

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	Group		Company	
		31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A8	7,073,744	5,515,856	81,005	79,080
Deposits and placements with banks and other financial institutions	A9	196,159	215,602	-	-
Derivative financial assets	A37	763,923	1,125,617	-	-
Financial assets at fair value through profit or loss	A10	19,365,595	-	1,044	-
Financial assets held-for-trading	A11	-	12,944,783	-	-
Financial investments at fair value through other comprehensive income	A12	15,709,873	-	-	-
Financial investments available-for-sale	A13	-	7,702,886	-	1,008
Financial investments at amortised cost	A14	5,146,316	-	-	-
Financial investments held-to-maturity	A15	-	3,028,316	-	1,425,000
Loans, advances and financing	A16	100,544,021	95,377,900	-	-
Receivables: Investments not quoted in active markets		-	1,940,433	-	-
Statutory deposits with Bank Negara Malaysia	A17	3,155,541	2,836,841	-	-
Deferred tax assets		66,162	75,324	-	-
Investment in subsidiaries and other investments		-	-	9,640,313	9,487,139
Investment in associates and joint ventures		710,091	690,294	-	-
Other assets	A18	1,983,451	2,269,106	1,670	7,313
Reinsurance assets and other insurance receivables	A19	525,547	536,859	-	-
Property and equipment		168,221	191,412	676	940
Intangible assets		3,379,727	3,426,051	-	-
Assets held for sale	A35	5,029	3,963	-	-
<b>TOTAL ASSETS</b>		<b>158,793,400</b>	<b>137,881,243</b>	<b>9,724,708</b>	<b>11,000,480</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A20	106,915,989	95,805,187	-	-
Investment accounts of customers		353,451	138,956	-	-
Deposits and placements of banks and other financial institutions	A21	7,687,719	3,432,578	-	-
Securities sold under repurchase agreements		5,339,422	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		4,658,353	4,273,621	-	-
Derivative financial liabilities	A37	825,492	1,278,792	-	-
Term funding		3,634,754	4,329,713	-	500,000
Debt capital		4,230,000	4,579,504	-	1,424,585
Redeemable cumulative convertible preference share		224,229	217,451	-	-
Deferred tax liabilities		63,702	65,403	-	-
Other liabilities	A22	3,476,588	3,336,516	31,436	24,722
Insurance contract liabilities and other insurance payables	A23	2,693,249	2,763,512	-	-
<b>Total Liabilities</b>		<b>140,102,948</b>	<b>120,221,233</b>	<b>31,436</b>	<b>1,949,307</b>
Share capital		5,751,557	5,551,557	5,550,250	5,550,250
Reserves		11,939,396	10,964,048	4,143,022	3,500,923
Equity attributable to equity holders of the Company		17,690,953	16,515,605	9,693,272	9,051,173
Non-controlling interests		999,499	1,144,405	-	-
<b>Total Equity</b>		<b>18,690,452</b>	<b>17,660,010</b>	<b>9,693,272</b>	<b>9,051,173</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>158,793,400</b>	<b>137,881,243</b>	<b>9,724,708</b>	<b>11,000,480</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A36	<b>131,016,758</b>	<b>143,672,497</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>5.87</b>	<b>5.48</b>	<b>3.22</b>	<b>3.00</b>

The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2018.

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Operating revenue	A31	2,333,984	2,211,339	9,119,857	8,576,739
Interest income	A24	1,244,209	1,124,388	4,892,073	4,319,975
Interest expense	A25	(821,447)	(699,093)	(3,167,765)	(2,655,630)
Net interest income		422,762	425,295	1,724,308	1,664,345
Net income from Islamic banking		237,578	250,019	951,949	941,019
Income from insurance business		347,986	339,431	1,374,782	1,390,417
Insurance claims and commissions		(268,050)	(191,201)	(922,261)	(925,364)
Net income from insurance business	A26	79,936	148,230	452,521	465,053
Other operating income	A27	212,655	248,041	773,195	915,131
Share in results of associates and joint ventures		1,642	(729)	20,427	(6,309)
Net income		954,573	1,070,856	3,922,400	3,979,239
Other operating expenses	A28	(599,936)	(728,366)	(2,130,872)	(2,420,805)
Operating profit before impairment losses		354,637	342,490	1,791,528	1,558,434
Net writeback for impairment for loans, advances and financing	A29	271,560	29,045	301,303	1,082
Net impairment writeback/(loss) on:					
Financial investments	A30	1,240	-	(11,837)	(1,483)
Insurance receivables		(11)	2,459	4,961	602
Other financial assets	A30	(948)	(1,392)	(2,180)	(8,368)
Foreclosed properties		-	-	-	(35)
Property and equipment		-	-	-	369
Provision for commitments and contingencies - writeback/(charge)		(1,176)	(14,641)	9,289	(10,384)
Other recoveries, net		(204)	1,727	2,310	2,496
Profit before taxation and zakat		625,098	359,688	2,095,374	1,542,713
Taxation and zakat	B5	(149,329)	(57,616)	(492,305)	(288,889)
<b>Profit for the financial period/year</b>		<b>475,769</b>	<b>302,072</b>	<b>1,603,069</b>	<b>1,253,824</b>
Attributable to:					
Equity holders of the Company		459,667	253,414	1,505,289	1,132,131
Non-controlling interests		16,102	48,658	97,780	121,693
<b>Profit for the financial period/year</b>		<b>475,769</b>	<b>302,072</b>	<b>1,603,069</b>	<b>1,253,824</b>
<b>EARNINGS PER SHARE (SEN)</b>	B11				
Basic		15.28	8.43	50.03	37.64
Fully diluted		15.28	8.42	50.03	37.64

The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2018.

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Profit for the financial period/year	475,769	302,072	1,603,069	1,253,824
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement of defined benefit liability	24	(403)	24	(403)
	<u>24</u>	<u>(403)</u>	<u>24</u>	<u>(403)</u>
<b>Items that may be reclassified to profit or loss</b>				
Translation (loss)/gain of foreign operations	(5,091)	(28,368)	32,489	(91,768)
Cash flow hedge				
- (loss)/gain arising during the financial year	(10,284)	7,262	(12,123)	5,897
- reclassification adjustments for gain included in profit or loss	-	(2,542)	(128)	(3,302)
- amortisation of fair value changes for terminated hedges	(1,560)	(2,099)	(7,812)	(2,379)
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised gains on changes in fair value	85,658	-	99,921	-
- net gain reclassified to profit or loss	(25,047)	-	(31,589)	-
- expected credit loss	(585)	-	11,301	-
- foreign exchange differences	(1)	-	340	-
Financial investments available-for-sale				
- net unrealised (loss)/gain on changes in fair value	-	(42,945)	-	30,027
- net loss/(gain) reclassified to profit or loss	-	19,421	-	(48,851)
Tax effect relating to the components of other comprehensive (income)/loss				
- defined benefit liability	(14)	97	(14)	97
- cash flow hedge	2,842	(629)	4,815	(52)
- financial investments at FVOCI/available-for-sale	(14,986)	4,888	(13,540)	4,850
Share of reserve movements in equity accounted joint ventures	(3,161)	(2,240)	618	978
	<u>27,771</u>	<u>(47,155)</u>	<u>84,278</u>	<u>(104,503)</u>
Other comprehensive income/(loss) for the financial period/year, net of tax	27,795	(47,558)	84,302	(104,906)
Total comprehensive income for the financial period/year	<u>503,564</u>	<u>254,514</u>	<u>1,687,371</u>	<u>1,148,918</u>
Total comprehensive income for the financial period/year attributable to:				
Equity holders of the Company	487,457	210,134	1,589,586	1,029,263
Non-controlling interests	16,107	44,380	97,785	119,655
	<u>503,564</u>	<u>254,514</u>	<u>1,687,371</u>	<u>1,148,918</u>

The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2018.

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Company	Note	Individual Quarter		Cumulative Quarter	
		31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Operating revenue		892	220,422	1,210,101	1,376,542
Interest income	A24	569	12,762	62,104	43,139
Interest expense	A25	-	(18,175)	(69,515)	(76,992)
Net interest income/(expense)		569	(5,413)	(7,411)	(33,853)
Other operating income	A27	323	207,660	1,147,997	1,333,403
Net operating income		892	202,247	1,140,586	1,299,550
Other operating expenses	A28	(5,390)	(9,473)	(23,796)	(16,070)
Operating (loss)/profit before impairment losses		(4,498)	192,774	1,116,790	1,283,480
Impairment of subsidiary		-	(207,655)	(24,083)	(219,161)
Profit before taxation		(4,498)	(14,881)	1,092,707	1,064,319
Taxation	B5	(32)	(10)	(1,877)	(51)
<b>Profit for the financial period/year representing total comprehensive income for the financial period/year</b>		<b>(4,530)</b>	<b>(14,891)</b>	<b>1,090,830</b>	<b>1,064,268</b>

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**AMMB HOLDINGS BERHAD**  
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**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	Attributable to Equity Holders of the Company												Total equity RM'000
	Non-Distributable								Distributable				
	Ordinary share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	AFS reserve/ (deficit) RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained Earnings		Non- controlling interests RM'000		
									Non- participating funds RM'000	RM'000		Total RM'000	
<b>At 01.04.17</b>	5,551,557	1,938,849	225,050	(47,520)	3,010	153,368	30,998	(47,273)	45,715	8,173,314	16,027,068	1,125,816	17,152,884
Profit for the financial year	-	-	-	-	-	-	-	-	-	1,132,131	1,132,131	121,693	1,253,824
Other comprehensive income/(loss), net	-	-	-	(11,108)	164	(91,768)	-	-	-	(156)	(102,868)	(2,038)	(104,906)
Total comprehensive income/(loss) for the financial year	-	-	-	(11,108)	164	(91,768)	-	-	-	1,131,975	1,029,263	119,655	1,148,918
Purchase of shares pursuant to Executives' Share Scheme ("ESS") <sup>1</sup>	-	-	-	-	-	-	-	(370)	-	-	(370)	-	(370)
Share-based payment under Executives' Share Scheme ("ESS"), net	-	-	-	-	-	-	(9,675)	-	-	-	(9,675)	-	(9,675)
ESS shares vested to employees	-	-	-	-	-	-	(3,895)	6,023	-	-	2,128	-	2,128
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	(2,312)	(2,312)	(55)	(2,367)
Transfer to retained earnings	-	(1,938,849)	-	-	-	-	-	-	-	1,938,849	-	-	-
Arising from withdrawal of investment by the Group	-	-	-	-	-	-	-	-	-	-	-	(100,615)	(100,615)
Transfer to regulatory reserve	-	-	477,684	-	-	-	-	-	-	(477,684)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(530,497)	(530,497)	(396)	(530,893)
Transactions with owners and other equity movements	-	(1,938,849)	477,684	-	-	-	(13,570)	5,653	-	928,356	(540,726)	(101,066)	(641,792)
<b>At 31.03.18</b>	<b>5,551,557</b>	<b>-</b>	<b>702,734</b>	<b>(58,628)</b>	<b>3,174</b>	<b>61,600</b>	<b>17,428</b>	<b>(41,620)</b>	<b>45,715</b>	<b>10,233,645</b>	<b>16,515,605</b>	<b>1,144,405</b>	<b>17,660,010</b>

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	Note	Attributable to Equity Holders of the Company											Non-controlling interests	Total equity
		Non-Distributable							Distributable					
		Share capital	Regulatory reserve	AFS reserve/(deficit)	Fair value reserve	Cash flow hedging reserve/(deficit)	Foreign currency translation reserve	Executives' share reserve	Shares held in trust for ESS	Non-participating funds	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 01.04.18</b>		5,551,557	702,734	(58,628)	-	3,174	61,600	17,428	(41,620)	45,715	10,233,645	16,515,605	1,144,405	17,660,010
Effects of adopting MFRS 9 at 1 April 2018	A42(c)	-	(406,513)	58,628	412,919	-	-	-	-	-	(27,404)	37,630	48	37,678
Restated balance at 1 April 2018		5,551,557	296,221	-	412,919	3,174	61,600	17,428	(41,620)	45,715	10,206,241	16,553,235	1,144,453	17,697,688
Profit for the financial year		-	-	-	-	-	-	-	-	-	1,505,289	1,505,289	97,780	1,603,069
Other comprehensive income/(loss), net		-	-	-	67,051	(15,248)	32,489	-	-	-	5	84,297	5	84,302
Total comprehensive income/(loss) for the financial year		-	-	-	67,051	(15,248)	32,489	-	-	-	1,505,294	1,589,586	97,785	1,687,371
Purchase of shares pursuant to ESS <sup>2</sup>		-	-	-	-	-	-	-	(183)	-	-	(183)	-	(183)
Share-based payment under ESS, net		-	-	-	-	-	-	(5,270)	-	-	-	(5,270)	-	(5,270)
ESS shares vested to employees		-	-	-	-	-	-	(6,863)	10,320	-	-	3,457	-	3,457
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	-	-	(3,373)	(3,373)	(109)	(3,482)
Dividend for ESS shares not vested		-	-	-	-	-	-	-	-	-	5,629	5,629	-	5,629
Transfer to regulatory reserve		-	153,937	-	-	-	-	-	-	-	(153,937)	-	-	-
Transfer from retained earnings arising from redemption of preference shares by a subsidiary		200,000	-	-	-	-	-	-	-	-	(200,000)	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-	(452,128)	(452,128)	(242,630)	(694,758)
Transactions with owners and other equity movements		200,000	153,937	-	-	-	-	(12,133)	10,137	-	(803,809)	(451,868)	(242,739)	(694,607)
<b>At 31.03.19</b>		<b>5,751,557</b>	<b>450,158</b>	<b>-</b>	<b>479,970</b>	<b>(12,074)</b>	<b>94,089</b>	<b>5,295</b>	<b>(31,483)</b>	<b>45,715</b>	<b>10,907,726</b>	<b>17,690,953</b>	<b>999,499</b>	<b>18,690,452</b>

The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2018.

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Company	Attributable to Equity Holders of the Company				
	Non-Distributable			Distributable	
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 01.04.17</b>	5,550,250	30,998	(47,273)	2,991,530	8,525,505
Profit for the financial year	-	-	-	1,064,268	1,064,268
Total comprehensive income for the financial year	-	-	-	1,064,268	1,064,268
Purchase of shares pursuant to ESS <sup>1</sup>	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	(9,675)	-	-	(9,675)
ESS shares vested to employees	-	(3,895)	6,023	(186)	1,942
Dividends paid	-	-	-	(530,497)	(530,497)
Transactions with owners and other equity movements	-	(13,570)	5,653	(530,683)	(538,600)
<b>At 31.03.18</b>	<b>5,550,250</b>	<b>17,428</b>	<b>(41,620)</b>	<b>3,525,115</b>	<b>9,051,173</b>

Company	Attributable to Equity Holders of the Company				
	Non-Distributable			Distributable	
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 01.04.18</b>	5,550,250	17,428	(41,620)	3,525,115	9,051,173
Profit for the financial year	-	-	-	1,090,830	1,090,830
Total comprehensive income for the financial year	-	-	-	1,090,830	1,090,830
Purchase of shares pursuant to ESS <sup>2</sup>	-	-	(183)	-	(183)
Share-based payment under ESS, net	-	(5,270)	-	-	(5,270)
ESS shares vested to employees	-	(6,863)	10,320	(236)	3,221
Dividend for ESS shares not vested	-	-	-	5,629	5,629
Dividends paid	-	-	-	(452,128)	(452,128)
Transactions with owners and other equity movements	-	(12,133)	10,137	(446,735)	(448,731)
<b>At 31.03.19</b>	<b>5,550,250</b>	<b>5,295</b>	<b>(31,483)</b>	<b>4,169,210</b>	<b>9,693,272</b>

<sup>1</sup> Represents the purchase of 71,550 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM5.17 per share.

<sup>2</sup> Represents the purchase of 48,350 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM3.79 per share.

The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2018.

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

	Group		Company	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Profit before taxation and zakat	2,095,374	1,542,713	1,092,707	1,064,319
(Less)/Add adjustments for:				
Net (accretion of discount)/amortisation of premium for securities	(294,392)	(181,892)	-	-
Allowance for expected credit losses on loans, advances and financing, net	536,097	-	-	-
Allowance for impairment on loans, advances and financing, net	-	450,351	-	-
Dividend income	(2,897)	(24,795)	(1,122,065)	(1,137,838)
Capital repayment from subsidiary	-	-	(25,000)	(195,409)
Impairment loss on subsidiary	-	-	24,083	219,161
Net (gain)/loss on revaluation of derivatives	(103,858)	363,506	-	-
Net loss/(gain) on revaluation of financial assets:				
- at fair value through profit or loss	33,751	-	-	-
- held-for-trading	-	(32,461)	-	-
Net gain on sale of financial investments				
at fair value through other comprehensive income	(31,590)	-	-	-
Net gain on sale of financial investments available-for-sale	-	(91,462)	-	-
Net gain on sale of financial assets at fair value through profit or loss	(48,624)	-	-	-
Net gain on sale of financial assets held-for-trading	-	(35,114)	-	-
Other non-operating and non-cash items	201,248	(74,855)	409	605
Operating profit/(loss) before working capital changes	2,385,109	1,915,991	(29,866)	(49,162)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	-	10,369	-	-
Deposits and placements with banks and other financial institutions	12,318	74,664	-	-
Financial assets at fair value through profit or loss	(5,721,450)	-	(36)	-
Financial assets held-for-trading	-	(3,271,482)	-	-
Loans, advances and financing	(6,148,778)	(5,963,166)	-	-
Statutory deposits with Bank Negara Malaysia	(318,700)	(261,397)	-	-
Other assets	160,448	260,591	3,598	61,699
Reinsurance assets and other insurance receivables	15,402	(133,144)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	11,110,802	1,870,129	-	-
Investment accounts of customers	214,496	114,582	-	-
Deposits and placements of banks and other financial institutions	4,255,140	1,903,157	-	-
Securities sold under repurchase agreements	5,339,422	(9,464)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	384,731	994,076	-	-
Term funding	(788,113)	(2,835,990)	(500,000)	(676,000)
Other liabilities	186,694	(14,987)	6,714	(12,991)
Insurance contract liabilities and other insurance payables	(70,263)	96,668	-	-
Cash generated from/(used) in operations	11,017,258	(5,249,403)	(519,590)	(676,454)
Taxation and zakat paid, net	(262,482)	(133,984)	(1,611)	(2,455)
Net cash generated from/(used) in operating activities	10,754,776	(5,383,387)	(521,201)	(678,909)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS by appointed trustee	(183)	(370)	(183)	(370)
Dividend/Distribution income received	10,109	30,151	1,122,065	1,135,667
Subscription of shares in subsidiaries	-	-	(177,257)	(200,000)
Subscription of shares in joint-venture	(6,000)	(3,500)	-	-
Capital repayment from subsidiary	-	-	25,000	195,409
Proceeds from disposal of property and equipment	2,858	4,239	-	-
Net (purchase)/disposal of financial investments	(8,055,012)	1,978,174	-	(542,853)
Purchase of property and equipment and intangible assets	(123,563)	(126,873)	-	(424)
Net cash (used in)/generated from investing activities	(8,171,791)	1,881,821	969,625	587,429
carried forward				



**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**AUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019 (CONT'D.)**

	Group		Company	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Net cash (used in)/generated investing activities				
brought forward	(8,171,791)	1,881,821	969,625	587,429
Redemption of receivables: investments not quoted in active markets	-	49,147	-	-
Net proceeds from disposal of assets held for sale (properties)	10,584	18,384	-	-
Net cash (used in)/generated from investing activities	<u>(8,161,207)</u>	<u>1,949,352</u>	<u>969,625</u>	<u>587,429</u>
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(452,128)	(530,497)	(452,128)	(530,497)
Dividends paid to non-controlling interests by subsidiaries	(242,630)	(396)	-	-
Dividends refunded by Trustee for ESS shares not vested	5,629	-	5,629	-
Investment by non-controlling interests-withdrawal	-	(100,615)	-	-
Debt capital - net issuance/(repayment)	(350,000)	405,000	-	675,000
Net cash (used in)/generated from financing activities	<u>(1,039,129)</u>	<u>(226,508)</u>	<u>(446,499)</u>	<u>144,503</u>
Net increase/(decrease) in cash and cash equivalents	1,554,440	(3,660,543)	1,925	53,023
Cash and cash equivalents at beginning of the financial year	5,715,856	9,376,920	79,080	26,057
Effect of exchange rate changes	(250)	(521)	-	-
Cash and cash equivalents at end of the financial year	<u>7,270,046</u>	<u>5,715,856</u>	<u>81,005</u>	<u>79,080</u>

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Cash and short-term funds	7,073,744	5,515,856	81,005	79,080
Deposits and placements with banks and other financial institutions	196,159	215,602	-	-
	<u>7,269,903</u>	<u>5,731,458</u>	<u>81,005</u>	<u>79,080</u>
Less: Deposits with original maturity of more than three months	(3,283)	(15,602)	-	-
	<u>7,266,620</u>	<u>5,715,856</u>	<u>81,005</u>	<u>79,080</u>
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents as at 31 March 2019	3,426	-	-	-
Cash and cash equivalents	<u>7,270,046</u>	<u>5,715,856</u>	<u>81,005</u>	<u>79,080</u>

The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2018.

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**EXPLANATORY NOTES :**

**A1. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia. These financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2018 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

**A1.1 Significant Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new standards, amendments to published standards, and new interpretation which became effective for the first time for the Group and the Company on 1 April 2018:

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts* (Amendments to MFRS 4)
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
- Transfers of Investment Property (Amendments to MFRS 140)
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 1 and MFRS 128
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of these new standards, amendments to published standards and new interpretation did not have any material impact on the financial statements of the Group and the Company except for those arising from the adoption of MFRS 9 as disclosed below. Other than the adoption of new accounting policies as disclosed in Note A1.2, the Group and the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other amendments to published standards and new interpretation.

