

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
And Its Subsidiaries

Condensed Interim Financial Statements
For the Financial Period
1 April 2018 to
31 December 2018
(In Ringgit Malaysia)

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Bank	
	Note	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
ASSETS					
Cash and short-term funds	8	618,788	858,503	546,012	752,000
Financial assets at fair value through profit or loss	9	519	-	519	-
Financial assets held-for-trading	10	-	1,020	-	1,020
Financial assets at fair value through other comprehensive income	11	2,889	-	2,889	-
Financial investments available-for-sale	12	-	1,457	-	1,457
Financial investments at amortised cost	13	135,496	-	135,496	-
Financial investments held-to-maturity	14	-	135,701	-	135,701
Loans and advances	15	292,912	279,074	292,912	279,074
Statutory deposit with Bank Negara Malaysia		5,211	3,003	5,211	3,003
Deferred tax assets		6,859	6,357	4,613	3,919
Investment in subsidiaries		-	-	56,257	68,927
Other assets	16	274,316	675,636	254,090	655,106
Property and equipment		18,041	19,540	17,314	18,576
Intangible assets		38,617	39,084	1,764	2,137
TOTAL ASSETS		1,393,648	2,019,375	1,317,077	1,920,920
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	17	600,000	600,000	600,000	600,000
Derivative financial liabilities		1	9	1	9
Other liabilities	18	231,712	659,388	219,441	643,191
TOTAL LIABILITIES		831,713	1,259,397	819,442	1,243,200
Share capital		200,000	200,000	200,000	200,000
Reserves		361,935	559,978	297,635	477,720
Equity attributable to equity holder of the Bank		561,935	759,978	497,635	677,720
TOTAL LIABILITIES AND EQUITY		1,393,648	2,019,375	1,317,077	1,920,920
COMMITMENTS AND CONTINGENCIES	27	157,045	256,582	157,045	256,582
NET ASSETS PER ORDINARY SHARE (RM)		2.81	3.80	2.49	3.39

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 March 2018.

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

Group	Note	Individual Quarter		Cumulative Quarter	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Operating revenue		55,427	75,614	177,591	229,238
Interest income	19	8,647	8,700	26,372	26,587
Interest expense	20	(5,486)	(5,476)	(16,233)	(16,296)
Net interest income		3,161	3,224	10,139	10,291
Net income from Islamic banking operations	30	4,057	9,609	14,041	29,922
Other operating income	21	54,645	79,019	178,289	237,346
Direct costs	22	(12,263)	(21,868)	(41,780)	(65,453)
Net income		49,600	69,984	160,689	212,106
Other operating expenses	23	(44,004)	(48,837)	(130,095)	(152,077)
Operating Profit		5,596	21,147	30,594	60,029
Net impairment (charge)/writeback for:					
Loans and advances	24	24	(24)	74	(186)
Other financial assets	25	473	(55)	(314)	459
Writeback of provision for commitments and contingencies		-	213	-	92
Other recoveries		-	-	10	-
Profit before taxation		6,093	21,281	30,364	60,394
Taxation		(269)	(6,980)	(4,964)	(15,799)
Profit for the financial period		5,824	14,301	25,400	44,595
Basic earnings per share (sen)		2.91	7.15	12.70	22.30

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 March 2018.

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

Group	Individual Quarter		Cumulative Quarter	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Profit for the financial period	5,824	14,301	25,400	44,595
Other comprehensive income/(loss):				
Item that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	51	(401)	420	(528)
Other comprehensive income/(loss) for the financial period	51	(401)	420	(528)
Total comprehensive income for the period attributable to equity holder of the Bank	5,875	13,900	25,820	44,067

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 March 2018.

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

Bank	Note	Individual Quarter		Cumulative Quarter	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Operating revenue		47,723	59,946	156,387	185,382
Interest income	19	8,264	8,238	24,962	24,977
Interest expense	20	(5,403)	(5,387)	(15,969)	(16,022)
Net interest income		2,861	2,851	8,993	8,955
Net income from Islamic banking operations	30	4,057	9,609	14,041	29,922
Other operating income	21	41,514	52,115	139,033	160,392
Direct costs	22	(6,453)	(10,170)	(22,318)	(30,745)
Net income		41,979	54,405	139,749	168,524
Other operating expenses	23	(28,459)	(33,214)	(83,361)	(98,687)
Operating Profit		13,520	21,191	56,388	69,837
Net impairment (charge)/writeback for:					
Loans and advances	24	24	(24)	74	(186)
Subsidiary		-	-	(12,670)	-
Other financial assets	25	473	(55)	(151)	(349)
Writeback of provision for commitments and contingencies		-	213	-	92
Other recoveries		-	-	10	-
Profit before taxation		14,017	21,325	43,651	69,394
Taxation		963	(3,894)	(22)	(8,447)
Profit for the financial period representing total comprehensive income		14,980	17,431	43,629	60,947
Basic earnings per share (sen)		7.49	8.72	21.81	30.47

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 March 2018.

AmInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

		-----Attributable to equity holder of the Bank----->								
		Non-distributable					Exchange		Distributable	
Group	Note	Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	fluctuation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2017		200,000	2,815	200,000	2,800	82,115	3,035	-	95,252	586,017
Profit for the financial period		-	-	-	-	-	-	-	44,595	44,595
Other comprehensive loss		-	-	-	-	-	(528)	-	-	(528)
Total comprehensive (loss)/income for the period		-	-	-	-	-	(528)	-	44,595	44,067
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	(558)	(558)
Transfer to regulatory reserve		-	-	-	118	-	-	-	(118)	-
Transfer to retained earnings		-	-	(200,000)	-	-	-	-	200,000	-
Dividends paid		-	-	-	-	-	-	-	(42,100)	(42,100)
Transactions with owner and other equity movements		-	-	(200,000)	118	-	-	-	157,224	(42,658)
At 31 December 2017		200,000	2,815	-	2,918	82,115	2,507	-	297,071	587,426
At 1 April 2018										
As previously reported		200,000	2,815	-	2,918	82,115	2,124	-	470,006	759,978
Effect of adoption of MFRS 9	36(a)(iii)	-	-	-	1,985	-	-	1,089	(833)	2,241
As restated		200,000	2,815	-	4,903	82,115	2,124	1,089	469,173	762,219
Profit for the financial period		-	-	-	-	-	-	-	25,400	25,400
Other comprehensive income		-	-	-	-	-	420	-	-	420
Total comprehensive income for the period		-	-	-	-	-	420	-	25,400	25,820
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	(847)	(847)
Transfer from regulatory reserve		-	-	-	(117)	-	-	-	117	-
Dividends paid		-	-	-	-	-	-	-	(225,257)	(225,257)
Transactions with owner and other equity movements		-	-	-	(117)	-	-	-	(225,987)	(226,104)
At 31 December 2018		200,000	2,815	-	4,786	82,115	2,544	1,089	268,586	561,935

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 March 2018.

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

		<-----Attributable to equity holder of the Bank----->					
		Non-distributable			Distributable		
Bank	Note	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2017		200,000	200,000	2,800	-	88,943	491,743
Profit for the financial period		-	-	-	-	60,947	60,947
Total comprehensive income for the period		-	-	-	-	60,947	60,947
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	(438)	(438)
Transfer to regulatory reserve		-	-	118	-	(118)	-
Transfer to retained earnings		-	(200,000)	-	-	200,000	-
Dividends paid		-	-	-	-	(42,100)	(42,100)
Transactions with owner and other equity movements		-	(200,000)	118	-	157,344	(42,538)
At 31 December 2017		200,000	-	2,918	-	307,234	510,152
At 1 April 2018							
As previously reported		200,000	-	2,918	-	474,802	677,720
Effect of adoption of MFRS 9	36(a)(iii)	-	-	1,985	1,089	(833)	2,241
As restated		200,000	-	4,903	1,089	473,969	679,961
Profit for the financial period		-	-	-	-	43,629	43,629
Total comprehensive income for the period		-	-	-	-	43,629	43,629
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	(698)	(698)
Transfer from regulatory reserve		-	-	(117)	-	117	-
Dividends paid		-	-	-	-	(225,257)	(225,257)
Transactions with owner and other equity movements		-	-	(117)	-	(225,838)	(225,955)
At 31 December 2018		200,000	-	4,786	1,089	291,760	497,635

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 March 2018.

