

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group		Company	
		31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000
ASSETS					
Cash and short-term funds	A8	21,226,088	15,611,728	435,788	322,262
Deposits and placements with banks and other financial institutions	A9	260,466	98,845	-	-
Derivative financial assets	A33	1,591,385	2,077,281	-	-
Financial assets at fair value through profit or loss	A10	7,655,452	12,545,857	1,099	1,078
Financial investments at fair value through other comprehensive income	A11	19,140,136	19,722,901	-	-
Financial investments at amortised cost	A12	4,769,164	4,852,813	-	-
Loans, advances and financing	A13	110,019,448	105,950,930	-	-
Statutory deposit with Bank Negara Malaysia		487,239	489,006	-	-
Deferred tax assets		50,846	51,457	-	-
Investment in subsidiaries and other investments		-	-	9,627,425	9,627,425
Investment in associates and joint ventures		730,484	699,275	-	-
Other assets	A14	2,352,091	2,809,434	142	1,571
Reinsurance assets and other insurance receivables	A15	472,779	457,906	-	-
Property and equipment		221,863	254,144	83	332
Right-of-use assets		287,369	317,679	-	-
Intangible assets		3,247,814	3,261,506	-	-
Asset held for sale	A31	2,324	2,324	-	-
TOTAL ASSETS		172,514,948	169,203,086	10,064,537	9,952,668
LIABILITIES AND EQUITY					
Deposits from customers	A16	119,041,431	112,966,712	-	-
Investment accounts of customers		192,711	208,726	-	-
Deposits and placements of banks and other financial institutions	A17	8,681,509	10,021,921	-	-
Securities sold under repurchase agreements		4,480,442	6,352,709	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		6,275,013	5,140,023	-	-
Derivative financial liabilities	A33	1,771,029	1,960,103	-	-
Term funding		1,707,837	2,501,739	-	-
Debt capital		3,895,000	3,745,000	-	-
Redeemable cumulative convertible preference share		236,128	231,311	-	-
Deferred tax liabilities		57,766	69,720	-	-
Other liabilities	A18	3,082,638	3,965,918	52,541	46,974
Insurance contract liabilities and other insurance payables	A19	2,543,096	2,479,164	-	-
Total Liabilities		151,964,600	149,643,046	52,541	46,974
Share capital		5,851,557	5,851,557	5,550,250	5,550,250
Treasury shares		(16,714)	(26,916)	(16,714)	(26,916)
Reserves		13,740,308	12,756,131	4,478,460	4,382,360
Equity attributable to equity holders of the Company		19,575,151	18,580,772	10,011,996	9,905,694
Non-controlling interests		975,197	979,268	-	-
Total Equity		20,550,348	19,560,040	10,011,996	9,905,694
TOTAL LIABILITIES AND EQUITY		172,514,948	169,203,086	10,064,537	9,952,668
COMMITMENTS AND CONTINGENCIES	A32	120,746,529	133,474,654	-	-
NET ASSETS PER SHARE (RM)		6.50	6.18	3.33	3.29

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2020.

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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Operating revenue	A27	2,090,143	2,370,031	6,442,753	7,109,748
Interest income	A20	1,005,941	1,234,440	3,146,591	3,751,108
Interest expense	A21	(462,889)	(729,512)	(1,627,411)	(2,304,983)
Net interest income		543,052	504,928	1,519,180	1,446,125
Net income from Islamic banking		304,607	213,341	728,100	689,441
Income from insurance business		362,376	362,405	1,061,877	1,068,582
Insurance claims and commissions		(246,927)	(257,302)	(705,025)	(729,781)
Net income from insurance business	A22	115,449	105,103	356,852	338,801
Other operating income	A23	197,270	275,991	782,034	753,718
Share in results of associates and joint ventures		15,544	5,233	36,953	9,990
Net income		1,175,922	1,104,596	3,423,119	3,238,075
Other operating expenses	A24	(545,193)	(552,272)	(1,607,581)	(1,607,076)
Operating profit before impairment losses		630,729	552,324	1,815,538	1,630,999
Allowance for impairment on loans, advances and financing	A25	(257,741)	(67,514)	(661,527)	(127,783)
Writeback of allowance/(Allowance) for impairment on:					
Financial investments	A26	(2,220)	(2,563)	10,060	(42,917)
Insurance receivables		(82)	2,466	3,096	5,998
Other financial assets	A26	208	171	217	1,445
Provision for commitments and contingencies		(2,297)	5,391	5,997	28,410
Other recoveries/(write-offs), net		17	5,129	(2,363)	1,302
Profit before taxation and zakat		368,614	495,404	1,171,018	1,497,454
Taxation and zakat	B5	(85,610)	(93,652)	(213,561)	(311,015)
Profit for the financial period		283,004	401,752	957,457	1,186,439
Attributable to:					
Equity holders of the Company		263,832	382,148	866,315	1,093,175
Non-controlling interests		19,172	19,604	91,142	93,264
Profit for the financial period		283,004	401,752	957,457	1,186,439
EARNINGS PER SHARE (SEN)	B10				
Basic/Diluted		8.77	12.71	28.79	36.35

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit for the financial period	283,004	401,752	957,457	1,186,439
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to statement of profit or loss				
Remeasurement of defined benefit liability	-	-	(410)	-
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised gain on changes in fair value	-	-	93,275	69,337
Tax effect relating to components of other comprehensive income				
- defined benefit liability	-	-	98	-
- financial investments at FVOCI	-	-	308	40
	-	-	93,271	69,377
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on foreign operations	(11,495)	(6,463)	(21,650)	459
Cash flow hedge				
- gain/(loss) arising during the financial period	585	3,181	4,985	(7,887)
- reclassification adjustments for gain included in profit or loss	-	-	-	(66)
- amortisation of fair value changes for terminated hedge	2,772	(397)	6,390	(3,118)
Financial investments at FVOCI				
- net unrealised gains on changes in fair value	(44,859)	1,901	324,977	185,264
- net gain reclassified to profit or loss	(1,062)	(30,950)	(18,911)	(92,302)
- expected credit loss	2,216	2,542	(8,609)	43,632
- foreign exchange differences	(4)	-	(9)	-
Tax effect relating to the components of other comprehensive (income)/loss				
- cash flow hedge	(806)	(668)	(2,730)	2,657
- financial investments at FVOCI	19,172	(9,149)	(65,304)	(36,753)
Share of reserve movements in equity accounted joint ventures	63	(8)	(441)	678
	(33,418)	(40,011)	218,698	92,564
Other comprehensive income/(loss) for the financial period, net of tax	(33,418)	(40,011)	311,969	161,941
Total comprehensive income for the financial period	249,586	361,741	1,269,426	1,348,380
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	230,414	342,137	1,178,437	1,255,116
Non-controlling interests	19,172	19,604	90,989	93,264
	249,586	361,741	1,269,426	1,348,380

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2020.

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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Company	Note	Individual Quarter		Cumulative Quarter	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Operating revenue		133,807	209,841	308,567	805,531
Interest income	A20	1,508	1,806	4,339	3,731
Other operating income	A23	132,299	208,035	304,228	801,800
Net income		133,807	209,841	308,567	805,531
Other operating expenses	A24	(5,808)	(5,424)	(17,174)	(20,230)
Profit before taxation		127,999	204,417	291,393	785,301
Taxation		(392)	(559)	(1,033)	(1,063)
Profit for the financial period representing total comprehensive income for the financial period		127,607	203,858	290,360	784,238

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Group	Attributable to Equity Holders of the Company												Total equity RM'000
	Non-Distributable								Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Treasury shares RM'000	Retained Earnings		Total RM'000	Non-controlling interests RM'000	
								Non-participating funds RM'000	RM'000				
At 01.04.2019	5,751,557	450,158	479,970	(12,074)	94,089	5,295	(31,483)	-	45,715	10,907,726	17,690,953	999,499	18,690,452
Profit for the financial period	-	-	-	-	-	-	-	-	-	1,093,175	1,093,175	93,264	1,186,439
Other comprehensive income/(loss), net	-	-	169,896	(8,414)	459	-	-	-	-	-	161,941	-	161,941
Total comprehensive income/(loss) for the financial period	-	-	169,896	(8,414)	459	-	-	-	-	1,093,175	1,255,116	93,264	1,348,380
Buy-back of shares	-	-	-	-	-	-	(8,080)	-	-	-	(8,080)	-	(8,080)
Share-based payment under ESS, net	-	-	-	-	-	16,789	-	-	-	-	16,789	-	16,789
Transfer to regulatory reserve	-	220,772	-	-	-	-	-	-	-	(220,772)	-	-	-
Transfer from retained earnings arising from redemption of preference shares by a subsidiary	100,000	-	-	-	-	-	-	-	-	(100,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(632,965)	(632,965)	(83,300)	(716,265)
Transactions with owners and other equity movements	100,000	220,772	-	-	-	16,789	-	(8,080)	-	(953,737)	(624,256)	(83,300)	(707,556)
At 31.12.2019	5,851,557	670,930	649,866	(20,488)	94,548	22,084	(31,483)	(8,080)	45,715	11,047,164	18,321,813	1,009,463	19,331,276

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings			Non-controlling interests RM'000	Total equity RM'000
Non-participating funds RM'000								RM'000	Total RM'000			
At 01.04.2020	5,851,557	387,528	635,311	(28,155)	108,667	40,572	(26,916)	45,715	11,566,493	18,580,772	979,268	19,560,040
Profit for the financial period	-	-	-	-	-	-	-	-	866,315	866,315	91,142	957,457
Other comprehensive income/(loss), net	-	-	325,286	8,645	(21,650)	-	-	-	(159)	312,122	(153)	311,969
Total comprehensive income/(loss) for the financial period	-	-	325,286	8,645	(21,650)	-	-	-	866,156	1,178,437	90,989	1,269,426
Share-based payment under ESS, net	-	-	-	-	-	35,638	-	-	-	35,638	-	35,638
ESS shares vested to employees	-	-	-	-	-	(11,725)	10,202	-	1,523	-	-	-
Transfer from regulatory reserve	-	(333,755)	-	-	-	-	-	-	333,755	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(219,696)	(219,696)	(95,060)	(314,756)
Transactions with owners and other equity movements	-	(333,755)	-	-	-	23,913	10,202	-	115,582	(184,058)	(95,060)	(279,118)
At 31.12.2020	5,851,557	53,773	960,597	(19,510)	87,017	64,485	(16,714)	45,715	12,548,231	19,575,151	975,197	20,550,348

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2019	5,550,250	5,295	(31,483)	-	4,169,210	9,693,272
Profit for the financial period	-	-	-	-	784,238	784,238
Total comprehensive income for the financial period	-	-	-	-	784,238	784,238
Buy-back of shares	-	-	-	(8,080)	-	(8,080)
Share-based payment under ESS, net	-	16,789	-	-	-	16,789
Dividends paid	-	-	-	-	(632,965)	(632,965)
Transactions with owners and other equity movements	-	16,789	-	(8,080)	(632,965)	(624,256)
At 31.12.2019	5,550,250	22,084	(31,483)	(8,080)	4,320,483	9,853,254

Company	Attributable to Equity Holders of the Company				
	Non-Distributable			Distributable	
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2020	5,550,250	40,572	(26,916)	4,341,788	9,905,694
Profit for the financial period	-	-	-	290,360	290,360
Total comprehensive income for the financial period	-	-	-	290,360	290,360
Share-based payment under ESS, net	-	35,638	-	-	35,638
ESS shares vested to employees	-	(11,725)	10,202	1,523	-
Dividends paid	-	-	-	(219,696)	(219,696)
Transactions with owners and other equity movements	-	23,913	10,202	(218,173)	(184,058)
At 31.12.2020	5,550,250	64,485	(16,714)	4,413,975	10,011,996

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit before taxation and zakat	1,171,018	1,497,454	291,393	785,301
Adjustments for:				
Net accretion of discount for securities	(61,649)	(67,995)	-	-
Allowance for expected credit losses on loans, advances and financing, net	947,706	417,639	-	-
Dividend income	(3,779)	(7,806)	(303,248)	(800,639)
Net loss on revaluation of derivatives	301,806	9,887	-	-
Net gain on revaluation of financial assets at fair value through profit or loss	(110,633)	(68,297)	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(18,911)	(92,302)	-	-
Net gain on sale of financial assets at fair value through profit or loss	(276,309)	(61,843)	-	-
Other non-operating and non-cash items	343,007	209,253	58	172
Operating profit/(loss) before working capital changes	2,292,256	1,835,990	(11,797)	(15,166)
<i>Decrease/(Increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	-	3,284	-	-
Financial assets at fair value through profit or loss	5,324,927	9,664,573	(20)	(26)
Loans, advances and financing	(5,351,673)	(3,278,926)	-	-
Statutory deposit with Bank Negara Malaysia	1,766	225,602	-	-
Other assets	323,384	217,018	1,635	(1,271)
Reinsurance assets and other insurance receivables	(11,776)	91,512	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	6,074,720	(1,207,428)	-	-
Investment accounts of customers	(16,015)	(198,860)	-	-
Deposits and placements of banks and other financial institutions	(1,190,088)	3,260,899	-	-
Securities sold under repurchase agreements	(1,872,267)	(933,274)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	1,134,990	(218,341)	-	-
Term funding	(768,999)	(1,290,514)	-	-
Other liabilities	(882,801)	(716,370)	39,650	46,289
Insurance contract liabilities and other insurance payables	63,932	(246,106)	-	-
Cash generated from operations	5,122,356	7,209,059	29,468	29,826
Taxation and zakat (paid)/refunded, net	(123,717)	(256,298)	315	(1,584)
Net cash generated from operating activities	4,998,639	6,952,761	29,783	28,242
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	-	(8,080)	-	(8,080)
Dividend/Distribution income received	9,082	15,127	303,248	800,639
Proceeds from disposal of property and equipment	969	93	191	-
Net disposal/(purchase) of financial investments	1,100,142	(577,181)	-	-
Purchase of property and equipment and intangible assets	(97,646)	(81,938)	-	-
Net proceeds from disposal of assets held for sale (properties)	-	5,434	-	-
Net cash generated from/(used in) investing activities	1,012,547	(646,545)	303,439	792,559

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020 (CONT'D.)

