

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	Group		Company	
		30.09.19 RM'000	31.03.19 RM'000	30.09.19 RM'000	31.03.19 RM'000
ASSETS					
Cash and short-term funds	A8	3,706,642	7,073,744	201,746	81,005
Deposits and placements with banks and other financial institutions	A9	289,798	196,159	-	-
Derivative financial assets	A33	1,000,594	763,923	-	-
Financial assets at fair value through profit or loss	A10	15,214,398	19,365,595	1,062	1,044
Financial investments at fair value through other comprehensive income	A11	17,599,282	15,709,873	-	-
Financial investments at amortised cost	A12	5,041,068	5,146,316	-	-
Loans, advances and financing	A13	100,737,973	100,544,021	-	-
Statutory deposits with Bank Negara Malaysia		3,276,386	3,155,541	-	-
Deferred tax assets		32,178	66,162	-	-
Investment in subsidiaries and other investments		-	-	9,640,314	9,640,313
Investment in associates and joint ventures		711,625	710,091	-	-
Other assets	A14	1,966,268	1,983,451	56,034	1,670
Reinsurance assets and other insurance receivables	A15	383,662	525,547	-	-
Property and equipment		256,174	168,221	561	676
Right-of-use assets		329,643	-	-	-
Intangible assets		3,249,380	3,379,727	-	-
Assets held for sale	A31	1,458	5,029	-	-
TOTAL ASSETS		153,796,529	158,793,400	9,899,717	9,724,708
LIABILITIES AND EQUITY					
Deposits from customers	A16	102,713,018	106,915,989	-	-
Investment accounts of customers		189,588	353,451	-	-
Deposits and placements of banks and other financial institutions	A17	8,922,554	7,687,719	-	-
Securities sold under repurchase agreements		5,910,180	5,339,422	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		4,440,006	4,658,353	-	-
Derivative financial liabilities	A33	1,031,657	825,492	-	-
Term funding		2,015,564	3,634,754	-	-
Debt capital		3,745,000	4,230,000	-	-
Redeemable cumulative convertible preference share		226,300	224,229	-	-
Deferred tax liabilities		95,594	63,702	-	-
Other liabilities	A18	2,961,549	3,476,588	72,155	31,436
Insurance contract liabilities and other insurance payables	A19	2,397,823	2,693,249	-	-
Total Liabilities		134,648,833	140,102,948	72,155	31,436
Share capital		5,851,557	5,751,557	5,550,250	5,550,250
Reserves		12,306,280	11,939,396	4,277,312	4,143,022
Equity attributable to equity holders of the Company		18,157,837	17,690,953	9,827,562	9,693,272
Non-controlling interests		989,859	999,499	-	-
Total Equity		19,147,696	18,690,452	9,827,562	9,693,272
TOTAL LIABILITIES AND EQUITY		153,796,529	158,793,400	9,899,717	9,724,708
COMMITMENTS AND CONTINGENCIES	A32	129,739,204	131,016,758	-	-
NET ASSETS PER SHARE (RM)		6.02	5.87	3.26	3.22

The unaudited 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 2019.

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Operating revenue	A27	2,349,315	2,313,966	4,739,717	4,485,257
Interest income	A20	1,236,977	1,229,915	2,516,668	2,378,907
Interest expense	A21	(764,081)	(798,556)	(1,575,471)	(1,516,175)
Net interest income		472,896	431,359	941,197	862,732
Net income from Islamic banking		246,124	235,640	476,100	472,246
Income from insurance business		357,005	343,230	706,177	679,223
Insurance claims and commissions		(244,471)	(235,586)	(472,479)	(416,473)
Net income from insurance business	A22	112,534	107,644	233,698	262,750
Other operating income	A23	245,373	225,815	477,727	400,485
Share in results of associates and joint ventures		(8,018)	6,666	4,757	22,592
Net income		1,068,909	1,007,124	2,133,479	2,020,805
Other operating expenses	A24	(526,239)	(505,512)	(1,054,804)	(1,018,365)
Operating profit before impairment losses		542,670	501,612	1,078,675	1,002,440
Allowance for impairment on loans, advances and financing	A25	(105,180)	(35,518)	(60,269)	(25,157)
Writeback of allowance/(Allowance) for impairment on:					
Financial investments	A26	(41,990)	2,822	(40,354)	(1,965)
Insurance receivables		4,540	1,118	3,532	2,543
Other financial assets	A26	227	(3,651)	1,274	(2,043)
Provision for commitments and contingencies		35,910	18,596	23,019	6,068
Other recoveries/(write-offs), net		(2,589)	5,678	(3,827)	2,612
Profit before taxation and zakat		433,588	490,657	1,002,050	984,498
Taxation and zakat	B5	(80,491)	(112,201)	(217,363)	(222,786)
Profit for the financial period		353,097	378,456	784,687	761,712
Attributable to:					
Equity holders of the Company		319,568	348,153	711,027	695,747
Non-controlling interests		33,529	30,303	73,660	65,965
Profit for the financial period		353,097	378,456	784,687	761,712
EARNINGS PER SHARE (SEN)	B11				
Basic/Diluted		10.62	11.57	23.63	23.13

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

Group	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Profit for the financial period	353,097	378,456	784,687	761,712
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss				
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised gain/(losses) on changes in fair value	69,337	-	69,337	-
Tax effect	40	-	40	-
	<u>69,377</u>	<u>-</u>	<u>69,377</u>	<u>-</u>
Items that may be reclassified to profit or loss				
Translation gain of foreign operations	3,583	13,950	6,922	37,498
Cash flow hedge				
- (loss)/gain arising during the financial period	(4,888)	(47)	(11,068)	1,325
- reclassification adjustments for (gain)/loss included in profit or loss	-	7	(66)	(136)
- amortisation of fair value changes for terminated hedges	(1,227)	(2,146)	(2,721)	(4,268)
Financial investments at FVOCI				
- net unrealised gains on changes in fair value	62,533	49,419	183,363	500
- net gain reclassified to profit or loss	(50,385)	(2,021)	(61,352)	(2,185)
- expected credit loss	42,706	(3,629)	41,090	1,005
- foreign exchange differences	(2)	(122)	-	341
Tax effect relating to the components of other comprehensive (income)/loss				
- cash flow hedge	1,467	525	3,325	739
- financial investments at FVOCI	(2,413)	(10,935)	(27,604)	620
Share of reserve movements in equity accounted joint ventures	(14,327)	11,995	686	5,446
	<u>37,047</u>	<u>56,996</u>	<u>132,575</u>	<u>40,885</u>
Other comprehensive income for the financial period, net of tax	106,424	56,996	201,952	40,885
Total comprehensive income for the financial period	<u>459,521</u>	<u>435,452</u>	<u>986,639</u>	<u>802,597</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	425,992	405,150	912,979	736,632
Non-controlling interests	33,529	30,302	73,660	65,965
	<u>459,521</u>	<u>435,452</u>	<u>986,639</u>	<u>802,597</u>

The unaudited 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 2019.

AMMB HOLDINGS BERHAD
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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

Company	Note	Individual Quarter		Cumulative Quarter	
		30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Operating revenue		91,256	339,875	595,690	786,471
Interest income	A20	997	24,245	1,925	43,350
Interest expense	A21	-	(24,432)	-	(48,598)
Net interest income/(expense)		997	(187)	1,925	(5,248)
Other operating income	A23	90,259	315,630	593,765	743,121
Net operating income		91,256	315,443	595,690	737,873
Other operating expenses	A24	(8,524)	(7,385)	(14,806)	(9,020)
Profit before taxation		82,732	308,058	580,884	728,853
Taxation		(271)	(1,269)	(504)	(1,364)
Profit for the financial period representing total comprehensive income for the financial period		82,461	306,789	580,380	727,489

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

Group	Attributable to Equity Holders of the Company												
	Non-Distributable								Distributable				
	Share capital	Regulatory reserve	AFS deficit	Fair value reserve	Cash flow hedging reserve	Foreign currency translation reserve	Executives' share scheme reserve	Shares in trust for ESS	Retained Earnings		Total	Non-controlling interests	Total equity
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	RM'000
At 01.04.18	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	-	(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 period	-	-	-	-	-	-	-	-	-	695,747	695,747	65,965	761,712
Other comprehensive income/(loss), net	-	-	-	5,727	(2,340)	37,498	-	-	-	-	40,885	-	40,885
Total comprehensive income/(loss) for the financial period	-	-	-	5,727	(2,340)	37,498	-	-	-	695,747	736,632	65,965	802,597
Purchase of shares pursuant to													
Executives' Share Scheme ("ESS") ¹	-	-	-	-	-	-	-	(183)	-	-	(183)	-	(183)
Share-based payment under ESS, net	-	-	-	-	-	-	(10,565)	-	-	-	(10,565)	-	(10,565)
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	-	-	-	-	-	-	-	-	-	(3,348)	(3,348)	(109)	(3,457)
Dividend for ESS shares not vested	-	-	-	-	-	-	-	-	-	5,629	5,629	-	5,629
Transfer to regulatory reserve	-	148,947	-	-	-	-	-	-	-	(148,947)	-	-	-
Transfer from Retained Earnings arising from redemption of preference shares by a subsidiary	200,000	-	-	-	-	-	-	-	-	(200,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(301,418)	(301,418)	(242,060)	(543,478)
Transactions with owners and other equity movements	200,000	148,947	-	-	-	-	(17,428)	10,137	-	(653,713)	(312,057)	(242,169)	(548,597)
At 30.09.18	5,751,557	445,168	-	418,646	834	99,098	-	(31,483)	45,715	10,253,904	16,983,439	968,249	17,951,688

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit 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	Total equity RM'000
Non-participating funds RM'000								Total RM'000	Total RM'000			
At 01.04.19	5,751,557	450,158	479,970	(12,074)	94,089	5,295	(31,483)	45,715	10,907,726	17,690,953	999,499	18,690,452
Profit for the financial period	-	-	-	-	-	-	-	-	711,027	711,027	73,660	784,687
Other comprehensive income/(loss), net	-	-	205,560	(10,530)	6,922	-	-	-	-	201,952	-	201,952
Total comprehensive income/(loss) for the financial period	-	-	205,560	(10,530)	6,922	-	-	-	711,027	912,979	73,660	986,639
Share-based payment under ESS, net	-	-	-	-	-	6,038	-	-	-	6,038	-	6,038
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Transfer to regulatory reserve	-	140,039	-	-	-	-	-	-	(140,039)	-	-	-
Transfer from Retained Earnings arising from redemption of preference shares by a subsidiary	100,000	-	-	-	-	-	-	-	(100,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(452,128)	(452,128)	(83,300)	(535,428)
Transactions with owners and other equity movements	100,000	140,039	-	-	-	6,038	-	-	(692,172)	(446,095)	(83,300)	(529,395)
At 30.09.19	5,851,557	590,197	685,530	(22,604)	101,011	11,333	(31,483)	45,715	10,926,581	18,157,837	989,859	19,147,696

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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
At 01.04.18	5,550,250	17,428	(41,620)	3,525,115	9,051,173
Profit for the financial period	-	-	-	727,489	727,489
Total comprehensive income for the financial period	-	-	-	727,489	727,489
Purchase of shares pursuant to ESS ¹	-	-	(183)	-	(183)
Share-based payment under ESS, net	-	(10,565)	-	-	(10,565)
ESS shares vested to employees	-	(6,863)	10,320	(236)	3,221
Dividend for ESS shares not vested	-	-	-	5,629	5,629
Dividends paid	-	-	-	(301,418)	(301,418)
Transactions with owners and other equity movements	-	(17,428)	10,137	(296,025)	(303,316)
At 30.09.18	5,550,250	-	(31,483)	3,956,579	9,475,346

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
At 01.04.19	5,550,250	5,295	(31,483)	4,169,210	9,693,272
Profit for the financial period	-	-	-	580,380	580,380
Total comprehensive income for the financial period	-	-	-	580,380	580,380
Share-based payment under ESS, net	-	6,038	-	-	6,038
Dividends paid	-	-	-	(452,128)	(452,128)
Transactions with owners and other equity movements	-	6,038	-	(452,128)	(446,090)
At 30.09.19	5,550,250	11,333	(31,483)	4,297,462	9,827,562

¹ 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.

