

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position
as at 30 June 2023

	Note	The Group		The Bank	
		As at 30-06-2023 RM'000	As at 31-12-2022 RM'000	As at 30-06-2023 RM'000	As at 31-12-2022 RM'000
ASSETS					
Cash and short-term funds		276,887	311,873	274,965	309,523
Financial assets at fair value through profit or loss ("FVTPL")	12	313,980	36,070	312,748	34,863
Financial investments at fair value through other comprehensive income ("FVOCI")	12	3,907,651	3,575,501	3,907,651	3,575,501
Financial investments at amortised cost	12	922,217	879,647	922,217	879,647
Loans and advances	13	1,748,899	1,570,005	1,748,899	1,570,005
Trade receivables	14	366,291	403,754	366,291	403,754
Derivative financial assets		241,404	107,680	241,404	107,680
Other assets	15	103,426	45,502	103,090	45,346
Statutory deposits with Bank Negara Malaysia		122,702	101,600	122,600	101,500
Amount due from subsidiaries		-	-	326	308
Investment in subsidiaries	16	-	-	1,794	1,794
Investment in associates	17	-	-	372	372
Tax recoverable		39,264	37,156	39,263	37,155
Deferred tax assets		43,070	63,302	43,070	63,302
Property and equipment		6,986	6,694	6,980	6,686
Intangible assets		307,674	307,788	307,613	307,702
Right-of-use ("ROU") assets		13,221	13,707	13,221	13,707
TOTAL ASSETS		8,413,672	7,460,279	8,412,504	7,458,845
LIABILITIES AND EQUITY					
Deposits from customers	18	3,955,172	4,525,127	3,955,172	4,525,127
Deposits and placements of banks and other financial institutions	19	1,720,183	709,520	1,720,183	709,520
Obligations on securities sold under repurchase agreements	20	466,326	-	466,326	-
Trade payables	21	225,466	338,867	225,466	338,867
Lease liabilities		15,644	14,459	15,644	14,459
Derivative financial liabilities		170,310	102,874	170,310	102,874
Amount due to holding company		9,801	5,835	9,801	5,835
Other liabilities	22	347,018	326,370	345,909	324,941
Provision for taxation		1	1	-	-
TOTAL LIABILITIES		6,909,921	6,023,053	6,908,811	6,021,623
Share capital		999,800	999,800	999,800	999,800
Reserves	23	503,951	437,426	503,893	437,422
TOTAL EQUITY		1,503,751	1,437,226	1,503,693	1,437,222
TOTAL LIABILITIES AND EQUITY		8,413,672	7,460,279	8,412,504	7,458,845
COMMITMENTS AND CONTINGENCIES	32	18,066,066	10,899,639	18,066,066	10,899,639
CAPITAL ADEQUACY					
Basel III					
Before deducting proposed dividend:					
Common Equity Tier ("CET 1") capital ratio	31	38.157%	42.923%	45.591%	55.446%
Tier 1 capital ratio	31	38.157%	42.923%	45.591%	55.446%
Total capital ratio	31	38.751%	43.516%	46.302%	56.214%
After deducting proposed dividend:					
CET 1 capital ratio	31	33.067%	42.923%	39.498%	55.446%
Tier 1 capital ratio	31	33.067%	42.923%	39.498%	55.446%
Total capital ratio	31	33.661%	43.516%	40.208%	56.214%

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 2022.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 30 June 2023

The Group

	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-06-2023 RM'000	Preceding Year Corresponding Period 30-06-2022 RM'000	Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
Interest income	24	75,037	51,817	144,630	100,807
Interest expense	25	(59,152)	(31,463)	(109,566)	(60,935)
Net interest income		15,885	20,354	35,064	39,872
Net fee and commission income	26	18,343	21,772	39,556	48,182
Net gains and losses on financial instruments	27	11,212	9,871	19,949	24,093
Other operating income	28	1,183	2,112	2,690	3,976
Net income		46,623	54,109	97,259	116,123
Other operating expenses	29	(36,693)	(42,133)	(75,985)	(83,436)
Operating profit before allowances		9,930	11,976	21,274	32,687
Writeback/(Allowances) for credit impairment losses on financial assets	30	1,097	5,378	9,035	(1,929)
Profit before zakat and taxation		11,027	17,354	30,309	30,758
Zakat		-	(17)	-	(167)
Profit before taxation		11,027	17,337	30,309	30,591
Taxation		(2,714)	(5,394)	(7,510)	(9,940)
Profit/(loss) from continuing operations		8,313	11,943	22,799	20,651
Profit from discontinued operation		-	29,029	-	55,646
Net profit after zakat and taxation		8,313	40,972	22,799	76,297
Attributable to:					
- Equity holder of the Bank		8,313	30,175	22,799	55,606
- Non-controlling interests		-	10,797	-	20,691
		8,313	40,972	22,799	76,297
Earnings per share (sen):					
Basic/fully diluted earnings per share (sen) attributable to equity holder of the Bank					
- Continuing operations		1.07	1.53	2.92	2.65
- Discontinued operation		-	2.34	-	4.48
		1.07	3.87	2.92	7.13

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 2022.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 30 June 2023

The Group

	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-06-2023 RM'000	Preceding Year Corresponding Period 30-06-2022 RM'000	Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
Net profit after zakat and taxation	8,313	40,972	22,799	76,297
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)	13,141	(57,106)	54,406	(91,007)
Net credit impairment losses change in financial investments at FVOCI (debt instruments)	2,910	170	2,588	243
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(1,009)	-	(1,388)	(2,380)
Deferred tax on financial investments at FVOCI	(2,911)	14,036	(12,724)	22,413
<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)	844	499	844	1,877
Other comprehensive income for the financial period, net of tax	12,975	(42,401)	43,726	(68,854)
Total comprehensive income for the financial period	21,288	(1,429)	66,525	7,443
Attributable to:				
- Equity holder of the Bank	21,288	(12,226)	66,525	(13,248)
- Non-controlling interests	-	10,797	-	20,691
	21,288	(1,429)	66,525	7,443
Total comprehensive income attributable to equity holder of the bank from:				
- Continuing operations	21,288	(30,458)	66,525	(48,203)
- Discontinued operation	-	18,232	-	34,955
	21,288	(12,226)	66,525	(13,248)

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 2022.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 30 June 2023

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-06-2023 RM'000	Preceding Year Corresponding Period 30-06-2022 RM'000	Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
Interest income	24	75,030	51,810	144,617	100,796
Interest expense	25	(59,152)	(31,463)	(109,566)	(60,935)
Net interest income		15,878	20,347	35,051	39,861
Net fee and commission income	26	17,933	21,301	38,889	47,309
Net gains and losses on financial instruments	27	11,201	9,868	19,924	24,084
Other operating income	28	1,183	33,715	2,690	35,694
Net income		46,195	85,231	96,554	146,948
Other operating expenses	29	(36,321)	(41,314)	(75,339)	(82,319)
Operating profit before allowances		9,874	43,917	21,215	64,629
Writeback/(Allowances) for credit impairment losses on financial assets	30	1,098	5,353	9,038	(1,936)
Profit before zakat and taxation		10,972	49,270	30,253	62,693
Zakat		-	(17)	-	(167)
Profit before taxation		10,972	49,253	30,253	62,526
Taxation		(2,713)	(5,392)	(7,508)	(9,962)
Net profit after zakat and taxation		8,259	43,861	22,745	52,564
Attributable to:					
- Equity holder of the Bank		8,259	43,861	22,745	52,564
Earnings per share (sen):					
- basic/fully diluted		1.06	5.62	2.92	6.74

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 2022.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 30 June 2023

The Bank

	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-06-2023 RM'000	Preceding Year Corresponding Period 30-06-2022 RM'000	Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
Net profit after zakat and taxation	8,259	43,861	22,745	52,564
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)	13,141	(57,106)	54,406	(91,007)
Net credit impairment losses change in financial investments at FVOCI (debt instruments)	2,910	170	2,588	243
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(1,009)	-	(1,388)	(2,380)
Deferred tax on financial investments at FVOCI	(2,911)	14,036	(12,724)	22,413
<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)	844	499	844	1,877
Other comprehensive income for the financial period, net of tax	12,975	(42,401)	43,726	(68,854)
Total comprehensive income for the financial period	21,234	1,460	66,471	(16,290)
Attributable to equity holder of the Bank	21,234	1,460	66,471	(16,290)

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 2022.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity
for the financial period ended 30 June 2023

The Group

At 1 January 2023

Comprehensive income:

Net profit for the financial period

Other comprehensive income (net of tax)

- Financial investments at FVOCI

Total comprehensive income

Transfer to regulatory reserves

At 30 June 2023

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

Share Capital RM'000	Regulatory reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Total equity RM'000
999,800	16,709	(92,555)	513,272	1,437,226
-	-	-	22,799	22,799
-	-	43,726	-	43,726
-	-	43,726	22,799	66,525
-	1,697	-	(1,697)	-
999,800	18,406	(48,829)	534,374	1,503,751

<----- Attributable to equity holder 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
999,800	12,894	39	(88,737)	(50,927)	486,407	1,359,476	44,685	1,404,161
-	-	-	-	-	55,606	55,606	20,691	76,297
-	-	-	-	(68,854)	-	(68,854)	-	(68,854)
-	-	-	-	(68,854)	55,606	(13,248)	20,691	7,443
-	-	-	-	-	-	-	-	-
-	842	-	-	-	(842)	-	-	-
999,800	13,736	39	(88,737)	(119,781)	541,171	1,346,228	46,876	1,393,104

Other reserves represents corresponding debit arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest.

