of the reclassification of financial assets from MFRS 139 categories into the amortised cost category under MFRS 9.

	MFRS 9 Carrying value 1 January 2018 RM'000
Bank	
From financial investments AFS under MFRS 139	
Fair value at 31 December 2017	-
Fair value gain that would have been recognised during 2018 in OCI if the financial assets had not been reclassified	-

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the liability credit reserve, the fair value reserve and retained earnings. There is no impact on other components of equity.

	Impact of adopting MFRS 9 at 1 January 2018 RM'000
Bank	
Fair value reserve	
Closing balance under MFRS 139 (31 December 2017)	(14,762)
Recognition of expected credit losses under MFRS 9 for debt financial assets at FVOCI	5,092
Reclassification of financial assets (debt and equity) from AFS to FVTPL	342
Opening balance under MFRS 9 (1 January 2018)	(9,328)
Collective allowance ("CA") reserve - 1.2%	
Closing balance under MFRS 139 (31 December 2017)	11,790
Reserve to retained earnings on adoption of MFRS 9	(11,790)
Opening balance under MFRS 9 (1 January 2018)	-
Regulatory reserve ("RR") - 1%	
Transfer from retained earnings	24,976
Opening balance under MFRS 9 (1 January 2018)	24,976
Retained earnings	
Closing balance under MFRS 139 (31 December 2017)	609,213
Reclassification under MFRS 9	(342)
Recognition of expected credit losses under MFRS 9 (including loan commitments)	(12,549)
BNM 1% RR	(24,976)
Reversal of 1.2% CA Reserve	11,790
Reversal of Collective Allowance under MFRS 139	2,746
Deferred Tax	1,222
Opening balance under MFRS 9 (1 January 2018)	587,104

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Notes to the financial statement
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3. Basis of preparation (continued)

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table reconciles:

- the closing impairment allowance for financial assets in accordance with MFRS 139
- the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018.

	MFRS 139		ECL	MFRS 9
	CA			ECL
	31 December 2017	Reclassification	Remeasurement	1 January 2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Individual and collective impairment	2,756	-	3,785	6,541
Loans/financing commitments	-	-	596	596
FVTPL	-	-	-	-
FVOCI and amortised cost	16,509	(7,818)	5,422	14,113
	<u>19,265</u>	<u>(7,818)</u>	<u>9,803</u>	<u>21,250</u>
Deferred tax assets				
Opening balance	10,817	-	-	10,817
Remeasuremetn - deferred tax assets	-	-	1,222	1,222
Closing balance	<u>10,817</u>	<u>-</u>	<u>1,222</u>	<u>12,039</u>

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3. Basis of preparation (continued)

(ii) Adoption of MFRS 15 "Revenue from Contracts with Customers"

MFRS 15 "Revenue from contracts with customers" replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal;
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few; and
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa; and
- As with any new standard, there are also increased disclosures.

The Group and Bank have adopted MFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under MFRS 118 "Revenue" and related interpretations. The impact of adoption of the MFRS 15 on the Group's and the Bank's opening retained profits are set out below:

Group and Bank	As at 1.1.2018		
	Gross fees	Tax effect	Net impact
	DR/(CR)	DR/(CR)	DR/(CR)
	RM'000	RM'000	RM'000
Impact to Opening Retained Profits arising from:-			
Fees for services transferred at a point in time upon satisfaction performance obligations	(755)	181	(574)
Fees for services transferred over time in respect of agency and guarantee fees	1,991	(477)	1,514
Net debit impact to Retained Profits as at 1.1.2018	1,236	(296)	940

There is no material impact on the financial position, comprehensive income, cashflows and earnings per share of the Group and the Bank on the adoption of MFRS 15 for the financial quarter ended 31 March 2018.

(iii) Presentation of interest for derivatives and other financial instruments measured at Fair Value through Profit or Loss ("FVTPL")

MFRS 9 introduced a consequential amendment to paragraph 82 (a) of IAS 1 "Presentation of Financial Statements", which is effective for accounting periods beginning on or after 1 January 2018. Under this amendment, interest revenue calculated using the effective interest method should be separately presented as a component of revenue on the face of the income statement.

As the effective interest method does not apply to derivatives and other instruments measured at FVTPL, the interest arising on such instruments should not be included in the line item of "interest income" (except for gains and losses arising from related hedging instruments that are accounted for as hedges under IFRS 9).

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**Notes to the financial statement
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3. Basis of preparation (continued)

(iii) Presentation of interest for derivatives and other financial instruments measured at Fair Value through Profit or Loss ("FVTPL") (continued)

Accordingly, the Bank changed the classification of interest income for financial assets measured at FVTPL from "Interest Income" to "Net gain and losses on financial instruments" for the current and previous financial quarters as reflected in Note 23 to the interim financial statements.

Interest income and interest expense on derivatives instruments are also correspondingly reclassified to "Net gain and losses on financial instruments" as reflected in Note 23 to the interim financial statements.

4. Qualification of preceding annual financial statements

The Bank's financial statements for financial year ended 31 December 2017 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.