AMMB HOLDINGS BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

	Group		Company	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Profit before taxation and zakat	1,002,050	984,498	580,884	728,853
(Less)/Add adjustments for:				
Net (accretion of discount)/amortisation of premium for securities	(45,943)	(142,548)	-	-
Allowance for expected credit losses on loans, advances and financing, net	273,233	276,062	-	-
Dividend income	(3,726)	(2,172)	(592,928)	(742,992)
Net gain on revaluation of derivatives	(41,641)	(369,671)	-	-
Net (gain)/loss on revaluation of financial assets at fair value through profit or loss	(66,127)	5,815	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(61,352)	(2,185)	-	-
Net gain on sale of financial assets at fair value through profit or loss	(52,425)	(6,508)	-	-
Other non-operating and non-cash items	152,447	123,588	115	199
Operating profit/(loss) before working capital changes	1,156,516	866,879	(11,929)	(13,940)
<i>Decrease/(Increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	3,284	(439,832)	-	-
Financial assets at fair value through profit or loss	4,305,029	(1,332,594)	(18)	(18)
Loans, advances and financing	(467,185)	(3,912,421)	-	-
Statutory deposits with Bank Negara Malaysia	(120,845)	(262,387)	-	-
Other assets	71,166	313,093	(53,723)	(5,366)
Reinsurance assets and other insurance receivables	145,417	39,071	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	(4,202,971)	4,977,338	-	-
Investment accounts of customers	(163,864)	57,906	-	-
Deposits and placements of banks and other financial institutions	1,234,836	3,377,414	-	-
Securities sold under repurchase agreements	570,758	1,036,499	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(218,347)	1,314,011	-	-
Term funding	(1,641,771)	408,553	-	-
Other liabilities	(814,218)	(92,799)	46,757	8,251
Insurance contract liabilities and other insurance payables	(295,426)	(102,531)	-	-
Cash generated from/(used) in operations	(437,621)	6,248,200	(18,913)	(11,073)
Taxation and zakat (paid)/refunded, net	(229,873)	14,306	(1,146)	(313)
Net cash generated from/(used) in operating activities	(667,494)	6,262,506	(20,059)	(11,386)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS by appointed trustee	-	(183)	-	(183)
Dividend/Distribution income received	7,635	6,006	592,928	742,992
Subscription of shares in subsidiaries	-	-	-	(177,257)
Proceeds from disposal of property and equipment	76	1,936	-	-
Net purchase of financial investments	(1,516,451)	(4,353,520)	-	-
Purchase of property and equipment and intangible assets	(49,318)	(58,566)	-	-
Net cash (used in)/generated from investing activities carried forward	(1,558,058)	(4,404,327)	592,928	565,552

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D.)

	Group		Company	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Net cash (used in)/generated investing activities				
brought forward	(1,558,058)	(4,404,327)	592,928	565,552
Net proceeds from disposal of assets held for sale (properties)	5,433	4,410	-	-
Net cash (used in)/generated from investing activities	<u>(1,552,625)</u>	<u>(4,399,917)</u>	<u>592,928</u>	<u>565,552</u>
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(452,128)	(301,418)	(452,128)	(301,418)
Repayment of lease liabilities	(36,801)	-	-	-
Dividends paid to non-controlling interests by subsidiaries	(83,300)	(242,060)	-	-
Dividends refunded by Trustee for ESS shares not vested	-	5,629	-	5,629
Debt capital - net issuance/(repayment)	(485,000)	(600,000)	-	-
Net cash used in financing activities	<u>(1,057,229)</u>	<u>(1,137,849)</u>	<u>(452,128)</u>	<u>(295,789)</u>
Net increase/(decrease) in cash and cash equivalents	(3,277,348)	724,740	120,741	258,377
Cash and cash equivalents at beginning of the financial year	7,270,046	5,715,856	81,005	79,080
Effect of exchange rate changes	4,884	225	-	-
Cash and cash equivalents at end of the financial period	<u>3,997,582</u>	<u>6,440,821</u>	<u>201,746</u>	<u>337,457</u>

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

	Group		Company	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Cash and short-term funds	3,706,642	6,438,341	201,746	337,457
Deposits and placements with banks and other financial institutions	289,798	455,204	-	-
	<u>3,996,440</u>	<u>6,893,545</u>	<u>201,746</u>	<u>337,457</u>
Less: Deposits with original maturity of more than three months	-	(455,434)	-	-
	<u>3,996,440</u>	<u>6,438,111</u>	<u>201,746</u>	<u>337,457</u>
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	1,142	2,710	-	-
Cash and cash equivalents	<u>3,997,582</u>	<u>6,440,821</u>	<u>201,746</u>	<u>337,457</u>

The unaudited 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 2019.

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 2019 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 2019:

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- Long-term interests in Associates and Joint Ventures (Amendments to MFRS 128)
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
- Annual Improvements to MFRSs 2015-2017 Cycle

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 16 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 these amendments to published standards and new interpretation.

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

(a) MFRS 16 Leases

As a lessee, the Group previously classified each of its leases as operating leases (off balance sheet) in accordance with MFRS 117 *Leases* if the arrangements do not transfer substantially all the risks and rewards incidental to ownership of the leased assets to the Group; otherwise, they were classified as finance leases (on balance sheet).

MFRS 16, which supersedes MFRS 117, eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 requires a lessee to account for all leases under a single on balance sheet model similar to the accounting for a finance lease under MFRS 117 which involves the recognition of a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments.

A1. BASIS OF PREPARATION (CONT'D.)

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

(a) MFRS 16 Leases (Cont'd.)

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.

The Group has adopted MFRS 16 for the first time since 1 April 2019. In its transition to MFRS 16, the Group has elected to apply the simplified transition approach whereby the comparative amounts were not restated. For leases previously classified as operating leases with remaining lease term greater than 12 months from the date of initial application, the Group recognised the lease liabilities at the date of initial application which were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Correspondingly, the Group recognised the right-of-use assets at an amount equal to the lease liabilities and hence the Group did not make any adjustment to the opening retained earnings. In addition, the Group has made use of the following transitional practical expedients for recognition and measurement purposes at the date of initial application:

- (i) The Group has elected not to reassess whether an agreement is, or contains a lease at the date of initial application. Instead, for agreements entered into before the transition date, the Group relied on its previous assessments made in accordance with MFRS 117 and IC Interpretation 4 *Determining whether an Arrangement contains a Lease*.
- (ii) Lease agreements for which the remaining lease term ends within 12 months from the date of initial application are accounted as short-term leases whereby the Group has elected not to recognise the associated right-of-use assets and lease liabilities.
- (iii) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.
- (iv) Initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application.

The Group has elected not to recognise a right-of-use asset and a lease liability for short-term leases, i.e. leases without purchase option with a lease term of 12 months or less from the commencement date. Similarly, the Group will not recognise a right-of-use asset and a lease liability on leases for which the underlying asset is of low value.

The financial impact of the adoption of MFRS 16 on the financial statements of the Group are as disclosed in Note A38.

(b) 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 adoption of this Interpretation did not have any material financial impact to the Group and the Company.

(c) 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 an early repayment gain. The adoption of these amendments did not result in any impact as the Group and the Company do not hold any prepayable financial asset with negative compensation.

A1. BASIS OF PREPARATION (CONT'D.)

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

(d) 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 adoption of these amendments did not result in any impact as the Group's net investments in the associates and joint ventures do not include any long-term financial assets that are in the scope of MFRS 9.

(e) 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 adoption of these amendments did not result in any impact as there is no plan amendment, settlement or curtailment that occurred during the financial quarter ended 30 September 2019.

(f) Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting 4 MFRSs, 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. The amendment has no impact as the Group does not hold interest in any joint operation.

(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. The amendment has no impact as the Group does not hold interest in any 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. The amendment did not have any material financial impact to the Group and the Company.

(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. The amendment did not have any material financial impact to the Group and the Company.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- 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 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 judgments. 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.)

(b) 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. Nevertheless, the effective date of MFRS 17 may be deferred by a year to 1 January 2022, subject to the standard setter's consultations. Early application is 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.

(c) 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 2019

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 2019 except for the following new accounting policies which has been applied from 1 April 2019 following the adoption of MFRS 16:

(a) Leases

The determination of whether an arrangement is, or contains, a lease is based on whether the arrangement conveys a right to control the use the asset, even if that right is not explicitly specified in an arrangement.

(i) The Group as a lessee (before 1 April 2019)

Leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases, and are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding lease obligations, net of finance charges, are included in other short-term and long-term payables. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

(ii) The Group as a lessee (from 1 April 2019)

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Summary of Significant Accounting Policies Applied from 1 April 2019 (Cont'd.)

(a) Leases (Cont'd.)

(ii) The Group as a lessee (from 1 April 2019) (Cont'd.)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

The Group applies the short-term lease recognition exemption to its short-term leases, i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value, i.e. those with a value of RM20,000 or less when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognised over the term of the lease on a straight-line basis. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

A1.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgments, 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. Judgments, 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 judgments, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2019, as well as the following:

Lease term of agreements with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to twelve years. The extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include historical lease durations and the costs and business disruption required to replace the leased asset. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Group included the renewal period as part of the lease term for most of its leases of premises due to the significance of these assets to its operations.

A2. AUDIT QUALIFICATION

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2019.

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 period.

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

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

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 ended 30 September 2019 except for the reversal of approximately RM51.2 million relating to the provision for estimated expenditure in respect of the Group's obligations to repurchase loans/financing. The Group's commercial banking subsidiaries, AmBank (M) Berhad ("AmBank") and AmBank Islamic Berhad had entered into Supplemental Sales and Purchase Agreements ("Supplemental SPAs") with the purchasers of non-performing loans/financing, Aiqon Amanah Sdn Bhd and Aiqon Islamic Sdn Bhd respectively on 30 August 2019. The Supplemental SPAs for variation of terms and conditions of the original Sales and Purchase Agreements had included a limit of RM18.0 million to the Group's liabilities for repurchase of loans/financing.

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

Redemption of debt securities

- a) On 3 July 2019, AmBank repaid in full the debt securities of USD400.0 million (equivalent to approximately RM1,655.0 million) nominal value issued under its Euro Medium-Term Note programme of up to USD2.0 billion in nominal value (or its equivalent).
- b) On the first call date of 19 August 2019, AmBank redeemed Tranche 1 of the Innovative Tier 1 Capital Securities of RM300.0 million in nominal value issued under its RM500.0 million Innovative Tier 1 Capital Securities Programme ("RMIT1 Programme"). On the first call of 30 September 2019, AmBank redeemed Tranche 2 of RM185.0 million in nominal value issued under its RMIT1 Programme and cancelled the programme after this final redemption.

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 period.

A7. DIVIDENDS PAID

The final single-tier dividend of 15.0 sen per share for the financial year ended 31 March 2019 which amounted to approximately RM452,127,727 was paid on 5 July 2019 to shareholders whose names appear in the record of Depositors as at 26 June 2019 .

A8. CASH AND SHORT-TERM FUNDS

	Group		Company	
	30.09.19 RM'000	31.03.19 RM'000	30.09.19 RM'000	31.03.19 RM'000
Cash and balances with banks and other financial institutions	1,361,889	1,468,715	201,746	81,005
Deposit placements maturing within one month:				
Licensed banks	1,156,192	3,767,374	-	-
Bank Negara Malaysia	1,176,400	1,826,000	-	-
Other financial institutions	13,191	13,006	-	-
	2,345,783	5,606,380	-	-
	3,707,672	7,075,095	201,746	81,005
Less :				
Allowances for ECL	(1,030)	(1,351)	-	-
	3,706,642	7,073,744	201,746	81,005

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL not credit impaired	
30.09.19	RM'000	RM'000	RM'000
Balance at beginning of the financial year	1,320	31	1,351
(Writeback) of/allowances for ECL:	(317)	5	(312)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	4,034	-	4,034
New financial assets originated	449	-	449
Financial assets derecognised	(4,620)	-	(4,620)
Net remeasurement of allowances	(180)	5	(175)
Exchange difference	(9)	-	(9)
Balance at end of the financial period	994	36	1,030

Group	Stage 1	Stage 2	Total
	12-month ECL	12-month ECL	
31.03.19	RM'000	RM'000	RM'000
Balance at beginning of the financial year	-	-	-
- as previously stated	-	-	-
- effects of adoption of MFRS 9	983	-	983
Balance at beginning of the financial year, as restated	983	-	983
Allowances for ECL:	298	32	330
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	
	30.09.19 RM'000	31.03.19 RM'000	30.09.19 RM'000	31.03.19 RM'000
Deposits and placements with maturity more than one month				
Licensed banks	289,910	198,234	-	-
	289,910	198,234	-	-
Less : Allowances for ECL	(112)	(2,075)	-	-
	289,798	196,159	-	-

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (CONT'D.)

