AMBANK (M) BERHAD

(Registration No. 196901000166 (8515-D))
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2020

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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AMBANK (M) BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of AmBank (M) Berhad ("the Bank") and its subsidiaries ("the Group") for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Bank is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 17 to the financial statements.

There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit for the financial year	834,482	831,453
Attributable to:		
Equity holder of the Bank	834,490	831,453
Non-controlling interests	(8)	-
	834,482	831,453

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the effects of the coronavirus ("COVID-19") pandemic as disclosed in Note 4, writeback of provision for estimated expenditure to repurchase loans disposed off in the financial year 31 March 2019 as disclosed in Note 28(c) and adoption of MFRS 16 *Leases* as disclosed in Note 54(a) to the financial statements.

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

DIVIDENDS

During the current financial year:

- the final single-tier cash dividend of 38.00 sen per ordinary share on 836,852,786 ordinary shares declared on 18 June 2019 amounted to approximately RM318,004,059 in respect of the financial year ended 31 March 2019 was paid on 21 June 2019; and

- the interim single-tier cash dividend of 14.00 sen per ordinary share on 836,852,786 ordinary shares declared on 23 October 2019 amounted to approximately RM117,159,390 in respect of the current financial year ended 31 March 2020 was paid on 19 December 2019.

The Directors propose a payment of a final single-tier cash dividend of 15.80 sen per ordinary share on 836,852,786 ordinary shares amounting to approximately RM132,222,740 in respect of the current financial year ended 31 March 2020. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2021.

OUTLOOK FOR NEXT FINANCIAL YEAR

The Gross Domestic Product ("GDP") growth in Malaysia is estimated to be between -2.0% and 0.4% for 2020 (2019: 4.3%), impacted by the global economic crisis due to the coronavirus ("COVID-19") pandemic and plunging oil price. The COVID-19 pandemic has caused both supply and demand shocks. The impact from the pandemic is expected to taper by end of second quarter with the easing of the Movement Control Order ("MCO") and lockdown by major economies resulting to normalisation of both the global and domestic economy to take place in the second half of year 2020.

Malaysian companies and individuals are severely affected by this pandemic as economic activities grind to a halt following the MCO to curb the spread of the virus. The AMMB Holdings Berhad ("AMMB") Group is fully supportive of the government's stimulus packages as it is a move in the right direction to help our people and businesses to cope with the near term challenges. The AMMB Group had announced its Financial Relief Programme which includes financing to impacted SME customers under Special Relief Facility on 11 February 2020, an initiative by BNM and moratorium or payment holiday up to six months to individuals and SME customers. Concerted effort is underway to ensure the AMMB Group's customers are able to weather through this trying period and to ensure viable businesses continue to operate. To-date, we have approved RM800 million of additional financing to approximately 1,000 SME customers via the Special Relief Facility and about 637,000 of our customers have opted in for the six-month loan moratorium.

To support our communities and front liners, AmBank Group:

i. Donated RM500,000 to Tabung COVID-19 via MERCY to support the national healthcare system;
ii. Collaborated with PichaEats to sponsor over 200 meals daily to University Malaya Medical Centre during the MCO period.

As the COVID-19 situation continues to evolve and amidst the plunge in global oil price, under the AMMB Group's provisioning methodology, additional allowances for expected credit losses i.e. anticipatory forward looking ECL overlay ("FL ECL overlay" and disclosed as changes in model assumptions and methodologies) was set aside by the AMMB Group in the last quarter of the current financial year. The AMMB Group continues to closely monitor the impact of COVID-19 on our credit portfolios during the moratorium period, especially certain vulnerable sectors such as oil and gas, hospitality, restaurants, manufacturing, trading, transportation and storage and plantation. A total of circa RM65 billion of our retail and SME loans are under moratorium until 1 October 2020.

In line with the subdued economic outlook, the banking system loans growth is expected to be flat in 2020. We foresee margin compression for banks stemming from further rate cuts, deposits competition and slower loans growth.

For financial year 2021, the AMMB Group will remain steadfast in exercising credit vigilance and proactively reaching out to our customers during this difficult time. Greater emphasis has been placed on risk management, stress testing, capital planning and liquidity management in order to safeguard the AMMB Group's financial resilience in the face of heightened market volatility. Operationally, we will continue our cost discipline and prioritise investments. The AMMB Group will continue to drive operational efficiencies through simplification and automation via the second phase of our Business Efficiency Transformation (BET) program.

SIGNIFICANT SUBSEQUENT EVENT

The significant subsequent event is disclosed in Note 55 to the financial statements.

BUSINESS PLAN AND STRATEGY

Financial year 2020 marks the end of the AMMB Group's Top 4 Strategy, where are embarked on a new growth trajectory to strengthen our franchise value. The foundation has now been laid, with the right people in charge and processes in place. The AMMB Group will continue to drive growth in areas of focus identified under the Top 4 Strategy.

BUSINESS PLAN AND STRATEGY (CONT'D.)

The Group will be operating under our refreshed strategy roadmap, focusing on the following themes:

1. Driving higher return on equity and sustainable dividend payout
2. Pushing capital light revenue
3. Sharpening our segment play by improving customer experience
4. Installing collaborative culture and partnerships
5. AmBank digital and building capacity
6. Connecting people
7. Promoting Environment, Social and Governance agenda, including responsible banking
8. Digital banking opportunities

We will remain disciplined in managing costs and prioritising investments. The Group will continue to drive operational efficiencies through simplification and automation of processes via the second phase of its Business Efficiency Transformation program.

With the rising uncertainties in global economy triggered by the COVID-19 pandemic, liquidity and capital management become paramount in preserving the continuity and proper functioning of the Bank. Our liquidity and capital management frameworks aim to ensure adequate liquidity under adverse market conditions as well as to strengthening our loss absorption capacity. Greater emphasis shall be placed on risk management, stress testing, capital planning and liquidity management in order to safeguard the Group's financial resilience in the face of heightened market volatility.

ISSUANCE OF SHARES AND DEBENTURES

The following are changes during the financial year in connection with the debt and equity securities that were issued by the Group and the Bank:

Repayment of debt securities

a) On 3 July 2019, the Bank fully redeemed its USD400.0 million Senior Notes issued under its USD2.0 billion Euro Medium Term Note Programme.

b) On the first call dates of 19 August 2019 and 30 September 2019, the Bank repaid Tranche 1 of RM300.0 million and Tranche 2 of RM185.0 million respectively of capital securities issued under its RM500.0 million Innovative Tier 1 Capital Securities Programme. The programme was cancelled after the final redemptions.

Save as disclosed above and in Note 26 and 27 to the financial statements, there were no issuance and/or repayments of shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Bank through the holding company, AMMB has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of RM200.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office within the AMMB Group including for the Bank. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The gross amount of insurance premium paid by AMMB for the Directors and Officers of AMMB and its subsidiaries for the current financial year was RM324,750.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Bank inadequate to any substantial extent.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Bank that has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Bank.

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

CHANGE OF CIRCUMSTANCES

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

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

DIRECTORS

The Directors of the Bank who served on the Board since the beginning of the current financial year to the date of this report are:

Voon Seng Chuan
Soo Kim Wai
Raymond Fam Chye Soon
Dato' Sri Abdul Hamidy Abdul Hafiz
Dr Veerinderjeet Singh a/l Tejwant Singh
U Chen Hock
Ng Chih Kaye

DIRECTORS (CONT'D.)

The Directors of the Bank's subsidiaries who have served since the beginning of the current financial year to the date of this report are:

No.	Name of subsidiaries	Name of Directors
1.	AmProperty Holdings Sdn Bhd	Khoo Teck Beng Lim Kien Hock (appointed on 2 March 2020) Lim Hock Aun (resigned on 3 March 2020)
2.	Bougainvillaea Development Sdn Bhd	Khoo Teck Beng Lim Kien Hock (appointed on 2 March 2020) Lim Hock Aun (resigned on 3 March 2020)
3.	MBf Information Services Sdn Bhd	Khoo Teck Beng Lim Kien Hock (appointed on 2 March 2020) Lim Hock Aun (resigned on 3 March 2020)
4.	MBf Trustees Berhad	Lim Hock Aun Khoo Teck Beng
5.	MBf Nominees (Tempatan) Sdn Bhd	Lim Kien Hock Khoo Teck Beng (appointed on 2 March 2020) Lim Hock Aun (resigned on 3 March 2020)
6.	Teras Oak Pembangunan Sendirian Berhad	Lim Kien Hock Khoo Teck Beng (appointed on 2 March 2020) Lim Hock Aun (resigned on 3 March 2020)
7.	Malco Properties Sdn Bhd	Lim Kien Hock Khoo Teck Beng (appointed on 2 March 2020) Lim Hock Aun (resigned on 3 March 2020)
8.	Komuda Credit & Leasing Sdn Bhd (under member's voluntary winding-up)	Lim Hock Aun Arunasalam a/l Muthusamy
9.	AmPremier Capital Berhad (under member's voluntary winding-up)	Ling Fou-Tsong @ Jamie Ling Yap Huey Wen
10.	AmCard Services Berhad	Ling Fou-Tsong @ Jamie Ling Loo Boon Seng (appointed on 1 September 2019) Jade Lee Gaik Suan (resigned on 2 September 2019)
11.	AmMortgage One Berhad	Oon Kin Seng Dato' Ng Mann Cheong Loo Boon Seng (appointed on 1 September 2019) Jade Lee Gaik Suan (resigned on 2 September 2019)
12.	AmLabuan Holdings (L) Ltd	Datuk Iswaraan a/l Suppiah

DIRECTORS' INTERESTS

Under the Bank's Constitution, the Directors are not required to hold shares in the Bank.

None of the Directors in office at the end of the financial year had any interest in shares in the Bank and in the related corporations during and at the end of the financial year.

AMMB EXECUTIVES' SHARE SCHEME

On 5 October 2018, the Board of Directors of AMMB approved the implementation of an executives' share scheme ("ESS") for eligible executives of the AMMB Group (including eligible executives of the Bank).

The awards under the ESS are up to ten percent (10%) of the issued and paid-up ordinary share capital of AMMB at any point in time for the duration of the ESS for Eligible Executives including Executive Directors. The ESS is implemented and administered by the Group Nomination and Remuneration Committee ("GNRC"). The effective date of the ESS is 5 October 2018 and would be in force for a period of ten (10) years to 4 October 2028.

The awards granted to such Eligible Executives only comprises shares. Shares to be made available under the ESS will only vest to Eligible Executives who have duly accepted the offers of awards under the ESS subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 36 to the financial statements and from related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest, other than for the related party transactions as shown in Note 43 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Bank is a party to whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

CORPORATE GOVERNANCE

(a) Directors' Profiles

The following are the profiles of the Directors of the Bank:

MR VOON SENG CHUAN
Independent Non-Executive Chairman

Mr Voon Seng Chuan, a Malaysian, aged 61, was appointed to the Board of the Bank on 18 June 2015 as Independent Non-Executive Director. He assumed the Chairmanship of the Board on 1 January 2019.

Mr Voon also sits on the board of AMMB and he is currently the Senior Independent Non-Executive Director of AMMB. Mr Voon is the Chairman of the Group Nomination and Remuneration Committee and a Member of the Group Information Technology Committee of AMMB.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

MR VOON SENG CHUAN (Cont'd.)
Independent Non-Executive Chairman (Cont'd.)

Mr Voon has been part of the Information Technology ("IT") industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010.

In his 27 years of service with IBM, Mr Voon held a number of roles delivering all aspects of IT products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific.

From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Mr Voon responded to the Malaysian Government's call to transform the nation into an international shared services and outsourcing hub by leading IBM's investment in seven regional centres/operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr Voon is currently an Independent Non-Executive Director of Mesiniaga Berhad (an IT company listed on the Main Market of Bursa Malaysia Securities Berhad).

Mr Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

MR SOO KIM WAI
Non-Independent Non-Executive Director

Mr Soo Kim Wai, a Malaysian, aged 59, was appointed to the Board of the Bank on 2 January 2019 as Non-Independent Non-Executive Director. He is a Member of the Board Credit Committee of the Bank.

Mr Soo is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager, Finance and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985.

Mr Soo has been a Non-Independent Non-Executive Director of AMMB for 17 years and he is a Member of the Group Nomination and Remuneration Committee and Group Information Technology Committee of AMMB. Mr Soo is currently the Non-Independent Non-Executive Chairman of AmREIT Managers Sdn Bhd, the Manager of AmFirst Real Estate Investment Trust and AmREIT Holdings Sdn Bhd. Apart from AMMB, his directorships in other public listed companies include RCE Capital Berhad, Amcorp Properties Berhad and Amcorp Global Limited (formerly known as TEE Land Limited) [a company listed on the Mainboard of Singapore Exchange Limited]. Mr Soo also sits on the board of other private limited companies and foreign companies.

Mr Soo is a Member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also a Fellow of the Certified Practising Accountant ("CPA"), Australia and the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

MR RAYMOND FAM CHYE SOON
Independent Non-Executive Director

Mr Raymond Fam Chye Soon, a Malaysian, aged 57, was appointed to the Board of the Bank on 15 January 2015 as Independent Non-Executive Director. He is the Chairman of the Audit and Examination Committee and a Member of the Risk Management Committee of the Bank.

Mr Raymond Fam has in-depth extensive experience in corporate finance, banking and business knowledge from his wide and extensive experiences. He started his career with an international accounting firm. He left after spending 6 years in an accounting firm in 1990 where he joined the Corporate Finance department of CIMB from 1990 to 1992 and 1993 to early 1996 when he left CIMB as the Assistant General Manager of the Corporate Finance department. In between 1992 and 1993, he was the Accounting Manager for a multinational engineering firm. Mr Raymond Fam left CIMB in 1996 and joined AIC Corporation Berhad, a listed manufacturing group. He was the Senior Vice President, Group Corporate Services from 1996 to 2002. He was later appointed the Deputy Chief Executive Officer of Jotech Holdings Berhad, a listed manufacturing company within the AIC Group from 2003 to 2006. He left Jotech Holdings Berhad at end of 2006 and ventured into his private businesses in digital media advertising, event management and provision of consultancy services and property investments, where he sat on some of the boards of the private limited companies involved in those businesses.

Mr Raymond Fam is currently an Independent Non-Executive Director of Riverstone Holdings Limited (a company listed on the Mainboard of Singapore Exchange Limited). He was an Independent Non-Executive Director of AmGeneral Insurance Berhad (“AmGeneral”), a subsidiary of AMMB. He was also the Chairman of the Audit and Examination Committee, Nomination and Remuneration Committee and Investment Committee, and a Member of the Risk Management Committee of AmGeneral. Mr Raymond Fam retired on 23 September 2017 after serving the board of AmGeneral for 9 years.

Mr Raymond Fam holds a Master in Financial Planning from University of Sunshine Coast, Australia and Corporate Finance qualification from Institute of Chartered Accountants in England and Wales ("ICAEW"). He is also a Member of MICPA and MIA.

DATO’ SRI ABDUL HAMIDY ABDUL HAFIZ
Independent Non-Executive Director

Dato’ Sri Abdul Hamidy Abdul Hafiz, a Malaysian, aged 63, was appointed to the Board of the Bank on 7 January 2016 as Independent Non-Executive Director. He is the Chairman of the Board Credit Committee of the Bank.

Dato’ Sri Hamidy also sits on the board of a subsidiary of AMMB, namely AmBank Islamic Berhad (“AmBank Islamic”) as the Chairman/Independent Non-Executive Director and he is the Chairman of the Board Credit Committee of AmBank Islamic.

Dato’ Sri Hamidy is an experienced banker with over 30 years of extensive banking experience in the fields of Commercial and Finance Banking, Investment Banking and Islamic Banking. Dato’ Sri Hamidy was previously the Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad and prior to that, Dato’ Sri Hamidy was the Chairman of Danajamin Nasional Berhad. He was also previously the Managing Director/Chief Executive Officer of Affin Bank Berhad, Chairman of the Association of Banks Malaysia and the Managing Director of Pengurusan Danaharta Nasional Berhad. Dato’ Sri Hamidy also served as the Chairman of Corporate Debt Restructuring Committee ("CDRC") from 2009 until the end of February 2020.

Dato’ Sri Hamidy currently sits on the boards of Chubb Insurance Malaysia Berhad and Sime Darby Berhad as Independent Non-Executive Director.

Dato’ Sri Hamidy holds a Bachelor’s Degree and a Master in Business Administration from Ohio University, USA. He is also a Fellow Member of the Asian Institute of Chartered Bankers ("AICB") and a Member of the Association of Chartered Islamic Finance Professionals ("ACIFP").

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

DR VEERINDERJEET SINGH A/L TEJWANT SINGH
Independent Non-Executive Director

Dr Veerinderjeet Singh a/l Tejwant Singh, a Malaysian, aged 63, was appointed to the Board of the Bank on 1 June 2017 as Independent Non-Executive Director. He is a Member of the Audit and Examination Committee and Risk Management Committee of the Bank.

Dr Veerinderjeet had served as a Tax Partner/Executive Director at Arthur Andersen and Ernst & Young in Malaysia and had also served in the Malaysian Inland Revenue Department. He has over 35 years of experience in the tax profession as an Inland Revenue Officer, academician, consultant, author and tax observer. Dr Veerinderjeet is a co-Founder and Chairman of Axcelasia Taxand Sdn Bhd (now known as Tricor Taxand Sdn Bhd), a boutique tax advisory firm which is a member of the Taxand Global organisation of independent tax firms in nearly 50 countries. He is also a member of the Taxand Global Board. He has been consistently cited as a leading tax adviser in Malaysia in the World Tax Guide (published by the International Tax Review) on the world's leading tax firms. Dr Veerinderjeet is the Non-Executive Chairman of Axington Inc (formerly known as Axcelasia Inc) which is a Singapore listed holding company of various entities (including Axcelasia Taxand Sdn Bhd) offering integrated professional services. In April 2020, Axcelasia Inc disposed its Malaysian operations to Tricor Group and Axcelasia Taxand Sdn Bhd is now known as Tricor Taxand Sdn Bhd.

Dr Veerinderjeet actively participates in the professional accounting bodies where he currently serves as the President of MICPA and a council member of MIA. He was a council member of the Chartered Tax Institute of Malaysia ("CTIM") and a Past President of CTIM. He is also an Adjunct Professor at the School of Business, Monash University in Malaysia.

Dr Veerinderjeet was appointed the Non-Executive Chairman of Tricor Services (Malaysia) Sdn Bhd on 1 May 2020. He also sits on the boards of Malaysian Rating Corporation Berhad and UMW Holdings Berhad as Independent Non-Executive Director. Prior to joining the Board of the Bank, he was on the board of the Bank of Nova Scotia Berhad. In addition, Dr Veerinderjeet also serves on the Board of Trustees of the International Bureau of Fiscal Documentation (a world renowned tax research body in the Netherlands) and as a consultant editor for the "Malaysian Master Tax Guide" published by CCH/Wolters Kluwer.

As an accomplished author and tax observer, Dr Veerinderjeet has published books and numerous articles in local and international tax, law and accounting journals. Among the books he has authored are "Veerinder on Taxation", "Malaysian Taxation: Administrative and Technical Aspects", "Tax Compliance & Ethical Decision-Making: A Malaysian Perspective" and "Tax Thoughts on Today's Taxing Times". Dr Veerinderjeet has spoken at various local and international events on tax policy and tax reforms and also has a grasp of economic developments.

Dr Veerinderjeet received a first class honours degree in accounting from University of Malaya and a Doctorate from Universiti Putra Malaysia. Dr Veerinderjeet is a Member of MIA, MICPA and CTIM.

MR U CHEN HOCK
Independent Non-Executive Director

Mr U Chen Hock, a Malaysian, aged 63, was appointed to the Board of the Bank on 3 July 2018 as Independent Non-Executive Director. He is the Chairman of the Risk Management Committee and a Member of the Audit and Examination Committee of the Bank.

Mr U is a career banker with more than 36 years of extensive experience in corporate, commercial, investment and consumer banking. He completed 30 years of his long banking career at a global banking group where he had assumed senior leadership roles in Malaysia and Taiwan and at the Asia Pacific Headquarters in Hong Kong. He left the global banking group in July 2010.

Following his overseas stint, Mr U returned to Malaysia to join a local investment bank where he was appointed as its Chief Executive Officer. Following the successful merger of the investment bank with the investment banking arm of one of the largest Malaysian banking groups, Mr U was rehired as Executive Director of the local banking group, first to head its expanded international banking division and then as head of its group retail banking business. He left the group upon retirement in April 2017.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

MR U CHEN HOCK (CONT'D.)
Independent Non-Executive Director (Cont'd.)

Mr U is currently an Independent Non-Executive Director of Tokio Marine Life Insurance Malaysia Bhd. He was Chairman of the Financial Planning Association of Malaysia for 2 terms between 2005 to 2007.

Mr U holds a Bachelor of Economics and Management (Honours) degree from the National University of Malaysia ("UKM"). He is a Certified Financial Planner ("CFP"), an accreditation awarded by the Financial Planning Standards Board, USA. Mr U had also attended numerous Senior Executive Leadership Programmes at INSEAD, London Business School, Duke Corporate Education and IMD during his long banking career.

MR NG CHIH KAYE
Independent Non-Executive Director

Mr Ng Chih Kaye, a Malaysian, aged 64, was appointed to the Board of the Bank on 2 January 2019 as Independent Non-Executive Director. He is a Member of the Board Credit Committee of the Bank.

Mr Ng began his career at a firm of Chartered Accountants in London and later at KPMG, Kuala Lumpur. He then served Malayan Banking Berhad ("Maybank") for 25 years in the areas of internal audit, credit control and asset recovery until he retired as Executive Vice President in 2010.

Presently, Mr Ng is an examiner with AICB for the Professional Credit Certification and Risk Management in Banking programs. He is also a Panel Member of the Finance Accreditation Agency ("FAA").

Mr Ng currently sits on the boards of Malaysia Debt Ventures Berhad, Shangri-La Hotels (Malaysia) Berhad and CapitaLand Malaysia Mall REIT Management Sdn Bhd. He was an Independent Non-Executive Director of Agrobank (Bank Pertanian Malaysia Berhad) for 6 years from 2011 to 2017.

Mr Ng is a Member of MIA and a Fellow of ACCA, United Kingdom. He has been a member of the Insolvency Committees of MICPA and MIA for more than 15 years and remains as a member to date.

CORPORATE GOVERNANCE (CONT'D.)

(b) Directors' Training

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board will attend a formal induction programme to familiarise themselves with the Bank's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and organised by the Group Learning and Development unit. The Company Secretary will also provide the new Directors with an information kit regarding disclosure obligations of a Director, Board Charter, Code of Ethics, Constitution of the Bank, Board Committees' Terms of Reference, Schedule of Matters Reserved for the Board, amongst others.

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by International Centre for Leadership In Finance ("ICLIF"), all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Bank. The Directors also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the AMMB Group's strategic direction. In addition, the Directors are constantly updated on information relating to the AMMB Group's development and industry development through discussion at Board meetings with the Senior Management team.

(c) Board Responsibility and Oversight

The Board of Directors ("the Board") remains fully committed in ensuring that the principles and recommendations in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the recommendations in corporate governance as set out in the Malaysian Code on Corporate Governance.

The Board supervises the management of the Bank's businesses, policies and affairs with the goal of long term sustainability of the Group. The Board meets ten (10) times in the year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, corporate and business developments, human resource (subject to matters reserved for shareholders' meetings by law), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises seven (7) Directors with wide skills and experience, six (6) of whom are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board

The Board delegates certain responsibilities to the Board Committees. The Board Committees together with the Committees established at AMMB Group level, which were created to assist the Board in certain areas of deliberations, are:

1. Audit and Examination Committee (at Bank level);
2. Risk Management Committee (at Bank level);
3. Board Credit Committee (at Bank level);
4. Group Nomination and Remuneration Committee (at AMMB Group level); and
5. Group Information Technology Committee (at AMMB Group level).

The roles and responsibilities of each Committee are set out under their respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:

Number of meetings attended in Financial Year 2020 ("FY2020")				
	Board of Directors	Audit and Examination Committee	Risk Management Committee	Board Credit Committee
Voon Seng Chuan	10/10 (Chairman)	N/A	N/A	N/A
Soo Kim Wai	10/10	N/A	N/A	24/25
Raymond Fam Chye Soon	10/10	9/9 (Chairman)	9/9	N/A
Dato' Sri Abdul Hamidy Abdul Hafiz	10/10	N/A	N/A	25/25 (Chairman)
Dr Veerinderjeet Singh a/l Tejwant Singh	10/10	9/9	9/9	N/A
U Chen Hock	10/10	9/9	9/9 (Chairman)	N/A
Ng Chih Kaye	10/10	N/A	N/A	25/25
Number of meetings held in FY2020	10	9	9	25

Note:
N/A represents non-Committee member.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Audit and Examination Committee

The Board has appointed the Committee to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Bank's assets and stakeholders' interest. The Committee comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee met nine (9) times during the financial year ended 31 March 2020 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The Committee also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in their audit reports. The financial statements were reviewed by the Committee prior to their submission to the Board of the Bank for adoption.

In addition, the Committee has reviewed the procedures set up by the Bank to identify and report, and where necessary, seeks approval for related party transactions enter by the Bank with related party and, with the assistance of the internal auditors, reviewed related party transactions to ensure such transactions were carried out at arms-length.

The minutes of the Committee meetings are formally tabled to the Board for notation and action, where necessary.

Internal Audit Function

The Internal Audit function is established at AMMB Group level, headed by the Group Chief Internal Auditor.

The Group Chief Internal Auditor reports to the Committee. Group Internal Audit assists the Committee in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The Committee approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the Committee and significant findings are discussed during the Committee meeting. The Group Chief Internal Auditor attends the Committee meeting by invitation. The Committee also holds separate meetings with the Group Chief Internal Auditor and the external auditors whenever necessary.

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

Group Internal Audit prioritises its efforts in performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of banking activities. The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

Risk Management Committee

Risk management is an integral part of the Bank's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the Risk Appetite Framework and sets the broad risk tolerance level and activities after considering the risk bearing capacity and readiness of the Bank.

The Risk Management Committee exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, liquidity, operational, *shariah* , cyber security, legal and capital risks impacting the Bank.

The Committee is independent from the Management and comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank's ability to accommodate risks under normal and stress scenarios.

There were nine (9) meetings held during the financial year ended 31 March 2020.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Risk Management Committee (Cont'd.)

Risk Management Functions

Group Risk Management is a management committee independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the AMMB Group. Group Risk Management encompasses Wholesale Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Governance and Provisioning (which is responsible for the development of credit models), Legal Risk and Group Risk Projects.

Group Risk Management takes its lead from the Board's approved Risk Appetite Framework that forms the foundation of the Group to set its risk/reward profile. The framework is approved annually taking into account the Group's desired external rating and targeted profitability/return on risk-weighted assets ("RWA") and is reviewed periodically throughout the financial year to take account of prevailing or expected changes to the operating environment.

The AMMB Group has an IT Risk Management Framework that is designed to protect the AMMB Group's IT systems against internal and external risks and threats. It is Group Risk Management's objective to ensure that our IT Risk Management Framework is continuously enhanced and robustly tested to safeguard the AMMB Group's and its customers' data from potential cyber-attacks.

Board Credit Committee

The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Board has established the Committee to assist in ensuring the credit facilities and commitments, and connected party credit transactions are approved in accordance with policies approved by the Board.

There were twenty five (25) meetings held during the financial year ended 31 March 2020.

Group Nomination and Remuneration Committee

The Board delegated the nomination and remuneration functions to the Committee which is established at AMMB Group level. The Committee comprises five (5) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Bank is represented by Mr Voon Seng Chuan in the Committee. The Committee is responsible for, among others, the following:

- regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Bank with regard to any changes that are deemed necessary;
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board;
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board;
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved; and
- to implement Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of AMMB.

The Committee met eight (8) times during the financial year ended 31 March 2020.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Group Information Technology Committee

The Committee is established at AMMB Group level. The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee is responsible for providing governance for Information Technology ("IT") and to ensure that the overall strategic IT direction is aligned with AMMB Group's business objectives and strategy. The key responsibilities of the Committee include, amongst others, the following functions:

- to provide strategic direction for IT development within AMMB Group and ensuring that IT, digitalisation and technology-related innovation strategic plans are aligned and integrated with AMMB Group's business objectives and strategy;
- to ensure the establishment of Group-wide IT policies, procedures and frameworks including IT security and IT risk management and e-banking services to ensure the effectiveness of internal control systems and the reliability of the management information systems;
- to provide oversight of AMMB Group's long term IT strategic plans, budgets and implementation;
- to establish key performance indicators and service level agreements in measuring and monitoring the overall performance, efficiency and effectiveness of IT services delivered or received by AMMB Group;
- to oversee the adequacy and utilisation of AMMB Group's IT resources including computer hardware, software, personnel who involved in the development, modification and maintenance of computer programme and related standard procedures;
- to advise the Board on matters within the scope of the Committee, as well as any major IT related issues that merit the attention of the Board;
- to review and approve deviations as allowed under Bank Negara Malaysia guidelines;
- to review IT planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives; and
- to be responsible for overall oversight function on IT matters including ex-ante risk assessments on e-banking services.

The Committee met six (6) times during the financial year ended 31 March 2020.

MANAGEMENT INFORMATION

The Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Bank, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Group policies.

ULTIMATE HOLDING COMPANY

The Directors regard AMMB Holdings Berhad, which is incorporated in Malaysia, as the ultimate holding company.

RATING BY EXTERNAL AGENCIES

The Bank continues to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad.

Details of the Bank's ratings are as follows:

Rating agency	Date accorded	Rating Classification	Ratings
Moody's Investors Service	September 2019	Long-term Bank deposits (Foreign) rating	A3
		Short-term Bank deposits (Foreign) rating	P-2
		Outlook	Stable
S&P Global Ratings	November 2019	Long-term foreign currency rating	BBB+
		Short-term foreign currency rating	A-2
		Outlook	Stable
RAM Rating Services Berhad ("RAM Rating")	November 2019	Long-term financial institution rating	AA2
		Short-term financial institution rating	P1
		Outlook	Stable

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office. Auditors' remuneration is disclosed in Note 35 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

VOON SENG CHUAN
Director

RAYMOND FAM CHYE SOON
Director

Kuala Lumpur, Malaysia

26 JUN 2020

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **VOON SENG CHUAN** and **RAYMOND FAM CHYE SOON**, being two of the Directors of **AMBANK (M) BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 24 to 215 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

VOON SENG CHUAN
Director

RAYMOND FAM CHYE SOON
Director

Kuala Lumpur, Malaysia

2 6 JUN 2020

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **LING FOU-TSONG @ JAMIE LING**, being the Officer primarily responsible for the financial management of **AMBANK (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 215 are, in my opinion correct, and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **LING FOU-TSONG @ JAMIE LING** at Kuala Lumpur in the state of Wilayah Persekutuan this

2 6 JUN 2020

LING FOU-TSONG @ JAMIE LING

Before me,

PESURUHJAYA SUMPAH
No. W 710
MOHAN A.S. MANIAM
1.1.2019 hingga
31.12.2021
MALAYSIA

COMMISSIONER FOR OATHS
Lodged on behalf by:
Address: 22nd Floor, Bangunan AmBank Group,
No. 55 Jalan Raja Chulan,
50200 Kuala Lumpur
Telephone Number: 03-20362633

Tingkat 22 AmBank Group Building
55, Jln. Raja Chulan, 50200 Kuala Lumpur

Building a better working world

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ey.com

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of AMBANK (M) BERHAD (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmBank (M) Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Bank, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 24 to 215.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of
AMBANK (M) BERHAD (CONT'D.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of
AMBANK (M) BERHAD (CONT'D.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of
AMBANK (M) BERHAD (CONT'D.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Qadri bin Jahubar Sathik
No. 03254/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 June 2020

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds	6	9,722,230	5,287,043	9,717,446	5,282,332
Deposits and placements with banks and other financial institutions	8	285,369	330,918	285,369	330,918
Investment account placement	9	715,722	1,461,880	715,722	1,461,880
Derivative financial assets	10	2,102,981	777,685	2,102,981	777,685
Financial assets at fair value through profit or loss	11	7,324,710	10,646,835	7,324,676	10,646,787
Financial investments at fair value through other comprehensive income	12	14,895,518	12,410,210	14,903,364	12,431,107
Financial investments at amortised cost	13	3,028,699	3,305,436	3,028,699	3,305,436
Loans and advances	14	73,741,662	71,334,104	73,692,525	71,275,888
Statutory deposit with Bank Negara Malaysia	15	339,356	2,180,557	339,356	2,180,557
Deferred tax assets	16	21,896	32,657	21,861	32,610
Investment in subsidiaries	17	-	-	31,492	31,492
Investment in associates	18	32,624	-	32,302	22
Other assets	19	1,946,382	1,175,119	1,943,403	1,166,137
Right-of-use assets	20	264,394	-	264,394	-
Property and equipment	21	219,504	122,375	200,164	102,551
Intangible assets	22	264,492	368,654	264,492	368,654
TOTAL ASSETS		114,905,539	109,433,473	114,868,246	109,394,056
LIABILITIES AND EQUITY					
Deposits from customers	23	78,808,367	75,949,320	78,820,486	75,953,817
Deposits and placements of banks and other financial institutions	24	6,894,370	5,379,573	6,903,983	5,390,936
Securities sold under repurchase agreements	7	6,352,709	5,339,422	6,352,709	5,339,422
Recourse obligation on loans sold to Cagamas Berhad	25	4,140,023	4,140,003	4,140,023	4,140,003
Derivative financial liabilities	10	1,961,585	826,869	1,961,585	826,869
Term funding	26	1,467,043	2,554,527	1,467,043	2,554,527
Debt capital	27	2,595,000	3,080,000	2,595,000	3,080,000
Other liabilities	28	2,567,827	2,565,967	2,554,987	2,553,750
TOTAL LIABILITIES		104,786,924	99,835,681	104,795,816	99,839,324
Share capital	29	1,940,465	1,940,465	1,940,465	1,940,465
Reserves	30	8,177,996	7,657,165	8,131,965	7,614,267
Equity attributable to equity holder of the Bank		10,118,461	9,597,630	10,072,430	9,554,732
Non-controlling interests	31	154	162	-	-
TOTAL EQUITY		10,118,615	9,597,792	10,072,430	9,554,732
TOTAL LIABILITIES AND EQUITY		114,905,539	109,433,473	114,868,246	109,394,056
COMMITMENTS AND CONTINGENCIES	47	125,862,246	124,242,578	125,917,196	124,307,212
NET ASSETS PER SHARE (RM)		12.09	11.47	12.04	11.42

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Operating revenue	2.5z	5,471,923	5,407,335	5,466,588	5,402,904
Interest income	32	4,832,887	4,820,793	4,828,357	4,816,330
Interest expense	33	(2,995,969)	(3,137,890)	(2,996,101)	(3,138,062)
Net interest income		1,836,918	1,682,903	1,832,256	1,678,268
Other operating income	34	638,692	586,542	638,231	586,574
Share in results of associate	18	344	-	-	-
Net income		2,475,954	2,269,445	2,470,487	2,264,842
Other operating expenses	35	(1,247,835)	(1,260,164)	(1,246,656)	(1,259,648)
Operating profit		1,228,119	1,009,281	1,223,831	1,005,194
(Allowance)/writeback of allowance for impairment on loans and advances	37	(167,586)	382,923	(167,633)	382,983
Writeback of provision for commitments and contingencies	28(c) & (d)	18,954	10,329	18,962	10,831
Impairment (loss)/writeback on:					
Financial investments	38	(47,551)	(1,359)	(47,535)	(1,348)
Other financial assets	39	3,412	(1,453)	3,418	(1,453)
Subsidiaries	17	-	-	-	(43)
Other recoveries, net		5,540	5,968	5,540	5,968
Profit before taxation		1,040,888	1,405,689	1,036,583	1,402,132
Taxation	40	(206,406)	(340,246)	(205,130)	(338,655)
Profit for the financial year		834,482	1,065,443	831,453	1,063,477
Attributable to:					
Equity holder of the Bank		834,490	1,065,345	831,453	1,063,477
Non-controlling interests	31	(8)	98	-	-
Profit for the financial year		834,482	1,065,443	831,453	1,063,477
Earnings per share (sen)					
Basic/Diluted	41	99.72	127.91		

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year		834,482	1,065,443	831,453	1,063,477
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to statement of profit or loss					
Equity instruments					
Financial investments at fair value through other comprehensive income					
- net changes in fair value		45,631	(11,930)	45,631	(11,930)
Tax effect	16	5,737	2,863	5,737	2,863
Items that may be reclassified subsequently to statement of profit or loss					
Currency translation on offshore operations		14,520	32,171	14,478	32,135
Cash flow hedge					
- loss arising during the financial year	10(v)	(18,306)	(12,124)	(18,306)	(12,124)
- amortisation of fair value changes of terminated hedge		(2,787)	(7,812)	(2,787)	(7,812)
- reclassification adjustments for gain included in the statements of profit or loss		(66)	(128)	(66)	(128)
Tax effect	16	5,078	4,816	5,078	4,816
Debt instruments					
Financial investments at fair value through other comprehensive income					
- net unrealised gain on changes in fair value		134,156	71,824	134,107	72,214
- net gain reclassified to statements of profit or loss		(87,756)	(20,352)	(87,756)	(20,352)
- expected credit loss	12(b)	48,011	929	47,995	918
- foreign exchange differences		-	339	-	339
Tax effect	16	(22,714)	(12,357)	(22,703)	(12,450)
Other comprehensive income, net of tax		121,504	48,239	121,408	48,489
Total comprehensive income for the financial year, net of tax		955,986	1,113,682	952,861	1,111,966
Attributable to:					
Equity holder of the Bank		955,994	1,113,584	952,861	1,111,966
Non-controlling interests		(8)	98	-	-
		955,986	1,113,682	952,861	1,111,966

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Attributable to equity holder of the Bank									
		Non-distributable						Distributable			
Group	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging reserve/ (deficit) RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable equity holder RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2018		1,763,208	126,165	104,149	214,350	3,174	49,075	6,608,590	8,868,711	64	8,868,775
Profit for the financial year		-	-	-	-	-	-	1,065,345	1,065,345	98	1,065,443
Other comprehensive income/(loss)		-	-	-	31,316	(15,248)	32,171	-	48,239	-	48,239
Total comprehensive income/(loss) for the financial year		-	-	-	31,316	(15,248)	32,171	1,065,345	1,113,584	98	1,113,682
Issuance of ordinary shares		177,257	-	-	-	-	-	-	177,257	-	177,257
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	(2,075)	(2,075)	-	(2,075)
Transfer to regulatory reserve		-	154,391	-	-	-	-	(154,391)	-	-	-
Dividends on ordinary shares	42	-	-	-	-	-	-	(559,847)	(559,847)	-	(559,847)
Transactions with owner and other equity movements		177,257	154,391	-	-	-	-	(716,313)	(384,665)	-	(384,665)
At 31 March 2019		1,940,465	280,556	104,149	245,666	(12,074)	81,246	6,957,622	9,597,630	162	9,597,792

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D.)

