

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Reports and financial statements
for the financial year ended 31 December 2025

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Reports and financial statements
for the financial year ended 31 December 2025**

Contents

	Page(s)
Directors' report	1 - 33
Statements of financial position	34
Income statements	35
Statements of comprehensive income	36
Statements of changes in equity	37 - 39
Statements of cash flows	40 - 42
Summary of material accounting policies	43 - 69
Notes to the financial statements	70 - 181
Statement by Directors	182
Statutory declaration	182
Independent auditors' report	183 - 185

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025

The Directors of Affin Hwang Investment Bank Berhad ("the Bank") hereby submit their report together with the audited financial statements of the Bank including the consolidated financial statements of the Bank and its subsidiaries ("the Group") for the financial year ended 31 December 2025.

Principal activities

The principal activities of the Bank are investment banking, stockbroking activities, dealing in options and futures and related financial services.

The principal activities of the subsidiaries are as set out in Note 12 to the financial statements. They consist of provision of investment holding, trustee and nominee services.

Financial results

	The Group	The Bank
	RM'000	RM'000
Profit before taxation	103,178	103,977
Taxation	<u>(24,767)</u>	<u>(24,757)</u>
Net profit for the financial year	<u>78,411</u>	<u>79,220</u>

Dividends

The dividends on ordinary shares paid by the Bank since 31 December 2024 were as follows:

	RM'000
In respect of the financial year ended 31 December 2025:	
Single-tier cash dividend of 10.256 sen per share paid on 22 May 2025	<u><u>80,000</u></u>

The Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2025.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements and notes to the financial statements.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Directors' report
for the financial year ended 31 December 2025 (continued)**

Statutory information on the financial statements

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for bad and doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent;
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or
- (c) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or of the Bank that has arisen since the end of the financial year other than in the ordinary course of business of the Group and the Bank.

No contingent or other liability in the Group or of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the operations of the Group and of the Bank for the financial year were not substantially affected by any item, transaction, or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Directors

The Directors of the Bank who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Encik Hasli bin Hashim

Chairman/Independent Non-Executive Director (appointed/redesignated as Chairman w.e.f 23 October 2025)

Tunku Afwida binti Tunku A.Malek

Chairman/Independent Non-Executive Director (completion of the approved three (3)-year tenure of directorship w.e.f 9 May 2025)

Mr Eugene Hon Kah Weng

Independent Non-Executive Director

Dato' Abdul Wahab bin Abu Bakar

Independent Non-Executive Director

Ms Tracy Ong Guat Kee

Independent Non-Executive Director

Ms Kong Yuen Ling

Non-Independent Non-Executive Director

Nominee Director representing The Bank of East Asia, Limited ("BEA")

Datuk Jamaludin bin Nasir

Independent Non-Executive Director (appointed w.e.f 15 April 2025)

The Directors of the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Affin Hwang Nominees (Asing) Sdn. Bhd. and Affin Hwang Nominees (Tempatan) Sdn. Bhd.

Mr Premtilaka A/L N.Amarasingham

Ms Chung Pei Ching

Mr Liao Pieng Sin

Ms Yeong Sook Kwan

Ms Ang Swee Lean

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2025 (continued)

Directors (continued)

The Directors of the Bank's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are: (continued)

AHC Global Sdn. Bhd. and AHC Associates Sdn. Bhd.

Mr Ong Teng Chong, Andy

Ms Lim Syn Jean (appointed w.e.f. 25 February 2026)

Mr Ahmad Gazzara Czillich (resigned w.e.f. 26 February 2026)

Affin Hwang Trustee Berhad

Encik Feizal Zawry Bin Mohamed

Mr Ong Teng Chong, Andy

Responsibility statement by Board of Directors

In preparing the financial statements, the Directors have ensured that the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the financial statements of the Group and of the Bank present a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025 and financial performance of the Group and of the Bank for the financial year ended 31 December 2025.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

The Directors have also taken the necessary steps to safeguard the assets of the Group and the Bank and for the implementation and continued implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 182 of the financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Directors' interest in shares, shares options and debentures

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held the office during the financial year held any shares or debentures in the Bank or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

The Directors in office at during the financial year did not have any other interest in the shares, warrants and option over shares of the Bank and its related companies during the financial year.

The Bank implemented the Deferred Discretionary Performance Bonus Scheme ("DDPB") in 2022 and shall be paid in 2 tranches:

- i) 75% after Board's approval in the first quarter of the financial year, and
- ii) the balance of 25% will be paid after completion of the Bank's Audit and approval of Bank's financial statements in the following financial year.

The DDPB is subject to claw back provisions. Any unvested element under the deferred plan can be forfeited/adjusted or the delivered variable remuneration payout be recovered in situations such as:

- i) Misbehavior or material error by the staff causing harm to the Bank's reputation, or in cases of misconduct, incompetence or negligence;
- ii) The staff's business unit suffers a material downturn in its financial performance or a material restatement of financial statements of the Bank;
- iii) The staff's business unit suffers a material risk management failure;
- iv) The staff deliberately misleads the market and/or shareholder in relation to the financial performance of the Bank;
- v) A significant deterioration in the financial health of the Bank; and
- vi) If the Bank and/or relevant line of business incurs losses in any year during the vesting period, the unvested portions will be subject to malus.

The annual KPIs for officers in control functions are subject to approval by the Board, as this will determine the compensation payout. This is to ensure and safeguard the independence and authority of individuals engaged in control functions whose remuneration is based on the achievement of the control functions' KPIs.

On an annual basis, the Management is required to table to the Board, the performance metrics (Financial, Business and Non-Financial) to determine the variable pay and remuneration. Criteria for determination of weak performance is based on the performance rating falling under "below expectation" as set out in the Bank's performance rating scale.

	No of DDPB Awarded (Units '000)
Other Directors	62

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Directors' interest in shares, shares options and debentures (continued)

Long Term Incentive Plan ("LTIP")

The Group's Long-Term Incentive Plan ("LTIP"), introduced on 1 August 2023 through the Share Grant Scheme ("SGS") approved by shareholders at the Annual General Meeting on 25 May 2023, remains in effect during the financial year ended 31 December 2025. The SGS is governed by the SGS By-Laws and administered by the Group Board Nomination & Remuneration Committee.

The SGS is a performance share unit scheme under which vesting is subject to performance conditions. The SGS Committee may grant awards to eligible employees at any time during the scheme's duration, in accordance with the SGS By-Laws. The awards may be settled through the issuance and transfer of new shares or other permitted methods as provided by the SGS By-Laws.

The scheme is designed to reward eligible employees and align their interests with the Group's long-term objectives. Eligibility is determined by the Board of Directors, based on recommendations from the SGS Committee, and excludes dormant subsidiaries. Any grant to Directors, the chief executive, or connected persons requires prior shareholder approval at a general meeting. The SGS does not apply to non-executive directors of any entity within the Group.

The total shares available under the SGS shall not exceed 5% of the Bank's total number of issued shares (excluding treasury shares, if any) at any time during the scheme's duration. Details of SGS are set out in Note 43 to the financial statements.

Executive Directors who has been awarded with SGS during the financial year are listed below:

	No of SGS Awarded (Units '000)
Other Directors	2,275

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Directors' benefits

Neither at the end of the financial year nor at any time during the financial year, no other arrangements subsisted to which the Bank or any of its subsidiaries is a party with the object or objects of enabling Directors of the Bank or any of its subsidiaries to acquire benefits by means of the acquisition of shares in, or debenture of the Bank or any other body corporate. Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 34 to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Directors' Remuneration

The remuneration in aggregate for Directors of the Bank and its subsidiaries for the financial year are as follows:

	The Group RM'000	The Bank RM'000
Directors of the Bank:		
- Director fees	1,466	1,466
- Directors' other emoluments	<u>989</u>	<u>989</u>
Directors of the Bank's subsidiaries:		
- Director fees	-	-
- Directors' other emoluments	<u>-</u>	<u>-</u>

During the financial year, the Directors and Officers of the Group and the Bank were covered under the Directors & Officers Liability Insurance Policy ("D&O Insurance") as well as the Comprehensive Crime and Professional Indemnity Insurance Policy ("CCPI Insurance") which forms part of Affin Bank Berhad's Bankers Blanket Bond (BBB) Policy. BBB is an insurance coverage designed for financial institutions. Both D&O Insurance and CCPI Insurance policies were subscribed to and borne by the Bank's holding company, Affin Bank Berhad, for the coverage period from 19 April 2025 to 18 April 2026.

There were no professional fees paid to Directors or any firms, of which the Directors are members, for services rendered and no amount was paid to or receivable by any third party for services provided by Directors.

The holding company, Affin Bank Berhad maintained on a group basis, a Directors and Officers Liability Insurance against any Legal Liability incurred by the Directors in the discharge of their duties while holding office for the Bank. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The total remuneration paid to the Chief Executive Officer and Directors of the Group and Bank during the financial year are disclosed in Note 34 to the financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance

The Directors of the Bank regard corporate governance as vitally important to the success of the Bank's business and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance are practised in all of its business dealings in respect of its shareholder and relevant stakeholders:

- The Board of Directors (the "Board") is the focal point of the Bank's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Bank;
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- All Board members are responsible to the Bank for achieving high levels of good governance.

1 Board of Directors' Responsibility and Oversight

The Board as at the date of this report, comprises six (6) Directors, of which five (5) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board, with a wide range of experience and knowledge, has been instrumental in the formulation and crafting of the Bank's vision and its strategic business direction.

During the financial year, the Board met eighteen (18) times to review the Bank's financial and business performance, to oversee the conduct of the Bank's business as well as to ensure that adequate internal control systems are in place.

The profile of the Board has been published on the Bank's website.

The composition of the Board and the number of meetings attended by each Director during the financial year are as follows:

<u>Directors</u>	<u>Total meetings attended</u>
Tunku Afwida binti Tunku A.Malek <i>completion of the approved three (3)-year tenure of directorship w.e.f 9 May 2025</i>	4 out of 4
Encik Hasli bin Hashim <i>redesignated as Chairman w.e.f 23 October 2025</i>	18 out of 18
Mr Eugene Hon Kah Weng	18 out of 18
Dato' Abdul Wahab bin Abu Bakar	17 out of 18
Ms Tracy Ong Guat Kee	18 out of 18
Ms Kong Yuen Ling	17 out of 18
Datuk Jamaludin bin Nasir <i>appointed w.e.f 15 April 2025</i>	15 out of 15

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(i) The Board's Role and Responsibilities

- The Board is entrusted with leading and guiding the Bank in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Bank. The Directors, collectively and individually, are aware of their responsibilities to shareholder(s) and stakeholder for the manner in which the affairs of the Bank are managed. The Board sets the Bank's values and standards and ensures that its obligations to its shareholder and stakeholders are understood and met.
- The Board understands that the responsibility for good corporate governance and ethics rests with them and therefore strives to follow the principles and best practices of corporate governance and adopts a "zero tolerance" approach on all forms of corruption, and bribery which is enumerated under the Bank's Anti-Bribery and Corruption Framework.
- Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Bank, setting aims of Management and monitoring the performance of Management.
- The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Bank and its customers, officers and the general public.

In fulfilling this role, the Board must:

- a) approve the Bank's risk appetite (including without limitation, the technology risk appetite which is aligned with the Bank's risk appetite statement), business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank's risk profile;
 - oversee the adequacy of the Bank's information technology ("IT") and cybersecurity strategic plans covering a period of no less than three (3) years, and periodically review these plans once every three (3) years;
 - oversee the effective implementation of a sound and robust technology risk management framework ("TRMF") and cyber resilience framework ("CRF"), and periodically review and affirm the TRMF and CRF, at least once every three (3) years to guide the Bank's management of technology risks;
- b) oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of the Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank;
- c) oversee the implementation of the Bank's governance framework and internal control framework, and periodically ascertaining whether they remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations;
- d) promote, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour;
- e) promote, together with Senior Management, ensure governance of sustainability in the Bank through appropriate environmental, social and governance considerations in the Bank's business strategies, priorities and targets;
- f) oversee and approve the recovery and resolution as well as business continuity plans of the Bank to restore its financial strength and maintain or preserve critical operations and critical services when it comes under stress;
- g) promote timely and effective communication between the Bank and Bank Negara Malaysia ("BNM") on matters affecting, or that may affect, the safety and soundness of the Bank;
- h) undertake various functions and responsibilities as specified in the policy documents and directives issued by BNM and other relevant laws from time to time; and
- i) ensure the establishment and implementation of group-wide policies and procedures to ensure Group's compliance with the various regulatory requirements and guidelines issued by BNM, Securities Commission ("SC"), Bursa Malaysia Securities Berhad ("BMSB") and Companies Commission of Malaysia ("CCM").

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(i) The Board's Role and Responsibilities (continued)

- The Board is responsible over the Bank's capital management as follows:-
 - a) approving the capital plan as part of the budget;
 - b) approving significant capital raising and repayment exercises; and
 - c) reviewing and noting the monitoring reports on capital adequacy.
- The Board, in carrying out its functions or duties shall have regard to the interests of depositors or policy owners of the Bank and Participants as defined in the Financial Services Act 2013 ("FSA").

Without limiting the generality of Section 56(1) of FSA, the Board of the Bank shall:-

- a) set and oversee the implementation of business and risk objective and strategies and in doing so shall have regard to the long-term viability of the Bank and reasonable standards of fair dealing;
 - b) ensure and oversee the effective design and implementation of sound internal controls, compliance and risk management systems which commensurate with the nature, scale and complexity of the business and structure of the Bank;
 - c) oversee the performance of Senior Management in managing the business and affairs of the Bank;
 - d) ensure that there is a reliable and transparent financial reporting process within the Bank; and
 - e) promote timely and effective communications between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank.
- The Board regularly reviews the anti-corruption compliance activities of the Bank.

(ii) Board Risk Management Committee ("BRMC")

The BRMC, as at 31 December 2025 comprises three (3) Board members and convenes on a monthly basis throughout the financial year, with the exception of December. Throughout the financial year, the committee held a total of eleven (11) meetings.

The composition of the BRMC and the number of meetings attended by each member are as follows:

<u>Directors</u>	<u>Total meetings attended</u>
Ms Tracy Ong Guat Kee <i>Independent Non-Executive Director</i>	11 out of 11
Encik Hasli bin Hashim <i>Chairman/ Independent Non-Executive Director</i>	11 out of 11
Ms Kong Yuen Ling <i>Non-Independent Non-Executive Director, Ceased as member of BRMC w.e.f 1 June 2025</i>	5 out of 5
Datuk Jamaludin bin Nasir <i>Independent Non-Executive Director Appointed as member of BRMC w.e.f 1 June 2025</i>	6 out of 6

The BRMC is established to ensure that the risk management framework, policies, infrastructure and controls (including procedures and processes) adequately protect the Bank against all relevant risks, comprising but not limited to, Credit Risk, Market, and Liquidity and Interest Rate Risk, Operational Risk (which include Legal Risk and Regulatory Risks), Cyber Risk, Technology Risk, Reputational Risk, Human Resource Risk as well as Environmental, Social and Governance ("ESG") Risk.

Whilst BRMC represents a committee to assess the adequacy of the risk management framework, policies, infrastructure and controls (including procedures and processes), it is not a duplicate of the Board Audit Committee ("BAC"). Hence, the composition of BRMC shall not mirror that of the BAC. The BRMC shall be chaired by an Independent Director. With the segregation of functions, BRMC shall constitute an auditable area by the BAC.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ii) Board Risk Management Committee ("BRMC") (continued)

The BRMC is responsible for:

- Deliberating/reviewing proposals pertaining to risk management strategies, risk tolerance, risk frameworks, policies and guidelines, and recommend the same to the Board of Directors ("the Board") for approval;
- Ensuring that adequate and robust risk management frameworks, policies, guidelines, infrastructure and controls (including procedures and processes) are in place to identify, measure, monitor and manage all relevant risks relating to the Bank's business activities;
- Overseeing and evaluating the risk management frameworks, policies, guidelines, infrastructure and controls (including procedures and processes) in respect of credit risks, market and liquidity risks, operational risks, including anti-money laundering and counter financing of terrorism ("AML/CFT") risks;
- Overseeing and reviewing periodic reports in respect of the Bank's exposures to all relevant risks across the Bank's business activities, risk management activities and compliance-related matters;
- Oversee the Bank's capital management to ensure its effectiveness, which include:
 - a) reviewing capital management standards, policies and guidelines, capital plans, capital adequacy and allocation reports; and
 - b) approving the mandate of the Asset & Liability Committee ("ALCO") to manage the Bank's capital.
- Where applicable, assisting the Board in the implementation of a sound remuneration system, by providing feedback where appropriate, with regards to the Bank's remuneration system taking into consideration whether the Bank's remuneration system is aligned to the risk-taking activities in terms of risk appetite, capital, liquidity and likelihood and timing of earnings, without prejudice to the tasks of the Group Board Nomination and Remuneration Committee;
- Ensuring that adequate AML/CFT framework and policies are in place in the Bank to protect it against the risks of money laundering and terrorism financing;
- Evaluating and making recommendations to the Board on risk management issues, the level of risk exposure and appropriate risk mitigants in relation to credit transactions and exposures with connected parties, on a quarterly basis;
- Reviewing and concurring on proposals pertaining to the introduction of new and/or variation of products and/or services for the Board's approval; and
- Reviewing and deliberating the recommendations by the Group Board Risk Management Committee ("GBRMC") on all risk matters of the Bank, prior to escalation to the Board, for decision and approval.

The BRMC shall not be an approving authority except for matters specified in the BRMC's Terms of Reference and where delegated in the Authority Manual (Part I) approved by the Board.

The Director representing the Bank at GBRMC:-

- i) Ms Tracy Ong Guat Kee

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(iii) Board Audit Committee ("BAC")

The BAC as at 31 December 2025 comprises three (3) members, of which two (2) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director and is scheduled to convene on a monthly basis throughout the financial year.

Throughout the financial year, the committee held a total of twelve (12) meetings.

The composition of the BAC and the number of meetings attended by each member are as follows:

<u>Directors</u>	<u>Total meetings attended</u>
Mr Eugene Hon Kah Weng <i>Independent Non-Executive Director</i>	12 out of 12
Encik Hasli bin Hashim <i>Chairman/Independent Non-Executive Director</i> <i>Ceased as BAC member w.e.f 1 June 2025</i>	6 out of 6
Dato' Abdul Wahab bin Abu Bakar <i>Independent Non-Executive Director</i>	12 out of 12
Kong Yuen Ling <i>Non-Independent Non-Executive Director</i> <i>Appointed as BAC member w.e.f 1 June 2025</i>	5 out of 6

The BAC is chaired by an Independent Non-Executive Director and was established in compliance with BNM requirements and the Code on Corporate Governance.

The primary goals of the BAC are as follows:

- Establish the framework for and oversee the audit function of the Bank and its subsidiaries (if any);
- Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good Corporate Governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Bank;
- Implement and support the function of the Board by reinforcing the independence and objectivity of the internal audit activity; and
- Ensure that Internal and External Audit functions are properly conducted, and audit recommendations are implemented in a timely manner.

The functions and duties of BAC shall include, but are not limited to the following:

- a) To review the Quarterly Financial Results and Year-End Financial Statements prior to the submission and approval by the Board focusing on the following:
 - Changes in or implementation of major accounting policies;
 - Significant and/or unusual events or any going concern assumptions;
 - Significant adjustments arising from the audit; and
 - Compliance with accounting standards, disclosure requirements and other legal requirements.
- b) To ensure that the accounts and financial statements are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, bad and doubtful debts;
- c) To review any related party transactions that may arise within the Bank and keep the Board informed of such transactions.
- d) To periodically review any potential conflict-of-interest situations that may arise within Affin Hwang Investment Bank Berhad. This includes any transaction, procedure or course of conduct that raises questions regarding the Management's integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(iii) Board Audit Committee ("BAC") (continued)

The functions and duties of BAC shall include, but are not limited to the following (continued):

- e) To monitor compliance with the Board's Conflict of Interest Policy.
- f) To undertake or perform any other activities as deemed appropriate and to act upon any request from the Board to investigate and report on any issues of concern regarding the Management and operation of the Bank and its subsidiaries.
- g) To review the findings of major investigation, routine audit findings, consider the major findings of internal investigations and Management response.
- h) To obtain external professional advice and to invite outsiders with relevant experience to attend meetings, subject to the approval of the relevant regulatory body, where necessary.
- i) To recommend to the Board on the appointment of External Auditors and their audit fees.
- j) To review with the External Auditors the scope of the audit plan, the system of internal controls, the audit reports (including Management letter and Management's response), the assistance given to the Management and any findings or action to be taken.
- k) To meet with the External Auditors without the presence of Management at least two (2) times in a financial year.
- l) To approve the engagement of the External Auditors for non-audit services, provided that the fee does not exceed 50% threshold of the total Affin Hwang Investment Bank Berhad's audit fees.

For engagements of External Auditors for non-audit services results in fees exceeding 50% of the estimated audit fees, BAC to review the proposal and recommend for the Board's approval.

BAC is responsible for ensuring that such engagement of External Auditors for non-audit services does not compromise the independence of the External Auditors in their roles as Statutory Auditors of the Bank.

- m) To review the adequacy and effectiveness of the Bank's control environment and existing policies, procedures and practices within Affin Hwang Investment Bank Berhad in order to regulate and streamline the same to ensure uniformity.
- n) To provide oversight on the effectiveness of the internal control mechanisms implemented by the Management with the aim of establishing and maintaining high ethical standards for all employees of the Bank.
- o) To oversee Management's arrangements for the prevention and deterrence of fraud, ensuring that investigations are undertaken if fraud is detected, and appropriate action is taken against known perpetrators of fraud.
- p) To provide oversight of the Internal Audit activity, performance and reviewing the adequacy of the scope, functions, competency and resources of the Internal Audit and the necessary authority to carry its work. The review may cover the planned audit work, internal audit programmes, the results of completed work and Management's implementation of agreed actions. Where appropriate, the BAC may direct the Management to rectify and improve the system of internal controls and procedures based on the GIA's recommendations and suggestions for improvements.
- q) To review the findings of any examinations by regulatory authorities and the Management's response and monitoring implementation of corrective actions adopted by the Bank.

The Director representing the Bank at GBAC:-

- i) Mr Eugene Hon Kah Weng

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(iv) Group Board Nomination and Remuneration Committee ("GBNRC")

The GBNRC was established for the banking entities within Affin Group on 1 August 2020. The Board continues to remain accountable for decisions taken at the GBNRC. Hence, the recommendations made by the GBNRC are deliberated and approved by the Board.

Affin Bank Berhad's ("ABB") subsidiaries include Affin Islamic Bank Berhad ("AiBB"), Affin Hwang Investment Bank Berhad ("AHIB"), and Affin Moneybrokers Sdn Bhd ("AMB"). ABB, AiBB, AHIB, and AMB will be collectively referred to as the "Affin Group".

Responsibilities of the GBNRC are as follows:

- Appointment/Re-appointment of Directors, Shariah Committee Members, Key Senior Management Officers (KSMO) and Company Secretary
- Performance/Fit and Proper Assessment of Directors, Shariah Committee Members, Chief Executive Officers (CEO)/Managing Directors (MD), KSMOs and Company Secretary
- Performance indicators/targets
- The remuneration of Directors, Shariah Committee members, CEOs/ MDs, KSMOs, Company Secretary and Other Material Risk Takers
- Succession Planning and Talent Management
- Others - to recommend to the Board the appointment of external consultants/advisors related to the GBNRC's areas of responsibilities

The Director representing the Bank at GBNRC:-

- i) Dato' Abdul Wahab bin Abu Bakar

(v) Group Board Credit Review and Recovery Committee ("GBCRRC")

The Board had at its meeting held on 20 August 2021 approved the dissolution of Board Credit Review Committee ("BCRC") with effect from 1 October 2021, following the centralisation of the "GBRCC" at ABB which was approved by the ABB board on 30 June 2021.

This dissolution was made in view of the consolidation of the functions of the Bank's BCRC.

The GBCRRC was established to assist the functions of the Board in respect of its inherent authority over approval on loan/financing application/proposals which are considered by the Group Management Credit Committee (GMCC).

The duties and responsibilities of the GBCRRC shall include the following:

- Critically review credit facilities application, after due process of checking, analysis, review and recommendation by the Group Credit Management Division to Group Management Credit Committee ("GMCC"), and if found necessary, to exercise the power of veto on behalf of the Board, on credit applications that have been approved by the GMCC;
- To consider whether to affirm/veto credit/underwriting proposal, impose additional terms or modify the terms approved by the GMCC;
- To set and review Non-Performing Loans (NPL) recovery targets.
- To monitor the progress of recovery efforts;
- To offer advice and direction relating to the Group's credit portfolio; and
- Assisting the Board of Directors in performing its oversight function and provide recommendations in respect of investment strategies, credit risk assessment and management, management and performance of partnership investment accounts under Islamic Banking such as Musyarakah financing/ventures or Mudharabah financing/ventures.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(v) Group Board Credit Review and Recovery Committee ("GBCRRC") (continued)

Authority Limit

- Nil. The authority is restricted to veto powers where deemed necessary.

The Directors representing the Bank at GBCRRC:-

- (i) Ms Tracy Ong Guat Kee
- (ii) Datuk Jamaludin bin Nasir

(vi) Group Board Compliance Committee ("GBCC")

The GBCC represents a Board committee of ABB to assess and examine the adequacy of group compliance as well as integrity and governance frameworks including the policies, procedures and processes for the Affin Group.

The duties and responsibilities of the GBCC shall include the following:

- a) Overseeing the management of the Group's compliance risk by ensuring that the compliance process is in place and functioning in line with the expectations of the regulators namely Bank Negara Malaysia ("BNM"), Securities Commission ("SC") and Bursa Malaysia ("Bursa");
- b) Overseeing the Group's integrity and governance matters inclusive of corruption, fraud, malpractice, unethical conduct and abuse of power within the organization that are guided by applicable laws and regulations, including but not limited to, Malaysian Anti-Corruption Commission ("MACC") Act 2009 and Malaysian Code on Corporate Governance and subsequently, make the necessary recommendations to align to the Group's long-term strategy;
- c) Reviewing and approving, as delegated by the Board the compliance risk management philosophy and strategy;
- d) Ensuring clear and independent reporting lines and responsibilities for the overall business activities, compliance functions and integrity & governance function as well as recommending organizational alignments where necessary to the Board; and
- e) Ensuring the practice of excellent work culture among employees, with strong morale and ethics which include practicing the highest level of integrity and ethics within the organization.

The Director representing the Bank at GBCC:-

- (i) Ms Kong Yuen Ling

(vii) Group Board Information Technology Committee ("GBITC")

The Board had at its meeting held on 24 November 2021 approved the following:-

- Centralisation and consolidation of Information Technology ("IT") governance of AHIB at GBITC of ABB with representatives from both ABB and AHIB; and
- GBITC to replace and assume the responsibilities of AHIB's Board Risk Management Committee ("BRMC") in relation to IT management and governance matters of AHIB.

The GBITC was established to oversee the overall development, risk management, integration and alignment of the Information Technology (IT) strategy and plan with Affin Group strategic business direction and plan. This includes leveraging on technology for new business models, changing business practices, driving competitive advantage and empowering next level thinking.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(vii) Group Board Information Technology Committee ("GBITC") (continued)

The duties and responsibilities of GBITC are as follows:

- 1) **Oversee the management and governance of Affin Group's IT management framework:-**
 - Oversee and review IT and Digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives.
 - Review and assess progress of major IT initiatives, technology architecture decisions and IT priorities as well as overall IT performance, including metrics concerning technology investments, system availability, integrity, capacity and performance.
 - Review and recommend annual IT Operating and Capital Expenditure budget for Board approval.
 - Review, endorse or approve IT Operating and Capital Expenditure as per GBITC's approval limit.
 - Provide advice and direction on the Group synergy of key IT strategies and initiatives within Affin Group for operational and cost efficiencies.
- 2) **Oversee the management and governance of Affin Group's IT and cyber risks including ex-ante risk assessment on e-banking services of the Group:-**
 - Review the IT risks to ensure alignment with Affin Group's risk appetite statement, framework and tolerances.
 - Review the corresponding risk tolerances for technology related events, key performance indicators and forward-looking risk indicators provided by Management together with detailed information on key technology risks and critical technology operations.
 - Oversee the management of Affin Group's IT risks by ensuring the compliance process is in place and functioning in line with the expectations of BNM, SC and Bursa.
 - Review and provide input on Group IT Risk Management frameworks and policies to be submitted to Group Board Risk Management Committee (GBRMC) for its recommendation to the Board of Affin Bank Berhad or the respective entities' Board (where applicable) for approval.
- 3) **Strategic Transformation Programme:-**
 - Ensure that Management develop and implement an effective strategic transformation programme for Affin Group.
 - Ensure the strategic transformation programme established is aligned and supports Affin Group's business strategy as approved by the Board.
 - Oversee and monitor the implementation of the strategic transformation programme from people, process, and technology in alignment with Affin Group's strategic objectives. Specific actions include the following:
 - i) Endorse the transformation timelines and reporting milestones.
 - ii) Review progress of transformation initiatives against the programme milestones, and provide appropriate direction and advice as required.
 - iii) Review transformation initiatives in terms of performance and realisation of expected outcomes and benefits including achieving Group synergy by leveraging on shared resources, processes, and technologies between the different entities, where applicable.
 - iv) Monitor strategic transformation programme key risks and the effectiveness of mitigating measures.
- 4) Serve as a level of escalation to review and make recommendation to the Board on appropriate resolution for strategic transformation matters.
- 5) Monitor the communication of progress of the strategic transformation programme to employees, shareholders, regulators, and any other stakeholders in compliance with the relevant laws and guidelines.
- 6) To review and endorse strategic transformation investment proposal from Management prior to submission for Board approval.
- 7) The Chairman of GBITC will report to the Board on the strategic transformation programme status and key issues at its meetings.

The Director representing the Bank at GBITC are:-

- (i) Encik Hasli bin Hashim
- (ii) Datuk Jamaludin bin Nasir

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(viii) Group Board Sustainability Committee ("GBSC")

The GBSC was established on 1 November 2023 to assist the Board of Affin Group by providing ongoing oversight of the development and implementation of the Group's Sustainability matters including Value based Intermediation Financing and Impact Assessment Framework ("VBIAF"). The GBSC shall, amongst others:

- provide oversight, advice, and direction in the development, implementation, and monitoring of the strategies, frameworks, and policies in respect to sustainability, VBIAF, climate change, and corporate social responsibility of Affin Group.
- review and make recommendations to the Board on the suitability of the Group's climate, VBIAF, and sustainability strategy, position statements, frameworks, ambitions, metrics, and targets.
- report to the Board on the climate, VBIAF, and sustainability matters for which it is responsible, escalate issues, and make recommendations to the Board where appropriate.

The duties and responsibilities of the GBSC are as follows:

1) Sustainability Strategy

- a) Oversee the development and implementation of Affin Group's Sustainability Strategy. This includes ensuring that the strategy is aligned with the Group's overall business strategy as well as the management of the Group's Environmental, Social, and Governance (ESG) risks and opportunities.
- b) Ensure that Affin Group's sustainability strategy is aligned with the recommendations, regulations, guidelines, and related documents issued by Bank Negara Malaysia and Bursa Malaysia.
- c) Review and endorse the development and implementation of the internal governance and relevant control framework including the policy to manage the Group's sustainability matter and integrate sustainability considerations into the Group's decision-making processes (e.g., project lending, and investment decisions).
- d) Review and endorse the overall strategy, roadmap, action plans, and performance target to ensure alignment and integration within the Group.
- e) Ensure that Affin Group's sustainability goals are achievable and realistic and that Affin Group has the necessary resources and capabilities in place to achieve them.

2) Sustainability Performance & Targets

- a) Endorse the performance targets by ensuring the alignment and integration within Affin Group with clear targets and goals assigned to the responsible function.
- b) Track Affin Group's progress on its sustainability performance and identify any areas of improvement.
- c) Review and endorse external sustainability reporting and disclosures, the Sustainability Statement in the Annual Report, and the Sustainability Report to the Board.