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 2022.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity
for the financial period ended 30 June 2023

The Bank

At 1 January 2023

Comprehensive income:

Net profit for the financial period

Other comprehensive income (net of tax)

- Financial investments at FVOCI

Total comprehensive income

Transfer to regulatory reserves

At 30 June 2023

	<----- Non-distributable ----->	<- Distributable ->			
	Share Capital RM'000	Regulatory reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Total equity RM'000
	999,800	16,709	(92,555)	513,268	1,437,222
	-	-	-	22,745	22,745
	-	-	43,726	-	43,726
	-	-	43,726	22,745	66,471
	-	1,697	-	(1,697)	-
	999,800	18,406	(48,829)	534,316	1,503,693

At 1 January 2022

Comprehensive income:

Net profit for the financial period

Other comprehensive income (net of tax)

- Financial investments at FVOCI

Total comprehensive income

Transfer from regulatory reserves

At 30 June 2022

	<----- Non-distributable ----->	<- Distributable ->			
	Share Capital RM'000	Regulatory reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Total equity RM'000
	999,800	12,894	(50,982)	447,257	1,408,969
	-	-	-	52,564	52,564
	-	-	(68,854)	-	(68,854)
	-	-	(68,854)	52,564	(16,290)
	-	842	-	(842)	-
	999,800	13,736	(119,836)	498,979	1,392,679

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 2022.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows
for the financial period ended 30 June 2023

	The Group		The Bank	
	30-06-2023 RM'000	30-06-2022 RM'000	30-06-2023 RM'000	30-06-2022 RM'000
Cash flow from operating activities				
Profit before taxation from:				
- Continuing operation	30,309	30,591	30,253	62,526
- Discontinued operation	-	69,182	-	-
Profit before taxation including discontinued operation	30,309	99,773	30,253	62,526
Adjustments for non-operating and not involving the movement of cash and cash equivalents	(183,932)	(50,181)	(183,937)	(98,133)
<i>Operating profit/(loss) before changes in working capital</i>	(153,623)	49,592	(153,684)	(35,607)
Net changes in operating assets	(528,065)	(519,362)	(527,882)	(213,041)
Net changes in operating liabilities	885,869	(408,791)	886,190	49,137
Net cash generated from/(used in) operating activities	204,181	(878,561)	204,624	(199,511)
Tax paid	(2,110)	(26,821)	(2,107)	(11,906)
Zakat paid	-	(4,673)	-	(4,666)
Net cash generated from/(used in) operating activities	202,071	(910,055)	202,517	(216,083)
Cash flow from investing activities				
Interest received from financial investments	89,628	72,051	89,628	72,051
Purchase of financial assets	-	(23,628)	-	-
Purchase of financial investments	(646,294)	(747,648)	(646,294)	(747,648)
Redemption/disposal of financial assets	-	40,644	-	-
Redemption/disposal of financial investments	324,564	326,294	324,564	326,294
Dividend income received from:				
- financial assets	18	813	-	631
- financial investments	113	113	113	113
- subsidiary	-	-	-	31,500
Proceeds from disposal of property and equipment	1	609	1	186
Purchase of property and equipment	(1,623)	(1,093)	(1,623)	(732)
Purchase of intangible assets	(303)	(1,987)	(303)	(669)
Net cash used in investing activities	(233,896)	(333,832)	(233,914)	(318,274)
Cash flow from financing activities				
Lease payments	(1,882)	(4,093)	(1,882)	(1,932)
Dividend paid to non-controlling interest	-	(18,500)	-	-
Net cash used in financing activities	(1,882)	(22,593)	(1,882)	(1,932)
Net decrease in cash and cash equivalents	(33,707)	(1,266,480)	(33,279)	(536,289)
Cash and cash equivalents at beginning of the financial period	247,378	1,871,835	245,028	1,139,252
Cash and cash equivalents at end of the financial period	213,671	605,355	211,749	602,963
Analysis of cash and cash equivalents				
Cash and short term funds	276,887	672,505	274,965	670,113
Amount held on behalf of commissioned dealer's representatives	(63,216)	(67,150)	(63,216)	(67,150)
Cash and cash equivalents at end of the financial period	213,671	605,355	211,749	602,963
Cash flows from discontinued operation	-	(380,467)	-	-

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 2022.

Affin Hwang Investment Bank Berhad (Incorporated in Malaysia)

Notes to the unaudited condensed interim financial statements for the financial period ended 30 June 2023

1. Review of financial performance

The Group had accounted for the proposed divestment of 7,000,000 ordinary shares in Affin Hwang Asset Management Berhad ("AHAM"), representing 63.0% equity interest in AHAM ("Proposed Divestment") as a discontinued operation in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which was completed on 29 July 2022. As such, post-tax profit contribution from AHAM for the three months period ended 30 June 2022 ("6M2022") of RM55.6 million was disclosed as "profit from discontinued operation" in the Income Statements.

The Group recorded a profit before zakat and taxation ("PBZT") of RM30.3 million for the 6 months period ended 30 June 2023 ("6M2023"), 1% lower as compared to the previous corresponding financial period of RM30.8 million.

Analysis of the Group's 6M2023 financial performance is as follows:

- Net interest income of RM35.1 million in 6M2023 was 12% lower than the previous corresponding period of RM39.9 million primarily due to higher cost of borrowing in the current period under review.
- Net fee and commission income of RM39.6 million in 6M2023 was 18% lower than the previous corresponding period of RM48.2 million. The decrease was primarily due to the lower net brokerage income and lower corporate advisory fees earned in the current period.
- Net gains and losses on financial instruments decreased by 17% or RM4.1 million to RM19.9 million in the current period, from RM24.1 million in the previous corresponding period. This was mainly due to lower gains on disposal of financial investments at FVOCI of RM1.4 million (6M2022: RM2.4 million) and lower net trading gains from financial assets at FVTPL of RM16.7 million (6M2022: RM20.5 million).
- Other operating income registered a decrease from RM4.0 million in the previous corresponding period to RM2.7 million in the current period mainly due to lower net foreign exchange gains.
- Operating expenses for the period under review were lower at RM76.0 million compared to RM83.4 million incurred in the previous corresponding period mainly due to lower personnel costs, partially offset by higher administrative and marketing costs.
- Net write back on credit impairment losses of RM9.0 million compared to net expected credit losses made of RM1.9 million in the previous corresponding period was mainly due to net write back on loans and advances of RM2.8 million (6M2022: ECL charge of RM4.1 million) and financial investments of RM4.2 million (6M2022: ECL charge of RM0.3 million).

2. Prospect for the current financial year

The Malaysian economy is expected to remain resilient with GDP growth projected between 4.0% to 4.5% in 2023 supported by robust domestic demand underpinned by a healthy labour market, continued recovery in tourism-related activities as well as the progress of multi-year infrastructure projects. Notwithstanding the down-side risk emanating from weaker-than-expected global growth, Malaysia's monetary policy direction continues to be conducive and is expected to continue supporting domestic demand and credit growth.

Despite recent negative events affecting the banking sector in some advanced economies, the domestic banking sector continues to remain stable. Stringent capital and liquidity requirements ensure domestic banks are able to withstand severe macroeconomic and financial shocks.

The Bank shall continue to pursue its strategic aspirations in delivering unrivalled customer service, digital leadership and advancing responsible banking practices in line with its A25 plan with the ultimate objective of achieving sustainable profitability, improving asset quality and maintaining cost efficiency.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 June 2023**

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 2022. 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 2022.

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 2022, except for the amendments to MFRS 9 - "Comparative Information" and amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" that are effective and applicable to the Group and the Bank for the financial period beginning or after 1 January 2023.

4. Qualification of preceding annual financial statements

The Group's and the Bank's financial statements for financial year ended 31 December 2022 were not qualified by the auditors.

