

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Financial Position**  
**as at 31 March 2022**

	Note	The Group		The Bank	
		As at 31-03-2022 RM'000	As at 31-12-2021 RM'000	As at 31-03-2022 RM'000	As at 31-12-2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,602,123	1,940,487	1,157,232	1,207,904
Financial assets at fair value through profit or loss ("FVTPL")	12	279,011	229,924	154,498	95,906
Financial investments at fair value through other comprehensive income ("FVOCI")	12	3,723,712	3,679,464	3,723,712	3,679,464
Financial investments at amortised cost	12	173,281	40,452	173,281	40,452
Loans and advances	13	1,176,288	1,078,409	1,176,288	1,078,409
Trade receivables	14	523,825	526,033	414,152	370,563
Derivative financial assets		66,088	77,269	65,818	76,961
Other assets	15	61,861	69,668	51,197	60,859
Statutory deposits with Bank Negara Malaysia		12,701	10,300	12,600	10,200
Amount due from subsidiaries		-	-	334	310
Amount due from related companies		962	1,065	-	-
Amount due from holding company		41	41	41	41
Amount due from ultimate holding company		29	31	-	-
Investment in subsidiaries		-	-	126,521	126,521
Investment in associates		-	-	1,332	1,332
Tax recoverable		44,423	26,963	31,578	26,048
Deferred tax assets		80,874	89,557	69,668	65,860
Property and equipment		16,172	17,277	7,575	7,897
Intangible assets		323,761	323,624	314,706	314,667
Right-of-use ("ROU") assets		5,233	6,240	2,178	3,034
<b>TOTAL ASSETS</b>		<b>8,090,385</b>	<b>8,116,804</b>	<b>7,482,711</b>	<b>7,166,428</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	16	4,372,816	4,326,059	4,372,816	4,326,059
Deposits and placements of banks and other financial institutions	17	737,836	601,992	737,836	601,992
Trade payables	18	868,736	982,032	555,928	360,641
Lease liabilities		5,512	6,574	2,271	3,139
Derivative financial liabilities		56,771	71,897	56,771	71,897
Amount due to related companies		28	287	-	-
Amount due to holding company		147	200	-	-
Other liabilities	19	635,788	723,601	365,870	393,731
Provision for taxation		-	1	-	-
<b>TOTAL LIABILITIES</b>		<b>6,677,634</b>	<b>6,712,643</b>	<b>6,091,492</b>	<b>5,757,459</b>
Share capital		999,800	999,800	999,800	999,800
Reserves	20	358,477	359,676	391,419	409,169
		1,358,277	1,359,476	1,391,219	1,408,969
Non-controlling interest		54,474	44,685	-	-
<b>TOTAL EQUITY</b>		<b>1,412,751</b>	<b>1,404,161</b>	<b>1,391,219</b>	<b>1,408,969</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,090,385</b>	<b>8,116,804</b>	<b>7,482,711</b>	<b>7,166,428</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>14,492,822</b>	<b>16,011,485</b>	<b>14,445,346</b>	<b>15,964,167</b>
<b>CAPITAL ADEQUACY</b>					
<b>Basel III</b>					
<b>Before deducting proposed dividend:</b>					
CET 1 capital ratio	28	31.505%	31.426%	44.268%	45.802%
Tier 1 capital ratio	28	32.426%	32.508%	44.268%	45.802%
Total capital ratio	28	33.094%	33.028%	45.049%	46.578%
<b>After deducting proposed dividend:</b>					
CET 1 capital ratio	28	31.505%	31.426%	44.268%	45.802%
Tier 1 capital ratio	28	32.426%	32.508%	44.268%	45.802%
Total capital ratio	28	33.094%	33.028%	45.049%	46.578%

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 2021.

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Income Statements**  
**for the financial period ended 31 March 2022**

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2022 RM'000	Preceding Year Corresponding Period 31-03-2021 RM'000	Current Financial Period-to-date 31-03-2022 RM'000	Preceding Year Corresponding Period-to-date 31-03-2021 RM'000
Interest income	21	49,637	47,420	49,637	47,420
Interest expense	22	(30,204)	(32,181)	(30,204)	(32,181)
<b>Net interest income</b>		<b>19,433</b>	<b>15,239</b>	<b>19,433</b>	<b>15,239</b>
Fee and commission income	23(a)	147,944	283,548	147,944	283,548
Fee and commission expense	23(b)	(37,913)	(153,218)	(37,913)	(153,218)
Net fee and commission income		110,031	130,330	110,031	130,330
Net gains and losses on financial instruments	24	9,495	28,432	9,495	28,432
Other operating income	25	2,381	5,574	2,381	5,574
<b>Net income</b>		<b>141,340</b>	<b>179,575</b>	<b>141,340</b>	<b>179,575</b>
Other operating expenses	26	(85,833)	(102,631)	(85,833)	(102,631)
<b>Operating profit before allowances</b>		<b>55,507</b>	<b>76,944</b>	<b>55,507</b>	<b>76,944</b>
Allowances for credit impairment losses	27	(7,305)	(9,734)	(7,305)	(9,734)
<b>Profit before zakat and taxation</b>		<b>48,202</b>	<b>67,210</b>	<b>48,202</b>	<b>67,210</b>
Zakat		(309)	(1,165)	(309)	(1,165)
<b>Profit before taxation</b>		<b>47,893</b>	<b>66,045</b>	<b>47,893</b>	<b>66,045</b>
Taxation		(12,568)	(13,657)	(12,568)	(13,657)
<b>Net profit after zakat and taxation</b>		<b>35,325</b>	<b>52,388</b>	<b>35,325</b>	<b>52,388</b>
<b>Attributable to:</b>					
- Equity holders of the Bank		25,431	39,717	25,431	39,717
- Non-controlling interests		9,894	12,671	9,894	12,671
		<b>35,325</b>	<b>52,388</b>	<b>35,325</b>	<b>52,388</b>
Earnings per share (sen):					
- basic/fully diluted		3.26	5.09	3.26	5.09

**Affin Hwang Investment Bank Berhad**  
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**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the financial period ended 31 March 2022**

The Group

	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2022 RM'000	Preceding Year Corresponding Period 31-03-2021 RM'000	Current Financial Period-to-date 31-03-2022 RM'000	Preceding Year Corresponding Period-to-date 31-03-2021 RM'000
<b>Net profit after zakat and taxation</b>	<b>35,325</b>	<b>52,388</b>	<b>35,325</b>	<b>52,388</b>
Other comprehensive income:				
<b><u>Items that may be reclassified subsequently to profit or loss</u></b>				
Net fair value change in financial investments at FVOCI (debt instruments)	(32,523)	(103,346)	(32,523)	(103,346)
Net credit impairment losses change in financial investments at FVOCI (debt instruments)	73	6,057	73	6,057
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(2,380)	(16,807)	(2,380)	(16,807)
Deferred tax on financial investments at FVOCI	8,377	28,837	8,377	28,837
<b><u>Items that will not be reclassified subsequently to profit or loss</u></b>				
Net fair value change in financial investments designated at FVOCI (equity instruments)	-	-	-	-
Deferred tax on financial investments designated at FVOCI	-	-	-	-
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(26,453)</b>	<b>(85,259)</b>	<b>(26,453)</b>	<b>(85,259)</b>
<b>Total comprehensive income for the financial period</b>	<b>8,872</b>	<b>(32,871)</b>	<b>8,872</b>	<b>(32,871)</b>
<b>Attributable to:</b>				
- Equity holders of the Bank	(1,022)	(45,542)	(1,022)	(45,542)
- Non-controlling interests	9,894	12,671	9,894	12,671
	<b>8,872</b>	<b>(32,871)</b>	<b>8,872</b>	<b>(32,871)</b>

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**Condensed Interim Financial Statements**  
**Unaudited Income Statements**  
**for the financial period ended 31 March 2022**