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

	Group		Bank	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Profit before taxation	30,364	60,394	43,651	69,394
Adjustments for non-operating and non cash items	958	(1,439)	(41,939)	(52,897)
Operating profit before working capital changes	31,322	58,955	1,712	16,497
Decrease in operating assets	388,066	129,609	388,594	123,556
Decrease in operating liabilities	(427,523)	(63,322)	(423,866)	(55,393)
Cash (used in)/generated from operations	(8,135)	125,242	(33,560)	84,660
Tax (paid)/refund	(6,059)	18,243	(1,987)	22,885
Net cash (used in)/generated from operating activities	(14,194)	143,485	(35,547)	107,545
Net cash (used in)/generated from investing activities	(649)	(30,298)	54,826	21,625
Net cash used in financing activities	(225,257)	(42,100)	(225,257)	(42,100)
Net (decrease)/increase in cash and cash equivalents	(240,100)	71,087	(205,978)	87,070
Cash and cash equivalents at beginning of the financial year	858,503	584,391	752,000	471,568
Effect of exchange rate changes	395	(324)	-	-
Cash and cash equivalents at end of the financial period (Note 1)	618,798	655,154	546,022	558,638
Note 1:				
Cash and short term funds	618,788	655,154	546,012	558,638
Add:				
Changes in expected credit loss				
Impact of adopting MFRS 9 at 1 April 2018	7	-	7	-
Movement for the financial period	3	-	3	-
	10	-	10	-
Cash and cash equivalents at end of the financial period	618,798	655,154	546,022	558,638

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 March 2018.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). These financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2018.

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

1.1 Significant Accounting Policies

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

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

The adoption of these new standards, amendments to published standards and new interpretation did not have any material impact on the financial statements of the Group and the Bank except for those arising from the adoption of MFRS 9 as disclosed below. Other than the adoption of new accounting policies as disclosed in Note 1.3, the Group and the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to published standards standards and new interpretation.

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

MFRS 9 Financial Instruments

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

1. BASIS OF PREPARATION (CONT'D.)

1.1 Significant Accounting Policies (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

(i) Classification and measurement

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

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

Financial assets held for trading comprising equity instruments continued to be measured at FVTPL.

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

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

(ii) Impairment

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

1. BASIS OF PREPARATION (CONT'D.)

1.1 Significant Accounting Policies (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

(ii) Impairment (Cont'd.)

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

Following the adoption of MFRS 9, the Group and the Bank recorded a writeback of loss allowance in respect of loans and advances, which has been adjusted to retained earnings on 1 April 2018.

(iii) Hedge accounting

All existing hedge relationships that were designated in effective hedging relationships under MFRS 139 continued to qualify for hedge accounting under MFRS 9. This is because MFRS 9 did not change the general principles of how an entity accounts for effective hedges. There is no impact to the Group's and the Bank's financial statements as the Group and the Bank did not enter into any hedge relationships.

The tax treatment on the transition from MFRS 139 to MFRS 9 is in accordance with clarification provided by the Ministry of Finance in a letter dated 27 December 2018.

The financial impact of the adoption of MFRS 9 on the financial statements of the Group and the Bank are as disclosed in Note 36.

MFRS 15 Revenue from Contracts with Customers

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which one of them is effective to the Group and the Bank for annual periods beginning on or after 1 January 2018, as summarised below:

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

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

1. BASIS OF PREPARATION (CONT'D.)

1.1 Significant Accounting Policies (Cont'd.)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

1.2 Standards issued but not yet effective

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

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

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

MFRS 16 *Leases*

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

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

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

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

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

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied. At this stage, the Group and the Bank do not intend to adopt the standard before its effective date. The Group and the Bank intend to apply the simplified transition approach and will not restate comparative amounts.

1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 16 Leases (Cont'd.)

The Group and the Bank are in the process of assessing the financial implication for adopting MFRS 16. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard.

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

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

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

Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

Annual Improvements to MFRSs 2015-2017 Cycle

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

- (i) *MFRS 3 Business Combinations*
The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer shall remeasure its previously held interest in the joint operation at fair value at the acquisition date.
- (ii) *MFRS 11 Joint Arrangements*
The amendments clarified that the party obtaining joint control of a business that is a joint operation shall not remeasure any previously held interest in the joint operation.
- (iii) *MFRS 112 Income Taxes*
The amendments clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits.
- (iv) *MFRS 123 Borrowing Costs*
The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

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

Amendments to References to the Conceptual Framework in MFRS Standards

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

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

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

The amendments clarify that:

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

1. BASIS OF PREPARATION (CONT'D.)

1.3 Summary of Significant Accounting Policies Applied from 1 April 2018

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

(a) Financial instruments – initial recognition and measurement

(i) Initial recognition

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

(ii) Initial measurement

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

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

(iii) “Day 1” profit or loss

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

(b) Financial assets – classification and subsequent measurement

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

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

(i) Debt instruments

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

Business model

The business model reflects how the Group and the Bank manage the financial assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets, or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Group and the Bank in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

Cash flow characteristics

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

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

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the methodology described in Note 1.3(e). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in "impairment losses on financial investments" for bonds, "impairment losses on loans and advances" for loans and advances or "doubtful receivables" for losses other than bonds, loans and advances.

FVOCI

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through other comprehensive income, except for the recognition of impairment losses (measured using the methodology described in Note 1.3(e)), interest income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Interest earned whilst holding the assets are reported as "interest income" using the effective interest method. The losses arising from impairment are reclassified from other comprehensive income to profit or loss in "impairment losses on financial investments". When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and recognised in "other operating income".

1. BASIS OF PREPARATION (CONT'D.)

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

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

(i) Debt instruments (Cont'd.)

FVTPL

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

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

(ii) Reclassification of debt investments

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

(iii) Equity instruments

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

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

(c) Financial liabilities – classification and subsequent measurement

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

- financial liabilities at FVTPL; and
- loan commitments (see Note 1.3(h)).

(i) Amortised cost

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

(i) Amortised cost (Cont'd.)

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

(ii) FVTPL

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

(d) Derecognition of financial instruments

(i) Derecognition of financial assets

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

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

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

(ii) Modification of loans

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

(ii) Modification of loans (Cont'd.)

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

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

(iii) Derecognition of financial liabilities

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

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

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

(e) Financial instruments - expected credit losses

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

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

(e) Financial instruments - expected credit losses (Cont'd.)

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

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

(i) Rescheduled and restructured loans

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

(ii) Collateral valuation

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

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

(iii) Collateral repossessed

The Group's and the Bank's policy is to determine whether a repossessed asset is best used for internal operations or should be sold. Repossessed financial assets determined to be useful for the internal operations are classified based on their characteristics, business model and the cash flow characteristics, and are measured at their fair value in the same manner as described in Note 1.3(a)(ii). Repossessed non-financial assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value and the carrying value of the original secured asset. Repossessed assets that are determined better to be sold are immediately transferred to assets held for sale if the sale is deemed highly probable within a short period following the repossession, whereby financial assets are measured at their fair value whereas non-financial assets are measured at the lower of fair value less cost to sell at the repossession date and the carrying value of the original secured asset.

1. BASIS OF PREPARATION (CONT'D.)

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

(f) Hedge accounting

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

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

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

(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

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

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

(g) Offsetting financial instruments

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

1. BASIS OF PREPARATION (CONT'D.)

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

(h) Loan commitments

Loan commitments provided by the Group and the Bank are measured at the amount of the loss allowance (calculated as described in Note 1.3(e)).

(i) Investment in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

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

In the Bank' separate financial statements, investments in associates or joint ventures are stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amounts are recognised in profit or loss.

As of reporting date, the Group and the Bank do not have any investment in associates and/or joint ventures.

(j) Recognition of income and expenses relating to financial instruments

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

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

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

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

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

(ii) Dividend income

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

(iii) Investment and trading income

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

(k) Recognition of revenue from contracts with customers

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

1. BASIS OF PREPARATION (CONT'D.)

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

(k) Recognition of revenue from contracts with customers (Cont'd.)

