

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

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

| | Note | The Group | | The Bank | |
|--|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at 30-09-2023 RM'000 | As at 31-12-2022 RM'000 | As at 30-09-2023 RM'000 | As at 31-12-2022 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 377,804 | 311,873 | 364,911 | 309,523 |
| Financial assets at fair value through profit or loss ("FVTPL") | 12 | 633,891 | 36,070 | 632,647 | 34,863 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 12 | 4,246,204 | 3,575,501 | 4,246,204 | 3,575,501 |
| Financial investments at amortised cost | 12 | 922,630 | 879,647 | 922,630 | 879,647 |
| Loans and advances | 13 | 1,822,343 | 1,570,005 | 1,822,343 | 1,570,005 |
| Trade receivables | 14 | 404,233 | 403,754 | 404,233 | 403,754 |
| Derivative financial assets | | 206,236 | 107,680 | 206,236 | 107,680 |
| Other assets | 15 | 92,066 | 45,502 | 91,565 | 45,346 |
| Statutory deposits with Bank Negara Malaysia | | 119,602 | 101,600 | 119,500 | 101,500 |
| Amount due from subsidiaries | | - | - | 349 | 308 |
| Investment in subsidiaries | 16 | - | - | 1,794 | 1,794 |
| Investment in associates | 17 | - | - | 372 | 372 |
| Tax recoverable | | 32,236 | 37,156 | 32,233 | 37,155 |
| Deferred tax assets | | 45,257 | 63,302 | 45,257 | 63,302 |
| Property and equipment | | 9,279 | 6,694 | 9,274 | 6,686 |
| Intangible assets | | 307,465 | 307,788 | 307,416 | 307,702 |
| Right-of-use ("ROU") assets | | 13,857 | 13,707 | 13,857 | 13,707 |
| TOTAL ASSETS | | 9,233,103 | 7,460,279 | 9,220,821 | 7,458,845 |
| LIABILITIES AND EQUITY | | | | | |
| Deposits from customers | 18 | 4,182,903 | 4,525,127 | 4,182,903 | 4,525,127 |
| Deposits and placements of banks and other financial institutions | 19 | 1,914,295 | 709,520 | 1,914,295 | 709,520 |
| Obligations on securities sold under repurchase agreements | 20 | 836,354 | - | 836,354 | - |
| Trade payables | 21 | 290,784 | 338,867 | 290,784 | 338,867 |
| Lease liabilities | | 17,564 | 14,459 | 17,564 | 14,459 |
| Derivative financial liabilities | | 198,129 | 102,874 | 198,129 | 102,874 |
| Amount due to holding company | | 15,966 | 5,835 | 15,966 | 5,835 |
| Other liabilities | 22 | 408,797 | 326,370 | 396,476 | 324,941 |
| Provision for taxation | | 1 | 1 | - | - |
| TOTAL LIABILITIES | | 7,864,793 | 6,023,053 | 7,852,471 | 6,021,623 |
| Share capital | | 999,800 | 999,800 | 999,800 | 999,800 |
| Reserves | 23 | 368,510 | 437,426 | 368,550 | 437,422 |
| TOTAL EQUITY | | 1,368,310 | 1,437,226 | 1,368,350 | 1,437,222 |
| TOTAL LIABILITIES AND EQUITY | | 9,233,103 | 7,460,279 | 9,220,821 | 7,458,845 |
| COMMITMENTS AND CONTINGENCIES | 33 | 23,791,983 | 10,899,639 | 23,791,983 | 10,899,639 |
| CAPITAL ADEQUACY | | | | | |
| Basel III | | | | | |
| Before/After deducting proposed dividend: | | | | | |
| Common Equity Tier ("CET 1") capital ratio | 32 | 30.191% | 42.923% | 34.812% | 55.446% |
| Tier 1 capital ratio | 32 | 30.191% | 42.923% | 34.812% | 55.446% |
| Total capital ratio | 32 | 30.720% | 43.516% | 35.422% | 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 September 2023

| | The Group | Note | Individual Quarter | | Cumulative Quarter | |
|---|-----------|------|--|---|--|---|
| | | | Current Financial Period 30-09-2023 RM'000 | Preceding Year Corresponding Period 30-09-2022 RM'000 | Current Financial Period-to-date 30-09-2023 RM'000 | Preceding Year Corresponding Period-to-date 30-09-2022 RM'000 |
| Interest income | | 24 | 78,686 | 60,798 | 223,316 | 161,605 |
| Interest expense | | 25 | (65,117) | (35,253) | (174,683) | (96,188) |
| Net interest income | | | 13,569 | 25,545 | 48,633 | 65,417 |
| Net fee and commission income | | 26 | 21,457 | 16,788 | 61,013 | 64,970 |
| Net gains and losses on financial instruments | | 27 | 32,249 | 11,654 | 52,198 | 35,747 |
| Other operating income | | 28 | 3,504 | 2,732 | 6,194 | 6,708 |
| Net income | | | 70,779 | 56,719 | 168,038 | 172,842 |
| Other operating expenses | | 29 | (47,377) | (43,082) | (123,362) | (126,518) |
| Operating profit before allowances | | | 23,402 | 13,637 | 44,676 | 46,324 |
| Writeback/(Allowances) for credit impairment losses on financial assets | | 30 | 632 | 3,558 | 9,667 | 1,629 |
| Impairment losses on non-financial assets | | 31 | - | (7,068) | - | (7,068) |
| Profit before zakat and taxation | | | 24,034 | 10,127 | 54,343 | 40,885 |
| Zakat | | | - | 17 | - | (150) |
| Profit before taxation | | | 24,034 | 10,144 | 54,343 | 40,735 |
| Taxation | | | (6,044) | (8,297) | (13,554) | (18,237) |
| Profit from continuing operations | | | 17,990 | 1,847 | 40,789 | 22,498 |
| Profit from discontinued operation | | | - | 1,247,472 | - | 1,303,118 |
| Net profit after zakat and taxation | | | 17,990 | 1,249,319 | 40,789 | 1,325,616 |
| Attributable to: | | | | | | |
| - Equity holder of the Bank | | | 17,990 | 1,245,046 | 40,789 | 1,300,652 |
| - Non-controlling interests | | | - | 4,273 | - | 24,964 |
| | | | 17,990 | 1,249,319 | 40,789 | 1,325,616 |
| Earnings per share (sen): | | | | | | |
| Basic/fully diluted earnings per share (sen) | | | | | | |
| attributable to equity holder of the Bank | | | | | | |
| - Continuing operations | | | 2.31 | 0.24 | 5.23 | 2.88 |
| - Discontinued operation | | | - | 159.39 | - | 163.87 |
| | | | 2.31 | 159.63 | 5.23 | 166.75 |

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 September 2023

The Group

| | Individual Quarter | | Cumulative Quarter | |
|---|--|---|--|---|
| | Current Financial Period 30-09-2023 RM'000 | Preceding Year Corresponding Period 30-09-2022 RM'000 | Current Financial Period-to-date 30-09-2023 RM'000 | Preceding Year Corresponding Period-to-date 30-09-2022 RM'000 |
| Net profit after zakat and taxation | 17,990 | 1,249,319 | 40,789 | 1,325,616 |
| Other comprehensive income: | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Net fair value change in financial investments at FVOCI (debt instruments) | (4,671) | (4,550) | 49,735 | (95,557) |
| Net credit impairment losses change in financial investments at FVOCI (debt instruments) | 368 | (81) | 2,956 | 162 |
| Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments) | (326) | - | (1,714) | (2,380) |
| Deferred tax on financial investments at FVOCI | 1,198 | 1,079 | (11,526) | 23,492 |
| Net changes in foreign exchange | - | (39) | - | (39) |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Net fair value change in financial investments designated at FVOCI (equity instruments) | - | 541 | 844 | 2,418 |
| Other comprehensive income for the financial period, net of tax | (3,431) | (3,050) | 40,295 | (71,904) |
| Total comprehensive income for the financial period | 14,559 | 1,246,269 | 81,084 | 1,253,712 |
| Attributable to: | | | | |
| - Equity holder of the Bank | 14,559 | 1,241,996 | 81,084 | 1,228,748 |
| - Non-controlling interests | - | 4,273 | - | 24,964 |
| | 14,559 | 1,246,269 | 81,084 | 1,253,712 |
| Total comprehensive income attributable to equity holder of the bank from: | | | | |
| - Continuing operations | 14,559 | (1,203) | 81,084 | (49,406) |
| - Discontinued operation | - | 1,243,199 | - | 1,278,154 |
| | 14,559 | 1,241,996 | 81,084 | 1,228,748 |

