

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position
as at 30 September 2021

	Note	The Group		The Bank	
		As at 30-09-2021 RM'000	As at 31-12-2020 RM'000	As at 30-09-2021 RM'000	As at 31-12-2020 RM'000
ASSETS					
Cash and short-term funds		1,531,603	858,178	947,526	401,122
Financial assets at fair value through profit or loss ("FVTPL")	11	415,988	470,343	241,899	308,231
Financial investments at fair value through other comprehensive income ("FVOCI")	11	3,812,835	4,074,381	3,812,835	4,074,381
Financial investments at amortised cost	11	41,042	42,515	41,042	42,515
Loans, advances and financing	12	1,030,777	947,363	1,030,777	947,363
Trade receivables	13	594,658	918,847	447,011	657,426
Derivative financial assets		114,856	160,336	112,447	157,908
Other assets	14	88,502	63,244	79,446	54,801
Statutory deposits with Bank Negara Malaysia		9,502	19,000	9,400	18,900
Amount due from subsidiaries		-	-	286	194
Amount due from related companies		567	134	-	-
Amount due from holding company		41	-	41	-
Amount due from ultimate holding company		31	22	-	-
Investment in subsidiaries		-	-	126,521	126,521
Investment in associates		4,108	4,108	1,332	1,332
Tax recoverable		15,535	12,251	15,531	8,276
Deferred tax assets		77,968	46,205	60,047	29,713
Property and equipment		18,838	23,032	8,630	11,086
Intangible assets		323,887	324,861	314,878	315,375
Right-of-use ("ROU") assets		8,523	15,343	4,460	8,460
TOTAL ASSETS		8,089,261	7,980,163	7,254,109	7,163,604
LIABILITIES AND EQUITY					
Deposits from customers	15	4,184,237	4,214,726	4,184,237	4,214,726
Deposits and placements of banks and other financial institutions	16	651,058	180,522	651,058	180,522
Trade payables	17	835,210	921,301	328,948	516,533
Lease liabilities		8,869	15,504	4,537	8,335
Derivative financial liabilities		103,413	150,939	103,413	150,939
Amount due to related companies		256	170	-	-
Amount due to holding company		243	71	-	-
Other liabilities	18	783,711	835,178	450,402	493,933
Provision for taxation		2,248	-	-	-
TOTAL LIABILITIES		6,569,245	6,318,411	5,722,595	5,564,988
Share capital		999,800	999,800	999,800	999,800
Reserves	19	477,569	591,367	531,714	598,816
		1,477,369	1,591,167	1,531,514	1,598,616
Non-controlling interest		42,647	70,585	-	-
TOTAL EQUITY		1,520,016	1,661,752	1,531,514	1,598,616
TOTAL LIABILITIES AND EQUITY		8,089,261	7,980,163	7,254,109	7,163,604
COMMITMENTS AND CONTINGENCIES	28	16,404,971	12,498,121	16,404,971	12,498,121
CAPITAL ADEQUACY					
Basel III					
Before deducting proposed dividend:					
CET 1 capital ratio	27	30.352%	35.119%	46.151%	47.060%
Tier 1 capital ratio	27	31.311%	36.047%	46.151%	47.060%
Total capital ratio	27	31.734%	36.463%	46.782%	47.666%
After deducting proposed dividend:					
CET 1 capital ratio	27	26.775%	34.071%	40.801%	45.531%
Tier 1 capital ratio	27	27.734%	34.999%	40.801%	45.531%
Total capital ratio	27	28.156%	35.415%	41.432%	46.136%

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 30 September 2021**

	The Group	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-09-2021 RM'000	Preceding Year Corresponding Period 30-09-2020 RM'000	Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period-to-date 30-09-2020 RM'000
Interest income	20	48,365	46,444	141,811	160,076
Interest expense	21	(31,286)	(32,622)	(97,943)	(121,094)
Net interest income		17,079	13,822	43,868	38,982
Fee and commission income	22(a)	182,402	166,799	674,865	439,318
Fee and commission expense	22(b)	(63,816)	(57,112)	(282,254)	(139,886)
Net fee and commission income		118,586	109,687	392,611	299,432
Net gains and losses on financial instruments	23	23,181	48,955	87,939	255,722
Other operating income	24	3,604	4,733	13,286	12,277
Net income		162,450	177,197	537,704	606,413
Other operating expenses	25	(92,486)	(105,195)	(291,278)	(291,399)
Operating profit before allowances		69,964	72,002	246,426	315,014
Allowances for credit impairment losses	26	(13,293)	(6,435)	(35,130)	(38,484)
Profit before zakat and taxation		56,671	65,567	211,296	276,530
Zakat		(433)	(1,058)	(2,370)	(4,223)
Profit before taxation		56,238	64,509	208,926	272,307
Taxation		(12,171)	(15,202)	(45,825)	(64,337)
Net profit after zakat and taxation		44,067	49,307	163,101	207,970
Attributable to:					
- Equity holders of the Bank		34,416	39,992	125,263	183,229
- Non-controlling interests		9,651	9,315	37,838	24,741
		44,067	49,307	163,101	207,970
Earnings per share (sen):					
- basic/fully diluted		4.41	5.13	16.06	23.49

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 30 September 2021

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-09-2021 RM'000	Preceding Year Corresponding Period 30-09-2020 RM'000	Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period-to-date 30-09-2020 RM'000
Net profit after zakat and taxation	44,067	49,307	163,101	207,970
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Net fair value change in financial investments at FVOCI (debt instruments)	(28,995)	31,032	(108,753)	136,162
Net credit impairment losses change in financial investments at FVOCI (debt instruments)	4,029	3,282	1,082	5,375
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(4,752)	(102)	(31,406)	(140,845)
Deferred tax on financial investments at FVOCI	8,099	(7,423)	33,638	1,124
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Net fair value change in financial investments designated at FVOCI (equity instruments)	1,378	660	1,378	2,230
Deferred tax on financial investments designated at FVOCI	-	-	-	21
Other comprehensive income for the financial period, net of tax	(20,241)	27,449	(104,061)	4,067
Total comprehensive income for the financial period	23,826	76,756	59,040	212,037
Attributable to:				
- Equity holders of the Bank	14,175	67,441	21,202	187,296
- Non-controlling interests	9,651	9,315	37,838	24,741
	23,826	76,756	59,040	212,037

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 30 September 2021****The Bank**

	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-09-2021 RM'000	Preceding Year Corresponding Period 30-09-2020 RM'000	Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period-to-date 30-09-2020 RM'000
Interest income	20	47,814	45,965	140,093	158,777
Interest expense	21	(29,560)	(31,156)	(92,724)	(116,659)
Net interest income		18,254	14,809	47,369	42,118
Fee and commission income	22(a)	29,961	34,801	100,871	89,716
Fee and commission expense	22(b)	-	-	-	-
Net fee and commission income		29,961	34,801	100,871	89,716
Net gains and losses on financial instruments	23	25,596	44,536	87,572	250,032
Other operating income	24	51,835	54,551	122,928	60,267
Net income		125,646	148,697	358,740	442,133
Other operating expenses	25	(39,062)	(59,683)	(129,849)	(162,003)
Operating profit before allowances		86,584	89,014	228,891	280,130
Allowances for credit impairment losses	26	(13,294)	(6,429)	(34,996)	(38,429)
Profit before zakat and taxation		73,290	82,585	193,895	241,701
Zakat		(296)	(927)	(1,862)	(3,847)
Profit before taxation		72,994	81,658	192,033	237,854
Taxation		(6,142)	(8,256)	(20,074)	(46,942)
Net profit after zakat and taxation		66,852	73,402	171,959	190,912
Attributable to:					
- Equity holders of the Bank		66,852	73,402	171,959	190,912
Earnings per share (sen):					
- basic/fully diluted		8.57	9.41	22.05	24.48

Affin Hwang Investment Bank Berhad
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Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 30 September 2021

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-09-2021 RM'000	Preceding Year Corresponding Period 30-09-2020 RM'000	Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period-to-date 30-09-2020 RM'000
Net profit after zakat and taxation	66,852	73,402	171,959	190,912
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Net fair value change in financial investments at FVOCI (debt instruments)	(28,995)	31,032	(108,753)	136,162
Net credit impairment losses change in financial investments at FVOCI (debt instruments)	4,029	3,282	1,082	5,375
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(4,752)	(102)	(31,406)	(140,845)
Deferred tax on financial investments at FVOCI	8,099	(7,423)	33,638	1,124
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Net fair value change in financial investments designated at FVOCI (equity instruments)	1,378	660	1,378	2,230
Deferred tax on financial investments designated at FVOCI	-	-	-	21
Other comprehensive income for the financial period, net of tax	(20,241)	27,449	(104,061)	4,067
Total comprehensive income for the financial period	46,611	100,851	67,898	194,979
Attributable to equity holders of the Bank	46,611	100,851	67,898	194,979

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity
for the financial period ended 30 September 2021**

<----- Attributable to equity holders of the Bank ----->

	Share Capital RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves # RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Sub-total RM'000	Non- controlling interest RM'000	Total equity RM'000
The Group									
At 1 January 2021	999,800	10,972	(205)	(65,909)	76,991	569,518	1,591,167	70,585	1,661,752
Comprehensive income:									
Net profit for the financial period	-	-	-	-	-	125,263	125,263	37,838	163,101
Other comprehensive income (net of tax)									
- Financial investments at FVOCI	-	-	-	-	(104,061)	-	(104,061)	-	(104,061)
Total comprehensive income	-	-	-	-	(104,061)	125,263	21,202	37,838	59,040
Transfer (from)/to regulatory reserves	-	289	-	-	-	(289)	-	-	-
Dividends paid	-	-	-	-	-	(135,000)	(135,000)	(65,776)	(200,776)
At 30 September 2021	999,800	11,261	(205)	(65,909)	(27,070)	559,492	1,477,369	42,647	1,520,016
At 1 January 2020	999,800	23,731	135	(61,010)	77,210	515,621	1,555,487	57,715	1,613,202
Comprehensive income:									
Net profit for the financial period	-	-	-	-	-	183,229	183,229	24,741	207,970
Other comprehensive income (net of tax)									
- Financial investments at FVOCI	-	-	-	-	4,067	-	4,067	-	4,067
Total comprehensive income	-	-	-	-	4,067	183,229	187,296	24,741	212,037
Transfer (from)/to regulatory reserves	-	(9,639)	-	-	-	9,639	-	-	-
Dividends paid	-	-	-	-	-	(40,000)	(40,000)	(28,777)	(68,777)
At 30 September 2020	999,800	14,092	135	(61,010)	81,277	668,489	1,702,783	53,679	1,756,462