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. The Bank had filed an application for disposal of the claim under Order 14A of the Rules of Court 2012. The application is fixed for decision on 4 May 2018.

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

A final dividend of 11.282 sen gross per share, amounting to RM88,000,000 in respect of the previous financial year ended 31 December 2017 was paid on 16 April 2018.

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Notes to the financial statement for the financial period ended 31 March 2018

11. Securities portfolio

	The Group		The Bank	
	31-03-2018 RM'000	31-12-2017 RM'000	31-03-2018 RM'000	31-12-2017 RM'000
Classification of securities portfolio:				
(i) Financial assets at fair value through profit or loss				
<u>At fair value</u>				
<u>Money Market Instruments</u>				
<u>Quoted</u>				
Malaysian Government Securities	70,021	20,349	70,021	20,349
Malaysian Government Islamic Investment Issues	143,242	10,224	143,242	10,224
	<u>213,263</u>	<u>30,573</u>	<u>213,263</u>	<u>30,573</u>
<u>At fair value</u>				
<u>Quoted securities</u>				
In Malaysia:				
Shares, warrants and REITS	32,139	38,696	32,139	38,696
Unit trusts	88,374	6,979	49,485	-
Outside Malaysia:				
Shares, warrants and REITS	5,930	-	5,930	-
	<u>126,443</u>	<u>45,675</u>	<u>87,554</u>	<u>38,696</u>
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia	2,784	1,775	20	-
Corporate bonds and/or Sukuk outside Malaysia	17,028	17,028	-	-
	<u>359,518</u>	<u>95,051</u>	<u>300,837</u>	<u>69,269</u>
	The Group		The Bank	
	31-03-2018 RM'000	31-12-2017 RM'000	31-03-2018 RM'000	31-12-2017 RM'000
(ii) Financial assets at fair value through other comprehensive income ("FVOCI")/Financial investments available-for-sale				
<u>At fair value</u>				
<u>Money Market Instruments</u>				
Malaysian Government Securities	221,840	151,279	221,840	151,279
Negotiable Instruments of Deposit	40,842	50,594	40,842	50,594
Malaysian Government Islamic Investment Issues	495,116	392,090	495,116	392,090
Cagamas Bonds	101,643	61,391	101,643	61,391
Sukuk Perumahan Kerajaan	79,881	80,280	79,881	80,280
	<u>939,322</u>	<u>735,634</u>	<u>939,322</u>	<u>735,634</u>
<u>Quoted securities</u>				
In Malaysia:				
Shares	-	6,296	-	6,296
Unit Trusts	-	208,907	-	179,272
REITS	14,034	13,083	14,034	13,083
Outside Malaysia:				
REITS	12,667	10,977	12,667	10,977
<u>Unquoted securities</u>				
Corporate bonds and/or Sukuk in Malaysia	3,442,482	3,628,578	3,442,482	3,627,588
Corporate bonds and/or Sukuk outside Malaysia	151,526	206,066	151,526	206,066
Shares in Malaysia	20,611	22,803	20,611	22,803
	<u>4,580,642</u>	<u>4,832,344</u>	<u>4,580,642</u>	<u>4,801,719</u>
Allowance for impairment of securities	-	(7,818)	-	(7,818)
	<u>4,580,642</u>	<u>4,824,526</u>	<u>4,580,642</u>	<u>4,793,901</u>

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11. Securities portfolio (continued)

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
(iii) Financial assets at amortised cost/		
Financial investments held-to-maturity		
<u>At amortised cost</u>		
<u>Unquoted securities</u>		
Corporate bonds and/or Sukuk in Malaysia	41,077	16
Redeemable Secured Loan Stocks	15,101	15,041
	<u>56,178</u>	<u>15,057</u>
Impairment transferred from loan and advances	-	(6,950)
Expected credit loss ("ECL")	(7,189)	-
	<u>48,989</u>	<u>8,107</u>

12. Loans, advances and financing

(i) By Type of Loan/Financing

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
Term loans/financing		
- Syndicated term loan/financing	292,540	342,131
- Other term loans/financing	393,389	412,788
Staff loans	5,193	5,225
Share margin financing	374,824	357,181
Revolving credits	108,217	53,445
Receivables	-	40,497
Gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>
Less :		
Allowances for impaired loans, advances and financing		
- Expected credit loss ("ECL")	(5,838)	-
- Individual allowance	-	(10)
- Collective allowance	-	(2,746)
Total net loans, advances and financing	<u>1,168,325</u>	<u>1,208,511</u>

(ii) By Type of Customers

Domestic business enterprises		
- Small medium enterprises	65,435	65,900
- Others	685,923	790,599
Domestic non-bank financial institutions	105,359	44,523
Individuals	296,078	251,779
Foreign individuals	357	58,466
Foreign business enterprises	21,011	-
Total gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>

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12. Loans, advances and financing (continued)