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 September 2023

| | The Bank | Note | Individual Quarter | | Cumulative Quarter | |
|---|----------|------|--|---|--|---|
| | | | Current Financial Period 30-09-2023 RM'000 | Preceding Year Corresponding Period 30-09-2022 RM'000 | Current Financial Period-to-date 30-09-2023 RM'000 | Preceding Year Corresponding Period-to-date 30-09-2022 RM'000 |
| Interest income | | 24 | 78,678 | 60,793 | 223,295 | 161,589 |
| Interest expense | | 25 | (65,117) | (35,253) | (174,683) | (96,188) |
| Net interest income | | | 13,561 | 25,540 | 48,612 | 65,401 |
| Net fee and commission income | | 26 | 21,148 | 16,514 | 60,037 | 63,823 |
| Net gains and losses on financial instruments | | 27 | 32,237 | 11,647 | 52,161 | 35,731 |
| Other operating income | | 28 | 3,504 | 1,304,300 | 6,194 | 1,339,994 |
| Net income | | | 70,450 | 1,358,001 | 167,004 | 1,504,949 |
| Other operating expenses | | 29 | (46,995) | (59,354) | (122,334) | (141,673) |
| Operating profit before allowances | | | 23,455 | 1,298,647 | 44,670 | 1,363,276 |
| Writeback/(Allowances) for credit impairment losses on financial assets | | 30 | 676 | 3,559 | 9,714 | 1,623 |
| Impairment losses on non-financial assets | | 31 | - | (11,544) | - | (11,544) |
| Profit before zakat and taxation | | | 24,131 | 1,290,662 | 54,384 | 1,353,355 |
| Zakat | | | - | 17 | - | (150) |
| Profit before taxation | | | 24,131 | 1,290,679 | 54,384 | 1,353,205 |
| Taxation | | | (6,043) | (7,784) | (13,551) | (17,746) |
| Net profit after zakat and taxation | | | 18,088 | 1,282,895 | 40,833 | 1,335,459 |
| Attributable to: | | | | | | |
| - Equity holder of the Bank | | | 18,088 | 1,282,895 | 40,833 | 1,335,459 |
| Earnings per share (sen): | | | | | | |
| - basic/fully diluted | | | 2.32 | 164.47 | 5.24 | 171.21 |

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 September 2023

The Bank

| | Individual Quarter | | Cumulative Quarter | |
|---|--|---|--|---|
| | Current Financial Period 30-09-2023 RM'000 | Preceding Year Corresponding Period 30-09-2022 RM'000 | Current Financial Period-to-date 30-09-2023 RM'000 | Preceding Year Corresponding Period-to-date 30-09-2022 RM'000 |
| Net profit after zakat and taxation | 18,088 | 1,282,895 | 40,833 | 1,335,459 |
| 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) | (4,671) | (4,495) | 49,735 | (95,502) |
| Net credit impairment losses change in financial investments at FVOCI (debt instruments) | 368 | (81) | 2,956 | 162 |
| Net gains on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments) | (326) | - | (1,714) | (2,380) |
| Deferred tax on financial investments at FVOCI | 1,198 | 1,079 | (11,526) | 23,492 |
| <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) | - | 541 | 844 | 2,418 |
| Other comprehensive income for the financial period, net of tax | (3,431) | (2,956) | 40,295 | (71,810) |
| Total comprehensive income for the financial period | 14,657 | 1,279,939 | 81,128 | 1,263,649 |
| Attributable to equity holder of the Bank | 14,657 | 1,279,939 | 81,128 | 1,263,649 |

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 September 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 |
| The Group | | | | | |
| At 1 January 2023 | 999,800 | 16,709 | (92,555) | 513,272 | 1,437,226 |
| Comprehensive income: | | | | | |
| Net profit for the financial period | - | - | - | 40,789 | 40,789 |
| Other comprehensive income (net of tax) | | | | | |
| - Financial investments at FVOCI | - | - | 40,295 | - | 40,295 |
| Total comprehensive income | - | - | 40,295 | 40,789 | 81,084 |
| Transfer to regulatory reserves | - | 2,865 | - | (2,865) | - |
| Dividends paid | - | - | - | (150,000) | (150,000) |
| At 30 September 2023 | 999,800 | 19,574 | (52,260) | 401,196 | 1,368,310 |

| <----- 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 |
| At 1 January 2022 | 999,800 | 12,894 | 39 | (88,737) | (50,927) | 486,407 | 1,359,476 | 44,685 | 1,404,161 |
| Comprehensive income: | | | | | | | | | |
| Net profit for the financial period | - | - | - | - | - | 1,300,652 | 1,300,652 | 24,964 | 1,325,616 |
| Other comprehensive income (net of tax) | | | | | | | | | |
| - Financial investments at FVOCI | - | - | (39) | - | (71,865) | - | (71,904) | - | (71,904) |
| Total comprehensive income | - | - | (39) | - | (71,865) | 1,300,652 | 1,228,748 | 24,964 | 1,253,712 |
| Net loss on disposal of financial investments designated at FVOCI (equity instruments) | - | - | - | - | (3,175) | 3,175 | - | - | - |
| Lapse of the obligation to buy a subsidiary's shares from non-controlling interest | - | - | - | 79,337 | - | 5,169 | 84,506 | 49,629 | 134,135 |
| Transfer from regulatory reserves | - | 2,571 | - | - | - | (2,571) | - | - | - |
| Disposal of a subsidiary | - | - | - | 9,400 | - | (9,400) | - | (82,279) | (82,279) |
| Dividends paid | - | - | - | - | - | - | - | (36,999) | (36,999) |
| At 30 September 2022 | 999,800 | 15,465 | - | - | (125,967) | 1,783,432 | 2,672,730 | - | 2,672,730 |

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.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

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

Dividends paid

At 30 September 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 |
| | - | - | - | 40,833 | 40,833 |
| | - | - | 40,295 | - | 40,295 |
| | - | - | 40,295 | 40,833 | 81,128 |
| | - | 2,865 | - | (2,865) | - |
| | - | - | - | (150,000) | (150,000) |
| | 999,800 | 19,574 | (52,260) | 401,236 | 1,368,350 |

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

Net loss on disposal of financial investments designated
at FVOCI (equity instruments)

Transfer from regulatory reserves

At 30 September 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 |
| | - | - | - | 1,335,459 | 1,335,459 |
| | - | - | (71,810) | - | (71,810) |
| | - | - | (71,810) | 1,335,459 | 1,263,649 |
| | - | - | (3,175) | 3,175 | - |
| | - | 2,571 | - | (2,571) | - |
| | 999,800 | 15,465 | (125,967) | 1,783,320 | 2,672,618 |