		Attributable to equity holder of the Bank									
		Non-distributable						Distributable			
Group	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable equity holder RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2019		1,940,465	280,556	104,149	245,666	(12,074)	81,246	6,957,622	9,597,630	162	9,597,792
Profit for the financial year		-	-	-	-	-	-	834,490	834,490	(8)	834,482
Other comprehensive income/(loss)		-	-	-	123,065	(16,081)	14,520	-	121,504	-	121,504
Total comprehensive income/(loss) for the financial year		-	-	-	123,065	(16,081)	14,520	834,490	955,994	(8)	955,986
Transfer to regulatory reserve		-	30,447	-	-	-	-	(30,447)	-	-	-
Dividends on ordinary shares	42	-	-	-	-	-	-	(435,163)	(435,163)	-	(435,163)
Transactions with owner and other equity movements		-	30,447	-	-	-	-	(465,610)	(435,163)	-	(435,163)
At 31 March 2020		1,940,465	311,003	104,149	368,731	(28,155)	95,766	7,326,502	10,118,461	154	10,118,615

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D.)

		Attributable to equity holder of the Bank						
		Non-distributable					Distributable	
Bank	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging reserve/ (deficit) RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2018		1,763,208	126,165	214,234	3,174	52,974	6,667,676	8,827,431
Profit for the financial year		-	-	-	-	-	1,063,477	1,063,477
Other comprehensive income/(loss)		-	-	31,602	(15,248)	32,135	-	48,489
Total comprehensive income/(loss) for the financial year		-	-	31,602	(15,248)	32,135	1,063,477	1,111,966
Issuance of ordinary shares		177,257	-	-	-	-	-	177,257
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	(2,075)	(2,075)
Transfer to regulatory reserve		-	154,391	-	-	-	(154,391)	-
Dividends on ordinary shares	42	-	-	-	-	-	(559,847)	(559,847)
Transactions with owner and other equity movements		177,257	154,391	-	-	-	(716,313)	(384,665)
At 31 March 2019		1,940,465	280,556	245,836	(12,074)	85,109	7,014,840	9,554,732

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D.)

		Attributable to equity holder of the Bank						
		Non-distributable					Distributable	
Bank	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2019		1,940,465	280,556	245,836	(12,074)	85,109	7,014,840	9,554,732
Profit for the financial year		-	-	-	-	-	831,453	831,453
Other comprehensive income/(loss)		-	-	123,011	(16,081)	14,478	-	121,408
Total comprehensive income/(loss) for the financial year		-	-	123,011	(16,081)	14,478	831,453	952,861
Transfer to regulatory reserve		-	30,447	-	-	-	(30,447)	-
Dividends on ordinary shares	42	-	-	-	-	-	(435,163)	(435,163)
Transactions with owner and other equity movements		-	30,447	-	-	-	(465,610)	(435,163)
At 31 March 2020		1,940,465	311,003	368,847	(28,155)	99,587	7,380,683	10,072,430

The accompanying notes form an integral part of the financial statements.

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,040,888	1,405,689	1,036,583	1,402,132
Adjustments for:					
Accretion of discount less amortisation of premium		(51,783)	(198,837)	(51,783)	(198,837)
Amortisation of fair value gain on terminated hedge		(2,787)	(7,812)	(2,787)	(7,812)
Amortisation of intangible assets	22 & 35	84,863	90,282	84,863	90,282
Amortisation of issuance costs and premium for term funding	26	4,824	5,240	4,824	5,240
Amortisation of costs for debt capital	27(b)	-	129	-	129
Depreciation of property and equipment	21 & 35	50,946	36,805	50,421	36,272
Depreciation of right-of-use assets	20 & 35	66,073	-	66,073	-
Finance cost for lease liabilities	28(a) & 35	8,955	-	8,955	-
Finance cost for provision for reinstatement for leased properties	35	294	-	294	-
Loss/(gain) on disposal of foreclosed properties	34	1	(21,336)	1	(21,336)
Loss/(gain) on disposal of property and equipment	34	8	(2,061)	8	(72)
Dividend/distribution income	34	(14,852)	(9,899)	(14,852)	(12,889)
Impairment loss on financial investments	38	47,551	1,359	47,535	1,348
Impairment loss on investment in subsidiaries		-	-	-	43
Impairment loss of other financial assets - (writeback)/charge	39	(3,412)	1,453	(3,418)	1,453
Loans and advances - allowances, net of writeback	37	431,297	303,973	431,344	303,913
Net gain on revaluation of derivatives		(208,952)	(110,701)	(208,952)	(110,701)
Net loss on revaluation of financial assets at fair value through profit or loss	34	54,409	44,464	54,395	44,432
Net gain on sale of financial assets at fair value through profit or loss	34	(50,204)	(53,302)	(50,204)	(53,302)
Net gain on sale of financial assets at fair value through other comprehensive income	34	(87,756)	(20,352)	(87,756)	(20,352)
Net gain on redemption of financial assets at amortised cost	34	(11,676)	-	(11,676)	-

AMBANK (M) BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D.)

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Property and equipment written off	21 & 35	20	61	20	61
Intangible asset written off	22 & 35	-	74	-	74
Share of results of an associate	18 (e)	(344)	-	-	-
Scheme shares and options granted under AMMB ESS - charge/(writeback)	35	28,601	(2,726)	28,601	(2,726)
Unrealised foreign exchange loss on term funding	26(a)(ii) & (c)(ii)	38,267	88,580	38,267	88,580
Writeback of provision for commitments and contingencies	28(c) & (d)	(18,954)	(10,329)	(18,962)	(10,831)
Operating profit before working capital changes		1,406,277	1,540,754	1,401,794	1,535,101
Decrease/(increase) in operating assets:					
Deposits and placements with banks and other financial institutions		150,000	450,000	150,000	450,000
Investment account placement		747,533	1,393,571	747,533	1,393,571
Financial assets at fair value through profit or loss		3,361,372	(2,332,796)	3,361,372	(2,332,796)
Loans and advances		(2,838,855)	(4,624,947)	(2,847,981)	(4,636,644)
Statutory deposit with Bank Negara Malaysia		1,841,201	(167,720)	1,841,201	(167,720)
Other assets		(711,369)	4,319	(711,347)	6,181
Increase/(decrease) in operating liabilities:					
Deposits from customers		2,859,047	6,195,792	2,866,669	6,196,586
Deposits and placements of banks and other financial institutions		1,514,797	2,458,062	1,513,047	2,457,326
Securities sold under repurchase agreements		1,013,287	5,339,422	1,013,287	5,339,422
Recourse obligation of loans sold to Cagamas Berhad		20	386,787	20	386,787
Term funding	26	(1,130,575)	(288,113)	(1,130,575)	(288,113)
Other liabilities		(235,569)	411,323	(236,214)	410,839
Cash generated from from operating activities		7,977,166	10,766,454	7,968,806	10,750,540
Net taxation paid		(295,573)	(133,116)	(300,329)	(131,566)
Net cash generated from in operating activities		7,681,593	10,633,338	7,668,477	10,618,974

AMBANK (M) BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D.)

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of an associate		(32,280)	-	(32,280)	-
Dividend/distribution income	34	14,852	9,899	14,852	12,889
Net purchase of financial investments at fair value through other comprehensive income		(2,316,864)	(7,607,284)	(2,303,862)	(7,593,291)
Net redemption/(purchase) of financial investments at amortised cost		308,547	(144,809)	308,547	(144,809)
Proceeds from disposal of property and equipment		123	2,586	123	162
Purchase of intangible assets	22	(77,416)	(77,814)	(77,416)	(77,814)
Additions through purchase of property and equipment and transfer from related company	21	(53,449)	(27,889)	(53,408)	(27,884)
Net cash used in investing activities		(2,156,487)	(7,845,311)	(2,143,444)	(7,830,747)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	42	(435,163)	(559,847)	(435,163)	(559,847)
Issuance of share capital	29	-	177,257	-	177,257
Payment of lease liabilities	28(a)	(67,483)	-	(67,483)	-
Proceeds from issuance of Subordinated Notes	27(b)	-	1,000,000	-	1,000,000
Repayment of Subordinated Notes	27(b)	-	(400,000)	-	(400,000)
Repayment of Innovative Tier 1 Capital Securities	27(a)	(485,000)	-	(485,000)	-
Repayment of Medium Term Note	27(c)(i)	-	(600,000)	-	(600,000)
Repayment of Non-Innovative Tier 1 Capital Securities	27(c)(ii)	-	(500,000)	-	(500,000)
Net cash used in financing activities		(987,646)	(882,590)	(987,646)	(882,590)
Net increase in cash and cash equivalents		4,537,460	1,905,437	4,537,387	1,905,637
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,471,374	3,566,029	5,466,663	3,561,118
Effect of exchange rate changes		83	(92)	83	(92)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		10,008,917	5,471,374	10,004,133	5,466,663

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D.)

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents comprise:					
Cash and short-term funds	6	9,722,230	5,287,043	9,717,446	5,282,332
Deposits and placements with banks and other financial institutions	8	285,369	330,918	285,369	330,918
		10,007,599	5,617,961	10,002,815	5,613,250
Less: Deposits with original maturity more than 3 months	6 & 8	-	(150,000)	-	(150,000)
		10,007,599	5,467,961	10,002,815	5,463,250
Add back:					
Allowances for expected credit loss ("ECL") for cash and cash equivalents at end of the financial year	6 & 8	1,318	3,413	1,318	3,413
		10,008,917	5,471,374	10,004,133	5,466,663

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of AmBank (M) Berhad ("the Bank") is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 17.

There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur. The principal places of business for the Retail Banking, Business Banking and Wholesale Banking Divisions are located at Menara AmBank, Jalan Yap Kwan Seng, 50450 Kuala Lumpur and Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Bank is a wholly-owned subsidiary of AMMB Holdings Berhad ("AMMB"), a company incorporated in Malaysia. AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Bank and its subsidiaries ("the Group") and the separate financial statements of the Bank have been approved and authorised for issue by the Board of Directors on 5 May 2020.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

2.2 Statement of compliance

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

2.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

The statements of financial position are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (“current”) and more than 12 months after the reporting date (“non-current”) is presented in Note 48.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 March 2020.

Subsidiaries are entities (including structured entities) over which the Group has control.

The Group controls an investee if and only if, the Group has:

- power over the investee (i.e. that its existing rights give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, control is established when the Group holds a majority of the voting rights of an investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the size of the Group's voting rights and potential voting rights relative to the size and dispersion of voting rights and potential rights held by the other vote holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income, expenses and cash flows of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity owners of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as transaction with equity owners of the Group. If the Group losses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises any consideration received at its fair value;
- recognises any investment retained at its fair value;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies

2.5a Business combinations and goodwill

Business combinations, other than business combinations between entities under common control, are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the acquisition date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. For financial liabilities, this includes the separation of embedded derivatives in host contracts by the acquiree.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial asset or a financial liability is recognised in accordance with MFRS 9 *Financial Instruments* ("MFRS 9") in profit or loss. If the contingent consideration is not within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with MFRS 8 *Operating Segments* ("MFRS 8").

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5a Business combinations and goodwill (Cont'd.)

Where goodwill has been allocated to a CGU (or a group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

The Group applies merger accounting to account for business combinations between entities under common control. Under merger accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate common control shareholder and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The comparative information is restated to reflect the combined results of both entities.

2.5b Investments in subsidiaries

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

2.5c Investment in associates

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.

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 are accounted for using the equity method.

Under the equity method, the investment in an associate 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 since the acquisition date. Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associates. 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, 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 associates are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of the associates 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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5c Investment in associates (Cont'd.)

When the Group's share of losses in an associate 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.

The financial statements of the associates 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.

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

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

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

2.5d Transactions with non-controlling interests

Non-controlling interests represent the portion of equity in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. In such circumstances, the carrying amounts of the non-controlling interests shall be adjusted to reflect the changes in relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the Group.

2.5e Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements and the Bank's separate financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5e Foreign currencies (Cont'd.)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot exchange rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(iii) Group entities

On consolidation, the assets and liabilities of foreign subsidiaries and operations are translated into RM at the exchange rates prevailing at the reporting date and their profits or losses are translated at the average exchange rates for the financial year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign subsidiary or operation, the component of OCI relating to that particular foreign subsidiary or operation is reclassified to profit or loss.

2.5f Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Work-in-progress which are not yet available for use are not depreciated. Depreciation of other property and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5f Property and equipment (Cont'd.)

The annual depreciation rates for the various classes of property and equipment are as follows:

Leasehold land	2% or remaining lease period (whichever is shorter)
Buildings	2% or over the term of short term lease (whichever is shorter)
Leasehold improvements	15% to 20%
Motor vehicles	20%
Computer equipment	12.5% to 33.3%
Office equipment, furniture and fittings	15% to 50%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if the expectations differ from previous estimates.

2.5g Leases

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

(i) The Group and the Bank as a lessee (Policy applicable from 1 April 2019)

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5g Leases (Cont'd.)

(i) The Group and the Bank as a lessee (Policy applicable from 1 April 2019) (Cont'd.)

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

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

(ii) The Group and the Bank as a lessee (Policy applicable before 1 April 2019)

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

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

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

(iii) The Group and the Bank as a lessor

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5h Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 years to 10 years. During the period of development, the asset is tested for impairment annually.

2.5i Financial instruments - initial recognition and measurement

(i) Initial recognition

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5i Financial instruments - initial recognition and measurement (Cont'd.)

(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 the fair value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

2.5j Financial assets – classification and subsequent measurement

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

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

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

(i) Debt instruments

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

Business model

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5j Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

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 2.5p. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included in “interest income” in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in “impairment losses on financial investments” for bonds, “impairment losses on loans 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 OCI, except for the recognition of impairment losses (measured using the methodology described in Note 2.5p), 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 OCI to profit or loss in “impairment losses on financial investments”. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss and recognised in "other operating income".

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5j Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

Based on these factors, the Group and the Bank classify the debt instruments into one of the following three measurement categories (Cont'd.):

FVTPL

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

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

(ii) Reclassification of debt investments

The Group and the 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 year.

(iii) Equity instruments

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

The Group and the 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.

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5k Financial liabilities – classification and subsequent measurement

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

- financial liabilities at FVTPL; and
- financial guarantee contracts and loan commitments (see Note 2.5y).

(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.

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 OCI (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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5l 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 an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
  - the Group and the 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 and advances

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.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a "new" asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group 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 EIR.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5l Derecognition of financial instruments (Cont'd.)

(iii) Derecognition of financial liabilities

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

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

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

2.5m Repurchase and reverse repurchase agreements

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

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

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

2.5n Securities borrowing and lending

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5o Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at FVTPL, financial investments at FVOCI and derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group and to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets or liabilities that are recognised at fair value in the financial statements 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.

The fair value hierarchies of financial instruments that are measured at fair value are disclosed in Note 51.

The fair value hierarchies of financial assets, financial liabilities and non-financial assets that are not measured at fair value, but for which fair value is disclosed, are also disclosed in Note 51.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5p 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 or a change in forward looking adjustments after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group 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.

The methodology applied in measuring ECL is explained in Note 50.2.

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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5p Financial instruments - expected credit losses (Cont'd.)

(ii) Collateral valuation

The Group and the Bank seek to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's 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. (See Note 50.2 for further analysis of collateral).

(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 2.5o. 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.

2.5q 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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5q Hedge accounting (Cont'd.)

(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

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

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

(iii) Hedges of a net investment

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

2.5r 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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5s Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Bank estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5t Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts. The policy for the measurement of foreclosed properties is in accordance with Note 2.5p(iii) on collateral repossessed.

2.5u Cash and cash equivalents

Cash and short-term funds in the statement of financial position comprise cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of less than 3 months, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5v Assets held for sale

The Group and the Bank classify assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the sale is probable and the assets are available for immediate sale in their present condition, management has committed to the sale and the sale is expected to have been completed within one year from the date of the classification. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in profit or loss.

2.5w Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

2.5x Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured with sufficient reliability. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Bank are also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5y Financial guarantee contracts and loans commitments

Financial guarantee contracts issued by the Group and the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance (calculated as described in Note 2.5p) and the premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Loan commitments provided by the Group and the Bank are measured at the amount of the loss allowance (calculated as described in Note 2.5p).

2.5z Recognition of income and expenses

Operating revenue of the Group and the Bank comprises all types of revenue derived from commercial banking and non-financial services rendered by the subsidiaries.

Operating revenue of the Bank comprises gross interest income, fee and commission earned and other income derived from commercial banking operations.

Recognition of income and expenses relating to financial instruments

(i) Interest income and similar income and expense

For all interest-bearing financial assets and financial liabilities measured at amortised cost, interest bearing financial investments at FVOCI and financial assets and financial liabilities at FVTPL, interest income or expense is calculated using the effective interest method ("EIR"). 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 its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group and the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

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

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

(ii) Dividend income

Revenue is recognised when the Group’s 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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5z Recognition of income and expenses (Cont'd.)

Recognition of income and expenses relating to financial instruments (Cont'd.)

(iii) Investment and trading income

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

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 and the Bank transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Bank and its customer 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 to which it will be 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 that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group 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:

(i) Fee and commission income

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

Fee income earned from services that are provided over a period of time
Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include loan arrangement, commission income, 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.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5z Recognition of income and expenses (Cont'd.)

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

(i) Fee and commission income (Cont'd.)

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. Commission income from the sale of unit trusts is recognised upon allotment of units, calculated as a percentage of sales value.

(ii) Customer loyalty programmes

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

2.5aa Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Bank and are measured at the amounts paid or expected to be paid when the liabilities are settled. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution pension plan

The Group and the Bank make contributions to the Employee Provident Fund (“EPF”), as well as defined contribution private retirement schemes in Malaysia. Such contributions are recognised as an expense in profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(iii) Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits when the Group and the Bank are demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5aa Employee benefits (Cont'd.)

(iv) Share-based payment transactions

The holding company, AMMB, operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the AMMB Group based on the financial and performance criteria and such conditions as it may deem fit.

The cost of equity-settled transactions is recognised by the Group and the Bank, together with a corresponding increase in the amount payable to, or the amount receivable from, AMMB over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. Profit or loss expense or credit for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised from the beginning to the end of that period.

2.5ab Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved between the end of the reporting year and the date the financial statements are authorised for issue are disclosed as an event after the reporting year.

2.5ac Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss. Current taxes relating to items recognised in OCI or directly in equity is recognised in OCI or equity respectively.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5ac Taxes (Cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5ac Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.5ad Earnings Per Share (“EPS”)

The Group presents basic and diluted (where applicable) EPS data for its ordinary shares in Note 41. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.5ae Segment reporting

Segment reporting in the financial statements are presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Operating segments are distinguishable components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Reportable segments are operating segments or aggregations of operating segments of similar economic characteristics that meet specific aggregation criteria.

The Group's segmental reporting is based on the following five operating segments: retail banking, business banking, wholesale banking, investment banking and group funding and others, as disclosed in Note 53.

2.5af Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Changes in the fair value of the ordinary shares are not recognised in the financial statements.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of Amendments and Annual Improvement to Standards

The accounting policies adopted are consistent with those adopted in the previous financial year except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Group and the Bank on 1 April 2019:

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- Long-term interests in Associates and Joint Ventures (Amendments to MFRS 128)
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS119)
- Annual Improvements to MFRSs 2015-2017 Cycle

The adoption of these new standards, amendments to published standards and new interpretation did not have any material impact on the financial statements of the Group and the Bank except for those arising from the adoption of MFRS 16 as disclosed below. Other than the adoption of new accounting policies as disclosed in Notes 2.5g, the Group and the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other amendments to published standards and new interpretation.

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

3.1a MFRS 16 *Leases*

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

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

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

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

(i) The Group and the Bank have elected not to reassess whether an agreement is, or contains a lease at the date of initial application. Instead, for agreements entered into before the transition date the Group and the Bank relied on its previous assessments made in accordance with MFRS 117 and IC Interpretation 4 *Determining whether an Arrangement contains a Lease.*

(ii) Lease agreements for which the remaining lease term ends within 12 months from the date of initial application are accounted as short-term leases whereby the Group and the Bank have elected not to recognise the associated right-of-use assets and lease liabilities.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 Adoption of Amendments and Annual Improvement to Standards (Cont'd.)

3.1a MFRS 16 *Leases* (Cont'd.)

(iii) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.

(iv) Initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application.

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

The financial impact of the adoption of MFRS 16 on the financial statements of the Group and the Bank are as disclosed in Note 54(a).

3.1b IC Interpretation 23 *Uncertainty over Income Tax Treatments*

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

3.1c 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 adoption of these amendments did not result in any impact as the Group and the Bank do not hold any prepayable financial asset with negative compensation.

3.1d Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that MFRS 9 including its impairment requirements shall be applied to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The adoption of these amendments did not result in any impact as the Group and the Bank do not have any interest in associate or joint venture.

3.1e Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

Currently, MFRS 119 did not specify how current service cost and net interest should be determined for the remainder of the period after a plan amendment, curtailment or settlement. The standard has been amended to mandate the use of updated assumptions from the remeasurement of net defined benefit liability or asset upon a change to the plan to determine current service cost and net interest for the remainder of the period after the change to the plan. The adoption of these amendments did not result in any impact as the Group and the Bank do not operate any defined benefit retirement plan.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 Adoption of Amendments and Annual Improvement to Standards (Cont'd.)

3.1f Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting 4 MFRSs, as summarised below:

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

The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer shall remeasure its previously held interest in the joint operation at fair value at the acquisition date. The amendment has no impact as the Group do not hold interest in any joint operation.

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

The amendments clarified that the party obtaining joint control of a business that is a joint operation shall not remeasure any previously held interest in the joint operation. The amendment has no impact as the Group does not hold interest in any joint operation.

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

The amendments clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence, the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits. The amendment did not have any material financial impact to the Group and the Bank.

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

The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The amendment did not have any material financial impact to the Group and the Bank.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective

The following are standards and amendments to published standards issued but not yet effective up to the date of issuance of the Group's and of the Bank's financial statements. The Group and the Bank intend to adopt the relevant standards and amendments to published standards when they become effective.

	Description	Effective for annual periods beginning on or after
-	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
-	Definition of a Business (Amendments to MFRS 3)	1 January 2020
-	Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
-	Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
-	MFRS 17 *Insurance Contracts*	1 January 2021
-	Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2022
-	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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

3.2a Amendments to published standards effective for financial year ending 31 March 2021

Amendments to References to the Conceptual Framework in MFRS Standards

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

Definition of a Business (Amendments to MFRS 3)

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2a Amendments to published standards effective for financial year ending 31 March 2021 (Cont'd.)

Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

The amendments, issued to address the pre-replacement issues arising from the interest rate benchmark reform recommendations by Financial Stability Board, provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform until the uncertainty arising from this reform is longer present.

The interest rate benchmark reform may affect the application of cash flow hedge accounting because at some point in time, forecast cash flows based on interbank offered rates may no longer meet the highly probable requirement due to uncertainties arising from interest rate benchmark reform. The relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Similarly, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform when performing hedge effectiveness assessments. The amendments are applied prospectively from annual reporting period beginning on or after 1 January 2020. Early adoption is permitted.

3.2b Amendments to published standards effective for financial year ending 31 March 2023

Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2022. Early adoption is permitted. The amendments are not expected to result in any impact as the Group and the Bank present all assets and liabilities in the statements of financial position in order of liquidity.

3.2c 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.

4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENT

Bank Negara Malaysia ("BNM") Letter on Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Outbreak

On 24 March 2020, BNM issued a letter to all licensed banks and prescribed development financial institutions on additional measures to be implemented to assist borrowers/customers experiencing temporary financial constraints due to the COVID-19. These measures include:

(a) automatic moratorium on repayment/payment of loans/financing which is effective for a period of 6 months from 1 April 2020. In relation to any loan/financing that is granted a moratorium, converted or restructured and rescheduled:

(i) the moratorium is excluded in the determination of the period in arrears for the purpose of regulatory and accounting classifications;

(ii) the loans/financing need not be reported as rescheduled and restructured ("R&R") in the Central Credit Reference Information System ("CCRIS"); and

(iii) the R&R loans/financing need not be classified as credit impaired in CCRIS.

The regulatory treatment above shall also apply to any requests for a moratorium or to reschedule and restructure received by banking institutions on or before 31 December 2020. In addition, the regulatory flexibilities specified in BNM's letter dated 28 February 2020 on *BNM's Measures to Assist Businesses and Households Affected by the COVID-19 Outbreak* shall continue to be applicable where relevant.

(b) lending/financing limits liberalised as follows:

(i) requirements on lending/financing to the broad property sector, purchase of shares and units of unit trust fund to be uplifted with immediate effect. However, exposures of banking institutions shall continue to comply with the policy documents *Single Counterparty Exposure Limit* ("SCEL"), *Credit Risk* and *Internal Capital Adequacy Assessment Process (Pillar 2);* and

(ii) limit for exposures to counterparties that are connected to Tenaga Nasional Berhad, Petroliam Nasional Berhad and Telekom Malaysia Berhad based on economic dependence factors set out in the SCEL Policy Document, is temporarily increased from 25% to 35% of a banking institution's total capital, subject to the following:

- the higher limit is only applicable for exposures acquired until 31 December 2021;
- banking institutions must pare down any exposures in excess of 25% of total capital by 31 December 2022; and
- banking institutions shall continue to ensure appropriate risk assessments, monitoring and independent review of exposures in line with the expectations set out in the policy document on *Credit Risk.*

(c) drawdown of prudential buffers. Banking institutions are allowed during this period to:

(i) drawdown the capital conservation buffer of 2.5%;
(ii) operate below the minimum liquidity coverage ratio ("LCR") of 100%; and
(iii) reduce the regulatory reserves held against expected losses to 0%.

Banking institutions will be given reasonable time to rebuild their buffers after 31 December 2020 and restore their buffers to the minimum regulatory requirements by 30 September 2021, subject to public health concerns abating and economic conditions improving.

(d) lowering the minimum Net Stable Funding Ratio ("NSFR") requirement to 80% when the requirement is effective on 1 July 2020 and increasing to 100% from 30 September 2021.

4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS (CONT'D.)

Bank Negara Malaysia ("BNM") Letter on Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Outbreak (Cont'd.)

In the same letter, banking institutions are reminded to ensure that any forward-looking information used to incorporate the impact of COVID-19 on the ECL estimates is reasonable and supportable. Banking institutions should also appropriately reflect the temporary nature of the shock, and fully account for the economic and financial support measures that have been announced to mitigate the impact of COVID-19 on the economy. In particular, moratoriums provided to borrowers/customers should not automatically result in a stage transfer under MFRS 9 in the absence of other factors relevant to the assessment of whether there has been a significant increase in credit risk.

As at 31 March 2020, the Group had incorporated forward-looking ("FL") estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic to businesses, moratorium granted to customers and global oil price slump in the measurement of ECL for all financial assets in the form of FL ECL overlay which amounted to approximately RM108,988,000 for the Group. This is reflected in the movements of ECL of RM62,000 (in Note 6 - cash and short-term funds), RM375,000 (in Note 8 - deposits and placements with banks and other financial institutions), RM3,314,000 (in Note 12 - financial investments at FVOCI), RM1,160,000 (in Note 13 - financial investments at amortised cost), RM90,207,000 (in Note 14 - loans and advances), RM774,000 (in Note 9 - investment account placement) and RM13,096,000 (in Note 28 - other liabilities) as disclosed in the financial statements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgments, 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 or liabilities affected in future periods.

In the process of applying the Group’s accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

5.1 Measurement of ECL allowances (Notes 6, 8, 9, 12, 13, 14, 28, 37, 38 and 39)

The measurement of the ECL allowances for financial assets measured at amortised cost and FVOCI and loan commitments and financial guarantee contracts requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 50.2.

Components of ECL models that involve significant judgment includes:

- determining criteria for significant increase in credit risk in the qualitative assessment and the impact of the instrument being measured at life time ECL basis due to significant increase in credit risk;
- choosing appropriate models and assumptions including the various formulas and choice of inputs for the measurement of ECL;
- establishing the forward-looking macroeconomic scenarios and the associated probability weightings, which are used in forward-looking ECL measurement; for the current financial year, forward looking macroeconomic information and assumptions relating to the COVID-19 pandemic have been considered in these scenarios;
- establishing groups of similar financial assets for the purposes of measuring ECL; and
- application of the Group's internal credit grading model which assigns Probability of Default ("PD") to the individual grades.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

5.2 Lease term of agreements with renewal options (Note 20)

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

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

5.3 Deferred tax assets and income taxes (Notes 16, 19, 28 and 40)

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgment is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Significant judgment is required in estimating the provision for income taxes. For some transactions or events, the final outcome could not be established until some time later. Liabilities for taxation are recognised based on estimates of whether the payment of additional taxes are probable. The estimation process may involve seeking advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

5.4 Fair value measurements of financial instruments (Notes 10, 11, 12, 34 and 51)

When the fair value of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required to establish fair values. Judgments include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

5.5 Development costs (Note 21 and 22)

Costs incurred in the development and implementation of software systems for the Group are capitalised as development costs if specific criteria are met. In determining whether the costs are capitalisable, management applies judgment to ascertain the technical feasibility of completing the intangible asset, which is usually evidenced by the achievement of defined milestone according to an established project management model.

6. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,873,882	1,320,100	1,872,086	1,318,159
Deposits and placements maturing within one month:				
Licensed banks	579,181	3,258,280	576,193	3,255,510
Bank Negara Malaysia	7,270,000	710,000	7,270,000	710,000
	7,849,181	3,968,280	7,846,193	3,965,510
Total cash and bank balances and deposits and placements	9,723,063	5,288,380	9,718,279	5,283,669
Less: Allowances for ECL	(833)	(1,337)	(833)	(1,337)
	9,722,230	5,287,043	9,717,446	5,282,332
Deposits and placements with original maturity of:				
Three months or less	7,849,181	3,818,280	7,846,193	3,815,510
More than three months	-	150,000	-	150,000
	7,849,181	3,968,280	7,846,193	3,965,510

Movements in allowances for ECL are as follows:

	Stage 1	Stage 2	
	12-Month ECL	Lifetime ECL not credit impaired	Total
	RM'000	RM'000	RM'000
Group and Bank			
2019			
Balance at beginning of the financial year	973	-	973
Allowances for ECL (Note 39):	295	32	327
Net remeasurement of allowances	295	32	327
Exchange difference	38	(1)	37
Balance at end of the financial year	1,306	31	1,337
2020			
Balance at beginning of the financial year	1,306	31	1,337
Writeback of ECL (Note 39):	(522)	(3)	(525)
New financial assets originated	198	30	228
Financial assets derecognised	(4,873)	(36)	(4,909)
Transfer from deposits and placements with banks and other financial institutions (Note 8)	4,432	-	4,432
Net remeasurement of allowances	(341)	3	(338)
Changes in model assumptions and methodologies (Note 4)	62	-	62
Exchange difference	20	1	21
Balance at end of the financial year	804	29	833

The decrease in carrying amount of the Group's and the Bank's foreign currencies placements at the end of the financial year had caused the decrease in the allowances for ECL.

7. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The amount represents the liabilities in correspondence to the cash received from the sale of securities under repurchase agreements, whereby the securities are not derecognised as the Group and the Bank retain substantially all of the risks and rewards of ownership of the securities.

8. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Licensed banks	165,854	182,994
Licensed investment bank	120,000	150,000
	285,854	332,994
Less: Allowances for ECL	(485)	(2,076)
	285,369	330,918

No deposit and placements with original maturity more than three months for financial year 2020 and 2019 respectively.

Movements in allowances for ECL are as follows:

Group and Bank	**Stage 1 12-Month ECL RM'000**
2019	
Balance at beginning of the financial year	-
Allowances for ECL (Note 39):	2,076
Net remeasurement of allowances	2,076
Balance at end of the financial year	2,076
2020	
Balance at beginning of the financial year	2,076
Writeback of ECL (Note 39):	(1,591)
New financial assets originated	2,570
Transfer to cash and short-term funds (Note 6)	(4,432)
Net remeasurement of allowances	(104)
Changes in model assumptions and methodologies (Note 4)	375
Balance at end of the financial year	485

The Group's and the Bank's foreign currencies placements decreased at the end of the financial year due to transfer to cash and short-term funds had correspondingly resulted in decrease of an allowance for ECL in Stage 1 offset by FL ECL overlay.

9. INVESTMENT ACCOUNT PLACEMENT

	Group and Bank	
	2020	2019
	RM'000	RM'000
Licensed islamic bank	718,006	1,465,539
Less: Allowances for ECL	(2,284)	(3,659)
	715,722	1,461,880

This represents investment placed under Restricted Investment Account ("RA") arrangement with AmBank Islamic Berhad ("AmBank Islamic"), a related party to the Bank. The contract is based on the Shariah concept of Mudarabah between two parties, that is, the investor ("the Bank") and the entrepreneur ("AmBank Islamic") to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor. The investment assets financed under this arrangement are financing and advances extended by AmBank Islamic to its external customers. As losses are borne solely by the investor, the related ECL allowance for financing and advances extended by AmBank Islamic is recorded by the Bank.

During the current financial year on 27 August 2019 and 25 March 2020, the Bank early redeemed placements which amounted to RM188.2 million and RM837.0 million respectively. On 16 December 2019, the Bank entered into a new RA contract for the total sum of RM210.0 million with AmBank Islamic.

As at 31 March 2020, the gross exposure relating to the RA financing for the Group and the Bank amounted to RM719.9 million (31 March 2019: RM1,470.1 million). No stage 3 ECL is provided for the RA financing as at 31 March 2020 and 31 March 2019 respectively.

Movements in allowances for ECL are as follows:

	Stage 1	Stage 2	
	12-Month ECL	Lifetime ECL not credit impaired	Total
Group and Bank	RM'000	RM'000	RM'000
2019			
Balance at beginning of the financial year	4,259	-	4,259
(Writeback of)/allowances for ECL (Note 39):	(3,311)	2,711	(600)
Transfer to Stage 2	(2,372)	13,632	11,260
Net remeasurement of allowances	(939)	(10,921)	(11,860)
Balance at end of the financial year	948	2,711	3,659
2020			
Balance at beginning of the financial year	948	2,711	3,659
Allowances for/(writeback of) ECL (Note 39):	1,336	(2,711)	(1,375)
New financial assets originated	1,105	-	1,105
Net remeasurement of allowances	142	-	142
Financial assets derecognised	(685)	(2,711)	(3,396)
Changes in model assumptions and methodologies (Note 4)	774	-	774
Balance at end of the financial year	2,284	-	2,284

The movements in allowances of ECL during the current financial year for the Group and the Bank are mainly contributed by the following:

a) increase of RM1,336,000 in ECL stage 1 is mainly due to new RA financing entered during the year, net remeasurement of allowances and FL ECL overlay; offset by reversal of allowances due to early redemptions of the placements.

b) decrease in stage 2 is mainly due to early redemption of the placements.

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group and Bank	2020 Contract/ Notional amount RM'000	2020 Fair value assets RM'000	2020 Fair value liabilities RM'000	2019 Contract/ Notional amount RM'000	2019 Fair value assets RM'000	2019 Fair value liabilities RM'000
Trading Derivatives						
Interest rate related contracts:						
- One year or less	9,748,960	31,565	35,216	6,990,942	5,199	5,625
- Over one year to three years	23,674,467	282,051	306,685	19,781,144	57,838	62,842
- Over three years	19,558,748	617,648	703,138	24,503,746	222,232	225,149
Foreign exchange related contracts:						
- One year or less	37,428,983	575,871	418,935	36,424,866	135,838	191,224
- Over one year to three years	3,092,301	122,429	120,198	2,411,396	41,521	83,307
- Over three years	3,927,765	248,148	143,288	2,724,902	293,765	214,021
Credit related contracts:						
- Over one year to three years	356,069	1,954	665	345,108	5,417	768
Equity and commodity related contracts:						
- One year or less	1,637,791	206,219	209,095	860,040	12,886	13,704
- Over one year to three years	58,823	9,284	9,284	190,657	2,989	2,989
- Over three years	73,217	7,812	7,812	-	-	-
Hedging Derivatives						
Interest rate related contracts:						
Cash flow hedge:						
- One year or less	600,000	-	4,121	330,000	-	484
- Over one year to three years	115,000	-	3,148	1,095,000	-	12,660
- Over three years	-	-	-	880,000	-	14,096
Total	100,272,124	2,102,981	1,961,585	96,537,801	777,685	826,869

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

(i) Cash flow hedge

Interest rate risk

The Group's and the Bank's cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest bearing assets and incurring liabilities. This hedging strategy is applied towards housing loan receivables and treasury fixed deposits and short-term treasury deposits. The amounts and timing of future principal repayment and interest cash flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early repayment for loans and withdrawal for deposits. The aggregate principal repayment and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity in the cash flow hedge reserve and are transferred to profit or loss when the forecast cash flows affect the profit or loss.