3) Sustainability Awareness & Stakeholder Engagement

- a) Provide oversight on the promotion of sustainability awareness and support actions to increase proficiencies of Sustainability knowledge within the Group and its employees, Sustainability team, Management team, and the Board.
- b) Provide oversight on the outcome of the stakeholder engagement on sustainability issues (alongside the Strategic Communications team) on the Group's Sustainability strategy and performance.

4) Corporate Social Responsibility

- a) To take note on a quarterly basis or as and when required, on the implementation and progress of the corporate social responsibility initiatives and programmes by management.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(viii) Group Board Sustainability Committee ("GBSC") (continued)

5) Others

- a) Advise the Board on sustainability matters which includes providing the Board with information and advice on emerging sustainability trends and risks as well as the Group's response to the trends and risks.
- b) Review and make recommendations to the Board on the resources, training, benchmarking data, third party and related matters required by the Sustainability team to successfully develop and implement the Group's Sustainability strategy.
- c) Ensure appropriate disclosures are made in accordance with relevant legislation and regulatory requirements.
- d) Report to the Board on the broad activities of the GBSC and the decisions made within its Terms of Reference.
- e) The integrity, compliance and governance matter inclusive of corruption, fraud, malpractice, unethical conduct, and abuse of power within the organisation that is guided by applicable laws and regulations, including but not limited to, the Malaysian Anti-Corruption Commission (MACC) Act 2009 and Malaysia Code on Corporate Governance will be under the purview of Group Board Compliance Committee.

The Director representing the Bank at GBSC:-

- (i) Dato' Abdul Wahab bin Abu Bakar

(ix) Directors' Training

The Bank shall ensure that structured training programmes are set up to better enable Directors to fulfil their responsibilities and shall also ensure that all Directors receive continuous training to keep abreast with latest developments in the industry, particularly on relevant new laws, regulations and the changing risk factors from time to time.

All new Directors are required to attend the Directors Orientation Programme to familiarise themselves with Affin Group's organisation structure, business and the financial industry. A formalised orientation programme has been developed and the relevant Heads of Departments/Divisions will brief the new members of the Board on the functions and areas of responsibility of their respective department/divisions. This serves to provide them with a platform in establishing effective channel of communication and interaction with Senior Management as well as to ensure that any new Director understands the following:

- a) their roles and responsibilities;
- b) the nature of the Group's business;
- c) overview of risks on the Group's business and the risk management strategy; and
- d) legal requirements and compliance controls.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors’ report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

I Board of Directors’ Responsibility and Oversight (continued)

(ix) Directors’ Training (continued)

All Directors appointed to the Board are required to complete the Financial Institutions Directors’ Education training (“FIDE”) organised by BNM within one year from the date of appointment. The Securities Commission (“SC”) has revised its Licensing Handbook which stipulated the requirement for Director to attend the Capital Market Director Programme (“CMDP”) and the timeline to complete the programme.

The development and training programmes attended by the Directors during the financial year ended 31 December 2025 are as follows:

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
1	Tunku Afwida binti Tunku A. Malek (completion of the approved three (3)-year tenure of directorship w.e.f 9 May 2025)	Refresher on COI and Related Governance Practices	12 February 2025	Hosted by: ABB Conducted by: Mr. Lee Min On
		BoardPAC Refresher Session	12 February 2025	Hosted by: ABB Conducted by: BoardPAC
		Asean Investment Conference 2025	8-9 April 2025	Securities Commission Malaysia
2	Encik Hasli bin Hashim (appointed/redesignated as Chairman w.e.f. 03 October 2025)	BoardPAC Refresher Session	12 February 2025	Hosted by: ABB Conducted by: BoardPAC
		Refresher on Conflict of Interest and Related Governance Practices	12 February 2025	Hosted by: ABB Conducted by: Mr. Lee Min On
		AHIB: Advocacy Programme on Future-Proofing Governance & Risk : Strategies for a Disruptive Era	27 May 2025	ICDM
		AFFIN Bank AI Board and CXO Day	10 June 2025	Hosted by: ABB Conducted by: Microsoft
		Annual Compliance Attestation for Board (E-Learning Module 2025)	1 October 2025	Hosted by: ABB Conducted by: Group Compliance Division
		Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025)	1 October 2025	
		Anti-Bribery and Corruption (ABC) (E-Learning Module 2025)	1 October 2025	
		Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) training	6 October 2025	Hosted by: ABB Conducted by: Mr Dan Alexandar, Head of Cyber Technical Service of BAE Systems
		Cybersecurity	6 October 2025	
Briefing on COI/CPT submission via Workday	6 October 2025	Hosted by: ABB Conducted by: Group People Office		

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2025 are as follows:
(continued)

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
3	Mr Eugene Hon Kah Weng	Masterclass by Ismail Erturk: Balancing Shareholder Value, Financialisation and Sustainable Finance	24 January 2025	Hosted by: ABB Conducted by: Ismail Erturk
		BoardPAC Refresher Session	12 February 2025	Hosted by: ABB Conducted by: Boardpac
		Refresher on COI and Related Governance Practices	12 February 2025	Hosted by: ABB Conducted by: Mr. Lee Min On
		Breakfast talks on E-Invoicing and service tax on Independent Directors	15 April 2025	FIDE FORUM
		Tokenising Financial Assets: What Financial Leaders Needs to Know Today	19 April 2025	FIDE FORUM
		The Influence of Board Culture on corporate Performance	5 June 2025	FIDE FORUM
		Sasana Symposium 2025: Structural Reforms – Building a Resilient Malaysia	17 June 2025 – 18 June 2025	BNM
		Future of Directors in the Digital Era by Fide Forum	7 August 2025	FIDE FORUM
		Annual Compliance Attestation for Board (E-Learning Module 2025)	1 October 2025	Hosted by: ABB Conducted by: Group Compliance Division
		Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025)	1 October 2025	
		Anti-Bribery and Corruption (ABC) (E-Learning Module 2025)	1 October 2025	
		Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) training	6 October 2025	
		Cybersecurity	6 October 2025	Hosted by: ABB Conducted by: Mr. Dan Alexander, Head of Cyber Technical Service of BAE Systems
Briefing on COI/CPT submission via Workday	6 October 2025	Hosted by: ABB Conducted by: Group People Office		

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2025 are as follows:
(continued)

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
4	Dato' Abdul Wahab bin Abu Bakar	BoardPAC Refresher Session	12 February 2025	Hosted by: ABB Conducted by: BoardPAC
		Refresher on Conflict of Interest and Related Governance Practices	12 February 2025	Hosted by: ABB Conducted by: Mr. Lee Min On
		Protecting Your Organisation from Financial Crimes: Is Your Board Aligned with AMLA?	21 Mac 2025	ICDM
		AHIBB: Advocacy Programme on Future-Proofing Governance & Risk: Strategies for a Disruptive Era	27 May 2025	ICDM
		AFFIN Bank AI Board and CXO Day	10 June 2025	Hosted by: ABB Conducted by: Microsoft
		Cybersecurity Power Play - How Leaders Can Lead the Digital Defense by Bursa via Zoom	12 June 2025	ICDM
		Annual Compliance Attestation for Board (E-Learning Module 2025)	1 October 2025	Hosted by: ABB Conducted by: Group Compliance Division
		Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025)	1 October 2025	
Anti-Bribery and Corruption (ABC) (E-Learning Module 2025)	1 October 2025			
5	Ms. Tracy Ong Guat Kee	BoardPAC Refresher Session	12 February 2025	Hosted by: ABB Conducted by: BoardPAC
		Refresher on COI and Related Governance Practices	12 February 2025	Hosted by: ABB Conducted by: Mr. Lee Min On
		Exclusive Workshop: Board's Role in Digital Transformation: Putting Words into Action	18 February 2025	FIDE FORUM
		Breakfast Talk on E-Invoice & Service Tax Impact on Independent Director	15 April 2025	FIDE FORUM
		BNM 2024 Annual Report	21 April 2025	FIDE
		AFFIN Bank AI Board and CXO Day	10 June 2025	Hosted by: ABB Conducted by: Microsoft
		AI's Next Wave: Chips, Code, and Localisation	20 June 2025	FIDE
		Engagement Session AI Playbook for Boards	4 July 2025	ICDM
		Annual Compliance Attestation for Board (E-Learning Module 2025)	1 October 2025	Hosted by: ABB Conducted by: Group Compliance Division
		Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025)	1 October 2025	
		Anti-Bribery and Corruption (ABC) (E-Learning Module 2025)	1 October 2025	

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2025 are as follows:
(continued)

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
6	Ms Kong Yuen Ling	Training on Data Centre Financing Policy	January 2025	BEA Singapore
		Basel IV Training	January 2025	BEA Hong Kong ("BEA HK")
		Subscription Finance Training	January 2025	BEA USA
		Refresher on COI and Related Governance Practices	12 February 2025	Hosted by: ABB Conducted by: Mr. Lee Min On
		Refresher on Information Security Training 2025	February 2025	BEA HK
		Protecting Your Organisation from Financial Crimes: Is Your Board Aligned with AMLA?	21 March 2025	ICDM
		Refresher Training on Operational Risk Management 2025	April 2025	BEA HK
		Refresher training on Cyber Security Risk Training (Common Cyber Threat and Basic Security)	April 2025	BEA HK
		Fintech Insights Collective Webinar Series - Session 1: Banking and Fintech Innovation with GenAI and AI Agents	May 2025	BEA HK
		AFFIN Bank AI Board and CXO Day	June 2025	Hosted by: ABB Conducted by: Microsoft
		Refresher on Enterprise Risk Management	June 2025	BEA HK
		Refresher on Business Continuity Management Training	June 2025	BEA HK
		The Climate Challenge and BEA's Net-Zero Journey 2025	June 2025	BEA HK
		Refresher Training on Credit RWA Calculation and IRB Models 2025	July 2025	BEA HK
		APLMA Malaysia Loan Market Conference 2025	July 2025	APLMA
		Our Culture and Values Refresher	July 2025	BEA HK
		BEA - Chinese Mainland's Economic Development Blueprint: High-Quality Innovation Development	September 2025	BEA HK
		CRMD Credit Refresher and Lesson Learn Forum 2025	September 2025	BEA HK
		Refresher Training on Cyber Security Risk Training (Security Best Practice) 2025	October 2025	BEA HK
		Refresher Training on ESG essentials	1 October 2025	BEA HK
		Annual Compliance Attestation for Board (E-Learning Module 2025)	1 October 2025	Hosted by: ABB Conducted by: Group Compliance Division
		Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025)	1 October 2025	
		Anti-Bribery and Corruption (ABC) (E-Learning Module 2025)	1 October 2025	
Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) training	6 October 2025			

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

1 Board of Directors' Responsibility and Oversight (continued)

(ix) Directors' Training (continued)

The development and training programmes attended by the Directors during the financial year ended 31 December 2025 are as follows:
(continued)

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
6	Ms Kong Yuen Ling	Cybersecurity	6 October 2025	Hosted by: ABB Conducted by: Mr. Dan Alexander, Head of Cyber Technical Service of BAE Systems
		Briefing on COI/CPT submission via Workday	6 October 2025	Hosted by: ABB Conducted by: Group People Office
		BEA – Fintech 202: Understanding Cryptocurrencies, Stablecoins, CBDC, e-HKD, and e-RMB	November 2025	BEA HK
		Refresher Training on Climate Risk Management	November 2025	BEA HK
		AI Champion Training (Session 1): AI Transformation in Banking - Observations and Insights from the Region	November 2025	BEA HK
		Briefing on Data Centre Sector - Operation Model	November 2025	BEA HK
		Applied Gen AI on Metabase	November 2025	BEA HK
		Cultural Differences & Similarities Among GBA 9+2 Cities (eLearning)	November 2025	BEA HK
		Refresher Training on Reputation Risk Management	December 2025	BEA HK

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Directors' report
for the financial year ended 31 December 2025 (continued)****Corporate Governance (continued)****1 Board of Directors' Responsibility and Oversight (continued)****(ix) Directors' Training (continued)**

The development and training programmes attended by the Directors during the financial year ended 31 December 2025 are as follows:
(continued)

No.	Name of Director	Programme/Course		
		Topic of training	Date	Organiser
7	Datuk Jamaludin bin Nasir	Board Induction	23 April 2025, 19 June 2025 & 23 June 2025	Hosted by: ABB Conducted by: Group Legal and Secretarial
		Capital Market Director Programme (CMDP) Module 1: Directors as Gatekeepers of Market Participants	23 July 2025	SIDC
		Capital Market Director Programme (CMDP) Module 2A: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities & Future Broking)	23 July 2025	SIDC
		Capital Market Director Programme (CMDP) Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors	30 October 2025	SIDC
		Capital Market Director Programme (CMDP) Module 4: Emerging and Current Regulatory Issues in the Capital Market	25 July 2025	SIDC
		FIDE CORE Modules A & B – Bank	29 September 2025 – 2 October 2025 & 13 - 16 October 2025	FIDE
		Annual Compliance Attestation for Board (E-Learning Module 2025)	1 October 2025	Hosted by: ABB Conducted by: Group Compliance Division
		Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025)	1 October 2025	
		Anti-Bribery and Corruption (ABC) (E-Learning Module 2025)	1 October 2025	
		Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) training	6 October 2025	
		Cybersecurity	6 October 2025	Hosted by: ABB Conducted by: Mr. Dan Alexander, Head of Cyber Technical Service of BAE Systems
		Briefing on COI/CPT submission via Workday	6 October 2025	Hosted by: ABB Conducted by: Group People Office

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

2 Internal Control Framework

The Board recognises the importance of maintaining a sound system of internal controls and risk management practices as well as good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls, which includes the establishment of appropriate control environment and risk management framework as well as review of its adequacy and integrity.

The Group's system of internal controls involves all management and personnel from each business and support unit. The Board is responsible for determining key strategies and policies for significant risks and control issues, whilst functional managers of the Group are responsible for the effective implementation of the Board's policies by designing, operating, monitoring and managing risks and control processes.

Key Internal Control Processes of the Group encompasses the following:-

(i) Organisational Structure

An organisational structure with clearly defined lines of job responsibilities and delegation of authority. This ensures effective communication of risk control objectives as well as the establishment of authority and accountability in accordance with Management's criteria.

(ii) Internal Audit

- Continuous reviews of the effectiveness of the system of internal control, risk management and governance processes are carried out by the Group Internal Audit Division in accordance with the audit plan approved by the GBAC. The results of audit reviews are reported periodically to the GBAC for deliberation and subsequently to the Board.
- Group Internal Audit tables the Corrective Action Tracking on the resolution for issues raised by regulators, external and internal audit to the GBAC. All issues are tracked until resolution. This is to ensure timeliness and effectiveness of actions taken by Management.
- The GBAC conducts reviews on the adequacy of internal audit function, audit plan, scope of work, resources, budget on annual basis including their performance.
- Internal audit should be carried out objectively and is independent of the Management of the Group and the functions which it audits. The Group Chief Internal Auditor reports directly to the GBAC to ensure the internal audit function is able to function independently.
- Internal auditors should continuously keep abreast with developments in the profession, relevant industry and regulations to ensure they can perform their role effectively including undertaking root-cause analysis to provide strategic advice and suggest meaningful business improvements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(iii) Risk Management

- **Board Risk Management Committee ("BRMC")**
BRMC is responsible for the oversight of the effective implementation of the Bank's Risk Management framework and policies.
- **Group Risk Management ("GRM")**
GRM was established to provide oversight of risk management on an enterprise-wide level. The roles and responsibilities of GRM encompass the following:
 - Define strategies, policies, limits and guidelines in line with risk appetite and regulatory requirements
 - Dynamically measure and monitor the risk profile
 - Monitor and identify actual and potential breaches of the risk appetite
 - Build, develop and monitor performance of risk models and tools
 - Conduct validation and back testing of risk models and tools
 - Track corrective actions to remediate risk issues
 - Provide risk advisory role
 - Risk reporting and portfolio analytics
- **Risk Governance Structure**
Risk governance is the element through which the Board and Management establish the Group's strategy, articulate and monitor adherence to risk appetite and risk limits, as well as identify, measure and manage risks. The governance of risk is further supported by the Three Lines of Defence (3-LOD) model which outlines the functional segregation and key roles and responsibilities of the independent oversight functions as well as the business and support units within the organisation. The 3-LOD model demonstrates the relationship of the stakeholders in risk-taking activities to promote effective risk management control, assurance and governance at all levels of the organisation. The relevant parties involved in the 3-LOD for risk management consist of the business and support units as the first line of defence, risk management and compliance functions as the second line of defence and internal audit, as the third line of defence.
- **Risk Appetite**
Risk Appetite is a critical component of the Risk Management Framework which encapsulates the risk-bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals, which takes into consideration the potential adverse scenarios impacting the execution of its business plans. It is established based on strategic directions set by the Board, combining a top-down view of the Group's capacity to take risks with a bottom-up view of the business risk profile associated with each business unit's short- and longer-term plans as well as taking into consideration other key risk areas.
- **Risk Assessment**
Risk assessments are systematically embedded across the Bank's operations, governance processes, and decision making frameworks to ensure early identification, evaluation, and mitigation of risks that may impact the Group's strategic objectives and financial stability. The Risk Assessment process encompasses:
 - Identification of key risks
 - Quantitative and qualitative analysis
 - Evaluation against risk appetite
 - Mitigation and control measures
- **Risk Monitoring**
Group Risk Management monitors risk levels to ensure compliance with risk appetite, policies, and procedures. A reporting and escalation process is in place to manage threshold exceptions and alert stakeholders for timely remedial actions. Risk reports are prepared and shared with stakeholders at appropriate frequencies to support effective risk management.
- **Risk Governance Policies and Procedures**
Risk Management policies and procedures are reviewed and updated regularly to ensure relevance to the current business needs as well as current and applicable regulatory requirements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(iv) Compliance

The Bank has in place an independent compliance function, which is responsible for advising, monitoring and educating the business and support units in respect of compliance with applicable laws, regulations and guidelines. In line with good governance practices, the Compliance Department ("CD") reports independently to the Board of the Bank, and the Group Board Compliance Committee ("GBCC") as well as the Bank's Senior Management Committee - Governance, Risk and Compliance ("SMC-GRC").

- Compliance Policy

The CD departmental policy set out the guiding principles for the sound management of compliance risk within the Bank. It also sets out, the roles and responsibilities of the Board and Senior Management and the establishment of an independent compliance function.

- Policies and Procedures

The Bank's policies and procedures are reviewed and updated regularly to reflect current practices and changes in applicable regulatory requirements.

- Training

Regular training sessions are conducted on the identified focus area to create compliance awareness among the staff and to assist the business and support units to better understand the effect and application of relevant regulatory and internal requirements.

- Annual Compliance Plan

An Annual Compliance Plan is drawn up, concurred and approved by GBCC and the Board of AHIB respectively. Compliance reviews are performed regularly by CD to assess adherence to the existing and new regulatory requirements as well as internal policies and procedures. Any deviations or breaches are reported to SMC-GRC, GBCC and the Board of the Bank for deliberation.

- Group Whistle Blowing Policy

The Policy provides a safe avenue for a whistleblower to disclose any serious concern or improper conduct which has come to their knowledge. It also provides the necessary safeguards to protect the whistleblower against any detrimental action, in line with the fundamental objectives of the Whistleblower Protection Act 2010.

- Anti-Money Laundering And Counter Financing of Terrorism ("AML/CFT")

The Bank has in place an AML/CFT Framework Policy which is duly approved by the Board and the GBCC to mitigate money laundering, terrorism financing, proliferation financing and sanctions evasion risks.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(v) Escalation Process

- The channels of communication and procedures are established for reporting immediately to the Board and appropriate levels of management on any significant internal control failures or weaknesses that are identified together with details of corrective actions being undertaken.
- Corrective Action Tracking on the resolution of issues/findings highlighted by an external audit, internal audit, regulators, if any, are regularly escalated to the relevant Management Committees, GBAC and Board.

(vi) Policies/Procedures including Empowerment and Approving Authority Policies

- Documented internal policies and procedure manuals of business and support units are established and they serve as guidance to ensure compliance with internal controls and applicable laws and regulations as stated in the operations manuals, guidelines, workflows and directives issued by Management.
- Documented Limits of Approving Authority for key aspects of the businesses are approved by the Board. This provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision-making at the appropriate level in the organisation's hierarchy. The delegation of limits is subject to periodic reviews as to its implementation and continuing suitability in meeting the Group's business objectives and operational needs.

(vii) Financial Performance Review

- The ABB Finance Division / AHIBB Finance Department (collectively referred to as ("GFD") regularly provides comprehensive information to the Board and the GBAC on the key financial reports, key variances and analysis of financial data of the Group. GFD also ensure maintenance of proper accounting records and the reliability of the financial information is in accordance with the approved accounting standards and in compliance with the regulatory and statutory requirements.

(viii) Business and Capital Plan including Budget

- The annual business plan and financial budget of the Group is tabled and approved by the Board. The variances between the actual and targeted results are presented to the Board on a periodic basis to allow for timely responses and corrective actions to be taken to mitigate risks.
- There is a structured framework and process in place with regard to capital expenditure and revenue and this is reviewed annually. The internal capital target is set on a yearly basis.

(ix) People Office

The Bank recognises that people development is critical to its long-term success. It is essential that employees possess the right competencies, skills, and knowledge to discharge their responsibilities effectively and exercise sound judgement in the performance of their duties. The People Office is responsible for preparing employees for the future to strengthen the Bank's workforce capabilities.

The Bank and its employees are further guided by the Bank's Code of Ethics and Code of Conduct.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

2 Internal Control Framework (continued)

(ix) People Office (continued)

The Human Resources (“HR”) Strategies, Policies and Procedures are in place and provide clarity in all aspects of human resource management in the Bank. These policies and procedures are reviewed periodically to ensure that they remain relevant. Appropriate controls are in place to manage operational risks.

People Office has undertaken various efforts, initiatives and training programmes to address the human capital requirement, including knowledge management and mandatory programmes. The Bank has an established Performance Management process, supported by an online Key Performance Indicators (“KPIs”) tracking via Workday system to ensure that rewards recommendations are based on the outcome of objective performance assessment. Staff performance assessment is conducted biannually, based on KPIs, Leadership Competencies and demonstration of A.F.F.I.N Core Values. These assessments are further reinforced by a performance calibration exercise during the Year-End Performance Appraisal (YEPA) to ensure fairness and objectivity throughout the evaluation process.

The Bank has established a comprehensive recruitment process encompassing the sourcing of suitable candidates, rigorous screening procedures, further validated through and the conduct of fit-and-proper assessments.

The e-learning facilities which are made available via Workday, offer employees flexible access to training, enabling them to enhance their knowledge while ensuring the Bank maintains a competent workforce across all locations.

3 Remuneration System

The Bank’s remuneration system for employees comprises the following key elements:

- a) fixed pay;
- b) variable pay (short term incentive plan); and
- c) benefits.

The Bank’s compensation philosophy is to provide competitive and sustainable remuneration that attracts, motivates, and retains qualified and high-performing employees, while reinforcing a strong performance-driven culture. The variable pay framework is designed to align employee performance with the Bank’s strategic objectives and shareholders’ interests, balancing short-term performance achievements with long-term value creation.

The remuneration structure comprises a competitive mix of fixed and performance-linked variable pay, consistent with industry practices. Individual performance is assessed through a structured and transparent process under the Performance Management System.

The dedication and long-term commitment of our employees are critical to the Bank’s continued success. The Bank is therefore committed to attracting, retaining, and motivating high-calibre talent who aspire to build a long-term career with the Bank and contribute sustainably to the interests of our shareholders.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Corporate Governance (continued)

3 Remuneration System (continued)

Pursuant to the BNM Corporate Governance Guidelines ("BNM CG"), the remuneration system for the Bank (as per the BNM CG guidelines) shall:

- a) be subject to Board's active oversight to ensure that the system operates as intended;
- b) be in line with the business and risk strategies, corporate values and long-term interests of the Bank;
- c) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Bank as a whole, taking into account the interests of its customers; and
- d) be designed and implemented with input from the control functions and GBRMC to ensure that risk exposures and risk outcomes are adequately considered.

With the establishment of the Group Board Nomination & Remuneration Committee ("GBNRC") on 1 August 2020, the remuneration of the Chief Executive Officer and Key Senior Management Officers must be recommended by the GBNRC and approved annually by the Board. The Bank will also maintain and periodically review the list of officers who fall within the definition of Senior Management and Other Material Risk Takers.

The Bank has 16 Senior Officers comprising Chief Operating Officer, Managing Director Securities, Chiefs of Support Units, Chiefs of Control Functions and Senior Management.

The Bank will ensure transparency in accordance with the BNM CG, by the disclosure of remuneration policies and information on paid remuneration to regulators, through the Annual Financial Statements.

Remuneration for individuals shall be aligned with prudent risk-taking. Hence, remuneration outcomes shall be symmetric with risk outcomes. This includes ensuring that:

- a) remuneration is adjusted to account for all types of risk, and determined by both quantitative measures and qualitative judgement;
- b) the size of the bonus pool is linked to the overall performance of the Bank;
- c) incentive payments are linked to the contribution of the individual and business unit to the overall performance of the Bank;
- d) bonuses are not guaranteed, except in the context of sign-on bonuses; and
- e) for members of senior management and other material risk takers:
 - a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and Bank-wide measures that adequately assess performance; and
 - the variable portion of remuneration increases along with the individual's level of accountability.
 - portion of the performance-based bonus is deferred for the senior personnel and Other Material Risk Takers ("OMRTs") in ensuring their sustainable performance over a longer duration and payment will only be released if there is no consequence of their actions/decision which may only be realised after some time.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Directors' report
for the financial year ended 31 December 2025 (continued)

Business review for 2025

As at 31 December 2025, total assets of the Group and the Bank stood at RM9,603.4 million (financial year ended 31 December 2024 ("FY2024") RM8,982.1 million) and RM9,599.8 million (FY2024: RM8,974.9 million) respectively.

The Group recorded a net income of RM325.9 million for the financial year ended 31 December 2025 ("FY2025") compared to RM308.9 million in the previous financial year ("FY2024"). The Bank meanwhile recorded a net income of RM324.7 million versus FY2024's net income of RM307.2 million. The higher net income for the Group and the Bank in FY2025 was mainly due to foreign exchange gain, consistent investment income, which was partially offset by lower interest income and lower fee income. Securities business contributed 62.2% (2024: 69.7%) to the Group's overall net income, while Investment Banking and Treasury & Markets businesses contributed 10.0% and 26.9% (2024: 15.0% and 12.3%) of the Group's total net income respectively.

For FY2025, the Group registered a profit before tax ("PBT") of RM103.2 million from RM150.6 million reported in FY2024. As for the Bank, it achieved a PBT of RM104.0 million for FY2025, compared to RM150.4 million reported in FY2024.

In 2025, the Group's securities division demonstrated commendable performance by ranking 1st position in Bursa Malaysia Berhad's Broker Ranking.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Directors' report for the financial year ended 31 December 2025 (continued)

Economic and Business Outlook for 2026

The global economic outlook for 2026 is expected to be stable but measured, with growth of around 3% and easing inflation supporting activity, while geopolitical risk and uneven regional conditions remain key considerations for banks. Malaysia's macroeconomic outlook for 2026 is projected to remain positive, with analysts and financial institutions broadly forecasting real Gross Domestic Product ('GDP') growth in the range of approximately 4.0% to 4.5%, underpinned by resilient domestic demand, sustained investment activity and strengthening external trade flows. Inflation is expected to remain contained, supporting a stable monetary policy stance, with BNM's Overnight Policy Rate ('OPR') anticipated to be maintained at 2.75% for 2026 to balance growth and price stability. Against this backdrop, the Malaysian banking sector is expected to deliver steady credit expansion, supported by favourable loan and financing demand across business and household segments, modest net interest margin improvement and resilient non-interest income contributions. AFFIN Group fundamentals remain strong, with capital and liquidity buffers at healthy levels, supported by resilient asset quality as Gross Impaired Loans ('GIL') stand at 1.64% and Loan Loss Coverage ('LLC') at 75.70%, positioning the financial institution to navigate both domestic challenges and external headwinds.

Business Strategy Moving Forward

The Bank is confident in sustaining its growth momentum, underpinned by healthy business pipelines. The Bank continue to reinforce the sustainability of the Bank's franchise through disciplined asset quality management, prudent capital optimisation and the maintenance of strong liquidity buffers. These measures support the Bank's ability to pursue sustainable long-term growth while continuing to deliver value to shareholders.

Rating by external rating agency

The Bank has been rated by the following external rating agency:

1 RAM Rating Services Berhad ("RAM")

Date of rating:	10 July 2025
Rating classifications:	
- Long term:	AA ₃
- Short term:	P1

RAM has reaffirmed the Bank's long-term and short-term financial institution ratings, at AA₃ and P1, respectively, with stable outlook.

'AA' rating is defined by RAM as an entity which has a strong capacity to meets its financial obligations and is resilient against adverse changes in circumstances, economic condition and/or operating environment. The subscript 3 in this category indicates the lower end of its generic rating in the AA category.

A 'P1' rating is defined by RAM as obligations which are supported by superior ability with regards to timely payment of obligations.

2 Moody's Ratings ("Moody's")

Date of rating:	7 May 2025
Rating classifications:	
- Long term:	A3

The Bank has received its first international credit rating, a long-term issuer rating of A3 from Moody's Ratings, with stable outlook. The rating reflects the Group's solid financial foundation, prudent asset quality, resilient capital position and strong institutional ties with the Sarawak State Government.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Directors' report
for the financial year ended 31 December 2025 (continued)**

Subsidiaries

Details of subsidiaries are disclosed in Note 12 to the financial statements.

Holding company and substantial shareholder

The holding company of the Bank is Affin Bank Berhad, a public limited liability company incorporated and domiciled in Malaysia. The substantial shareholder of Affin Bank Berhad are State Financial Secretary, Sarawak ("SFS"), Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973 and the Bank of East Asia.

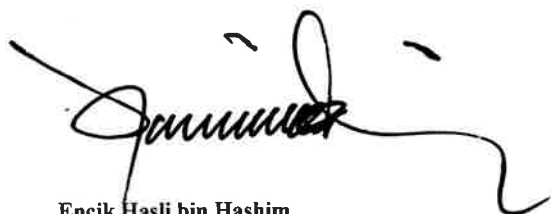
Auditors' remuneration

Auditors' remuneration of the Group and the Bank are RM796,000 and RM723,000 respectively. Details of auditors' remuneration are disclosed in Note 32 to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 16 March 2026. Signed on behalf of the Board of Directors in accordance with their resolution.



