

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 March 2020

	Note	GROUP		BANK	
		31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
ASSETS					
Cash and short-term funds		5,559,041	4,605,357	2,111,264	2,317,369
Deposits and placements with banks and other financial institutions		-	-	73,554	41,368
Investment accounts due from designated financial institutions		-	-	1,881,710	1,912,415
Financial assets at fair value through profit or loss ("FVTPL")	A9	478,616	662,132	171,743	170,216
Derivative financial assets	A29	319,978	164,868	174,653	118,225
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	11,804,685	12,496,846	6,441,069	6,373,844
Financial investments at amortised cost ("AC")	A11	147,085	145,066	101,931	100,499
Loans, advances and financing	A12	44,828,481	45,387,865	25,139,303	25,730,059
Trade receivables	A13	383,631	534,388	-	-
Other assets	A14	181,198	159,950	46,945	60,883
Amount due from subsidiaries		-	-	21,407	1,318
Amount due from joint ventures		28,504	28,402	-	-
Amount due from associates		31,784	31,787	30,884	30,887
Tax recoverable		117,988	121,595	84,090	67,940
Deferred tax assets		97,000	22,520	58,202	12,690
Statutory deposits with Bank Negara Malaysia		742,136	1,534,777	643,635	857,377
Investment in subsidiaries		-	-	3,053,899	3,053,899
Investment in joint ventures		163,253	171,913	178,940	178,940
Investment in associates		652,240	659,527	548,482	548,482
Property and equipment		710,561	641,867	675,430	607,322
Right-of-use assets		56,735	57,709	37,822	43,416
Intangible assets		905,940	914,693	197,245	202,670
TOTAL ASSETS		67,208,856	68,341,262	41,672,208	42,429,819
LIABILITIES AND EQUITY					
Deposits from customers	B7	50,932,855	51,088,962	28,809,744	30,135,250
Investment accounts of customers		1,179	1,447	-	-
Deposits and placements of banks and other financial institutions	B7	1,418,625	1,763,252	1,331,193	646,085
Derivative financial liabilities	A29	378,468	186,791	235,926	136,439
Bills and acceptances payable		27,127	32,903	27,127	32,903
Trade payables		603,185	787,563	-	-
Lease liabilities	B7	57,452	58,650	38,752	44,219
Other liabilities	A15	958,157	1,398,837	409,145	418,548
Amount due to subsidiaries		-	-	2,018	55,899
Provision for taxation		230	41	-	-
Deferred tax liabilities		3,514	19,080	-	-
Borrowings	B7	3,587,286	3,607,143	2,514,563	2,548,379
TOTAL LIABILITIES		57,968,078	58,944,669	33,368,468	34,017,722

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 March 2020

	Note	GROUP		BANK	
		31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
EQUITY					
Share capital		4,774,772	4,774,772	4,774,772	4,774,772
Reserves:-					
FVOCI revaluation reserves	A16	(34,259)	250,661	15,952	148,173
Regulatory reserves	A16	672,426	732,539	435,290	471,925
Other reserves	A16	(61,010)	(61,010)	-	-
Foreign exchange reserves	A16	135	135	-	-
Retained profits	A16	3,823,755	3,640,073	3,077,726	3,017,227
Equity attributable to equity holders of the Bank		9,175,819	9,337,170	8,303,740	8,412,097
Non-controlling interest		64,959	59,423	-	-
TOTAL EQUITY		9,240,778	9,396,593	8,303,740	8,412,097
TOTAL LIABILITIES AND EQUITY		67,208,856	68,341,262	41,672,208	42,429,819
COMMITMENTS AND CONTINGENCIES	A28	32,589,451	30,851,233	19,117,621	19,679,897
CAPITAL ADEQUACY RATIOS	A31				
Before deducting proposed dividends :					
CET 1 capital ratio		14.315%	14.503%	12.978%	13.026%
Tier 1 capital ratio		16.102%	16.284%	14.687%	14.713%
Total capital ratio		23.179%	23.306%	22.403%	22.349%
After deducting proposed dividends :					
CET 1 capital ratio		14.253%	14.459%	12.882%	12.958%
Tier 1 capital ratio		16.040%	16.241%	14.590%	14.644%
Total capital ratio		23.117%	23.262%	22.306%	22.280%
Net assets per share attributable to equity holders of the Bank (RM)		4.62	4.70	4.19	4.24

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2020

GROUP	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/3/2020	31/3/2019	31/3/2020	31/3/2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	485,407	591,620	485,407	591,620
Interest expense	A18	(311,975)	(403,237)	(311,975)	(403,237)
Net interest income		173,432	188,383	173,432	188,383
Income from Islamic banking business		119,671	97,395	119,671	97,395
		293,103	285,778	293,103	285,778
Fee and commission income	A19 (a)	163,502	133,175	163,502	133,175
Fee and commission expense	A19 (b)	(47,238)	(30,565)	(47,238)	(30,565)
Net fee and commission income	A19	116,264	102,610	116,264	102,610
Net gains on financial instruments	A20	207,612	71,511	207,612	71,511
Other income	A21	13,396	12,617	13,396	12,617
Net income		630,375	472,516	630,375	472,516
Other operating expenses	A22	(332,049)	(304,322)	(332,049)	(304,322)
Operating profit before allowances		298,326	168,194	298,326	168,194
(Allowances for)/write-back of credit impairment losses	A23	(117,093)	9,860	(117,093)	9,860
Allowances for impairment losses on other assets	A24	(1,015)	-	(1,015)	-
Operating profit		180,218	178,054	180,218	178,054
Share of results of a joint venture		(3,661)	(1,750)	(3,661)	(1,750)
Share of results of associates		(65)	9,119	(65)	9,119
Profit before zakat and taxation		176,492	185,423	176,492	185,423
Zakat		(2,203)	(447)	(2,203)	(447)
Profit before taxation		174,289	184,976	174,289	184,976
Taxation	B5	(45,184)	(41,231)	(45,184)	(41,231)
Net profit after zakat and taxation		129,105	143,745	129,105	143,745
Attributable to :-					
Equity holders of the Bank		123,569	137,231	123,569	137,231
Non-controlling interest		5,536	6,514	5,536	6,514
		129,105	143,745	129,105	143,745
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic	B10	6.22	6.94	6.22	6.94
Diluted	B10	5.97	6.94	5.97	6.94

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 31 March 2020

GROUP	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	129,105	143,745	129,105	143,745
Other comprehensive income/(losses):				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	(132,300)	167,705	(132,300)	167,705
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	461	1,102	461	1,102
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(227,732)	(7,219)	(227,732)	(7,219)
- Net loss on disposal in financial investments at FVOCI (non-recycle to profit or loss)	-	303	-	303
- Deferred tax on financial investments at FVOCI	86,407	(38,579)	86,407	(38,579)
- Share of other comprehensive (loss)/income of a joint venture	(4,999)	140	(4,999)	140
- Share of other comprehensive (loss)/income of associates	(6,690)	3,810	(6,690)	3,810
<u>Items that may not be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments designated at FVOCI (equity instruments)	(88)	5,691	(88)	5,691
- Deferred tax on financial investments at FVOCI	21	(1,366)	21	(1,366)
Other comprehensive (loss)/income for the financial period, net of tax	(284,920)	131,587	(284,920)	131,587
Total comprehensive (loss)/income for the financial period	(155,815)	275,332	(155,815)	275,332
Total comprehensive (loss)/income for the financial period attributable to :-				
Equity holders of the Bank	(161,351)	268,818	(161,351)	268,818
Non-controlling interest	5,536	6,514	5,536	6,514
	(155,815)	275,332	(155,815)	275,332

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2020

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/3/2020 RM'000	31/3/2019 RM'000	31/3/2020 RM'000	31/3/2019 RM'000
<u>BANK</u>					
Interest income	A17	434,357	532,362	434,357	532,362
Interest expense	A18	(277,420)	(359,687)	(277,420)	(359,687)
Net interest income		156,937	172,675	156,937	172,675
Fee and commission income	A19 (a)	24,317	25,108	24,317	25,108
Fee and commission expense	A19 (b)	(1,780)	(1,474)	(1,780)	(1,474)
Net fee and commission income	A19	22,537	23,634	22,537	23,634
Net gains on financial instruments	A20	81,512	30,425	81,512	30,425
Other income	A21	12,481	9,738	12,481	9,738
Net income		273,467	236,472	273,467	236,472
Other operating expenses	A22	(170,326)	(149,783)	(170,326)	(149,783)
Operating profit before allowances		103,141	86,689	103,141	86,689
(Allowances for)/write-back of credit impairment losses	A23	(71,195)	17,006	(71,195)	17,006
Profit before zakat and taxation		31,946	103,695	31,946	103,695
Zakat		-	-	-	-
Profit before taxation		31,946	103,695	31,946	103,695
Taxation	B5	(8,082)	(23,693)	(8,082)	(23,693)
Net profit after zakat and taxation		23,864	80,002	23,864	80,002
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic	B10	1.20	4.05	1.20	4.05
Diluted	B10	1.15	4.05	1.15	4.05

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 31 March 2020

BANK	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	23,864	80,002	23,864	80,002
Other comprehensive income/(losses):				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	(79,744)	88,676	(79,744)	88,676
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	795	(1,807)	795	(1,807)
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(95,277)	(17,461)	(95,277)	(17,461)
- Deferred tax on financial investments at FVOCI	42,005	(17,093)	42,005	(17,093)
Other comprehensive (loss)/income for the financial period, net of tax	(132,221)	52,315	(132,221)	52,315
Total comprehensive (loss)/income for the financial period	(108,357)	132,317	(108,357)	132,317

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

AFFIN BANK BERHAD

Company no. 197501003274 (25046-T)

**Unaudited Condensed Consolidated Statement Of Changes In Equity
for the Financial Quarter Ended 31 March 2020**

	Attributable to Equity Holders of the Bank							Total shareholders' equity RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves* RM'000	Other reserves RM'000	Retained profits RM'000			
GROUP										
At 1 January 2020	4,774,772	250,661	732,539	135	-	(61,010)	3,640,073	9,337,170	59,423	9,396,593
Net profit for the financial period	-	-	-	-	-	-	123,569	123,569	5,536	129,105
Other comprehensive income (net of tax) :										
- Financial investments at FVOCI	-	(273,231)	-	-	-	-	-	(273,231)	-	(273,231)
- Share of other comprehensive loss of a joint venture	-	(4,999)	-	-	-	-	-	(4,999)	-	(4,999)
- Share of other comprehensive loss of associates	-	(6,690)	-	-	-	-	-	(6,690)	-	(6,690)
Total comprehensive income	-	(284,920)	-	-	-	-	123,569	(161,351)	5,536	(155,815)
Transfer from regulatory reserves	-	-	(60,113)	-	-	-	60,113	-	-	-
At 31 March 2020	4,774,772	(34,259)	672,426	135	-	(61,010)	3,823,755	9,175,819	64,959	9,240,778
At 1 January 2019	4,684,752	110,371	939,055	593	8,328	-	2,928,584	8,671,683	69,553	8,741,236
Net profit for the financial period	-	-	-	-	-	-	137,231	137,231	6,514	143,745
Other comprehensive income (net of tax) :										
- Financial investments at FVOCI	-	127,637	-	-	-	-	-	127,637	-	127,637
- Net loss on disposal of financial investments designated at FVOCI (equity instruments)	-	303	-	-	-	-	(303)	-	-	-
- Share of other comprehensive income of a joint venture	-	140	-	-	-	-	-	140	-	140
- Share of other comprehensive income of associates	-	3,810	-	-	-	-	-	3,810	-	3,810
Total comprehensive income	-	131,890	-	-	-	-	136,928	268,818	6,514	275,332
Issuance of new shares	90,020	-	-	-	-	-	-	90,020	-	90,020
Dilution of interest in subsidiaries	-	-	-	-	-	-	12,807	12,807	31,967	44,774
Transfer to regulatory reserves	-	-	22,135	-	-	-	(22,135)	-	-	-
Issuance of new shares from exercise of employee stock option incentive scheme **	-	-	-	-	(8,328)	-	8,328	-	-	-
At 31 March 2019	4,774,772	242,261	961,190	593	-	-	3,064,512	9,043,328	108,034	9,151,362

* The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme.