The effectiveness of this hedge is assessed by comparing the changes in fair value of the interest rate swap with changes in fair value of the hedged debt attributable to the hedged risk (changes in interest rates), using the hypothetical derivative method.

The Group and the Bank establish the hedging ratio by matching the notional of the derivative with the principal of the specific debt instrument being hedged. The main source of ineffectiveness is differences in timing of cash flows between debt instruments and interest rate swaps.

All underlying hedged cash flows are expected to be recognised in the profit or loss in the period in which they occur which is anticipated to take place over the next 2 years (2019: 6 years).

All gains and losses associated with the ineffective portion of the hedging derivatives are recognised immediately in profit or loss. The ineffectiveness recognised by the Group and the Bank in profit or loss during the financial year in respect of cash flow hedges amounted to a gain of RM66,000 (2019: gain of RM128,000).

In the previous financial year, pursuant to a review of the Bank's hedging strategy, the Bank unwound certain cash flow hedges on its variable rate housing loan portfolio using interest rate swaps with a total notional value of RM2.1 billion.

During the current financial year, pursuant to a review of the Bank's hedging strategy, the Bank had discontinued its cash flow hedges on its variable rate short-term treasury deposits and fixed deposits portfolio using interest rate swaps with a total notional value of RM1.4 billion.

Hence, the total unamortised fair value balances in the cash flow hedging reserve are to be amortised to the profit or loss over the remaining life of the hedge instruments. Total fair value gain amortised during the current financial year was RM2,787,000 (2019: RM7,812,000).

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting (Cont'd.)

(ii) The following table sets out the maturity profile and average price/rate of the hedging instruments used in the Group's and the Bank's non-dynamic hedging strategies:

	Maturity				
	Up to 1 month RM'000	**> 1 month to 3 months RM'000**	**> 3 months to 1 year RM'000**	**> 1 year to 5 years RM'000**	**More than 5 years RM'000**
Group and Bank					
2020					
Cash flow hedge					
- Interest rate risk					
Interest rate swap					
Notional	-	-	600,000	115,000	-
Average fixed interest rate	-	-	4.22%	4.02%	-
2019					
Cash flow hedge					
- Interest rate risk					
Interest rate swap					
Notional	200,000	-	130,000	1,745,000	230,000
Average fixed interest rate	3.92%	-	4.01%	4.07%	4.17%

(iii) The following table contains details of the hedging instruments used in the Group's and the Bank's hedging strategies:

		Carrying amount of		
	Notional RM'000	**Derivative Financial Assets RM'000**	**Derivative Financial Liabilities RM'000**	**Changes in fair value used for calculating hedge ineffectiveness during the year RM'000**
Group and Bank				
2020				
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	715,000	-	(7,269)	19,971
2019				
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	2,305,000	-	(27,240)	10,435

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting (Cont'd.)

(iv) The following table contains details of the hedged item covered by the Group's and the Bank's hedging strategies:

	Carrying amount of Assets RM'000	Carrying amount of Liabilities RM'000	Statement of financial position line item	Changes in fair value used for calculating hedge during the year RM'000	Continuing hedge RM'000	Discontinued hedge RM'000
Group and Bank						
2020						
Cash flow hedge						
Interest rate risk						
- Housing loans	-	-	Loans and advances	-	-	5,769
- Deposits	-	(715,000)	Deposits from customers	(20,001)	(7,269)	(35,548)
2019						
Cash flow hedge						
Interest rate risk						
- Housing loans	-	-	Loans and advances	-	-	11,384
- Deposits	-	(2,305,000)	Deposits from customers	(10,435)	(27,270)	-

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting (Cont'd.)

(v) The following table contains information regarding the effectiveness of the hedging relationships designated by the Group and the Bank, as well as the impact on profit or loss and other comprehensive income:

				Amounts reclassified from reserves to profit or loss as:		
	Loss recognised in other comprehensive income RM'000	**Hedge ineffectiveness recognised in profit or loss RM'000**	**Statement of profit or loss/other comprehensive income line item that includes hedge ineffectiveness**	**Hedged cash flows will no longer occur RM'000**	**Hedged item affecting profit or loss RM'000**	**Profit or loss line item that includes reclassified amount RM'000**
2020						
Cash flow hedges						
Interest rate risk						
- Deposits	(18,306)	66	Other operating income	-	-	-
2019						
Cash flow hedges						
Interest rate risk						
- Deposits	(12,124)	128	Other operating income	-	-	-

(vi) The following table shows a reconciliation of cash flow hedging deficit and an analysis of other comprehensive income in relation to hedge accounting:

	2020 RM'000	**2019 RM'000**
Group and Bank		
Cash flow hedges		
Interest rate risk:		
Balance at beginning of the financial year	(12,074)	3,174
Effective portion of changes in fair value of interest rate swaps	(18,306)	(12,124)
Amortisation of fair value	(2,787)	(7,812)
Amount reclassified from reserves to profit or loss	(66)	(128)
Taxation	5,078	4,816
Balance at end of the financial year	(28,155)	(12,074)

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	1,049,133	4,096,745	1,049,133	4,096,745
Islamic Treasury Bills	418,543	43,727	418,543	43,727
Malaysian Government Investment Issues	1,892,213	692,224	1,892,213	692,224
Malaysian Government Securities	2,712,517	3,670,874	2,712,517	3,670,874
Malaysian Treasury Bills	606,027	689,738	606,027	689,738
	6,678,433	9,193,308	6,678,433	9,193,308
Quoted securities:				
In Malaysia:				
Shares	301,896	199,594	301,896	199,594
Unit trusts	28,194	22,616	28,194	22,616
Sukuk	37,500	37,937	37,500	37,937
	367,590	260,147	367,590	260,147
Outside Malaysia:				
Shares	80,589	117,961	80,586	117,958
Unquoted securities:				
In Malaysia:				
Shares	31	45	-	-
Corporate bonds and sukuk	198,067	1,075,374	198,067	1,075,374
	198,098	1,075,419	198,067	1,075,374
	7,324,710	10,646,835	7,324,676	10,646,787

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instruments:				
Malaysian Government Investment Issues ("MGII")	3,689,158	2,326,431	3,689,158	2,326,431
Malaysian Government Securities ("MGS")	3,195,316	2,841,697	3,195,316	2,841,697
Islamic Negotiable Instruments of Deposit	-	99,398	-	99,398
Negotiable Instruments of Deposit	-	299,979	-	299,979
	6,884,474	5,567,505	6,884,474	5,567,505
Quoted securities:				
In Malaysia:				
Unit trusts	74,313	98,167	74,313	98,167
	74,313	98,167	74,313	98,167
Unquoted securities:				
In Malaysia:				
Corporate bonds and sukuk	7,140,823	6,119,342	7,148,669	6,140,239
Shares	588,065	518,533	588,065	518,533
	7,728,888	6,637,875	7,736,734	6,658,772
Outside Malaysia:				
Corporate bonds and sukuk	207,359	106,132	207,359	106,132
Shares	484	531	484	531
	207,843	106,663	207,843	106,663
	14,895,518	12,410,210	14,903,364	12,431,107

BNM had issued a policy document *Statutory Reserve Requirements* on 27 March 2020 whereby licensed banking institutions are given flexibility as Principal Dealer and Islamic Principal Dealer, to recognise holdings of MGS and MGII of up to RM1.0 billion as part of their balances in Statutory Reserve Account with BNM. As at 31 March 2020, the Group and the Bank had recognised a total carrying amount of RM1.08 billion (RM1.0 billion in nominal value) of MGS and MGII for statutory reserve requirement purposes. The above flexibility accorded by BNM is up to 31 March 2021.

12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

(a) Equity investments at fair value through other comprehensive income comprise the following individual investments:

	Group and Bank			
	2020		2019	
	Carrying value RM'000	Dividend income RM'000	Carrying value RM'000	Dividend income RM'000
Quoted securities in Malaysia:				
Unit trusts				
AmFIRST Real Estate Investment Trust	74,313	7,321	98,167	7,248
Unquoted securities in Malaysia:				
Shares				
ABM Investments Sdn Bhd	29	-	31	-
Cagamas Holdings Berhad	340,533	2,413	273,113	2,413
Credit Guarantee Corporation Malaysia Berhad	80,102	-	87,753	-
Financial Park (Labuan) Sdn Bhd	81,896	800	82,055	-
Payments Network Malaysia Sdn Bhd	72,891	-	63,317	-
RAM Holdings Berhad	12,614	4,318	12,264	238
	588,065	7,531	518,533	2,651
Unquoted securities outside Malaysia:				
Shares				
S.W.I.F.T. SCRL	484	-	531	-

The Group and the Bank elected to present in other comprehensive income for changes in the fair value of the above equity investments because these equity investments are held for long-term strategic or socio-economic purposes instead of for selling in the near term or for short-term profit taking.

The Bank owns 26.7% of AmFIRST Real Estate Investment Trust ("AmFirst REIT"). However, the Bank has restricted voting power as stated in the Trust Deed. As such, the Bank is deemed to have no significant influence and the investment is recognised as financial investments at fair value through other comprehensive income.

There have been no new acquisition or disposal of equity investments at fair value through other comprehensive income during the current and previous financial year.

12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

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

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Group				
2019				
Balance at beginning of the financial year,	8,708	3,132	5,000	16,840
Allowances for ECL (Note 38):	866	63	-	929
New financial assets originated	13,159	281	-	13,440
Financial assets derecognised	(3,785)	-	-	(3,785)
Net remeasurement of allowances	(8,508)	(218)	-	(8,726)
Write-off during the financial year	-	-	(5,000)	(5,000)
Exchange difference	340	-	-	340
Balance at end of the financial year	9,914	3,195	-	13,109
2020				
Balance at beginning of the financial year	9,914	3,195	-	13,109
Allowances for/(writeback of) ECL (Note 38):	2,187	(2,421)	48,245	48,011
- Transfer to Stage 1	593	(1,006)	-	(413)
- Transfer to Stage 2	(325)	512	-	187
- Transfer to Stage 3	-	(260)	48,245	47,985
New financial assets originated	8,078	-	-	8,078
Financial assets derecognised	(8,027)	(242)	-	(8,269)
Net remeasurement of allowances	(1,229)	(1,642)	-	(2,871)
Changes in model assumptions and methodologies	3,097	217	-	3,314
Write-off during the financial year	-	-	(48,245)	(48,245)
Balance at end of the financial year	12,101	774	-	12,875

12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

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

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Bank				
2019				
Balance at beginning of the financial year	8,740	3,132	5,000	16,872
Allowances for ECL (Note 38):	855	63	-	918
New financial assets originated	13,159	281	-	13,440
Financial assets derecognised	(3,785)	-	-	(3,785)
Net remeasurement of allowances	(8,519)	(218)	-	(8,737)
Write-off during the financial year	-	-	(5,000)	(5,000)
Exchange difference	339	-	-	339
Balance at end of the financial year	9,934	3,195	-	13,129
2020				
Balance at beginning of the financial year	9,934	3,195	-	13,129
Allowances for/(writeback of) ECL (Note 38):	2,171	(2,421)	48,245	47,995
- Transfer to Stage 1	593	(1,006)	-	(413)
- Transfer to Stage 2	(325)	512	-	187
- Transfer to Stage 3	-	(260)	48,245	47,985
New financial assets originated	8,078	-	-	8,078
Financial assets derecognised	(8,027)	(242)	-	(8,269)
Net remeasurement of allowances	(1,245)	(1,642)	-	(2,887)
Changes in model assumptions and methodologies (Note 4)	3,097	217	-	3,314
Write-off during the financial year	-	-	(48,245)	(48,245)
Balance at end of the financial year	12,105	774	-	12,879

The movements in allowances of ECL during the current financial year for the Group and the Bank are mainly contributed by the following:

a) Increase of RM2,171,000 in ECL stage 1 mainly due to new purchases to replace investments disposed off and FL ECL overlay, partially offset by remeasurement of allowances.

b) Decrease in ECL stage 2 mainly due to transfer to stage 1 and remeasurement of allowances offset by transfer in from stage 1.

c) The ECL stage 3 was provided for a corporate bond that turned impaired and was written off during the current financial year.

13. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	2020	2019
	RM'000	RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Investment Issues	111,671	151,331
Unquoted securities:		
In Malaysia:		
Corporate bonds and sukuk	2,921,659	3,159,196
Less: Allowances for ECL	(4,631)	(5,091)
	3,028,699	3,305,436

Movements in allowances for ECL are as follows:

	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Group and Bank			
2019			
Balance at beginning of the financial year	3,202	2,550	5,752
Allowances for/(writeback of) ECL (Note 38):	1,889	(1,459)	430
Net remeasurement of allowances	1,889	-	1,889
Financial assets derecognised	-	(1,459)	(1,459)
Amount written-off	-	(1,091)	(1,091)
Balance at end of the financial year	5,091	-	5,091
2020			
Balance at beginning of the financial year	5,091	-	5,091
Writeback of allowances for ECL (Note 38):	(460)	-	(460)
Net remeasurement of allowances	(1,620)	-	(1,620)
Changes in model assumptions and methodologies (Note 4)	1,160	-	1,160
Balance at end of the financial year	4,631	-	4,631

The decrease in ECL stage 1 was due to remeasurement of allowances offset by FL ECL overlay.

14. LOANS AND ADVANCES

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	2,498,179	2,804,689	2,498,179	2,804,689
Term loans	19,790,674	17,047,940	19,790,674	17,047,940
Housing loan receivables	25,392,048	24,208,913	25,247,277	24,064,713
Hire purchase receivables	10,537,867	11,877,428	10,537,867	11,877,428
Bills receivables	1,616,752	1,467,993	1,616,752	1,467,993
Trust receipts	1,625,545	1,548,143	1,625,545	1,548,143
Claims on customers under acceptance credits	3,666,541	3,527,019	3,666,541	3,527,019
Card receivables	1,600,482	1,695,862	1,600,482	1,695,862
Revolving credits	7,294,436	7,572,004	7,389,985	7,657,857
Staff loans	92,493	94,624	92,493	94,624
Others	523,693	377,006	523,693	377,006
Gross loans and advances	74,638,710	72,221,621	74,589,488	72,163,274
Less: Allowances for ECL (Note 14(i)):				
- Stage 1 - 12 month ECL	(179,447)	(194,437)	(179,464)	(194,440)
- Stage 2 - Lifetime ECL not credit impaired	(371,842)	(415,068)	(371,822)	(415,058)
- Stage 3 - Lifetime ECL credit impaired	(345,759)	(278,012)	(345,677)	(277,888)
Net loans and advances	73,741,662	71,334,104	73,692,525	71,275,888

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	-	123,956	-	123,956
Domestic non-bank financial institutions	1,152,833	1,170,815	1,248,382	1,256,668
Domestic business enterprises				
- Small and medium enterprises	14,178,544	14,422,280	14,178,544	14,422,280
- Others	18,071,248	14,758,129	18,071,248	14,758,129
Government and statutory bodies	45,870	45,047	45,870	45,047
Individuals	39,939,177	40,468,966	39,794,406	40,324,766
Other domestic entities	14,129	7,357	14,129	7,357
Foreign individuals and entities	1,236,909	1,225,071	1,236,909	1,225,071
	74,638,710	72,221,621	74,589,488	72,163,274

14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
In Malaysia	74,241,914	71,943,528	74,192,692	71,885,181
Outside Malaysia	396,796	278,093	396,796	278,093
	74,638,710	72,221,621	74,589,488	72,163,274

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	227,520	253,292	82,749	109,092
- Hire purchase receivables	9,912,397	11,032,531	9,912,397	11,032,531
- Other fixed rate loans	7,541,214	6,369,570	7,541,214	6,369,570
Variable rate				
- Base rate and base lending rate plus	37,472,292	35,907,199	37,472,292	35,907,199
- Cost plus	15,280,042	13,611,676	15,375,591	13,697,529
- Other variable rates	4,205,245	5,047,353	4,205,245	5,047,353
	74,638,710	72,221,621	74,589,488	72,163,274

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Agriculture	1,521,858	1,635,457	1,521,858	1,635,457
Mining and quarrying	1,399,742	1,039,055	1,399,742	1,039,055
Manufacturing	9,788,997	7,802,012	9,788,997	7,802,012
Electricity, gas and water	509,555	306,570	509,555	306,570
Construction	3,474,824	3,416,194	3,474,824	3,416,194
Wholesale and retail trade and hotels and restaurants	5,910,039	5,214,788	5,910,039	5,214,788
Transport, storage and communication	1,077,025	1,309,669	1,077,025	1,309,669
Finance and insurance	1,178,160	1,316,011	1,273,709	1,401,864
Real estate	5,672,767	6,150,427	5,672,767	6,150,427
Business activities	1,945,242	1,570,314	1,945,242	1,570,314
Education and health	1,365,104	838,329	1,365,104	838,329
Household of which:	40,734,612	41,392,207	40,589,841	41,248,007
- Purchase of residential properties	24,960,022	23,680,763	24,815,251	23,536,563
- Purchase of transport vehicles	9,506,078	10,793,015	9,506,078	10,793,015
- Others	6,268,512	6,918,429	6,268,512	6,918,429
Others	60,785	230,588	60,785	230,588
	74,638,710	72,221,621	74,589,488	72,163,274

14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	15,570,677	15,255,244	15,664,299	15,339,372
Over one year to three years	3,954,425	5,379,090	3,947,524	5,372,355
Over three years to five years	7,112,986	6,259,538	7,101,939	6,248,175
Over five years	48,000,622	45,327,749	47,875,726	45,203,372
	74,638,710	72,221,621	74,589,488	72,163,274

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	1,046,442	1,053,800	1,045,699	1,053,616
Impaired during the financial year	1,034,759	746,162	1,034,601	745,539
Reclassified as performing	(119,326)	(175,073)	(119,125)	(175,073)
Recoveries	(307,055)	(179,578)	(306,840)	(179,514)
Amount written off	(423,126)	(404,015)	(423,126)	(404,015)
Foreign exchange differences	3,785	5,146	3,785	5,146
Balance at end of the financial year	1,235,479	1,046,442	1,234,994	1,045,699
Gross impaired loans and advances as % of gross loans and advances	1.66%	1.45%	1.66%	1.45%
Loan loss coverage (including regulatory reserve)	102.4%	119.1%	102.4%	119.2%

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
In Malaysia	1,191,357	988,218	1,190,872	987,475
Outside Malaysia	44,122	58,224	44,122	58,224
	1,235,479	1,046,442	1,234,994	1,045,699

14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	2020	2019 (Restated) (Note 54(b))	2020	2019 (Restated) (Note 54(b))
	RM'000	RM'000	RM'000	RM'000
Agriculture	36,743	552	36,743	552
Mining and quarrying	51,220	76,325	51,220	76,325
Manufacturing	218,512	142,567	218,512	142,567
Electricity, gas and water	136	140	136	140
Construction	81,021	19,744	81,021	19,744
Wholesale and retail trade and hotels and restaurants	78,793	47,623	78,793	47,623
Transport, storage and communication	31,703	6,647	31,703	6,647
Finance and insurance	2	1	2	1
Real estate	71,264	213,425	71,264	213,425
Business activities	21,448	12,256	21,448	12,256
Education and health	22,935	7,996	22,935	7,996
Household of which:	621,702	519,166	621,217	518,423
- Purchase of residential properties	406,931	302,799	406,446	302,056
- Purchase of transport vehicles	113,484	130,941	113,484	130,941
- Others	101,287	85,426	101,287	85,426
	1,235,479	1,046,442	1,234,994	1,045,699

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

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2019				
Group				
Balance at beginning of the financial year	191,967	484,323	313,980	990,270
Allowances for/(writeback of) ECL (Note 37):	2,233	(69,321)	371,061	303,973
- Transfer to Stage 1	9,379	(101,861)	(4,839)	(97,321)
- Transfer to Stage 2	(14,101)	137,437	(17,179)	106,157
- Transfer to Stage 3	(1,959)	(26,642)	157,421	128,820
New financial assets originated	52,015	111,818	7,465	171,298
Net remeasurement of allowances	(8,106)	(150,510)	284,595	125,979
Modification of contractual cash flows of financial assets	(1,111)	(730)	112	(1,729)
Financial assets derecognised	(33,884)	(38,833)	(56,514)	(129,231)
Foreign exchange differences	237	66	(3,014)	(2,711)
Amount written-off	-	-	(404,015)	(404,015)
Balance at end of the financial year	194,437	415,068	278,012	887,517

14. LOANS AND ADVANCES (CONT'D.)

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

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2020				
Group				
Balance at beginning of the financial year	194,437	415,068	278,012	887,517
(Writeback of)/allowances for ECL (Note 37):	(15,277)	(43,430)	490,004	431,297
- Transfer to Stage 1	8,249	(98,781)	(3,720)	(94,252)
- Transfer to Stage 2	(12,592)	145,517	(16,477)	116,448
- Transfer to Stage 3	(2,619)	(21,547)	124,886	100,720
New financial assets originated	44,972	38,488	11,438	94,898
Net remeasurement of allowances	(22,286)	(95,633)	438,758	320,839
Modification of contractual cash flows of financial assets	(4,151)	(1)	198	(3,954)
Financial assets derecognised	(51,656)	(49,267)	(64,623)	(165,546)
Changes in model assumptions and methodologies	24,806	37,794	(456)	62,144
Foreign exchange differences	287	204	869	1,360
Amount written-off	-	-	(423,126)	(423,126)
Balance at end of the financial period	179,447	371,842	345,759	897,048

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2019				
Bank				
Balance at beginning of the financial	191,967	484,292	313,939	990,198
Allowances for/(writeback of) ECL (Note 37):	2,234	(69,297)	370,976	303,913
- Transfer to Stage 1	9,379	(101,861)	(4,839)	(97,321)
- Transfer to Stage 2	(14,101)	137,433	(17,179)	106,153
- Transfer to Stage 3	(1,958)	(26,625)	157,322	128,739
New financial assets originated	52,007	111,818	7,465	171,290
Net remeasurement of allowances	(8,101)	(150,508)	284,595	125,986
Modification of contractual cash flows of financial assets	(1,111)	(730)	112	(1,729)
Financial assets derecognised	(33,881)	(38,824)	(56,500)	(129,205)
Foreign exchange differences	239	63	(3,012)	(2,710)
Amount written-off	-	-	(404,015)	(404,015)
Balance at end of the financial year	194,440	415,058	277,888	887,386

14. LOANS AND ADVANCES (CONT'D.)

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

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2020				
Bank				
Balance at beginning of the financial year	194,440	415,058	277,888	887,386
(Writeback of)/allowances for ECL (Note 37):	(15,263)	(43,439)	490,046	431,344
- Transfer to Stage 1	8,249	(98,780)	(3,720)	(94,251)
- Transfer to Stage 2	(12,592)	145,502	(16,450)	116,460
- Transfer to Stage 3	(2,619)	(21,545)	124,859	100,695
New financial assets originated	44,964	38,485	11,438	94,887
Net remeasurement of allowances	(22,268)	(95,628)	438,760	320,864
Modification of contractual cash flows of financial assets	(4,151)	(1)	198	(3,954)
Financial assets derecognised	(51,652)	(49,266)	(64,583)	(165,501)
Changes in model assumptions and methodologies	24,806	37,794	(456)	62,144
Foreign exchange differences	287	203	869	1,359
Amount written-off	-	-	(423,126)	(423,126)
Balance at end of the financial year	179,464	371,822	345,677	896,963

The following explains how significant changes in the gross carrying amount of loans and advances during the financial year have contributed to the changes in the allowance for impairment on loans and advances for the Bank.

Overall, the total allowance for impairment on loans and advances for the Bank had increased due to the following:

a) 12-month ECL (Stage 1) – decrease of RM14,976,000 mainly due to derecognition of loans and advances, remeasurement of allowances, and transfer loans and advances to Stage 2 partially offset by the newly originated loans and advances and changes in model assumptions and methodologies of which RM46,758,000 was due to FL ECL overlay;

b) Lifetime ECL not credit-impaired (Stage 2) – decrease of RM43,236,000 mainly due to the transfer of loans and advances to Stage 1 and remeasurement of allowances partially offset by the transfer of loans and advances to Stage 2 and changes in model assumptions and methodologies of which RM43,449,000 was due to FL ECL overlay;

c) Lifetime ECL credit-impaired (Stage 3) – increase by RM67,789,000 mainly due to transfer of loans and advances to Stage 3 due to deterioration in credit quality partially offset by the impact from written-off loans and advances.

15. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities. Effective 20 March 2020, the rate has decreased from 3.0% to 2.0%.

16. DEFERRED TAX ASSETS

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	32,657	21,499	32,610	21,477
Recognised in statements of profit or loss (Note 40)	1,138	15,836	1,139	15,904
Recognised in other comprehensive income	(11,899)	(4,678)	(11,888)	(4,771)
Balance at end of the financial year	21,896	32,657	21,861	32,610

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	21,896	32,657	21,861	32,610

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

Deferred tax assets	95,901	109,047	95,901	109,047
Deferred tax liabilities	(74,005)	(76,390)	(74,040)	(76,437)
	21,896	32,657	21,861	32,610

16. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

	Balance at beginning of the financial year RM'000	Recognised in statement of profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
Group				
Deferred tax assets				
2020				
Provision for expenses	77,149	(16,682)	-	60,467
Provision for commitments and contingencies	12,898	(9,274)	-	3,624
Allowances for ECL	-	2,232	-	2,232
Cash flow hedging deficit	3,813	-	5,078	8,891
Other temporary differences	15,187	5,500	-	20,687
	109,047	(18,224)	5,078	95,901
2019				
Provision for expenses	62,056	15,093	-	77,149
Provision for commitments and contingencies	69	12,829	-	12,898
Cash flow hedging (reserve)/deficit	(1,003)	-	4,816	3,813
Other temporary differences	15,675	(488)	-	15,187
	76,797	27,434	4,816	109,047
Deferred tax liabilities				
2020				
Deferred charges	(25,413)	(218)	-	(25,631)
Excess of capital allowance over depreciation and amortisation	(29,873)	8,341	-	(21,532)
Allowances for ECL	(10,846)	10,846	-	-
Unrealised foreign exchange gain	(393)	393	-	-
Fair value reserve	(9,865)	-	(16,977)	(26,842)
	(76,390)	19,362	(16,977)	(74,005)
2019				
Deferred charges	(25,216)	(197)	-	(25,413)
Excess of capital allowance over depreciation and amortisation	(29,431)	(442)	-	(29,873)
Allowances for ECL	-	(10,846)	-	(10,846)
Unrealised foreign exchange gain	(280)	(113)	-	(393)
Fair value reserve	(371)	-	(9,494)	(9,865)
	(55,298)	(11,598)	(9,494)	(76,390)

16. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows (Cont'd.):

	Balance at beginning of the financial year RM'000	Recognised in statement of profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
Bank				
Deferred tax assets				
2020				
Provision for expenses	77,151	(16,684)	-	60,467
Provision for commitments and contingencies	12,896	(9,272)	-	3,624
Allowances for ECL	-	2,232	-	2,232
Cash flow hedging deficit	3,813	-	5,078	8,891
Other temporary differences	15,187	5,500	-	20,687
	109,047	(18,224)	5,078	95,901
2019				
Provision for expenses	62,036	15,115	-	77,151
Provision for commitments and contingencies	69	12,827	-	12,896
Cash flow hedging (reserve)/deficit	(1,003)	-	4,816	3,813
Other temporary differences	15,675	(488)	-	15,187
	76,777	27,454	4,816	109,047
Deferred tax liabilities				
2020				
Deferred charges	(25,414)	(217)	-	(25,631)
Excess of capital allowance over depreciation and amortisation	(29,873)	8,341	-	(21,532)
Allowances for ECL	(10,846)	10,846	-	-
Unrealised foreign exchange gain	(393)	393	-	-
Fair value reserve	(9,911)	-	(16,966)	(26,877)
	(76,437)	19,363	(16,966)	(74,040)
2019				
Deferred charges	(25,217)	(197)	-	(25,414)
Excess of capital allowance over depreciation and amortisation	(29,479)	(394)	-	(29,873)
Allowances for ECL	-	(10,846)	-	(10,846)
Unrealised foreign exchange gain	(280)	(113)	-	(393)
Fair value reserve	(324)	-	(9,587)	(9,911)
	(55,300)	(11,550)	(9,587)	(76,437)

As at 31 March 2020, the Group and the Bank respectively, have unabsorbed capital allowances of approximately RM450,694,000 and RM164,725,000 (2019: RM451,273,000 and RM165,304,000 for the Group and the Bank respectively) that are available for offset against future taxable profit of leasing business. Deferred tax assets are not recognised due to uncertainty in timing of their recoverability.

17. INVESTMENT IN SUBSIDIARIES

	Bank	
	2020	**2019**
	RM'000	**RM'000**
Unquoted shares, at cost	98,796	98,796
Less: Accumulated impairment losses	(67,304)	(67,304)
	31,492	31,492

All subsidiaries are incorporated in Malaysia.

The movements in accumulated impairment losses for the Bank are as follows:

	2020	**2019**
	RM'000	**RM'000**
Balance at beginning of the financial year	67,304	67,261
Impairment loss during the financial year	-	43
Balance at end of the financial year	67,304	67,304

a) Details of the subsidiaries are as follows:

		Effective equity interest	
		2020	**2019**
Name of subsidiary	**Principal activities**	**%**	**%**
AmCard Services Berhad	Outsourcing servicer for mortgage related services	100.0	100.0
AmPremier Capital Berhad # (Note c(ii))	Dormant	100.0	100.0
AmMortgage One Berhad	Securitisation of mortgage loans	100.0	100.0
AmProperty Holdings Sdn Bhd	Property investment	100.0	100.0
Bougainvillaea Development Sdn Bhd	Property investment	100.0	100.0
MBf Information Services Sdn Bhd	Property investment	100.0	100.0
MBf Trustees Berhad *	Dormant	60.0	60.0
MBf Nominees (Tempatan) Sdn Bhd	Dormant	100.0	100.0
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.0	100.0
Komuda Credit & Leasing Sdn Bhd #	Dormant	100.0	100.0
Malco Properties Sdn Bhd	Dormant	81.5	81.5
AmLabuan Holdings (L) Ltd @	Investment holding	100.0	100.0
AMBB Capital (L) Ltd (Note c(i))	Dormant	-	100.0

* The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank, MBf Information Services Sdn Bhd and MBf Nominees (Tempatan) Sdn Bhd (see Note 18).

@ Incorporated under the Labuan Companies Act 1990.

\# Subsidiary under member's voluntary liquidation.

b) There are no restrictions on transfer of funds, for example paying dividends or repaying loans and advances by the subsidiaries. The ability of the subsidiaries to pay dividends or make advances to the Bank depends on their financial and operating performance.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

c) Transactions during the financial year:

(i) Dissolution of a wholly-owned dormant subsidiary

The Bank's wholly-owned subsidiary, AMBB Capital (L) Ltd (incorporated in Labuan), has been dissolved by way of member's voluntary liquidation pursuant to Section 439(1)(b) of the Companies Act 2016 on 8 April 2019. As the subsidiary was dormant, there was no significant impact on the Group's statement of profit or loss or statement of financial position arising from the dissolution.

(ii) Winding-up of subsidiary

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

d) The subsidiaries which are not wholly-owned are not material individually or in aggregate to the financial position or performance of the Group. Hence the disclosure requirements under MFRS 12 *Disclosure of Interests in Other Entities* paragraph 12 are not presented.

18. INVESTMENT IN ASSOCIATES

	Group		Bank	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost:				
Balance at the beginning of the financial year	-	-	50	50
Acquisition during the financial year	32,280	-	32,280	-
	32,280	-	32,330	50
Less: Accumulated impairment losses	-	-	(28)	(28)
	32,280	-	32,302	22
Share of post acquisition reserves	344	-	-	-
Balance at the end of the financial year	32,624	-	32,302	22

(a) Details of the associates, which are incorporated and with principal place of business in Malaysia, are as follows:

Name of associate	**Principal activity**	**Bank Effective equity interest**	
		2019	**2018**
		%	**%**
MBf Trustees Berhad[1]	Dormant	20.0	20.0
Bonuskad Loyalty Sdn Bhd ("Bonuskad")[2]	Managing customer loyalty schemes	33.3	-

[1] The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank (see Note 17).

[2] The financial year end of Bonuskad was on 31 December 2019 and for the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions up to the Bank's financial reporting date.

Acquisition of equity interest in Bonuskad

On 15 October 2019, the Bank acquired 33.33% equity interest in Bonuskad from MBf Cards (M'sia) Sdn Bhd (a related company to the Bank) for a purchase consideration of RM32,280,364. Following this acquisition, the extent of equity interest gives the Bank a significant influence over Bonuskad. Accordingly, the Group will account for this equity interest in its consolidated financial statements using the equity method from the acquisition date while in the Bank's separate financial statements, it will be carried at cost.

18. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) The following table summarises the information of the associate at the Group:

	2020
	RM'000
Operating revenue	26,644
Profit after tax from continuing operations/total comprehensive income	963
Total assets	210,800
Total liabilities	(102,455)
Net assets	108,345

(c) The above profit after tax from continuing operations/total comprehensive income for the associate include the following:

	2020
	RM'000
Interest income	7,394
Fee and other operating income	25,368
Depreciation of property and equipment	(464)
Taxation	(2,100)

(d) The above amounts of assets and liabilities for the associate include the following:

	2020
	RM'000
Cash and cash equivalents	183,615
Current financial liabilities (excluding trade, other payables and provisions)	8,978

(e) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2020
	RM'000
Proportion of net assets at date of recognition	33.3%
Balance at initial recognition	32,280
Share of net results for the financial year	344
Carrying amount at the end of the financial year	32,624

19. OTHER ASSETS

	Note	Group 2020 RM'000	Group 2019 RM'000	Bank 2020 RM'000	Bank 2019 RM'000
Other receivables, deposits and prepayments	(a)	293,964	268,257	292,459	266,762
Interest receivable	(a)	362,395	347,112	362,395	347,115
Amount due from subsidiaries and related companies	(b)	46,774	52,071	47,905	53,211
Collateral pledged for derivative transactions	52	1,035,710	386,679	1,035,710	386,679
Foreclosed properties	(c)	2,607	2,596	2,300	2,289
Deferred charges		106,793	109,389	106,793	109,389
Tax recoverable		101,569	12,995	98,806	4,213
		1,949,812	1,179,099	1,946,368	1,169,658
Less: Accumulated impairment losses		(3,430)	(3,980)	(2,965)	(3,521)
		1,946,382	1,175,119	1,943,403	1,166,137

(a) As at 31 March 2020, the impairment losses for other receivables, deposits and prepayments of the Group and the Bank are RM3,273,000 (2019: RM3,823,000) and RM2,965,000 (2019: RM3,521,000) respectively.

The movements in accumulated impairment losses of other receivables, deposits and prepayments, including interest receivable are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Bank 2020 RM'000	Bank 2019 RM'000
Balance at beginning of the financial year	3,823	19,530	3,521	19,141
Impairment loss/(writeback) during the financial year, net	79	(350)	73	(350)
Amount written off	(630)	(15,357)	(630)	(15,270)
Foreign exchange differences	1	-	1	-
Balance at end of the financial year	3,273	3,823	2,965	3,521

(b) Amounts due from subsidiaries and related companies are unsecured, non-interest bearing and are repayable on demand.

(c) The accumulated impairment losses on foreclosed properties is as follows:

	Group 2020 RM'000	Group 2019 RM'000	Bank 2020 RM'000	Bank 2019 RM'000
Balance at beginning and end of the financial year	157	157	-	-

20. RIGHT-OF-USE ASSETS

	Premises RM'000	Computer equipment RM'000	Total RM'000
Group and Bank			
2020			
Cost			
Balance at beginning of the financial year	-	-	-
Effects of adoption of MFRS 16 (Note 54(a))	273,234	-	273,234
Balance at beginning of the financial year, as restated	273,234	-	273,234
Additions	60,385	3,136	63,521
Remeasurements	(6,288)	-	(6,288)
At end of the financial year	327,331	3,136	330,467
Accumulated depreciation			
Balance at beginning of the financial year	-	-	-
Depreciation for the financial year (Note 35)	65,028	1,045	66,073
Balance at end of the financial year	65,028	1,045	66,073
Carrying amount			
Balance at end of the financial year	262,303	2,091	264,394

The carrying amount of the right-of-use assets includes estimated cost for reinstatement amounted to RM4.6 million.

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 28(a).

The Group and the Bank has entered into commercial leases for premises and computer equipment, all of which do not contain any variable payment terms or residual payment guarantees. The Group and the Bank is not subjected to any covenants or restrictions by entering into the leases.

The leases are typically made for fixed period of three years, but some of the leases for premises may have extension options of between three and twelve years. These options, which are exercisable only by the Group and the Bank and not by the respective lessor, are negotiated by management to provide operational flexibility in managing the assets used in the operations of the Group and the Bank. Management exercises significant judgment in determining whether these extension options are reasonably certain to be exercised (refer to Note 5.2). For most of the leases of premises, the periods covered by the extension options are included as part of the lease terms due to the significance of these assets to the Group and the Bank. As such, substantially all of the future cash outflows that the Group and the Bank is exposed to in connection with the leases have been reflected in the measurement of lease liabilities.