5. Seasonal or cyclical factors

The operations of the Group and the Bank are generally not affected by any seasonal or cyclical factors, but are in tandem with the 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 period.

7. Changes in debt and equity securities

There were no issuances, cancellation, repurchases, resale or repayment of debt and equity securities by the Group and the Bank during the financial period.

8. Material litigations

There is no material litigation during the financial period ended 30 June 2023.

9. Changes in the composition of the Group

There is no change to the composition of the Group as at end of the financial period. Following the completion of the Proposed Divestment on 29 July 2022, AHAM has ceased to be a subsidiary of the Group.

10. Dividends

The Directors now recommend the payment of a special dividend of 19.231 sen per share amounting to RM150,000,000 for the financial year ending 31 December 2023, which is subject to approval from Bank Negara Malaysia.

11. Significant event subsequent to the financial period

There is no significant event subsequent to the financial period.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 June 2023**

12. Securities portfolio

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

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
At fair value				
Money market instruments				
Treasury bills	146,586	-	146,586	-
Malaysian government securities	20,580	-	20,580	-
Malaysian government islamic investment issues	40,449	-	40,449	-
	<u>207,615</u>	<u>-</u>	<u>207,615</u>	<u>-</u>
Quoted securities				
Unit trusts in Malaysia	1,232	1,207	-	-
Shares and warrants in Malaysia	105,071	34,631	105,071	34,631
Shares and warrants outside Malaysia	62	230	62	230
	<u>106,365</u>	<u>36,068</u>	<u>105,133</u>	<u>34,861</u>
Unquoted securities				
Corporate bonds and/or Sukuk in Malaysia	-	2	-	2
	<u>313,980</u>	<u>36,070</u>	<u>312,748</u>	<u>34,863</u>

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

	The Group and the Bank	
	30-06-2023 RM'000	31-12-2022 RM'000
At fair value		
Money market instruments		
Malaysian government islamic investment issues	1,185,518	1,090,216
Malaysian government securities	850,144	797,643
Cagamas bonds	65,167	124,487
Khazanah bonds	9,961	9,797
	<u>2,110,790</u>	<u>2,022,143</u>
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	1,759,727	1,529,443
Corporate bonds and/or Sukuk outside Malaysia	12,375	-
Shares in Malaysia ^	24,759	23,915
	<u>3,907,651</u>	<u>3,575,501</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	
	30-06-2023 RM'000	31-12-2022 RM'000
Unquoted securities		
Shares in Malaysia:		
Cagamas Berhad	23,420	22,662
Malaysian Rating Corporation Berhad	1,339	1,253
	<u>24,759</u>	<u>23,915</u>

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12. Securities portfolio (continued)

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

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

The Group and the Bank 30-06-2023	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	803	18,376	-	19,179
Transfer between stages due to change in credit risk:				
- Transfer to 12-month 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)	(42)	-	-	(42)
New originated or purchased	222	-	-	222
Changes due to change in credit risk	(309)	2,717	-	2,408
At end of the financial period	674	21,093	-	21,767

The Group and the Bank 31-12-2022	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 year	252	19,107	-	19,359
Transfer between stages due to change in credit risk:				
- Transfer to 12-month 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 year (other than write-offs)	(12)	(731)	-	(743)
New originated or purchased	204	-	-	204
Changes due to change in credit risk	359	-	-	359
At end of the financial year	803	18,376	-	19,179

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. 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 30-06-2023	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	3,450,924	100,662	-	3,551,586
Transfer between stages due to change in credit risk:				
- Transfer to 12-month 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)	(253,929)	-	-	(253,929)
New originated or purchased	545,449	-	-	545,449
Changes due to interest accruals	(13,460)	(16)	-	(13,476)
Changes due to fair value	52,429	589	-	53,018
At end of the financial period	3,781,657	101,235	-	3,882,892

The Group and the Bank 31-12-2022	12-month	Lifetime ECL	Lifetime ECL	Total 31-12-2022 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	3,524,179	128,588	-	3,652,767
Transfer between stages due to change in credit risk:				
- Transfer to 12-month 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 year (other than write-offs)	(402,632)	(30,169)	-	(432,801)
New originated or purchased	411,930	-	-	411,930
Changes due to interest accruals	(28,979)	(289)	-	(29,268)
Changes due to fair value	(53,574)	105	-	(53,469)
Other adjustments:				
- Foreign exchange and other adjustments	-	2,427	-	2,427
At end of the financial year	3,450,924	100,662	-	3,551,586

The gross carrying amount of financial investments at FVOCI is at 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	
	30-06-2023 RM'000	31-12-2022 RM'000
At fair value		
Money market instruments		
Malaysian government islamic investment issues	139,454	139,361
Malaysian government securities	<u>67,308</u>	<u>67,125</u>
	206,762	206,486
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	679,025	658,994
Corporate bonds and/or Sukuk outside Malaysia	37,355	15,016
Loan stocks in Malaysia	<u>8,296</u>	<u>15,560</u>
	931,438	896,056
Expected credit losses	<u>(9,221)</u>	<u>(16,409)</u>
	922,217	879,647

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

The Group and the Bank 30-06-2023	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	849	-	15,560
Derecognised during the financial period (other than write-offs)	(12)	-	(6,819)	(6,831)
New originated or purchased	82	-	-	82
Changes due to change in credit risk	6	-	-	6
Other adjustments	-	-	(445)	(445)
At end of the financial period	<u>925</u>	<u>-</u>	<u>8,296</u>	<u>9,221</u>

The Group and the Bank 31-12-2022	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 year	32	-	15,000
Derecognised during the financial period (other than write-offs)	(2)	-	-	(2)
New originated or purchased	472	-	-	472
Changes due to change in credit risk	347	-	-	347
Other adjustments	-	-	560	560
At end of the financial year	<u>849</u>	<u>-</u>	<u>15,560</u>	<u>16,409</u>

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12. Securities portfolio (continued)

(iii) Financial investments at amortised cost (continued)

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

The Group and the Bank 30-06-2023	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	880,496	-	15,560
Derecognised during the financial period (other than write-offs)	(60,658)	-	(6,819)	(67,477)
New originated or purchased	100,845	-	-	100,845
Changes due to interest accruals	1,306	-	-	1,306
Other adjustments:				
- Foreign exchange and other adjustments	1,153	-	(445)	708
At end of the financial period	<u>923,142</u>	<u>-</u>	<u>8,296</u>	<u>931,438</u>

The Group and the Bank 31-12-2022	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 year	40,484	-	15,000
Derecognised during the financial period (other than write-offs)	(35,000)	-	-	(35,000)
New originated or purchased	867,741	-	-	867,741
Changes due to interest accruals	7,318	-	-	7,318
Other adjustments:				
- Foreign exchange and other adjustments	(47)	-	560	513
At end of the financial period	<u>880,496</u>	<u>-</u>	<u>15,560</u>	<u>896,056</u>

13. Loans and advances

	The Group and the Bank	
	30-06-2023 RM'000	31-12-2022 RM'000
(i) By Type of Loans		
Term loans:		
- Syndicated term loans	73,012	99,255
- Other term loans	129,845	112,621
Share margin financing	1,389,483	1,195,788
Revolving credits	217,394	224,142
Staff loans	2,697	2,939
Gross loans and advances	<u>1,812,431</u>	<u>1,634,745</u>
Less : expected credit losses	(63,532)	(64,740)
Total net loans and advances	<u>1,748,899</u>	<u>1,570,005</u>
(ii) By Type of Customers		
Domestic business enterprises:		
- Small medium enterprises	9,952	7,864
- Others	453,172	485,193
Domestic non-bank financial institutions	296,865	279,052
Individuals	1,022,244	862,143
Foreign individuals	533	493
Foreign business enterprises	29,665	-
Total gross loans and advances	<u>1,812,431</u>	<u>1,634,745</u>

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13. Loans and advances (continued)