** On 8 March 2019, the options holder have fully exercised the employee stock option incentive scheme.

AFFIN BANK BERHAD
 Company no. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 31 March 2020

	<-----Non-distributable----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
<u>BANK</u>					
At 1 January 2020	4,774,772	148,173	471,925	3,017,227	8,412,097
Net profit for the financial period	-	-	-	23,864	23,864
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(132,221)	-	-	(132,221)
Total comprehensive income	-	(132,221)	-	23,864	(108,357)
Transfer from regulatory reserves	-	-	(36,635)	36,635	-
At 31 March 2020	4,774,772	15,952	435,290	3,077,726	8,303,740
At 1 January 2019	4,684,752	111,161	716,313	2,408,718	7,920,944
Net profit for the financial period	-	-	-	80,002	80,002
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	52,315	-	-	52,315
Total comprehensive income	-	52,315	-	80,002	132,317
Issuance of new shares	90,020	-	-	-	90,020
Transfer to regulatory reserves	-	-	12,516	(12,516)	-
At 31 March 2019	4,774,772	163,476	728,829	2,476,204	8,143,281

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flow
for the Financial Quarter Ended 31 March 2020

	GROUP		BANK	
	31/3/2020 RM'000	31/3/2019 RM'000	31/3/2020 RM'000	31/3/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	174,289	184,976	31,946	103,695
Adjustments for items not involving the movement of cash and cash equivalents	(67,025)	(145,517)	(4,545)	(77,156)
Operating profit before changes in working capital	107,264	39,459	27,401	26,539
Net changes in operating assets	1,680,947	(274,604)	750,228	195,060
Net changes in operating liabilities	(1,253,398)	(750,563)	(655,223)	(2,321,413)
Tax and zakat paid	(45,986)	(33,719)	(27,738)	(10,537)
Net cash generated/(used in) from operating activities	488,827	(1,019,427)	94,668	(2,110,351)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial investments at FVOCI	98,877	126,030	71,552	85,830
- financial investments at AC	2,014	2,029	1,427	1,388
Dividend income :				
- financial assets at FVTPL	2,062	1,150	-	-
- financial investments at FVOCI	-	1,016	-	106
Net disposal/(purchase) of :				
- financial investments at FVOCI	518,798	683,206	(157,654)	1,589,088
- financial investments at AC	(5,544)	1,018	(1,427)	1,588
Purchase of :				
- property and equipment	(76,083)	(39,911)	(72,653)	(38,021)
- intangible assets	(449)	(477)	(35)	(286)
Proceeds from disposal of :				
- property and equipment	24	55	-	1
- foreclosed properties	120	-	120	-
Exercise of employee stock option incentive scheme	-	44,774	-	-
Net cash generated from/(used in) investing activities	539,819	818,890	(158,670)	1,639,694
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	-	600,000	-	-
Interest payment on borrowings	(65,139)	(47,097)	(67,174)	(67,036)
Issuance of new shares	-	90,020	-	90,020
Lease payments	(37,261)	-	(6,951)	-
Net cash (used in)/generated from financing activities	(102,400)	642,923	(74,125)	22,984
Net increase/(decrease) in cash and cash equivalents	926,246	442,386	(138,127)	(447,673)
Effects of foreign exchange	(20,808)	2,303	(9,427)	662
Cash and cash equivalents at beginning of the financial period	4,605,357	6,324,663	2,288,797	2,653,725
Cash and cash equivalents at end of the financial period	5,510,795	6,769,352	2,141,243	2,206,714
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	5,559,041	6,874,631	2,111,264	2,276,504
Deposits and placements of banks and other financial institutions	-	113,095	73,554	169,821
	5,559,041	6,987,726	2,184,818	2,446,325
Less:				
Amount held on behalf of commissioned dealer's representatives	(48,246)	(48,537)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	-	(169,837)	(43,575)	(239,611)
	5,510,795	6,769,352	2,141,243	2,206,714

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period under review have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values :

- (i) financial assets at FVTPL,
- (ii) financial investments at FVOCI, and
- (iii) derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and Policy Document on Financial Reporting issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group and the Bank since the year ended 31 December 2019.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2019, except for the adoption of the following amendments to MFRS that are applicable to the Group and the Bank effective for the financial year beginning on 1 January 2020:

The MASB has made amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective 1 January 2020) which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in MFRS 101 about immaterial information.

Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The MASB has issued a revised Conceptual Framework (effective 1 January 2020) which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

The MASB has made limited scope amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Ventures'.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group and the Bank are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial period that have a material effect during the financial period under review.

A7. DEBT AND EQUITY SECURITIES

There were no shares issuance or cancellations, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Group and the Bank during the financial period under review.

A8. DIVIDENDS PAID

No dividend has been paid during the financial quarter under review.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
<u>At fair value</u>				
<u>Money market instruments</u>				
Malaysian Government Investment Issues	2	137,242	-	-
Negotiable Instruments of Deposit	62,131	60,977	62,131	60,977
	<u>62,133</u>	<u>198,219</u>	<u>62,131</u>	<u>60,977</u>
<u>Quoted Securities</u>				
Exchange traded fund	1,563	5,006	-	-
Shares, warrants and REITs in Malaysia	15,109	49,478	-	-
Shares, warrants and REITs outside Malaysia	35,632	35,101	-	-
Unit Trusts in Malaysia	221,253	231,777	-	-
	<u>273,557</u>	<u>321,362</u>	<u>-</u>	<u>-</u>
<u>Unquoted Securities</u>				
Shares in Malaysia	94,207	94,207	94,207	94,207
Corporate Bonds/Sukuk in Malaysia	22,232	21,857	15,405	15,032
Corporate Bonds/Sukuk outside Malaysia	26,487	26,487	-	-
	<u>142,926</u>	<u>142,551</u>	<u>109,612</u>	<u>109,239</u>
	<u>478,616</u>	<u>662,132</u>	<u>171,743</u>	<u>170,216</u>

A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
<u>At fair value</u>				
<u>Money market instruments</u>				
Malaysian Government Securities	1,044,888	731,623	193,260	182,017
Malaysian Government Investment Issues	2,572,098	2,948,863	808,867	989,435
Cagamas Bonds/Sukuk	10,864	25,965	-	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	113,794	7,073	1,131,191	1,016,287
Khazanah Bonds/Sukuk	378,063	309,411	324,475	256,336
	<u>4,119,707</u>	<u>4,022,935</u>	<u>2,457,793</u>	<u>2,444,075</u>
<u>Unquoted Securities</u>				
Shares in Malaysia	180,833	180,881	157,817	157,818
Corporate bonds/Sukuk in Malaysia	7,208,215	8,031,818	3,620,605	3,638,627
Corporate Bonds/Sukuk outside Malaysia	295,930	261,212	204,854	133,324
	<u>7,684,978</u>	<u>8,473,911</u>	<u>3,983,276</u>	<u>3,929,769</u>
	<u>11,804,685</u>	<u>12,496,846</u>	<u>6,441,069</u>	<u>6,373,844</u>

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A11. FINANCIAL INVESTMENTS AT AMORTISED COST ("AC")

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
<u>At amortised cost</u>				
<u>Unquoted Securities</u>				
Corporate Bonds/Sukuk in Malaysia	143,134	141,119	102,050	100,622
Loan Stock in Malaysia	15,000	15,000	-	-
	158,134	156,119	102,050	100,622
Less : Expected Credit Losses ("ECL")	(11,049)	(11,053)	(119)	(123)
	147,085	145,066	101,931	100,499

Movement in expected credit losses for financial investment at AC

31/3/2020 Group	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	273	-	10,780	11,053
Changes due to change in credit risk	(4)	-	-	(4)
At end of the financial period	269	-	10,780	11,049

Bank

At beginning of the financial period	123	-	-	123
Changes due to change in credit risk	(4)	-	-	(4)
At end of the financial period	119	-	-	119

31/12/2019 Group	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	578	-	11,945	12,523
Changes due to change in credit risk	(323)	-	3,830	3,507
Changes in models/risk parameters	18	-	-	18
Write-offs	-	-	(4,995)	(4,995)
At end of the financial year	273	-	10,780	11,053

Bank

At beginning of the financial year	412	-	4,995	5,407
Changes due to change in credit risk	(302)	-	-	(302)
Changes in models/risk parameters	13	-	-	13
Write-offs	-	-	(4,995)	(4,995)
At end of the financial year	123	-	-	123

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(a) BY TYPE				
Overdrafts	1,963,874	1,855,094	1,479,177	1,385,715
Term loans/financing :				
- Housing loans/financing	11,802,310	11,708,126	4,367,858	4,356,953
- Hire purchase receivables	10,291,993	10,649,579	6,574,631	6,829,179
- Syndicated financing	1,802,218	1,526,987	631,032	630,179
- Business term loans/financing	12,304,114	12,968,923	7,685,227	8,083,567
- Other term loans/financing	307,639	341,452	-	-
Bills receivables	176,087	118,753	165,471	107,085
Trust receipts	113,778	172,125	96,512	141,893
Claims on customers under acceptances credits	1,701,262	1,766,513	1,239,327	1,319,027
Staff loans/financing (of which RM Nil to Directors)	191,148	191,604	119,389	122,788
Credit cards	171,051	178,991	141,216	148,162
Revolving credits	4,175,926	3,971,565	3,082,789	2,980,764
Margin financing	475,750	503,486	-	-
Factoring	7,267	8,696	7,267	8,696
Gross loans, advances and financing	45,484,417	45,961,894	25,589,896	26,114,008
Less : ECL	(655,936)	(574,029)	(450,593)	(383,949)
Total net loans, advances and financing	44,828,481	45,387,865	25,139,303	25,730,059

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(b) BY MATURITY STRUCTURE				
Maturing within one year	9,107,201	9,265,484	6,233,542	6,422,116
One year to three years	3,663,078	3,899,297	2,961,712	3,062,584
Three years to five years	6,022,575	6,424,181	4,186,208	4,521,683
Over five years	26,691,563	26,372,932	12,208,434	12,107,625
	45,484,417	45,961,894	25,589,896	26,114,008

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(c) BY TYPE OF CUSTOMER				
Domestic non-banking institutions :				
- Others	505,768	527,411	289,116	445,100
Domestic business enterprises :				
- Small medium enterprises	6,832,249	7,704,132	5,169,055	5,696,493
- Others	14,570,434	13,796,119	9,422,540	8,953,138
Government and statutory bodies	803,711	797,185	45,873	31,018
Individuals	22,256,209	22,544,174	10,462,356	10,731,724
Other domestic entities	1,206	1,324	585	533
Foreign entities	514,840	591,549	200,371	256,002
	45,484,417	45,961,894	25,589,896	26,114,008

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate :				
- Housing loans/financing	332,005	339,073	285,452	292,374
- Hire purchase receivables	10,294,589	10,652,049	6,574,631	6,829,178
- Other fixed rate loans/financing	1,973,790	2,106,359	628,572	751,957
Variable rate :				
- Base rate/base lending rate plus	23,448,236	23,258,002	11,575,656	11,544,901
- Cost plus	9,402,798	9,570,276	6,525,585	6,695,598
- Other variable rates	32,999	36,135	-	-
	45,484,417	45,961,894	25,589,896	26,114,008
(e) <u>BY ECONOMIC PURPOSE</u>				
Purchase of securities	1,455,376	1,512,781	553,062	612,250
Purchase of transport vehicles	10,836,897	11,161,312	7,028,377	7,247,930
Purchase of landed property of which :				
- Residential	11,561,015	11,502,926	3,968,663	4,006,366
- Non-residential	6,251,295	6,339,626	3,889,611	4,041,513
Fixed assets other than land and building	275,312	334,695	191,269	247,367
Personal use	828,365	833,904	723,283	742,358
Credit card	171,142	178,991	141,294	148,162
Consumer durable	133	108	81	105
Construction	2,596,165	2,706,006	1,490,468	1,506,381
Merger and acquisition	62,707	64,054	62,707	64,054
Working capital	10,373,870	10,277,342	7,090,626	7,082,634
Others	1,072,140	1,050,149	450,455	414,888
	45,484,417	45,961,894	25,589,896	26,114,008
(f) <u>BY ECONOMIC SECTOR</u>				
Primary agriculture	1,386,832	1,577,980	569,011	590,752
Mining and quarrying	346,552	339,360	55,183	42,254
Manufacturing	2,698,436	2,539,605	1,807,043	1,832,096
Electricity, gas and water supply	468,165	562,189	66,701	156,068
Construction	2,074,633	2,012,826	1,368,020	1,354,803
Real estate	6,370,262	6,653,855	4,291,965	4,423,255
Wholesale, retail trade, hotels and restaurants	3,473,411	3,402,916	2,893,929	2,795,481
Transport, storage and communication	1,726,145	1,721,650	1,322,906	1,316,332
Finance, insurance and business services	2,213,223	2,227,531	1,675,183	1,797,562
Education, health and others	2,341,234	2,199,982	1,004,470	997,278
Household	22,385,524	22,677,326	10,535,485	10,808,127
Others	-	46,674	-	-
	45,484,417	45,961,894	25,589,896	26,114,008