Encik Hasli bin Hashim
Chairman



Mr Eugene Hon Kah Weng
Director

16 March 2026

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Statements of financial position
as at 31 December 2025**

	Note	The Group		The Bank	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Assets					
Cash and short-term funds	2	742,298	317,360	737,460	309,257
Financial assets at fair value through profit or loss ("FVTPL")	3	324,266	163,051	322,918	161,752
Financial investments at fair value through other comprehensive income ("FVOCI")	4	3,726,346	4,030,805	3,726,346	4,030,805
Financial investments at amortised cost	5	1,009,923	1,056,332	1,009,923	1,056,332
Loans and advances	6	2,393,462	2,242,268	2,393,462	2,242,268
Amount due from clients and brokers	7	801,226	512,673	801,226	512,673
Derivative financial assets	8	20,499	35,600	20,499	35,600
Other assets	9	138,455	121,079	138,282	120,744
Statutory deposits with Bank Negara Malaysia	10	55,510	118,530	55,410	118,430
Amounts due from subsidiaries	11	-	-	700	472
Investment in subsidiaries	12	-	-	1,794	1,794
Investment in associates	13	-	-	372	372
Tax recoverable		29,395	19,773	29,374	19,757
Deferred tax assets	14	36,860	32,110	36,860	32,110
Property and equipment	15	12,293	11,378	12,293	11,375
Intangible assets	16	307,731	308,192	307,731	308,192
Right-of-use assets	17	5,106	12,975	5,106	12,975
Total assets		9,603,370	8,982,126	9,599,756	8,974,908
Liabilities and equity					
Deposits from customers	18	4,082,252	3,890,577	4,082,252	3,890,577
Deposits and placements of banks and other financial institutions	19	2,968,775	2,342,947	2,968,775	2,342,947
Obligations on securities sold under repurchase agreements		-	386,672	-	386,672
Senior debt securities	20	-	4,957	-	4,957
Amount due to clients and brokers	21	657,115	370,262	657,115	370,262
Derivative financial liabilities	22	47,914	51,059	47,914	51,059
Amount due to holding company		34,597	27,416	34,597	27,416
Lease liabilities	23	4,732	12,943	4,732	12,943
Other liabilities	24	325,086	429,864	320,781	422,761
Provision for taxation		5	2	-	-
Total liabilities		8,120,476	7,516,699	8,116,166	7,509,594
Share capital	25	999,800	999,800	999,800	999,800
Reserves	26	483,094	465,627	483,790	465,514
Total equity		1,482,894	1,465,427	1,483,590	1,465,314
Total liabilities and equity		9,603,370	8,982,126	9,599,756	8,974,908
Commitments and contingencies	39	8,383,491	8,346,930	8,383,491	8,346,930

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Income statements
for the financial year ended 31 December 2025

	Note	The Group		The Bank	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Interest income	27	365,038	372,107	364,978	372,063
Interest expense	28	(282,044)	(281,578)	(282,044)	(281,578)
Net interest income		82,994	90,529	82,934	90,485
Fee and commission income	29	165,338	178,178	164,285	176,630
Fee and commission expense	29	(31,117)	(38,825)	(31,117)	(38,825)
Net fee and commission income	29	134,221	139,353	133,168	137,805
Net gains and losses on financial instruments	30	105,145	105,208	105,097	105,166
Other operating income/(loss)	31	3,565	(26,147)	3,542	(26,237)
Net income		325,925	308,943	324,741	307,219
Other operating expenses	32	(221,960)	(209,136)	(219,959)	(207,482)
Operating profit before allowances		103,965	99,807	104,782	99,737
(Allowance for) / write-back of credit impairment losses	33	(787)	52,085	(805)	52,014
Profit before zakat and taxation		103,178	151,892	103,977	151,751
Zakat		-	(1,337)	-	(1,337)
Profit before taxation		103,178	150,555	103,977	150,414
Taxation	36	(24,767)	(36,955)	(24,757)	(36,932)
Profit for the financial year		78,411	113,600	79,220	113,482
Attributable to:					
Equity holders of the Bank		78,411	113,600	79,220	113,482
		78,411	113,600	79,220	113,482
Earnings per share (sen):					
Basic/diluted earnings per share (sen)					
attributable to equity holders of the Bank	37	10.05	14.56	10.16	14.55

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Statements of comprehensive income
for the financial year ended 31 December 2025**

	Note	The Group		The Bank	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Net profit after zakat and taxation		78,411	113,600	79,220	113,482
Other comprehensive income/(expenses):					
<u>Items that may be reclassified subsequently to profit or loss:</u>					
Net fair value change in financial investments at FVOCI (debt instruments)		67,558	30,780	67,558	30,780
Net credit impairment loss change in financial investments at FVOCI (debt instruments)		58	(20,928)	58	(20,928)
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)		(44,227)	268	(44,227)	268
Deferred tax on financial investments at FVOCI	14	(5,599)	(7,452)	(5,599)	(7,452)
<u>Item that will not be reclassified subsequently to profit or loss:</u>					
Net fair value change in financial investments designated at FVOCI (equity instruments)		1,266	1,429	1,266	1,429
Other comprehensive income for the financial year, net of tax		19,056	4,097	19,056	4,097
Total comprehensive income for the financial year		97,467	117,697	98,276	117,579
Attributable to equity holders of the Bank:					
Total comprehensive income for the financial year		97,467	117,697	98,276	117,579

The accounting policies and notes form an integral part of these financial statements.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Statements of changes in equity
for the financial year ended 31 December 2025**

The Group	Note	Attributable to equity holders of the Bank ----->					Total equity RM'000
		Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000		
At 1 January 2025		999,800	(22,419)	45,111	442,935		1,465,427
Comprehensive income:							
Net profit for the financial year		-	-	-	78,411		78,411
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	19,056	-	-		19,056
Total comprehensive income		-	19,056	-	78,411		97,467
Transfer to regulatory reserves		-	-	9,976	(9,976)		-
Dividends paid	38	-	-	-	(80,000)		(80,000)
At 31 December 2025		999,800	(3,363)	55,087	431,370		1,482,894

The accounting policies and notes form an integral part of these financial statements.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Statements of changes in equity
for the financial year ended 31 December 2025 (continued)**

The Group	Note	Attributable to equity holders of the Bank ----->					Total equity RM'000
		Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000		
At 1 January 2024		999,800	(26,516)	20,728	428,718		1,422,730
Net profit for the financial year		-	-	-	113,600		113,600
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	4,097	-	-		4,097
Total comprehensive income		-	4,097	-	113,600		117,697
Transfer to regulatory reserves		-	-	24,383	(24,383)		-
Dividends paid	38	-	-	-	(75,000)		(75,000)
At 31 December 2024		999,800	(22,419)	45,111	442,935		1,465,427

The accounting policies and notes form an integral part of these financial statements.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Statements of changes in equity
for the financial year ended 31 December 2025 (continued)**

The Bank	Note	Non-Distributable ----->				Distributable ->		Total equity RM'000
		Share capital RM'000	Share revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Regulatory reserves RM'000	Retained profits RM'000	
At 1 January 2025		999,800	(22,419)	45,111	442,822	45,111	442,822	1,465,314
Net profit for the financial year		-	-	-	79,220	-	79,220	79,220
Other comprehensive income (net of tax) - Financial investments at FVOCI		-	19,056	-	-	-	-	19,056
Total comprehensive income		-	19,056	-	79,220	-	79,220	98,276
Transfer to regulatory reserves		-	-	9,976	(9,976)	-	-	-
Dividends paid	38	-	-	-	(80,000)	-	(80,000)	(80,000)
At 31 December 2025		999,800	(3,363)	55,087	432,066	55,087	432,066	1,483,590
At 1 January 2024		999,800	(26,516)	20,728	428,723	20,728	428,723	1,422,735
Net profit for the financial year		-	-	-	113,482	-	113,482	113,482
Other comprehensive income (net of tax) - Financial investments at FVOCI		-	4,097	-	-	-	-	4,097
Total comprehensive income		-	4,097	-	113,482	-	113,482	117,579
Transfer to regulatory reserves		-	-	24,383	(24,383)	-	-	-
Dividends paid	38	-	-	-	(75,000)	-	(75,000)	(75,000)
At 31 December 2024		999,800	(22,419)	45,111	442,822	45,111	442,822	1,465,314

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
for the financial year ended 31 December 2025

	Note	The Group		The Bank	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation:		103,178	150,555	103,977	150,414
Adjustments for items not involving the movement of cash and cash equivalents:					
Interest income:					
- financial investments at FVOCI		(132,899)	(144,146)	(132,899)	(144,146)
- financial investments at amortised cost		(48,262)	(48,467)	(48,262)	(48,467)
Interest expense on lease liability		315	574	315	574
Unwinding of discount on provision for restoration cost		119	136	119	136
Interest expense on borrowings		43	49	43	49
Dividend income:					
- financial assets at FVTPL		(1,288)	(2,350)	(1,288)	(2,350)
- financial investments at FVOCI		(150)	(150)	(150)	(150)
(Gain)/loss on disposal of property and equipment		-	(30)	-	40
(Gain)/loss arising from disposal/redemption of:					
- derivative instruments		(21,077)	(81,499)	(21,077)	(81,499)
- financial assets at FVTPL		(33,279)	(47,587)	(33,279)	(47,587)
- financial investments at FVOCI		(44,227)	268	(44,227)	268
- financial investments at amortised cost		-	(1,756)	-	(1,756)
Property and equipment written off		-	109	-	109
Intangible assets written off		-	139	-	139
Depreciation of property and equipment		2,078	2,318	2,075	2,315
Depreciation of ROU		9,265	9,428	9,265	9,428
Amortisation of intangible assets		729	740	729	704
Share Grant Scheme granted		3,815	2,795	3,815	2,795
Management fees		63,644	-	63,644	-
Unrealised loss/(gain) on:					
- derivative instruments		9,318	64,441	9,318	64,441
- financial assets at FVTPL		10,419	(8,770)	10,420	(8,768)
Expected credit losses ("ECL") (written-back)/made on:					
- financial investments		190	(20,979)	190	(20,979)
- loans and advances		(727)	(16,284)	(727)	(16,284)
- amount due from clients and brokers		47	4	47	4
- other assets		(110)	2,575	(93)	2,646
- loan commitments and financial guarantee		823	(18,013)	823	(18,013)
Zakat		-	1,337	-	1,337
Bad debt written off		2,089	2,852	2,089	2,852
Bad debt recovered		-	(2,240)	-	(2,240)
Unrealised foreign exchange loss/(gain)		66,833	59,730	66,833	59,730
Operating (loss) before changes in working capital		(9,114)	(94,221)	(8,300)	(94,258)

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
for the financial year ended 31 December 2025 (continued)

	Note	The Group		The Bank	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
<i>(Increase)/Decrease in operating assets</i>					
Loan and advances		(163,307)	(277,224)	(163,307)	(277,224)
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		(101,069)	-	(101,069)	-
Statutory deposits with Bank Negara Malaysia		63,020	12,070	63,020	12,070
Amount due from clients and brokers		(288,600)	(115,144)	(288,600)	(115,144)
Other assets		(17,115)	(74,441)	(17,294)	(74,427)
Intercompany balances		-	-	(228)	182
Derivative financial assets		23,715	157,404	23,715	157,404
Financial assets at FVTPL		(138,355)	143	(138,308)	182
		(621,711)	(297,192)	(622,071)	(296,957)
<i>Increase/(Decrease) in operating liabilities</i>					
Deposit from customers		191,992	(911,001)	191,992	(911,001)
Deposits and placements of banks and other financial institutions		627,261	797,778	627,261	797,778
Obligations on securities sold under repurchase agreements		(386,672)	(427,284)	(386,672)	(427,284)
Amount due to clients and brokers		286,853	156,162	286,853	156,162
Amount due to holding company		(60,276)	15,297	(60,276)	15,297
Derivative financial liabilities		-	(91,353)	-	(91,353)
Other liabilities		(130,567)	(18,656)	(127,768)	(24,471)
		528,591	(479,057)	531,390	(484,872)
Cash used in operating activities		(102,234)	(870,470)	(98,981)	(876,087)
Tax paid		(44,734)	(35,002)	(44,722)	(34,968)
Zakat paid		-	(250)	-	(250)
NET CASH USED IN OPERATING ACTIVITIES		(146,968)	(905,722)	(143,703)	(911,305)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		-	238	-	167
Purchase of property and equipment		(2,993)	(4,076)	(2,993)	(4,075)
Purchase of intangible assets		(268)	(1,750)	(268)	(1,750)
Interest received:					
- financial investments at FVOCI		133,887	170,539	133,887	170,539
- financial investments at amortised cost		48,792	54,517	48,792	54,517
Purchase of:					
- financial investments at FVOCI		(1,994,241)	(1,923,840)	(1,994,241)	(1,923,840)
- financial investments at amortised cost		(66,618)	(24,100)	(66,618)	(24,100)

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
for the financial year ended 31 December 2025 (continued)

	Note	The Group		The Bank	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Redemption/Disposal of:					
- financial investments at FVOCI		2,336,404	2,296,803	2,336,404	2,296,803
- financial investments at amortised cost		111,534	20,074	111,534	20,074
Dividend income received from:					
- financial assets at FVTPL		1,288	2,350	1,288	2,350
- financial investments at FVOCI		150	150	150	150
NET CASH GENERATED FROM INVESTING ACTIVITIES		567,935	590,905	567,935	590,835
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease payments		(9,920)	(9,750)	(9,920)	(9,750)
Dividends paid to holding company		(80,000)	(75,000)	(80,000)	(75,000)
Redemption from issuance of Commercial Paper		(5,000)	-	(5,000)	-
Proceeds from issuance of Commercial Paper		-	4,908	-	4,908
NET CASH USED IN FINANCING ACTIVITIES		(94,920)	(79,842)	(94,920)	(79,842)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		326,047	(394,659)	329,312	(400,312)
EFFECT OF FOREIGN EXCHANGE		(2,178)	25,507	(2,178)	25,507
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		317,360	686,512	309,257	684,062
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR		641,229	317,360	636,391	309,257
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Cash and short-term funds	2	742,298	317,360	737,460	309,257
Less:					
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		(101,069)	-	(101,069)	-
Cash and cash equivalents		641,229	317,360	636,391	309,257

The accounting policies and notes form an integral part of these financial statements.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Summary of material accounting policies for the financial year ended 31 December 2025

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A Basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note Z.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

Below are the annual improvements and amendments to MFRS effective for the financial year beginning 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

When the amendments are first applied, an entity is not permitted to restate comparative information. Instead, the entity should translate the amount affected by foreign currency that lacks exchangeability using the estimated spot exchange rates at the date of initial application. The entity is also required to make additional disclosures when exchangeability is lacking.

The adoption of amendments above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future years.

(b) International Financial Reporting Interpretations Committee ("IFRIC") agenda decisions that are concluded and published

IFRIC agenda decision - guarantees issued on obligations of other entities

At its April 2025 meeting, the IFRS Interpretations Committee (the "Committee") discussed and clarified the applicable accounting standards for guarantees issued on obligations of other entities. Specifically, the Committee clarified that MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' ("MFRS 137") applies when a guarantee does not fall within the scope of other MFRS Accounting Standards, specifically MFRS 9 'Financial Instruments' ("MFRS 9") and MFRS 17 'Insurance Contracts' ("MFRS 17").

The Group and the Bank have assessed that the IFRIC agenda decision on guarantees issued on obligations of other entities did not have any impact on the amounts recognised in prior year and are not expected to significantly affect the current or future year as the Group and the Bank apply MFRS 9 on all guarantees issued.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

A Basis of preparation (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2026.

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

The new MFRS introduces a new structure of profit or loss statement.

- (a) Income and expenses are classified into 3 new main categories:
 - i. Operating category which typically includes results from the main business activities;
 - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - iii. Financing category that presents income and expenses from financing liabilities.
- (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)
 - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Summary of material accounting policies for the financial year ended 31 December 2025 (continued)

A Basis of preparation (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

- Amendments to MFRS 9 and MFRS 7 ‘Contracts Referencing Nature-dependent Electricity’ (effective 1 January 2026)
 - added the buyer’s application guidance on the MFRS 9 ‘own-use exemption’ for contracts to buy and take delivery of electricity that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions e.g. the weather (‘contracts referencing nature-dependent electricity’). Under the amendments, the buyer can apply the MFRS 9 ‘own-use exemption’ to account for these contracts as executory contracts if the buyer has been, and expects to be, a ‘net purchaser’ of electricity for the contract period, based on the criteria set in the standard;
 - permit hedge accounting in MFRS 9 if these contracts referencing nature-dependent electricity are used as hedging instruments; and
 - add new MFRS 7 disclosure requirements to enable users to understand the effects of these contracts on an entity’s financial performance and cash flows.
- MFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’ (effective 1 January 2027)

The new MFRS introduces an optional reduced disclosure framework for subsidiaries that do not have public accountability and whose parent prepares consolidated financial statements in accordance with MFRS. The standard allows eligible subsidiaries to apply the recognition, measurement and presentation requirements of MFRS while providing simplified disclosures.

- Annual improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026)

The annual improvements comprise the following amendments:

- Amendments to MFRS 1 on hedge accounting by a first-time adopter – improve consistency with the requirements in MFRS 9 and cross-references are added to improve the understandability of MFRS 1.
- Amendments to MFRS 7 on gain or loss on derecognition – obsolete cross-referencing is removed and an inconsistency between paragraphs in MFRS 7 is amended for clarity.
- Amendments to MFRS 9 on lessee derecognition of lease liabilities and transaction price – resolve a potential confusion for a lessee applying the requirements to a lease liability that has been extinguished and remove the reference to ‘transaction price’ (as defined in ‘MFRS 15 Revenue from Contracts with Customers’).
- Amendments to MFRS 10 on determination of a ‘de facto agent’ – resolve an inconsistency between paragraphs of MFRS 10 and clarify that judgement is required to determine whether a party is acting as a de facto agent.
- Amendments to MFRS 107 on cost method - replace the term ‘cost method’ with ‘at cost’.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards above are not expected to give rise to any material impact to the Group and the Bank, except for the adoption of MFRS 18 ‘Presentation and Disclosure in Financial Statements’ and amendments to MFRS 9 and MFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’, of which the Group and the Bank are in the midst of assessing the financial and disclosures impact.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

B Consolidation

The consolidated financial statements include the financial statements of the Bank, subsidiaries and associates, made up to the end of the financial year.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Refer to Note E for the accounting policy on goodwill.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the profit or loss.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

B Consolidation (continued)

(a) Subsidiaries (continued)

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

B Consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

C Investments in subsidiaries and associates in separate financial statements

In the Bank's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

D Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial year in which they are incurred.

Property and equipment are depreciated on the straight-line basis to allocate the cost, to their residual value over their estimated useful life summarised as follows:

Renovations	5 to 10 years
Office equipment and furniture	5 years
Motor vehicles	5 years
Computer equipment	5 years

Depreciation of capital work in progress commences when the assets are ready for their intended use.

Residual values and useful life of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Refer to Note F for the accounting policy on impairment of non-financial assets.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised within other operating income in the income statement.

E Intangible assets

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of the previously held interest in the acquiree is less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

E Intangible assets (continued)

(a) Goodwill (continued)

Various circumstances may necessitate a reallocation of goodwill among CGUs (or groups of CGUs) including:

(i) Disposal of an operation to which goodwill has been allocated

When goodwill has been allocated to a CGU and the entity disposes of an operation within that unit, the goodwill associated with the disposed operation must be:

- included in the carrying amount of the operation when determining the gain or loss on disposal; and
- measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained (unless another method better reflects the goodwill associated with the disposed operation).

(ii) Reorganisation of an entity's reporting structure

When an entity reorganises its reporting structure in a way that changes the composition of one or more CGUs to which goodwill has been allocated, the goodwill must be:

- reallocated to the units affected; and
- measured using a relative value approach (again, unless another method better reflects the goodwill associated with the reorganised units).

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group and the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful life of five years.

(c) Merchant bank license

The merchant bank license represents contribution by the Bank to the Government of Malaysia for a license to carry on merchant banking business and is considered to have an indefinite useful life, which is not amortised and is assessed for impairment annually.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

F Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or group of assets ("CGU"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

G Financial assets

(a) Classifications

The Group and the Bank classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the settlement date, the date on which the Group and the Bank settle the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Bank reclassify debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group and the Bank classify their debt instruments:

(i) Amortised cost ("AC")

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in "interest income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "net gains and losses on financial instruments" together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statements.

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "net gains and losses on financial instruments". Interest income from these financial assets is included in "interest income" using the effective interest rate method. Foreign exchange gains and losses are presented in "net gains and losses on financial instruments" and impairment expenses are presented as a separate line item in the income statement.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

There are three measurement categories into which the Group and the Bank classify its debt instruments: (continued)

(iii) Fair value through profit or loss (“FVTPL”)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within “net gains and losses on financial instruments” in the period in which it arises.

- **Business model:**

The business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group’s and the Bank’s objectives are solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets at FVTPL purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank’s business model for the loan book is to hold to collect contractual cash flows. Another example is the liquidity portfolio of assets, which is held by the Group and the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. For financial assets which were managed for the purpose of preserving the capital and generating a return on a longer term, with the objective to hold and collect contractual cash flows and measured at Amortised Cost. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the ‘other’ business model and measured at FVTPL.

- **SPPI:**

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments’ cash flows represent solely payments of principal and interest (the “SPPI test”). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group’s and the Bank’s management have elected to present fair value gains and losses on equity investments in OCI, cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss, but may be transferred within equity following the derecognition of the investment. The gains or losses will be recognised in retained earnings. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s and the Bank’s right to receive payments is established.

Changes in the fair value of equity investments at FVTPL are recognised in “net gains and losses on financial instruments” in the income statement.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(d) IBOR modification

When the basis to determine the future contractual cash flows of financial assets classified as amortised cost or FVOCI are modified entirely as a result of IBOR reform, the Group applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of financial assets classified as amortised cost or FVOCI does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate. Any additional changes are accounted for as a modification of financial assets in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain or loss recognised immediately in profit or loss where the financial assets are not derecognised).

(e) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Bank assess on a forward-looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between the present value of cash flows according to the contract and the present value of cash flows the Group and the Bank expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Bank expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group and the Bank measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 44 sets out the measurement details of ECL. The Group and the Bank apply 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group and the Bank apply MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for amount due from clients and brokers and other assets.

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor/issuer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor/issuer is more than 30 days or 1 month past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgemental indicators, which include amongst others, the following criteria:

(i) Mandatory indicators

- Failure to make contractual payment within 90 days or 3 months or when they fall due;
- Rescheduling and/or Restructuring ("R&R"), count of 3 times or more in 9 rolling 24 months period;
- Internal rating deteriorated to Credit Grade 15 or worse;
- Rating downgrade to default grade "D";
- Distressed restructuring or rescheduling of coupon and/or principal redemption resulting in an extended grace period to service coupon or even capitalise coupon;
- Primary repayment source is terminated indefinitely, or business model is deemed no longer viable, and no other alternative source of repayment is available;
- Cessation of business operations and business operation is unlikely able to resume;
- Borrower/customer is adjudicated bankrupt;
- Winding-up order issued against the company;
- Receiver and manager appointed;
- Corporate Rescue Mechanism, implementation of Corporate Voluntary Arrangement ("CVA") or Order for Judicial Management ("JM") granted by Court;
- Classification by Bursa Malaysia as distressed company due to credit deterioration, e.g. PN17, GN3 and failing to comply with the timeline for remedial action, and/or evidence of business failure; and
- Account classified as fraud.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgemental indicators, which include amongst others, the following criteria: (continued)

(ii) Judgemental indicators

- Other debts including Treasury Instruments default and/or transferred to Stage 3 (Cross Default).

The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

Write-off policy

The Group and the Bank write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- (i) ceasing enforcement activity; and
- (ii) where the Groups recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Modification of loans

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different from the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a “new” asset at fair value and recalculate a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

G Financial assets (continued)

(e) Subsequent measurement – Impairment (continued)

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfer substantially all of the risks and rewards. These transactions are accounted for as “pass-through” transfers that result in derecognition if the Group and the Bank:

- i) Have no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Are prohibited from selling or pledging the assets; and
- iii) Have obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest.

(f) Regulatory reserve requirements

Pursuant to BNM Financial Reporting policy dated 29 April 2022, the Group and the Bank must 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.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

H Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss

This classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss; and

- Financial guarantee contracts and loan commitments (see Note D).

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expires).

I Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Loan commitments provided by the Group and the Bank are measured as the amount of the loss allowance (calculated as described in Note 44). The Group and the Bank have not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 “Financial Instruments” and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 “Revenue from Contracts with Customers”, where appropriate.

J Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

K Derivative financial instruments

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognises the fair value of derivatives in income statements immediately.

As at reporting date, the Group and the Bank have not designated any derivative as hedging instruments.

L Amount due from clients and brokers and other financial assets

In accordance with the Rules of Bursa Malaysia Securities Berhad (“Bursa Securities”), clients’ accounts are classified as credit impaired accounts under the following circumstances:

<u>Types</u>	<u>Criteria for classification of accounts as impaired</u>
Contra losses	When an account remains outstanding for 16 calendar days or more from the date of contra transaction.
Overdue purchase contracts	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards (discretionary financing).

Bad debts are written off when identified. Impairment allowances are made based on simplified approach (see Note G) for balances due from clients which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

The Group and the Bank adopt the MFRS 9 simplified approach for amount due from clients and brokers and other financial assets, whereby loss allowance is measured at an amount equal to lifetime expected credit losses. An entity that applies a provision matrix using historical loss experience on its amount due from clients and brokers and other financial assets, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions. amount due from clients and brokers that are in default or credit impaired are assessed individually. Other financial assets that are outstanding for more than 90 days are assessed individually for impairment provision.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

M Current and deferred income taxes

(a) Current tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the year is the tax payable on the current financial year taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

(b) Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unutilised tax credits can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period and are expected to apply when the related deferred tax assets are realised or the deferred tax liability is settled.

Deferred tax liability is recognised for all temporary differences associated with investment in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the investor is unable to control the reversal of the temporary difference for associate. Only where there is an agreement in place that gives the investor the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investment in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred and income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

N Foreign currency translations

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flows or net investment hedge or are attributable to items that form part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instruments at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investment at FVOCI are included in other comprehensive income.

O Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- the Group and the Bank have a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources to settle the obligation will be required; and
- a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost expense.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

P Employee benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions to the National Pension Scheme, the Employees' Provident Fund ("EPF") and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial year.

The Group's contributions to defined contribution plans are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(c) Long Term Incentive Plan ("LTIP")

The Bank's holding company, AFFIN Bank Berhad ("ABB") operates Long Term Incentive Plan ("LTIP") in the form of Share Grant Scheme ("SGS"), which is an equity-settled share-based payment arrangements with the Bank's employees as compensation for services provided by the employees. Equity-settled share-based payment arrangements entitle the employees to receive equity instruments of the holding company.

The cost of share-based payment arrangements with employees is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense over the vesting period, with a corresponding credit to the equity as capital contribution. As the holding company recharges the Bank for the equity instruments granted, an intercompany charge payable to holding company is debited against the capital contribution. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

Fair value is determined by using market prices or appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. Vesting conditions include service conditions and performance conditions; any other features of a share-based payment arrangement are non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account when estimating the fair value of equity instruments at the date of grant, so that an award is treated as vesting irrespective of whether the market performance condition or non-vesting condition is satisfied, provided all other vesting conditions are satisfied.

Vesting conditions, other than market performance conditions, are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non-market performance or service conditions.

Where an award has been modified, as a minimum, the expense of the original award continues to be recognised as if it had not been modified. Where the effect of a modification is to increase the fair value of an award or increase the number of equity instruments, the incremental fair value of the award or incremental fair value of the extra equity instruments is recognised in addition to the expense of the original grant, measured at the date of modification, over the modified vesting period.

A cancellation that occurs during the vesting period is treated as an acceleration of vesting, and recognised immediately for the amount that would otherwise have been recognised for services over the remaining vesting period.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

Q Zakat

This represents business zakat payable by the Group in compliance with the principles of Shariah. The Bank only pays zakat on its business and does not pay zakat on behalf of depositors.

Zakat provision is calculated based on 2.5% of net revenue (from Shariah-Compliant services), less allocated operating expenses as approved by the Affin Islamic Shariah Committee.

R Cash and short-term funds

Cash and short-term funds consist of cash on hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short-term commitments and are readily convertible to known amount of cash without significant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity 3 months or less.

S Contingent assets and contingent liabilities

The Group and the Bank do not recognise contingent assets and contingent liabilities other than those arising from the business combination, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events where existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

T Leases

Leases are recognised as right-of-use (“ROU”) assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Bank are lessees, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of the lease liability.

Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in the remeasurement of the lease liabilities. See the accounting policy below on the reassessment of lease liabilities.

Right-of-use (“ROU”) assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

If the Group and the Bank are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset’s useful life. In addition, the ROU assets are adjusted for certain remeasurements of the lease liabilities.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

T Leases (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with the similar term, security and conditions.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the interest expense in the income statements.

Reassessment of lease liabilities

The Group and the Bank are also exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an operating expense in profit or loss.

Rent concession

If a rent concession results from a lease modification, the Group and the Bank account for the rent concession as either a new lease or as a remeasurement of existing lease liability, depending on the criteria set in MFRS 16. If a rent concession does not result from a lease modification, the Group and the Bank account for the rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

U Recognition of interest income and expense

Interest income and expenses for all interest financial instruments are recognised within “interest income” and “interest expense” respectively in the income statement using the effective interest method. Interest income from financial assets at FVTPL is recognised as part of net gains and losses on financial instruments.

Interest income is calculated by applying effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset after deducting the loss allowance.

V Recognition of fees and other income

The Group and the Bank earn fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income is recognised when the Group and the Bank have satisfied their performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amounts agreed with customers, and net of expenses directly related to it. The Group and the Bank generally satisfy their performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, brokerage income, arrangement fees and rollover fees. These fees constitute a single performance obligation.
- For a service that is provided over a period of time, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of the provision of these services to the customers over time. Fees for these services can be billed to customers in advance or periodically over time. Such fees include portfolio management fees, guarantees fees, commitment fees, agency fees and initial service charges on close-ended funds.
- Income that forms an integral part of the effective interest/profit rate of a financial instrument is recognised as an adjustment to the effective interest/profit rate. Such fees include loan/financing commitment fees, origination and participation fees.

The Group and the Bank do not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include transaction costs, sales commissions and referral fees, but do not include expenses for services delivered over a period and other expenses that are not specifically related to fee and commission income transactions.

Other income recognition are as follows:

- (a) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividends that clearly represent a recovery of part of the cost of investment are recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

- (b) Net gain or loss from disposal of FVTPL and debt instruments at FVOCI are recognised in profit or loss upon disposal of the securities, as the difference between disposal proceeds, the carrying amount of the securities and incremental costs that are directly attributable to the disposal. The Bank has included certain employee costs as part of the incremental costs directly attributable to the acquisition, issue or disposal of the securities.

- (c) Other income are recognised on an accrual basis.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

W Share capital

(a) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual agreement of the particular instrument.

(b) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(c) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- i) the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares; and
- ii) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

X Trust activities

The Group and the Bank act as trustees in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trusts and other institutions, These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group and the Bank.

Y Sale and repurchase agreements

Securities purchased under resale agreements are securities within the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities that the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statements of financial position.

The difference between sale and repurchase prices as well as purchase and resale prices are amortised as interest income and interest expense respectively on an effective interest rate method.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Summary of material accounting policies
for the financial year ended 31 December 2025 (continued)**

Z Securities Borrowing and Lending (SBL)

The Bank acts as an intermediary in securities borrowing and lending (“SBL”) transactions, facilitating the temporary transfer of securities between securities lenders and borrowers. The Bank does not bear any significant risks or rewards associated with the ownership of the securities. As a result, the securities involved in SBL transactions are not recognised on the Bank’s statement of financial position.

To secure SBL transactions, cash collateral is exchanged between parties. Cash collateral received from the borrower is recognised by the Bank under “Other Liabilities,” while cash collateral paid to the lender is recognised under “Other Assets”.

The fees earned for the securities lending transactions is recognised over time as “fee and commission income”, while the fee expense incurred for the securities borrowing transactions are recognised as “fee and commission expenses”. Interest income or expense charged on the cash collateral pledged or received is recognised under “interest income” and “interest expense” respectively.

AA Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s and the Bank’s accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). An explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 44, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Estimated impairment on goodwill

The Group performs an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amounts from cash-generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate. The uncertainties arising from the macroeconomic environment, such as the rising interest rate and inflation, have been reflected in the cash flow projections.

The recoverable amounts of the Stockbroking business, Investment Banking and Treasury & Markets (the cash-generating units to which goodwill is allocated) were determined based on discounted cash flow valuation model. The calculations require the use of estimates as set out in Note 16 to the financial statements.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025**

1 General information

The principal activities of the Bank are in investment banking, stockbroking activities, dealing in options and futures, and related financial services.

The principal activities of the subsidiaries are investment holdings, trustee services and nominee services.