21. PROPERTY AND EQUIPMENT

2020 Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
Balance at beginning of the financial year	8,989	4,977	321	36,368	171,082	161,175	347,889	4,539	7,128	742,468
Additions	-	-	-	-	7,413	5,473	18,361	-	22,197	53,444
Transfer from related companies, net	-	-	-	-	-	2	26	-	-	28
Disposals	-	-	-	-	(15)	(1,967)	(7,454)	(471)	-	(9,907)
Written off	-	-	-	-	-	(977)	(57)	-	-	(1,034)
Transfer from intangible assets (Note 22)	-	-	-	-	12,500	-	210,511	-	11,084	234,095
Reclassification/adjustments	-	-	-	-	2,223	1,502	11,966	-	(16,222)	(531)
Foreign exchange differences	-	-	-	-	-	93	19	9	-	121
Balance at end of the financial year	8,989	4,977	321	36,368	193,203	165,301	581,261	4,077	24,187	1,018,684
Accumulated depreciation										
Balance at beginning of the financial year	-	1,963	234	16,943	151,233	142,091	303,357	3,132	-	618,953
Depreciation for the financial year (Note 35)	-	91	8	709	9,327	9,303	31,327	181	-	50,946
Transfer from related companies, net	-	-	-	-	-	2	21	-	-	23
Disposals	-	-	-	-	(15)	(1,961)	(7,452)	(348)	-	(9,776)
Written off	-	-	-	-	-	(960)	(54)	-	-	(1,014)
Transfer from intangible assets (Note 22)	-	-	-	-	6,674	-	132,115	-	-	138,789
Reclassification/adjustments	-	-	-	-	-	-	(2)	-	-	(2)
Foreign exchange differences	-	-	-	-	-	93	19	9	-	121
Balance at end of the financial year	-	2,054	242	17,652	167,219	148,568	459,331	2,974	-	798,040
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	8,989	2,669	79	17,830	25,984	16,733	121,930	1,103	24,187	219,504

21. PROPERTY AND EQUIPMENT (CONT'D.)

2019 Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
Balance at beginning of the financial year	8,989	4,977	321	37,074	159,443	159,410	346,023	4,922	1,548	722,707
Additions	-	-	-	-	11,783	4,004	4,789	-	7,282	27,858
Transfer to related companies, net	-	-	-	-	-	23	21	-	-	44
Disposals	-	-	-	(734)	(70)	(1,036)	(7,260)	(392)	-	(9,492)
Written off	-	-	-	-	(8)	(1,249)	(6)	-	-	(1,263)
Reclassification/adjustments	-	-	-	-	(66)	(71)	4,304	-	(1,702)	2,465
Foreign exchange differences	-	-	-	28	-	94	18	9	-	149
Balance at end of the financial year	8,989	4,977	321	36,368	171,082	161,175	347,889	4,539	7,128	742,468
Accumulated depreciation										
Balance at beginning of the financial year	-	1,872	226	16,515	143,906	134,220	292,043	3,261	-	592,043
Depreciation for the financial year (Note 35)	-	91	8	714	7,405	9,983	18,423	181	-	36,805
Transfer to related companies, net	-	-	-	-	-	5	8	-	-	13
Disposals	-	-	-	(299)	(70)	(1,021)	(7,258)	(319)	-	(8,967)
Written off	-	-	-	-	(8)	(1,189)	(5)	-	-	(1,202)
Reclassification/adjustments	-	-	-	-	-	-	128	-	-	128
Foreign exchange differences	-	-	-	13	-	93	18	9	-	133
Balance at end of the financial year	-	1,963	234	16,943	151,233	142,091	303,357	3,132	-	618,953
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	8,989	2,760	87	18,539	19,849	19,084	44,532	1,407	7,128	122,375

21. PROPERTY AND EQUIPMENT (CONT'D.)

2020 Bank	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
Balance at beginning of the financial year	90	3,806	303	16,663	170,437	159,460	347,556	4,375	7,127	709,817
Additions	-	-	-	-	7,372	5,473	18,361	-	22,197	53,403
Transfer from related companies, net	-	-	-	-	-	2	26	-	-	28
Disposals	-	-	-	-	(15)	(1,967)	(7,454)	(471)	-	(9,907)
Written off	-	-	-	-	-	(977)	(53)	-	-	(1,030)
Transfer from intangible assets (Note 22)	-	-	-	-	12,500	-	210,511	-	11,084	234,095
Reclassification/adjustments	-	-	-	-	2,223	1,502	11,966	-	(16,222)	(531)
Balance at end of the financial year	90	3,806	303	16,663	192,517	163,493	580,913	3,904	24,186	985,875
Accumulated depreciation										
Balance at beginning of the financial year	-	1,595	190	6,998	150,971	140,383	303,021	2,968	-	606,126
Depreciation for the financial year (Note 35)	-	76	3	330	9,203	9,301	31,327	181	-	50,421
Transfer from related companies, net	-	-	-	-	-	2	21	-	-	23
Disposals	-	-	-	-	(15)	(1,961)	(7,452)	(348)	-	(9,776)
Written off	-	-	-	-	-	(960)	(50)	-	-	(1,010)
Transfer from intangible assets (Note 22)	-	-	-	-	6,674	-	132,115	-	-	138,789
Reclassification/adjustments	-	-	-	-	-	-	(2)	-	-	(2)
Balance at end of the financial year	-	1,671	193	7,328	166,833	146,765	458,980	2,801	-	784,571
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	90	1,881	110	8,449	25,684	16,728	121,933	1,103	24,186	200,164

21. PROPERTY AND EQUIPMENT (CONT'D.)

2019 Bank	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
Balance at beginning of the financial year	90	3,806	303	16,663	158,799	157,720	345,707	4,767	1,547	689,402
Additions	-	-	-	-	11,783	3,999	4,789	-	7,282	27,853
Transfer to related companies, net	-	-	-	-	-	23	21	-	-	44
Disposals	-	-	-	-	(70)	(967)	(7,260)	(392)	-	(8,689)
Written off	-	-	-	-	(8)	(1,244)	(5)	-	-	(1,257)
Reclassification/adjustments	-	-	-	-	(67)	(71)	4,304	-	(1,702)	2,464
Balance at end of the financial year	90	3,806	303	16,663	170,437	159,460	347,556	4,375	7,127	709,817
Accumulated depreciation										
Balance at beginning of the financial year	-	1,519	187	6,668	143,766	132,537	291,725	3,106	-	579,508
Depreciation for the financial year (Note 35)	-	76	3	330	7,283	9,976	18,423	181	-	36,272
Transfer to related companies, net	-	-	-	-	-	5	8	-	-	13
Disposals	-	-	-	-	(70)	(952)	(7,258)	(319)	-	(8,599)
Written off	-	-	-	-	(8)	(1,183)	(5)	-	-	(1,196)
Reclassification/adjustments	-	-	-	-	-	-	128	-	-	128
Balance at end of the financial year	-	1,595	190	6,998	150,971	140,383	303,021	2,968	-	606,126
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	90	1,957	113	8,779	19,466	19,077	44,535	1,407	7,127	102,551

22. INTANGIBLE ASSETS

	Computer software RM'000	Work-in-progress RM'000	Total RM'000
Group			
2020			
Cost			
Balance at beginning of the financial year	1,186,038	41,218	1,227,256
Additions	17,247	60,169	77,416
Transfer to property and equipment (Note 21)	(223,011)	(11,084)	(234,095)
Reclassification/adjustments	27,123	(28,530)	(1,407)
Foreign exchange differences	3	-	3
Balance at end of the financial year	1,007,400	61,773	1,069,173
Accumulated amortisation			
Balance at beginning of the financial year	858,602	-	858,602
Amortisation for the financial year (Note 35)	84,863	-	84,863
Transfer to property and equipment (Note 21)	(138,789)	-	(138,789)
Reclassification/adjustments	2	-	2
Foreign exchange differences	3	-	3
Balance at end of the financial year	804,681	-	804,681
Carrying amount			
Balance at end of the financial year	202,719	61,773	264,492
2019			
Cost			
Balance at beginning of the financial year	1,104,592	64,231	1,168,823
Additions	20,075	57,739	77,814
Transfer from related companies, net	4	-	4
Written off	-	(74)	(74)
Reclassification/adjustments	61,364	(80,678)	(19,314)
Foreign exchange differences	3	-	3
Balance at end of the financial year	1,186,038	41,218	1,227,256
Accumulated amortisation			
Balance at beginning of the financial year	768,447	-	768,447
Amortisation for the financial year (Note 35)	90,282	-	90,282
Reclassification/adjustments	(128)	-	(128)
Transfer to related companies, net	(2)	-	(2)
Foreign exchange differences	3	-	3
Balance at end of the financial year	858,602	-	858,602
Carrying amount			
Balance at end of the financial year	327,436	41,218	368,654

22. INTANGIBLE ASSETS (CONT'D.)

	Computer software RM'000	Work-in-progress RM'000	Total RM'000
Bank			
2020			
Cost			
Balance at beginning of the financial year	1,185,984	41,218	1,227,202
Additions	17,247	60,169	77,416
Transfer to property and equipment (Note 21)	(223,011)	(11,084)	(234,095)
Reclassification/adjustments	27,123	(28,530)	(1,407)
Balance at end of the financial year	1,007,343	61,773	1,069,116
Accumulated amortisation			
Balance at beginning of the financial year	858,548	-	858,548
Amortisation for the financial year (Note 35)	84,863	-	84,863
Transfer to property and equipment (Note 21)	(138,789)	-	(138,789)
Reclassification/adjustments	2	-	2
Balance at end of the financial year	804,624	-	804,624
Carrying amount			
At end of the financial year	202,719	61,773	264,492
2019			
Cost			
Balance at beginning of the financial year	1,104,541	64,231	1,168,772
Additions	20,075	57,739	77,814
Transfer from related companies, net	4	-	4
Written off	-	(74)	(74)
Reclassification/adjustments	61,364	(80,678)	(19,314)
Balance at end of the financial year	1,185,984	41,218	1,227,202
Accumulated amortisation			
Balance at beginning of the financial year	768,396	-	768,396
Amortisation for the financial year (Note 35)	90,282	-	90,282
Transfer to related companies, net	(2)	-	(2)
Reclassification/adjustments	(128)	-	(128)
Balance at end of the financial year	858,548	-	858,548
Carrying amount			
Balance at end of the financial year	327,436	41,218	368,654

23. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Demand deposits	14,993,521	12,671,394	15,003,635	12,673,943
Savings deposits	3,682,178	3,390,134	3,682,178	3,390,134
Term/investment deposits	56,260,636	56,875,971	56,262,641	56,877,919
Negotiable instruments of deposits	3,872,032	3,011,821	3,872,032	3,011,821
	78,808,367	75,949,320	78,820,486	75,953,817

Included in deposits from customers of the Group and the Bank are deposits of RM1,514,740,000 (2019: RM1,558,424,000 for the Group and the Bank) held as collateral for loans and advances.

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	1,395,524	886,663	1,395,524	886,663
Business enterprises	38,400,525	33,282,772	38,412,644	33,287,269
Individuals	30,757,101	35,449,908	30,757,101	35,449,908
Others	8,255,217	6,329,977	8,255,217	6,329,977
	78,808,367	75,949,320	78,820,486	75,953,817

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	48,151,160	44,417,743	48,153,165	44,419,691
Over six months to one year	10,608,603	13,766,032	10,608,603	13,766,032
Over one year to three years	1,250,625	1,217,031	1,250,625	1,217,031
Over three years to five years	122,280	486,986	122,280	486,986
	60,132,668	59,887,792	60,134,673	59,889,740

24. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	4,552,792	3,941,099	4,552,792	3,941,099
Licensed investment banks	129,650	170,208	129,650	170,208
Other financial institutions	1,980,889	1,149,061	1,990,502	1,160,424
Bank Negara Malaysia	231,039	119,205	231,039	119,205
	6,894,370	5,379,573	6,903,983	5,390,936

25. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

Recourse obligation on loans sold to Cagamas Berhad represents the proceeds received from the sale of loans directly from the Bank to Cagamas Berhad with recourse. Under this arrangement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans, which are regarded as defective based on prudential criteria with recourse to the Bank.

26. TERM FUNDING

		Group and Bank	
		2020	2019
	Note	RM'000	RM'000
Senior Notes	(a)	700,000	2,333,203
Credit-Linked Notes	(b)	142,989	139,791
Other borrowings	(c)	624,054	81,533
		1,467,043	2,554,527

(a) Senior Notes comprise the following:

Senior Notes	(i)	700,000	700,000
Euro Medium Term Note (Net of unamortised issuance expenses of RM560,000 in 2019)	(ii)	-	1,633,203
		700,000	2,333,203

26. TERM FUNDING (CONT'D.)

(a) Senior Notes comprise of the following (Cont'd.):

(i) Senior Notes

The movements in Senior Notes are as follows:

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Balance at beginning of the financial year	700,000	1,000,000
Repayment during the financial year	-	(1,000,000)
Issuance during the financial year	-	700,000
Balance at end of the financial year	700,000	700,000

The Senior Notes issued by the Bank is under a Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value. The proceeds from the issuance of the Senior Notes are to be utilised for the Bank's general working capital requirements.

The SNP has a tenure of up to thirty (30) years from the date of first issuance under the programme. Under the SNP, the Bank may issue Senior Notes with a tenure of more than one (1) year and up to ten (10) years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of the Bank. RAM Rating has assigned a long-term rating of AA2/Stable to the SNP. The Senior Notes issued, which remain outstanding as at reporting date, have a fixed interest rate of 4.50% per annum (2019: 4.50% per annum) and are payable semi-annually. The Senior Notes outstanding are repayable within a year (2019: 1 year and 3 months).

(ii) Euro Medium Term Note

The movements in Euro Medium Term Note are as follows:

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Balance at beginning of the financial year	1,633,203	1,541,957
Repayment during the financial year	(1,655,000)	-
Foreign exchange differences	20,948	88,580
Amortisation of issuance expenses	561	1,638
Amortisation of premium	288	1,028
Balance at end of the financial year	-	1,633,203

On 3 July 2014, the Bank issued USD400.0 million Senior Notes under its USD2.0 billion Euro Medium Term Note Programme ("EMTNP") in nominal value (or its equivalent in other currencies). The EMTNP was approved by the Securities Commission under its deemed approval process.

The net proceeds from the EMTNP will be utilised by the Bank for its working capital, general funding requirements and other corporate purposes. The notes with a tenure of five (5) years, matured on 3 July 2019 are rated A3 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% per annum and are payable semi annually.

Upon maturity on 3 July 2019, the Bank fully redeemed its USD400.0 million Senior Notes issued.

26. TERM FUNDING (CONT'D.)

(b) The movements in Credit-Linked Notes ("CLNs") are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Balance at beginning of the financial year	139,791	138,259
Amortisation of premium	3,198	1,532
Balance at end of the financial year	142,989	139,791

The CLNs are structured investment product issued by the Bank and subscribed at nominal value.

The nominal value of CLNs issued and outstanding at reporting date amounted to RM150.0 million (2019: RM150.0 million). The CLNs carry a fixed interest rate at 4.0% per annum (2019: 4.0%) up to 14 September 2019 and at 2% per annum from 15 September 2019 to maturity date.

(c) Other borrowings comprise of the the following:

		Group and Bank	
		2020	2019
	Note	RM'000	RM'000
Structured deposit	(i)	194,430	81,533
Term loan	(ii)	429,624	-
		624,054	81,533

(i) Structured deposit

This includes non-principal guaranteed deposit placed by customers and structured products that are only principal guaranteed on maturity. The structured products include investment products with an embedded derivative, where the embedded derivative is normally linked to the performance of an underlying asset such as interest rates, equities, commodities and foreign currency rates. Upon maturity, the customer will receive either cash payment or pre-determined units of the underlying asset. The structured products will mature from 1 month to 2 years (2019: 1 month to 2 years).

The movements are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Balance at beginning of the financial year	81,533	68,604
Net issuance during the financial year	112,477	11,887
Amortisation of premium	420	1,042
Balance at end of the financial year	194,430	81,533

26. TERM FUNDING (CONT'D.)

(ii) Term loan

On 13 December 2019, AmBank drawdown on a term loan of USD100.0 million from two joint lenders, Wells Fargo Bank, National Association and Commerzbank Aktiengesellschaft, Luxembourg Branch. This term loan is for a period of two years and interest is charged at 3-month LIBOR +0.6%. This loan is utilised for diversifying the sources of funding the growth of the USD balance sheet.

The movements are as follows:

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Balance at beginning of the financial year	-	-
Net drawdown during the financial year	414,050	-
Capitalisation of issuance expenses	(2,102)	-
Amortisation of issuance expenses	357	-
Foreign exchange differences	17,319	-
Balance at end of the financial year	429,624	-

27. DEBT CAPITAL

		Group and Bank	
		2020	**2019**
	Note	**RM'000**	**RM'000**
Innovative Tier 1 Capital Securities	(a)	-	485,000
Subordinated notes	(b)	2,595,000	2,595,000
		2,595,000	3,080,000

(a) Innovative Tier 1 Capital Securities

On 18 August 2009, the Bank issued RM485 million Innovative Tier 1 Capital Securities under its RM500 million Innovative Tier 1 Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date of 8.25% per annum and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi-annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenure of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via the issuance of the Bank's ordinary shares. Upon BNM's approval, the Bank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

Effective 1 January 2013, the ITICS qualify as Additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

On the first call date of 19 August 2019, AmBank redeemed Tranche 1 of the ITICS of RM300.0 million in nominal value. On the first call date of 30 September 2019, AmBank redeemed Tranche 2 of the ITICS of RM185.0 million in nominal value and cancelled the programme after this final redemption.

The movements in ITICS are as follows:

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Balance at beginning of the financial year	485,000	485,000
Repayment during the financial year	(485,000)	-
Balance at end of the financial year	-	485,000

27. DEBT CAPITAL (CONT'D.)

(b) Subordinated notes

The movements in Subordinated notes are as follows:

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Balance at beginning of the financial year	2,595,000	1,994,871
Amortisation of issuance expenses	-	129
Repayment during the financial year	-	(400,000)
Issuance during the financial year	-	1,000,000
Balance at end of the financial year	2,595,000	2,595,000

During the financial year ended 31 March 2014, the Bank established a new Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the Bank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenure of at least five (5) years from the issue date, and is callable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM.

The salient features of the Subordinated notes issued and outstanding are as follows:

(i) Tranche 2 amounting to RM500.0 million was issued on 15 March 2017 with a tenure of 10 years (callable in 5th year). The interest rate is 5.20%, payable on a half-yearly basis.

(ii) Tranche 3 amounting to RM570.0 million was issued on 16 October 2017 with a tenure of 10 years (callable in 5th year). The interest rate is 4.90%, payable on a half-yearly basis.

(iii) Tranche 4 amounting to RM175.0 million was issued on 23 February 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 5.23%, payable on a half-yearly basis.

(iv) Tranche 5 amounting to RM350.0 million was issued on 14 March 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 5.23%, payable on a half-yearly basis.

(v) Tranche 6 amounting to RM1.0 billion was issued on 15 November 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 4.98%, payable on a half-yearly basis.

The full amounts issued qualify as Tier 2 Capital for the purpose of capital adequacy ratio computation.

27. DEBT CAPITAL (CONT'D.)

(c) Debt capital fully redeemed in financial year ended 31 March 2019

(i) Medium Term Notes

The movements in Medium Term Notes are as follows:

	Group and Bank 2019 RM'000
Balance at beginning of the financial year	600,000
Repayment during the financial year	(600,000)
Balance at end of the financial year	-

In the financial year ended 31 March 2008, the Bank implemented a RM2.0 billion nominal value Medium Term Notes Programme ("MTN Programme") whereby the proceeds raised from the MTN Programme have been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenure of up to 20 years from the date of the first issuance under the MTN Programme. The MTNs shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTNs issued under the MTN Programme were included as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are recognised as a capital instrument under Tier 2 Capital and eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

On its first call date on 9 April 2018, Tranche 6 amounting to RM600.0 million, which was issued on 9 April 2008 with a tenure of 15 years Non-Callable of 10 years, bears interest at 6.25% per annum (step up by 0.5% per annum after its first call date) has been fully redeemed by the Bank.

27. DEBT CAPITAL (CONT'D.)

(c) Debt capital fully redeemed in financial year ended 31 March 2019 (Cont'd.)

(ii) Non-Innovative Tier 1 Capital Securities

The movements in Non-Innovative Tier 1 Capital Securities are as follows:

	Group and Bank 2019 RM'000
Balance at beginning of the financial year	500,000
Repayment during the financial year	(500,000)
Balance at end of the financial year	-

In the financial year ended 31 March 2009, the Bank issued RM500.0 million Non-Innovative Tier 1 Capital ("NIT1") under its programme of up to RM500 million in nominal value comprising:

(i) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and

(ii) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of the Bank.

(collectively known as "Stapled Capital Securities")

The SubNotes have a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to the Bank.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of the Bank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of Assignment Events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. Effective 1 January 2013, the Stapled Capital Securities qualify as Additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

On its first call date of 27 February 2019 and 6 March 2019, the Bank fully redeemed Tranche 1 and Tranche 2 of the Non-Innovative Tier 1 Capital Securities with nominal amount of RM200.0 million and RM300.0 million respectively. The programme was cancelled after the redemption.

28. OTHER LIABILITIES

	Note	Group 2020 RM'000	Group 2019 RM'000	Bank 2020 RM'000	Bank 2019 RM'000
Other payables and accruals		1,261,551	1,215,736	1,248,696	1,203,985
Lease liabilities	(a)	264,706	-	264,706	-
Provision for reinstatement of leased properties	(b)	7,527	-	7,527	-
Interest payable		568,789	743,818	568,791	743,820
Amount due to holding company and other related companies		73,679	238,412	73,681	238,412
Collateral received for derivative transactions	52	227,924	140,104	227,924	140,104
Lease deposits and advance rentals		33,446	28,270	33,446	28,270
Provision for commitments and contingencies	(c)	15,318	54,514	15,318	54,014
Allowances for ECL on loan commitments and financial guarantees	(d)	56,935	78,520	56,959	78,552
Provision for taxation		1,657	1,033	1,644	1,033
Deferred income		56,295	65,560	56,295	65,560
		2,567,827	2,565,967	2,554,987	2,553,750

Amounts due to holding company, subsidiaries and other related companies are unsecured, non-interest bearing and repayable on demand.

(a) The movements for lease liabilities are as follows:

Group and Bank	Premises RM'000	Computer equipment RM'000	Total RM'000
2020			
Balance at beginning of the financial year	-	-	-
Effects of adoption of MFRS 16 (Note 54(a)(ii))	260,528	-	260,528
At beginning of the financial year, as restated	260,528	-	260,528
Additions	59,930	3,136	63,066
Remeasurements	(360)	-	(360)
Finance cost charged (Note 35)	8,870	85	8,955
Payment of lease liabilities*	(66,391)	(1,092)	(67,483)
Balance at end of the financial year	262,577	2,129	264,706

The weighted-average incremental borrowing rate for lease liabilities initially recognised as of 1 April 2019 was 3.3% per annum.

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Group and the Bank is committed.

The costs relating to leases for which the Group and the Bank applied the practical expedient described in Note 3.1a MFRS 16 *Leases* for the current financial year end amounted to RM1.5 million for low-value assets and RM8.9 million for short-term leases with contract term of less than 12 months.

* Inclusive of RM34.1 million of payment of lease liabilities to related parties during the financial year.

28. OTHER LIABILITIES (CONT'D.)

(a) The movements for lease liabilities are as follows (Cont'd.):

Lease liabilities analysed by undiscounted contractual payments are as follows:

	Buildings RM'000	Computer equipment RM'000	Total RM'000
Up to 1 month	6,228	85	6,313
>1 month to 3 months	12,427	171	12,598
>3 months to 6 months	17,296	259	17,555
>6 months to 12 months	33,956	525	34,481
>1 year to 5 years	144,467	1,175	145,642
Over 5 years	78,905	-	78,905
	293,279	2,215	295,494

(b) The movements in provision for reinstatement of leased properties are as follows:

Group and Bank	**Total RM'000**
2020	
Balance at beginning of the financial year	-
Effects of adoption of MFRS 16 (Note 54(a)(i))	12,706
Balance at beginning of the financial year, as restated	12,706
Additions	455
Reversal of provision	(5,928)
Finance cost charged (Note 35)	294
Balance at end of the financial year	7,527

As at 31 March 2020, the Group has estimated that it is contingently liable to incur restoration costs of RM13.4 million upon termination of lease contracts for certain properties leased from a related party.

(c) The movement in provision for commitments and contingencies are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance at beginning of the financial	54,514	280	54,014	280
Charge during the year	2,854	720	2,854	220
(Reversal of provision)/provision taken up under impaired loans and advances recovered*	(41,050)	53,514	(41,050)	53,514
Settlement during the financial year	(1,000)	-	(500)	-
Balance at end of the financial year	15,318	54,514	15,318	54,014

* During the current financial year, the Bank had reversed RM41.1 million relating to the provision for estimated expenditure in respect of the Bank's obligations to repurchase loans. The Bank has entered into a Supplemental Sales and Purchase Agreement ("Supplemental SPA") with the purchaser of non-performing loans, Aiqon Amanah Sdn Bhd on 30 August 2019. The Supplemental SPA for variation of terms and conditions of the original Sales and Purchase Agreement had included a limit of RM12.5 million to the Bank's liabilities for repurchase of loans.

28. OTHER LIABILITIES (CONT'D.)

(d) Movements in allowances for ECL on loan commitments and financial guarantees which reflect the ECL model on impairment are as follows:

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Group				
2019				
Balance at beginning of the financial year	49,253	40,039	208	89,500
(Writeback of)/allowances for ECL:	(7,790)	(13,942)	10,683	(11,049)
- Transfer to Stage 1	1,147	(12,295)	-	(11,148)
- Transfer to Stage 2	(1,704)	8,535	-	6,831
- Transfer to Stage 3	(91)	(132)	10,893	10,670
New exposure originated	15,925	9,732	-	25,657
Net remeasurement of allowances	(8,359)	(9,117)	(210)	(17,686)
Exposure derecognised	(14,708)	(10,665)	-	(25,373)
Foreign exchange differences	106	(39)	2	69
Balance at end of the financial year	41,569	26,058	10,893	78,520
2020				
Balance at beginning of the financial year	41,569	26,058	10,893	78,520
Writeback of ECL:	(10,908)	(188)	(10,712)	(21,808)
- Transfer to Stage 1	834	(8,428)	-	(7,594)
- Transfer to Stage 2	(444)	8,653	-	8,209
- Transfer to Stage 3	(174)	(276)	1,027	577
New exposure originated	9,103	6,947	-	16,050
Net remeasurement of allowances	(5,006)	834	(1,347)	(5,519)
Financial assets derecognised	(20,940)	(11,583)	(10,390)	(42,913)
Changes in model assumptions and methodologies	5,719	3,665	(2)	9,382
Foreign exchange differences	162	68	(7)	223
Balance at end of the financial year	30,823	25,938	174	56,935

28. OTHER LIABILITIES (CONT'D.)

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

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Bank				
2019				
Balance at beginning of the financial year	49,286	40,039	208	89,533
(Writeback of)/allowances for ECL:	(7,792)	(13,942)	10,683	(11,051)
- Transfer to Stage 1	1,147	(12,295)	-	(11,148)
- Transfer to Stage 2	(1,704)	8,535	-	6,831
- Transfer to Stage 3	(91)	(132)	10,893	10,670
New exposure originated	15,925	9,732	-	25,657
Net remeasurement of allowances	(8,361)	(9,117)	(210)	(17,688)
Exposure derecognised	(14,708)	(10,665)	-	(25,373)
Foreign exchange differences	108	(39)	1	70
Balance at end of the financial year	41,602	26,058	10,892	78,552
2020				
Balance at beginning of the financial year	41,602	26,058	10,892	78,552
Writeback of ECL:	(10,916)	(188)	(10,712)	(21,816)
- Transfer to Stage 1	834	(8,428)	-	(7,594)
- Transfer to Stage 2	(444)	8,653	-	8,209
- Transfer to Stage 3	(174)	(276)	1,027	577
New exposure originated	9,103	6,947	-	16,050
Net remeasurement of allowances	(5,014)	834	(1,347)	(5,527)
Financial assets derecognised	(20,940)	(11,583)	(10,390)	(42,913)
Changes in model assumptions and methodologies	5,719	3,665	(2)	9,382
Foreign exchange differences	162	68	(7)	223
Balance at end of the financial year	30,848	25,938	173	56,959

The movements in allowances for ECL during the current financial year are due to the following:

a) Overall ECL for Stage 1 decreased due to derecognition or maturity and remeasurement allowances partially offset by new exposures and changes in model assumptions and methodologies of which RM8,458,000 was due to FL ECL overlay;

b) Overall ECL for Stage 2 decreased due to derecognition or maturity and transfer to Stage 1 partially offset by transfer in from Stage 1, new exposures and changes in model assumptions and methodologies of which RM4,641,000 was due to FL ECL overlay; and

c) ECL for Stage 3 decreased mainly due to derecognition due to settlement.

29. SHARE CAPITAL

	Number of ordinary shares			
	Group and Bank		Group and Bank	
	2020	2019	2020	2019
	Units'000	Units'000	RM'000	RM'000
Issued and fully paid				
Balance at beginning of the financial year	836,853	820,364	1,940,465	1,763,208
Issuance of ordinary shares	-	16,489	-	177,257
Balance at end of the financial year	836,853	836,853	1,940,465	1,940,465

On 28 June 2018, the Bank increased its issued and paid-up ordinary share capital by RM177.3 million through the issuance of 16,489,024 new ordinary shares at an issue price of RM10.75 per ordinary share. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Bank.

30. RESERVES

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Regulatory reserve	(a)	311,003	280,556	311,003	280,556
Merger reserve	(b)	104,149	104,149	-	-
Fair value reserve	(c)	368,731	245,666	368,847	245,836
Cash flow hedging deficit	(d)	(28,155)	(12,074)	(28,155)	(12,074)
Foreign currency translation reserve	(e)	95,766	81,246	99,587	85,109
Retained earnings	(f)	7,326,502	6,957,622	7,380,683	7,014,840
		8,177,996	7,657,165	8,131,965	7,614,267

(a) Regulatory reserve is maintained in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing as an additional credit risk absorbent.

(b) Merger reserve represents reserve arising from the acquisitions of AmLabuan Holdings (L) Ltd and AmCard Services Berhad which were accounted for using the merger accounting method.

(c) The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at FVOCI. In addition, the loss allowance arising from the recognition of expected credit losses on financial investments measured at FVOCI are accumulated in fair value reserve instead of reducing the carrying amount of the assets.

(d) Cash flow hedging deficit/reserve comprises the portion of the (losses)/gains on hedging instruments in a cash flow hedge that is determined to be an effective hedge.

(e) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Bank's and the Group's functional currency.

(f) The Bank can distribute dividends out of its entire retained earnings under the single-tier system.

31. NON-CONTROLLING INTERESTS

	Group	
	2020	2019
	RM'000	RM'000
Balance at beginning of the financial year	162	64
Share in net results of subsidiaries	(8)	98
Balance at end of the financial year	154	162

32. INTEREST INCOME

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	68,190	115,535	68,066	115,399
Financial assets at fair value through profit or loss	280,927	342,773	280,927	342,773
Financial investments at fair value through other comprehensive income	494,312	336,555	495,058	338,002
Financial investments at amortised cost	136,653	136,889	136,653	136,889
Loans and advances	3,769,418	3,762,125	3,764,266	3,756,351
Investment account placement	59,675	84,674	59,675	84,674
Impaired loans and advances	6,539	19,337	6,539	19,337
Others	17,173	22,905	17,173	22,905
	4,832,887	4,820,793	4,828,357	4,816,330

33. INTEREST EXPENSE

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	2,257,158	2,435,186	2,257,286	2,435,246
Deposits and placements of banks and other financial institutions	191,901	164,449	191,905	164,561
Securities sold under repurchase agreements	162,648	43,044	162,648	43,044
Recourse obligation on loans sold to Cagamas Berhad	159,662	169,235	159,662	169,235
Term funding	69,145	118,913	69,145	118,913
Debt capital	148,562	198,107	148,562	198,107
Others	6,893	8,956	6,893	8,956
	2,995,969	3,137,890	2,996,101	3,138,062

34. OTHER OPERATING INCOME

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Bancassurance commission	29,881	24,686	29,881	24,686
Brokerage fees, commission and rebates	1,932	2,213	1,932	2,213
Fees on loans, advances and securities	142,967	148,640	142,947	148,632
Fees, service and commission charges	27,971	31,154	27,602	30,907
Guarantee fees	54,071	58,001	54,071	58,001
Remittances	24,626	21,948	24,626	21,948
Other fee and commission income	59,500	59,649	59,491	59,649
	340,948	346,291	340,550	346,036
Investment and trading income:				
Foreign exchange gain	134,360	160,110	134,360	160,110
Dividend income/distribution from:				
Financial assets at fair value through profit or loss	14,914	11,479	14,914	11,479
Financial investments at fair value through other comprehensive income	14,852	9,899	14,852	9,899
Subsidiaries	-	-	-	2,990
Net gain on sale/redemption of:				
Financial assets at fair value through profit or loss	50,204	53,302	50,204	53,302
Financial investments at fair value through other comprehensive income	87,756	20,352	87,756	20,352
Financial investments at amortised cost	11,676	-	11,676	-
Net loss on revaluation of financial assets at fair value through profit or loss	(54,409)	(44,464)	(54,395)	(44,432)
Net gain/(loss) on derivatives	5,705	(31,645)	5,705	(31,645)
Others	280	5,092	280	5,092
	265,338	184,125	265,352	187,147
Other income:				
(Loss)/gain on disposal of foreclosed properties	(1)	21,336	(1)	21,336
Net (loss)/gain on disposal of property and equipment	(8)	2,061	(8)	72
Net non-trading foreign exchange gain	1,240	1,373	1,278	1,374
Profit from sale of goods and services	18,030	18,486	18,030	18,486
Rental income	9,533	5,727	9,251	5,331
Others	3,612	7,143	3,779	6,792
	32,406	56,126	32,329	53,391
	638,692	586,542	638,231	586,574

35. OTHER OPERATING EXPENSES

	Note	Group 2020 RM'000	Group 2019 RM'000	Bank 2020 RM'000	Bank 2019 RM'000
Personnel costs:					
Medical		20,377	22,836	20,377	22,836
Insurance		22,040	22,506	22,040	22,510
Contributions to EPF/Private Retirement Scheme		116,093	118,993	116,093	118,993
Salaries, bonuses, allowances and incentives		706,874	772,971	706,874	772,971
Shares granted under ESS - charge/(writeback)		28,601	(2,726)	28,601	(2,726)
Social security cost		6,584	6,505	6,584	6,505
Recruitment costs		7,173	4,835	7,173	4,835
Training		15,579	10,368	15,579	10,368
Other staff benefits		5,869	5,955	5,849	5,935
		929,190	962,243	929,170	962,227
Establishment costs:					
Amortisation of intangible assets	22	84,863	90,282	84,863	90,282
Cleaning, maintenance and security		24,796	23,574	24,206	22,570
Computerisation cost		165,595	159,949	165,595	159,949
Depreciation of property and equipment	21	50,946	36,805	50,421	36,272
Depreciation of right-of-use assets	20	66,073	-	66,073	-
Rental of premises		8,436	74,284	8,920	76,222
Finance cost:					
- Lease liabilities	28(a)	8,955	-	8,955	-
- Provision for reinstatement of leased properties	28(b)	294	-	294	-
Others		30,716	32,041	30,523	31,516
		440,674	416,935	439,850	416,811
Marketing and communication expenses:					
Advertising and marketing		24,152	10,519	24,152	10,519
Commission		7,546	9,721	7,546	9,721
Communication		38,136	37,264	38,132	37,153
Others		7,019	6,729	7,019	6,729
		76,853	64,233	76,849	64,122
Administration and general expenses:					
Bank charges		10,147	7,988	10,146	7,987
Insurance		3,990	3,876	3,903	3,823
Professional services		64,866	56,933	64,621	56,781
Travelling		4,454	4,009	4,454	4,009
Subscriptions and periodical		956	884	956	884
Others		28,237	41,946	28,239	41,887
		112,650	115,636	112,319	115,371
Service transfer pricing recovery, net		(311,532)	(298,883)	(311,532)	(298,883)
		1,247,835	1,260,164	1,246,656	1,259,648

35. OTHER OPERATING EXPENSES (CONT'D.)

Included in operating expenses are the following:

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:					
Parent auditor					
- Audit		2,298	4,135	2,256	4,093
- Regulatory and assurance related		534	1,709	534	1,709
- Other services		928	1,162	928	1,162
Operating lease		5	26,509	5	26,509
Property and equipment written off	21	20	61	20	61
Intangible assets written off	22	-	74	-	74
Rental of premises					
- Subsidiaries		-	-	38	1,938
- Others		8,436	74,284	8,436	74,284

36. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors of the Bank are as follows:

	Remuneration received from Group and Bank					
2020	**Fees RM'000**	**Salary RM'000**	**Bonus RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Total RM'000**
Chief Executive Officer:						
Dato' Sulaiman Bin Mohd Tahir	-	1,361	1,682	487	27	3,557
Non-Executive Directors:						
Voon Seng Chuan	160	-	-	265	2	427
Raymond Fam Chye Soon	150	-	-	115	3	268
Dato' Sri Abdul Hamidy Abdul Aziz	150	-	-	113	5	268
Dr Veerinderjeet Singh a/l Tejwant Singh	150	-	-	102	3	255
U Chen Hock	150	-	-	115	8	273
Soo Kim Wai	150	-	-	100	21	271
Ng Chih Kaye	150	-	-	110	18	278
	1,060	-	-	920	60	2,040
Total remuneration	1,060	1,361	1,682	1,407	87	5,597
2019						
Chief Executive Officer:						
Dato' Sulaiman Bin Mohd Tahir *	-	1,246	568	415	20	2,249
Non-Executive Directors:						
Tan Sri Azman Hashim	120	-	-	341	7	468
Voon Seng Chuan	152	-	-	132	1	285
Raymond Fam Chye Soon	150	-	-	100	2	252
Dato' Sri Abdul Hamidy Abdul Aziz	150	-	-	95	1	246
Dr Veerinderjeet Singh a/l Tejwant Singh	150	-	-	91	2	243
U Chen Hock	112	-	-	75	1	188
Soo Kim Wai	37	-	-	27	-	64
Ng Chih Kaye	37	-	-	30	1	68
	908	-	-	891	15	1,814
Total remuneration	908	1,246	568	1,306	35	4,063

* The remuneration for Chief Executive Officer of the Bank includes an amount of RM1,850,000 representing the remuneration prior to January 2019, which was paid by AMMB and subsequently reimbursed by the Bank under service transfer pricing expenses. Effective from January 2019, the remuneration for Chief Executive Officer was paid by the Bank.

37. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS AND ADVANCES

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans and advances (Note 14(i))	431,297	303,973	431,344	303,913
Impaired loans and advances recovered, net	(263,711)	(686,896)	(263,711)	(686,896)
	167,586	(382,923)	167,633	(382,983)

38. IMPAIRMENT LOSS ON FINANCIAL INVESTMENTS

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income (Note 12(b))	48,011	929	47,995	918
Financial investments at amortised cost (Note 13)	(460)	430	(460)	430
	47,551	1,359	47,535	1,348

39. (WRITEBACK ON)/IMPAIRMENT LOSS ON OTHER FINANCIAL ASSETS

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds (Note 6)	(525)	327	(525)	327
Deposits and placements with banks and other financial institutions (Note 8)	(1,591)	2,076	(1,591)	2,076
Investment account placement (Note 9)	(1,375)	(600)	(1,375)	(600)
Other assets	79	(350)	73	(350)
	(3,412)	1,453	(3,418)	1,453

40. TAXATION

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Estimated tax payable	208,206	373,124	206,928	371,556
- Overprovision in prior financial year	(662)	(17,042)	(659)	(16,997)
	207,544	356,082	206,269	354,559
Deferred tax (Note 16):				
- Origination and reversal of temporary differences	20,776	(17,154)	20,775	(17,154)
- (Over)/under provision of deferred tax in prior financial year	(21,914)	1,318	(21,914)	1,250
	(1,138)	(15,836)	(1,139)	(15,904)
Taxation	206,406	340,246	205,130	338,655

Domestic income tax is calculated at the statutory tax rate of 24% (2019: 24%) on the estimated chargeable profit for the financial year. The computation of deferred tax for the current financial year is based on the tax rate of 24% (2019: 24%).

40. TAXATION (CONT'D.)

A reconciliation of taxation applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	1,040,888	1,405,689	1,036,583	1,402,132
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	249,813	337,365	248,780	336,512
Effect of different tax rates in Labuan	(3,758)	(7,123)	(3,758)	(7,111)
Expenses not deductible for tax purposes	15,316	38,012	14,961	37,701
Income not subject to tax	(30,753)	(10,118)	(30,727)	(10,534)
Tax on share in results of associates	(83)	-	-	-
Tax recoverable recognised on income subject to tax remission	(1,553)	(2,166)	(1,553)	(2,166)
Overprovision of current tax in prior financial year	(662)	(17,042)	(659)	(16,997)
(Over)/underprovision of deferred tax in prior financial year	(21,914)	1,318	(21,914)	1,250
Total taxation	206,406	340,246	205,130	338,655

41. BASIC/DILUTED EARNINGS PER SHARE

	Group		Bank	
	2020	2019	2020	2019
Net profit attributable to equity holder of the Bank (RM'000)	834,490	1,065,345	831,453	1,063,477
Number of ordinary shares at the beginning of the financial year ('000)	836,853	820,364	836,853	820,364
Effect of issuance of new ordinary shares ('000)	-	12,514	-	12,514
Weighted average number of ordinary shares in issue at the end of the financial year ('000)	836,853	832,878	836,853	832,878
Basic/Diluted earnings per share (sen)	99.72	127.91	99.35	127.69

42. DIVIDENDS

	Group and Bank	
	2020	2019
	RM'000	RM'000
Recognised during the financial year:		
Final single-tier cash dividend of 38.00 sen per ordinary share in respect of financial year ended 31 March 2019 (2019: 30.50 sen per ordinary share in respect of the financial year ended 31 March 2018)	318,004	250,211
First interim single-tier cash dividend of 14.00 sen per ordinary share in respect of financial year ended 31 March 2020 (2019: 37.00 sen per ordinary share in respect of the financial year ended 31 March 2019)	117,159	309,636
	435,163	559,847
Proposed but not recognised as a liability:		
Final single-tier cash dividend of 15.80 sen per ordinary share in respect of financial year ended 31 March 2020 (2019: 38.00 sen per ordinary share)	132,223	318,004

The Directors propose the payment of a final single-tier cash dividend of 15.80 sen per ordinary share on 836,852,786 ordinary shares amounting to approximately RM132,222,740 in respect of the current financial year ended 31 March 2020. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2021.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Bank are:

(i) Subsidiaries

Transactions between the Bank and its subsidiaries which are related parties of the Bank, have been eliminated on consolidation. Details of subsidiaries are disclosed in Note 17.

(ii) Related companies

These are the holding company and subsidiaries of the holding company.

(iii) Associates and joint ventures of the holding company ("Associates and joint ventures")

Details of the associates of the Bank are disclosed in Note 18.

Other associate of the holding company is AmFirst REIT.

The joint ventures of the holding company are AmMetlife Takaful Berhad and AmMetlife Insurance Berhad.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

The related parties of the Group and the Bank are (Cont'd.):

(iv) Key management personnel ("KMP")

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, either directly or indirectly. The key management personnel of the Group and the Bank include the Chief Executive Officer, Executive and Non-Executive Directors of the Bank and the holding company and certain members of the senior management of the Group (including close members of their families).

(v) Companies in which certain KMP have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain KMP of the Bank.

(vi) Companies which have significant influence over the holding company

These are entities who are substantial shareholders (including its related parties) of the holding company of the Bank.

(b) There were no granting of loans to the Directors of the Bank other than in the normal course of business of the Group and the Bank. Loans made to Directors and other key management personnel of the Group are on similar terms and conditions generally available to other employees within the Group. No provisions have been recognised in respect of loans given to Directors and key management personnel.

(c) The Bank incurs intercompany charges for shared operating costs for Wholesale Banking's operations of a related company in Malaysia, included under service transfer pricing recovery, net.

(d) In the previous financial year, the Bank disposed non-performing loans to Aiqon Amanah Sdn Bhd ("Aiqon Amanah") which is a subsidiary of Aiqon Capital Sdn Bhd ("Aiqon Capital"). Aiqon Capital is jointly controlled by an entity that is controlled by the Group Executive Chairman/Chief Executive Officer of Aiqon Capital, who is a close family member of a Director and major shareholder of AMMB. The disposal generated a gain on disposal (after deducting incidental costs of disposal) amounting to RM290.9 million which has been accounted for under impaired loans and advances recovered in the statement of profit or loss (Note 37). During the current financial year, arising from Supplemental SPAs entered into with the purchasers of the non-performing loans, the Group and the Bank had written back to the profit or loss (under impaired loans and advances recovered in Note 37) RM41.1 million provision for estimated expenditure relating to the Group's obligations to repurchase loans sold.

(e) The transactions between the Bank and related parties were executed at terms agreed between the parties during the financial year.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(f) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year:

	Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest	
	2020	2019	2020	2019	2020	2019	2020	2019
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income								
Bancassurance commission	15,792	12,799	14,077	11,686	-	-	-	-
Fee income	4,285	4,099	207	142	4	1	-	-
Interest on deposits	9,902	21,581	-	-	-	-	-	-
Interest on investment account placement	59,675	84,674	-	-	-	-	-	-
Interest on financial investments at FVOCI	-	3,652	-	-	-	-	-	-
Interest on loans and advances	205	297	16,842	22,567	146	115	7,134	11,863
Interest on derivatives	111	-	-	-	-	-	-	-
Gain/(loss) on derivatives	11,588	5,908	-	-	-	-	(46,805)	(11,854)
Foreign exchange gain	33,073	-	-	-	-	-	2,298	15,476
Rental income	4,464	-	-	-	-	-	-	-
Service transfer pricing income	319,642	312,141	-	-	-	-	-	-
	458,737	445,151	31,126	34,395	150	116	(37,373)	15,485
Expenses								
Interest on debt capital and term funding	-	38,079	-	-	-	-	-	-
Interest on deposits	4,498	10,414	-	-	1,716	1,106	202	300
Insurance premium	1,560	-	18,427	23,923	-	-	-	-
Rental	344	2,156	5,346	2,130	-	-	340	426
Service transfer pricing expense	8,110	13,258	-	-	-	-	-	-
Storage	-	-	20	-	-	-	-	-
Training	-	-	-	-	-	-	346	431
Marketing	92	-	-	-	-	-	-	73
Travelling	-	-	-	-	-	-	1,251	1,414
Customer loyalty awards	-	-	4,404	6,734	-	-	-	-
Entertainment	-	-	-	-	-	-	25	42
Professional fees	81	-	-	-	-	-	-	-
	14,685	63,907	28,197	32,787	1,716	1,106	2,164	2,686

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(f) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year (Cont'd.):

	Subsidiaries		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income										
Bancassurance commission	-	-	15,792	12,799	14,077	11,686	-	-	-	-
Fee income	-	-	4,285	4,099	207	142	4	1	-	-
Interest on deposits	-	-	9,778	21,446	-	-	-	-	-	-
Interest on investment account placement	-	-	59,675	84,674	-	-	-	-	-	-
Interest on financial investments at FVOCI	756	1,450	-	3,652	-	-	-	-	-	-
Interest on loans and advances	5,292	5,286	205	297	16,842	22,567	146	115	7,134	11,863
Interest on derivatives	-	-	111	-	-	-	-	-	-	-
Gain/(loss) on derivatives	-	-	11,588	5,908	-	-	-	-	(46,805)	(11,854)
Foreign exchange gain	-	-	33,073	-	-	-	-	-	2,298	15,476
Rental income	-	-	4,464	-	-	-	-	-	-	-
Service fee	1,184	1,198	-	-	-	-	-	-	-	-
Service transfer pricing income	-	-	319,642	312,141	-	-	-	-	-	-
	7,232	7,934	458,613	445,016	31,126	34,395	150	116	(37,373)	15,485
Expenses										
Interest on debt capital and term funding	-	41,449	-	38,079	-	-	-	-	-	-
Interest on deposits	62	57	4,498	10,414	-	-	1,716	1,106	202	300
Insurance premium	-	-	1,500	-	18,427	23,923	-	-	-	-
Rental	38	1,938	344	2,156	5,346	2,130	-	-	340	426
Service transfer pricing expense	-	-	8,110	13,258	-	-	-	-	-	-
Storage	-	-	-	-	20	-	-	-	-	-
Training	-	-	-	-	-	-	-	-	346	431
Marketing	-	-	92	-	-	-	-	-	-	73
Travelling	-	-	-	-	-	-	-	-	1,251	1,414
Customer loyalty awards	-	-	-	-	4,404	6,734	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	25	42
Professional fees	-	-	40	-	-	-	-	-	-	-
	100	43,444	14,584	63,907	28,197	32,787	1,716	1,106	2,164	2,686

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(g) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and the Bank with its related parties are as follows:

	Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets:										
Cash and short-term funds	209,278	152,770	-	-	-	-	-	-	-	-
Deposits and placements	206,290	150,000	-	-	-	-	-	-	-	-
Investment account placement	715,722	1,461,880	-	-	-	-	-	-	-	-
Derivative financial assets	71,995	22,070	-	-	-	-	-	-	5,309	7,434
Financial investments at FVOCI	-	99,460	-	-	-	-	-	-	-	-
Loans and advances	7,010	10,137	370,025	392,403	3,281	2,773	150,379	200,563	-	-
Interest receivable	3,856	7,650	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	63,855	13,481
Right-of-use assets	624	-	97,165	-	-	-	-	-	-	-
	1,214,775	1,903,967	467,190	392,403	3,281	2,773	150,379	200,563	69,164	20,915
Liabilities:										
Deposits and placements	236,043	140,250	11,172	271	46,158	36,319	54,820	95,018	18,573	6,384
Derivative financial liabilities	13,438	34,816	-	-	-	-	-	-	60,121	17,738
Interest payable	11	267	-	-	-	1	-	1	-	-
Other liabilities	-	-	3	9	-	-	-	-	-	-
Lease liabilities	635	-	98,063	-	-	-	-	-	-	-
	250,127	175,333	109,238	280	46,158	36,320	54,820	95,019	78,694	24,122
Commitments and contingencies:										
Contingent liabilities	19,670	17,427	2,480	2,480	-	-	-	-	101,973	180,881
Commitments	608,903	136,403	51,320	29,315	4,356	3,401	42,500	44,000	1,339,697	295,000
Contract/notional amount for derivatives	2,798,499	2,588,111	-	-	-	-	-	-	1,721,175	3,021,225
	3,427,072	2,741,941	53,800	31,795	4,356	3,401	42,500	44,000	3,162,845	3,497,106
Operating lease commitments	-	16,844	-	-	-	-	-	514	-	-

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(g) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and the Bank with its related parties are as follows (Cont'd.):

	Subsidiaries		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets:												
Cash and short-term funds	-	-	206,290	150,000	-	-	-	-	-	-	-	-
Deposits and placements	-	-	206,290	150,000	-	-	-	-	-	-	-	-
Investment account placement	-	-	715,722	1,461,880	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	71,995	22,070	-	-	-	-	-	-	5,309	7,434
Financial investments at FVOCI	7,847	20,896	-	99,460	-	-	-	-	-	-	-	-
Loans and advances	95,478	85,853	7,010	10,137	370,025	392,403	3,281	2,773	150,379	200,563	-	-
Interest receivable	-	-	3,855	7,648	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	63,855	13,481
Right-of-use assets	-	-	624	-	97,165	-	-	-	-	-	-	-
	103,325	106,749	1,211,786	1,901,195	467,190	392,403	3,281	2,773	150,379	200,563	69,164	20,915
Liabilities:												
Deposits and placements	11,618	13,309	236,043	140,250	11,172	271	46,158	36,319	54,820	95,018	18,573	6,384
Derivative financial liabilities	-	-	13,438	34,816	-	-	-	-	-	-	60,121	7,434
Interest payable	2	2	11	267	-	-	-	1	-	1	-	-
Other liabilities	-	-	-	-	3	9	-	-	-	-	-	-
Lease liabilities	-	-	635	-	98,063	-	-	-	-	-	-	-
	11,620	13,311	250,127	175,333	109,238	280	46,158	36,320	54,820	95,019	78,694	13,818
Commitments and contingencies:												
Contingent liabilities	-	-	19,670	17,427	2,480	2,480	-	-	-	-	101,973	180,881
Commitments	54,900	64,584	608,903	136,403	51,320	29,315	4,356	3,401	42,500	44,000	1,339,697	295,000
Contract/notional amount for derivatives	-	-	2,798,499	2,588,111	-	-	-	-	-	-	1,721,175	3,021,225
	54,900	64,584	3,427,072	2,741,941	53,800	31,795	4,356	3,401	42,500	44,000	3,162,845	3,497,106
Operating lease commitments	-	1,531	-	16,844	-	-	-	-	-	514	-	-

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(h) Key management personnel compensation

The remuneration of Directors of the Bank and other key management personnel during the financial year are as follows:

		Group		Bank	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Directors:					
Fees	36	1,060	908	1,060	908
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	36	980	906	980	906
Total short-term employee benefits		2,040	1,814	2,040	1,814
Other key management personnel:					
Salaries and other remuneration		23,665	8,138	23,665	8,138
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)		4,460	5,534	4,460	5,534
Total short-term employee benefits		28,125	13,672	28,125	13,672

44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES

	Group		Bank	
	2020	2019	2020	2019
Outstanding credit exposures with connected parties (RM'000)	3,976,922	1,594,659	4,091,152	1,714,325
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	4.31	1.91	4.43	2.06
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	0.11	0.37	0.11	0.34

The disclosure on Credit Transactions and Exposure with Connected Parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014.

Based on these guidelines, a connected party refers to the following:

(a) directors of the Bank and their close relatives;

(b) controlling shareholder and his close relatives;

(c) influential shareholder and his close relatives;

(d) executive officer being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank and his close relatives;

(e) officers and his close relatives; officer refers to those responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually;

44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES (CONT'D.)

The disclosure on Credit Transactions and Exposure with Connected Parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014. Based on these guidelines, a connected party refers to the following (Cont'd.):

(f) firms, partnerships, companies or any legal entities which control, or are controlled by, any person listed in (a) to (e) above, or in which they have interest as a Director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(g) any person for whom the persons listed in (a) to (e) above is a guarantor; and

(h) subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed include the extension of credit facility and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and corporate bonds and/or sukuk issued by the connected parties.

The credit transactions with connected parties are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected parties is not less than that normally required of other persons.

45. CAPITAL COMMITMENTS

	Group and Bank	
	2020	**2019**
	RM'000	**RM'000**
Authorised and contracted for:		
Purchase of computer equipment and software	26,804	24,898
Leasehold improvements	13,488	13,692
	40,292	38,590
Authorised but not contracted for:		
Purchase of computer equipment and software	102,614	69,964
	142,906	108,554

46. OPERATING LEASE COMMITMENTS

The Group and the Bank in 2019 have lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. The future minimum leases payments under the non-cancellable operating leases are as follows:

	Group and Bank
	2019
	RM'000
One year or less	51,612
Over one year to five years	57,804
	109,416

During the current financial year, the Group and the Bank has adopted MFRS 16 *Leases* , which the effects, including the reconciliation of the operating lease commitments as at 31 March 2019 to the lease liabilities as at 1 April 2019 are disclosed in Note 54(a)(ii) to the financial statements.

47. COMMITMENTS AND CONTINGENCIES

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

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,167,747	12,490,756	12,222,647	12,555,340
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,620,291	2,463,522	1,620,291	2,463,522
Unutilised credit card lines	3,772,652	3,840,372	3,772,652	3,840,372
Forward asset purchases	1,829,169	1,397,583	1,829,169	1,397,583
Others	-	-	50	50
	19,389,859	20,192,233	19,444,809	20,256,867
Contingent liabilities				
Direct credit substitutes	1,999,189	2,038,003	1,999,189	2,038,003
Transaction related contingent items	3,538,912	4,564,609	3,538,912	4,564,609
Short term self liquidating trade related contingencies	642,162	809,932	642,162	809,932
Obligations under on-going underwriting agreements	20,000	100,000	20,000	100,000
	6,200,263	7,512,544	6,200,263	7,512,544
Derivative financial instruments				
Foreign exchange related contracts				
- One year or less	37,428,983	36,424,866	37,428,983	36,424,866
- Over one year to five years	6,079,342	3,748,430	6,079,342	3,748,430
- Over five years	940,724	1,387,868	940,724	1,387,868
Interest rate related contracts				
- One year or less	10,348,960	7,320,942	10,348,960	7,320,942
- Over one year to five years	36,813,230	35,809,669	36,813,230	35,809,669
- Over five years	6,534,985	10,450,221	6,534,985	10,450,221
Credit related contracts				
- Over one year to five years	356,069	345,108	356,069	345,108
Equity and commodity related contracts				
- One year or less	1,637,791	860,040	1,637,791	860,040
- Over one year to five years	132,040	190,657	132,040	190,657
	100,272,124	96,537,801	100,272,124	96,537,801
Total	125,862,246	124,242,578	125,917,196	124,307,212

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Group			
2020			
ASSETS			
Cash and short-term funds	9,722,230	-	9,722,230
Deposits and placements with banks and other financial institutions	285,369	-	285,369
Investment account placement	-	715,722	715,722
Derivative financial assets	813,655	1,289,326	2,102,981
Financial assets at fair value through profit or loss	6,643,114	681,596	7,324,710
Financial investments at fair value through other comprehensive income	4,440,892	10,454,626	14,895,518
Financial investments at amortised cost	260,159	2,768,540	3,028,699
Loans and advances	15,525,067	58,216,595	73,741,662
Statutory deposit with Bank Negara Malaysia	-	339,356	339,356
Deferred tax assets	-	21,896	21,896
Investment in associates	-	32,624	32,624
Other assets	1,773,583	172,799	1,946,382
Right-of-use assets	-	264,394	264,394
Property and equipment	-	219,504	219,504
Intangible assets	-	264,492	264,492
TOTAL ASSETS	39,464,069	75,441,470	114,905,539
LIABILITIES			
Deposits from customers	77,435,462	1,372,905	78,808,367
Deposits and placements of banks and other financial institutions	6,667,033	227,337	6,894,370
Securities sold under repurchase agreements	6,352,709	-	6,352,709
Recourse obligation on loans sold to Cagamas Berhad	2,665,015	1,475,008	4,140,023
Derivative financial liabilities	667,367	1,294,218	1,961,585
Term funding	887,459	579,584	1,467,043
Debt capital	-	2,595,000	2,595,000
Other liabilities	2,173,148	394,679	2,567,827
TOTAL LIABILITIES	96,848,193	7,938,731	104,786,924

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Group			
2019			
ASSETS			
Cash and short-term funds	5,287,043	-	5,287,043
Deposits and placements with banks and other financial institutions	330,918	-	330,918
Investment account placement	999,380	462,500	1,461,880
Derivative financial assets	152,838	624,847	777,685
Financial assets at fair value through profit or loss	8,220,385	2,426,450	10,646,835
Financial investments at fair value through other comprehensive income	4,501,647	7,908,563	12,410,210
Financial investments at amortised cost	94,502	3,210,934	3,305,436
Loans and advances	15,067,776	56,266,328	71,334,104
Statutory deposit with Bank Negara Malaysia	-	2,180,557	2,180,557
Deferred tax assets	-	32,657	32,657
Other assets	1,059,011	116,108	1,175,119
Property and equipment	-	122,375	122,375
Intangible assets	-	368,654	368,654
TOTAL ASSETS	35,713,500	73,719,973	109,433,473
LIABILITIES			
Deposits from customers	74,245,303	1,704,017	75,949,320
Deposits and placements of banks and other financial institutions	5,261,199	118,374	5,379,573
Securities sold under repurchase agreements	5,339,422	-	5,339,422
Recourse obligation on loans sold to Cagamas Berhad	2,315,001	1,825,002	4,140,003
Derivative financial liabilities	206,361	620,508	826,869
Term funding	1,707,765	846,762	2,554,527
Debt capital	485,000	2,595,000	3,080,000
Other liabilities	2,490,489	75,478	2,565,967
TOTAL LIABILITIES	92,050,540	7,785,141	99,835,681

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Bank			
2020			
ASSETS			
Cash and short-term funds	9,717,446	-	9,717,446
Deposits and placements with banks and other financial institutions	285,369	-	285,369
Investment account placement	-	715,722	715,722
Derivative financial assets	813,655	1,289,326	2,102,981
Financial assets at fair value through profit or loss	6,643,080	681,596	7,324,676
Financial investments at fair value through other comprehensive income	4,448,738	10,454,626	14,903,364
Financial investments at amortised cost	260,159	2,768,540	3,028,699
Loans and advances	15,475,930	58,216,595	73,692,525
Statutory deposit with Bank Negara Malaysia	-	339,356	339,356
Deferred tax assets	-	21,861	21,861
Investment in subsidiaries	-	31,492	31,492
Investment in associates	-	32,302	32,302
Other assets	1,770,604	172,799	1,943,403
Right-of-use assets	-	264,394	264,394
Property and equipment	-	200,164	200,164
Intangible assets	-	264,492	264,492
TOTAL ASSETS	39,414,981	75,453,265	114,868,246
LIABILITIES			
Deposits from customers	77,447,581	1,372,905	78,820,486
Deposits and placements of banks and other financial institutions	6,676,646	227,337	6,903,983
Securities sold under repurchase agreements	6,352,709	-	6,352,709
Recourse obligation on loans sold to Cagamas Berhad	2,665,015	1,475,008	4,140,023
Derivative financial liabilities	667,367	1,294,218	1,961,585
Term funding	887,459	579,584	1,467,043
Debt capital	-	2,595,000	2,595,000
Other liabilities	2,160,308	394,679	2,554,987
TOTAL LIABILITIES	96,857,085	7,938,731	104,795,816

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Bank			
2019			
ASSETS			
Cash and short-term funds	5,282,332	-	5,282,332
Deposits and placements with banks and other financial institutions	330,918	-	330,918
Investment account placement	999,380	462,500	1,461,880
Derivative financial assets	152,838	624,847	777,685
Financial assets at fair value through profit or loss	8,220,385	2,426,402	10,646,787
Financial investments at fair value through other comprehensive income	4,501,647	7,929,460	12,431,107
Financial investments at amortised cost	94,502	3,210,934	3,305,436
Loans and advances	15,150,744	56,125,144	71,275,888
Statutory deposit with Bank Negara Malaysia	-	2,180,557	2,180,557
Deferred tax assets	-	32,610	32,610
Investment in subsidiaries	-	31,492	31,492
Investment in an associate	-	22	22
Other assets	1,050,179	115,958	1,166,137
Property and equipment	-	102,551	102,551
Intangible assets	-	368,654	368,654
TOTAL ASSETS	35,782,925	73,611,131	109,394,056
LIABILITIES			
Deposits from customers	74,249,800	1,704,017	75,953,817
Deposits and placements of banks and other financial institutions	5,272,562	118,374	5,390,936
Securities sold under repurchase agreements	5,339,422	-	5,339,422
Recourse obligation on loans sold to Cagamas Berhad	2,315,001	1,825,002	4,140,003
Derivative financial liabilities	206,361	620,508	826,869
Term funding	1,707,765	846,762	2,554,527
Debt capital	485,000	2,595,000	3,080,000
Other liabilities	2,478,272	75,478	2,553,750
TOTAL LIABILITIES	92,054,183	7,785,141	99,839,324

49. CAPITAL MANAGEMENT

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at AMMB Group level. The AMMB Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of different components of capital are maintained by the AMMB Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements; and
(b) Capital requirement to support business growth, strategic objectives, buffer for material regulatory risks and stress test results.

The AMMB Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them.

Stress testing and scenario analysis are used to ensure that the AMMB Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the AMMB Group and how these events could be mitigated. The AMMB Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The AMMB Group's assessment of risk appetite is closely integrated with the AMMB Group's strategy, business planning and capital assessment processes, and is used to form senior management's views on the level of capital required to support the AMMB Group's business activities.

The capital that the AMMB Group is required to hold is determined by its rise exposures after applying collateral and other mitigants. BNM has the right to impose further capital requirements on Malaysian Financial Institutions.

The AMMB Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. The Group Assets and Liabilities Committee ("GALCO") is responsible for overseeing and managing the Group's statement of financial position, capital and liquidity positions.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels.

49. CAPITAL MANAGEMENT (CONT'D.)

(a) Capital adequacy ratios

The capital adequacy ratios of the Group and the Bank as at 31 March are as follows:

	Group		Bank	
	2020	**2019**	**2020**	**2019**
Before deducting proposed dividend				
CET 1 Capital ratio	12.342%	11.868%	12.220%	11.752%
Tier 1 Capital ratio	12.342%	12.524%	12.220%	12.406%
Total Capital ratio	16.903%	17.169%	16.769%	17.038%
After deducting proposed dividend				
CET 1 Capital ratio	12.167%	11.437%	12.046%	11.323%
Tier 1 Capital ratio	12.167%	12.094%	12.046%	11.977%
Total Capital ratio	16.728%	16.739%	16.595%	16.609%

Notes:

(i) The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 5 February 2020 and Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued on 3 May 2019. 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).

(ii) Pursuant to the above BNM's guideline on Capital Adequacy Framework (Capital Components), the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8.0% for total capital ratio. In addition, banking institutions are also required to maintain capital buffers in form of CET 1 capital above the minimum CET 1 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%;

(b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and

(c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

49. CAPITAL MANAGEMENT (CONT'D.)

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CET 1 Capital				
Share capital	1,940,465	1,940,465	1,940,465	1,940,465
Retained earnings	7,326,502	6,957,622	7,380,683	7,014,840
Fair value reserve	368,731	245,666	368,847	245,836
Foreign currency translation reserve	95,766	81,246	99,587	85,109
Regulatory reserve	311,003	280,556	311,003	280,556
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(28,155)	(12,074)	(28,155)	(12,074)
Less : Regulatory adjustments applied on CET 1 Capital				
Intangible assets	(264,492)	(368,654)	(264,492)	(368,654)
Deferred tax assets	(33,475)	(57,636)	(33,439)	(57,589)
55% of cumulative gains of fair value reserve	(202,802)	(135,116)	(202,866)	(135,210)
Cash flow hedging deficit	28,155	12,074	28,155	12,074
Regulatory reserve	(311,003)	(280,556)	(311,003)	(280,556)
Investments in ordinary shares of unconsolidated financial and insurance/takaful entities	-	-	(8,488)	(8,488)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,086)	-	(1,086)	-
Total CET 1 Capital	9,333,758	8,767,742	9,279,211	8,716,309
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	-	485,000	-	485,000
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	3	3	-	-
Total Tier 1 Capital	9,333,761	9,252,745	9,279,211	9,201,309
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,595,000	2,595,000	2,595,000	2,595,000
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provisions*	854,827	836,609	858,821	840,495
Total Tier 2 Capital	3,449,828	3,431,610	3,453,821	3,435,495
Total Capital	12,783,589	12,684,355	12,733,032	12,636,804

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Credit RWA	68,386,131	66,928,716	68,705,693	67,239,575
Market RWA	2,352,255	2,358,954	2,351,627	2,358,358
Operational RWA	4,232,330	4,059,205	4,217,469	4,037,878
Large exposure risk RWA for equity holdings	657,669	531,402	657,669	531,402
Total RWA	75,628,385	73,878,277	75,932,458	74,167,213

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

50. RISK MANAGEMENT

50.1 GENERAL RISK MANAGEMENT DISCLOSURE

Risk Management Framework

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation of the Group to set its risk/reward profile.

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/amendments taking into account prevailing or expected changes to the environment that the AMMB Group operates in.

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and operational risk.

The AMMB Group Risk Direction

The AMMB Group's strategic direction is to be top 4 in each of the 4 growth segments (Mass Affluent, Affluent, Small and Medium Enterprise ("SME"), Mid-Corp), top 4 in each of the 4 focus products (Cards & Merchants, Transaction Banking, Markets, Wealth Management) and to sustain top 4 position in each of the current engines (Corporate Loans, Debt Capital Market ("DCM"), Funds Management).

1. The AMMB Group aspires to improve maintain its current financial institution external rating of AA2 based on reference ratings by RAM Rating.

2. The AMMB Group aims to maintain a minimum ROCE of 12% and an RWA efficiency (CRWA/EAD) in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").

3. The AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").

4. The AMMB Group recognises the importance of funding its own business. It aims to maintain the following:
   - Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
   - Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   - Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) above the prevailing regulatory minimum (effective from 2020).

5. The AMMB Group aims to maintain its Total Capital Ratio at the Group's Internal Capital Trigger under normal conditions.

6. The AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks):
   - Keep operational losses and regulatory penalties below 2% of PATMI[1]; and
   - Remain vigilant in risk identification and management to protect its reputation and business franchise.

[1] Profit after tax and non-controlling interest

50. RISK MANAGEMENT (CONT'D.)

50.1 GENERAL RISK MANAGEMENT DISCLOSURE (CONT'D.)

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational risk, IT and cyber risk.

The Board has also established the Management Level Committees to assist it in managing the risks and businesses of the Group. The Management Risk Committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, compliance risk, reputational risk, product risk and business and IT project risk.

The AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including financial, credit, market, operational, reputational, security, technological and emerging risks;
- essentially champions and embeds a positive risk culture across the Group to ensure that risk taking activities across the Group are aligned to the Group's risk appetite and strategies; and
- through the RMC, has access to the Board and the boards of the respective banking entities within AMMB Group to facilitate suitable escalation of issues of concern across the organisation.

Impact of COVID-19

Risk management is an integral part of the AMMB Group's culture and is embedded within its business, operations and decision making processes. AmBank Group as a sustainable-conscious organisation has implemented various progressive measures through the Crisis Management Programme following the Movement Control Order ("MCO") implemented nationwide arising from the COVID-19 pandemic, namely:

- engaging technology capabilities while keeping cybersecurity risk checked-in, given the allowed higher levels of remote access to data and core systems; and
- ensuring key services to customers remain available throughout the period while taking precautions to keep in compliance with the MCO requirements.

AMMB Group welcomed the stimulus plan announced by the government as relief had been provided to both individuals as well as SMEs and had announced a 24-hour turnaround time for Special Relief Fund applications for SMEs, a scheme largely guaranteed by the Government.

It is too soon for the Group and the Bank to see the full impact of COVID-19 on its portfolio. However, the financial markets are witnessing a wave of increased volatility, coupled with the drastic drop in oil price. The forward looking strategies would be aligned to the government's direction.

Group Risk Management as a whole is working towards monitoring, mitigating and addressing the fast-moving and unknown variables of the COVID-19 pandemic to ensure significant areas of risks are covered by reviewing the portfolio credit quality, enhancing policies and controls and re-evaluating the provisioning models to minimise the potential impact to the Group and the Bank.

50.2 CREDIT RISK MANAGEMENT

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default (“PD”) • Loss given default (“LGD”) • Exposure at default (“EAD”)
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, • Non-Retail Pricing and Risk based pricing for Retail • Collateral and tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review Classified Accounts • Review Reschedule and Restructured Accounts • Undertake post mortem credit review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group Risk Appetite Framework ("GRAF") and related credit policies.

For non-retail credits, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Bank’s credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country.
- Setting Loan-to-Value ("LTV") limits for asset backed loans (that is, property exposures and other collateral);
- Non-Retail Credit Policy ("NRCP") sets out the credit principles and managing credit risk in the Wholesale Banking ("WB") and Business Banking ("BB") portfolios;
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB) sets out the controls in managing R&R loans pursuant to the BNM's revised policy on Financial Reporting;
- Setting Retail risk-based segment pricing, taking into account expected credit loss, operational expenses and credit cost; and
- Setting Retail risk controls capping for exceptional credit approval, to ensure credit approval practice is aligned with the credit policies and GRAF.

Individual credit risk exposure exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. In the event such counterparty exposure exceeds RM160 million in aggregate or group counterparty exceed RM1.0 billion in aggregate it will be submitted to Board Credit Committee ("BCC") for review with powers to veto, as the case may be.

The Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Group's loan portfolio, and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policy and guideline.