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>				
Perlis	199,139	216,197	18,426	18,817
Kedah	1,318,221	1,363,555	528,437	557,738
Pulau Pinang	2,424,832	2,545,147	1,513,998	1,639,084
Perak	1,505,289	1,517,296	923,282	932,493
Selangor	14,044,434	13,973,439	7,448,291	7,549,256
Wilayah Persekutuan	10,711,129	10,982,619	6,299,976	6,448,886
Negeri Sembilan	1,509,016	1,524,855	567,558	575,543
Melaka	870,794	879,939	606,251	606,936
Johor	5,912,076	5,869,188	3,491,064	3,456,325
Pahang	1,373,792	1,396,971	755,413	747,361
Terengganu	929,210	941,221	417,131	418,330
Kelantan	261,125	262,813	57,259	58,249
Sarawak	2,163,124	2,201,225	1,610,821	1,662,405
Sabah	2,114,606	2,062,110	1,275,378	1,314,711
Labuan	38,377	43,890	10,921	16,239
Outside Malaysia	109,253	181,429	65,690	111,635
	45,484,417	45,961,894	25,589,896	26,114,008
(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING</u>				
(i) <u>Movements of impaired loans, advances and financing</u>				
At beginning of the financial period/year	1,379,152	1,589,897	673,058	978,218
Classified as impaired	203,398	791,557	113,734	434,820
Reclassified as non-impaired	(84,304)	(747,009)	(53,743)	(551,848)
Amount written-back	(41,370)	(168,790)	(19,699)	(121,876)
Amount written-off	(40,757)	(86,503)	(9,642)	(66,256)
At end of the financial period/year	1,416,119	1,379,152	703,708	673,058
Gross impaired loans as a percentage of gross loans, advances and financing (*)	3.11%	3.00%	3.25%	3.08%
(*) For the Bank, Restricted Investment Accounts ("RIA") included in the ratio calculation amounting to RM1,895.4 million (2019: RM1,919.3 million).				
(ii) <u>Impaired loans, advances and financing by economic purpose</u>				
Construction	289,581	287,934	165,755	166,321
Purchase of landed property of which :				
- Residential	354,023	340,382	175,929	174,198
- Non-residential	336,122	317,923	121,340	102,381
Purchase of securities	20,858	90	145	51
Purchase of transport vehicles	74,943	60,975	50,557	42,355
Fixed assets other than land and building	3,655	3,692	3,655	3,692
Personal use	17,388	17,589	15,962	16,387
Credit card	1,437	878	1,139	615
Working capital	301,082	330,709	164,192	162,201
Others	17,030	18,980	5,034	4,857
	1,416,119	1,379,152	703,708	673,058

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)</u>	Group		Bank	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
(iii) <u>Impaired loans, advances and financing by economic sector</u>	RM'000	RM'000	RM'000	RM'000
Primary agriculture	15,979	16,082	15,936	16,041
Mining and quarrying	7,867	7,896	5,316	5,315
Manufacturing	84,503	90,844	8,821	13,248
Electricity, gas and water supply	113	105	68	58
Construction	168,611	164,948	123,309	119,790
Real estate	335,333	343,127	76,530	56,048
Wholesale, retail trade, hotels and restaurants	43,797	40,012	42,327	38,195
Transport, storage and communication	169,014	170,710	84,308	85,055
Finance, insurance and business services	64,936	63,845	64,101	62,806
Education, health and others	84,007	84,024	63,206	63,180
Household	441,959	397,559	219,786	213,322
	1,416,119	1,379,152	703,708	673,058
(iv) <u>Impaired loans, advances and financing by geographical distribution</u>				
Perlis	2,944	2,997	456	455
Kedah	123,879	126,192	116,368	118,113
Pulau Pinang	39,874	38,602	30,888	30,558
Perak	180,891	178,887	77,278	75,901
Selangor	316,494	284,131	178,437	146,530
Wilayah Persekutuan	371,523	342,922	57,511	56,026
Negeri Sembilan	83,588	81,863	66,312	65,086
Melaka	13,590	13,990	9,112	9,096
Johor	46,608	49,416	23,065	29,505
Pahang	34,204	34,616	32,126	32,086
Terengganu	69,138	69,522	64,656	64,856
Kelantan	7,673	6,149	4,128	3,782
Sarawak	57,557	56,628	20,676	19,502
Sabah	24,609	23,461	22,695	21,562
Outside Malaysia	43,547	69,776	-	-
	1,416,119	1,379,152	703,708	673,058

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(v) Movement in expected credit losses for loans, advances and financing

Group	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31/3/2020	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	139,326	94,359	340,344	574,029
Total transfer between stages due to change in credit risk :	6,057	13,058	(19,115)	-
- Transfer to 12-month ECL (Stage 1)	10,875	(9,112)	(1,763)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,815)	26,776	(21,961)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(3)	(4,606)	4,609	-
Loans/financing derecognised (other than write-offs)	(12,486)	(666)	(4,240)	(17,392)
New loans/financing originated or purchased	12,577	227	1,645	14,449
Changes due to change in credit risk	37,414	21,145	65,946	124,505
Write-offs	-	-	(40,251)	(40,251)
Other adjustments :				
- Unwind of discount	-	-	(507)	(507)
- Foreign exchange and other movements	-	-	1,103	1,103
At end of the financial period	182,888	128,123	344,925	655,936

Group	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31/12/2019	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	194,335	47,629	338,828	580,792
Total transfer between stages due to change in credit risk :	48,598	116,925	(165,523)	-
- Transfer to 12-month ECL (Stage 1)	63,693	(59,983)	(3,710)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(14,568)	184,880	(170,312)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(527)	(7,972)	8,499	-
Loans/financing derecognised (other than write-offs)	(72,944)	(7,915)	(83,106)	(163,965)
New loans/financing originated or purchased	60,887	2,757	83,701	147,345
Changes due to change in credit risk	(99,360)	(67,430)	242,858	76,068
Changes in model/risk parameters	7,810	2,393	9,005	19,208
Write-offs	-	-	(82,488)	(82,488)
Other adjustments	-	-	(2,931)	(2,931)
At end of the financial year	139,326	94,359	340,344	574,029

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(v) Movement in expected credit losses for loans, advances and financing

Bank	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31/3/2020	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	86,276	76,512	221,161	383,949
Total transfer between stages due to change in credit risk :	5,763	5,246	(11,009)	-
- Transfer to 12-month ECL (Stage 1)	8,660	(7,602)	(1,058)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,895)	16,692	(13,797)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(2)	(3,844)	3,846	-
Loans/financing derecognised (other than write-offs)	(6,979)	(370)	(3,692)	(11,041)
New loans/financing originated or purchased	6,393	(9)	1,626	8,010
Changes due to change in credit risk	19,650	15,109	44,249	79,008
Write-offs	-	-	(9,136)	(9,136)
Other adjustments :	-	-	(197)	(197)
At end of the financial period	111,103	96,488	243,002	450,593

Bank	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
31/12/2019	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	139,978	36,542	265,394	441,914
Total transfer between stages due to change in credit risk :	42,553	91,485	(134,038)	-
- Transfer to 12-month ECL (Stage 1)	54,559	(52,603)	(1,956)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(11,567)	148,555	(136,988)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(439)	(4,467)	4,906	-
Loans/financing derecognised (other than write-offs)	(41,139)	(5,050)	(81,197)	(127,386)
New loans/financing originated or purchased	30,624	1,055	73,020	104,699
Changes due to change in credit risk	(88,182)	(48,263)	160,854	24,409
Changes in model/risk parameters	2,442	743	2,200	5,385
Write-offs	-	-	(62,994)	(62,994)
Other adjustments	-	-	(2,078)	(2,078)
At end of the financial year	86,276	76,512	221,161	383,949

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A13. TRADE RECEIVABLES

	Group	
	31/3/2020	31/12/2019
	RM'000	RM'000
Amount due from stock-broking clients :		
- performing accounts	203,329	231,679
- impaired accounts (a)	209	139
Amount due from brokers	53,055	59,478
Amount due from Bursa Securities Clearing Sdn Bhd	52,030	-
Management fees receivable on fund management	75,280	243,249
Others	51	51
	<u>383,954</u>	<u>534,596</u>
Less: ECL (b)	(323)	(208)
	383,631	534,388

(a) Movements of impaired trade receivables

At beginning of the financial period/year	139	424
Classified as impaired	113	419
Amount written-back	(43)	(704)
At end of the financial period/year	<u>209</u>	<u>139</u>

(b) Movements in ECL

	Group Lifetime ECL	
	31/3/2020	31/12/2019
	RM'000	RM'000
At beginning of the financial period/year	208	468
Allowance made	206	505
Amount written-back	(91)	(765)
At end of the financial period/year	<u>323</u>	<u>208</u>

A14. OTHER ASSETS

	Group		Bank	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Other debtors	85,366	77,125	10,718	12,603
Prepayments and deposits	18,874	22,108	18,181	21,425
Cheque clearing accounts	12,754	42,653	5,146	13,911
Foreclosed properties (a)	17,773	17,817	12,900	12,944
Collaterals pledged for derivative transactions	46,395	33	-	-
Clearing guarantee fund	2,128	2,272	-	-
	<u>183,290</u>	<u>162,008</u>	<u>46,945</u>	<u>60,883</u>
Less: ECL (b)	(2,092)	(2,058)	-	-
	181,198	159,950	46,945	60,883

(a) Foreclosed properties

	Group		Bank	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	17,817	26,051	12,944	21,178
Purchased	-	726	-	726
Disposal	(44)	(8,960)	(44)	(8,960)
At end of the financial period/year	<u>17,773</u>	<u>17,817</u>	<u>12,900</u>	<u>12,944</u>

(b) Movements in ECL

	Group Lifetime ECL	
	31/3/2020	31/12/2019
	RM'000	RM'000
At beginning of the financial period/year	2,058	1,669
Allowance made	254	1,489
Amount written-back	(162)	(562)
Amount written-off	(58)	(538)
At end of the financial period/year	<u>2,092</u>	<u>2,058</u>

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A15. OTHER LIABILITIES

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
BNM and CGC Funding programmes	17,557	21,012	15,936	19,373
Margin and collateral deposits	92,413	100,180	78,544	83,202
Commissioned dealer's representatives trust balances	48,246	47,483	-	-
Defined contribution plan	20,039	20,008	18,849	18,777
Collaterals pledged for derivative transactions	-	2,830	-	-
Other creditors and accruals	144,044	140,022	54,877	37,737
Accrued employee benefits	44,438	110,661	21,483	42,480
Amounts payable to commissioned and salaried dealer's representatives	38,961	37,854	-	-
Sundry creditors	265,423	231,666	191,138	187,374
Treasury and cheque clearing accounts	-	342,244	-	-
Provision for zakat	6,093	3,082	228	260
Securities borrowings and lending - borrow	104,946	160,358	-	-
Unearned income	25,135	27,375	18,868	20,816
Puttable liabilities	117,699	124,452	-	-
ECL (a) :				
- loan/financing commitments and financial guarantees	33,163	29,610	9,222	8,529
	958,157	1,398,837	409,145	418,548

(a) Movement in ECL	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
At beginning of financial period/year	29,610	27,454	8,529	15,287
Net remeasurement of loss allowance	(1,423)	(7,965)	(817)	(13,672)
New loan commitments and financial guarantees issued	4,976	10,205	1,510	7,535
Changes in models/risk parameters	-	(84)	-	(621)
At end of the financial period/year	33,163	29,610	9,222	8,529

A16. RESERVES

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
FVOCI revaluation reserves (a)	(34,259)	250,661	15,952	148,173
Regulatory reserves (b)	672,426	732,539	435,290	471,925
Other reserves (c)	(61,010)	(61,010)	-	-
Foreign exchange reserves	135	135	-	-
Retained profits	3,823,755	3,640,073	3,077,726	3,017,227
	4,401,047	4,562,398	3,528,968	3,637,325

- (a) The FVOCI revaluation reserves represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit loss allowance for financial investments FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.
- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.
- (c) This represents corresponding debit arising from the Group's obligation to purchase the subsidiary's share held by non-controlling interest.