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

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

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

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

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

Fee and commission income

The Group and the Bank earn fee and commission income from a diverse range of services provided to customers. Fee income can be divided into the following two categories:

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

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

Fee income from providing transaction services

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

1.4 Significant change in regulatory requirements

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

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

- (a) Financial Reporting
- (b) Financial Reporting for Islamic Banking Institutions

1. BASIS OF PREPARATION (CONT'D.)

1.4 Significant change in regulatory requirements (Cont'd.)

BNM policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions (Cont'd.)

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

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

The revised policy documents also introduced the following new disclosure requirements in the annual financial statements. These information which are not disclosed in these condensed interim financial statements will be presented in the Group's annual financial statements for the financial year ending 31 March 2019:

- (i) a movement schedule of financial instruments classified as credit-impaired with a breakdown by class of financial instrument;
- (ii) a movement schedule of loss allowance with a breakdown by class of financial instrument and showing separately the loss allowance measured by different stages of expected credit loss;
- (iii) intercompany charges with a breakdown by type of services received and geographical distribution; and
- (iv) nature of the underlying assets in connection with placement of funds in an investment account with an Islamic banking institution. This disclosure is not applicable to the Group and the Bank.

1.5 Significant Accounting Judgements, Estimates and Assumptions

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

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

2. AUDIT QUALIFICATION

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

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter ended 31 December 2018 other than the impact of adoption of MFRS 9 as disclosed in Note 36.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Bank has not issued any new shares or debentures during the financial quarter and period.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

7. DIVIDENDS

Dividends paid during the financial period in respect of financial year ended 31 March 2018:

- (i) special single-tier cash dividend of 88.63 sen per ordinary share on 200,000,000 ordinary shares amounting to RM177,257,008 was paid on 11 June 2018 arising from a gain of RM177,258,000 on disposal of securities at FVOCI (previously classified as securities available-for-sale) to a related company, AmBank (M) Berhad which was recognised in the financial year ended 31 March 2018.
- (ii) final single-tier cash dividend of 14.00 sen per ordinary share on 200,000,000 ordinary shares amounting to RM28,000,000 was paid on 8 August 2018.

In respect of the current financial period, the Board of Directors declare an interim single-tier cash dividend of 10.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM20,000,000 which was paid on 30 November 2018.

AmlInvestment Bank Berhad
(23742-V) (Incorporated in Malaysia)
and its subsidiaries

8. CASH AND SHORT TERM FUNDS

	Group		Bank	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Cash and bank balances	413,024	432,378	354,122	339,212
Deposit placements maturing within one month:				
Licensed banks	192,874	413,487	179,000	400,150
Other financial institutions	12,900	12,638	12,900	12,638
	<u>618,798</u>	<u>858,503</u>	<u>546,022</u>	<u>752,000</u>
Less: Expected credit losses				
- 12 month ECL (Stage 1)	(10)	-	(10)	-
	<u>618,788</u>	<u>858,503</u>	<u>546,012</u>	<u>752,000</u>

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

Group and Bank	12-Month ECL Stage 1 RM'000
Balance at beginning of the financial year	-
- as previously stated	-
- effects of adoption of MFRS 9	7
Balance at beginning of the financial year, as restated	<u>7</u>
Movement in allowance due to changes in credit risk	3
Balance at end of the financial period	<u>10</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	31 December 2018 RM'000	31 March 2018 RM'000
At Fair Value		
Quoted Securities in Malaysia:		
Unit trusts	<u>519</u>	<u>-</u>

10. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	31 December 2018 RM'000 (Note 36)	31 March 2018 RM'000
At Fair Value		
Quoted Securities in Malaysia:		
Unit trusts	<u>-</u>	<u>1,020</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
At Fair value		
Unquoted Securities:		
In Malaysia:		
Shares	2,872	-
Outside Malaysia:		
Shares	17	-
	<u>2,889</u>	<u>-</u>

12. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
	(Note 36)	
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	-	1,450
Outside Malaysia:		
Shares	-	7
	<u>-</u>	<u>1,457</u>

13. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
At Amortised Cost:		
Money Market Instruments:		
Malaysian Government Securities	60,396	-
Unquoted Securities in Malaysia:		
Corporate Bonds	75,100	-
	<u>135,496</u>	<u>-</u>

14. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
	(Note 36)	
At Amortised Cost:		
Money Market Instruments:		
Malaysian Government Securities	-	60,601
Unquoted Securities in Malaysia:		
Corporate Bonds	-	75,100
	<u>-</u>	<u>135,701</u>

15. LOANS AND ADVANCES

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
At Amortised Cost		
Share margin financing	257,568	242,880
Revolving credits	36,405	37,695
Staff loans	938	1,520
Gross loans and advances	<u>294,911</u>	<u>282,095</u>
Less:		
Allowance for impairment on loans and advances		
Individual allowance	(1,995)	(2,067)
Collective allowance	(4)	(954)
	<u>(1,999)</u>	<u>(3,021)</u>
Net loans and advances	<u>292,912</u>	<u>279,074</u>

(a) Gross loans and advances analysed by type of customers are as follows:

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Domestic business enterprises:		
Small medium enterprises	14,998	3,458
Others	54,244	50,867
Individuals	<u>225,669</u>	<u>227,770</u>
	<u>294,911</u>	<u>282,095</u>

(b) All loans and advances reside in Malaysia.

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Fixed rate		
Staff housing loans	883	1,381
Staff hire purchase receivables	55	139
Other fixed rate loans	<u>257,568</u>	<u>242,880</u>
	258,506	244,400
Variable rate:		
Cost-plus	<u>36,405</u>	<u>37,695</u>
	<u>294,911</u>	<u>282,095</u>

15. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Agriculture	863	862
Real estate	3,813	3,809
Business activities	52,950	49,654
Household, of which:		
Purchase of residential properties	883	1,381
Purchase of transport vehicles	55	139
Purchase of securities	236,347	226,250
	<u>294,911</u>	<u>282,095</u>

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

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Maturing within one year	293,980	280,627
Over one year to three years	113	130
Over three years to five years	101	81
Over five years	717	1,257
	<u>294,911</u>	<u>282,095</u>

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

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Balance at beginning of the financial year	2,067	2,163
Recoveries	(72)	(96)
Balance at end of the financial period/year	<u>1,995</u>	<u>2,067</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.68%</u>	<u>0.73%</u>
Loan loss coverage (including Regulatory Reserve)*	<u>340.3%</u>	<u>287.3%</u>

*Effective 1 April 2018, loan loss allowance includes provision for commitment and contingencies for loan commitments and financial guarantees (collectively referred as off-balance sheet exposure). As at 31 December 2018, there is no provision set aside for these off-balance sheet exposure.

15. LOANS AND ADVANCES (CONT'D.)

- (g) All impaired loans and advances reside in Malaysia.
- (h) All impaired loans and advances are in the business activities sector.
- (i) Movements in allowances for impaired loans and advances are as follows:

	Group and Bank	
	31 December 2018 RM'000	31 March 2018 RM'000
Individual allowance		
Balance at beginning of the financial year	2,067	2,163
Allowance written back during the financial period/year	(72)	(96)
Balance at end of the financial period/year	1,995	2,067
Collective allowance		
Balance at beginning of the financial year		
As previously stated	954	705
Effect of adoption of MFRS 9	(948)	-
Restated balance at beginning of the financial year	6	705
Charge/(written back) during the financial period/year	(2)	249
Balance at end of the financial period/year	4	954

Movements in collective allowances which reflect the ECL model on impairment are as follows:

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
	Collective allowance			
Group and Bank				
Balance at beginning of the financial year, as restated	5	-	1	6
Changes due to loan and advances movements:				
Financial assets derecognised	(2)	-	-	(2)
Balance at the end of the financial period	3	-	1	4

AmlInvestment Bank Berhad
(23742-V) (Incorporated in Malaysia)
and its subsidiaries

16. OTHER ASSETS

	Group		Bank	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Trade receivables	162,734	587,698	162,734	587,644
Other receivables, deposits and prepayments	19,302	16,236	11,661	9,568
Fee receivable	32,790	32,781	14,415	14,246
Interest receivable	2,204	1,526	2,202	1,520
Tax recoverable	18,489	18,604	16,138	15,575
Margin deposits	47,039	26,416	47,039	26,416
Amount due from:				
Holding company	-	70	-	70
Subsidiaries	-	-	3,037	2,954
Other related companies	376	460	373	460
	<u>282,934</u>	<u>683,791</u>	<u>257,599</u>	<u>658,453</u>
Less:				
Accumulated impairment loss	(8,618)	(8,155)	(3,509)	(3,347)
	<u>274,316</u>	<u>675,636</u>	<u>254,090</u>	<u>655,106</u>

17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and placement of banks and other financial institutions represent deposit from a related company.