The nature of the new standards, amendments to published standards relevant to the Group and the Company are described below:

**MFRS 9 *Financial Instruments***

MFRS 9 replaces the provisions of MFRS 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement, as well as derecognition of financial instruments, impairment of financial assets and hedge accounting. As permitted by the transitional provision of MFRS 9, comparative information have not been restated. The impact arising from the adoption of MFRS 9 are as follows:

**(i) Classification and measurement**

MFRS 9 requires all financial assets, other than equity instruments and derivatives, to be classified on the basis of two criteria, namely the entity's business model for managing the assets, as well as the instruments' contractual cash flow characteristics. Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest. If the financial assets are held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, the assets are measured at fair value through other comprehensive income ("FVOCI"). Any financial assets that are not measured at amortised cost or FVOCI are measured at fair value through profit or loss ("FVTPL"). Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL; nevertheless entities are allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to the statement of profit or loss.

**A1. BASIS OF PREPARATION (CONT'D.)**

**A1.1 Significant Accounting Policies (Cont'd.)**

**MFRS 9 Financial Instruments (Cont'd.)**

**(i) Classification and measurement (Cont'd.)**

Loans, advances and financing, which form a substantial portion of the Group's financial assets, satisfied the conditions for classification at amortised cost and hence there is no change to the accounting of these assets. Similarly, investments in corporate bonds and sukuk classified as held-to-maturity under MFRS 139 also met the conditions for classification at amortised cost under MFRS 9.

Certain investments in corporate bonds and sukuk that were classified as available-for-sale under MFRS 139 qualified for classification at amortised cost under MFRS 9. The reclassification has been effected by way of a retrospective application of the effective interest method and accordingly, the related cumulative fair value loss has been reversed on 1 April 2018. Other investments in corporate bonds and sukuk that were classified as available-for-sale satisfied the conditions for classification at FVOCI and hence there is no change to the accounting of these assets.

The majority of the Group's debt investments not quoted in active market that were measured at amortised cost under MFRS 139 satisfied the conditions for classification at FVOCI and the related fair value gains have been recognised in fair value reserve on 1 April 2018. However, certain debt investments did not meet the cash flow characteristics criterion to be classified either at FVOCI or at amortised cost and have been accordingly classified at FVTPL with related fair value loss recognised in retained earnings on 1 April 2018.

All financial assets held for trading comprising derivatives, as well as investments in debt and equity instruments, continued to be measured at FVTPL.

Other than equity instruments held for long-term strategic or socioeconomic purposes, the Group did not designate any of the equity instruments not held-for-trading at FVOCI. As a majority of the equity instruments held for long-term strategic or socioeconomic purposes are unquoted and have been measured at cost in accordance with MFRS 139, the classification of these equity instruments at FVOCI under MFRS 9 resulted in the recognition of related fair value gains in fair value reserve on 1 April 2018.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have any such liabilities.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.1 Significant Accounting Policies (Cont'd.)

#### **MFRS 9 Financial Instruments (Cont'd.)**

##### **(ii) Impairment**

The loan loss impairment methodology is fundamentally changed under MFRS 9 as it replaces MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The impairment requirements based on ECL approach is applicable for all loans and other debt financial assets not held at FVTPL, as well as loan commitments and financial guarantee contracts. The allowances for expected losses are determined based on the expected credit losses associated with the probability of default ("PD") in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the PD over the lifetime of the asset.

The Group has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the next twelve months or the remaining life of the financial instrument. To calculate ECL, the Group has estimated the risk of a default occurring on the financial instrument during the next twelve months or its expected life. ECLs are estimated based on the present value of all cash shortfalls over the next twelve months or the remaining expected life of the financial asset, i.e. the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expect to receive, discounted at the effective interest rate of the financial asset.

Following the adoption of MFRS 9, the Group recorded an additional loss allowance in respect of loans, advances and financing, as well as investments in debt securities and other financial assets that are not classified at FVTPL, which has been adjusted to retained earnings and other reserves on 1 April 2018.

##### **(iii) Hedge accounting**

All existing hedge relationships that were designated in effective hedging relationships under MFRS 139 continue to qualify for hedge accounting under MFRS 9. As MFRS 9 did not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of MFRS 9 did not result in any significant impact on the Group's financial statements.

The financial impact of the adoption of MFRS 9 on the financial statements of the Group are as disclosed in Note A42.

#### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 established a new five-step model that applies to revenue arising from contracts with customers, based on the underlying principle that an entity should recognise revenue in a manner which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The standard also specified the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In accordance with the transitional provision in MFRS 15, the Group has adopted the standard using the modified retrospective approach without any restatement to the comparative information. The adoption of MFRS 15 has resulted in changes in the Group's accounting policies. Nevertheless, no adjustment has been made to the amounts recognised in the financial statements as the adoption of MFRS 15 did not have any material financial impact because the Group has been recognising revenue in a manner consistent with the principles of MFRS 15.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.1 Significant Accounting Policies (Cont'd.)

#### **Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts* (Amendments to MFRS 4)**

The amendments address the concerns about the different effective dates of MFRS 9 and MFRS 17 *Insurance Contracts* by providing 2 different solutions for insurers which are optional, including a temporary exemption that allows insurers to continue to apply MFRS 139 instead of adopting MFRS 9 for annual periods beginning before 1 January 2021 if their activities are "predominantly connected with insurance". The eligibility to apply this temporary exemption is assessed based on the significance of the carrying amounts of liabilities arising from contracts within the scope of MFRS 4 and liabilities connected with insurance as at the annual reporting date that immediately precedes 1 April 2016. The temporary exemption shall cease to be applicable when MFRS 17 becomes effective for annual periods beginning on or after 1 January 2021.

The Group is not eligible to apply the temporary exemption from MFRS 9 as its activities are not "predominantly connected with insurance". Though eligible, the general insurance subsidiary of the Group has opted not to apply the temporary exemption as it has adopted MFRS 9 as at 1 April 2018.

The life assurance and family takaful joint ventures of the Group have applied the temporary exemption and have deferred their MFRS 9 adoption to the financial year ending 31 March 2022. The amendments provided the Group an exemption from applying uniform accounting policies when applying the equity method under MFRS 128 *Investments in Associates and Joint Ventures* to account for its investments in joint ventures with activities that are predominantly connected with insurance and that have elected to apply the temporary exemption from MFRS 9. Accordingly, adjustments have not been made to the financial information of the life assurance and family takaful joint ventures to conform with the Group's accounting policies on financial instruments when applying the equity method in the Group's financial statements.

#### **Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)**

The amendments clarify the measurement basis and the effects of vesting conditions on the measurement of cash-settled share-based payments, as well as the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in MFRS 2 that will require an award to be treated as if it was wholly equity-settled when an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The adoption of these amendments did not have any material financial impact as the Group's existing share-based payment transactions do not possess any of the features addressed in these amendments.

#### **Transfers of Investment Property (Amendments to MFRS 140)**

The amendments clarified that to transfer to, or from, investment properties, there must be a change in use. To conclude if a property has a change in use, there should be an assessment of whether the property meets, or has ceased to meet, the definition of investment property. This change must be supported by evidence; a change in intention in isolation is not enough to support a transfer. The adoption of these amendments did not result in any impact as there was no reclassification of property to investment properties during the financial year.

#### **Annual Improvements to MFRSs 2014-2016 Cycle**

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting three MFRSs, in which two of them are effective for annual periods beginning on or after 1 January 2018, as summarised below:

##### (i) **MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards***

The amendments deleted short-term exemptions covering transition provisions of MFRS 7, MFRS 10, and MFRS 119. These transition provisions were available to entities for past reporting periods and are therefore no longer applicable. The deletion has no impact as the Group has transitioned into MFRS in the past.

##### (ii) **MFRS 128 *Investments in Associates and Joint Ventures***

MFRS 128 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The amendments clarified that this election should be made separately for each associate or joint venture at initial recognition. The amendment has no impact as such election is not available to the Group.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.1 Significant Accounting Policies (Cont'd.)

#### IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on how to determine the date of the transaction when applying MFRS 121 *The Effects of Changes in Foreign Exchange Rates* in situations where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. For the purpose of determining the exchange rate to use on initial recognition of the related item, the Interpretation states that the date of the transaction shall be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. The adoption of this Interpretation did not have any material financial impact to the Group.

#### Standards issued but not yet effective

Descripti	Effective for annual periods beginning on or after
- MFRS 16 <i>Leases</i>	1 January 2019
- IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
- Long-term interests in Associates and Joint ventures (Amendments to MFRS 128)	1 January 2019
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS119)	1 January 2019
- Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
- Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
- Definition of a Business (Amendments to MFRS 3)	1 January 2020
- Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
- MFRS 17 <i>Insurance Contracts</i>	1 January 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

The nature of the new standards, amendments to published standards and new interpretation that are issued but not yet effective are described below. The Group and the Company are assessing the financial effects of their adoption.

#### (a) Standards effective for financial year ending 31 March 2020

##### MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases* and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group will apply the simplified transition approach and will not restate comparative amounts. The Group will apply the practical expedient as permitted by MFRS 16 paragraph C3 and accordingly will, on 1 April 2019, apply MFRS 16 only to contracts that were previously identified as containing a lease in accordance with MFRS 117 and IC Interpretation 4 Determining whether an Arrangement contains a Lease. In addition, the Group will also elect to account all leases with remaining lease from 1 April 2019 as short-term leases as permitted by MFRS 16 paragraph C10(c). For the purpose of applying the exemption permitted by MFRS 16 paragraph 5(b), the threshold of low value asset is set at RM20,000.

A lease liability and a right-of-use asset will be recognised on 1 April 2019 for all operating leases of the Group as at 31 March 2019, measured at the the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Based on preliminary assessment undertaken to date, the recognition of the lease liability and the right-of-use asset are expected to contribute to the increase in total liabilities and total assets respectively of the Group by less than 1%.

## **A1. BASIS OF PREPARATION (CONT'D.)**

### **A1.1 Significant Accounting Policies (Cont'd.)**

#### **Standards issued but not yet effective (Cont'd.)**

##### **(a) Standards effective for financial year ending 31 March 2020 (Cont'd.)**

###### **IC Interpretation 23 *Uncertainty over Income Tax Treatments***

The Interpretation provides guidance on how to recognise and measure deferred and current income tax assets and liabilities in situations where there is uncertainty over whether the tax treatment applied by an entity will be accepted by the tax authority. If it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, the accounting for income taxes shall be determined consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made, by applying the most likely amount method or the expected value method.

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. Entities can choose to apply the Interpretation on full retrospective basis if possible without the use of hindsight, or retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings.

###### **Prepayment Features with Negative Compensation (Amendments to MFRS 9)**

Under the current MFRS 9 requirements, the "solely payments of principal and interest on the principal amount outstanding" ("SPPI") condition is not met if the lender has to make a settlement payment in the event of early termination by the borrower. The existing requirements are amended to enable entities, to measure at amortised cost or at fair value through other comprehensive income (depending on the business model), some prepayable financial assets with negative compensation if the negative compensation is a reasonable compensation for early termination of the contract. An example of such reasonable compensation is an amount that reflects the effect of the change in the relevant benchmark rate of interest at the time of termination; the calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

###### **Long-term Interests in associates and Joint Ventures (Amendments to MFRS 128)**

The amendments clarify that MFRS 9 including its impairment requirements shall be applied to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

###### **Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)**

Currently, MFRS 119 did not specify how current service cost and net interest should be determined for the remainder of the period after a plan amendment, curtailment or settlement. The standard has been amended to mandate the use of updated assumptions from the remeasurement of net defined benefit liability or asset upon a change to the plan to determine current service cost and net interest for the remainder of the period after the change to the plan.

The amendments are applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after 1 January 2019. Early adoption is permitted.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.1 Significant Accounting Policies (Cont'd.)

#### Standards issued but not yet effective (Cont'd.)

##### (a) Standards effective for financial year ending 31 March 2020 (Cont'd.)

###### Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting 4 MFRSs, which are effective for annual periods beginning on or after 1 January 2019, as summarised below:

###### (i) MFRS 3 *Business Combinations*

The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer shall remeasure its previously held interest in the joint operation at fair value at the acquisition date.

###### (ii) MFRS 11 *Joint Arrangements*

The amendments clarified that the party obtaining joint control of a business that is a joint operation shall not remeasure any previously held interest in the joint operation.

###### (iii) MFRS 112 *Income Taxes*

The amendments clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits.

###### (iv) MFRS 123 *Borrowing Costs*

The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

##### (b) Standards effective for financial year ending 31 March 2021

###### Amendments to References to the Conceptual Framework in MFRS Standards

The amendments, affecting nine published standards and five published interpretations, were issued as a consequence to the issuance of the revised *Conceptual Framework for Financial Reporting* ("Conceptual Framework") on 30 April 2018. The references and quotations in these published standards and interpretations to the Conceptual Framework have been updated so as to clarify the version of the Conceptual Framework these published standards and interpretations refer to. The amendments are effective for annual periods beginning on or after 1 January 2020 for entities that develop an accounting policy by reference to the Conceptual Framework.

###### Definition of a Business (Amendments to MFRS 3)

The amendments revised the definition of a business, whereby the term "outputs" is narrowed to focus on goods and services provided to customers, as well as generation of investment income and other income from ordinary activities; returns in the form of lower costs and other economic benefits are no longer considered. In addition, a new framework is added to help evaluate when an input and a substantive process are present.

The amendments are applied prospectively to business combinations and asset acquisitions that occur on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Early adoption is permitted.

###### Definition of Material (Amendments to MFRS 101 and MFRS 108)

The amendments clarified the definition of material and how it should be applied through the addition of definition guidance. In addition, the explanations accompanying the definition have been improved and aligned across all MFRS standards to make it easier for entities to make materiality judgements. The amendments are applied prospectively from annual reporting period beginning on or after 1 January 2020. Early adoption is permitted.



**A1. BASIS OF PREPARATION (CONT'D.)**

**A1.1 Significant Accounting Policies (Cont'd.)**

**Standards issued but not yet effective (Cont'd.)**

**(c) Standards effective for financial year ending 31 March 2022**

**MFRS 17 Insurance Contracts**

MFRS 17 supersedes MFRS 4 *Insurance Contracts*.

MFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

Changes in cash flows related to future services should be recognised against the CSM. The CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognised in profit or loss. Interest is accreted on the CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time. Entities have an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

MFRS 17 is effective for annual periods beginning on or after 1 January 2021, with early application permitted provided MFRS 9 and MFRS 15 are also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable.

The Group plans to adopt MFRS 17 on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Group expects that MFRS 17 will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity of its Insurance business segment.

**(d) Standard effective on a date to be determined by MASB**

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)**

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

## **A1. BASIS OF PREPARATION (CONT'D.)**

### **A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018**

The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those as disclosed in the annual financial statements of the Group and the Company for the financial year ended 31 March 2018 except for the following new accounting policies which has been applied from 1 April 2018 following the adoption of the new standards and amendments to published standards which are effective for annual periods beginning on or after 1 January 2018:

#### **(a) Financial instruments – initial recognition and measurement**

##### **(i) Initial recognition**

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets. The Group and the Company apply trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

##### **(ii) Initial measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs.

##### **(iii) “Day 1” profit or loss**

At initial measurement, if the transaction price differs from the fair value, the Group and the Company immediately recognise the difference between the transaction price and fair value (a “Day 1” profit or loss) in “investment and trading income” provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (b) Financial assets – classification and subsequent measurement

The Group and the Company classify its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVTPL").

The classification requirements for debt and equity instruments are described below:

#### (i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

##### ***Business model***

The business model reflects how the Group and the Company manage the financial assets in order to generate cash flows. That is, whether the Group and the Company's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Group and the Company in determining the business model for a portfolio 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, and how risks are assessed and managed.

##### ***Cash flow characteristics***

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets' contractual cash flows represent solely payment of principal and interest ("SPPI"). In making this assessment, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, the Group and the Company classify the debt instruments into one of the following three measurement categories:

##### ***Amortised cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the methodology described in Note A1.2(g). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included in "interest income" in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in "impairment losses on financial investments" for bonds, "impairment losses on loans, advances and financing" for loans, advances and financing or "doubtful receivables" for losses other than bonds, loans, advances and financing.

##### ***FVOCI***

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through other comprehensive income, except for the recognition of impairment losses (measured using the methodology described in Note A1.2(g)), interest income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Interest earned whilst holding the assets are reported as "interest income" using the effective interest method. The losses arising from impairment are reclassified from other comprehensive income to profit or loss in "impairment losses on financial investments". When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and recognised in "other operating income".

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (b) Financial assets – classification and subsequent measurement (Cont'd.)

##### (i) Debt instruments (Cont'd.)

###### FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI, including financial assets held-for-trading and derivatives, are measured at FVTPL. A gain or loss on an asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented within "investment and trading income". Interest earned whilst holding the assets are reported as "interest income" using the effective interest method.

In addition, financial assets that meet the criteria for amortised cost or FVOCI may be irrevocably designated by management as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument by instrument basis. Any change in fair value is recognised in profit or loss and presented within "investment and trading income". Interest earned is recognised in "interest income" using the effective interest method.

##### (ii) Reclassification of debt investments

The Group and the Company reclassify debt investments when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the financial year.

##### (iii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Company subsequently measure all equity investments at FVTPL, except where the management has elected at initial recognition to irrevocably designate an equity investment that is not held for trading at FVOCI. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividends earned whilst holding the equity investment are recognised in profit or loss as "other operating income" when the right to the payment has been established.

Gains and losses on equity investments at FVTPL, including dividends earned, are included in "investment and trading income" in profit or loss.

#### (c) Financial liabilities – classification and subsequent measurement

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

- financial liabilities at FVTPL; and
- financial guarantee contracts and loan commitments (see Note A1.2(j)).

##### (i) Amortised cost

Financial liabilities issued by the Group and the Company, that are not designated at FVTPL, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group and the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

## **A1. BASIS OF PREPARATION (CONT'D.)**

### **A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

#### **(c) Financial liabilities – classification and subsequent measurement (Cont'd.)**

##### **(i) Amortised cost (Cont'd.)**

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

##### **(ii) FVTPL**

This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in other comprehensive income (being the amount of change in the fair value of the financial liability that is attributable to changes in credit risk of that liability) and partially in profit or loss (i.e. the remaining amount of change in fair value of the liability). This is unless such 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.

#### **(d) Derecognition of financial instruments**

##### **(i) Derecognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
- the Group and the Company have transferred substantially all the risks and rewards of the asset; or
- the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred rights to receive cash flows from an asset or have entered into a pass-through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

##### **(ii) Modification of loans, advances and financing**

The Group sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does 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 or 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; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (d) Derecognition of financial instruments (Cont'd.)

##### (ii) Modification of loans, advances and financing (Cont'd.)

If the terms are substantially different, the Group derecognises the original financial asset and recognise a "new" asset at fair value and recalculate a new EIR 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 also assesses 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 borrower 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 recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises 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 EIR.

##### (iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. The difference in the respective carrying amount of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial liability and are amortised over the remaining term of the modified financial liability.

#### (e) Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest, as a liability within "securities sold under repurchase agreements", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Group reclassifies those securities in its statement of financial position to "financial assets at FVTPL pledged as collateral" or to "financial investments at FVOCI pledged as collateral", as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within "securities purchased under resale agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "interest income" and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a trading liability within "financial liabilities at FVTPL" and measured at fair value with any gains or losses included in "investment and trading income".

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (f) Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "investment and trading income".

#### (g) Financial instruments - expected credit losses

The Group and the Company assess on a forward-looking basis the expected credit losses ("ECL") associated with debt instrument assets carried at amortised cost and FVOCI, insurance receivables and with the exposure arising from loan commitments and financial guarantee contracts. The Group and the Company recognise a loss allowance for such losses at each reporting date. 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.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued in profit or loss on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring or a change in forward-looking adjustments after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

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 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.

Loans together with the associated allowance are written off when all practical recovery efforts has been exhausted and there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the Group. The Group may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

#### (i) Rescheduled and restructured loans

Where possible, the Group seeks to reschedule or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EIR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured loans for a certain period to ensure all terms are adhered to and that future payments are likely to occur before reclassification back to performing status.

## **A1. BASIS OF PREPARATION (CONT'D.)**

### **A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

#### **(g) Financial instruments - expected credit losses (Cont'd.)**

##### **(ii) Collateral valuation**

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as property valuers, mortgage brokers, housing price indices, audited financial statements and other independent sources.

##### **(iii) Collateral repossessed**

The Group's policy is to determine whether a repossessed asset is best used for internal operations or should be sold. Repossessed financial assets determined to be useful for the internal operations are classified based on their characteristics, business model and the cash flow characteristics, and are measured at their fair value in the same manner as described in Note A1.2(a)(ii). Repossessed non-financial assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value and the carrying value of the original secured asset. Repossessed assets that are determined better to be sold are immediately transferred to assets held for sale if the sale is deemed highly probable within a short period following the repossession, whereby financial assets are measured at their fair value whereas non-financial assets are measured at the lower of fair value less cost to sell at the repossession date and the carrying value of the original secured asset.

#### **(h) Hedge accounting**

The Group makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Hedge ineffectiveness is recognised in profit or loss. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.



## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (h) Hedge accounting (Cont'd.)

##### (i) Fair value hedges

The change in the fair value of a hedging derivative is recognised in "investment and trading income" in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in "investment and trading income" in the statement of profit or loss.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

##### (ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the "cash flow hedge reserve", while any ineffective portion is recognised immediately in "investment and trading income" in the statement of profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

##### (iii) Hedges of a net investment

Hedges of net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

##### (i) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### (j) Financial guarantee contracts and loan commitments

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance (calculated as described in Note A1.2(g)) and the premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Loan commitments provided by the Group are measured at the amount of the loss allowance (calculated as described in Note A1.2(g)).