Movements in allowances for ECL are as follows:

Group	Stage 1
30.09.19	12-month
	ECL
	RM'000
Balance at beginning of the financial year	2,075
(Writeback) of/allowances for ECL:	(1,963)
Transfer to cash and short term funds (Note A8)	(4,034)
New financial assets originated	2,174
Net remeasurement of allowances	(103)
Balance at end of the financial period	<u>112</u>
Group	Stage 1
31.03.19	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	<u>-</u>
Net remeasurement of allowances	2,075
Balance at end of the financial year	<u>2,075</u>

A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group		Company	
	30.09.19	31.03.19	30.09.19	31.03.19
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	1,343,113	689,738	-	-
Malaysian Islamic Treasury Bills	835,385	164,980	-	-
Malaysian Government Securities	5,426,335	3,670,874	-	-
Malaysian Government Investment Issues	2,153,605	3,430,028	-	-
Cagamas bonds	102,010	101,181	-	-
Bank Negara Monetary Notes	1,260,278	6,388,520	-	-
	<u>11,120,726</u>	<u>14,445,321</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	380,254	369,730	-	-
Unit trusts	333,572	194,376	1,062	1,044
Corporate bonds and sukuk	37,382	37,937	-	-
Outside Malaysia:				
Shares	123,477	117,962	-	-
	<u>874,685</u>	<u>720,005</u>	<u>1,062</u>	<u>1,044</u>
Unquoted Securities:				
In Malaysia:				
Shares	2,766	2,813	-	-
Corporate bonds and sukuk	3,216,221	4,197,456	-	-
	<u>3,218,987</u>	<u>4,200,269</u>	<u>-</u>	<u>-</u>
Total	<u>15,214,398</u>	<u>19,365,595</u>	<u>1,062</u>	<u>1,044</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	3,408,522	2,841,636
Malaysian Government Investment Issues	4,026,601	2,776,050
Negotiable instruments of deposit	-	299,979
Islamic negotiable instruments of deposit	199,334	-
	<u>7,634,457</u>	<u>5,917,665</u>
Unquoted Securities:		
In Malaysia:		
Shares	593,049	523,665
Corporate bonds and sukuk	9,268,859	9,161,866
Outside Malaysia:		
Shares	501	548
Corporate bonds and sukuk	102,416	106,129
	<u>9,964,825</u>	<u>9,792,208</u>
Total	<u>17,599,282</u>	<u>15,709,873</u>

Movements in allowances ECL are as follows:

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	RM'000	not credit	impaired	RM'000
	RM'000	impaired	RM'000	RM'000
30.09.19				
Balance at beginning of the financial year (Writeback) of/allowances for ECL	11,872	21,830	-	33,702
during the financial period:				
- Transfer to 12-month ECL (Stage 1)	(2,619)	(4,536)	48,245	41,090
- Transfer to Lifetime ECL not credit impaired (Stage 2)	998	(1,539)	-	(541)
- Transfer to Lifetime ECL credit impaired (Stage 3)	(527)	667	-	140
New financial assets originated	-	(260)	48,245	47,985
Financial assets derecognised	6,351	-	-	6,351
Net remeasurement of allowances	(6,563)	-	-	(6,563)
	<u>(2,878)</u>	<u>(3,404)</u>	<u>-</u>	<u>(6,282)</u>
Balance at end of the financial period	<u>9,253</u>	<u>17,294</u>	<u>48,245</u>	<u>74,792</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

Movements in allowances ECL are as follows (Cont'd.):

31.03.19	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at beginning of the financial year				
- as previously stated	-	-	7,318	7,318
- effects of adoption of MFRS 9	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	11,872	21,830	-	33,702

A12. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Securities	472,241	472,186
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	4,573,489	4,679,528
	5,045,730	5,151,714
Less: Allowances for ECL	(4,662)	(5,398)
Total	5,041,068	5,146,316

Movements in allowances for ECL are as follows:

	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
30.09.19			
Balance at beginning of the financial year	5,398	-	5,398
Writeback of allowances for ECL during the financial period:	(736)	-	(736)
Net remeasurement of allowances	(736)	-	(736)
Balance at end of the financial period	4,662	-	4,662

	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
31.03.19			
Balance at beginning of the financial year			
- as previously stated	-	2,550	2,550
- effects of adoption of MFRS 9	3,403	-	3,403
Balance at beginning of the financial year, as restated	3,403	2,550	5,953
Allowances for/(writeback of allowances for) 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)
Balance at end of the financial year	5,398	-	5,398

A13. LOANS, ADVANCES AND FINANCING

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	27,144,558	26,421,666
Revolving credit	12,077,820	12,720,054
Housing loans/financing	31,603,223	30,463,942
Hire-purchase receivables	15,257,141	16,496,256
Card receivables	2,208,316	2,228,984
Overdraft	4,181,509	4,271,329
Claims on customers under acceptance credits	5,322,351	5,322,723
Trust receipts	1,949,342	1,872,490
Bills receivables	1,559,049	1,572,401
Staff loans	95,423	97,711
Others	578,263	377,006
Gross loans, advances and financing	<u>101,976,995</u>	<u>101,844,562</u>
Allowance for impairment on loans, advances and financing:		
Allowances for ECL:		
- Stage 1 - 12 month ECL	(237,950)	(275,818)
- Stage 2 - Lifetime ECL not credit impaired	(504,746)	(622,411)
- Stage 3 - Lifetime ECL credit impaired	(496,326)	(402,312)
	<u>(1,239,022)</u>	<u>(1,300,541)</u>
Net loans, advances and financing	<u>100,737,973</u>	<u>100,544,021</u>

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Domestic banking institutions	414	124,371
Domestic non-bank financial institutions	2,268,217	2,457,535
Domestic business enterprises:		
- Small and medium enterprises	20,331,748	20,238,234
- Others	22,841,080	22,473,666
Government and statutory bodies	553,490	551,785
Individuals	54,586,690	54,660,848
Other domestic entities	20,241	19,296
Foreign individuals and entities	1,375,115	1,318,827
	<u>101,976,995</u>	<u>101,844,562</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
In Malaysia	101,641,349	101,566,469
Outside Malaysia	335,646	278,093
	<u>101,976,995</u>	<u>101,844,562</u>

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	407,393	443,683
- Hire purchase receivables	14,433,839	15,434,981
- Other loans/financing	10,489,375	9,941,797
Variable rate:		
- Base rate and lending/financing rate plus	48,274,038	46,723,728
- Cost plus	21,164,568	22,156,095
- Other variable rates	7,207,782	7,144,278
	<u>101,976,995</u>	<u>101,844,562</u>

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Agriculture	3,238,862	3,284,337
Mining and quarrying	1,924,030	1,705,878
Manufacturing	12,308,469	11,770,889
Electricity, gas and water	355,074	442,498
Construction	4,486,150	4,422,781
Wholesale and retail trade and hotels and restaurants	6,861,080	6,793,566
Transport, storage and communication	2,776,893	2,741,298
Finance and insurance	2,292,045	2,603,147
Real estate	7,403,199	8,289,464
Business activities	2,427,966	2,279,216
Education and health	2,057,648	1,571,964
Household of which:	55,576,691	55,688,901
Purchase of residential properties	30,964,419	29,884,774
Purchase of transport vehicles	13,712,299	15,065,225
Others	10,899,973	10,738,902
Others	268,888	250,623
	<u>101,976,995</u>	<u>101,844,562</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Maturing within one year	24,625,199	25,773,375
Over one year to three years	7,769,553	8,347,291
Over three years to five years	10,269,840	10,025,352
Over five years	59,312,403	57,698,544
	<u>101,976,995</u>	<u>101,844,562</u>

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Gross		
Balance at beginning of the financial year	1,620,662	1,638,405
Additions during the financial period/year	935,319	1,123,123
Reclassified as non-impaired	(135,027)	(306,127)
Recoveries	(287,419)	(207,813)
Amount written off	(335,227)	(632,072)
Foreign exchange differences	2,200	5,146
Balance at end of the financial period/year	<u>1,800,508</u>	<u>1,620,662</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.77%</u>	<u>1.59%</u>
Loan loss coverage (including regulatory reserve)	<u>105.82%</u>	<u>113.99%</u>

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
In Malaysia	1,753,801	1,562,438
Outside Malaysia	46,707	58,224
	<u>1,800,508</u>	<u>1,620,662</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.09.19	31.03.19 (Restated) (Note A38)
	RM'000	RM'000
Agriculture	11,195	554
Mining and quarrying	54,827	78,964
Manufacturing	301,532	164,731
Electricity, gas and water	407	140
Construction	95,191	23,265
Wholesale and retail trade and hotels and restaurants	97,764	58,976
Transport, storage and communication	89,262	73,255
Finance and insurance	-	1
Real estate	303,256	503,656
Business activities	48,903	14,831
Education and health	14,567	11,418
Household of which:	783,604	690,871
Purchase of residential properties	450,727	374,701
Purchase of transport vehicles	192,721	193,826
Others	140,156	122,344
	<u>1,800,508</u>	<u>1,620,662</u>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
30.09.19	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	275,818	622,411	402,312	1,300,541
(Writeback) of/allowances for ECL during the financial period:	(37,992)	(117,753)	428,978	273,233
- Transfer to 12 month ECL (Stage 1)	14,246	(111,437)	(3,476)	(100,667)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(29,592)	170,012	(30,345)	110,075
- Transfer to Lifetime ECL credit impaired (Stage 3)	(2,688)	(35,551)	201,676	163,437
New financial assets originated	54,067	26,775	1,347	82,189
Net remeasurement of allowances	(31,863)	(128,373)	324,744	164,508
Modification of contractual cash flows of financial assets	(1,948)	75	202	(1,671)
Financial assets derecognised	(47,263)	(35,725)	(66,727)	(149,715)
Changes to model assumptions and methodologies	7,049	(3,529)	1,557	5,077
Foreign exchange differences	124	88	263	475
Amount written off	-	-	(335,227)	(335,227)
Balance at end of the financial period	<u>237,950</u>	<u>504,746</u>	<u>496,326</u>	<u>1,239,022</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

(i) Movements in allowances for ECL are as follows (Cont'd.):

Group	Stage 1	Stage 2	Stage 3	Total
31.03.19	12-Month	Lifetime ECL	Lifetime ECL	RM'000
	ECL	not credit	credit	
	RM'000	impaired	impaired	
		RM'000	RM'000	RM'000
Balance at beginning of the financial year				
- as previously stated	-	-	-	943,330
- effects of adoption of MFRS 9	-	-	-	455,893
Balance at beginning of the financial year, as restated	268,685	689,245	441,293	1,399,223
(Writeback) of/allowances for ECL during the financial 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

A14. OTHER ASSETS

	Group		Company	
	30.09.19 RM'000	31.03.19 RM'000	30.09.19 RM'000	31.03.19 RM'000
Trade receivables	213,602	435,443	-	-
Other receivables, deposits and prepayments	562,484	569,727	54,677	955
Interest/Profit receivable	460,687	443,227	-	-
Fee receivable	27,312	29,656	-	-
Amount due from originators	-	18,350	-	-
Amount due from agents and brokers	34,744	54,399	-	-
Foreclosed properties	2,600	2,596	-	-
Tax recoverable	116,784	52,111	1,357	715
Collateral pledged for derivative transactions	556,604	386,679	-	-
	<u>1,974,817</u>	<u>1,992,188</u>	<u>56,034</u>	<u>1,670</u>
Accumulated impairment losses	(8,548)	(8,733)	-	-
Allowances for ECL - Stage 1 - 12 months ECL	(1)	(4)	-	-
	<u>1,966,268</u>	<u>1,983,451</u>	<u>56,034</u>	<u>1,670</u>

A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.09.19 RM'000	31.03.19 RM'000
Reinsurance assets from general insurance business	(i)	331,864	464,854
Other insurance receivables	(ii)	51,798	60,693
		<u>383,662</u>	<u>525,547</u>
(i) Movements in allowances for impairment are as follows:			
Balance at beginning of the financial year		2,639	7,514
Writeback for the financial year		-	(4,875)
Balance at end of the financial period/year		<u>2,639</u>	<u>2,639</u>
(ii) Other insurance receivables			
Due premiums including agents/brokers and co-insurers' balances		76,800	82,329
Amount owing by reinsurance and cedants		4,444	11,342
Accumulated impairment losses		(29,446)	(32,978)
		<u>51,798</u>	<u>60,693</u>
Movements in allowances for impairment are as follows:			
Balance at beginning of the financial year		32,978	32,194
- effects of adoption of MFRS 9		-	870
Restated balance at beginning of the financial year		<u>32,978</u>	<u>33,064</u>
Writeback for the financial period/year		(3,532)	(86)
Balance at end of the financial period/year		<u>29,446</u>	<u>32,978</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Demand deposits	17,769,025	19,464,525
Savings deposits	5,602,481	5,407,991
Term/Investment deposits	73,896,536	78,033,665
Negotiable instruments of deposits	5,444,976	4,009,808
	<u>102,713,018</u>	<u>106,915,989</u>

The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Due within six months	66,162,386	60,434,612
Six months to one year	10,401,160	18,760,401
Over one year to three years	2,284,499	1,819,272
Over three years to five years	493,467	1,029,188
	<u>79,341,512</u>	<u>82,043,473</u>

The deposits are sourced from the following types of customers:

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Government and statutory bodies	3,810,768	4,916,717
Business enterprises	47,597,551	48,942,882
Individuals	41,584,919	45,673,217
Others	9,719,780	7,383,173
	<u>102,713,018</u>	<u>106,915,989</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Licensed banks	6,463,360	5,018,484
Licensed investment banks	399,761	808,355
Bank Negara Malaysia	130,240	124,231
Other financial institutions	1,929,193	1,736,649
	<u>8,922,554</u>	<u>7,687,719</u>

A18. OTHER LIABILITIES

	Group		Company	
	30.09.19	31.03.19	30.09.19	31.03.19
	RM'000	RM'000	RM'000	RM'000
Trade payables	204,731	445,075	-	-
Other payables and accruals	1,084,350	1,584,142	68,796	23,303
Interest payable on deposits and borrowings	925,237	966,826	-	-
Lease deposits and advance rental	38,800	33,620	-	-
Provision for commitments and contingencies	26,266	81,779	-	-
Allowances for ECL on loan commitments and financial guarantees	76,092	96,749	-	-
Lease liabilities	314,608	-	-	-
Provision for reinstatement for leased properties	21,189	-	-	-
Amount due to subsidiaries	-	-	3,359	8,133
Provision for taxation	53,512	44,294	-	-
Collateral received for derivative transactions	134,112	140,104	-	-
Deferred income	82,652	83,999	-	-
	2,961,549	3,476,588	72,155	31,436

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
30.09.19	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	51,703	34,141	10,905	96,749
(Writeback) of/allowances for ECL:	(13,129)	885	(8,501)	(20,745)
- Transfer to 12 month ECL (Stage 1)	1,530	(11,521)	-	(9,991)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,712)	11,960	-	10,248
- Transfer to Lifetime ECL credit impaired (Stage 3)	(133)	(1,060)	17,587	16,394
New exposures originated	13,398	7,661	-	21,059
Net remeasurement of allowances	(4,478)	4,312	108	(58)
Exposures derecognised	(15,116)	(7,039)	(26,196)	(48,351)
Changes to model assumptions and methodologies	(6,618)	(3,428)	-	(10,046)
Foreign exchange differences	98	(3)	(7)	88
Balance at the end of the financial period	38,672	35,023	2,397	76,092

A18. OTHER LIABILITIES (CONT'D.)