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 September 2023

| | The Group | | The Bank | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30-09-2023 RM'000 | 30-09-2022 RM'000 | 30-09-2023 RM'000 | 30-09-2022 RM'000 |
| Cash flow from operating activities | | | | |
| Profit before taxation from: | | | | |
| - Continuing operation | 54,343 | 40,735 | 54,384 | 1,353,205 |
| - Discontinued operation | - | 1,319,262 | - | - |
| Profit before taxation including discontinued operation | 54,343 | 1,359,997 | 54,384 | 1,353,205 |
| Adjustments for non-operating and not involving the movement of cash and cash equivalents | (184,133) | (1,321,078) | (184,180) | (1,426,173) |
| <i>Operating (loss) before changes in working capital</i> | (129,790) | 38,919 | (129,796) | (72,968) |
| Net changes in operating assets | (944,758) | (398,694) | (945,004) | (431,128) |
| Net changes in operating liabilities | 1,833,205 | (885,859) | 1,822,937 | (525,664) |
| Net cash generated from/(used in) operating activities | 758,657 | (1,245,634) | 748,137 | (1,029,760) |
| Tax paid | (2,113) | (33,565) | (2,107) | (16,156) |
| Zakat paid | - | (5,247) | - | (4,666) |
| Net cash generated from/(used in) operating activities | 756,544 | (1,284,446) | 746,030 | (1,050,582) |
| Cash flow from investing activities | | | | |
| Interest received from financial investments | 125,252 | 108,567 | 125,252 | 108,567 |
| Purchase of financial assets | - | (33,637) | - | - |
| Purchase of financial investments | (1,072,350) | (1,061,328) | (1,072,350) | (1,061,328) |
| Redemption/disposal of financial assets | - | 70,644 | - | 30,000 |
| Redemption/disposal of financial investments | 413,630 | 379,497 | 413,630 | 379,497 |
| - financial investments at FVOCI | 346,246 | 354,497 | 346,246 | 354,497 |
| - financial investments at amortised cost | 67,384 | 25,000 | 67,384 | 25,000 |
| Dividend income received from: | | | | |
| - financial assets | 28 | 1,013 | - | 808 |
| - financial investments | 190 | 190 | 190 | 190 |
| - subsidiary | - | - | - | 63,000 |
| Proceeds from disposal of property and equipment | 1 | 2,561 | 1 | 408 |
| Purchase of property and equipment | (4,534) | (1,924) | (4,534) | (1,424) |
| Purchase of intangible assets | (303) | (973) | (303) | (695) |
| Purchase of ROU - assets | (1) | (1,700) | (1) | (1,700) |
| Lapse of the obligation to buy a subsidiary's shares from non-controlling interest | - | 5,169 | - | - |
| Proceeds from disposal of a subsidiary | - | - | - | 1,354,514 |
| Net cash inflow from disposal of a subsidiary | - | 946,380 | - | - |
| Net cash used in investing activities | (538,087) | 414,459 | (538,115) | 871,837 |
| Cash flow from financing activities | | | | |
| Lease payments | (2,361) | (5,530) | (2,361) | (3,241) |
| Dividend paid to non-controlling interest | - | (36,999) | - | - |
| Dividend paid to holding company | (150,000) | - | (150,000) | - |
| Net cash used in financing activities | (152,361) | (42,529) | (152,361) | (3,241) |
| Net decrease in cash and cash equivalents | 66,096 | (912,516) | 55,554 | (181,986) |
| Cash and cash equivalents at beginning of the financial period | 247,379 | 1,871,834 | 245,028 | 1,139,251 |
| Cash and cash equivalents at end of the financial period | 313,475 | 959,318 | 300,582 | 957,265 |
| <i>Analysis of cash and cash equivalents</i> | | | | |
| Cash and short term funds | 377,804 | 1,024,392 | 364,911 | 1,022,339 |
| Amount held on behalf of commissioned dealer's representatives | (64,329) | (65,074) | (64,329) | (65,074) |
| Cash and cash equivalents at end of the financial period | 313,475 | 959,318 | 300,582 | 957,265 |
| Cash flows from discontinued operation | - | (339,766) | - | - |

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 September 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. Following the completion of the Proposed Divestment, AHAM has ceased to be a subsidiary of the Group, the Bank has recorded a gain on disposal of RM1.27 billion in Note 28 of the unaudited condensed interim financial statements.

The Group recorded a profit before zakat and taxation ("PBZT") of RM54.3 million for the 9 months period ended 30 September 2023 ("9M2023"), 33% higher as compared to the previous corresponding financial period of RM40.9 million.

Analysis of the Group's 9M2023 financial performance is as follows:

- Net interest income of RM48.6 million in 9M2023 was 26% lower than the previous corresponding period of RM65.4 million primarily due to higher cost of borrowings in the current period under review.
- Net fee and commission income of RM61.0 million in 9M2023 was 6% lower than the previous corresponding period of RM65.0 million. The decrease was primarily due to lower net brokerage income and lower arrangement fees earned in the current period.
- Net gains and losses on financial instruments increased by 46% or RM16.5 million to RM52.2 million in the current period, from RM35.7 million in the previous corresponding period. This was mainly due to higher net trading gains from financial assets at FVTPL of RM51.9 million (9M2022: RM32.4 million), offset by higher losses from derivative instruments of RM1.2 million (9M2022: gain of RM0.7 million).
- Operating expenses for the period under review were lower at RM123.4 million compared to RM126.5 million incurred in the previous corresponding period mainly due to lower personnel costs, partially offset by higher administrative and establishment costs.
- Net write back on credit impairment losses of RM9.7 million compared to net writeback on credit impairment losses of RM1.6 million in the previous corresponding period was mainly due to net write back on loans and advances of RM3.5 million (9M2022: ECL charge of RM1.1 million) and financial investments of RM4.0 million (9M2022: ECL charge of RM0.5 million).

2. Prospect for the current financial year

Malaysia's real GDP growth expanded moderately at 2.9% in the second quarter of 2023 (1Q2023: 5.6%) due to slower external demand. For 2023, the economy is expected to expand by 3.7% and will continue to be supported by resilient domestic demand. Headline inflation remained stable averaging at 2.8% for the 8-months of 2023. Nevertheless, the balance of risks to the inflation outlook for the rest of 2023 remains high given gradual changes to domestic policy on subsidies and price controls as well as escalating geopolitical tensions amongst others.

The Bank shall continue to pursue its strategic aspirations in delivering unrivalled customer service, digital leadership and advancing responsible banking practices which are in line with AFFIN Group's A25 plans.

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

An interim single tier special dividend of 19.231 sen per share amounting to RM150,000,000 for the financial year ending 31 December 2023 was paid on 18 September 2023.

11. Significant event subsequent to the financial period

There is no significant event subsequent to the financial period.

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

12. Securities portfolio

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

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| At fair value | | | | |
| Money market instruments | | | | |
| Treasury bills | 175,334 | - | 175,334 | - |
| Malaysian government securities | 42,768 | - | 42,768 | - |
| Malaysian government islamic investment issues | 41,098 | - | 41,098 | - |
| Negotiable instruments of deposit | 199,825 | - | 199,825 | - |
| | <u>459,025</u> | <u>-</u> | <u>459,025</u> | <u>-</u> |
| Quoted securities | | | | |
| Unit trusts in Malaysia | 1,244 | 1,207 | - | - |
| Shares and warrants in Malaysia | 173,527 | 34,631 | 173,527 | 34,631 |
| Shares and warrants outside Malaysia | 93 | 230 | 93 | 230 |
| | <u>174,864</u> | <u>36,068</u> | <u>173,620</u> | <u>34,861</u> |
| Unquoted securities | | | | |
| Corporate bonds and/or Sukuk in Malaysia | 2 | 2 | 2 | 2 |
| | <u>633,891</u> | <u>36,070</u> | <u>632,647</u> | <u>34,863</u> |