The Bank	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2022 RM'000	Preceding Year Corresponding Period 31-03-2021 RM'000	Current Financial Period-to-date 31-03-2022 RM'000	Preceding Year Corresponding Period-to-date 31-03-2021 RM'000
Interest income	21	48,986	46,843	48,986	46,843
Interest expense	22	(29,472)	(31,471)	(29,472)	(31,471)
<b>Net interest income</b>		<b>19,514</b>	<b>15,372</b>	<b>19,514</b>	<b>15,372</b>
Fee and commission income	23(a)	26,008	41,137	26,008	41,137
Fee and commission expense	23(b)	-	-	-	-
Net fee and commission income		26,008	41,137	26,008	41,137
Net gains and losses on financial instruments	24	14,216	28,639	14,216	28,639
Other operating income	25	1,979	32,290	1,979	32,290
<b>Net income</b>		<b>61,717</b>	<b>117,438</b>	<b>61,717</b>	<b>117,438</b>
Other operating expenses	26	(41,005)	(54,057)	(41,005)	(54,057)
<b>Operating profit before allowances</b>		<b>20,712</b>	<b>63,381</b>	<b>20,712</b>	<b>63,381</b>
Allowances for credit impairment losses	27	(7,289)	(9,597)	(7,289)	(9,597)
<b>Profit before zakat and taxation</b>		<b>13,423</b>	<b>53,784</b>	<b>13,423</b>	<b>53,784</b>
Zakat		(150)	(939)	(150)	(939)
<b>Profit before taxation</b>		<b>13,273</b>	<b>52,845</b>	<b>13,273</b>	<b>52,845</b>
Taxation		(4,570)	(6,437)	(4,570)	(6,437)
<b>Net profit after zakat and taxation</b>		<b>8,703</b>	<b>46,408</b>	<b>8,703</b>	<b>46,408</b>
<b>Attributable to:</b>					
- Equity holders of the Bank		<b>8,703</b>	<b>46,408</b>	<b>8,703</b>	<b>46,408</b>
Earnings per share (sen):					
- basic/fully diluted		<b>1.12</b>	<b>5.95</b>	<b>1.12</b>	<b>5.95</b>

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**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the financial period ended 31 March 2022**

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2022 RM'000	Preceding Year Corresponding Period 31-03-2021 RM'000	Current Financial Period-to-date 31-03-2022 RM'000	Preceding Year Corresponding Period-to-date 31-03-2021 RM'000
Net profit after zakat and taxation	8,703	46,408	8,703	46,408
Other comprehensive income:				
<b><u>Items that may be reclassified subsequently to profit or loss</u></b>				
Net fair value change in financial investments at FVOCI (debt instruments)	(32,523)	(103,346)	(32,523)	(103,346)
Net credit impairment losses change in financial investments at FVOCI (debt instruments)	73	6,057	73	6,057
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(2,380)	(16,807)	(2,380)	(16,807)
Deferred tax on financial investments at FVOCI	8,377	28,837	8,377	28,837
<b><u>Items that will not be reclassified subsequently to profit or loss</u></b>				
Net fair value change in financial investments designated at FVOCI (equity instruments)	-	-	-	-
Deferred tax on financial investments designated at FVOCI	-	-	-	-
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(26,453)</b>	<b>(85,259)</b>	<b>(26,453)</b>	<b>(85,259)</b>
<b>Total comprehensive income for the financial period</b>	<b>(17,750)</b>	<b>(38,851)</b>	<b>(17,750)</b>	<b>(38,851)</b>
<b>Attributable to equity holders of the Bank</b>	<b>(17,750)</b>	<b>(38,851)</b>	<b>(17,750)</b>	<b>(38,851)</b>

**Affin Hwang Investment Bank Berhad**

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**Condensed Interim Financial Statements  
Unaudited Statements of Changes in Equity  
for the financial period ended 31 March 2022**

&lt;----- Attributable to equity holders of the Bank -----&gt;

	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
<b>The Group</b>									
At 1 January 2022	999,800	12,894	39	(88,737)	(50,927)	486,407	1,359,476	44,685	1,404,161
<b>Comprehensive income:</b>									
Net profit for the financial period	-	-	-	-	-	25,431	25,431	9,894	35,325
Other comprehensive income (net of tax)									
- Financial investments at FVOCI	-	-	-	-	(26,453)	-	(26,453)	-	(26,453)
<b>Total comprehensive income</b>	-	-	-	-	(26,453)	25,431	(1,022)	9,894	8,872
Obligation to purchase subsidiary's shares from non-controlling interest	-	-	-	(177)	-	-	(177)	(105)	(282)
Transfer to regulatory reserves	-	864	-	-	-	(864)	-	-	-
At 31 March 2022	999,800	13,758	39	(88,914)	(77,380)	510,974	1,358,277	54,474	1,412,751

&lt;----- Attributable to equity holders of the Bank -----&gt;

	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
At 1 January 2021	999,800	10,972	(205)	(65,909)	76,991	569,518	1,591,167	70,585	1,661,752
<b>Comprehensive income:</b>									
Net profit for the financial period	-	-	-	-	-	39,717	39,717	12,671	52,388
Other comprehensive income (net of tax)									
- Financial investments at FVOCI	-	-	-	-	(85,259)	-	(85,259)	-	(85,259)
<b>Total comprehensive income</b>	-	-	-	-	(85,259)	39,717	(45,542)	12,671	(32,871)
Transfer to regulatory reserves	-	3,858	-	-	-	(3,858)	-	-	-
Dividends paid	-	-	-	-	-	(35,000)	(35,000)	(16,444)	(51,444)
At 31 March 2021	999,800	14,830	(205)	(65,909)	(8,268)	570,377	1,510,625	66,812	1,577,437

# Other reserves represents corresponding debit arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as disclosed in Note 20 (c) (i) and (ii) of the unaudited condensed interim financial statements.

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 2021.

**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Changes in Equity**  
**for the financial period ended 31 March 2022**

	<----- Non-distributable ----->			<- Distributable ->	
	Share Capital	Regulatory reserves	FVOCI revaluation reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>					
<b>At 1 January 2022</b>	999,800	12,894	(50,982)	447,257	1,408,969
<b>Comprehensive income:</b>					
Net profit for the financial period	-	-	-	8,703	8,703
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	-	(26,453)	-	(26,453)
<b>Total comprehensive income</b>	-	-	(26,453)	8,703	(17,750)
Transfer to regulatory reserves	-	864	-	(864)	-
<b>At 31 March 2022</b>	<b>999,800</b>	<b>13,758</b>	<b>(77,435)</b>	<b>455,096</b>	<b>1,391,219</b>

	<----- Non-distributable ----->			<- Distributable ->	
	Share Capital	Regulatory reserves	FVOCI revaluation reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	999,800	10,972	76,936	510,908	1,598,616
<b>Comprehensive income:</b>					
Net profit for the financial period	-	-	-	46,408	46,408
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	-	(85,259)	-	(85,259)
<b>Total comprehensive income</b>	-	-	(85,259)	46,408	(38,851)
Transfer to regulatory reserves	-	3,858	-	(3,858)	-
Dividends paid	-	-	-	(35,000)	(35,000)
<b>At 31 March 2021</b>	<b>999,800</b>	<b>14,830</b>	<b>(8,323)</b>	<b>518,458</b>	<b>1,524,765</b>

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**Affin Hwang Investment Bank Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**for the financial period ended 31 March 2022**

	The Group		The Bank	
	31-03-2022 RM'000	31-03-2021 RM'000	31-03-2022 RM'000	31-03-2021 RM'000
<b>Cash flow from operating activities</b>				
Profit before taxation	47,893	66,045	13,273	52,845
Adjustments for non-operating and not involving the movement of cash and cash equivalents	(23,835)	(33,109)	(31,350)	(63,407)
<i>Operating profit/(loss) before changes in working capital</i>	<b>24,058</b>	32,936	<b>(18,077)</b>	(10,562)
Net changes in operating assets	(133,763)	(403,029)	(179,355)	(477,269)
Net changes in operating liabilities	(32,904)	590,280	336,963	524,781
<b>Net cash (used in)/generated from operating activities</b>	<b>(142,609)</b>	220,187	<b>139,531</b>	36,950
Tax paid	(12,969)	(23,768)	(5,530)	(19,725)
Zakat paid	(2,789)	(73)	(2,789)	(75)
<b>Net cash (used in)/generated from operating activities</b>	<b>(158,367)</b>	196,346	<b>131,212</b>	17,150
<b>Cash flow from investing activities</b>				
Interest received:				
- financial investments at FVOCI	33,180	43,703	33,180	43,703
- financial investments at amortised cost	865	-	865	-
Purchase of:				
- financial assets at FVTPL	(4,199)	(3,280)	-	-
- financial investments at FVOCI	(221,911)	(409,816)	(221,911)	(409,816)
- financial investments at amortised cost	(132,726)	-	(132,726)	-
Redemption/disposal of:				
- financial assets at FVTPL	7,680	134,274	-	125,695
- financial investments at FVOCI	139,287	1,064,617	139,287	1,064,617
Dividend income received from:				
- financial assets at FVTPL	609	1,305	454	1,240
- subsidiary	-	-	-	28,000
Proceeds from disposal of property and equipment	195	109	186	3
Purchase of property and equipment	(592)	(1,562)	(441)	(764)
Purchase of intangible assets	(789)	(431)	(263)	(91)
<b>Net cash (used in)/generated from investing activities</b>	<b>(178,401)</b>	828,919	<b>(181,369)</b>	852,587
<b>Cash flow from financing activities</b>				
Lease payments	(2,127)	(2,568)	(1,046)	(1,441)
Dividend paid to non-controlling interest	-	(16,444)	-	-
Dividend paid to holding company	-	(35,000)	-	(35,000)
<b>Net cash used in financing activities</b>	<b>(2,127)</b>	(54,012)	<b>(1,046)</b>	(36,441)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(338,895)</b>	971,253	<b>(51,203)</b>	833,296
Cash and cash equivalents at beginning of the financial period	1,871,835	792,386	1,139,252	335,330
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,532,940</b>	1,763,639	<b>1,088,049</b>	1,168,626
<b>Analysis of cash and cash equivalents</b>				
Cash and short term funds	1,602,123	1,835,917	1,157,232	1,240,904
Amount held on behalf of commissioned dealer's representatives	(69,183)	(72,278)	(69,183)	(72,278)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,532,940</b>	1,763,639	<b>1,088,049</b>	1,168,626