Movements in allowances for ECL on loan commitments and financial guarantees are as follows (Cont'd.):

Group 31.03.19	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at beginning of the financial year				
- as previously stated	-	-	-	72,711
- effects of adoption of MFRS 9	-	-	-	31,551
Balance at beginning of the financial year, as restated	58,069	45,950	243	104,262
(Writeback) of/allowances for ECL:	(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	51,703	34,141	10,905	96,749

A19. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group

	Note	30.09.19 RM'000	31.03.19 RM'000
Insurance contract liabilities	(i)	2,350,934	2,527,045
Other insurance payables	(ii)	46,889	166,204
		<u>2,397,823</u>	<u>2,693,249</u>

(i) Insurance contract liabilities

	Gross contract liabilities RM'000	30.09.19 Reinsurance assets RM'000	Net contract liabilities RM'000
General insurance business	2,350,934	(331,864)	<u>2,019,070</u>

	Gross contract liabilities RM'000	31.03.19 Reinsurance assets RM'000	Net contract liabilities RM'000
General insurance business	2,527,045	(464,854)	<u>2,062,191</u>

(ii) Other insurance payables

	30.09.19 RM'000	31.03.19 RM'000
Amount due to agents and intermediaries	20,657	29,184
Amount due to reinsurers and cedants	26,232	137,020
	<u>46,889</u>	<u>166,204</u>

A20. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Group				
Short-term funds and deposits and placements with banks and other financial institutions	11,882	26,580	33,479	43,233
Financial assets at fair value through profit or loss	113,265	120,823	238,353	227,400
Financial investments at fair value through other comprehensive income	129,493	79,212	257,380	136,559
Financial investments at amortised cost	35,652	36,469	71,614	69,907
Loans and advances	940,703	956,378	1,902,219	1,881,519
Impaired loans and advances	1,064	3,944	4,533	7,299
Others	4,918	6,509	9,090	12,990
	<u>1,236,977</u>	<u>1,229,915</u>	<u>2,516,668</u>	<u>2,378,907</u>
Company				
Short-term funds and deposits and placements with banks and other financial institutions	997	5,509	1,925	6,082
Financial investments at amortised cost	-	18,736	-	37,268
	<u>997</u>	<u>24,245</u>	<u>1,925</u>	<u>43,350</u>

A21. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Group				
Deposits from customers	572,620	615,239	1,184,255	1,176,203
Deposit and placements of banks and other financial institutions	48,866	35,202	93,362	61,969
Senior notes	8,340	33,692	29,792	62,315
Credit linked Notes	1,928	1,914	3,824	3,800
Securities sold under repurchase agreements	43,349	7,440	83,660	8,107
Recourse obligation on loans sold to Cagamas Berhad	41,586	46,264	84,955	86,118
Subordinated bonds and notes	33,064	31,077	65,771	61,770
Medium term notes	-	-	-	822
Tier 1 capital securities	7,127	21,428	17,103	42,623
Other structured products and others	7,201	6,300	12,749	12,448
	<u>764,081</u>	<u>798,556</u>	<u>1,575,471</u>	<u>1,516,175</u>
Company				
Senior notes	-	5,671	-	11,280
Subordinated notes	-	18,761	-	37,318
	<u>-</u>	<u>24,432</u>	<u>-</u>	<u>48,598</u>

A22. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		357,005	343,230	706,177	679,223
		<u>357,005</u>	<u>343,230</u>	<u>706,177</u>	<u>679,223</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		34,632	34,920	67,859	56,913
General insurance claims		209,839	200,666	404,620	359,560
		<u>244,471</u>	<u>235,586</u>	<u>472,479</u>	<u>416,473</u>
Total income from insurance business, net		<u>112,534</u>	<u>107,644</u>	<u>233,698</u>	<u>262,750</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		391,534	373,422	769,133	734,333
- change in unearned premium provision		(35)	(6,954)	4,713	87
		<u>391,499</u>	<u>366,468</u>	<u>773,846</u>	<u>734,420</u>
Premium ceded					
- insurance contract		(33,337)	(29,333)	(65,429)	(60,176)
- change in unearned premium provision		(1,157)	6,095	(2,240)	4,979
		<u>(34,494)</u>	<u>(23,238)</u>	<u>(67,669)</u>	<u>(55,197)</u>
		<u>357,005</u>	<u>343,230</u>	<u>706,177</u>	<u>679,223</u>
(b) Insurance claims					
- gross benefits and claims paid		250,887	232,010	510,301	452,328
- claims ceded to reinsurers		(19,827)	(26,282)	(65,033)	(42,073)
- change in contract liabilities - insurance contract		(112,631)	(29,900)	(171,398)	(78,758)
- change in contract liabilities ceded to reinsurers					
- insurance contract		91,410	24,838	130,750	28,063
		<u>209,839</u>	<u>200,666</u>	<u>404,620</u>	<u>359,560</u>

¹ Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM7,698,000 (30 September 2018: RM6,352,000) eliminated upon consolidation.

A23. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Fee and commission income:				
Fees on loans and securities	45,542	35,528	84,060	82,362
Corporate advisory	4,225	3,310	13,624	7,406
Guarantee fees	13,393	14,746	27,152	30,046
Underwriting commission	-	-	323	525
Portfolio management fees	8,751	11,558	16,407	20,351
Unit trust fees, commission and charges	32,197	22,053	60,089	47,998
Property trust management fees	1,843	1,871	3,677	3,729
Brokerage fees and commission	7,332	8,316	15,689	19,132
Bancassurance commission	3,423	2,970	6,275	5,923
Wealth management fees	5,798	2,684	12,733	5,721
Remittances	6,565	5,237	12,363	10,611
Fees, service and commission charges	6,617	8,816	14,299	16,209
Others	5,141	4,460	10,239	8,811
	<u>140,827</u>	<u>121,549</u>	<u>276,930</u>	<u>258,824</u>
Investment and trading income:				
Net gain from sale of financial assets at fair value through profit or loss	35,339	14,055	44,442	4,787
Net gain from sale of financial investments at fair value through other comprehensive income	45,717	2,021	53,687	2,186
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	6,226	35,453	65,763	(5,703)
Net gain on foreign exchange	8,459	47,596	32,145	94,151
Net loss on derivatives	(7,707)	(14,356)	(26,744)	(18,579)
Dividend income from:				
Financial assets at fair value through profit or loss	4,730	6,884	7,590	12,610
Financial assets at fair value through other comprehensive income	1,116	362	3,726	2,172
Others	493	53	(306)	2,554
	<u>94,373</u>	<u>92,068</u>	<u>180,303</u>	<u>94,178</u>

A23. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Other income:				
Net non-trading foreign exchange gain	236	356	652	518
Net gain on disposal of property and equipment	412	1,522	475	3,034
Rental income	1,117	1,569	2,648	2,943
Profit from sale of goods and services	4,565	4,957	8,926	9,970
(Loss)/Gain on disposal of foreclosed properties	-	-	(1)	21,653
Others	3,843	3,794	7,794	9,365
	<u>10,173</u>	<u>12,198</u>	<u>20,494</u>	<u>47,483</u>
	<u>245,373</u>	<u>225,815</u>	<u>477,727</u>	<u>400,485</u>

Company	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	89,782	315,525	592,928	742,992
Financial assets at fair value through profit or loss	9	9	18	18
	<u>89,791</u>	<u>315,534</u>	<u>592,946</u>	<u>743,010</u>
Other income:				
Others	468	96	819	111
	<u>468</u>	<u>96</u>	<u>819</u>	<u>111</u>
	<u>90,259</u>	<u>315,630</u>	<u>593,765</u>	<u>743,121</u>

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Personnel costs:				
Salaries, allowances and bonuses	237,738	234,317	492,943	480,140
Shares granted under ESS				
- charge/(writeback)	3,506	(137)	6,007	(10,662)
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	38,463	37,287	79,404	76,693
Social security costs	2,062	2,043	4,099	4,209
Other staff related expenses	34,295	23,703	61,648	57,276
	<u>316,064</u>	<u>297,213</u>	<u>644,101</u>	<u>607,656</u>
Establishment costs:				
Depreciation of property and equipment	11,595	13,117	23,218	26,733
Depreciation of right-of-use assets	20,557	-	37,802	-
Amortisation of intangible assets	28,406	29,387	56,623	57,851
Computerisation costs	50,031	46,980	96,991	91,038
Rental of premises	4,556	23,475	10,697	49,380
Cleaning, maintenance and security	7,530	7,291	14,552	12,506
Finance costs:				
- interest on lease liabilities	2,512	-	4,937	-
- provision for reinstatement for leased properties	111	-	216	-
Others	8,787	10,142	16,887	18,486
	<u>134,085</u>	<u>130,392</u>	<u>261,923</u>	<u>255,994</u>
Marketing and communication expenses:				
Sales commission	621	2,844	3,287	5,505
Advertising, promotional and other marketing activities	15,162	11,497	26,848	18,858
Telephone charges	5,756	5,080	10,399	9,756
Postage	2,006	2,382	4,267	2,901
Travelling and entertainment	3,912	3,436	7,327	6,991
Others	3,333	4,817	7,104	9,560
	<u>30,790</u>	<u>30,056</u>	<u>59,232</u>	<u>53,571</u>
Administration and general expenses:				
Professional services	21,865	18,755	43,883	39,148
Travelling	1,605	976	2,948	2,409
Insurance	616	1,168	1,450	2,190
Subscriptions and periodicals	1,484	2,439	3,939	5,146
Others	19,730	24,513	37,328	52,251
	<u>45,300</u>	<u>47,851</u>	<u>89,548</u>	<u>101,144</u>
	<u>526,239</u>	<u>505,512</u>	<u>1,054,804</u>	<u>1,018,365</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Personnel costs:				
Salaries, allowances and bonuses	-	3,252	-	8,079
Shares granted under ESS				
- writeback	-	-	-	(968)
Contributions to EPF/Private Retirement Scheme	-	412	-	1,178
Social security costs	-	1	-	3
Other staff related expenses	23	130	(27)	216
	<u>23</u>	<u>3,795</u>	<u>(27)</u>	<u>8,508</u>
Establishment costs:				
Depreciation of property and equipment	58	58	115	149
Computerisation costs	58	-	173	3
Others	-	2	-	3
	<u>116</u>	<u>60</u>	<u>288</u>	<u>155</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	94	227	341	357
Telephone charges	2	6	5	11
Travelling and entertainment	12	28	48	85
Others	1	87	1	90
	<u>109</u>	<u>348</u>	<u>395</u>	<u>543</u>
Administration and general expenses:				
Professional services	981	750	1,101	947
Travelling	-	5	1	12
Insurance	5	(1)	-	18
Subscriptions and periodicals	-	5	3	15
Others	635	1,027	1,689	1,980
	<u>1,621</u>	<u>1,786</u>	<u>2,794</u>	<u>2,972</u>
Service transfer pricing expense/(income), net	6,655	1,396	11,356	(3,158)
	<u>8,524</u>	<u>7,385</u>	<u>14,806</u>	<u>9,020</u>