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (k) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, i.e. joint control, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Dividends received or receivable from an associate or a joint venture are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associates or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

The aggregate of the Group's share of profit or loss of the associates and joint ventures is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the associates or joint ventures.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interests in the investee, including any long-term interests that, in substance, form part of the Group's net investment in the investee, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Nevertheless, no adjustment is made to the accounting policies relating to financial instruments of any associate or joint venture with activities that are predominantly connected with insurance if the associate or joint venture concerned applies the temporary exemption from MFRS 9.

**A1. BASIS OF PREPARATION (CONT'D.)**

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(k) Investment in associates and joint ventures (Cont'd.)**

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in associates or joint ventures are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associates or joint ventures and their carrying values, then recognises the loss as "impairment loss on associates or joint ventures" in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture respectively, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**(l) Recognition of income and expenses relating to financial instruments**

**(i) Interest/financing income and similar income and expense**

For all interest-bearing financial assets and financial liabilities measured at amortised cost, interest bearing financial investments at FVOCI and financial assets and financial liabilities at FVTPL, interest/financing income or expense is calculated using the effective interest method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan.

**(ii) Dividend income**

Revenue is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits will flow to the Group and the amount of payment can be reliably measured. The conditions are generally met when shareholders approve the dividend.

**(iii) Investment and trading income**

Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial investments held-for-trading classified as financial assets at FVTPL. This includes any ineffectiveness recorded in hedging transactions.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)

#### (m) Recognition of revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Revenue is recognised over time if the control over the goods or services is transferred over time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The following specific recognition criteria must be met before revenue is recognised:

#### (i) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

##### ***Fee income earned from services that are provided over a period of time***

Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include loan arrangement, commission income, asset management, custody and other management and advisory fees. Loan commitment fees for loans that are unlikely to be drawn down are recognised over the commitment period on a straight-line basis.

##### ***Fee income from providing transaction services***

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria. Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold or as a percentage of sales value.

#### (ii) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which the award credits are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the transaction on a relative stand-alone selling price basis. If stand-alone selling price of the other component is uncertain, the Group estimates the stand-alone selling price by reference to the total transaction price less the fair value of the award credits. Revenue from the award credits is recognised when the award credits are redeemed or expired. The amount of revenue recognised when the award credits are redeemed is based on the number of award credits redeemed relative to the total number expected to be redeemed.

## A1. BASIS OF PREPARATION (CONT'D.)

### A1.3 Significant changes in Regulatory Requirements

#### **Bank Negara Malaysia ("BNM") policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions**

On 2 February 2018, BNM issued the following revised policy documents which are effective for financial years beginning on or after 1 January 2018:

- (a) Financial Reporting; and
- (b) Financial Reporting for Islamic Banking Institutions.

Certain requirements in the policy documents have been revised in response to the changes in the loan loss impairment methodology arising from the ECL approach under MFRS 9. In addition, the credit-impaired classification requirements which was previously provided in BNM's policy document on Classification and Impairment Provisions for Loans/Financing have also been incorporated into the above revised policy documents.

Following the application of MFRS 9 impairment requirements, the revised policy documents require banking institutions and Islamic banking institutions to maintain, in aggregate, loss allowance for non-credit-impaired exposures (commonly referred to as Stage 1 and Stage 2 ECL) and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures. This revised requirement has been applied in the computation of regulatory reserve in these condensed interim financial statements.

The revised policy documents also introduced the following new disclosure requirements in the annual financial statements. These information which are not disclosed in these condensed interim financial statements, was presented in the Group's annual financial statements for the current financial year:

- (i) a movement schedule of financial instruments classified as credit-impaired with a breakdown by class of financial instrument;
- (ii) a movement schedule of loss allowance with a breakdown by class of financial instrument and showing separately the loss allowance measured by different stages of ECL;
- (iii) intercompany charges with a breakdown by type of services received and geographical distribution; and
- (iv) nature of the underlying assets in connection with placement of funds in an investment account with an Islamic banking institution.

### A1.4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on the past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's and the Company's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2018 except for the measurement of ECL under MFRS 9 which involves increased complexity and judgements.

**A2. AUDIT QUALIFICATION**

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2018.

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The operations of the Group and the Company are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and year.

**A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items during the current financial quarter and year.

**A5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and year ended 31 March 2019 other than the impact of adoption of MFRS 9 as disclosed in Note A42.

**A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

**Issuance of new shares**

On 28 June 2018, AmBank (M) Berhad ("AmBank"), the Company's wholly-owned subsidiary, had increased its paid-up ordinary share capital by RM177,257,008 through the issuance of 16,489,024 new ordinary shares at a price of RM10.75 per ordinary share.

**Issuance of debt securities**

- a) On 26 June 2018, AmBank issued Tranche 7 of Senior Notes with nominal amount of RM700.0 million under its Senior Notes programme of RM7.0 billion. This tranche bears interest at 4.5% payable half-yearly and is for a tenor of 2 years.
- b) On 18 October 2018, AmBank Islamic Berhad ("AmBank Islamic") issued Tranche 7 of Subordinated Sukuk Murabahah with nominal amount of RM500.0 million under its Subordinated Sukuk Murabahah programme of RM3.0 billion. This tranche bears profit at 4.88% payable half-yearly and is for a tenor of 10 years.
- c) On 15 November 2018, AmBank issued Tranche 6 of Subordinated Notes with nominal amount of RM1.0 billion under its Subordinated Notes programme of up to RM4.0 billion. This tranche bears interest at 4.98% payable half-yearly and is for a tenor of 10 years.

**Redemption of debt securities**

- a) On its first call date on 9 April 2018, AmBank fully redeemed Tranche 6 of Medium Term Notes with nominal amount of RM600.0 million issued under its Medium Term Notes Programme of up to RM2.0 billion.
- b) On 21 May 2018, AmBank fully redeemed Tranche 5 of Senior Notes with RM400.0 million nominal amount issued under its RM7.0 billion Senior Notes Programme.
- c) On 11 December 2018, at two Extraordinary General Meetings ("EGM") of the Company:
  - (i) the holders of the Company's Senior Notes issued under the Senior and/or Subordinated Medium Term Notes programme of up to RM2.0 billion in nominal value approved the early redemption of the outstanding RM500.0 million Senior Notes due to mature on 8 August 2019. As at 18 December 2018, the Company had fully settled the outstanding Senior Notes with nominal value of RM500.0 million;

## A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (CONT'D.)

### Redemption of debt securities (Cont'd.)

- c) On 11 December 2018, at two Extraordinary General Meetings ("EGM") of the Company: (Cont'd.)
- (ii) the holders of the Subordinated Notes issued under a Tier 2 Subordinated Notes programme of up to RM10.0 billion approved a bond swap of the Company's outstanding RM1.425 billion in nominal value of Subordinated Notes in exchange for the Company's:
- RM1.025 billion in nominal value of Subordinated Notes issued by its subsidiary, AmBank to the Company under a Subordinated Notes programme of up to RM4.0 billion;
  - RM400.0 million in nominal value of Subordinated Sukuk issued by its subsidiary, AmBank Islamic to the Company under a Subordinated Sukuk Murabahah programme of up to RM3.0 billion.

On the same day, the two subsidiaries, AmBank and AmBank Islamic held two separate EGM to obtain consent from Noteholders and Sukukholders respectively to revise the terms and conditions of the Subordinated Notes/Sukuk for outstanding tranches and new issuances. The revision was made to incorporate a non-viability trigger event in relation to the financial group ("Group-level Trigger") as the two programmes were structured previously with loss absorption at point of non-viability referenced to the entity only, without Group-level Trigger. The above revisions were approved by Bank Negara Malaysia via letters dated 24 July 2018 and the Noteholders and Sukukholders at the EGM for AmBank and AmBank Islamic respectively. The bond swap transaction was completed on 18 December 2018.

The early redemption of Senior Notes and bond swap transaction undertaken was part of the Company's debt restructuring exercise for the Company to attain a debt-free status. The Group's rating was upgraded to AA2 on 19 December 2018 following the completion of the debt restructuring exercise.

- d) On its first call date on 31 December 2018, AmBank fully redeemed Tranche 1 of Subordinated Notes with nominal amount of RM400.0 million issued under its Subordinated Notes Programme of up to RM4.0 billion.
- (e) On the first call date of 27 February 2019, AmBank repaid Tranche 1 of the Non-Innovative Tier 1 Capital ("NIT1") with nominal value of RM200.0 million issued under its programme of up to RM500.0 million in nominal value. On the first call date of 6 March 2019, AmBank repaid Tranche 2 of the NIT1 with nominal value of RM300.0 million and cancelled the programme after this repayment.
- (f) On the first call date of 28 February 2019, AmBank Islamic repaid Tranche 1 of the Subordinated Sukuk with nominal value of RM200.0 million issued under the Subordinated Sukuk Murabahah programme of up to RM3.0 billion. On the first call date of 25 March 2019, AmBank Islamic repaid Tranche 2 of the Subordinated Sukuk with nominal value of RM150.0 million.
- (g) On 25 March 2019, AmBank fully redeemed Tranche 6 of Senior Notes with RM600.0 million nominal amount issued under its RM7.0 billion Senior Notes Programme.

Other than as disclosed above, there were no new share issuance, repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Group and the Company during the financial quarter and year.

## A7. DIVIDENDS PAID

- a) The final single-tier dividend of 10.0 sen per share for the financial year ended 31 March 2018 which amounted to approximately RM301,418,484 was paid on 28 August 2018 to shareholders whose names appear in the record of Depositors as at 13 August 2018.
- b) The interim single-tier dividend of 5.0 sen per share for the financial year ended 31 March 2019 which amounted to approximately RM150,709,242 was paid on 28 December 2018 to shareholders whose names appear in the record of Depositors as at 17 December 2018.

**A8. CASH AND SHORT-TERM FUNDS**

	Group		Company	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Cash and balances with banks and other financial institutions	1,468,715	1,738,875	81,005	79,080
Deposit placements maturing within one month:				
Licensed banks	3,767,374	2,247,063	-	-
Bank Negara Malaysia	1,826,000	1,517,280	-	-
Other financial institutions	13,006	12,638	-	-
	5,606,380	3,776,981	-	-
	7,075,095	5,515,856	81,005	79,080
Less :				
Allowances for ECL	(1,351)	-	-	-
	7,073,744	5,515,856	81,005	79,080

Movements in allowances for ECL are as follows:

Group 31.03.19	Note	Stage 1	Stage 2	Total RM'000
		12-month ECL RM'000	12-month ECL RM'000	
Balance at beginning of the financial year				
- as previously stated		-	-	-
- effects of adoption of MFRS 9	A42(b)	983	-	983
Balance at beginning of the financial year, as restated		983	-	983
Net remeasurement of allowances		298	32	330
Exchange difference		39	(1)	38
Balance at end of the financial year		1,320	31	1,351

**A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Company	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Deposits and placements with maturity more than one month				
Licensed banks	198,234	215,602	-	-
	198,234	215,602	-	-
Less : Allowances for ECL	(2,075)	-	-	-
	196,159	215,602	-	-

Movements in allowances for ECL are as follows:

Group 31.03.19	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	
- as previously stated	-
- effects of adoption of MFRS 9	-
Balance at beginning of the financial year, as restated	-
Net remeasurement of allowances	2,075
Balance at end of the financial year	2,075



**A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>Group</b>		<b>Company</b>	
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>				
<b>Money Market Instruments:</b>				
Malaysian Treasury Bills	689,738	-	-	-
Malaysian Islamic Treasury Bills	164,980	-	-	-
Malaysian Government Securities	3,670,874	-	-	-
Malaysian Government Investment Issues	3,430,028	-	-	-
Cagamas bonds	101,181	-	-	-
Bank Negara Monetary Notes	6,388,520	-	-	-
	<u>14,445,321</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Quoted Securities:</b>				
In Malaysia:				
Shares	369,730	-	-	-
Unit trusts	194,376	-	1,044	-
Corporate bonds and sukuk	37,937	-	-	-
Outside Malaysia:				
Shares	117,962	-	-	-
	<u>720,005</u>	<u>-</u>	<u>1,044</u>	<u>-</u>
<b>Unquoted Securities:</b>				
In Malaysia:				
Shares	2,813	-	-	-
Corporate bonds and sukuk	4,197,456	-	-	-
	<u>4,200,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>19,365,595</u>	<u>-</u>	<u>1,044</u>	<u>-</u>

**A11. FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>(Note A42 (b))</b>	
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysian Treasury Bills	-	52,540
Malaysian Islamic Treasury Bills	-	814,597
Malaysian Government Securities	-	311,457
Malaysian Government Investment Issues	-	871,477
Cagamas bonds	-	100,799
Bank Negara Monetary Notes	-	5,008,044
	<u>-</u>	<u>7,158,914</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	-	268,992
Unit trusts	-	220,124
Corporate bonds and sukuk	-	37,962
Outside Malaysia:		
Shares	-	120,095
	<u>-</u>	<u>647,173</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Corporate bonds and sukuk	-	5,138,696
	<u>-</u>	<u>5,138,696</u>
Total	<u>-</u>	<u>12,944,783</u>

**A12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Securities	2,841,636	-
Malaysian Government Investment Issues	2,776,050	-
Negotiable instruments of deposit	299,979	-
	<u>5,917,665</u>	<u>-</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	523,665	-
Corporate bonds and sukuk	9,161,866	-
Outside Malaysia:		
Shares	548	-
Corporate bonds and sukuk	106,129	-
	<u>9,792,208</u>	<u>-</u>
<b>Total</b>	<u><b>15,709,873</b></u>	<u><b>-</b></u>

Movements in allowances ECL are as follows:

	<b>Note</b>	<b>Stage 1 12-month ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Stage 3 Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
Balance at beginning of the financial year					
- as previously stated		-	-	7,318	7,318
- effects of adoption of MFRS 9	A42(d)	14,797	7,264	(2,318)	19,743
Balance at beginning of the financial year, as restated		14,797	7,264	5,000	27,061
(Writeback) of/allowances for ECL during the year		(3,265)	14,566	-	11,301
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(2,929)	16,379	-	13,450
New financial assets originated		21,563	1,972	-	23,535
Financial assets derecognised		(8,483)	(4,244)	-	(12,727)
Net remeasurement of allowances		(13,416)	459	-	(12,957)
Financial assets written-off		-	-	(5,000)	(5,000)
Exchange difference		340	-	-	340
Balance at end of the financial year		<u>11,872</u>	<u>21,830</u>	<u>-</u>	<u>33,702</u>

**A13. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Company	
	31.03.19 (Note A42 (b)) RM'000	31.03.18 RM'000	31.03.19 (Note A42 (b)) RM'000	31.03.18 RM'000
<b>At Fair Value</b>				
<b>Money Market Instruments:</b>				
Malaysian Government Securities	-	232,917	-	-
Malaysian Government Investment Issues	-	537,965	-	-
Islamic negotiable instruments of deposit	-	1,510,068	-	-
Foreign Government investment issues	-	11,493	-	-
	-	2,292,443	-	-
<b>Quoted Securities:</b>				
In Malaysia:				
Shares	-	223,614	-	-
Unit trusts	-	15,024	-	1,008
Outside Malaysia:				
Shares	-	40	-	-
	-	238,678	-	1,008
<b>Unquoted Securities:</b>				
In Malaysia:				
Shares	-	46,677	-	-
Unit trusts	-	114,855	-	-
Corporate bonds and sukuk	-	4,660,839	-	-
Outside Malaysia:				
Corporate bonds and sukuk	-	252,348	-	-
	-	5,074,719	-	-
<b>At Cost</b>				
<b>Unquoted Securities:</b>				
In Malaysia:				
Shares	-	96,852	-	-
Outside Malaysia:				
Shares	-	194	-	-
	-	97,046	-	-
Total	-	7,702,886	-	1,008

**A14. FINANCIAL INVESTMENTS AT AMORTISED COST**

	Group	
	31.03.19 RM'000	31.03.18 RM'000
<b>At Amortised Cost</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Securities	472,186	-
<b>Unquoted Securities:</b>		
In Malaysia:		
Corporate Bonds and sukuk	4,679,528	-
	5,151,714	-
Less: Allowances for ECL	(5,398)	-
<b>Total</b>	<b>5,146,316</b>	<b>-</b>

Movements in allowances for ECL are as follows:

	Note	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at beginning of the financial year				
- as previously stated		-	2,550	2,550
- effects of adoption of MFRS 9	A42(b)	3,403	-	3,403
Balance at beginning of the financial year, as restated		3,403	2,550	5,953
Allowances for/(writeback) of ECL during the year:		1,995	(1,459)	536
Net remeasurement of allowances		1,995	-	1,995
Financial assets derecognised		-	(1,459)	(1,459)
Amount written off		-	(1,091)	(1,091)
<b>Balance at end of the financial year</b>		<b>5,398</b>	<b>-</b>	<b>5,398</b>

**A15. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Company	
	31.03.19 (Note A42 (b)) RM'000	31.03.18 RM'000	31.03.19 (Note A42 (b)) RM'000	31.03.18 RM'000
<b>At Amortised Cost</b>				
<b>Money Market Instruments:</b>				
Malaysian Government Securities	-	60,601	-	-
<b>Unquoted Securities:</b>				
In Malaysia:				
Corporate Bonds and sukuk	-	2,970,265	-	1,425,000
	-	3,030,866	-	1,425,000
Less: Accumulated impairment losses	-	(2,550)	-	-
<b>Total</b>	<b>-</b>	<b>3,028,316</b>	<b>-</b>	<b>1,425,000</b>

**A16. LOANS, ADVANCES AND FINANCING**

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Loans, advances and financing:		
Term loans/financing	26,784,208	23,829,662
Revolving credit	12,357,512	12,518,695
Housing loans/financing	30,463,942	26,926,393
Hire-purchase receivables	16,496,256	19,224,817
Card receivables	2,228,984	1,984,146
Overdraft	4,271,329	3,935,978
Claims on customers under acceptance credits	5,322,723	4,663,871
Trust receipts	1,872,490	1,765,269
Bills receivables	1,572,401	1,091,864
Staff loans	97,711	103,815
Others	377,006	276,720
Gross loans, advances and financing	<u>101,844,562</u>	<u>96,321,230</u>
Allowance for impairment on loans, advances and financing:		
Allowances for ECL:		
- Stage 1 - 12 month ECL	(275,818)	-
- Stage 2 - Lifetime ECL not credit impaired	(622,411)	-
- Stage 3 - Lifetime ECL credit impaired	(402,312)	-
Individual allowance	-	(208,482)
Collective allowance	-	(734,848)
	<u>(1,300,541)</u>	<u>(943,330)</u>
Net loans, advances and financing	<u>100,544,021</u>	<u>95,377,900</u>

(a) Gross loans, advances and financing analysed by type of customer are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic banking institutions	124,371	216
Domestic non-bank financial institutions	2,457,535	2,736,996
Domestic business enterprises:		
- Small and medium enterprises	20,238,234	16,693,920
- Others	22,473,666	22,191,579
Government and statutory bodies	551,785	716,114
Individuals	54,660,848	52,703,562
Other domestic entities	19,296	8,865
Foreign individuals and entities	1,318,827	1,269,978
	<u>101,844,562</u>	<u>96,321,230</u>

**A16. LOANS, ADVANCES AND FINANCING (CONT'D.)**

(b) Gross loans, advances and financing analysed by geographical distribution are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	101,566,469	96,093,527
Outside Malaysia	278,093	227,703
	<u>101,844,562</u>	<u>96,321,230</u>

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
- Housing loans/financing	443,683	487,741
- Hire purchase receivables	15,434,981	17,824,523
- Other loans/financing	9,941,797	8,357,769
Variable rate:		
- Base rate and lending/financing rate plus	46,723,728	40,580,214
- Cost plus	22,156,095	22,643,595
- Other variable rates	7,144,278	6,427,388
	<u>101,844,562</u>	<u>96,321,230</u>

(d) Gross loans, advances and financing analysed by sector are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	3,284,337	3,300,734
Mining and quarrying	1,705,878	1,906,127
Manufacturing	11,770,889	9,824,643
Electricity, gas and water	442,498	1,161,410
Construction	4,422,781	3,743,923
Wholesale and retail trade and hotels and restaurants	6,793,566	5,955,656
Transport, storage and communication	2,741,298	2,085,001
Finance and insurance	2,603,147	2,755,986
Real estate	8,289,464	8,317,497
Business activities	2,279,216	1,714,275
Education and health	1,571,964	1,754,754
Household of which:	55,688,901	53,698,489
Purchase of residential properties	29,884,774	26,400,754
Purchase of transport vehicles	15,065,225	18,087,330
Others	10,738,902	9,210,405
Others	250,623	102,735
	<u>101,844,562</u>	<u>96,321,230</u>

**A16. LOANS, ADVANCES AND FINANCING (CONT'D.)**

(e) Gross loans, advances and financing analysed by residual contractual maturity are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	25,773,375	24,782,847
Over one year to three years	8,347,291	8,250,270
Over three years to five years	10,025,352	11,539,235
Over five years	57,698,544	51,748,878
	<u>101,844,562</u>	<u>96,321,230</u>

(f) Movements in impaired loans, advances and financing are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Balance at beginning of the financial year	1,638,405	1,689,326
Impaired during the financial year	1,123,123	1,161,735
Reclassified as non-impaired	(306,127)	(100,128)
Recoveries	(207,813)	(477,456)
Amount written off	(632,072)	(618,521)
Foreign exchange differences	5,146	(16,551)
Balance at end of the financial year	<u>1,620,662</u>	<u>1,638,405</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.59%</u>	<u>1.70%</u>
Loan loss coverage (including regulatory reserve)*	<u>113.99%</u>	<u>100.47%</u>

\* Effective 1 April 2018, loan loss allowance includes ECL allowances for loan commitments and financial guarantees upon adoption of MFRS 9 which is presented under other liabilities in Note A22.