## **Affin Hwang Investment Bank Berhad**

(Incorporated in Malaysia)

### **Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2022**

#### **1. Review of financial performance**

The Group recorded a lower profit before zakat and taxation ("PBZT") of RM48.2 million for the 3 months period ended 31 March 2022 ("1Q 2022") compared to the PBZT of RM67.2 million in the previous corresponding period ("1Q 2021"). The Bank contributed RM13.4 million (1Q 2021: RM53.8 million) for the period ended 31 March 2022 while the Group's asset management business contributed RM35.0 million (1Q 2021: RM41.4 million) to the Group's PBT.

Analysis of the Group's performance for the 3 months period ended 31 March 2022 is as follows:

- Net interest income of RM19.4 million was higher than the net interest income of RM15.2 million recorded in the previous corresponding period primarily due to higher interest earning assets in the current period under review.
- Net fee and commission income of RM110.0 million in the period under review was lower than RM130.3 million in the previous corresponding period. The decrease was primarily due to the lower initial service charge and lower unit trust management and incentive fees earned from the asset management business, and also lower net brokerage income and lower private placement fees earned in the current period.
- Net gains and losses on financial instruments registered a decrease of RM18.9 million to RM9.5 million in the current period from RM28.4 million in the previous corresponding period mainly due to lower gains on disposal of financial investments at FVOCI of RM2.4 million (1Q 2021: RM17.2 million), lower net trading gains from financial assets at FVTPL of RM6.6 million (1Q 2021: RM12.3 million), offset by net gains on derivative instruments of RM0.5 million (1Q 2021: net losses of RM1.1 million).
- Other operating income registered a decrease from RM5.6 million in the previous corresponding period to RM2.4 million in the current period mainly due to lower net foreign exchange gains.
- Operating expenses incurred for the period under review were lower at RM85.8 million compared to RM102.6 million incurred in the previous corresponding period mainly due to lower personnel costs.
- Lower net credit impairment losses of RM7.3 million compared to RM9.7 million in the previous corresponding period was mainly due to lower ECL made on financial investments of RM0.1 million (1Q 2021: RM6.1 million), partially offset by higher ECL made on loans and advances of RM6.9 million (1Q 2021: RM3.4 million).

#### **2. Prospect for the current financial year**

The Group remains positive, albeit cautious, on the economic outlook in the first quarter of 2022 ("1Q2022") in view of the sustained recovery in employment and income, improvement in household spending from steady progress in vaccinations and upliftment of containment measures as well as reopening of international borders (from 1st April 2022).

The Group expects the spill-over effects from the fiscal injection and Budget 2022 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 Keluarga Malaysia (BKM) amounted to RM8.2 billion, extension of the Wage Subsidy Programme, reskilling and upskilling programmes, several tax exemptions efforts as well as additional financing facilities for SMEs will provide some support to domestic demand and assist the labour market conditions.

On the external front, the growth momentum in the global economy is expected to be skewed to the downside, with financial and macroeconomic conditions remained unsettled from prolonged uncertainties due to geopolitical tensions. Nonetheless, realisation of new and ongoing investments as well as expansion in global demand will potentially benefit to country's private investment. The 12 Malaysian Plan (12MP), tabled last year also 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 raise its OPR rate by 25-50 bps in 2H2022 MPC meetings. For 2022 as a whole, the Group is maintaining our forecast for real GDP growth to expand by 5.2% yoy (3.1% in 2021) and further expand to 5.5% projected for 2023.

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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**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 2021. 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 2021.

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 2021, except for the adoption of the Annual Improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities", amendments to MFRS 3 "Reference to Conceptual Framework", MFRS 116 "Proceeds Before Intended Use", and MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract" that are effective and applicable to the Group and the Bank for the financial period beginning or after 1 January 2022.

**4. Qualification of preceding annual financial statements**

The Group's and the Bank's financial statements for financial year ended 31 December 2021 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. Significant event subsequent to the financial year**

**Proposed divestment of 7,000,000 ordinary shares in Affin Hwang Asset Management Berhad ("AHAM"), representing 63.0% of the equity interest in AHAM**

On 28 January 2022, the Bank, selected key senior management ("KSM") of AHAM and Starlight Asset Sdn Bhd, an investment holding company incorporated by funds managed by CVC Capital Partners ("Starlight Asset" or "Purchaser"), entered into a conditional share sale and purchase agreement ("SPA") for the proposed divestment of 7,594,338 ordinary shares in AHAM ("Sale Shares"), representing approximately 68.35% of the equity interest in AHAM, for a provisional cash consideration of RM1,537.9 million, subject to certain price adjustments as well as the terms and conditions as set out in the SPA. The Bank and AHAM KSM are collectively referred to as the "Vendors".

Vendors	Sale shares		Provisional
	No. of shares	(1) %	cash consideration RM'million
Affin Hwang Investment Bank Berhad	7,000,000	63.00	1,417.5
AHAM KSM (2)	594,338	5.35	120.4
<b>Total</b>	<b>7,594,338</b>	<b>68.35</b>	<b>1,537.9</b>

(1) Based on the total of 11,111,000 ordinary shares in AHAM in issue as at 31 December 2021.

(2) Comprising selected AHAM KSM who exercised their AHAM stock options into AHAM Shares pursuant to the stock option scheme for its key employees in 2014.

(a) Details of the proposed divestment

The Bank's provisional cash consideration is based on the Purchaser's offer for 100% equity interest in AHAM at an equity value of RM2,250.0 million ("Ascribed Value"), which includes an agreed pre-closing dividend of at least RM100.0 million to be declared by AHAM to its shareholders prior to the completion of the Proposed Divestment. Hence, the Bank's provisional cash consideration ("Provisional Purchase Price") is the Ascribed Value attributable to the Bank's Sale Shares, i.e. 63.0% of the Ascribed Value.

Subject to the post-closing adjustments, the final divestment consideration ("Final Purchase Price") may differ from the Provisional Purchase Price in the event that there is a change in the shareholders' equity of AHAM and its subsidiaries ("AHAM Group") between 31 December 2021 and the closing date of the SPA.

Upon completion of the Proposed Divestment, AHAM will cease to be a subsidiary of the Bank.

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#### **8. Significant event subsequent to the financial year (continued)**

**Proposed divestment of 7,000,000 ordinary shares in Affin Hwang Asset Management Berhad ("AHAM"), representing 63.0% of the equity interest in AHAM (continued)**

(b) Salient terms of the SPA

The Proposed Divestment is subject to the following:

- the approval of the shareholders of the holding company, Affin Bank Berhad ("ABB") at an Extraordinary General Meeting to be convened;
- obtaining a written approval from the Securities Commission Malaysia ("SC") for the following:
  - sale and purchase of the Sale Shares as it will result in the change in the controller of AHAM and AIIMAN Asset Management Sdn. Bhd. ("AIIMAN");
  - change in AHAM's name; and
  - the Purchaser to be a "related corporation" of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC.

The Proposed Divestment is not conditional upon any other corporate exercise undertaken or proposed to be undertaken by ABB.

(c) Effects of the divestment and utilisation of proceeds

The Proposed Divestment is not expected to have any effect on the earnings and earnings per share ("EPS") of the Group for the financial period ended 31 March 2022 as the Proposed Divestment is expected to be completed by the 3rd quarter of 2022. Subject to relevant regulatory approval, the gain on disposal will be declared as a special dividend to ABB.

#### **9. Material litigations**

There is no material litigation during the financial period ended 31 March 2022.

#### **10. 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.

#### **11. Dividends**

The Directors did not recommend any payment of interim dividend for the financial period ended 31 March 2022.