A25. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Impaired loans, advances and financing:				
Allowances for ECL	225,594	169,799	273,233	276,062
Impaired loans, advances and financing:				
Recovered, net	(120,414)	(134,281)	(212,964)	(250,905)
	<u>105,180</u>	<u>35,518</u>	<u>60,269</u>	<u>25,157</u>

A26. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Group				
Financial investments				
Financial investments at fair value				
through other comprehensive income	42,706	(3,629)	41,090	1,005
Financial investments at amortised cost	(716)	807	(736)	960
	<u>41,990</u>	<u>(2,822)</u>	<u>40,354</u>	<u>1,965</u>
Other financial assets				
Cash and short-term funds	165	2,067	(312)	1,425
Deposits and placements with banks				
and other financial institutions	(1,292)	(101)	(1,963)	231
Other assets	900	1,685	1,001	387
	<u>(227)</u>	<u>3,651</u>	<u>(1,274)</u>	<u>2,043</u>

A27. 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.
- (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.
- (iii) The comparatives have been restated with current business realignment.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30 September 2019	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	Insurance RM'000		
External revenue	1,623,858	343,902	970,091	807,137	103,583	54,683	849,315	(12,852)	4,739,717
Revenue from other segments	(119,556)	(86,276)	(469,627)	342,428	(11,400)	-	-	344,431	-
Total operating revenue	<u>1,504,302</u>	<u>257,626</u>	<u>500,464</u>	<u>1,149,565</u>	<u>92,183</u>	<u>54,683</u>	<u>849,315</u>	<u>331,579</u>	<u>4,739,717</u>
Net interest income	601,319	134,426	326,834	112,948	22,416	520	68,587	81,650	1,348,700
Other income	124,718	42,385	83,076	113,530	61,627	54,051	289,718	10,917	780,022
Share in results of associates and joint ventures	618	-	-	-	-	-	605	3,534	4,757
Net income	<u>726,655</u>	<u>176,811</u>	<u>409,910</u>	<u>226,478</u>	<u>84,043</u>	<u>54,571</u>	<u>358,910</u>	<u>96,101</u>	<u>2,133,479</u>
Other operating expenses	(425,428)	(73,242)	(107,875)	(36,454)	(57,762)	(32,359)	(170,751)	(150,933)	(1,054,804)
of which:									
Depreciation of property and equipment	(9,348)	(356)	(559)	(59)	(365)	(141)	(5,023)	(7,367)	(23,218)
Depreciation of right-of-use assets	-	-	-	-	(138)	-	(7,632)	(30,032)	(37,802)
Amortisation of intangible assets	(10,277)	(38)	(2,989)	(615)	(367)	(86)	(9,219)	(33,032)	(56,623)
Profit/(loss) before impairment losses	<u>301,227</u>	<u>103,569</u>	<u>302,035</u>	<u>190,024</u>	<u>26,281</u>	<u>22,212</u>	<u>188,159</u>	<u>(54,832)</u>	<u>1,078,675</u>
Writeback of allowance/(Allowance) for loans, advances and financing	(95,929)	(44,655)	77,219	(68)	510	-	-	2,654	(60,269)
Writeback of allowance/(Allowance) for impairment	(5)	-	(42,971)	7,940	(869)	(125)	3,532	(3,050)	(35,548)
Provision for commitments and contingencies -writeback	240	4,075	16,415	17	-	-	-	2,272	23,019
Other recoveries/(write-offs), net	28	-	-	-	-	-	(3,855)	-	(3,827)
Profit/(loss) before taxation and zakat	<u>205,561</u>	<u>62,989</u>	<u>352,698</u>	<u>197,913</u>	<u>25,922</u>	<u>22,087</u>	<u>187,836</u>	<u>(52,956)</u>	<u>1,002,050</u>
Taxation and zakat	(49,168)	(14,602)	(84,216)	(43,162)	(5,469)	(4,508)	(37,175)	20,937	(217,363)
Profit/(loss) for the financial period	<u>156,393</u>	<u>48,387</u>	<u>268,482</u>	<u>154,751</u>	<u>20,453</u>	<u>17,579</u>	<u>150,661</u>	<u>(32,019)</u>	<u>784,687</u>
Other information									
Total segment assets	57,730,499	10,303,866	34,072,326	40,223,040	1,918,103	99,635	5,248,334	4,200,726	153,796,529
Total segment liabilities	47,958,081	6,319,903	9,905,552	56,550,163	995,741	19,472	3,232,085	9,667,836	134,648,833
Cost to income ratio	58.5%	41.4%	26.3%	16.1%	68.7%	59.3%	47.6%	157.1%	49.4%
Gross loans, advances and financing	57,561,803	10,424,619	32,501,420	-	1,594,939	-	851	(106,637)	101,976,995
Net loans, advances and financing	56,718,253	10,299,650	32,233,662	-	1,593,199	-	781	(107,572)	100,737,973
Impaired loans, advances and financing	868,192	262,253	668,323	-	1,740	-	-	-	1,800,508
Total deposits	47,144,956	6,195,864	9,704,414	48,597,215	774,800	-	-	(781,677)	111,635,572
Additions to:									
Property and equipment	8,775	220	324	6	226	72	1,212	10,021	20,856
Intangible assets	6,305	23	194	386	56	75	4,177	17,246	28,462

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30 September 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	Insurance RM'000		
External revenue	1,640,297	287,506	1,031,546	595,663	98,926	49,387	784,152	(2,220)	4,485,257
Revenue from other segments	(73,632)	(71,027)	(514,666)	333,777	(16,049)	-	-	341,597	-
Total operating revenue	<u>1,566,665</u>	<u>216,479</u>	<u>516,880</u>	<u>929,440</u>	<u>82,877</u>	<u>49,387</u>	<u>784,152</u>	<u>339,377</u>	<u>4,485,257</u>
Net interest income	592,329	114,850	327,522	57,741	23,405	570	68,030	105,514	1,289,961
Other income	131,051	38,392	111,162	50,880	51,854	48,636	265,683	10,594	708,252
Share in results of associates and joint ventures	1,072	-	-	-	-	-	17,698	3,822	22,592
Net income	<u>724,452</u>	<u>153,242</u>	<u>438,684</u>	<u>108,621</u>	<u>75,259</u>	<u>49,206</u>	<u>351,411</u>	<u>119,930</u>	<u>2,020,805</u>
Other operating expenses	(415,574)	(62,342)	(102,693)	(34,395)	(55,547)	(31,117)	(168,934)	(147,763)	(1,018,365)
of which:									
Depreciation of property and equipment	(11,081)	(265)	(332)	(183)	(536)	(182)	(6,054)	(8,100)	(26,733)
Amortisation of intangible assets	(9,734)	(25)	(884)	(1,416)	(350)	(114)	(10,587)	(34,741)	(57,851)
Profit/(Loss) before impairment losses	<u>308,878</u>	<u>90,900</u>	<u>335,991</u>	<u>74,226</u>	<u>19,712</u>	<u>18,089</u>	<u>182,477</u>	<u>(27,833)</u>	<u>1,002,440</u>
Writeback of allowance/(Allowance) for loans, advances and financing	(72,448)	(5,348)	55,034	-	5,621	-	-	(8,016)	(25,157)
Writeback of allowance/(Allowance) for -(loss)/writeback	1,122	-	(7,202)	2,835	(577)	(173)	2,543	(13)	(1,465)
Provision for commitments and contingencies impairment	10,152	2,293	(5,949)	-	-	-	-	(428)	6,068
Other recoveries/(write-offs), net	26	-	5,683	-	11	-	(3,314)	206	2,612
Profit/(loss) before taxation and zakat	<u>247,730</u>	<u>87,845</u>	<u>383,557</u>	<u>77,061</u>	<u>24,767</u>	<u>17,916</u>	<u>181,706</u>	<u>(36,084)</u>	<u>984,498</u>
Taxation and zakat	(59,179)	(18,665)	(89,062)	(16,970)	(5,115)	(3,602)	(30,049)	(144)	(222,786)
Profit/(loss) for the financial period	<u>188,551</u>	<u>69,180</u>	<u>294,495</u>	<u>60,091</u>	<u>19,652</u>	<u>14,314</u>	<u>151,657</u>	<u>(36,228)</u>	<u>761,712</u>
Other information									
Total segment assets	56,755,020	8,502,359	34,827,304	35,919,380	2,493,055	91,536	5,492,662	4,131,671	148,212,987
Total segment liabilities	55,101,669	5,179,941	9,739,671	44,627,050	1,241,168	14,784	3,503,430	10,853,586	130,261,299
Cost to income ratio	57.4%	40.7%	23.4%	31.7%	73.8%	63.2%	48.1%	123.2%	50.4%
Gross loans, advances and financing	56,456,289	8,582,541	33,333,401	-	1,651,517	-	1,413	(86,459)	99,938,702
Net loans, advances and financing	55,686,523	8,498,255	32,860,637	-	1,649,498	-	1,343	(128,557)	98,567,699
Impaired loans, advances and financing	744,736	216,800	756,263	-	2,016	-	-	-	1,719,815
Total deposits	54,236,136	5,101,910	9,484,900	39,624,380	838,528	-	-	(1,693,336)	107,592,518
Additions to:									
Property and equipment	5,011	1,065	1,269	9	194	29	1,309	3,398	12,284
Intangible assets	9,063	16	7,900	-	150	74	7,098	21,981	46,282

A28. VALUATION OF PROPERTY AND EQUIPMENT

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

A29. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 October 2019, as part of the Group's ongoing corporate exercise to transfer all retail related investment/business to the Company's wholly-owned subsidiary, AmBank, MBF Cards (M'sia) Sdn Bhd, another wholly-owned subsidiary disposed its entire 33.33% equity interest in Bonuskad Loyalty Sdn Bhd ("Bonuskad") to AmBank for a consideration of approximately RM32.3 million. The transfer of Bonuskad will not have any impact to the Group's financial statements for the financial year ending 31 March 2020 as the share of results of Bonuskad will continue to be equity accounted by the Group.

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 quarter and period.

A30. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

a) Dissolution of subsidiary

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

b) Winding-up of subsidiaries

- (i) An indirect wholly-owned dormant subsidiary, AmFraser International Pte Ltd ("AmFraser") (incorporated in Singapore) had at its Extraordinary General Meeting ("EGM") held on 30 August 2019, resolved that it be wound up by way of a members' voluntary winding up, pursuant to Section 290(1) of the Companies Act (Cap. 50) of Singapore.

AmFraser is a non-operating company and there is no plan for AmFraser to undertake any business activity. The winding up will not have any material effect on the earnings and net assets of the Group for the financial year ending 31 March 2020.

- (ii) An indirect wholly-owned subsidiary, AmPremier Capital Berhad ("AmPremier") had, at its Extraordinary General Meeting ("EGM") held on 25 October 2019, resolved that it be wound up by way of a member's voluntary winding up pursuant to Section 439(1)(b) of the Companies Act, 2016.

The winding up of AmPremier will not have any material effect on the earnings and net assets of AMMB for the financial year ending 31 March 2020.

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

A31. ASSETS HELD FOR SALE

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
<u>Assets held for sale</u>		
Proposed disposal of property and equipment	1,458	5,029

A32. 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 principal amounts of commitments and contingencies and notional contracted amounts of derivatives are as follows:

	Group	
	30.09.19	31.03.19
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	18,416,872	16,558,502
over one year	2,417,263	2,910,184
Unutilised credit card lines	4,939,681	5,174,605
Forward asset purchases	429,603	1,593,203
	<u>26,203,419</u>	<u>26,236,494</u>
Contingent Liabilities		
Direct credit substitutes	2,422,212	2,590,041
Transaction related contingent items	5,048,672	5,392,151
Obligations under underwriting agreements	-	100,000
Short term self liquidating trade related contingencies	741,664	900,886
	<u>8,212,548</u>	<u>8,983,078</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	52,559,434	53,030,833
One year or less	10,232,113	7,320,942
Over one year to five years	35,713,739	35,609,670
Over five years	6,613,582	10,100,221
Foreign exchange related contracts:	40,522,511	41,370,547
One year or less	31,871,601	35,768,559
Over one year to five years	7,780,298	4,214,120
Over five years	870,612	1,387,868
Credit related contracts:	350,123	345,108
Over one year to five years	350,123	345,108
Equity and commodity related contracts:	1,891,169	1,050,698
One year or less	907,660	860,041
Over one year to five years	983,509	190,657
	<u>95,323,237</u>	<u>95,797,186</u>
	<u>129,739,204</u>	<u>131,016,758</u>

A32. 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 2019: RM70.0 million) on behalf of AmInvestment Bank Berhad ("AmInvestment 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 AmInvestment Bank.
- (b) AmMetLife Insurance Berhad ("AmMetLife") had received complaints from 66 policyholders relating to the alleged mis-selling of certain insurance product of AmMetLife. The Company and Metlife International Holdings, Inc ("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 13 May 2019, AmGeneral Insurance Berhad's legal counsel delivered 3rd oral representations to MyCC and followed up with Members of Commissioner ("MOC") on the proposed undertakings which is, reiterating its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed. Although MOC has not reached a decision, AmGeneral Insurance Berhad will continue to follow up on this matter. There is no final finding on infringement or non-infringement by MyCC as at the reporting date.