(iii) By Interest/Profit Rate Sensitivity

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
Fixed rate		
- Share margin financing	374,824	357,181
- Receivables	-	40,497
- Other fixed rate loans/financing	36,600	106,868
- Housing loans/financing	2,852	2,913
- Hire purchase receivables	2,286	2,253
Variable rate		
- Cost-plus	698,445	640,192
- BLR plus	23,384	23,383
- Other floating rate	35,772	37,980
Total gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>

(iv) By Economic Purpose

Purchase of securities	654,856	685,610
Working capital	229,830	190,779
Purchase of transport vehicles	48,746	51,745
Construction	38,687	38,687
Purchase of landed properties (non-residential)	19,083	19,511
Purchase of landed properties (residential)	7,409	9,140
Personal use	55	59
Others	175,497	215,736
Total gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>

(v) By Sector

Household	296,435	310,245
Real estate	222,088	228,449
Transport, storage and communication	100,936	138,984
Finance, insurance and business services	148,594	194,165
Manufacturing	168,655	108,716
Wholesale retail trade and restaurant and hotels	110,663	61,764
Construction	56,810	56,811
Education, health & others	57,870	58,203
Mining and quarrying	5,600	6,424
Agriculture	1,494	1,461
Others	5,018	46,045
Total gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>

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12. Loans, advances and financing (continued)

(vi) By Geographical Distribution

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
Wilayah Persekutuan	552,147	575,151
Selangor	488,775	502,450
Johor	51,604	51,499
Sarawak	40,323	38,193
Perak	25,402	26,479
Pulau Pinang	14,267	15,540
Sabah	460	442
Negeri Sembilan	857	1,234
Kedah	257	203
Melaka	71	76
Total gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>

(vii) By Maturity Structure

Maturing within one year	576,434	598,590
One year to three years	312,921	281,014
Three years to five years	196,492	203,970
Over five years	88,316	127,693
Total gross loans, advances and financing	<u>1,174,163</u>	<u>1,211,267</u>

(viii) Movement of impaired loans, advances and financing

At beginning of the financial period	65,910	49,307
Classified as impaired during the financial period	-	36,558
Amount written-off	-	(18,176)
Amount recovered	(464)	(1,779)
At end of the financial period	<u>65,446</u>	<u>65,910</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>5.57%</u>	<u>5.44%</u>

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12. Loans, advances and financing (continued)

The Group and the Bank
31-03-2018 **31-12-2017**
RM'000 **RM'000**

(ix) Movement in allowances are as follows:

Individual allowance

At beginning of the financial period	10	18,176
Effect of adoption of MFRS 9	(10)	-
At beginning of the financial period, as restated	-	18,176
Allowance made	-	13
Amount written off	-	(18,176)
Amount written-back	-	(3)
At end of the financial period	-	10

Collective allowance

At beginning of the financial period	2,746	3,323
Effect of adoption of MFRS 9	(2,746)	-
At beginning of the financial period, as restated	-	3,323
Allowance made	-	542
Amount written-back	-	(1,119)
At end of the financial period	-	2,746

The Group and the Bank

**Lifetime ECL
not Credit
Impaired**

**Lifetime ECL
Credit Impaired**

Total	12 months ECL (Stage 1)	(Stage 2)	(Stage 3-IA)
31-03-2018	31-03-2018	31-03-2018	31-03-2018
RM'000	RM'000	RM'000	RM'000

Expected credit loss

At the beginning allowance of financial period, on adoption of MFRS 9	6,540	5,756	774	10
Effect of adoption of MFRS9:-				
Total transfer between stages	-	(21)	21	-
Transfer to 12-month ECL (Stage 1)	-	-	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2):				
- Changes due to change in credit risk	-	(21)	21	-
Transfer to Lifetime ECL credit impaired provision (Stage 3):				
Loans/Financing derecognised during the period (other than write-offs)	(795)	(786)	(9)	-
New loans/financing originated or purchased	170	170	-	-
Changes due to change in credit risk	(77)	4	(81)	-
Other adjustments	-	-	-	-
At the end of financial period	5,838	5,123	705	10

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12. Loans, advances and financing (continued)

The Group and the Bank
31-03-2018 31-12-2017
RM'000 RM'000

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

Working capital	36,545	36,545
Purchase of landed properties (non-residential)	19,083	19,511
Other purpose	9,808	9,844
Purchase of transport vehicles	5	5
Personal use	5	5
Total impaired loans, advances and financing	<u>65,446</u>	<u>65,910</u>

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

Construction	36,545	36,545
Finance, insurance and business services	14,510	14,938
Real estate	14,264	14,264
Wholesale retail trade and restaurant and hotels	117	153
Household	10	10
Total impaired loans, advances and financing	<u>65,446</u>	<u>65,910</u>

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

Sarawak	36,545	36,545
Selangor	28,895	29,359
Wilayah Persekutuan	6	6
Total impaired loans, advances and financing	<u>65,446</u>	<u>65,910</u>

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Notes to the financial statement for the financial period ended 31 March 2018