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#### 12. Securities portfolio

##### (i) Financial assets at fair value through profit or loss ("FVTPL")

	The Group		The Bank	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
<b>At fair value</b>				
<b>Money market instruments</b>				
Malaysian government securities	30,542	-	30,542	-
Malaysian government islamic investment issues	29,883	-	29,883	-
	<u>60,425</u>	<u>-</u>	<u>60,425</u>	<u>-</u>
<b>Quoted securities</b>				
Unit trusts in Malaysia	109,698	118,501	64,728	65,626
Shares, warrants and REITs in Malaysia	29,443	30,862	27,878	29,297
Shares, warrants and REITs outside Malaysia	78,242	79,553	1,467	983
	<u>217,383</u>	<u>228,916</u>	<u>94,073</u>	<u>95,906</u>
<b>Unquoted securities</b>				
Corporate bonds and/or Sukuk in Malaysia	1,003	1,008	-	-
Investment fund	200	-	-	-
	<u>1,203</u>	<u>1,008</u>	<u>-</u>	<u>-</u>
	<u>279,011</u>	<u>229,924</u>	<u>154,498</u>	<u>95,906</u>

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

	The Group and the Bank	
	31-03-2022 RM'000	31-12-2021 RM'000
<b>At fair value</b>		
<b>Money market instruments</b>		
Malaysian government islamic investment issues	1,103,859	1,137,984
Malaysian government securities	809,039	768,784
Cagamas bonds	125,304	90,757
Khazanah bonds	9,658	9,625
	<u>2,047,860</u>	<u>2,007,150</u>
<b>Unquoted securities</b>		
Corporate bonds and/or Sukuk in Malaysia	1,621,203	1,618,659
Corporate bonds and/or Sukuk outside Malaysia	27,952	26,958
Shares in Malaysia ^	26,697	26,697
	<u>3,723,712</u>	<u>3,679,464</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	
	31-03-2022 RM'000	31-12-2021 RM'000
Shares in Malaysia:		
Cagamas Berhad	22,191	22,191
RAM Holdings Berhad	3,322	3,322
Malaysian Rating Corporation Berhad	1,184	1,184
	<u>26,697</u>	<u>26,697</u>

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12. 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 31-03-2022	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial period	252	19,107	-	19,359
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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial period				
(other than write-offs)	(1)	-	-	(1)
New originated or purchased	170	-	-	170
Changes due to change in credit risk	(96)	-	-	(96)
Changes in model/risk parameters	-	-	-	-
Write-offs	-	-	-	-
Other adjustments:				
- Foreign exchange and other adjustments	-	-	-	-
<b>At end of the financial period</b>	<b>325</b>	<b>19,107</b>	<b>-</b>	<b>19,432</b>

The Group and the Bank 31-12-2021	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	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 year				
(other than write-offs)	(1,534)	-	-	(1,534)
New originated or purchased	1,778	-	-	1,778
Changes due to change in credit risk	(1,844)	14,366	(724)	11,798
Changes in model/risk parameters	(2,374)	-	-	(2,374)
Write-offs	-	-	(11,446)	(11,446)
Other adjustments:				
- Foreign exchange and other adjustments	(1)	-	-	(1)
<b>At end of the financial year</b>	<b>252</b>	<b>19,107</b>	<b>-</b>	<b>19,359</b>

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 asset is higher than its fair value. ECL is recognised in reserves with the corresponding entry to income statement.

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## 12. 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 31-03-2022	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL Stage 1 RM'000	not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	
At beginning of the financial period	3,524,179	128,588	-	3,652,767
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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial period				
(other than write-offs)	(137,616)	-	-	(137,616)
New originated or purchased	221,911	-	-	221,911
Changes due to interest accruals	(4,194)	(1,136)	-	(5,330)
Changes due to fair value	(35,150)	246	-	(34,904)
Write-offs	-	-	-	-
Other adjustments:				
- Foreign exchange and other adjustments	-	187	-	187
<b>At end of the financial period</b>	<b>3,569,130</b>	<b>127,885</b>	<b>-</b>	<b>3,697,015</b>

The Group and the Bank 31-12-2021	12-month	Lifetime ECL	Lifetime ECL	Total 31-12-2021 RM'000
	ECL Stage 1 RM'000	not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	
At beginning of the financial year	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 year				
(other than write-offs)	(2,475,283)	-	-	(2,475,283)
New originated or purchased	2,293,726	-	-	2,293,726
Changes due to interest accruals	(35,086)	(107)	-	(35,193)
Changes due to fair value	(174,426)	(1,072)	(118)	(175,616)
Write-offs	-	-	(4,525)	(4,525)
Other adjustments:				
- Foreign exchange and other adjustments	(19)	429	186	596
<b>At end of the financial year</b>	<b>3,524,179</b>	<b>128,588</b>	<b>-</b>	<b>3,652,767</b>

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 asset is higher than its fair value. ECL is recognised in reserves with the corresponding entry to income statement.

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12. Securities portfolio (continued)

(iii) Financial investments at amortised cost

	The Group and the Bank	
	31-03-2022	31-12-2021
	RM'000	RM'000
<b>At fair value</b>		
<b>Money market instruments</b>		
Malaysian government islamic investment issues	49,829	-
<b>Unquoted securities</b>		
Corporate bonds and/or Sukuk in Malaysia	123,502	40,484
Redeemable secured loan stocks	15,000	15,000
	<u>188,331</u>	<u>55,484</u>
Expected credit losses	(15,050)	(15,032)
	<u>173,281</u>	<u>40,452</u>

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

The Group and the Bank 31-03-2022	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
	At beginning of the financial period	32	-	15,000
New originated or purchased	33	-	-	33
Changes due to change in credit risk	(15)	-	-	(15)
At end of the financial period	<u>50</u>	<u>-</u>	<u>15,000</u>	<u>15,050</u>

The Group and the Bank 31-12-2021	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
	At beginning of the financial year	60	-	12,922
Changes due to change in credit risk	(28)	-	2,078	2,050
At end of the financial year	<u>32</u>	<u>-</u>	<u>15,000</u>	<u>15,032</u>

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

The Group and the Bank 31-03-2022	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
	At beginning of the financial period	40,484	-	15,000
New originated or purchased	132,726	-	-	132,726
Changes due to interest accruals	121	-	-	121
At end of the financial period	<u>173,331</u>	<u>-</u>	<u>15,000</u>	<u>188,331</u>

The Group and the Bank 31-12-2021	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
	At beginning of the financial year	40,497	-	15,000
Changes due to interest accruals	(13)	-	-	(13)
At end of the financial period	<u>40,484</u>	<u>-</u>	<u>15,000</u>	<u>55,484</u>

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## 13. Loans and advances

	<b>The Group and the Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By Type of Loans</b>		
Term loans:		
- Syndicated term loans	102,444	102,552
- Other term loans	119,387	122,620
Share margin financing	888,558	782,767
Revolving credits	124,941	122,679
Staff loans	3,919	3,892
<b>Gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>
Less : expected credit losses	(62,961)	(56,101)
<b>Total net loans and advances</b>	<b>1,176,288</b>	<b>1,078,409</b>
<b>(ii) By Type of Customers</b>		
Domestic business enterprises:		
- Small medium enterprises	11,126	11,805
- Others	387,480	387,583
Domestic non-bank financial institutions	221,788	233,148
Individuals	617,442	499,770
Foreign individuals	1,413	2,204
<b>Total gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>
<b>(iii) By Interest Rate Sensitivity</b>		
Fixed rate		
- Other fixed rate loans	36,545	36,545
- Housing loans	2,110	2,364
- Hire purchase receivables	1,809	1,528
Variable rate		
- Cost-plus	1,168,685	1,064,226
- Other floating rate	30,100	29,847
<b>Total gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>
<b>(iv) By Economic Purpose</b>		
Purchase of securities	994,218	885,939
Purchase of landed properties of which		
- Residential	2,110	2,364
- Non-residential	39,627	42,231
Working capital	79,628	80,250
Construction	40,189	40,425
Purchase of transport vehicles	33,974	33,443
Others	49,503	49,858
<b>Total gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>



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## 13. Loans and advances (continued)

	<b>The Group and the Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(v) By Economic Sectors</b>		
Household	618,855	501,974
Finance, insurance and business services	228,628	237,259
Real estate	131,555	133,736
Transport, storage and communication	84,873	84,001
Construction	81,694	91,666
Agriculture	33,063	35,067
Manufacturing	29,349	29,541
Wholesale, retail trade, restaurants & hotels	11,387	11,326
Electricity, gas and water supply	9,908	-
Education, health and others	7,801	7,801
Mining and quarrying	2,136	2,139
<b>Total gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>
<b>(vi) By Geographical Distribution</b>		
Wilayah Persekutuan	731,119	631,334
Selangor	270,533	260,506
Johor	58,404	59,284
Sarawak	57,283	59,196
Pulau Pinang	40,247	41,331
Terengganu	34,922	35,158
Sabah	33,476	35,546
Kedah	5,434	4,192
Perak	4,199	4,600
Negeri Sembilan	3,632	3,363
<b>Total gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>
<b>(vii) By Maturity Structure</b>		
Maturing within one year	1,011,654	895,159
One year to three years	41,094	47,579
Three years to five years	63,092	66,103
Over five years	123,409	125,669
<b>Total gross loans and advances</b>	<b>1,239,249</b>	<b>1,134,510</b>