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

Credit Risk Exposure and Concentration

The Group's concentration of risk is managed by industry sector, risk grade asset quality and single customer limit ("SCL"). The Group applies single customer limits to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking account of any collateral held or other credit enhancements.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis

2020 Group	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	22,788	161,992	97,325	-	555	7,479	269,672	559,811
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	62,969	-	-	62,969
Total financial assets at fair value through profit or loss	-	-	-	-	62,969	-	-	62,969
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	747,467	345,874	301,718	772,563	2,167,622
Total financial investments at fair value through other comprehensive income	-	-	-	747,467	345,874	301,718	772,563	2,167,622
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	94,702	-	-	106,550	1,128,202	-	74,510	1,403,964
Allowance for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,702	-	-	106,550	1,128,202	-	74,510	1,403,964
Loans and advances								
Hire purchase	654	357	6,494	120	9,201	60,979	8,486	86,291
Mortgage	5,162	849	46,895	2,330	52,832	74,843	11,002	193,913
Credit card	-	-	-	-	-	-	-	-
Others	100,566	29,958	571,224	15,363	532,957	1,140,328	170,940	2,561,336
Corporate loans and advances:								
Term loans and bridging loans	660,543	1,205,874	4,541,574	70,143	507,857	1,575,051	493,415	9,054,457
Revolving credits	468,603	108,957	876,954	413,563	1,000,107	316,567	256,653	3,441,404
Overdrafts	94,452	19,562	421,064	5,906	607,553	538,614	92,153	1,779,304
Trade	191,878	34,185	3,324,792	2,130	764,317	2,203,657	44,376	6,565,335
Allowance for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,521,858	1,399,742	9,788,997	509,555	3,474,824	5,910,039	1,077,025	23,682,040
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	529	2,715	4,986	23,428	49,596	849	16,892	98,995
Commitments	337,070	217,427	3,781,201	535,772	2,803,725	1,688,289	361,421	9,724,905
Contingent liabilities	55,866	592,319	896,017	527,765	2,375,447	553,128	143,237	5,143,779
Total commitments and contingent liabilities	392,936	809,746	4,677,218	1,063,537	5,179,172	2,241,417	504,658	14,868,684

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2020 Group	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
Cash and short-term funds	-	1,874,209	7,848,854	-	-	-	-	-	(833)	9,722,230
Deposits and placements with banks and other financial institutions	-	285,854	-	-	-	-	-	-	(485)	285,369
Investment account placement	-	718,006	-	-	-	-	-	-	(2,284)	715,722
Derivative financial assets	559,811	1,524,777	-	1,670	1,857	191	1,280	13,395	-	2,102,981
Financial assets at fair value through profit or loss										
Money Market Securities	-	-	6,678,433	-	-	-	-	-	-	6,678,433
Quoted Sukuk	-	37,500	-	-	-	-	-	-	-	37,500
Unquoted Corporate bonds and sukuk	62,969	-	75,015	40,105	-	-	-	19,978	-	198,067
Total financial assets at fair value through profit or loss	62,969	37,500	6,753,448	40,105	-	-	-	19,978	-	6,914,000
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	-	6,884,474	-	-	-	-	-	-	6,884,474
Unquoted Corporate bonds and sukuk	2,167,622	2,103,428	1,728,398	213,989	-	10,165	-	1,124,580	-	7,348,182
Total financial investments at fair value through other comprehensive income	2,167,622	2,103,428	8,612,872	213,989	-	10,165	-	1,124,580	-	14,232,656
Financial investments at amortised cost										
Money Market Securities	-	-	111,671	-	-	-	-	-	-	111,671
Unquoted Corporate bonds and sukuk	1,403,964	570,814	515,838	215,351	20,000	-	-	195,692	-	2,921,659
Allowance for ECL	-	-	-	-	-	-	-	-	(4,631)	(4,631)
Total financial investments at amortised cost	1,403,964	570,814	627,509	215,351	20,000	-	-	195,692	(4,631)	3,028,699
Loans and advances										
Hire purchase	86,291	435	-	2,068	3,469	5,116	9,532,380	-	-	9,629,759
Mortgage	193,913	8,484	-	88,334	36,719	58,368	27,954,712	-	-	28,340,530
Credit card	-	-	-	-	-	-	1,826,688	-	-	1,826,688
Others	2,561,336	97,231	-	345,215	202,985	280,453	262,452	34,342	-	3,784,014
Corporate loans and advances:										
Term loans and bridging loans	9,054,457	521,423	-	3,596,422	1,086,748	326,041	71,371	-	-	14,656,462
Revolving credits	3,441,404	349,187	-	1,482,689	401,223	321,203	1,006,882	26,443	-	7,029,031
Overdrafts	1,779,304	35,041	-	155,283	88,847	69,409	80,127	-	-	2,208,011
Trade	6,565,335	166,359	-	2,756	125,251	304,514	-	-	-	7,164,215
Allowance for ECL	-	-	-	-	-	-	-	-	(897,048)	(897,048)
Total loans and advances	23,682,040	1,178,160	-	5,672,767	1,945,242	1,365,104	40,734,612	60,785	(897,048)	73,741,662
Statutory deposit with Bank Negara Malaysia	-	-	339,356	-	-	-	-	-	-	339,356
Other financial assets	98,995	1,354,963	118,879	21,973	9,286	265	17,494	25,360	(3,273)	1,643,942
Commitments	9,724,905	689,151	1,829,169	603,052	396,972	240,116	5,870,698	35,796	-	19,389,859
Contingent liabilities	5,143,779	192,226	-	546,621	159,622	156,911	1,104	-	-	6,200,263
Total commitments and contingent liabilities	14,868,684	881,377	1,829,169	1,149,673	556,594	397,027	5,871,802	35,796	-	25,590,122

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2019 Group	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	4,728	120,603	27,367	-	-	2,117	32,718	187,533
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	382,939	-	-	382,939
Total financial assets at fair value through profit or loss	-	-	-	-	382,939	-	-	382,939
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	49,769	457,678	560,429	330,150	752,437	2,150,463
Total financial investments at fair value through other comprehensive income	-	-	49,769	457,678	560,429	330,150	752,437	2,150,463
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	94,575	-	65,824	40,964	1,130,011	-	74,363	1,405,737
Allowance for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,575	-	65,824	40,964	1,130,011	-	74,363	1,405,737
Loans and advances								
Hire purchase	1,000	352	6,561	166	10,619	74,170	3,771	96,639
Mortgage	4,743	1,585	55,400	2,488	61,900	85,628	12,693	224,437
Credit card	-	-	-	-	-	-	-	-
Others	55,268	31,288	467,674	8,030	367,383	768,936	102,701	1,801,280
Corporate loans and advances:								
Term loans and bridging loans	804,914	747,313	2,308,452	236,369	403,961	1,470,886	456,951	6,428,846
Revolving credits	529,895	211,126	1,063,818	38,709	1,126,970	337,022	372,327	3,679,867
Overdrafts	53,789	23,341	469,327	5,771	697,163	510,668	71,753	1,831,812
Trade	185,848	24,050	3,430,780	15,037	748,198	1,967,478	289,473	6,660,864
Allowance for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,635,457	1,039,055	7,802,012	306,570	3,416,194	5,214,788	1,309,669	20,723,745
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	508	1,986	2,850	19,849	48,526	1,330	14,988	90,037
Commitments	412,454	549,826	4,257,839	577,011	2,744,178	1,559,078	505,854	10,606,240
Contingent liabilities	54,998	680,405	1,339,122	466,534	2,903,513	557,505	153,509	6,155,586
Total commitments and contingent liabilities	467,452	1,230,231	5,596,961	1,043,545	5,647,691	2,116,583	659,363	16,761,826

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2019 Group	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
Cash and short-term funds	-	4,512,472	775,908	-	-	-	-	-	(1,337)	5,287,043
Deposits and placements with banks and other financial institutions	-	332,994	-	-	-	-	-	-	(2,076)	330,918
Investment account placement	-	1,465,539	-	-	-	-	-	-	(3,659)	1,461,880
Derivative financial assets	187,533	556,578	-	1,934	2,146	100	737	28,657	-	777,685
Financial assets at fair value through profit or loss										
Money Market Securities	-	4,096,746	5,096,562	-	-	-	-	-	-	9,193,308
Quoted Sukuk	-	37,937	-	-	-	-	-	-	-	37,937
Unquoted Corporate bonds and sukuk	382,939	215,281	-	60,041	-	-	-	417,113	-	1,075,374
Total financial assets at fair value through profit or loss	382,939	4,349,964	5,096,562	60,041	-	-	-	417,113	-	10,306,619
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	399,377	5,168,128	-	-	-	-	-	-	5,567,505
Unquoted Corporate bonds and sukuk	2,150,463	3,075,828	40,063	250,327	-	10,161	-	698,632	-	6,225,474
Total financial investments at fair value through other comprehensive income	2,150,463	3,475,205	5,208,191	250,327	-	10,161	-	698,632	-	11,792,979
Financial investments at amortised cost										
Money Market Securities	-		151,331	-	-	-	-	-	-	151,331
Unquoted Corporate bonds and sukuk	1,405,737	642,086	585,163	310,400	20,000	-	-	195,810	-	3,159,196
Allowance for ECL	-	-	-	-	-	-	-	-	(5,091)	(5,091)
Total financial investments at amortised cost	1,405,737	642,086	736,494	310,400	20,000	-	-	195,810	(5,091)	3,305,436
Loans and advances										
Hire purchase	96,639	137	-	2,163	21,781	5,179	10,842,898	138	-	10,968,935
Mortgage	224,437	4,349	-	105,016	55,034	64,700	26,739,552	3,304	-	27,196,392
Credit card	-	-	-	-	3	-	1,826,966	-	-	1,826,969
Others	1,801,280	24,371	-	241,858	155,244	208,926	54,163	39,199	-	2,525,041
Corporate loans and advances:										
Term loans and bridging loans	6,428,846	318,900	-	3,940,355	957,183	512,262	815,283	59,298	-	13,032,127
Revolving credits	3,679,867	779,732	-	1,656,203	137,680	7,028	1,007,206	22,539	-	7,290,255
Overdrafts	1,831,812	41,748	-	204,246	169,719	40,234	106,139	106,110	-	2,500,008
Trade	6,660,864	146,774	-	586	73,670	-	-	-	-	6,881,894
Allowance for ECL	-	-	-	-	-	-	-	-	(887,517)	(887,517)
Total loans and advances	20,723,745	1,316,011	-	6,150,427	1,570,314	838,329	41,392,207	230,588	(887,517)	71,334,104
Statutory deposit with Bank Negara Malaysia	-	-	2,180,557	-	-	-	-	-	-	2,180,557
Other financial assets	90,037	770,326	101,997	21,659	13,828	263	4,377	15,736	(3,823)	1,014,400
Commitments	10,606,240	1,178,591	767,053	637,719	561,661	84,163	6,356,806	-	-	20,192,233
Contingent liabilities	6,155,586	355,350	-	619,972	183,175	147,164	433	50,864	-	7,512,544
Total commitments and contingent liabilities	16,761,826	1,533,941	767,053	1,257,691	744,836	231,327	6,357,239	50,864	-	27,704,777

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2020 Bank	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	22,788	161,992	97,325	-	555	7,479	269,672	559,811
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	62,969	-	-	62,969
Total financial assets at fair value through profit or loss	-	-	-	-	62,969	-	-	62,969
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	747,467	345,874	301,718	772,563	2,167,622
Total financial investments at fair value through other comprehensive income	-	-	-	747,467	345,874	301,718	772,563	2,167,622
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	94,702	-	-	106,550	1,128,202	-	74,510	1,403,964
Allowance for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,702	-	-	106,550	1,128,202	-	74,510	1,403,964
Loans and advances								
Hire purchase	654	357	6,494	120	9,201	60,979	8,486	86,291
Mortgage	5,162	849	46,895	2,330	52,832	74,843	11,002	193,913
Credit card	-	-	-	-	-	-	-	-
Others	100,566	29,958	571,224	15,363	532,957	1,140,327	170,940	2,561,335
Corporate loans and advances:								
Term loans and bridging loans	660,543	1,205,874	4,541,574	70,143	507,857	1,575,051	493,415	9,054,457
Revolving credits	468,603	108,957	876,954	413,563	1,000,107	316,568	256,653	3,441,405
Overdrafts	94,452	19,562	421,064	5,906	607,553	538,614	92,153	1,779,304
Trade	191,878	34,185	3,324,792	2,130	764,317	2,203,657	44,376	6,565,335
Allowance for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,521,858	1,399,742	9,788,997	509,555	3,474,824	5,910,039	1,077,025	23,682,040
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	529	2,715	4,986	23,428	49,596	849	16,892	98,995
Commitments	337,070	217,427	3,781,201	535,772	2,803,725	1,688,289	361,421	9,724,905
Contingent liabilities	55,866	592,319	896,017	527,765	2,375,447	553,128	143,237	5,143,779
Total commitments and contingent liabilities	392,936	809,746	4,677,218	1,063,537	5,179,172	2,241,417	504,658	14,868,684

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2020 Bank	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
Cash and short-term funds	-	1,872,772	7,845,507	-	-	-	-	-	(833)	9,717,446
Deposits and placements with banks and other financial institutions	-	285,854	-	-	-	-	-	-	(485)	285,369
Investment account placement	-	718,006	-	-	-	-	-	-	(2,284)	715,722
Derivative financial assets	559,811	1,524,777	-	1,670	1,857	191	1,280	13,395	-	2,102,981
Financial assets at fair value through profit or loss										
Money Market Securities	-	-	6,678,433	-	-	-	-	-	-	6,678,433
Quoted Sukuk	-	37,500	-	-	-	-	-	-	-	37,500
Unquoted Corporate bonds and sukuk	62,969	-	75,015	40,105	-	-	-	19,978	-	198,067
Total financial assets at fair value through profit or loss	62,969	37,500	6,753,448	40,105	-	-	-	19,978	-	6,914,000
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	-	6,884,474	-	-	-	-	-	-	6,884,474
Unquoted Corporate bonds and sukuk	2,167,622	2,111,274	1,728,398	213,989	-	10,165	-	1,124,580	-	7,356,028
Total financial investments at fair value through other comprehensive income	2,167,622	2,111,274	8,612,872	213,989	-	10,165	-	1,124,580	-	14,240,502
Financial investments at amortised cost										
Money Market Securities	-	-	111,671	-	-	-	-	-	-	111,671
Unquoted Corporate bonds and sukuk	1,403,964	570,814	515,838	215,351	20,000	-	-	195,692	-	2,921,659
Allowance for ECL	-	-	-	-	-	-	-	-	(4,631)	(4,631)
Total financial investments at amortised cost	1,403,964	570,814	627,509	215,351	20,000	-	-	195,692	(4,631)	3,028,699
Loans and advances										
Hire purchase	86,291	435	-	2,068	3,469	5,116	9,532,380	-	-	9,629,759
Mortgage	193,913	8,484	-	88,334	36,719	58,368	27,905,490	-	-	28,291,308
Credit card	-	-	-	-	-	-	1,826,688	-	-	1,826,688
Others	2,561,335	97,231	-	345,215	202,985	280,453	262,452	34,343	-	3,784,014
Corporate loans and advances:										
Term loans and bridging loans	9,054,457	521,423	-	3,596,422	1,086,748	326,041	71,371	-	-	14,656,462
Revolving credits	3,441,405	444,736	-	1,482,689	401,223	321,203	911,333	26,442	-	7,029,031
Overdrafts	1,779,304	35,041	-	155,283	88,847	69,409	80,127	-	-	2,208,011
Trade	6,565,335	166,359	-	2,756	125,251	304,514	-	-	-	7,164,215
Allowance for ECL	-	-	-	-	-	-	-	-	(896,963)	(896,963)
Total loans and advances	23,682,040	1,273,709	-	5,672,767	1,945,242	1,365,104	40,589,841	60,785	(896,963)	73,692,525
Statutory deposit with Bank Negara Malaysia	-	-	339,356	-	-	-	-	-	-	339,356
Other financial assets	98,995	1,354,809	118,879	21,973	8,845	265	17,494	25,055	(2,965)	1,643,350
Commitments	9,724,905	744,101	1,829,169	603,052	396,972	240,116	5,870,698	35,796	-	19,444,809
Contingent liabilities	5,143,779	192,226	-	546,621	159,622	156,911	1,104	-	-	6,200,263
Total commitments and contingent liabilities	14,868,684	936,327	1,829,169	1,149,673	556,594	397,027	5,871,802	35,796	-	25,645,072

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2019 Bank	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	4,728	120,603	27,367	-	-	2,117	32,718	187,533
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	382,939	-	-	382,939
Total financial assets at fair value through profit or loss	-	-	-	-	382,939	-	-	382,939
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	49,769	457,678	560,429	330,150	752,437	2,150,463
Total financial investments at fair value through other comprehensive income	-	-	49,769	457,678	560,429	330,150	752,437	2,150,463
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	94,575	-	65,824	40,964	1,130,011	-	74,363	1,405,737
Allowance for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,575	-	65,824	40,964	1,130,011	-	74,363	1,405,737
Loans and advances								
Hire purchase	1,000	352	6,561	166	10,619	74,170	3,771	96,639
Mortgage	4,743	1,585	55,400	2,488	61,900	85,628	12,693	224,437
Credit card	-	-	-	-	-	-	-	-
Others	55,268	31,288	467,674	8,030	367,383	768,936	102,701	1,801,280
Corporate loans and advances:								
Term loans and bridging loans	804,914	747,313	2,308,452	236,369	403,961	1,470,886	456,951	6,428,846
Revolving credits	529,895	211,126	1,063,818	38,709	1,126,970	337,022	372,327	3,679,867
Overdrafts	53,789	23,341	469,327	5,771	697,163	510,668	71,753	1,831,812
Trade	185,848	24,050	3,430,780	15,037	748,198	1,967,478	289,473	6,660,864
Allowance for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,635,457	1,039,055	7,802,012	306,570	3,416,194	5,214,788	1,309,669	20,723,745
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	508	1,986	2,850	19,849	48,526	1,330	14,988	90,037
Commitments	412,454	549,826	4,257,839	577,011	2,744,178	1,559,078	505,854	10,606,240
Contingent liabilities	54,998	680,405	1,339,122	466,534	2,903,513	557,505	153,509	6,155,586
Total commitments and contingent liabilities	467,452	1,230,231	5,596,961	1,043,545	5,647,691	2,116,583	659,363	16,761,826

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2019 Bank	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
Cash and short-term funds	-	4,511,620	772,049	-	-	-	-	-	(1,337)	5,282,332
Deposits and placements with banks and other financial institutions	-	332,994	-	-	-	-	-	-	(2,076)	330,918
Investment account placement	-	1,465,539	-	-	-	-	-	-	(3,659)	1,461,880
Derivative financial assets	187,533	556,578	-	1,934	2,146	100	737	28,657	-	777,685
Financial assets at fair value through profit or loss										
Money Market Securities	-	4,096,746	5,096,562	-	-	-	-	-	-	9,193,308
Quoted Sukuk	-	37,937	-	-	-	-	-	-	-	37,937
Unquoted Corporate bonds and sukuk	382,939	215,281	-	60,041	-	-	-	417,113	-	1,075,374
Total financial assets at fair value through profit or loss	382,939	4,349,964	5,096,562	60,041	-	-	-	417,113	-	10,306,619
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	399,377	5,168,128	-	-	-	-	-	-	5,567,505
Unquoted Corporate bonds and sukuk	2,150,463	3,096,725	40,063	250,327	-	10,161	-	698,632	-	6,246,371
Total financial investments at fair value through other comprehensive income	2,150,463	3,496,102	5,208,191	250,327	-	10,161	-	698,632	-	11,813,876
Financial investments at amortised cost										
Money Market Securities	-		151,331	-	-	-	-	-	-	151,331
Unquoted Corporate bonds and sukuk	1,405,737	642,086	585,163	310,400	20,000	-	-	195,810	-	3,159,196
Allowance for ECL	-	-	-	-	-	-	-	-	(5,091)	(5,091)
Total financial investments at amortised cost	1,405,737	642,086	736,494	310,400	20,000	-	-	195,810	(5,091)	3,305,436
Loans and advances										
Hire purchase	96,639	137	-	2,163	21,781	5,179	10,842,898	138	-	10,968,935
Mortgage	224,437	4,349	-	105,016	55,034	64,700	26,681,205	3,304	-	27,138,045
Credit card	-	-	-	-	3	-	1,826,966	-	-	1,826,969
Others	1,801,280	24,371	-	241,858	155,244	208,926	54,163	39,199	-	2,525,041
Corporate loans and advances:										
Term loans and bridging loans	6,428,846	318,900	-	3,940,355	957,183	512,262	815,283	59,298	-	13,032,127
Revolving credits	3,679,867	865,585	-	1,656,203	137,680	7,028	921,353	22,539	-	7,290,255
Overdrafts	1,831,812	41,748	-	204,246	169,719	40,234	106,139	106,110	-	2,500,008
Trade	6,660,864	146,774	-	586	73,670	-	-	-	-	6,881,894
Allowance for ECL	-	-	-	-	-	-	-	-	(887,386)	(887,386)
Total loans and advances	20,723,745	1,401,864	-	6,150,427	1,570,314	838,329	41,248,007	230,588	(887,386)	71,275,888
Statutory deposit with Bank Negara Malaysia	-	-	2,180,557	-	-	-	-	-	-	2,180,557
Other financial assets	90,037	761,653	101,997	21,659	13,381	263	4,376	15,324	(3,521)	1,005,169
Commitments	10,606,240	1,243,225	767,053	637,719	561,661	84,163	6,356,806	-	-	20,256,867
Contingent liabilities	6,155,586	355,350	-	619,972	183,175	147,164	433	50,864	-	7,512,544
Total commitments and contingent liabilities	16,761,826	1,598,575	767,053	1,257,691	744,836	231,327	6,357,239	50,864	-	27,769,411

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis

2020 Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	8,839,803	883,260	9,723,063
Less: Allowances for ECL	-	(833)	(833)
	8,839,803	882,427	9,722,230
Deposits and placements with banks and other financial institutions	285,854	-	285,854
Less: Allowances for ECL	(485)	-	(485)
	285,369	-	285,369
Investment account placement	718,006	-	718,006
Less: Allowances for ECL	(2,284)	-	(2,284)
	715,722	-	715,722
Derivative financial assets	1,921,872	181,109	2,102,981
Financial assets at fair value through profit or loss			
Money Market Securities	6,678,433	-	6,678,433
Quoted Sukuk	37,500	-	37,500
Unquoted Corporate bonds and sukuk	198,067	-	198,067
Total financial assets at fair value through profit or loss	6,914,000	-	6,914,000
Financial investments at fair value through other comprehensive income			
Money Market Securities	6,884,474	-	6,884,474
Unquoted Corporate bonds and sukuk	7,140,823	207,359	7,348,182
Total financial investments at fair value through other comprehensive income	14,025,297	207,359	14,232,656
Financial investments at amortised cost			
Money Market Securities	111,671	-	111,671
Unquoted Corporate bonds and sukuk	2,921,659	-	2,921,659
Less: Allowances for ECL	(4,631)	-	(4,631)
Total financial investments at amortised cost	3,028,699	-	3,028,699
Loans and advances			
Hire purchase	9,629,759	-	9,629,759
Mortgage	28,340,530	-	28,340,530
Credit card	1,826,688	-	1,826,688
Others	3,784,014	-	3,784,014
Corporate loans and advances:			
Term loans and bridging loans	14,404,689	251,773	14,656,462
Revolving credits	6,903,316	125,715	7,029,031
Overdrafts	2,208,011	-	2,208,011
Trade	7,144,907	19,308	7,164,215
Less: Allowances for ECL	(883,187)	(13,861)	(897,048)
Total loans and advances	73,358,727	382,935	73,741,662
Statutory deposit with Bank Negara Malaysia	339,356	-	339,356
Other financial assets	1,059,686	587,529	1,647,215
Less: Allowances for ECL	(3,273)	-	(3,273)
Total other financial assets	1,056,413	587,529	1,643,942
Commitments	19,235,684	154,175	19,389,859
Contingent liabilities	6,157,118	43,145	6,200,263
Total commitments and contingent liabilities	25,392,802	197,320	25,590,122

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

2019 Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	4,103,738	1,184,642	5,288,380
Less: Allowances for ECL	-	(1,337)	(1,337)
	4,103,738	1,183,305	5,287,043
Deposits and placements with banks and other financial institutions	169,594	163,400	332,994
Less: Allowances for ECL	-	(2,076)	(2,076)
	169,594	161,324	330,918
Investment account placement	1,465,539	-	1,465,539
Less: Allowances for ECL	(3,659)	-	(3,659)
	1,461,880	-	1,461,880
Derivative financial assets	488,427	289,258	777,685
Financial assets at fair value through profit or loss			
Money Market Securities	9,193,308	-	9,193,308
Quoted Sukuk	37,937	-	37,937
Unquoted Corporate bonds and sukuk	1,075,374	-	1,075,374
Total financial assets at fair value through profit or loss	10,306,619	-	10,306,619
Financial investments at fair value through other comprehensive income			
Money Market Securities	5,567,505	-	5,567,505
Unquoted Corporate bonds and sukuk	6,119,342	106,132	6,225,474
Total financial investments at fair value through other comprehensive income	11,686,847	106,132	11,792,979
Financial investments at amortised cost			
Money Market Securities	151,331	-	151,331
Unquoted Corporate bonds and sukuk	3,159,196	-	3,159,196
Less: Allowances for ECL	(5,091)	-	(5,091)
Total financial investments at amortised cost	3,305,436	-	3,305,436
Loans and advances			
Hire purchase	10,968,935	-	10,968,935
Mortgage	27,196,392	-	27,196,392
Credit card	1,826,969	-	1,826,969
Others	2,525,041	-	2,525,041
Corporate loans and advances:			
Term loans and bridging loans	12,855,314	176,813	13,032,127
Revolving credits	7,188,975	101,280	7,290,255
Overdrafts	2,500,008	-	2,500,008
Trade	6,881,894	-	6,881,894
Less: Allowances for ECL	(876,348)	(11,169)	(887,517)
Total loans and advances	71,067,180	266,924	71,334,104
Statutory deposit with Bank Negara Malaysia	2,180,557	-	2,180,557
Other financial assets	877,373	140,850	1,018,223
Less: Allowances for ECL	(3,823)	-	(3,823)
Total other financial assets	873,550	140,850	1,014,400
Commitments	20,021,527	170,706	20,192,233
Contingent liabilities	7,471,694	40,850	7,512,544
Total commitments and contingent liabilities	27,493,221	211,556	27,704,777

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

	In Malaysia	Outside Malaysia	Total
2020	**RM'000**	**RM'000**	**RM'000**
Bank			
Cash and short-term funds	8,835,826	882,453	9,718,279
Less: Allowances for ECL	-	(833)	(833)
	8,835,826	881,620	9,717,446
Deposits and placements with banks and other financial institutions	285,854	-	285,854
Less: Allowances for ECL	(485)	-	(485)
	285,369	-	285,369
Investment account placement	718,006	-	718,006
Less: Allowances for ECL	(2,284)	-	(2,284)
	715,722	-	715,722
Derivative financial assets	1,921,872	181,109	2,102,981
Financial assets at fair value through profit or loss			
Money Market Securities	6,678,433	-	6,678,433
Quoted Sukuk	37,500	-	37,500
Unquoted Corporate bonds and sukuk	198,067	-	198,067
Total financial assets at fair value through profit or loss	6,914,000	-	6,914,000
Financial investments at fair value through other comprehensive income			
Money Market Securities	6,884,474	-	6,884,474
Unquoted Corporate bonds and sukuk	7,148,669	207,359	7,356,028
Total financial investments at fair value through other comprehensive income	14,033,143	207,359	14,240,502
Financial investments at amortised cost			
Money Market Securities	111,671	-	111,671
Unquoted Corporate bonds and sukuk	2,921,659	-	2,921,659
Less: Allowances for ECL	(4,631)	-	(4,631)
Total financial investments at amortised cost	3,028,699	-	3,028,699
Loans and advances			
Hire purchase	9,629,759	-	9,629,759
Mortgage	28,291,308	-	28,291,308
Credit card	1,826,688	-	1,826,688
Others	3,784,014	-	3,784,014
Corporate loans and advances:			
Term loans and bridging loans	14,404,689	251,773	14,656,462
Revolving credits	6,903,316	125,715	7,029,031
Overdrafts	2,208,011	-	2,208,011
Trade	7,144,907	19,308	7,164,215
Less: Allowances for ECL	(883,102)	(13,861)	(896,963)
Total loans and advances	73,309,590	382,935	73,692,525
Statutory deposit with Bank Negara Malaysia	339,356	-	339,356
Other financial assets	1,058,786	587,529	1,646,315
Less: Allowances for ECL	(2,965)	-	(2,965)
Total other financial assets	1,055,821	587,529	1,643,350
Commitments	19,290,634	154,175	19,444,809
Contingent liabilities	6,157,118	43,145	6,200,263
Total commitments and contingent liabilities	25,447,752	197,320	25,645,072

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

2019 Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	4,099,700	1,183,969	5,283,669
Less: Allowances for ECL	-	(1,337)	(1,337)
	4,099,700	1,182,632	5,282,332
Deposits and placements with banks and other financial institutions	169,594	163,400	332,994
Less: Allowances for ECL	-	(2,076)	(2,076)
	169,594	161,324	330,918
Investment account placement	1,465,539	-	1,465,539
Less: Allowances for ECL	(3,659)	-	(3,659)
	1,461,880	-	1,461,880
Derivative financial assets	488,427	289,258	777,685
Financial assets at fair value through profit or loss			
Money Market Securities	9,193,308	-	9,193,308
Quoted Sukuk	37,937	-	37,937
Unquoted Corporate bonds and sukuk	1,075,374	-	1,075,374
Total financial assets at fair value through profit or loss	10,306,619	-	10,306,619
Financial investments at fair value through other comprehensive income			
Money Market Securities	5,567,505	-	5,567,505
Unquoted Corporate bonds and sukuk	6,140,239	106,132	6,246,371
Total financial investments at fair value through other comprehensive income	11,707,744	106,132	11,813,876
Financial investments at amortised cost			
Money Market Securities	151,331	-	151,331
Unquoted Corporate bonds and sukuk	3,159,196	-	3,159,196
Less: Allowances for ECL	(5,091)	-	(5,091)
Total financial investments at amortised cost	3,305,436	-	3,305,436
Loans and advances			
Hire purchase	10,968,935	-	10,968,935
Mortgage	27,138,045	-	27,138,045
Credit card	1,826,969	-	1,826,969
Others	2,525,041	-	2,525,041
Corporate loans and advances:			
Term loans and bridging loans	12,855,314	176,813	13,032,127
Revolving credits	7,188,975	101,280	7,290,255
Overdrafts	2,500,008	-	2,500,008
Trade	6,881,894	-	6,881,894
Less: Allowances for ECL	(876,217)	(11,169)	(887,386)
Total loans and advances	71,008,964	266,924	71,275,888
Statutory deposit with Bank Negara Malaysia	2,180,557	-	2,180,557
Other financial assets	867,887	140,803	1,008,690
Less: Allowances for ECL	(3,521)	-	(3,521)
Total other financial assets	864,366	140,803	1,005,169
Commitments	20,086,161	170,706	20,256,867
Contingent liabilities	7,471,694	40,850	7,512,544
Total commitments and contingent liabilities	27,557,855	211,556	27,769,411

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

COLLATERAL AND OTHER CREDIT ENHANCEMENT

Main Types of Collateral Taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. The collateral accepted for credit risk mitigation comprises financial collateral, real estate, other physical asset and guarantee.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an “unsecured” basis, i.e., not be supported by collateral.

The Group Collateral Policy, is the internally recognised collateral framework for lending purposes as well as for regulatory capital.

The Group’s policies regarding obtaining collateral have not significantly changed during the financial year and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the previous financial year.

Processes for Collateral Management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower, where borrower’s risk grade will be enhanced with guarantor’s risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, bank or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the borrower is not recognised as part of the risk grade enhancement.

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan is extended, amortisation schedules and loan covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

Concentrations of credit risk mitigation

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan to Value metrics.

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are currently aligned to eight rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The following categories based on the descriptions are appended below.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Retail Banking

Risk Grade	Category	PD Ranges	Description
1 to 6	Exceptionally strong	0.0001% to 0.0737%	• Exceptionally good credit risk profile with exceptionally low PD of <0.0737%. • Exceptionally strong capacity and willingness to meet its financial commitments as evidenced by prompt repayment track record. • Exhibits high degree resilience to adverse development in view of its very established employment profile and track record.
7 to 12	Very strong	0.0738% to 0.5942%	• Very good credit risk profile with very low PD of <0.5942%. • Very strong capacity and willingness to meet its financial commitments as evidenced by generally prompt repayment track record. • Exhibits high degree resilience to adverse development in view of its established employment profile and track record.
13 to 14	Strong	0.5943% to 1.0159%	• Good credit risk profile with low PD of <1.0159%. • Exhibit willingness to meet its financial commitments as evidenced by good repayment track record. • Generally in a position to withstand adverse development in view of its favourable employment profile and track record.
15 to 16	Satisfactory	1.0160% to 2.2722%	• Satisfactory credit risk profile with acceptable PD of <2.2722%. • Adequate willingness to meet its financial commitments as evidenced by satisfactory repayment track record. • Generally in a position to resolve any apparent shortcoming within an acceptable time frame in view of its satisfactory employment profile and track record.
17 to 18-	Moderate	2.2723% to 4.1028%	• Moderate credit risk profile with moderate PD of up to 4.1028%. • Willingness to meet its financial commitments would be uncertain in the event of adverse changes in circumstances and economic conditions as evidenced by generally satisfactory repayment track record. • Generally in position to resolve any apparent shortcoming within an acceptable time frame in view of its moderate employment profile and track record.
19+ to 20-	Marginal	4.1029% to 8.2931%	• Marginal credit risk profile with higher PD of up to 8.2931%. • Willingness to meet its financial commitments would be uncertain under normal and economic conditions as generally circumstances evidenced by fair repayment track record. • Moderate employment profile and track record.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Retail Banking (Cont'd.)

Risk Grade	Category	PD Ranges	Description
21 to 24	Substandard	>= 8.2932%	• Substandard credit risk profile with poor PD of >= 8.2932%. • Exhibit less willingness to meet its financial commitments under normal circumstances and economic conditions as generally evidenced by poor repayment track record. • Unfavourable employment profile and track record.
99	Impaired	100%	• Impaired account. Classified as impaired as per the prevailing Classified Account Management Policy.

Description of the categories for Non-Retail Banking

Credit quality classification	**Description**
Exceptionally strong	Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are: - Exceptionally solid and stable operating and financial performance. - Debt servicing capacity has been exceptionally strong over the long term. - All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future. - Highly unlikely to be adversely affected by foreseeable events.
Very strong	Strong government institutions or institutional clients, with identifiably higher, albeit modest, long term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are: - Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk. - Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings.
Strong	Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are: - Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance. - Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity.
Satisfactory	Counterparties demonstrate adequate medium term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are: - Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance. - Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity. - Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Non-Retail Banking (Cont'd.)

Credit quality classification	Description
Moderate	Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are: - Capacity for timely fulfillment of financial obligations exists. - Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run. - Overall credit quality may be more volatile within this category.
Marginal	Counterparties demonstrate sustained operational and financial instability. The key characteristics are: - Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct. - Debt servicing capacity is marginal. - Often under strong, sustained competitive pressure. - Variability and uncertainty in profitability and liquidity is projected to continue over the short and possibly medium term. - Significant changes and instability in senior management may be observed.
Substandard	Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are: - Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct. - Current and expected debt servicing capacity is inadequate. - Financial solvency is questionable and/or financial structure is weak. - Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state. - Experiencing difficulties, which may result in default in the next one to two years.
Impaired	Impaired account. The key characteristic is that the counterparty has been classified as “impaired” as per the Classified Account Management Policy for Credit Facility.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment

The Group's Classified Account Management ("CAM") Policy and its corresponding Guidelines for the respective Line of Businesses are established to align with the Malaysian Financial Reporting Standards ("MFRS") and related BNM's policies/ guidelines. In general, an asset is considered impaired when:

a. the Group considers that an obligor is "unlikely to repay" in full its credit obligations to the Group;

b. the obligor has breached its contractual payment obligations and past due for more than 90 days; and

c. other indicators stipulated in the CAM guidelines indicating the unlikeliness to repay are hit.

Group Provisioning Methodology

The Group's provisioning methodology complies with MFRS 9 where the Group and the Bank recognise ECL at all time to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

MFRS 9 applies to all financial assets classified as amortised cost and fair value through other comprehensive income, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

Under MFRS 9, financial instruments are segregated into 3 stages depending on the changes in credit quality since initial recognition. We calculate 12-month ECL for Stage 1 and lifetime ECL for Stage 2 and Stage 3 exposures.

i. Stage 1 : For performing financial instruments which credit risk had not been significantly increased in credit risk since initial recognition.

ii. Stage 2 : For underperforming financial instruments which credit risk had significantly increase since initial recognition.

iii. Stage 3 : For financial instruments which are credit impaired.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL

ECL can be assessed individually or collectively. Financial assets that are not individually significant or not individually credit impaired are collectively assessed. For financial assets that are individually significant, an assessment is performed to determine whether objective evidence of impairment exists individually.

Individual assessment is divided into two main processes - trigger assessment and measurement of impairment loss. Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value.

The following diagram summarises the impairment requirements under MFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

Significant increase in credit risk ("SICR")

The Group considers a financial instrument to have experienced a SICR when it is more than 30 days past due on its contractual payments or when a quantitative and qualitative analysis, based on the Group's historical experience, expert credit assessment and forward looking information indicates as such. The requirement is to calculate remaining Lifetime ECL at the reporting date when the financial instrument experienced SICR, compared to one year ECL calculation when exposure was initially recognised.

Quantitative
Each exposure is allocated to a credit risk grade at initial recognition based on a variety of data that is determined to be predictive of the risk of default and experienced credit judgment about the borrower. Factors determining credit risk grades vary depending on nature of exposures and type of borrowers. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. There are 3 risk bands with Exceptionally Strong to Strong in the first risk band, Moderate to Satisfactory in the second risk band and Marginal to Substandard in the third risk band. Risk grade movement to a higher risk category may result in SICR.

Qualitative
The Group may determine that an exposure has undergone a significant increase in credit risk experiences using its expert credit risk judgment and where possible, relevant historical experience based on qualitative indicators specified by the Group's watchlist criteria that it considers as such and whose effect may not otherwise be fully reflected in quantitative analysis on a timely basis.

In relation to non-retail financial instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty borrower basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Wholesale Credit Risk team.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL (Cont'd.)

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(a) Quantitative criteria

The borrower is considered in default if its contractual payments is more than 90 days past due.

(b) Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These include instances where:

- The borrower is in breach of non-financial covenant, for example guarantor is deceased or become of unsound mind or non compliance of security ratio;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s); or
- The borrower has ceased operations due to financial distress.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the EAD, PD and LGD throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

- PD;
- LGD; and
- EAD.

or

- historical loss rates ("LR")

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward looking information.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Credit risk grades are a primary input of into the determination of PD term structure for exposures. If a counterparty or exposure migrates between rating grades, then this will lead to a change in associated PD. The Group collects performance and default information about its credit risk exposures analysed by portfolio.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL (Cont'd.)

Definition of default and credit-impaired assets (Cont'd.)

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discount factor.

EAD represents the expected exposure in the event of default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of an on-balance sheet asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, and potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward looking forecasts.

Historical LR represents the past record of average loss experience for financial assets of similar classes.

Forward-looking information incorporated in the ECL models

The measurement of ECL also takes into account the expected credit condition over the remaining life of the financial assets. Forward looking models are built based on statistical relationship established between Observed Default Rate ("ODR") and macroeconomic variables ("MEVs").

This analysis includes the identification and calibration of relationships between changes in default rates and to the MEVs. Examples of key macroeconomic indicators employed are Gross Domestic Product ("GDP") growth, Kuala Lumpur Interbank Offered Rate ("KLIBOR") and Consumer Price Index ("CPI").

3 scenarios are projected for forward looking namely base case, optimistic and pessimistic which requires management judgment of the economic situation i.e. normal, bullish or downturn. A weightage is applied to the scenarios to produce an appropriate forward looking ECL to best reflect the forward looking economic outlook.

Key variables/assumptions for ECL calculations

The recognition and measurement of ECL is highly complex and involves the use of significant judgment and estimation. This includes establishing the forward-looking macroeconomic conditions into ECL as required under MFRS 9, the allowance for ECL is sensitive to the input used and economic assumption underlying the estimate.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL (Cont'd.)

Key variables/assumptions for ECL calculations (Cont'd.)

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for financial year ended 31 March 2020.