13. Trade receivables

	The Group		The Bank	
	31-03-2018 RM'000	31-12-2017 RM'000	31-03-2018 RM'000	31-12-2017 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	75,897	128,612	-	-
Amount due from clients (a)	361,683	267,165	361,683	267,165
Amount due from brokers	73,528	71,330	73,528	71,330
	<u>511,108</u>	<u>467,107</u>	<u>435,211</u>	<u>338,495</u>
Amount due from Bursa Securities Clearing Sdn. Bhd.	-	83,281	-	83,281
	<u>511,108</u>	<u>550,388</u>	<u>435,211</u>	<u>421,776</u>
Less: - Individual allowance (b)	-	(1,029)	-	(1,029)
- Expected credit loss ("ECL") (c)	(892)	-	(871)	-
	<u>510,216</u>	<u>549,359</u>	<u>434,340</u>	<u>420,747</u>

	The Group and the Bank	
	31-03-2018 RM'000	31-12-2017 RM'000
(a) Movement of impaired amount due from clients are as follows:		
At beginning of the financial period	1,366	1,705
Addition during the period	6	541
Amount recovered	(501)	(880)
At end of the financial period	<u>871</u>	<u>1,366</u>

(b) Movement in individual allowances are as follows:

At beginning of the financial period	1,029	1,368
Effect of adoption of MFRS 9	(1,029)	-
At beginning of the financial period, as restated	-	1,368
Allowance made	-	541
Amount written back	-	(880)
At end of the financial period	<u>-</u>	<u>1,029</u>

	The Group		The Bank	
	Current financial quarter ended 31-03-2018 RM'000	Previous financial year ended 31-12-2017 RM'000	Current financial quarter ended 31-03-2018 RM'000	Previous financial year ended 31-12-2017 RM'000
(c) Movement in expected credit loss are as follows:				
At beginning of the financial period, on adoption of MFRS 9	1,134	-	1,112	-
Allowance made	69	-	69	-
Amount written back	(311)	-	(310)	-
At end of the financial period	<u>892</u>	<u>-</u>	<u>871</u>	<u>-</u>

14. Other assets

	The Group		The Bank	
	31-03-2018 RM'000	31-12-2017 RM'000	31-03-2018 RM'000	31-12-2017 RM'000
Other debtors, deposits and prepayments	41,435	31,475	37,843	28,330
Collateral pledged for derivative transactions	168	168	168	168
Clearing Guarantee Fund	1,890	1,827	1,890	1,827
Clearing Fund	1,000	1,000	1,000	1,000
Transferable membership	200	200	100	100
Less : Individual allowance (a)	-	(712)	-	(712)
Expected credit loss ("ECL") (b)	(815)	-	(815)	-
	<u>43,878</u>	<u>33,958</u>	<u>40,186</u>	<u>30,713</u>

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14. Other assets (continued)

Movement in allowances are as follows:

(a) Individual allowance

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
At beginning of the financial period	712	6,134
Effect of adoption of MFRS 9	(712)	-
At beginning of the financial period, as restated	-	6,134
Allowance made	-	661
Amount written back	-	(663)
Amount written off	-	(5,420)
At end of the financial period	<u>-</u>	<u>712</u>

(b) Expected credit loss

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
At beginning of the financial period, on adoption of MFRS 9	724	-
Allowance made	104	-
Amount written back	(13)	-
At end of the financial period	<u>815</u>	<u>-</u>

15. Deposit from customers

By type of deposits:

	The Group and the Bank	
	31-03-2018	31-12-2017
	RM'000	RM'000
Fixed deposits	3,694,725	3,377,252
Negotiable instruments of deposits	1,008,159	1,012,464
Other deposits	108,857	101,811
	<u>4,811,741</u>	<u>4,491,527</u>

By maturity structure:

Due within six months	3,199,697	3,167,525
Six months to one year	1,307,512	367,127
More than one year	304,532	956,875
	<u>4,811,741</u>	<u>4,491,527</u>

By type of customer:

Domestic non-banking financial institutions	2,350,567	2,099,370
Business enterprises	963,754	1,024,714
Domestic banking institutions	1,007,873	1,012,181
Government and statutory bodies	352,316	286,167
Individuals	104,140	37,650
Foreign entities	5,168	5,125
Others	27,923	26,320
	<u>4,811,741</u>	<u>4,491,527</u>

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16. Deposit and placements of banks and other financial institution

The Group and the Bank	
31-03-2018	31-12-2017
RM'000	RM'000
344,223	590,600

Licensed banks

17. Obligations on securities sold under repurchase agreements

The Group and the Bank	
31-03-2018	31-12-2017
RM'000	RM'000
96,617	-
-	96,013

Financial assets at FVOCI

Financial investments available-for-sale

18. Trade payables

	The Group		The Bank	
	31-03-2018	31-12-2017	31-03-2018	31-12-2017
	RM'000	RM'000	RM'000	RM'000
Amount due to clients	266,889	299,655	266,889	299,655
Amount due to brokers	146,476	94,059	146,476	94,059
Amount due to unit trust funds	154,149	253,359	-	-
Amount due to unit holders	54,535	29,865	-	-
Amount due to Bursa Securities Clearing Sdn. Bhd.	20,257	-	20,257	-
	642,306	676,938	433,622	393,714