Other reserves represents corresponding debit arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 19 (c) (i) and (ii) of the unaudited condensed interim financial statements.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Condensed Interim Financial Statements Unaudited Statements of Changes in Equity for the financial period ended 30 September 2021

	←----- Non-distributable -----→	← Distributable - - - - - →			
	Share Capital RM'000	Regulatory reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Total equity RM'000
The Bank					
At 1 January 2021	999,800	10,972	76,936	510,908	1,598,616
Comprehensive income:					
Net profit for the financial period	-	-	-	171,959	171,959
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	-	(104,061)	-	(104,061)
Total comprehensive income	-	-	(104,061)	171,959	67,898
Transfer (from)/to regulatory reserves	-	289	-	(289)	-
Dividends paid	-	-	-	(135,000)	(135,000)
At 30 September 2021	999,800	11,261	(27,125)	547,578	1,531,514
At 1 January 2020	999,800	23,731	77,155	482,776	1,583,462
Comprehensive income:					
Net profit for the financial period	-	-	-	190,912	190,912
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	-	4,067	-	4,067
Total comprehensive income	-	-	4,067	190,912	194,979
Transfer (from)/to regulatory reserves	-	(9,639)	-	9,639	-
Dividends paid	-	-	-	(40,000)	(40,000)
At 30 September 2020	999,800	14,092	81,222	643,327	1,738,441

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows
for the financial period ended 30 September 2021**

	The Group		The Bank	
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities				
Profit before taxation	208,926	272,307	192,033	237,854
Adjustments for non-operating and not involving the movement of cash and cash equivalents	(92,548)	(253,668)	(216,382)	(308,551)
<i>Operating profit/(loss) before changes in working capital</i>	116,378	18,639	(24,349)	(70,697)
Net changes in operating assets	304,256	(136,736)	190,293	25,012
Net changes in operating liabilities	246,519	(1,103,497)	157,953	(1,246,527)
Net cash generated/(used in) from operating activities	667,153	(1,221,594)	323,897	(1,292,212)
Tax paid	(44,986)	(28,676)	(24,024)	(14,610)
Zakat paid	(2,600)	(659)	(1,938)	(210)
Net cash generated from/(used in) operating activities	619,567	(1,250,929)	297,935	(1,307,032)
Cash flow from investing activities				
Interest received:				
- financial investments at FVOCI	98,537	140,790	98,537	140,789
- financial investments at amortised cost	1,174	1,229	1,174	1,229
Purchase of:				
- financial assets at FVTPL	(46,193)	(114,500)	-	(120,000)
- financial investments at FVOCI	(2,233,830)	(3,674,940)	(2,233,830)	(3,674,940)
Redemption/disposal of:				
- financial assets at FVTPL	84,225	237,162	50,000	204,074
- financial investments at FVOCI	2,355,991	5,145,905	2,355,991	5,145,905
Dividend income received from:				
- financial assets at FVTPL	4,014	4,530	3,548	3,644
- financial investments at FVOCI	330	300	330	300
- subsidiary	-	-	112,000	49,000
Capital injection for subsidiaries	-	-	-	(800)
Capital injection for associate	-	-	-	(200)
Proceeds from disposal of property and equipment	204	235	3	17
Purchase of property and equipment	(3,473)	(6,048)	(2,101)	(2,652)
Purchase of intangible assets	(1,115)	(1,893)	(265)	(475)
Net cash generated from investing activities	259,864	1,732,770	385,387	1,745,891
Cash flow from financing activities				
Lease payments	(7,636)	(7,713)	(4,324)	(4,351)
Dividend paid to non-controlling interest	(65,776)	(28,777)	-	-
Dividend paid to holding company	(135,000)	(40,000)	(135,000)	(40,000)
Net cash used in financing activities	(208,412)	(76,490)	(139,324)	(44,351)
Net increase in cash and cash equivalents	671,019	405,351	543,998	394,508
Cash and cash equivalents at beginning of the financial period	792,386	707,679	335,330	223,090
Cash and cash equivalents at end of the financial period	1,463,405	1,113,030	879,328	617,598
Analysis of cash and cash equivalents				
Cash and short term funds	1,531,603	1,176,192	947,526	680,760
Amount held on behalf of commissioned dealer's representatives	(68,198)	(63,162)	(68,198)	(63,162)
Cash and cash equivalents at end of the financial period	1,463,405	1,113,030	879,328	617,598

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

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Notes to the unaudited condensed interim financial statements for the financial period ended 30 September 2021

1. Review of financial performance

The Group recorded a lower Profit Before Zakat and Taxation ("PBT") of RM211.3 million for the 9 months period ended 30 September 2021 ("9M 2021") compared to the PBT of RM276.5 million in the previous corresponding period ("9M 2020"). The Bank contributed RM193.9 million (9M 2020: RM241.7 million) for period ended 30 September 2021 while the Group's asset management business contributed RM129.1 million (9M 2020: RM84.6 million) to the Group's PBT.

Analysis of the Group's performance for the 9 months period ended 30 September 2021 is as follows:

- Net interest income of RM43.9 million was higher than the net interest income of RM39.0 million recorded in the previous corresponding period primarily due to lower average cost of funds, driven by lower Overnight Policy Rate ("OPR") in the current period under review.
- Net fee and commission income of RM392.6 million in the period under review was higher than RM299.4 million in the previous corresponding period. The increase was primarily due to the higher initial service charge and higher unit trust management and incentive fees earned from the asset management business, and higher private placement fees earned in the current period.
- Net gains and losses on financial instruments registered a decrease of RM167.8 million to RM87.9 million in the current period from RM255.7 million in the previous corresponding period mainly due to lower gains on disposal of financial investments at FVOCI of RM32.9 million (9M 2020: RM144.7 million), lower net trading gains from financial assets at FVTPL of RM54.0 million (9M 2020: RM105.0 million) and lower net gains on derivative instruments of RM0.7 million (9M 2020: RM5.8 million).
- Operating expenses incurred for the period under review at RM291.3 million are comparable to RM291.4 million incurred in the previous corresponding period.
- Lower net credit impairment losses of RM35.1 million compared to RM38.5 million in the previous corresponding period was mainly due to lower stage 3 lifetime ECL provided for credit impaired loans, advances and financing, partially offset by higher stage 2 lifetime ECL provided for non-credit impaired financial investments at FVOCI and loans, advances and financing.

2. Prospect for the current financial year

The Group remains positive, albeit cautious, on the economic outlook in the fourth quarter of 2021 ("4Q2021") in view of the recent re-opening of various economic sectors in Malaysia as the country achieved the key vaccination target rate.

The continued strong progress in the country's vaccination rate and the recent re-opening of Malaysia's economy would support the gradual economic recovery in 4Q2021. The Group expects the Malaysian Budget 2022 proposals, to be presented on 29 October 2021, to be expansionary, with strategies and measures to further stimulate the economy from the Covid-19 pandemic effects. In fact, the ongoing implementation of stimulus measures will bode well for the recovery of the country's economy. Additional cash assistance from Bantuan Prihatin Rakyat ("BPR") and the Wage Subsidy Programme will provide some support to domestic demand and assist the labour market conditions in the near term.

On the external front, the global economy is expected to improve once it recovers from the pandemic impact. The 12 Malaysian Plan (12MP) noted that Malaysia is expected to reap the benefit at the same time with the expectation of 4.5% - 5.5% growth per annum, supported by strong private and public investment especially through the implementation of projects.

The Group opines that BNM will likely leave its OPR unchanged at 1.75% and the policy rate could start to normalise and increase by 25bps by 4Q22 from the current 1.75%. For 2021 as a whole, the Group is maintaining our forecast for real GDP growth to expand by 4.0% yoy (-5.6% in 2020), but expand to 5.7% projected for 2022.

The Group which comprises three key pillars i.e. investment banking, securities and asset management businesses, will continue to identify and capitalise on opportunities within the Malaysian Capital Market, despite the challenging environment. The Group will also continue its focus on diversifying its revenue base, by expanding and strengthening its products and services offerings with the aim of delivering value added propositions to the Group's clients and stakeholders. The Group will also continue with its digitalisation and innovation initiatives, and adopt best practices to deliver seamless customer experience.

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(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****3. Basis of preparation**

The unaudited interim financial statements for the period under review have been prepared in accordance with the applicable provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and relevant Bank Negara Malaysia ("BNM") policy documents.

The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 31 December 2020. 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 2020.

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2020, except for the adoption of the Amendments to MFRS 9 "Financial Instruments", MFRS 139 "Financial Instruments: Recognition and Measurement", MFRS 7 "Financial Instruments: Disclosures" and MFRS 16 "Leases" 'Interest Rate Benchmark Reform—Phase 2' that are effective and applicable to the Group and the Bank for the financial period beginning or after 1 January 2021.

As disclosed in the audited financial statements for the financial year ended 31 December 2020, the Bank has changed its accounting policy where certain benefits paid to employees are considered incremental and directly attributable to the disposal of quoted shares. Therefore, these benefits paid can be treated as transaction costs when determining the gain or loss on disposal of the quoted shares. These expenses were previously recognised as employee costs under MFRS 119 "Employee Benefits".