The holding company of the Bank is Affin Bank Berhad, a public limited liability company incorporated and domiciled in Malaysia. The substantial shareholder of the Affin Bank Berhad are State Financial Secretary, Sarawak (“SFS”), an Investment Corporation of the State Government of Sarawak, Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973 and the Bank of East Asia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office of the Bank is Level 19, Menara AFFIN, Lingkaran TRX, TRX Exchange, 55188, Kuala Lumpur, Malaysia.

2 Cash and short-term funds

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	323,237	185,026	318,399	177,342
Money at call and deposit placements maturing within one month	419,061	132,334	419,061	131,915
	742,298	317,360	737,460	309,257

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

3 Financial assets at fair value through profit or loss (“FVTPL”)

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instruments				
Malaysian government securities	20,272	-	20,272	-
Malaysian government islamic investment issues	10,473	-	10,473	-
Negotiable instruments of deposits	200,794	-	200,794	-
	<u>231,539</u>	<u>-</u>	<u>231,539</u>	<u>-</u>
Quoted securities				
Unit trusts in Malaysia	1,348	1,299	-	-
Shares in Malaysia	80,319	146,375	80,319	146,375
	<u>81,667</u>	<u>147,674</u>	<u>80,319</u>	<u>146,375</u>
Unquoted securities				
Corporate bonds and/or Sukuk in Malaysia	11,060	-	11,060	-
Corporate bonds and/or Sukuk outside Malaysia	-	15,377	-	15,377
	<u>11,060</u>	<u>15,377</u>	<u>11,060</u>	<u>15,377</u>
	<u>324,266</u>	<u>163,051</u>	<u>322,918</u>	<u>161,752</u>

4 Financial investments at fair value through other comprehensive income (“FVOCI”)

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
At fair value		
Money market instruments		
Malaysian government securities	1,378,648	1,340,874
Malaysian government islamic investment issues	661,961	1,051,696
Cagamas bonds	-	10,138
	<u>2,040,609</u>	<u>2,402,708</u>
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	898,835	1,052,797
Corporate bonds and/or Sukuk outside Malaysia	759,448	544,155
Commercial paper	-	4,957
Shares in Malaysia *	27,454	26,188
	<u>3,726,346</u>	<u>4,030,805</u>

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

Included in the financial investments at FVOCI are Malaysian Government Islamic Investment Issue and Malaysian Government Securities, which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group and the Bank amounting to face value of RM nil (2024: RM 250,000,000).

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statements

for the financial year ended 31 December 2025 (continued)

4 Financial investments at fair value through other comprehensive income (“FVOCI”) (continued)

Equity investments designated at fair value through other comprehensive income

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

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Unquoted securities		
Shares in Malaysia:		
Cagamas Berhad	26,066	24,813
Malaysian Rating Corporation Berhad	1,388	1,375
Total unquoted securities	27,454	26,188

The dividend income for equity investments designated at FVOCI held and disposed during the financial year are as follows :

	Carrying amount as at		Dividend income of equity investments held as at the end of the financial year		Dividend income of equity investments disposed during the financial year	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted securities	27,454	26,188	150	150	-	-
	27,454	26,188	150	150	-	-

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

4 Financial investments at fair value through other comprehensive income (“FVOCI”) (continued)

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

The Group and the Bank	Lifetime ECL			Total
	12-month	not Credit	Credit	
	ECL	Impaired	Impaired	
31.12.2025	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	288	24	-	312
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	(53)	53	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(53)	53	-	-
Derecognised during the financial year				
(other than write-offs)	(141)	-	-	(141)
New financial assets originated or purchased	336	-	-	336
Changes due to change in credit risk	(188)	69	-	(119)
Other adjustments:				
- Foreign exchange and other adjustments	(18)	-	-	(18)
At end of the financial year	224	146	-	370

The Group and the Bank	Lifetime ECL			Total
	12-month	not Credit	Credit	
	ECL	Impaired	Impaired	
31.12.2024	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	68	21,172	-	21,240
Derecognised during the financial year				
(other than write-offs)	(61)	(29,707)	-	(29,768)
New financial assets originated or purchased	200	-	-	200
Changes due to change in credit risk	88	8,559	-	8,647
Other adjustments:				
- Foreign exchange and other adjustments	(7)	-	-	(7)
At end of the financial year	288	24	-	312

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

4 Financial investments at fair value through other comprehensive income (“FVOCI”) (continued)

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

The Group and the Bank	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not Credit	Credit	
31.12.2025	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	3,963,761	40,856	-	4,004,617
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	(10,349)	10,349	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	(10,349)	10,349	-	-
Derecognised during the financial year (other than write-offs)	(2,287,047)	(5,130)	-	(2,292,177)
New financial assets originated or purchased	1,994,241	-	-	1,994,241
Changes in interest accruals and accretion/amortisation	(2,216)	1,228	-	(988)
Changes due to change in fair value	22,649	683	-	23,332
Other adjustments:				
- Foreign exchange and other adjustments	(28,829)	(1,304)	-	(30,133)
At end of the financial year	3,652,210	46,682	-	3,698,892

The Group and the Bank	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not Credit	Credit	
31.12.2024	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	4,267,354	147,545	-	4,414,899
Derecognised during the financial year (other than write-offs)	(2,209,299)	(105,041)	-	(2,314,340)
New financial assets originated or purchased	1,923,840	-	-	1,923,840
Changes in interest accruals and accretion/amortisation	(12,909)	(1,786)	-	(14,695)
Changes due to change in fair value	30,911	138	-	31,049
Other adjustments:				
- Foreign exchange and other adjustments	(36,136)	-	-	(36,136)
At end of the financial year	3,963,761	40,856	-	4,004,617

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

5 Financial investments at amortised cost

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
At amortised cost		
Money market instruments		
Malaysian government islamic investment issues	149,898	149,603
Malaysian government securities	190,589	190,427
	<u>340,487</u>	<u>340,030</u>
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	637,094	682,971
Corporate bonds and/or Sukuk outside Malaysia	32,732	33,589
	<u>1,010,313</u>	<u>1,056,590</u>
Expected credit losses ("ECL")	(390)	(258)
	<u>1,009,923</u>	<u>1,056,332</u>

Included in the financial investments at amortised cost are Malaysian government securities, which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group and the Bank amounting to face value of RM nil (2024: RM140,000,000).

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

The Group and the Bank	Lifetime ECL			Total
	12-month	not Credit	Credit	
	ECL	Impaired	Impaired	
31.12.2025	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	258	-	-	258
New financial assets originated or purchased	21	-	-	21
Changes due to change in credit risk	111	-	-	111
Other adjustments	-	-	-	-
- Foreign exchange and other adjustments	-	-	-	-
Write-offs	-	-	-	-
At end of the financial year	<u>390</u>	<u>-</u>	<u>-</u>	<u>390</u>

The Group and the Bank	Lifetime ECL			Total
	12-month	not Credit	Credit	
	ECL	Impaired	Impaired	
31.12.2024	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	309	-	8,101	8,410
New financial assets originated or purchased	43	-	-	43
Changes due to change in credit risk	(94)	-	-	(94)
Other adjustments	-	-	-	-
- Foreign exchange and other adjustments	-	-	(165)	(165)
Write-offs	-	-	(7,936)	(7,936)
At end of the financial year	<u>258</u>	<u>-</u>	<u>-</u>	<u>258</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

5 Financial investments at amortised cost (continued)

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

The Group and the Bank	12-month ECL Stage 1 RM'000	Lifetime ECL	Lifetime ECL	Total RM'000
		not Credit Impaired Stage 2	Credit Impaired Stage 3	
		RM'000	RM'000	
31.12.2025				
At beginning of the financial year	1,056,590	-	-	1,056,590
Derecognised during the financial year (other than write-offs)	(111,534)	-	-	(111,534)
New financial assets originated or purchased	66,618	-	-	66,618
Changes in interest accruals and accretion/amortisation	(530)	-	-	(530)
Write-offs	-	-	-	-
Other adjustments	-	-	-	-
- Other movement	-	-	-	-
- Foreign exchange and other adjustments	(831)	-	-	(831)
At end of the financial year	<u>1,010,313</u>	<u>-</u>	<u>-</u>	<u>1,010,313</u>
		Lifetime ECL	Lifetime ECL	
	12-month	not Credit	Credit	
	ECL	Impaired	Impaired	
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
31.12.2024				
At beginning of the financial year	1,056,859	-	8,101	1,064,960
Derecognised during the financial year (other than write-offs)	(20,074)	-	-	(20,074)
New financial assets originated or purchased	24,100	-	-	24,100
Changes in interest accruals and accretion/amortisation	(92)	-	-	(92)
Write-offs	-	-	(7,936)	(7,936)
Other adjustments	-	-	-	-
- Foreign exchange and other adjustments	(4,203)	-	(165)	(4,368)
At end of the financial year	<u>1,056,590</u>	<u>-</u>	<u>-</u>	<u>1,056,590</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

6 Loans and advances

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
(i) By type		
Term loans:		
- Syndicated term loans	7,866	39,443
- Other term loans	52,029	95,026
Revolving credits	143,573	164,678
Share margin financing	2,189,086	1,963,919
Staff loans	2,279	4,326
Gross loans and advances	2,394,833	2,267,392
Less: Expected credit losses	(1,371)	(25,124)
Total net loans and advances	2,393,462	2,242,268
(ii) By maturity structure		
Maturing within one year	2,262,760	2,008,681
One year to three years	91,224	68,538
Three years to five years	38,841	146,917
Over five years	2,008	43,256
	2,394,833	2,267,392
(iii) By type of customer		
Domestic business enterprises:		
- Small medium enterprises	104,401	103,560
- Others	392,720	352,230
Domestic non-bank financial institutions	366,691	356,549
Individuals	1,477,603	1,405,083
Foreign individuals	1,389	1,027
Foreign entities	52,029	48,943
	2,394,833	2,267,392
(iv) By interest rate sensitivity		
Fixed rate		
- Housing loans	2,057	3,887
- Hire purchase receivables	223	439
Variable rate		
- Cost plus	2,380,509	2,092,617
- BFR plus *	12,044	121,506
- Other floating rate	-	48,943
	2,394,833	2,267,392

* refers to Base Financing Rate ("BFR") from Affin Bank Berhad.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****6 Loans and advances (continued)**

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
(v) By economic sectors		
Household	1,480,839	1,406,110
Finance, insurance and business services	612,679	429,162
Real estate	82,289	163,738
Construction	121,939	160,502
Transport, storage and communication	34,770	50,569
Agriculture	-	6,015
Manufacturing	38,311	29,725
Wholesale, retail trade, hotels and restaurants	461	5,139
Education, health and others	22,317	15,912
Electricity, gas and water supply	1,228	520
	<u>2,394,833</u>	<u>2,267,392</u>
(vi) By economic purpose		
Purchase of securities	2,225,882	2,015,886
Purchase of landed properties of which		
- Residential	2,057	3,887
- Non-residential	-	6,015
Working capital	-	4,451
Construction	3,658	5,676
Purchase of transport vehicles	6,035	15,389
Merger and acquisition	12,044	-
Others	145,157	216,088
	<u>2,394,833</u>	<u>2,267,392</u>
(vii) By geographical distribution		
Wilayah Persekutuan	1,628,618	1,599,165
Selangor	489,120	364,409
Johor	188,102	192,138
Sarawak	8,554	4,204
Pulau Pinang	19,970	30,994
Sabah	58	11,013
Terengganu	3,658	5,676
Perak	2,431	2,522
Kedah	3,888	5,632
Negeri Sembilan	4,218	2,696
Labuan	27,375	28,088
Outside Malaysia	18,841	20,855
	<u>2,394,833</u>	<u>2,267,392</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

6 Loans and advances (continued)

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
(viii) Movements of impaired loans and advances		
At beginning of the financial year	25,118	71,288
Classified as impaired during the financial year	-	12,288
Reclassified as non-impaired during the financial year	-	(1,330)
Amount written off	(25,118)	-
Amount recovered	-	(60,340)
Interest on credit impaired loans and advances	-	3,212
At end of the financial year	<u>-</u>	<u>25,118</u>
Ratio of gross impaired loans and advances to gross loans and advances	<u>0.00%</u>	<u>1.11%</u>
(ix) Impaired loans and advances analysed by sector		
Real estate	-	25,118
	<u>-</u>	<u>25,118</u>
(x) Impaired loans and advances by economic purpose		
Purchase of securities	-	18,923
Others	-	6,195
	<u>-</u>	<u>25,118</u>
(xi) Impaired loans and advances by geographical distribution		
Selangor	-	25,118
	<u>-</u>	<u>25,118</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

6 Loans and advances (continued)

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

The Group and the Bank 31.12.2025	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL	not Credit	Credit	
	Stage 1 RM'000	Impaired Stage 2 RM'000	Impaired Stage 3 RM'000	
At beginning of the financial year	1,181	917	23,026	25,124
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	88	(88)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(55)	55	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	33	(33)	-	-
Loans derecognised during the financial year (other than write-offs)	(503)	(649)	-	(1,152)
New loans originated or purchased	60	-	-	60
Changes due to change in credit risk	591	(211)	-	380
Write-offs	-	-	(23,026)	(23,026)
Other adjustments:				
- Foreign exchange and other adjustments	(15)	-	-	(15)
At end of the financial year	1,347	24	-	1,371

The Group and the Bank 31.12.2024	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL	not Credit	Credit	
	Stage 1 RM'000	Impaired Stage 2 RM'000	Impaired Stage 3 RM'000	
At beginning of the financial year	953	17,428	32,322	50,703
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	647	(647)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(14)	14	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(2)	-	2	-
Total transfer between stages	631	(633)	2	-
Loans derecognised during the financial year (other than write-offs)	(30)	(14,266)	(12,586)	(26,882)
New loans originated or purchased	37	-	-	37
Changes due to change in credit risk	(414)	(1,697)	76	(2,035)
Other adjustments:				
- Foreign exchange and other adjustments	4	85	3,212	3,301
At end of the financial year	1,181	917	23,026	25,124

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****6 Loans and advances (continued)****(xiii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses**

The Group and the Bank 31.12.2025	12-month	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Total RM'000
	ECL Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At beginning of the financial year	2,160,093	82,181	25,118	2,267,392
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	142,866	(142,866)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(109,181)	109,181	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	33,685	(33,685)	-	-
Loans derecognised during the financial year (other than write-offs)	(256,783)	(7,177)	-	(263,960)
New loans originated or purchased	1,025,387	-	-	1,025,387
Changes due to additional drawdown/(partial settlement)	(566,851)	(37,660)	-	(604,511)
Write-offs	-	-	(25,118)	(25,118)
Other adjustments				
- Foreign exchange and other adjustments	(4,357)	-	-	(4,357)
At end of the financial year	2,391,174	3,659	-	2,394,833

The Group and the Bank 31.12.2024	12-month	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Total RM'000
	ECL Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At beginning of the financial year	1,875,134	58,061	71,288	2,004,483
Transfer between stages due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	18,450	(17,120)	(1,330)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(69,083)	69,083	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(12,288)	-	12,288	-
Total transfer between stages	(62,921)	51,963	10,958	-
Loans derecognised during the financial year (other than write-offs)	(116,573)	(14,266)	(51,760)	(182,599)
New loans originated or purchased	1,031,682	9,374	-	1,041,056
Changes due to additional drawdown/(partial settlement)	(563,886)	(22,271)	(8,580)	(594,737)
Other adjustments				
- Foreign exchange and other adjustments	(3,343)	(680)	3,212	(811)
At end of the financial year	2,160,093	82,181	25,118	2,267,392

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

7 Amount due from clients and brokers

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Amounts due from clients:		
- performing accounts	769,883	293,933
- impaired accounts	114	151
Amounts due from brokers	31,503	58,876
Amount due from Bursa Securities Clearing Sdn. Bhd.	-	159,940
	<u>801,500</u>	<u>512,900</u>
Less: Expected credit losses ("ECL")	<u>(274)</u>	<u>(227)</u>
	<u><u>801,226</u></u>	<u><u>512,673</u></u>

Movements of impaired amounts due from clients:

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
At beginning of the financial year	151	114
Classified as impaired during the financial year	1,873	3,809
Amount recovered	<u>(1,910)</u>	<u>(3,772)</u>
At end of the financial year	<u><u>114</u></u>	<u><u>151</u></u>

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Expected credit losses		
At beginning of the financial year	227	223
Allowance made	1,990	3,957
Amount written back	<u>(1,943)</u>	<u>(3,953)</u>
At end of the financial year	<u><u>274</u></u>	<u><u>227</u></u>

8 Derivative financial assets

	The Group and the Bank			
	31.12.2025		31.12.2024	
	Principal amount RM'000	Assets RM'000	Principal amount RM'000	Assets RM'000
At fair value				
Foreign exchange related contracts				
- Currency forwards	48,427	676	630,650	13,115
- Currency swaps	618,203	10,171	604,628	11,563
- Cross currency interest rate swaps	<u>40,251</u>	<u>592</u>	<u>50,867</u>	<u>1,067</u>
	<u>706,881</u>	<u>11,439</u>	1,286,145	25,745
Interest rate related contracts				
- Interest rate swaps	<u>857,000</u>	<u>9,060</u>	2,042,000	9,855
	<u><u>1,563,881</u></u>	<u><u>20,499</u></u>	<u>3,328,145</u>	<u><u>35,600</u></u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****9 Other assets**

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Other debtors and deposits	25,115	37,527	24,941	37,174
Prepayments	15,195	7,266	15,195	7,266
Cash collaterals pledged for derivatives transactions	14,503	1,790	14,503	1,790
Cash collateral pledged for securities borrowing transactions	71,874	63,996	71,874	63,996
Equity margin with Bursa	11,517	10,606	11,517	10,606
Clearing guarantee fund (a)	1,573	1,544	1,573	1,544
Clearing fund (b)	3,179	2,961	3,179	2,961
Transferable membership	250	250	250	250
	143,206	125,940	143,032	125,587
Less: Expected credit losses ("ECL")	(4,751)	(4,861)	(4,750)	(4,843)
	138,455	121,079	138,282	120,744

(a) Interest-bearing contributions made by the Bank amounted to RM1,573,000 (2024: RM1,544,000) as a trading clearing participant in accordance with the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd. ("Bursa Clearing") to a fund maintained by Bursa Clearing.

(b) Interest-bearing contributions made by the Bank amounted to RM3,178,802.17 (2024: RM2,960,849.69) in accordance with the Business Rules of Bursa Malaysia Derivatives Clearing Berhad.

Movements of credit impaired accounts

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	4,867	2,293	4,849	2,205
Classified as impaired during the financial year	478	6,120	418	5,984
Amount recovered	(608)	(3,546)	(531)	(3,340)
At end of the financial year	4,737	4,867	4,736	4,849

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

9 Other assets (continued)

Movements in allowances for impairment on other assets

	The Group	The Group
	31.12.2025	31.12.2024
	RM'000	RM'000
Expected credit losses		
At beginning of the financial year	4,861	2,286
Allowance made	562	6,253
Amount written back	(672)	(3,678)
At end of the financial year	4,751	4,861
	The Bank	The Bank
	31.12.2025	31.12.2024
	RM'000	RM'000
Expected credit losses		
At beginning of the financial year	4,843	2,197
Allowance made	492	6,107
Amount written back	(585)	(3,461)
At end of the financial year	4,750	4,843

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

10 Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amount of which are determined as a set percentage of total eligible liabilities. The Statutory Reserve Requirement (“SRR”) rate for banking industry is 1.0% of eligible liabilities.

11 Amounts due from subsidiaries

	The Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Amounts due from subsidiaries	<u>700</u>	<u>472</u>

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

12 Investment in subsidiaries

	The Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Cost at the beginning/end of the financial year	5,310	5,310
Less: Accumulated impairment losses	<u>(3,516)</u>	<u>(3,516)</u>
Net carrying value at the end of financial year	<u>1,794</u>	<u>1,794</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

12 Investment in subsidiaries (continued)

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

Name	Principal activities	Issued and paid up share capital		Percentage of equity held	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 %	31.12.2024 %
Direct subsidiaries:					
Affin Hwang Nominees (Asing) Sdn. Bhd.	Nominee services	1,326	1,326	100	100
Affin Hwang Nominees (Tempatan) Sdn. Bhd.	Nominee services	1,331	1,331	100	100
AHC Global Sdn. Bhd.	Investment holdings	1,332	1,332	100	100
AHC Associates Sdn. Bhd.	Investment holdings	1,332	1,332	100	100
Affin Hwang Trustee Berhad (Note 12 (c))	Trustee services	6,500	6,500	100	100

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

	Percentage of equity held	
	31.12.2025 %	31.12.2024 %
<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.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

13 Investment in associates

	The Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Cost at the beginning/end of the financial year	1,332	1,332
Less: Accumulated impairment losses	<u>(960)</u>	<u>(960)</u>
Net carrying value at the end of financial year	<u>372</u>	<u>372</u>

(a) Recoverable amount is tested annually or more frequently if events, or changes in circumstances indicate that impairment might be required. 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 indicated no impairment loss for the financial year ended 2025.

(b) Information about associates:

The Bank	Principal activities	Issued and paid		Percentage of equity held	
		up share capital			
		2025	2024	2025	2024
Name		RM'000	RM'000	%	%
Affin Hwang Trustee Berhad ("AHTB") #	Provision of trustee services	6,500	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 12 to the financial statements.

14 Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets and current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown in the statements of financial position:

	The Group and The Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Deferred tax assets	<u>36,860</u>	<u>32,110</u>
	<u>36,860</u>	<u>32,110</u>
Deferred tax assets:		
- to be recovered in more than 12 months	9,252	23,249
- to be recovered within 12 months	30,323	27,748
Deferred tax liabilities:		
- to be recovered in more than 12 months	(2,715)	(4,974)
- to be recovered within 12 months	<u>-</u>	<u>(13,913)</u>
	<u>36,860</u>	<u>32,110</u>

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

14 Deferred tax assets (continued)

The movement in deferred tax assets and liabilities during the financial year are as follows:

	Note	Property and equipment	Intangible assets	Right-of-use assets	Lease liabilities	Loans and advances	Financial investments at amortised cost	Other liabilities	Foreign exchange translation (gain)/loss *	Financial investments at FVOCI	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group and the Bank											
31.12.2025											
At beginning of the financial year		(528)	(854)	(3,114)	4,194	76	6	28,110	(6,071)	10,291	32,110
Recognised in income statements	36	90	117	1,888	(1,942)	(67)	32	(5,808)	16,040	(1)	10,349
Recognised in statements of other comprehensive income		-	-	-	-	-	-	-	-	(5,599)	(5,599)
At end of the financial year		(438)	(737)	(1,226)	2,252	9	38	22,302	9,969	4,691	36,860
The Group and the Bank											
31.12.2024											
At beginning of the financial year		(518)	(839)	(3,673)	4,791	2,003	18	26,048	(20,406)	20,228	27,652
Recognised in income statements	36	(10)	(15)	559	(597)	(1,927)	(12)	2,062	14,335	(2,485)	11,910
Recognised in statements of other comprehensive income		-	-	-	-	-	-	-	-	(7,452)	(7,452)
At end of the financial year		(528)	(854)	(3,114)	4,194	76	6	28,110	(6,071)	10,291	32,110

* The foreign exchange translation (gain)/loss mainly comprises of the revaluation of foreign bonds, nostro account and SBL borrowing.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****15 Property and equipment**

The Group	Renovations	Office equipment & furniture	Motor vehicles	Computer equipment	Total
31.12.2025	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
At beginning of the financial year	27,582	7,064	998	47,693	83,337
Additions	2,744	188	-	61	2,993
Write-offs	-	-	-	(301)	(301)
At end of the financial year	30,326	7,252	998	47,453	86,029
Less: Accumulated depreciation					
At beginning of the financial year	20,973	6,590	780	43,616	71,959
Charge for the financial year	736	180	80	1,082	2,078
Write-offs	-	-	-	(301)	(301)
At end of the financial year	21,709	6,770	860	44,397	73,736
Net book value					
At end of the financial year	8,617	482	138	3,056	12,293
The Group					
31.12.2024					
Cost					
At beginning of the financial year	25,560	6,896	1,575	46,260	80,291
Additions	2,022	168	-	1,886	4,076
Disposals	-	-	(577)	(344)	(921)
Write-offs	-	-	-	(109)	(109)
At end of the financial year	27,582	7,064	998	47,693	83,337
Less: Accumulated depreciation					
At beginning of the financial year	20,598	6,418	1,152	42,186	70,354
Charge for the financial year	375	172	112	1,659	2,318
Disposals	-	-	(484)	(229)	(713)
Write-offs	-	-	-	-	-
At end of the financial year	20,973	6,590	780	43,616	71,959
Net book value					
At end of the financial year	6,609	474	218	4,077	11,378

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****15 Property and equipment (continued)**

The Bank 31.12.2025	Renovations RM'000	Office equipment & furniture RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
Cost					
At beginning of the financial year	27,584	7,047	998	47,642	83,271
Additions	2,744	188	-	61	2,993
Write-offs	-	-	-	(301)	(301)
At end of the financial year	30,328	7,235	998	47,402	85,963
Less: Accumulated depreciation					
At beginning of the financial year	20,973	6,573	777	43,573	71,896
Charge for the financial year	736	178	80	1,081	2,075
Write-offs	-	-	-	(301)	(301)
At end of the financial year	21,709	6,751	857	44,353	73,670
Net book value					
At end of the financial year	8,619	484	141	3,049	12,293
The Bank 31.12.2024					
Cost					
At beginning of the financial year	25,562	6,879	1,346	46,210	79,997
Additions	2,022	168	-	1,885	4,075
Disposals	-	-	(348)	(344)	(692)
Write-offs	-	-	-	(109)	(109)
At end of the financial year	27,584	7,047	998	47,642	83,271
Less: Accumulated depreciation					
At beginning of the financial year	20,598	6,401	923	42,143	70,065
Charge for the financial year	375	172	109	1,659	2,315
Disposals	-	-	(255)	(229)	(484)
At end of the financial year	20,973	6,573	777	43,573	71,896
Net book value					
At end of the financial year	6,611	474	221	4,069	11,375

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

16 Intangible assets

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Goodwill on consolidation (a)	253,341	253,341	253,341	253,341
Intangible assets (b):				
- Merchant bank licence	52,500	52,500	52,500	52,500
- Computer software licence	1,890	2,351	1,890	2,351
	<u>307,731</u>	<u>308,192</u>	<u>307,731</u>	<u>308,192</u>

(a) Goodwill on consolidation

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
At the beginning of the financial year	280,609	280,609
Less: Accumulated impairment losses	(27,268)	(27,268)
At the end of the financial year	<u>253,341</u>	<u>253,341</u>

The carrying amounts of goodwill (after impairment allowances) allocated to the respective CGUs are as follows:

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
CGU		
Investment Banking ("IB")	17	17
Treasury & Markets ("T&M")	90,261	90,261
Stockbroking ("SB")	163,063	163,063
	<u>253,341</u>	<u>253,341</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

16 Intangible assets (continued)

(a) Goodwill on consolidation (continued)

(i) Goodwill impairment assessment

Goodwill is tested for impairment annually or more frequently if events, or changes in circumstances indicate that it might be impaired. The recoverable amount of the CGUs are determined based on value-in-use (“VIU”) calculations using the cash flow projections based on financial budgets or forecasts covering a five-year (2024: five-year) period, revised to account for economic conditions. Cash flows beyond the fifth-year period are assumed to grow at 4.3% (2024: 5.20%) on a perpetual basis for all CGUs which is based on the forecast Gross Domestic Product (“GDP”) growth rate of Malaysia.

In view of the uncertainty in the economic outlook, the VIU estimated during the financial years ended 31 December 2025 and 31 December 2024 was based on the discounted cash flow (“DCF”) method with multiple cash flow projections taking into consideration the assumed probability of different future events and/or scenarios. Two scenarios (2024: Four scenarios) have been adopted to represent the possible outcomes, where probability weightage are assigned to these scenarios. The Directors are in the opinion that the probability weightage provides a reasonable assessment of the likelihood of the scenarios. The discount rates used are pre-tax and reflects specific risk relating to the relevant CGUs.

The terminal growth rates and discount rates used for value in use calculation are as follows:

	Discount rate		Terminal Growth rate	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	%	%	%	%
Investment Banking	7.74	8.01	4.30	5.20
Treasury & Markets	7.78	8.02	4.30	5.20
Stockbroking	7.48	7.67	4.30	5.20

In the opinion of the Directors, there is no reasonable possible change in any of the key assumptions (including those used on preparing cash flow projection) would cause the carrying value of the CGU to exceed its recoverable amount. Accordingly, no impairment on the carrying amount of goodwill and other intangible assets (merchant bank license) has been recognised during the current and preceding financial years.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****16 Intangible assets (continued)****(b) Intangible assets**

The Group	Merchant bank licence RM'000	Computer software RM'000	Total RM'000
31.12.2025			
Cost			
At beginning of the financial year	52,500	22,850	75,350
Additions	-	268	268
At end of the financial year	52,500	23,118	75,618
Accumulated amortisation			
At beginning of the financial year	-	20,499	20,499
Amortised during the financial year	-	729	729
At end of the financial year	-	21,228	21,228
Net carrying value			
At end of the financial year	52,500	1,890	54,390
	Merchant bank licence RM'000	Computer software RM'000	Total RM'000
The Group			
31.12.2024			
Cost			
At beginning of the financial year	52,500	21,239	73,739
Additions	-	1,750	1,750
Write-offs	-	(139)	(139)
At end of the financial year	52,500	22,850	75,350
Accumulated amortisation			
At beginning of the financial year	-	19,759	19,759
Amortised during the financial year	-	740	740
At end of the financial year	-	20,499	20,499
Net carrying value			
At end of the financial year	52,500	2,351	54,851

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****16 Intangible assets (continued)****(b) Intangible assets (continued)**

The Bank 31.12.2025	Merchant bank licence RM'000	Computer software RM'000	Total RM'000
Cost			
At beginning of the financial year	52,500	22,594	75,094
Additions	-	268	268
At end of the financial year	52,500	22,862	75,362
Accumulated amortisation			
At beginning of the financial year	-	20,243	20,243
Amortised during the financial year	-	729	729
At end of the financial year	-	20,972	20,972
Net carrying value			
At end of the financial year	52,500	1,890	54,390
The Bank 31.12.2024	Merchant bank licence RM'000	Computer software RM'000	Total RM'000
Cost			
At beginning of the financial year	52,500	20,983	73,483
Additions	-	1,750	1,750
Write-off	-	(139)	(139)
At end of the financial year	52,500	22,594	75,094
Accumulated amortisation			
At beginning of the financial year	-	19,539	19,539
Amortised during the financial year	-	704	704
At end of the financial year	-	20,243	20,243
Net carrying value			
At end of the financial year	52,500	2,351	54,851

The merchant bank license is allocated to the CGU. The amount allocated to the Investment Banking, Treasury & Markets and Stockbroking CGUs are RM2,206,000, RM38,865,000 and RM11,429,000 respectively based on the relative net assets at at 1 October 2022 (i.e. upon the reorganisation of the Group's reporting structure). It is assessed for impairment on an annual basis together with the goodwill impairment testing. Refer to Note 16 (a) for the sensitivity analysis performed on the key assumptions of the value-in-use.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

17 Right-of-use-assets

The Group and the Bank	Properties	Equipment	Total
31.12.2025	RM'000	RM'000	RM'000
Cost			
At beginning of the financial year	28,499	1,421	29,920
Additions	1,396	-	1,396
At end of the financial year	<u>29,895</u>	<u>1,421</u>	<u>31,316</u>
Less: Accumulated depreciation			
At beginning of the financial year	16,273	672	16,945
Charge for the financial year	8,981	284	9,265
At end of the financial year	<u>25,254</u>	<u>956</u>	<u>26,210</u>
Net book value at end of the financial year	<u>4,641</u>	<u>465</u>	<u>5,106</u>
	Properties	Equipment	Total
	RM'000	RM'000	RM'000
The Group and the Bank			
31.12.2024			
Cost			
At beginning of the financial year	24,339	1,421	25,760
Additions	7,101	-	7,101
End of lease term	(2,941)	-	(2,941)
At end of the financial year	<u>28,499</u>	<u>1,421</u>	<u>29,920</u>
Less: Accumulated depreciation			
At beginning of the financial year	10,070	388	10,458
Charge for the financial year	9,144	284	9,428
End of lease term	(2,941)	-	(2,941)
At end of the financial year	<u>16,273</u>	<u>672</u>	<u>16,945</u>
Net book value at end of the financial year	<u>12,226</u>	<u>749</u>	<u>12,975</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

18 Deposits from customers

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
(i) By type of deposit		
Fixed deposits	4,056,535	3,856,414
Other deposits	25,717	34,163
	<u>4,082,252</u>	<u>3,890,577</u>
(ii) By maturity structure		
Due within six months	2,013,157	3,490,326
Six months to one year	2,069,095	400,251
	<u>4,082,252</u>	<u>3,890,577</u>
(iii) By type of customer		
Domestic non-banking financial institutions	2,881,549	2,702,904
Business enterprises	1,148,452	1,061,570
Government and statutory bodies	32,901	32,487
Foreign entities	8,299	83,776
Other entities	11,051	9,840
	<u>4,082,252</u>	<u>3,890,577</u>

19 Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Licensed banks	2,518,336	2,192,935
Licensed investment banks	450,439	150,012
	<u>2,968,775</u>	<u>2,342,947</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

20 Senior debt securities

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Commercial Paper	-	4,957
	<u>-</u>	<u>4,957</u>

The Commercial Paper (CP) of RM5.0 million issued for a tenure of 6 months from 27 September 2024, at a discount rate of 3.70% has matured on 27 March 2025.