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(219,696)	(632,965)	(219,696)	(632,965)
Repayment of lease liabilities	(69,272)	(58,731)	-	-
Dividends paid to non-controlling interests by subsidiaries	(95,060)	(83,300)	-	-
Debt capital	150,000	(485,000)	-	-
Net cash used in financing activities	<u>(234,028)</u>	<u>(1,259,996)</u>	<u>(219,696)</u>	<u>(632,965)</u>
Net increase in cash and cash equivalents	5,777,158	5,046,220	113,526	187,836
Cash and cash equivalents at beginning of the financial year	15,711,919	7,270,046	322,262	81,005
Effect of exchange rate changes	247	8	-	-
Cash and cash equivalents at end of the financial period	<u>21,489,324</u>	<u>12,316,274</u>	<u>435,788</u>	<u>268,841</u>

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

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Cash and short-term funds	21,226,088	12,294,991	435,788	268,841
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	<u>260,466</u>	<u>20,189</u>	<u>-</u>	<u>-</u>
	21,486,554	12,315,180	435,788	268,841
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	<u>2,770</u>	<u>1,094</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>21,489,324</u>	<u>12,316,274</u>	<u>435,788</u>	<u>268,841</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2020.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2020 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group.

A1.1 Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to published standards:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4)
- Early adoption of COVID-19-Related Rent Concessions (Amendment of MFRS 16)

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Group and of the Company. The Group and the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to published standards.

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

(a) 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"). 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 adoption of these amendments did not result in any impact to the financial statements of the Group and the Company.

(b) 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 adoption of these amendments did not result in any impact as there was no business combination or asset acquisition that occurred during the financial period ended 31 December 2020.

(c) 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 adoption of these amendments did not result in any impact to the financial statements of the Group and the Company.

A1. BASIS OF PREPARATION (CONT'D.)

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

(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 relief provided by the amendments requires the Group to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Accordingly, the Group now assumes 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 in its hedge effectiveness assessments.

(e) Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4)

The amendments extended the temporary exemption that allows insurers to continue to apply MFRS 139 *Financial Instruments: Recognition and Measurement* (instead of adopting MFRS 9 *Financial Instruments*) if their activities are "predominantly connected with insurance" by another 2 years, in light of the deferral of the 2-year deferral of the effective date of MFRS 17 *Insurance Contracts* to annual periods beginning on or after 1 January 2023.

As the life assurance and family takaful joint ventures of the Group have applied the temporary exemption and have deferred their respective MFRS 9 adoption, the Group will continue to apply the exemption from applying uniform accounting policies when applying the equity method under MFRS 128 *Investments in Associates and Joint Ventures* to account for its investment in these joint ventures. This exemption will continue to be applied by the Group up to the financial year ending 31 March 2023.

(f) Early adoption of COVID-19-Related Rent Concessions (Amendment of MFRS 16)

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is effective 1 June 2020 but early application is permitted in financial statements not yet authorised for issue as at 28 May 2020.

While the amendment does not have to be applied until the financial year ending 31 March 2022, the Group adopted the amendment early as the Group had received rent concessions from the lessors of certain premises as a direct consequence of the COVID-19 pandemic and the ensuing Movement Control Order enforced by the Government of Malaysia.

The Group has applied the practical expedient to all of the rent concessions received. Accordingly, the rent concessions were not accounted for as lease modifications. The benefit from the rent concessions received, which amounted to approximately RM183,600 had been credited to the statement of profit or loss during the financial period ended 31 December 2020.

Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
- Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
- Annual Improvements to MFRS Standards 2018-2020	1 January 2022
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Amendments to MFRS 17	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- 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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

(a) Amendments to published standards effective for financial year ending 31 March 2022

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The amendments address issues that arise from the implementation of interest rate benchmark reforms, focusing on issues that affect financial reporting when an existing interest rate benchmark is replaced with an alternative nearly risk-free rate.

The amendments, among others, include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. In applying the practical expedient, an entity is required to first identify and account for modifications to the instrument by updating the effective interest rate without adjusting the carrying amount. As a result, no immediate gain or loss is recognised.

The amendments are mandatory and effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

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

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)

The amendments clarify that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset, and prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognised in profit or loss.

The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2022 but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Early adoption is permitted.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)

The amendments explain that the direct cost of fulfilling a contract for the purpose of determining the unavoidable costs of meeting the entity's contractual obligations comprises the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an asset used to fulfil the contract). The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

The amendments are applied from annual reporting period beginning on or after 1 January 2022 to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments without restatement of comparative information. The cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Early adoption is permitted.

A1. BASIS OF PREPARATION (CONT'D.)

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

(b) Amendments to published standards effective for financial year ending 31 March 2023 (Cont'd.)

Reference to the Conceptual Framework (Amendments to MFRS 3)

The amendments updated MFRS 3 *Business Combinations* to refer to the revised *Conceptual Framework for Financial Reporting* ("Conceptual Framework") in order to determine what constitutes an asset or a liability in a business combination. In addition, a new exception is added in MFRS 3 in connection with liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying MFRS 3 should instead refer to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* or IC Interpretation 21 *Levies*, rather than the Conceptual Framework.

The amendments are applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

Annual Improvements to MFRS Standards 2018-2020

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments affecting 4 MFRSs, as summarised below:

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

When a subsidiary adopts MFRS at a later date than its parent, MFRS 1 permits the subsidiary to measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to MFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The amendment expanded the above by allowing the subsidiary to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS.

The Board has amended MFRS 1 to allow entities that have taken this MFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS. The amendment to MFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same MFRS 1 exemption.

(ii) MFRS 9 *Financial Instruments*

The amendment clarified that costs or fees paid to third parties shall not be included in the 10% test for derecognition of financial liabilities.

(iii) MFRS 16 *Leases*

An illustrative example that accompanies MFRS 16 has been amended to remove the illustration of payments from the lessor relating to leasehold improvements to overcome any potential confusion about the treatment of lease incentives.

(iv) MFRS 141 *Agriculture*

The amendment removed the requirement for entities to exclude cash flows for taxation when measuring fair value to align with the requirement in the standard to discount cash flows on a post-tax basis.

A1. BASIS OF PREPARATION (CONT'D.)

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

(c) New standard and amendments to published standards effective for financial year ending 31 March 2024

MFRS 17 Insurance Contracts

MFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure which supersedes MFRS 4 *Insurance Contracts*.

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

For insurance contracts with direct participation features, the CSM is measured using the variable fee approach to deduct a variable fee comprising the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns of the underlying items.

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

MFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided MFRS 9 is also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable.

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

Amendments to MFRS 17

Certain requirements of MFRS 17 have been simplified or clarified in these amendments without changing the fundamental principles of the standard. Certain transitional requirements in MFRS 17 have also been amended to ease transition. Together with all other requirements of MFRS 17, the amendments are effective for annual periods beginning on or after 1 January 2023. The Group is assessing the impact of these amendments as part of its implementation of MFRS 17.

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 2023. Early adoption is permitted. The amendments are not expected to result in any impact as the Group and the Company present all assets and liabilities in the statements of financial position in order of liquidity.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

The amendments clarify that:

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

A1.2 Significant Changes in Regulatory Requirement

BNM policy documents on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components)

On 9 December 2020, BNM issued revised policy documents, Capital Adequacy Framework (Capital Component) and Capital Adequacy Framework for Islamic Banks (Capital Components). The key addition to the revised policy documents is the transitional arrangements for financial institutions on provisions for expected credit loss ("ECL"). Under these revised policy documents, a financial institution is allowed to add back the loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital.

The Group had elected to apply the transitional arrangements on provision for ECL for four financial years beginning on 1 January 2020; starting from the reporting period as at 31 December 2020.

A1.3 Significant Accounting Judgements, Estimates and Assumptions

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

In the process of applying the Group's and the Company's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2020 except for the measurement of expected credit losses ("ECL") for loans, advances and financing under MFRS 9 Financial Instruments ("MFRS 9").

Under the government support measures to assist borrowers and customers adversely impacted by the COVID-19 pandemic, the moratorium on repayment/payment of loans/financing does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. Effective 1 October 2020, with the extension of repayment assistance, this should not automatically result in a stage transfer under MFRS 9 in the absence of other factors indicating evidence of significant increase in credit risk ("SICR"). The Group is applying experienced credit judgement to assess SICR and is applying forward-looking overlay adjustments on ECL estimates to account for heightened uncertainty for those customers under extended repayment assistance.

A2. AUDIT QUALIFICATION

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2020.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

On 25 March 2020, Bank Negara Malaysia ("BNM") announced that with effect from 1 April 2020, banking institutions are required to provide an automatic deferment of all loan repayments (except for credit card balances) for a period of 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. Upon expiry of the automatic loan moratorium on 30 September 2020, the Group had continued to support SMEs and Malaysian impacted by COVID-19 by extending the Targeted Repayment Assistance Programme until 30 June 2021.

The Group's participation in government support measures in response to COVID-19 pandemic includes providing financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic. The financial impact arising from the measures implemented in response to COVID-19 is included in interest income on loans and advances in Note A20 and in Note A37.

Other than the impact of COVID-19 pandemic to businesses and moratorium and targeted repayment assistance granted to customers, there were no unusual items during the current financial quarter and period.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period.

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

Issuance of debt securities

On 8 December 2020, AmBank Islamic Berhad ("AmBank Islamic") issued Tranche 8 with nominal value of RM400.0 million under its RM3.0 billion Subordinated Sukuk Murabahah ("Sukuk Murabahah") Programme. The profit rate of this tranche is at 3.13% per annum and have a tenure of 10 years (callable 5 years).

Redemption of debt securities

- (a) On 26 June 2020, AmBank (M) Berhad redeemed Tranche 7 of its Senior Notes with nominal value of RM700.0 million issued under its RM7.0 billion nominal value Senior Note programme.
- (b) On 21 December 2020, AmBank Islamic redeemed Tranche 3 of its Sukuk Murabahah on its first call date with nominal value amounting to RM250.0 million.

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

A7. DIVIDENDS PAID

The final single-tier dividend of 7.3 sen per share for the financial year ended 31 March 2020 which amounted to approximately RM219,695,761 was paid on 30 July 2020 to shareholders whose names appear in the record of Depositors as at 17 July 2020.