18. OTHER LIABILITIES

	Group		Bank	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Trade payables	176,048	589,590	176,048	589,590
Other payables and accruals	42,994	48,571	32,271	35,247
Interest payable	4,625	4,444	4,625	4,444
Provision for commitments and contingencies	600	1,178	600	1,178
Amount due to:				
Holding company	327	-	327	-
Other related companies	7,118	15,605	5,570	12,732
	<u>231,712</u>	<u>659,388</u>	<u>219,441</u>	<u>643,191</u>

The movements in provision for commitments and contingencies are as follows:

	Group and Bank	
	31 December 2018 RM'000	31 March 2018 RM'000
Balance at beginning of financial year		
- as previously stated		573
- effects of adoption of MFRS 9 (Note 36)	(578)	-
Balance at beginning of the financial year, as restated	<u>600</u>	<u>573</u>
Provision made for the financial period/year	-	3,006
Settlement made during the financial period/year	-	(2,401)
Balance at end of period/year	<u>600</u>	<u>1,178</u>

19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2,064	2,174	6,815	7,347
Financial investments at amortised cost	1,341	-	4,011	-
Financial investments held-to-maturity	-	1,354	-	3,637
Loans and advances	4,987	5,026	14,671	15,076
Others	255	146	875	527
	8,647	8,700	26,372	26,587

Bank	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,681	1,712	5,405	5,737
Financial investments at amortised cost	1,341	-	4,011	-
Financial investments held-to-maturity	-	1,354	-	3,637
Loans and advances	4,987	5,026	14,671	15,076
Others	255	146	875	527
	8,264	8,238	24,962	24,977

20. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,321	5,304	15,768	15,746
Others	165	172	465	550
	5,486	5,476	16,233	16,296

Bank	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,321	5,304	15,768	15,746
Others	82	83	201	276
	5,403	5,387	15,969	16,022

AmlInvestment Bank Berhad
(23742-V) (Incorporated in Malaysia)
and its subsidiaries

21. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	13,202	18,254	47,088	56,306
Corporate advisory	1,920	2,966	9,326	7,624
Fees on loans and securities	1,055	7,694	5,450	11,642
Guarantee fees	-	-	-	13
Portfolio management fees	4,900	3,865	25,250	21,198
Underwriting commission	345	-	870	151
Unit trust management fees	26,971	32,693	65,864	83,201
Unit trust service charges	1,883	5,930	7,443	21,258
Wealth management fees	2,418	5,920	8,139	21,573
Other fee and commission income	503	802	1,776	2,966
	<u>53,197</u>	<u>78,124</u>	<u>171,206</u>	<u>225,932</u>
Investment and trading income:				
Dividend income/distribution from:				
Financial assets at fair value through profit and loss	-	-	2	-
Financial assets held-for-trading	-	-	-	3
Financial assets at fair value through other comprehensive income	-	-	146	-
Financial investments available-for-sale	-	294	-	1,447
Net foreign exchange (loss)/gain	(219)	(1,091)	1,717	(2,132)
Net gain from sale of financial assets at FVTPL	-	-	16	-
Net gain from sale of financial assets held-for-trading	-	18	-	31
Net gain/(loss) on derivatives	14	-	(39)	(12)
Net loss on revaluation of financial assets at FVTPL	(37)	-	(82)	-
Net loss on revaluation of financial assets held-for-trading	-	(10)	-	(16)
	<u>(242)</u>	<u>(789)</u>	<u>1,760</u>	<u>(679)</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	2	(89)	2	(87)
Non-trading foreign exchange (loss)/gain	(3)	(7)	(9)	4
Rental income	588	575	1,732	1,726
Others	1,103	1,205	3,598	10,450
	<u>1,690</u>	<u>1,684</u>	<u>5,323</u>	<u>12,093</u>
	<u>54,645</u>	<u>79,019</u>	<u>178,289</u>	<u>237,346</u>

21. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	13,202	18,254	47,088	56,306
Corporate advisory	1,920	2,966	9,326	7,624
Fees on loans and securities	1,055	7,694	5,450	11,642
Guarantee fees	-	-	-	13
Portfolio management fees	151	181	475	599
Underwriting commission	345	-	870	151
Wealth management fees	4,529	7,987	14,488	27,898
Other fee and commission income	547	838	1,857	2,074
	<u>21,749</u>	<u>37,920</u>	<u>79,554</u>	<u>106,307</u>
Investment and trading income:				
Dividend income/distribution from :				
Subsidiaries ¹	19,000	14,103	55,370	51,553
Financial assets at fair value through profit and loss	-	-	2	-
Financial assets held-for-trading	-	-	-	3
Financial assets at fair value through other comprehensive income	-	-	146	-
Financial investments available-for-sale	-	294	-	1,447
Net foreign exchange gain/(loss)	52	(718)	1,748	(1,359)
Net gain from sale of financial assets at FVTPL	-	-	16	-
Net gain from sale of financial assets held-for-trading	-	18	-	31
Net gain/(loss) on revaluation of derivatives	14	-	(39)	(12)
Net loss on revaluation of financial assets at FVTPL	(37)	-	(82)	-
Net loss on revaluation of financial assets held-for-trading	-	(10)	-	(16)
	<u>19,029</u>	<u>13,687</u>	<u>57,161</u>	<u>51,647</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	2	(89)	2	(88)
Non-trading foreign exchange loss	-	(1)	-	(2)
Rental income	588	575	1,732	1,726
Others	146	23	584	802
	<u>736</u>	<u>508</u>	<u>2,318</u>	<u>2,438</u>
	<u>41,514</u>	<u>52,115</u>	<u>139,033</u>	<u>160,392</u>

¹ Consists of dividend income from subsidiaries of RM40,370,000 (31 December 2017 : RM51,553,000) and distribution from capital repayment by a subsidiary (AmFutures Sdn Bhd which is under Member's Voluntary liquidation process) of RM15,000,000 (31 December 2017 : Nil).

22. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	358	988	1,872	2,489
Brokerage commission	4,041	4,606	13,620	15,256
Unit trust commission	5,810	11,698	19,462	34,708
Others	2,054	4,576	6,826	13,000
	<u>12,263</u>	<u>21,868</u>	<u>41,780</u>	<u>65,453</u>
Bank				
Dealers' incentive	358	988	1,872	2,489
Brokerage commission	4,041	4,606	13,620	15,256
Others	2,054	4,576	6,826	13,000
	<u>6,453</u>	<u>10,170</u>	<u>22,318</u>	<u>30,745</u>

23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	3,218	3,472	9,924	11,453
- Salaries, allowances and bonuses	19,967	21,668	61,762	68,891
- Shares and options granted under AMMB ESS - charge/(writeback)	455	157	(2,154)	(2,921)
- Social security costs	124	124	383	390
- Others	1,520	1,910	5,096	7,733
	<u>25,284</u>	<u>27,331</u>	<u>75,011</u>	<u>85,546</u>
Establishment costs				
- Amortisation of intangible assets	258	546	774	1,639
- Cleaning, maintenance and security	289	229	1,064	957
- Computerisation costs	3,117	2,357	7,668	8,288
- Depreciation of property and equipment	559	676	1,788	2,078
- Rental of premises	2,198	2,445	6,820	7,505
- Others	418	562	1,302	1,336
	<u>6,839</u>	<u>6,815</u>	<u>19,416</u>	<u>21,803</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	(198)	135	67	488
- Sales commission	51	117	172	620
- Travelling and entertainment	306	370	989	1,277
- Communication expenses	309	976	1,609	1,814
- Others	44	144	512	384
	<u>512</u>	<u>1,742</u>	<u>3,349</u>	<u>4,583</u>
Administration and general expenses				
- Professional fees	5,363	3,951	12,053	12,247
- Travelling	70	96	229	395
- Others	2,048	4,515	8,781	19,294
	<u>7,481</u>	<u>8,562</u>	<u>21,063</u>	<u>31,936</u>
Service transfer pricing - expense, net				
	<u>3,888</u>	<u>4,387</u>	<u>11,256</u>	<u>8,209</u>
	<u>44,004</u>	<u>48,837</u>	<u>130,095</u>	<u>152,077</u>

23. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF/Private Retirement Scheme	2,151	2,658	6,662	8,293
- Salaries, allowances and bonuses	13,406	16,620	41,564	50,710
- Shares and options granted under AMMB ESS - charge/(writeback)	370	256	(1,747)	(2,002)
- Social security costs	82	85	259	268
- Others	1,215	905	3,369	3,393
	<u>17,224</u>	<u>20,524</u>	<u>50,107</u>	<u>60,662</u>
Establishment costs				
- Amortisation of intangible assets	203	216	605	649
- Cleaning, maintenance and security	276	206	998	894
- Computerisation costs	2,935	2,280	7,449	8,067
- Depreciation of property and equipment	483	574	1,529	1,784
- Rental of premises	1,742	1,966	5,448	5,942
- Others	373	470	1,185	1,031
	<u>6,012</u>	<u>5,712</u>	<u>17,214</u>	<u>18,367</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	35	161	286	467
- Sales commission	5	90	15	511
- Travelling and entertainment	229	330	795	1,037
- Communication expenses	461	523	1,463	850
- Others	50	102	280	187
	<u>780</u>	<u>1,206</u>	<u>2,839</u>	<u>3,052</u>
Administration and general expenses				
- Professional fees	645	478	1,535	1,471
- Travelling	46	67	146	281
- Others	890	1,845	3,149	10,013
	<u>1,581</u>	<u>2,390</u>	<u>4,830</u>	<u>11,765</u>
Service transfer pricing - expense, net				
	<u>2,862</u>	<u>3,382</u>	<u>8,371</u>	<u>4,841</u>
	<u>28,459</u>	<u>33,214</u>	<u>83,361</u>	<u>98,687</u>

24. IMPAIRMENT ON LOANS AND ADVANCES - WRITEBACK/(CHARGE)

Group and Bank

Impairment on loans and advances:

Individual allowance	24	24	72	72
Collective allowance	-	(48)	2	(258)
	<u>24</u>	<u>(24)</u>	<u>74</u>	<u>(186)</u>

25. IMPAIRMENT ON OTHER FINANCIAL ASSETS - WRITEBACK/(CHARGE)

Group

Cash and short term funds	36	-	(2)	-
Trade and other receivables	437	(55)	(312)	459
	<u>473</u>	<u>(55)</u>	<u>(314)</u>	<u>459</u>

Bank

Cash and short term funds	36	-	(2)	-
Trade and other receivables	437	(55)	(149)	(349)
	<u>473</u>	<u>(55)</u>	<u>(151)</u>	<u>(349)</u>

26. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the Chief Operating Decision-Maker in order to allocate resources to segment and to assess its performance. The division forms the basis on which the Group reports its segment information.

The Group comprises the following main business segments:

(a) Investment banking

The Investment Banking division of the Group offers a full range of investment banking solutions and services, encompassing the following business segments:

- (i) Equity Markets - provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities, futures and equity derivatives both online and offline.
- (ii) Fund Management – comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AmBank Group.
- (iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.
- (v) Capital Markets – provides debt financing solutions to clients through a wide array of products which include conventional corporate bonds and Islamic sukuk, loan syndication, capital and project advisory as well as structured finance and securitization deals.
- (vi) Others – other Investment Banking supporting function within the Group.

(b) Group Funding and Others

Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

Note:

- (i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- (iii) During the current financial period, pursuant to internal restructuring, certain operations under Equity Markets and Others under Investment Banking business segment were reclassified to Group Funding and Others business segment. Accordingly, the comparatives have been restated to conform with the current period's presentation.

AmlInvestment Bank Berhad
(23742-V) (Incorporated in Malaysia)
and its subsidiaries

26. BUSINESS SEGMENT ANALYSIS (CONT'D.)

31 December 2018 Group	Investment Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000		
External revenue	43,143	75,991	16,668	10,517	11,324	(1)	19,949	177,591
Revenue from other segments	(8)	-	(1,130)	(56)	(415)	11	1,598	-
Revenue	43,135	75,991	15,538	10,461	10,909	10	21,547	177,591
Net interest income/(expense)	15,290	812	248	(56)	(415)	10	1,081	16,970
Other operating income, net of direct costs	27,644	74,915	15,290	10,517	11,324	-	4,029	143,719
Net income	42,934	75,727	15,538	10,461	10,909	10	5,110	160,689
Other operating expenses	(38,146)	(46,606)	(13,242)	(9,808)	(7,451)	(3,896)	(10,946)	(130,095)
of which:								
<i>Depreciation of property and equipment</i>	(477)	(259)	(136)	(41)	(32)	(7)	(836)	(1,788)
<i>Amortisation of intangible assets</i>	(401)	(169)	(100)	(3)	(8)	-	(93)	(774)
Operating profit/(loss)	4,788	29,121	2,296	653	3,458	(3,886)	(5,836)	30,594
Net impairment writeback/(charge) for:								
Loans and advances	72	-	-	-	-	-	2	74
Other financial assets	-	(173)	-	(149)	-	1	7	(314)
Other recoveries	-	-	-	-	-	10	-	10
Profit/(loss) before taxation	4,860	28,948	2,296	504	3,458	(3,875)	(5,827)	30,364
Taxation	(1,167)	(4,827)	(551)	(121)	(830)	931	1,601	(4,964)
Profit/(loss) for the period	3,693	24,121	1,745	383	2,628	(2,944)	(4,226)	25,400
Other information:								
Total segment assets	500,565	84,233	38,546	9,393	3,004	17	757,890	1,393,648
Total segment liabilities	181,378	16,920	1,727	8,406	3,718	509	619,055	831,713
Cost to income ratio	88.8%	61.5%	85.2%	93.8%	68.3%	>100%	>100%	81.0%
Gross loans and advances	257,568	-	36,405	-	-	1	937	294,911
Net loans and advances	255,573	-	36,405	-	-	-	934	292,912
Impaired loans and advances	1,995	-	-	-	-	-	-	1,995
Total deposits and placements	-	-	-	-	-	-	600,000	600,000
Additions to:								
Property and equipment	107	30	11	25	-	50	114	337
Intangible assets	161	76	55	3	-	16	5	316

AmlInvestment Bank Berhad
(23742-V) (Incorporated in Malaysia)
and its subsidiaries

26. BUSINESS SEGMENT ANALYSIS (CONT'D.)

31 December 2017 (Restated) Group	Investment Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000		
External revenue	50,815	88,422	24,559	8,084	33,297	2	24,059	229,238
Revenue from other segments	359	-	(1,145)	(6)	(135)	13	914	-
Revenue	51,174	88,422	23,414	8,078	33,162	15	24,973	229,238
Net interest income/(expense)	15,624	842	361	(7)	(134)	14	(528)	16,172
Other operating income, net of direct costs	35,272	87,305	23,053	8,085	33,296	1	8,922	195,934
Net income	50,896	88,147	23,414	8,078	33,162	15	8,394	212,106
Other operating expenses	(40,681)	(53,086)	(12,994)	(12,465)	(12,529)	(2,619)	(17,703)	(152,077)
of which:								
<i>Depreciation of property and equipment</i>	(601)	(295)	(173)	(46)	(30)	(20)	(913)	(2,078)
<i>Amortisation of intangible assets</i>	(475)	(991)	(85)	(3)	(7)	-	(78)	(1,639)
Operating profit/(loss)	10,215	35,061	10,420	(4,387)	20,633	(2,604)	(9,309)	60,029
Net impairment writeback/(charge) for:								
Loans and advances	(246)	-	57	-	-	1	2	(186)
Other financial assets	(428)	(24)	1	91	-	(1)	820	459
Writeback of provision for commitments and contingencies	75	-	14	-	-	-	3	92
Profit/(loss) before taxation	9,616	35,037	10,492	(4,296)	20,633	(2,604)	(8,484)	60,394
Taxation	(2,369)	(7,112)	(2,518)	1,031	(4,952)	625	(504)	(15,799)
Profit/(loss) for the period	7,247	27,925	7,974	(3,265)	15,681	(1,979)	(8,988)	44,595
Other information:								
Total segment assets	608,823	95,150	39,211	2,454	6,650	51	770,896	1,523,235
Total segment liabilities	284,839	16,371	4,867	1,663	4,877	432	622,760	935,809
Cost to income ratio	79.9%	60.2%	55.5%	>100%	37.8%	>100%	>100%	71.7%
Gross loans and advances	257,492	-	36,066	-	-	-	1,801	295,359
Net loans and advances	254,603	-	35,995	-	-	-	1,707	292,305
Impaired loans and advances	2,091	-	-	-	-	-	-	2,091
Total deposits and placements	-	-	-	-	-	-	600,000	600,000
Additions to:								
Property and equipment	223	220	10	92	-	185	114	844
Intangible assets	18	150	36	-	-	161	32	397