A33. 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	30.09.19			31.03.19		
	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
Trading derivatives						
Interest/Profit rate related contracts:	50,714,434	446,731	505,684	50,375,833	271,496	282,274
- One year or less	9,632,114	23,021	17,819	6,990,942	5,238	5,625
- Over one year to three years	18,655,063	70,631	86,557	19,781,143	57,841	62,843
- Over three years	22,427,257	353,079	401,308	23,603,748	208,417	213,806
Foreign exchange related contracts:	40,522,511	484,678	419,905	41,370,547	471,135	487,177
- One year or less	31,871,601	126,834	118,829	35,768,559	133,011	188,279
- Over one year to three years	4,806,586	127,385	133,625	3,471,372	69,209	109,736
- Over three years	3,844,324	230,459	167,451	2,130,616	268,915	189,162
Credit related contracts:	350,123	4,883	1,289	345,108	5,417	768
- Over one year to three years	350,123	4,883	1,289	345,108	5,417	768
Equity and commodity related contracts:	1,891,169	64,302	66,303	1,050,698	15,875	16,692
- One year or less	907,660	21,625	23,454	860,041	12,886	13,703
- Over one year to three years	912,405	38,966	39,138	190,657	2,989	2,989
- Over three years	71,104	3,711	3,711	-	-	-
	93,478,237	1,000,594	993,181	93,142,186	763,923	786,911
Hedging derivatives						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	1,495,000	-	22,931	2,305,000	-	27,240
- One year or less	600,000	-	5,211	330,000	-	484
- Over one year to three years	495,000	-	8,263	1,095,000	-	12,660
- Over three years	400,000	-	9,457	880,000	-	14,096
Fair value hedge	350,000	-	15,545	350,000	-	11,341
- Over three years	350,000	-	15,545	350,000	-	11,341
Total	95,323,237	1,000,594	1,031,657	95,797,186	763,923	825,492

A34. 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 1.8% (31 March 2019: 1.5%) 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.

Group	Level 1	Level 2	Level 3	Total
30.09.19	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	3,136	997,458	-	1,000,594
Financial assets at fair value through profit or loss				
- Money market securities	-	11,120,726	-	11,120,726
- Shares	503,731	-	2,766	506,497
- Unit trusts	39,585	293,987	-	333,572
- Quoted corporate bonds and sukuk	-	37,382	-	37,382
- Unquoted corporate bonds and sukuk	-	3,216,221	-	3,216,221
Financial investments at fair value through other comprehensive income				
- Money market securities	-	7,634,457	-	7,634,457
- Shares	-	-	593,550	593,550
- Unquoted corporate bonds and sukuk	-	9,371,275	-	9,371,275
	<u>546,452</u>	<u>32,671,506</u>	<u>596,316</u>	<u>33,814,274</u>
Derivative financial liabilities	<u>5,555</u>	<u>1,026,102</u>	<u>-</u>	<u>1,031,657</u>

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Company 30.09.19	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,062	-	1,062
	<u>-</u>	<u>1,062</u>	<u>-</u>	<u>1,062</u>
Group 31.03.19	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
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	1,300	824,192	-	825,492
Company 31.03.19				
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>

A34. 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

	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
30.09.19				
Balance at beginning of the financial year	2,813	524,213	-	527,026
Loss on revaluation of financial assets at financial assets at fair value through profit or loss taken up in statement of profit or loss	(47)	-	-	(47)
Total gain recognised in other comprehensive income	-	69,337	-	69,337
Balance at end of the financial period	<u>2,766</u>	<u>593,550</u>	<u>-</u>	<u>596,316</u>
31.03.19				
Balance at beginning of the financial year	-	-	46,677	46,677
Effect of adopting MFRS 9	2,785	523,947	(46,677)	480,055
Adjusted at beginning of the financial year	<u>2,785</u>	<u>523,947</u>	<u>-</u>	<u>526,732</u>
Addition during the financial year	28	288	-	316
Exchange fluctuation taken up in statement of profit or loss	-	(22)	-	(22)
Balance at end of the financial year	<u>2,813</u>	<u>524,213</u>	<u>-</u>	<u>527,026</u>

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

Total gains or 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	30.09.19 RM'000	31.03.19 RM'000
Financial assets at fair value through profit or loss:		
Total losses included in:		
- investment and trading income	<u>(47)</u>	<u>-</u>
Financial investments at fair value through other comprehensive income:		
Total gains/(losses) included in:		
- investment and trading income	-	(22)
- statement of comprehensive income	69,337	-
	<u>69,337</u>	<u>(22)</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.

A35. CAPITAL ADEQUACY

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

	30.09.19			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital ratio	12.228%	11.348%	58.492%	12.758%
Tier 1 Capital ratio	12.228%	11.348%	58.492%	12.758%
Total Capital ratio	16.865%	16.466%	59.104%	16.229%
After deducting proposed dividends:				
CET1 Capital ratio	12.070%	11.178%	56.618%	12.582%
Tier 1 Capital ratio	12.070%	11.178%	56.618%	12.582%
Total Capital ratio	16.707%	16.296%	57.230%	16.054%
31.03.19				
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividend:				
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 dividend:				
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%

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.

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.

- (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.

A35. CAPITAL ADEQUACY (CONT'D.)

The CCB requirements under transitional arrangements were phased-in starting from 1 January 2016 and for calendar year 2019 onwards, the CCB is 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:

	30.09.19			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary share capital	1,940,465	1,387,107	200,000	5,551,557
Retained earnings	7,063,178	1,886,234	290,350	10,881,583
Fair value reserve	413,660	68,891	999	665,737
Foreign exchange translation reserve	91,937	-	-	101,011
Regulatory reserve	357,187	228,440	4,570	590,197
Cash flow hedging deficit	(22,604)	-	-	(22,604)
Other remaining disclosed reserves	-	-	-	(20,150)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(245,803)	(1,190)	(1,388)	(260,825)
Deferred tax assets	-	-	(2,583)	-
Cash flow hedging deficit	22,604	-	-	22,604
55% of cumulative fair value gains in				
Fair value reserve	(227,513)	(37,890)	(550)	(366,155)
Regulatory reserve	(357,187)	(228,440)	(4,570)	(590,197)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains and losses on financial liabilities due to changes in own credit risk	(678)	(91)	-	(712)
CET1 Capital	9,026,758	3,303,061	437,019	13,125,401
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	445
Tier 1 Capital	9,026,758	3,303,061	437,019	13,125,846
<u>Tier 2 Capital</u>				
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	-	-	-	2,406,272
General provisions*	827,968	339,865	4,578	1,165,082
Tier 2 Capital	3,422,968	1,489,865	4,578	3,571,354
Total Capital	12,449,726	4,792,926	441,597	16,697,200

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

A35. 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:

	30.09.19			
	AmBank	AmBank	AmInvestment	Group
	Islamic	Bank	Bank	
	RM'000	RM'000	RM'000	RM'000
Credit RWA	66,237,468	28,713,218	499,593	93,378,338
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,524,032)	-	(171,779)
Total Credit RWA	66,237,468	27,189,186	499,593	93,206,559
Market RWA	2,790,885	437,972	2,133	3,005,760
Operational RWA	4,100,360	1,480,593	245,423	5,980,231
Large exposure risk RWA for equity holdings	689,906	-	-	690,252
Total RWA	73,818,619	29,107,751	747,149	102,882,802

	31.03.19			
	AmBank	AmBank	AmInvestment	Group
	Islamic	Bank	Bank	
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
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 hedging 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 hedging 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)
CET1 Capital	8,716,309	3,337,259	442,576	12,733,378

Additional Tier 1 Capital

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
Tier 1 Capital	9,201,309	3,337,259	442,576	12,733,817

A35. 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.):

	31.03.19			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
Tier 2 Capital				
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
Tier 2 Capital	3,435,495	1,484,015	4,684	3,652,657
Total Capital	12,636,804	4,821,274	447,260	16,386,474

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

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)
Total Credit RWA	67,239,575	26,721,198	732,342	94,072,953
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
Total RWA	74,167,213	28,636,149	1,012,496	103,292,431

A36. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	30.09.19 RM'000	31.03.19 RM'000
Outstanding credit exposures with connected parties	3,107,454	2,299,375
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	2.66	1.98
- which is non-performing or in default	0.004	0.010

The disclosure on Credit Transaction 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.

A37. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	General insurance fund		Shareholders' fund and Others		Total*	
	30.09.19 RM'000	31.03.19 RM'000	30.09.19 RM'000	31.03.19 RM'000	30.09.19 RM'000	31.03.19 RM'000
ASSETS						
Cash and short-term funds	144,851	245,368	202,987	70,496	347,838	315,865
Deposits and placements with banks and other financial institutions	17,297	15,241	-	-	17,297	15,241
Financial assets at fair value through profit or loss	2,264,911	2,405,241	4,435,434	4,547,707	3,424,364	3,602,272
Loans and advances	781	904	-	-	781	904
Deferred tax assets	25,177	25,778	-	-	25,177	25,778
Investment in a subsidiary	-	-	1,808,733	1,908,733	-	-
Other assets	981,409	791,058	68,898	63,436	106,337	134,223
Reinsurance assets and other insurance receivables	383,662	525,547	-	-	383,662	525,547
Property and equipment	20,265	25,535	978	978	21,243	26,513
Right-of-use assets	24,822	-	-	-	24,822	-
Intangible assets	52,139	55,180	64,846	66,867	895,911	900,973
Assets held for sale	1,458	5,029	-	-	1,458	5,029
TOTAL ASSETS	3,916,772	4,094,881	6,581,876	6,658,217	5,248,890	5,552,345
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	461,837	457,609	461,837	457,609
Deferred tax liabilities	-	-	66,523	70,187	66,523	70,186
Other liabilities	298,369	277,646	951,069	736,742	305,909	294,558
Insurance contract liabilities and other insurance payables	2,397,823	2,693,249	-	-	2,397,823	2,693,249
Total Liabilities	2,696,192	2,970,895	1,479,429	1,264,538	3,232,092	3,515,602
Share capital**	-	-	5,668,749	5,795,760	1,699,148	1,599,148
Reserves	1,220,580	1,123,986	(566,302)	(402,081)	317,650	437,595
Equity attributable to equity holders of the Company	1,220,580	1,123,986	5,102,447	5,393,679	2,016,798	2,036,743
TOTAL LIABILITIES AND EQUITY	3,916,772	4,094,881	6,581,876	6,658,217	5,248,890	5,552,345
* 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					300,000	200,000
					1,699,148	1,599,148

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

A37. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

Group	General insurance fund		Shareholders' fund and Others		Total*	
	30.09.19	30.09.18	30.09.19	30.09.18	30.09.19	30.09.18
Interest income	2,083	1,970	76,732	75,976	78,815	77,946
Interest expense	-	-	(10,228)	(9,916)	(10,228)	(9,916)
Net interest income	2,083	1,970	66,504	66,060	68,587	68,030
Income from insurance business	706,177	679,223	-	-	706,177	679,223
Insurance claims and commissions**	(480,177)	(422,825)	-	-	(480,177)	(422,825)
Net income from insurance business	226,000	256,398	-	-	226,000	256,398
Other operating income	83,921	56,565	300,365	235,719	63,718	9,285
Net income	312,004	314,933	366,869	301,779	358,305	333,713
Other operating expenses	(165,295)	(163,244)	(5,457)	(5,690)	(170,752)	(168,934)
Operating profit	146,709	151,689	361,412	296,089	187,553	164,779
Writeback of allowance for impairment:						
Reinsurance assets and insurance receivables	3,532	2,543	-	-	3,532	2,543
Other write-offs, net	(3,855)	(3,314)	-	-	(3,855)	(3,314)
Profit before taxation	146,386	150,918	361,412	296,089	187,230	164,008
Taxation	(49,792)	(26,844)	12,618	(3,205)	(37,174)	(30,049)
Profit for the financial period	96,594	124,074	374,030	292,884	150,056	133,959

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM7,698,000 (30 September 2018: RM6,352,000)

A38. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE INFORMATION

Adoption of MFRS 16 Leases

1. The adoption of MFRS 16 resulted in the following financial effects:

(a) Impacted line items in the statement of financial position of the financial statements of the Group:

	31.03.19	Effects of adoption of MFRS 16	01.04.19
	RM'000	RM'000	RM'000
ASSETS			
Right-of-use assets	-	303,547	303,547
LIABILITIES AND EQUITY			
Other liabilities*	3,476,588	303,547	3,780,135

* includes provision for reinstatement costs

(b) Capital Adequacy Ratios

	31.03.19	Effects of adoption of MFRS 16	01.04.19
	RM'000		
CET1 capital	12,733,378	-	12,733,378
Tier 1 capital	12,733,817	-	12,733,817
Total capital	16,386,474	3,449	16,389,923
Risk-weighted assets	103,292,431	275,940	103,568,371
Before deducting proposed dividend			
CET1 capital ratio (%)	12.328%	-0.033%	12.295%
Tier 1 capital ratio (%)	12.328%	-0.033%	12.295%
Total capital ratio (%)	15.864%	-0.039%	15.825%
After deducting proposed dividend			
CET1 capital ratio (%)	11.890%	-0.032%	11.858%
Tier 1 capital ratio (%)	11.890%	-0.031%	11.859%
Total capital ratio (%)	15.426%	-0.037%	15.389%

2. During the current financial period, the Group conducted a review of the reporting of its impaired loans, advances and financing portfolio. The review did not result in any changes to impaired loans, advances and financing balances or impairment allowances for loans, advances and financing except for certain amendments in disclosure of impaired loans, advances and financing by sector as at 31 March 2019 as reflected in the restated disclosure in Note A13(h).