An analysis of changes in liabilities arising from financing activities is as follows:

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
At beginning of the financial year	4,957	-
Issuance during the financial year	-	4,908
Accrued interest	43	49
Redemption during the financial year	(5,000)	-
At the end of the financial year	<u>-</u>	<u>4,957</u>

21 Amount due to clients and brokers

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Amount due to clients	196,335	191,016
Amount due to brokers	196,609	179,246
Amount due to Bursa Securities Clearing Sdn. Bhd.	264,171	-
	<u>657,115</u>	<u>370,262</u>

Amount due to clients and brokers include amount payable under outstanding contracts from the stock and share broking activities. The credit terms of amounts due to clients and brokers range from 1 to 30 days (2024: 1 to 30 days).

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

22 Derivative financial liabilities

	The Group and the Bank			
	31.12.2025		31.12.2024	
	Principal amount RM'000	Liabilities RM'000	Principal amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange related contracts				
- Currency forwards	289,683	9,079	153,831	5,963
- Currency swaps	869,825	5,218	895,268	17,201
- Cross currency interest rate swaps	35,324	549	50,866	986
	<u>1,194,832</u>	<u>14,846</u>	<u>1,099,965</u>	<u>24,150</u>
Interest rate related contracts				
- Interest rate swaps	2,790,000	17,807	1,746,000	9,712
Equity related contracts				
-Structured warrants	116,128	15,261	94,098	17,197
	<u>4,100,960</u>	<u>47,914</u>	<u>2,940,063</u>	<u>51,059</u>

23 Lease Liabilities

	The Group and the Bank	
	31.12.2025 RM'000	31.12.2024 RM'000
At beginning of the financial year	12,943	17,212
Additions	1,396	4,907
Interest expense	315	574
Lease payment	<u>(9,922)</u>	<u>(9,750)</u>
At end of the financial year	<u>4,732</u>	<u>12,943</u>

The Group and the Bank have not included potential future rental payments after the exercise date of extension options because the Group and the Bank are not reasonably certain on the extension of the leases beyond the date.

Potential future rental payments relating to periods following the exercise date of extension options are summarised below:-

	The Group and the Bank	
	31.12.2025 RM'000	31.12.2024 RM'000
Lease liabilities recognised (discounted)	4,732	12,943
Potential future lease payments not included in lease liabilities (undiscounted):		
Payable in 2026 to 2030	<u>23,516</u>	<u>23,562</u>
	<u>28,248</u>	<u>36,505</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

24 Other liabilities

	The Group		The Bank	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Commissioned dealer's representatives balances	60,789	62,890	60,789	62,890
Amounts payable to commissioned and salaried dealer's representatives	38,665	54,515	38,665	54,515
Accrued employee benefit	29,512	43,522	29,308	43,337
Cash collaterals pledged for securities lending transactions	126,957	202,696	126,957	202,696
Other creditors and accruals	67,231	61,026	63,130	54,108
Cash collaterals pledged for derivatives transactions	1,059	5,165	1,059	5,165
	<u>324,213</u>	<u>429,814</u>	<u>319,908</u>	<u>422,711</u>
Add: Expected credit loss - loan commitments and financial guarantees (a)	873	50	873	50
	<u>325,086</u>	<u>429,864</u>	<u>320,781</u>	<u>422,761</u>

(a) Movement in expected credit losses ("ECL")

The Group and the Bank	12-month ECL Stage 1 RM'000	Lifetime ECL	Lifetime ECL	Total RM'000
		Not Credit Impaired Stage 2 RM'000	Credit Impaired Stage 3 RM'000	
At beginning of the financial year	50	-	-	50
New loan commitments/financial guarantees issued	42	-	-	42
Changes due to change in credit risk	781	-	-	781
At end of the financial year	<u>873</u>	<u>-</u>	<u>-</u>	<u>873</u>

The Group and the Bank	12-month ECL Stage 1 RM'000	Lifetime	Lifetime	Total RM'000
		ECL Not Credit Impaired Stage 2 RM'000	ECL Credit Impaired Stage 3 RM'000	
At beginning of the financial year	1	301	17,761	18,063
New loan commitments/financial guarantees issued	70	-	-	70
Changes due to change in credit risk	(21)	(301)	(17,761)	(18,083)
At end of the financial year	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

25 Share capital

	Number of ordinary shares		The Group and the Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	'000	'000	RM'000	RM'000
Issued and fully paid				
At beginning and end of the financial year	<u>780,000</u>	<u>780,000</u>	<u>999,800</u>	<u>999,800</u>

26 Reserves

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
FVOCI revaluation reserves (a)	(3,363)	(22,419)	(3,363)	(22,419)
Regulatory reserves (b)	55,087	45,111	55,087	45,111
Retained profits (c)	<u>431,370</u>	<u>442,935</u>	<u>432,066</u>	<u>442,822</u>
	<u>483,094</u>	<u>465,627</u>	<u>483,790</u>	<u>465,514</u>

(a) The FVOCI revaluation reserves, net of deferred tax represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit loss allowance for financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.

(b) Pursuant to BNM Financial Reporting policy dated 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.

(c) As at 31 December 2025, the Bank has sufficient tax exempt account balances to pay tax exempt dividends of RM7,835,523 (2024: RM7,809,808) under Section 12 of the Income Tax (Amendment) Act 1999 and Para 28, Schedule 6 of the Income Tax, subject to agreement by the Inland Revenue Board.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

27 Interest income

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Loans and advances	135,663	144,994	135,663	144,994
Money at call and deposit placements with financial institutions	39,538	28,322	39,478	28,278
Financial investments at FVOCI	132,899	144,146	132,899	144,146
Financial investments at amortised cost	48,262	48,467	48,262	48,467
Interest income on Securities Borrowing Collateral	2,721	1,949	2,721	1,949
Interest Income from Discretionary Financing	5,458	3,331	5,458	3,331
Others	497	898	497	898
	<u>365,038</u>	<u>372,107</u>	<u>364,978</u>	<u>372,063</u>
of which:				
Interest income earned on impaired loans and advances	301	12,838	301	12,838

28 Interest expense

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	235,851	222,461	235,851	222,461
Deposits and placements of banks and other financial institutions	34,093	34,755	34,093	34,755
Obligations on securities sold under repurchase agreements	3,401	11,781	3,401	11,781
Lease liabilities	315	574	315	574
Senior debt securities	43	49	43	49
Interest Expense on Securities Lending Collateral	7,958	11,185	7,958	11,185
Others	383	773	383	773
	<u>282,044</u>	<u>281,578</u>	<u>282,044</u>	<u>281,578</u>

29 Fee and commission income

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
a) Fee and commission income				
Gross Brokerage Income	99,590	114,362	99,590	114,362
Corporate advisory fees	7,260	12,953	7,260	12,953
Loan related fees *	21,791	20,202	21,791	20,202
Underwriting commissions	6,339	2,137	6,339	2,137
Arrangement fees	1,505	3,226	1,505	3,226
Placement fees	5,378	3,948	5,378	3,948
Discretionary financing fee income	5,494	2,838	5,494	2,838
Securities borrowing and lending transaction income	12,521	14,442	12,415	14,310
Others	5,460	4,070	4,513	2,654
	<u>165,338</u>	<u>178,178</u>	<u>164,285</u>	<u>176,630</u>
b) Fee and commission expenses				
Brokerage expenses	(22,993)	(30,038)	(22,993)	(30,038)
Securities borrowing and lending transaction expenses	(8,124)	(8,787)	(8,124)	(8,787)
Net fee and commission income	<u>134,221</u>	<u>139,353</u>	<u>133,168</u>	<u>137,805</u>

* It mainly comprises guarantee fees, loan agency fees and rollover fees

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

30 Net gains and losses on financial instruments

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Gains arising on financial assets at FVTPL:				
- net gains on disposal	33,279	47,587	33,279	47,587
- unrealised (loss)/gain	(10,419)	8,770	(10,420)	8,768
- gross dividend income	1,288	2,350	1,288	2,350
- interest income	25,127	26,042	25,080	26,002
Gains/(losses) on derivatives instruments:				
- realised gains	21,077	81,499	21,077	81,499
- unrealised losses	(9,318)	(64,441)	(9,318)	(64,441)
- interest income	5,256	10,163	5,256	10,163
- interest expense	(5,522)	(8,400)	(5,522)	(8,400)
Gains arising on financial investments at FVOCI:				
- net gain/(loss) on disposal	44,227	(268)	44,227	(268)
- gross dividend income	150	150	150	150
Gains arising on financial assets at amortised cost:				
- net gains on disposal	-	1,756	-	1,756
	<u>105,145</u>	<u>105,208</u>	<u>105,097</u>	<u>105,166</u>

31 Other operating income/(loss)

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange gains	70,895	33,196	70,895	33,197
Unrealised foreign exchange losses	(66,833)	(59,730)	(66,833)	(59,730)
Gain on disposal of property and equipment	-	30	-	(40)
Others	(497)	357	(520)	336
	<u>3,565</u>	<u>(26,147)</u>	<u>3,542</u>	<u>(26,237)</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****32 Other operating expenses**

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	81,879	95,032	80,457	93,932
Defined contribution plan	12,649	15,481	12,398	15,287
Other personnel costs	7,376	16,122	7,304	16,000
	<u>101,904</u>	<u>126,635</u>	<u>100,159</u>	<u>125,219</u>
Establishment cost				
Rental of premises and equipment	1,926	2,440	1,926	2,440
Repair and maintenance	5,574	5,990	5,574	5,956
Amortisation of intangible assets	729	740	729	704
Depreciation of property and equipment	2,078	2,318	2,075	2,315
Depreciation – ROU	9,265	9,428	9,265	9,428
Electricity, water and sewerage	1,026	1,214	1,026	1,214
Insurance and indemnities	16	518	16	518
Others	11	1	11	2
	<u>20,625</u>	<u>22,649</u>	<u>20,622</u>	<u>22,577</u>
Marketing expenses				
Business promotion and advertisement	1,137	1,133	1,137	1,133
Entertainment	943	617	943	617
Travelling and accommodation	1,228	1,072	1,227	1,072
Others	600	551	504	503
	<u>3,908</u>	<u>3,373</u>	<u>3,811</u>	<u>3,325</u>
Administration and general expenses				
Directors' remuneration (Note 34)	2,455	2,438	2,455	2,438
Subscription fees	13,936	11,571	13,911	11,549
Telecommunication expenses	9,991	9,814	10,012	9,814
Professional fees	4,701	3,132	4,622	3,075
Auditors' remuneration	796	799	723	729
Intangible assets written off	-	139	-	139
Property and equipment written off	-	109	-	109
Management fees	63,644	22,070	63,644	22,070
Others	-	6,407	-	6,438
	<u>95,523</u>	<u>56,479</u>	<u>95,367</u>	<u>56,361</u>
Total other operating expenses	<u>221,960</u>	<u>209,136</u>	<u>219,959</u>	<u>207,482</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

32 Other operating expenses (continued)

The expenditure includes the following statutory disclosure:

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 34)	2,455	2,438	2,455	2,438
Auditors' remuneration:				
(i) Statutory audit fees	616	598	583	567
(ii) Regulatory related fees	63	61	63	61
(iii) Tax fees	87	85	47	46
(iv) Non-audit fees	<u>30</u>	<u>55</u>	<u>30</u>	<u>55</u>

33 (Allowance for)/write-back of credit impairment losses on financial assets

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (made)/written-back on:				
- loans and advances	727	16,284	727	16,284
- amount due from clients and brokers	(47)	(4)	(47)	(4)
- financial investments	(190)	20,979	(190)	20,979
- other assets	110	(2,575)	93	(2,646)
- loan commitments and financial guarantees	(823)	18,013	(823)	18,013
Bad debts recovered	1,525	2,240	1,524	2,240
Bad debts written off	<u>(2,089)</u>	<u>(2,852)</u>	<u>(2,089)</u>	<u>(2,852)</u>
	<u>(787)</u>	<u>52,085</u>	<u>(805)</u>	<u>52,014</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

34 Chief Executive Officer and Directors' remuneration

The Chief Executive Officer and Directors of the Bank who have held office during the financial year are as follows:

Chief Executive Officer

En Hanif bin Ghulam Mohammed

En Nurjesmi Mohd Nashir (*Resigned w.e.f 25 June 2025*)

Executive Director

Datuk Wan Razly Abdullah bin Wan Ali

Nominee Director representing Affin Bank Berhad ("ABB")

Completion of Directorship Tenure w.e.f 2 April 2024

Non-Executive Directors

Tunku Afwida binti Tunku A.Malek

Chairman/Independent Non-Executive Director (completion of the approved three (3)-year tenure of directorship w.e.f 9 May 2025)

Encik Hasli bin Hashim

Chairman/Independent Non-Executive Director (appointed/redesignated as Chairman w.e.f 23 October 2025)

Mr Eugene Hon Kah Weng

Dato' Abdul Wahab bin Abu Bakar

Ms Tracy Ong Guat Kee

Ms Kong Yuen Ling

Datuk Jamaludin bin Nasir

Independent Non-Executive Director (appointed w.e.f 15 April 2025)

The aggregate amount of remuneration for all Directors during the financial year are as follows:

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Chief Executive Officer				
Fixed and non-deferred remuneration				
- Salary and other emoluments	1,702	2,099	1,702	2,099
Variable and non-deferred remuneration				
- Bonus	1,443	649	1,443	649
- Benefits-in-kind	39	70	39	70
	<u>3,184</u>	<u>2,818</u>	<u>3,184</u>	<u>2,818</u>
* Executive Director				
Fixed and non-deferred remuneration				
- Fees	-	37	-	37
- Other emoluments	-	13	-	13
	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
Non-Executive Directors				
Fixed and non-deferred remuneration				
- Fees	1,466	1,440	1,466	1,440
- Other emoluments	850	792	850	792
- Benefits-in-kind	106	108	106	108
Variable and non-deferred remuneration				
- Benefits-in-kind	33	48	33	48
Directors' remuneration	<u>2,455</u>	<u>2,388</u>	<u>2,455</u>	<u>2,388</u>
	<u>5,639</u>	<u>5,256</u>	<u>5,639</u>	<u>5,256</u>
Total Directors' remuneration	<u>5,639</u>	<u>5,256</u>	<u>5,639</u>	<u>5,256</u>

* All fees are paid to Affin Bank Berhad.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

During the financial year, the Directors and Officers of the Group and the Bank were covered under the Directors & Officers Liability Insurance Policy ("D&O Insurance") as well as the Comprehensive Crime and Professional Indemnity Insurance Policy ("CCPI Insurance") which forms part of Affin Bank Berhad's Bankers Blanket Bond (BBB) Policy. BBB is an insurance coverage designed for financial institutions. Both D&O Insurance and CCPI Insurance policies were subscribed to and borne by the Bank's holding company, Affin Bank Berhad, for the coverage period from 19 April 2025 to 18 April 2026.

There were no professional fees paid to Directors or any firms, of which the Directors are members, for services rendered and no amount was paid to or receivable by any third party for services provided by Directors.

The Executive Director of the Bank, Datuk Wan Razly Abdullah bin Wan Ali is no longer serve as the Executive Director of the Bank in which Datuk Wan Razly Abdullah bin Wan Ali has completed his directorship with effect from 2 April 2024. However, Datuk Wan Razly Abdullah bin Wan Ali still be the representing Director of the Bank from Affin Bank Berhad.

Details of remuneration of the Group are as follows:

The Group
31.12.2025

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Directors'		Other	Benefits-	Benefits-		Total
	Salaries	Fees	emoluments ¹	in-kind	Bonuses	in-kind	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Chief Executive Officer							
En Hanif bin Ghulam Mohammed	306	-	148	-	-	15	469
En Nurjesmi Mohd Nashir	711	-	537	-	1,443	24	2,715
	1,017	-	685	-	1,443	39	3,184
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	82	40	38	-	7	167
Mr Eugene Hon Kah Weng	-	230	125	-	-	1	356
Encik Hasli bin Hashim	-	261	145	68	-	13	487
Dato' Abdul Wahab bin Abu Bakar	-	250	130	-	-	7	387
Ms Tracy Ong Guat Kee	-	265	195	-	-	1	461
Ms Kong Yuen Ling ²	-	215	98	-	-	2	315
Datuk Jamaludin bin Nasir	-	163	117	-	-	2	282
Total	-	1,466	850	106	-	33	2,455
Grand Total	1,017	1,466	1,535	106	1,443	72	5,639

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

2) Director fees amounting to RM312,450 are paid to BEA.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

Details of remuneration of the Group are as follows: (continued)

The Group
31.12.2024

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries RM'000	Directors' Fees RM'000	Other emoluments ¹ RM'000	Benefits-in-kind RM'000	Bonuses RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer En Nurjesmi Mohd Nashir	1,386	-	713	-	649	70	2,818
	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries RM'000	Directors' Fees RM'000	Other emoluments ¹ RM'000	Benefits-in-kind RM'000	Bonuses RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director ² Datuk Wan Razly Abdullah bin Wan Ali	-	37	13	-	-	-	50
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	230	80	108	-	35	453
Mr Eugene Hon Kah Weng	-	230	120	-	-	2	352
Encik Hasli bin Hashim	-	250	180	-	-	1	431
Dato' Abdul Wahab bin Abu Bakar	-	250	130	-	-	7	387
Ms Tracy Ong Guat Kee	-	265	182	-	-	2	449
Ms Kong Yuen Ling ³	-	215	100	-	-	1	316
Allayarham Dato' Mohd Ali bin Mohd Tahir	-	-	-	-	-	-	-
Total	-	1,440	792	108	-	48	2,388
Grand Total	1,386	1,477	1,518	108	649	118	5,256

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

2) Director fees amounting to RM50,000 are paid to ABB.

3) Director fees amounting to RM314,950 are paid to BEA.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

Details of remuneration of the Bank are as follows:

The Bank
31.12.2025

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries	Directors' Fees	Other emoluments ¹	Benefits-in-kind	Benefits-		Total
					Bonuses	in-kind	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Chief Executive Officer							
En Hanif bin Ghulam Mohammed	306	-	148	-	15	469	
En Nurjesmi Mohd Nashir	711	-	537	-	1,443	2,715	
	1,017	-	685	-	1,443	3,184	
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	82	40	38	-	167	
Mr Eugene Hon Kah Weng	-	230	125	-	-	356	
Encik Hasli bin Hashim	-	261	145	68	-	487	
Dato' Abdul Wahab bin Abu Bakar	-	250	130	-	-	387	
Ms Tracy Ong Guat Kee	-	265	195	-	-	461	
Ms Kong Yuen Ling ²	-	215	98	-	-	315	
Datuk Jamaludin bin Nasir	-	163	117	-	-	282	
Total	-	1,466	850	106	-	2,455	
Grand Total	1,017	1,466	1,535	106	1,443	5,639	

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

2) Director fees amounting to RM312,450 are paid to BEA.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

34 Chief Executive Officer and Directors' remuneration (continued)

Details of remuneration of the Bank are as follows: (continued)

The Bank
31.12.2024

	Fixed and non-deferred remuneration				Variable and non-deferred remuneration		
	Salaries RM'000	Directors' Fees RM'000	Other emoluments ¹ RM'000	Benefits-in-kind RM'000	Bonuses RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer En Nurjesmi Mohd Nashir	1,386	-	713	-	649	70	2,818
Executive Director ² Datuk Wan Razly Abdullah bin Wan Ali	-	37	13	-	-	-	50
Non-Executive Directors							
Tunku Afwida binti Tunku A.Malek	-	230	80	108	-	35	453
Mr Eugene Hon Kah Weng	-	230	120	-	-	2	352
Encik Hasli bin Hashim	-	250	180	-	-	1	431
Dato' Abdul Wahab bin Abu Bakar	-	250	130	-	-	7	387
Ms Tracy Ong Guat Kee	-	265	182	-	-	2	449
Ms Kong Yuen Ling ³	-	215	100	-	-	1	316
Allayarham Dato' Mohd Ali bin Mohd Tahir	-	-	-	-	-	-	-
Total	-	1,440	792	108	-	48	2,388
Grand Total	1,386	1,477	1,518	108	649	118	5,256

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

2) Director fees amounting to RM50,000 are paid to ABB.

3) Director fees amounting to RM314,950 are paid to BEA.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

35 Significant related party transactions and balances

The identified related parties and their relationship with the Group and the Bank are as follows:

Related parties	Relationship
State Financial Secretary, Sarawak ("SFS")	Substantial shareholder, which is an Investment Corporation of the State Government of Sarawak
Lembaga Tabung Angkatan Tentera ("LTAT")	Substantial shareholder, which is a Government-Linked Investment Company ("GLIC") of the Government of Malaysia
Bank of East Asia ("BEA")	Substantial shareholder
AFFIN Bank Berhad ("ABB")	Holding company
Subsidiaries and associate of LTAT	Subsidiaries and associated companies of the substantial shareholder
Subsidiaries and associate of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the holding company
Subsidiaries and associate of the Bank as disclosed in Note 12 & Note 13	Subsidiaries and associated companies of the Bank
Key management personnel	The key management personnel of the Group and the Bank consists of: - Directors; - Members of senior management team and material risk takers.
Related parties of key management personnel (deemed as related to the Bank)	Close family members and dependents of key management personnel Entities that are controlled or jointly controlled by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. All the Directors and Chief Executive Officer are part of the Group and of the Bank key management personnel and the remuneration for the financial year are disclosed in Note 34.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances.

(a) Related parties transactions

	Substantial Shareholder		Holding Company		Other Related Parties *	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
Income						
Interest on deposits & interbank placements	-	-	46,086	39,104	415	226
Interest on financial investments at FVOCI	-	-	-	-	1,452	5,575
Interest on financial investments at AC	-	-	-	-	7,034	-
Interest on loans and advances	-	-	-	-	84	674
Brokerage income	334	384	-	-	-	-
Corporate advisory fees	-	1,500	435	65	403	5,959
Agency fees	-	-	125	69	259	209
Other fee income	58	155	311	587	420	886
Other income	-	-	-	-	-	-
Net gain/(loss) arising from disposal of financial instruments	-	-	6,742	(620)	2,017	(390)
Realised gain/(loss) on foreign exchange for derivatives instruments	-	-	7,897	119,892	2	6
	392	2,039	61,596	159,097	12,086	13,145
Expenses						
Rental of premises	-	-	-	-	1,058	2,381
Interest expense on derivatives	-	-	-	272	-	-
Interest expense on deposits	175	666	50,615	53,987	2,216	3,527
Interest expense on commercial paper	-	-	92	-	-	-
Travel services	-	-	-	-	187	479
Securities borrowing and lending fees	326	776	-	-	-	-
Management fee expense	-	-	63,644	22,070	-	-
MFRS 16 lease rental expenses	-	-	4,640	4,713	-	-
Other expenses	-	-	57	11	144	1,016
	501	1,442	119,048	81,053	3,605	7,403

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of L.T.A.T and ABB.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances. (continued)

(b) Related parties balances

	Substantial Shareholder		Holding Company		Other Related Parties *	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amounts due to						
Deposits from customers	-	12,085	-	-	46,095	76,560
Deposits and placements of banks and other financial institutions	-	-	1,931,144	1,973,661	-	-
Other liabilities	-	-	34,735	27,202	344	174
Deposit from tenants	-	-	-	8	-	-
Lease liabilities	-	-	1,253	5,492	-	-
Derivative financial liabilities	-	-	3,793	12,314	-	-
Senior debt securities	-	-	-	4,957	-	-
	-	12,085	1,970,925	2,023,634	46,439	76,734
Amounts due from						
Cash and short-term funds	-	-	191,912	142,305	-	-
Loans and advances	-	-	-	-	-	6,018
Refundable deposits	-	-	1,904	1,878	600	1,152
Right-of-use assets	-	-	1,213	4,443	-	-
Other assets	-	10,350	-	-	-	-
Financial investments	-	-	-	4,957	86,146	96,494
Derivative Financial Assets	-	-	11,697	4,840	-	-
	-	10,350	206,726	158,423	86,746	103,664
Commitments and contingencies						
Foreign exchange related contracts	-	-	361,353	744,548	-	-
	-	-	361,353	744,548	-	-

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LTAT and ABB.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

35 Significant related party transactions and balances (continued)

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances. (continued)

(c) Related parties transactions

	Substantial Shareholder		Holding Company		Subsidiaries		Other Related Parties *	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income								
Interest on deposits & interbank placements	-	-	46,027	39,061	-	-	415	226
Interest on financial investments at FVOCI	-	-	-	-	-	-	1,452	5,575
Interest on financial investments at AC	-	-	-	-	-	-	7,034	-
Interest on loans and advances	-	-	-	-	-	-	84	674
Brokerage income	334	384	-	-	-	-	-	-
Corporate advisory fees	-	1,500	435	65	-	-	403	5,959
Agency fees	-	-	125	69	-	-	259	209
Other fee income	58	155	311	587	-	2	420	886
Realised gain/(loss) on foreign exchange for derivatives instruments	-	-	7,897	119,892	-	-	2	6
Net gain/(loss) arising from disposal of financial instruments	-	-	6,742	(620)	-	-	2,017	(390)
Other income	-	-	-	-	-	-	-	-
	392	2,039	61,537	159,054	-	2	12,086	13,145
Expenses								
Rental of premises	-	-	-	-	-	-	1,058	2,381
Interest expense on derivatives	-	-	-	272	-	-	-	-
Interest expense on deposits	175	666	50,615	53,987	-	-	2,216	3,527
Interest expense on commercial paper	-	-	92	-	-	-	-	-
Management fee expense	-	776	63,644	22,070	-	-	-	-
SBL fees	-	-	-	-	-	-	-	-
Travel services	-	-	-	-	-	-	187	479
MFRS 16 lease rental expenses	-	-	4,640	4,713	-	-	-	-
Other expenses	-	-	55	10	-	-	144	1,016
	501	1,442	119,046	81,052	-	-	3,605	7,403

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LTAT and ABB.

Notes to the financial statements for the financial year ended 31 December 2025 (continued)**35 Significant related party transactions and balances (continued)**

The Group and the Bank do not have any individual or collective significant transactions outside the ordinary course of business with the Government of Malaysia and government related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the other significant related party transactions and balances. (continued)

(d) Related parties balances

	Substantial Shareholder		Holding Company		Subsidiaries		Other Related Parties *	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amounts due to								
Deposits from customers	-	12,085	-	-	-	-	46,095	76,560
Deposits and placements of banks and other financial institutions	-	-	1,931,144	1,973,661	-	-	-	-
Other liabilities	-	-	34,735	27,202	-	-	344	174
Deposit from tenants	-	-	-	8	-	-	-	-
Lease liabilities	-	-	1,253	5,492	-	-	-	-
Derivative financial liabilities	-	-	3,793	12,314	-	-	-	-
Senior debt securities	-	-	-	4,957	-	-	-	-
	-	12,085	1,970,925	2,023,634	-	-	46,439	76,734
Amounts due from								
Cash and short-term funds	-	-	187,096	134,224	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	6,018
Refundable deposits	-	-	1,904	1,878	-	-	600	1,152
Intercompany balances	-	-	-	-	700	472	-	-
Right-of-use assets	-	-	1,213	4,443	-	-	-	-
Other assets	-	10,350	-	-	-	-	-	-
Financial investments	-	-	-	4,957	-	-	86,146	96,494
Derivative financial assets	-	-	11,697	4,840	-	-	-	-
	-	10,350	201,910	150,342	700	472	86,746	103,664
Commitments and contingencies								
Foreign exchange related contracts	-	-	361,353	744,548	-	-	-	-
	-	-	361,353	744,548	-	-	-	-

* Other Related Parties including key management personnel, related parties of key management personnel, subsidiaries and associate of LAT and ABB.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

35 Significant related party transactions and balances (continued)

(e) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly.

The remuneration of key management personnel of the Group and the Bank are as follows:

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits:				
- Salaries, allowances and commissions	9,178	7,397	9,178	7,397
- Bonuses	5,982	2,859	5,982	2,859
- Defined contribution plan	2,735	1,938	2,735	1,938
- Other employee benefits	1,033	778	1,033	778
- Benefits-in-kind	75	135	75	135
Other emoluments	845	805	845	805
Benefits-in-kind	123	156	123	156
Directors' fees	1,466	1,477	1,466	1,477
	21,437	15,545	21,437	15,545

Included in the table above is the Chief Executive Officer & Non-Executive Directors' remuneration as disclosed in Note 34.

Loans to key management personnel is included in Note 35 (b) and Note 35 (d) loans and advances to other related parties, as disclosed in the table below:

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
At end of the financial year	-	-	-	-

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

36 Taxation

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current financial year	35,346	49,418	35,333	49,395
- Deferred tax (Note 14)	(10,349)	(11,910)	(10,349)	(11,910)
	24,997	37,508	24,984	37,485
(Over) provision in prior financial years	(230)	(553)	(227)	(553)
	24,767	36,955	24,757	36,932

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and the Bank are as follows:

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	%	%	%	%
Statutory tax rate in Malaysia	24.00	24.00	24.00	24.00
Tax effect in respect of:				
- Non-allowable expenses	1.07	2.74	0.86	2.73
- Tun Razak Exchange Marquee status incentive	(0.65)	(1.84)	(0.64)	(1.84)
- Non-taxable income	(0.20)	(0.21)	(0.19)	(0.19)
- (Over) provision in prior financial years	(0.22)	(0.36)	(0.22)	(0.36)
Average effective tax rate	24.00	24.33	23.81	24.34

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****37 Earnings per share (sen)**

The basic earnings per share for the Group and the Bank have been calculated based on the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

The Group	31.12.2025	31.12.2024
Net profit attributable to equity holders (RM'000)	78,411	113,600
Weighted average number of ordinary shares in issue ('000)	780,000	780,000
Basic earnings per share (sen)	<u>10.05</u>	<u>14.56</u>
The Bank	31.12.2025	31.12.2024
Net profit attributable to equity holders (RM'000)	79,220	113,482
Weighted average number of ordinary shares in issue ('000)	780,000	780,000
Basic earnings per share (sen)	<u>10.16</u>	<u>14.55</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2025 and 31 December 2024.

38 Dividends

Dividends recognised as distribution to ordinary equity holders of the Bank.