(g) Impaired loans, advances and financing analysed by geographical distribution are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	1,562,438	1,579,455
Outside Malaysia	58,224	58,950
	<u>1,620,662</u>	<u>1,638,405</u>



**A16. LOANS, ADVANCES AND FINANCING (CONT'D.)**

(h) Impaired loans, advances and financing analysed by sector are as follows:

	Group	
	31.03.19 RM'000	31.03.18 RM'000
Agriculture	549	836
Mining and quarrying	78,910	86,517
Manufacturing	164,196	83,010
Electricity, gas and water	140	7,140
Construction	23,340	46,033
Wholesale and retail trade and hotels and restaurants	57,184	43,944
Transport, storage and communication	73,801	85,956
Finance and insurance	1	-
Real estate	538,642	599,355
Business activities	12,110	11,823
Education and health	13,397	24,192
Household of which:	656,191	647,234
Purchase of residential properties	402,263	331,669
Purchase of transport vehicles	121,085	207,396
Others	132,843	108,169
Others	2,201	2,365
	1,620,662	1,638,405

(i) Movements in allowances for ECL are as follows:

Group	Note	Stage 1	Stage 2	Stage 3	Total
		12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial year					
- as previously stated		-	-	-	943,330
- effects of adoption of MFRS 9	A42(b)	-	-	-	455,893
Balance at beginning of the financial year, as restated		268,685	689,245	441,293	1,399,223
Allowance for/(writeback) of ECL during the year:		6,889	(66,898)	596,106	536,097
- Transfer to 12 month ECL (Stage 1)		12,698	(135,350)	(6,903)	(129,555)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(23,638)	206,313	(25,259)	157,416
- Transfer to Lifetime ECL credit impaired (Stage 3)		(2,898)	(35,316)	243,125	204,911
New financial assets originated		74,555	179,608	12,774	266,937
Net remeasurement of allowances		(9,077)	(222,774)	457,461	225,610
Modification of contractual cash flows of financial assets		(1,141)	(693)	112	(1,722)
Financial assets derecognised		(43,610)	(58,686)	(85,204)	(187,500)
Foreign exchange differences		244	64	(3,015)	(2,707)
Amount written off		-	-	(632,072)	(632,072)
Balance at end of the financial year		275,818	622,411	402,312	1,300,541

**A16. LOANS, ADVANCES AND FINANCING (CONT'D.)**

(j) Movements in allowances for impairment of loans, advances and financing in prior year were as follows:

	<b>Group</b> <b>31.03.18</b> <b>RM'000</b>
<b>Individual allowance</b>	
Balance at beginning of the financial year	258,997
Allowance made during the financial year, net	105,151
Amount written off	(148,170)
Foreign exchange differences	(7,496)
Balance at end of the financial year	<u>208,482</u>
	<b>Group</b> <b>31.03.18</b> <b>RM'000</b>
<b>Collective allowance</b>	
Balance at beginning of the financial year	861,850
Allowance made during the financial year, net	345,200
Amount written off	(470,347)
Foreign exchange differences	(1,855)
Balance at end of the financial year	<u>734,848</u>

#### A17. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest/profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

#### A18. OTHER ASSETS

	Group		Company	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Trade receivables	435,443	587,917	-	-
Other receivables, deposits and prepayments	569,727	880,670	955	1,774
Interest/Profit receivable	443,227	295,295	-	4,558
Fee receivable	29,656	33,641	-	-
Amount due from originators (Note 1)	18,350	20,398	-	-
Amount due from agents, brokers and reinsurers	54,399	35,635	-	-
Foreclosed properties	2,596	4,497	-	-
Tax recoverable (Note 2)	52,111	192,617	715	981
Collateral pledged for derivative transactions	386,679	247,839	-	-
	<u>1,992,188</u>	<u>2,298,509</u>	<u>1,670</u>	<u>7,313</u>
Accumulated impairment losses	(8,733)	(29,403)	-	-
Allowances for ECL	(4)	-	-	-
	<u>1,983,451</u>	<u>2,269,106</u>	<u>1,670</u>	<u>7,313</u>

Notes:

1. Amount due from originators represents housing financing acquired from originators for onward sale to Cagamas Berhad with recourse.
2. In financial year ended 31 March 2015, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to AmBank. AmBank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. Included in tax recoverable of the Group as at 31 March 2015 is tax paid of approximately RM203,500,700 as the Group was of the opinion that it has strong grounds to succeed in its appeals. AmBank was successful in its appeals for the majority of the tax matters under dispute and had since received full refund for years of assessment 2008 and 2009.

**A19. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES**

	Note	Group	
		31.03.19 RM'000	31.03.18 RM'000
Reinsurance assets from general insurance business	(i)	464,854	470,121
Other insurance receivables	(ii)	60,693	66,738
		<u>525,547</u>	<u>536,859</u>
(i) Movements in allowances for impairment are as follows:			
Balance at beginning of the financial year		7,514	7,514
Writeback for the financial year		(4,875)	-
Balance at end of the financial year		<u>2,639</u>	<u>7,514</u>
(ii) Other insurance receivables			
Due premiums including agents/brokers and co-insurers' balances		82,329	82,018
Amount owing by reinsurance and cedants		11,342	16,914
Accumulated impairment losses		(32,978)	(32,194)
		<u>60,693</u>	<u>66,738</u>
Movements in allowances for impairment are as follows:			
Balance at beginning of the financial year			
- as previously stated		32,194	32,796
- effects of adoption of MFRS 9	A42(b)	870	-
Balance at beginning of the financial year, as restated		33,064	32,796
Writeback for the financial year		(86)	(602)
		<u>32,978</u>	<u>32,194</u>

**A20. DEPOSITS FROM CUSTOMERS**

	Group	
	31.03.19 RM'000	31.03.18 RM'000
Demand deposits	19,464,525	15,039,403
Savings deposits	5,407,991	5,324,846
Term/Investment deposits	78,033,665	74,540,938
Negotiable instruments of deposits	4,009,808	900,000
	<u>106,915,989</u>	<u>95,805,187</u>
The deposits are sourced from the following types of customers:		
Government and statutory bodies	4,916,717	6,543,091
Business enterprises	48,942,882	42,261,644
Individuals	45,673,217	43,161,385
Others	7,383,173	3,839,067
	<u>106,915,989</u>	<u>95,805,187</u>

**A21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group	
	31.03.19	31.03.18
	RM'000	RM'000
Licensed banks	5,018,484	1,260,015
Licensed investment banks	808,355	175,000
Bank Negara Malaysia	124,231	26,361
Other financial institutions	1,736,649	1,971,202
	<u>7,687,719</u>	<u>3,432,578</u>

**A22. OTHER LIABILITIES**

	Group		Company	
	31.03.19	31.03.18	31.03.19	31.03.18
	RM'000	RM'000	RM'000	RM'000
Trade payables	445,075	591,259	-	-
Other payables and accruals	1,584,142	1,384,737	23,303	9,111
Interest payable on deposits and borrowings	966,826	850,801	-	7,702
Lease deposits and advance rental	33,620	18,831	-	-
Provision for commitments and contingencies:				
- loan commitments and financial guarantees	-	72,711	-	-
- others	81,779	14,244	-	-
Allowances for ECL on loan commitments and financial guarantees	96,749	-	-	-
Amount due to subsidiaries	-	-	8,133	7,909
Provision for taxation	44,294	66,405	-	-
Collateral received for derivative transactions	140,104	270,412	-	-
Deferred income	83,999	67,116	-	-
	<u>3,476,588</u>	<u>3,336,516</u>	<u>31,436</u>	<u>24,722</u>

Movements in allowances for ECL on loan commitments and financial guarantees are as follows:

	Note	Stage 1	Stage 2	Stage 3	
		12-Month	Lifetime ECL	Lifetime ECL	Total
Group		ECL	not credit	credit	RM'000
31.03.19		RM'000	impaired	impaired	RM'000
Balance at beginning of the financial year					
- as previously stated		-	-	-	72,711
- effects of adoption of MFRS 9	A42(b)	-	-	-	31,551
Balance at beginning of the financial year, as restated		58,069	45,950	243	104,262
Changes due to movements as follows:		(6,472)	(11,774)	10,661	(7,585)
- Transfer to 12 month ECL (Stage 1)		1,337	(14,395)	-	(13,058)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(2,031)	10,414	-	8,383
- Transfer to Lifetime ECL credit impaired (Stage 3)		(136)	(217)	10,893	10,540
New exposures originated		19,512	13,733	-	33,245
Net remeasurement of allowances		(7,737)	(9,622)	(232)	(17,591)
Exposures derecognised		(17,417)	(11,687)	-	(29,104)
Foreign exchange difference		106	(35)	1	72
Balance at the end of the financial year		<u>51,703</u>	<u>34,141</u>	<u>10,905</u>	<u>96,749</u>

**A23. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES**

**Group**

	<b>Note</b>	<b>31.03.19 RM'000</b>	<b>31.03.18 RM'000</b>
Insurance contract liabilities	(i)	2,527,045	2,582,474
Other insurance payables	(ii)	166,204	181,038
		<u>2,693,249</u>	<u>2,763,512</u>
 (i) Insurance contract liabilities			
		<b>31.03.19</b>	
	<b>Gross contract</b>	<b>Reinsurance</b>	<b>Net contract</b>
	<b>liabilities</b>	<b>assets</b>	<b>liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
General insurance business	2,527,045	(464,854)	2,062,191
		<u>2,527,045</u>	<u>2,062,191</u>
 (ii) Other insurance payables			
		<b>31.03.18</b>	
	<b>Gross contract</b>	<b>Reinsurance</b>	<b>Net contract</b>
	<b>liabilities</b>	<b>assets</b>	<b>liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
General insurance business	2,582,474	(470,121)	2,112,353
		<u>2,582,474</u>	<u>2,112,353</u>
		<b>31.03.19</b>	<b>31.03.18</b>
		<b>RM'000</b>	<b>RM'000</b>
Amount due to agents and intermediaries		29,184	32,126
Amount due to reinsurers and cedants		137,020	148,912
		<u>166,204</u>	<u>181,038</u>

#### A24. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	32,218	42,453	108,589	114,497
Financial assets at fair value through profit or loss	127,859	-	481,238	-
Financial assets held-for-trading	-	85,851	-	352,715
Financial investments at fair value through other comprehensive income	106,530	-	332,903	-
Financial investments available-for-sale	-	51,459	-	220,311
Financial investments at amortised cost	35,730	-	142,211	-
Financial investments held-to-maturity	-	19,100	-	82,666
Loans and advances	932,217	905,160	3,783,703	3,446,510
Impaired loans and advances	4,701	81	19,337	18,183
Others	4,954	20,284	24,092	85,093
	<u>1,244,209</u>	<u>1,124,388</u>	<u>4,892,073</u>	<u>4,319,975</u>
<b>Company</b>				
Short-term funds and deposits and placements with banks and other financial institutions	569	507	9,155	1,483
Financial investments at amortised cost	-	-	52,949	-
Financial investments held-to-maturity	-	12,255	-	41,656
	<u>569</u>	<u>12,762</u>	<u>62,104</u>	<u>43,139</u>

#### A25. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Deposits from customers	651,505	540,724	2,430,465	2,027,574
Deposit and placements of banks and other financial institutions	22,350	21,550	158,560	89,510
Senior notes	26,627	35,819	121,801	159,367
Credit linked Notes	1,856	1,847	7,531	7,490
Securities sold under repurchase agreements	21,261	22	43,044	22
Recourse obligation on loans sold to Cagamas Berhad	42,894	37,936	169,235	129,809
Term loans and revolving credit	-	-	-	4,307
Subordinated bonds and notes	32,137	24,336	130,898	75,493
Medium term notes	-	9,246	822	54,639
Tier 1 capital securities	17,411	20,963	81,462	85,013
Other structured products and others	5,406	6,650	23,947	22,406
	<u>821,447</u>	<u>699,093</u>	<u>3,167,765</u>	<u>2,655,630</u>
<b>Company</b>				
Senior notes	-	5,548	16,151	30,158
Term loans and revolving credit	-	-	-	3,400
Subordinated notes	-	12,279	53,364	41,750
Others	-	348	-	1,684
	<u>-</u>	<u>18,175</u>	<u>69,515</u>	<u>76,992</u>

**A26. NET INCOME FROM INSURANCE BUSINESS**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		347,986	339,431	1,374,782	1,390,417
		<u>347,986</u>	<u>339,431</u>	<u>1,374,782</u>	<u>1,390,417</u>
Insurance claims and commissions:	(b)				
Insurance commission <sup>1</sup>		38,159	35,591	130,678	130,129
General insurance claims		229,891	155,610	791,583	795,235
		<u>268,050</u>	<u>191,201</u>	<u>922,261</u>	<u>925,364</u>
Total income from insurance business, net		<u>79,936</u>	<u>148,230</u>	<u>452,521</u>	<u>465,053</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		410,942	399,915	1,526,545	1,473,891
- change in unearned premium provision		(31,138)	(30,614)	(22,245)	47,422
		<u>379,804</u>	<u>369,301</u>	<u>1,504,300</u>	<u>1,521,313</u>
Premium ceded					
- insurance contract		(36,438)	(35,718)	(130,782)	(128,633)
- change in unearned premium provision		4,620	5,848	1,264	(2,263)
		<u>(31,818)</u>	<u>(29,870)</u>	<u>(129,518)</u>	<u>(130,896)</u>
		<u>347,986</u>	<u>339,431</u>	<u>1,374,782</u>	<u>1,390,417</u>
(b) Insurance claims					
- gross benefits and claims paid		238,280	172,718	934,564	887,862
- claims ceded to reinsurers		(17,182)	59,112	(76,714)	(1,245)
- change in contract liabilities - insurance contract		29,312	53,150	(77,667)	47,469
- change in contract liabilities ceded to reinsurers					
- insurance contract		(20,519)	(129,370)	11,400	(138,851)
		<u>229,891</u>	<u>155,610</u>	<u>791,583</u>	<u>795,235</u>

<sup>1</sup> Net of bancassurance commission paid/payable to subsidiaries of the Group of RM12,861,000 (31 March 2018: RM18,265,000) eliminated upon consolidation.



**A27. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Fee and commission income:				
Fees on loans and securities	34,646	37,885	154,239	158,761
Corporate advisory	5,575	5,664	14,901	12,654
Guarantee fees	13,459	16,096	58,001	62,335
Underwriting commission	-	839	870	990
Portfolio management fees	11,109	15,366	36,356	36,447
Unit trust fees, commission and charges	24,515	25,138	112,136	125,065
Property trust management fees	1,832	1,871	7,383	7,436
Brokerage fees and commission	9,032	11,419	35,549	45,020
Bancassurance commission	2,903	2,581	11,887	11,613
Wealth management fees	3,632	5,243	11,673	21,554
Remittances	5,556	5,728	21,948	20,792
Fees, service and commission charges	6,733	7,768	31,154	33,979
Others	6,588	5,597	20,398	16,547
	<u>125,580</u>	<u>141,195</u>	<u>516,495</u>	<u>553,193</u>
Investment and trading income:				
Net gain from sale of financial assets at fair value through profit or loss	10,365	-	40,337	-
Net gain from sale of financial assets held-for-trading	-	3,707	-	31,798
Net gain from sale of financial investments at fair value through other comprehensive income	15,594	-	20,352	-
Net gain from sale of financial investments available-for-sale	-	21,283	-	87,147
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	37,686	-	(34,067)	-
Net (loss)/gain on revaluation of financial assets held-for-trading	-	(2,872)	-	30,571
Net foreign exchange gain <sup>1</sup>	26,349	5,054	161,403	8,818
Net (loss)/gain on derivatives	(16,572)	47,481	(31,674)	57,128
Dividend income from:				
Financial assets at fair value through profit or loss	3,428	-	25,308	-
Financial assets held-for-trading	-	3,552	-	13,604
Financial assets at fair value through other comprehensive income	-	-	2,897	-
Financial investments available-for-sale	-	2,813	-	24,795
Others	1,215	173	5,103	97
	<u>78,065</u>	<u>81,191</u>	<u>189,659</u>	<u>253,958</u>

**A27. OTHER OPERATING INCOME (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Other income:				
Net non-trading foreign exchange gain	411	419	1,359	1,016
Gain on repayment of capital by a subsidiary	-	-	-	7,672
Net gain/(loss) on disposal of property and equipment	(936)	137	2,764	3,345
Rental income	1,854	1,147	6,045	4,930
Profit from sale of goods and services	4,417	5,680	18,486	12,864
(Loss)/Gain on disposal of foreclosed properties	(317)	13,979	21,336	44,659
Others	3,581	4,293	17,051	33,494
	<u>9,010</u>	<u>25,655</u>	<u>67,041</u>	<u>107,980</u>
	<u>212,655</u>	<u>248,041</u>	<u>773,195</u>	<u>915,131</u>

<sup>1</sup> Foreign exchange ("FX") gain includes gains and losses from spot and forward contracts and other currency derivatives.

Company	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	-	12,227	1,122,065	1,135,653
Financial assets at fair value through profit or loss	9	-	36	-
Financial investments available-for-sale	-	9	-	2,185
Distribution from capital repayment by subsidiary	-	195,409	25,000	195,409
	<u>9</u>	<u>207,645</u>	<u>1,147,101</u>	<u>1,333,247</u>
Other income:				
Others	314	15	896	156
	<u>314</u>	<u>15</u>	<u>896</u>	<u>156</u>
	<u>323</u>	<u>207,660</u>	<u>1,147,997</u>	<u>1,333,403</u>

**A28. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Personnel costs <sup>1</sup> :				
Salaries, allowances and bonuses	280,196	256,859	981,583	972,095
Share granted under ESS				
- charge/(writeback)	2,663	1,673	(5,269)	(9,447)
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	44,433	41,197	155,747	159,151
Social security costs	2,017	2,380	8,259	8,741
Other staff related expenses	35,823	162,844	120,177	270,453
	<u>365,132</u>	<u>464,953</u>	<u>1,260,497</u>	<u>1,400,993</u>
Establishment costs:				
Depreciation of property and equipment	11,692	22,393	50,712	66,193
Amortisation of intangible assets	29,808	36,236	118,394	113,368
Computerisation costs	52,489	42,565	193,465	175,317
Rental of premises	23,599	27,192	96,492	107,987
Cleaning, maintenance and security	9,495	5,631	29,224	24,888
Others	8,784	8,629	36,047	33,700
	<u>135,867</u>	<u>142,646</u>	<u>524,334</u>	<u>521,453</u>
Marketing and communication expenses:				
Sales commission	2,896	2,944	11,928	5,157
Advertising, promotional and other marketing activities	21,688	24,140	54,200	58,476
Telephone charges	4,435	6,721	19,000	20,724
Postage	4,426	2,389	9,794	12,432
Travelling and entertainment	3,564	3,501	14,522	14,150
Others	4,829	6,537	19,566	19,240
	<u>41,838</u>	<u>46,232</u>	<u>129,010</u>	<u>130,179</u>
Administration and general expenses:				
Professional services <sup>1</sup>	27,148	43,040	89,141	155,926
Travelling	1,436	1,671	5,351	6,733
Insurance	1,406	1,441	4,523	4,106
Subscriptions and periodicals	2,764	3,870	9,482	13,724
Others	24,345	24,513	108,534	187,691
	<u>57,099</u>	<u>74,535</u>	<u>217,031</u>	<u>368,180</u>
	<u>599,936</u>	<u>728,366</u>	<u>2,130,872</u>	<u>2,420,805</u>

<sup>1</sup> In the previous financial year, the Group had offered its eligible employees a Mutual Separation Scheme ("MSS"). As at 31 March 2018, the Group had completed its MSS exercise and the payout from this exercise taken up under Personnel costs and professional fees amounted to approximately RM145.5 million. The MSS was introduced as part of the Group's Top Four Strategy, to enhance efficiency and productivity within the Group. To aid employees with this transition, career transition programmes, workshops and on-ground job search support continues to be provided.