A8. CASH AND SHORT-TERM FUNDS

	Group		Company	
	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000
Cash and balances with banks and other financial institutions	2,183,704	2,484,253	435,788	322,262
Deposit and placements maturing within one month:				
Licensed banks	3,067,997	378,474	-	-
Bank Negara Malaysia	15,962,810	12,386,220	-	-
Other financial institutions	13,966	363,642	-	-
	19,044,773	13,128,336	-	-
	21,228,477	15,612,589	435,788	322,262
Less: Allowances for ECL	(2,389)	(861)	-	-
	21,226,088	15,611,728	435,788	322,262

Movements in allowances for ECL are as follows:

Group 31.12.2020	Stage 1	Stage 2	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	
Balance at beginning of the financial year	833	28	861
(Writeback of)/Allowances for ECL	1,580	1	1,581
Transfer from deposits and placements with banks and other financial institutions (Note A9)	3,742	-	3,742
New financial assets originated	390	-	390
Financial assets derecognised	(1,895)	-	(1,895)
Changes in assumptions and methodologies	(71)	-	(71)
Net remeasurement of allowances	(586)	1	(585)
Foreign exchange differences	(53)	-	(53)
Balance at end of the financial period	2,360	29	2,389

Group 31.03.2020	Stage 1	Stage 2	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	
Balance at beginning of the financial year	1,320	31	1,351
(Writeback of)/Allowances for ECL	(508)	(4)	(512)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	4,432	-	4,432
New financial assets originated	198	30	228
Financial assets derecognised	(4,873)	(36)	(4,909)
Changes in assumptions and methodologies	71	-	71
Net remeasurement of allowances	(336)	2	(334)
Foreign exchange differences	21	1	22
Balance at end of the financial year	833	28	861

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000
Deposits and placements maturity more than one month:				
Licensed banks	260,847	99,330	-	-
Less: Allowances for ECL	(381)	(485)	-	-
	<u>260,466</u>	<u>98,845</u>	<u>-</u>	<u>-</u>

Movements in allowances for ECL are as follows:

Group 31.12.2020	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	485
(Writeback of)/Allowances for ECL:	(104)
Transfer to cash and short term funds (Note A8)	(3,742)
New financial assets originated	4,009
Net remeasurement of allowances	4
Changes in model assumptions and methodologies	(375)
Balance at end of the financial period	<u>381</u>
Group 31.03.2020	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	2,075
(Writeback of)/Allowances for ECL:	(1,590)
Transfer to cash and short term funds (Note A8)	(4,432)
New financial assets originated	2,570
Net remeasurement of allowances	(103)
Changes in model assumptions and methodologies	375
Balance at end of the financial year	<u>485</u>

A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	-	606,027	-	-
Malaysian Islamic Treasury Bills	593,713	886,554	-	-
Malaysian Government Securities	603,379	2,712,517	-	-
Malaysian Government Investment Issues	1,010,828	2,970,436	-	-
Cagamas bonds	101,501	101,883	-	-
Bank Negara Monetary Notes	-	1,348,320	-	-
	<u>2,309,421</u>	<u>8,625,737</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	630,609	330,662	-	-
Unit trusts	208,189	227,426	1,099	1,078
Corporate bonds and sukuk	38,089	37,500	-	-
Outside Malaysia:				
Shares	490,438	80,588	-	-
	<u>1,367,325</u>	<u>676,176</u>	<u>1,099</u>	<u>1,078</u>
Unquoted Securities:				
In Malaysia:				
Shares	45	2,766	-	-
Corporate bonds and sukuk	3,978,661	3,241,178	-	-
	<u>3,978,706</u>	<u>3,243,944</u>	<u>-</u>	<u>-</u>
Total	<u>7,655,452</u>	<u>12,545,857</u>	<u>1,099</u>	<u>1,078</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	3,226,545	3,195,317
Malaysian Government Investment Issues	3,729,491	4,990,309
Negotiable Instruments of Deposit	350,565	-
Islamic Negotiable Instruments of Deposit	1,429,116	299,544
Foreign Government Securities	74,494	-
	<u>8,810,211</u>	<u>8,485,170</u>
Unquoted Securities:		
In Malaysia:		
Shares	686,295	593,049
Corporate bonds and sukuk	9,586,304	10,436,822
Outside Malaysia:		
Shares	530	501
Corporate bonds and sukuk	56,796	207,359
	<u>10,329,925</u>	<u>11,237,731</u>
Total	<u>19,140,136</u>	<u>19,722,901</u>

Movements in allowances for ECL are as follows:

Group 31.12.2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial year	16,020	16,449	32,469
(Writeback of)/Allowances for ECL	(5,062)	(3,547)	(8,609)
- Transfer to 12-month ECL (Stage 1)	103	(386)	(283)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(227)	745	518
New financial assets originated	4,928	-	4,928
Financial assets derecognised	(4,464)	(4,049)	(8,513)
Net remeasurement of allowances	(1,156)	2,559	1,403
Changes in model assumptions and methodologies	(4,246)	(2,416)	(6,662)
Foreign exchange differences	(10)	(1)	(11)
Balance at end of the financial period	<u>10,948</u>	<u>12,901</u>	<u>23,849</u>

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

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

Group	Stage 1	Stage 2	Stage 3	Total
31.03.2020	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
	RM'000	not credit	credit	RM'000
	RM'000	impaired	impaired	RM'000
Balance at beginning of the financial year	11,872	21,830	-	33,702
Allowances for/(Writeback of) ECL	4,148	(5,381)	48,245	47,012
- Transfer to 12-month ECL (Stage 1)	1,154	(1,695)	-	(541)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(585)	846	-	261
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(260)	48,245	47,985
New financial assets originated	12,624	2,759	-	15,383
Financial assets derecognised	(12,129)	(2,963)	-	(15,092)
Net remeasurement of allowances	(1,162)	(6,484)	-	(7,646)
Changes in model assumptions and methodologies	4,246	2,416	-	6,662
Financial assets written-off	-	-	(48,245)	(48,245)
Balance at end of the financial year	<u>16,020</u>	<u>16,449</u>	<u>-</u>	<u>32,469</u>

A12. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Investment Issues	402,537	432,436
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	4,370,090	4,425,291
	<u>4,772,627</u>	<u>4,857,727</u>
Less: Allowances for ECL	(3,463)	(4,914)
Total	<u>4,769,164</u>	<u>4,852,813</u>

Movements in allowances for ECL are as follows:

Group	Stage 1 12-Month ECL RM'000
31.12.2020	
Balance at beginning of the financial year	4,914
Writeback of ECL	(1,451)
Net remeasurement of allowances	(149)
Financial assets derecognised	(70)
Changes in model assumptions and methodologies	(1,232)
Balance at end of the financial period	<u>3,463</u>

Group	Stage 1 12-Month ECL RM'000
31.03.2020	
Balance at beginning of the financial year	5,398
Writeback of ECL	(484)
Net remeasurement of allowances	(1,684)
Financial assets derecognised	(32)
Changes in model assumptions and methodologies	1,232
Balance at end of the financial year	<u>4,914</u>

A13. LOANS, ADVANCES AND FINANCING

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	35,406,277	31,486,276
Revolving credit	10,899,606	12,397,147
Housing loans/financing	35,302,109	32,865,466
Hire purchase receivables	14,531,383	14,307,814
Card receivables	1,983,053	2,105,014
Overdraft	3,388,277	3,933,941
Claims on customers under acceptance credits	5,166,252	5,600,123
Trust receipts	1,804,626	1,857,065
Bills receivables	1,817,493	1,825,267
Staff loans	105,784	96,429
Others	1,493,289	744,068
Gross loans, advances and financing	<u>111,898,149</u>	<u>107,218,610</u>
Less: Allowances for ECL		
- Stage 1 - 12 month ECL	(373,955)	(283,434)
- Stage 2 - Lifetime ECL not credit impaired	(1,062,373)	(539,633)
- Stage 3 - Lifetime ECL credit impaired	(442,373)	(444,613)
	<u>(1,878,701)</u>	<u>(1,267,680)</u>
Net loans, advances and financing	<u>110,019,448</u>	<u>105,950,930</u>

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

	Group	
	31.12.2020	31.03.2020
	RM'000	(Restated) (Note A39) RM'000
Domestic banking institutions	1,135	13
Domestic non-bank financial institutions	2,009,888	2,490,613
Domestic business enterprises:		
- Small and medium enterprises	22,257,056	20,819,808
- Others	26,015,134	26,592,202
Government and statutory bodies	348,542	552,472
Individuals	59,918,171	55,707,058
Other domestic entities	9,932	11,633
Foreign individuals and entities	1,338,291	1,044,811
	<u>111,898,149</u>	<u>107,218,610</u>

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

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

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
In Malaysia	111,242,630	106,821,814
Outside Malaysia	655,519	396,796
	111,898,149	107,218,610

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

	Group	
	31.12.2020	31.03.2020
	RM'000	(Restated) (Note A39) RM'000
Fixed rate:		
- Housing loans/financing	293,977	338,385
- Hire purchase receivables	13,904,968	13,609,560
- Other loans/financing	9,526,556	8,930,254
Variable rate:		
- Base rate and lending/financing rate plus	60,756,424	55,546,343
- Cost plus	26,453,624	27,802,366
- Other variable rates	962,600	991,702
	111,898,149	107,218,610

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

	Group	
	31.12.2020	31.03.2020
	RM'000	(Restated) (Note A39) RM'000
Agriculture	2,742,248	2,965,640
Mining and quarrying	2,567,935	2,490,867
Manufacturing	13,705,839	13,374,707
Electricity, gas and water	1,178,639	852,419
Construction	4,761,557	4,866,172
Wholesale and retail trade and hotels and restaurants	7,970,874	7,691,126
Transport, storage and communication	4,109,659	3,554,388
Finance and insurance	2,416,619	3,153,557
Real estate	7,895,130	8,128,066
Business activities	3,060,638	2,864,696
Education and health	940,862	932,574
Household of which:	60,526,393	56,317,955
Purchase of residential properties	35,608,184	33,176,994
Purchase of transport vehicles	13,196,501	12,948,120
Others	11,721,708	10,192,841
Others	21,756	26,443
	111,898,149	107,218,610

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

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

	Group	
	31.12.2020	31.03.2020 (Restated) (Note A39)
	RM'000	RM'000
Maturing within one year	28,045,917	30,084,128
Over one year to three years	6,327,846	5,824,903
Over three years to five years	11,222,943	10,642,051
Over five years	66,301,443	60,667,528
	<u>111,898,149</u>	<u>107,218,610</u>

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

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
Gross		
Balance at beginning of the financial year	1,852,633	1,620,662
Additions during the financial period/year	972,015	1,490,510
Reclassified as non-impaired	(132,130)	(165,696)
Recoveries	(417,181)	(396,019)
Amount written off	(334,761)	(700,608)
Foreign exchange differences	(4,917)	3,784
Balance at end of the financial period/year	<u>1,935,659</u>	<u>1,852,633</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.73%</u>	<u>1.73%</u>
Loan loss coverage (including regulatory reserve)	<u>103.36%</u>	<u>93.40%</u>

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

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
In Malaysia	1,905,623	1,808,511
Outside Malaysia	30,036	44,122
	<u>1,935,659</u>	<u>1,852,633</u>

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

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

	Group	
	31.12.2020	31.03.2020 (Restated) (Note A39)
	RM'000	RM'000
Agriculture	81,792	84,503
Mining and quarrying	37,141	53,591
Manufacturing	196,873	247,556
Electricity, gas and water	3,911	495
Construction	92,331	84,278
Wholesale and retail trade and hotels and restaurants	153,321	134,038
Transport, storage and communication	61,036	80,894
Finance and insurance	1,310	2
Real estate	311,725	314,347
Business activities	41,742	48,506
Education and health	8,790	10,187
Household of which:	945,687	794,236
Purchase of residential properties	662,894	496,301
Purchase of transport vehicles	136,415	156,555
Others	146,378	141,380
	<u>1,935,659</u>	<u>1,852,633</u>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial year	283,434	539,633	444,613	1,267,680
Allowance for/(Writeback of) ECL	90,850	522,889	333,966	947,705
- Transfer to 12 month ECL (Stage 1)	2,099	(18,258)	(1,043)	(17,202)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(13,917)	68,500	(13,048)	41,535
- Transfer to Lifetime ECL credit impaired (Stage 3)	(453)	(3,193)	87,245	83,599
New financial assets originated	51,354	140,073	7,762	199,189
Net remeasurement of allowances	(1,258)	109,776	243,202	351,720
Modification of contractual cash flows of financial assets	4,889	107,102	88,398	200,389
Financial assets derecognised	(33,652)	(40,854)	(78,214)	(152,720)
Changes to model assumptions and methodologies	81,788	159,743	(336)	241,195
Foreign exchange differences	(329)	(149)	(1,445)	(1,923)
Amount written off	-	-	(334,761)	(334,761)
Balance at end of the financial period	<u>373,955</u>	<u>1,062,373</u>	<u>442,373</u>	<u>1,878,701</u>

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

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

Group	Stage 1	Stage 2	Stage 3	Total
31.03.2020	12-Month	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	Total
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	275,818	622,411	402,312	1,300,541
Allowance for/(Writeback of) ECL	7,354	(82,982)	742,040	666,412
- Transfer to 12 month ECL (Stage 1)	11,911	(133,978)	(5,119)	(127,186)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(20,433)	206,235	(25,924)	159,878
- Transfer to Lifetime ECL credit impaired (Stage 3)	(3,502)	(27,987)	159,124	127,635
New financial assets originated	72,796	56,706	13,572	143,074
Net remeasurement of allowances	(29,892)	(165,109)	699,181	504,180
Modification of contractual cash flows of financial assets	(3,741)	(180)	198	(3,723)
Financial assets derecognised	(67,416)	(77,194)	(98,224)	(242,834)
Changes to model assumptions and methodologies	47,631	58,525	(768)	105,388
Foreign exchange differences	262	204	869	1,335
Amount written off	-	-	(700,608)	(700,608)
Balance at end of the financial year	<u>283,434</u>	<u>539,633</u>	<u>444,613</u>	<u>1,267,680</u>