In accordance with MFRS 108 "Accounting Policies, Changes in Estimates and Errors", the change in accounting policy has been accounted for retrospectively. Accordingly, the 30 September 2020 comparatives in the notes to the income statement, i.e. Note 23 and Note 25 have been restated. The statements of financial position, comprehensive income, cash flows and changes in equity of the Bank and the Group are not impacted by the change in accounting policy.

Income statements (Extract)	As previously reported 30-09-2020 RM'000	Reclassification 30-09-2020 RM'000	As restated 30-09-2020 RM'000
The Group			
Net gains and losses on financial instruments	449,151	(193,429)	255,722
Net income	799,842	(193,429)	606,413
Other operating expenses	(484,828)	193,429	(291,399)
The Bank			
Net gains and losses on financial instruments	443,461	(193,429)	250,032
Net income	635,562	(193,429)	442,133
Other operating expenses	(355,432)	193,429	(162,003)

Note 23 - Net gains and losses on financial instruments (Extract)**The Group**

Gains/(losses) arising on financial assets at FVTPL:

- net gains on disposal	280,225	(193,429)	86,796
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The Bank

Gains/(losses) arising on financial assets at FVTPL:

- net gains on disposal	279,634	(193,429)	86,205
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Note 25 - Other operating expenses (Extract)**The Group**

Personnel costs

- Salaries, allowances and bonuses	350,308	(193,429)	156,879
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The Bank

Personnel costs

- Salaries, allowances and bonuses	289,569	(193,429)	96,140
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Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the unaudited condensed interim financial statements for the financial period ended 30 September 2021

4. Qualification of preceding annual financial statements

The Group's and the Bank's financial statements for financial year ended 31 December 2020 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 domestic and global economy, and the performance of the capital markets.

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

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

7. Changes in debt and equity securities

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

8. Material litigations

There is no material litigation during the financial period ended 30 September 2021.

9. Changes in the composition of the Bank

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

10. Dividends

The Directors now recommend the payment of a second special dividend of 15.385 sen per share amounting to RM120,000,000 for the financial year ending 31 December 2021, which is subject to approval from Bank Negara Malaysia. The interim dividend of 8.077 sen gross per share amounting to RM63,000,000 and first special dividend of 4.744 sen per share amounting to RM37,000,000 for the financial year ending 31 December 2021 was paid on 1 September 2021.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****11. Securities portfolio****(i) Financial assets at fair value through profit or loss ("FVTPL")**

	The Group		The Bank	
	30-09-2021 RM'000	31-12-2020 RM'000	30-09-2021 RM'000	31-12-2020 RM'000
At fair value				
Money market instruments				
Malaysian government securities	31,800	-	31,800	-
Malaysian government islamic investment issues	60	-	60	-
	<u>31,860</u>	<u>-</u>	<u>31,860</u>	<u>-</u>
Quoted securities				
Unit trusts	186,701	229,378	141,901	197,290
Shares, warrants and REITs in Malaysia	68,921	108,083	67,581	106,743
Shares, warrants and REITs outside Malaysia	70,007	74,388	539	4,198
	<u>325,629</u>	<u>411,849</u>	<u>210,021</u>	<u>308,231</u>
Unquoted securities				
Corporate bonds and/or Sukuk in Malaysia	14,010	14,005	18	-
Corporate bonds and/or Sukuk outside Malaysia	44,489	44,489	-	-
	<u>58,499</u>	<u>58,494</u>	<u>18</u>	<u>-</u>
	<u>415,988</u>	<u>470,343</u>	<u>241,899</u>	<u>308,231</u>

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

	The Group and the Bank	
	30-09-2021 RM'000	31-12-2020 RM'000
At fair value		
Money market instruments		
Malaysian government islamic investment issues	1,149,247	1,022,844
Malaysian government securities	782,555	1,144,251
Cagamas bonds	91,382	11,103
Negotiable instruments of deposit	71,338	-
Khazanah bonds	9,580	-
	<u>2,104,102</u>	<u>2,178,198</u>
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	1,654,719	1,841,989
Corporate bonds and/or Sukuk outside Malaysia	27,317	28,875
Shares in Malaysia ^	26,697	25,319
	<u>3,812,835</u>	<u>4,074,381</u>

^ Equity securities designated at fair value through other comprehensive income.

- (a) The Group and the Bank designated certain equity investments at FVOCI as shown in the following table. The FVOCI designation was made as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, these strategic investment is more of medium term investment.

	The Group and the Bank	
	30-09-2021 RM'000	31-12-2020 RM'000
Shares in Malaysia:		
Cagamas Berhad	22,191	20,923
RAM Holdings Berhad	3,322	3,226
Malaysian Rating Corporation Berhad	1,184	1,170
	<u>26,697</u>	<u>25,319</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****11. Securities portfolio (continued)****(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

(b) Movements in expected credit losses ("ECL") for financial investments at FVOCI:

	The Group and the Bank			Total 30-09-2021 RM'000
	12-months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1	Stage 2	Stage 3	
	30-09-2021 RM'000	30-09-2021 RM'000	30-09-2021 RM'000	
At beginning of the financial period	4,749	4,219	12,170	21,138
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(522)	522	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(522)	522	-	-
Derecognised during the financial period (other than write-offs)	(874)	-	-	(874)
New originated or purchased	1,737	-	-	1,737
Changes due to change in credit risk	(1,976)	14,365	186	12,575
Write-offs	-	-	(12,356)	(12,356)
At end of the financial period	3,114	19,106	-	22,220

	The Group and the Bank			Total 31-12-2020 RM'000
	12-months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1	Stage 2	Stage 3	
	31-12-2020 RM'000	31-12-2020 RM'000	31-12-2020 RM'000	
At beginning of the financial year	1,099	37	12,166	13,302
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	198	(198)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(675)	675	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(477)	477	-	-
Derecognised during the financial year (other than write-offs)	(2,050)	(1)	-	(2,051)
New originated or purchased	2,075	-	-	2,075
Changes due to change in credit risk	3,681	187	4	3,872
Changes in model/risk parameters	420	3,519	-	3,939
Changes due to foreign exchange	1	-	-	1
At end of the financial year	4,749	4,219	12,170	21,138

The gross carrying amount of financial investments at FVOCI is at fair value. ECL are provided based on Exposure at Default ("EAD") of the assets. In the case of Stage 3 financial investments at FVOCI for the Group & Bank, ECL of Stage 3 is higher than the gross carrying amount, as the EAD of the assets is higher than its fair value. ECL is recognised in reserves with the corresponding entry to income statement.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****11. Securities portfolio (continued)****(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

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

	The Group and the Bank			Total
	12-months ECL	Lifetime ECL Not	Lifetime ECL	
	Stage 1	Credit Impaired Stage 2	Credit Impaired Stage 3	
	30-09-2021	30-09-2021	30-09-2021	30-09-2021
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	3,940,061	104,544	4,457	4,049,062
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(24,794)	24,794	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(24,794)	24,794	-	-
Derecognised during the financial period				
(other than write-offs)	(2,318,729)	-	-	(2,318,729)
New originated or purchased	2,233,830	-	-	2,233,830
Changes due to interest accruals	(24,776)	(1,240)	-	(26,016)
Changes due to fair value	(147,960)	87	-	(147,873)
Write-offs	-	-	(4,525)	(4,525)
Changes due to foreign exchange	(19)	340	68	389
At end of the financial period	3,657,613	128,525	-	3,786,138

	The Group and the Bank			Total
	12-months ECL	Lifetime ECL Not	Lifetime ECL	
	Stage 1	Credit Impaired Stage 2	Credit Impaired Stage 3	
	31-12-2020	31-12-2020	31-12-2020	31-12-2020
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	4,677,576	57,905	4,516	4,739,997
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	42,212	(42,212)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(103,878)	103,878	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(61,666)	61,666	-	-
Derecognised during the financial year				
(other than write-offs)	(5,535,094)	(15,446)	-	(5,550,540)
New originated or purchased	4,886,032	-	-	4,886,032
Changes due to interest accruals	(13,118)	139	-	(12,979)
Changes due to fair value	(13,776)	280	(64)	(13,560)
Changes due to foreign exchange	107	-	5	112
At end of the financial year	3,940,061	104,544	4,457	4,049,062

The gross carrying amount of financial investments at FVOCI is at fair value. ECL are provided based on Exposure at Default ("EAD") of the assets. In the case of Stage 3 financial investments at FVOCI for the Group & Bank, ECL of Stage 3 is higher than the gross carrying amount, as the EAD of the assets is higher than its fair value. ECL is recognised in reserves with the corresponding entry to income statement.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****11. Securities portfolio (continued)****(iii) Financial investments at amortised cost**

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	41,084	40,497
Redeemable secured loan stocks	15,000	15,000
	56,084	55,497
Expected credit losses	(15,042)	(12,982)
	41,042	42,515

(a) Movements in expected credit losses ("ECL") for financial investments at amortised cost:

	The Group and the Bank			
	12-months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	30-09-2021	30-09-2021	30-09-2021	
RM'000	RM'000	RM'000		
At beginning of the financial period	60	-	12,922	12,982
Changes due to change in credit risk	(18)	-	2,078	2,060
At end of the financial period	42	-	15,000	15,042

	The Group and the Bank			
	12-months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	31-12-2020	31-12-2020	31-12-2020	
RM'000	RM'000	RM'000		
At beginning of the financial year	150	-	10,780	10,930
Changes due to change in credit risk	(97)	-	2,142	2,045
Changes in model/risk parameters	7	-	-	7
At end of the financial year	60	-	12,922	12,982