**A28. OTHER OPERATING EXPENSES (CONT'D.)**

Company	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Personnel costs:				
Salaries, allowances and bonuses	(3,412)	7,117	8,436	15,304
Shares/options granted under ESS - charge/(writeback)	180	166	(270)	127
Contributions to EPF/Private Retirement Scheme	(554)	1,342	1,221	2,563
Social security costs	-	1	5	6
Other staff related expenses	35	126	386	470
	<u>(3,751)</u>	<u>8,752</u>	<u>9,778</u>	<u>18,470</u>
Establishment costs:				
Depreciation of property and equipment	57	99	264	384
Computerisation costs	-	225	3	225
Cleaning, maintenance and security	-	-	-	4
Others	-	(1)	4	8
	<u>57</u>	<u>323</u>	<u>271</u>	<u>621</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	1	1	386	428
Telephone charges	8	11	25	46
Travelling and entertainment	64	47	201	188
Others	2	(2)	90	123
	<u>75</u>	<u>57</u>	<u>702</u>	<u>785</u>
Administration and general expenses:				
Professional services	1,016	479	2,841	1,779
Travelling	12	6	31	288
Insurance	-	-	18	41
Subscriptions and periodicals	5	3	23	42
Others	1,015	(880)	6,191	3,024
	<u>2,048</u>	<u>(392)</u>	<u>9,104</u>	<u>5,174</u>
Service transfer pricing expense/(income), net	6,961	733	3,941	(8,980)
	<u>5,390</u>	<u>9,473</u>	<u>23,796</u>	<u>16,070</u>

**A29. IMPAIRMENT (WRITEBACK)/LOSS ON LOANS, ADVANCES AND FINANCING**

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Impaired loans, advances and financing:				
Allowances for ECL	99,558	-	536,097	-
Individual allowance, net	-	(16,512)	-	105,151
Collective allowance, net	-	94,193	-	345,200
Impaired loans, advances and financing: Recovered, net	(371,118)	(106,726)	(837,400)	(451,433)
	<u>(271,560)</u>	<u>(29,045)</u>	<u>(301,303)</u>	<u>(1,082)</u>

**A30. IMPAIRMENT (WRITEBACK)/LOSS ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS**

	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
<b>Group</b>				
<b>Financial investments</b>				
Financial investments at fair value through other comprehensive income	(585)	-	11,301	-
Financial investments available-for-sale	-	-	-	1,483
Financial investments at amortised cost	(655)	-	536	-
	<u>(1,240)</u>	<u>-</u>	<u>11,837</u>	<u>1,483</u>
<b>Other financial assets</b>				
Cash and short-term funds	(731)	-	330	-
Deposits and placements with banks and other financial institutions	1,788	-	2,075	-
Other assets	(109)	1,392	(225)	8,368
	<u>948</u>	<u>1,392</u>	<u>2,180</u>	<u>8,368</u>

### A31. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the chief operating decision-maker in order to allocate resources to segment and to assess its performance. The Group comprises the following main business segments:

- (a) **Retail Banking**  
Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.
- (b) **Business Banking**  
Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management, and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans, and Project Financing. Previously, Business Banking was not included as a reportable segment and included in Wholesale Banking division in view of its contribution to the Group in terms of revenue, profit and total assets. Accordingly, the comparative have been restated to conform with current presentation.
- (c) **Wholesale Banking**  
Wholesale Banking comprises Corporate Banking and Group Treasury & Markets.
  - (i) Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
  - (ii) Group Treasury & Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants;
- (d) **Investment Banking**  
Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital).
- (e) **Fund Management**  
Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (f) **Insurance**  
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (g) **Group Funding and Others**  
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

**Note:**

- (i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

A31. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial year ended 31 March 2019	Wholesale Banking						Group funding and others RM'000	Total RM'000	
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000			
External revenue	3,282,963	610,173	2,020,450	1,014,784	187,766	100,784	1,556,632	346,305	9,119,857
Revenue from other segments	(117,020)	(153,478)	(1,026,057)	566,147	(30,101)	-	-	760,509	-
Total operating revenue	<u>3,165,943</u>	<u>456,695</u>	<u>994,393</u>	<u>1,580,931</u>	<u>157,665</u>	<u>100,784</u>	<u>1,556,632</u>	<u>1,106,814</u>	<u>9,119,857</u>
Net interest income	1,194,046	243,573	655,292	101,738	46,695	1,038	133,167	204,785	2,580,334
Other income	257,129	78,873	179,224	120,167	95,229	99,485	456,186	35,346	1,321,639
Share in results of associates and joint ventures	2,167	-	-	-	-	-	12,324	5,936	20,427
Net income	<u>1,453,342</u>	<u>322,446</u>	<u>834,516</u>	<u>221,905</u>	<u>141,924</u>	<u>100,523</u>	<u>601,677</u>	<u>246,067</u>	<u>3,922,400</u>
Other operating expenses of which:	<u>(840,869)</u>	<u>(121,187)</u>	<u>(216,647)</u>	<u>(62,629)</u>	<u>(109,671)</u>	<u>(64,167)</u>	<u>(349,113)</u>	<u>(366,589)</u>	<u>(2,130,872)</u>
<i>Depreciation of property and     equipment</i>	(20,962)	(597)	(894)	(323)	(969)	(331)	(11,113)	(15,523)	(50,712)
<i>Amortisation of intangible assets</i>	(19,838)	(54)	(3,480)	(2,333)	(705)	(219)	(22,911)	(68,854)	(118,394)
Profit/(loss) before impairment losses Impairment on loans, advances and financing-writeback/(charge)	612,473	201,259	617,869	159,276	32,253	36,356	252,564	(120,522)	1,791,528
Net impairment on other assets -(loss)/writeback	124,763	(33,240)	227,345	-	6,997	-	-	(24,562)	301,303
Provision for commitments and contingencies -writeback/(charge)	1,137	4	(12,187)	2,945	16	(141)	4,961	(5,791)	(9,056)
Other recoveries/(write-offs)	13,030	2,524	1,380	-	-	-	-	(7,645)	9,289
Profit/(loss) before taxation and zakat	30	-	5,747	-	11	-	(3,668)	190	2,310
Taxation and zakat	751,433	170,547	840,154	162,221	39,277	36,215	253,857	(158,330)	2,095,374
Profit/(loss) for the financial year	<u>(179,787)</u>	<u>(40,281)</u>	<u>(198,730)</u>	<u>(40,080)</u>	<u>(7,890)</u>	<u>(6,669)</u>	<u>(43,529)</u>	<u>24,661</u>	<u>(492,305)</u>
Profit/(loss) for the financial year	<u>571,646</u>	<u>130,266</u>	<u>641,424</u>	<u>122,141</u>	<u>31,387</u>	<u>29,546</u>	<u>210,328</u>	<u>(133,669)</u>	<u>1,603,069</u>
Other information									
Total segment assets	57,145,836	9,895,328	35,104,051	32,036,327	2,367,085	92,631	5,563,515	16,588,627	158,793,400
Total segment liabilities	53,905,480	5,813,358	11,599,399	38,179,201	1,205,996	19,672	3,515,602	25,864,240	140,102,948
Cost to income ratio	57.9%	37.6%	26.0%	28.2%	77.3%	63.8%	58.0%	149.0%	54.3%
Gross loans, advances and financing	56,864,668	9,964,004	33,518,564	-	1,591,783	-	974	(95,431)	101,844,562
Net loans, advances and financing	56,085,085	9,887,273	33,134,591	-	1,590,112	-	904	(153,944)	100,544,021
Impaired loans, advances and financing	727,585	216,877	674,532	-	1,668	-	-	-	1,620,662
Total deposits	52,982,639	5,695,994	11,323,999	34,364,711	743,811	-	-	9,492,554	114,603,708
Additions to:									
Property and equipment	9,882	1,363	1,891	220	436	53	2,831	15,050	31,726
Intangible assets	14,062	119	19,353	579	426	83	13,004	44,211	91,837

A31. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial year ended 31 March 2018 (Restated)	Wholesale Banking						Group funding and others RM'000	Total RM'000	
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000			
External revenue	3,095,313	461,102	2,013,328	653,388	240,853	113,310	1,580,472	418,973	8,576,739
Revenue from other segments	(326,363)	(107,957)	(1,008,728)	955,133	(17,127)	-	-	505,042	-
Total operating revenue	<u>2,768,950</u>	<u>353,145</u>	<u>1,004,600</u>	<u>1,608,521</u>	<u>223,726</u>	<u>113,310</u>	<u>1,580,472</u>	<u>924,015</u>	<u>8,576,739</u>
Net interest income	1,164,243	195,380	668,060	42,917	43,120	1,057	136,730	232,993	2,484,500
Other income	320,436	63,353	193,582	148,618	165,182	111,890	492,307	5,680	1,501,048
Share in results of associates and joint ventures	2,033	-	-	-	-	-	(11,371)	3,029	(6,309)
Net income	<u>1,486,712</u>	<u>258,733</u>	<u>861,642</u>	<u>191,535</u>	<u>208,302</u>	<u>112,947</u>	<u>617,666</u>	<u>241,702</u>	<u>3,979,239</u>
Other operating expenses of which:	<u>(993,571)</u>	<u>(113,983)</u>	<u>(216,372)</u>	<u>(69,620)</u>	<u>(125,989)</u>	<u>(71,282)</u>	<u>(346,899)</u>	<u>(483,089)</u>	<u>(2,420,805)</u>
<i>Depreciation of property and     equipment</i>	(28,016)	(275)	(987)	(514)	(1,202)	(390)	(12,910)	(21,899)	(66,193)
<i>Amortisation of intangible assets</i>	(19,228)	(34)	(1,845)	(3,934)	(794)	(1,308)	(18,692)	(67,533)	(113,368)
Profit/(Loss) before impairment losses Impairment on loans, advances and financing-writeback/(charge)	493,141	144,750	645,270	121,915	82,313	41,665	270,767	(241,387)	1,558,434
Net impairment on other assets -(loss)/writeback	(36,797)	(30,061)	(27,372)	-	1,804	-	-	93,508	1,082
Provision for commitments and contingencies -writeback/(charge)	(8,671)	(5)	(636)	-	470	(24)	(881)	832	(8,915)
Other recoveries/(write-offs)	(5,278)	(3,096)	8,167	-	(2,587)	-	-	(7,590)	(10,384)
Profit/(loss) before taxation and zakat	11	-	-	56	-	-	519	1,910	2,496
Taxation and zakat	442,406	111,588	625,429	121,971	82,000	41,641	270,405	(152,727)	1,542,713
Profit/(loss) for the financial year	<u>(105,657)</u>	<u>(27,580)</u>	<u>(144,024)</u>	<u>(27,834)</u>	<u>(15,793)</u>	<u>(8,804)</u>	<u>(35,661)</u>	<u>76,464</u>	<u>(288,889)</u>
336,749	84,008	481,405	94,137	66,207	32,837	234,744	(76,263)	1,253,824	
Other information									
Total segment assets	55,187,516	7,641,184	34,411,457	16,625,609	2,705,626	102,409	5,909,096	15,298,346	137,881,243
Total segment liabilities	50,006,646	4,283,730	8,413,446	39,398,319	1,417,264	18,452	3,588,777	13,094,599	120,221,233
Cost to income ratio	66.8%	44.1%	25.1%	36.3%	60.5%	63.1%	56.2%	199.9%	60.8%
Gross loans, advances and financing	54,559,432	7,702,946	32,574,924	-	1,569,710	-	1,657	(87,439)	96,321,230
Net loans, advances and financing	54,094,796	7,634,657	32,316,048	-	1,561,628	-	1,587	(230,816)	95,377,900
Impaired loans, advances and financing	680,517	208,562	747,259	-	2,067	-	-	-	1,638,405
Total deposits	49,328,851	4,202,709	8,066,205	35,110,878	799,536	-	-	1,729,586	99,237,765
Additions to:									
Property and equipment	11,279	1,775	1,185	7	1,061	244	3,129	7,445	26,125
Intangible assets	22,872	179	7,118	174	472	156	16,843	52,934	100,748



**A32. VALUATION OF PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

**A33. EVENTS SUBSEQUENT TO REPORTING DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group for the current financial year.

**A34. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY**

1. Return of capital

AmInvestment Group Berhad ("AIGB"), a direct wholly-owned subsidiary of the Company which had obtained Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016 in the previous financial year returned additional capital which amounted to RM25.0 million to the Company on 14 November 2018 through the cancellation of 25,000,000 ordinary shares. Arising from the return of capital, the Company provided for impairment on subsidiary of RM24,083,000 during the current financial year.

The capital repayment of AIGB did not have any effect on the reported cashflows from operations, financial position and performance of the Group.

2. Commencement of member's voluntary winding-up

AmCapital (B) Sdn Bhd ("AmCapital (B)") (incorporated in Brunei Darussalam), a wholly-owned subsidiary of AIGB had on 12 December 2018 applied to the Supreme Court of Brunei Darussalam to be wound up by the Court under the provisions of the Insolvency Order 2016, of Brunei Darussalam. AmCapital (B) had ceased operations since 1 May 2015.

The member's voluntary liquidation did not have any material effect on the earnings and net assets of the Group for the current financial year.

3. Dissolution of subsidiary

AMBB Capital (L) Ltd which commenced Members' voluntary liquidation on 17 March 2017 was dissolved on 8 April 2019.

Other than as disclosed above, there were no material changes in the composition of the Group and the Company for the current financial quarter and year.

**A35. ASSETS HELD FOR SALE**

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Assets held for sale</u>		
Proposed disposal of property and equipment	5,029	3,963

### A36. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the banking subsidiaries of the Company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at the reporting date, the commitments and contingencies are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>Principal/ Notional Amount RM'000</b>	<b>Principal/ Notional Amount RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	16,558,502	18,243,224
over one year	2,910,184	4,103,833
Unutilised credit card lines	5,174,605	5,208,130
Forward asset purchases	1,593,203	351,998
	<u>26,236,494</u>	<u>27,907,185</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	2,590,041	2,147,797
Transaction related contingent items	5,392,151	5,849,587
Obligations under underwriting agreements	100,000	105,903
Short term self liquidating trade related contingencies	900,886	693,023
	<u>8,983,078</u>	<u>8,796,310</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	53,030,833	53,821,239
One year or less	7,320,942	10,715,515
Over one year to five years	35,609,670	32,408,106
Over five years	10,100,221	10,697,618
Foreign exchange related contracts:	41,370,547	51,597,453
One year or less	35,768,559	47,466,152
Over one year to five years	4,214,120	2,655,384
Over five years	1,387,868	1,475,917
Credit related contracts:	345,108	334,505
Over one year to five years	345,108	334,505
Equity and commodity related contracts:	1,050,698	1,215,805
One year or less	860,041	797,179
Over one year to five years	190,657	418,626
	<u>95,797,186</u>	<u>106,969,002</u>
	<u>131,016,758</u>	<u>143,672,497</u>

**A36. COMMITMENTS AND CONTINGENCIES (CONT'D.)**

As at the reporting date, updates on other commitments and contingencies of the Group and of the Company are as follows:

- (a) The Company has given an unsecured guarantee amounting to RM50.0 million (31 March 2018: RM70.0 million) on behalf of AmlInvestment Bank Berhad ("AmlInvestment Bank") for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its futures trading activity with AmlInvestment Bank.
- (b) As of reporting date, AmMetLife had received complaints from 66 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale by the Company to MetLife of shares in AmMetLife, the Group would fully indemnify MetLife or AmMetLife from any losses arising from incidences of mis-selling of certain specified insurance products occurring prior to the share sale.

- (c) **The Malaysia Competition Commission ("MyCC")'s Proposed Decision ("PD") against PIAM and its 22 members (including AmGeneral Insurance Berhad, a subsidiary)**

On 25 April 2017, AmGeneral Insurance Berhad had completed the submission of its written representations to MyCC. AmGeneral Insurance Berhad had also indicated its request for oral representations.

AmGeneral Insurance Berhad's legal counsel had delivered oral representations to MyCC reiterating its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed. Should the PD be upheld, AmGeneral Insurance Berhad will appeal to the Competition Appeals Tribunal and thereafter take any adverse outcome to a judicial review before the Malaysian courts.

### A37. DERIVATIVE FINANCIAL INSTRUMENTS

The following summarises the notional contracted amounts of derivatives held for trading and derivative designated in hedge accounting relationships of the Group and the revalued derivative financial instruments as at the reporting date:

Group	31.03.19			31.03.18		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
Interest/Profit rate related contracts:	50,375,833	271,496	282,274	50,777,541	197,376	164,006
- One year or less	6,990,942	5,238	5,625	10,095,515	7,042	4,747
- Over one year to three years	19,781,143	57,841	62,843	14,390,414	44,542	33,457
- Over three years	23,603,748	208,417	213,806	26,291,612	145,792	125,802
Foreign exchange related contracts:	41,370,547	471,135	487,177	51,597,451	889,092	1,053,648
- One year or less	35,768,559	133,011	188,279	47,466,152	549,681	738,526
- Over one year to three years	3,471,372	69,209	109,736	1,304,688	59,636	63,815
- Over three years	2,130,616	268,915	189,162	2,826,611	279,775	251,307
Credit related contracts:	345,108	5,417	768	334,505	6,537	-
- Over one year to three years	345,108	5,417	768	-	-	-
- Over three years	-	-	-	334,505	6,537	-
Equity and commodity related contracts:	1,050,698	15,875	16,692	1,215,805	32,574	36,669
- One year or less	860,041	12,886	13,703	797,179	30,633	34,728
- Over one year to three years	190,657	2,989	2,989	418,626	1,941	1,941
	<b>93,142,186</b>	<b>763,923</b>	<b>786,911</b>	<b>103,925,302</b>	<b>1,125,579</b>	<b>1,254,323</b>
<b>Hedging derivatives</b>						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	2,305,000	-	27,240	2,693,700	38	16,843
- One year or less	330,000	-	484	620,000	38	220
- Over one year to three years	1,095,000	-	12,660	1,005,000	-	7,576
- Over three years	880,000	-	14,096	1,068,700	-	9,047
Fair value hedge	350,000	-	11,341	350,000	-	7,626
- Over three years	350,000	-	11,341	350,000	-	7,626
Total	<b>95,797,186</b>	<b>763,923</b>	<b>825,492</b>	<b>106,969,002</b>	<b>1,125,617</b>	<b>1,278,792</b>

### A38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

#### Determination of fair value and fair value hierarchy

The Group and the Company measure fair value using the following fair value hierarchy, which 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: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's and the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Company. Therefore, unobservable inputs reflect the Group's and the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Company's own data.

About 1.5% (2018: 0.2%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

The following tables show the Group's and the Company's financial instruments that are measured at fair value at the reporting date analysed by levels within the fair value hierarchy.

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31.03.19</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivative financial assets	655	763,268	-	763,923
Financial assets at fair value through profit or loss				
- Money market securities	-	14,445,321	-	14,445,321
- Shares	487,692	-	2,813	490,505
- Unit trusts	33,563	160,813	-	194,376
- Quoted corporate bonds and sukuk	-	37,937	-	37,937
- Unquoted corporate bonds and sukuk	-	4,197,456	-	4,197,456
Financial investments at fair value through other comprehensive income				
- Money market securities	-	5,917,665	-	5,917,665
- Shares	-	-	524,213	524,213
- Unquoted corporate bonds and sukuk	-	9,267,995	-	9,267,995
	<u>521,910</u>	<u>34,790,455</u>	<u>527,026</u>	<u>35,839,391</u>
Derivative financial liabilities	<u>1,300</u>	<u>824,192</u>	<u>-</u>	<u>825,492</u>

**A38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)**

<b>Company</b> <b>31.03.19</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,044	-	1,044
	<u>-</u>	<u>1,044</u>	<u>-</u>	<u>1,044</u>
<b>Group</b> <b>31.03.18</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Derivative financial assets	3	1,125,614	-	1,125,617
Financial assets held-for-trading				
- Money market securities	-	7,158,914	-	7,158,914
- Shares	389,087	-	-	389,087
- Unit trusts	61,593	158,531	-	220,124
- Quoted corporate bonds and sukuk	-	37,962	-	37,962
- Unquoted corporate bonds and sukuk	-	5,138,696	-	5,138,696
Financial investments available-for-sale				
- Money market securities	-	2,292,443	-	2,292,443
- Shares	223,654	-	-	223,654
- Unit trusts	13,009	116,870	-	129,879
- Unquoted corporate bonds and sukuk	-	4,913,187	-	4,913,187
	<u>687,346</u>	<u>20,942,217</u>	<u>-</u>	<u>21,629,563</u>
Derivative financial liabilities	6,154	1,272,638	-	1,278,792
<b>Company</b> <b>31.03.18</b>				
Financial investments available-for-sale				
- Unit trusts	-	1,008	-	1,008
	<u>-</u>	<u>1,008</u>	<u>-</u>	<u>1,008</u>

**A38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)**

**Movements in Level 3 financial instruments measured at fair value**

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value at the reporting date.

Group	31.03.19	31.03.19	31.03.19	31.03.19	31.03.18
	Equity instruments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments available -for-sale RM'000	Total RM'000	Financial investments available -for-sale RM'000
Balance at beginning of the financial year	-	-	48,107	48,107	-
Effect of adopting MFRS 9	2,785	523,947	(48,107)	478,625	-
Adjusted at beginning of the financial year	2,785	523,947	-	526,732	-
Addition during the financial year	28	288	-	316	48,107
Exchange fluctuation taken up in statement of profit or loss	-	(22)	-	(22)	-
Balance at end of the financial year	2,813	524,213	-	527,026	48,107

There were no transfers between Level 2 and Level 3 during the current financial year and previous financial year for the Group.

Total gains of losses included in the statement of profit or loss and statement of comprehensive income for financial instruments held at the end of the reporting period:

Group	31.03.19 RM'000	31.03.18 RM'000
<b>Financial investments at fair value through other comprehensive income:</b>		
Total gains/(losses) included in:		
- other comprehensive income	3	-
- profit or loss	(22)	-
	<u>(19)</u>	<u>-</u>

**Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions.**

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.

### A39. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Group and banking subsidiaries are as follows:

	<b>31.03.19</b>			<b>Group</b>
	<b>AmBank</b>	<b>AmBank Islamic</b>	<b>AmInvestment Bank</b>	
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital ratio	11.752%	11.654%	43.711%	12.328%
Tier 1 Capital ratio	12.406%	11.654%	43.711%	12.328%
Total Capital ratio	17.038%	16.836%	44.174%	15.864%
After deducting proposed dividends:				
CET1 Capital ratio	11.323%	11.084%	41.539%	11.890%
Tier 1 Capital ratio	11.977%	11.084%	41.539%	11.890%
Total Capital ratio	16.609%	16.267%	42.001%	15.426%

	<b>31.03.18</b>			<b>Group *</b> <b>(Restated)</b>
	<b>AmBank</b>	<b>AmBank Islamic</b>	<b>AmInvestment Bank</b>	
Before deducting proposed dividend:				
CET1 Capital ratio	10.955%	11.561%	41.194%	11.384%
Tier 1 Capital ratio	11.903%	11.561%	41.194%	11.384%
Total Capital ratio	16.451%	16.569%	41.452%	13.951%
After deducting proposed dividend:				
CET1 Capital ratio	10.613%	11.561%	27.529%	11.081%
Tier 1 Capital ratio	11.561%	11.561%	27.529%	11.082%
Total Capital ratio	16.109%	16.569%	27.787%	13.649%

Notes:

- (1) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia on 2 February 2018, which is based on the Basel III capital accord. The Group has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 2 February 2018.
- (2) The Company, being a financial holding company ("FHC") i.e. a financial holding company approved pursuant to section 112(3) of the FSA or section 124(3) of the IFSA and holds investment directly or indirectly in corporations that are engaged predominantly in banking business or Islamic banking business, has complied with BNM guidelines on minimum capital adequacy ratios and capital buffer requirements at the consolidated level effective 1 January 2019 and is presenting the capital adequacy ratios on FHC basis for 2019.