	The Bank			
	31.12.2025		31.12.2024	
	Dividend per share sen	Dividend amount RM'000	Dividend per share sen	Dividend amount RM'000
Ordinary shares:				
Dividend for the financial year ended 31.12.2025:				
- Interim single-tier cash dividend	10.256	80,000	-	-
Dividend for the financial year ended 31.12.2024:				
- Single-tier special dividend	-	-	9.615	75,000
	<u>10.256</u>	<u>80,000</u>	<u>9.615</u>	<u>75,000</u>

The Directors do not recommend any final dividend for the financial year ended 31 December 2025.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

39 Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The principal amount of commitments and contingencies constitute the following:

	The Group and the Bank	
	31.12.2025	31.12.2024
	Principal amount RM'000	Principal amount RM'000
Transaction related contingent items	64,606	64,606
Obligations under underwriting agreement	8,249	-
Irrevocable commitments to extend credit [^] :		
- less than one year	285,275	176,927
- more than one year	45,885	21,813
Interest rate related contracts*:		
- less than one year	700,000	605,000
- one year to less than five years	2,947,000	3,183,000
Foreign exchange related contracts*:		
- less than one year	1,826,138	2,275,776
- one year to less than five years	75,576	110,334
Equity related contracts*:		
- less than one year	116,128	94,098
Share margin financing	2,314,634	1,815,376
	8,383,491	8,346,930

[^] The comparative balance of the commitment on share margin financing have been reclassified to conform to current year's presentation.

* The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position and disclosed in Notes 8 and 22 respectively to the financial statements.

40 Capital management

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 14 June 2024. The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

In line with the Capital Adequacy Framework (Capital Components) Policy, the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET 1") and Tier 1 Capital Ratio are 7.0% (2024: 7.0%) and 8.5% (2024: 8.5%) respectively for the financial year ended 31 December 2025. The minimum regulatory Total Capital Ratio remains at 10.5% (2024: 10.5%).

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

40 Capital management (continued)

The Group 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.

41 Capital adequacy

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

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Share capital	999,800	999,800	999,800	999,800
Other reserves	55,087	45,111	55,087	45,111
Retained profits	431,370	442,935	432,066	442,822
FVOCI reserve	(3,363)	(22,419)	(3,363)	(22,419)
	<u>1,482,894</u>	<u>1,465,427</u>	<u>1,483,590</u>	<u>1,465,314</u>
Less : Regulatory adjustments				
Goodwill and other intangible assets	(306,995)	(308,192)	(306,995)	(308,192)
Investment in associates/subsidiaries	-	-	(2,166)	(2,166)
Regulatory reserves	(55,087)	(45,111)	(55,087)	(45,111)
Deferred tax assets	(37,596)	(32,110)	(37,596)	(32,110)
	<u>1,083,216</u>	<u>1,080,014</u>	<u>1,081,746</u>	<u>1,077,735</u>
CET 1 Capital				
	<u>1,083,216</u>	<u>1,080,014</u>	<u>1,081,746</u>	<u>1,077,735</u>
Tier 2 Capital				
Qualifying loss provisions #	23,234	20,544	23,212	20,509
Total Tier 2 capital	<u>23,234</u>	<u>20,544</u>	<u>23,212</u>	<u>20,509</u>
Total Capital	<u>1,106,450</u>	<u>1,100,558</u>	<u>1,104,958</u>	<u>1,098,244</u>

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

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

41 Capital adequacy (continued)

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

	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,858,823	1,643,511	1,856,994	1,640,688
Market risk	550,666	832,279	550,666	832,279
Operational risk	473,450	586,099	471,398	463,531
Total Risk Weighted Assets	<u>2,882,939</u>	<u>3,061,889</u>	<u>2,879,058</u>	<u>2,936,498</u>
	The Group		The Bank	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Capital Ratios				
CET 1 Capital ratio	37.573%	35.273%	37.573%	36.701%
Tier 1 Capital ratio	37.573%	35.273%	37.573%	36.701%
Total Capital ratio	38.379%	35.944%	38.379%	37.400%

42 Significant events during the current and preceding financial year

Current Financial Year

Other than as disclosed below, there is no significant event during and subsequent to the financial year ended 31 December 2025.

- (a) ABB had on 20 November 2025 entered into a conditional share purchase agreement ('SPA') with the Shareholders of Pheim Asset Management Sdn Bhd ('Pheim AM') for the Proposed Acquisition of 5,000,000 ordinary shares in Pheim AM ('Pheim AM Shares'), representing the entire equity interest in Pheim AM, for a total purchase consideration of RM50.0 million to be satisfied entirely in cash ('Proposed Acquisition').

Upon completion of the Proposed Acquisition, Pheim AM will become a wholly-owned subsidiary of ABB and the financial results of Pheim AM and its subsidiaries namely Pheim Islamic Asset Management Sdn. Bhd. ('Pheim Islamic AM') and Pheim Unit Trusts Berhad ('Pheim UT') ('Pheim AM Group') will be consolidated into the financial statements of ABB.

The completion of the Proposed Acquisition is subject to the fulfilment of, amongst others:

- (i) the prior approval of Bank Negara Malaysia ('BNM') to be obtained by ABB pursuant to Section 85 of the Financial Services Act 2013 and Paragraph 8.1 of the Policy Document on Equity Investments issued by BNM; and
- (ii) each of Pheim AM, Pheim Islamic AM and Pheim UT obtaining the approval of the Securities Commission Malaysia ('SC') for a change in their respective direct or indirect shareholding resulting in a change of its controller or ultimate controller,

within 6 months from the date of the conditional SPA. The conditional SPA also contains either representations and warranties, undertakings and indemnities that are applicable for transactions of this nature.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

42 Significant events during the current and preceding financial year (continued)

Preceding Financial Year

- (a) On 27 September 2024, Lembaga Tabung Angkatan Tentera ('LTAT'), the substantial shareholder of ABB, together with Boustead Holdings Berhad ('BHB'), a wholly-owned subsidiary of LTAT, had entered into a sale and purchase agreement with SG Assetfin Holdings Sdn Bhd ('SAH'), a wholly-owned special purpose vehicle of the State Financial Secretary, Sarawak ('SFS'). This agreement involves the divestment of 634,725,096 shares, representing a 26.44% equity interest of ABB ('the Divestment').

In November 2024, Sarawak's state government became the largest shareholder of ABB, after acquiring for 6.87% from LTAT, a 20.08% stake from Boustead Holdings Bhd and the Sarawak's state government now owns the largest stake in ABB. Consequently, LTAT's shareholdings in ABB were reduced to 22.01%, from 28.88% as of Sept 27, 2024, while SAH's shareholdings increased to 31.25%, from 4.81%.

Other than the significant change in the immediate holding company's shareholding structure upon completion of the Divestment, there is no financial impact on the Group and on the Bank during the financial year ended 31 December 2024.

43 Long Term Incentive Plan ("LTIP")

Affin Bank Berhad Group's Long-Term Incentive Plan ('LTIP'), introduced on 1 August 2023 through the Share Grant Scheme ('SGS') approved by shareholders at the Annual General Meeting on 25 May 2023, remains in effect during the financial year ended 31 December 2025. The SGS is governed by the SGS By-Laws and administered by the Group Board Nomination & Remuneration Committee.

The SGS is a performance share unit scheme under which vesting is subject to performance conditions. The SGS Committee may grant awards to eligible employees at any time during the scheme's duration, in accordance with the SGS By-Laws. The awards may be settled through the issuance and transfer of new shares or other permitted methods as provided by the SGS By-Laws.

The scheme is designed to reward eligible employees and align their interests with the long-term objectives. Eligibility is determined by the Board of Directors, based on recommendations from the SGS Committee, and excludes dormant subsidiaries. Any grant to Directors, the chief executive, or connected persons requires prior shareholder approval at a general meeting. The SGS does not apply to non-executive directors of any entity within the Group.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

43 Long Term Incentive Plan (“LTIP”) (continued)

The total shares available under the SGS shall not exceed 5% of the ABB’s total number of issued shares (excluding treasury shares, if any) at any time during the scheme’s duration. Details of SGS are set out below.

Award Date	Fair value	Awarded	Vesting Date *
	RM	(Units '000)	
7 August 2023 – First grant	1.806	15,592	30 June 2026
1 July 2024 – Second grant	2.080	11,309	30 June 2027
1 July 2025 – Third grant	2.516	11,852	30 June 2028

* subject to performance conditions

The following table indicates the number and movement of SGS shares during the financial year ended 31 December 2025 and 31 December 2024:

Award Date	As at	Movement during the year		As at
	1 January 2025 (Units '000)	Awarded (Units '000)	Forfeited (Units '000)	31 December 2025 (Units '000)
Affin Hwang Investment Bank (The Group and the Bank)				
7 August 2023 – First grant	3,458	-	(1,145)	2,313
1 July 2024 – Second grant	1,314	-	(592)	722
1 July 2025 – Third grant	-	2,681	(208)	2,473

The fair value of SGS shares awarded was estimated taking into account the terms and conditions upon which the SGS shares were awarded. The fair value of SGS shares measured, closing share price at grant date and the assumptions were as follows:

	Award Date	Award Date	Award Date
	1 July 2025	1 July 2024	7 August 2023
Fair value of SGS Shares (RM)	2.516	2.080	1.806
Closing share price at award date (RM)	2.570	2.490	1.905
Expected volatility (%)	25.56	23.73	22.21
Vesting period (years)	3.00	3.00	2.90
Risk-free rate (%)	3.14	3.54	3.47
Expected dividend yield (%)	2.68	3.44	5.44

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies

As a full-fledged investment bank, the Bank has established robust and comprehensive risk management framework and policies, based on best practices, to ensure that the salient risk elements in the operations of the Bank are adequately managed and mitigated. The Bank's framework for the management of financial risks is congruent with the primary corporate objective of creating and enhancing shareholders' value, guided by a prudent and robust framework of risk management methodologies and policies.

The Bank's risk management framework and policies are reviewed periodically to ensure that they are comprehensive in addressing the multi-faceted risks associated with the investment banking sector.

The Group Risk Management Department ("GRM") is primarily responsible for the development and maintenance of the risk management framework and policies of the Bank and supports the functions of the Asset and Liability Committee ("ALCO"), Senior Management Committee - Governance, Risk and Compliance ("SMC-GRC"), Board Risk Management Committee ("BRMC"), as well as Group committees of the Affin Banking Group.

A. Credit risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Bank. The Bank's exposure to credit risks arises primarily from stockbroking amount due from clients and brokers, share margin financing, securities borrowing and lending, corporate/inter-bank lending activities, bond/sukuk investments, foreign exchange trading, equity and debt underwriting as well as from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with internal and regulatory requirements. The risk management policies are subject to review by BRMC, a sub-committee of the Board that reviews the adequacy of the Bank's risk policies and framework. The Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises of Group Management Credit Committee ("GMCC") and Group Board Credit Review and Recovery Committee ("GBCRRC"). The GMCC represents the approving authority for credit and underwriting proposals, whilst GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as considers whether to veto the approval by GMCC on the proposal or modify the terms of the proposal.

The Bank recognises that learning is a continuous journey and is committed to enhancing the knowledge and skills set of its staff. It places strong emphasis on creating and enhancing risk awareness in the organisation.

The Bank is supportive of credit officers in taking the relevant credit-related certification programme such as the Chartered Banker Program offered by the Asian Institute of Chartered Bankers ("AICB"). Upon attaining the relevant certification, credit officers are expected to demonstrate a sound understanding of the credit process and competence to undertake credit roles and responsibilities.

Credit risk evaluation

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Bank's underwriting criteria and the ability of the Bank to make a return commensurate to the level of risk undertaken. A critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision making process. The Bank has developed internal rating models to support the assessment and quantification of credit risk.

A number of qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow strength and management strength.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk evaluation (continued)

All corporate lending, underwritings and corporate debt securities investments are independently evaluated by the Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

Credit risk limit control and mitigation policies

The Bank employs various policies and practices to control and mitigate credit risk.

Lending limits

The Bank establishes internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single counterparty exposure, connected parties, and industry segments. These risks are monitored regularly and the limits are reviewed annually or sooner depending on the changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure arising from market movements, and loan books are managed on an aggregated basis as part of the overall lending limits with customers.

Collateral

Credits are established against customer's capacity to pay rather than to rely solely on collateral. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and ascribed value by the Group and the Bank are:

- Mortgages over residential real estate;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business properties, equipment and fixed deposits;
- Charges over financial instruments such as marketable securities; and
- Debentures, personal guarantees and corporate guarantees.

Where relevant, the Group and the Bank undertake a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically.

Term loan lending to corporate entities are generally secured, revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group's and the Bank policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk limit control and mitigation policies (continued)

Collateral (continued)

The Bank closely monitors collateral held for financial assets that are credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	Gross loans and advances RM'000	Expected credit losses RM'000	Net loans and advances RM'000	Fair value of collateral held RM'000
The Group and the Bank 31.12.2025				
Loans and advances:				
Term loans	-	-	-	-
Total credit-impaired assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The Group and the Bank 31.12.2024				
Loans and advances:				
Term loans	25,118	(23,026)	2,092	12,084
Total credit-impaired assets	<u>25,118</u>	<u>(23,026)</u>	<u>2,092</u>	<u>12,084</u>

The financial effect of collateral held for loans and advances is 92.90% as at 31 December 2025 (2024: 89.54%). The financial effects of collateral for the other financial assets are insignificant.

Collateral for financial assets at fair value through profit or loss ("FVTPL")

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
Derivatives	<u>1,059</u>	<u>5,165</u>

The Bank mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. Unutilised credits give rise to potential or contingent credit losses to the Bank in an amount equal to the total unutilised commitments. The Bank manages and mitigates the amount of potential and contingent losses arising from unutilised credit lines by imposing minimum specific credit standards on counterparties.

The Group and the Bank monitors the term to maturity of credit commitments as longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Credit Risk Measurement

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially with the deterioration of credit risk. For example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically takes into consideration a number of relevant factors when identifying and analysing of counterparty credit risk. These factors determines the credit rating under the Credit Risk Grading Policy, which considers factors such as competitive position, operating performance, cash flow strength and management strength. The Bank leverages on its holding company, Affin Bank Berhad's models for loans and advances and bonds.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ("PDs") and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on quantitative modelling, the remaining lifetime probability of default is determined to have increased by more than a predetermined percentage/range.

Using expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Bank considers that a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days past due. Days past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment due has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Determining whether credit risk has increased significantly (continued)

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Measurement of expected credit losses (“ECL”)

The Bank uses the following three categories for recognising ECL:

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	<ul style="list-style-type: none"> • Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; • Performing accounts with credit grade 13 or better; • Accounts past due for less than or equal to 30 days; or • For early control accounts that have risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to underperforming status (Stage 2) or worse. • Generally, for Share Margin Financing (SMF) with Collateral Coverage Ratio of more than or equal to 130%, and Initial Public Offering (IPO) is more than or equal to 111%. 	12-month ECL
Underperforming accounts (Stage 2)	<ul style="list-style-type: none"> • An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; • Accounts past due for more than 30 days but less than 90 days or 3 months • Accounts demonstrating critical level of risk and therefore, assigned credit graded to 14 and placed under Watchlist or; • Restructuring and rescheduling (“R&R”) with significant increase in credit risk. • Generally, for SMF with Collateral Coverage Ratio of more than or equal to 100% and less than 130%, and IPO with Collateral Coverage Ratio of more than or equal to 100% and less than 111%. 	Lifetime ECL - not credit impaired
Impaired accounts (Stage 3)	<ul style="list-style-type: none"> • Impaired credit; • Credit grade 15 or worse; • Accounts past due for more than 90 days or 3 months or; • R&R which has resulted in a reclassification to Stage 3. • Generally, for SMF and IPO with Collateral Coverage Ratio and IPO with Collateral Coverage Ratio of less than 100%. 	Lifetime ECL - credit impaired

The Bank has not used the low credit risk exemption for any financial instruments for the financial year ended 31 December 2025 and 31 December 2024.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Measurement of ECL

The key inputs into the measurement of ECL comprise the following variables:

- probability of default (“PD”);
- loss given default (“LGD”); and
- exposure at default (“EAD”).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described in the “Incorporation of forward-looking information” section.

PD is the likelihood of a counterparty defaulting on its contractual obligations over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Credit risk grades and past due status are primary inputs into the determination of the term structure of PD for exposures. The Bank’s holding company collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies are also used.

The Bank leverages on its holding company’s statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of the likely loss if there is a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the original effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD is determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest rate or an approximation thereof.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Measurement of ECL (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- product/instrument type;
- past due status;
- credit risk gradings;
- collateral type;
- date of initial recognition; and
- remaining terms to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation technique or significant assumptions made during the reporting period that have material impact to the ECL.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A "base case" view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years and above.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit Risk Measurement (continued)

Incorporation of forward-looking information (continued)

The economic scenarios used for the expected credit losses (“ECL”) estimate and the effect to the ECL estimate due to the changes in the macro economic variables (“MEVs”) by percentage are set out as below:

	31.12.2025	31.12.2024
Measurement variables:	%	%
House Price Index	0.00	0.43
Private Consumption Expenditure	*N/A	12.26
USD Dollar to Malaysian Ringgit Exchange Rate	*N/A	0.02
Malaysia Economic Indicator Leading Index (MEILI)_2015	*N/A	0.49
Automotive Association Malaysia Total Car Sales Growth (AAM)	0.85	*N/A
Overnight Policy Rate	*N/A	*N/A
Malaysia Debt Service Ratio	0.50	0.82
Current Account (as a percentage of Gross Domestic Product)	*N/A	*N/A
Average Lending Rate	<u>1.53</u>	<u>10.26</u>

*N/A - Not applicable as a results of change in MEV made during the financial year

The impact on ECL based on 3 years historical MEV are as follows:

	The Group and the Bank			
	31.12.2025		31.12.2024	
	+	-	+	-
	RM'000	RM'000	RM'000	RM'000
(Write-back)/Additional provision of ECL	<u>142</u>	<u>(116)</u>	<u>(79)</u>	<u>96</u>

Credit risk monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Remedial action is taken where evidence of deterioration exists.

Significant Increase in Credit Risk process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning impaired.

The Bank adopts the Group’s MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring, thematic reviews, as well as exceptions reporting is in place to manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****A. Credit risk (continued)****Credit risk monitoring (continued)**

The Bank conducts post-mortem reviews on newly impaired loans and relapsed impaired loans to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired. The findings are communicated at both management and Board levels as lessons learned which are used to assist in formulating appropriate remedial actions or measures to minimise potential or future credit loss from similar or repeat events.

In addition, post-approval independent credit review is undertaken by the Bank to ensure that credit decision-making is consistent with the overall credit risk appetite and strategy.

Maximum exposure to credit risk

For financial assets recognised in the statements of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposures to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hand, equity securities held as financial assets at FVTPL or as financial investments at FVOCI, as well as non-financial assets.

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statements of financial position as at reporting date, except for the following:

	The Group	
	31.12.2025	31.12.2024
	Maximum credit risk exposure RM'000	Maximum credit risk exposure RM'000
Credit risk exposures of on-balance sheet assets:		
Cash and short-term funds *	742,298	317,360
Financial assets at FVTPL [#]	242,599	15,377
Financial investments at FVOCI ^{##}	3,698,892	4,004,617
Financial investments at amortised costs	1,009,923	1,056,332
Other assets ^{&}	<u>123,260</u>	<u>113,812</u>
	<u>5,816,972</u>	<u>5,507,498</u>
Credit risk exposures of off-balance sheet items:		
Transaction related contingent items	64,606	64,606
Obligations under underwriting agreements	8,249	-
Irrevocable commitments to extend credit [^]	331,160	198,740
Share margin financing	<u>2,314,634</u>	<u>1,815,376</u>
	<u>2,718,649</u>	<u>2,078,722</u>
Total maximum credit risk exposure	<u>8,535,621</u>	<u>7,586,220</u>

* Excludes cash in hand

Excludes investments in shares, unit trusts and warrants

Excludes investments in unquoted shares

& Excludes prepayment

[^] The comparative balance of the commitment on share margin financing have been reclassified to conform to current year's presentation.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Maximum exposure to credit risk (continued)

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statements of financial position as at reporting date, except for the following (continued):

	The Bank	
	31.12.2025	31.12.2024
	Maximum	Maximum
	credit risk	credit risk
	exposure	exposure
	RM'000	RM'000
Credit risk exposures of on-balance sheet assets:		
Cash and short-term funds *	737,460	309,257
Financial assets at FVTPL [#]	242,599	15,377
Financial investments at FVOCI ^{##}	3,698,892	4,004,617
Financial investments at amortised costs	1,009,923	1,056,334
Other assets ^{&}	123,787	113,950
	<u>5,812,661</u>	<u>5,499,535</u>
Credit risk exposures of off-balance sheet items:		
Transaction related contingent items	64,606	64,606
Obligations under underwriting agreements	8,249	-
Irrevocable commitments to extend credit [^]	331,160	198,740
Share margin financing	2,314,634	1,815,376
	<u>2,718,649</u>	<u>2,078,722</u>
Total maximum credit risk exposure	<u>8,531,310</u>	<u>7,578,257</u>

* Excludes cash in hand

Excludes investments in shares, unit trusts and warrants

Excludes investments in unquoted shares

& Include amounts due from subsidiaries and other assets, excluding prepayment

[^] The comparative balance of the commitment on share margin financing have been reclassified to conform to current year's presentation.

Whilst the Group's and the Bank's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is reduced by collateral, credit enhancements and other actions taken to mitigate the credit exposure.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables:

The Group	Short-term funds	Financial assets at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Loans and advances	Amount due from brokers and clients	Derivative financial assets	Other assets	Total on-balance sheet	Commitments and contingencies
31.12.2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agricultural	-	-	-	88,953	-	-	-	-	88,953	1,400
Mining and quarrying	-	-	158,273	5,097	-	-	-	-	163,370	-
Manufacturing	-	-	30,103	10,140	38,292	-	-	509	79,044	39,689
Electricity, gas and water	-	-	68,728	-	1,228	-	-	-	69,956	1,772
Construction	-	-	152,172	85,873	121,791	-	-	84	359,920	80,400
Real estate	-	-	259,561	40,472	82,228	-	-	317	382,578	5,087
Wholesale, retail trade, hotels and restaurants	-	-	13,735	-	461	-	-	-	14,196	1,489
Transport, storage and communication	-	-	201,035	24,759	34,713	-	-	-	260,507	86,479
Finance, insurance and business	742,298	211,854	507,067	231,622	612,373	-	20,499	4,412	2,330,125	192,904
Government and government agencies	-	30,745	2,194,537	523,007	-	-	-	-	2,748,289	-
Education, Health and Others	-	-	-	-	22,282	-	-	-	140,220	5,548
Household	-	-	-	-	1,480,094	801,226	-	117,938	2,281,320	2,094,632
Others	-	-	113,681	-	-	-	-	-	113,681	209,249
	742,298	242,599	3,698,892	1,009,923	2,393,462	801,226	20,499	123,260	9,032,159	2,718,649

* Excludes cash in hand of RM nil.

Excludes investment in shares, unit trust & warrants amounting to RM81.67 million.

Excludes investments in unquoted shares amounting to RM27.45 million.

& Include other assets, excluding prepayment amounting to RM15.20 million.

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations (continued)

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables: (continued)

The Group	Short-term funds	Financial assets at FVTPL	Financial investments at FVOCI	Financial investments amortised cost	Loans and advances	Amount due from brokers and clients	Derivative financial assets	Other assets	Total on-balance sheet	Commitments and contingencies
31.12.2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agricultural	-	-	10,342	84,303	6,011	-	-	-	100,656	1,400
Mining and quarrying	-	-	75,946	5,097	-	-	-	-	81,043	-
Manufacturing	-	15,377	38,238	61,244	29,719	-	-	111	144,689	43,276
Electricity, gas and water	-	-	23,223	32,394	520	-	-	-	56,137	2,480
Construction	-	-	119,096	15,598	160,314	-	-	24	295,032	74,287
Real estate	-	-	106,438	5,056	140,290	-	-	509	252,293	8,910
Wholesale, retail trade, hotels and restaurants	-	-	-	-	4,236	-	-	-	4,236	8,110
Transport, storage and communication	-	-	215,337	24,609	50,372	-	-	-	290,318	88,101
Finance, insurance and business	317,186	-	531,598	301,426	429,076	-	35,600	2,822	1,617,708	111,357
Government and government agencies	174	-	2,523,673	390,561	-	-	-	-	2,914,408	-
Education, Health and Others	-	-	14,100	-	15,909	-	-	-	130,268	4,088
Household	-	-	-	-	1,405,821	512,673	-	-	1,918,494	1,686,713
Others	-	-	346,626	136,044	-	-	-	10,087	492,757	50,000
	317,360	15,377	4,004,617	1,056,332	2,242,268	512,673	35,600	113,812	8,298,039	2,078,722

* Excludes cash in hand of RM mil.

Excludes investment in shares, unit trust & warrants amounting to RM147.67 million.

Excludes investments in unquoted shares amounting to RM26.19 million.

& Include other assets, excluding prepayment amounting to RM7.27 million.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations (continued)

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables: (continued)

The Bank	Short-term funds	Financial assets at FV/TPL	Financial investments at FVOCI	Financial investments at amortised cost	Loans and advances	Amount due from brokers and clients	Derivative financial assets	Other assets	Total on-balance sheet	Commitments and contingencies
31.12.2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agricultural	-	-	-	88,953	-	-	-	-	88,953	1,400
Mining and quarrying	-	-	158,273	5,097	-	-	-	-	163,370	-
Manufacturing	-	-	30,103	10,140	38,292	-	-	509	79,044	39,689
Electricity, gas and water	-	-	68,728	-	1,228	-	-	-	69,956	1,772
Construction	-	-	152,172	85,873	121,791	-	-	84	359,920	80,400
Real estate	-	-	259,561	40,472	82,228	-	-	317	382,578	5,087
Wholesale, retail trade, hotels and restaurants	-	-	13,735	-	461	-	-	-	14,196	1,489
Transport, storage and communication	-	-	201,035	24,759	34,713	-	-	-	260,507	86,479
Finance, insurance and business	737,460	211,854	507,067	231,622	612,373	-	20,499	4,412	2,325,287	192,904
Government and government agencies	-	30,745	2,194,537	523,007	-	-	-	-	2,748,289	-
Education, Health and Others	-	-	-	-	22,282	-	-	-	140,047	5,548
Household	-	-	-	-	1,480,094	801,226	-	-	2,281,320	2,094,632
Others	-	-	113,681	-	-	-	-	700	114,381	209,249
	737,460	242,599	3,698,892	1,009,923	2,393,462	801,226	20,499	123,787	9,027,848	2,718,649

* Exclude cash in hand of RM mil.

Excludes investment in shares & warrants amounting to RM80.32 million.

Excludes investments in unquoted shares amounting to RM27.45 million.

& Include amount due from subsidiaries and other assets, excluding prepayment amounting to RM15.20 million.

Registration No: 197301000792 (14389-U)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Credit risk concentrations (continued)

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables: (continued)

The Bank 31.12.2024	Short-term funds RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments amortised cost RM'000	Loans and advances RM'000	Amount due from brokers and clients RM'000	Derivative financial assets RM'000	Other assets RM'000	Total on- balance sheet RM'000	Commitments and contingencies RM'000
Agricultural	-	-	10,342	84,303	6,011	-	-	-	100,656	1,400
Mining and quarrying	-	-	75,946	5,097	-	-	-	-	81,043	-
Manufacturing	-	15,377	38,238	61,244	29,719	-	-	111	144,689	43,276
Electricity, gas and water	-	-	23,223	32,394	520	-	-	-	56,137	2,480
Construction	-	-	119,096	15,599	160,314	-	-	24	295,033	74,287
Real estate	-	-	106,438	5,056	140,290	-	-	509	252,293	8,910
Wholesale, retail trade, hotels and restaurants	-	-	-	-	4,236	-	-	-	4,236	8,110
Transport, storage and communication	-	-	215,337	24,609	50,372	-	-	-	290,318	88,101
Finance, insurance and business	309,083	-	531,598	301,426	429,076	-	35,600	3,294	1,610,077	111,357
Government and government agencies	174	-	2,523,673	390,561	-	-	-	-	2,914,408	-
Education, Health and Others	-	-	14,100	-	15,908	-	-	100,004	130,012	4,088
Household	-	-	-	-	1,405,822	512,673	-	-	1,918,495	1,686,713
Others	-	-	346,626	136,045	-	-	-	10,008	492,679	50,000
	309,257	15,377	4,004,617	1,056,334	2,242,268	512,673	35,600	113,950	8,290,076	2,078,722

* Exclude cash in hand of RM nil.

Excludes investment in shares & warrants amounting to RM146.38 million.

Excludes investments in unquoted shares amounting to RM26.19 million.

& Include amount due from subsidiaries and other assets, excluding prepayment amounting to RM7.27 million.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality

Corporate bonds/Sukuk, treasury bills and other eligible bills included in financial investments at FVOCI are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank mainly use external credit ratings provided by RAM, MARC, Standard & Poors' or Moody's.