19. Other liabilities

	The Group		The Bank	
	31-03-2018	31-12-2017	31-03-2018	31-12-2017
	RM'000	RM'000	RM'000	RM'000
Commissioned dealer's representative trust balances	48,266	49,119	48,266	49,119
Collateral pledged for derivative transactions	29	29	29	29
Amount payable to dealer's representative	41,554	39,505	41,554	39,505
Accrued employee benefit	73,136	89,338	41,516	31,115
Securities borrowing and lending - borrow	87,650	82,030	87,650	82,030
Other liabilities	110,391	124,131	54,359	52,917
Less : Expected credit loss -loan commitments and financial guarantee (a)	1,364	-	1,364	-
	362,390	384,152	274,738	254,715

(a) Movement in allowances are as follows:

Expected credit loss

At beginning of the financial period, on adoption of MFRS 9

Net remeasurement of loss allowance

Net loan commitments and financial guarantees

issued during the financial period

At end of the financial period

The Group and the Bank	
31-03-2018	31-12-2017
RM'000	RM'000
596	-
316	-
452	-
1,364	-

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Notes to the financial statement for the financial period ended 31 March 2018

20. Interest income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2018 RM'000	31-03-2017 RM'000	31-03-2018 RM'000	31-03-2017 RM'000
Loans, advances and financing				
- Interest income on loans and advances	11,731	11,983	11,731	11,983
- Margin financing	6,543	4,703	6,543	4,703
Money at call and deposit placements				
with financial institutions	3,600	2,887	3,600	2,887
Financial assets at amortised cost	640	-	640	-
Financial assets at FVOCI	49,298	-	49,298	-
Financial investments available-for-sale	-	48,240	-	48,240
Financial investments held-to-maturity	-	509	-	509
Others	168	98	168	98
	<u>71,980</u>	<u>68,420</u>	<u>71,980</u>	<u>68,420</u>
Net accretion of discounts less amortisation of premiums	(1,113)	(1,046)	(1,113)	(1,046)
	<u>70,867</u>	<u>67,374</u>	<u>70,867</u>	<u>67,374</u>
of which:				
Interest income earned on impaired loans, advances and financing	850	246	850	246

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2018 RM'000	31-03-2017 RM'000	31-03-2018 RM'000	31-03-2017 RM'000
Loans, advances and financing				
- Interest income on loans and advances	11,724	11,983	11,724	11,983
- Margin financing	6,543	4,703	6,543	4,703
Money at call and deposit placements				
with financial institutions	3,136	2,729	3,136	2,729
Financial assets at amortised cost	640	-	640	-
Financial assets at FVOCI	49,298	-	49,298	-
Financial investments available-for-sale	-	48,240	-	48,240
Financial investments held-to-maturity	-	509	-	509
Others	168	99	168	99
	<u>71,509</u>	<u>68,263</u>	<u>71,509</u>	<u>68,263</u>
Net accretion of discounts less amortisation of premiums	(1,113)	(1,046)	(1,113)	(1,046)
	<u>70,396</u>	<u>67,217</u>	<u>70,396</u>	<u>67,217</u>
of which:				
Interest income earned on impaired loans, advances and financing	850	246	850	246

21. Interest expense

	The Group and the Bank	
	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2018 RM'000	31-03-2017 RM'000
Deposits from customers	48,450	45,416
Deposits and placements of banks and other financial institutions	1,853	3,715
Obligations on securities sold under repurchase agreements	417	1,064
Foreign currency borrowings	500	378
Others	364	122
	<u>51,584</u>	<u>50,695</u>

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Notes to the financial statement for the financial period ended 31 March 2018

22. 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
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income :				
Unit trust management and incentive fee	74,124	50,907	74,124	50,907
Initial service charge	37,773	28,441	37,773	28,441
Net brokerage income	20,208	17,212	20,208	17,212
Private placement Fee	262	2,487	262	2,487
Corporate advisory fees	3,774	1,850	3,774	1,850
Underwriting commissions and placement fees	250	1,296	250	1,296
Fees on loans, advances and financing	1,033	494	1,033	494
Arrangement fees	850	600	850	600
Agency fees	1,795	515	1,795	515
Guarantee fees	561	42	561	42
Others	669	3,230	669	3,230
	141,299	107,074	141,299	107,074
(b) Fee and commission expense :				
Commission and referral expenses	(54,708)	(38,317)	(54,708)	(38,317)
Net fee and commission income	86,591	68,757	86,591	68,757

	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
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM'000	RM'000	RM'000	RM'000
Fee income				
Net brokerage income	20,208	17,212	20,208	17,212
Private placement Fee	262	2,487	262	2,487
Corporate advisory fees	3,638	1,850	3,638	1,850
Fees on loans, advances and financing	1,033	494	1,033	494
Arrangement fees	850	600	850	600
Agency fees	1,795	515	1,795	515
Underwriting commissions and placement fees	-	341	-	341
Guarantee fees	561	42	561	42
Others	417	3,078	417	3,078
	28,764	26,619	28,764	26,619
(b) Fee and commission expense :				
Commission and referral expenses	-	-	-	-
Net fee and commission income	28,764	26,619	28,764	26,619