For regulatory capital reporting purposes, the consolidated level comprise the consolidation of all its financial and non-financial subsidiaries, excluding investments in insurance subsidiaries as per BNM's guidelines on Capital Adequacy Framework (Capital Components). Under the guidelines, investments in insurance subsidiaries shall be deducted in the calculation of CET1 Capital ratio.

\*Restated Group figures for 2018 presented in this Report are on a FHC basis. The positions of each entity as presented above and group (where applicable) are also published at [www.ambankgroup.com](http://www.ambankgroup.com). Previously, the Group presented the capital adequacy ratios and components of capital base and risk weighted assets on an aggregation basis representing the aggregated capital positions and risk weighted assets of its three regulated banking subsidiaries.

- (3) Pursuant to the BNM's guidelines on Capital Adequacy Framework (Capital Components) issued, a financial institution is required to hold and maintain, at all times, minimum capital adequacy ratios at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8.0% for Total capital ratio. In addition, a financial institution is also required to hold and maintain capital buffers in the form of CET1 Capital above the minimum CET1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall comprise the sum of the following:
  - (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
  - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.



### A39. CAPITAL ADEQUACY (CONT'D.)

The CCB requirements under transitional arrangements shall be phased-in starting from 1 January 2016 as follows:

	<b>CCB</b>
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.5%

BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies for exposures in Malaysia.

- (b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows:

	<b>31.03.19</b>			<b>Group RM'000</b>
	<b>AmBank RM'000</b>	<b>AmBank Islamic RM'000</b>	<b>AmInvestment Bank RM'000</b>	
<b><u>CET1 Capital</u></b>				
Ordinary share capital	1,940,465	1,387,107	200,000	5,551,557
Retained earnings	7,014,840	1,933,885	296,696	10,773,243
Fair value reserve	245,836	39,151	1,089	460,863
Foreign exchange translation reserve	85,109	-	-	94,089
Regulatory reserve	280,556	164,928	4,674	450,158
Cash flow hedge deficit	(12,074)	-	-	(12,074)
Other remaining disclosed reserves	-	-	-	(26,188)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(368,654)	(1,351)	(1,750)	(386,109)
Deferred tax assets	(57,589)	-	(3,051)	(53,957)
Cash flow hedge deficit	12,074	-	-	12,074
55% of cumulative fair value gains in				
Fair value reserve	(135,210)	(21,533)	(599)	(253,475)
Regulatory reserve	(280,556)	(164,928)	(4,674)	(450,158)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
<b>CET1 Capital</b>	<b>8,716,309</b>	<b>3,337,259</b>	<b>442,576</b>	<b>12,733,378</b>
<b><u>Additional Tier 1 Capital</u></b>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	485,000	-	-	-
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	439
<b>Tier 1 Capital</b>	<b>9,201,309</b>	<b>3,337,259</b>	<b>442,576</b>	<b>12,733,817</b>
<b><u>Tier 2 Capital</u></b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,595,000	1,150,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	2,476,745
General provisions*	840,495	334,015	4,684	1,175,912
<b>Tier 2 Capital</b>	<b>3,435,495</b>	<b>1,484,015</b>	<b>4,684</b>	<b>3,652,657</b>
<b>Total Capital</b>	<b>12,636,804</b>	<b>4,821,274</b>	<b>447,260</b>	<b>16,386,474</b>

\*Consists of Stage 1 and Stage 2 loss allowances and regulatory reserve.

**A39. CAPITAL ADEQUACY (CONT'D.)**

- (b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows (Cont'd.):

The breakdown of the risk weighted assets ("RWA") in various categories of risk is as follows:

	31.03.19			
	AmBank	AmBank	AmInvestment	Group
	RM'000	Islamic RM'000	Bank RM'000	RM'000
Credit RWA	67,239,575	28,526,091	732,342	94,407,762
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,804,893)	-	(334,809)
<b>Total Credit RWA</b>	<b>67,239,575</b>	<b>26,721,198</b>	<b>732,342</b>	<b>94,072,953</b>
Market RWA	2,358,358	475,926	28,644	2,807,287
Operational RWA	4,037,878	1,439,025	251,510	5,880,399
Large exposure risk RWA for equity holdings	531,402	-	-	531,792
<b>Total Risk Weighted Assets</b>	<b>74,167,213</b>	<b>28,636,149</b>	<b>1,012,496</b>	<b>103,292,431</b>

	31.03.18			
	AmBank	AmBank	AmInvestment	Group
	RM'000	Islamic RM'000	Bank RM'000	(Restated) RM'000
<b><u>CET1 Capital</u></b>				
Ordinary share capital	1,763,208	1,387,107	200,000	5,551,557
Retained earnings	6,700,583	1,632,472	474,802	9,711,873
Available-for-sale deficit	(23,518)	(5,492)	-	(54,889)
Foreign exchange translation reserve	52,974	-	-	61,600
Regulatory reserve	372,133	327,683	2,918	702,734
Cash flow hedge reserve	3,174	-	-	3,174
Other remaining disclosed reserves	-	-	-	(24,192)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(400,376)	(1,207)	(2,137)	(422,024)
Deferred tax assets	(66,637)	-	(4,085)	(65,940)
Cash flow hedge reserve	(3,174)	-	-	(3,174)
Regulatory reserve	(372,133)	(327,683)	(2,918)	(702,734)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
<b>CET1 Capital</b>	<b>8,017,746</b>	<b>3,012,880</b>	<b>618,771</b>	<b>11,331,340</b>

**Additional Tier 1 Capital**

Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	694,040	-	-	-
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	458
<b>Tier 1 Capital</b>	<b>8,711,786</b>	<b>3,012,880</b>	<b>618,771</b>	<b>11,331,798</b>

**A39. CAPITAL ADEQUACY (CONT'D.)**

- (b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows (Cont'd.):

	31.03.18			Group * (Restated) RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<b><u>Tier 2 Capital</u></b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,995,000	1,000,000	-	1,425,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	600,000	-	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	91
Collective allowance and regulatory reserve	734,013	305,028	3,871	1,130,103
<b>Tier 2 Capital</b>	<b>3,329,013</b>	<b>1,305,028</b>	<b>3,871</b>	<b>2,555,194</b>
<b>Total Capital</b>	<b>12,040,799</b>	<b>4,317,908</b>	<b>622,642</b>	<b>13,886,992</b>

The breakdown of the risk weighted assets ("RWA") in various categories of risk is as follows:

Credit RWA	65,981,322	27,390,400	1,123,584	90,526,801
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(2,988,135)	-	(118,569)
Total Credit RWA	65,981,322	24,402,265	1,123,584	90,408,232
Market RWA	2,861,798	277,093	105,011	3,254,024
Operational RWA	3,973,753	1,380,469	273,498	5,763,170
Large exposure risk RWA for equity holdings	373,899	-	-	113,034
<b>Total Risk Weighted Assets</b>	<b>73,190,772</b>	<b>26,059,827</b>	<b>1,502,093</b>	<b>99,538,460</b>

**A40. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	Group	
	31.03.19	31.03.18
Outstanding credit exposures with connected parties (RM'000)	2,299,375	2,582,104
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	1.98	2.32
- which is non-performing or in default	0.01	0.01

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

**A41. INSURANCE BUSINESS**

**AmGeneral Holdings Berhad and its subsidiary**

**(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	General insurance fund		Shareholders' fund and Others		Total*	
	31.3.19 RM'000	31.3.18 RM'000	31.3.19 RM'000	31.3.18 RM'000	31.3.19 RM'000	31.3.18 RM'000
<b>ASSETS</b>						
Cash and short-term funds	245,368	183,065	70,496	306,791	315,865	489,856
Deposits and placements with banks and other financial institutions	15,241	15,602	-	-	15,241	15,602
Financial assets at fair value through profit or loss	2,405,241	-	4,547,707	-	3,602,272	-
Financial assets held-for-trading	-	2,574,661	-	3,158,659	-	3,317,190
Financial investments available-for-sale	-	-	-	1,425,929	-	352,809
Loans and advances	904	1,587	-	-	904	1,587
Deferred tax assets	25,778	22,465	-	738	25,778	23,203
Investment in a subsidiary	-	-	1,908,733	2,108,733	-	-
Other assets	791,058	518,087	63,436	101,527	134,223	228,526
Reinsurance assets and other insurance receivables	525,547	536,859	-	-	525,547	536,859
Property and equipment	25,535	39,666	978	978	26,513	40,644
Intangible assets	55,180	61,556	66,867	70,900	900,973	911,383
Assets held for sale	5,029	1,599	-	2,364	5,029	3,963
<b>TOTAL ASSETS</b>	<b>4,094,881</b>	<b>3,955,147</b>	<b>6,658,217</b>	<b>7,176,619</b>	<b>5,552,345</b>	<b>5,921,622</b>
<b>LIABILITIES AND EQUITY</b>						
Redeemable cumulative convertible preference share	-	-	457,609	443,777	457,609	443,777
Deferred tax liabilities	-	-	70,187	74,675	70,186	75,115
Other liabilities	277,646	250,961	736,742	446,500	294,558	306,373
Insurance contract liabilities and other insurance payables	2,693,249	2,763,512	-	-	2,693,249	2,763,512
<b>Total Liabilities</b>	<b>2,970,895</b>	<b>3,014,473</b>	<b>1,264,538</b>	<b>964,952</b>	<b>3,515,602</b>	<b>3,588,777</b>
Share capital**	-	-	5,795,760	5,953,072	1,599,148	1,399,148
Reserves	1,123,986	940,674	(402,081)	258,595	437,595	933,697
Equity attributable to equity holders of the Company	1,123,986	940,674	5,393,679	6,211,667	2,036,743	2,332,845
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,094,881</b>	<b>3,955,147</b>	<b>6,658,217</b>	<b>7,176,619</b>	<b>5,552,345</b>	<b>5,921,622</b>

\* after elimination on consolidation

**	Comprising:		
	Ordinary share capital	1,230,000	1,230,000
	Preference share capital	169,148	169,148
	Transfer from Retained Earnings arising from redemption of preference shares	200,000	-
		<b>1,599,148</b>	<b>1,399,148</b>

Note: Shareholders' funds and Others comprise the results of AmGeneral Holdings Berhad and collective investment schemes of its insurance subsidiary.

**A41. INSURANCE BUSINESS (CONT'D.)**

**AmGeneral Holdings Berhad and its subsidiary**

**(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	General insurance fund		Shareholders' fund and Others		Total*	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
Interest income	3,305	1,712	149,695	154,255	153,000	155,967
Interest expense	-	-	(19,833)	(19,237)	(19,833)	(19,237)
Net interest income	3,305	1,712	129,862	135,018	133,167	136,730
Income from insurance business	1,374,782	1,390,417	-	-	1,374,782	1,390,417
Insurance claims and commissions**	(935,122)	(943,569)	-	-	(935,122)	(943,569)
Net income from insurance business	439,660	446,848	-	-	439,660	446,848
Other operating income	116,799	112,821	269,836	107,359	16,526	45,459
Net income	559,764	561,381	399,698	242,377	589,353	629,037
Other operating expenses	(337,910)	(334,964)	(11,203)	(11,935)	(349,113)	(346,899)
Operating profit	221,854	226,417	388,495	230,442	240,240	282,138
Net impairment writeback/(charge) on:						
Financial investments	-	-	-	(1,483)	-	(1,483)
Reinsurance assets and insurance receivables	4,961	602	-	-	4,961	602
Other recoveries/(write-offs), net	(3,668)	519	-	-	(3,668)	519
Profit before taxation	223,147	227,538	388,495	228,959	241,533	281,776
Taxation	(38,733)	(25,539)	(4,796)	(10,122)	(43,529)	(35,661)
<b>Profit for the financial year</b>	<b>184,414</b>	<b>201,999</b>	<b>383,699</b>	<b>218,837</b>	<b>198,004</b>	<b>246,115</b>

Attributable to:

Equity holders of the Company	198,004	245,500
Non-controlling interests	-	615
<b>Profit for the financial year</b>	<b>198,004</b>	<b>246,115</b>

\* after elimination on consolidation

\*\* Includes commission paid/payable to related companies of the Group of RM12,861,000 (31 March 2018: RM18,205,000)

**A42. CHANGES IN ACCOUNTING POLICIES**

**Adoption of MFRS 9 Financial Instruments**

(a) Classification and measurement of financial instruments

On 1 April 2018, Group management has assessed which business models apply to the financial assets held by the Group at the date of initial application of MFRS 9 (1 April 2018) and has classified its financial instruments into the appropriate MFRS 9 categories. The main effects resulting from this reclassification are as follows:

Group	Measurement category		Carrying amount		
	Under MFRS 139	Under MFRS 9	Under MFRS 139 RM'000	Remeasurement and Impairment RM'000	Under MFRS 9 RM'000
<b>Financial assets</b>					
Cash and short-term funds	Amortised cost - (Loans and receivables)	Amortised cost	5,515,856	(983)	5,514,873
Financial assets held-for-trading	FVTPL (HFT)	FVTPL	12,944,783	-	12,944,783
Financial investments available-for-sale	FVOCI (AFS)	FVOCI (Debt)	5,546,304	-	5,546,304
Financial investments available-for-sale	FVOCI (AFS)	FVOCI (Equity)	142,031	381,916	523,947
Financial investments available-for-sale	FVOCI (AFS)	FVTPL	355,225	1,092	356,317
Financial investments available-for-sale	FVOCI (AFS)	Amortised Cost	1,659,326	30,223	1,689,549
Financial investments held-to-maturity	Amortised Cost (HTM)	Amortised Cost	3,028,316	(3,403)	3,024,913
Loans, advances and financing	Amortised cost (Loans and receivables)	Amortised cost	95,377,900	(455,893)	94,922,007
Receivables: Investments not quoted in active markets	Amortised cost (Loans and receivables)	FVTPL	94,830	(10,375)	84,455
Receivables: Investments not quoted in active markets	Amortised cost (Loans and receivables)	FVOCI (Debt)	1,845,603	16,243	1,861,846
Other assets	Amortised cost (Loans and receivables)	Amortised cost	2,269,106	132,978	2,402,084
Reinsurance assets and other insurance receivables	Amortised cost (Loans and receivables)	Amortised cost	536,859	(870)	535,989

Company	Measurement category		Carrying amount		
	Under MFRS 139	Under MFRS 9	Under MFRS 139 RM'000	Remeasurement and Impairment RM'000	Under MFRS 9 RM'000
<b>Financial assets</b>					
Financial investments available-for-sale	FVOCI (AFS)	FVTPL	1,008	-	1,008

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(b) Reconciliation of financial instruments from MFRS 139 to MFRS 9

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Cash and short-term funds</b>		
Closing balance under MFRS 139 as at 31 March 2018	5,515,856	79,080
Allowance for ECL	(983)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>5,514,873</u>	<u>79,080</u>
<b>Financial assets held-for-trading</b>		
Closing balance under MFRS 139 as at 31 March 2018	12,944,783	-
Reclassification to Financial assets at FVTPL	(12,944,783)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
<b>Financial assets at FVTPL</b>		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from Financial investments held-for-trading	12,944,783	-
Reclassification from Financial investments available-for-sale	355,225	1,008
Remeasurement for reclassification from financial instruments available-for-sale	1,092	-
Reclassification from Receivables: Investments not quoted in active markets	94,830	-
Remeasurement for reclassification for Receivables: Investments not quoted in active markets	(10,375)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>13,385,555</u>	<u>1,008</u>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(b) Reconciliation of financial instruments from MFRS 139 to MFRS 9 (Cont'd.)

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Financial assets available-for-sale</b>		
Closing balance under MFRS 139 as at 31 March 2018	7,702,886	1,008
Reclassification to Financial assets at FVTPL	(355,225)	(1,008)
Reclassification to Financial investments at amortised cost	(1,659,326)	-
Reclassification to Financial investments at FVOCI (equity)	(142,031)	-
Reclassification to Financial investments at FVOCI (debt)	(5,546,304)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
<b>Financial assets at FVOCI (debt)</b>		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from Financial investments available-for-sale	5,546,304	-
Reclassification from Receivables: Investments not quoted in active markets	1,845,603	-
Remeasurement from amortised cost to fair value	16,243	-
Opening balance under MFRS 9 as at 1 April 2018	<u>7,408,150</u>	<u>-</u>
<b>Financial assets at FVOCI (equity)</b>		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from Financial investments available-for-sale	142,031	-
Remeasurement from amortised cost to fair value	381,916	-
Opening balance under MFRS 9 as at 1 April 2018	<u>523,947</u>	<u>-</u>
<b>Total financial assets measured at fair value through other comprehensive income</b>	<u>7,932,097</u>	<u>-</u>



**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(b) Reconciliation of financial instruments from MFRS 139 to MFRS 9 (Cont'd.)

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Financial investments held-to-maturity</b>		
Closing balance under MFRS 139 as at 31 March 2018	3,028,316	1,425,000
Reclassification to Financial Investments at amortised cost	<u>(3,028,316)</u>	<u>(1,425,000)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
<b>Financial assets at amortised cost</b>		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from Financial investments held-to-maturity	3,028,316	1,425,000
Reclassification from Financial investments available-for-sale	1,659,326	-
Remeasurement from fair value to amortised cost	30,223	-
Allowance for ECL	<u>(3,403)</u>	<u>-</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>4,714,462</u>	<u>1,425,000</u>
<b>Loans, advances and financing</b>		
Closing balance under MFRS 139 as at 31 March 2018	95,377,900	-
Allowance for ECL	<u>(455,893)</u>	<u>-</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>94,922,007</u>	<u>-</u>
<b>Receivables: Investments not quoted in active markets</b>		
Closing balance under MFRS 139 as at 31 March 2018	1,940,433	-
Reclassification to Financial assets at FVTPL	(94,830)	-
Reclassification to Financial investments at FVOCI (debt)	<u>(1,845,603)</u>	<u>-</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
<b>Deferred tax assets</b>		
Closing balance under MFRS 139 as at 31 March 2018	75,324	-
Tax impact on unrealised gain on financial investments at FVOCI	(11,509)	-
Tax impact on provision for commitments and contingencies under MFRS 139	(13,724)	-
Tax impact on impairment of other receivables	283	-
Tax impact on remeasurement of instruments to FVTPL	<u>(314)</u>	<u>-</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>50,060</u>	<u>-</u>
<b>Other assets</b>		
Closing balance under MFRS 139 as at 31 March 2018	2,269,106	7,313
Allowance for ECL	(313)	-
Tax impact on allowance for ECL	131,022	-
Tax impact on remeasurement of instruments to FVTPL	2,269	-
Opening balance under MFRS 9 as at 1 April 2018	<u>2,402,084</u>	<u>7,313</u>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(b) Reconciliation of financial instruments from MFRS 139 to MFRS 9 (Cont'd.)