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## 13. Loans and advances (continued)

	<b>The Group and the Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(viii) Movements of impaired loans and advances</b>		
At beginning of the financial period	82,528	89,292
Amount recovered	(632)	(6,764)
At end of the financial period	<u>81,896</u>	<u>82,528</u>
Gross impaired loans as a percentage of gross loans and advances	<u>6.61%</u>	<u>7.27%</u>
<b>(ix) Impaired loans and advances analysed by economic sector</b>		
Construction	36,545	36,545
Real estate	32,075	32,076
Manufacturing	6,469	6,669
Transport, storage and communication	4,671	5,099
Mining and quarrying	2,136	2,139
<b>Total impaired loans and advances</b>	<u>81,896</u>	<u>82,528</u>
<b>(x) Impaired loans and advances analysed by economic purpose</b>		
Working capital	47,685	48,314
Purchase of securities	26,075	26,075
Purchase of transport vehicles	2,136	2,139
Others	6,000	6,000
<b>Total impaired loans and advances</b>	<u>81,896</u>	<u>82,528</u>
<b>(xi) Impaired loans and advances by geographical distribution</b>		
Selangor	43,215	43,844
Sarawak	36,545	36,545
Wilayah Persekutuan	2,136	2,139
<b>Total impaired loans and advances</b>	<u>81,896</u>	<u>82,528</u>

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## 13. Loans and advances (continued)

## (xii) Movement in expected credit losses for loans and advances

The Group and the Bank 31-03-2022	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of financial period	1,045	22,304	32,752	56,101
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)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Loans derecognised during the period (other than write-offs)	(11)	-	-	(11)
New loans originated or purchased	12	-	-	12
Changes due to change in credit risk	(55)	7,117	(203)	6,859
Changes in model/risk parameters	-	-	-	-
Write-offs	-	-	-	-
Other adjustments:				
- Foreign exchange and other adjustments	-	-	-	-
<b>At end of financial period</b>	<b>991</b>	<b>29,421</b>	<b>32,549</b>	<b>62,961</b>

The Group and the Bank 31-12-2021	12-month ECL Stage 1 RM'000	Lifetime ECL not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	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 derecognised during the financial year (other than write-offs)	(192)	-	(2,514)	(2,706)
New loans originated or purchased	65	-	-	65
Changes due to change in credit risk	132	13,413	14,214	27,759
Changes in model/risk parameters	-	-	-	-
Write-offs	-	-	-	-
Other adjustments:				
- Foreign exchange and other adjustments	-	-	-	-
<b>At end of the financial year</b>	<b>1,045</b>	<b>22,304</b>	<b>32,752</b>	<b>56,101</b>

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## 13. Loans and advances (continued)

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

The Group and the Bank 31-03-2022	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL Stage 1 RM'000	not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	
At beginning of financial period	990,270	61,712	82,528	1,134,510
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)	(48)	48	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(48)	48	-	-
Loans derecognised during the financial period (other than write-offs)	(52,170)	-	-	(52,170)
New loans originated or purchased	243,868	-	-	243,868
Changes due to change in credit risk	(86,816)	(41)	(632)	(87,489)
Changes in model/risk parameters	-	-	-	-
Write-offs	-	-	-	-
Other adjustments:				
- Foreign exchange and other adjustments	276	254	-	530
<b>At end of financial period</b>	<b>1,095,380</b>	<b>61,973</b>	<b>81,896</b>	<b>1,239,249</b>

The Group and the Bank 31-12-2021	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL Stage 1 RM'000	not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	
At beginning of the financial year	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 derecognised during the financial year (other than write-offs)	(136,608)	-	(3,088)	(139,696)
New loans originated or purchased	667,384	-	-	667,384
Changes due to change in credit risk	(367,749)	(1,568)	(3,676)	(372,993)
Changes in model/risk parameters	-	-	-	-
Write-offs	-	-	-	-
Other adjustments:				
- Foreign exchange and other adjustments	406	1,063	-	1,469
<b>At end of the financial year</b>	<b>990,270</b>	<b>61,712</b>	<b>82,528</b>	<b>1,134,510</b>

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## 14. Trade receivables

	The Group		The Bank	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
Amount in respect of asset management related fees receivables	109,904	155,703	-	-
Amount due from clients:				
- performing accounts	289,379	324,833	289,379	324,833
- impaired accounts (a)	1,136	942	1,136	942
Amount due from brokers	89,212	46,088	89,212	46,088
Amount due from Bursa Securities Clearing Sdn. Bhd.	35,810	-	35,810	-
	<u>525,441</u>	<u>527,566</u>	<u>415,537</u>	<u>371,863</u>
Less: expected credit losses	(1,616)	(1,533)	(1,385)	(1,300)
	<u>523,825</u>	<u>526,033</u>	<u>414,152</u>	<u>370,563</u>

## (a) Movement of impaired amount due from clients

	The Group and the Bank	
	31-03-2022 RM'000	31-12-2021 RM'000
At beginning of the financial period/year	942	1,387
Classified as impaired during the financial period/year	647	3,126
Amount recovered	(453)	(3,571)
At end of the financial period/year	<u>1,136</u>	<u>942</u>

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

The Group 31-03-2022	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total Impaired RM'000
	At beginning of financial period	685	848
Allowance made	1,156	381	1,537
Amount written back	(1,095)	(359)	(1,454)
At end of financial period	<u>746</u>	<u>870</u>	<u>1,616</u>

  

The Group 31-12-2021	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total Impaired RM'000
	At beginning of the financial year	2,335	474
Allowance made	2,000	3,031	5,031
Amount written back	(3,650)	(2,657)	(6,307)
At end of the financial year	<u>685</u>	<u>848</u>	<u>1,533</u>

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## 14. Trade receivables (continued)

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

The Bank 31-03-2022	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
At beginning of financial period	452	848	1,300
Allowance made	1,155	381	1,536
Amount written back	(1,092)	(359)	(1,451)
At end of financial period	<u>515</u>	<u>870</u>	<u>1,385</u>

  

The Bank 31-12-2021	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
At beginning of the financial year	2,246	474	2,720
Allowance made	1,856	3,031	4,887
Amount written back	(3,650)	(2,657)	(6,307)
At end of the financial year	<u>452</u>	<u>848</u>	<u>1,300</u>

## 15. Other assets

	The Group		The Bank	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
Other debtors, deposits and prepayments	40,297	46,364	29,706	37,646
Securities lending	21,256	22,537	21,256	22,537
Clearing guarantee fund	1,730	1,924	1,730	1,924
Clearing fund	2,538	2,532	2,538	2,532
Transferable membership	350	350	250	250
	<u>66,171</u>	<u>73,707</u>	<u>55,480</u>	<u>64,889</u>
Less : expected credit losses ("ECL")	(4,310)	(4,039)	(4,283)	(4,030)
	<u>61,861</u>	<u>69,668</u>	<u>51,197</u>	<u>60,859</u>

## Movement in credit impaired accounts

	The Group		The Bank	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
At beginning of the financial period/year	4,107	4,575	4,100	4,575
Classified as impaired during the financial period/year	885	2,825	846	2,818
Amount recovered	(641)	(3,293)	(620)	(3,293)
At end of the financial period/year	<u>4,351</u>	<u>4,107</u>	<u>4,326</u>	<u>4,100</u>

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## 15. Other assets (continued)