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Notes to the financial statement for the financial period ended 31 March 2018

23. Net gain and losses on financial instruments

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended 31-03-2018 RM'000	Period ended 31-03-2017 RM'000	Period-to-date 31-03-2018 RM'000	Period-to-date 31-03-2017 RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	18,009	23,294	18,009	23,294
- unrealised loss	(127)	(206)	(127)	(206)
- gross dividend income	1,902	94	1,902	94
- interest income	4,675	5,293	4,675	5,293
Gains/(losses) on derivative instruments				
- unrealised loss	(47)	(1,464)	(47)	(1,464)
- interest income	678	756	678	756
- interest expense	(515)	(611)	(515)	(611)
Gains arising on financial assets at FVOCI				
- net gain on disposal	989	-	989	-
- gross dividend income	186	-	186	-
Gains arising on financial investments available-for-sale				
- net gain on disposal	-	4,217	-	4,217
- gross dividend income	-	4,642	-	4,642
	25,750	36,015	25,750	36,015

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended 31-03-2018 RM'000	Period ended 31-03-2017 RM'000	Period-to-date 31-03-2018 RM'000	Period-to-date 31-03-2017 RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	18,335	23,294	18,335	23,294
- unrealised loss	(608)	(170)	(608)	(170)
- gross dividend income	1,287	94	1,287	94
- interest income	4,675	5,293	4,675	5,293
Gains/(losses) on derivative instruments				
- unrealised loss	(47)	(1,464)	(47)	(1,464)
- interest income	678	756	678	756
- interest expense	(515)	(611)	(515)	(611)
Gains arising on financial assets at FVOCI				
- net gain on disposal	989	-	989	-
- gross dividend income	303	-	303	-
Gains arising on financial investments available-for-sale				
- net gain on disposal	-	4,175	-	4,175
- gross dividend income	-	4,604	-	4,604
	25,097	35,971	25,097	35,971

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24. 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
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
- realised	3,753	9,201	3,753	9,201
- unrealised	(3,087)	(5,084)	(3,087)	(5,084)
Gain on disposal of property, plant and equipment	99	130	99	130
Other non-operating income	185	236	185	236
	950	4,483	950	4,483

	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
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
- realised	3,909	8,635	3,909	8,635
- unrealised	165	(4,695)	165	(4,695)
Gain on disposal of property and equipment	82	130	82	130
Other non-operating income	222	185	222	185
	4,378	4,255	4,378	4,255

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25. Other operating expenses

	The Group			
	Individual Quarter Current Financial Period ended 31-03-2018 RM'000	Preceding Year Corresponding Period ended 31-03-2017 RM'000	Cumulative Quarter Current Financial Period-to-date 31-03-2018 RM'000	Preceding Year Corresponding Period-to-date 31-03-2017 RM'000
Personnel costs				
Salaries, allowances and bonuses	51,176	49,486	51,176	49,486
Contributions to defined contribution plan	7,611	6,610	7,611	6,610
Other personnel costs	9,078	7,758	9,078	7,758
	<u>67,865</u>	<u>63,854</u>	<u>67,865</u>	<u>63,854</u>
Promotion and marketing-related expenses				
Commission and brokerage expenses	139	118	139	118
Dealers' handling fees	300	300	300	300
Business promotion and advertisement	2,026	1,437	2,026	1,437
Entertainment	715	808	715	808
Travelling and accommodation	801	557	801	557
Others	939	404	939	404
	<u>4,920</u>	<u>3,624</u>	<u>4,920</u>	<u>3,624</u>
Establishment-related expenses				
Rental of premises	3,165	3,289	3,165	3,289
Depreciation of property and equipment	2,272	2,143	2,272	2,143
Repair and maintenance	1,893	1,637	1,893	1,637
Electricity, water and sewerage	616	584	616	584
Amortisation of intangible assets	577	566	577	566
Equipment rental	322	287	322	287
Insurance and indemnities	237	202	237	202
Others	46	53	46	53
	<u>9,128</u>	<u>8,761</u>	<u>9,128</u>	<u>8,761</u>
General administrative expenses				
Telecommunication expenses	2,311	1,978	2,311	1,978
Subscription	1,945	1,936	1,945	1,936
Professional fees	1,442	2,124	1,442	2,124
Directors' remuneration	677	718	677	718
Auditors' remuneration	180	171	180	171
Intangible assets written off	12	-	12	-
Others	2,022	1,952	2,022	1,952
	<u>8,589</u>	<u>8,879</u>	<u>8,589</u>	<u>8,879</u>
Total other operating expenses	<u>90,502</u>	<u>85,118</u>	<u>90,502</u>	<u>85,118</u>