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
(iii) By Interest Rate Sensitivity		
Fixed rate		
- Other fixed rate loans	45,705	44,117
- Housing loans	1,473	1,596
- Hire purchase receivables	1,224	1,343
Variable rate		
- Cost-plus	1,583,195	1,434,020
- BFR plus *	122,093	122,054
- Other floating rate	58,741	31,615
Total gross loans and advances	1,812,431	1,634,745
* refers to Base Financing Rate ("BFR") from Affin Bank.		
(iv) By Economic Purpose		
Purchase of securities	1,454,002	1,263,083
Purchase of landed properties of which		
- Residential	1,473	1,596
- Non-residential	25,915	31,426
Working capital	75,364	76,050
Construction	23,534	30,332
Purchase of transport vehicles	32,340	35,008
Merger and acquisition	-	21,536
Others	199,803	175,714
Total gross loans and advances	1,812,431	1,634,745
(v) By Economic Sectors		
Household	1,022,777	862,636
Finance, insurance and business services	311,774	284,878
Construction	210,196	214,904
Real estate	138,147	116,242
Transport, storage and communication	59,666	83,337
Manufacturing	26,157	24,344
Agriculture	24,186	28,428
Wholesale, retail trade, restaurants & hotels	9,587	10,032
Education, health and others	7,808	7,808
Mining and quarrying	2,118	2,127
Electricity, gas and water supply	15	9
Total gross loans and advances	1,812,431	1,634,745
(vi) By Geographical Distribution		
Wilayah Persekutuan	1,145,712	994,692
Selangor	374,559	397,163
Johor	120,993	93,353
Sarawak	58,379	52,451
Labuan	29,665	-
Sabah	24,900	29,300
Pulau Pinang	24,036	26,769
Terengganu	23,534	28,826
Kedah	4,166	4,872
Perak	3,873	4,487
Negeri Sembilan	2,614	2,832
Total gross loans and advances	1,812,431	1,634,745

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**Notes to the unaudited condensed interim financial statements
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13. Loans and advances (continued)

	The Group and the Bank	
	30-06-2023 RM'000	31-12-2022 RM'000
(vii) By Maturity Structure		
Maturing within one year	1,605,400	1,444,483
One year to three years	53,309	31,796
Three years to five years	64,633	62,525
Over five years	89,089	95,941
Total gross loans and advances	1,812,431	1,634,745
(viii) Movements of impaired loans and advances		
At beginning of the financial period	78,325	82,528
Amount recovered	(3,567)	(11,981)
Interest on credit impaired loans and advances	1,626	7,778
At end of the financial period	76,384	78,325
Gross impaired loans as a percentage of gross loans and advances	4.21%	4.79%
(ix) Impaired loans and advances analysed by economic purpose		
Working capital	48,239	48,227
Purchase of securities	19,878	21,856
Purchase of transport vehicles	2,118	2,127
Others	6,149	6,115
Total impaired loans and advances	76,384	78,325
(x) Impaired loans and advances analysed by economic sector		
Construction	45,705	44,117
Real estate	26,028	27,971
Manufacturing	2,533	4,110
Mining and quarrying	2,118	2,127
Total impaired loans and advances	76,384	78,325
(xi) Impaired loans and advances by geographical distribution		
Sarawak	45,705	44,117
Selangor	28,561	32,081
Wilayah Persekutuan	2,118	2,127
Total impaired loans and advances	76,384	78,325

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**Notes to the unaudited condensed interim financial statements
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13. Loans and advances (continued)

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

The Group and the Bank 30-06-2023	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	1,582	26,769	36,389	64,740
Transfer between stages due to change in credit risk:				
- Transfer to 12-month 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)	(194)	-	(34)	(228)
New loans originated or purchased	200	-	-	200
Changes due to change in credit risk	(84)	(1,166)	(1,561)	(2,811)
Other adjustments:				
- Foreign exchange and other adjustments	5	-	1,626	1,631
At end of the financial period	1,509	25,603	36,420	63,532

The Group and the Bank 31-12-2022	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 year	1,045	22,304	32,752	56,101
Transfer between stages due to change in credit risk:				
- Transfer to 12-month 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 financial year (other than write-offs)	(27)	-	(4,470)	(4,497)
New loans originated or purchased	914	-	-	914
Changes due to change in credit risk	(351)	4,465	329	4,443
- Foreign exchange and other adjustments	1	-	7,778	7,779
At end of the financial year	1,582	26,769	36,389	64,740

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**Notes to the unaudited condensed interim financial statements
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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 30-06-2023	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	1,497,059	59,361	78,325	1,634,745
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 financial period (other than write-offs)	(76,496)	-	(10)	(76,506)
New loans originated or purchased	510,534	-	-	510,534
Changes due to change in credit risk	(253,427)	(5,046)	(3,557)	(262,030)
Other adjustments:				
- Foreign exchange and other adjustments	2,253	1,809	1,626	5,688
At end of the financial period	1,679,923	56,124	76,384	1,812,431

The Group and the Bank 31-12-2022	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 year	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)	1,650	(1,650)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(917)	917	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	733	(733)	-	-
Loans derecognised during the financial year (other than write-offs)	(134,246)	-	(4,470)	(138,716)
New loans originated or purchased	987,775	-	-	987,775
Changes due to change in credit risk	(350,181)	(3,296)	(7,511)	(360,988)
Other adjustments:				
- Foreign exchange and other adjustments	2,708	1,678	7,778	12,164
At end of the financial year	1,497,059	59,361	78,325	1,634,745

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14. Trade receivables

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Amount due from clients:		
- performing accounts	263,638	376,714
- impaired accounts (a)	173	941
Amount due from brokers	<u>102,728</u>	<u>26,855</u>
	366,539	404,510
Less: expected credit losses	<u>(248)</u>	<u>(756)</u>
	<u>366,291</u>	<u>403,754</u>

(a) Movement of impaired amount due from clients

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
At beginning of the financial period/year	941	942
Classified as impaired during the financial period/year	161	1,504
Amount recovered	<u>(929)</u>	<u>(1,505)</u>
At end of the financial period/year	<u>173</u>	<u>941</u>

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14. Trade receivables (continued)

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

The Group and the Bank 30-06-2023	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
At beginning of financial period	71	685	756
Allowance made	46	157	203
Amount written back	(38)	(673)	(711)
At end of financial period	<u>79</u>	<u>169</u>	<u>248</u>
The Group and the Bank 31-12-2022	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
At beginning of the financial year	452	848	1,300
Allowance made	1,809	1,248	3,057
Amount written back	(2,190)	(1,411)	(3,601)
At end of the financial year	<u>71</u>	<u>685</u>	<u>756</u>

15. Other assets

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
Other debtors, deposits and prepayments	52,650	28,284	52,312	28,124
Securities lending	49,605	17,438	49,605	17,438
Clearing guarantee fund	1,967	1,722	1,967	1,722
Clearing fund	2,725	2,557	2,725	2,557
Transferable membership	250	250	250	250
	<u>107,197</u>	<u>50,251</u>	<u>106,859</u>	<u>50,091</u>
Less : expected credit losses ("ECL")	<u>(3,771)</u>	<u>(4,749)</u>	<u>(3,769)</u>	<u>(4,745)</u>
	<u>103,426</u>	<u>45,502</u>	<u>103,090</u>	<u>45,346</u>

Movement in credit impaired accounts

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
At beginning of the financial period/year	4,757	4,107	4,753	4,100
Additional during the period	1,190	2,349	1,186	2,292
Amount recovered	(2,158)	(1,699)	(2,151)	(1,639)
At end of the financial period/year	<u>3,789</u>	<u>4,757</u>	<u>3,788</u>	<u>4,753</u>

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15. Other assets (continued)

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

The Group	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
30-06-2023			
At beginning of the financial period	17	4,732	4,749
Allowance made	20	1,189	1,209
Amount written back	(17)	(2,170)	(2,187)
At end of the financial period	<u>20</u>	<u>3,751</u>	<u>3,771</u>
The Group	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
31-12-2022			
At beginning of the financial year	9	4,030	4,039
Allowance made	71	2,346	2,417
Amount written back	(63)	(1,644)	(1,707)
At end of the financial year	<u>17</u>	<u>4,732</u>	<u>4,749</u>
The Bank	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
30-06-2023			
At beginning of the financial period	16	4,729	4,745
Allowance made	13	1,185	1,198
Amount written back	(12)	(2,162)	(2,174)
At end of the financial period	<u>17</u>	<u>3,752</u>	<u>3,769</u>
The Bank	Lifetime ECL not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	Total RM'000
31-12-2022			
At beginning of the financial year	7	4,023	4,030
Allowance made	59	2,290	2,349
Amount written back	(50)	(1,584)	(1,634)
At end of the financial year	<u>16</u>	<u>4,729</u>	<u>4,745</u>

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16. Investment in subsidiaries

	The Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Unquoted shares at cost at beginning of the financial year	1,794	126,521
Disposal of a subsidiary (a)	-	(121,211)
Accumulated impairment losses (b)	-	(3,516)
Unquoted shares at cost at end of the financial year	<u>1,794</u>	<u>1,794</u>

- (a) Affin Hwang Asset Management Berhad was disposed off on 29 July 2022.
(b) During the financial period, no impairment losses was recognised (31.12.2022: RM3.5 million) for investments in Affin Hwang Nominees (Asing) Sdn. Bhd., Affin Hwang Nominees (Tempatan) Sdn. Bhd., AHC Global Sdn. Bhd. and AHC Associates Sdn. Bhd.