(Yearly values = average of forecasted quarterly values)

2020

Macroeconomy Variable	ECL Scenario	Assigned Probabilities (%)	2020	2021	2022	2023	2024
Consumer Price Index (%)	Base Case	10%	(1.53)	1.50	1.65	1.90	2.00
	Optimistic	10%	(1.57)	1.46	1.61	1.85	1.90
	Pessimistic	80%	(1.48)	1.54	1.69	2.00	2.05
GDP Growth (%)	Base Case	10%	(2.00)	4.78	4.45	4.75	5.00
	Optimistic	10%	(1.95)	4.89	4.56	4.87	5.13
	Pessimistic	80%	(2.06)	4.66	4.34	4.63	4.88
House Price Index (%)	Base Case	10%	(5.58)	(1.33)	1.13	1.60	1.70
	Optimistic	10%	(5.44)	(1.29)	1.15	1.64	1.74
	Pessimistic	80%	(5.72)	(1.36)	1.10	1.56	1.66
USD/MYR Exchange Rate	Base Case	10%	4.50	4.20	4.15	4.09	4.03
	Optimistic	10%	4.38	4.10	4.05	3.99	3.93
	Pessimistic	80%	4.61	4.31	4.25	4.19	4.13
Brent Oil Price (USD/barrel)	Base Case	10%	28.20	55.25	60.00	63.50	66.00
	Optimistic	10%	28.91	56.63	61.50	65.09	67.65
	Pessimistic	80%	26.79	53.87	58.50	61.91	64.35

2019

Macroeconomy Variable	ECL Scenario	Assigned Probabilities (%)	2019	2020	2021	2022	2023
Consumer Price Index (%)	Base Case	80%	1.45	2.10	1.78	2.25	2.88
	Optimistic	10%	1.41	2.05	1.73	2.19	2.80
	Pessimistic	10%	1.49	2.15	1.82	2.31	2.95
GDP Growth (%)	Base Case	80%	4.45	5.15	5.47	5.80	5.35
	Optimistic	10%	4.56	5.28	5.61	5.95	5.48
	Pessimistic	10%	4.34	5.02	5.34	5.66	5.22
House Price Index (%)	Base Case	80%	2.15	2.65	3.40	4.05	5.86
	Optimistic	10%	2.20	2.72	3.49	4.15	6.01
	Pessimistic	10%	2.10	2.58	3.32	3.95	5.72
USD/MYR Exchange Rate	Base Case	80%	4.07	3.99	3.89	3.79	3.90
	Optimistic	10%	3.97	3.60	3.56	3.49	3.80
	Pessimistic	10%	4.17	4.40	4.35	4.27	4.00
Brent Oil Price (USD/barrel)	Base Case	80%	62.50	72.25	74.50	75.50	78.00
	Optimistic	10%	64.06	74.06	76.36	77.39	79.95
	Pessimistic	10%	60.94	70.44	72.64	73.61	76.05

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL (Cont'd.)

Write-off policy

Stage 1 write-off
The Group may partially write-off financial assets where full recovery is not possible taking proceeds from value of securities or where customer has been allowed time to repay on negotiated settlement basis. The outstanding contractual amounts of such assets written off during the current financial year was RM550.2 million (31 March 2019: RM393.7 million). The Group still seeks legal recovery action, as such, credit exposures for these continue unabated.

Stage 2 write-off
The Group write-off financial assets in whole when it has exhausted all necessary recovery actions against credit exposures and there is minimal prospect of recovery and/or further recovery is not economical, then the credit exposures will be written off from both the general ledger and subsidiary ledger.

Modified financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the financial year as part of the Group's and the Bank's restructuring activities and their respective effect on the Group's and the Bank's financial performance:

	Group and Bank	
	2020	2019
Loans and advances to customers	**RM'000**	**RM'000**
Amortised cost before modification	931,645	467,410
Net modification loss	(5,086)	(5,317)

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system.

Cash and Short-Term Funds

Group 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	725,968	-	725,968
Very strong	8,845,096	-	8,845,096
Strong	151,756	185	151,941
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	58	58
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	9,722,820	243	9,723,063
Less: Allowances for ECL	(804)	(29)	(833)
Net exposure	9,722,016	214	9,722,230

2019	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	10,228	-	10,228
Very strong	2,478,996	-	2,478,996
Strong	2,799,125	-	2,799,125
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	31	31
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	5,288,349	31	5,288,380
Less: Allowances for ECL	(1,306)	(31)	(1,337)
Net exposure	5,287,043	-	5,287,043

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Cash and Short-Term Funds

Bank 2020	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Total RM'000**
Risk grade			
Exceptionally strong	725,968	-	725,968
Very strong	8,840,312	-	8,840,312
Strong	151,756	185	151,941
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	58	58
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	9,718,036	243	9,718,279
Less: Allowances for ECL	(804)	(29)	(833)
Net exposure	9,717,232	214	9,717,446

2019	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Total RM'000**
Risk grade			
Exceptionally strong	6,370	-	6,370
Very strong	2,478,143	-	2,478,143
Strong	2,799,125	-	2,799,125
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	31	31
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	5,283,638	31	5,283,669
Less: Allowances for ECL	(1,306)	(31)	(1,337)
Net exposure	5,282,332	-	5,282,332

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Investment account placement

Group 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	-	-	-
Very strong	507,990	-	507,990
Strong	-	-	-
Satisfactory	210,016	-	210,016
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	718,006	-	718,006
Less: Allowances for ECL	(2,284)	-	(2,284)
Net exposure	715,722	-	715,722

2019	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong			-
Very strong	1,277,348	-	1,277,348
Strong	-	-	-
Satisfactory	-	188,191	188,191
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	1,277,348	188,191	1,465,539
Less: Allowances for ECL	(948)	(2,711)	(3,659)
Net exposure	1,276,400	185,480	1,461,880

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Investment account placement

Bank 2020	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Total RM'000**
Risk grade			
Exceptionally strong	-	-	-
Very strong	507,990	-	507,990
Strong	-	-	-
Satisfactory	210,016	-	210,016
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	718,006	-	718,006
Less: Allowances for ECL	(2,284)	-	(2,284)
Net exposure	715,722	-	715,722

2019	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Total RM'000**
Risk grade			
Exceptionally strong	-	-	-
Very strong	1,277,348	-	1,277,348
Strong	-	-	-
Satisfactory	-	188,191	188,191
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	1,277,348	188,191	1,465,539
Less: Allowances for ECL	(948)	(2,711)	(3,659)
Net exposure	1,276,400	185,480	1,461,880

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Financial investments at fair value through other comprehensive income

Group 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	65,857	-	65,857
Very strong	12,960,590	-	12,960,590
Strong	924,145	-	924,145
Satisfactory	122,159	72,378	194,537
Moderate	87,527	-	87,527
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	14,160,278	72,378	14,232,656
Less: Allowances for ECL	(12,101)	(774)	(12,875)
Net exposure	14,148,177	71,604	14,219,781

2019	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	86,037	-	86,037
Very strong	10,947,912	-	10,947,912
Strong	376,737	-	376,737
Satisfactory	155,555	100,753	256,308
Moderate	50,311	75,674	125,985
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	11,616,552	176,427	11,792,979
Less: Allowances for ECL	(9,914)	(3,195)	(13,109)
Net exposure	11,606,638	173,232	11,779,870

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Financial investments at fair value through other comprehensive income

Bank **2020**	**Stage 1** **12-month ECL** **RM'000**	**Stage 2** **Lifetime ECL not credit impaired** **RM'000**	**Total** **RM'000**
Risk grade			
Exceptionally strong	65,857	-	65,857
Very strong	12,968,436	-	12,968,436
Strong	924,145	-	924,145
Satisfactory	122,159	72,378	194,537
Moderate	87,527	-	87,527
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	14,168,124	72,378	14,240,502
Less: Allowances for ECL	(12,105)	(774)	(12,879)
Net exposure	14,156,019	71,604	14,227,623

2019	**Stage 1** **12-month ECL** **RM'000**	**Stage 2** **Lifetime ECL not credit impaired** **RM'000**	**Total** **RM'000**
Risk grade			
Exceptionally strong	86,037	-	86,037
Very strong	10,968,809	-	10,968,809
Strong	376,737	-	376,737
Satisfactory	155,555	100,753	256,308
Moderate	50,311	75,674	125,985
Marginal	-	-	-
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
Gross exposure	11,637,449	176,427	11,813,876
Less: Allowances for ECL	(9,934)	(3,195)	(13,129)
Net exposure	11,627,515	173,232	11,800,747

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Gross loans and advances

Group 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade				
Exceptionally strong	14,357	-	-	14,357
Very strong	32,438,007	64,398	-	32,502,405
Strong	11,069,129	175,809	-	11,244,938
Satisfactory	12,615,084	1,321,882	-	13,936,966
Moderate	6,565,421	1,125,430	-	7,690,851
Marginal	1,458,166	1,572,873	-	3,031,039
Substandard	1,303,127	3,651,348	-	4,954,475
Unrated	28,200	-	-	28,200
Impaired	-	-	1,235,479	1,235,479
Gross exposure	65,491,491	7,911,740	1,235,479	74,638,710
Less: Allowances for ECL	(179,447)	(371,842)	(345,759)	(897,048)
Net exposure	65,312,044	7,539,898	889,720	73,741,662

2019	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade				
Exceptionally strong	11,261	100	-	11,361
Very strong	26,987,952	143,964	-	27,131,916
Strong	10,672,582	341,290	-	11,013,872
Satisfactory	12,729,963	1,269,189	-	13,999,152
Moderate	6,196,286	1,275,148	-	7,471,434
Marginal	1,533,785	1,433,160	-	2,966,945
Substandard	1,091,537	2,347,596	-	3,439,133
Unrated	4,738,425	402,941	-	5,141,366
Impaired	-	-	1,046,442	1,046,442
Gross exposure	63,961,791	7,213,388	1,046,442	72,221,621
Less: Allowances for ECL	(194,437)	(415,068)	(278,012)	(887,517)
Net exposure	63,767,354	6,798,320	768,430	71,334,104

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Gross loans and advances

Bank 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade				
Exceptionally strong	14,357	-	-	14,357
Very strong	32,438,007	64,398	-	32,502,405
Strong	11,069,129	175,809	-	11,244,938
Satisfactory	12,567,037	1,321,826	-	13,888,863
Moderate	6,565,421	1,125,430	-	7,690,851
Marginal	1,457,499	1,572,813	-	3,030,312
Substandard	1,303,127	3,650,743	-	4,953,870
Unrated	28,898	-	-	28,898
Impaired	-	-	1,234,994	1,234,994
Gross exposure	65,443,475	7,911,019	1,234,994	74,589,488
Less: Allowances for ECL	(179,464)	(371,822)	(345,677)	(896,963)
Net exposure	65,264,011	7,539,197	889,317	73,692,525

2019	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade				
Exceptionally strong	11,261	100	-	11,361
Very strong	27,073,804	143,964	-	27,217,768
Strong	10,672,582	341,290	-	11,013,872
Satisfactory	12,586,205	1,269,189	-	13,855,394
Moderate	6,196,286	1,275,148	-	7,471,434
Marginal	1,533,516	1,433,118	-	2,966,634
Substandard	1,091,537	2,347,470	-	3,439,007
Unrated	4,739,164	402,941	-	5,142,105
Impaired	-	-	1,045,699	1,045,699
Gross exposure	63,904,355	7,213,220	1,045,699	72,163,274
Less: Allowances for ECL	(194,440)	(415,058)	(277,888)	(887,386)
Net exposure	63,709,915	6,798,162	767,811	71,275,888

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Other financial assets

Group 2020	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	510,708	-	510,708
Very strong	920,531	-	920,531
Strong	103,717	-	103,717
Satisfactory	62,904	-	62,904
Moderate	13,189	-	13,189
Marginal	808	-	808
Substandard	-	-	-
Unrated	31,930	-	31,930
Impaired	-	3,428	3,428
Gross exposure	1,643,787	3,428	1,647,215
Less: Allowances for ECL	-	(3,273)	(3,273)
Net exposure	1,643,787	155	1,643,942

2019	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade			
Exceptionally strong	129,623	-	129,623
Very strong	617,905	-	617,905
Strong	211,125	-	211,125
Satisfactory	15,517	-	15,517
Moderate	2,195	-	2,195
Marginal	1,023	-	1,023
Substandard	168	-	168
Unrated	36,686	-	36,686
Impaired	-	3,981	3,981
Gross exposure	1,014,242	3,981	1,018,223
Less: Allowances for ECL	-	(3,823)	(3,823)
Net exposure	1,014,242	158	1,014,400

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Other financial assets

Bank **2020**	**Lifetime ECL not credit impaired** **RM'000**	**Lifetime ECL credit impaired** **RM'000**	**Total** **RM'000**
Risk grade			
Exceptionally strong	510,708	-	510,708
Very strong	920,529	-	920,529
Strong	103,717	-	103,717
Satisfactory	62,904	-	62,904
Moderate	13,189	-	13,189
Marginal	808	-	808
Substandard	-	-	-
Unrated	31,495	-	31,495
Impaired	-	2,965	2,965
Gross exposure	1,643,350	2,965	1,646,315
Less: Allowances for ECL	-	(2,965)	(2,965)
Net exposure	1,643,350	-	1,643,350

2019	**Lifetime ECL not credit impaired** **RM'000**	**Lifetime ECL credit impaired** **RM'000**	**Total** **RM'000**
Risk grade			
Exceptionally strong	129,623	-	129,623
Very strong	617,902	-	617,902
Strong	211,125	-	211,125
Satisfactory	15,517	-	15,517
Moderate	2,195	-	2,195
Marginal	1,023	-	1,023
Substandard	168	-	168
Unrated	27,616	-	27,616
Impaired	-	3,521	3,521
Gross exposure	1,005,169	3,521	1,008,690
Less: Allowances for ECL	-	(3,521)	(3,521)
Net exposure	1,005,169	-	1,005,169

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Loans commitments and financial guarantee contracts

Group 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade				
Exceptionally strong	115,693	-	-	115,693
Very strong	11,396,413	74,605	-	11,471,018
Strong	3,172,111	166,223	-	3,338,334
Satisfactory	5,490,395	392,661	-	5,883,056
Moderate	1,504,356	199,054	-	1,703,410
Marginal	237,364	439,738	-	677,102
Substandard	166,481	332,438	-	498,919
Unrated	1,821	-	-	1,821
Impaired	-	-	51,600	51,600
Gross exposure	22,084,634	1,604,719	51,600	23,740,953
Less: Allowances for ECL	(30,823)	(25,938)	(174)	(56,935)
Net exposure	22,053,811	1,578,781	51,426	23,684,018

2019	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Risk grade				
Exceptionally strong	1,358,008	4,024	-	1,362,032
Very strong	9,808,083	22,392	-	9,830,475
Strong	4,230,388	40,443	-	4,270,831
Satisfactory	6,230,786	384,851	-	6,615,637
Moderate	2,107,511	228,782	-	2,336,293
Marginal	161,895	297,072	-	458,967
Substandard	187,137	218,031	-	405,168
Unrated	806,498	33,551	-	840,049
Impaired	-	-	87,742	87,742
Gross exposure	24,890,306	1,229,146	87,742	26,207,194
Less: Allowances for ECL	(41,569)	(26,058)	(10,893)	(78,520)
Net exposure	24,848,737	1,203,088	76,849	26,128,674

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

Loans commitments and financial guarantee contracts

Bank 2020	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Stage 3 Lifetime ECL credit impaired RM'000**	**Total RM'000**
Risk grade				
Exceptionally strong	115,693	-	-	115,693
Very strong	11,451,313	74,605	-	11,525,918
Strong	3,172,111	166,223	-	3,338,334
Satisfactory	5,490,395	392,661	-	5,883,056
Moderate	1,504,356	199,054	-	1,703,410
Marginal	237,364	439,738	-	677,102
Substandard	166,481	332,438	-	498,919
Unrated	1,821	-	-	1,821
Impaired	-	-	51,600	51,600
Gross exposure	22,139,534	1,604,719	51,600	23,795,853
Less: Allowances for ECL	(30,848)	(25,938)	(173)	(56,959)
Net exposure	22,108,686	1,578,781	51,427	23,738,894

2019	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Stage 3 Lifetime ECL credit impaired RM'000**	**Total RM'000**
Risk grade				
Exceptionally strong	1,358,008	4,024	-	1,362,032
Very strong	9,872,667	22,392	-	9,895,059
Strong	4,230,388	40,443	-	4,270,831
Satisfactory	6,230,786	384,851	-	6,615,637
Moderate	2,107,511	228,782	-	2,336,293
Marginal	161,895	297,072	-	458,967
Substandard	187,137	218,031	-	405,168
Unrated	806,498	33,551	-	840,049
Impaired	-	-	87,742	87,742
Gross exposure	24,954,890	1,229,146	87,742	26,271,778
Less: Allowances for ECL	(41,602)	(26,058)	(10,892)	(78,552)
Net exposure	24,913,288	1,203,088	76,850	26,193,226

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

	Deposits and placements with banks and other financial institutions RM'000	Financial investments at amortised cost RM'000	Statutory deposit with Bank Negara Malaysia RM'000
Stage 1			
Group and Bank			
2020			
Exceptionally strong	-	-	-
Very strong	285,854	1,799,097	339,356
Strong	-	451,156	-
Satisfactory risk	-	782,987	-
Moderate risk	-	-	-
Marginal risk	-	-	-
Sub-standard	-	-	-
Unrated	-	90	-
Gross exposure	285,854	3,033,330	339,356
Less: Allowances for ECL	(485)	(4,631)	-
Net exposure	285,369	3,028,699	339,356

	Deposits and placements with banks and other financial institutions RM'000	Financial investments at amortised cost RM'000	Statutory deposit with Bank Negara Malaysia RM'000
Stage 1			
Group and Bank			
2019			
Exceptionally strong	-	-	-
Very strong	150,000	2,053,125	2,180,557
Strong	182,994	156,418	-
Satisfactory risk	-	1,065,125	-
Moderate risk	-	35,000	-
Marginal risk	-	-	-
Sub-standard	-	-	-
Unrated	-	859	-
Gross exposure	332,994	3,310,527	2,180,557
Less: Allowances for ECL	(2,076)	(5,091)	-
Net exposure	330,918	3,305,436	2,180,557

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

Maximum exposure to credit risk - financial instruments not subject to impairment.

The table below shows the credit quality of financial assets measured at FVTPL:

	Financial assets at fair value through profit or loss RM'000	Derivative financial assets RM'000
Group and Bank		
2020		
Exceptionally strong	-	32,058
Very strong	6,800,936	1,638,412
Strong	72,959	207,857
Satisfactory risk	40,105	28,178
Moderate risk	-	193,962
Marginal risk	-	396
Sub-standard	-	260
Unrated	-	1,858
Carrying amount	6,914,000	2,102,981

	Financial assets at fair value through profit or loss RM'000	Derivative financial assets RM'000
2019		
Exceptionally strong	25,029	28,004
Very strong	9,908,534	411,677
Strong	373,056	299,327
Satisfactory risk	-	31,498
Moderate risk	-	3,673
Marginal risk	-	1,504
Sub-standard	-	2
Unrated	-	2,000
Carrying amount	10,306,619	777,685

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(d) Estimated value of collateral for financial assets

	Gross exposure to credit risk		Financial effect of collateral		Unsecured portion of credit exposure	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Gross loans and advances						
Hire purchase	9,629,759	10,968,935	9,354,206	10,192,416	275,553	776,519
Mortgage	28,340,530	27,196,392	28,175,181	26,847,228	165,349	349,164
Credit card	1,826,688	1,826,969	37,899	34,423	1,788,789	1,792,546
Others	3,784,014	2,525,041	1,909,127	986,386	1,874,887	1,538,655
Corporate loans and advances:						
Term loans and bridging loans	14,656,462	13,032,127	8,325,361	9,039,412	6,331,101	3,992,715
Revolving credits	7,029,031	7,290,255	3,055,722	2,942,472	3,973,309	4,347,783
Overdrafts	2,208,011	2,500,008	1,293,080	1,494,234	914,931	1,005,774
Trade	7,164,215	6,881,894	2,217,972	2,010,062	4,946,243	4,871,832
Total	74,638,710	72,221,621	54,368,548	53,546,633	20,270,162	18,674,988
Bank						
Gross loans and advances						
Hire purchase	9,629,759	10,968,935	9,354,206	10,192,416	275,553	776,519
Mortgage	28,291,308	27,138,045	28,127,164	26,790,411	164,144	347,634
Credit card	1,826,688	1,826,969	37,899	34,423	1,788,789	1,792,546
Others	3,784,014	2,525,041	1,909,127	986,386	1,874,887	1,538,655
Corporate loans and advances:						
Term loans and bridging loans	14,656,462	13,032,127	8,325,361	9,039,412	6,331,101	3,992,715
Revolving credits	7,029,031	7,290,255	3,055,722	2,942,472	3,973,309	4,347,783
Overdrafts	2,208,011	2,500,008	1,293,080	1,494,234	914,931	1,005,774
Trade	7,164,215	6,881,894	2,217,972	2,010,062	4,946,243	4,871,832
Total	74,589,488	72,163,274	54,320,531	53,489,816	20,268,957	18,673,458

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(e) Collateral Repossessed

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Properties:				
Residential, net of impairment	150	150	-	-
Non-residential, net of impairment	2,300	2,289	2,300	2,289
	2,450	2,439	2,300	2,289

The above assets are accounted for as foreclosed properties under other assets (Note 19). There were no new assets obtained for the financial year 2020 and 2019.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(f) Collateral held for credit impaired financial assets

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

	Gross exposure RM'000	Impairment allowance RM'000	Carrying amount RM'000	Fair value of collateral RM'000
Group				
2020				
Credit-impaired financial assets				
Hire purchase	116,165	39,132	77,033	109,640
Mortgage	465,577	104,096	361,481	423,530
Credit card	35,783	19,000	16,783	543
Other loans and financing	120,550	20,637	99,913	58,560
Corporate loans and advances				
Term loans and bridging loans	209,817	31,855	177,962	170,815
Revolving credits	128,717	63,277	65,440	84,792
Overdrafts	69,072	34,457	34,615	50,138
Trade	89,798	33,305	56,493	69,286
Total credit-impaired financial assets	1,235,479	345,759	889,720	967,304
2019				
Credit-impaired financial assets				
Hire purchase	131,783	44,254	87,529	117,666
Mortgage	353,099	76,350	276,749	322,257
Credit card	25,838	17,460	8,378	351
Other loans and financing	34,203	9,098	25,105	17,285
Corporate loans and advances				
Term loans and bridging loans	323,334	71,979	251,355	288,590
Revolving credits	119,156	41,172	77,984	119,156
Overdrafts	42,358	10,486	31,872	35,339
Trade	16,671	7,213	9,458	9,432
Total credit-impaired financial assets	1,046,442	278,012	768,430	910,076

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(f) Collateral held for credit impaired financial assets

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

	Gross exposure RM'000	Impairment allowance RM'000	Carrying amount RM'000	Fair value of collateral RM'000
Bank				
2020				
Credit-impaired financial assets				
Hire purchase	116,165	39,132	77,033	109,640
Mortgage	465,093	104,014	361,079	423,045
Credit card	35,783	19,000	16,783	543
Other loans and financing	120,550	20,637	99,913	58,560
Corporate loans and advances				
Term loans and bridging loans	209,817	31,855	177,962	170,815
Revolving credits	128,716	63,277	65,439	84,792
Overdrafts	69,072	34,457	34,615	50,138
Trade	89,798	33,305	56,493	69,286
Total credit-impaired financial assets	1,234,994	345,677	889,317	966,819
2019				
Credit-impaired financial assets				
Hire purchase	131,783	44,254	87,529	117,666
Mortgage	352,356	76,226	276,130	321,514
Credit card	25,838	17,460	8,378	351
Other loans and financing	34,203	9,098	25,105	17,285
Corporate loans and advances				
Term loans and bridging loans	323,334	71,979	251,355	288,590
Revolving credits	119,156	41,172	77,984	119,156
Overdrafts	42,358	10,486	31,872	35,339
Trade	16,671	7,213	9,458	9,432
Total credit-impaired financial assets	1,045,699	277,888	767,811	909,333

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
Assessment/ Measurement	• Liquidity Coverage Ratio ("LCR") • Depositor Concentration Ratios • Other Detailed Controls
Control/ Mitigation	• LCR Limits • Depositor Concentration Ratios • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

The liquidity risk management of the Bank is aligned to LCR policy issued by BNM. The primary objective of the Bank's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite and approves the Bank's liquidity management strategy while GALCO is the core management committee established by the Board to oversee the overall liquidity management of the Bank.

The Bank has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Various liquidity measurements have been put in place to support the broader strategic objectives of the Bank and amongst others include the BNM LCR, Depositor Concentration Ratio and other Liquidity Ratios. IBMR is responsible for developing and monitoring the controls and limits while the Group Treasury and Markets ("GTM") and CBSM are responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank’s liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance placement and loans to customers. They are monitored using the loans to available funds ratio, which compares loans and advances to customers as a percentage of the Bank's total available funds.

To measure the quality of the Group's funding sources, the composition of core funds indicators is monitored on a regular basis. The core funds is defined as deposits from retail and small business customers, operational deposits, non-financial institutions deposits more than 1 year and debt instrument/long term borrowings more than 1 year.

In preparation for the implementation of BNM’s Basel III Net Stable Funding Ratio (“NSFR”) which will be effective 1 July 2020, the Bank shall pursue strategies to ensure the availability of cost effective stable liquidity to meet the regulatory requirement.

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting

Group 2020	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	9,722,230	-	-	-	-	-	-	9,722,230
Deposits, placements and investment accounts with banks and other financial institutions	-	285,369	-	-	-	-	-	285,369
Investment account placement	-	-	-	-	715,722	-	-	715,722
Derivative financial assets	180,480	189,803	192,554	250,818	851,575	437,751	-	2,102,981
Financial assets at fair value through profit or loss	1,757,082	1,237,815	1,800,671	1,847,546	440,237	213,121	28,238	7,324,710
Financial investments at fair value through other comprehensive income	418,500	1,336,940	1,616,505	1,068,947	5,972,130	3,819,634	662,862	14,895,518
Financial investments at amortised cost	-	-	18,790	241,369	1,253,978	1,514,562	-	3,028,699
Loans and advances	14,250,907	46,044	363,859	864,257	10,916,590	47,300,005	-	73,741,662
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	339,356	-	339,356
Deferred tax assets	-	-	-	-	-	-	21,896	21,896
Investment in associate	-	-	-	-	-	-	32,624	32,624
Other assets	1,309,864	249,818	75,526	138,375	156,196	16,603	-	1,946,382
Right of use assets	-	-	-	-	-	-	264,394	264,394
Property and equipment	-	-	-	-	-	-	219,504	219,504
Intangible assets	-	-	-	-	-	-	264,492	264,492
Total Assets	27,639,063	3,345,789	4,067,905	4,411,312	20,306,428	53,641,032	1,494,010	114,905,539
Liabilities								
Deposits from customers	42,460,517	17,044,955	7,321,387	10,608,603	1,372,905	-	-	78,808,367
Deposits and placements of banks and other financial institutions	3,779,125	2,115,385	423,064	349,459	26,737	200,600	-	6,894,370
Securities sold under resale agreements	6,352,709	-	-	-	-	-	-	6,352,709
Recourse obligation on loans sold to Cagamas Berhad	-	200,002	1,965,012	500,001	1,475,008	-	-	4,140,023
Derivative financial liabilities	167,862	100,984	167,541	230,980	886,065	408,153	-	1,961,585
Term funding	57,909	826,950	2,600	-	579,584	-	-	1,467,043
Debt capital	-	-	-	-	-	2,595,000	-	2,595,000
Other liabilities	1,200,202	638,909	102,521	231,516	292,284	102,395	-	2,567,827
Total Liabilities	54,018,324	20,927,185	9,982,125	11,920,559	4,632,583	3,306,148	-	104,786,924
Net Gap	(26,379,261)	(17,581,396)	(5,914,220)	(7,509,247)	15,673,845	50,334,884	1,494,010	10,118,615

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting (Cont'd.)

Group 2019	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	5,287,043	-	-	-	-	-	-	5,287,043
Deposits, placements and investment accounts with banks and other financial institutions	-	330,918	-	-	-	-	-	330,918
Investment account placement	-	-	-	999,380	462,500	-	-	1,461,880
Derivative financial assets	47,737	53,955	24,567	26,579	297,682	327,165	-	777,685
Financial assets at fair value through profit or loss	3,273,453	1,787,056	1,299,770	1,542,630	1,235,050	1,168,660	340,216	10,646,835
Financial investments at fair value through other comprehensive income	724,472	244,496	849,467	2,683,212	5,451,777	1,839,555	617,231	12,410,210
Financial investments at amortised cost	-	94,406	-	96	1,389,949	1,820,985	-	3,305,436
Loans and advances	12,843,510	589,771	814,204	820,291	11,495,603	44,770,725	-	71,334,104
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,180,557	-	2,180,557
Deferred tax assets	-	-	-	-	-	-	32,657	32,657
Other assets	616,352	115,259	27,641	299,759	112,973	3,135	-	1,175,119
Property and equipment	-	-	-	-	-	-	122,375	122,375
Intangible assets	-	-	-	-	-	-	368,654	368,654
Total Assets	22,792,567	3,215,861	3,015,649	6,371,947	20,445,534	52,110,782	1,481,133	109,433,473
Liabilities								
Deposits from customers	33,127,401	13,665,253	13,686,617	13,766,032	1,704,017	-	-	75,949,320
Deposits and placements of banks and other financial institutions	4,152,702	586,536	234,349	287,612	17,174	101,200	-	5,379,573
Securities sold under resale agreements	2,598,712	2,740,710	-	-	-	-	-	5,339,422
Recourse obligation on loans sold to Cagamas Berhad	-	100,000	1,415,001	800,000	1,825,002	-	-	4,140,003
Derivative financial liabilities	52,514	82,987	41,124	29,736	331,305	289,203	-	826,869
Term funding	40,432	4,550	1,662,783	-	846,762	-	-	2,554,527
Debt capital	-	-	-	-	-	3,080,000	-	3,080,000
Other liabilities	1,072,867	397,415	196,580	823,627	71,964	3,514	-	2,565,967
Total Liabilities	41,044,628	17,577,451	17,236,454	15,707,007	4,796,224	3,473,917	-	99,835,681
Net Gap	(18,252,061)	(14,361,590)	(14,220,805)	(9,335,060)	15,649,310	48,636,865	1,481,133	9,597,792

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting (Cont'd.)

Bank 2020	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	9,717,446	-	-	-	-	-	-	9,717,446
Deposits, placements and investment accounts with banks and other financial institutions	-	285,369	-	-	-	-	-	285,369
Investment account placement	-	-	-	-	715,722	-	-	715,722
Derivative financial assets	180,480	189,803	192,554	250,818	851,575	437,751	-	2,102,981
Financial assets at fair value through profit or loss	1,757,048	1,237,815	1,800,671	1,847,546	440,237	213,121	28,238	7,324,676
Financial investments at fair value through other comprehensive income	426,346	1,336,940	1,616,505	1,068,947	5,972,130	3,819,634	662,862	14,903,364
Financial investments at amortised cost	-	-	18,790	241,369	1,253,978	1,514,562	-	3,028,699
Loans and advances	14,201,770	46,044	363,859	864,257	10,916,590	47,300,005	-	73,692,525
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	339,356	-	339,356
Investment in subsidiaries	-	-	-	-	-	-	31,492	31,492
Investment in associates	-	-	-	-	-	-	32,302	32,302
Deferred tax assets	-	-	-	-	-	-	21,861	21,861
Other assets	1,306,885	249,818	75,526	138,375	156,196	16,603	-	1,943,403
Right of use assets	-	-	-	-	-	-	264,394	264,394
Property and equipment	-	-	-	-	-	-	200,164	200,164
Intangible assets	-	-	-	-	-	-	264,492	264,492
Total Assets	27,589,975	3,345,789	4,067,905	4,411,312	20,306,428	53,641,032	1,505,805	114,868,246
Liabilities								
Deposits from customers	42,472,636	17,044,955	7,321,387	10,608,603	1,372,905	-	-	78,820,486
Deposits and placements of banks and other financial institutions	3,788,738	2,115,385	423,064	349,459	26,737	200,600	-	6,903,983
Securities sold under resale agreements	6,352,709	-	-	-	-	-	-	6,352,709
Recourse obligation on loans sold to Cagamas Berhad		200,002	1,965,012	500,001	1,475,008	-	-	4,140,023
Derivative financial liabilities	167,862	100,984	167,541	230,980	886,065	408,153	-	1,961,585
Term funding	57,909	826,950	2,600	-	579,584	-	-	1,467,043
Debt capital	-	-	-	-	-	2,595,000	-	2,595,000
Other liabilities	1,187,362	638,909	102,521	231,516	292,284	102,395	-	2,554,987
Total Liabilities	54,027,216	20,927,185	9,982,125	11,920,559	4,632,583	3,306,148	-	104,795,816
Net Gap	(26,437,241)	(17,581,396)	(5,914,220)	(7,509,247)	15,673,845	50,334,884	1,505,805	10,072,430

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting (Cont'd.)

Bank 2019	**Up to 1 month**	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 months**	**>1 year to 5 years**	**Over 5 years**	**No maturity specified**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets								
Cash and short-term funds	5,282,332	-	-	-	-	-	-	5,282,332
Deposits, placements and investment accounts with banks and other financial institutions	-	330,918	-	-	-	-	-	330,918
Investment account placement	-	-	-	999,380	462,500	-	-	1,461,880
Derivative financial assets	47,737	53,955	24,567	26,579	297,682	327,165	-	777,685
Financial assets at fair value through profit or loss	3,273,453	1,787,056	1,299,770	1,542,630	1,235,050	1,168,660	340,168	10,646,787
Financial investments at fair value through other comprehensive income	724,472	244,496	849,467	2,683,212	5,451,777	1,860,452	617,231	12,431,107
Financial investments at amortised cost	-	94,406	-	96	1,389,949	1,820,985	-	3,305,436
Loans and advances	12,926,497	589,766	814,197	820,284	11,477,634	44,647,510	-	71,275,888
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,180,557	-	2,180,557
Investment in subsidiaries	-	-	-	-	-	-	31,492	31,492
Investment in associates	-	-	-	-	-	-	22	22
Deferred tax assets	-	-	-	-	-	-	32,610	32,610
Other assets	607,520	115,259	27,641	299,759	112,973	2,985	-	1,166,137
Property and equipment	-	-	-	-	-	-	102,551	102,551
Intangible assets	-	-	-	-	-	-	368,654	368,654
Total Assets	22,862,011	3,215,856	3,015,642	6,371,940	20,427,565	52,008,314	1,492,728	109,394,056
Liabilities								
Deposits from customers	33,131,898	13,665,253	13,686,617	13,766,032	1,704,017		-	75,953,817
Deposits and placements of banks and other financial institutions	4,164,065	586,536	234,349	287,612	17,174	101,200	-	5,390,936
Securities sold under resale agreements	2,598,712	2,740,710	-	-	-	-	-	5,339,422
Recourse obligation on loans sold to Cagamas Berhad	-	100,000	1,415,001	800,000	1,825,002	-	-	4,140,003
Derivative financial liabilities	52,514	82,987	41,124	29,736	331,305	289,203	-	826,869
Term funding	40,432	4,550	1,662,783	-	846,762	-	-	2,554,527
Debt capital	-	-	-	-	-	3,080,000	-	3,080,000
Other liabilities	1,060,650	397,415	196,580	823,627	71,964	3,514	-	2,553,750
Total Liabilities	41,048,271	17,577,451	17,236,454	15,707,007	4,796,224	3,473,917	-	99,839,324
Net Gap	(18,186,260)	(14,361,595)	(14,220,812)	(9,335,067)	15,631,341	48,534,397	1,492,728	9,554,732

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis

Group 2020	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	42,977,766	17,247,672	7,408,461	10,734,772	1,389,233	-	-	79,757,904
Deposits and placements of banks and other financial institutions	3,833,796	2,140,543	428,096	353,615	27,055	202,986	-	6,986,091
Securities sold under resale agreements	6,367,842	-	-	-	-	-	-	6,367,842
Recourse obligation on loans sold to Cagamas Berhad	25,713	203,402	2,026,505	540,611	1,524,769	-	-	4,321,000
Derivative financial liabilities	1,018,691	134,388	399,017	188,888	473,167	51,228	-	2,265,379
Term funding	115,816	969,693	11,117	-	592,556	-	-	1,689,182
Debt capital	14,003	24,900	26,729	65,632	2,881,252	-	-	3,012,516
Other liabilities*	1,128,184	192,564	90,057	226,644	292,284	102,396		2,032,129
Total Undiscounted Liabilities	55,481,811	20,913,162	10,389,982	12,110,162	7,180,316	356,610	-	106,432,043
Commitments								
Irrevocable commitments to extend credit	437,146	1,119,650	881,594	1,292,074	257,478	9,800,096	-	13,788,038
Unutilised credit card lines	3,772,652	-	-	-	-	-	-	3,772,652
Forward asset purchase	1,829,169	-	-	-	-	-	-	1,829,169
Contingent Liabilities								
Direct credit substitutes	128,054	278,712	319,118	921,852	351,453	-	-	1,999,189
Certain transaction-related contingent items	81,537	183,167	541,738	459,066	1,966,447	306,957	-	3,538,912
Short-term self liquidating trade-related contingencies	371,003	223,235	30,698	17,226	-	-	-	642,162
Obligations under underwriting agreements	20,000	-	-	-	-	-	-	20,000
Total commitments and contingent liabilities	6,639,561	1,804,764	1,773,148	2,690,218	2,575,378	10,107,053	-	25,590,122

* The balances had included the undiscounted contractual payments for lease liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Group 2019	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	34,108,284	14,069,819	14,091,815	14,173,581	1,754,465	-	-	78,197,964
Deposits and placements of banks and other financial institutions	4,287,344	603,901	241,287	296,127	17,682	104,196	-	5,550,537
Securities sold under resale agreements	2,611,242	2,758,990	-	-	-	-	-	5,370,232
Recourse obligation on loans sold to Cagamas Berhad	25,856	143,821	1,446,337	863,899	1,926,966	-	-	4,406,879
Derivative financial liabilities	63,421	98,782	67,794	95,717	566,616	135,357	-	1,027,687
Term funding	93,029	33,940	1,754,640	67,477	1,035,124	-	-	2,984,210
Debt capital	13,927	24,900	531,944	65,619	3,012,415	-	-	3,648,805
Other liabilities	926,739	367,942	124,208	293,860	71,964	3,514	-	1,788,227
Total Undiscounted Liabilities	42,129,842	18,102,095	18,258,025	15,856,280	8,385,232	243,067	-	102,974,541
Commitments								
Irrevocable commitments to extend credit	433,869	1,094,526	762,096	593,842	389,490	11,680,455	-	14,954,278
Unutilised credit card lines	3,840,372	-	-	-	-	-	-	3,840,372
Forward asset purchase	1,397,583	-	-	-	-	-	-	1,397,583
Contingent Liabilities								
Direct credit substitutes	135,997	212,394	226,784	854,991	607,835	2	-	2,038,003
Certain transaction-related contingent items	148,985	111,475	785,265	748,781	2,389,628	380,475	-	4,564,609
Short-term self liquidating trade-related contingencies	463,171	167,682	25,953	131,343	21,783	-	-	809,932
Obligations under underwriting agreements	100,000	-	-	-	-	-	-	100,000
Total commitments and contingent liabilities	6,519,977	1,586,077	1,800,098	2,328,957	3,408,736	12,060,932	-	27,704,777

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Bank 2020	**Up to 1 month**	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 months**	**>1 year to 5 years**	**Over 5 years**	**No maturity specified**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities								
Deposits from customers	42,977,766	17,247,672	7,408,461	10,734,772	1,389,233	-	-	79,757,904
Deposits and placements of banks and other financial institutions	3,833,796	2,140,543	428,096	353,615	27,055	202,986	-	6,986,091
Securities sold under resale agreements	6,367,842	-	-	-	-	-	-	6,367,842
Recourse obligation on loans sold to Cagamas Berhad	25,713	203,402	2,026,505	540,611	1,524,769	-	-	4,321,000
Derivative financial liabilities	1,018,691	134,388	399,017	188,888	473,167	51,228	-	2,265,379
Term funding	115,816	969,693	11,117	-	592,556	-	-	1,689,182
Debt capital	14,003	24,900	26,729	65,632	2,881,252	-	-	3,012,516
Other liabilities*	1,129,769	192,564	90,057	226,644	292,284	102,396	-	2,033,714
Total Undiscounted Liabilities	55,483,396	20,913,162	10,389,982	12,110,162	7,180,316	356,610	-	106,433,628
Commitments								
Irrevocable commitments to extend credit	437,146	1,119,650	881,594	1,346,974	257,478	9,800,096	-	13,842,938
Unutilised credit card lines	3,772,652	-	-	-	-	-	-	3,772,652
Forward asset purchase	1,829,169	-	-	-	-	-	-	1,829,169
Others	-	-	-	-	-	50	-	50
Contingent Liabilities								
Direct credit substitutes	128,054	278,712	319,118	921,852	351,453	-	-	1,999,189
Certain transaction-related contingent items	81,537	183,167	541,738	459,066	1,966,447	306,957	-	3,538,912
Short-term self liquidating trade-related contingencies	371,003	223,235	30,698	17,226	-	-	-	642,162
Obligations under underwriting agreements	20,000	-	-	-	-	-	-	20,000
Total commitments and contingent liabilities	6,639,561	1,804,764	1,773,148	2,745,118	2,575,378	10,107,103	-	25,645,072

* The undiscounted contractual payments for lease liabilities are included under Other Liabilities. The remaining contractual maturity for lease commitment is disclosed in Note 28(a).