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

| | The Group and the Bank | |
|--|------------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| At fair value | | |
| Money market instruments | | |
| Malaysian government islamic investment issues | 1,322,531 | 1,090,216 |
| Malaysian government securities | 992,411 | 797,643 |
| Cagamas bonds | 64,834 | 124,487 |
| Khazanah bonds | - | 9,797 |
| | <u>2,379,776</u> | <u>2,022,143</u> |
| Unquoted securities | | |
| Corporate bonds and/or Sukuk in Malaysia | 1,815,502 | 1,529,443 |
| Corporate bonds and/or Sukuk outside Malaysia | 26,167 | - |
| Shares in Malaysia ^ | 24,759 | 23,915 |
| | <u>4,246,204</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 | |
|-------------------------------------|------------------------|----------------------|
| | 30-09-2023 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:

| | 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 |
|---|--------------------------------------|---|---|-----------------|
| The Group and the Bank 30-09-2023 | | | | |
| 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) | (196) | 196 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (196) | 196 | - | - |
| Derecognised during the financial period (other than write-offs) | (66) | - | - | (66) |
| New originated or purchased | 314 | - | - | 314 |
| Changes due to change in credit risk | (347) | 3,055 | - | 2,708 |
| At end of the financial period | 508 | 21,627 | - | 22,135 |

| | 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 |
|---|--------------------------------------|---|---|-----------------|
| The Group and the Bank 31-12-2022 | | | | |
| 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:

| | 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 |
|---|--------------------------------------|---|---|------------------|
| The Group and the Bank 30-09-2023 | | | | |
| 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) | (51,028) | 51,028 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (51,028) | 51,028 | - | - |
| Derecognised during the financial period (other than write-offs) | (339,104) | - | - | (339,104) |
| New originated or purchased | 971,505 | - | - | 971,505 |
| Changes due to interest accruals | (9,655) | (779) | - | (10,434) |
| Changes due to fair value | 47,234 | 785 | - | 48,019 |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | (127) | - | - | (127) |
| At end of the financial period | 4,069,749 | 151,696 | - | 4,221,445 |

| | 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 31-12-2022 RM'000 |
|---|--------------------------------------|---|---|-------------------------------|
| The Group and the Bank 31-12-2022 | | | | |
| 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 | |
|--|------------------------|----------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| At fair value | | |
| Money market instruments | | |
| Malaysian government islamic investment issues | 140,470 | 139,361 |
| Malaysian government securities | 67,666 | 67,125 |
| | <u>208,136</u> | <u>206,486</u> |
| Unquoted securities | | |
| Corporate bonds and/or Sukuk in Malaysia | 678,704 | 658,994 |
| Corporate bonds and/or Sukuk outside Malaysia | 36,712 | 15,016 |
| Loan stocks in Malaysia | 8,076 | 15,560 |
| | <u>931,628</u> | <u>896,056</u> |
| Expected credit losses | (8,998) | (16,409) |
| | <u>922,630</u> | <u>879,647</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 | 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 |
|--|--------------------------------------|---|---|-----------------|
| | | | | |
| 30-09-2023 | | | | |
| At beginning of the financial period | 849 | - | 15,560 | 16,409 |
| Derecognised during the financial period (other than write-offs) | (12) | - | (7,064) | (7,076) |
| New originated or purchased | 82 | - | - | 82 |
| Changes due to change in credit risk | 3 | - | - | 3 |
| Other adjustments | - | - | (420) | (420) |
| At end of the financial period | <u>922</u> | <u>-</u> | <u>8,076</u> | <u>8,998</u> |
| | | | | |
| The Group and the Bank | | | | |
| 31-12-2022 | | | | |
| At beginning of the financial year | 32 | - | 15,000 | 15,032 |
| 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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**Notes to the unaudited condensed interim financial statements
for the financial period ended 30 September 2023**

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 30-09-2023 | 12-month | Lifetime ECL not Credit | Lifetime ECL Credit | Total RM'000 |
|--|--------------------------|-------------------------------|-------------------------------|-----------------|
| | ECL Stage 1 RM'000 | Impaired Stage 2 RM'000 | Impaired Stage 3 RM'000 | |
| At beginning of the financial period | 880,496 | - | 15,560 | 896,056 |
| Derecognised during the financial period (other than write-offs) | (60,658) | - | (7,064) | (67,722) |
| New originated or purchased | 100,845 | - | - | 100,845 |
| Changes due to interest accruals | 2,376 | - | - | 2,376 |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | 493 | - | (420) | 73 |
| At end of the financial period | <u>923,552</u> | <u>-</u> | <u>8,076</u> | <u>931,628</u> |

| The Group and the Bank 31-12-2022 | 12-month | Lifetime ECL not Credit | Lifetime ECL Credit | Total RM'000 |
|--|--------------------------|-------------------------------|-------------------------------|-----------------|
| | ECL Stage 1 RM'000 | Impaired Stage 2 RM'000 | Impaired Stage 3 RM'000 | |
| At beginning of the financial year | 40,484 | - | 15,000 | 55,484 |
| 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 | |
|--|------------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| (i) By Type of Loans | | |
| Term loans: | | |
| - Syndicated term loans | 43,702 | 99,255 |
| - Other term loans | 151,982 | 112,621 |
| Share margin financing | 1,476,066 | 1,195,788 |
| Revolving credits | 211,293 | 224,142 |
| Staff loans | 3,015 | 2,939 |
| Gross loans and advances | <u>1,886,058</u> | <u>1,634,745</u> |
| Less : expected credit losses | <u>(63,715)</u> | <u>(64,740)</u> |
| Total net loans and advances | <u>1,822,343</u> | <u>1,570,005</u> |
| (ii) By Type of Customers | | |
| Domestic business enterprises: | | |
| - Small medium enterprises | 10,617 | 7,864 |
| - Others | 448,632 | 485,193 |
| Domestic non-bank financial institutions | 358,393 | 279,052 |
| Individuals | 1,039,027 | 862,143 |
| Foreign individuals | 563 | 493 |
| Foreign business enterprises | 28,826 | - |
| Total gross loans and advances | <u>1,886,058</u> | <u>1,634,745</u> |

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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 | |
|--|------------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| (iii) By Interest Rate Sensitivity | | |
| Fixed rate | | |
| - Other fixed rate loans | 46,527 | 44,117 |
| - Housing loans | 1,910 | 1,596 |
| - Hire purchase receivables | 1,104 | 1,343 |
| Variable rate | | |
| - Cost-plus | 1,656,208 | 1,434,020 |
| - BFR plus * | 124,531 | 122,054 |
| - Other floating rate | 55,778 | 31,615 |
| Total gross loans and advances | 1,886,058 | 1,634,745 |
| * refers to Base Financing Rate ("BFR") from Affin Bank. | | |
| (iv) By Economic Purpose | | |
| Purchase of securities | 1,531,535 | 1,263,083 |
| Purchase of landed properties of which | | |
| - Residential | 1,911 | 1,596 |
| - Non-residential | 23,153 | 31,426 |
| Working capital | 74,690 | 76,050 |
| Construction | 23,559 | 30,332 |
| Purchase of transport vehicles | 30,091 | 35,008 |
| Merger and acquisition | - | 21,536 |
| Others | 201,119 | 175,714 |
| Total gross loans and advances | 1,886,058 | 1,634,745 |
| (v) By Economic Sectors | | |
| Household | 1,039,590 | 862,636 |
| Finance, insurance and business services | 374,877 | 284,878 |
| Construction | 206,347 | 214,904 |
| Real estate | 134,604 | 116,242 |
| Transport, storage and communication | 57,155 | 83,337 |
| Manufacturing | 27,088 | 24,344 |
| Agriculture | 21,178 | 28,428 |
| Education, health and others | 13,997 | 7,808 |
| Wholesale, retail trade, restaurants & hotels | 8,566 | 10,032 |
| Mining and quarrying | 2,114 | 2,127 |
| Electricity, gas and water supply | 542 | 9 |
| Total gross loans and advances | 1,886,058 | 1,634,745 |
| (vi) By Geographical Distribution | | |
| Wilayah Persekutuan | 1,207,777 | 994,692 |
| Selangor | 373,419 | 397,163 |
| Johor | 126,633 | 93,353 |
| Sarawak | 59,040 | 52,451 |
| Pulau Pinang | 30,507 | 26,769 |
| Terengganu | 23,558 | 28,826 |
| Labuan | 28,826 | - |
| Sabah | 22,882 | 29,300 |
| Perak | 6,812 | 4,487 |
| Kedah | 4,175 | 4,872 |
| Negeri Sembilan | 2,429 | 2,832 |
| Total gross loans and advances | 1,886,058 | 1,634,745 |