Details of entities that holds interest in Affin Hwang Trustee Berhad ("AHTB") are as follows:

	Percentage of equity held	
	30-06-2023	31-12-2022
	%	%
<u>Held by the Bank -</u>		
Affin Hwang Investment Bank Berhad	20	20
<u>Held by subsidiaries of the Bank -</u>		
Affin Hwang Nominees (Asing) Sdn. Bhd.	20	20
Affin Hwang Nominees (Tempatan) Sdn. Bhd.	20	20
AHC Global Sdn. Bhd.	20	20
AHC Associates Sdn. Bhd.	20	20

At Group level, AHTB is deemed as wholly owned subsidiary of the Bank by virtue of its 100% effective equity interest in AHTB.

17. Investment in associates

	The Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Cost at beginning of the financial year	372	1,332
Accumulated impairment losses (a)	-	(960)
Cost at end of the financial year	<u>372</u>	<u>372</u>

- (a) During the financial period, no impairment losses was recognised (31.12.2022: RM0.96 million) for investment in AHTB. Recoverable amount is tested annually or more frequently if events, or changes in circumstances indicate that impairment might be required. The loss of key customers has impacted the performance of AHTB in 2022. Management has assessed the recoverable amount of AHTB based on its VIU, calculated based on the cash flow projections derived from the financial budgets and business plans prepared by management that were updated to reflect the most recent market developments. The impairment test has resulted in an impairment loss of RM0.96 million.
(b) Information about associates:

The Bank Name	Principal Activities	Issued and paid up share capital RM'000	Percentage of equity held	
			30-06-2023	31-12-2022
		RM'000	%	%
Affin Hwang Trustee Berhad ("AHTB") #	Provision of trustee services	6,500	20%	20%

- # The associate company is deemed as a wholly owned subsidiary of the Bank at Group level by virtue of the 20% shareholding by each of the subsidiary companies of the Bank as disclosed in Note 16 to the condensed interim financial statements.

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18. Deposits from customers

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
(i) By Type of Deposits		
Fixed deposits	3,180,568	3,672,556
Negotiable instruments of deposits	755,788	754,595
Other deposits	18,816	97,976
	<u>3,955,172</u>	<u>4,525,127</u>
(ii) By Maturity Structure		
Due within six months	3,412,233	4,246,452
Six months to one year	239,189	266,554
One year to three years	303,750	12,121
	<u>3,955,172</u>	<u>4,525,127</u>
(iii) By Type of Customer		
Domestic non-banking financial institutions	1,654,012	1,871,572
Business enterprises	1,081,089	1,304,897
Domestic banking institutions	755,788	754,595
Government and statutory bodies	399,902	503,031
Individuals	39,219	68,575
Foreign entities	11,807	11,410
Other entities	13,355	11,047
	<u>3,955,172</u>	<u>4,525,127</u>

19. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Licensed banks	1,720,183	549,496
Licensed investment banks	-	160,024
	<u>1,720,183</u>	<u>709,520</u>

20. Obligations on securities sold under repurchase agreements

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Financial investments at FVOCI	<u>466,326</u>	-

21. Trade payables

	The Group and the Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Amount due to clients	88,925	132,889
Amount due to brokers	41,223	105,246
Amount due to Bursa Securities Clearing Sdn. Bhd.	95,318	100,732
	<u>225,466</u>	<u>338,867</u>

Trade payables include amount payable under outstanding contracts from the stock and share broking activities and amounts due to unit trust funds and unit holders from asset management activities. The credit terms of amounts due to creditors range from 1 to 30 days (2021: 1 to 30 days).

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22. Other liabilities

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
Commissioned dealer's representative trust balances	63,216	64,495	63,216	64,495
Amounts payable to commissioned and salaried dealer's representatives	53,716	62,788	53,716	62,788
Accrued employee benefit	18,065	31,218	17,923	31,146
Securities borrowing	135,805	71,962	135,805	71,962
Other creditors and accruals	49,155	49,782	48,188	48,425
Collaterals pledged for derivatives transactions	9,245	28,131	9,245	28,131
	329,202	308,376	328,093	306,947
Add: expected credit losses - loans commitments and financial guarantees	17,816	17,994	17,816	17,994
	347,018	326,370	345,909	324,941

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

The Group and the Bank 30-06-2023	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	69	-	17,925
New loan commitments/financial guarantees issued	184	-	-	184
Changes due to change in credit risk	(198)	-	(164)	(362)
At end of the financial period	55	-	17,761	17,816

The Group and the Bank 31-12-2022	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 year	1	2,000	17,925
New loan commitments/financial guarantees issued	12	-	-	12
Changes due to change in credit risk	56	(2,000)	-	(1,944)
At end of the financial year	69	-	17,925	17,994

23. Reserves

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
FVOCI revaluation reserves (a)	(48,829)	(92,555)	(48,829)	(92,555)
Regulatory reserves (b)	18,406	16,709	18,406	16,709
	(30,423)	(75,846)	(30,423)	(75,846)
Retained profits	534,374	513,272	534,316	513,268
	503,951	437,426	503,893	437,422

- (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 29 April 2022, 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.

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24. 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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	27,177	15,235	51,537	29,015
Money at call and deposit placements with financial institutions	6,057	4,900	11,316	10,765
Financial investments at FVOCI	29,639	27,588	57,589	54,723
Financial investments at amortised cost	10,816	3,154	21,644	4,140
Others	1,348	940	2,544	2,164
	<u>75,037</u>	<u>51,817</u>	<u>144,630</u>	<u>100,807</u>
of which:				
Interest income earned on impaired loans and advances	<u>509</u>	<u>365</u>	<u>990</u>	<u>848</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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	27,177	15,235	51,537	29,015
Money at call and deposit placements with financial institutions	6,050	4,893	11,303	10,754
Financial investments at FVOCI	29,639	27,588	57,589	54,723
Financial investments at amortised cost	10,816	3,154	21,644	4,140
Others	1,348	940	2,544	2,164
	<u>75,030</u>	<u>51,810</u>	<u>144,617</u>	<u>100,796</u>
of which:				
Interest income earned on impaired loans and advances	<u>509</u>	<u>365</u>	<u>990</u>	<u>848</u>

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25. 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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	47,263	28,020	91,147	53,894
Deposits and placements of banks and other financial institutions	6,554	3,157	10,867	6,632
Deposits on obligations on securities sold under repurchase agreements	3,675	101	4,645	101
Lease liabilities	164	27	284	57
Others	1,496	158	2,623	251
	59,152	31,463	109,566	60,935

	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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	47,263	28,020	91,147	53,894
Deposits and placements of banks and other financial institutions	6,554	3,157	10,867	6,632
Obligations on securities sold under repurchase agreements	3,675	101	4,645	101
Lease liabilities	164	27	284	57
Others	1,496	158	2,623	251
	59,152	31,463	109,566	60,935

26. 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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
Net brokerage income	11,007	14,930	22,746	34,243
Loans related fees	3,473	2,676	6,863	4,955
Placement fees	-	-	1,365	242
Corporate advisory fees	589	1,584	1,646	2,706
Underwriting commissions	-	-	647	141
Arrangement fees	1,084	784	1,511	2,255
Others	2,190	1,798	4,778	3,640
	18,343	21,772	39,556	48,182

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26. Net fee and commission income (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period Ended	Preceding Year Corresponding Period Ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-06-2023 RM'000	30-06-2022 RM'000	30-06-2023 RM'000	30-06-2022 RM'000
Fee and commission income				
Net brokerage income	11,007	14,930	22,746	34,243
Loans related fees	3,473	2,676	6,863	4,955
Placement fees	-	-	1,365	242
Corporate advisory fees	589	1,584	1,646	2,706
Underwriting commissions	-	-	647	141
Arrangement fees	1,084	784	1,511	2,255
Others	1,780	1,327	4,111	2,767
	<u>17,933</u>	<u>21,301</u>	<u>38,889</u>	<u>47,309</u>

27. Net gains and losses on financial instruments

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period Ended	Preceding Year Corresponding Period Ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-06-2023 RM'000	30-06-2022 RM'000	30-06-2023 RM'000	30-06-2022 RM'000
Gains/(Losses) arising on financial assets at FVTPL				
- net gains on disposal	8,474	5,199	14,287	12,529
- unrealised losses	(5,567)	(619)	(8,431)	(1,818)
- gross dividend income	209	471	340	1,008
- interest income	5,851	4,153	10,450	8,825
Gains/(Losses) on derivative instruments				
- net gains on disposal	172	(56)	263	(22)
- unrealised gains	192	(338)	39	(1,076)
- interest income	1,885	4,982	4,067	10,007
- interest expense	(1,085)	(4,034)	(2,563)	(7,890)
Gains arising on financial investments at FVOCI				
- net gains on disposal	968	-	1,384	2,417
- gross dividend income	113	113	113	113
	<u>11,212</u>	<u>9,871</u>	<u>19,949</u>	<u>24,093</u>