27. COMMITMENTS AND CONTINGENCIES

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

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

	Group and Bank	
	31 December	31 March
	2018	2018
	RM'000	RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	156,342	197,249
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>156,361</u>	<u>197,268</u>
Contingent Liabilities		
Obligations under an on-going underwriting agreement	-	55,903
	<u>-</u>	<u>55,903</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	263	3,411
Equity related contracts:		
- One year or less	421	-
	<u>684</u>	<u>3,411</u>
	<u>157,045</u>	<u>256,582</u>

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Bank measure fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

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

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

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

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

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

Movements In Level 3 financial instruments measured at fair value

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

	Equity instruments at fair value through other comprehensive income	
	31 December 2018	31 March 2018
	RM'000	RM'000

Group and Bank

At the beginning of financial year	-	-
Effect of adopting MFRS 9	2,889	-
Adjusted 1 April 2018 and end of the financial period	<u>2,889</u>	<u>-</u>

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

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

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

29. CAPITAL ADEQUACY

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

As at 31 December 2018	Group	Bank
Common Equity Tier 1 ("CET 1") Capital Ratio	46.974%	51.614%
Tier 1 Capital Ratio	46.974%	51.614%
Total Capital Ratio	47.453%	52.203%
As at 31 March 2018	Group	Bank
Before deducting proposed dividends:		
CET 1 Capital Ratio	45.466%	41.194%
Tier 1 Capital Ratio	45.466%	41.194%
Total Capital Ratio	45.713%	41.452%
After deducting proposed dividends:		
CET 1 Capital Ratio	32.349%	27.529%
Tier 1 Capital Ratio	32.349%	27.529%
Total Capital Ratio	32.596%	27.787%

Notes:

- (i) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia on 2 February 2018, which is based on the Basel III capital accord. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 2 February 2018.
- (ii) Pursuant to the BNM's guidelines on Capital Adequacy Framework (Capital Components) issued, a financial institution is required to hold and maintain, at all times, minimum capital adequacy ratios at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8.0% for Total capital ratio. In addition, a financial institution is also required to hold and maintain capital buffers in the form of CET1 Capital above the minimum CET1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall comprise the sum of the following:
- (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
- (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.

The CCB requirements phased-in under transitional arrangements for calendar year 2018 is 1.875% and for calendar year 2019 onwards is 2.5%.

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

29. CAPITAL ADEQUACY (CONT'D.)

(b) The components of CET 1, Tier 2 Capital and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
CET 1 Capital				
Share capital	200,000	200,000	200,000	200,000
Retained earnings	229,136	470,006	276,780	474,802
Fair value reserve	1,089	-	1,089	-
Exchange fluctuation reserve	2,544	2,124	-	-
Regulatory reserve	4,786	2,918	4,786	2,918
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	82,115	-	-
Less : Regulatory adjustments applied on CET 1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangible assets	(2,175)	(2,642)	(1,764)	(2,137)
Deferred tax assets	(6,984)	(6,523)	(4,738)	(4,085)
55% of Fair Value reserve	(599)	-	(599)	-
Regulatory reserve	(4,786)	(2,918)	(4,786)	(2,918)
Investments in capital instruments of unconsolidated financial entities	-	-	(49,809)	(49,809)
CET 1 capital/Tier 1 Capital	471,499	711,453	420,959	618,771
Tier 2 capital				
Collective impairment provisions and regulatory reserve	4,799	3,871	4,799	3,871
Tier 2 capital	4,799	3,871	4,799	3,871
Total Capital	476,298	715,324	425,758	622,642

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group		Bank	
	31 December 2018 RM'000	31 March 2018 RM'000	31 December 2018 RM'000	31 March 2018 RM'000
Credit risk	476,200	924,371	523,637	1,123,584
Market risk	55,057	126,151	32,620	105,011
Operational risk	472,478	514,296	259,332	273,498
	1,003,735	1,564,818	815,589	1,502,093

AmlInvestment Bank Berhad
(23742-V) (Incorporated in Malaysia)
and its subsidiaries

30. OPERATIONS OF ISLAMIC BANKING

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group and Bank	
		31 December 2018 RM'000	31 March 2018 RM'000
ASSETS			
Cash and short-term funds		358,974	339,499
Other receivables, deposits and prepayments		2,754	6,621
Deferred tax assets		231	306
Property and equipment		4	6
TOTAL ASSETS		361,963	346,432
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities	30a	122,265	116,682
TOTAL LIABILITIES		122,265	116,682
ISLAMIC BANKING FUNDS			
Capital funds		30,000	30,000
Reserves		209,698	199,750
Islamic Banking Funds		239,698	229,750
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		361,963	346,432

Note :

There are no outstanding commitments and contingencies for the operations of Islamic banking of the Group and the Bank as at 31 December 2018 and 31 March 2018.

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

Group and Bank	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	865	765	2,533	2,270
Income derived from investment of Islamic banking funds	3,560	9,037	12,263	28,649
Direct costs	(27)	(39)	(86)	(161)
Total distributable income	4,398	9,763	14,710	30,758
Income attributable to depositors	(341)	(154)	(669)	(836)
Total net income	4,057	9,609	14,041	29,922
Other operating expenses	(336)	(304)	(950)	(1,648)
Profit before taxation	3,721	9,305	13,091	28,274
Taxation	(994)	(2,226)	(3,143)	(6,779)
Profit for the financial period	2,727	7,079	9,948	21,495

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2018

	<u>Non-distributable</u>	<u>Distributable</u>	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2017	30,000	174,362	204,362
Profit for the financial period	-	21,495	21,495
At 31 December 2017	30,000	195,857	225,857
At 1 April 2018	30,000	199,750	229,750
Profit for the financial period	-	9,948	9,948
At 31 December 2018	30,000	209,698	239,698

30a. OTHER LIABILITIES

	Group and Bank	
	31 December 2018 RM'000	31 March 2018 RM'000
Trade payables	760	17
Other payables and accruals	1,016	994
Amount due to head office	109,360	107,680
Provision for taxation	11,129	7,991
	122,265	116,682

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

30b. CAPITAL ADEQUACY

i) The capital adequacy ratios of the operations of Islamic banking of the Group and the Bank are as follows:

	31 December 2018	31 March 2018
CET 1 capital ratio	195.471%	179.983%
Tier 1 capital ratio	195.471%	179.983%
Total capital ratio	195.471%	179.983%

Notes:

(a) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia on 2 February 2018, which is based on the Basel III capital accord. The Group and the Bank has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 2 February 2018.

(b) Pursuant to the BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued, a financial institution is required to hold and maintain, at all times, minimum capital adequacy ratios at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8.0% for Total capital ratio. In addition, a financial institution is also required to hold and maintain capital buffers in the form of CET1 Capital above the minimum CET1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall comprise the sum of the following:

- (i) a Capital Conservation Buffer ("CCB") of 2.5%; and
- (ii) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.

The CCB requirements phased-in under transitional arrangements for calendar year 2018 is 1.875% and for calendar year 2019 onwards is 2.5%.

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

ii) The components of CET 1 capital, Tier 1 capital and total capital of the operations of Islamic banking of the Group and the Bank are as follows:

	31 December 2018 RM'000	31 March 2018 RM'000
<u>CET 1 Capital</u>		
Capital Funds	30,000	30,000
Retained earnings	206,551	199,750
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(231)	(306)
CET 1 capital/ Tier 1 capital/ Total capital	236,320	229,444

iii) The breakdown of risk weighted assets of the operations of Islamic banking of the Group and the Bank in the various risk categories are as follows:

	31 December 2018 RM'000	31 March 2018 RM'000
Credit risk	74,447	74,510
Operational risk	46,451	52,971
Total risk weighted assets	120,898	127,481

31. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2018

The Group's profit before taxation for the nine months period ended 31 December 2018 of RM30.4 million was lower mainly due to lower net income from Islamic Banking operations and lower other operating income from lower fee and commission income from brokerage activities and unit trust related activities partly offset by lower operating expenses.