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

13. Loans and advances (continued)

| | The Group and the Bank | |
|--|------------------------|------------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| (vii) By Maturity Structure | | |
| Maturing within one year | 1,682,346 | 1,444,483 |
| One year to three years | 80,056 | 31,796 |
| Three years to five years | 33,543 | 62,525 |
| Over five years | 90,113 | 95,941 |
| Total gross loans and advances | 1,886,058 | 1,634,745 |
| (viii) Movements of impaired loans and advances | | |
| At beginning of the financial period | 78,325 | 82,528 |
| Amount recovered | (5,547) | (11,981) |
| Interest on credit impaired loans and advances | 2,466 | 7,778 |
| At end of the financial period | 75,244 | 78,325 |
| Gross impaired loans as a percentage of gross loans and advances | 3.99% | 4.79% |
| (ix) Impaired loans and advances analysed by economic purpose | | |
| Working capital | 48,337 | 48,227 |
| Purchase of securities | 18,618 | 21,856 |
| Others | 6,175 | 6,115 |
| Purchase of transport vehicles | 2,114 | 2,127 |
| Total impaired loans and advances | 75,244 | 78,325 |
| (x) Impaired loans and advances analysed by economic sector | | |
| Construction | 46,526 | 44,117 |
| Real estate | 24,793 | 27,971 |
| Mining and quarrying | 2,114 | 2,127 |
| Manufacturing | 1,811 | 4,110 |
| Total impaired loans and advances | 75,244 | 78,325 |
| (xi) Impaired loans and advances by geographical distribution | | |
| Sarawak | 46,526 | 44,117 |
| Selangor | 26,604 | 32,081 |
| Wilayah Persekutuan | 2,114 | 2,127 |
| Total impaired loans and advances | 75,244 | 78,325 |

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for the financial period ended 30 September 2023**

13. Loans and advances (continued)

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

| The Group and the Bank 30-09-2023 | 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) | (219) | 219 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (219) | 219 | - | - |
| Loans derecognised during the period (other than write-offs) | (200) | - | - | (200) |
| New loans originated or purchased | 206 | - | - | 206 |
| Changes due to change in credit risk | (181) | (990) | (2,325) | (3,496) |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | (1) | - | 2,466 | 2,465 |
| At end of the financial period | 1,187 | 25,998 | 36,530 | 63,715 |

| 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 30-09-2023 | 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) | (23,534) | 23,534 | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| Total transfer between stages | (23,534) | 23,534 | - | - |
| Loans derecognised during the financial period (other than write-offs) | (107,331) | - | (10) | (107,341) |
| New loans originated or purchased | 736,880 | - | - | 736,880 |
| Changes due to change in credit risk | (370,316) | (8,040) | (5,537) | (383,893) |
| Other adjustments: | | | | |
| - Foreign exchange and other adjustments | 1,271 | 1,930 | 2,466 | 5,667 |
| At end of the financial period | 1,734,029 | 76,785 | 75,244 | 1,886,058 |
| | | | | |
| The Group and the Bank 31-12-2022 | 12-month | Lifetime ECL | Lifetime ECL | Total |
| | ECL Stage 1 RM'000 | not Credit Impaired Stage 2 RM'000 | Credit Impaired Stage 3 RM'000 | 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 | |
|------------------------------|------------------------|----------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| Amount due from clients: | | |
| - performing accounts | 365,308 | 376,714 |
| - impaired accounts (a) | 119 | 941 |
| Amount due from brokers | 39,030 | 26,855 |
| | <u>404,457</u> | <u>404,510</u> |
| Less: expected credit losses | (224) | (756) |
| | <u>404,233</u> | <u>403,754</u> |

(a) Movement of impaired amount due from clients

| | The Group and the Bank | |
|---|------------------------|------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| At beginning of the financial period/year | 941 | 942 |
| Classified as impaired during the financial period/year | 203 | 1,504 |
| Amount recovered | (1,025) | (1,505) |
| At end of the financial period/year | <u>119</u> | <u>941</u> |

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

| The Group and the Bank | Lifetime ECL | Lifetime ECL | Total |
|------------------------------------|--------------|--------------|------------|
| | not Credit | Credit | |
| 30-09-2023 | Impaired | Impaired | RM'000 |
| | RM'000 | RM'000 | RM'000 |
| At beginning of financial period | 71 | 685 | 756 |
| Allowance made | 71 | 203 | 274 |
| Amount written back | (38) | (768) | (806) |
| At end of financial period | <u>104</u> | <u>120</u> | <u>224</u> |
| | | | |
| The Group and the Bank | Lifetime ECL | Lifetime ECL | Total |
| 31-12-2022 | not Credit | Credit | |
| | Impaired | Impaired | RM'000 |
| | RM'000 | RM'000 | 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 | |
|---|---------------|---------------|---------------|---------------|
| | 30-09-2023 | 31-12-2022 | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other debtors, deposits and prepayments | 61,757 | 28,284 | 61,210 | 28,124 |
| Securities lending | 27,951 | 17,438 | 27,951 | 17,438 |
| Clearing guarantee fund | 1,967 | 1,722 | 1,967 | 1,722 |
| Clearing fund | 2,735 | 2,557 | 2,735 | 2,557 |
| Transferable membership | 250 | 250 | 250 | 250 |
| | <u>94,660</u> | <u>50,251</u> | <u>94,113</u> | <u>50,091</u> |
| Less : expected credit losses ("ECL") | (2,594) | (4,749) | (2,548) | (4,745) |
| | <u>92,066</u> | <u>45,502</u> | <u>91,565</u> | <u>45,346</u> |

Movement in credit impaired accounts

| | The Group | | The Bank | |
|---|--------------|--------------|--------------|--------------|
| | 30-09-2023 | 31-12-2022 | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period/year | 4,757 | 4,107 | 4,753 | 4,100 |
| Additional during the period | 1,345 | 2,349 | 1,237 | 2,292 |
| Amount recovered | (2,517) | (1,699) | (2,448) | (1,639) |
| Amount written off | (980) | - | (980) | - |
| At end of the financial period/year | <u>2,605</u> | <u>4,757</u> | <u>2,562</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 30-09-2023 | Lifetime ECL not Credit Impaired RM'000 | Lifetime ECL Credit Impaired RM'000 | Total RM'000 |
|---------------------------------------|--|--|-------------------------|
| At beginning of the financial period | 17 | 4,732 | 4,749 |
| Allowance made | 36 | 1,345 | 1,381 |
| Amount written back | (30) | (2,526) | (2,556) |
| Amount written off | - | (980) | (980) |
| At end of the financial period | <u>23</u> | <u>2,571</u> | <u>2,594</u> |
| | | | |
| The Group 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 | 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 30-09-2023 | Lifetime ECL not Credit Impaired RM'000 | Lifetime ECL Credit Impaired RM'000 | Total RM'000 |
| At beginning of the financial period | 16 | 4,729 | 4,745 |
| Allowance made | 26 | 1,237 | 1,263 |
| Amount written back | (23) | (2,457) | (2,480) |
| Amount written off | - | (980) | (980) |
| At end of the financial period | <u>19</u> | <u>2,529</u> | <u>2,548</u> |
| | | | |
| 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 | 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 | |
|--|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 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 were 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 | |
|---|---------------------------|-----------------|
| | 30-09-2023 % | 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 | |
|---|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 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 were 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 may 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 in the previous financial year.
(b) Information about associates:

| The Bank Name | Principal Activities | Issued and paid up share capital RM'000 | Percentage of equity held | |
|---------------------------------------|-------------------------------|---|---------------------------|-----------------|
| | | | 30-09-2023 % | 31-12-2022 % |
| 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 | |
|---|------------------------|------------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| (i) By Type of Deposits | | |
| Fixed deposits | 3,157,578 | 3,672,556 |
| Negotiable instruments of deposits | 1,005,110 | 754,595 |
| Other deposits | 20,215 | 97,976 |
| | <u>4,182,903</u> | <u>4,525,127</u> |
| (ii) By Maturity Structure | | |
| Due within six months | 3,329,956 | 4,246,452 |
| Six months to one year | 300,716 | 266,554 |
| One year to three years | 552,231 | 12,121 |
| | <u>4,182,903</u> | <u>4,525,127</u> |
| (iii) By Type of Customer | | |
| Domestic non-banking financial institutions | 1,811,389 | 1,871,572 |
| Business enterprises | 1,124,399 | 1,304,897 |
| Domestic banking institutions | 1,005,110 | 754,595 |
| Government and statutory bodies | 178,260 | 503,031 |
| Individuals | 39,616 | 68,575 |
| Foreign entities | 13,255 | 11,410 |
| Other entities | 10,874 | 11,047 |
| | <u>4,182,903</u> | <u>4,525,127</u> |