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27. 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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Gains/(Losses) arising on financial assets at FVTPL				
- net gains on disposal	8,474	5,201	14,287	12,531
- unrealised losses	(5,568)	(618)	(8,438)	(1,816)
- gross dividend income	199	465	322	995
- interest income	5,851	4,153	10,450	8,825
Gains/(Losses) on derivative instruments				
- net gains on disposal	172	(56)	263	(22)
- unrealised gains	192	(338)	39	(1,076)
- interest income	1,885	4,982	4,067	10,007
- interest expense	(1,085)	(4,034)	(2,563)	(7,890)
Gains arising on financial investments at FVOCI				
- net gains on disposal	968	-	1,384	2,417
- gross dividend income	113	113	113	113
	11,201	9,868	19,924	24,084

28. 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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Foreign exchange (losses)/gains				
- realised	(84,508)	5,297	(91,065)	2,777
- unrealised	85,605	(3,413)	93,686	793
Gains on disposal of property and equipment	-	-	1	186
Others	86	228	68	220
	1,183	2,112	2,690	3,976

	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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Foreign exchange (losses)/gains				
- realised	(84,508)	5,297	(91,065)	2,777
- unrealised	85,605	(3,413)	93,686	793
Gains on disposal of property and equipment	-	-	1	186
Gross dividend income from subsidiary *	-	31,500	-	31,500
Others	86	331	68	438
	1,183	33,715	2,690	35,694

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29. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period Ended 30-06-2023 RM'000	Preceding Year Corresponding Period Ended 30-06-2022 RM'000	Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
Personnel costs				
Salaries, allowances and bonuses	11,978	23,550	27,051	46,723
Defined contribution plan	1,947	3,807	4,408	7,543
Other personnel costs	1,691	2,735	3,686	5,839
	<u>15,616</u>	<u>30,092</u>	<u>35,145</u>	<u>60,105</u>
Marketing expenses				
Business promotion and advertisement	275	500	466	940
Brokerage expenses	175	108	225	252
Entertainment	110	74	189	150
Travelling and accommodation	100	(241)	180	(197)
	<u>660</u>	<u>441</u>	<u>1,060</u>	<u>1,145</u>
Establishment cost				
Repair and maintenance	2,253	1,301	4,367	2,429
Rental of premises and equipment	1,730	1,217	3,511	2,229
Depreciation – ROU	1,863	828	3,268	1,833
Depreciation of property and equipment	667	815	1,331	1,599
Electricity, water and sewerage	361	401	735	651
Insurance and indemnities	292	243	424	554
Amortisation of intangible assets	211	255	417	502
	<u>7,377</u>	<u>5,060</u>	<u>14,053</u>	<u>9,797</u>
Administration and general expenses				
Subscription fees	2,498	1,992	5,034	4,223
Telecommunication expenses	2,136	1,762	4,129	3,626
Professional fees	1,068	1,281	2,238	1,408
Directors' remuneration	477	539	955	1,159
Auditors' remuneration	152	153	306	305
Management fees #	5,910	-	11,499	-
Others	799	813	1,566	1,668
	<u>13,040</u>	<u>6,540</u>	<u>25,727</u>	<u>12,389</u>
Total other operating expenses	<u>36,693</u>	<u>42,133</u>	<u>75,985</u>	<u>83,436</u>

The Group and the Bank incur intercompany charges for shared operating costs of Affin Banking Group in Malaysia. The services received for group shared services are in respect of Finance, Company Secretary, Legal, People Office, Procurement, Admin & Facility Management, Information Technology, Corporate Affairs, Internal Audit, Risk Management, Compliance, and Treasury & Markets effective from 1 October 2022.

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29. Other operating expenses (continued)

	The Group			
	Individual Quarter Current Financial Period Ended 30-06-2023 RM'000	Preceding Year Corresponding Period Ended 30-06-2022 RM'000	Cumulative Quarter Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period Ended 30-06-2022 RM'000
(a) Included in other operating expenses are intercompany charges:				
Personnel cost	-	-	-	-
Establishment cost	2,597	1,220	4,645	2,480
Marketing expenses	66	21	144	74
Administration and general expenses	5,971	43	11,561	43
	<u>8,634</u>	<u>1,284</u>	<u>16,350</u>	<u>2,597</u>
Inside Malaysia	<u>8,634</u>	<u>1,284</u>	<u>16,350</u>	<u>2,597</u>
(b) Chief Executive Officer & Directors' Remuneration				
Chief Executive Officer				
Fixed and non-deferred remuneration				
- Salary and other emoluments ¹	140,584	750,000	140,584	750,000
Variable and non-deferred remuneration				
- Bonus	-	812,500	-	812,500
- Benefits-in-kind	-	-	-	-
Total	<u>140,584</u>	<u>1,562,500</u>	<u>140,584</u>	<u>1,562,500</u>
Non-Executive Directors				
Fixed and non-deferred remuneration				
- Fees	279	303	540	573
- Other emoluments ¹	157	193	338	388
- Benefits-in-kind	18	-	45	9
Variable and non-deferred remuneration				
- Benefits-in-kind	23	43	32	189
Total	<u>477</u>	<u>539</u>	<u>955</u>	<u>1,159</u>
Grand total	<u>141,061</u>	<u>1,563,039</u>	<u>141,539</u>	<u>1,563,659</u>

1) Other emoluments include allowances, gratuity & attendance fees.

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29. Other operating expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period Ended 30-06-2023 RM'000	Preceding Year Corresponding Period Ended 30-06-2022 RM'000	Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
Personnel costs				
Salaries, allowances and bonuses	11,763	23,241	26,697	46,019
Defined contribution plan	1,910	3,757	4,347	7,425
Other personnel costs	1,666	2,747	3,639	5,828
	<u>15,339</u>	<u>29,745</u>	<u>34,683</u>	<u>59,272</u>
Marketing expenses				
Business promotion and advertisement	275	500	466	940
Brokerage expenses	165	98	204	212
Entertainment	110	72	189	148
Travelling and accommodation	100	(242)	180	(199)
	<u>650</u>	<u>428</u>	<u>1,039</u>	<u>1,101</u>
Establishment cost				
Repair and maintenance	2,238	1,269	4,335	2,360
Rental of premises and equipment	1,711	1,192	3,467	2,180
Depreciation – ROU	1,863	828	3,268	1,833
Depreciation of property and equipment	654	778	1,329	1,541
Electricity, water and sewerage	361	400	735	650
Insurance and indemnities	292	243	424	554
Amortisation of intangible assets	200	232	393	456
	<u>7,319</u>	<u>4,942</u>	<u>13,951</u>	<u>9,574</u>
Administration and general expenses				
Subscription fees	2,488	1,984	5,015	4,211
Telecommunication expenses	2,136	1,760	4,126	3,606
Professional fees	1,054	242	2,208	350
Directors' remuneration	477	539	955	1,159
Auditors' remuneration	150	150	300	300
Management fees #	5,910	-	11,499	-
Others	798	809	1,563	1,661
	<u>13,013</u>	<u>5,484</u>	<u>25,666</u>	<u>11,287</u>
Professional and legal fees for the divestment of a subsidiary *	-	715	-	1,085
Total other operating expenses	<u>36,321</u>	<u>41,314</u>	<u>75,339</u>	<u>82,319</u>

The Group and the Bank incur intercompany charges for shared operating costs of Affin Banking Group in Malaysia. The services received for group shared services are in respect of Finance, Company Secretary, Legal, People Office, Procurement, Admin & Facility Management, Information Technology, Corporate Affairs, Internal Audit, Risk Management, Compliance, and Treasury & Markets effective from 1 October 2022.

* This represents the professional and legal fees incurred by the Group in relation to the divestment of its entire 63% equity interest in AHAM which was completed on 29 July 2022.