A14. OTHER ASSETS

	Group		Company	
	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000
Trade receivables	452,199	505,330	-	-
Other receivables, deposits and prepayments	845,434	570,623	142	255
Interest/Profit receivable	394,344	458,935	-	-
Fee receivable	29,256	26,192	-	-
Amount due from agents, brokers and reinsurers	70,171	50,416	-	-
Foreclosed properties	2,612	2,607	-	-
Tax recoverable	33,441	167,930	-	1,316
Collateral pledged for derivative and securities transactions	531,213	1,035,710	-	-
	<u>2,358,670</u>	<u>2,817,743</u>	<u>142</u>	<u>1,571</u>
Less: Accumulated impairment losses	(6,579)	(8,309)	-	-
	<u>2,352,091</u>	<u>2,809,434</u>	<u>142</u>	<u>1,571</u>

A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		31.12.2020 RM'000	31.03.2020 RM'000
Reinsurance assets from general insurance business	(i)	408,868	393,370
Other insurance receivables	(ii)	63,911	64,536
		<u>472,779</u>	<u>457,906</u>

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

Balance at beginning of the financial year	2,260	2,639
Writeback for the financial year	-	(379)
Balance at end of the financial period/year	<u>2,260</u>	<u>2,260</u>

(ii) Other insurance receivables

Due premiums including agents/brokers and co-insurers' balances	78,001	83,266
Amount owing by reinsurance and cedants	7,569	6,025
Accumulated impairment losses	(21,659)	(24,755)
	<u>63,911</u>	<u>64,536</u>

Movements in allowances for impairment are as follows:

Balance at beginning of the financial year	24,755	32,978
Writeback for the financial period/year	(3,096)	(8,223)
Balance at end of the financial period/year	<u>21,659</u>	<u>24,755</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
Demand deposits	26,323,576	22,721,480
Savings deposits	7,139,755	6,109,023
Term/Investment deposits	80,498,758	79,966,053
Negotiable instruments of deposits	5,079,342	4,170,156
	<u>119,041,431</u>	<u>112,966,712</u>

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

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
Due within six months	74,334,987	67,788,352
Six months to one year	9,269,301	13,816,530
Over one year to three years	1,879,919	2,392,042
Over three years to five years	93,893	139,285
	<u>85,578,100</u>	<u>84,136,209</u>

The deposits are sourced from the following types of customers:

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
Government and statutory bodies	4,661,144	4,419,707
Business enterprises	62,737,165	59,382,766
Individuals	41,093,715	39,867,316
Others	10,549,407	9,296,923
	<u>119,041,431</u>	<u>112,966,712</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
Licensed banks	4,656,524	5,701,479
Licensed investment banks	940,225	439,041
Bank Negara Malaysia	952,018	240,549
Other financial institutions	2,132,742	3,640,852
	<u>8,681,509</u>	<u>10,021,921</u>

A18. OTHER LIABILITIES

	Group		Company	
	31.12.2020	31.03.2020	31.12.2020	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Trade payables	375,352	505,342	-	-
Other payables and accruals	1,293,842	1,943,131	50,077	32,837
Interest payable on deposits and borrowings	593,105	719,606	-	-
Lease deposits and advance rental	44,491	42,954	-	-
Provision for commitments and contingencies	11,634	28,014	-	-
Allowances for ECL on loan commitments and financial guarantees	68,272	75,203	-	-
Lease liabilities	288,969	316,888	-	-
Provision for reinstatement of leased properties	10,997	10,927	-	-
Amount due to subsidiaries	-	-	2,433	14,137
Provision for taxation	52,158	19,261	31	-
Collateral received for derivative and securities transactions	268,231	227,924	-	-
Deferred income	75,587	76,668	-	-
	3,082,638	3,965,918	52,541	46,974

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
31.12.2020	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	42,503	32,519	181	75,203
(Writeback of)/Allowances for ECL:	(10,830)	3,970	278	(6,582)
- Transfer to 12 month ECL (Stage 1)	1,241	(9,422)	-	(8,181)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,856)	7,622	-	5,766
- Transfer to Lifetime ECL credit impaired (Stage 3)	(101)	(599)	700	-
New exposures originated	12,221	14,669	15	26,905
Net remeasurement of allowances	(824)	3,839	253	3,268
Exposures derecognised/withdrawn	(10,068)	(6,609)	(690)	(17,367)
Changes to model assumptions and methodologies	(11,443)	(5,530)	-	(16,973)
Foreign exchange differences	(82)	(267)	-	(349)
Balance at the end of the financial period	31,591	36,222	459	68,272

A18. OTHER LIABILITIES (CONT'D.)

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

Group	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at beginning of the financial year	51,703	34,141	10,905	96,749
(Writeback of)/Allowances for ECL:	(9,370)	(1,690)	(10,717)	(21,777)
- Transfer to 12 month ECL (Stage 1)	1,068	(10,450)	-	(9,382)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(840)	11,037	-	10,197
- Transfer to Lifetime ECL credit impaired (Stage 3)	(217)	(366)	1,027	444
New exposures originated	12,118	8,790	-	20,908
Net remeasurement of allowances	(6,072)	(2,333)	(1,332)	(9,737)
Exposures derecognised	(24,306)	(12,747)	(10,390)	(47,443)
Changes to model assumptions and methodologies	8,879	4,379	(22)	13,236
Foreign exchange differences	170	68	(7)	231
Balance at the end of the financial year	42,503	32,519	181	75,203

A19. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.12.2020 RM'000	31.03.2020 RM'000
Insurance contract liabilities	(i)	2,494,229	2,437,059
Other insurance payables	(ii)	48,867	42,105
		<u>2,543,096</u>	<u>2,479,164</u>
(i) Insurance contract liabilities			
		31.12.2020	31.03.2020
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,494,229</u>	<u>(408,868)</u>
		<u>2,085,361</u>	
		31.03.2020	31.03.2020
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,437,059</u>	<u>(393,370)</u>
		<u>2,043,689</u>	
(ii) Other insurance payables			
		31.12.2020	31.03.2020
		RM'000	RM'000
Amount due to agents and intermediaries		20,082	17,068
Amount due to reinsurers and cedants		28,785	25,037
		<u>48,867</u>	<u>42,105</u>

A20. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	12,505	20,264	48,392	53,743
Financial assets at fair value through profit or loss	53,879	92,819	215,279	331,172
Financial investments at fair value through				
other comprehensive income	111,124	119,171	360,258	376,551
Financial investments at amortised cost	33,544	35,864	100,406	107,478
Loans and advances*	791,470	960,617	2,408,178	2,862,836
Impaired loans and advances	770	1,009	3,699	5,542
Others	2,649	4,696	10,379	13,786
	<u>1,005,941</u>	<u>1,234,440</u>	<u>3,146,591</u>	<u>3,751,108</u>
Company				
Short-term funds and deposits and placements with				
banks and other financial institutions	1,508	1,806	4,339	3,731
	<u>1,508</u>	<u>1,806</u>	<u>4,339</u>	<u>3,731</u>

* Included the net loss of RM74,865,000 from measures implemented in response to COVID-19 pandemic.

A21. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Deposits from customers	366,272	551,757	1,273,782	1,736,012
Deposit and placements of banks and other				
financial institutions	17,217	43,749	71,622	137,111
Senior notes	-	7,940	7,422	37,732
Credit-Linked Notes	1,932	1,885	5,805	5,709
Securities sold under repurchase agreements	7,323	42,533	35,182	126,193
Recourse obligation on loans sold to Cagamas Berhad	27,164	40,327	107,188	125,282
Term loan	1,146	624	4,071	624
Debt Capital	32,976	33,031	98,568	115,905
Other structured products and others	8,859	7,666	23,771	20,415
	<u>462,889</u>	<u>729,512</u>	<u>1,627,411</u>	<u>2,304,983</u>

A22. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		362,376	362,405	1,061,877	1,068,582
		<u>362,376</u>	<u>362,405</u>	<u>1,061,877</u>	<u>1,068,582</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		32,091	35,473	100,878	103,332
General insurance claims		214,836	221,829	604,147	626,449
		<u>246,927</u>	<u>257,302</u>	<u>705,025</u>	<u>729,781</u>
Total income from insurance business, net		<u>115,449</u>	<u>105,103</u>	<u>356,852</u>	<u>338,801</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		398,931	404,164	1,189,726	1,173,297
- change in unearned premium provision		5,236	1,139	(11,889)	5,852
		<u>404,167</u>	<u>405,303</u>	<u>1,177,837</u>	<u>1,179,149</u>
Premium ceded					
- insurance contract		(41,406)	(36,246)	(114,926)	(101,675)
- change in unearned premium provision		(385)	(6,652)	(1,034)	(8,892)
		<u>(41,791)</u>	<u>(42,898)</u>	<u>(115,960)</u>	<u>(110,567)</u>
		<u>362,376</u>	<u>362,405</u>	<u>1,061,877</u>	<u>1,068,582</u>
(b) Insurance claims					
- gross benefits and claims paid		238,064	248,621	632,836	758,922
- claims ceded to reinsurers		(22,242)	(18,615)	(57,438)	(83,648)
- change in contract liabilities - insurance contract		12,832	27,193	45,280	(144,205)
- change in contract liabilities ceded to reinsurers					
- insurance contract		(13,818)	(35,370)	(16,531)	95,380
		<u>214,836</u>	<u>221,829</u>	<u>604,147</u>	<u>626,449</u>

¹ Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM11,730,000 (31 December 2019: RM11,759,000) eliminated upon consolidation.

A23. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Fee and commission income:				
Fees on loans and securities	29,934	47,058	83,317	131,118
Corporate advisory	2,608	2,255	7,933	15,879
Guarantee fees	12,269	13,257	36,707	40,409
Underwriting commission	129	-	129	323
Portfolio management fees	10,517	6,769	35,899	23,176
Unit trust fees, commission and charges	50,525	33,832	129,550	93,921
Property trust management fees	1,772	1,821	5,268	5,498
Brokerage fees and commission	17,937	7,736	51,141	23,425
Bancassurance commission	2,752	3,833	8,101	10,108
Wealth management fees	7,101	7,294	20,591	20,027
Remittances	5,432	6,785	13,606	19,148
Fees, service and commission charges	5,938	7,670	16,479	21,969
Others	6,786	5,433	16,630	15,672
	<u>153,700</u>	<u>143,743</u>	<u>425,351</u>	<u>420,673</u>
Investment and trading income:				
Net gain from sale of financial assets at fair value through profit or loss	67,397	8,693	257,087	53,135
Net gain from sale of financial investments at fair value through other comprehensive income	398	29,082	17,014	82,769
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	(6,002)	2,522	109,655	68,285
Net (loss)/gain on foreign exchange	(70,521)	27,916	(51,534)	60,061
Net gain/(loss) on derivatives	26,053	33,457	(29,517)	6,713
Gain on liquidation of a subsidiary	2,457	-	2,457	-
Dividend income from:				
Financial assets at fair value through profit or loss	14,954	14,517	22,979	22,107
Financial investments at fair value through other comprehensive income	-	4,080	3,779	7,806
Others	182	(41)	840	(347)
	<u>34,918</u>	<u>120,226</u>	<u>332,760</u>	<u>300,529</u>

A23. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Other income:				
Net gain on non-trading foreign exchange	633	2,499	1,190	3,151
Net gain on disposal of property and equipment	586	14	601	489
Rental income	1,179	1,115	3,564	3,763
Profit from sale of goods and services	4,672	4,451	13,397	13,377
Gain/(Loss) on disposal of foreclosed properties	-	-	540	(1)
Others	1,582	3,943	4,631	11,737
	<u>8,652</u>	<u>12,022</u>	<u>23,923</u>	<u>32,516</u>
	<u>197,270</u>	<u>275,991</u>	<u>782,034</u>	<u>753,718</u>

Company	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	132,025	207,711	303,248	800,639
Financial assets at fair value through profit or loss	6	8	20	26
	<u>132,031</u>	<u>207,719</u>	<u>303,268</u>	<u>800,665</u>
Other income:				
Net gain on disposal of property and equipment	-	-	38	-
Others	268	316	922	1,135
	<u>268</u>	<u>316</u>	<u>960</u>	<u>1,135</u>
	<u>132,299</u>	<u>208,035</u>	<u>304,228</u>	<u>801,800</u>