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Reinsurance assets and other insurance receivables</b>		
Closing balance under MFRS 139 as at 31 March 2018	536,859	-
Allowance for ECL	(870)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>535,989</u>	<u>-</u>
<b>Deferred tax liabilities</b>		
Closing balance under MFRS 139 as at 31 March 2018	65,403	-
Tax impact on allowance for commitments and contingencies	2,568	-
Opening balance under MFRS 9 as at 1 April 2018	<u>67,971</u>	<u>-</u>
<b>Other liabilities</b>		
Closing balance under MFRS 139 as at 31 March 2018	3,336,516	24,722
Allowance for ECL for provision for commitments and contingencies	31,551	-
Tax impact on allowance on provision for ECL	(5,855)	-
Tax impact on remeasurement of instruments to FVTPL	(278)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>3,361,934</u>	<u>24,722</u>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

- (c) The following is the reconciliation of prior year's closing equity balances which have impact from the adoption of MFRS 9 arising from the reclassifications and remeasurements highlighted in Note A.1.1 to the restated opening balance as at 1 April 2018:

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Retained Earnings</b>		
Closing balance under MFRS 139 as at 31 March 2018	10,233,645	3,525,115
Recognition of allowance for ECL	(515,074)	-
Tax impact on allowance for ECL	120,868	-
Transfer from Regulatory reserve	406,513	-
Fair value changes on financial assets	(41,896)	-
Tax impact on remeasurement of instruments to FVTPL	2,233	-
Non-controlling interests share of remeasurement and allowance for ECL	(48)	-
	<u>10,206,241</u>	<u>3,525,115</u>
<b>Opening balance under MFRS 9 as at 1 April 2018</b>		
<b>Regulatory reserve</b>		
Closing balance under MFRS 139 as at 31 March 2018	702,734	-
Transfer to Retained Earnings	(406,513)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>296,221</u>	<u>-</u>
<b>Available-for-sale deficit</b>		
Closing balance under MFRS 139 as at 31 March 2018	(58,628)	-
Transfer to Fair value reserve	58,628	-
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
<b>Fair value reserve</b>		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Transfer from Available-for-sale deficit	(58,628)	-
Fair value changes for financial investments available-for-sale reclassified to financial investments at amortised cost	30,223	-
Fair value changes for financial investments available-for-sale reclassified to financial assets at FVTPL	2,404	-
Fair value changes on financial investments at FVOCI	428,368	-
Recognition of allowance for ECL	22,061	-
Tax impact on unrealised fair value changes	(11,509)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>412,919</u>	<u>-</u>
<b>Non-Controlling interests</b>		
Closing balance under MFRS 139 as at 31 March 2018	1,144,405	-
Share of impact of reclassification from financial investments available-for-sale to financial assets at FVTPL	488	-
Share of impact of allowance for ECL	(440)	-
Opening balance under MFRS 9 as at 1 April 2018	<u>1,144,453</u>	<u>-</u>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

- (d) The following is the reconciliation of prior year's closing impairment allowance measured in accordance with the MFRS 9 incurred loss model or provision under MFRS 137 to the new impairment allowance measured in accordance with the MFRS 9 expected loss model at 1 April 2018:

Group	Loss allowance under MFRS139/ Provision under MFRS137 RM'000	Remeas-urements RM'000	Loss allowance under MFRS9 RM'000
<b>Loans and receivables and held-to-maturity under MFRS 139/Financial assets at amortised cost under MFRS 9</b>			
Cash and short-term funds	-	983	983
Financial investments at amortised cost	2,550	3,403	5,953
Loans, advances and financing	943,330	455,893	1,399,223
Other assets	29,403	313	29,716
Reinsurance assets and other insurance receivables	39,708	870	40,578
<b>Total</b>	<b>1,014,991</b>	<b>461,462</b>	<b>1,476,453</b>
<b>Available-for-sale under MFRS 9/Financial assets at FVOCI under MFRS 9</b>			
Financial investments at fair value through other comprehensive income:			
- debt	5,000	22,061	27,061
- equity	2,318	(2,318)	-
<b>Total</b>	<b>7,318</b>	<b>19,743</b>	<b>27,061</b>
<b>Loan commitments and financial guarantee contracts issued</b>			
Loan commitments	61,577	29,434	91,011
Financial guarantee contracts	11,134	2,117	13,251
<b>Total</b>	<b>72,711</b>	<b>31,551</b>	<b>104,262</b>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(e) Financial Effects Due To Changes In Accounting Policies

The adoption of MFRS 9 resulted in the following financial effects to:

(i) The statement of financial position of the Group and the Company:

	31.03.18 RM'000	Classification and Measurement RM'000	Impairment RM'000	01.04.18 RM'000
<b>Group</b>				
<b>ASSETS</b>				
Cash and short-term funds	5,515,856	-	(983)	5,514,873
Deposits and placements with banks and other financial institutions	215,602	-	-	215,602
Derivative financial assets	1,125,617	-	-	1,125,617
Financial assets at fair value through profit or loss	-	13,385,555	-	13,385,555
Financial assets held-for-trading	12,944,783	(12,944,783)	-	-
Financial investments at fair value through other comprehensive income	-	7,932,097	-	7,932,097
Financial investments available-for-sale	7,702,886	(7,702,886)	-	-
Financial investments at amortised cost	-	4,717,865	(3,403)	4,714,462
Financial investments held-to-maturity	3,028,316	(3,028,316)	-	-
Loans, advances and financing	95,377,900	-	(455,893)	94,922,007
Receivables: Investments not quoted in active markets	1,940,433	(1,940,433)	-	-
Statutory deposits with Bank Negara Malaysia	2,836,841	-	-	2,836,841
Deferred tax assets	75,324	(11,823)	(13,441)	50,060
Investment in associates and joint ventures	690,294	-	-	690,294
Other assets	2,269,106	2,269	130,709	2,402,084
Reinsurance assets and other insurance receivables	536,859	-	(870)	535,989
Property and equipment	191,412	-	-	191,412
Intangible assets	3,426,051	-	-	3,426,051
Assets held for sale	3,963	-	-	3,963
<b>TOTAL ASSETS</b>	<b>137,881,243</b>	<b>409,545</b>	<b>(343,881)</b>	<b>137,946,907</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	95,805,187	-	-	95,805,187
Investment accounts of customers	138,956	-	-	138,956
Deposits and placements of banks and other financial institutions	3,432,578	-	-	3,432,578
Recourse obligation on loans and financing sold to Cagamas Berhad	4,273,621	-	-	4,273,621
Derivative financial liabilities	1,278,792	-	-	1,278,792
Term funding	4,329,713	-	-	4,329,713
Debt capital	4,579,504	-	-	4,579,504
Redeemable cumulative convertible preference share	217,451	-	-	217,451
Deferred tax liabilities	65,403	-	2,568	67,971
Other liabilities	3,336,516	(278)	25,696	3,361,934
Insurance contract liabilities and other insurance payables	2,763,512	-	-	2,763,512
<b>Total Liabilities</b>	<b>120,221,233</b>	<b>(278)</b>	<b>28,264</b>	<b>120,249,219</b>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(e) Financial Effects Due To Changes In Accounting Policies (Cont'd.)

The adoption of MFRS 9 resulted in the following financial effects to (Cont'd.):

(i) The statement of financial position of the Group and the Company (Cont'd.):

	31.03.18 RM'000	Classification and Measurement RM'000	Impairment RM'000	01.04.18 RM'000
<b>Group</b>				
Share capital	5,551,557	-	-	5,551,557
Reserves	10,964,048	409,335	(371,705)	11,001,678
<i>Retained earnings</i>	10,233,645	(40,151)	12,747	10,206,241
<i>Non-participating funds</i>	45,715	-	-	45,715
<i>Regulatory reserve</i>	702,734	-	(406,513)	296,221
<i>Available-for-sale deficit</i>	(58,628)	58,628	-	-
<i>Fair value reserve</i>	-	390,858	22,061	412,919
<i>Other reserves</i>	82,202	-	-	82,202
<i>Shares held in trust for ESS</i>	(41,620)	-	-	(41,620)
Equity attributable to equity holders of the Company	16,515,605	409,335	(371,705)	16,553,235
Non-controlling interests	1,144,405	488	(440)	1,144,453
<b>Total Equity</b>	<b>17,660,010</b>	<b>409,823</b>	<b>(372,145)</b>	<b>17,697,688</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>137,881,243</b>	<b>409,545</b>	<b>(343,881)</b>	<b>137,946,907</b>
<b>Company</b>				
<b>ASSETS</b>				
Cash and short-term funds	79,080	-	-	79,080
Financial assets at fair value through profit or loss	-	1,008	-	1,008
Financial investments available-for-sale	1,008	(1,008)	-	-
Financial investments at amortised cost	-	1,425,000	-	1,425,000
Financial investments held-to-maturity	1,425,000	(1,425,000)	-	-
Investment in subsidiaries and other investments	9,487,139	-	-	9,487,139
Other assets	7,313	-	-	7,313
Property and equipment	940	-	-	940
<b>TOTAL ASSETS</b>	<b>11,000,480</b>	<b>-</b>	<b>-</b>	<b>11,000,480</b>
<b>LIABILITIES AND EQUITY</b>				
Term funding	500,000	-	-	500,000
Debt capital	1,424,585	-	-	1,424,585
Other liabilities	24,722	-	-	24,722
<b>Total Liabilities</b>	<b>1,949,307</b>	<b>-</b>	<b>-</b>	<b>1,949,307</b>
Share capital	5,550,250	-	-	5,550,250
Reserves	3,500,923	-	-	3,500,923
<i>Retained earnings</i>	3,525,115	-	-	3,525,115
<i>Executives' share scheme reserve</i>	17,428	-	-	17,428
<i>Shares held in trust for ESS</i>	(41,620)	-	-	(41,620)
<b>Total Equity</b>	<b>9,051,173</b>	<b>-</b>	<b>-</b>	<b>9,051,173</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,000,480</b>	<b>-</b>	<b>-</b>	<b>11,000,480</b>

**A42. CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**Adoption of MFRS 9 Financial Instruments (Cont'd.)**

(e) Financial Effects Due To Changes In Accounting Policies (Cont'd.)

The adoption of MFRS 9 resulted in the following financial effects to (Cont'd.):

(ii) Capital Adequacy Ratio

	<b>Restated 31.03.18 (Note A39) RM'000</b>	<b>Effects of Adopting MFRS 9 RM'000</b>	<b>01.04.18 RM'000</b>
<b>Capital adequacy</b>			
<b>Group</b>			
CET1 capital	11,331,340	254,953	11,586,293
Tier 1 capital	11,331,798	254,953	11,586,751
Total capital	13,886,992	347,463	14,234,455
Risk-weighted assets	99,538,460	772,899	100,311,359
<b>Before deducting proposed dividend</b>			
CET1 capital ratio (%)	11.384%	0.166%	11.550%
Tier 1 capital ratio (%)	11.384%	0.167%	11.551%
Total capital ratio (%)	13.951%	0.239%	14.190%
<b>After deducting proposed dividend</b>			
CET1 capital ratio (%)	11.081%	0.169%	11.250%
Tier 1 capital ratio (%)	11.082%	0.168%	11.250%
Total capital ratio (%)	13.649%	0.241%	13.890%

**A43. OPERATIONS OF ISLAMIC BANKING**

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

	Note	Group	
		31.03.19 RM'000	31.03.18 RM'000
<b>ASSETS</b>			
Cash and short-term funds		1,568,699	1,588,497
Deposits and placements with banks and other financial institutions		-	200,000
Derivative financial assets		43,136	87,408
Financial assets at fair value through profit or loss		5,113,974	-
Financial assets held-for-trading		-	1,584,632
Financial investments at fair value through other comprehensive income		3,492,140	-
Financial investments available-for-sale		-	2,838,566
Financial Investments at amortised cost		1,705,455	-
Financial Investments held-to-maturity		-	1,090,010
Financing and advances	(a)	28,922,092	27,775,489
Receivables: Investments not quoted in active markets		-	790,833
Statutory deposit with Bank Negara Malaysia		970,000	821,000
Deferred tax assets		240	306
Other assets		443,210	277,353
Property and equipment		580	432
Intangible assets		1,351	1,207
<b>TOTAL ASSETS</b>		<b>42,260,877</b>	<b>37,055,733</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	(b)	31,139,936	26,493,802
Investment accounts of customers	(c)	353,451	138,956
Deposits and placements of banks and other financial institutions		2,536,724	884,093
Investment account due to a licensed bank	(d)	1,465,539	2,859,110
Recourse obligation on financing sold to Cagamas Berhad		518,350	520,405
Derivative financial liabilities		55,519	92,939
Term funding		1,080,000	1,080,000
Subordinated Sukuk		1,150,000	999,839
Deferred tax liabilities		7,511	5,065
Other liabilities	(e)	330,069	403,492
<b>TOTAL LIABILITIES</b>		<b>38,637,099</b>	<b>33,477,701</b>
Share capital/Capital funds		1,417,107	1,417,107
Reserves		2,206,671	2,160,925
<b>TOTAL ISLAMIC BANKING FUNDS</b>		<b>3,623,778</b>	<b>3,578,032</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>42,260,877</b>	<b>37,055,733</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>11,593,921</b>	<b>11,346,899</b>



**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Income derived from investment of depositors' funds and others	456,924	428,337	1,764,554	1,707,561
Income derived from investment of investment account funds	22,139	36,229	105,499	103,215
Income derived from Islamic Banking Funds	48,444	35,640	189,390	146,765
Impairment on financing and advances-(charge)/writeback	21,340	(5,260)	(82,620)	(61,396)
Impairment losses on financial investments	(4,746)	-	(10,905)	-
Impairment losses on other financial assets	(1)	-	(3)	-
(Impairment)/Writeback of provision for commitments and contingencies	(3,187)	1,051	(3,464)	800
Total distributable income	540,913	495,997	1,962,451	1,896,945
Income attributable to the depositors and others	(263,480)	(231,707)	(1,023,458)	(924,935)
Income attributable to the investment account holders	(19,999)	(32,495)	(91,519)	(92,326)
Total net income	257,434	231,795	847,474	879,684
Operating expenses	(87,251)	(99,312)	(318,727)	(424,315)
Finance costs	(28,791)	(22,675)	(106,572)	(110,451)
Profit before taxation and zakat	141,392	109,808	422,175	344,918
Taxation and zakat	(34,013)	(25,000)	(97,930)	(73,889)
Profit for the financial period/year	107,379	84,808	324,245	271,029

**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Profit for the financial period/year	107,379	84,808	324,245	271,029
Other comprehensive income/(loss):				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Financial investments at fair value through other comprehensive income:				
- net unrealised gain for changes in fair value	23,036	-	28,101	-
- expected credit loss	4,747	-	10,799	-
- net gain reclassified to profit or loss	(9,453)	-	(11,237)	-
- income tax effect	(3,260)	-	(4,047)	-
Financial investments available-for-sale:				
- net unrealised gain for changes in fair value	-	499	-	3,864
- net gain reclassified to profit or loss	-	(1,907)	-	(4,315)
- income tax effect	-	338	-	108
Other comprehensive income for the financial period/year, net of tax	15,070	(1,070)	23,616	(343)
Total comprehensive income for the financial period/year	122,449	83,738	347,861	270,686

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 March 2019**

Group	Non-Distributable				Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available- for sale deficit RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2017</b>	1,217,107	483,345	58,430	(5,149)	-	1,353,645	3,107,378
Profit for the financial year	-	-	-	-	-	271,029	271,029
Other comprehensive loss, net	-	-	-	(343)	-	-	(343)
Total comprehensive income/(loss) for the financial year	-	-	-	(343)	-	271,029	270,686
Issuance of ordinary shares	200,000	-	-	-	-	-	200,000
Transfer to retained earnings	-	(483,345)	-	-	-	483,345	-
Transfer to regulatory reserve	-	-	269,253	-	-	(269,253)	-
Transfer of ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(32)	(32)
	<u>200,000</u>	<u>(483,345)</u>	<u>269,253</u>	<u>-</u>	<u>-</u>	<u>214,060</u>	<u>199,968</u>
<b>At 31 March 2018</b>	<u>1,417,107</u>	<u>-</u>	<u>327,683</u>	<u>(5,492)</u>	<u>-</u>	<u>1,838,734</u>	<u>3,578,032</u>
<b>At 1 April 2018</b>							
- as previously stated	1,417,107	-	327,683	(5,492)	-	1,838,734	3,578,032
- effects of adoption of MFRS 9	-	-	(162,530)	5,492	15,535	38,894	(102,609)
<b>Restated balance at 1 April 2018</b>	<u>1,417,107</u>	<u>-</u>	<u>165,153</u>	<u>-</u>	<u>15,535</u>	<u>1,877,628</u>	<u>3,475,423</u>
Profit for the financial year	-	-	-	-	-	324,245	324,245
Other comprehensive income, net	-	-	-	-	23,616	-	23,616
Total comprehensive income for the financial year	-	-	-	-	23,616	324,245	347,861
Transfer from regulatory reserve	-	-	(225)	-	-	225	-
Transfer of ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(69)	(69)
Amount retained by conventional operations	-	-	-	-	-	(150,000)	(150,000)
Dividend paid	-	-	-	-	-	(49,437)	(49,437)
	<u>-</u>	<u>-</u>	<u>(225)</u>	<u>-</u>	<u>-</u>	<u>(199,281)</u>	<u>(199,506)</u>
<b>At 31 March 2019</b>	<u>1,417,107</u>	<u>-</u>	<u>164,928</u>	<u>-</u>	<u>39,151</u>	<u>2,002,592</u>	<u>3,623,778</u>

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**(a) Financing and Advances**

Financing and advances by type and Shariah contracts are as follows:

Group 31.03.19	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
<b>At amortised cost:</b>							
Cash lines	-	426,594	-	-	1,050,183	-	1,476,777
Term financing	805,258	5,816,040	10,130	-	2,419,348	56,637	9,107,413
Revolving credit	42,075	3,478,539	-	-	1,592,275	-	5,112,889
Housing financing	2,970,696	3,235,311	49,022	-	-	-	6,255,029
Hire purchase receivables	4	-	-	4,618,823	-	-	4,618,827
Bills receivables	-	88,416	-	-	-	15,992	104,408
Credit card receivables	-	-	-	-	-	533,122	533,122
Trust receipts	-	324,347	-	-	-	-	324,347
Claims on customers under acceptance credits	-	1,558,829	-	-	-	236,875	1,795,704
Staff financing	-	1,197	-	-	-	-	1,197
Gross financing and advances*	<u>3,818,033</u>	<u>14,929,273</u>	<u>59,152</u>	<u>4,618,823</u>	<u>5,061,806</u>	<u>842,626</u>	<u>29,329,713</u>
Allowance for impairment on financing and advances							
- Stage 1 - 12 months ECL							(80,362)
- Stage 2 - Lifetime ECL not credit impaired							(204,632)
- Stage 3 - Lifetime ECL credit impaired							(122,627)
Net financing and advances							<u>28,922,092</u>

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**(a) Financing and Advances (Cont'd.)**

Financing and advances by type and Shariah contracts are as follows (Cont'd.):

<b>Group</b>	<b>Bai' Bithaman</b>	<b>Murabahah</b>	<b>Musharakah</b>	<b>AI-Ijarah Thummah</b>	<b>Bai' AI-Inah</b>	<b>Others</b>	<b>Total</b>
<b>31.03.18</b>	<b>Ajil</b>		<b>Mutanaqisah</b>	<b>AI-Bai' (AITAB)</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost:</b>							
Cash lines	-	243,060	-	-	1,146,215	-	1,389,275
Term financing	1,327,945	4,731,117	10,579	-	2,920,051	64,707	9,054,399
Revolving credit	62,100	2,859,554	-	-	1,692,374	-	4,614,028
Housing financing	3,047,080	1,819,335	50,636	-	-	-	4,917,051
Hire purchase receivables	4	-	-	6,051,229	-	-	6,051,233
Bills receivables	-	27,086	-	-	-	271	27,357
Credit card receivables	-	-	-	-	-	423,920	423,920
Trust receipts	-	130,910	-	-	-	-	130,910
Claims on customers under acceptance credits	-	1,241,342	-	-	-	184,560	1,425,902
<b>Gross financing and advances*</b>	<b>4,437,129</b>	<b>11,052,404</b>	<b>61,215</b>	<b>6,051,229</b>	<b>5,758,640</b>	<b>673,458</b>	<b>28,034,075</b>
Allowance for impairment on financing and advances							
- Individual allowance							(25,314)
- Collective allowance							(233,272)
<b>Net financing and advances</b>							<b>27,775,489</b>

\* Included in financing and advances are exposures to the Restricted Investment Account ("RA") arrangements between AmBank Islamic and AmBank. Under the RA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RIA financing and it had accounted for all allowance for impairment arising from the RA financing.

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**(a) Financing and Advances (Cont'd.)**

(i) Movements in impaired financing and advances are as follows:

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	582,538	488,700
Impaired during the financial year	376,962	359,171
Reclassified to non-impaired financing	(131,055)	(25,231)
Recoveries	(27,839)	(63,456)
Amount written off	(228,057)	(176,646)
Balance at end of the financial year	<u>572,549</u>	<u>582,538</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.95%</u>	<u>2.08%</u>
Financing loss coverage (including regulatory reserve)*	<u>103.18%</u>	<u>100.64%</u>

\* Effective 1 April 2018, allowances for financing and advances includes allowances for expected credit loss for financing commitments and financial guarantees.

(ii) Movements in allowances for ECL are as follows:

<b>Group</b>				<b>Total</b>
	<b>31.03.19</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>Stage 1</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>12-month</b>	<b>Not Credit</b>	<b>Credit</b>	
	<b>ECL</b>	<b>Impaired</b>	<b>Impaired</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of financial year				258,586
- as previously stated	-	-	-	143,964
- effects of adoption of MFRS 9	-	-	-	402,550
Restated balance at beginning of the financial year	<u>72,384</u>	<u>204,922</u>	<u>125,244</u>	<u>402,550</u>
Allowances for/(writeback of) ECL during the year	7,974	(290)	225,440	233,124
- Transfer to 12 month ECL (Stage 1)	3,319	(33,489)	(2,064)	(32,234)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,165)	55,244	(8,080)	39,999
- Transfer to Lifetime ECL credit impaired (Stage 3)	(939)	(8,674)	85,704	76,091
New financial assets originated	22,540	67,790	5,309	95,639
Net remeasurement of allowances	(27)	(61,345)	172,865	111,493
Modification of contractual cash flows of financial assets	(30)	37	-	7
Financial assets derecognised	(9,724)	(19,853)	(28,294)	(57,871)
Foreign exchange differences	4	-	-	4
Amount written-off	-	-	(228,057)	(228,057)
Balance at end of the financial year*	<u>80,362</u>	<u>204,632</u>	<u>122,627</u>	<u>407,621</u>

\* During the current financial year, AmBank early redeemed 3 placements which amounted to the sum of RM1,410.0 million. As at 31 March 2019, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,470.1 million (2018: RM2,869.6 million). ECL allowance which amounted to RM3.7 million (2018: RM2.7 million) is taken up by AmBank.