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29. Other operating expenses (continued)

	The Bank			
	Individual Quarter Current Financial Period Ended 30-06-2023 RM'000	Preceding Year Corresponding Period Ended 30-06-2022 RM'000	Cumulative Quarter Current Financial Period-to-date 30-06-2023 RM'000	Preceding Year Corresponding Period-to-date 30-06-2022 RM'000
(a) Included in other operating expenses are intercompany charges:				
Personnel cost	-	-	-	-
Establishment cost	2,597	1,220	4,645	2,480
Marketing expenses	66	21	144	74
Administration and general expenses	5,971	43	11,561	42
	<u>8,634</u>	<u>1,284</u>	<u>16,350</u>	<u>2,596</u>
Inside Malaysia	<u>8,634</u>	<u>1,284</u>	<u>16,350</u>	<u>2,596</u>
(b) Chief Executive Officer & Directors' Remuneration				
Chief Executive Officer				
Fixed and non-deferred remuneration				
- Salary and other emoluments ¹	140,584	375,000	140,584	750,000
- Benefits-in-kind	600	6,150	600	12,300
Variable and non-deferred remuneration				
- Bonus	-	203,125	-	812,500
Total	<u>141,184</u>	<u>584,275</u>	<u>141,184</u>	<u>1,574,800</u>
Non-executive directors				
Fixed and non-deferred remuneration				
- Fees	279	303	540	573
- Other emoluments ¹	157	193	338	388
- Benefits-in-kind	18	-	45	9
Variable and non-deferred remuneration				
- Benefits-in-kind	23	43	32	189
Total	<u>477</u>	<u>539</u>	<u>955</u>	<u>1,159</u>
Grand total	<u>141,661</u>	<u>584,814</u>	<u>142,139</u>	<u>1,575,959</u>

1) Other emoluments include allowances, gratuity & attendance fees.

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30. Allowances for credit impairment losses on financial assets

	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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (made)/written-back on:				
- loans and advances	2,231	2,743	2,834	(4,117)
- trade receivables	166	1,028	508	942
- financial investments	(3,051)	(251)	4,155	(342)
- deposits and placements with financial institutions	-	(2)	-	-
- other assets	1,278	(56)	978	(326)
- loans commitments and financial guarantees	319	1,916	178	1,914
Bad debts recovered	154	-	387	-
Bad debts written off	-	-	(5)	-
	1,097	5,378	9,035	(1,929)

	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
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (made)/written-back on:				
- loans and advances	2,231	2,743	2,834	(4,117)
- trade receivables	166	1,027	508	942
- financial investments	(3,051)	(251)	4,155	(342)
- deposits and placements with financial institutions	-	(2)	-	-
- other assets	1,279	(80)	976	(333)
- loans commitments and financial guarantees	319	1,916	178	1,914
Bad debts recovered	154	-	387	-
	1,098	5,353	9,038	(1,936)

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31. 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.

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

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Share capital	999,800	999,800	999,800	999,800
Retained profits	529,981	529,981	529,977	529,977
Unrealised losses on FVOCI instruments	(48,829)	(92,555)	(48,829)	(92,555)
	1,480,952	1,437,226	1,480,948	1,437,222
Less : Regulatory adjustments				
Goodwill and other intangible assets	(307,674)	(307,788)	(307,613)	(307,702)
Investment in subsidiaries/associates	-	-	(2,166)	(3,657)
Regulatory reserves	(18,406)	(16,709)	(18,406)	(16,709)
Deferred tax assets	(43,070)	(63,302)	(43,070)	(63,302)
Other CET1 regulatory adjustments specified by BNM	12,638	19,830	12,649	19,849
Total CET 1 capital/Total Tier 1 Capital (a)	1,124,440	1,069,257	1,122,342	1,065,701
Tier 2 capital				
Qualifying loss provisions #	17,510	14,779	17,489	14,760
Total Tier 2 capital (b)	17,510	14,779	17,489	14,760
Total Capital (a) + (b)	1,141,950	1,084,036	1,139,831	1,080,461

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

	The Group		The Bank	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	1,400,771	1,182,333	1,399,116	1,180,781
Market risk	605,183	216,533	605,183	216,537
Operational risk	940,934	1,092,257	457,458	524,730
Total Risk-Weighted Assets	2,946,888	2,491,123	2,461,757	1,922,048

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31. 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	
	30-06-2023 RM'000	31-12-2022 RM'000	30-06-2023 RM'000	31-12-2022 RM'000
Capital Ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	38.157%	42.923%	45.591%	55.446%
Tier 1 capital ratio	38.157%	42.923%	45.591%	55.446%
Total capital ratio	38.751%	43.516%	46.302%	56.214%
CET 1 capital ratio (net of proposed dividends)	33.067%	42.923%	39.498%	55.446%
Tier 1 capital ratio (net of proposed dividends)	33.067%	42.923%	39.498%	55.446%
Total capital ratio (net of proposed dividends)	33.661%	43.516%	40.208%	56.214%
<u>Before transitional arrangements</u>				
CET 1 capital ratio	37.728%	42.127%	45.077%	54.413%
Tier 1 capital ratio	37.728%	42.127%	45.077%	54.413%
Total capital ratio	38.322%	42.720%	45.788%	55.181%
CET 1 capital ratio (net of proposed dividends)	32.638%	42.127%	38.984%	54.413%
Tier 1 capital ratio (net of proposed dividends)	32.638%	42.127%	38.984%	54.413%
Total capital ratio (net of proposed dividends)	33.232%	42.720%	39.695%	55.181%

32. Commitments and contingencies

	The Group and The Bank	
	30-06-2023 Principal amount RM'000	31-12-2022 Principal amount RM'000
Transaction related contingent items	64,606	64,606
Forward asset purchases	10,000	-
Irrevocable commitments to extend credit:		
- maturity less than one year	21,029	17,390
- maturity more than one year	31,618	24,847
Interest rate related contracts:		
- less than one year	770,000	940,000
- one year to less than five years	2,182,000	2,160,000
Foreign exchange related contracts:		
- less than one year	12,838,057	5,562,497
- one year to less than five years	582,387	842,979
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	1,458,584	1,279,899
Equity related contracts:		
- less than one year	107,785	-
Other/Miscellaneous Commitments and Contingencies	-	7,421
Total	18,066,066	10,899,639

33. 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 June 2023 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	923,386
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	13.9%
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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34. 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 30-06-2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	207,615	-	207,615
- Shares, warrants and unit trusts	106,365	-	-	106,365
Financial investments at FVOCI				
- Money market instruments	-	2,110,790	-	2,110,790
- Corporate bonds or sukuk	-	1,772,102	-	1,772,102
- Shares	-	-	24,759	24,759
Derivative financial assets	-	241,404	-	241,404
Total	106,365	4,331,911	24,759	4,463,035
Liabilities				
Derivative financial liabilities	-	170,310	-	170,310
Other liabilities - equities trading	366	-	-	366
Total	366	170,310	-	170,676

The Group 31-12-2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	2	-	2
- Shares, warrants and unit trusts	36,068	-	-	36,068
Financial investments at FVOCI				
- Money market instruments	-	2,022,143	-	2,022,143
- Corporate bonds or sukuk	-	1,529,443	-	1,529,443
- Shares	-	-	23,915	23,915
Derivative financial assets	-	107,680	-	107,680
Total	36,068	3,659,268	23,915	3,719,251
Liabilities				
Derivative financial liabilities	-	102,874	-	102,874
Other liabilities - equities trading	149	-	-	149
Total	149	102,874	-	103,023

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34. 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):

The Bank 30-06-2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	207,615	-	207,615
- Shares, warrants and unit trusts	105,133	-	-	105,133
Financial investments at FVOCI				
- Money market instruments	-	2,110,790	-	2,110,790
- Corporate bonds or sukuk	-	1,772,102	-	1,772,102
- Shares	-	-	24,759	24,759
Derivative financial assets	-	241,404	-	241,404
Total	105,133	4,331,911	24,759	4,461,803
Liabilities				
Derivative financial liabilities	-	170,310	-	170,310
Other liabilities - equities trading	366	-	-	366
Total	366	170,310	-	170,676
The Bank 31-12-2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	2	-	2
- Shares, warrants and unit trusts	34,861	-	-	34,861
Financial investments at FVOCI				
- Money market instruments	-	2,022,143	-	2,022,143
- Corporate bonds or sukuk	-	1,529,443	-	1,529,443
- Shares	-	-	23,915	23,915
Derivative financial assets	-	107,680	-	107,680
Total	34,861	3,659,268	23,915	3,718,044
Liabilities				
Derivative financial liabilities	-	102,874	-	102,874
Other liabilities - equities trading	149	-	-	149
Total	149	102,874	-	103,023

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34. 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 (2022: Nil).

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

	The Group and The Bank	
	30-06-2023	31-12-2022
	RM'000	RM'000
Opening	23,915	26,697
FVOCI revaluation reserves	844	(2,782)
Closing	24,759	23,915

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 2022, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) are unquoted shares held for socio economic purpose.