On 8 March 2019, the options holders have fully exercised the 1000 employee stock option incentive scheme at exercise price of RM40.30 per share. As a result, the employee stock option holder(s) were allotted a total of 1,111,000 units of new ordinary shares for a total consideration of RM44.77 million.

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ("SCR") provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. The SCR provision represents a purchase of the subsidiary's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount to be recognised as finance costs within the income statement.

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A17. INTEREST INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing	379,393	440,278	379,393	440,278
Money at call and deposits placements with financial institutions	13,716	22,256	13,716	22,256
Financial investments at FVOCI	88,986	126,030	88,986	126,030
Financial investments at amortised cost	2,014	2,029	2,014	2,029
Others	1,298	1,027	1,298	1,027
	485,407	591,620	485,407	591,620
of which :-				
Interest income earned on impaired loans, advances and financing	1,844	1,315	1,844	1,315
	1,844	1,315	1,844	1,315
Bank				
Loan, advances and financing	338,554	394,107	338,554	394,107
Money at call and deposits placements with financial institutions	32,721	50,117	32,721	50,117
Financial investments at FVOCI	61,154	85,830	61,154	85,830
Financial investments at amortised cost	1,427	1,388	1,427	1,388
Others	501	920	501	920
	434,357	532,362	434,357	532,362
of which :-				
Interest income earned on impaired loans, advances and financing	430	299	430	299
	430	299	430	299

A18. INTEREST EXPENSE

Group				
Deposits from customers	270,568	345,243	270,568	345,243
Deposits and placements of banks and other financial institutions	6,847	22,924	6,847	22,924
Obligation on securities sold under repurchase agreements	-	535	-	535
Subordinated medium term notes	33,358	32,992	33,358	32,992
Foreign currency borrowing	57	182	57	182
Interest expense on the lease liability	637	505	637	505
Others	508	856	508	856
	311,975	403,237	311,975	403,237
Bank				
Deposits from customers	237,585	290,646	237,585	290,646
Deposits and placements of banks and other financial institutions	5,976	35,574	5,976	35,574
Subordinated medium term notes	33,358	32,992	33,358	32,992
Interest expense on the lease liability	435	375	435	375
Others	66	100	66	100
	277,420	359,687	277,420	359,687

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A19. NET FEE AND COMMISSION INCOME

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income :				
Net brokerage	24,315	16,914	24,315	16,914
Underwriting fees	-	1,443	-	1,443
Portfolio management fees	78,884	70,470	78,884	70,470
Corporate advisory fees	2,054	651	2,054	651
Commission	7,260	5,511	7,260	5,511
Service charges and fees	12,342	12,661	12,342	12,661
Guarantee fees	4,733	9,177	4,733	9,177
Arrangement fees	80	100	80	100
Agency fees	-	525	-	525
Initial service charges	29,741	13,894	29,741	13,894
Other fee income	4,093	1,829	4,093	1,829
	163,502	133,175	163,502	133,175
(b) Fee and commission expenses :				
Commission and referral expense	(47,238)	(30,565)	(47,238)	(30,565)
Net fee and commission income	116,264	102,610	116,264	102,610
<u>Bank</u>				
(a) Fee and commission income :				
Commission	7,411	5,588	7,411	5,588
Service charges and fees	12,173	12,586	12,173	12,586
Guarantee fees	4,733	6,934	4,733	6,934
	24,317	25,108	24,317	25,108
(b) Fee and commission expense :				
Commission and referral expense	(1,780)	(1,474)	(1,780)	(1,474)
Net fee and commission income	22,537	23,634	22,537	23,634

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A20. NET GAINS ON FINANCIAL INSTRUMENTS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Income from financial instruments:				
Gains/(loss) arising on financial assets at FVTPL :				
- net gain/(loss) on disposal	22,887	17,276	22,887	17,276
- unrealised (loss)/gain	(8,058)	14,958	(8,058)	14,958
- interest income	6,329	7,527	6,329	7,527
- gross dividend income	2,062	1,150	2,062	1,150
Gains/(loss) on derivatives instruments :				
- realised	-	299	-	299
- unrealised	(11,069)	379	(11,069)	379
- interest (expense)/income	(74)	150	(74)	150
Gains arising on financial investments at FVOCI :				
- net gain on disposal	195,535	28,756	195,535	28,756
- gross dividend income	-	1,016	-	1,016
	207,612	71,511	207,612	71,511
Bank				
Income from financial instruments:				
Gains arising on financial assets at FVTPL :				
- unrealised gain	1,224	9,667	1,224	9,667
- interest income	1,204	2,828	1,204	2,828
Gains/(loss) on derivatives instruments :				
- realised	-	299	-	299
- unrealised	(15,890)	(210)	(15,890)	(210)
- interest (expense)/income	(16)	137	(16)	137
Gains arising on financial investments at FVOCI :				
- net gain on disposal	94,990	17,598	94,990	17,598
- gross dividend income	-	106	-	106
	81,512	30,425	81,512	30,425

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A21. OTHER INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss) :				
- realised	30,632	8,075	30,632	8,075
- unrealised	(20,808)	2,303	(20,808)	2,303
Rental income	(1)	2	(1)	2
(Loss)/gain on disposal of property and equipment	(75)	49	(75)	49
Gain on disposal of foreclosed properties	76	-	76	-
Other non-operating income	3,572	2,188	3,572	2,188
Total other income	13,396	12,617	13,396	12,617
Bank				
Foreign exchange gain/(loss) :				
- realised	19,134	7,178	19,134	7,178
- unrealised	(9,427)	666	(9,427)	666
Rental income	23	25	23	25
(Loss)/gain on disposal of property and equipment	(75)	1	(75)	1
Gain on disposal of foreclosed properties	76	-	76	-
Other non-operating income	2,750	1,868	2,750	1,868
Total other income	12,481	9,738	12,481	9,738

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A22. OTHER OPERATING EXPENSES

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	161,687	147,781	161,687	147,781
Defined contribution plan	26,873	23,405	26,873	23,405
Other personnel costs	25,483	21,919	25,483	21,919
	<u>214,043</u>	<u>193,105</u>	<u>214,043</u>	<u>193,105</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	5,094	6,780	5,094	6,780
Entertainment	2,059	1,912	2,059	1,912
Travelling and accommodation	1,546	2,145	1,546	2,145
Dealers' handling fees	1	300	1	300
Commission and brokerage expenses	1,946	4,254	1,946	4,254
Others marketing expenses	1,659	1,650	1,659	1,650
	<u>12,305</u>	<u>17,041</u>	<u>12,305</u>	<u>17,041</u>
<u>Establishment-related expenses</u>				
Rental of premises	797	956	797	956
Equipment rental	1,013	615	1,013	615
Repair and maintenance	13,964	14,243	13,964	14,243
Depreciation of property and equipment	7,325	6,308	7,325	6,308
Depreciation of right-of-use assets	9,055	8,973	9,055	8,973
Amortisation of intangible assets	9,231	7,399	9,231	7,399
IT consultancy fee	15,381	9,809	15,381	9,809
Dataline rental	5,309	5,201	5,309	5,201
Security services	4,929	4,516	4,929	4,516
Electricity, water and sewerage	3,619	2,876	3,619	2,876
Insurance/Takaful and indemnities	5,106	3,000	5,106	3,000
Other establishment costs	1,341	3,910	1,341	3,910
	<u>77,070</u>	<u>67,806</u>	<u>77,070</u>	<u>67,806</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	4,292	4,057	4,292	4,057
Auditors' remuneration :				
(i) Statutory audit fees	729	745	729	745
(ii) Regulatory related fees	10	10	10	10
(iii) Tax fees	2	6	2	6
(iv) Non-audit fees	128	218	128	218
Professional fees	7,862	5,860	7,862	5,860
Property and equipment written-off	12	19	12	19
Mail and courier charges	913	882	913	882
Stationery and consumables	2,126	3,123	2,126	3,123
Directors' fees and allowances	991	772	991	772
Donations	1,187	572	1,187	572
Settlement, clearing and bank charges	4,168	3,646	4,168	3,646
Stamp duties	54	42	54	42
Operational and litigation write-off expenses	(13)	26	(13)	26
Subscription fees	3,158	2,796	3,158	2,796
GST input tax-non recoverable	-	358	-	358
Other administration and general expenses	3,012	3,238	3,012	3,238
	<u>28,631</u>	<u>26,370</u>	<u>28,631</u>	<u>26,370</u>
Total other operating expenses	<u>332,049</u>	<u>304,322</u>	<u>332,049</u>	<u>304,322</u>

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A22. OTHER OPERATING EXPENSES (Cont.)

<u>Bank</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	77,169	62,215	77,169	62,215
Defined contribution plan	13,288	10,432	13,288	10,432
Other personnel costs	12,476	12,307	12,476	12,307
	<u>102,933</u>	<u>84,954</u>	<u>102,933</u>	<u>84,954</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	2,250	3,641	2,250	3,641
Entertainment	914	901	914	901
Travelling and accommodation	568	751	568	751
Commission and brokerage expenses	1,667	3,491	1,667	3,491
Others marketing expenses	537	610	537	610
	<u>5,936</u>	<u>9,394</u>	<u>5,936</u>	<u>9,394</u>
<u>Establishment-related expenses</u>				
Equipment rental	774	490	774	490
Repair and maintenance	4,834	9,265	4,834	9,265
Depreciation of property and equipment	4,508	3,707	4,508	3,707
Depreciation of right-of-use assets	6,208	6,336	6,208	6,336
Amortisation of intangible assets	5,489	3,743	5,489	3,743
IT consultancy fee	10,094	6,244	10,094	6,244
Dataline rental	3,565	3,023	3,565	3,023
Security services	4,055	2,752	4,055	2,752
Electricity, water and sewerage	2,184	1,358	2,184	1,358
Insurance/Takaful and indemnities	3,858	4,325	3,858	4,325
Other establishment costs	954	(675)	954	(675)
	<u>46,523</u>	<u>40,568</u>	<u>46,523</u>	<u>40,568</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	991	952	991	952
Auditors' remuneration :				
(i) Statutory audit fees	395	394	395	394
(ii) Non-audit fees	98	192	98	192
Professional fees	5,890	4,806	5,890	4,806
Property and equipment written-off	-	16	-	16
Mail and courier charges	689	632	689	632
Stationery and consumables	1,269	2,057	1,269	2,057
Directors' fees and allowances	809	611	809	611
Donations	572	558	572	558
Settlement, clearing and bank charges	3,273	2,814	3,273	2,814
Stamp duties	40	39	40	39
Operational and litigation write-off expenses	(13)	26	(13)	26
GST input tax-non recoverable	(14)	349	(14)	349
Other administration and general expenses	935	1,421	935	1,421
	<u>14,934</u>	<u>14,867</u>	<u>14,934</u>	<u>14,867</u>
Total other operating expenses	<u>170,326</u>	<u>149,783</u>	<u>170,326</u>	<u>149,783</u>