19. Deposits and placements of banks and other financial institutions

| | The Group and the Bank | |
|---------------------------|------------------------|----------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| Licensed banks | 1,583,939 | 549,496 |
| Licensed investment banks | 330,356 | 160,024 |
| | <u>1,914,295</u> | <u>709,520</u> |

20. Obligations on securities sold under repurchase agreements

| | The Group and the Bank | |
|--------------------------------|------------------------|------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| Financial investments at FVOCI | 836,354 | - |

21. Trade payables

| | The Group and the Bank | |
|---|------------------------|----------------|
| | 30-09-2023 | 31-12-2022 |
| | RM'000 | RM'000 |
| Amount due to clients | 156,156 | 132,889 |
| Amount due to brokers | 97,558 | 105,246 |
| Amount due to Bursa Securities Clearing Sdn. Bhd. | 37,070 | 100,732 |
| | <u>290,784</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 (2022: 1 to 30 days).

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22. Other liabilities

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| Commissioned dealer's representative trust balances | 64,329 | 64,495 | 64,329 | 64,495 |
| Amounts payable to commissioned and salaried dealer's representatives | 58,912 | 62,788 | 58,912 | 62,788 |
| Accrued employee benefit | 59,110 | 31,218 | 58,912 | 31,146 |
| Securities borrowing | 173,768 | 71,962 | 173,768 | 71,962 |
| Other creditors and accruals | 33,330 | 49,782 | 21,207 | 48,425 |
| Collaterals pledged for derivatives transactions | 1,380 | 28,131 | 1,380 | 28,131 |
| | 390,829 | 308,376 | 378,508 | 306,947 |
| Add: expected credit losses - loans commitments and financial guarantees | 17,968 | 17,994 | 17,968 | 17,994 |
| | 408,797 | 326,370 | 396,476 | 324,941 |

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

| The Group and the Bank 30-09-2023 | 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 |
| Transfer | (52) | 52 | - | - |
| Net remeasurement of loss allowance | (194) | 149 | (164) | (209) |
| Changes due to change in credit risk | 183 | - | - | 183 |
| At end of the financial period | 6 | 201 | 17,761 | 17,968 |

| 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 | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| FVOCI revaluation reserves (a) | (52,260) | (92,555) | (52,260) | (92,555) |
| Regulatory reserves (b) | 19,574 | 16,709 | 19,574 | 16,709 |
| | (32,686) | (75,846) | (32,686) | (75,846) |
| Retained profits | 401,196 | 513,272 | 401,236 | 513,268 |
| | 368,510 | 437,426 | 368,550 | 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 Period Ended | Corresponding Period Ended | Financial Period-to-date | Corresponding Period-to-date |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and advances | 28,605 | 16,951 | 80,142 | 45,966 |
| Money at call and deposit placements with financial institutions | 5,499 | 9,517 | 16,815 | 20,282 |
| Financial investments at FVOCI | 32,252 | 27,602 | 89,841 | 82,325 |
| Financial investments at amortised cost | 10,802 | 5,922 | 32,446 | 10,062 |
| Others | 1,528 | 806 | 4,072 | 2,970 |
| | <u>78,686</u> | <u>60,798</u> | <u>223,316</u> | <u>161,605</u> |
| of which: | | | | |
| Interest income earned on impaired loans and advances | <u>16,687</u> | 589 | <u>17,677</u> | 1,437 |

| | The Bank | | | |
|---|---------------------------|-------------------------------|-----------------------------|---------------------------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial Period Ended | Corresponding Period Ended | Financial Period-to-date | Corresponding Period-to-date |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and advances | 28,605 | 16,951 | 80,142 | 45,966 |
| Money at call and deposit placements with financial institutions | 5,491 | 9,512 | 16,794 | 20,266 |
| Financial investments at FVOCI | 32,252 | 27,602 | 89,841 | 82,325 |
| Financial investments at amortised cost | 10,802 | 5,922 | 32,446 | 10,062 |
| Others | 1,528 | 806 | 4,072 | 2,970 |
| | <u>78,678</u> | <u>60,793</u> | <u>223,295</u> | <u>161,589</u> |
| of which: | | | | |
| Interest income earned on impaired loans and advances | <u>16,687</u> | 589 | <u>17,677</u> | 1,437 |

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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 |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers | 43,433 | 30,669 | 134,580 | 84,563 |
| Deposits and placements of banks and other financial institutions | 14,062 | 4,029 | 24,929 | 10,661 |
| Deposits on obligations on securities sold under repurchase agreements | 4,524 | 48 | 9,169 | 149 |
| Lease liabilities | 134 | 160 | 418 | 217 |
| Others | 2,964 | 347 | 5,587 | 598 |
| | <u>65,117</u> | <u>35,253</u> | <u>174,683</u> | <u>96,188</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 |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers | 43,433 | 30,669 | 134,580 | 84,563 |
| Deposits and placements of banks and other financial institutions | 14,062 | 4,029 | 24,929 | 10,661 |
| Obligations on securities sold under repurchase agreements | 4,524 | 48 | 9,169 | 149 |
| Lease liabilities | 134 | 160 | 418 | 217 |
| Others | 2,964 | 347 | 5,587 | 598 |
| | <u>65,117</u> | <u>35,253</u> | <u>174,683</u> | <u>96,188</u> |

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 |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fee and commission income | | | | |
| Net brokerage income | 12,822 | 9,714 | 35,568 | 43,957 |
| Loans related fees | 3,268 | 2,502 | 10,131 | 7,457 |
| Placement fees | 450 | 335 | 1,815 | 577 |
| Corporate advisory fees | 1,853 | 1,991 | 3,499 | 4,697 |
| Underwriting commissions | - | 229 | 647 | 370 |
| Arrangement fees | 25 | 526 | 1,536 | 2,781 |
| Others | 3,039 | 1,491 | 7,817 | 5,131 |
| | <u>21,457</u> | <u>16,788</u> | <u>61,013</u> | <u>64,970</u> |

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26. Net fee and commission income (continued)

| | The Bank | | | |
|----------------------------------|--------------------|----------------|--------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fee and commission income | | | | |
| Net brokerage income | 12,822 | 9,714 | 35,568 | 43,957 |
| Loans related fees | 3,268 | 2,502 | 10,131 | 7,457 |
| Placement fees | 450 | 335 | 1,815 | 577 |
| Corporate advisory fees | 1,853 | 1,991 | 3,499 | 4,697 |
| Underwriting commissions | - | 229 | 647 | 370 |
| Arrangement fees | 25 | 526 | 1,536 | 2,781 |
| Others | 2,730 | 1,217 | 6,841 | 3,984 |
| | 21,148 | 16,514 | 60,037 | 63,823 |