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating:

	31.12.2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Group				
Cash and short-term funds				
Sovereigns	-	-	-	-
AAA	18,481	-	-	18,481
AA- to AA+	661,906	-	-	661,906
Lower than A-	61,911	-	-	61,911
	<u>742,298</u>	<u>-</u>	<u>-</u>	<u>742,298</u>
Financial investments at FVOCI				
Sovereigns	2,260,125	-	-	2,260,125
AAA	275,600	-	-	275,600
AA- to AA+	704,293	46,682	-	750,975
A- to A+	261,680	-	-	261,680
Lower than A-	150,512	-	-	150,512
Unrated	-	-	-	-
	<u>3,652,210</u>	<u>46,682</u>	<u>-</u>	<u>3,698,892</u>
Expected credit losses ("ECL")	<u>224</u>	<u>146</u>	<u>-</u>	<u>370</u>
Financial investments at amortised cost				
Sovereigns	430,621	-	-	430,621
AAA	172,536	-	-	172,536
AA- to AA+	277,125	-	-	277,125
A- to A+	40,849	-	-	40,849
Unrated	89,182	-	-	89,182
	<u>1,010,313</u>	<u>-</u>	<u>-</u>	<u>1,010,313</u>
Expected credit losses ("ECL")	<u>390</u>	<u>-</u>	<u>-</u>	<u>390</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating: (continued)

	31.12.2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Group				
Cash and short-term funds				
Sovereigns	174	-	-	174
AAA	18,840	-	-	18,840
AA- to AA+	233,417	-	-	233,417
Lower than A-	64,929	-	-	64,929
	<u>317,360</u>	<u>-</u>	<u>-</u>	<u>317,360</u>
Financial investments at FVOCI				
Sovereigns	2,730,034	-	-	2,730,034
AAA	222,983	-	-	222,983
AA- to AA+	645,228	40,856	-	686,084
A- to A+	303,090	-	-	303,090
Lower than A-	36,936	-	-	36,936
Unrated	25,490	-	-	25,490
	<u>3,963,761</u>	<u>40,856</u>	<u>-</u>	<u>4,004,617</u>
Expected credit losses ("ECL")	<u>288</u>	<u>24</u>	<u>-</u>	<u>312</u>
Financial investments at amortised cost				
Sovereigns	429,864	-	-	429,864
AAA	202,921	-	-	202,921
AA- to AA+	308,560	-	-	308,560
A- to A+	40,839	-	-	40,839
Unrated	74,406	-	-	74,406
	<u>1,056,590</u>	<u>-</u>	<u>-</u>	<u>1,056,590</u>
Expected credit losses ("ECL")	<u>258</u>	<u>-</u>	<u>-</u>	<u>258</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating: (continued)

	31.12.2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Bank				
Cash and short-term funds				
Sovereigns	-	-	-	-
AAA	18,461	-	-	18,461
AA- to AA+	657,089	-	-	657,089
Lower than A-	61,910	-	-	61,910
	<u>737,460</u>	<u>-</u>	<u>-</u>	<u>737,460</u>
Financial investments at FVOCI				
Sovereigns	2,260,125	-	-	2,260,125
AAA	275,600	-	-	275,600
AA- to AA+	704,293	46,682	-	750,975
A- to A+	261,680	-	-	261,680
Lower than A-	150,512	-	-	150,512
Unrated	-	-	-	-
	<u>3,652,210</u>	<u>46,682</u>	<u>-</u>	<u>3,698,892</u>
Expected credit losses ("ECL")	<u>224</u>	<u>146</u>	<u>-</u>	<u>370</u>
Financial investments at amortised cost				
Sovereigns	430,621	-	-	430,621
AAA	172,536	-	-	172,536
AA- to AA+	277,125	-	-	277,125
A- to A+	40,849	-	-	40,849
Unrated	89,182	-	-	89,182
	<u>1,010,313</u>	<u>-</u>	<u>-</u>	<u>1,010,313</u>
Expected credit losses ("ECL")	<u>390</u>	<u>-</u>	<u>-</u>	<u>390</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Deposits and short-term funds, corporate bonds/sukuk and treasury bills - credit quality (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that are neither past due nor impaired and impaired, analysed by rating: (continued)

	31.12.2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Bank				
Cash and short-term funds				
Sovereigns	174	-	-	174
AAA	18,819	-	-	18,819
AA- to AA+	225,336	-	-	225,336
Lower than A-	64,928	-	-	64,928
	<u>309,257</u>	<u>-</u>	<u>-</u>	<u>309,257</u>
Financial investments at FVOCI				
Sovereigns	2,730,034	-	-	2,730,034
AAA	222,983	-	-	222,983
AA- to AA+	645,229	40,856	-	686,085
A- to A+	303,090	-	-	303,090
Lower than A-	36,936	-	-	36,936
Unrated	25,489	-	-	25,489
	<u>3,963,761</u>	<u>40,856</u>	<u>-</u>	<u>4,004,617</u>
Expected credit losses ("ECL")	<u>288</u>	<u>24</u>	<u>-</u>	<u>312</u>
Financial investments at amortised cost				
Sovereigns	429,864	-	-	429,864
AAA	202,921	-	-	202,921
AA- to AA+	308,560	-	-	308,560
A- to A+	40,839	-	-	40,839
Unrated	74,406	-	-	74,406
	<u>1,056,590</u>	<u>-</u>	<u>-</u>	<u>1,056,590</u>
Expected credit losses ("ECL")	<u>258</u>	<u>-</u>	<u>-</u>	<u>258</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****A. Credit risk (continued)****Other financial assets - credit quality**

Credit quality of other financial assets of the Group and the Bank are as follows:

Simplified approach

	Current RM'000	Current to less than 90 days past due RM'000	31.12.2025 More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Group					
Gross carrying amount:					
Amount due from clients and brokers	-	801,415	85	801,500	(274)
Other assets	91,702	31,571	4,737	128,010	(4,751)
			31.12.2024		
			More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Group					
Gross carrying amount:					
Amount due from clients and brokers	-	512,785	115	512,900	(227)
Other assets	71,824	41,983	4,867	118,674	(4,861)
			31.12.2025		
			More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Bank					
Gross carrying amount:					
Amount due from clients and brokers	-	801,415	85	801,500	(274)
Other assets	91,529	31,571	4,736	127,836	(4,750)
			31.12.2024		
			More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
The Bank					
Gross carrying amount:					
Amount due from clients and brokers	-	512,785	115	512,900	(227)
Other assets	71,489	41,983	4,849	118,321	(4,843)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

A. Credit risk (continued)

Other financial assets - credit quality (continued)

Credit quality of other financial assets of the Group and the Bank are as follows: (continued)

	31.12.2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Bank				
Amounts due from subsidiaries				
Unrated	700	-	-	700
	31.12.2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Bank				
Amounts due from subsidiaries				
Unrated	472	-	-	472

Other financial assets - credit quality - Off Balance Sheets

The following table contains an analysis of the credit risk exposure of loan commitments and financial guarantees for which an ECL allowance is recognised.

	31.12.2025			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Group and the Bank				
Loan commitments and financial guarantees				
Satisfactory ⁽¹⁾	2,678,793	-	-	2,678,793
Special mention ⁽²⁾	-	39,856	-	39,856
Default/impaired	-	-	-	-
	<u>2,678,793</u>	<u>39,856</u>	<u>-</u>	<u>2,718,649</u>
Expected credit losses ("ECL")	<u>873</u>	<u>-</u>	<u>-</u>	<u>873</u>
	31.12.2024			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Group and the Bank				
Loan commitments and financial guarantees				
Satisfactory ⁽¹⁾	2,038,866	-	-	2,038,866
Special mention ⁽²⁾	-	39,856	-	39,856
Default/impaired	-	-	-	-
	<u>2,038,866</u>	<u>39,856</u>	<u>-</u>	<u>2,078,722</u>
Expected credit losses ("ECL")	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>

(1) Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

(2) Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of GEAC.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

B. Market risk

Market risk is the risk of losses to the Bank's positions in financial instruments that are adversely affected by movements in market risk factors such as interest/profit rates, foreign exchange rates, equity prices or commodity prices. The Bank's primary market risk exposures are in the trading and investment portfolios. The Bank's risk management process involves the identification and measurement, mitigation and control, monitoring and testing as well as reporting and review of risk.

The Bank manages market risk through a comprehensive set of market risk controls limits. Key risk governance committees such as the GALCO, BRMC and the GBRMC establish and monitor risk controls limits with oversight by the Board of Directors. Market risk controls limits are established to ensure that the Bank's market risk profile remains within the boundaries of the Bank's risk appetite.

The Bank employs several key risk metric for monitoring market risk such as Value-at-Risk ("VaR"), sensitivities, Stop-loss limit thresholds and position size caps.

Interest/Profit Rate Risk

Interest/profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed through measurement and monitoring of internal limit on Earnings at Risk ("EaR") sensitivity and changes in Economic Value of Equity ("EVE").

In addition to assessing market risk under normal market scenarios, the Bank also conducts periodical stress testing to anticipate potential losses under stressed scenarios.

Market Risk Measurement

Value-at-risk ("VaR")

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables such as foreign exchange rates and interest/profit rates, over a given holding period, measured at a specific confidence level.

Other Risk Measures

i) **Mark-to-Market**

Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

ii) **Stress Testing**

Stress tests are conducted to quantify potential market risk losses arising from low probability abnormal market movements. Stress tests measure the changes in values arising from movements in relevant market risk factors based on past experience and simulated stress scenarios.

iii) **Sensitivity**

Sensitivities are measures that quantify the change in value of a portfolio of financial instruments resulting from a unit change in the relevant market risk factors. Sensitivities are used as measures of vulnerability to market risk factor movements and are also used to facilitate the implementation of risk controls and hedging strategies.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Net interest income sensitivity

The information below shows the net interest income sensitivity for the financial assets and financial liabilities held at reporting date. The sensitivity has been measured using the Repricing Gap Simulation methodology based on 100 basis points parallel shifts in the interest rate.

	The Group and The Bank 31.12.2025		The Group and The Bank 31.12.2024	
	Increase/(Decrease)		Increase/(Decrease)	
	+100	-100	+100	-100
	basis point	basis point	basis point	basis point
	RM million	RM million	RM million	RM million
Impact on profit after taxation	(27)	27	(18)	18
Impact on equity	(194)	194	(187)	187

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposures to assess the impact of a 1% change in the exchange rates to the profit after taxation.

	The Group		The Bank	
	Increase/(Decrease)		Increase/(Decrease)	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
+ 1%				
Australian Dollar	6,203	3,420	6,203	3,420
United States Dollar	7,453	15,826	7,453	15,826
Singapore Dollar	304	1,081	304	1,081
Others	722	168	722	168
	14,682	20,495	14,682	20,495
- 1%				
Australian Dollar	(6,203)	(3,420)	(6,203)	(3,420)
United States Dollar	(7,453)	(15,826)	(7,453)	(15,826)
Singapore Dollar	(304)	(1,081)	(304)	(1,081)
Others	(722)	(168)	(722)	(168)
	(14,682)	(20,495)	(14,682)	(20,495)

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****B. Market risk (continued)****Foreign exchange risk**

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Controls are imposed on the level of exposure by currency and in aggregate for overnight position. The intra-day position is monitored in aggregate basis. Both the overnight and intra-day positions are monitored daily.

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency.

The Group	Australian	United States	Singapore	Other	Total
31.12.2025	Dollar	Dollar	Dollar	Currencies	RM'000
	RM'000	RM'000	RM'000	RM'000	
Assets					
Cash and short-term funds	3,968	25,245	16,100	18,528	63,841
Financial assets at FVTPL	-	-	-	-	-
Financial investments at FVOCI	470,771	288,678	-	-	759,449
Financial assets at amortised cost	32,730	-	-	-	32,730
Loans and advances	-	33,395	1,579	27,461	62,435
Amount due from clients and brokers	(66)	3,954	(1,323)	9,600	12,165
Other financial assets	(289)	14,096	41	1,171	15,019
Derivatives assets	844	9,995	72	528	11,439
	<u>507,958</u>	<u>375,363</u>	<u>16,469</u>	<u>57,288</u>	<u>957,078</u>
Liabilities					
Deposits from customers	-	16,396	11,789	-	28,185
Deposits and placements of banks and other financial institutions	-	752,515	-	-	752,515
Amount due to clients and brokers	41	3,382	546	3,598	7,567
Other financial liabilities	-	123,825	76	13	123,914
Derivatives liabilities	626	13,718	147	355	14,846
	<u>667</u>	<u>909,836</u>	<u>12,558</u>	<u>3,966</u>	<u>927,027</u>
Net on-balance sheet financial position	507,291	(534,473)	3,911	53,322	30,051
Off balance sheet commitments	308,883	1,515,102	36,100	41,630	1,901,715

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****B. Market risk (continued)****Foreign exchange risk (continued)**

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency. (continued)

	Australian Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Other Currencies RM'000	Total RM'000
The Group 31.12.2024					
Assets					
Cash and short-term funds	6,572	13,352	41,296	28,850	90,070
Financial assets at FVTPL	-	-	15,377	-	15,377
Financial investments at FVOCI	325,629	218,526	-	-	544,155
Financial assets at amortised cost	33,585	-	-	-	33,585
Loans and advances	-	45,714	1,645	28,126	75,485
Amount due from clients and brokers	160	21,199	(403)	9,056	30,012
Other financial assets	(157)	2,459	266	725	3,293
Derivative assets	45	22,614	294	2,793	25,746
	<u>365,834</u>	<u>323,864</u>	<u>58,475</u>	<u>69,550</u>	<u>817,723</u>
Liabilities					
Deposits from customers	-	82,436	16,790	-	99,226
Deposits and placements of banks and other financial institutions	-	-	-	179,227	179,227
Amount due to clients and brokers	103	1,958	1,508	2,006	5,575
Other financial liabilities	-	198,823	74	-	198,897
Derivative liabilities	4,387	14,236	1,707	3,820	24,150
	<u>4,490</u>	<u>297,453</u>	<u>20,079</u>	<u>185,053</u>	<u>507,075</u>
Net on-balance sheet financial position	361,344	26,411	38,396	(115,503)	310,648
Off balance sheet commitments	88,657	2,056,021	103,801	137,631	2,386,110

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

B. Market risk (continued)

Foreign exchange risk (continued)

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency. (continued)

The Bank	Australian	United States	Singapore	Other	Total
31.12.2025	Dollar	Dollar	Dollar	Currencies	RM'000
	RM'000	RM'000	RM'000	RM'000	
Assets					
Cash and short-term funds	3,968	25,245	16,100	18,528	63,841
Financial assets at FVTPL	-	-	-	-	-
Financial investments at FVOCI	470,771	288,678	-	-	759,449
Financial assets at amortised cost	32,730	-	-	-	32,730
Loans and advances	-	33,395	1,579	27,461	62,435
Amount due from clients and brokers	(66)	3,954	(1,323)	9,600	12,165
Other financial assets	(289)	14,096	41	1,171	15,019
Derivatives assets	844	9,995	72	528	11,439
	507,958	375,363	16,469	57,288	957,078
Liabilities					
Deposits from customers	-	16,396	11,789	-	28,185
Deposits and placements of banks and other financial institutions	-	752,515	-	-	752,515
Amount due to clients and brokers	41	3,382	546	3,598	7,567
Other financial liabilities	-	123,825	76	13	123,914
Derivatives liabilities	626	13,718	147	355	14,846
	667	909,836	12,558	3,966	927,027
Net on-balance sheet financial position	507,291	(534,473)	3,911	53,322	30,051
Off balance sheet commitments	308,883	1,515,102	36,100	41,630	1,901,715

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****B. Market risk (continued)****Foreign exchange risk (continued)**

The table summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Bank's financial instruments at carrying amounts, categorised by currency. (continued)

	Australian Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Other Currencies RM'000	Total RM'000
The Bank					
31.12.2024					
Assets					
Cash and short-term funds	6,572	13,352	41,296	28,850	90,070
Financial assets at FVTPL	-	-	15,377	-	15,377
Financial investments at FVOCI	325,629	218,526	-	-	544,155
Financial assets at amortised cost	33,585	-	-	-	33,585
Loans and advances	-	45,714	1,645	28,126	75,485
Amount due from clients and brokers	160	21,199	(403)	9,056	30,012
Other financial assets	(157)	2,459	266	725	3,293
Derivatives assets	45	22,614	294	2,793	25,746
	<u>365,834</u>	<u>323,864</u>	<u>58,475</u>	<u>69,550</u>	<u>817,723</u>
Liabilities					
Deposits from customers	-	82,436	16,790	-	99,226
Deposits and placements of banks and other financial institutions	-	-	-	179,227	179,227
Amount due to clients and brokers	103	1,958	1,508	2,006	5,575
Other financial liabilities	-	198,823	74	-	198,897
Derivatives liabilities	4,387	14,236	1,707	3,820	24,150
	<u>4,490</u>	<u>297,453</u>	<u>20,079</u>	<u>185,053</u>	<u>507,075</u>
Net on-balance sheet financial position	361,344	26,411	38,396	(115,503)	310,648
Off balance sheet commitments	88,657	2,056,021	103,801	137,631	2,386,110

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk

Sensitivity to interest rates arises from repricing mismatch between interest rate sensitive assets and liabilities. One of the major causes of these mismatches is timing differences in the repricing of the assets and liabilities. These mismatches are actively managed as part of the overall interest rate risk management process which is conducted in accordance with the applicable policies.

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date.

The Group 31.12.2025	Non-trading book							Total RM'000
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	
Assets								
Cash and short-term funds	742,298	-	-	-	-	-	-	742,298
Securities:								
- Financial assets at FVTPL	-	-	-	-	-	-	324,266	324,266
- Financial investments at FVOCI	-	240,484	228,782	1,280,128	1,919,418	57,534	-	3,726,346
- Financial investments at amortised cost	-	5,006	28,996	776,565	188,531	10,825	-	1,009,923
Loans and advances:								
- Performing	2,276,824	24,670	91,092	239	2,008	(1,371) ^	-	2,393,462
- Impaired loans	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	20,499	20,499
Amount due from clients and brokers	-	-	-	-	-	801,226	-	801,226
Other assets ⁽¹⁾	86,095	-	-	-	-	37,165	-	123,260
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	55,510	-	55,510
Total assets	3,105,217	270,160	348,870	2,056,932	2,109,957	960,889	344,765	9,196,791

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment).

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Group 31.12.2025	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Liabilities									
Deposits from customers	1,672,256	786,102	1,582,528	-	-	41,366	-	4,082,252	
Deposits and placement of banks and other financial institution	1,886,285	525,000	150,000	400,000	-	7,490	-	2,968,775	
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	
Senior debt securities	-	-	-	-	-	-	-	-	
Amount due to clients and brokers	-	-	-	-	-	657,115	-	657,115	
Derivative financial liabilities	-	-	-	-	-	-	47,914	47,914	
Lease liabilities	395	734	2,413	1,190	-	-	-	4,732	
Other liabilities ⁽²⁾	127,533	-	-	-	-	202,638	-	330,171	
Total liabilities	3,686,469	1,311,836	1,734,941	401,190	-	908,609	47,914	8,090,959	
Net interest sensitivity gap	(581,252)	(1,041,676)	(1,386,071)	1,655,742	2,109,957	-	-	-	
Commitments and Contingencies									
Transaction related contingent items	-	-	-	-	-	64,606	-	64,606	
Obligations under underwriting agreements	-	-	-	-	-	8,249	-	8,249	
Irrevocable commitments to extend credit	-	-	-	-	-	331,160	-	331,160	
Share margin financing	-	-	-	-	-	2,314,634	-	2,314,634	
	-	-	-	-	-	2,718,649	-	2,718,649	

(2) Includes amount due to holding company and other liabilities, excluding accrued employee benefits.

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
The Group									
31.12.2024									
Assets									
Cash and short-term funds	317,360	-	-	-	-	-	-	317,360	
Securities:									
- Financial assets at FVTPL	-	-	-	-	-	-	163,051	163,051	
- Financial investments at FVOCI	9,999	115,108	75,166	1,473,823	2,292,155	64,554	-	4,030,805	
- Financial investments at amortised cost	50,000	62,489	55,000	583,436	293,920	11,487	-	1,056,332	
Loans and advances:									
- Performing	2,080,637	35,811	121,527	483	3,816	(2,096) ^	-	2,240,178	
- Impaired loans	-	-	-	-	-	2,090	-	2,090	
Derivative financial assets	-	-	-	-	-	-	35,600	35,600	
Amount due from clients and brokers	-	-	-	-	-	512,673	-	512,673	
Other assets ⁽¹⁾	65,593	-	-	-	-	48,219	-	113,812	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	118,530	-	118,530	
Total assets	2,523,589	213,408	251,693	2,057,742	2,589,891	755,457	198,651	8,590,431	

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment), amount due from related companies, holding company and substantial shareholder.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Group 31.12.2024	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Liabilities								
Deposits from customers	1,876,847	836,875	1,149,350	-	-	27,505	-	3,890,577
Deposits and placement of banks and other financial institution	1,094,340	490,000	200,000	550,000	-	8,607	-	2,342,947
Obligations on securities sold under repurchase agreements	386,186	-	-	-	-	486	-	386,672
Senior debt securities	-	4,908	-	-	-	49	-	4,957
Amount due to clients and brokers	-	-	-	-	-	370,262	-	370,262
Derivative financial liabilities	-	-	-	-	-	-	51,059	51,059
Lease liabilities	805	1,538	7,053	3,547	-	-	-	12,943
Other liabilities ⁽²⁾	207,699	-	-	-	-	206,059	-	413,758
Total liabilities	3,565,877	1,333,321	1,356,403	553,547	-	612,968	51,059	7,473,175
Net interest sensitivity gap	(1,042,288)	(1,119,913)	(1,104,710)	1,504,195	2,589,891	-	-	-
<u>Commitments and Contingencies</u>								
Transaction related contingent items	-	-	-	-	-	64,606	-	64,606
Obligations under underwriting agreements	-	-	-	-	-	-	-	-
Irrevocable commitments to extend credit	-	-	-	-	-	198,740	-	198,740
Share margin financing	-	-	-	-	-	1,815,376	-	1,815,376
	-	-	-	-	-	2,078,722	-	2,078,722

(2) Includes amount due to related companies and holding company, and other liabilities, excluding accrued employee benefits.

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Bank 31.12.2025	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Assets									
Cash and short-term funds	737,460	-	-	-	-	-	-	-	737,460
Securities:									
- Financial assets at FVTPL	-	-	-	-	-	-	322,918	-	322,918
- Financial investments at FVOCI	-	240,484	228,782	1,280,128	1,919,418	57,534	-	-	3,726,346
- Financial investments at amortised cost	-	5,006	28,996	776,565	188,531	10,825	-	-	1,009,923
Loans and advances:									
- Performing	2,276,824	24,670	91,092	239	2,008	(1,371) ^	-	-	2,393,462
- Impaired loans	-	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	20,499	-	20,499
Amount due from clients and brokers	-	-	-	-	-	801,226	-	-	801,226
Other assets ⁽¹⁾	86,095	-	-	-	-	37,692	-	-	123,787
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-	-
Total assets	3,100,379	270,160	348,870	2,056,932	2,109,957	961,316	343,417	55,410	9,191,031

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment) and amounts due from subsidiaries.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

The Bank	Non-trading book							Trading book	Total
	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive	RM'000		
31.12.2025	1,672,256	786,102	1,582,528	-	-	41,366	-	4,082,252	
Liabilities									
Deposits from customers									
Deposits and placement of banks and other financial institution	1,886,285	525,000	150,000	400,000	-	7,490	-	2,968,775	
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	
Senior debt securities	-	-	-	-	-	-	-	-	
Amount due to clients and brokers	-	-	-	-	-	657,115	-	657,115	
Derivative financial liabilities	-	-	-	-	-	-	47,914	47,914	
Lease liabilities	395	734	2,413	1,190	-	-	-	4,732	
Other liabilities ⁽²⁾	127,533	-	-	-	-	198,537	-	326,070	
Total liabilities	3,686,469	1,311,836	1,734,941	401,190	-	904,508	47,914	8,086,858	
Net interest sensitivity gap	(586,090)	(1,041,676)	(1,386,071)	1,655,742	2,109,957	-	-	-	
Commitments and Contingencies									
Transaction related contingent items	-	-	-	-	-	64,606	-	64,606	
Obligations under underwriting agreements	-	-	-	-	-	8,249	-	8,249	
Irrevocable commitments to extend credit	-	-	-	-	-	331,160	-	331,160	
Share margin financing	-	-	-	-	-	2,314,634	-	2,314,634	
	-	-	-	-	-	2,718,649	-	2,718,649	

(2) Includes amount due to holding company and other liabilities, excluding accrued employee benefits.

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 – 3 months RM'000	3 – 12 months RM'000	1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
The Bank								
31.12.2024	309,257	-	-	-	-	-	-	309,257
Assets								
Cash and short-term funds								
Securities:								
- Financial assets at FVTPL	-	-	-	-	-	-	161,752	161,752
- Financial investments at FVOCI	9,999	115,108	75,166	1,473,823	2,292,155	64,554	-	4,030,805
- Financial investments at amortised cost	50,000	62,489	55,000	583,436	293,920	11,487	-	1,056,332
Loans and advances:								
- Performing	2,080,637	35,811	121,527	483	3,816	(2,096) ^	-	2,240,178
- Impaired loans	-	-	-	-	-	2,090	-	2,090
Derivative financial assets	-	-	-	-	-	-	35,600	35,600
Amount due from clients and brokers	-	-	-	-	-	512,673	-	512,673
Other assets ⁽¹⁾	65,593	-	-	-	-	48,357	-	113,950
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	118,430	-	118,430
Total assets	2,515,486	213,408	251,693	2,057,742	2,589,891	755,495	197,352	8,581,067

^ The negative balance represents the expected credit losses for performing loans and advances.

(1) Includes other assets (exclude prepayment) and amounts due from subsidiaries.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

C. Interest rate risk (continued)

The following table represents the Group's and the Bank's assets and liabilities of carrying amount, categorised by the earlier of contractual repricing or maturity date as at reporting date. (continued)

	Up to 1 month RM'000	Non-trading book					Trading book RM'000	Total RM'000
		1-3 months RM'000	3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
The Bank								
31.12.2024								
Liabilities								
Deposits from customers	1,876,847	836,875	1,149,350	-	-	-	27,505	3,890,577
Deposits and placement of banks and other financial institution	1,094,340	490,000	200,000	550,000	-	-	8,607	2,342,947
Obligations on securities sold under repurchase agreements	386,186	-	-	-	-	-	486	386,672
Senior debt securities	-	4,908	-	-	-	-	49	4,957
Amount due to clients and brokers	-	-	-	-	-	-	370,262	370,262
Derivative financial liabilities	-	-	-	-	-	-	-	51,059
Lease liabilities	805	1,538	7,053	3,547	-	-	-	12,943
Other liabilities ⁽²⁾	207,699	-	-	-	-	-	199,141	406,840
Total liabilities	3,565,877	1,333,321	1,356,403	553,547	-	-	606,050	7,466,257
Net interest sensitivity gap	(1,050,391)	(1,119,913)	(1,104,710)	1,504,195	2,589,891			
<u>Commitments and Contingencies</u>								
Transaction related contingent items	-	-	-	-	-	-	64,606	64,606
Obligations under underwriting agreements	-	-	-	-	-	-	-	-
Irrevocable commitments to extend credit	-	-	-	-	-	-	198,740	198,740
Share margin financing	-	-	-	-	-	-	1,815,376	1,815,376
	-	-	-	-	-	-	2,078,722	2,078,722

(2) Includes other liabilities, excluding accrued employee benefits.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk

Basel III Liquidity Standards

The Basel Committee developed the Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”) with the goal of strengthening the resilience of the banking systems. The LCR and NSFR are measured and monitored to assess the short term and long term liquidity risk profile of the Bank.

GALCO is responsible for the strategic management of the Bank’s liquidity and reporting of the Bank’s liquidity position to the BRMC on a periodical basis.

Liquidity risk disclosure table which is based on contractual undiscounted cash flow

The information below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the information incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

The Group	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
31.12.2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities						
Deposits from customers	1,685,014	799,776	1,630,708	-	-	4,115,498
Deposits and placements of banks and other financial institutions	1,890,955	529,213	156,663	420,103	-	2,996,934
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-
Amount due to clients and brokers	657,115	-	-	-	-	657,115
Amount due to holding company	-	-	-	-	-	-
Lease liabilities	813	1,629	7,307	13,767	-	23,516
Senior debt securities	-	-	-	-	-	-
Other liabilities ⁽¹⁾	208,969	35,885	51,352	6,669	-	302,875
Commitments and Contingencies						
Transaction related contingent items	24,750	-	-	39,856	-	64,606
Obligations under underwriting agreements	8,249	-	-	-	-	8,249
Irrevocable commitments to extend credit	-	-	285,275	45,885	-	331,160
Share margin financing	2,314,634	-	-	-	-	2,314,634
	6,790,499	1,366,503	2,131,305	526,280	-	10,814,587
The Group	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
31.12.2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities						
Deposits from customers	1,891,916	851,088	1,176,449	-	-	3,919,453
Deposits and placements of banks and other financial institutions	1,095,340	495,366	203,620	578,804	-	2,373,130
Obligations on securities sold under repurchase agreements	387,397	-	-	-	-	387,397
Amount due to clients and brokers	370,262	-	-	-	-	370,262
Amount due to holding company	27,416	-	-	-	-	27,416
Lease liabilities	803	1,605	7,240	3,621	-	13,269
Senior debt securities	-	5,000	-	-	-	5,000
Other liabilities ⁽¹⁾	287,992	25,402	66,275	6,672	-	386,341
Commitments and Contingencies						
Transaction related contingent items	24,750	-	-	39,856	-	64,606
Obligations under underwriting agreements	-	-	-	-	-	-
Irrevocable commitments to extend credit	-	-	176,927	21,813	-	198,740
Share margin financing	1,815,376	-	-	-	-	1,815,376
	5,901,252	1,378,461	1,630,511	650,766	-	9,560,990

(1) Other liabilities exclude accrued employee benefits.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****D. Liquidity risk (continued)****Liquidity risk disclosure table which is based on contractual undiscounted cash flow (continued)**

The information below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the information incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. (continued)

	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
The Bank 31.12.2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities						
Deposits from customers	1,685,014	799,776	1,630,708	-	-	4,115,498
Deposits and placements of banks and other financial institutions	1,890,955	529,213	156,663	420,103	-	2,996,934
Obligations on securities sold repurchase agreements	-	-	-	-	-	-
Amount due to clients and brokers	657,115	-	-	-	-	657,115
Amount due to holding company	34,597	-	-	-	-	34,597
Lease liabilities	813	1,629	7,307	13,767	-	23,516
Senior debt securities	-	-	-	-	-	-
Other liabilities ⁽¹⁾	204,664	35,885	51,352	6,669	-	298,570
Commitments and Contingencies						
Transaction related contingent items	24,750	-	-	39,856	-	64,606
Obligations under underwriting agreements	8,249	-	-	-	-	8,249
Irrevocable commitments to extend credit	-	-	285,275	45,885	-	331,160
Share margin financing	2,314,634	-	-	-	-	2,314,634
	6,820,791	1,366,503	2,131,305	526,280	-	10,844,879
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Total
The Bank 31.12.2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities						
Deposits from customers	1,891,916	851,088	1,176,449	-	-	3,919,453
Deposits and placements of banks and other financial institutions	1,095,340	495,366	203,620	578,804	-	2,373,130
Obligations on securities sold repurchase agreements	387,397	-	-	-	-	387,397
Amount due to clients and brokers	370,262	-	-	-	-	370,262
Amount due to holding company	27,416	-	-	-	-	27,416
Lease liabilities	803	1,605	7,240	3,621	-	13,269
Senior debt securities	-	5,000	-	-	-	5,000
Other liabilities ⁽¹⁾	287,992	18,492	66,266	6,672	-	379,422
Commitments and Contingencies						
Transaction related contingent items	24,750	-	-	39,856	-	64,606
Obligations under underwriting agreements	-	-	-	-	-	-
Irrevocable commitments to extend credit	-	-	176,927	21,813	-	198,740
Share margin financing	1,815,376	-	-	-	-	1,815,376
	5,901,252	1,371,551	1,630,502	650,766	-	9,554,071

(1) Other liabilities exclude accrued employee benefits.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Derivative financial liabilities

Derivative financial liabilities based on contractual undiscounted cash flow:

Derivatives settled on a net basis

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group and the Bank 31.12.2025						
Interest rate derivatives	(818)	(1,322)	(5,709)	(11,059)	-	(18,908)

The Group and the Bank
31.12.2024

Interest rate derivatives	-	(290)	(481)	(2,023)	(7,905)	(10,699)
---------------------------	---	-------	-------	---------	---------	----------

Derivatives settled on a gross basis

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
The Group and the Bank 31.12.2025						
Foreign exchange derivatives:						
Outflow	(1,256,229)	(127,847)	(447,363)	(75,646)	-	(1,907,085)
Inflow	1,255,777	127,805	447,417	75,661	-	1,906,660
	(452)	(42)	54	15	-	(425)

The Group and the Bank
31.12.2024

Foreign exchange derivatives:						
Outflow	(350,638)	(504,256)	(209,863)	(13,399)	-	(1,078,156)
Inflow	345,250	493,543	200,586	13,333	-	1,052,712
	(5,388)	(10,713)	(9,277)	(66)	-	(25,444)

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities

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

The Group	Up to 1	>1-3	>3-12	>1-5	Over 5	No specific	Total
31.12.2025	month	months	months	years	years	maturity	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short-term funds	742,298	-	-	-	-	-	742,298
Financial assets at FVTPL	-	200,794	-	11,060	30,745	81,667	324,266
Financial investments at FVOCI	-	242,768	229,801	1,290,774	1,935,550	27,453	3,726,346
Financial investments at amortised cost	-	5,072	29,250	785,544	190,057	-	1,009,923
Loans and advances	2,191,626	27,357	42,559	129,915	2,005	-	2,393,462
Amount due from clients and brokers	801,226	-	-	-	-	-	801,226
Derivative financial assets	10,429	77	712	9,281	-	-	20,499
Other assets	100,772	3,392	9,783	5,039	-	4,274	123,260
Statutory deposits with Bank Negara Malaysia	55,510	-	-	-	-	-	55,510
Other financial assets	-	-	-	-	-	-	-
Other non-financial assets ⁽¹⁾	-	-	687	14,509	-	391,384	406,580
Total Assets	3,901,861	479,460	312,792	2,246,122	2,158,357	504,778	9,603,370
Liabilities							
Deposits from customers	1,682,942	795,474	1,603,836	-	-	-	4,082,252
Deposits and placements of banks and other financial institutions	1,889,074	525,356	152,243	402,102	-	-	2,968,775
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-
Amount due to clients and brokers	657,115	-	-	-	-	-	657,115
Derivative financial liabilities	6,213	2,209	21,877	17,615	-	-	47,914
Other liabilities	208,969	35,885	44,051	6,669	-	-	295,574
Lease liabilities	395	734	2,413	1,190	-	-	4,732
Senior debt securities	-	-	-	-	-	-	-
Other financial liabilities ⁽²⁾	34,597	-	-	-	-	-	34,597
Other non-financial liabilities ⁽³⁾	-	-	29,517	-	-	-	29,517
Total Liabilities	4,479,305	1,359,658	1,853,937	427,576	-	-	8,120,476
Net liquidity gap	(577,444)	(880,198)	(1,541,145)	1,818,546	2,158,357	504,778	1,482,894