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A23. ALLOWANCE FOR/(WRITE-BACK OF) CREDIT IMPAIRMENT LOSSES

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
ECL (written-back)/made on :				
- loans, advances and financing	121,562	230	121,562	230
- trade receivables	115	84	115	84
- securities and placements	652	1,448	652	1,448
- loan and financing commitments and financial guarantee	3,552	(3,483)	3,552	(3,483)
Bad debts and financing :				
- recovered	(10,250)	(8,675)	(10,250)	(8,675)
- written-off	1,462	536	1,462	536
	117,093	(9,860)	117,093	(9,860)
Bank				
ECL (written-back)/made on :				
- loans, advances and financing	75,977	(4,605)	75,977	(4,605)
- securities and placements	998	(1,856)	998	(1,856)
- loan and financing commitments and financial guarantee	693	(2,942)	693	(2,942)
Bad debts and financing :				
- recovered	(7,741)	(8,102)	(7,741)	(8,102)
- written-off	1,268	499	1,268	499
	71,195	(17,006)	71,195	(17,006)

A24. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
ECL :				
- amount due from joint ventures	1,015	-	1,015	-

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A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2020 and 31 March 2019 are as follows:

	<----- Current year's individual and cumulative quarter ended 31 March 2020----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	396,216	230,537	-	3,622	-	630,375
Intersegment revenue	(1,156)	1,498	-	253	(595)	-
Segment revenue	<u>395,060</u>	<u>232,035</u>	<u>-</u>	<u>3,875</u>	<u>(595)</u>	<u>630,375</u>
Operating expenses of which :-	(232,340)	(97,358)	-	(2,946)	595	(332,049)
Depreciation of property and equipment	(4,703)	(2,588)	-	(34)	-	(7,325)
Depreciation of right-of-use assets	(6,543)	(2,512)	-	-	-	(9,055)
Amortisation of intangible assets	(5,542)	(3,677)	-	(12)	-	(9,231)
(Allowances for)/write-back of credit impairment losses on loans, advances, financing and trade receivables/ securities/ other assets	(110,420)	(8,041)	-	-	353	(118,108)
Segment results	<u>52,300</u>	<u>126,636</u>	<u>-</u>	<u>929</u>	<u>353</u>	<u>180,218</u>
Share of results of a joint venture (net of tax)	-	-	(3,661)	-	-	(3,661)
Share of results of associates (net of tax)	(750)	-	685	-	-	(65)
Profit before zakat and taxation	<u>51,550</u>	<u>126,636</u>	<u>(2,976)</u>	<u>929</u>	<u>353</u>	<u>176,492</u>
Zakat	-	(2,203)	-	-	-	(2,203)
Profit before taxation	<u>51,550</u>	<u>124,433</u>	<u>(2,976)</u>	<u>929</u>	<u>353</u>	<u>174,289</u>
Taxation	-	-	-	-	-	(45,184)
Net profit for the individual quarter	-	-	-	-	-	<u>129,105</u>

	<----- Preceding year's individual and cumulative quarter ended 31 March 2019 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	329,637	139,742	-	3,137	-	472,516
Intersegment revenue	4,247	(4,162)	-	404	(489)	-
Segment revenue	<u>333,884</u>	<u>135,580</u>	<u>-</u>	<u>3,541</u>	<u>(489)</u>	<u>472,516</u>
Operating expenses of which :-	(211,188)	(90,911)	-	(2,712)	489	(304,322)
Depreciation of property and equipment	(3,937)	(2,326)	-	(45)	-	(6,308)
Depreciation of right-of-use assets	(6,674)	(2,299)	-	-	-	(8,973)
Amortisation of intangible assets	(3,783)	(3,603)	-	(13)	-	(7,399)
Write-back of/(allowances for) credit impairment losses on loans, advances, financing and trade receivables/ securities/ other assets	11,658	(2,010)	-	-	212	9,860
Segment results	<u>134,354</u>	<u>42,659</u>	<u>-</u>	<u>829</u>	<u>212</u>	<u>178,054</u>
Share of results of a joint venture (net of tax)	-	-	(1,750)	-	-	(1,750)
Share of results of associates (net of tax)	-	-	9,119	-	-	9,119
Profit before zakat and taxation	<u>134,354</u>	<u>42,659</u>	<u>7,369</u>	<u>829</u>	<u>212</u>	<u>185,423</u>
Zakat	-	(447)	-	-	-	(447)
Profit before taxation	<u>134,354</u>	<u>42,212</u>	<u>7,369</u>	<u>829</u>	<u>212</u>	<u>184,976</u>
Taxation	-	-	-	-	-	(41,231)
Net profit for the individual quarter	-	-	-	-	-	<u>143,745</u>

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A26. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A27. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the financial period under review.

A28. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the assets of the Group and the Bank.

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows :

	Group		Bank	
	Principal Amount		Principal Amount	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes *	478,073	556,462	420,282	445,758
Transaction-related contingent items	1,720,928	1,969,168	1,258,377	1,494,531
Short-term self-liquidating trade-related contingencies	410,927	454,792	149,668	175,032
Obligations under an on-going underwriting agreement	-	-	-	-
Foreign exchange related contracts #				
- Less than one year	14,960,436	13,000,360	9,815,530	9,812,356
- One year to less than five years	947,320	927,491	207,100	207,100
Interest rate related contracts #				
- Less than one year	823,148	873,148	23,148	23,148
- One year to less than five years	4,345,000	3,710,000	1,535,000	1,480,000
- Five years and above	380,000	300,000	350,000	270,000
Irrevocable commitments to extend credit				
- Maturity less than one year	5,616,393	6,020,758	4,151,003	4,556,911
- Maturity more than one year	1,688,865	1,913,716	779,828	797,622
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness	652,167	578,072	31,552	37,322
Unutilised credit card lines	566,194	547,266	396,133	380,117
	32,589,451	30,851,233	19,117,621	19,679,897

* Included in direct credit substitutes are financial guarantee contracts of RM478.1 million and RM420.3 million at the Group and the Bank respectively (2019: RM556.5 million and RM445.8 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position.

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A29. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

GROUP	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 March 2020												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	5,533,234	234,582	164,848	5,932,664	155,905	7,372	919	164,196	31,720	5,139	2,873	39,732
- Cross currency swaps	6,388,437	207,100	-	6,595,537	29,915	4,614	-	34,529	154,649	9,493	-	164,142
- Currency swaps	3,038,765	175,844	164,946	3,379,555	24,334	3,883	2,922	31,139	61,894	3,920	879	66,693
Interest rate contracts :												
- Interest rate swaps	823,148	1,837,000	2,888,000	5,548,148	1,817	20,292	68,005	90,114	990	29,664	77,247	107,901
	15,783,584	2,454,526	3,217,794	21,455,904	211,971	36,161	71,846	319,978	249,253	48,216	80,999	378,468
As at 31 December 2019												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	4,183,708	256,333	132,600	4,572,641	4,795	5,566	58	10,419	73,118	7,076	2,548	82,742
- Cross currency swaps	7,078,996	207,100	-	7,286,096	85,992	1,456	-	87,448	58,768	-	-	58,768
- Currency swaps	1,737,656	198,786	132,672	2,069,114	21,441	4,458	2,605	28,504	3,040	626	52	3,718
Interest rate contracts :												
- Interest rate swaps	873,148	1,532,000	2,478,000	4,883,148	918	6,648	30,931	38,497	1,099	11,270	29,194	41,563
	13,873,508	2,194,219	2,743,272	18,810,999	113,146	18,128	33,594	164,868	136,025	18,972	31,794	186,791

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A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows: (continued)

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
BANK												
As at 31 March 2020												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	3,427,093	-	-	3,427,093	97,320	-	-	97,320	5,601	-	-	5,601
- Cross currency swaps	6,388,437	207,100	-	6,595,537	31,465	4,614	-	36,079	157,507	9,493	-	167,000
Interest rate contracts :												
- Interest rate swaps	23,148	467,000	1,418,000	1,908,148	122	4,718	36,414	41,254	241	9,646	53,438	63,325
	9,838,678	674,100	1,418,000	11,930,778	128,907	9,332	36,414	174,653	163,349	19,139	53,438	235,926
As at 31 December 2019												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	2,733,359	-	-	2,733,359	1,279	-	-	1,279	51,418	-	-	51,418
- Cross currency swaps	7,078,997	207,100	-	7,286,097	92,334	1,456	-	93,790	59,325	-	-	59,325
Interest rate contracts :												
- Interest rate swaps	23,148	462,000	1,288,000	1,773,148	353	3,247	19,556	23,156	571	4,810	20,315	25,696
	9,835,504	669,100	1,288,000	11,792,604	93,966	4,703	19,556	118,225	111,314	4,810	20,315	136,439

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

Foreign exchange and interest rate related contracts are subject to market risk, credit risk and liquidity risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM33.9 million (2019 : RM50.1 million), while the notional amount of interest rate contract was RM762.6 million (2019 : RM763.1 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM378.6 million (2019 : RM279.8 million) and RM147.6 million (2019 : RM91.6 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. The exposure to liquidity risk is mitigated by entering into transactions where the underlying financial instruments are widely traded and also easily closed out through alternative markets.

Cash Requirement of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, there is no requirement for the Group to post any additional cash collateral on its derivative contracts.

Related Accounting Policies

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2019.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A30. FAIR VALUE MEASUREMENTS

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
(b) Level 2 - quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
(c) Level 3 - valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2020				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	62,133	-	62,133
- Shares and unit trusts	273,557	-	94,207	367,764
- Corporate bonds/Sukuk	-	33,314	15,405	48,719
Derivative financial assets	-	319,978	-	319,978
Financial investments at FVOCI :				
- Money market instruments	-	4,119,707	-	4,119,707
- Shares, unit trusts and REITs	-	-	180,833	180,833
- Corporate bonds/Sukuk	-	7,504,145	-	7,504,145
	273,557	12,039,277	290,445	12,603,279
Liabilities				
Derivative financial liabilities	-	378,468	-	378,468
Puttable liability - investment in funds	20,858	-	-	20,858
Other liabilities - equities trading	673	-	-	673
	21,531	378,468	-	399,999
31 December 2019				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	198,219	-	198,219
- Shares and unit trusts	321,362	-	94,207	415,569
- Corporate bonds/Sukuk	-	33,312	15,032	48,344
Derivative financial assets	-	164,868	-	164,868
Financial investments at FVOCI :				
- Money market instruments	-	4,022,935	-	4,022,935
- Shares, unit trusts and REITs	-	61	180,820	180,881
- Corporate bonds/Sukuk	-	8,293,030	-	8,293,030
	321,362	12,712,425	290,059	13,323,846
Liabilities				
Derivative financial liabilities	-	186,791	-	186,791
Puttable liability - investment in funds	20,917	-	-	20,917
Other liabilities - equities trading	4,282	-	-	4,282
	25,199	186,791	-	211,990

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A30. FAIR VALUE MEASUREMENTS (Cont.)

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2020				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	62,131	-	62,131
- Unquoted shares	-	-	94,207	94,207
- Corporate bonds/Sukuk	-	-	15,405	15,405
Derivative financial assets	-	174,653	-	174,653
Financial investments at FVOCI :				
- Money market instruments	-	2,457,793	-	2,457,793
- Unquoted shares	-	-	157,817	157,817
- Corporate bonds/Sukuk	-	3,825,459	-	3,825,459
	-	6,520,036	267,429	6,787,465
Liabilities				
Derivative financial liabilities	-	235,926	-	235,926
31 December 2019				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	60,977	-	60,977
- Unquoted shares	-	-	94,207	94,207
- Corporate bonds/Sukuk	-	-	15,032	15,032
Derivative financial assets	-	118,225	-	118,225
Financial investments at FVOCI :				
- Money market instruments	-	2,444,075	-	2,444,075
- Unquoted shares	-	-	157,818	157,818
- Corporate bonds/Sukuk	-	3,771,951	-	3,771,951
	-	6,395,228	267,057	6,662,285
Liabilities				
Derivative financial liabilities	-	136,439	-	136,439

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

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A30. FAIR VALUE MEASUREMENTS (Cont.)