A39. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	Note	Group	
		30.09.19 RM'000	31.03.19 RM'000
ASSETS			
Cash and short-term funds		233,410	1,568,699
Derivative financial assets		41,085	43,136
Financial assets at fair value through profit or loss		2,462,199	5,113,974
Financial investments at fair value through other comprehensive income		4,389,503	3,492,140
Financial investments at amortised cost		1,684,776	1,705,455
Financing and advances	(a)	29,313,548	28,922,092
Statutory deposit with Bank Negara Malaysia		968,000	970,000
Deferred tax assets		246	240
Other assets		485,799	443,210
Right-of-use assets		227	-
Property and equipment		520	580
Intangible assets		1,190	1,351
TOTAL ASSETS		39,580,503	42,260,877
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	29,520,220	31,139,936
Investment accounts of customers	(c)	189,588	353,451
Deposits and placements of banks and other financial institutions		1,879,021	2,536,724
Investment account due to a licensed bank	(d)	1,348,341	1,465,539
Recourse obligation on financing sold to Cagamas Berhad		400,000	518,350
Derivative financial liabilities		58,226	55,519
Term funding		1,034,662	1,080,000
Subordinated Sukuk		1,150,000	1,150,000
Deferred tax liabilities		21,867	7,511
Other liabilities	(e)	306,950	330,069
TOTAL LIABILITIES		35,908,875	38,637,099
Share capital/Capital funds		1,417,107	1,417,107
Reserves		2,254,521	2,206,671
TOTAL ISLAMIC BANKING FUNDS		3,671,628	3,623,778
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		39,580,503	42,260,877
COMMITMENTS AND CONTINGENCIES		14,311,508	11,593,921

A39. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019**

Group	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Income derived from investment of depositors' funds	437,366	437,370	889,832	851,929
Income derived from investment of investment account funds	19,690	26,198	39,762	57,469
Income derived from Islamic Banking Funds	49,994	45,538	97,819	94,661
Allowance on financing and advances	(25,600)	(51,908)	(56,969)	(75,624)
Writeback of allowance/(Allowance) on:				
-Financial investments	2,012	(1,440)	2,683	(1,906)
-Other financial assets	-	(452)	3	(452)
Provision for commitments and contingencies -charge/(writeback)	2,309	278	1,831	(2,010)
Total distributable income	485,771	455,584	974,961	924,067
Income attributable to the depositors and others	(245,019)	(256,021)	(504,956)	(495,786)
Income attributable to the investment account holders	(16,948)	(23,298)	(35,741)	(48,484)
Total net income	223,804	176,265	434,264	379,797
Operating expenses	(74,930)	(68,556)	(150,418)	(155,086)
Finance costs	(25,986)	(24,343)	(51,690)	(48,422)
Profit before zakat and taxation	122,888	83,366	232,156	176,289
Zakat and taxation	(26,622)	(18,531)	(50,904)	(38,957)
Profit for the financial period	96,266	64,835	181,252	137,332

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019**

Group	Individual Quarter		Cumulative Quarter	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Profit for the financial period	96,266	64,835	181,252	137,332
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
Financial investments at fair value through other comprehensive income:				
- net unrealised gain/(loss) for changes in fair value	24,426	17,141	50,226	3,619
- expected credit loss	(1,966)	1,367	(2,606)	1,822
- net (gain)/loss reclassified to profit or loss	(4,669)	-	(7,665)	1
- income tax effect	(4,742)	(4,114)	(10,215)	(869)
Other comprehensive income for the financial period, net of tax	13,049	14,394	29,740	4,573
Total comprehensive income for the financial period	109,315	79,229	210,992	141,905

A39. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 September 2019**

Group	Share capital/ Capital funds RM'000	Non-Distributable			Distributable	
		Regulatory reserve RM'000	Available- for sale deficit RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 April 2018						
- as previously stated	1,417,107	327,683	(5,492)	-	1,838,734	3,578,032
- effects of adopting MFRS 9 at 1 April 2018	-	(162,530)	5,492	15,535	38,894	(102,609)
Restated balance at 1 April 2018	1,417,107	165,153	-	15,535	1,877,628	3,475,423
Profit for the financial period	-	-	-	-	137,332	137,332
Other comprehensive income, net	-	-	-	4,573	-	4,573
Total comprehensive income for the financial period	-	-	-	4,573	137,332	141,905
Transfer to retained earnings	-	(1,966)	-	-	1,966	-
Transfer of ESS shares recharged	-	-	-	-	(70)	(70)
- difference on purchase price of shares vested	-	(1,966)	-	-	1,896	(70)
At 30 September 2018	1,417,107	163,187	-	20,108	2,016,856	3,617,258
At 1 April 2019	1,417,107	164,928	-	39,151	2,002,592	3,623,778
Profit for the financial period	-	-	-	-	181,252	181,252
Other comprehensive income, net	-	-	-	29,740	-	29,740
Total comprehensive income for the financial period	-	-	-	29,740	181,252	210,992
Transfer to regulatory reserve	-	63,512	-	-	(63,512)	-
Dividend on ordinary shares	-	-	-	-	(163,142)	(163,142)
	-	63,512	-	-	(226,654)	(163,142)
At 30 September 2019	1,417,107	228,440	-	68,891	1,957,190	3,671,628

A39. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances

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

Group 30.09.19	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
At amortised cost:							
Cash lines	-	499,741	-	-	984,572	-	1,484,313
Term financing	708,147	6,934,985	9,915	-	2,019,630	52,579	9,725,256
Revolving credit	42,073	3,131,103	-	-	1,535,462	-	4,708,638
Housing financing	2,892,828	3,841,845	47,804	-	-	-	6,782,477
Hire purchase receivables	4	-	-	4,313,946	-	-	4,313,950
Bills receivables	-	128,405	-	-	-	37,522	165,927
Credit card receivables	-	-	-	-	-	533,335	533,335
Trust receipts	-	173,124	-	-	-	-	173,124
Claims on customers under acceptance credits	-	1,546,201	-	-	-	255,546	1,801,747
Staff financing	-	1,617	-	-	-	-	1,617
Gross financing and advances*	<u>3,643,052</u>	<u>16,257,021</u>	<u>57,719</u>	<u>4,313,946</u>	<u>4,539,664</u>	<u>878,982</u>	<u>29,690,384</u>
Allowance for impairment on financing and advances							
- Stage 1 - 12 months ECL							(76,774)
- Stage 2 - Lifetime ECL not credit impaired							(174,384)
- Stage 3 - Lifetime ECL credit impaired							(125,678)
Net financing and advances							<u>29,313,548</u>

A39. 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.):

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
At amortised cost:							
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>

* 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.

A39. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Balance at beginning of the financial year	572,549	582,538
Additions during the financial period/year	230,152	376,962
Reclassified to non-impaired financing	(40,996)	(131,055)
Recoveries	(21,761)	(27,839)
Amount written off	(134,686)	(228,057)
Balance at end of the financial period/year	<u>605,258</u>	<u>572,549</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>2.04%</u>	<u>1.95%</u>
Financing loss coverage (including regulatory reserve)	<u>102.7%</u>	<u>103.2%</u>

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

Group				Total
	30.09.19	Stage 2	Stage 3	
	Stage 1	Lifetime ECL	Lifetime ECL	
	12-month	Not Credit	Credit	
	ECL	Impaired	Impaired	Total
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	80,362	204,632	122,627	407,621
(Writeback) of/allowances for ECL during the period:				
- Transfer to 12 month ECL (Stage 1)	(3,589)	(30,248)	137,737	103,900
- Transfer to Lifetime ECL not credit impaired (Stage 2)	3,727	(27,551)	(1,250)	(25,074)
-Transfer to Lifetime ECL credit impaired (Stage 3)	(10,087)	51,168	(11,426)	29,655
New financial assets originated	(789)	(8,274)	32,820	23,757
Net remeasurement of allowances	19,796	8,480	137	28,413
Changes to model assumptions and methodologies	(10,832)	(41,028)	140,659	88,799
Modification of contractual cash flows of financial assets	3,109	(1,170)	378	2,317
Financial assets derecognised	(59)	38	-	(21)
Foreign exchange differences	(8,454)	(11,911)	(23,581)	(43,946)
Amount written-off	1	-	-	1
Balance at end of the financial period*	<u>76,774</u>	<u>174,384</u>	<u>125,678</u>	<u>376,836</u>

Note:

1 Included ECL previously taken up by AmBank transferred in arising from early redemption of investment account contracts by AmBank which amounted to RM2.5 million (31 March 2019:RM3.7 million).

2 As at 30 September 2019, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,352.3 million (31 March 2019: RM1,470.1 million). ECL allowance for the RA financing which amounted to RM1.0 million (31 March 2019: RM3.7 million) is taken up by AmBank.

A39. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

(ii) Movements in allowances for ECL are as follows (Cont'd.):

Group 31.03.19	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 financial year				
- as previously stated	-	-	-	258,586
- effects of adoption of MFRS 9	-	-	-	143,964
Restated balance at beginning of the financial year	72,384	204,922	125,244	402,550
(Writeback) of/allowances for 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 Note 1	(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*	80,362	204,632	122,627	407,621

(b) Deposits From Customers

	Group	
	30.09.19 RM'000	31.03.19 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	2,035,336	2,002,816
<i>Qard</i>	74,720	15,041
Demand deposits		
<i>Commodity Murabahah</i>	5,711,974	6,935,337
<i>Qard</i>	598,528	15,375
Term deposits		
<i>Commodity Murabahah</i>	20,917,259	20,771,281
<i>Qard</i>	182,403	402,099
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	997,987
	29,520,220	31,139,936

The deposits are sourced from the following types of customers:

	Group	
	30.09.19 RM'000	31.03.19 RM'000
Business enterprises	16,100,190	15,833,377
Government and statutory bodies	3,078,335	4,030,053
Individuals	9,598,214	10,223,309
Others	743,481	1,053,197
	29,520,220	31,139,936

A39. 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	
	30.09.19 RM'000	31.03.19 RM'000
Due within six months	18,050,362	16,032,555
Over six months to one year	1,935,658	4,994,369
Over one year to three years	979,900	602,241
Over three years to five years	133,742	542,202
	21,099,662	22,171,367

(c) Investment Accounts Of Customers

	Group	
	30.09.19 RM'000	31.03.19 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	17,809	18,643
With maturity		
- Mudarabah	171,779	334,808
	189,588	353,451

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

	Group	
	30.09.19 RM'000	31.03.19 RM'000
Business enterprises	152,628	335,052
Individuals	36,960	18,399
	189,588	353,451

	Group	
	30.09.19 RM'000	31.03.19 RM'000
Investment asset:		
Interbank placement (Wakalah)	17,809	18,643
Housing financing (Mudarabah)	171,779	334,808
Total investment	189,588	353,451

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 (%)
30.09.19			
Maturity			
less than 3 months	77.20	3.21	3.07
over 3 months to 1 year	85.82	3.94	-
31.03.19			
Maturity			
less than 3 months	79.16	2.98	3.25
over 3 months to 1 year	87.59	4.04	-

A39. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	1,348,341	1,465,539
Investment asset:		
Financing	1,348,341	1,465,539
Total investment	1,348,341	1,465,539

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 RA contracts is AmBank, a related company.

During the current financial quarter, AmBank early redeemed a contract on 27 August 2019 which amounted to RM188.2 million. The expected credit losses on the financing funded by this contract is now taken up in AmBank Islamic as disclosed in Note A39(a)(ii).

As at 30 September 2019, the tenure of the RA contracts is for a period ranging between 2 months to 10 years (31 March 2019: 8 months to 11 years).