In the opinion of the directors, the results of operations of the Group for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature .

32. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2019

In 2018, GDP grew 4.7% year-on-year supported by private sector activities and complemented by exports. Going forward, private sector demand is expected to remain the main driver of growth amid continuing fiscal rationalisation while the external sector is likely to soften with moderating global demand. The economy in 2019 is projected to grow at 4.5%-4.8%.

Headline inflation penciled at 1.0% y/y in 2018 owing to the tax holiday period and replacing GST tax to SST. Going forward, headline inflation is expected to average moderately higher. The impact of the consumption tax policy on headline inflation in 2019 will start to lapse towards the end of the year. Underlying inflation, which excludes the impact of the changes in consumption tax policy, is expected to be broadly stable in 2019 in the absence of strong demand pressure . As such, we project the inflation to come in 1.5% in 2019.

In 2018, the banking system's loans expanded by 5.6% . For 2019, we project loans growth to come in at 4.9% based on our view that GDP will continue to expand by 4.5% in 2019.

Banks have sufficient liquid assets with an industry liquidity coverage ratio of 143% as at end of December 2018, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's loan-to-fund ratio and loan-to-fund and equity ratio standing at 82.7% and 72.4% respectively as at December 2018.

The Overnight Policy Rate while is expected to stay at 3.25% in 2019, there is an increasing possibilities for a 25bps rate cut to be instituted in 2019 in a move to support growth while inflation remains stable supported by firmer ringgit.

As we enter the third year of our "Top 4" journey, we will be realising greater transformation value from the strategic initiatives rolled out previously. In FY2019, the Group continues to focus on driving revenue growth from our growth segments, focus products and current engines. Against the backdrop of heightened regulatory requirements and financial market volatilities, it is crucial to improve our funding resiliency, strengthen capital position and achieve optimal cost efficiency. Emphasis is also placed on building digital capabilities as enablers to sharpen our competitive edge through innovative solutions and enhanced customer experience, as well as optimising cost and productivity.

The Group's business divisions focus for FY 2019 is outlined as follows:

- Our Debt Capital Market continues as a dominant market player in providing integrated debt and capital financing.
- Equity Markets remain focused on equity fund raising activities at the same time concentrating on digitization efforts to enhance customer experience with improved efficiency.
- Corporate Finance will focus on delivering its advisory services and transactional execution expertise across a range of products leveraging on existing client base.
- Fund Management will extend its aspiration to provide a comprehensive and distinctive Global Islamic solutions helping investors to achieve their long-term financials goals.
- Private Banking capitalizes the diverse strength of AMMB Group to provide a holistic investment strategy that caters to meet the sophisticated need of High Net Worth Individuals onshore in both local and foreign currencies.

32. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2019 (CONT'D.)

For our people, we will be investing further to nurture our internal talent and attract external talent where necessary. In the digital arena, our transformation initiatives will focus on unrivalled customer experience and internal efficiencies, creating a digitally enabled workforce and embedding innovation into our way of working. In compliance, we will continue to implement programmes to invest in our compliance culture and infrastructure.

With our FY2019 strategic priorities in place, the Group remains focused on running the bank better and changing the bank in our effort to deliver on AmBank Group's Top 4 aspirations and to progressively deliver optimal returns for our shareholder.

33. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

34. EVENTS SUBSEQUENT TO REPORTING DATE

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

35. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

There were no material changes in the composition of the Group and the Bank for the current financial quarter and period.

36. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS

a) Adoption of new standards and amendments to published standards

MFRS 9 Financial Instruments

i. Classification and measurement of financial instruments

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

Group	Measurement category		Carrying amount		
	Under MFRS 139	Under MFRS 9	Under MFRS 139 RM'000	Remeasurements RM'000	Under MFRS 9 RM'000
Financial assets					
Cash and short-term funds	Amortised cost (Loans and receivables)	Amortised cost	858,503	(7)	858,496
Financial assets held-for-trading	FVTPL (HFT)	FVTPL	1,020	-	1,020
Financial investments available-for-sale	FVOCI (AFS)	FVOCI (Equity)	1,457	1,432	2,889
Financial investments held-to-maturity	Amortised Cost (HTM)	Amortised Cost	135,701	-	135,701
Loans and advances	Amortised cost (Loans and receivables)	Amortised cost	279,074	948	280,022
Other assets	Amortised cost (Loans and receivables)	Amortised cost	675,636	(3)	675,633
Bank					
Financial assets					
Cash and short-term funds	Amortised cost (Loans and receivables)	Amortised cost	752,000	(7)	751,993
Financial assets held-for-trading	FVTPL (HFT)	FVTPL	1,020	-	1,020
Financial investments available-for-sale	FVOCI (AFS)	FVOCI (Equity)	1,457	1,432	2,889
Financial investments held-to-maturity	Amortised Cost (HTM)	Amortised Cost	135,701	-	135,701
Loans and advances	Amortised cost (Loans and receivables)	Amortised cost	279,074	948	280,022
Other assets	Amortised cost (Loans and receivables)	Amortised cost	655,106	(3)	655,103

36. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

a) Adoption of new standards and amendments to published standards (Cont'd.)

MFRS 9 Financial Instruments

ii. Reconciliation of financial instruments from MFRS 139 to MFRS 9

	Group RM'000	Bank RM'000
Cash and short-term funds		
Closing balance under MFRS 139 as at 31 March 2018	858,503	752,000
Allowance for ECL	(7)	(7)
Opening balance under MFRS 9 as at 1 April 2018	<u>858,496</u>	<u>751,993</u>
Financial assets at FVTPL		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from Financial investments held-for-trading	1,020	1,020
Opening balance under MFRS 9 as at 1 April 2018	<u>1,020</u>	<u>1,020</u>
Financial assets held-for-trading		
Closing balance under MFRS 139 as at 31 March 2018	1,020	1,020
Reclassification to Financial assets at FVTPL	(1,020)	(1,020)
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
Financial assets at FVOCI (equity)		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from financial investments available-for-sale	1,457	1,457
Remeasurement from amortised cost to FV	1,432	1,432
Opening balance under MFRS 9 as at 1 April 2018	<u>2,889</u>	<u>2,889</u>
Financial assets available-for-sale		
Closing balance under MFRS 139 as at 31 March 2018	1,457	1,457
Reclassification to financial investments at FVOCI (equity)	(1,457)	(1,457)
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
Financial assets at amortised cost		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Reclassification from Financial investments held-to-maturity	135,701	135,701
Opening balance under MFRS 9 as at 1 April 2018	<u>135,701</u>	<u>135,701</u>
Financial investments held-to-maturity		
Closing balance under MFRS 139 as at 31 March 2018	135,701	135,701
Reclassification to Financial Investments at amortised cost	(135,701)	(135,701)
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>	<u>-</u>
Loans and advances		
Closing balance under MFRS 139 as at 31 March 2018	279,074	279,074
Writeback of allowance under MFRS 139	954	954
Allowance for ECL	(6)	(6)
Opening balance under MFRS 9 as at 1 April 2018	<u>280,022</u>	<u>280,022</u>

36. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

a) Adoption of new standards and amendments to published standards (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

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

	Group RM'000	Bank RM'000
Deferred tax assets		
Closing balance under MFRS 139 as at 31 March 2018	6,357	3,919
Tax impact on FVOCI reserve	(343)	(343)
Tax impact on provision for commitment and contingencies under MFRS 139	(139)	(139)
Opening balance under MFRS 9 as at 1 April 2018	<u>5,875</u>	<u>3,437</u>
Other assets		
Closing balance under MFRS 139 as at 31 March 2018	675,636	655,106
Tax impact on provision for commitment and contingencies under MFRS 139	139	139
Tax impact on impairment	(364)	(364)
Allowance for ECL	(3)	(3)
Opening balance under MFRS 9 as at 1 April 2018	<u>675,408</u>	<u>654,878</u>
Other liabilities		
Closing balance under MFRS 139 as at 31 March 2018	659,388	643,191
Writeback of provision for commitment and contingencies under MFRS 139	(578)	(578)
Opening balance under MFRS 9 as at 1 April 2018	<u>658,810</u>	<u>642,613</u>

iii. The following is the reconciliation of prior year's closing equity balances which have impact from the adoption of MFRS 9 arising from the reclassifications and remeasurements to the restated opening balance as at 1 April 2018:

	Group RM'000	Bank RM'000
Retained earnings		
Closing balance under MFRS 139 as at 31 March 2018	470,006	474,802
Recognition of allowance for ECL	1,516	1,516
Tax impact on allowance for ECL	(364)	(364)
Transfer to regulatory reserve	(1,985)	(1,985)
Opening balance under MFRS 9 as at 1 April 2018	<u>469,173</u>	<u>473,969</u>
Regulatory reserve		
Closing balance under MFRS 139 as at 31 March 2018	2,918	2,918
Transfer from retained earnings	1,985	1,985
Opening balance under MFRS 9 as at 1 April 2018	<u>4,903</u>	<u>4,903</u>
Fair value reserve		
Closing balance under MFRS 139 as at 31 March 2018	-	-
Fair value changes on financial investments at FVOCI	1,432	1,432
Tax impact on fair value changes	(343)	(343)
Opening balance under MFRS 9 as at 1 April 2018	<u>1,089</u>	<u>1,089</u>

36. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

a) Adoption of new standards and amendments to published standards (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

iv. Reconciliation of impairment allowances balance

The following table reconciles the prior period's closing impairment allowance measured in accordance with the MFRS 139 incurred loss model or provision under MFRS 137 to the new impairment allowance measured in accordance with the MFRS 9 expected loss model at 1 April 2018:

	Loss allowance under MFRS 139/ Provision under MFRS 137 RM'000	Remeasurements RM'000	Loss allowance under MFRS 9 RM'000
Group and Bank			
Loans and receivables under MFRS 139/Financial assets at amortised cost under MFRS 9			
Cash and short-term funds	-	7	7
Loans and advances	954	(948)	6
Other assets	-	3	3
Total	954	(938)	16
Loan commitments			
Loan commitments	578	(578)	-

b) The adoption of MFRS 9 resulted in the following financial effects to the financial statements of the Group and of the Bank:

i) Reconciliation of statement of financial position

Group	31 March 2018 RM'000	Reclassification and remeasurement RM'000	Impairment RM'000	1 April 2018 RM'000
ASSETS				
Cash and short-term funds	858,503	-	(7)	858,496
Financial assets held-for-trading	1,020	(1,020)	-	-
Financial assets at fair value through profit or loss	-	1,020	-	1,020
Financial investments available-for-sale	1,457	(1,457)	-	-
Financial investments at fair value through other comprehensive income	-	2,889	-	2,889
Financial investments held-to-maturity	135,701	(135,701)	-	-
Financial investments at amortised cost	-	135,701	-	135,701
Loans and advances	279,074	-	948	280,022
Statutory deposit with Bank Negara Malaysia	3,003	-	-	3,003
Deferred tax assets	6,357	(343)	(139)	5,875
Other assets	675,636	-	(228)	675,408
Property and equipment	19,540	-	-	19,540
Intangible assets	39,084	-	-	39,084
TOTAL ASSETS	2,019,375	1,089	574	2,021,038
LIABILITIES AND EQUITY				
Deposits and placements of banks and other financial institutions	600,000	-	-	600,000
Derivative financial liabilities	9	-	-	9
Other liabilities	659,388	-	(578)	658,810
TOTAL LIABILITIES	1,259,397	-	(578)	1,258,819

36. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

b) The adoption of MFRS 9 resulted in the following financial effects to the financial statements of the Group and of the Bank (Cont'd.) :

i) Reconciliation of statement of financial position (Cont'd.)

Group	Reclassification			1 April 2018 RM'000
	31 March 2018 RM'000	and remeasurement RM'000	Impairment RM'000	
Share capital	200,000	-	-	200,000
Reserves	559,978	1,089	1,152	562,219
Retained earnings	470,006	-	(833)	469,173
Capital reserve	2,815	-	-	2,815
Regulatory reserve	2,918	-	1,985	4,903
Merger reserve	82,115	-	-	82,115
Fair value reserve	-	1,089	-	1,089
Foreign currency translation reserve	2,124	-	-	2,124
Equity attributable to equity holder of the Bank	759,978	1,089	1,152	762,219
TOTAL EQUITY	759,978	1,089	1,152	762,219
TOTAL LIABILITIES AND EQUITY	2,019,375	1,089	574	2,021,038
NET ASSETS PER SHARE (RM)	3.80			3.81
Bank				
ASSETS				
Cash and short-term funds	752,000	-	(7)	751,993
Financial assets held-for-trading	1,020	(1,020)	-	-
Financial assets at fair value through profit or loss	-	1,020	-	1,020
Financial investments available-for-sale	1,457	(1,457)	-	-
Financial investments at fair value through other comprehensive income	-	2,889	-	2,889
Financial investments held-to-maturity	135,701	(135,701)	-	-
Financial investments at amortised cost	-	135,701	-	135,701
Loans and advances	279,074	-	948	280,022
Statutory deposit with Bank Negara Malaysia	3,003	-	-	3,003
Deferred tax assets	3,919	(343)	(139)	3,437
Investments in subsidiaries	68,927	-	-	68,927
Other assets	655,106	-	(228)	654,878
Property and equipment	18,576	-	-	18,576
Intangible assets	2,137	-	-	2,137
TOTAL ASSETS	1,920,920	1,089	574	1,922,583
LIABILITIES AND EQUITY				
Deposits and placements of banks and other financial institutions	600,000	-	-	600,000
Derivative financial liabilities	9	-	-	9
Other liabilities	643,191	-	(578)	642,613
TOTAL LIABILITIES	1,243,200	-	(578)	1,242,622
Share capital	200,000	-	-	200,000
Reserves	477,720	1,089	1,152	479,961
Retained earnings	474,802	-	(833)	473,969
Regulatory reserve	2,918	-	1,985	4,903
Fair value reserve	-	1,089	-	1,089
Equity attributable to equity holder of the Bank	677,720	1,089	1,152	679,961
TOTAL EQUITY	677,720	1,089	1,152	679,961
TOTAL LIABILITIES AND EQUITY	1,920,920	1,089	574	1,922,583
NET ASSETS PER SHARE (RM)	3.39			3.40

36. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

b) The adoption of MFRS 9 resulted in the following financial effects to the financial statements of the Group and of the Bank (Cont'd.) :

ii) Impact on the capital ratios

	31 March 2018	Impact of adopting MFRS 9	1 April 2018
Group			
CET 1 Capital (RM'000)	711,453	(138)	711,315
Tier 1 Capital (RM'000)	711,453	(138)	711,315
Total Capital (RM'000)	715,324	909	716,233
Risk weighted assets (RM'000)	1,564,818	2,149	1,566,967
Before deducting proposed dividends:			
CET 1 Capital Ratio	45.466%	-0.071%	45.394%
Tier 1 Capital Ratio	45.466%	-0.071%	45.394%
Total Capital Ratio	45.713%	-0.005%	45.708%
After deducting proposed dividends:			
CET 1 Capital Ratio	32.349%	-0.053%	32.295%
Tier 1 Capital Ratio	32.349%	-0.053%	32.295%
Total Capital Ratio	32.596%	0.013%	32.609%
Bank			
CET 1 Capital (RM'000)	618,771	(138)	618,633
Tier 1 Capital (RM'000)	618,771	(138)	618,633
Total Capital (RM'000)	622,642	909	623,551
Risk weighted assets (RM'000)	1,502,093	2,149	1,504,242
Before deducting proposed dividends:			
CET 1 Capital Ratio	41.194%	-0.068%	41.126%
Tier 1 Capital Ratio	41.194%	-0.068%	41.126%
Total Capital Ratio	41.452%	0.001%	41.453%
After deducting proposed dividends:			
CET 1 Capital Ratio	27.529%	-0.049%	27.481%
Tier 1 Capital Ratio	27.529%	-0.049%	27.481%
Total Capital Ratio	27.787%	0.021%	27.808%