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2019: Nil).

The following table presents the changes in Level 3 instruments for the financial year ended:-

	Group		Bank	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	290,059	290,300	267,057	268,479
Sales	-	(15,629)	-	(15,629)
Net changes in income accrued	335	(18)	321	(18)
Total gains recognised in other comprehensive income	51	15,406	51	14,225
At end of the financial period/year	290,445	290,059	267,429	267,057

Effect of changes in significant unobservable assumptions to reasonably possible alternative

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

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A31. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components). The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 ("CET 1") Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are 7.000% (2019: 7.000%), 8.500% (2019: 8.500%) and 10.500% (2019: 10.500%) respectively for the financial period ended 31 March 2020.

	Group #		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	4,774,772	4,774,772	4,774,772	4,774,772
Retained profits	3,700,186	3,640,073	3,053,862	3,017,227
Unrealised (losses)/gains on FVOCI instruments	(34,259)	250,661	15,952	148,173
Other disclosed reserves	(61,010)	(61,010)	-	-
Foreign exchange reserves	135	135	-	-
	<u>8,379,824</u>	<u>8,604,631</u>	<u>7,844,586</u>	<u>7,940,172</u>
Less: Regulatory adjustments :				
- Goodwill and other intangibles	(905,939)	(914,693)	(197,245)	(202,670)
- Deferred tax assets	(93,486)	(3,440)	(58,202)	(12,690)
- 55% of cumulative unrealised gains on FVOCI instruments	-	(137,864)	(8,774)	(81,495)
- Investment in subsidiaries, joint ventures and associates	(815,493)	(831,440)	(3,781,321)	(3,781,321)
Total CET 1 Capital	<u>6,564,906</u>	<u>6,717,194</u>	<u>3,799,044</u>	<u>3,861,996</u>
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Qualifying capital instruments held by third party	19,724	25,329	-	-
	<u>819,724</u>	<u>825,329</u>	<u>500,000</u>	<u>500,000</u>
Total Tier 1 Capital	<u>7,384,630</u>	<u>7,542,523</u>	<u>4,299,044</u>	<u>4,361,996</u>
<u>Tier 2 Capital</u>				
Subordinated MTNs	2,750,000	2,750,000	2,000,000	2,000,000
Qualifying loss provisions	526,235	533,058	339,595	344,781
Less: Regulatory adjustments :				
- Investment in capital instruments of unconsolidated financial and insurance entities	(30,914)	(30,914)	(80,914)	(80,914)
Total Tier 2 Capital	<u>3,245,321</u>	<u>3,252,144</u>	<u>2,258,681</u>	<u>2,263,867</u>
Total Tier 1 & 2 Capital	<u>10,629,951</u>	<u>10,794,667</u>	<u>6,557,725</u>	<u>6,625,863</u>
Total Capital	<u>10,629,951</u>	<u>10,794,667</u>	<u>6,557,725</u>	<u>6,625,863</u>
b) The breakdown of risk-weighted assets :				
Credit risk	42,098,816	42,644,676	27,167,586	27,582,457
Market risk	516,173	488,422	366,759	290,399
Operational risk	3,245,942	3,184,235	1,737,669	1,774,869
Total risk-weighted assets	<u>45,860,931</u>	<u>46,317,333</u>	<u>29,272,014</u>	<u>29,647,725</u>
c) Capital adequacy ratios :				
<u>Before deducting proposed dividends :</u>				
CET 1 capital ratio	14.315%	14.503%	12.978%	13.026%
Tier 1 capital ratio	16.102%	16.284%	14.687%	14.713%
Total capital ratio	<u>23.179%</u>	<u>23.306%</u>	<u>22.403%</u>	<u>22.349%</u>
<u>After deducting proposed dividends [Note 1] :</u>				
CET 1 capital ratio	14.253%	14.459%	12.882%	12.958%
Tier 1 capital ratio	16.040%	16.241%	14.590%	14.644%
Total capital ratio	<u>23.117%</u>	<u>23.262%</u>	<u>22.306%</u>	<u>22.280%</u>

The group comprises banking and non-banking subsidiaries.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A31. CAPITAL ADEQUACY (Cont.)

Note 1 :

Under the Dividend Reinvestment Plan ("DRP"), the amount of declared dividend to be deducted in the calculation of CET 1 Capital is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 2 February 2018.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital may be reduced as follows:-

- (i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
- (ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

Pursuant to Note B9, in arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 March 2020, RIA assets included in the Total Capital Ratio calculation amounted to RM1,895.4 million (2019 : RM1,919.3 million).

The capital adequacy ratios of AFFIN Islamic Bank Berhad are as follows :

	Economic Entity		Bank	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
CET 1 capital ratio	11.360%	11.720%	11.360%	11.720%
Tier 1 capital ratio	13.481%	13.826%	13.481%	13.826%
Total capital ratio	<u>20.324%</u>	<u>20.631%</u>	<u>20.324%</u>	<u>20.631%</u>

The capital adequacy ratios of AFFIN Hwang Investment Bank Berhad are as follows :

	The Group		Bank	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
<u>Before deducting proposed dividends :</u>				
CET 1 capital ratio	35.277%	34.432%	42.534%	44.406%
Tier 1 capital ratio	35.898%	35.186%	42.534%	44.406%
Total capital ratio	<u>36.690%</u>	<u>35.958%</u>	<u>43.427%</u>	<u>45.235%</u>
<u>After deducting proposed dividends :</u>				
CET 1 capital ratio	34.019%	33.238%	40.886%	42.745%
Tier 1 capital ratio	34.639%	33.991%	40.886%	42.745%
Total capital ratio	<u>35.432%</u>	<u>34.764%</u>	<u>41.779%</u>	<u>43.574%</u>

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A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Economic Entity	
	31/3/2020 RM'000	31/12/2019 RM'000
ASSETS		
Cash and short-term funds	2,212,855	1,588,868
Derivative financial assets	3,854	1,000
Financial investments at FVOCI	2,525,418	2,390,806
Financing, advances and other financing	18,692,727	18,580,253
Other assets	13,541	34,593
Amount due from holding company	-	53,946
Amount due from joint ventures	28,504	28,402
Amount due from associate	900	900
Taxation recoverable	13,296	15,550
Deferred tax assets	23,803	-
Statutory deposits with Bank Negara Malaysia	-	526,000
Investment in associate	-	750
Property and equipment	1,848	1,980
Right-of-use assets	1,781	1,554
Intangible assets	717	771
TOTAL ASSETS	23,519,244	23,225,373
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	18,351,286	17,306,338
Investment accounts of customers	1,179	1,447
Deposits and placements of banks and other financial institutions	151,450	536,011
Investment accounts due to designated financial institutions	1,888,268	1,918,295
Derivative financial liabilities	2,580	6,757
Other liabilities	111,374	422,685
Amount due to holding company	21,396	-
Deferred tax liabilities	-	2,604
Lease liabilities	1,839	1,568
Subordinated term financing and medium term notes	1,125,372	1,111,034
TOTAL LIABILITIES	21,654,744	21,306,739
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,060,000	1,060,000
Reserves	804,500	858,634
Total Islamic Banking Capital Funds	1,864,500	1,918,634
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	23,519,244	23,225,373
COMMITMENTS AND CONTINGENCIES	3,812,535	4,051,316

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(ii) Unaudited Income Statements

	Economic Entity			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	251,827	270,114	251,827	270,114
Income derived from investment of investment accounts	26,679	26,648	26,679	26,648
Income derived from investment of shareholders' funds	27,444	24,687	27,444	24,687
Allowances for impairment losses on financing, advances and other financing	(38,444)	(3,816)	(38,444)	(3,816)
Allowance for impairment losses on other assets	(1,015)	-	(1,015)	-
Total distributable income	266,491	317,633	266,491	317,633
Income attributable to the depositors and others	(184,428)	(224,179)	(184,428)	(224,179)
Total net income	82,063	93,454	82,063	93,454
Other operating expenses	(62,055)	(61,462)	(62,055)	(61,462)
Share of results of an associate	(750)	-	(750)	-
Profit before zakat and taxation	19,258	31,992	19,258	31,992
Zakat	-	-	-	-
Profit before taxation	19,258	31,992	19,258	31,992
Taxation	(6,191)	(7,556)	(6,191)	(7,556)
Net profit for the financial period	13,067	24,436	13,067	24,436

(iii) Unaudited Statements of Comprehensive Income

	Economic Entity			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	13,067	24,436	13,067	24,436
Other comprehensive income/(losses) :				
<u>Items that may be reclassified subsequently to profit and loss :</u>				
- Net fair value change in financial investments at FVOCI	(54,054)	34,178	(54,054)	34,178
- Net credit impairment loss/(gain) change in financial investments at FVOCI	126	(18)	126	(18)
- Net gains on financial investments at FVOCI reclassified to profit or loss on disposal	(34,534)	(970)	(34,534)	(970)
- Deferred tax on financial investments at FVOCI	21,261	(7,970)	21,261	(7,970)
Other comprehensive (loss)/income for the financial period, net of tax	(67,201)	25,220	(67,201)	25,220
Total comprehensive (loss)/income for the financial period	(54,134)	49,656	(54,134)	49,656

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(iv) **Unaudited Condensed Statement Of Changes In Equity**

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				Total equity
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	1,060,000	19,492	236,882	602,260	1,918,634
Comprehensive income :					
- Net profit for the financial period	-	-	-	13,067	13,067
Other comprehensive loss (net of tax) :					
- Financial investments at FVOCI	-	(67,201)	-	-	(67,201)
Total comprehensive (loss)/income	-	(67,201)	-	13,067	(54,134)
Transfer to regulatory reserves	-	-	6,598	(6,598)	-
At 31 March 2020	1,060,000	(47,709)	243,480	608,729	1,864,500
At 1 January 2019	1,060,000	3,172	194,384	577,671	1,835,227
Comprehensive income :					
- Net profit for the financial period	-	-	-	24,436	24,436
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	25,220	-	-	25,220
Total comprehensive income	-	25,220	-	24,436	49,656
Transfer to regulatory reserves	-	-	10,082	(10,082)	-
At 31 March 2019	1,060,000	28,392	204,466	592,025	1,884,883

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

	Economic Entity	
	31/3/2020	31/12/2019
	RM'000	RM'000
(v) Financing, advances and other financing		
By type		
Cash line	484,697	469,379
Term financing		
- Housing financing	7,434,452	7,351,173
- Syndicated financing	-	746,036
- Hire purchase receivables	3,717,362	3,820,401
- Business term financing	5,610,801	4,885,355
Bills receivables	10,616	11,668
Trust receipts	17,265	30,232
Claims on customers under acceptance credits	461,935	447,486
Staff financing (of which RM Nil to Directors)	65,815	62,760
Credit/charge cards	29,836	30,828
Revolving credit	1,041,701	897,505
Gross financing, advances and other financing	18,874,480	18,752,823
Less : ECL	(181,753)	(172,570)
Total net financing, advances and other financing	18,692,727	18,580,253
(vi) Movements of impaired financing		
At beginning of the financial period/year	607,312	530,829
Classified as impaired	68,990	315,874
Reclassified as non-impaired	(30,560)	(183,350)
Amount recovered	(16,511)	(35,889)
Amount written-off	(31,115)	(20,152)
At end of the financial period/year	598,116	607,312
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (excludes RIA).	2.40%	2.47%

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(vii) Movement in expected credit losses for financing, advances and other financing