27. Net gains and losses on financial instruments

| | The Group | | | |
|--|--------------------|----------------|--------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| | Period Ended | Period Ended | Period-to-date | Period-to-date |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gains/(Losses) arising on financial assets at FVTPL | | | | |
| - net gains on disposal | 10,764 | 4,312 | 25,051 | 16,841 |
| - unrealised gains/ (losses) | 14,720 | 1,835 | 6,289 | 17 |
| - gross dividend income | 614 | 541 | 954 | 1,549 |
| - interest income | 9,109 | 5,193 | 19,559 | 14,018 |
| Gains/(Losses) on derivative instruments | | | | |
| - net gains/ (losses) on disposal | (591) | 63 | (328) | 41 |
| - unrealised gains/ (losses) | (3,115) | (789) | (3,076) | (1,865) |
| - interest income | 5,337 | 4,365 | 9,404 | 14,372 |
| - interest expense | (4,993) | (3,943) | (7,556) | (11,833) |
| Gains arising on financial investments at FVOCI | | | | |
| - net gains on disposal | 327 | - | 1,711 | 2,417 |
| - gross dividend income | 77 | 77 | 190 | 190 |
| | 32,249 | 11,654 | 52,198 | 35,747 |

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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 | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Gains/(Losses) arising on financial assets at FVTPL | | | | |
| - net gains on disposal | 10,348 | 4,312 | 24,635 | 16,843 |
| - unrealised gains/ (losses) | 15,134 | 1,835 | 6,696 | 19 |
| - gross dividend income | 604 | 534 | 926 | 1,529 |
| - interest income | 9,109 | 5,193 | 19,559 | 14,018 |
| Gains/(Losses) on derivative instruments | | | | |
| - net gains/ (losses) on disposal | (591) | 63 | (328) | 41 |
| - unrealised gains/ (losses) | (3,115) | (789) | (3,076) | (1,865) |
| - interest income | 5,337 | 4,365 | 9,404 | 14,372 |
| - interest expense | (4,993) | (3,943) | (7,556) | (11,833) |
| Gains arising on financial investments at FVOCI | | | | |
| - net gains on disposal | 327 | - | 1,711 | 2,417 |
| - gross dividend income | 77 | 77 | 190 | 190 |
| | 32,237 | 11,647 | 52,161 | 35,731 |

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 | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Foreign exchange (losses)/gains | | | | |
| - realised | 66,445 | 3,343 | (24,620) | 6,120 |
| - unrealised | (63,038) | (972) | 30,648 | (179) |
| Gains on disposal of property and equipment | - | 221 | 1 | 407 |
| Others | 97 | 140 | 165 | 360 |
| | 3,504 | 2,732 | 6,194 | 6,708 |

| | The Bank | | | |
|---|--------------------|------------------|--------------------|------------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| Period Ended | Period Ended | Period-to-date | Period-to-date | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Foreign exchange (losses)/gains | | | | |
| - realised | 66,445 | 3,343 | (24,620) | 6,120 |
| - unrealised | (63,038) | (972) | 30,648 | (179) |
| Gains on disposal of property and equipment | - | 221 | 1 | 407 |
| Gross dividend income from subsidiary | - | 31,500 | - | 63,000 |
| Gain of disposal of a subsidiary | - | 1,270,024 | - | 1,270,024 |
| Others | 97 | 184 | 165 | 622 |
| | 3,504 | 1,304,300 | 6,194 | 1,339,994 |

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29. Other operating expenses

| | The Group | | | |
|--|---|---|---|---|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial Period Ended 30-09-2023 RM'000 | Corresponding Period Ended 30-09-2022 RM'000 | Financial Period-to-date 30-09-2023 RM'000 | Corresponding Period-to-date 30-09-2022 RM'000 |
| Personnel costs | | | | |
| Salaries, allowances and bonuses | 20,021 | 22,284 | 47,072 | 69,007 |
| Defined contribution plan | 3,291 | 3,607 | 7,699 | 11,150 |
| Other personnel costs | 2,860 | 3,597 | 6,546 | 9,436 |
| | <u>26,172</u> | <u>29,488</u> | <u>61,317</u> | <u>89,593</u> |
| Marketing expenses | | | | |
| Business promotion and advertisement | 271 | 171 | 737 | 1,111 |
| Brokerage expenses | 230 | 121 | 455 | 373 |
| Entertainment | 114 | 111 | 303 | 261 |
| Travelling and accommodation | 147 | 195 | 327 | (2) |
| | <u>762</u> | <u>598</u> | <u>1,822</u> | <u>1,743</u> |
| Establishment cost | | | | |
| Repair and maintenance | 2,552 | 2,520 | 6,919 | 4,949 |
| Rental of premises and equipment | 1,243 | 786 | 4,754 | 3,015 |
| Depreciation – ROU | 1,631 | 2,370 | 4,899 | 4,203 |
| Depreciation of property and equipment | 617 | 852 | 1,948 | 2,451 |
| Electricity, water and sewerage | 319 | 406 | 1,054 | 1,057 |
| Insurance and indemnities | 255 | 243 | 679 | 797 |
| Amortisation of intangible assets | 209 | 215 | 626 | 717 |
| | <u>6,826</u> | <u>7,392</u> | <u>20,879</u> | <u>17,189</u> |
| Administration and general expenses | | | | |
| Subscription fees | 2,311 | 2,377 | 7,345 | 6,600 |
| Telecommunication expenses | 2,185 | 1,856 | 6,314 | 5,482 |
| Professional fees | 2,283 | (297) | 4,521 | 1,111 |
| Directors' remuneration | 764 | 629 | 1,719 | 1,820 |
| Auditors' remuneration | 155 | 152 | 461 | 457 |
| Management fees # | 5,447 | - | 16,946 | - |
| Others | 472 | 887 | 2,038 | 2,523 |
| | <u>13,617</u> | <u>5,604</u> | <u>39,344</u> | <u>17,993</u> |
| Total other operating expenses | <u>47,377</u> | <u>43,082</u> | <u>123,362</u> | <u>126,518</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, Customer Service and Treasury & Markets effective from 1 October 2022.

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29. Other operating expenses (continued)

| | The Bank | | | |
|---|---------------------------|-------------------------------|-----------------------------|---------------------------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial Period Ended | Corresponding Period Ended | Financial Period-to-date | Corresponding Period-to-date |
| | 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| Salaries, allowances and bonuses | 19,775 | 22,138 | 46,472 | 68,157 |
| Defined contribution plan | 3,248 | 3,582 | 7,595 | 11,007 |
| Other personnel costs | 2,826 | 3,584 | 6,465 | 9,412 |
| | <u>25,849</u> | <u>29,304</u> | <u>60,532</u> | <u>88,576</u> |
| Marketing expenses | | | | |
| Business promotion and advertisement | 271 | 171 | 737 | 1,111 |
| Brokerage expenses | 223 | 109 | 427 | 321 |
| Entertainment | 114 | 111 | 303 | 259 |
| Travelling and accommodation | 146 | 195 | 326 | (4) |
| | <u>754</u> | <u>586</u> | <u>1,793</u> | <u>1,687</u> |
| Establishment cost | | | | |
| Repair and maintenance | 2,540 | 2,516 | 6,875 | 4,876 |
| Rental of premises and equipment | 1,242 | 759 | 4,709 | 2,939 |
| Depreciation – ROU | 1,631 | 2,370 | 4,899 | 4,203 |
| Depreciation of property and equipment | 617 | 798 | 1,946 | 2,339 |
| Electricity, water and sewerage | 318 | 406 | 1,053 | 1,056 |
| Insurance and indemnities | 255 | 243 | 679 | 797 |
| Amortisation of intangible assets | 196 | 192 | 589 | 648 |
| | <u>6,799</u> | <u>7,284</u> | <u>20,750</u> | <u>16,858</u> |
| Administration and general expenses | | | | |
| Subscription fees | 2,307 | 2,373 | 7,322 | 6,584 |
| Telecommunication expenses | 2,185 | 1,853 | 6,311 | 5,459 |
| Professional fees | 2,268 | 774 | 4,476 | 1,124 |
| Directors' remuneration | 764 | 661 | 1,719 | 1,820 |
| Auditors' remuneration | 153 | 150 | 453 | 450 |
| Management fees # | 5,447 | - | 16,946 | - |
| Others | 469 | 850 | 2,032 | 2,511 |
| | <u>13,593</u> | <u>6,661</u> | <u>39,259</u> | <u>17,948</u> |
| Professional and legal fees for the divestment of a subsidiary * | - | 15,519 | - | 16,604 |
| Total other operating expenses | <u>46,995</u> | <u>59,354</u> | <u>122,334</u> | <u>141,673</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, Customer Service 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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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 | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Expected credit losses (made)/written-back on: | | | | |
| - loans and advances | 657 | 3,009 | 3,491 | (1,108) |
| - trade receivables | 24 | (125) | 532 | 817 |
| - financial investments | (120) | (154) | 4,035 | (496) |
| - deposits and placements with financial institutions | - | 4 | - | 4 |
| - other assets | 197 | 312 | 1,175 | (14) |
| - loans commitments and financial guarantees | (152) | 73 | 26 | 1,987 |
| Bad debts recovered | 26 | 439 | 413 | 439 |
| Bad debts written off | - | - | (5) | - |
| | 632 | 3,558 | 9,667 | 1,629 |