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Personnel costs:				
Salaries, allowances and bonuses	240,656	234,642	707,532	727,585
Shares granted under ESS				
- charge	9,573	10,751	35,816	16,758
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	39,965	43,007	116,630	122,411
Social security cost	2,077	2,081	6,234	6,180
Other staff related expenses	47,521	29,905	115,610	91,553
	<u>339,792</u>	<u>320,386</u>	<u>981,822</u>	<u>964,487</u>
Establishment costs:				
Depreciation of property and equipment	17,430	17,164	53,547	40,382
Depreciation of right-of-use assets	21,485	21,717	62,093	59,519
Amortisation of intangible assets	24,994	23,395	74,189	80,018
Computerisation costs	48,478	57,905	129,552	154,896
Rental of premises	1,109	1,421	2,860	12,118
Cleaning, maintenance and security	6,213	6,826	20,968	21,378
Finance costs:				
- interest on lease liabilities	2,745	2,654	9,733	7,591
- provision for reinstatement of leased properties	33	71	110	287
Others	8,150	7,590	26,027	24,477
	<u>130,637</u>	<u>138,743</u>	<u>379,079</u>	<u>400,666</u>
Marketing and communication expenses:				
Sales commission	1,965	3,300	6,567	6,587
Advertising, promotional and other marketing activities	13,519	17,606	73,012	44,454
Telephone charges	5,140	6,712	16,916	17,111
Postage	3,455	2,806	10,083	7,073
Travelling and entertainment	2,115	3,876	5,935	11,203
Others	4,361	3,722	12,085	10,826
	<u>30,555</u>	<u>38,022</u>	<u>124,598</u>	<u>97,254</u>
Administration and general expenses:				
Professional services	14,733	23,096	53,103	66,979
Travelling	632	1,684	1,954	4,632
Insurance	1,055	814	3,712	2,264
Subscriptions and periodicals	2,055	2,300	6,736	6,239
Others	25,734	27,227	56,577	64,555
	<u>44,209</u>	<u>55,121</u>	<u>122,082</u>	<u>144,669</u>
Total	<u>545,193</u>	<u>552,272</u>	<u>1,607,581</u>	<u>1,607,076</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Personnel costs:				
Other staff related expenses	-	16	-	(11)
	<u>-</u>	<u>16</u>	<u>-</u>	<u>(11)</u>
Establishment costs:				
Depreciation of property and equipment	20	57	96	172
Computerisation costs	66	57	196	230
	<u>86</u>	<u>114</u>	<u>292</u>	<u>402</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	7	3	8	344
Telephone charges	(1)	1	1	6
Travelling and entertainment	8	5	38	53
Others	-	(1)	-	-
	<u>14</u>	<u>8</u>	<u>47</u>	<u>403</u>
Administration and general expenses:				
Professional services	254	48	645	1,149
Travelling	3	(1)	3	-
Subscriptions and periodicals	-	1	3	4
Others	1,415	2,560	4,093	4,249
	<u>1,672</u>	<u>2,608</u>	<u>4,744</u>	<u>5,402</u>
Service transfer pricing expense, net	4,036	2,678	12,091	14,034
Total	<u>5,808</u>	<u>5,424</u>	<u>17,174</u>	<u>20,230</u>

A25. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	350,758	144,406	947,705	417,639
Impaired loans, advances and financing recovered, net	(93,017)	(76,892)	(286,178)	(289,856)
	<u>257,741</u>	<u>67,514</u>	<u>661,527</u>	<u>127,783</u>

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

	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Group				
Financial investments				
Financial investments at fair value				
through other comprehensive income	2,216	2,542	(8,609)	43,632
Financial investments at amortised cost	4	21	(1,451)	(715)
	<u>2,220</u>	<u>2,563</u>	<u>(10,060)</u>	<u>42,917</u>
Other financial assets				
Cash and short-term funds	1,116	86	1,581	(226)
Deposits and placements with banks				
and other financial institutions	(663)	(112)	(104)	(2,075)
Other assets	(661)	(145)	(1,694)	856
	<u>(208)</u>	<u>(171)</u>	<u>(217)</u>	<u>(1,445)</u>

A27. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the chief operating decision-maker in order to allocate resources to 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 & Markets.
 - (i) Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
 - (ii) Group Treasury & Markets provides full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants.
- (d) **Investment Banking**
Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital).
- (e) **Fund Management**
Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (f) **Insurance**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (g) **Group Funding and Others**
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

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 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 under Group Funding and Others.

Note:

- (i) The revenue generated by a majority of the operating segments substantially comprise interest income. The Chief Operating Decision Maker relies primarily on the net interest 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. During the financial period, the Group's wholly-owned subsidiary, AmFraser International Pte Ltd which was incorporated in Singapore was dissolved on 7 December 2020.
- (iii) The comparatives have been restated with current business realignment.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 31.12.2020	Wholesale banking							Group funding and others RM'000	Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000		
External revenue	2,262,831	481,748	1,122,988	1,185,014	162,182	103,339	1,276,097	(151,446)	6,442,753
Revenue from other segments	(312,665)	(100,911)	(403,150)	398,577	(6,712)	-	-	424,861	-
Total operating revenue	1,950,166	380,837	719,838	1,583,591	155,470	103,339	1,276,097	273,415	6,442,753
Net interest income/(expense)	982,116	209,651	464,788	376,118	33,099	811	89,258	(23,407)	2,132,434
Insurance and other operating income	198,650	67,427	90,150	261,228	116,235	102,363	421,341	(3,662)	1,253,732
Share in results of associates and joint ventures	(1,191)	-	-	-	-	-	32,914	5,230	36,953
Net income/(expense)	1,179,575	277,078	554,938	637,346	149,334	103,174	543,513	(21,839)	3,423,119
Other operating expenses	(639,229)	(102,893)	(149,362)	(64,096)	(87,114)	(49,204)	(289,417)	(226,266)	(1,607,581)
<i>of which:</i>									
Depreciation of property and equipment	(15,957)	(1,378)	(1,500)	(109)	(753)	(170)	(4,889)	(28,791)	(53,547)
Depreciation of right-of-use assets	-	-	-	-	(150)	-	(8,875)	(53,068)	(62,093)
Amortisation of intangible assets	(17,079)	(636)	(6,156)	(1,026)	(468)	(138)	(14,254)	(34,432)	(74,189)
Profit/(Loss) before impairment losses (Allowance)/Writeback of allowance for loans, advances and financing	540,346	174,185	405,576	573,250	62,220	53,970	254,096	(248,105)	1,815,538
(Allowance)/Writeback of allowance for impairment of other assets	(195,835)	(27,951)	(143,979)	-	6,310	-	-	(300,072)	(661,527)
Provision for commitments and contingencies -writeback/(charge)	416	-	742	(808)	493	(143)	3,096	9,577	13,373
Other recoveries/(write-offs), net	7,177	(4,126)	(13,424)	-	-	-	-	16,370	5,997
Profit/(loss) before taxation and zakat	-	-	-	-	11	-	(2,467)	93	(2,363)
Taxation and zakat	352,104	142,108	248,915	572,442	69,034	53,827	254,725	(522,137)	1,171,018
Profit/(loss) for the financial period	(84,763)	(33,187)	(57,049)	(128,548)	(15,128)	(10,842)	(36,476)	152,432	(213,561)
	267,341	108,921	191,866	443,894	53,906	42,985	218,249	(369,705)	957,457
Other information									
Total segment assets	63,763,196	12,045,032	34,213,309	53,753,073	2,287,154	119,258	5,881,721	452,205	172,514,948
Total segment liabilities	48,365,742	7,614,912	15,957,927	65,953,513	1,108,215	27,869	3,428,450	9,507,972	151,964,600
Cost to income ratio	54.2%	37.1%	26.9%	10.1%	58.3%	47.7%	53.2%	(>100%)	47.0%
Gross loans, advances and financing	63,610,139	12,160,282	34,529,329	-	1,699,882	-	568	(102,051)	111,898,149
Net loans, advances and financing	62,710,268	12,031,735	34,122,980	-	1,699,427	-	499	(545,461)	110,019,448
Impaired loans, advances and financing	1,089,769	253,697	591,738	-	455	-	-	-	1,935,659
Total deposits	47,700,094	7,506,334	15,745,475	58,544,176	699,580	-	-	(2,472,719)	127,722,940
Additions to:									
Property and equipment	14,651	112	105	1,388	559	70	2,617	8,769	28,271
Intangible assets	19,005	537	3,019	7,667	803	182	8,271	29,891	69,375

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 31.12.2019 (Restated)	Wholesale banking						Group funding and others RM'000	Total RM'000	
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000			
External revenue	2,482,193	523,384	1,373,225	1,267,380	171,227	83,696	1,252,510	(43,867)	7,109,748
Revenue from other segments	(228,338)	(131,043)	(640,365)	482,307	(18,658)	-	-	536,097	-
Total operating revenue	<u>2,253,855</u>	<u>392,341</u>	<u>732,860</u>	<u>1,749,687</u>	<u>152,569</u>	<u>83,696</u>	<u>1,252,510</u>	<u>492,230</u>	<u>7,109,748</u>
Net interest income	925,909	205,569	470,573	174,636	28,656	806	99,768	164,047	2,069,964
Insurance and other operating income	185,767	64,914	121,155	186,626	111,948	82,727	391,707	13,277	1,158,121
Share in results of associates and joint ventures	604	-	-	-	-	-	4,154	5,232	9,990
Net income	<u>1,112,280</u>	<u>270,483</u>	<u>591,728</u>	<u>361,262</u>	<u>140,604</u>	<u>83,533</u>	<u>495,629</u>	<u>182,556</u>	<u>3,238,075</u>
Other operating expenses	(640,518)	(110,392)	(164,583)	(55,766)	(87,734)	(50,383)	(256,559)	(241,141)	(1,607,076)
<i>of which:</i>									
<i>Depreciation of property and equipment</i>	(14,601)	(549)	(909)	(76)	(596)	(206)	(7,368)	(16,077)	(40,382)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	(207)	-	(11,332)	(47,980)	(59,519)
<i>Amortisation of intangible assets</i>	(15,841)	(58)	(4,429)	(975)	(590)	(126)	(13,907)	(44,092)	(80,018)
Profit/(loss) before impairment losses (Allowance)/Writeback of allowance for loans, advances and financing	471,762	160,091	427,145	305,496	52,870	33,150	239,070	(58,585)	1,630,999
(Allowance)/Writeback of allowance for impairment of other assets	(148,309)	(66,869)	78,066	-	8,193	-	-	1,136	(127,783)
Provision for commitments and contingencies - writeback/(charge)	26	-	1,155	(40,242)	(693)	(130)	5,998	(1,588)	(35,474)
Other recoveries/(write-offs), net	3,426	5,093	18,812	-	-	-	-	1,079	28,410
Profit/(loss) before taxation and zakat	<u>326,935</u>	<u>98,315</u>	<u>525,178</u>	<u>265,254</u>	<u>60,370</u>	<u>33,020</u>	<u>240,964</u>	<u>(52,582)</u>	<u>1,497,454</u>
Taxation and zakat	(78,291)	(22,477)	(126,182)	(53,233)	(13,617)	(6,026)	(46,901)	35,712	(311,015)
Profit/(loss) for the financial period	<u>248,644</u>	<u>75,838</u>	<u>398,996</u>	<u>212,021</u>	<u>46,753</u>	<u>26,994</u>	<u>194,063</u>	<u>(16,870)</u>	<u>1,186,439</u>
Other information									
Total segment assets	58,531,631	10,726,730	33,799,103	43,215,107	2,009,260	92,607	5,871,516	3,663,444	157,909,398
Total segment liabilities	47,206,524	6,417,996	10,689,638	59,812,526	1,102,235	19,024	3,365,805	9,964,374	138,578,122
Cost to income ratio	57.6%	40.8%	27.8%	15.4%	62.4%	60.3%	51.8%	132.1%	49.6%
Gross loans, advances and financing	58,234,891	10,849,505	33,926,815	-	1,633,280	-	811	(96,985)	104,548,317
Net loans, advances and financing	57,432,668	10,723,480	33,717,137	-	1,630,722	-	741	(99,439)	103,405,309
Impaired loans, advances and financing	894,498	295,969	598,872	-	1,724	-	-	-	1,791,063
Total deposits	46,405,001	6,292,233	10,493,028	53,440,225	850,178	-	-	(823,486)	116,657,179
Additions to:									
Property and equipment	15,215	267	545	222	979	82	2,128	13,007	32,445
Intangible assets	11,449	26	409	3,079	64	80	5,938	28,448	49,493

A28. VALUATION OF PROPERTY AND EQUIPMENT

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

A29. EVENT SUBSEQUENT TO REPORTING PERIOD

Global Settlement with Ministry of Finance ("MOF") Malaysia

On 26 February 2021, the Company has reached an agreement with the MOF for a sum of RM2.83 billion ("Payment sum") to be paid towards the full and final settlement ("Global settlement") in relation to the on-going review by the relevant authorities of overall transactions by 1Malaysia Development Berhad and its related entities with the Group.