Economic Entity	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL (Stage 1)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
31/3/2020	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	51,043	17,171	104,356	172,570
Total transfer between stages due to change in credit risk :	845	7,262	(8,107)	-
- Transfer to 12-month ECL (Stage 1)	2,215	(1,510)	(705)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,370)	9,534	(8,164)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(762)	762	-
Financing, advances and other financing derecognised (other than write-offs)	(5,501)	(296)	(548)	(6,345)
New financing, advances and other financing originated or purchased	6,183	236	19	6,438
Changes due to change in credit risk	17,890	4,297	17,225	39,412
Write-offs	-	-	(32,658)	(32,658)
Other adjustments	-	-	2,336	2,336
At end of the financial period	70,460	28,670	82,623	181,753
Economic Entity				
31/12/2019				
At beginning of the financial year	50,292	10,864	67,861	129,017
Total transfer between stages due to change in credit risk :	6,337	25,385	(31,722)	-
- Transfer to 12-month ECL (Stage 1)	9,134	(7,380)	(1,754)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,772)	36,096	(33,324)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(25)	(3,331)	3,356	-
Financing, advances and other financing derecognised (other than write-offs)	(31,489)	(2,865)	(1,909)	(36,263)
New financing, advances and other financing originated or purchased	30,171	1,702	10,681	42,554
Changes due to change in credit risk	(9,546)	(19,562)	72,892	43,784
Changes in models/risk parameters	5,278	1,647	6,805	13,730
Write-offs	-	-	(19,399)	(19,399)
Other adjustments	-	-	(853)	(853)
At end of the financial year	51,043	17,171	104,356	172,570

(viii) Deposits from customers

	Economic Entity	
	31/3/2020	31/12/2019
	RM'000	RM'000
<u>Qard</u>		
Demand deposits	2,622,633	2,954,059
Savings deposits	713,237	647,064
	<u>3,335,870</u>	<u>3,601,123</u>
<u>Mudarabah</u>		
General investment deposits	61,355	61,558
<u>Tawarruq</u>		
Demand deposit	1,137	111
Savings deposits	3,574	157
Murabahah term deposits	13,774,413	13,241,472
Commodity Murabahah Deposit	1,174,937	401,917
	<u>14,954,061</u>	<u>13,643,657</u>
Total deposits from customers	18,351,286	17,306,338

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

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

Table 1 : Financial review for individual and cumulative quarter for current against preceding year's corresponding quarter

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	31/3/2020 RM'000	31/3/2019 RM'000	RM'000	%	31/3/2020 RM'000	31/3/2019 RM'000	RM'000	%
Net Income	630,375	472,516	157,859	33.41	630,375	472,516	157,859	33.41
Operating Profit	180,218	178,054	2,164	1.22	180,218	178,054	2,164	1.22
Profit Before Zakat and Tax	176,492	185,423	(8,931)	(4.82)	176,492	185,423	(8,931)	(4.82)
Profit Before Tax	174,289	184,976	(10,687)	(5.78)	174,289	184,976	(10,687)	(5.78)
Profit After Tax	129,105	143,745	(14,640)	(10.18)	129,105	143,745	(14,640)	(10.18)
Profit attributable to equity holders of the Bank	123,569	137,231	(13,662)	(9.96)	123,569	137,231	(13,662)	(9.96)

The Group registered a lower profit before tax ("PBT") of RM174.3 million for the 3 months ended 31 March 2020 as compared to RM185.0 million for the preceding year's corresponding quarter. The decline in PBT was mainly due to additional allowance for credit impairment losses of RM117.1 million as compared to a write-back of RM9.9 million in preceding year's corresponding quarter, as well as higher overhead expenses of RM27.7 million. These were cushioned by higher net gain on sales of financial instruments of RM136.1 million and higher net fee and commission income of RM13.7 million. For the quarter under review, the share of profits in associates was however lower by RM9.1 million while the share of loss in joint venture was up by RM1.9 million.

Commercial Banking

AFFIN Bank Berhad ("the Bank" or "ABB") reported a PBT of RM31.9 million for the 3 months ended 31 March 2020, a decrease of RM71.8 million as compared to RM103.7 million for the preceding year's corresponding quarter. The decrease in PBT was mainly due to credit impairment charge of RM71.2 million as compared to a write-back of RM17.0 million in preceding year's corresponding quarter, higher overhead expenses of RM20.5 million and lower net interest income of RM15.8 million, cushioned by higher gain on sales of FVOCI securities of RM51.1 million.

AFFIN Islamic Bank Berhad ("AiBB") also reported a lower PBT of RM20.0 million for the 1st quarter ended 31 March 2020 as compared to RM32.0 million for the preceding year's corresponding quarter. The increase in financing allowance of RM35.6 million was substantially offset by higher gain on sales of financial instruments of RM24.8 million.

Investment Banking

The results of the investment banking segment was attributed to the results of AFFIN Hwang Investment Bank Berhad ("AFFIN Hwang IB") Group.

AFFIN Hwang IB Group reported a PBT of RM127.4 million for the current financial quarter ended 31 March 2020, a significant increase of 181.9% as compared to RM45.2 million achieved in the same quarter last year. The improved performance was mainly due to higher net gain on sales of financial instruments of RM85.0 million and higher net fee and commission income of RM14.4 million. This was partially offset by higher overhead expenses and allowance for credit impairment losses of RM6.4 million and RM6.0 million respectively.

Its 63%-owned subsidiary namely AFFIN Hwang Asset Management Berhad ("AHAM") however registered a lower PBT of RM21.4 million for the 3 months ended 31 March 2020, a reduction of 15.2% as compared to RM25.2 million achieved for the same period last year. The drop in PBT was mainly attributable to MTM losses on financial instruments of RM6.2 million as compared to a net gain of RM1.4 million in previous year's corresponding quarter as well as higher overhead expenses of RM5.5 million. This was partially offset by higher net fee and commission income of RM8.7 million.

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

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (Cont.)

Insurance

The results of the insurance segment was made up of share of after tax results in AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI").

AALI registered a higher pre-tax loss of RM7.2 million for the 3 months ended 31 March 2020 as compared to RM4.6 million for the preceding year's corresponding quarter, mainly due to lower investment income of RM8.4 million and higher overhead expenses of RM5.2 million. However, these were offset by lower reserves for future policyholders' liabilities of RM9.3 million.

AAGI reported only a pre-tax profit of RM0.5 million for the 3 months ended 31 March 2020, a decline of 98.2% as compared to RM29.1 million for the same quarter last year, mainly due to lower earned premium of RM15.7 million and higher net claims incurred of RM11.0 million.

Other business segment

The results of other business segment were made up of the pretax profit of RM0.9 million of AFFIN Moneybrokers Sdn Bhd ("AMB") mainly made up of brokerage income of RM3.8 million, net of overhead expenses of RM2.9 million.

AMB reported a higher PBT of RM0.9 million for the 3 months ended 31 March 2020 as compared to RM0.7 million achieved in the previous year, mainly attributable to higher net brokerage income of RM0.4 million, net of higher overhead expenses of RM0.2 million.

B2. COMMENTS ON CURRENT PERFORMANCE AGAINST THE PRECEDING QUARTER'S RESULTS

Table 2 : Financial review for current quarter against preceding quarter

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	31/3/2020 RM'000	31/12/2019 RM'000	RM'000	%
Net income	630,375	487,047	143,328	29.43
Operating Profit	180,218	148,975	31,243	20.97
Profit Before Zakat and Tax	176,492	166,440	10,052	6.04
Profit Before Tax	174,289	166,226	8,063	4.85
Profit After Tax	129,105	131,717	(2,612)	(1.98)
Profit attributable to equity holders of the Bank	123,569	122,105	1,464	1.20

For the current financial quarter, the Group reported a higher pre-tax profit of RM174.3 million as compared to RM166.2 million achieved in the preceding financial quarter. The increase in net income of RM143.3 million which largely contributed by higher net gain on sales of financial instruments of RM152.6 million was offset by higher allowance on credit impairment losses of RM74.2 million and higher overhead expenses of RM40.6 million. For the quarter under review, the share of profit in AAGI was down by RM16.9 million while the share of losses in AALI increased by RM4.3 million.

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

B3. ECONOMIC AND BUSINESS OUTLOOK FOR 2020

The International Monetary Fund ("IMF") in its latest issue of World Economic Outlook has forecasted that the world economy will shrink by -3.0% in 2020. The Covid-19 pandemic will severely impact the global economic activities, trading and global value-chain linkages and affect sectors such as travelling, hospitality, entertainment, tourism and others. This will mark the sharpest decline in the world economy since the Great Depression in the 1930s where the global Gross Domestic Product ("GDP") declined by 10%.

The Malaysia's economy is projected to grow at -2.0% to 0.5% this year from the earlier official projection of 3.2% to 4.2%. The World Bank has recently forecasted Malaysia's GDP for 2020 to contract by -0.1% to -4.6% while IMF projected a drop of -1.7%. The Bank is projecting a -3.5% contraction in Malaysia's economic growth this year. The Movement Control Order ("MCO") imposed since 18 March 2020 is expected to have severe impact to the domestic economy. However, the Prihatin Rakyat RM250 billion Stimulus package and additional RM10 billion SME package announced by the Government recently will help to cushion any negative impact of the MCO. Meanwhile, the country's fiscal deficit is now projected to rise by another 0.7% to 4.7% of GDP from the earlier projection of 4.0%. Inflation rate is expected to average between -1.5% to 0.5% mainly reflecting significantly lower global oil and commodity prices. Households are likely to be cautious on their spending due to the uncertain employment situation as well as affected by lower real disposable income.

Year 2020 is going to be an exceptionally challenging year for the banking sector due to the global economic environment and the on-going Covid-19 pandemic with the risk of contraction in credit growth and deteriorating asset quality. The sector is likely to record lower loan growth this year as compared to 3.9% recorded in 2019. The weak domestic and global economy, the Covid-19 pandemic, loan moratorium and prolonged MCO will cause the banks' loan growth to decline and spike in non-performing loans. The banking sector loan growth will also be impacted by the negative sector outlook mainly in the residential and commercial properties, automotive, trade financing, oil and gas as well as retail sectors. A few key banks' exposure to the oil & gas sector may also pose downside risks as the oil price stays low. Banks are more likely to focus on active restructuring and rescheduling the loans of borrowers impacted by the Covid-19 pandemic.

BNM has announced a regulatory relief, a 6-month moratorium automatically accorded to all loans made by individuals and SMEs to help individuals and businesses to cope with the negative impact of the pandemic. In March 2020, BNM has reduced the Statutory Reserve Requirement ("SRR") from 3.0% to 2.0% to enhance liquidity into the banking system. BNM has also cut the Overnight Policy Rate ("OPR") by 100 bps to 2.0% during the year to provide a more accommodative monetary environment to support economic growth. This will exert more pressure on banks' profit margins.

BUSINESS STRATEGY MOVING FORWARD

In line with BNM's directive, the Corporate Banking will be focusing to support and assist eligible corporations that are impacted by the Covid-19 pandemic and seeking temporary financial relief on a case-by-case basis in order for them to maintain their business viability until conditions improve. Meanwhile, the Bank will proactively manage and preserve its asset quality by focusing on rehabilitation of corporate customers accounts with any early warning signal or deterioration on their credit quality. This will be done through more frequent credit assessment and timely engagement with the customers.

The SME Banking is presently focusing on the asset quality to ensure that our borrowers stay afloat during trying times whilst adhering to the 6-month moratorium for all the facilities as imposed by BNM whilst supporting the national agenda in providing Covid-19 pandemic funds to both existing and new Bank customers as part of our efforts to support the SMEs such as Special Relief Facility ("SRF"), Automation & Digitalisation Facility ("ADF") and Agrofood Facility ("AF"). Albeit the pandemic situation, we are also looking into opportunities for new facilities that will support the Bank's business.

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

BUSINESS STRATEGY MOVING FORWARD (Cont.)

On the Consumer Banking side, the billings for cards business are low due to significantly reduced spending by customers in view of the MCO. The Bank is looking at opportunities for increasing fee based income through wealth management/investment products such as unit trusts. There are also initiatives to cross sell credit cards, advances and deposits to existing and potential customers apart from following up with those cases in the pipeline.

We are also using robust online and digital platforms during this difficult time to continue providing relevant customer services, making available mobile access to all key stakeholders to ensure operational efficiency and ensure that all centers are properly equipped and functional during this crisis. We will also accelerate our digital readiness and encourage our customers to use our new corporate internet banking platform to manage their banking transactions online.