Profit Sharing Ratio and Average Rate of Return for the investment account based on original contractual maturity are as follows:

	30.09.19		31.03.19	
	Profit sharing ratio (%)	Average rate of return (%)	Profit sharing ratio (%)	Average rate of return (%)
Maturity:				
over 1 year to 2 years	-	-	46	2.36
over 2 years to 5 years	89	4.19	90	4.62
more than 5 years	90	3.92	77	3.86

(e) Other Liabilities

	Group	
	30.09.19	31.03.19
	RM'000	RM'000
Other payables and accruals	253,554	270,183
Deferred income	14,934	14,566
Lease liabilities	204	-
Provision for reinstatement		
for leased properties	30	-
Provision for zakat and taxation	8,369	6,016
Provision for commitments and contingencies	5,500	15,724
Allowances for expected credit loss on financing commitments and financial guarantees	16,396	18,230
Advance rental	7,963	5,350
	306,950	330,069

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	
	30.09.19 RM'000	30.09.18 RM'000	Amount RM'000	%	30.09.19 RM'000	30.09.18 RM'000	Amount RM'000	%
Operating revenue	2,349,315	2,313,966	35,349	1.5	4,739,717	4,485,257	254,460	5.7
Operating profit before impairment losses	542,670	501,612	41,058	8.2	1,078,675	1,002,440	76,235	7.6
Profit before taxation and zakat	433,588	490,657	(57,069)	(11.6)	1,002,050	984,498	17,552	1.8
Profit for the financial period	353,097	378,456	(25,359)	(6.7)	784,687	761,712	22,975	3.0
Profit attributable to equity holders of the Company	319,568	348,153	(28,585)	(8.2)	711,027	695,747	15,280	2.2

Financial year to date - Cumulative period ended 30 September 2019 compared to 30 September 2018

For the financial period under review, the Group generated revenue of RM4,739.7 million, a growth of RM254.5 million (5.7%) compared to same period last year. Fund based income from interest bearing assets increased mainly from interest on fixed income securities and customer lending. Non-interest income recorded substantial increase 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 offset by reduction from hire purchase.

Funding costs increased for securities sold under repurchase agreements, customer deposits and financial institutions due to the increase in average balances. Net interest margin ("NIM") declined to 1.89% compared to 1.97% for the corresponding period last year.

Fee based income recorded an increase of RM20.4 million. Market based income increased from gains on trading/liquidation of securities and revaluation of trading securities offset by decrease in gain from trading in foreign exchange. Decrease in other income was attributable to a significant gain on disposal of foreclosed property in prior period.

Net income from insurance business decreased mainly due to higher commission expense and insurance claims despite increase in net earned premium.

The Group's share of profits from associates and joint ventures reduced mainly due to the insurance-based joint ventures which recorded higher reserving mitigated by higher investment and trading income from revaluation of securities.

Total operating expenses increased by 3.6% compared to same period last year. Personnel expenses increased due to share based payment expenses compared to a writeback same period last year, higher salaries, allowances and bonus and training expenses. General and administrative expenses were controlled with a reduction of 11.5% in expenses. Overall, the Group's cost to income ratio improved to 49.4% from 50.4% a year ago.

Credit costs recorded a higher charge for this financial period, attributable to lower recoveries from loans, advances and financing and higher impairment allowance on securities.

Profit before taxation and zakat for the current financial period was higher compared to a year ago at RM1,002.1 million, an increase of RM17.6 million (1.8%). Profit for the financial period increased by RM23.0 million to RM784.7 million compared to same period last year.

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 recorded a growth in gross balances by RM132.4 million from 31 March 2019 to RM102.0 billion. The Group's impaired loans ratio was at 1.8%.

Deposits from customers was lower compared to 31 March 2019 at RM102.7 billion. Low cost deposits constituted 22.8% of total deposits from customers, a decrease compared to 23.3% as at 31 March 2019.

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 16.05% at the end of the reporting period.

Divisional performance

Retail Banking (Year to date ("YTD") FY2020: RM205.6 million vs YTD FY2019: RM247.7 million)

Profit before tax ("PBT") decreased by RM42.1 million due to higher other operating expenses and higher net impairment, offset by higher income.

Net income increased mainly due higher net finance income from higher volume impact, partially offset by lower fee income from Retail SME and Cards.

Higher net impairment mainly on loans, advances and financing due to lower recoveries post debt sale, coupled with lower writeback from provision for commitments and contingencies.

Retail deposits dropped by 13.1% to RM47.1 billion attributed to lower fixed deposits, while gross loans, advances and financing grew RM1.1 billion to close at RM57.6 billion mainly from mortgages and Retail SME.

Business Banking (YTD FY2020: RM63.0 million vs YTD FY2019: RM87.8 million)

PBT decreased by RM24.8 million due higher other operating expense and net impairment, offset by higher net income.

Higher other operating expense mainly due to higher service transfer pricing and personnel costs. Higher net impairment mainly on loans, advances and financing and lower recoveries, while higher net income arising from higher business volume.

Business Banking deposits increased by 21.4% to RM6.2 billion from both fixed deposits and current accounts, while gross loans, advances and financing grew by RM1.8 billion to close at RM10.4 billion.

Corporate Banking (YTD FY2020: RM352.7 million vs YTD FY2019: RM383.6 million)

PBT decreased by RM30.9 million from lower net income and higher other operating expense, offset by higher writeback of impairment and recoveries.

Net income decreased by 6.6% mainly arising from gain on disposal of foreclosed property in YTD FY2019, coupled with lower net finance income from lower volume.

Corporate Banking deposits increased by 2.3% to close at RM9.7 billion, while gross loans, advances and financing dropped by 2.5% to close at RM32.5 billion.

Group Treasury and Markets (YTD FY2020: RM197.9 million vs YTD FY2019: RM77.1 million)

PBT grew RM120.8 million from higher net income and higher writeback of impairment.

Net income increased by RM117.9 million driven by higher net finance income due to higher margin and volume, along with higher other income mainly from gain on disposal of money market securities and bonds.

Investment Banking (YTD FY2020: RM25.9 million vs YTD FY2019: RM24.8 million)

PBT increased by RM1.1 million from higher advisory fees, partly offset by higher other operating expenses and lower writeback of impairment on loans, advances and financing.

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

Divisional performance (Cont'd.)

Fund Management (YTD FY2020: RM22.1 million vs YTD FY2019: RM17.9 million)

PBT increased by RM4.2 million from higher management fee, offset by higher other operating expenses.

Insurance (YTD FY2020: RM187.8 million vs YTD FY2019: RM187.1 million)

Insurance PBT increased by 3.4% mainly driven by higher investment income, partially offset by lower premium and higher other operating expenses.

Group Funding & Others (YTD FY2020: Loss of RM53.0 million vs YTD FY2019: Loss of RM36.1 million)

Higher loss before tax attributed to lower net income and higher other operating expenses, partially offset by writeback of impairment.

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	
	30.09.19	30.06.19	Amount	%
	RM'000	RM'000	RM'000	
Operating revenue	2,349,315	2,390,402	(41,087)	(1.7)
Operating profit before impairment losses	542,670	536,005	6,665	1.2
Profit before taxation and zakat	433,588	568,462	(134,874)	(23.7)
Profit for the financial quarter	353,097	431,590	(78,493)	(18.2)
Profit attributable to equity holders of the Company	319,568	391,459	(71,891)	(18.4)

Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group generated revenue of RM2,349.3 million, a decrease of 1.7% over last quarter. Fund based income from interest bearing assets decreased mainly from interest on customer lending and interest income on securities. Non-interest income increased driven by increase in trading and investment income.

Funding costs decreased attributable to lower interest on deposits from customers offset by increase in interest for deposits and placements from banks and other financial institutions. For this quarter, net interest margin improved to 1.91% compared to 1.87% in the preceding quarter.

Overall other operating income increased for this quarter compared to preceding quarter driven by increase in gains from disposal of securities, lower loss on derivatives offset by lower gains on revaluation of securities.

Total operating expenses decreased marginally by 0.4% compared to preceding quarter.

Credit costs increased attributable to higher impairment allowances for loans, advances and financing mitigated by higher recoveries from loans, advances and financing.

Against the preceding quarter, profit before taxation and zakat for the current quarter is lower at RM433.6 million, a decrease of RM134.9 million (23.7%). Profit for the quarter decreased by RM78.5 million to RM353.1 million compared to preceding quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2021

The Gross Domestic Products ("GDP") grew in 3Q2019 by 4.4% year-on-year ("y/y") from a strong 4.9% y/y supported by private consumption which continued to report a credible growth of 7.0% y/y from 7.8% y/y in 2Q2019 on the back of sustained income growth. Services and manufacturing sectors continued to grow by 5.9% y/y and 3.6% y/y. For the full year of 2019, GDP is more likely to stay around 4.5% with our global GDP projected at 3.0%. Outlook for 2020 will continue to be influenced by external challenges and domestic activities. With our base case global GDP growth projected at 2.8%, the local economy should grow around 4.3% in 2020. Downside risk on global GDP and also Malaysia's growth remains.

Inflation grew 0.6% on average for the first nine months of the year with core inflation for the same period being flat. Upside to inflation remains weak in view of low demand driven pressures added with limited cost driven impact. For the full year of 2019, inflation is likely to hover around 0.8-0.9% while in 2020 it could reach 2.0% partly due to low base impact.

In 2018, the banking system's loans expanded by 7.7%. 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 144% as at end of September 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 82.9% and 72.5% respectively as at September 2019.

On the Overnight Policy Rate ("OPR") outlook, BNM is expected to maintain the 3.00% throughout 2019. However, following the surprise Statutory Reserve Requirement cut by 50bps to 3.00%, added with a slower 3Q2019 GDP of 4.4%, it now points to an increasing chance for a OPR cut end January 2020 by 25bps from the current 3.00%. BNM's decision will remain data-dependent.

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	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Estimated current tax payable	81,797	118,089	174,422	176,585
Deferred tax	(2,013)	(6,499)	41,517	50,600
	<u>79,784</u>	<u>111,590</u>	<u>215,939</u>	<u>227,185</u>
Over provision of current taxation in respect of prior years	-	(29)	-	(5,679)
Taxation	<u>79,784</u>	<u>111,561</u>	<u>215,939</u>	<u>221,506</u>
Zakat	707	640	1,424	1,280
Taxation and zakat	<u>80,491</u>	<u>112,201</u>	<u>217,363</u>	<u>222,786</u>

The total tax charge of the Group for the financial period ended 30 September 2019 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax. The total tax charge of the Group for the financial period ended 30 September 2018 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax and overprovision of income tax.

B6. CORPORATE PROPOSALS

1. As at 30 September 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.
2. On 8 July 2019, the Board of Directors of the Company announced that the Company intends to seek the approval of its shareholders for the proposed authority for the Company to purchase up to three percent (3%) of the total number of its issued shares at the general meeting of the Company scheduled on 31 July 2019. The ordinary resolution as set out in the Notice of Extraordinary General Meeting of the Company held on 31 July 2019 was duly passed by way of poll.

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
30.09.19						
Unsecured						
Term funding	-	182,354 ^	-	1,833,210	-	2,015,564
Debt capital	-	3,745,000	-	-	-	3,745,000
30.09.18						
Unsecured						
Term funding	-	2,519,613 ^	400,000	2,330,015	400,000	4,849,628
Debt capital	-	4,964,658	-	-	-	4,964,658

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.

^ Included here an amount of RM1,654.6 million related to the USD400.0 million Medium Term Note outstanding as at 30 September 2018 translated at exchange rate of 4.1365.

* 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
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 Note Tier 2 - 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	Senior Notes - 4 years	600,000	4.30	25,800
March 2019 - Redemption	AmBank	Non-Innovative Tier 1 capital - 10 years	300,000	9.00	27,000
March 2019 - Redemption	AmBank Islamic	Subordinated Sukuk Tier 2 - 10 years	150,000	5.05	7,575
July 2019 - Redemption	AmBank	Euro Medium Term Notes - 5 years	1,655	3.13	51,789
August 2019 - Redemption	AmBank	Innovative Tier 1 capital - 10 years	300,000	8.25	24,750

B7. BORROWINGS AND DEBT SECURITIES (CONT'D.)

Detailed explanations on the material changes to the borrowings and debt securities as at the current year to-date compared with the corresponding period in the immediate preceding year (Cont'd.):

Month of Issuance/ Redemption	Entity	Note type and tenor	Nominal value RM'000	Weighted average interest rate %	Net interest savings per annum for redemption RM'000
September 2019 - Redemption	AmBank	Innovative Tier 1 capital - 10 years	185,000	8.25	15,263

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 A32.

B9. DIVIDENDS

- (i) A proposed interim cash dividend of 6.0 Sen per share for the financial year ending 31 March 2020 has been recommended by the directors;
- (ii) Previous corresponding period: 5.0 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 A33.

B11. EARNINGS PER SHARE (SEN)

- (a) Basic/Diluted earnings per share

The basic/diluted 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.

	Individual Quarter		Cumulative Quarter	
	30.09.19	30.09.18	30.09.19	30.09.18
Net profit attributable to equity holders of the Company (RM'000)	319,568	348,153	711,027	695,747
Weighted average number of ordinary shares in issue ('000)	3,009,233	3,008,582	3,009,233	3,008,582
Basic/diluted earnings per share (Sen)	10.62	11.57	23.63	23.13