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25. Other operating expenses (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
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	35,330	37,390	35,330	37,390
Contributions to defined contribution plan	3,993	3,856	3,993	3,856
Other personnel costs	2,273	2,761	2,273	2,761
	<u>41,596</u>	<u>44,007</u>	<u>41,596</u>	<u>44,007</u>
Promotion and marketing-related expenses				
Dealers' handling fees	300	300	300	300
Business promotion and advertisement	740	493	740	493
Travelling and accomodation	318	261	318	261
Entertainment	141	155	141	155
Commission and brokerage expenses	135	45	135	45
	<u>1,634</u>	<u>1,254</u>	<u>1,634</u>	<u>1,254</u>
Establishment-related expenses				
Rental of premises	2,245	2,400	2,245	2,400
Depreciation of property and equipment	1,490	1,491	1,490	1,491
Electricity, water and sewerage	537	501	537	501
Repair and maintenance	1,136	1,116	1,136	1,116
Amortisation of intangible assets	316	312	316	312
Insurance and indemnities	181	165	181	165
Equipment rental	24	12	24	12
Others	46	53	46	53
	<u>5,975</u>	<u>6,050</u>	<u>5,975</u>	<u>6,050</u>
General administrative expenses				
Telecommunication expenses	1,954	1,597	1,954	1,597
Subscription	1,807	1,823	1,807	1,823
Directors' remuneration	487	505	487	505
Auditors' remuneration	126	126	126	126
Professional fees	52	176	52	176
Intangible fees written off	12	-	12	-
Others	1,708	1,680	1,708	1,680
	<u>6,146</u>	<u>5,907</u>	<u>6,146</u>	<u>5,907</u>
Total other operating expenses	<u><u>55,351</u></u>	<u><u>57,218</u></u>	<u><u>55,351</u></u>	<u><u>57,218</u></u>

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26 (a). 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	
31-03-2018	31-03-2017	31-03-2018	31-03-2017	
RM'000	RM'000	RM'000	RM'000	
Write-back of credit impairment losses :				
Expected credit losses				
- loans, advances and financing and trade receivables	944	-	944	-
- securities placements and other assets	(50)	-	(50)	-
- loan and financing commitments and contingencies	(768)	-	(768)	-
Bad debts recovered	2	-	2	-
	128	-	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	
31-03-2018	31-03-2017	31-03-2018	31-03-2017	
RM'000	RM'000	RM'000	RM'000	
Write-back of credit impairment losses :				
Expected credit losses				
- loans, advances and financing and trade receivables	943	-	943	-
- securities placements and other assets	(49)	-	(49)	-
- loan and financing commitments and contingencies	(768)	-	(768)	-
Bad debts recovered	2	-	2	-
	128	-	128	-

26(b). Write-back of losses on loans, advances and financing and receivables

	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	
31-03-2018	31-03-2017	31-03-2018	31-03-2017	
RM'000	RM'000	RM'000	RM'000	
Write-back/(allowance) of losses on loans, advances and financing and receivables:				
Individual allowance				
- Made during the financial period	-	(32)	-	(32)
- Written back during the financial period	-	246	-	246
Collective allowance				
- Written back during the financial period	-	737	-	737
Bad debts recovered	-	42	-	42
Allowances for other assets	-	(48)	-	(48)
	-	945	-	945

27. Impairment loss on securities

	The Group and the Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Financial	Financial	Financial
Period ended	Period ended	Period-to-date	Period-to-date	
31-03-2018	31-03-2017	31-03-2018	31-03-2017	
RM'000	RM'000	RM'000	RM'000	
Allowances for impairment loss:				
- Financial investments available-for-sale	-	(712)	-	(712)
	-	(712)	-	(712)

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28. Capital adequacy

	The Group		The Bank	
	31-03-2018 RM'000	31-12-2017 RM'000	31-03-2018 RM'000	31-12-2017 RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Paid-up share capital	999,800	999,800	999,800	999,800
Retained profits	529,397	617,401	533,002	621,003
Unrealised gains on FVOCI instruments/AFS instruments	(12,016)	(14,466)	(12,099)	(14,762)
	<u>1,517,181</u>	<u>1,602,735</u>	<u>1,520,703</u>	<u>1,606,041</u>
Less : Regulatory adjustment				
Goodwill and Intangible assets	(323,319)	(323,801)	(316,653)	(316,969)
Investment in subsidiaries /associates	-	-	(127,784)	(114,235)
Regulatory reserve	(25,684)	(11,790)	(25,684)	(11,790)
Deferred tax assets	(23,366)	(22,165)	(16,196)	(10,817)
Total CET 1 capital	<u>1,144,812</u>	<u>1,244,979</u>	<u>1,034,386</u>	<u>1,152,230</u>
Additional Tier 1 Capital				
Non-controlling interests	16,144	9,213	-	-
Total CET 1 capital / Tier 1 capital (a)	<u>1,160,956</u>	<u>1,254,192</u>	<u>1,034,386</u>	<u>1,152,230</u>
Tier 2 capital				
Collective allowance for financial assets	27,753	13,549	25,201	13,549
Less : Regulatory adjustment				
Investment in subsidiaries	-	-	-	(13,549)
Total Tier 2 capital (b)	<u>27,753</u>	<u>13,549</u>	<u>25,201</u>	<u>-</u>
Total Capital (a) + (b)	<u>1,188,709</u>	<u>1,267,741</u>	<u>1,059,587</u>	<u>1,152,230</u>
Proposed dividends	<u>-</u>	<u>88,000</u>	<u>-</u>	<u>88,000</u>
Capital Ratio				
CET 1 capital ratio	33.548%	34.802%	36.554%	40.546%
Tier 1 capital ratio	34.021%	35.059%	36.554%	40.546%
Total capital ratio	34.834%	35.438%	37.444%	40.546%
CET 1 capital ratio (net of proposed dividends)	33.548%	32.342%	36.554%	37.449%
Tier 1 capital ratio (net of proposed dividends)	34.021%	32.599%	36.554%	37.449%
Total capital ratio (net of proposed dividends)	34.834%	32.978%	37.444%	37.449%
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	2,220,237	2,359,199	2,016,052	2,131,880
Market risk	394,013	440,245	389,207	299,635
Operational risk	798,226	777,901	424,505	410,291
Total Risk-Weighted Assets	<u>3,412,476</u>	<u>3,577,345</u>	<u>2,829,764</u>	<u>2,841,806</u>