## (a) Movements in expected credit losses ("ECL") on other assets

<b>The Group</b> <b>31-03-2022</b>	<b>Lifetime ECL not Credit Impaired RM'000</b>	<b>Lifetime ECL Credit Impaired RM'000</b>	<b>Total RM'000</b>
At beginning of the financial period	9	4,030	4,039
Allowance made	21	859	880
Amount written back	(23)	(586)	(609)
At end of the financial period	<u>7</u>	<u>4,303</u>	<u>4,310</u>
<b>The Group</b> <b>31-12-2021</b>	<b>Lifetime ECL not Credit Impaired RM'000</b>	<b>Lifetime ECL Credit Impaired RM'000</b>	<b>Total RM'000</b>
At beginning of the financial year	18	3,948	3,966
Allowance made	58	2,770	2,828
Amount written back	(67)	(2,688)	(2,755)
At end of the financial year	<u>9</u>	<u>4,030</u>	<u>4,039</u>
<b>The Bank</b> <b>31-03-2022</b>	<b>Lifetime ECL not Credit Impaired RM'000</b>	<b>Lifetime ECL Credit Impaired RM'000</b>	<b>Total RM'000</b>
At beginning of the financial period	7	4,023	4,030
Allowance made	16	820	836
Amount written back	(18)	(565)	(583)
At end of the financial period	<u>5</u>	<u>4,278</u>	<u>4,283</u>
<b>The Bank</b> <b>31-12-2021</b>	<b>Lifetime ECL not Credit Impaired RM'000</b>	<b>Lifetime ECL Credit Impaired RM'000</b>	<b>Total RM'000</b>
At beginning of the financial year	18	3,948	3,966
Allowance made	40	2,763	2,803
Amount written back	(51)	(2,688)	(2,739)
At end of the financial year	<u>7</u>	<u>4,023</u>	<u>4,030</u>

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**16. Deposits from customers**

	<b>The Group and the Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By Type of Deposits</b>		
Fixed deposits	3,522,328	3,476,620
Negotiable instruments of deposits	755,599	754,595
Other deposits	94,889	94,844
	<u>4,372,816</u>	<u>4,326,059</u>
<b>(ii) By Maturity Structure</b>		
Due within six months	3,518,150	3,365,700
Six months to one year	399,579	205,764
One year to three years	455,087	754,595
	<u>4,372,816</u>	<u>4,326,059</u>
<b>(iii) By Type of Customer</b>		
Domestic non-banking financial institutions	2,067,483	2,342,749
Business enterprises	1,041,858	844,637
Domestic banking institutions	755,599	754,595
Government and statutory bodies	444,014	320,009
Individuals	37,367	37,159
Foreign entities	16,473	16,387
Other entities	10,022	10,523
	<u>4,372,816</u>	<u>4,326,059</u>

**17. Deposits and placements of banks and other financial institutions**

	<b>The Group and the Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	737,836	501,673
Licensed investment banks	-	100,319
	<u>737,836</u>	<u>601,992</u>

**18. Trade payables**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to unit trust funds	154,749	555,850	-	-
Amount due to unit holders	157,306	64,708	-	-
Amount due to clients	208,387	119,404	208,089	119,106
Amount due to brokers	347,839	111,803	347,839	111,803
Amount due to Bursa Securities Clearing Sdn. Bhd.	-	129,732	-	129,732
Amount due to external funds managers	455	535	-	-
	<u>868,736</u>	<u>982,032</u>	<u>555,928</u>	<u>360,641</u>



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**19. Other liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31-03-2022</b>	<b>31-12-2021</b>	<b>31-03-2022</b>	<b>31-12-2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Commissioned dealer's representative trust balances	<b>69,183</b>	68,653	<b>69,183</b>	68,653
Amounts payable to commissioned and salaried dealer's representatives	<b>79,711</b>	95,426	<b>79,711</b>	95,426
Accrued employee benefit	<b>58,501</b>	114,434	<b>32,570</b>	43,749
Securities borrowing	<b>91,108</b>	106,823	<b>91,108</b>	106,823
Other creditors and accruals	<b>127,369</b>	129,313	<b>73,370</b>	59,154
Puttable liabilities	<b>189,988</b>	189,026	-	-
	<b>615,860</b>	703,675	<b>345,942</b>	373,805
Add: expected credit losses - loans commitments and financial guarantees	<b>19,928</b>	19,926	<b>19,928</b>	19,926
	<b>635,788</b>	723,601	<b>365,870</b>	393,731

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

<b>The Group and the Bank</b>	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not Credit</b>	<b>Credit</b>	
<b>31-03-2022</b>	<b>Stage 1</b>	<b>Impaired</b>	<b>Impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>Stage 2</b>	<b>Stage 3</b>	
		<b>RM'000</b>	<b>RM'000</b>	
At beginning of the financial period	<b>1</b>	<b>2,000</b>	<b>17,925</b>	<b>19,926</b>
Changes due to change in credit risk	<b>2</b>	-	-	<b>2</b>
At end of the financial period	<b>3</b>	<b>2,000</b>	<b>17,925</b>	<b>19,928</b>

<b>The Group and the Bank</b>	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not Credit</b>	<b>Credit</b>	
<b>31-12-2021</b>	<b>Stage 1</b>	<b>Impaired</b>	<b>Impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>Stage 2</b>	<b>Stage 3</b>	
		<b>RM'000</b>	<b>RM'000</b>	
At beginning of the financial year	33	600	17,925	18,558
Changes due to change in credit risk	(32)	1,400	-	1,368
At end of the financial year	<b>1</b>	<b>2,000</b>	<b>17,925</b>	<b>19,926</b>

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#### 20. Reserves

	The Group		The Bank	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
FVOCI revaluation reserves (a)	(77,380)	(50,927)	(77,435)	(50,982)
Regulatory reserves (b)	13,758	12,894	13,758	12,894
Other reserves (c)	(88,914)	(88,737)	-	-
Foreign exchange reserves	39	39	-	-
	<u>(152,497)</u>	<u>(126,731)</u>	<u>(63,677)</u>	<u>(38,088)</u>
Retained profits	<u>510,974</u>	<u>486,407</u>	<u>455,096</u>	<u>447,257</u>
	<u><b>358,477</b></u>	<u><b>359,676</b></u>	<u><b>391,419</b></u>	<u><b>409,169</b></u>

- (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 loss allowance 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

The Bank's subsidiary, Affin Hwang Asset Management Berhad ("AHAM"), established and implemented a stock option incentive scheme for its key employees in 2014. The stock option incentive scheme was designed to provide long-term incentives for key employees to improve the growth and profitability of the subsidiary and to encourage them to continue in the employment of the subsidiary. In 2019, the options holders 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 as at 31 December 2020. As at 31 March 2022, no option holders have exercised their rights in relation to the shares buy back.

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 AccelVantage Academy Sdn Bhd's ("AVA") 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.

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#### 21. Interest income

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-to-date</b>	Period-to-date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Loans and advances	13,780	11,353	13,780	11,353
Money at call and deposit placements with financial institutions	6,510	5,580	6,510	5,580
Financial investments at FVOCI	27,135	27,379	27,135	27,379
Financial investments at amortised cost	986	581	986	581
Others	1,226	2,527	1,226	2,527
	<u>49,637</u>	<u>47,420</u>	<u>49,637</u>	<u>47,420</u>
of which:				
Interest income earned on impaired loans and advances	483	627	483	627

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-to-date</b>	Period-to-date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Loans and advances	13,780	11,350	13,780	11,350
Money at call and deposit placements with financial institutions	5,861	5,006	5,861	5,006
Financial investments at FVOCI	27,135	27,379	27,135	27,379
Financial investments at amortised cost	986	581	986	581
Others	1,224	2,527	1,224	2,527
	<u>48,986</u>	<u>46,843</u>	<u>48,986</u>	<u>46,843</u>
of which:				
Interest income earned on impaired loans and advances	483	627	483	627

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#### 22. 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
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	25,874	30,344	25,874	30,344
Deposits and placements of banks and other financial institutions	3,475	939	3,475	939
Obligations on securities sold under repurchase agreements	-	-	-	-
Lease liabilities	82	187	82	187
Foreign currency borrowings	-	38	-	38
Others	773	673	773	673
	<u>30,204</u>	<u>32,181</u>	<u>30,204</u>	<u>32,181</u>

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period Ended	Period Ended	Period-to-date	Period-to-date
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	25,874	30,344	25,874	30,344
Deposits and placements of banks and other financial institutions	3,475	939	3,475	939
Obligations on securities sold under repurchase agreements	-	-	-	-
Lease liabilities	30	90	30	90
Foreign currency borrowings	-	38	-	38
Others	93	60	93	60
	<u>29,472</u>	<u>31,471</u>	<u>29,472</u>	<u>31,471</u>

#### 23. Net fee and commission income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period Ended	Period Ended	Period-to-date	Period-to-date
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
<b>(a) Fee and commission income</b>				
Unit trust management and incentive fees	104,220	114,600	104,220	114,600
Initial service charge	12,144	125,583	12,144	125,583
Net brokerage income	19,313	30,181	19,313	30,181
Private placement fees	2,418	3,953	2,418	3,953
Loans related fees	2,279	1,775	2,279	1,775
Corporate advisory fees	2,846	1,839	2,846	1,839
Underwriting commissions	141	900	141	900
Arrangement fees	1,471	425	1,471	425
Others	3,112	4,292	3,112	4,292
	<u>147,944</u>	<u>283,548</u>	<u>147,944</u>	<u>283,548</u>
<b>(b) Fee and commission expense</b>				
Commission and referral expenses	(37,913)	(153,218)	(37,913)	(153,218)
<b>Net fee and commission income</b>	<u>110,031</u>	<u>130,330</u>	<u>110,031</u>	<u>130,330</u>