A provision for the Payment Sum will be established in the final quarter of the Group's financial year ending 31 March 2021, which will translate to a proforma Group loss of 93.89 sen per share. While this will have a material impact on the earnings of the Group for the financial year ending 31 March 2021, there are adequate capital buffers to absorb this settlement without an immediate need to raise additional equity capital of the Company. As a result of the Global Settlement, the Company will not be proposing any final dividend for the financial year ending 31 March 2021.

Based on the latest consolidated financial statements of the Group as at 31 March 2020, the proforma effects of the Global Settlement will reduce the Group's net assets per share from RM6.18 to RM5.22.

As at 31 December 2020, the estimated proforma impact of the Group to CET1 and Total Capital Ratios are estimated to be reduced from 13.52% to 11.01%; and 16.39% to 13.88%, respectively after the provision for the Global Settlement.

The Group remains highly liquid with Liquidity Coverage Ratio of 155.8% and Net Stable Funding Ratio for all operating entities above 100%. However, the Group plans to raise Tier 2 debt capital to increase total capital available for on-going working capital purposes.

The new management team under the leadership of the Board of Directors ("the Board") of the Company has been rebuilding the banking group, strengthening the Group's governance structures as well as enhancing the robustness of processes. As part of the global settlement, the Group will continue as it has been for the past five years, to strengthen its fundamentals, particularly in terms of corporate governance by continuing to improve systems and processes to strengthen due diligence. The Group is therefore committed to putting behind these historical matters and to move forward to deliver value to all shareholders, stakeholders and customers.

The Board wishes to assure all its shareholders and other stakeholders that the Group remains resilient as the Group continues to build on the effort by the new management team and direct its renewed focus to the growth strategies of the Group's branding and franchise.

Other than as disclosed above, there were no significant events subsequent to the reporting date that require disclosure or adjustment in the condensed interim financial statements.

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

Winding-up of subsidiaries

- (i) AMMB Nominees (Tempatan) Sdn Bhd had, at its Extraordinary General Meeting held on 22 May 2020, resolved that it be wound up by way of a member's voluntary winding up, pursuant to Section 439(1)(b) of the Companies Act, 2016.
- (ii) MBF Trustee Berhad had, at its Extraordinary General Meeting held on 17 September 2020, resolved that it be wound up by way of a member's voluntary winding up, pursuant to Section 439(1)(b) of the Companies Act, 2016.

Dissolution of a subsidiary

The Group's non-operating subsidiary, AmFraser International Pte Ltd ("AmFraser"), under member's voluntary winding up was dissolved on 7 December 2020.

The winding up and dissolution of the above subsidiaries will not have any material effect on the Group's earnings and net assets for the financial year ending 31 March 2021. Other than as disclosed above, there were no material changes in the composition of the Group and the Company for the current financial quarter and period.

A31. ASSET HELD FOR SALE

	Group	
	31.12.2020	31.03.2020
	RM'000	RM'000
<u>Asset held for sale</u>		
Proposed disposal of property	2,324	2,324

A32. COMMITMENTS AND CONTINGENCIES

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

As at the reporting date, the principal amounts of commitments and contingencies and notional contracted amounts of derivatives are as follows:

	Group	
	31.12.2020	31.03.2020
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	17,559,014	16,873,188
over one year	1,870,527	2,056,411
Unutilised credit card lines	5,162,822	5,127,590
Forward asset purchases	-	1,989,103
	<u>24,592,363</u>	<u>26,046,292</u>
Contingent Liabilities		
Direct credit substitutes	2,171,789	2,553,489
Transaction related contingent items	4,281,726	4,286,704
Obligations under underwriting agreements	-	20,000
Short term self liquidating trade related contingencies	577,346	723,120
	<u>7,030,861</u>	<u>7,583,313</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	46,505,643	53,347,175
One year or less	11,930,289	10,348,960
Over one year to five years	29,738,857	36,463,230
Over five years	4,836,497	6,534,985
Foreign exchange related contracts:	40,541,224	44,371,910
One year or less	32,207,354	34,805,859
Over one year to five years	7,240,074	8,625,327
Over five years	1,093,796	940,724
Credit related contracts:	342,039	356,069
One year or less	342,039	-
Over one year to five years	-	356,069
Equity and commodity related contracts:	1,734,399	1,769,895
One year or less	1,666,167	1,637,855
Over one year to five years	68,232	132,040
	<u>89,123,305</u>	<u>99,845,049</u>
	<u>120,746,529</u>	<u>133,474,654</u>

A32. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

- (a) The Company has given an unsecured guarantee amounting to RM50.0 million (31 March 2020: RM50.0 million) on behalf of AmInvestment Bank Berhad ("AmInvestment Bank"), for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its futures trading activity with AmInvestment Bank.
- (b) AmMetLife Insurance Berhad ("AmMetLife") todate, had received complaints from policyholders relating to the alleged mis-selling of certain insurance product of AmMetLife in previous years. AMAB Holdings Sdn Bhd ("AMAB Holdings") and MetLife International Holdings, Inc ("MetLife") were working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale of shares in AmMetLife by AMAB Holdings to MetLife, the Group had indemnified MetLife or AmMetLife from any losses arising from incidences of mis-selling of certain specified insurance products occurring prior to the share sale during the indemnify period. As at reporting date, the indemnity given by AMAB Holdings to MetLife in relation to the mis-selling of certain insurance products of AmMetLife had expired.

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

On 25 September 2020, AmGeneral Insurance Berhad ("AmGeneral") received the Notice ("Notice") of Finding of an infringement by the Competition Commission ("the Commission") under section 40 of the Competition Act 2010 ("CA").

Pursuant to section 40 of the Competition Act 2010, the Commission has determined that PIAM and its 22 Members have infringed the section 4 prohibition by participating in an agreement which has, as its object, the prevention, restriction or distortion in relation to the market parts of parts trade and labour charges for PIAM Approved Repairers Scheme ("PARS").

There was significant reduction in fines where AmGeneral's portion has gone down from RM45.2 million to RM18.3 million. In view of COVID-19 pandemic, the Commission has granted a further reduction of 25% of the financial penalty imposed bringing the total penalty amount to RM13.7 million which was approximately 70% reduction from the initial proposed amount.

The Commission has also directed all insurers to cease and desist their participation in the infringing conduct where AmGeneral will work with supply chain to move BNM's directive.

AmGeneral is currently seeking directive from BNM to address the challenges in cease and desist from implementing the agreed parts trade discount practiced and the hourly labour rate for PARS.

AmGeneral will lodge an appeal with the support of Persatuan Insurance Am Malaysia ("PIAM") and apply for a stay against MYCC's decision.

On 13 October 2020, AmGeneral submitted a Notice of Appeal to MyCC pursuant to Section 51 of the CA and on 23 October 2020, submitted an Application for Stay to the Competition Appeal Tribunal pursuant to Section 53 of the CA. On 3 December 2020, the Competition Appeal Tribunal has objected to AmGeneral's Notification of Application for Stay. Subsequent to this, AmGeneral is currently in the process of submitting an application for a Judicial Review at the Malaysian High Court.

- (d) On 9 December 2019, the Company and its wholly-owned subsidiary, AmBank Islamic were served with a writ and statement of claim by Dato' Sri Mohd Najib bin Hj Abd Razak ("Plaintiff"). In this action, the Plaintiff is seeking damages in relation to the conduct of his current accounts opened with AmBank Islamic.

The Company and AmBank Islamic have appointed solicitors to defend the suit and have been advised by solicitors that the allegations are not sustainable and AmBank Islamic and the Company have a strong defence. The Company and AmBank Islamic will vigorously oppose the action. The suit will not have a material impact on the operations of AmBank Islamic and the Company.

On 28 September 2020, the High Court struck out the Plaintiff's suit against AmBank Islamic and the Company. The Plaintiff has filed an appeal against the High Court's decision. The learned High Court Judge's written grounds of judgement is not issued yet. In the meantime, the Court of Appeal has fixed a case management date for 18 February 2021 pending the grounds of judgement from the High Court.

A33. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	31.12.2020			31.03.2020		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest/Profit rate related contracts:	50,330,748	944,401	1,012,160	52,282,175	904,576	1,018,349
- One year or less	14,531,135	93,529	109,060	9,748,960	31,565	35,216
- Over one year to three years	20,665,968	332,110	375,946	23,674,467	282,051	306,685
- Over three years	15,133,645	518,762	527,154	18,858,748	590,960	676,448
Foreign exchange related contracts:	36,251,119	618,959	656,236	44,371,910	947,441	680,939
- One year or less	29,556,508	277,643	417,235	34,805,859	559,303	401,710
- Over one year to three years	2,915,676	129,713	90,166	4,529,891	136,246	133,423
- Over three years	3,778,935	211,603	148,835	5,036,160	251,892	145,806
Credit related contracts:	342,039	1,971	1,552	356,069	1,954	665
- One year or less	342,039	1,971	1,552	-	-	-
- Over one year to three years	-	-	-	356,069	1,954	665
Equity and commodity related contracts:	1,734,399	26,054	72,219	1,769,895	223,310	226,193
- One year or less	1,734,399	26,054	72,219	1,637,855	206,284	209,063
- Over one year to three years	-	-	-	58,823	9,219	9,319
- Over three years	-	-	-	73,217	7,807	7,811
	88,658,305	1,591,385	1,742,167	98,780,049	2,077,281	1,926,146
Hedging derivatives						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	115,000	-	2,284	715,000	-	7,269
- One year or less	50,000	-	878	600,000	-	4,121
- Over one year to three years	65,000	-	1,406	115,000	-	3,148
Fair value hedge	350,000	-	26,578	350,000	-	26,688
- Over three years	350,000	-	26,578	350,000	-	26,688
Total	89,123,305	1,591,385	1,771,029	99,845,049	2,077,281	1,960,103

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

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

About 2.4% (31 March 2020: 1.7%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

Group	Level 1	Level 2	Level 3	Total
31.12.2020	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	-	1,591,385	-	1,591,385
Financial assets at fair value through profit or loss				
- Money market securities	-	2,309,421	-	2,309,421
- Shares	1,121,047	-	45	1,121,092
- Unit trusts	205,991	2,198	-	208,189
- Quoted corporate bonds and sukuk	-	38,089	-	38,089
- Unquoted corporate bonds and sukuk	-	3,978,661	-	3,978,661
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,810,211	-	8,810,211
- Shares	-	-	686,825	686,825
- Unquoted corporate bonds and sukuk	-	9,643,100	-	9,643,100
	<u>1,327,038</u>	<u>26,373,065</u>	<u>686,870</u>	<u>28,386,973</u>
Derivative financial liabilities	<u>54,311</u>	<u>1,716,718</u>	<u>-</u>	<u>1,771,029</u>

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

Company 31.12.2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,099	-	1,099
	<u>-</u>	<u>1,099</u>	<u>-</u>	<u>1,099</u>
Group 31.03.2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	-	2,077,281	-	2,077,281
Financial assets at fair value through profit or loss				
- Money market securities	-	8,625,737	-	8,625,737
- Shares	411,250	-	2,766	414,016
- Unit trusts	225,270	2,156	-	227,426
- Quoted corporate bonds and sukuk	-	37,500	-	37,500
- Unquoted corporate bonds and sukuk	-	3,241,178	-	3,241,178
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,485,170	-	8,485,170
- Shares	-	-	593,550	593,550
- Unquoted corporate bonds and sukuk	-	10,644,181	-	10,644,181
	<u>636,520</u>	<u>33,113,203</u>	<u>596,316</u>	<u>34,346,039</u>
Derivative financial liabilities	<u>10,790</u>	<u>1,949,313</u>	<u>-</u>	<u>1,960,103</u>
Company 31.03.2020				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,078	-	1,078
	<u>-</u>	<u>1,078</u>	<u>-</u>	<u>1,078</u>

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

Movements in Level 3 financial instruments measured at fair value

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

Group	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Total RM'000
31.12.2020			
Balance at beginning of the financial year	2,766	593,550	596,316
Gain on revaluation of financial assets at FVTPL taken up in statement of profit or loss	147	-	147
Total gains recognised in other comprehensive income under fair value reserve	-	93,275	93,275
Disposals	(2,868)	-	(2,868)
Balance at end of the financial period	<u>45</u>	<u>686,825</u>	<u>686,870</u>
31.03.2020			
Balance at beginning of the financial year	2,813	524,213	527,026
Loss on revaluation of financial assets at FVTPL taken up in statement of profit or loss	(47)	-	(47)
Total gains recognised in other comprehensive income under fair value reserve	-	69,337	69,337
Balance at end of the financial year	<u>2,766</u>	<u>593,550</u>	<u>596,316</u>

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

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

Group	31.12.2020 RM'000	31.03.2020 RM'000
Financial assets at FVTPL:		
Total gain/(loss) included in:		
- investment and trading income in statement of profit or loss	<u>147</u>	<u>(47)</u>
Financial investments at FVOCI:		
Total gains included in:		
- fair value reserve in statement of comprehensive income	<u>93,275</u>	<u>69,337</u>

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

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

A35. CAPITAL ADEQUACY

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

	31.12.2020			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
CET1 Capital ratio	13.135%	12.130%	41.483%	13.522%
Tier 1 Capital ratio	13.135%	12.130%	41.483%	13.522%
Total Capital ratio	17.217%	16.771%	42.150%	16.385%
	31.03.2020			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital ratio	12.220%	11.165%	40.638%	12.642%
Tier 1 Capital ratio	12.220%	11.165%	40.638%	12.642%
Total Capital ratio	16.769%	15.950%	41.076%	15.998%
After deducting proposed dividends:				
CET1 Capital ratio	12.046%	11.165%	37.161%	12.440%
Tier 1 Capital ratio	12.046%	11.165%	37.161%	12.440%
Total Capital ratio	16.595%	15.950%	37.600%	15.796%

Notes:

- (1) The capital adequacy ratios of the Group as at 31 March 2020 are computed in accordance to BNM's policy document on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 5 February 2020, which is based on the Basel III capital accord. The Group has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's policy document on Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 3 May 2019.

Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios as at 31 December 2020 had been computed applying transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non credit impaired exposure (i.e.: stage 1 and stage 2 provision) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries are as follows:

	31.12.2020			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
CET1 Capital ratio	12.622%	11.171%	41.483%	12.881%
Tier 1 Capital ratio	12.622%	11.171%	41.483%	12.882%
Total Capital ratio	17.054%	16.224%	42.150%	16.190%

- (2) The Company, being a financial holding company ("FHC") i.e. a financial holding company approved pursuant to section 112(3) of the FSA or section 124(3) of the IFSA and holds investment directly or indirectly in corporations that are engaged predominantly in banking business or Islamic banking business, has complied with BNM guidelines on minimum capital adequacy ratios and capital buffer requirements at the consolidated level effective 1 January 2019.

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

A35. CAPITAL ADEQUACY (CONT'D.)

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

- (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
 - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies for exposures in Malaysia; and
 - (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("DSIB").
- (b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows:

	31.12.2020			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary share capital	1,940,465	1,387,107	200,000	5,551,557
Retained earnings	7,863,157	2,331,241	283,108	12,145,065
Fair value reserve	632,621	111,619	1,539	942,285
Foreign exchange translation reserve	80,562	-	-	87,017
Treasury shares	-	-	-	(16,714)
Regulatory reserve	46,932	-	6,841	53,773
Cash flow hedging deficit	(19,510)	-	-	(19,510)
Other remaining disclosed reserves	-	-	-	64,485
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(259,439)	(756)	(1,562)	(269,525)
Deferred tax assets	(12,308)	(21,520)	(6,999)	(40,374)
55% of cumulative gains in fair value reserve	(347,942)	(61,391)	(846)	(518,257)
Cash flow hedging deficit	19,510	-	-	19,510
Regulatory reserve	(46,932)	-	(6,841)	(53,773)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,049)	(130)	-	(1,105)
Other CET1 regulatory adjustments specified by BNM	401,487	321,640	-	722,094
CET1 Capital	10,289,066	4,067,810	425,431	15,239,883
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	463
Tier 1 Capital	10,289,066	4,067,810	425,431	15,240,346
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,595,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,360,896
General provisions*	602,550	256,523	6,844	865,833
Tier 2 Capital	3,197,550	1,556,523	6,844	3,226,729
Total Capital	13,486,616	5,624,333	432,275	18,467,075

A35. CAPITAL ADEQUACY (CONT'D.)

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

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

	31.12.2020			
	AmBank	AmBank	AmInvestment	Group
	RM'000	Islamic	Bank	
Credit RWA	70,134,257	32,468,100	725,283	101,640,548
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(895,091)	-	(175,348)
Total Credit RWA	70,134,257	31,573,009	725,283	101,465,200
Market RWA	2,872,100	368,859	33,171	3,856,465
Operational RWA	4,447,169	1,593,456	267,108	6,501,350
Large exposure risk RWA for equity holdings	881,060	-	-	881,727
Total RWA	78,334,586	33,535,324	1,025,562	112,704,742

	31.03.2020			
	AmBank	AmBank	AmInvestment	Group
	RM'000	Islamic	Bank	
<u>CET1 Capital</u>				
Ordinary share capital	1,940,465	1,387,107	200,000	5,551,557
Retained earnings	7,380,683	2,148,410	313,545	11,557,241
Fair value reserve	368,847	56,249	999	616,558
Foreign exchange translation reserve	99,587	-	-	108,667
Treasury shares	-	-	-	(26,916)
Regulatory reserve	311,003	71,612	4,912	387,528
Cash flow hedging deficit	(28,155)	-	-	(28,155)
Other remaining disclosed reserves	-	-	-	40,572
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(264,492)	(1,034)	(1,116)	(277,233)
Deferred tax assets	(33,439)	-	(7,179)	(23,114)
55% of cumulative gains in fair value reserve	(202,866)	(30,937)	(550)	(339,107)
Cash flow hedging deficit	28,155	-	-	28,155
Regulatory reserve	(311,003)	(71,612)	(4,912)	(387,528)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,086)	(148)	-	(1,154)
CET1 Capital	9,279,211	3,559,647	455,890	13,780,426
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	458
Tier 1 Capital	9,279,211	3,559,647	455,890	13,780,884

A35. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.2020			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,595,000	1,150,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,420,697
General provisions*	858,821	375,600	4,916	1,237,269
Tier 2 Capital	3,453,821	1,525,600	4,916	3,657,966
Total Capital	12,733,032	5,085,247	460,806	17,438,850

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

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

Credit RWA	68,705,693	30,960,556	841,125	99,174,151
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(912,582)	-	(192,639)
Total Credit RWA	68,705,693	30,047,974	841,125	98,981,512
Market RWA	2,351,627	294,650	17,004	3,176,949
Operational RWA	4,217,469	1,539,751	263,707	6,191,409
Large exposure risk RWA for equity holdings	657,669	-	-	658,015
Total RWA	75,932,458	31,882,375	1,121,836	109,007,885

A36. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	General insurance fund		Shareholders' fund and Others		Total*	
	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000	31.03.2020 RM'000
ASSETS						
Cash and short-term funds	115,655	176,935	259,777	107,419	375,432	284,354
Deposits and placements with banks and other financial institutions	19,602	19,766	-	-	19,602	19,766
Financial assets at fair value through profit or loss	2,376,887	2,311,801	4,533,431	4,522,749	3,479,106	3,468,693
Loans and advances	484	702	15	-	499	702
Deferred tax assets	18,309	18,211	-	-	18,309	18,211
Investment in a subsidiary	-	-	1,808,733	1,808,733	-	-
Other assets	1,193,853	1,013,413	43,817	64,616	99,344	135,757
Reinsurance assets and other insurance receivables	472,779	457,906	-	-	472,779	457,906
Property and equipment	13,730	16,019	(59)	(59)	13,671	15,960
Right-of-use assets	48,552	46,468	-	-	48,552	46,468
Intangible assets	46,922	49,873	59,796	62,829	885,645	891,628
Asset held for sale	1,562	1,562	762	762	2,324	2,324
TOTAL ASSETS	4,308,335	4,112,656	6,706,272	6,567,049	5,415,263	5,341,769
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	481,893	472,064	481,893	472,064
Deferred tax liabilities	-	-	60,789	64,275	60,789	64,275
Other liabilities	334,923	322,424	1,145,633	949,885	342,672	330,477
Insurance contract liabilities and other insurance payables	2,543,096	2,479,164	-	-	2,543,096	2,479,164
Total Liabilities	2,878,019	2,801,588	1,688,315	1,486,224	3,428,450	3,345,980
Share capital**	-	-	5,693,368	5,680,036	1,599,148	1,599,148
Reserves	1,430,316	1,311,068	(675,411)	(599,211)	387,665	396,641
Equity attributable to equity holders of the Company	1,430,316	1,311,068	5,017,957	5,080,825	1,986,813	1,995,789
TOTAL LIABILITIES AND EQUITY	4,308,335	4,112,656	6,706,272	6,567,049	5,415,263	5,341,769
* after elimination on consolidation						
** Comprising:						
Ordinary share capital					1,130,000	1,130,000
Preference share capital					169,148	169,148
Transfer from Retained Earnings arising from redemption of preference shares					300,000	300,000
					1,599,148	1,599,148

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

A36. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020

Group	General insurance fund		Shareholders' fund and Others		Total*	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Interest income	1,737	2,882	103,350	112,227	105,087	115,109
Interest expense	-	-	(15,829)	(15,341)	(15,829)	(15,341)
Net interest income	1,737	2,882	87,521	96,886	89,258	99,768
Income from insurance business	1,061,877	1,068,582	-	-	1,061,877	1,068,582
Insurance claims and commissions**	(716,755)	(741,540)	-	-	(716,755)	(741,540)
Net income from insurance business	345,122	327,042	-	-	345,122	327,042
Other operating income	94,535	106,432	350,334	309,089	76,219	64,665
Net income	441,394	436,356	437,855	405,975	510,599	491,475
Other operating expenses	(281,844)	(248,485)	(7,573)	(8,074)	(289,417)	(256,559)
Operating profit	159,550	187,871	430,282	397,901	221,182	234,916
Writeback of allowance for impairment:						
Reinsurance assets and insurance receivables	3,096	5,998	-	-	3,096	5,998
Other write-offs, net	(2,467)	(4,104)	-	-	(2,467)	(4,104)
Profit before taxation	160,179	189,765	430,282	397,901	221,811	236,810
Taxation	(40,620)	(60,375)	4,144	13,474	(36,476)	(46,901)
Profit for the financial period	119,559	129,390	434,426	411,375	185,335	189,909

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM11,730,000 (31 December 2019: RM11,759,000)

A37. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2020**

	Note	Group	
		31.12.2020 RM'000	31.03.2020 RM'000
ASSETS			
Cash and short-term funds		8,910,154	5,923,823
Derivative financial assets		97,869	59,653
Financial assets at fair value through profit or loss		657,952	1,750,250
Financial investments at fair value through other comprehensive income		5,471,632	4,896,694
Financial investments at amortised cost		1,640,929	1,689,082
Financing and advances	(a)	34,041,465	31,907,446
Statutory deposit with Bank Negara Malaysia		140,000	147,000
Deferred tax assets		21,693	299
Other assets		363,338	287,745
Property and equipment		415	481
Right-of-use assets		2,529	2,759
Intangible assets		756	1,034
TOTAL ASSETS		51,348,732	46,666,266
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	38,192,152	34,672,130
Investment accounts of customers	(c)	192,711	208,726
Deposits and placements of banks and other financial institutions		4,182,010	3,449,770
Obligations on securities sold under repurchase agreements		499,061	-
Investment account due to a licensed bank	(d)	718,227	718,005
Recourse obligation on financing sold to Cagamas Berhad		800,000	1,000,000
Derivative financial liabilities		122,192	83,865
Term funding		1,034,749	1,034,697
Subordinated Sukuk		1,300,000	1,150,000
Deferred tax liabilities		1,503	9,639
Other liabilities	(e)	307,648	559,440
TOTAL LIABILITIES		47,350,253	42,886,272
Share capital/Capital funds		1,417,107	1,417,107
Reserves		2,581,372	2,362,887
TOTAL ISLAMIC BANKING FUNDS		3,998,479	3,779,994
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		51,348,732	46,666,266
COMMITMENTS AND CONTINGENCIES		13,705,378	13,487,792