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

	The Group and the Bank			
	12-months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	30-09-2021	30-09-2021	30-09-2021	
RM'000	RM'000	RM'000		
At beginning of the financial period	40,497	-	15,000	55,497
Changes due to interest accruals	587	-	-	587
At end of the financial period	41,084	-	15,000	56,084

	The Group and the Bank			
	12-months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	31-12-2020	31-12-2020	31-12-2020	
RM'000	RM'000	RM'000		
At beginning/end of the financial year	40,497	-	15,000	55,497

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****12. Loans, advances and financing**

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
(i) By Type of Loans/Financing		
Term loans/financing		
- Syndicated term loans/financing	103,389	107,053
- Other term loans/financing	125,986	162,163
Share margin financing	731,140	605,485
Revolving credits	116,475	97,653
Staff loans	5,280	5,992
Gross loans, advances and financing	1,082,270	978,346
Less : expected credit losses	(51,493)	(30,983)
Total net loans, advances and financing	1,030,777	947,363
(ii) By Type of Customers		
Domestic business enterprises:		
- Small medium enterprises	11,294	19,123
- Others	398,391	415,959
Domestic non-bank financial institutions	208,994	188,385
Individuals	461,385	354,298
Foreign individuals	2,206	581
Total gross loans, advances and financing	1,082,270	978,346
(iii) By Interest Rate Sensitivity		
Fixed rate		
- Other fixed rate loans/financing	36,545	36,545
- Housing loans/financing	3,536	3,738
- Hire purchase receivables	1,744	2,254
Variable rate		
- Cost-plus	1,010,470	907,033
- Other floating rate	29,975	28,776
Total gross loans, advances and financing	1,082,270	978,346
(iv) By Economic Purpose		
Purchase of securities	828,265	700,843
Purchase of landed properties of which		
- Residential	3,536	3,738
- Non-residential	44,826	52,655
Working capital	81,020	84,656
Construction	40,643	37,164
Purchase of transport vehicles	33,790	33,329
Others	50,190	65,961
Total gross loans, advances and financing	1,082,270	978,346

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****12. Loans, advances and financing (continued)**

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
(v) By Economic Sectors		
Household	463,591	354,880
Finance, insurance and business services	211,433	193,020
Real estate	142,118	156,172
Construction	91,613	88,631
Transport, storage and communication	85,466	89,750
Agriculture	37,062	43,089
Manufacturing	29,805	30,156
Wholesale, retail trade, restaurants & hotels	11,209	10,663
Education, health and others	7,831	9,616
Mining and quarrying	2,142	2,369
Total gross loans, advances and financing	1,082,270	978,346
(vi) By Geographical Distribution		
Wilayah Persekutuan	567,186	509,620
Selangor	258,775	232,432
Johor	61,728	56,916
Sarawak	60,254	63,285
Sabah	47,445	53,628
Pulau Pinang	39,608	23,723
Terengganu	35,001	29,638
Perak	4,619	5,146
Kedah	4,140	634
Negeri Sembilan	3,514	3,324
Total gross loans, advances and financing	1,082,270	978,346
(vii) By Maturity Structure		
Maturing within one year	837,320	685,308
One year to three years	49,422	76,354
Three years to five years	68,400	95,287
Over five years	127,128	121,397
Total gross loans, advances and financing	1,082,270	978,346

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****12. Loans, advances and financing (continued)**

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
(viii) Movement of impaired loans, advances and financing		
At beginning of the financial period	89,292	98,782
Classified as impaired during the financial period	-	96,752
Reclassified as non-impaired during the financial period	-	(69,900)
Amount written-off	-	(20,626)
Amount recovered	(5,990)	(15,716)
At end of the financial period	83,302	89,292
Gross impaired loans as a percentage of gross loans, advances and financing	7.70%	9.13%
(ix) Impaired loans, advances and financing analysed by economic sector		
Construction	36,545	36,545
Real estate	32,076	35,089
Manufacturing	6,869	7,369
Transport, storage and communication	5,670	7,920
Mining and quarrying	2,142	2,369
Total impaired loans, advances and financing	83,302	89,292
(x) Impaired loans, advances and financing analysed by economic purpose		
Working capital	49,085	51,835
Purchase of securities	26,075	26,075
Purchase of transport vehicles	2,142	2,369
Others	6,000	9,013
Total impaired loans, advances and financing	83,302	89,292
(xi) Impaired loans, advances, and financing by geographical distribution		
Sarawak	36,545	36,545
Selangor	44,615	50,378
Wilayah Persekutuan	2,142	2,369
Total impaired loans, advances and financing	83,302	89,292

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****12. Loans, advances and financing (continued)****(xii) Movement in expected credit losses ("ECL") for loans, advances and financing:**

	The Group and the Bank			Total 30-09-2021 RM'000
	12-months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1	Stage 2	Stage 3	
	30-09-2021 RM'000	30-09-2021 RM'000	30-09-2021 RM'000	
At beginning of financial period	1,781	8,150	21,052	30,983
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	7	(7)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(748)	748	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(741)	741	-	-
Loans/Financing derecognised during the period (other than write-offs)	(186)	-	(2,514)	(2,700)
New loans/financing originated or purchased	52	-	-	52
Changes due to change in credit risk	698	13,413	9,047	23,158
At end of financial period	1,604	22,304	27,585	51,493

	The Group and the Bank			Total 31-12-2020 RM'000
	12-months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	
	Stage 1	Stage 2	Stage 3	
	31-12-2020 RM'000	31-12-2020 RM'000	31-12-2020 RM'000	
At beginning of the financial year	2,007	676	14,827	17,510
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	1,275	-	(1,275)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,158)	2,428	(1,270)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1)	(1,393)	1,394	-
Total transfer between stages	116	1,035	(1,151)	-
Loans/Financing derecognised during the financial year (other than write-offs)	(143)	(27)	(149)	(319)
New loans/financing originated or purchased	43	-	-	43
Changes due to change in credit risk	(321)	6,684	28,151	34,514
Changes in model/risk parameters	47	-	-	47
Write-offs	-	-	(20,626)	(20,626)
Other adjustments:				
- Foreign exchange and other adjustments	32	(218)	-	(186)
At end of the financial year	1,781	8,150	21,052	30,983

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****12. Loans, advances and financing (continued)**

(xiii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses ("ECL"):

	The Group and the Bank			Total
	12-months ECL	Lifetime ECL Not	Lifetime ECL	
	Stage 1	Credit Impaired	Credit Impaired	
30-09-2021	30-09-2021	30-09-2021	30-09-2021	
	RM'000	RM'000	RM'000	RM'000
At beginning of financial period	800,505	88,549	89,292	978,346
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	36,015	(36,015)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,683)	9,683	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	26,332	(26,332)	-	-
Loans/Financing derecognised during the financial period (other than write-offs)	(104,358)	-	(3,088)	(107,446)
New loans/financing originated or purchased	482,127	-	-	482,127
Changes due to change in credit risk	(268,060)	(1,570)	(2,902)	(272,532)
Other adjustments:				
- Foreign exchange and other adjustments	583	1,192	-	1,775
At end of financial period	937,129	61,839	83,302	1,082,270

	The Group and the Bank			Total
	12-months ECL	Lifetime ECL Not	Lifetime ECL	
	Stage 1	Credit Impaired	Credit Impaired	
31-12-2020	31-12-2020	31-12-2020	31-12-2020	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	923,580	72,700	98,782	1,095,062
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	20,026	(124)	(19,902)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(132,238)	182,236	(49,998)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(23,545)	(76,150)	99,695	-
Total transfer between stages	(135,757)	105,962	29,795	-
Loans/Financing derecognised during the financial year (other than write-offs)	(171,728)	(6,380)	(513)	(178,621)
New loans/financing originated or purchased	509,125	-	-	509,125
Changes due to change in credit risk	(326,363)	(81,580)	(18,146)	(426,089)
Write-offs	-	-	(20,626)	(20,626)
Other adjustments:				
- Foreign exchange and other adjustments	1,648	(2,153)	-	(505)
At end of the financial year	800,505	88,549	89,292	978,346

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****13. Trade receivables**

	The Group		The Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
	RM'000	RM'000	RM'000	RM'000
Amount in respect of asset management related fees receivables	147,869	261,510	-	-
Amount due from clients:				
- performing accounts	343,484	564,841	343,484	564,841
- impaired accounts (a)	392	1,387	392	1,387
Amount due from brokers	104,786	93,918	104,786	93,918
	596,531	921,656	448,662	660,146
Less: expected credit losses	(1,873)	(2,809)	(1,651)	(2,720)
	594,658	918,847	447,011	657,426

(a) Movement of impaired amount due from clients

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
At beginning of the financial period/year	1,387	139
Classified as impaired during the financial period/year	1,436	2,104
Amount recovered	(2,431)	(856)
At end of the financial period/year	392	1,387

(b) Movements in expected credit losses ("ECL") on trade receivables

	Lifetime ECL Not	The Group	Total
	Credit Impaired	Lifetime ECL	
	30-09-2021	30-09-2021	30-09-2021
	RM'000	RM'000	RM'000
At beginning of financial period	2,335	474	2,809
Allowance made	1,570	1,429	2,999
Amount written back	(2,417)	(1,518)	(3,935)
At end of financial period	1,488	385	1,873

	Lifetime ECL Not	The Group	Total
	Credit Impaired	Lifetime ECL	
	31-12-2020	31-12-2020	31-12-2020
	RM'000	RM'000	RM'000
At beginning of the financial year	70	138	208
Allowance made	8,429	1,192	9,621
Amount written back	(6,164)	(856)	(7,020)
At end of the financial year	2,335	474	2,809

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****13. Trade receivables (continued)****(b) Movements in expected credit losses ("ECL") on trade receivables (continued)**