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## 23. 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
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
<b>(a) Fee and commission income</b>				
Net brokerage income	19,313	30,181	19,313	30,181
Loans related fees	2,279	1,775	2,279	1,775
Private placement fees	242	3,171	242	3,171
Corporate advisory fees	1,122	1,477	1,122	1,477
Underwriting commissions	141	900	141	900
Arrangement fees	1,471	425	1,471	425
Others	1,440	3,208	1,440	3,208
	<u>26,008</u>	<u>41,137</u>	<u>26,008</u>	<u>41,137</u>
<b>(b) Fee and commission expense</b>				
Commission and referral expenses	-	-	-	-
<b>Net fee and commission income</b>	<u>26,008</u>	<u>41,137</u>	<u>26,008</u>	<u>41,137</u>

## 24. 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
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gains on disposal	8,453	16,359	8,453	16,359
- unrealised gains/(losses)	(7,196)	(9,520)	(7,196)	(9,520)
- gross dividend income	684	1,465	684	1,465
- interest income	4,672	3,974	4,672	3,974
Gains/(losses) on derivative instruments				
- realised gains	34	(8)	34	(8)
- unrealised gains/(losses)	(738)	(924)	(738)	(924)
- interest income	5,025	5,632	5,025	5,632
- interest expense	(3,856)	(5,809)	(3,856)	(5,809)
Gains arising on financial investments at FVOCI				
- net gains on disposal	2,417	17,263	2,417	17,263
	<u>9,495</u>	<u>28,432</u>	<u>9,495</u>	<u>28,432</u>

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**24. Net gains and losses on financial instruments (continued)**

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-to-date</b>	Period-to-date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gains on disposal	7,330	16,325	7,330	16,325
- unrealised gains/(losses)	(1,198)	(9,214)	(1,198)	(9,214)
- gross dividend income	530	1,400	530	1,400
- interest income	4,672	3,974	4,672	3,974
Gains/(losses) on derivative instruments				
- realised gains	34	(8)	34	(8)
- unrealised gains/(losses)	(738)	(924)	(738)	(924)
- interest income	5,025	5,632	5,025	5,632
- interest expense	(3,856)	(5,809)	(3,856)	(5,809)
Gains arising on financial investments at FVOCI				
- net gains on disposal	2,417	17,263	2,417	17,263
	<b>14,216</b>	<b>28,639</b>	<b>14,216</b>	<b>28,639</b>

**25. Other operating income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-to-date</b>	Period-to-date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Foreign exchange gains/(losses)				
- realised	(2,521)	7,354	(2,521)	7,354
- unrealised	4,655	(2,076)	4,655	(2,076)
Gains on disposal of property and equipment	186	109	186	109
Others	61	187	61	187
	<b>2,381</b>	<b>5,574</b>	<b>2,381</b>	<b>5,574</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-to-date</b>	Period-to-date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Foreign exchange gains/(losses)				
- realised	(2,520)	7,460	(2,520)	7,460
- unrealised	4,206	(3,505)	4,206	(3,505)
Gains on disposal of property and equipment	186	3	186	3
Gross dividend income from subsidiary	-	28,000	-	28,000
Others	107	332	107	332
	<b>1,979</b>	<b>32,290</b>	<b>1,979</b>	<b>32,290</b>

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## 26. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period Ended	Period Ended	Period-to-date	Period-to-date
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
Salaries, allowances and bonuses	44,032	56,618	44,032	56,618
Defined contribution plan	7,935	10,500	7,935	10,500
Other personnel costs	8,442	9,970	8,442	9,970
	<u>60,409</u>	<u>77,088</u>	<u>60,409</u>	<u>77,088</u>
<b>Marketing expenses</b>				
Business promotion and advertisement	2,219	2,302	2,219	2,302
Entertainment	989	650	989	650
Brokerage expenses	144	68	144	68
Travelling and accomodation	148	133	148	133
Others	300	258	300	258
	<u>3,800</u>	<u>3,411</u>	<u>3,800</u>	<u>3,411</u>
<b>Establishment cost</b>				
Repair and maintenance	4,349	3,859	4,349	3,859
Depreciation of property and equipment	1,687	2,465	1,687	2,465
Depreciation – ROU	1,990	2,478	1,990	2,478
Rental of premises and equipment	1,279	812	1,279	812
Amortisation of intangible assets	651	711	651	711
Electricity, water and sewerage	326	485	326	485
Insurance and indemnities	325	248	325	248
Others	-	5	-	5
	<u>10,607</u>	<u>11,063</u>	<u>10,607</u>	<u>11,063</u>
<b>Administration and general expenses</b>				
Subscription	3,771	4,082	3,771	4,082
Telecommunication expenses	2,497	2,860	2,497	2,860
Professional fees	2,564	1,689	2,564	1,689
Directors' remuneration	828	1,000	828	1,000
Auditors' remuneration	200	183	200	183
Others	1,157	1,255	1,157	1,255
	<u>11,017</u>	<u>11,069</u>	<u>11,017</u>	<u>11,069</u>
<b>Total other operating expenses</b>	<u>85,833</u>	<u>102,631</u>	<u>85,833</u>	<u>102,631</u>

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## 26. Other operating expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period Ended	Period Ended	Period-to-date	Period-to-date
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
Salaries, allowances and bonuses	22,778	32,399	22,778	32,399
Defined contribution plan	3,668	5,210	3,668	5,210
Other personnel costs	3,081	2,317	3,081	2,317
	<u>29,527</u>	<u>39,926</u>	<u>29,527</u>	<u>39,926</u>
<b>Marketing expenses</b>				
Business promotion and advertisement	440	770	440	770
Brokerage expenses	114	59	114	59
Entertainment	76	23	76	23
Travelling and accomodation	43	84	43	84
	<u>673</u>	<u>936</u>	<u>673</u>	<u>936</u>
<b>Establishment cost</b>				
Repair and maintenance	1,091	1,767	1,091	1,767
Depreciation of property and equipment	763	1,398	763	1,398
Depreciation – ROU	1,005	1,440	1,005	1,440
Rental of premises and equipment	988	590	988	590
Electricity, water and sewerage	250	419	250	419
Amortisation of intangible assets	224	264	224	264
Insurance and indemnities	311	211	311	211
Others	-	5	-	5
	<u>4,632</u>	<u>6,094</u>	<u>4,632</u>	<u>6,094</u>
<b>Administration and general expenses</b>				
Telecommunication expenses	1,846	2,308	1,846	2,308
Subscription	2,227	2,575	2,227	2,575
Directors' remuneration	595	752	595	752
Professional fees	478	172	478	172
Auditors' remuneration	150	134	150	134
Others	877	1,160	877	1,160
	<u>6,173</u>	<u>7,101</u>	<u>6,173</u>	<u>7,101</u>
<b>Total other operating expenses</b>	<u>41,005</u>	<u>54,057</u>	<u>41,005</u>	<u>54,057</u>



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**27. Allowances for credit impairment losses**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Expected credit losses (made)/written back on:				
- loans and advances	<b>(6,860)</b>	(3,422)	<b>(6,860)</b>	(3,422)
- trade receivables	<b>(83)</b>	(154)	<b>(83)</b>	(154)
- financial investments	<b>(91)</b>	(6,059)	<b>(91)</b>	(6,059)
- deposits and placements with financial institutions	<b>2</b>	(303)	<b>2</b>	(303)
- other assets	<b>(271)</b>	178	<b>(271)</b>	178
- loans commitments and financial guarantees	<b>(2)</b>	26	<b>(2)</b>	26
	<b>(7,305)</b>	(9,734)	<b>(7,305)</b>	(9,734)

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Period Ended</b>	Period Ended	<b>Period-To-Date</b>	Period-To-Date
	<b>31-03-2022</b>	31-03-2021	<b>31-03-2022</b>	31-03-2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Expected credit losses (made)/written back on:				
- loans and advances	<b>(6,860)</b>	(3,422)	<b>(6,860)</b>	(3,422)
- trade receivables	<b>(85)</b>	(18)	<b>(85)</b>	(18)
- financial investments	<b>(91)</b>	(6,059)	<b>(91)</b>	(6,059)
- deposits and placements with financial institutions	<b>2</b>	(303)	<b>2</b>	(303)
- other assets	<b>(253)</b>	179	<b>(253)</b>	179
- loans commitments and financial guarantees	<b>(2)</b>	26	<b>(2)</b>	26
	<b>(7,289)</b>	(9,597)	<b>(7,289)</b>	(9,597)

**28. 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 are currently adopting 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-month 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.