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).

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29. Commitments and contingencies

	The Group and the Bank	
	31-03-2018	31-12-2017
	Principal amount RM'000	Principal amount RM'000
Direct credit substitutes	109,470	104,927
Commitments to extend credit:		
- maturity not exceeding one year	284,496	58,339
- maturity exceeding one year	469	480
Interest rate related contracts:		
- less than one year	450,000	250,000
- one year to less than five years	1,865,000	1,515,000
Foreign exchange related contracts:		
- less than one year	6,513,224	5,084,328
- one year to less than five years	187,758	283,764
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	379,560	409,263
Total	<u>9,789,977</u>	<u>7,706,101</u>

30. 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 2018 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	623,729
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	10.01%
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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31. 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 (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
31-03-2018				
Assets				
Financial assets at fair value through profit or loss				
- Money market instruments	-	213,263	-	213,263
- Corporate bonds or sukuk	-	19,812	-	19,812
- Shares, warrant unit trusts and REITs	126,443	-	-	126,443
Financial assets at FVOCI				
- Money market instruments	-	939,322	-	939,322
- Corporate bonds or sukuk	-	3,594,008	-	3,594,008
- Equity securities	26,701	-	20,611	47,312
Derivative financial assets	-	78,210	-	78,210
	<u>153,144</u>	<u>4,844,615</u>	<u>20,611</u>	<u>5,018,370</u>
Liabilities				
Derivative financial liabilities	-	72,715	-	72,715
31-12-2017				
Assets				
Financial assets at fair value through profit or loss				
- Money market instruments	-	30,573	-	30,573
- Corporate bonds or sukuk	-	18,803	-	18,803
- Shares, warrant unit trusts and REITs	45,675	-	-	45,675
Financial investments available-for-sale *				
- Money market instruments	-	735,634	-	735,634
- Corporate bonds or sukuk	-	3,834,644	-	3,834,644
- Shares, warrant unit trusts and REITs	233,637	-	20,611	254,248
Derivative financial assets	-	54,950	-	54,950
	<u>279,312</u>	<u>4,674,604</u>	<u>20,611</u>	<u>4,974,527</u>
Liabilities				
Derivative financial liabilities	-	54,808	-	54,808

* Net of allowance for impairment

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31. 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
31-03-2018				
Assets				
Financial assets at fair value through profit or loss				
- Money market instruments	-	213,263	-	213,263
- Corporate bonds and/or sukuk	-	20	-	20
- Shares, warrant unit trusts and REITs	87,554	-	-	87,554
Financial assets at FVOCI				
- Money market instruments	-	939,322	-	939,322
- Corporate bonds and/or sukuk	-	3,594,008	-	3,594,008
- Equity securities	26,701	-	20,611	47,312
Derivative financial assets	-	78,210	-	78,210
	114,255	4,824,823	20,611	4,959,689
Liabilities				
Derivative financial liabilities	-	72,715	-	72,715
31-12-2017				
Assets				
Financial assets at fair value through profit or loss				
- Money market instruments	-	30,573	-	30,573
- Shares, warrant unit trusts and REITs	38,696	-	-	38,696
Financial investments available-for-sale *				
- Money market instruments	-	735,634	-	735,634
- Corporate bonds and/or sukuk	-	3,833,654	-	3,833,654
- Shares, warrant unit trusts and REITs	204,002	-	20,611	224,613
Derivative financial assets	-	54,950	-	54,950
	242,698	4,654,811	20,611	4,918,120
Liabilities				
Derivative financial liabilities	-	54,808	-	54,808

* Net of allowance for impairment

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31. 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	
	31-03-2018	31-12-2017
	RM'000	RM'000
Opening	20,611	19,528
FVOCI revaluation reserve	-	-
AFS revaluation reserve	-	1,083
Closing	20,611	20,611

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 2017, 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.