The Bank will continue to assess the impact of Covid-19 pandemic to its financing and deposits portfolio and will ensure effective implementation of financial measures announced by BNM and Government for the benefit of the customers. The Bank will further emphasize in enhancing customers experience through digital initiatives such as AFFINMax, Genius Pocket and SMEColony. The focus also includes revenue upliftment by accelerating fee and fund-based income with the offering of unique integrated products, including wealth and bancassurance products to various customer segments.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There were no profit forecast and profit guarantee issued by the Group and the Bank.

B5. TAXATION

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	48,677	18,996	48,677	18,996
Under provision in prior years	115	31	115	31
Deferred tax (income)/expense :				
- Relating to originating temporary differences	(3,608)	22,204	(3,608)	22,204
	45,184	41,231	45,184	41,231
Bank				
Malaysian income tax	11,588	10,191	11,588	10,191
Deferred tax (income)/expense :				
- Relating to originating temporary differences	(3,506)	13,502	(3,506)	13,502
	8,082	23,693	8,082	23,693

For the current period, the Group's and the Bank's effective tax rates were higher than the statutory tax rate, mainly due to certain expenses not deductible for tax purposes, net of certain income not subject to tax or subject to lower tax rate.

For the preceding year's corresponding period, the Group's and the Bank's effective tax rate was lower than the statutory tax rate, mainly due to certain income not subject to tax or subject to lower tax rate, net of certain expenses not deductible for tax purposes.

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

B6. STATUS OF CORPORATE PROPOSALS

There were no changes in status of corporate proposals reported during the financial period under review.

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(i) <u>Deposits from Customers</u>				
<u>By Type of Deposit :</u>				
Demand Deposits	6,618,098	7,417,574	3,994,820	4,468,875
Savings Deposits	2,525,617	2,334,653	1,808,806	1,687,588
Fixed Deposits	38,897,694	39,137,401	21,371,549	22,194,938
Commodity Murabahah Deposits	1,174,937	402,074	-	-
Money Market Deposits	1,113,723	1,278,950	1,113,723	1,278,950
Negotiable Instruments of Deposits ("NID")	490,390	485,021	520,846	504,899
Others	112,396	33,289	-	-
	<u>50,932,855</u>	<u>51,088,962</u>	<u>28,809,744</u>	<u>30,135,250</u>
 <u>Maturity structure of fixed deposits, NID and others :</u>				
Due within six months	24,719,579	20,975,454	12,924,186	10,939,740
Six months to one year	12,197,900	16,480,637	7,249,491	10,245,509
One year to three years	2,357,946	1,886,591	1,682,607	1,477,277
Three years to five years	225,055	313,029	36,111	37,311
	<u>39,500,480</u>	<u>39,655,711</u>	<u>21,892,395</u>	<u>22,699,837</u>
 <u>By Type of Customer :</u>				
Government and statutory bodies	8,311,462	8,022,642	500,944	1,024,448
Business enterprises	11,432,840	12,585,286	6,546,440	7,284,828
Individuals	24,228,644	23,504,126	18,375,477	18,197,263
Domestic banking institutions	791,369	494,213	822,222	513,669
Domestic non-banking financial institutions	4,789,075	5,060,498	1,540,941	2,050,604
Foreign entities	642,180	716,175	490,919	567,667
Others	737,285	706,022	532,801	496,771
	<u>50,932,855</u>	<u>51,088,962</u>	<u>28,809,744</u>	<u>30,135,250</u>
 (ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>				
<u>By Type of Institution :</u>				
Licensed banks	224,627	614,958	265,178	227,497
Licensed investment banks	50,143	395,889	-	-
Bank Negara Malaysia	431,531	4,675	431,531	4,675
Other financial institutions	712,324	747,730	634,484	413,913
	<u>1,418,625</u>	<u>1,763,252</u>	<u>1,331,193</u>	<u>646,085</u>
 <u>Maturity structure of deposits :</u>				
Due within six months	<u>1,418,625</u>	<u>1,763,252</u>	<u>1,331,193</u>	<u>646,085</u>
 (iii) <u>Lease Liabilities</u>				
At beginning of financial period/year, on adoption of MFRS 16	58,650	70,741	44,219	57,893
Additions	7,573	22,762	614	10,610
Termination of contracts	(7)	(104)	-	-
Interest/Profit expense	657	2,512	435	1,885
Lease payment	(9,421)	(37,261)	(6,516)	(26,169)
At end of the financial period/year	<u>57,452</u>	<u>58,650</u>	<u>38,752</u>	<u>44,219</u>

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

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS (Cont.)

	Group		Bank	
	31/3/2020 RM'000	31/12/2019 RM'000	31/3/2020 RM'000	31/12/2019 RM'000
(iv) Borrowings				
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	2,009,717	2,036,143	2,009,717	2,036,143
(b) Additional Tier-1 Capital Securities ('AT1CS')	504,846	512,236	504,846	512,236
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	307,662	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	765,061	755,339	-	-
	3,587,286	3,607,143	2,514,563	2,548,379

(a) Tier-2 Subordinated Medium Term Notes ("Subordinated MTNs")

ABB had, on 7 February 2017 and 20 September 2017, issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of ABB.

(b) Additional Tier-1 Capital Securities ("AT1CS")

ABB had, on 31 July 2018, issued AT1CS of RM500 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.

(c) Additional Tier 1 Sukuk Wakalah ("AT1S")

AiBB had, on 18 October 2018, issued first tranche of AT1S of RM300.0 million out of its approved BASEL III Complaint Islamic Medium Term Notes Programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Wakalah was on a perpetual non-callable 5 years, at a coupon rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of AiBB.

(d) MTN Tier-2 Sukuk Murabahah

AiBB had, on 23 October 2018, issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk Programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AiBB.

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

B8. MATERIAL LITIGATION

- a) A claim by the Plaintiff against the Bank vide Writ of Summons and Statement of Claim dated 22 January 2016 ("Writ") for the following:-
- RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;
 - SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;
 - RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;
 - RM500,000 as cost in respect of legal proceedings in Singapore.

The Bank had on 25 January 1996 given Suria Barisan (M) Sdn Bhd ("Suria") a credit facility of RM21.6 million ("Facility") against security of unquoted shares belonging to Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff ("Guarantor").

Suria, the Plaintiff and the Guarantor ("All") defaulted in the Facility which led to the Bank filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004.

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ("Chenet") being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ("DGI") as receiver of Plaintiff's Estate. On 29 January 2018, the full trial of the suit has been fixed on 27, 28 and 29 August 2018. On 30 July 2018, the Court fixed the Case Management on 15 August 2018. Hearing was part heard on 27 August 2018 and was postponed to 2 October 2018 which was further postponed to 16 and 17 October 2018 as plaintiff was admitted to hospital. On 16 October 2018, the trial dates were vacated as the presiding Judge informed that he will be transferred and a new Judge will take over the matter. On 5 December 2018, matter came up for Case Management before the new Judge, YA Dato' Ahmad bin Bache (who took over the matter from the previous Judge), whereby the Court fixed new trial dates on 25 to 28 March 2019 and 8 to 11 April 2019. On 11 April 2019, the Plaintiff requested for an adjournment as he was unwell. The High Court fixed 23 May 2019 for Case Management for parties to update on mediation efforts. Mediation was unsuccessful. However as the Federal Court reinstated his bankruptcy on 26 August 2019, the hearings at the High Court cannot proceed until sanction from the DGI has been obtained. Sanction of the DGI was obtained on 6 December 2019. Next Case Management date fixed on 22 January 2020. The trial dates on 13 to 15 April 2020 vacated due to the MCO. Pending directions/confirmation from the Court on whether the trial will proceed on 8 to 11 June 2020.

The Plaintiff's claim ("Claim") is premised on alleged wrongful acts by the Bank as follows:-

- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ("NDSB shares") which was pledged by Suria to the Bank as security for the Facility on a timely basis. On this claim, Plaintiff claims damages under (i) above;
- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;
- the Bank had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore. Plaintiff has alleged conspiracy between the Bank and the opponent of the Plaintiff in Singapore. On this claim, Plaintiff claims losses under (ii) above;
- the Bank had wrongfully made Plaintiff a bankrupt in 2013 which bankruptcy was set aside in 2015. On this claim, Plaintiff claims losses under (iii) above;
- the Plaintiff is also claiming the amount of (iv) above being cost of proceedings incurred by him in Singapore.

The Bank has a good defence ("Defence") on the merits with regard to each of the alleged wrongful act as follows:-

- the sale of NDSB Shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

The above Claim against the Bank by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

The Board of Directors of the Bank are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialize if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank for the period under review.

- b) There are various legal suits against ABB in respect of claims and counter claims of approximately RM19.1 million (2019: RM19.1 million). Based on legal advice, the Directors are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

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

B9. DIVIDENDS

In view of the MCO and the uncertainty in determining the Annual General Meeting date of the Bank, the Board had on 27 April 2020, resolved the following:

- i) reclassification of the proposed final dividend (which was included in the announcement on the quarterly report on consolidated results for the year ended 31 December 2019 dated 27 February 2020) as interim dividend for financial year ended 31 December 2019;
- ii) revision of the interim dividend from 7.0 sen to 5.0 sen, amounting to a dividend payable of RM99,301,006 in respect of financial year ended 31 December 2019; and
- iii) application of Dividend Reinvestment Plan ("DRP") to the interim dividend and 100% of the interim dividend can be elected to be reinvested in new ABB shares. Any part of the reinvestment option which is not exercised by the shareholders into new ABB shares will be paid in cash.

On 6 May 2020, the Bank announced that Bursa Securities ("Bursa") had via its letter dated 6 May 2020 resolved not to approve the Bank's application for the proposed waiver to comply with Paragraph 8.26(1) of the Main Market Listing Requirements of Bursa, for the revision of the interim dividend from 7.0 sen to 5.0 sen per share for the financial year ended 31 December 2019. In view of the said decision from Bursa, the Bank had thus resolved to reinstate the said interim dividend to 7.0 sen per share.

The details of the proposed interim single-tier dividend in respect of the financial year ended 31 December 2019 of 7.0 sen per ordinary share amounting to RM139,021,409 (based on 1,986,020,123 ordinary shares in issue as at 31 December 2019) is as follows:

Amount per share	: 7.0 sen
Date payable	: To be determined and announced later
Date of entitlement	: To be determined and announced later

The books closure date will be announced by the Bank at a later date.

B10. EARNINGS PER SHARE

(a) Basic

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

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
Net profit attributable to equity holders of the Bank (RM'000)	123,569	137,231	123,569	137,231
Weighted average number of ordinary shares in issue	1,986,020,123	1,975,970,089	1,986,020,123	1,975,970,089
Basic earnings per share (sen)	6.22	6.94	6.22	6.94

Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
Net profit attributable to equity holders of the Bank (RM'000)	23,864	80,002	23,864	80,002
Weighted average number of ordinary shares in issue	1,986,020,123	1,975,970,089	1,986,020,123	1,975,970,089
Basic earnings per share (sen)	1.20	4.05	1.20	4.05

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

B10. EARNINGS PER SHARE (Cont.)

(b) Diluted

The diluted earnings per ordinary share has been calculated by dividing the net profit attributable to equity holders of the Group and the Bank as stated above by the weighted average number of shares in issue during the financial year including the dilution from the potential issuance of new ordinary shares arising from DRP.

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
Net profit attributable to equity holders of the Bank (RM'000)	123,569	137,231	123,569	137,231
Diluted weighted average number of ordinary shares in issue	2,069,244,366	1,975,970,089	2,069,244,366	1,975,970,089
Diluted earnings per share (sen)	5.97	6.94	5.97	6.94
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Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
Net profit attributable to equity holders of the Bank (RM'000)	23,864	80,002	23,864	80,002
Diluted weighted average number of ordinary shares in issue	2,069,244,366	1,975,970,089	2,069,244,366	1,975,970,089
Diluted earnings per share (sen)	1.15	4.05	1.15	4.05
	<hr/>		<hr/>	
	Group and Bank			
	31/3/2020			
Number of ordinary shares in issue	1,986,020,123			
Number of potential ordinary shares in issue	83,224,243			
	<hr/>			
Diluted weighted average number of ordinary shares in issue	2,069,244,366			
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