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35. 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 and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities:

	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
The Group 30-06-2023							
Assets							
Cash and short-term funds	276,887	-	-	-	-	-	276,887
Financial assets at FVTPL	25	-	146,586	10,034	50,969	106,366	313,980
Financial investments at FVOCI	25,443	45,465	236,686	2,299,428	1,275,870	24,759	3,907,651
Financial investments at amortised cost	-	-	-	464,059	458,158	-	922,217
Loans and advances	1,412,521	-	169,315	84,182	42,916	39,965	1,748,899
Trade receivables	366,291	-	-	-	-	-	366,291
Derivative financial assets	110,654	58,220	49,855	22,675	-	-	241,404
Other assets	85,273	983	3,790	4,425	200	2,960	97,631
Statutory deposits with Bank Negara Malaysia	122,702	-	-	-	-	-	122,702
Other non-financial assets ⁽¹⁾	-	-	1,780	4,015	-	410,215	416,010
Total assets	2,399,796	104,668	608,012	2,888,818	1,828,113	584,265	8,413,672
Liabilities							
Deposits from customers	2,254,729	683,728	712,965	303,750	-	-	3,955,172
Deposits and placements of banks and other financial institutions	1,720,183	-	-	-	-	-	1,720,183
Obligations on securities sold under repurchase agreements	-	466,326	-	-	-	-	466,326
Trade payables	225,466	-	-	-	-	-	225,466
Derivative financial liabilities	57,142	38,448	55,669	19,051	-	-	170,310
Other liabilities	227,783	15,875	57,833	27,463	-	-	328,954
Lease liabilities	577	1,104	4,864	9,099	-	-	15,644
Other financial liabilities ⁽²⁾	9,801	-	-	-	-	-	9,801
Other non financial liabilities ⁽³⁾	-	4,297	1,559	12,208	-	1	18,065
Total liabilities	4,495,681	1,209,778	832,890	371,571	-	1	6,909,921
Net liquidity gap	(2,095,885)	(1,105,110)	(224,878)	2,517,247	1,828,113	584,264	1,503,751

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

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

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

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35. 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 and the Bank. 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
The Group 31-12-2022							
Assets							
Cash and short-term funds	311,873	-	-	-	-	-	311,873
Deposits and placements with banks and other financial institutions							-
Financial assets at FVTPL	-	2	-	-	-	36,068	36,070
Financial investments at FVOCI	-	20,243	175,956	2,328,630	1,026,757	23,915	3,575,501
Financial investments at amortised cost	-	-	45,213	374,308	460,126	-	879,647
Loans and advances	1,229,162	2,415	187,377	59,392	49,722	41,937	1,570,005
Trade receivables	403,754	-	-	-	-	-	403,754
Derivative financial assets	12,883	63,249	6,634	24,914	-	-	107,680
Other assets	28,368	1,709	3,678	2,665	200	2,882	39,502
Statutory deposits with Bank Negara Malaysia	101,600	-	-	-	-	-	101,600
Other non-financial assets ⁽¹⁾	-	-	1,942	4,058	-	428,647	434,647
Total assets	2,087,640	87,618	420,800	2,793,967	1,536,805	533,449	7,460,279
Liabilities							
Deposits from customers	2,414,457	1,115,766	982,782	12,122	-	-	4,525,127
Deposits and placements of banks and other financial institutions	709,520	-	-	-	-	-	709,520
Obligations on securities sold under repurchase agreements							-
Trade payables	338,867	-	-	-	-	-	338,867
Derivative financial liabilities	14,003	61,592	5,352	21,927	-	-	102,874
Other liabilities	187,545	13,064	67,036	27,507	-	-	295,152
Lease liabilities	449	901	3,895	9,214	-	-	14,459
Other financial liabilities ⁽²⁾	5,835	-	-	-	-	-	5,835
Other non-financial liabilities ⁽³⁾	-	3,105	28,113	-	-	1	31,219
Total liabilities	3,670,676	1,194,428	1,087,178	70,770	-	1	6,023,053
Net liquidity gap	(1,583,036)	(1,106,810)	(666,378)	2,723,197	1,536,805	533,448	1,437,226

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

(2) Other financial liabilities include amount due to holding company.

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

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35. 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 and the Bank. 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
The Bank							
30-06-2023							
Assets							
Cash and short-term funds	274,965	-	-	-	-	-	274,965
Financial assets at FVTPL	25	-	146,586	10,034	50,969	105,134	312,748
Financial investments at FVOCI	25,443	45,465	236,686	2,299,428	1,275,870	24,759	3,907,651
Financial investments at amortised cost	-	-	-	464,059	458,158	-	922,217
Loans and advances	1,412,521	-	169,315	84,182	42,916	39,965	1,748,899
Trade receivables	366,291	-	-	-	-	-	366,291
Other assets	85,273	982	3,492	4,399	200	2,960	97,306
Derivative financial assets	110,654	58,220	49,855	22,675	-	-	241,404
Statutory deposits with Bank Negara Malaysia	122,600	-	-	-	-	-	122,600
Other financial assets ⁽¹⁾	326	-	-	-	-	-	326
Other non-financial assets ⁽²⁾	-	-	1,769	4,015	-	412,313	418,097
Total assets	2,398,098	104,667	607,703	2,888,792	1,828,113	585,131	8,412,504
Liabilities							
Deposits from customers	2,254,729	683,728	712,965	303,750	-	-	3,955,172
Deposits and placements of banks and other financial institutions	1,720,183	-	-	-	-	-	1,720,183
Obligations on securities sold under repurchase agreements	-	466,326	-	-	-	-	466,326
Trade payables	225,466	-	-	-	-	-	225,466
Derivative financial liabilities	57,142	38,448	55,669	19,051	-	-	170,310
Other liabilities	227,782	14,912	57,829	27,463	-	-	327,986
Lease liabilities	577	1,104	4,864	9,099	-	-	15,644
Other financial liabilities ⁽³⁾	9,801	-	-	-	-	-	9,801
Other non-financial liabilities ⁽⁴⁾	-	4,156	1,559	12,208	-	-	17,923
Total liabilities	4,495,680	1,208,674	832,886	371,571	-	-	6,908,811
Net liquidity gap	(2,097,582)	(1,104,007)	(225,183)	2,517,221	1,828,113	585,131	1,503,693

(1) Other financial assets include amount due from subsidiaries.

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

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

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

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 June 2023**

35. 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 and the Bank. 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
The Bank 31-12-2022							
Assets							
Cash and short-term funds	309,523	-	-	-	-	-	309,523
Financial assets at FVTPL	-	2	-	-	-	34,861	34,863
Financial investments at FVOCI	-	20,243	175,956	2,328,630	1,026,757	23,915	3,575,501
Financial investments at amortised cost	-	-	45,213	374,308	460,126	-	879,647
Loans and advances	1,229,162	2,415	187,377	59,392	49,722	41,937	1,570,005
Trade receivables	403,754	-	-	-	-	-	403,754
Other assets	28,369	1,708	3,527	2,669	200	2,882	39,355
Derivative financial assets	12,883	63,249	6,634	24,914	-	-	107,680
Statutory deposits with Bank Negara Malaysia	101,500	-	-	-	-	-	101,500
Other financial assets ⁽¹⁾	308	-	-	-	-	-	308
Other non-financial assets ⁽²⁾	-	-	1,933	4,058	-	430,718	436,709
Total assets	<u>2,085,499</u>	<u>87,617</u>	<u>420,640</u>	<u>2,793,971</u>	<u>1,536,805</u>	<u>534,313</u>	<u>7,458,845</u>
Liabilities							
Deposits from customers	2,414,457	1,115,766	982,782	12,122	-	-	4,525,127
Deposits and placements of banks and other financial institutions	709,520	-	-	-	-	-	709,520
Trade payables	338,867	-	-	-	-	-	338,867
Derivative financial liabilities	14,003	61,592	5,352	21,927	-	-	102,874
Other liabilities	187,526	11,726	67,036	27,507	-	-	293,795
Lease liabilities	449	901	3,895	9,214	-	-	14,459
Other financial liabilities ⁽³⁾	5,835	-	-	-	-	-	5,835
Other non-financial liabilities ⁽⁴⁾	-	3,033	28,113	-	-	-	31,146
Total liabilities	<u>3,670,657</u>	<u>1,193,018</u>	<u>1,087,178</u>	<u>70,770</u>	<u>-</u>	<u>-</u>	<u>6,021,623</u>
Net liquidity gap	<u>(1,585,158)</u>	<u>(1,105,401)</u>	<u>(666,538)</u>	<u>2,723,201</u>	<u>1,536,805</u>	<u>534,313</u>	<u>1,437,222</u>

(1) Other financial assets include amount due from subsidiaries.

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

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

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