	Lifetime ECL Not Credit Impaired 30-09-2021 RM'000	The Bank Lifetime ECL Credit Impaired 30-09-2021 RM'000	Total 30-09-2021 RM'000
At beginning of financial period	2,246	474	2,720
Allowance made	1,437	1,429	2,866
Amount written back	(2,417)	(1,518)	(3,935)
At end of financial period	<u>1,266</u>	<u>385</u>	<u>1,651</u>

	Lifetime ECL Not Credit Impaired 31-12-2020 RM'000	The Bank Lifetime ECL Credit Impaired 31-12-2020 RM'000	Total 31-12-2020 RM'000
At beginning of the financial year	45	138	183
Allowance made	8,363	1,192	9,555
Amount written back	(6,162)	(856)	(7,018)
At end of the financial year	<u>2,246</u>	<u>474</u>	<u>2,720</u>

14. Other assets

	The Group		The Bank	
	30-09-2021 RM'000	31-12-2020 RM'000	30-09-2021 RM'000	31-12-2020 RM'000
Other debtors, deposits and prepayments	64,556	48,685	55,599	40,342
Securities lending	22,939	14,044	22,939	14,044
Clearing guarantee fund	2,130	2,413	2,130	2,413
Clearing fund	2,527	1,718	2,527	1,718
Transferable membership	350	350	250	250
	<u>92,502</u>	<u>67,210</u>	<u>83,445</u>	<u>58,767</u>
Less : expected credit losses ("ECL")	(4,000)	(3,966)	(3,999)	(3,966)
	<u>88,502</u>	<u>63,244</u>	<u>79,446</u>	<u>54,801</u>

Movement in credit impaired accounts

	The Group and the Bank	
	30-09-2021 RM'000	31-12-2020 RM'000
At beginning of the financial period/year	4,575	2,085
Classified as impaired during the financial period/year	2,371	4,104
Amount recovered	(2,911)	(1,555)
Amount written off	-	(59)
At end of the financial period/year	<u>4,035</u>	<u>4,575</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****14. Other assets (continued)****(a) Movements in expected credit losses ("ECL") on other assets**

	Lifetime ECL Not Credit Impaired 30-09-2021 RM'000	The Group Lifetime ECL Credit Impaired 30-09-2021 RM'000	Total 30-09-2021 RM'000
At beginning of financial period	18	3,948	3,966
Allowance made	53	2,336	2,389
Amount written back	(49)	(2,306)	(2,355)
At end of financial period	<u>22</u>	<u>3,978</u>	<u>4,000</u>

	Lifetime ECL Not Credit Impaired 31-12-2020 RM'000	The Group Lifetime ECL Credit Impaired 31-12-2020 RM'000	Total 31-12-2020 RM'000
At beginning of the financial year	7	2,051	2,058
Allowance made	40	3,510	3,550
Amount written back	(29)	(1,555)	(1,584)
Amount written off	-	(58)	(58)
At end of the financial year	<u>18</u>	<u>3,948</u>	<u>3,966</u>

	Lifetime ECL Not Credit Impaired 30-09-2021 RM'000	The Bank Lifetime ECL Credit Impaired 30-09-2021 RM'000	Total 30-09-2021 RM'000
At beginning of financial period	18	3,948	3,966
Allowance made	40	2,336	2,376
Amount written back	(37)	(2,306)	(2,343)
At end of financial period	<u>21</u>	<u>3,978</u>	<u>3,999</u>

	Lifetime ECL Not Credit Impaired 31-12-2020 RM'000	The Bank Lifetime ECL Credit Impaired 31-12-2020 RM'000	Total 31-12-2020 RM'000
At beginning of the financial year	6	2,051	2,057
Allowance made	40	3,510	3,550
Amount written back	(28)	(1,555)	(1,583)
Amount written off	-	(58)	(58)
At end of the financial year	<u>18</u>	<u>3,948</u>	<u>3,966</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****15. Deposits from customers**

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
(i) By Type of Deposits		
Fixed deposits	3,232,655	3,079,720
Negotiable instruments of deposits	858,335	1,009,544
Other deposits	93,247	125,462
	<u>4,184,237</u>	<u>4,214,726</u>
(ii) By Maturity Structure		
Due within six months	3,384,225	3,665,571
Six months to one year	246,305	549,155
One year to three years	553,707	-
	<u>4,184,237</u>	<u>4,214,726</u>
(iii) By Type of Customer		
Domestic non-banking financial institutions	2,271,340	2,226,834
Domestic banking institutions	857,898	1,009,254
Business enterprises	538,451	676,694
Government and statutory bodies	453,249	217,271
Individuals	36,948	37,447
Foreign entities	16,318	34,966
Other entities	10,033	12,260
	<u>4,184,237</u>	<u>4,214,726</u>

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
Licensed banks	600,890	100,081
Licensed investment banks	50,168	80,441
	<u>651,058</u>	<u>180,522</u>

17. Trade payables

	The Group		The Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
	RM'000	RM'000	RM'000	RM'000
Amount due to unit trust funds	321,752	278,716	-	-
Amount due to unit holders	183,830	125,399	-	-
Amount due to clients	188,642	311,469	188,005	310,832
Amount due to brokers	118,277	107,460	118,277	107,460
Amount due to Bursa Securities Clearing Sdn. Bhd.	22,666	98,241	22,666	98,241
Amount due to external funds managers	43	16	-	-
	<u>835,210</u>	<u>921,301</u>	<u>328,948</u>	<u>516,533</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****18. Other liabilities**

	The Group		The Bank	
	30-09-2021 RM'000	31-12-2020 RM'000	30-09-2021 RM'000	31-12-2020 RM'000
Commissioned dealer's representative trust balances	68,198	65,792	68,198	65,792
Amounts payable to commissioned and salaried dealer's representatives	111,543	150,305	111,543	150,305
Accrued employee benefit	98,722	114,361	45,585	62,477
Securities borrowing	132,215	76,079	132,215	76,079
Other creditors and accruals	149,155	209,703	74,333	120,722
Puttable liabilities	205,350	200,380	-	-
	765,183	816,620	431,874	475,375
Add: expected credit losses - loans and financing commitments and financial guarantees	18,528	18,558	18,528	18,558
	783,711	835,178	450,402	493,933

Movement in expected credit losses ("ECL") on loans and financing commitments and financial guarantees:

	The Group and the Bank			
	12 months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	30-09-2021 RM'000	Stage 2 30-09-2021 RM'000	Stage 3 30-09-2021 RM'000	30-09-2021 RM'000
At beginning of the financial period	33	600	17,925	18,558
Changes due to change in credit risk	(30)	-	-	(30)
At end of the financial period	3	600	17,925	18,528

	The Group and the Bank			
	12 months ECL	Lifetime ECL Not	Lifetime ECL	Total
	Stage 1	Credit Impaired	Credit Impaired	
	31-12-2020 RM'000	Stage 2 31-12-2020 RM'000	Stage 3 31-12-2020 RM'000	31-12-2020 RM'000
At beginning of the financial year	4	-	14,563	14,567
New loan commitments/financial guarantees issued	4	-	-	4
Changes due to change in credit risk	26	600	3,362	3,988
Changes in model/risk parameters	(1)	-	-	(1)
At end of the financial year	33	600	17,925	18,558

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****19. Reserves**

	The Group		The Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
	RM'000	RM'000	RM'000	RM'000
FVOCI revaluation reserves (a)	(27,070)	76,991	(27,125)	76,936
Regulatory reserves (b)	11,261	10,972	11,261	10,972
Other reserves (c)	(65,909)	(65,909)	-	-
Foreign exchange reserves	(205)	(205)	-	-
Retained profits	559,492	569,518	547,578	510,908
	477,569	591,367	531,714	598,816

- (a) The FVOCI revaluation reserves, net of deferred tax represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit losses for financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.
- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank shall maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.
- (c) Other reserves represents the Group's obligation/option to purchase subsidiaries' shares held by non-controlling interest.

(i) Obligation to buy Affin Hwang Asset Management Berhad's ("AHAM") shares from non-controlling interest

On 8 March 2019, under the Employee Stock Option Incentive Scheme, the options holders have fully exercised the 1000 employee stock options at exercise price of RM40.30 per share. As a result, the employee stock option holder(s) were allotted a total of 1,111,000 units of new ordinary shares for a total consideration of RM44.77 million.

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ("SCR") provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. As at 31 December 2020, the option holders have collectively agreed to not exercise their rights in relation to the buy back at first window, i.e. 1 March 2021.

The SCR provision represents a purchase of AHAM's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount to be recognised as finance costs within the income statements. In the event of a change in the estimated future redemption amount of SCR, the remeasurement amounts will be recognised in equity as the changes in the Bank's ownership interest in AHAM does not result in the Bank losing control of AHAM.

(ii) Option to buy AccelVantage Academy Sdn Bhd's ("AVA") shares from non-controlling interest

This represents the present value of an option to purchase AVA's shares pursuant to the terms of the exit mechanism in a shareholders agreement entered into between the Bank's subsidiary, AHAM and GV Capital Dynamic Sdn Bhd ("GVCD").

AHAM is granted a call option to acquire the entire 49% equity shares in AVA held by GVCD within 90 days of the call option period. The exercise price under the call option is determined based on pre-agreed formula.