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#### 28. 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	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
<b>Basel III</b>				
<b>Common Equity Tier (CET) 1 Capital :</b>				
Share capital	999,800	999,800	999,800	999,800
Other reserves	(88,914)	(88,737)	-	-
Foreign exchange reserves	39	39	-	-
Retained profits	499,301	499,301	460,151	460,151
Unrealised (losses)/gains on FVOCI instruments	(77,380)	(50,927)	(77,435)	(50,982)
	<b>1,332,846</b>	<b>1,359,476</b>	<b>1,382,516</b>	<b>1,408,969</b>
Less : Regulatory adjustment				
Goodwill and other intangible assets	(323,761)	(323,624)	(314,706)	(314,667)
Investment in subsidiaries/associates	-	-	(133,184)	(133,184)
Regulatory reserve	(13,758)	(12,894)	(13,758)	(12,894)
55% of cumulative gains on FVOCI instruments	-	-	-	-
Deferred tax assets	(80,874)	(89,557)	(69,668)	(65,860)
Other CET1 regulatory adjustments specified by BNM	22,729	23,166	22,574	22,957
<b>Total CET 1 capital</b>	<b>937,182</b>	<b>956,567</b>	<b>873,774</b>	<b>905,321</b>
<b>Additional Tier 1 Capital</b>				
Qualifying non-controlling interests	27,407	32,933	-	-
Total Tier 1 capital (a)	<b>964,589</b>	<b>989,500</b>	<b>873,774</b>	<b>905,321</b>
<b>Tier 2 capital</b>				
Qualifying loss provisions #	19,848	15,808	15,414	15,328
Total Tier 2 capital (b)	<b>19,848</b>	<b>15,808</b>	<b>15,414</b>	<b>15,328</b>
<b>Total Capital (a) + (b)</b>	<b>984,437</b>	<b>1,005,308</b>	<b>889,188</b>	<b>920,649</b>
Proposed dividends	-	-	-	-

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

	The Group		The Bank	
	31-03-2022 RM'000	31-12-2021 RM'000	31-03-2022 RM'000	31-12-2021 RM'000
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	1,587,873	1,679,548	1,233,104	1,226,244
Market risk	250,822	242,749	228,987	235,762
Operational risk	1,136,000	1,121,552	511,737	514,584
Total Risk-Weighted Assets	<b>2,974,695</b>	<b>3,043,849</b>	<b>1,973,828</b>	<b>1,976,590</b>

#### Capital Ratios:

##### With transitional arrangements

CET 1 capital ratio	31.505%	31.426%	44.268%	45.802%
Tier 1 capital ratio	32.426%	32.508%	44.268%	45.802%
Total capital ratio	33.094%	33.028%	45.049%	46.578%
CET 1 capital ratio (net of proposed dividends)	31.505%	31.426%	44.268%	45.802%
Tier 1 capital ratio (net of proposed dividends)	32.426%	32.508%	44.268%	45.802%
Total capital ratio (net of proposed dividends)	33.094%	33.028%	45.049%	46.578%

##### Before transitional arrangements

CET 1 capital ratio	30.741%	30.665%	43.124%	44.641%
Tier 1 capital ratio	31.662%	31.747%	43.124%	44.641%
Total capital ratio	32.330%	32.437%	43.905%	45.416%
CET 1 capital ratio (net of proposed dividends)	30.741%	30.665%	43.124%	44.641%
Tier 1 capital ratio (net of proposed dividends)	31.662%	31.747%	43.124%	44.641%
Total capital ratio (net of proposed dividends)	32.330%	32.437%	43.905%	45.416%

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**29. Commitments and contingencies**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31-03-2022</b>	31-12-2021	<b>31-03-2022</b>	31-12-2021
	<b>Principal amount</b>	Principal amount	<b>Principal amount</b>	Principal amount
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Transaction related contingent items	<b>84,606</b>	85,606	<b>84,606</b>	85,606
Irrevocable commitments to extend credit:				
- maturity less than one year	<b>6,735</b>	5,697	<b>6,735</b>	5,697
- maturity more than one year	<b>12,183</b>	15,489	<b>12,183</b>	15,489
Interest rate related contracts:				
- less than one year	<b>680,000</b>	780,000	<b>680,000</b>	780,000
- one year to less than five years	<b>1,870,000</b>	2,150,000	<b>1,870,000</b>	2,150,000
Foreign exchange related contracts:				
- less than one year	<b>9,912,925</b>	11,043,848	<b>9,865,449</b>	10,996,530
- one year to less than five years	<b>828,957</b>	814,323	<b>828,957</b>	814,323
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	<b>1,097,416</b>	1,116,522	<b>1,097,416</b>	1,116,522
<b>Total</b>	<b>14,492,822</b>	16,011,485	<b>14,445,346</b>	15,964,167

**30. Credit exposures arising from transactions with connected parties**

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 31 March 2022 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	<b>660,232</b>
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	<b>13.7%</b>
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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#### 31. Fair value measurements

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

- (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.

The Group 31-03-2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	60,425	-	60,425
- Corporate bonds or sukuk	-	1,003	-	1,003
- Investment fund	-	200	-	200
- Shares, warrants and unit trusts	217,383	-	-	217,383
Financial investments at FVOCI				
- Money market instruments	-	2,047,860	-	2,047,860
- Corporate bonds or sukuk	-	1,649,155	-	1,649,155
- Shares	-	-	26,697	26,697
Derivative financial assets	-	66,088	-	66,088
	<u>217,383</u>	<u>3,824,731</u>	<u>26,697</u>	<u>4,068,811</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	56,771	-	56,771
Puttable liabilities - investment in funds	33,442	-	-	33,442
Other liabilities -equities trading	1,042	-	-	1,042
<b>Total</b>	<u>34,484</u>	<u>56,771</u>	<u>-</u>	<u>91,255</u>

The Group 31-12-2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets</b>				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	1,008	-	1,008
- Shares, warrants and unit trusts	228,916	-	-	228,916
Financial investments at FVOCI				
- Money market instruments	-	2,007,150	-	2,007,150
- Corporate bonds or sukuk	-	1,645,617	-	1,645,617
- Shares	-	-	26,697	26,697
Derivative financial assets	-	77,269	-	77,269
<b>Total</b>	<u>228,916</u>	<u>3,731,044</u>	<u>26,697</u>	<u>3,986,657</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	71,897	-	71,897
Puttable liabilities - investment in funds	33,442	-	-	33,442
Other liabilities -equities trading	2,853	-	-	2,853
<b>Total</b>	<u>36,295</u>	<u>71,897</u>	<u>-</u>	<u>108,192</u>

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### Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2022

#### 31. Fair value measurements (continued)

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

<b>The Bank</b> <b>31-03-2022</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	60,425	-	60,425
- Corporate bonds or sukuk	-	-	-	-
- Shares, warrants and unit trusts	94,073	-	-	94,073
Financial investments at FVOCI				
- Money market instruments	-	2,047,860	-	2,047,860
- Corporate bonds or sukuk	-	1,649,155	-	1,649,155
- Shares	-	-	26,697	26,697
Derivative financial assets	-	65,818	-	65,818
	<u>94,073</u>	<u>3,823,258</u>	<u>26,697</u>	<u>3,944,028</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	56,771	-	56,771
Other liabilities - equities trading	1,042	-	-	1,042
<b>Total</b>	<u>1,042</u>	<u>56,771</u>	<u>-</u>	<u>57,813</u>
<b>The Bank</b> <b>31-12-2021</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Assets</b>				
Financial assets at FVTPL				
- Shares, warrants and unit trusts	95,906	-	-	95,906
Financial investments at FVOCI				
- Money market instruments	-	2,007,150	-	2,007,150
- Corporate bonds or sukuk	-	1,645,617	-	1,645,617
- Shares	-	-	26,697	26,697
Derivative financial assets	-	76,961	-	76,961
<b>Total</b>	<u>95,906</u>	<u>3,729,728</u>	<u>26,697</u>	<u>3,852,331</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	71,897	-	71,897
Other liabilities - equities trading	2,853	-	-	2,853
<b>Total</b>	<u>2,853</u>	<u>71,897</u>	<u>-</u>	<u>74,750</u>

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**Notes to the unaudited condensed interim financial statements  
for the financial period ended 31 March 2022**

**31. 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 year (2021: Nil).

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

	<b>The Group and The Bank</b>	
	<b>31-03-2022</b>	31-12-2021
	<b>RM'000</b>	RM'000
Opening	<b>26,697</b>	25,319
FVOCI revaluation reserves	-	1,378
Closing	<b>26,697</b>	26,697

**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 2021, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) are unquoted shares held for socio economic purpose.