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

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

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

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****D. Liquidity risk (continued)****Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)**

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

	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	No specific maturity	Total
The Group 31.12.2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short-term funds	317,360	-	-	-	-	-	317,360
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Financial assets at FVTPL	-	15,377	-	-	-	147,674	163,051
Financial investments at FVOCI	10,138	116,825	75,607	1,487,028	2,315,019	26,188	4,030,805
Financial investments at amortised cost	-	5,049	55,560	661,441	334,282	-	1,056,332
Loans and advances	1,963,530	5,668	39,070	188,959	42,963	2,078	2,242,268
Amount due from clients and brokers	512,673	-	-	-	-	-	512,673
Derivative financial assets	7,655	9,737	8,008	10,200	-	-	35,600
Other assets	80,547	2,909	24,527	3,352	99	2,378	113,812
Statutory deposits with Bank Negara Malaysia	118,530	-	-	-	-	-	118,530
Other non-financial assets ⁽¹⁾	-	-	1,121	6,146	-	384,428	391,695
Total Assets	3,010,433	155,565	203,893	2,357,126	2,692,363	562,746	8,982,126
Liabilities							
Deposits from customers	1,889,880	846,035	1,154,662	-	-	-	3,890,577
Deposits and placements of banks and other financial institutions	1,094,666	492,154	201,706	554,421	-	-	2,342,947
Obligations on securities sold under repurchase agreements	386,672	-	-	-	-	-	386,672
Amount due to clients and brokers	370,262	-	-	-	-	-	370,262
Derivative financial liabilities	5,455	10,074	25,077	10,453	-	-	51,059
Other liabilities	287,993	25,402	66,275	6,672	-	-	386,342
Lease liabilities	805	1,538	7,053	3,547	-	-	12,943
Senior debt securities	-	4,957	-	-	-	-	4,957
Other financial liabilities ⁽²⁾	27,416	-	-	-	-	-	27,416
Other non-financial liabilities ⁽³⁾	-	569	41,283	1,670	-	2	43,524
	4,063,149	1,380,729	1,496,056	576,763	-	2	7,516,699
Net liquidity gap	(1,052,716)	(1,225,164)	(1,292,163)	1,780,363	2,692,363	562,744	1,465,427

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

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

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

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

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

The Bank	Up to 1	>1-3	>3-12	>1-5	Over 5	No specific	Total
31.12.2025	month	months	months	years	years	maturity	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short-term funds	737,460	-	-	-	-	-	737,460
Financial assets at FVTPL	-	200,794	-	11,060	30,745	80,319	322,918
Financial investments at FVOCI	-	242,768	229,801	1,290,774	1,935,550	27,453	3,726,346
Financial investment at amortised cost	-	5,072	29,250	785,544	190,057	-	1,009,923
Loans and advances	2,191,626	27,357	42,559	129,915	2,005	-	2,393,462
Amount due from clients and brokers	801,226	-	-	-	-	-	801,226
Other assets	100,599	3,392	9,783	5,039	-	4,274	123,087
Derivative financial assets	10,429	77	712	9,281	-	-	20,499
Statutory deposits with Bank Negara Malaysia	55,410	-	-	-	-	-	55,410
Other financial assets ⁽¹⁾	700	-	-	-	-	-	700
Other non-financial assets ⁽²⁾	-	-	687	14,509	-	393,529	408,725
Total Assets	3,897,450	479,460	312,792	2,246,122	2,158,357	505,575	9,599,756
Liabilities							
Deposits from customers	1,682,942	795,474	1,603,836	-	-	-	4,082,252
Deposits and placements of banks and other financial institutions	1,889,074	525,356	152,243	402,102	-	-	2,968,775
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-
Amount due to clients and brokers	657,115	-	-	-	-	-	657,115
Derivative financial liabilities	6,213	2,209	21,877	17,615	-	-	47,914
Other liabilities	204,664	35,885	44,255	6,669	-	-	291,473
Lease liabilities	395	734	2,413	1,190	-	-	4,732
Senior debt securities	-	-	-	-	-	-	-
Other financial liabilities ⁽³⁾	34,597	-	-	-	-	-	34,597
Other non-financial liabilities ⁽⁴⁾	-	-	29,308	-	-	-	29,308
Total Liabilities	4,475,000	1,359,658	1,853,932	427,576	-	-	8,116,166
Net liquidity gap	(577,550)	(880,198)	(1,541,140)	1,818,546	2,158,357	505,575	1,483,590

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

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

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

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

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

D. Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

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

	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	No specific maturity	Total
The Bank 31.12.2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short-term funds	309,257	-	-	-	-	-	309,257
Financial assets at FVTPL	-	15,377	-	-	-	146,375	161,752
Financial investments at FVOCI	10,138	116,825	75,607	1,487,028	2,315,019	26,188	4,030,805
Financial investment at amortised cost	-	5,049	55,560	661,441	334,282	-	1,056,332
Loans and advances	1,963,530	5,668	39,070	188,959	42,963	2,078	2,242,268
Amount due from clients and brokers	512,673	-	-	-	-	-	512,673
Other assets	80,133	2,909	24,274	3,685	100	2,377	113,478
Derivative financial assets	7,655	9,737	8,008	10,200	-	-	35,600
Statutory deposits with Bank Negara Malaysia	118,430	-	-	-	-	-	118,430
Other financial assets ⁽¹⁾	472	-	-	-	-	-	472
Other non-financial assets ⁽²⁾	-	-	1,120	6,146	-	386,575	393,841
Total Assets	3,002,288	155,565	203,639	2,357,459	2,692,364	563,593	8,974,908
Liabilities							
Deposits from customers	1,889,880	846,035	1,154,662	-	-	-	3,890,577
Deposits and placements of banks and other financial institutions	1,094,666	492,154	201,706	554,421	-	-	2,342,947
Obligations on securities sold under repurchase agreements	386,672	-	-	-	-	-	386,672
Amount due to clients and brokers	370,262	-	-	-	-	-	370,262
Derivative financial liabilities	5,455	10,074	25,077	10,453	-	-	51,059
Other liabilities	287,993	18,493	66,266	6,672	-	-	379,424
Lease liabilities	805	1,538	7,053	3,547	-	-	12,943
Senior debt securities	-	4,957	-	-	-	-	4,957
Other financial liabilities ⁽³⁾	27,416	-	-	-	-	-	27,416
Other non-financial liabilities ⁽⁴⁾	-	385	41,282	1,670	-	-	43,337
Total Liabilities	4,063,149	1,373,636	1,496,046	576,763	-	-	7,509,594
Net liquidity gap	(1,060,861)	(1,218,071)	(1,292,407)	1,780,696	2,692,364	563,593	1,465,314

(1) Other financial assets include amounts due from subsidiaries and holding company.

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

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

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

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

E. Operational risk management

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. The definition includes legal risk, but excludes strategic, business, and reputational risks.

The management of operational risk is governed by the Group Operational Risk Management Policy, with ancillary aspects of reputational and outsourcing risks under the purview of the Reputational Risk Policy and the Outsourcing Policy, respectively. Any material changes to the policies require endorsement from the Group Board Risk Management Committee (GBRMC) before seeking approval from the Board. The Group Management Committee – Governance, Risk and Compliance (GMC-GRC) which is responsible for reviewing and monitoring operational risk and supporting the GBRMC, provides a forum to discuss and manage all aspects of operational risk, amongst other risk types.

The Group employs the Three Lines of Defence model to clearly delineate key roles and responsibilities in managing operational risk. Group Operational Risk Management, a function within Group Risk Management, operates independently as the 2nd Line of Defence. In the 1st Line of Defence, Business Risk and Compliance Managers are designated as champions for their respective divisions. They act as liaisons with the 2nd Line of Defence to oversee and report their respective operational risk via the following tools:

- Risk Control Self-Assessment
- Operational Risk Event Reporting
- Control Self Testing
- Key Risk Indicator
- Operational Risk Scenario Analysis
- Outsourcing Assessment
- Process Risk Control Assessment

F. Compliance risk

Compliance risk refers to risks of liability faced by the Bank, arising from breaches of applicable laws, regulatory requirements and internal policies and procedures governing the business of the Bank.

As an investment bank, the Bank is subject to various regulatory and statutory requirements found, inter alia in the Financial Services Act 2013, Capital Markets & Services Act 2007, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the Malaysian Anti-Corruption Commission Act 2009, Rules of Bursa Malaysia Securities Berhad, Rules of Bursa Malaysia Securities Clearing Berhad, Rules of Bursa Malaysia Derivatives Berhad, Rules of Bursa Malaysia Derivatives Clearing Berhad, Bank Negara Malaysia ("BNM"), Securities Commission Malaysia ("SC") and Bursa Malaysia Berhad ("Bursa") policy documents, as well as directives, circulars and guidelines issued by these regulators from time to time.

Compliance Department ("CD") reports directly to the Group Board Compliance Committee ("GBCC"). Periodic reports on the state of compliance are submitted by CD to Senior Management Committee - Governance, Risk and Compliance, GBCC to keep these management and board committees updated.

Legal Department ("LD") submits periodic reports on litigation cases against the Bank to Senior Management Committee and Board to keep management and board updated.

The CD renders compliance advice, monitors compliance risks faced by business and support units of the Bank while LD advises the Bank on all legal matters including, but not limited to, reviewing and/or drafting legal documents and communications for the Bank and monitoring and advising on litigation cases.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

44 Financial risk management objectives and policies (continued)

G. Business continuity risk

Business continuity risk is the risk of deterioration in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Bank adopts the Affin Group's Business Continuity Management Policy ("GBCMP") which covers the following:

- i. Business Continuity Management ("BCM") Programme;
- ii. BCM Governance;
- iii. Crisis Management; and
- iv. Key Service Provider

The Board approves the GBCMP and overall strategies by ensuring that the GBCMP is consistent with the Bank's risk tolerance level given the nature, complexity and materiality of the Bank's business operations.

The GBCMP sets out the governance structure and defines the roles and responsibilities for effective implementation of BCM for the Bank. This includes roles and responsibilities of BRMC, Senior Management Committee-Business Continuity Management (SMC-BCM), Crisis Management Team, BCM Working Group and Business Continuity Plan ("BCP") Coordinators.

The GBCMP provides the criteria for identifying critical business functions and application systems in order to prioritise recoveries as well as requirements in developing and maintaining the BCP of the respective business and support functions.

H. Technology risk

Technology risk refers to any risk emanating from technology failures and cyber threats that may disrupt business, such as failures of information technology ('IT') systems, applications, platforms or infrastructures, including threats or vulnerabilities exposed from external networks or the Internet, which could result in financial loss, service disruption, or reputational damage to the Bank.

The Technology Risk Management function within Group Risk Management (GRM) supports the Senior Management Committee - Governance Risk and Compliance (SMC-GRC), which in turn supports the Board Risk Management Committee (BRMC) in the review and monitoring of technology risks. This function is guided by the Technology Risk Management Framework (TRMF), the Cyber Resilience Framework (CRF), and the Technology Risk Management Policy (TRMP), which collectively establish governance and standards for managing technology risk throughout the Bank.

The Group Board IT and Transformation Committee ('GBITC') represents the Board committee serves as the primary forum for technology-related matters and supports BRMC in overseeing technology risks. GBITC oversees and endorses major IT initiatives, IT/cybersecurity policies, technology architecture decisions, IT expenditure, priorities, and performance. It also reviews the TRMF, CRF, TRMP, risk appetite, and KRIs before submission to BRMC for recommendation to the Board. BRMC provides overall governance and oversight of technology risk across the Bank.

The Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC') and on-going cyber hygiene monitoring. The output of this process helps to identify appropriate controls for reducing or eliminating risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software, and networks to prevent, detect, and respond to cyber threats. (i.e. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection and prevention tools). Non-technical controls provide governance and operational guidance that includes security policies, operational procedures, personnel training, and physical and environmental security measures.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****44 Financial risk management objectives and policies (continued)****I. Interest rate benchmark reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (“IBOR”) with alternative nearly risk-free rates (referred to as “IBOR reform”). The new alternative reference rates are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the London Interbank Offered Rate (“LIBOR”) reforms. In both financial years ended 31 December 2025 and 31 December 2024, the Bank has exposure to Kuala Lumpur Interbank Offered Rate (“KLIBOR”) on its financial instruments. BNM has discontinued the publication of the two- and twelve-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, continue to reflect an active underlying market, until a further announcement from BNM.

On 16 October 2025, BNM announced the transition from KLIBOR to the Malaysia Overnight Rate (‘MYOR’) and Malaysia Islamic Overnight Rate (‘MYOR-i’) with the following key milestones:

- By 1 October 2026 - Financial institutions must be operationally ready for products referencing MYOR and MYOR-i.
- By 1 July 2027 - KLIBOR will cease for new trades, and MYOR-i will be mandated for all new Islamic products.
- By 30 June 2028 - All existing KLIBOR based contracts must be converted to MYOR or MYOR-i.
- Effective 1 January 2029 - KLIBOR will be fully discontinued

The Bank has set up an internal working group since 2021 and the key objectives of the internal working group include the followings:

- identifying contracts in scope of benchmark reform;
- considering changes to internal systems, processes, risk management and valuation models;
- allocation of roles and responsibilities and identification of relevant responsible parties to execute and implement the transition;
and
- managing any related tax and accounting implications.

The main risks to which the Bank has been exposed as a result of IBOR reform are operational. The operational risks will arise during the renegotiation of financial contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

As at 31 December 2025, changes required to systems, processes and models have been identified and have been partially implemented. The Bank has identified all KLIBOR-linked contracts as at 31 December 2025 and all contracts were referenced to three-month KLIBOR. The Bank will closely monitor the regulators’ announcements on Malaysia Overnight Rate (“MYOR”) reform and discontinuation of publication of the KLIBOR for the relevant tenors and continues to engage with industry participants, to ensure an orderly transition to MYOR and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with KLIBOR replacement.

The following table contains details of the financial instruments that the Group and the Bank hold which referenced to KLIBOR:

	Notional amount		Of which:	
	Derivatives	Derivatives	Have yet to transition to an alternative benchmark rate	
	Assets	Liabilities	Derivatives	Derivatives
	Assets	Liabilities	Assets	Liabilities
	RM’000	RM’000	RM’000	RM’000
The Group and the Bank				
31.12.2025				
<u>Commitments and contingencies</u>				
Interest rate related contracts				
- less than one year	90,000	610,000	90,000	610,000
- one year to less than five years	767,000	2,180,000	767,000	2,180,000
	<u>857,000</u>	<u>2,790,000</u>	<u>857,000</u>	<u>2,790,000</u>
The Group and the Bank	Assets	Liabilities	Assets	Liabilities
31.12.2024	RM’000	RM’000	RM’000	RM’000
<u>Commitments and contingencies</u>				
Interest rate related contracts				
- less than one year	385,000	220,000	385,000	220,000
- one year to less than five years	1,657,000	1,526,000	1,657,000	1,526,000
	<u>2,042,000</u>	<u>1,746,000</u>	<u>2,042,000</u>	<u>1,746,000</u>

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 December 2025 (continued)

45 Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 132 "Financial Instruments - Disclosure and Presentation" which requires the fair value information to be disclosed. These include property and equipment, investment in subsidiaries, deferred taxation assets and provision for taxation.

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

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

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2024: Nil).

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

45 Fair value of financial instruments (continued)

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

The Group	Level 1	Level 2	Level 3	Total
31.12.2025	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	231,539	-	231,539
- Corporate bonds or sukuk	-	11,060	-	11,060
- Shares, warrants and unit trusts	81,667	-	-	81,667
Financial investments at FVOCI				
- Money market instruments	-	2,040,609	-	2,040,609
- Corporate bonds or sukuk	-	1,658,283	-	1,658,283
- Commercial paper	-	-	-	-
- Shares	-	-	27,454	27,454
Derivative financial assets	-	20,499	-	20,499
Total	81,667	3,961,990	27,454	4,071,111
Liabilities				
Derivative financial liabilities	-	47,914	-	47,914
Total	-	47,914	-	47,914
The Group	Level 1	Level 2	Level 3	Total
31.12.2024	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	15,377	-	15,377
- Shares, warrants and unit trusts	147,674	-	-	147,674
Financial investments at FVOCI				
- Money market instruments	-	2,402,708	-	2,402,708
- Corporate bonds or sukuk	-	1,596,952	-	1,596,952
- Commercial paper	-	4,957	-	4,957
- Shares	-	-	26,188	26,188
Derivative financial assets	-	35,600	-	35,600
Total	147,674	4,055,594	26,188	4,229,456
Liabilities				
Derivative financial liabilities	-	51,059	-	51,059
Total	-	51,059	-	51,059

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****45 Fair value of financial instruments (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
31.12.2025	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	231,539	-	231,539
- Corporate bonds or sukuk	-	11,060	-	11,060
- Shares, warrants and unit trusts	80,319	-	-	80,319
Financial investments at FVOCI				
- Money market instruments	-	2,040,609	-	2,040,609
- Corporate bonds or sukuk	-	1,658,283	-	1,658,283
- Commercial paper	-	-	-	-
- Shares	-	-	27,454	27,454
Derivative financial assets	-	20,499	-	20,499
Total	80,319	3,961,990	27,454	4,069,763
Liabilities				
Derivative financial liabilities	-	47,914	-	47,914
Total	-	47,914	-	47,914
The Bank	Level 1	Level 2	Level 3	Total
31.12.2024	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets at FVTPL				
- Corporate bonds or sukuk	-	15,377	-	15,377
- Shares, warrants and unit trusts	146,375	-	-	146,375
Financial investments at FVOCI				
- Money market instruments	-	2,402,708	-	2,402,708
- Corporate bonds or sukuk	-	1,596,952	-	1,596,952
- Commercial paper	-	4,957	-	4,957
- Shares	-	-	26,188	26,188
Derivative financial assets	-	35,600	-	35,600
Total	146,375	4,055,594	26,188	4,228,157
Liabilities				
Derivative financial liabilities	-	51,059	-	51,059
Total	-	51,059	-	51,059

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

45 Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the financial year:

	The Group and the Bank	
	31.12.2025	31.12.2024
	RM'000	RM'000
At beginning of the financial year	26,188	24,759
Total gains recognised in other comprehensive income	1,266	1,429
At end of the financial year	27,454	26,188

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

The Group and the Bank	Fair value assets		Valuations techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	31.12.2025	31.12.2024			
Description	RM'000	RM'000			
Equity investments measured at FVOCI					
Unquoted shares	27,454	26,188	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Group and the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Group and the Bank estimate are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****45 Fair value of financial instruments (continued)**

The following tables analyse within the fair value hierarchy of the Group's and the Bank's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:

The Group and the Bank 31.12.2025	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial Assets					
Financial investments at amortised cost	1,009,923	-	1,009,923	-	1,009,923
Loans and advances	2,393,462	-	2,393,536	-	2,393,536
Financial Liabilities					
Deposits from customers	4,082,252	-	4,082,628	-	4,082,628
Deposit and placements of banks and other fin. institutions	2,968,775	-	2,970,469	-	2,970,469
Obligations on securities sold under repurchase agreements	-	-	-	-	-
Senior debt securities	-	-	-	-	-
<hr/>					
The Group and the Bank 31.12.2024					
Financial Assets					
Financial investments at amortised cost	1,056,332	-	1,056,332	-	1,056,332
Loans and advances	2,242,268	-	2,280,583	-	2,280,583
Financial Liabilities					
Deposits from customers	3,890,577	-	3,891,282	-	3,891,282
Deposit and placements of banks and other fin. institutions	2,342,947	-	2,347,028	-	2,347,028
Obligations on securities sold under repurchase agreements	386,672	-	404,883	-	404,883
Senior debt securities	4,957	-	4,958	-	4,958

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

45 Fair value of financial instruments (continued)

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Bank approximates the total carrying amount.

The fair value estimates were determined by application of the methodologies and assumptions described below.

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturity of less than six months, the carrying amount is a reasonable estimate of fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made to banks with similar credit ratings and maturities.

Financial assets at amortised costs

The fair values of financial investments at amortised cost are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Loans and advances

Loans and advances of the Bank comprise of floating rate loans and fixed rate loans. For performing floating rate loans, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans and advances with similar credit ratings and maturities.

The fair values of impaired loans and advances, whether fixed or floating are represented by their carrying values, net of expected credit losses, being the reasonable estimate of recoverable amount.

Obligation on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market interest rates with similar remaining period to maturity.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

45 Fair value of financial instruments (continued)

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values as these items are not sensitive to the shift in market profit rates.

Deposits from customers, deposits and placements of banks and other financial institutions

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, approximates carrying amount which represents the amount repayable on demand.

46 Offsetting financial assets and financial liabilities

In accordance with MFRS 132 "Financial Instruments: Presentation" the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and reverse repurchase and repurchased agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The "Financial instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements and global master purchase agreement, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

The "Net amount" presented below are not intended to represent the Group's and the Bank's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Obligation on securities sold under repurchase agreements

The "Financial instruments" column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as global master repurchase agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****46 Offsetting financial assets and financial liabilities (continued)**

	Effects of offsetting on the statements of financial position			Related amount not set off on the statements of financial position		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral received RM'000	Net amount RM'000
The Group						
31.12.2025						
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa						
Securities Clearing Sdn Bhd	531,626	(531,626)	-	-	-	-
Derivative financial assets	20,499	-	20,499	(8,635)	(1,059)	10,805
Total	552,125	(531,626)	20,499	(8,635)	(1,059)	10,805
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa						
Securities Clearing Sdn Bhd	795,797	(531,626)	264,171	-	-	264,171
Derivative financial liabilities	47,914	-	47,914	(8,635)	(14,504)	24,775
Total	843,711	(531,626)	312,085	(8,635)	(14,504)	288,946
The Group						
31.12.2024						
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa						
Securities Clearing Sdn Bhd	669,694	(509,754)	159,940	-	-	159,940
Derivative financial assets	35,600	-	35,600	(12,271)	(5,165)	18,164
Total	705,294	(509,754)	195,540	(12,271)	(5,165)	178,104
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa						
Securities Clearing Sdn Bhd	509,754	(509,754)	-	-	-	-
Derivative financial liabilities	51,059	-	51,059	(12,271)	(1,790)	36,998
Obligations on securities sold under repurchase agreements	386,672	-	386,672	(386,672)	-	-
Total	947,485	(509,754)	437,731	(398,943)	(1,790)	36,998

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****46 Offsetting financial assets and financial liabilities (continued)**

	Effects of offsetting on the statements of financial position			Related amount not set off on the statements of financial position		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral received RM'000	Net amount RM'000
The Bank						
31.12.2025						
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa						
Securities Clearing Sdn Bhd	531,626	(531,626)	-	-	-	-
Derivative financial assets	20,499	-	20,499	(8,635)	(1,059)	10,805
Total	552,125	(531,626)	20,499	(8,635)	(1,059)	10,805
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa						
Securities Clearing Sdn Bhd	795,797	(531,626)	264,171	-	-	264,171
Derivative financial liabilities	47,914	-	47,914	(8,635)	(14,504)	24,775
Total	843,711	(531,626)	312,085	(8,635)	(14,504)	288,946
The Bank						
31.12.2024						
Financial assets						
Amount due from clients and brokers						
- Amount due from Bursa						
Securities Clearing Sdn Bhd	669,694	(509,754)	159,940	-	-	159,940
Derivative financial assets	35,600	-	35,600	(12,271)	(5,165)	18,164
Total	705,294	(509,754)	195,540	(12,271)	(5,165)	178,104
Financial liabilities						
Amount due to clients and brokers						
- Amount due to Bursa						
Securities Clearing Sdn Bhd	509,754	(509,754)	-	-	-	-
Derivative financial liabilities	51,059	-	51,059	(12,271)	(1,790)	36,998
Obligations on securities sold under repurchase agreements	386,672	-	386,672	(386,672)	-	-
Total	947,485	(509,754)	437,731	(398,943)	(1,790)	36,998

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)**

47 Segment analysis

Operating segments are reported in a manner consistent with the internal financial reporting system provided to the Chief Operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the Head of the respective operating segments as its Chief Operating decision-maker.

The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments has been presented. The Group comprises the following main segments:

Securities

The stockbroking business comprises institutional and retail stockbroking business for securities listed on local and foreign stock exchanges, investment management and research services. This segment also involves in the issuance and market-making of the structured warrants.

Investment Banking Advisory

This segment focuses on business needs of large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

Treasury and Markets

This segment provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to a variety of funds and capital market investment products to corporate, institutional and individual investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

Others

Other business segments in the Group include operation of investment holding companies and provision of investment trustee and nominee services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Notes to the financial statements
for the financial year ended 31 December 2025 (continued)****47 Segment analysis (continued)**

The segment analysis for the financial year ended 31 December 2025 and 31 December 2024 are as follows:

The Group	Investment				Elimination	Group
31.12.2025	Securities	Banking	Treasury and	Others	RM'000	RM'000
	RM'000	Advisory	Markets	RM'000		RM'000
		RM'000	RM'000	RM'000		
Net interest income						
External income/(expense)	139,527	10,242	(66,745)	(30)	-	82,994
Intersegment (expense)/revenue	(63,436)	(1,058)	64,494	-	-	-
Total net interest income/(expense)	76,091	9,184	(2,251)	(30)	-	82,994
Net non-interest income	126,576	23,294	90,065	2,998	(2)	242,931
Total segment revenue	202,667	32,478	87,814	2,968	(2)	325,925
Operating expenses	(153,870)	(39,861)	(24,740)	(3,491)	2	(221,960)
of which:						
Depreciation of property and equipment	(1,558)	(267)	(251)	(2)	-	(2,078)
Depreciation of right-of-use assets	(7,457)	(1,174)	(634)	-	-	(9,265)
Amortisation of intangible assets	(463)	(40)	(226)	-	-	(729)
(Allowances for)/write-back of credit impairment losses on financial instruments	(514)	(89)	(202)	18	-	(787)
Profit before zakat and taxation	48,283	(7,472)	62,872	(505)	-	103,178
Zakat	-	-	-	-	-	-
Profit before taxation	48,283	(7,472)	62,872	(505)	-	103,178
Taxation	-	-	-	-	-	(24,767)
Net profit for the financial year						78,411
Assets						
Segment assets	3,540,082	306,117	5,622,754	12,652	-	9,481,605
Unallocated assets	-	-	-	-	-	121,765
Total segment assets	3,540,082	306,117	5,622,754	12,652	-	9,603,370
Liabilities						
Segment liabilities	3,031,394	262,130	4,814,799	12,148	-	8,120,471
Unallocated liabilities	-	-	-	-	-	5
Total segment liabilities	3,031,394	262,130	4,814,799	12,148	-	8,120,476
Other information						
Capital expenditure	2,714	99	449	-	-	3,262

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

47 Segment analysis (continued)

The segment analysis for the financial year ended 31 December 2025 and 31 December 2024 are as follows: (continued)

The Group 31.12.2024	Securities RM'000	Investment Banking Advisory RM'000	Treasury and Markets RM'000	Others RM'000	Elimination RM'000	Group RM'000
Net interest income/(expense)						
External income/(expense)	117,512	22,150	(49,063)	(70)	-	90,529
Intersegment (expense)/income	(60,415)	(4,628)	65,043	-	-	-
Total net interest income/(expense)	57,097	17,522	15,980	(70)	-	90,529
Net non-interest income	153,043	27,094	36,291	1,988	(2)	218,414
Total segment revenue	210,140	44,616	52,271	1,918	(2)	308,943
Operating expenses	(110,426)	(22,511)	(10,903)	(65,298)	2	(209,136)
of which:						
Depreciation of property and equipment	(1,990)	(100)	(71)	(157)	-	(2,318)
Depreciation of right-of-use assets	(6,764)	(952)	(43)	(1,669)	-	(9,428)
Amortisation of intangible assets	(467)	(64)	(137)	(72)	-	(740)
Write-back of/(allowances for) credit impairment losses on financial instruments	(2,452)	31,863	20,871	1,803	-	52,085
Profit before zakat and taxation	97,262	53,968	62,239	(61,577)	-	151,892
Zakat	-	-	-	(1,337)	-	(1,337)
Profit before taxation	97,262	53,968	62,239	(62,914)	-	150,555
Taxation	-	-	-	-	-	(36,955)
Net profit for the financial year	-	-	-	-	-	113,600
Assets						
Segment assets	3,045,621	364,851	5,358,131	43,110	-	8,811,713
Unallocated assets	-	-	-	-	-	170,413
Total segment assets	3,045,621	364,851	5,358,131	43,110	-	8,982,126
Liabilities						
Segment liabilities	2,597,659	311,188	4,570,036	37,814	-	7,516,697
Unallocated liabilities	-	-	-	-	-	2
Total segment liabilities	2,597,659	311,188	4,570,036	37,814	-	7,516,699
Other information						
Capital expenditure	1,835	644	476	2,871	-	5,826

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Notes to the financial statements
for the financial year ended 31 December 2025 (continued)

48 Credit exposures arising from transactions with connected parties

The following credit exposures are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008:

	The Group and the Bank	
	31.12.2025	31.12.2024
i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	218,489	417,174
ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	2.87%	6.07%

49 Client trust accounts

As at 31 December 2025, cash held in trust for the clients by the Group and the Bank amounted to RM1,145,598,717 (2024: RM1,142,688,022). These amounts are not recognised in the financial statements as they are held by the Group and the Bank in its fiduciary capacity.

50 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 16 March 2026.

Registration No: 197301000792 (14389-U)

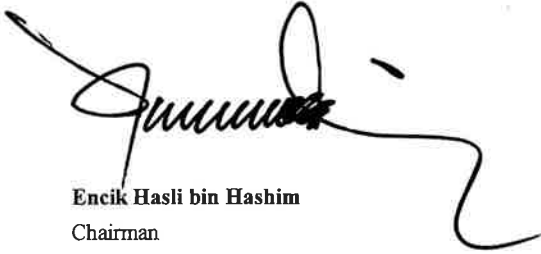
Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

We, Encik Hasli bin Hashim and Mr Eugene Hon Kah Weng, being two of the Directors of Affin Hwang Investment Bank Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 34 to 181 are drawn up so as to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2025 and financial performance of the Group and the Bank for the financial year ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 March 2026.



Encik Hasli bin Hashim
Chairman



Mr Eugene Hon Kah Weng
Director

**Statutory declaration pursuant to
Section 251(1) of the Companies Act 2016**

I, Joanne May Rodrigues, being the Officer primarily responsible for the financial management of Affin Hwang Investment Bank Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 34 to 181 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Joanne May Rodrigues
MIA No. CA17745

Subscribed and solemnly declared by the abovesigned Joanne May Rodrigues at Kuala Lumpur in Malaysia on 16 March 2026.

Before me:



**No. 59, Jalan Telawi
Bangsar Baru
59100 Kuala Lumpur**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD**
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Investment Bank Berhad ("the Bank") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 34 to 181.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF AFFIN HWANG INVESTMENT BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 197301000792 (14389-U)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

WILLIAM MAH JIN CHIEK
03085/07/2027 J
Chartered Accountant

Kuala Lumpur
16 March 2026