The financial liability at Group is initially recognised at the present value of the redemption amount and accreted through finance charges in the income statements over the contract period, up to the final redemption amount. In the event of a change in the exercise price under the call option, the remeasurement amounts will be recognised in equity as the changes in AHAM's ownership interest in AVA does not result in AHAM losing control of AVA.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****20. Interest 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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	13,899	12,381	37,446	40,628
Money at call and deposit placements with financial institutions	4,989	5,936	18,669	17,857
Financial investments at FVOCI	27,612	25,545	77,832	96,258
Financial investments at amortised cost	594	617	1,762	1,816
Others	1,271	1,965	6,102	3,517
	48,365	46,444	141,811	160,076
of which:				
Interest income earned on impaired loans, advances and financing	1,414	1,474	2,595	3,445

	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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	13,899	12,381	37,446	40,628
Money at call and deposit placements with financial institutions	4,441	5,462	16,960	16,573
Financial investments at FVOCI	27,612	25,545	77,832	96,258
Financial investments at amortised cost	594	617	1,762	1,816
Others	1,268	1,960	6,093	3,502
	47,814	45,965	140,093	158,777
of which:				
Interest income earned on impaired loans, advances and financing	1,414	1,474	2,595	3,445

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****21. Interest expense**

	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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	27,213	30,748	87,235	113,205
Deposits and placements of banks and other financial institutions	2,220	159	5,029	2,475
Lease liability	126	317	462	711
Foreign currency borrowings	-	-	38	57
Others	1,727	1,398	5,179	4,646
	31,286	32,622	97,943	121,094

	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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	27,213	30,748	87,235	113,205
Deposits and placements of banks and other financial institutions	2,220	159	5,029	2,475
Lease liability	57	201	213	326
Foreign currency borrowings	-	-	38	57
Others	70	48	209	596
	29,560	31,156	92,724	116,659

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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income				
Unit trust management and incentive fee	115,888	88,551	369,407	245,758
Initial service charge	34,553	41,756	196,748	98,600
Net brokerage income	21,031	29,227	73,894	73,046
Private placement fees	2,492	612	8,373	4,475
Loans related fees	2,223	1,944	6,044	5,337
Corporate advisory fees	1,701	1,496	5,387	5,154
Underwriting commissions	-	118	900	118
Arrangement fees	320	120	849	240
Others	4,194	2,975	13,263	6,590
	182,402	166,799	674,865	439,318
(b) Fee and commission expense				
Commission and referral expenses	(63,816)	(57,112)	(282,254)	(139,886)
Net fee and commission income	118,586	109,687	392,611	299,432

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****22. Net fee and commission 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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income				
Net brokerage income	21,031	29,233	73,894	73,062
Loans related fees	2,223	1,944	6,044	5,337
Private placement fees	2,235	427	5,406	2,740
Corporate advisory fees	1,123	1,179	4,019	3,949
Underwriting commissions	-	118	900	118
Arrangement fees	320	120	849	240
Others	3,029	1,780	9,759	4,270
	<u>29,961</u>	<u>34,801</u>	<u>100,871</u>	<u>89,716</u>
(b) Fee and commission expense				
Commission and referral expenses	-	-	-	-
Net fee and commission income	<u>29,961</u>	<u>34,801</u>	<u>100,871</u>	<u>89,716</u>

23. Net gains and losses on financial instruments

	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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gains on disposal	10,916	40,930	37,575	86,796
- unrealised gains/(losses)	368	1,177	(3,268)	743
- gross dividend income	1,391	1,778	4,385	4,654
- interest income	5,000	4,452	15,297	12,792
Gains/(losses) on derivative instruments				
- realised gains	193	-	205	-
- unrealised gains/(losses)	948	(121)	1,339	5,196
- interest income	5,519	5,927	16,799	11,160
- interest expense	(5,981)	(5,498)	(17,663)	(10,604)
Gains arising on financial investments at FVOCI				
- net gains on disposal	4,710	123	32,940	144,685
- gross dividend income	117	187	330	300
	<u>23,181</u>	<u>48,955</u>	<u>87,939</u>	<u>255,722</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****23. Net gains and losses on financial instruments (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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gains on disposal	10,884	40,811	36,965	86,205
- unrealised gains/(losses)	3,125	(2,906)	(2,559)	(3,470)
- gross dividend income	1,081	1,561	3,919	3,768
- interest income	5,000	4,452	15,297	12,792
Gains/(losses) on derivative instruments				
- realised gains	193	-	205	-
- unrealised gains/(losses)	948	(121)	1,339	5,196
- interest income	5,519	5,927	16,799	11,160
- interest expense	(5,981)	(5,498)	(17,663)	(10,604)
Gains arising on financial investments at FVOCI				
- net gains on disposal	4,710	123	32,940	144,685
- gross dividend income	117	187	330	300
	25,596	44,536	87,572	250,032

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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gains/(losses)				
- realised	5,373	24,016	12,894	30,291
- unrealised	(1,950)	(19,691)	(282)	(19,456)
Gains on disposal of property and equipment	71	86	178	201
Others	110	322	496	1,241
	3,604	4,733	13,286	12,277

	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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gains/(losses)				
- realised	5,108	24,453	11,245	29,622
- unrealised	(2,525)	(19,285)	(1,227)	(19,781)
Gains on disposal of property and equipment	1	7	4	16
Gross dividend income from subsidiary	49,000	49,000	112,000	49,000
Others	251	376	906	1,410
	51,835	54,551	122,928	60,267

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****25. Other operating expenses**

	The Group			
	Individual Quarter Current Financial Period Ended 30-09-2021 RM'000	Preceding Year Corresponding Period Ended 30-09-2020 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period-to-date 30-09-2020 RM'000
Personnel costs				
Salaries, allowances and bonuses	46,516	58,398	153,006	156,879
Defined contribution plan	9,405	10,848	30,023	28,786
Other personnel costs	12,907	10,897	33,616	30,215
	68,828	80,143	216,645	215,880
Marketing expenses				
Business promotion and advertisement	862	1,610	5,221	6,745
Entertainment	356	908	1,667	2,468
Commission and brokerage expenses	117	106	267	488
Travelling and accomodation	(71)	321	184	1,264
Others	341	422	932	1,148
	1,605	3,367	8,271	12,113
Establishment cost				
Repair and maintenance	3,915	3,251	11,660	9,417
Depreciation of property and equipment	2,696	2,870	7,641	8,551
Depreciation – ROU assets	2,423	2,430	7,360	7,441
Rental of premises and equipment	803	819	2,481	2,500
Amortisation of intangible assets	665	713	2,089	2,080
Electricity, water and sewerage	447	544	1,456	1,632
Insurance and indemnities	217	211	755	694
Others	2	5	13	75
	11,168	10,843	33,455	32,390
Administration and general expenses				
Subscription	3,741	3,292	10,869	9,471
Telecommunication expenses	2,611	3,101	8,279	8,822
Professional fees	2,483	1,649	7,050	4,499
Directors' remuneration (Note 25 (b))	579	631	1,967	1,682
Auditors' remuneration	183	148	615	555
Property and equipment written-off	-	51	-	148
Others	1,288	1,970	4,127	5,839
	10,885	10,842	32,907	31,016
Total other operating expenses	92,486	105,195	291,278	291,399

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****25. Other operating expenses (continued)**

	The Group			
	Individual Quarter Current Financial Period Ended 30-09-2021 RM'000	Preceding Year Corresponding Period Ended 30-09-2020 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period Ended 30-09-2020 RM'000
(a) Included in other operating expenses are intercompany charges:				
Establishment cost	1,985	2,050	5,970	6,666
Marketing expenses	28	50	68	215
Administration and general expenses	-	134	259	386
	<u>2,013</u>	<u>2,234</u>	<u>6,297</u>	<u>7,267</u>
Inside Malaysia	2,013	2,234	6,297	7,267
(b) Chief Executive Officer & Directors' Remuneration				
Chief Executive Officer				
Fixed and non-deferred remuneration				
- Salary and other emoluments*	392	-	1,262	-
Variable and non-deferred remuneration				
- Benefits-in-kind	6	-	18	-
	<u>398</u>	<u>-</u>	<u>1,280</u>	<u>-</u>
Non-Executive Directors				
Fixed and non-deferred remuneration				
- Fees	360	399	1,097	1,111
- Other emoluments	219	225	862	548
- Benefits-in-kind	-	7	8	23
Total	<u>579</u>	<u>631</u>	<u>1,967</u>	<u>1,682</u>
Grand total	<u>977</u>	<u>631</u>	<u>3,247</u>	<u>1,682</u>

* Other emoluments include allowances and EPF

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****25. Other operating expenses (continued)**

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial Period Ended 30-09-2021 RM'000	Corresponding Period Ended 30-09-2020 RM'000	Financial Period-to-date 30-09-2021 RM'000	Corresponding Period-to-date 30-09-2020 RM'000
Personnel costs				
Salaries, allowances and bonuses	21,608	36,919	74,727	96,140
Defined contribution plan	3,474	5,895	12,037	15,221
Other personnel costs	2,281	2,780	4,228	8,691
	<u>27,363</u>	<u>45,594</u>	<u>90,992</u>	<u>120,052</u>
Marketing expenses				
Business promotion and advertisement	284	184	1,707	1,583
Commission and brokerage expenses	104	97	238	469
Entertainment	6	103	76	329
Travelling and accommodation	(108)	241	58	823
Others	-	-	-	1
	<u>286</u>	<u>625</u>	<u>2,079</u>	<u>3,205</u>
Establishment cost				
Repair and maintenance	1,220	1,719	4,658	4,700
Depreciation of property and equipment	1,731	1,810	4,556	5,440
Depreciation – ROU assets	1,434	1,406	4,313	4,336
Rental of premises and equipment	589	570	1,780	1,841
Electricity, water and sewerage	386	461	1,230	1,367
Amortisation of intangible assets	232	394	763	1,136
Insurance and indemnities	208	184	686	604
Others	2	5	13	75
	<u>5,802</u>	<u>6,549</u>	<u>17,999</u>	<u>19,499</u>
Administration and general expenses				
Telecommunication expenses	2,066	2,709	6,705	7,526
Subscription	2,050	1,724	5,962	5,278
Directors' remuneration (Note 25 (b))	534	586	1,818	1,535
Professional fees	310	148	1,123	681
Auditors' remuneration	134	134	462	401
Property and equipment written-off	-	-	-	91
Others	517	1,614	2,709	3,735
	<u>5,611</u>	<u>6,915</u>	<u>18,779</u>	<u>19,247</u>
Total other operating expenses	<u>39,062</u>	<u>59,683</u>	<u>129,849</u>	<u>162,003</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****25. Other operating expenses (continued)**