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**(a) Financing and Advances (Cont'd.)**

(iii) Movements in the allowances for impairment of financing and advances in prior year were as follows:

	<b>Group 31.03.18 RM'000</b>
<b>Individual allowance</b>	
Balance at beginning of the financial year	16,041
Allowance made during the financial year, net	29,090
Amount written off	(19,817)
Balance at end of the financial year	<u>25,314</u>
<b>Collective allowance</b>	
Balance at beginning of the financial year	252,280
Allowance made during the financial year, net	137,829
Amount written off	(156,829)
Foreign exchange differences	(8)
Balance at end of the financial year	<u>233,272</u>

**(b) Deposits From Customers**

	<b>Group</b>	
	<b>31.03.19 RM'000</b>	<b>31.03.18 RM'000</b>
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	2,002,816	2,005,599
<i>Qard</i>	15,041	14,279
Demand deposits		
<i>Commodity Murabahah</i>	6,935,337	4,841,876
<i>Qard</i>	15,375	22,777
Term deposits		
<i>Commodity Murabahah</i>	20,771,281	19,373,738
<i>Qard</i>	402,099	235,533
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	997,987	-
	<u>31,139,936</u>	<u>26,493,802</u>

The deposits are sourced from the following types of customers:

	<b>Group</b>	
	<b>31.03.19 RM'000</b>	<b>31.03.18 RM'000</b>
Business enterprises	15,833,377	10,150,411
Government and statutory bodies	4,030,053	4,614,846
Individuals	10,223,309	11,051,343
Others	1,053,197	677,202
	<u>31,139,936</u>	<u>26,493,802</u>

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**(b) Deposits From Customers (Cont'd.)**

The maturity structure of term deposits and negotiable instruments of deposits are as follows:

	Group	
	31.03.19 RM'000	31.03.18 RM'000
Due within six months	16,032,555	12,235,496
Over six months to one year	4,994,369	6,006,987
Over one year to three years	602,241	369,329
Over three years to five years	542,202	997,459
	<u>22,171,367</u>	<u>19,609,271</u>

**(c) Investment Accounts Of Customers**

	Group	
	31.03.19 RM'000	31.03.18 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	18,643	20,387
With maturity		
- Mudarabah	334,808	118,569
	<u>353,451</u>	<u>138,956</u>

The investment accounts are sourced from the following types of customers:

	Group	
	31.03.19 RM'000	31.03.18 RM'000
Business enterprises	335,052	118,793
Individuals	18,399	20,163
	<u>353,451</u>	<u>138,956</u>

Investment asset:

	Group	
	31.03.19 RM'000	31.03.18 RM'000
Interbank placement (Wakalah)	18,643	20,387
Housing financing (Mudarabah)	334,808	118,569
Total investment	<u>353,451</u>	<u>138,956</u>

Average Rate of Return and Average Performance Incentive Fee for the investment accounts are as follows:

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average Performance incentive fee (%)
<b>31.03.19</b>			
Maturity			
less than 3 months	79.16	2.98	3.25
over 3 months to 1 year	87.59	4.04	-
<b>31.03.18</b>			
Maturity			
less than 3 months	83.98	0.20	3.01

**A43. OPERATIONS OF ISLAMIC BANKING (CONT'D.)**

**(d) Investment Account Due to A Licensed Bank**

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	1,465,539	2,859,110
Investment asset:		
Financing	1,465,539	2,859,110
<b>Total investment</b>	<b>1,465,539</b>	<b>2,859,110</b>

The RA is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by AmBank Islamic as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider. The capital provider for the RIA contracts is AmBank, a related company.

During the current financial year on 30 April 2018, 14 May 2018 and 7 February 2019, AmBank early redeemed three placements which amounted to RM517.4 million, RM480.7 million and RM411.8 million respectively.

As at 31 March 2019, the tenure of the RA contracts is for a period ranging between 8 months to 11 years (2018: 6 months to 13 years).

Profit Sharing Ratio and Average Rate of Return for the investment account are as follows:

	<b>31.03.19</b>		<b>31.03.18</b>	
	<b>Profit sharing</b>	<b>Average rate</b>	<b>Profit sharing</b>	<b>Average rate</b>
	<b>ratio</b>	<b>of return</b>	<b>ratio</b>	<b>of return</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Maturity:				
up to 1 year	-	-	90	4.50
over 1 year to 2 years	46	2.36	90	4.55
over 2 years to 5 years	90	4.62	90	4.40
more than 5 years	77	3.86	90	4.77

**(e) Other Liabilities**

	<b>Group</b>	
	<b>31.03.19</b>	<b>31.03.18</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payables and accruals	270,183	251,743
Deferred income	14,566	15,165
Provision for zakat and taxation	6,016	15,637
Provision for commitments and contingencies		
-financing commitments and financial guarantees	-	10,698
-others	15,724	-
Allowances for expected credit loss on financing commitments and financial guarantees	18,230	-
Amount owing to conventional banking	-	107,681
Advance rental	5,350	2,568
	<b>330,069</b>	<b>403,492</b>



**Part B - Explanatory Notes Pursuant to Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements**

**B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP**

Table 1: Financial review for current quarter and financial year to date

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	31.03.19 RM'000	31.03.18 RM'000	Amount RM'000	%	31.03.19 RM'000	31.03.18 RM'000	Amount RM'000	%
Operating revenue	2,333,984	2,211,339	122,645	5.5	9,119,857	8,576,739	543,118	6.3
Operating profit before impairment losses	354,637	342,490	12,147	3.5	1,791,528	1,558,434	233,094	15.0
Profit before taxation and zakat	625,098	359,688	265,410	73.8	2,095,374	1,542,713	552,661	35.8
Profit for the financial period/year	475,769	302,072	173,697	57.5	1,603,069	1,253,824	349,245	27.9
Profit attributable to equity holders of the Company	459,667	253,414	206,253	81.4	1,505,289	1,132,131	373,158	33.0

**Financial year to date - Cumulative period ended 31 March 2019 compared to 31 March 2018**

For the financial year under review, the Group generated revenue of RM9,119.9 million, a growth of RM543.1 million (6.3%) compared to last year. Fund based income from interest bearing assets increased mainly from interest on fixed income securities and customer lending. Non-interest income decreased by RM166.9 million compared to same period last year.

Interest income from securities grew mainly from trading and hold to collect and sell securities. Interest income from customer lending increased from term loans, trade financing and mortgages.

Funding costs namely interest from customer deposits and financial institutions deposits increased due to the increase in average deposit balances. Net interest margin ("NIM") declined to 1.89% compared to 2.00% for the corresponding period last year.

Fee based income recorded a reduction in income from brokerage activities, management fees and commission earned from unit trusts and wealth management services. Market based income from gains on trading/liquidation of securities and revaluation of trading securities decreased mitigated by increase in gain from trading in foreign exchange. Decrease in other income was attributable to lower gain on disposal of foreclosed property.

Net income from insurance business decreased mainly due to lower net earned premium.

The Group's insurance-based joint ventures recorded improved results attributable to higher net earned premium and investment and trading income. This contributed to the Group's share of profit in results of associates and joint ventures of RM20.4 million compared to share of losses of RM6.3 million for same period last year.

Total operating expenses recorded reduction of 12.0% compared to same period last year. Personnel expenses decreased due to non-recurring mutual separation scheme expenses incurred last year. General and administrative expenses were controlled with less expenses incurred relating to compliance and governance. Overall, the Group's cost to income ratio improved to 54.3% from 60.8% a year ago.

Credit costs recorded a writeback for this financial year, attributable to higher recoveries driven by the gain on disposal of non-performing loans/financing previously written-off offset by higher allowance for loans, advances and financing.

Profit before taxation and zakat for the current financial year was higher compared to a year ago at RM2,095.4 million, an increase of RM552.7 million (35.8%). Profit for the financial year increased by RM349.2 million to RM1,603.1 million compared to a year ago.

## **B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP (CONT'D.)**

### **Commentary on key components of financial position**

The Group's core interest bearing assets namely loans, advances and financing grew moderately by RM5,523.3 million (5.7%) from 31 March 2018 to RM101,844.6 million driven by growth in mortgage loans and term loans. The Group continued to make good progress in its target segment of customers ie the SME that recorded RM3.5 billion loans growth (21.2%). Household consumers from mortgage financing increased by RM3.5 billion compared to 31 March 2018. The Group's impaired loans ratio of gross loans improved to 1.6%.

Deposits from customers was higher compared to 31 March 2018 at RM106.9 billion predominantly driven by customer deposit acquiring and retention initiatives. Low cost deposits constituted 23.3% of total deposits from customers, an increase compared to 21.3% as at 31 March 2018.

### **Liquidity and capital strength**

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's capital adequacy ratio is strong at 15.43% as at 31 March 2019.

### **Divisional performance**

#### **Retail Banking (Year to date ("YTD") FY2019: RM751.4 million vs YTD FY2018: RM442.4 million)**

Profit before tax ("PBT") increased by RM309.0 million mainly due lower other operating expenses and net writeback of impairment, partially offset by lower income.

Lower other operating expenses underpinned by cost savings flow through from Mutual Separation Scheme ("MSS") and higher operational expenses on Cards for FY2018. Net writeback of impairment driven by higher recoveries, mainly attributed to debt sale. Net income dropped mainly due to gain from securities available for sale ("AFS") of RM42.6 million in FY2018, partially offset by higher net finance income from higher volume impact.

Retail deposits increased significantly by RM3.7 billion to RM53.0 billion attributed to higher fixed deposits and current accounts, while gross loans grew 4.2% to close at RM56.9 billion mainly from mortgages.

#### **Business Banking (YTD FY2019: RM170.5 million vs YTD FY2018: RM111.6 million)**

PBT increased by RM58.9 million due higher income and lower impairment, offset by higher other operating expense from business expansion.

Income increased by RM63.7 million arising from higher business volume, while lower impairment of RM2.5 million from higher writeback due to improved assets quality.

Business Banking deposits increased by 35.5% to RM5.7 billion mainly from fixed deposits and current accounts, while gross loans grew 29.4% to close at RM10.0 billion.

#### **Corporate Banking (YTD FY2019: RM840.1 million vs YTD FY2018: RM625.4 million)**

PBT increased by RM214.7 million driven by higher writeback of impairment and higher recoveries, offset by lower income.

Income decreased by RM27.1 million mainly arising from lower volume and gain on disposal of foreclosed property in FY2018.

Deposits surged by 40.4% to close at RM11.3 billion, while gross loans grew by 2.9% at RM33.5 billion.

#### **Group Treasury and Markets (YTD FY2019: RM162.2 million vs YTD FY2018: RM122.0 million)**

PBT grew RM40.2 million attributed to higher margin and business volume, lower other operating expenses and higher writeback of provision.

#### **Investment Banking (YTD FY2019: RM39.3 million vs YTD FY2018: RM82.0 million)**

PBT dropped RM42.7 million from softer fee income, offset by lower other operating expenses and higher writeback of impairment.

**B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP (CONT'D.)**

**Divisional performance (Cont'd.)**

**Fund Management (YTD FY2019: RM36.2 million vs FY2018: RM41.6 million)**

PBT decreased by RM5.4 million from lower management fee, offset by lower other operating expenses.

**Insurance (YTD FY2019: RM253.9 million vs YTD FY2018: RM270.4 million)**

Insurance PBT down by 6.1% mainly from lower income due to lower net earned premium and lower investment income.

**Group Funding & Others (YTD FY2019: Loss of RM158.3 million vs YTD FY2018: Loss of RM152.7 million)**

Lower PBT attributed to higher net impairment, partially offset by lower other operating expenses from cost savings initiatives and post MSS. Higher net impairment as FY2018 captured higher writeback arising from the release of the general macro economics provision and National Automotive Policy ("NAP") 2014, offset by specific macro provision for high risk sectors (Oil & Gas and Real Estate & Construction).

**B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Group			
	Individual Quarter		Changes	
	31.03.19	31.12.18	Amount	%
	RM'000	RM'000	RM'000	
Operating revenue	2,333,984	2,300,616	33,368	1.5
Operating profit before impairment losses	354,637	434,451	(79,814)	(18.4)
Profit before taxation and zakat	625,098	485,778	139,320	28.7
Profit for the financial quarter	475,769	365,588	110,181	30.1
Profit attributable to equity holders of the Company	459,667	349,875	109,792	31.4

**Current quarter compared to immediate preceding quarter**

For the financial quarter under review, the Group generated revenue of RM2,334.0 million, an increase of 1.5% over last quarter. Fund based income from interest bearing assets decreased mainly from interest on customer lending mitigated by increase in interest income on securities. Trading and investment income result improved compared to last quarter.

Funding costs decreased attributable to repayment of Senior Notes and redemption of structured deposits. For this quarter, net interest margin declined to 1.78% compared to 1.88% in the preceding quarter.

Overall other operating income increased for this quarter compared to preceding quarter. Market based income improved attributable to fair value gains on revaluation of trading securities offset by decrease in gain from derivatives.

Total operating expenses increased compared to preceding quarter mainly from personnel expenses.

Credit costs reduced driven by higher recoveries driven by gain on disposal of non-performing loans/financing and lower loss allowance provided for loans, advances and financing.

Against the preceding quarter, profit before taxation and zakat for the current quarter is higher at RM625.1 million, an increase of RM139.3 million (28.7%). Profit for the quarter increased by RM110.2 million to RM475.8 million compared to preceding quarter.

### **B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2020**

The economy expanded by 4.5% year-on-year during the first quarter of 2019 supported by sustained domestic demand and recovery from agriculture sector. The economy is projected to grow at 4.5% for the full year 2019, with an upside of 4.7%. Growth will continue to be aided by domestic demand led by private consumption in view of steady labour market coupled with gradual increase in wage growth. However, downside risk to growth is around 4.0% should both external and domestic noises persists.

Inflation in the first quarter was -0.3% year-on-year due to weak cost of transportation. Nonetheless, for the full year of 2019, inflation is expected to average around 1.0% supported by the low base added with some level of price pressures coming from cost push and demand pull inflation.

In 2018, the banking system's loans expanded by 5.6%. For 2019, loans is projected to grow around 4.6% based on our view that GDP will continue to expand by 4.5%.

Banks have sufficient liquid assets with an industry liquidity coverage ratio of 143% as at end of March 2019, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's loan-to-fund ratio and loan-to-fund and equity ratio standing at 82.5% and 71.9% respectively as at March 2019.

BNM instituted a 25bps rate cut to 3.00% to support growth. Though BNM is likely to hold OPR unchanged for the remaining months of 2019, room for another rate cut could materialise should the potential incoming data remain depressed.

For FY2020, our financial priorities will be centred on the following:

1. Revenue growth: We will continue to drive our income growth momentum, in line with our key segments and products strategies, especially in the areas of transaction banking, foreign exchange, SME and wealth management.
2. Business efficiency transformation (BET 300): Moving into the third year of our BET300 programme, we will continue to maintain a tight rein on cost and pacing our investments while driving operational efficiencies through digitalisation and streamlining of processes.
3. Capital accretive growth: We aim to further strengthen our capital position and deliver sustainable dividend payout to our shareholders, focusing on managing returns on capital employed and risk-weighted assets.
4. Digital Banking: We aim to provide digital solutions that seamlessly integrate into and improve customers' day-to-day lives. Our digital transformation investment plan in FY2020 will continue to pave way for the digitalisation of our products and solutions, focus on enhancing digital mobile platform, building infrastructure and application programming interface readiness, partnerships with key financial technology players and the use of big data analytics to capture alternative sources of business and drive internal efficiencies.

#### B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

#### B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Estimated current tax payable	225,495	98,240	543,573	397,652
Deferred tax	(57,693)	(68,947)	(29,110)	(187,696)
	<u>167,802</u>	<u>29,293</u>	<u>514,463</u>	<u>209,956</u>
Under/(Over) provision of current taxation in respect of prior years	(18,881)	27,856	(24,559)	76,899
Taxation	<u>148,921</u>	<u>57,149</u>	<u>489,904</u>	<u>286,855</u>
Zakat	408	467	2,401	2,034
Taxation and zakat	<u>149,329</u>	<u>57,616</u>	<u>492,305</u>	<u>288,889</u>

The total tax charge of the Group for the financial year ended 31 March 2019 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax and over provision of income tax. The total tax charge of the Group for the financial year ended 31 March 2018 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

#### B6. CORPORATE PROPOSALS

- As at 31 March 2019, the trustee of the ESS held 4,951,750 ordinary shares (net of ESS shares vested to employees) representing 0.16% of the total number of issued and paid-up ordinary shares capital of the Company. These shares are held at a carrying amount of RM31,482,900.
- Disposal of non-performing loans/financing

After implementing a two-phase competitive bidding process, on 3 January 2019, the Group's commercial banking subsidiaries, AmBank and AmBank Islamic entered into sale and purchase agreements ("SPAs") to dispose their respective non-performing loans/financing to Aiqon Amanah Sdn Bhd ("Aiqon Amanah") and Aiqon Islamic Sdn Bhd ("Aiqon Islamic") respectively. Both Aiqon Amanah and Aiqon Islamic are subsidiaries of Aiqon Capital Sdn Bhd ("Aiqon Capital") which is jointly controlled by an entity that is controlled by the Group Executive Chairman/Chief Executive Officer of Aiqon Capital, who is a close member of family of a director and major shareholder of the Company.

The disposal, a related party transaction, involves an outright sale of portfolio of accounts ("Portfolio") which includes industrial hire-purchase, small and medium industry loans/financing, auto financing, mortgage, personal loans/financing under cooperative and credit cards previously had been written-off in full from the books of the two subsidiaries. The disposal forms part of the debt recovery strategy of its two subsidiaries to strengthen their respective loans/financing management, resolution processes and to monetise the Portfolio.

The disposal was completed as at 31 March 2019 with the granting of order by the High Court for the vesting of the Portfolio for both AmBank and AmBank Islamic on 22 February 2019 and 5 March 2019 respectively, and the gain on disposal (after deducting incidental costs of disposal) which amounted to RM371.8 million has been accounted for under bad debts recovered in the Group's consolidated statement of profit or loss (Note A29).

For a period of 2 years from the completion of the disposal, Aiqon Amanah and Aiqon Islamic are entitled to put-back to or require the repurchase by AmBank and AmBank Islamic any of the loans/financing in the Portfolio that are not conforming to the representations made under the respective SPAs. The occurrence of put-back is assessed to be probable. In making this judgement, the subsidiaries considered, among others, the voluminous nature and the age of the Portfolio. As at 31 March 2019, a provision of RM69.2 million has been recognised in the Group's consolidated statement of financial position, representing the estimated expenditure required to settle any obligations arising from the put-back. The provision amount shall be assessed periodically and adjusted to reflect the current best estimate of the expenditure required to settle the obligation until the expiry of the put-back period in the financial year ending 31 March 2021.

**B7. BORROWINGS AND DEBT SECURITIES**

**Group**

	Long term*		Short term*		Total	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
<b>31.03.19</b>						
<b>Unsecured</b>						
Term funding	-	926,763 ^	400,000	2,707,991	400,000	3,634,754
Debt capital	-	4,230,000	-	-	-	4,230,000
<b>31.03.18</b>						
<b>Unsecured</b>						
Term funding	400,000	1,758,958 ^	-	2,570,755	400,000	4,329,713
Debt capital	-	4,579,504	-	-	-	4,579,504

Borrowings denominated in foreign currencies have not been hedged to RM; AmBank's US Dollar debts are maintained in the originating currency for purpose of funding the US Dollar balance sheet. As foreign currency constitutes a marginal 10% of total balance sheet, the foreign currency exchange risk is not significant to render the need for hedging.

^ Included here an amount of RM1,633.4 million and RM1,545.2 million related to the USD400.0 million Medium Term Note issued as at 31 March 2019 and 31 March 2018 respectively, translated at exchange rate of 4.085 (31 March 2018: 3.8630)

\* remaining contractual maturity

Detailed explanations on the material changes to the borrowings (excluding structured deposits and Credit Linked Notes) and debt securities as at the current year to-date compared with the corresponding period in the immediate preceding year:

Month of Issuance/ Redemption	Entity	Note/ Sukuk type and tenor	Nominal value RM'000	Weighted average interest / profit rate %	Net interest/ profit savings per annum for redemption RM'000
April 2018 - Redemption	AmBank	Medium Term Note Tier 2 - 10 years	600,000	6.25	37,500
May 2018 - Redemption	AmBank	Senior Notes - 4 years	400,000	4.40	17,600
June 2018 - Issuance	AmBank	Senior Notes - 2 years	700,000	4.50	-
October 2018 - Issuance	AmBank Islamic	Subordinated Sukuk Tier 2 - 10 years	500,000	4.88	-
November 2018 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	1,000,000	4.98	-
December 2018 - Redemption	The Company	Senior Notes - 7 years	500,000	4.50	22,500
December 2018 - Redemption	AmBank	Subordinated Notes - 10 years	400,000	5.20	20,800
February 2019 - Redemption	AmBank	Non-Innovative Tier 1 capital - 10 years	200,000	9.00	18,000
February 2019 - Redemption	AmBank Islamic	Subordinated Sukuk Tier 2 - 10 years	200,000	5.07	10,140
March 2019 - Redemption	AmBank	Non-Innovative Tier 1 capital - 10 years	300,000	9.00	27,000
March 2019 - Redemption	AmBank	Senior Notes - 4 years	600,000	4.30	25,800
March 2019 - Redemption	AmBank Islamic	Subordinated Sukuk Tier 2 - 10 years	150,000	5.05	7,575

Borrowing and debt securities issued are for purposes of working capital, investment, enhancing capital position and other general funding requirements of the Company and its banking subsidiaries.

## B8. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A36.

## B9. DIVIDENDS

- (i) A proposed final cash dividend of 15.0 Sen per share for the financial year ended 31 March 2019 has been recommended by the directors;
- (ii) Previous corresponding period: 10.0 Sen;
- (iii) Payment date: To be determined and announced at a later date; and
- (iv) In respect of ordinary share capital, entitlement to the dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

## B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A37.

## B11. EARNINGS PER SHARE (SEN)

- (a) Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial quarter and year.

	Individual Quarter		Cumulative Quarter	
	31.03.19	31.03.18	31.03.19	31.03.18
Net profit attributable to equity holders of the Company (RM'000)	459,667	253,414	1,505,289	1,132,131
Weighted average number of ordinary shares in issue ('000)	3,009,233	3,007,684	3,008,907	3,007,612
Basic earnings per share (Sen)	15.28	8.43	50.03	37.64

- (b) Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during the financial quarter and year.

	Individual Quarter		Cumulative Quarter	
	31.03.19	31.03.18	31.03.19	31.03.18
Net profit attributable to equity holders of the Company (RM'000)	459,667	253,414	1,505,289	1,132,131
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	3,009,233	3,007,684	3,008,907	3,007,612
Effect of executives' share scheme ('000)	-	529	-	529
Adjusted weighted average number of ordinary shares in issue/issuable ('000)	3,009,233	3,008,213	3,008,907	3,008,141
Fully diluted earnings per share (Sen)	15.28	8.42	50.03	37.64