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Bank 2019	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	34,108,284	14,069,819	14,091,815	14,173,581	1,754,465	-	-	78,197,964
Deposits and placements of banks and other financial institutions	4,287,344	603,901	241,287	296,127	17,682	104,196	-	5,550,537
Securities sold under resale agreements	2,611,242	2,758,990	-	-	-	-	-	5,370,232
Recourse obligation on loans sold to Cagamas Berhad	25,856	143,821	1,446,337	863,899	1,926,966	-	-	4,406,879
Derivative financial liabilities	63,421	98,782	67,794	95,717	566,616	135,357	-	1,027,687
Term funding	93,029	33,940	1,754,640	67,477	1,035,124	-	-	2,984,210
Debt capital	13,927	24,900	531,944	65,619	3,012,415	-	-	3,648,805
Other liabilities	928,318	367,942	124,208	293,860	71,964	3,514	-	1,789,806
Total Undiscounted Liabilities	42,131,421	18,102,095	18,258,025	15,856,280	8,385,232	243,067	-	102,976,120
Commitments								
Irrevocable commitments to extend credit	433,869	1,094,526	762,096	658,426	389,490	11,680,455	-	15,018,862
Unutilised credit card lines	3,840,372	-	-	-	-	-	-	3,840,372
Forward asset purchase	1,397,583	-	-	-	-	-	-	1,397,583
Others	-	-	-	-	-	50	-	50
Contingent Liabilities								
Direct credit substitutes	135,997	212,394	226,784	854,991	607,835	2	-	2,038,003
Certain transaction-related contingent items	148,985	111,475	785,265	748,781	2,389,628	380,475	-	4,564,609
Short-term self liquidating trade-related contingencies	463,171	167,682	25,953	131,343	21,783	-	-	809,932
Obligations under underwriting agreements	100,000	-	-	-	-	-	-	100,000
Total commitments and contingent liabilities	6,519,977	1,586,077	1,800,098	2,393,541	3,408,736	12,060,982	-	27,769,411

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of Investment Banking and Markets Risk ("IBMR").

Traded Market Risk

The TMR management process is depicted in the table below:

Identification	• Identify market risks within existing and new products. • Review market-related information such as market trends and economic data.
Assessment/ Measurement	• Value-at-Risk ("VaR") • Loss Limit • Historical Stress Loss ("HSL") • Present Value of One Basis Point ("PV01") • Sensitivity to Change • Other Detailed Controls
Control/ Mitigation	• VaR Limits • Loss Limits/Triggers (Annual/Monthly/Daily) • HSL Limit • PV01 Limit • Greek Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Concentration Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Minimum Holding Period • Approved Portfolio Products • Approved Countries/Currencies • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and GMRC approved limit structures and risk appetite. This is done via robust traded market risk ("TRM") measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g., Greek Limits/PV01) and indicators are used to monitor changes in portfolio values due to changes in risk factors under different market conditions.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Traded Market Risk (Cont'd.)

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits and to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Non-Traded Market Risk

NTMR refers to interest rate risk in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

Interest Rate Risk/Rate of Return Risk in Banking Book ("IRR/RORBB")

The IRRBB risk management process is depicted in the table below:

Identification	• Identify IRRBB within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• PV01 • Earnings-at-Risk ("EaR")
Control/ Mitigation	• PV01 limits • EaR limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRRBB arises from changes in market interest rates that impact core net interest income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest margins and implied volatilities on interest rate options. The provision of retail and wholesale banking products and services (primarily lending and deposit taking activities) creates interest rate-sensitive positions in the Bank's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest income sensitivity while maintaining acceptable levels of IRRBB and funding risk, and to manage the economic value of Bank's capital.

The Board's oversight of IRRBB is supported by GALCO and GMRC. GMRC is responsible for the alignment of Bank-wide risk appetite. GALCO reviews strategies to ensure a comfortable level of IRRBB is maintained, taking into consideration the Bank's business strategies and is responsible for overseeing the Bank's gapping positions, asset growth and liability mix against the interest rate outlook. The Bank has successfully engaged long-term borrowings and written interest rate swaps to manage IRRBB and maintained an acceptable gapping profile as a result. In accordance with the Bank's policy, IRRBB positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Management-established limits.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk (Cont'd.)

Interest Rate Risk/Rate of Return Risk in Banking Book ("IRR/RORBB") (Cont'd.)

The Bank measures the IRRBB exposures using PV01. PV01 is a quantitative measure to assess the impact of an absolute change in economic value due to 1 basis point movement in market interest rates.

The Bank complements PV01 by stress testing IRRBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest rates and spreads, changes in loan and deposit product balances due to behavioural characteristics under different interest rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and loans.

The rate scenarios may include rapid ramping of interest rates, gradual ramping of interest rates, and narrowing or widening of spreads. Usually each analysis incorporates what management deems the most appropriate assumptions about customer behaviour in an interest rate scenario. However, in certain cases, assumptions are deliberately changed to test the Bank's exposure to a specified event.

The Bank's strategy seeks to optimise exposure to IRRBB within Management-approved limits. This is achieved through the ability to reposition the interest rate exposure of the statement of financial position using dynamic product and funding strategies, supported by interest rate hedging activities using interest rate swaps and other derivatives. These approaches are governed by the Bank's policies in the areas of product and liquidity management as well as the Trading Book and Banking book Policy, hedging policies and Non Traded Interest Rate Risk Framework.

IRRBB exposures are monitored by IBMR and positions reported to the GALCO, GMRC, RMC and the Board.

Market Risk Sensitivity

(i) Interest Rate Risk

Interest rate risk ("IRR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate and is managed through gap and sensitivity analysis. Interest rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR hedging measures to cushion the interest volatility.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in interest rate with all other variables remaining constant.

Traded Market Risk:

	2020		2019	
	Interest rate + 100 bps (RM'000)	**Interest rate - 100 bps (RM'000)**	**Interest rate + 100 bps (RM'000)**	**Interest rate - 100 bps (RM'000)**
Group and Bank				
Impact on profit before taxation	(28,862)	28,615	(46,438)	48,939

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(i) Interest Rate Risk (Cont'd.)

Non-Traded Market Risk:

	2020		2019	
	Interest rate + 100 bps (RM'000)	Interest rate - 100 bps (RM'000)	Interest rate + 100 bps (RM'000)	Interest rate - 100 bps (RM'000)
Group				
Impact on profit before taxation	502,925	(502,925)	472,960	(472,960)
Impact on equity	(408,029)	439,140	(265,277)	281,741
Bank				
Impact on profit before taxation	503,811	(503,811)	473,757	(473,757)
Impact on equity	(407,534)	438,593	(270,219)	287,210

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

Impact on profit before taxation:

	2020		2019	
Currency	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)
Group				
USD	(16,134)	16,134	(57,537)	57,537
SGD	6,035	(6,035)	10,839	(10,839)
EUR	(676)	676	1,485	(1,485)
AUD	1,261	(1,261)	1,506	(1,506)
GBP	409	(409)	252	(252)
JPY	(667)	667	(893)	893
Others	4,718	(4,718)	236	(236)
Bank				
USD	(16,134)	16,134	(57,537)	57,537
SGD	6,035	(6,035)	10,839	(10,839)
EUR	(676)	676	1,485	(1,485)
AUD	1,261	(1,261)	1,506	(1,506)
GBP	409	(409)	252	(252)
JPY	(667)	667	(893)	893
Others	4,718	(4,718)	236	(236)

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk (Cont'd.)

Impact on equity:

	2020		2019	
Currency	**Foreign exchange rate + 10 % (RM'000)**	**Foreign exchange rate - 10 % (RM'000)**	**Foreign exchange rate + 10 % (RM'000)**	**Foreign exchange rate - 10 % (RM'000)**
Group				
USD	30,342	(30,342)	27,975	(27,975)
EUR	48	(48)	53	(53)
Bank				
USD	30,341	(30,341)	27,967	(27,967)
EUR	48	(48)	53	(53)

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size limit, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in prices with all other variables remaining constant:

	2020		2019	
	Prices + 10 % (RM'000)	**Prices - 10 % (RM'000)**	**Prices + 10 % (RM'000)**	**Prices - 10 % (RM'000)**
Group				
Impact on profit before taxation	5,020	(5,020)	3,354	(3,354)
Impact on equity	7,431	(7,431)	9,817	(9,817)
Bank				
Impact on profit before taxation	5,020	(5,020)	3,354	(3,354)
Impact on equity	7,431	(7,431)	9,817	(9,817)

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT

The operational risk management process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/activities within Business and Functional Line (including new products)
Assessment/ Measurement	• Incident Management and Data Collection • Risk and Control Self Assessment • Key Risk Indicators • Key Control Testing • Scenario Analysis
Control/ Mitigation	• Policies addressing control and governance requirements to mitigate specific operational risk • Advisory on the establishment of internal controls • Contingency planning • Insurance programme
Monitoring/ Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, risk profile status, key risk indicator breaches and key control testing exceptions and framework adherence • Periodical review of risk profile within Line of Business

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk, outsourcing risk and technology (including cyber) risk. It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non financial risk or return attributes in order to support the achievement of Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via Incident Management and Data Collection, Key Risk Indicator and Key Control Testing:

- Fraud (internal and external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management.

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- The first line of defence ("FLOD") is responsible for the management of operational risk in order that accountability and ownership is as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced First Line of Defence provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks;

- In the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development and communication, quality assurance of internal controls, operational risk measurement and communication, validation of FLOD effectiveness and capital allocation, Operational Risk Management ("ORM") training and reporting of operational risk issues to GMRC, RMC and the Board; and

- Group Internal Audit acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)

Group Operational Risk maintains close working relationships with all Line of Business, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The ORM process contains the following ORM tools:

- The Incident Management and Data Collection ("IMDC") module provides a common platform for reporting operational risk incidents that fall within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge;

- The Risk and Control Self Assessment ("RCSA") is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group;

- The Key Risk Indicators ("KRI") module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements;

- The Key Control Testing ("KCT") is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks;

- Periodic validation of the RCSA/KRIs/KCTs are conducted by the Operational Risk Relationship Managers within Group Operational Risk to provide assurance on the integrity and continued relevance of the controls and testing implemented; and

- Scenario analysis is a forward looking assessment tool to assess the severity impact on the Bank's profitability and capital adequacy should the plausible and worse case scenarios materialise.

The GMRC, RMC and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology risk (including cyber risk), legal risk and business continuity management.

(i) **Business Continuity Management ("BCM")**

The Business Continuity Management ("BCM") process is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Business Impact Analysis • Threat Assessment
Control/ Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity Plan
Monitoring/ Review	• BCM Plan testing and exercise • Review of BCM Plan • Plan maintenance

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)

(i) **Business Continuity Management ("BCM") (Cont'd.)**

The BCM function is an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and the attendant establishing of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure that the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangement and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency and to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

50.6 CYBER RISK MANAGEMENT

Cyber threat is an emerging risk as the migration to electronic platforms intensify, in part driven by the increased sophistication of cyber threats and security breaches that occurred over the past year. The AMMB Group recognises that these are constantly evolving threats, and the resilience of the AMMB Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information. To mitigate the risk, AMMB Group embarked on a three-year Cyber Security Maturity Improvement Programme in FY18 to strengthen the cyber security posture and ability to protect and manage sensitive data. AMMB Group continue to further enhance the cyber security controls framework, as well as continue ongoing initiatives to educate the employees and customers about cyber security and what they can do to protect data. In FY19, the AMMB Group broadened its technology risk management capabilities by setting up a Cyber Offence team to proactively test and simulate cyber-attacks on the AMMB Group's security controls to identify potential threats and vulnerabilities that pose a risk to the AMMB Group.

50.7 LEGAL RISK

In all jurisdictions that the Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgment, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by GMRC/GMC, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks is appropriately managed.

50.8 REGULATORY COMPLIANCE RISK

The AMMB Group has in place a compliance framework to promote the safety and soundness of the AMMB Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The AMMB Group believes in and embraces a stronger compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and Senior Management lead by example.

The AMMB Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.

51. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investment in subsidiaries and other investments and deferred taxation are excluded, as they do not fall within the scope of MFRS 7 *Financial Instruments: Disclosures* , which requires the fair value information to be disclosed.

The estimated fair values of the Group's and the Bank's financial instruments are as follows:

a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values).

	Group		Bank	
	Carrying value RM'000	**Fair value RM'000**	**Carrying value RM'000**	**Fair value RM'000**
2020				
Financial Assets				
Financial investments at amortised cost	3,028,699	3,128,423	3,028,699	3,128,423
Loans and advances*	9,845,242	9,954,450	9,700,627	9,810,096
	12,873,941	13,082,873	12,729,326	12,938,519
Financial Liabilities				
Recourse obligation of loans sold to Cagamas Berhad	4,140,023	4,203,077	4,140,023	4,203,077
Term funding	1,467,043	1,489,054	1,467,043	1,489,054
Debt capital	2,595,000	2,684,573	2,595,000	2,684,573
	8,202,066	8,376,704	8,202,066	8,376,704
2019				
Financial Assets				
Financial investments at amortised cost	3,305,436	3,332,900	3,305,436	3,332,900
Loans and advances*	10,987,764	11,235,180	10,843,769	11,083,818
	14,293,200	14,568,080	14,149,205	14,416,718
Financial Liabilities				
Recourse obligation of loans sold to Cagamas Berhad	4,140,003	4,188,391	4,140,003	4,188,391
Term funding	2,554,527	2,579,586	2,554,527	2,579,586
Debt capital	3,080,000	3,129,261	3,080,000	3,129,261
	9,774,530	9,897,238	9,774,530	9,897,238

Note:

* Excluding loans and advances of RM63,896,420,000 and RM63,991,898,000 for the Group and the Bank respectively (2019: RM60,346,340,000 and RM60,432,119,000 for the Group and the Bank respectively) where the carrying amounts are reasonable approximation of their fair values.

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

(b) The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities:

	Group				Bank			
	Valuation techniques				Valuation techniques			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020								
Financial assets measured at fair value								
Derivative financial assets	-	2,102,981	-	2,102,981	-	2,102,981	-	2,102,981
Financial assets at fair value through profit or loss								
- Money market securities	-	6,678,433	-	6,678,433	-	6,678,433	-	6,678,433
- Quoted shares	382,485	-	-	382,485	382,482	-	-	382,482
- Unquoted shares	-	-	31	31	-	-	-	-
- Quoted unit trust	28,194	-	-	28,194	28,194	-	-	28,194
- Quoted sukuk	-	37,500	-	37,500	-	37,500	-	37,500
- Unquoted corporate bond and sukuk	-	198,067	-	198,067	-	198,067	-	198,067
Financial investments at fair value through other comprehensive income								
- Money market securities	-	6,884,474	-	6,884,474	-	6,884,474	-	6,884,474
- Unquoted shares	-	-	588,549	588,549	-	-	588,549	588,549
- Quoted unit trust	74,313	-	-	74,313	74,313	-	-	74,313
- Unquoted corporate bond and sukuk	-	7,348,182	-	7,348,182	-	7,348,182	7,846	7,356,028
Financial assets for which fair values are disclosed								
Financial investments at amortised cost	-	3,128,333	90	3,128,423	-	3,128,333	90	3,128,423
Loans and advances	-	9,954,450	-	9,954,450	-	9,810,096	-	9,810,096
	484,992	36,332,420	588,670	37,406,082	484,989	36,188,066	596,485	37,269,540
Financial liabilities measured at fair value								
Derivative financial liabilities	10,784	1,950,801	-	1,961,585	10,784	1,950,801	-	1,961,585
Financial liabilities for which fair values are disclosed								
Recourse obligation of loans sold to Cagamas Berhad	-	4,203,077	-	4,203,077	-	4,203,077	-	4,203,077
Term funding	-	1,489,054	-	1,489,054	-	1,489,054	-	1,489,054
Debt capital	-	2,684,573	-	2,684,573	-	2,684,573	-	2,684,573
	10,784	10,327,505	-	10,338,289	10,784	10,327,505	-	10,338,289

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

(b) The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities (Cont'd.):

	Group				Bank			
	Valuation techniques				Valuation techniques			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019								
Financial assets measured at fair value								
Derivative financial assets	655	777,030	-	777,685	655	777,030	-	777,685
Financial assets at fair value through profit or loss								
- Money market securities	-	9,193,308	-	9,193,308	-	9,193,308	-	9,193,308
- Quoted shares	317,555	-	-	317,555	317,552	-	-	317,552
- Unquoted shares	-	-	45	45	-	-	-	-
- Quoted unit trust	22,616	-	-	22,616	22,616	-	-	22,616
- Quoted sukuk	-	37,937	-	37,937	-	37,937	-	37,937
- Unquoted corporate bond and sukuk	-	1,075,374	-	1,075,374	-	1,075,374	-	1,075,374
Financial investments at fair value through other comprehensive income								
- Money market securities	-	5,567,505	-	5,567,505	-	5,567,505	-	5,567,505
- Unquoted shares	-	-	519,064	519,064	-	-	519,064	519,064
- Quoted unit trust	98,167	-	-	98,167	98,167	-	-	98,167
- Unquoted corporate bond and sukuk	-	6,225,474	-	6,225,474	-	6,225,474	20,897	6,246,371
Financial assets for which fair values are disclosed								
Financial investments at amortised cost	-	3,331,945	955	3,332,900	-	3,331,945	955	3,332,900
Loans and advances	-	11,235,180	-	11,235,180	-	11,083,818	-	11,083,818
	438,993	37,443,753	520,064	38,402,810	438,990	37,292,391	540,916	38,272,297
Financial liabilities measured at fair value								
Derivative financial liabilities	1,297	825,572	-	826,869	1,297	825,572	-	826,869
Financial liabilities for which fair values are disclosed								
Recourse obligation of loans sold to Cagamas Berhad	-	4,188,391	-	4,188,391	-	4,188,391	-	4,188,391
Term funding	-	2,579,586	-	2,579,586	-	2,579,586	-	2,579,586
Debt capital	-	3,129,261	-	3,129,261	-	3,129,261	-	3,129,261
	1,297	10,722,810	-	10,724,107	1,297	10,722,810	-	10,724,107

There is no transfer between level 1 and level 2 during the current and previous financial year for the Group and the Bank.

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

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Financial assets and financial liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than six months), the carrying amounts approximate to their fair value.

(b) Financial investments at amortised cost

Fair value of securities is based on observable mid prices at reporting date and where observable mid prices are not available, the fair value is based on net tangible asset backing.

(c) Loans and advances

The fair value of variable rate loans and advances are estimated to approximate their carrying values. For fixed rate loans and advances, the fair values are estimated based on expected future cash flows of contractual instalments discounted at prevailing indicative rates adjusted for credit risk. For impaired loans and advances, the fair values are deemed to approximate the carrying value (net of impairment losses).

(d) Term funding and debt capital

The Group uses observable mid prices to estimate the fair values and where mid prices are not available, the fair values are estimated by discounting the expected future cash flows using market indicative rates of instruments with similar risk profile.

(e) Recourse obligation on loans sold to Cagamas Berhad

The fair value for recourse obligation on loans sold to Cagamas Berhad is determined based on the discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

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

Determination of fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investment 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 unquoted 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 or of 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, as well as financial information of the counterparties. Equity instruments at FVOCI was revalued using adjusted net assets method.

About 2.4% and 2.5% of the Group's and the Bank's (2019: 2.2% and 2.3% of the Group's and the Bank's) total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

51. 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 year. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

Group **2020**	**Equity instruments at FVTPL RM'000**	**Equity instruments at FVOCI RM'000**	**Total RM'000**
Balance at beginning of the financial year	45	519,064	519,109
Loss on revaluation of financial assets at FVTPL taken up in statement of profit or loss	(14)	-	(14)
Total gains recognised in other comprehensive income	-	69,485	69,485
Balance at end of the financial year	31	588,549	588,580

2019	**Equity instruments at FVTPL RM'000**	**Equity instruments at FVOCI RM'000**	**Total RM'000**
Balance at beginning of the financial year	45	518,798	518,843
Addition	-	288	288
Exchange fluctuation taken up in statement of profit or loss	-	(22)	(22)
Balance at end of the financial year	45	519,064	519,109

Bank **2020**	**Debt instruments at FVOCI RM'000**	**Equity instruments at FVOCI RM'000**	**Total RM'000**
Balance at beginning of the financial year	20,897	519,064	539,961
Settlements	(13,000)	-	(13,000)
Total (losses)/gains recognised in other comprehensive income	(51)	69,485	69,434
Balance at end of the financial year	7,846	588,549	596,395

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

Movements In Level 3 financial instruments measured at fair value (Cont'd.)

2019	Debt instruments at FVOCI RM'000	Equity instruments at FVOCI RM'000	Total RM'000
Balance at beginning of the financial year	34,499	518,798	553,297
Addition	-	288	288
Settlements	(13,993)	-	(13,993)
Total gains recognised in other comprehensive income	391	-	391
Exchange fluctuation taken up in statement of profit or loss	-	(22)	(22)
Balance at end of the financial year	20,897	519,064	539,961

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at FVTPL				
Total losses included in:				
- profit or loss	(14)	-	-	-
Financial investments at FVOCI				
Total gains/(losses) included in:				
- other comprehensive income	69,485	-	69,434	391
- profit or loss	-	(22)	-	(22)

There are no transfers between Level 2 and Level 3 during the current 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.

52. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g. loans and advances) and similar agreements are as follows:

	Gross amount of recognised financial assets/liabilities RM'000	Gross amounts offset in the statements of financial position RM'000	Amounts presented in the statements of financial position RM'000	Amount not offset in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received/pledged RM'000	
Group and Bank						
2020						
Derivative financial assets (Note 10)	2,102,981	-	2,102,981	(1,056,920)	(227,924)	818,137
	2,102,981	-	2,102,981	(1,056,920)	(227,924)	818,137
					(Note 28)	
Derivative financial liabilities (Note 10)	1,961,585	-	1,961,585	(1,056,920)	(1,035,710)	(131,045)
	1,961,585	-	1,961,585	(1,056,920)	(1,035,710)	(131,045)
					(Note 19)	
2019						
Derivative financial assets (Note 10)	777,685	-	777,685	(397,477)	(140,104)	240,104
	777,685	-	777,685	(397,477)	(140,104)	240,104
					(Note 28)	
Derivative financial liabilities (Note 10)	826,869	-	826,869	(397,477)	(386,679)	42,713
	826,869	-	826,869	(397,477)	(386,679)	42,713
					(Note 19)	

53. 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 a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Retail Banking

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

(b) Business Banking

Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management, and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans, and Project Financing.

(c) Wholesale Banking

Wholesale Banking comprises Corporate Banking and Group Treasury and Markets.

(i) Corporate Banking

Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients.

(ii) Group Treasury and Markets

Group Treasury and Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants. It also offers customised investment solutions for customers.

(d) Investment Banking

Under the Investment Banking division of AmBank, the core products are capital markets group, private banking and equity markets.

Capital Markets focuses on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which include corporate bond issuances, loan syndication, structured finance, capital and project advisory services and primary syndication and underwriting services. Private Banking primarily services high net worth clients and offers financing and deposit products. Equity markets offers margin financing to retail and corporate clients.

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

(e) 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.

Measurement of segment performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Operating Revenue

Operating revenue of the Group comprises all types of revenue derived from the business segments but after elimination of all related companies' transactions.

Major customers

No revenue from one single customer amounted to greater than 10% of the Group’s revenue for the current and previous financial year.

Notes:

(i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.

(ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

(iii) The comparatives have been restated to conform with current business realignment.

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

2020 Group	Retail banking RM'000	Business banking RM'000	Wholesale Banking Corporate banking RM'000	Wholesale Banking Group treasury and markets RM'000	Investment banking RM'000	Group funding and others RM'000	Total RM'000
External revenue	2,453,824	503,617	1,234,441	1,146,161	64,074	69,806	5,471,923
Revenue from other segments	(261,820)	(95,823)	(583,481)	483,857	(20,322)	477,589	-
Total operating revenue	2,192,004	407,794	650,960	1,630,018	43,752	547,395	5,471,923
Net interest income	886,420	207,377	418,420	143,139	18,306	163,256	1,836,918
Other operating income	214,255	76,590	120,814	194,201	10,311	22,521	638,692
Share in results of associate	344	-	-	-	-	-	344
Total income	1,101,019	283,967	539,234	337,340	28,617	185,777	2,475,954
Other operating expenses	(670,149)	(135,472)	(170,875)	(68,472)	(6,697)	(196,170)	(1,247,835)
of which:							
Depreciation of Property and Equipment	(19,867)	(734)	(1,307)	(95)	(2)	(28,941)	(50,946)
Depreciation of Right-of-Use Assets	-	-	-	-	-	(66,073)	(66,073)
Amortisation of Intangible Assets	(16,927)	(78)	(6,102)	(1,563)	-	(60,193)	(84,863)
Profit/(loss) before impairment losses	430,870	148,495	368,359	268,868	21,920	(10,393)	1,228,119
(Allowance for)/writeback of impairment on loans and advances	(131,202)	(24,196)	71,458	-	6,563	(90,209)	(167,586)
Writeback of/(provision for) commitments and contingencies	8,046	6,461	20,405	-	-	(15,958)	18,954
(Loss)/writeback of impairment on other assets	(20)	-	(45,235)	6,881	-	(5,765)	(44,139)
Other recoveries, net	31	-	73	-	-	5,436	5,540
Profit/(loss) before taxation	307,725	130,760	415,060	275,749	28,483	(116,889)	1,040,888
Taxation	(73,771)	(30,272)	(99,488)	(57,446)	(5,311)	59,882	(206,406)
Profit/(loss) for the financial year	233,954	100,488	315,572	218,303	23,172	(57,007)	834,482
Other information							
Total segment assets	43,678,220	7,539,699	23,356,748	37,065,357	1,289,662	1,975,853	114,905,539
Total segment liabilities	34,693,607	5,577,882	8,482,086	46,777,115	842,176	8,414,058	104,786,924
Cost to income ratio	60.9%	47.7%	31.7%	20.3%	23.4%	>100.0%	50.4%
Gross loans and advances	43,317,264	7,610,264	22,535,487	-	1,271,244	(95,549)	74,638,710
Net loans and advances	42,756,093	7,534,998	22,368,030	-	1,268,226	(185,685)	73,741,662
Impaired loans and advances	738,076	154,752	342,651	-	-	-	1,235,479
Deposits	34,132,317	5,484,593	8,220,683	37,036,448	832,879	(4,183)	85,702,737
Additions to:							
Property and equipment	20,569	269	590	411	3	31,602	53,444
Intangible assets	19,044	34	1,501	8,896	671	47,270	77,416

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

2019(Restated) Group	Retail banking RM'000	Business banking RM'000	Wholesale Banking: Corporate banking RM'000	Wholesale Banking: Group treasury and markets RM'000	Investment banking RM'000	Group funding and others RM'000	Total RM'000
External revenue	2,488,202	444,716	1,304,830	1,016,630	65,635	87,322	5,407,335
Revenue from other segments	(124,876)	(87,641)	(620,864)	342,467	(28,150)	519,064	-
Total operating revenue	2,363,326	357,075	683,966	1,359,097	37,485	606,386	5,407,335
Net interest income	844,832	182,119	433,200	94,256	26,640	101,856	1,682,903
Other operating income	227,726	69,445	150,000	113,664	(4,433)	30,140	586,542
Total income	1,072,558	251,564	583,200	207,920	22,207	131,996	2,269,445
Other operating expenses	(638,304)	(119,261)	(159,698)	(63,313)	(8,556)	(271,032)	(1,260,164)
of which:							
Depreciation of Property and Equipment	(20,867)	(594)	(702)	(316)	(16)	(14,310)	(36,805)
Amortisation of Intangible Assets	(16,026)	(54)	(3,477)	(2,333)	-	(68,392)	(90,282)
Profit/(loss) before impairment losses	434,254	132,303	423,502	144,607	13,651	(139,036)	1,009,281
Writeback of /(allowance for) impairment on loans and advances	136,909	(594)	254,900	-	6,601	(14,893)	382,923
Writeback of provision/(provision) for commitments and contingencies	11,738	2,921	3,786	-	-	(8,116)	10,329
Impairment writeback /(loss) on other assets	1,136	4	600	(2,248)	-	(2,304)	(2,812)
Other recoveries, net	30	-	5,747	-	-	191	5,968
Profit/loss) before taxation	584,067	134,634	688,535	142,359	20,252	(164,158)	1,405,689
Taxation	(140,176)	(31,662)	(162,342)	(27,703)	(3,403)	25,040	(340,246)
Profit/(loss) for the financial year	443,891	102,972	526,193	114,656	16,849	(139,118)	1,065,443
Other information							
Total segment assets	43,053,950	6,845,400	22,392,740	32,660,589	1,516,208	2,964,586	109,433,473
Total segment liabilities	39,599,758	4,643,568	7,527,631	37,215,127	747,292	10,102,305	99,835,681
Cost to income ratio	59.5%	47.4%	27.4%	30.5%	38.5%	>100.0%	55.5%
Gross loans and advances	42,603,191	6,896,278	21,517,697	-	1,290,309	(85,854)	72,221,621
Net loans and advances	42,058,683	6,840,355	21,268,273	-	1,290,309	(123,516)	71,334,104
Impaired loans and advances	544,926	134,096	367,420	-	-	-	1,046,442
Deposits	38,831,263	4,549,757	7,313,812	29,867,887	743,811	22,363	81,328,893
Additions to:							
Property and equipment	9,882	1,363	1,891	220	-	14,502	27,858
Intangible assets	15,583	119	19,385	579	-	42,148	77,814

54. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 16 *LEASES* AND RESTATEMENT OF COMPARATIVE INFORMATION

(a) Adoption of MFRS 16 *Leases*

(i) The adoption of MFRS 16 *Leases* resulted in the following financial effects to the statements of financial position of the Group and of the Bank:

	Note	31 March 2019 RM'000	Effects of adoption of MFRS 16 RM'000	1 April 2019 RM'000
Group				
ASSETS				
Right-of-use assets	20	-	273,234	273,234
LIABILITIES				
Other liabilities*	28(a) & (b)	2,565,967	273,234	2,839,201
Bank				
ASSETS				
Right-of-use assets	20	-	273,234	273,234
LIABILITIES				
Other liabilities*	28(a) & (b)	2,553,750	273,234	2,826,984

*includes provision for reinstatement of leased properties of RM12,706,000.

(ii) The reconciliation on operating lease commitments under MFRS 117 to lease liabilities as at 1 April 2019 are as follows:

	Group and Bank RM'000
Operating lease commitments as at 31 March 2019 (Note 46)	109,416
Effect from discounting at incremental borrowing rate as at 1 April 2019	(5,454)
Discounted operating lease commitments as at 1 April 2019	103,962
Recognition exemption for short term leases	(1,611)
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	241,307
Contracts reassessed as service agreements	(83,130)
Lease liabilities as at 1 April 2019 (Note 28 (a))	260,528

(iii) The following table analyses the impact of Capital Adequacy Ratios of the Group and the Bank:

	31 March 2019	Effects of adoption of MFRS 16	1 April 2019
Group			
CET 1 Capital (RM'000)	8,767,742	-	8,767,742
Tier 1 Capital (RM'000)	9,252,745	-	9,252,745
Total Capital (RM'000)	12,684,355	3,415	12,687,770
Risk-weighted assets (RM'000)	73,878,277	273,234	74,151,511
Before deducting proposed dividends			
CET 1 Capital Ratio	11.868%	-0.044%	11.824%
Tier 1 Capital Ratio	12.524%	-0.046%	12.478%
Total Capital Ratio	17.169%	-0.059%	17.110%
After deducting proposed dividends			
CET 1 Capital Ratio	11.437%	-0.042%	11.395%
Tier 1 Capital Ratio	12.094%	-0.045%	12.049%
Total Capital Ratio	16.739%	-0.057%	16.682%

54. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 16 *LEASES* AND RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

(a) Adoption of MFRS 16 *Leases* (Cont'd.)

(iii) The following table analyses the impact of Capital Adequacy Ratios of the Group and the Bank (Cont'd.)

	31 March 2019	Effects of adoption of MFRS 16	1 April 2019
Bank			
CET 1 Capital (RM'000)	8,716,309	-	8,716,309
Tier 1 Capital (RM'000)	9,201,309	-	9,201,309
Total Capital (RM'000)	12,636,804	3,415	12,640,219
Risk-weighted assets (RM'000)	74,167,213	273,234	74,440,447
Before deducting proposed dividends			
CET 1 Capital Ratio	11.752%	-0.043%	11.709%
Tier 1 Capital Ratio	12.406%	-0.046%	12.360%
Total Capital Ratio	17.038%	-0.058%	16.980%
After deducting proposed dividends			
CET 1 Capital Ratio	11.32%	-0.042%	11.281%
Tier 1 Capital Ratio	11.98%	-0.044%	11.933%
Total Capital Ratio	16.61%	-0.056%	16.553%

(b) Restatement of comparative information

During the current financial year, the Group and the Bank had conducted a review of the reporting of its impaired loans and advances portfolio. The review did not result in any changes to impaired loans and advances balances or impairment allowances for loans and advances except for certain amendments in disclosure of impaired loans and advances by sector as at 31 March 2019 as reflected in the restated disclosure in Note 14(h).

55. SIGNIFICANT SUBSEQUENT EVENT

Impact of moratorium granted to borrowers effective from 1 April 2020 for a period of 6 months

With effect from 1 April 2020, banking institutions are required to provide an automatic deferment of all loan/financing repayments (except for credit card balances) for a period of six (6) months. This is one of the measures implemented by BNM to assist individuals, small and medium enterprises ("SMEs") and corporations to manage the impact of the COVID-19 pandemic.

The 6-months moratorium granted to eligible borrowers is applicable to performing loans, denominated in Ringgit Malaysia, that have not been in arrears for more than 90 days as at 1 April 2020. The financial impact arising from this moratorium will be a modification to the contractual cash flows of loans and advances of the Group and the Bank which will result in a recognition of a modification loss to be recognised in profit or loss.

The Group's and the Bank's current financial year results ended 31 March 2020 is not impacted from the 6-months moratorium granted by BNM as the effective date is after the end of the Group's and the Bank's reporting period. Also, it is not an adjusting post balance sheet event in accordance with MFRS 110 Events after the Reporting Period.

The Group and the Bank is currently monitoring and assessing the impact of this modification which is expected to finalised by the first quarter of the financial year ending 31 March 2021.