	The Bank			
	Individual Quarter Current Financial Period Ended 30-09-2021 RM'000	Preceding Year Corresponding Period Ended 30-09-2020 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2021 RM'000	Preceding Year Corresponding Period-to-date 30-09-2020 RM'000
(a) Included in other operating expenses are intercompany charges:				
Establishment cost	1,199	1,245	3,670	4,288
Marketing expenses	27	47	66	185
Administration and general expenses	-	4	258	255
	<u>1,226</u>	<u>1,296</u>	<u>3,994</u>	<u>4,728</u>
Inside Malaysia	1,226	1,296	3,994	4,728
(b) Chief Executive Officer & Directors' Remuneration				
Chief Executive Officer				
Fixed and non-deferred remuneration				
- Salary and other emoluments*	392	-	1,262	-
Variable and non-deferred remuneration				
- Benefits-in-kind	6	-	18	-
	<u>398</u>	<u>-</u>	<u>1,280</u>	<u>-</u>
Non-executive directors				
Fixed and non-deferred remuneration				
- Fees	327	366	998	1,012
- Other emoluments	207	213	812	500
- Benefits-in-kind	-	7	8	23
Total	<u>534</u>	<u>586</u>	<u>1,818</u>	<u>1,535</u>
Grand total	<u>932</u>	<u>586</u>	<u>3,098</u>	<u>1,535</u>

* Other emoluments include allowances and EPF

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****26. Allowances for 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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (made)/written-back on:				
- loans, advances and financing	(7,623)	(537)	(20,510)	(27,130)
- trade receivables	(41)	(250)	936	(342)
- securities	(6,094)	(4,222)	(15,498)	(7,419)
- deposits and placements with financial institutions	(95)	39	(95)	-
- other assets	509	(1,530)	(34)	(1,925)
- loans and financing commitments and financial guarantees	10	(3)	30	(3,369)
Bad debts recovered	41	68	41	1,701
	(13,293)	(6,435)	(35,130)	(38,484)

	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
	30-09-2021	30-09-2020	30-09-2021	30-09-2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (made)/written-back on:				
- loans, advances and financing	(7,623)	(537)	(20,510)	(27,130)
- trade receivables	(42)	(244)	1,069	(287)
- securities	(6,094)	(4,222)	(15,498)	(7,419)
- deposits and placements with financial institutions	(95)	39	(95)	-
- other assets	509	(1,530)	(33)	(1,925)
- loans and financing commitments and financial guarantees	10	(3)	30	(3,369)
Bad debts recovered	41	68	41	1,701
	(13,294)	(6,429)	(34,996)	(38,429)

27. Capital adequacy

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) updated on 9 December 2020.

The Group and the Bank have applied the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The Group and the Bank have elected to apply transitional arrangements for four financial years beginning on 1 January 2020. Under the transitional arrangements, the amount of loss allowances measured at an amount equal to 12-months ECL and lifetime ECL to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), is allowed to be added back in the calculation of CET1 capital ratio.

The Group's and the Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operates;
- To safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****27. Capital adequacy (continued)**

The table below summarises the composition of regulatory capital and the ratios of the Group and the Bank:

	The Group		The Bank	
	30-09-2021 RM'000	31-12-2020 RM'000	30-09-2021 RM'000	31-12-2020 RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Share capital	999,800	999,800	999,800	999,800
Other reserves	(65,909)	(65,909)	-	-
Foreign exchange reserves	(205)	(205)	-	-
Retained profits	505,449	580,490	558,839	521,880
Unrealised gains on FVOCI instruments	(27,070)	76,991	(27,125)	76,936
	1,412,065	1,591,167	1,531,514	1,598,616
Less : Regulatory adjustment				
Goodwill and other intangible assets	(323,887)	(324,861)	(314,878)	(315,375)
Investment in subsidiaries/associates	(4,108)	(4,108)	(133,184)	(133,184)
Regulatory reserve	(11,261)	(10,972)	(11,261)	(10,972)
55% of cumulative gains on FVOCI instruments	-	(42,345)	-	(42,315)
Deferred tax assets	(77,968)	(46,205)	(60,047)	(29,713)
Other CET1 regulatory adjustments specified by BNM	23,244	10,063	23,047	10,000
Total CET 1 capital	1,018,085	1,172,739	1,035,191	1,077,057
Additional Tier 1 Capital				
Qualifying non-controlling interests	32,177	31,015	-	-
Total Tier 1 capital (a)	1,050,262	1,203,754	1,035,191	1,077,057
Tier 2 capital				
Qualifying loss provisions #	14,175	13,886	14,150	13,860
Total Tier 2 capital (b)	14,175	13,886	14,150	13,860
Total Capital (a) + (b)	1,064,437	1,217,640	1,049,341	1,090,917
Proposed dividends	120,000	35,000	120,000	35,000

Qualifying loss provisions are restricted to allowances on unimpaired portion of the loans, advances and financing.

	The Group		The Bank	
	30-09-2021 RM'000	31-12-2020 RM'000	30-09-2021 RM'000	31-12-2020 RM'000
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	1,825,057	1,818,648	1,377,607	1,287,389
Market risk	433,683	494,173	351,233	492,131
Operational risk	1,095,503	1,026,536	514,221	509,161
Total Risk-Weighted Assets	3,354,243	3,339,357	2,243,061	2,288,681

Capital Ratios:Before deducting proposed dividend:

CET 1 capital ratio	30.352%	35.119%	46.151%	47.060%
Tier 1 capital ratio	31.311%	36.047%	46.151%	47.060%
Total capital ratio	31.734%	36.463%	46.782%	47.666%

After deducting proposed dividend:

CET 1 capital ratio	26.775%	34.071%	40.801%	45.531%
Tier 1 capital ratio	27.734%	34.999%	40.801%	45.531%
Total capital ratio	28.156%	35.415%	41.432%	46.136%

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****28. Commitments and contingencies**

	The Group and the Bank	
	30-09-2021	31-12-2020
	Principal amount	Principal amount
	RM'000	RM'000
Transaction related contingent items	85,606	86,606
Obligations under underwriting agreement	-	17,792
Irrevocable commitments to extend credit:		
- maturity less than one year	13,652	25,464
- maturity more than one year	12,483	5,569
Interest rate related contracts:		
- less than one year	850,000	390,000
- one year to less than five years	2,250,000	2,550,000
Foreign exchange related contracts:		
- less than one year	11,454,280	7,827,363
- one year to less than five years	798,926	812,309
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	940,024	783,018
Total	16,404,971	12,498,121

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 2021 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	618,862
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	13.36%
(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 unaudited condensed interim financial statements
for the financial period ended 30 September 2021****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 prices (unadjusted) in active markets for identical assets and liabilities.
 (b) Level 2 - Quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
 (c) Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30-09-2021				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	31,860	-	31,860
- Corporate bonds or sukuk	-	58,499	-	58,499
- Shares, warrants and unit trusts	325,629	-	-	325,629
Financial investments at FVOCI				
- Money market instruments	-	2,104,102	-	2,104,102
- Corporate bonds or sukuk	-	1,682,036	-	1,682,036
- Shares	-	-	26,697	26,697
Derivative financial assets	-	114,856	-	114,856
	<u>325,629</u>	<u>3,991,353</u>	<u>26,697</u>	<u>4,343,679</u>
Liabilities				
Derivative financial liabilities	-	103,413	-	103,413
Puttable liabilities - investment in funds	84,268	-	-	84,268
Other liabilities -equities trading	2,166	-	-	2,166
Total	<u>86,434</u>	<u>103,413</u>	<u>-</u>	<u>189,847</u>
31-12-2020				
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	58,494	-	58,494
- Shares, warrants and unit trusts	411,849	-	-	411,849
Financial investments at FVOCI				
- Money market instruments	-	2,178,198	-	2,178,198
- Corporate bonds or sukuk	-	1,870,864	-	1,870,864
- Shares	-	-	25,319	25,319
Derivative financial assets	-	160,336	-	160,336
Total	<u>411,849</u>	<u>4,267,892</u>	<u>25,319</u>	<u>4,705,060</u>
Liabilities				
Derivative financial liabilities	-	150,939	-	150,939
Puttable liabilities - investment in funds	84,268	-	-	84,268
Other liabilities -equities trading	394	-	-	394
Total	<u>84,662</u>	<u>150,939</u>	<u>-</u>	<u>235,601</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****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
30-09-2021				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	31,860	-	31,860
- Corporate bonds or sukuk	-	18	-	18
- Shares, warrants and unit trusts	210,021	-	-	210,021
Financial investments at FVOCI				
- Money market instruments	-	2,104,102	-	2,104,102
- Corporate bonds or sukuk	-	1,682,036	-	1,682,036
- Shares	-	-	26,697	26,697
Derivative financial assets	-	112,447	-	112,447
	<u>210,021</u>	<u>3,930,463</u>	<u>26,697</u>	<u>4,167,181</u>
Liabilities				
Derivative financial liabilities	-	103,413	-	103,413
Other liabilities - equities trading	2,166	-	-	2,166
Total	<u>2,166</u>	<u>103,413</u>	<u>-</u>	<u>105,579</u>
31-12-2020				
Assets				
Financial assets at FVTPL				
- Shares, warrants and unit trusts	308,231	-	-	308,231
Financial investments at FVOCI				
- Money market instruments	-	2,178,198	-	2,178,198
- Corporate bonds or sukuk	-	1,870,864	-	1,870,864
- Shares	-	-	25,319	25,319
Derivative financial assets	-	157,908	-	157,908
Total	<u>308,231</u>	<u>4,206,970</u>	<u>25,319</u>	<u>4,540,520</u>
Liabilities				
Derivative financial liabilities	-	150,939	-	150,939
Other liabilities - equities trading	394	-	-	394
Total	<u>394</u>	<u>150,939</u>	<u>-</u>	<u>151,333</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****30. Fair value measurements (continued)**

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market 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.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2020: Nil).