| | The Bank | | | |
|---|---------------------------|-----------------------|---------------------------|----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| Period Ended | Period Ended | Period-To-Date | Period-To-Date | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Expected credit losses (made)/written-back on: | | | | |
| - loans and advances | 657 | 3,009 | 3,491 | (1,108) |
| - trade receivables | 24 | (125) | 532 | 817 |
| - financial investments | (120) | (154) | 4,035 | (496) |
| - deposits and placements with financial institutions | - | 4 | - | 4 |
| - other assets | 241 | 313 | 1,217 | (20) |
| - loans commitments and financial guarantees | (152) | 73 | 26 | 1,987 |
| Bad debts recovered | 26 | 439 | 413 | 439 |
| | 676 | 3,559 | 9,714 | 1,623 |

31. Impairment losses on non-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 | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Impairment losses (made)/written back on: | | | | |
| - goodwill | - | (7,068) | - | (7,068) |
| | - | (7,068) | - | (7,068) |

| | The Bank | | | |
|---|---------------------------|-----------------------|---------------------------|-----------------|
| | Individual Quarter | | Cumulative Quarter | |
| | Current | Preceding Year | Current | Preceding Year |
| | Financial | Corresponding | Financial | Corresponding |
| Period Ended | Period Ended | Period-To-Date | Period-To-Date | |
| 30-09-2023 | 30-09-2022 | 30-09-2023 | 30-09-2022 | |
| RM'000 | RM'000 | RM'000 | RM'000 | |
| Impairment losses (made)/written back on: | | | | |
| - goodwill | - | (7,068) | - | (7,068) |
| - investment in subsidiaries | - | (3,516) | - | (3,516) |
| - investment in associates | - | (960) | - | (960) |
| | - | (11,544) | - | (11,544) |

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32. 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 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 | 30-09-2023 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 | 402,780 | 529,981 | 402,722 | 529,977 |
| Unrealised losses on FVOCI instruments | (52,260) | (92,555) | (52,260) | (92,555) |
| | 1,350,320 | 1,437,226 | 1,350,262 | 1,437,222 |
| Less : Regulatory adjustments | | | | |
| Goodwill and other intangible assets | (307,465) | (307,788) | (307,416) | (307,702) |
| Investment in subsidiaries/associates | - | - | (2,166) | (3,657) |
| Regulatory reserves | (19,574) | (16,709) | (19,574) | (16,709) |
| Deferred tax assets | (45,257) | (63,302) | (45,257) | (63,302) |
| Other CET1 regulatory adjustments specified by BNM | 12,763 | 19,830 | 12,774 | 19,849 |
| Total CET 1 capital/Total Tier 1 Capital (a) | 990,787 | 1,069,257 | 988,623 | 1,065,701 |
| Tier 2 capital | | | | |
| Qualifying loss provisions # | 17,367 | 14,779 | 17,316 | 14,760 |
| Total Tier 2 capital (b) | 17,367 | 14,779 | 17,316 | 14,760 |
| Total Capital (a) + (b) | 1,008,154 | 1,084,036 | 1,005,939 | 1,080,461 |

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

| | The Group | | The Bank | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30-09-2023 RM'000 | 31-12-2022 RM'000 | 30-09-2023 RM'000 | 31-12-2022 RM'000 |
| Breakdown of risk-weighted assets in the various categories of risk-weights: | | | | |
| Credit risk | 1,390,206 | 1,182,333 | 1,386,200 | 1,180,781 |
| Market risk | 1,106,997 | 216,533 | 1,106,997 | 216,537 |
| Operational risk | 784,578 | 1,092,257 | 346,708 | 524,730 |
| Total Risk-Weighted Assets | 3,281,781 | 2,491,123 | 2,839,905 | 1,922,048 |

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33. Commitments and contingencies

| | The Group and The Bank | |
|--|-------------------------------|--------------------------|
| | 30-09-2023 | 31-12-2022 |
| | Principal amount | Principal amount |
| | RM'000 | RM'000 |
| Transaction related contingent items | 64,606 | 64,606 |
| Forward asset purchases | 20,000 | - |
| Irrevocable commitments to extend credit: | | |
| - maturity less than one year | 32,121 | 17,390 |
| - maturity more than one year | 30,542 | 24,847 |
| Interest rate related contracts: | | |
| - less than one year | 670,000 | 940,000 |
| - one year to less than five years | 2,382,000 | 2,160,000 |
| Foreign exchange related contracts: | | |
| - less than one year | 18,438,544 | 5,562,497 |
| - one year to less than five years | 516,670 | 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 | 1,485,351 | 1,279,899 |
| Equity related contracts: | | |
| - less than one year | 152,149 | - |
| Other/Miscellaneous Commitments and Contingencies | - | 7,421 |
| Total | <u>23,791,983</u> | <u>10,899,639</u> |

34. Credit exposures arising from transactions with connected parties

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 30 September 2023 are as follows:

| | |
|---|----------------|
| (i) The aggregate value of outstanding credit exposures with connected parties (RM'000) | 997,126 |
| (ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures | 14.5% |
| (iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default | Nil |

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35. 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 30-09-2023 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instruments | - | 459,025 | - | 459,025 |
| - Corporate bonds or sukuk | - | 2 | - | 2 |
| - Shares, warrants and unit trusts | 174,864 | - | - | 174,864 |
| Financial investments at FVOCI | | | | |
| - Money market instruments | - | 2,379,776 | - | 2,379,776 |
| - Corporate bonds or sukuk | - | 1,841,669 | - | 1,841,669 |
| - Shares | - | - | 24,759 | 24,759 |
| Derivative financial assets | - | 206,236 | - | 206,236 |
| Total | 174,864 | 4,886,708 | 24,759 | 5,086,331 |
| Liabilities | | | | |
| Derivative financial liabilities | - | 198,129 | - | 198,129 |
| Other liabilities - equities trading | 1,703 | - | - | 1,703 |
| Total | 1,703 | 198,129 | - | 199,832 |

| 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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35. 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 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|----------------|------------------|----------------|------------------|
| 30-09-2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instruments | - | 459,025 | - | 459,025 |
| - Corporate bonds or sukuk | - | 2 | - | 2 |
| - Shares, warrants and unit trusts | 173,620 | - | - | 173,620 |
| Financial investments at FVOCI | | | | |
| - Money market instruments | - | 2,379,776 | - | 2,379,776 |
| - Corporate bonds or sukuk | - | 1,841,669 | - | 1,841,669 |
| - Shares | - | - | 24,759 | 24,759 |
| Derivative financial assets | - | 206,236 | - | 206,236 |
| Total | 173,620 | 4,886,708 | 24,759 | 5,085,087 |
| Liabilities | | | | |
| Derivative financial liabilities | - | 198,129 | - | 198,129 |
| Other liabilities - equities trading | 1,703 | - | - | 1,703 |
| Total | 1,703 | 198,129 | - | 199,832 |
| | | | | |
| The Bank | Level 1 | Level 2 | Level 3 | Total |
| 31-12-2022 | RM'000 | RM'000 | RM'000 | 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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35. 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 | |
|----------------------------|-------------------------------|-------------------|
| | 30-09-2023 | 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.