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

	The Group and The Bank	
	30-09-2021	31-12-2020
	RM'000	RM'000
Opening	25,319	23,002
FVOCI revaluation reserves	1,378	2,317
Closing	<u>26,697</u>	<u>25,319</u>

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at end of the current reporting date and last financial year ended 31 December 2020, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) are unquoted shares held for socio economic purpose.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****31. Liquidity risk**

Liquidity risk for assets and liabilities based on remaining contractual maturities :-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities:

Group	Up to 1 month	> 1-3 months	> 3-12 months	> 1-5 years	Over 5 years	No specific maturity	Total
30-09-2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Short term funds	1,531,603	-	-	-	-	-	1,531,603
Financial assets at FVTPL	79	-	1,011	9,523	31,800	373,575	415,988
Financial investments at FVOCI	20,387	71,338	45,893	2,214,867	1,433,653	26,697	3,812,835
Financial investments at amortised cost	-	-	25,652	15,390	-	-	41,042
Loans, advances and financing	734,935	5,358	95,941	84,350	54,476	55,717	1,030,777
Trade receivables	594,658	-	-	-	-	-	594,658
Derivative financial assets	19,099	33,035	27,573	35,149	-	-	114,856
Other assets	57,403	1,756	12,709	4,716	-	4,324	80,908
Statutory deposits with Bank Negara Malaysia	9,502	-	-	-	-	-	9,502
Other financial assets ⁽¹⁾	639	-	-	-	-	-	639
Other non-financial assets ⁽²⁾	-	-	4,444	3,150	-	448,859	456,453
Total assets	2,968,305	111,487	213,223	2,367,145	1,519,929	909,172	8,089,261
Liabilities							
Deposits from customers	1,300,870	1,635,510	694,150	553,707	-	-	4,184,237
Deposits and placements of banks and other financial institutions	150,501	400,546	100,011	-	-	-	651,058
Trade payables	835,210	-	-	-	-	-	835,210
Derivative financial liabilities	17,718	30,955	25,270	29,470	-	-	103,413
Other liabilities	241,798	51,694	151,271	240,226	-	-	684,989
Lease liabilities	802	1,608	4,559	1,900	-	-	8,869
Other financial liabilities ⁽³⁾	499	-	-	-	-	-	499
Other non financial liabilities ⁽⁴⁾	-	3,286	95,436	-	-	2,248	100,970
Total liabilities	2,547,398	2,123,599	1,070,697	825,303	-	2,248	6,569,245
Net liquidity gap	420,907	(2,012,112)	(857,474)	1,541,842	1,519,929	906,924	1,520,016

(1) Other financial assets include amount due from related companies, holding company and ultimate holding company.

(2) Other non-financial assets include prepayment, deferred tax assets, tax recoverable, property and equipment, intangible assets and right-of-use assets.

(3) Other financial liabilities include amount due to related companies and holding company.

(4) Other non-financial liabilities include accrued employee benefits and provision for taxation.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****31. Liquidity risk (continued)**

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
31-12-2020							
Assets							
Short term funds	858,178	-	-	-	-	-	858,178
Financial assets at FVTPL	-	-	-	1,024	-	469,319	470,343
Financial investments at FVOCI	20,555	126,969	235,526	1,397,552	2,268,460	25,319	4,074,381
Financial investments							
at amortised cost	762	-	1,316	40,437	-	-	42,515
Loans, advances and financing	605,363	2	75,991	147,723	86,588	31,696	947,363
Trade receivables	918,847	-	-	-	-	-	918,847
Derivative financial assets	17,823	41,580	38,284	62,649	-	-	160,336
Other assets	33,311	2,109	9,117	7,303	-	4,266	56,106
Statutory deposits with Bank							
Negara Malaysia	19,000	-	-	-	-	-	19,000
Other financial assets ⁽¹⁾	156	-	-	-	-	-	156
Other non-financial assets ⁽²⁾	-	-	3,868	3,270	-	425,800	432,938
Total assets	2,473,995	170,660	364,102	1,659,958	2,355,048	956,400	7,980,163
Liabilities							
Deposits from customers	1,359,425	892,158	1,963,143	-	-	-	4,214,726
Deposits and placements of banks							
and other financial institutions	100,081	80,441	-	-	-	-	180,522
Trade payables	921,301	-	-	-	-	-	921,301
Derivative financial liabilities	16,927	40,121	38,988	54,903	-	-	150,939
Other liabilities	235,573	51,771	199,871	233,602	-	-	720,817
Lease liabilities	790	1,588	7,066	6,060	-	-	15,504
Other financial liabilities ⁽³⁾	241	-	-	-	-	-	241
Other non-financial liabilities ⁽⁴⁾	-	4,901	109,460	-	-	-	114,361
Total liabilities	2,634,338	1,070,980	2,318,528	294,565	-	-	6,318,411
Net liquidity gap	(160,343)	(900,320)	(1,954,426)	1,365,393	2,355,048	956,400	1,661,752

(1) Other financial assets include amount due from related companies and ultimate holding company.

(2) Other non-financial assets include prepayment, deferred tax assets, tax recoverable, property and equipment, intangible assets and right-of-use assets.

(3) Other financial liabilities include amount due to a related company and holding company.

(4) Other non-financial liabilities include accrued employee benefits.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****31. Liquidity risk (continued)**

Liquidity risk for assets and liabilities based on remaining contractual maturities :-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Bank							
30-09-2021							
Assets							
Short term funds	947,526	-	-	-	-	-	947,526
Financial assets at FVTPL	79	-	-	-	31,800	210,020	241,899
Financial investments at FVOCI	20,387	71,338	45,893	2,214,867	1,433,653	26,697	3,812,835
Financial investments at amortised cost	-	-	25,652	15,390	-	-	41,042
Loans, advances and financing	734,935	5,358	95,941	84,350	54,476	55,717	1,030,777
Trade receivables	447,011	-	-	-	-	-	447,011
Amount due from subsidiaries	286	-	-	-	-	-	286
Other assets	57,403	1,756	12,547	1,693	-	2,897	76,296
Derivative financial assets	18,330	31,771	27,197	35,149	-	-	112,447
Statutory deposits with Bank Negara Malaysia	9,400	-	-	-	-	-	9,400
Other financial assets ⁽¹⁾	41	-	-	-	-	-	41
Other non-financial assets ⁽²⁾	-	-	-	3,150	-	531,399	534,549
Total assets	2,235,398	110,223	207,230	2,354,599	1,519,929	826,730	7,254,109
Liabilities							
Deposits from customers	1,300,870	1,635,510	694,150	553,707	-	-	4,184,237
Deposits and placements of banks and other financial institutions	150,501	400,546	100,011	-	-	-	651,058
Trade payables	328,948	-	-	-	-	-	328,948
Derivative financial liabilities	17,718	30,955	25,270	29,470	-	-	103,413
Other liabilities	229,960	22,028	117,953	34,876	-	-	404,817
Lease liabilities	464	934	2,407	732	-	-	4,537
Other non-financial liabilities ⁽³⁾	-	3,286	42,299	-	-	-	45,585
Total liabilities	2,028,461	2,093,259	982,090	618,785	-	-	5,722,595
Net liquidity gap	206,937	(1,983,036)	(774,860)	1,735,814	1,519,929	826,730	1,531,514

(1) Other financial assets include amount due from holding company.

(2) Other non-financial assets include prepayment, deferred tax assets, tax recoverable, property and equipment, intangible assets, right-of-use assets and investment in associated company and subsidiaries.

(3) Other non-financial liabilities include accrued employee benefits.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2021****31. Liquidity risk (continued)**

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Bank 31-12-2020							
Assets							
Short term funds	401,122	-	-	-	-	-	401,122
Financial assets at FVTPL	-	-	-	-	-	308,231	308,231
Financial investments at FVOCI	20,555	126,969	235,526	1,397,552	2,268,460	25,319	4,074,381
Financial investments at amortised cost	762	-	1,316	40,437	-	-	42,515
Loans, advances and financing	605,363	2	75,991	147,723	86,588	31,696	947,363
Trade receivables	657,426	-	-	-	-	-	657,426
Amount due from subsidiaries	194	-	-	-	-	-	194
Other assets	33,311	2,109	9,050	4,176	-	2,885	51,531
Derivative financial assets	17,035	40,316	37,908	62,649	-	-	157,908
Statutory deposits with Bank Negara Malaysia	18,900	-	-	-	-	-	18,900
Other non-financial assets ⁽¹⁾	-	-	-	3,270	-	500,763	504,033
Total assets	1,754,668	169,396	359,791	1,655,807	2,355,048	868,894	7,163,604
Deposits from customers	1,359,425	892,158	1,963,143	-	-	-	4,214,726
Deposits and placements of banks and other financial institutions	100,081	80,441	-	-	-	-	180,522
Trade payables	516,533	-	-	-	-	-	516,533
Derivative financial liabilities	16,927	40,121	38,988	54,903	-	-	150,939
Other liabilities	222,077	19,496	156,732	33,151	-	-	431,456
Lease liabilities	450	906	4,087	2,892	-	-	8,335
Other non-financial liabilities ⁽²⁾	-	4,811	57,666	-	-	-	62,477
Total liabilities	2,215,493	1,037,933	2,220,616	90,946	-	-	5,564,988
Net liquidity gap	(460,825)	(868,537)	(1,860,825)	1,564,861	2,355,048	868,894	1,598,616

(1) Other non-financial assets include prepayment, deferred tax assets, tax recoverable, property and equipment, intangible assets, right-of-use assets and investment in associated company and subsidiaries.

(2) Other non-financial liabilities include accrued employee benefits.