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Income derived from investment of depositors' funds	1	409,388	446,502	1,214,459	1,336,334
Income derived from investment of investment account funds		8,550	18,591	25,158	58,353
Income derived from Islamic Banking Funds	1	46,298	57,620	134,255	155,439
Allowance on financing and advances - net		(117,343)	(20,249)	(286,049)	(77,218)
Writeback of/(Allowance for) impairment on:					
- Financial investments		(1,405)	(237)	4,536	2,446
- Other financial assets		(9)	3	3	6
Writeback of provision for commitments and contingencies		1,058	1,855	3,399	3,686
Total distributable income		<u>346,537</u>	<u>504,085</u>	<u>1,095,761</u>	<u>1,479,046</u>
Income attributable to the depositors and others	2	(179,460)	(251,728)	(602,212)	(756,684)
Income attributable to the investment account holders		<u>(6,685)</u>	<u>(16,873)</u>	<u>(20,862)</u>	<u>(52,614)</u>
Total net income		160,392	235,484	472,687	669,748
Operating expenses		(74,421)	(76,989)	(222,078)	(227,407)
Finance costs		<u>(25,141)</u>	<u>(25,291)</u>	<u>(74,620)</u>	<u>(76,981)</u>
Profit before taxation and zakat		60,830	133,204	175,989	365,360
Taxation and zakat		<u>(12,081)</u>	<u>(29,754)</u>	<u>(12,874)</u>	<u>(80,658)</u>
Profit for the financial period		<u>48,749</u>	<u>103,450</u>	<u>163,115</u>	<u>284,702</u>

Note:

1 Included the net loss of RM62,571,000 from measures implemented in response to COVID-19 pandemic.

2 Included a fair value gain of RM9,076,000 recognised by AmBank Islamic Berhad from funding obtained from a related company. The funding was obtained for the purposes of providing Special Relief Facility ("SRF") financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit for the financial period	48,749	103,450	163,115	284,702
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to statement of profit or loss				
Financial investments at fair value through other comprehensive income:				
- net unrealised gain for changes in fair value	(13,026)	877	80,585	51,103
- expected credit loss	1,422	228	(4,433)	(2,378)
- net gain reclassified to profit or loss	(664)	(1,868)	(1,897)	(9,533)
- tax effect	<u>3,286</u>	<u>238</u>	<u>(18,885)</u>	<u>(9,977)</u>
Other comprehensive (loss)/income for the financial period, net of tax	<u>(8,982)</u>	<u>(525)</u>	<u>55,370</u>	<u>29,215</u>
Total comprehensive income for the financial period	<u>39,767</u>	<u>102,925</u>	<u>218,485</u>	<u>313,917</u>

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

Group	Non-Distributable		Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2019	1,417,107	164,928	39,151	2,002,592	3,623,778
Profit for the financial period	-	-	-	284,702	284,702
Other comprehensive income, net	-	-	29,215	-	29,215
Total comprehensive income for the financial period	-	-	29,215	284,702	313,917
Transfer to regulatory reserve	-	114,299	-	(114,299)	-
Dividend on ordinary shares:					
- final, financial year ended 31 March 2019	-	-	-	(163,141)	(163,141)
- interim, financial year ending 31 March 2020	-	-	-	(49,437)	(49,437)
	-	114,299	-	(326,877)	(212,578)
At 31 December 2019	1,417,107	279,227	68,366	1,960,417	3,725,117
At 1 April 2020	1,417,107	71,612	56,249	2,235,026	3,779,994
Profit for the financial period	-	-	-	163,115	163,115
Other comprehensive income, net	-	-	55,370	-	55,370
Total comprehensive income for the financial period	-	-	55,370	163,115	218,485
Transfer to retained earnings	-	(71,612)	-	71,612	-
At 31 December 2020	1,417,107	-	111,619	2,469,753	3,998,479

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances

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

Group	Bai' Bithaman	Murabahah	Musharakah	Al-Ijarah Thummah	Bai' Inah	Others	Total
31.12.2020	Ajil	RM'000	Mutanaqisah	Al-Bai' (AITAB)	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost:							
Cash lines	-	538,550	-	-	695,555	-	1,234,105
Term financing	529,794	10,864,002	9,024	-	1,571,917	93,071	13,067,808
Revolving credit	42,065	3,369,648	-	-	1,043,539	-	4,455,252
Housing financing	2,779,096	5,920,166	45,603	-	-	-	8,744,865
Hire purchase receivables	4	-	-	3,916,153	-	-	3,916,157
Bills receivables	-	239,602	-	-	-	24,612	264,214
Credit card receivables	-	-	-	-	-	464,639	464,639
Trust receipts	-	296,507	-	-	-	-	296,507
Claims on customers under acceptance credits	-	1,522,335	-	-	-	235,209	1,757,544
Staff financing	-	9,016	-	-	-	-	9,016
Others	-	453,865	-	-	-	-	453,865
Gross financing and advances*	3,350,959	23,213,691	54,627	3,916,153	3,311,011	817,531	34,663,972
Allowance for impairment on financing and advances							
- Stage 1 - 12 months ECL							(127,425)
- Stage 2 - Lifetime ECL not credit impaired							(420,484)
- Stage 3 - Lifetime ECL credit impaired							(74,598)
Net financing and advances							34,041,465

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

Group 31.03.2020	Bai' Bithaman	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai' Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai' (AITAB) RM'000			
At amortised cost:							
Cash lines	-	590,232	-	-	852,540	-	1,442,772
Term financing	592,256	8,978,315	9,683	-	1,768,433	46,486	11,395,173
Revolving credit	42,097	3,611,361	-	-	1,438,189	-	5,091,647
Housing financing	2,818,376	4,608,763	46,279	-	-	-	7,473,418
Hire purchase receivables	4	-	-	3,769,943	-	-	3,769,947
Bills receivables	-	188,629	-	-	-	19,886	208,515
Credit card receivables	-	-	-	-	-	504,532	504,532
Trust receipts	-	231,520	-	-	-	-	231,520
Claims on customers under acceptance credits	-	1,638,191	-	-	-	295,391	1,933,582
Staff financing	-	2,443	-	-	-	-	2,443
Others	-	220,375	-	-	-	-	220,375
Gross financing and advances*	3,452,733	20,069,829	55,962	3,769,943	4,059,162	866,295	32,273,924
Allowance for impairment on financing and advances							
- Stage 1 - 12 months ECL							(101,638)
- Stage 2 - Lifetime ECL not credit impaired							(167,791)
- Stage 3 - Lifetime ECL credit impaired							(97,049)
Net financing and advances							31,907,446

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

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Balance at beginning of the financial year	615,350	572,549
Additions during the financial period/year	334,267	455,618
Reclassified to non-impaired financing	(18,655)	(46,370)
Recoveries	(200,474)	(88,965)
Amount written-off	(111,894)	(277,482)
Balance at end of the financial period/year	618,594	615,350
Gross impaired financing and advances as % of total gross financing and advances	1.78%	1.91%
Financing loss coverage (including regulatory reserve)	103.0%	74.2%

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

Group 31.12.2020	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL Not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	
Balance at beginning of the financial year	101,638	167,791	97,049	366,478
Allowances for/(Writeback of) ECL	25,780	252,693	89,443	367,916
- Transfer to 12 month ECL (Stage 1)	517	(4,702)	(180)	(4,365)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(5,109)	41,817	(4,072)	32,636
- Transfer to Lifetime ECL credit impaired (Stage 3)	(132)	(839)	10,636	9,665
New financial assets originated	19,726	62,219	908	82,853
Net remeasurement of allowances	(313)	85,287	78,020	162,994
Changes to model assumptions and methodologies	17,064	58,666	-	75,730
Modification of contractual cash flows of financial assets	3,090	22,468	26,332	51,890
Financial assets derecognised	(9,063)	(12,223)	(22,201)	(43,487)
Foreign exchange differences	7	-	-	7
Amount written-off	-	-	(111,894)	(111,894)
Balance at end of the financial period	127,425	420,484	74,598	622,507

Note:

1 As at 31 December 2020, the gross exposure (including profit receivable) relating to RA financing amounted to RM719.7 million (31 March 2020: RM719.9 million). ECL allowance for the RA financing which amounted to RM1.7 million (31 March 2020: RM2.3 million) is taken up by AmBank.

2 Included ECL previously taken up by AmBank transferred in arising from early redemption of investment account contracts by AmBank amounted to RM3.3 million.

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

Group 31.03.2020	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL Not Credit Impaired RM'000	Lifetime ECL Credit Impaired RM'000	
Balance at beginning of the financial year	80,362	204,632	122,627	407,621
Allowances for/(Writeback of) ECL	21,299	(36,841)	251,904	236,362
- Transfer to 12 month ECL (Stage 1)	3,659	(35,197)	(1,531)	(33,069)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,841)	60,718	(9,447)	43,430
- Transfer to Lifetime ECL credit impaired (Stage 3)	(883)	(6,440)	34,238	26,915
New financial assets originated	27,824	18,218	2,134	48,176
Net remeasurement of allowances Note 2	(8,935)	(66,765)	260,423	184,723
Changes to model assumptions and methodologies	22,825	20,731	(312)	43,244
Modification of contractual cash flows of financial assets	410	(179)	-	231
Financial assets derecognised	(15,760)	(27,927)	(33,601)	(77,288)
Foreign exchange differences	(23)	-	-	(23)
Amount written-off	-	-	(277,482)	(277,482)
Balance at end of the financial year	101,638	167,791	97,049	366,478

(b) Deposits From Customers

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	2,868,000	2,365,009
<i>Qard</i>	74,226	61,836
Demand deposits		
<i>Commodity Murabahah</i>	8,552,142	7,812,982
<i>Qard</i>	516,587	337,707
Term deposits		
<i>Commodity Murabahah</i>	26,039,377	23,517,738
<i>Qard</i>	141,820	278,734
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	298,124
	38,192,152	34,672,130

The deposits are sourced from the following types of customers:

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Business enterprises	23,948,410	21,496,027
Government and statutory bodies	3,675,936	3,024,183
Individuals	9,176,401	9,110,214
Others	1,391,405	1,041,706
	38,192,152	34,672,130

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Due within six months	22,852,497	19,728,247
Over six months to one year	2,332,560	3,207,927
Over one year to three years	980,632	1,141,416
Over three years to five years	15,508	17,006
	26,181,197	24,094,596

(c) Investment Accounts Of Customers

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	17,363	16,087
With maturity		
- Mudarabah	175,348	192,639
	192,711	208,726

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

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Business enterprises	166,320	170,926
Individuals	26,391	37,800
	192,711	208,726

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Investment asset:		
Interbank placement (Wakalah)	17,363	16,087
Housing financing (Mudarabah)	175,348	192,639
Total investment	192,711	208,726

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

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
31.12.2020			
Maturity			
less than 3 months	52.45	1.76	1.94
over 3 months to 1 year	65.86	2.64	-
31.03.2020			
Maturity			
less than 3 months	75.03	3.12	2.99
over 3 months to 1 year	82.09	3.77	-

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	718,227	718,005
Investment asset:		
Financing	718,227	718,005
Total investment	718,227	718,005

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

As at 31 December 2020 the tenure of the RA contracts is for a period ranging between 1 year to 9 years (31 March 2020: 2 years to 10 years).

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

	31.12.2020		31.03.2020	
	Profit sharing ratio (%)	Average rate of return (%)	Profit sharing ratio (%)	Average rate of return (%)
Maturity:				
over 2 years to 5 years	90	3.01	89	4.04
more than 5 years	90	3.96	90	3.76

(e) Other Liabilities

	Group	
	31.12.2020 RM'000	31.03.2020 RM'000
Other payables and accruals	245,008	497,333
Deferred income	18,526	13,344
Lease liabilities	2,508	2,704
Provision for reinstatement of leased properties	80	79
Provision for zakat and taxation	15,896	12,703
Provision for commitments and contingencies	300	5,500
Allowances for ECL on financing commitments and financial guarantees	14,860	18,269
Security deposit and advance payment for financing and advances	10,470	9,508
	307,648	559,440

A38. RESTATEMENT OF COMPARATIVE INFORMATION

The Group continuously strengthen its regulatory reporting framework. The Group has in place, a Regulatory Reporting Policy that provides key principles and governance to cultivate an effective and efficient regulatory reporting process across all reporting entities. In the previous financial year, the Group had implemented a Regulatory Reporting Enhancement Programme ("REP") aimed at amongst others, to improve the functional and data coverage of the regulatory reporting submissions as well as to upgrade infrastructure for and capability of reporting systems. REP had resulted in refinement to the approach in which the Group makes disclosures pertaining to loans, advances and financing. The comparatives on breakdown of loans, advances and financing in Notes 13(a), (c), (d), (e) and (h) are now presented on the same basis as current year's presentation. The restatement did not have any effect on reported cashflows from operations, financial position and performance of the Group.

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

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

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

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	31.12.2020 RM'000	31.12.2019 RM'000	Amount RM'000	%	31.12.2020 RM'000	31.12.2019 RM'000	Amount RM'000	%
Operating revenue	2,090,143	2,370,031	(279,888)	(11.8)	6,442,753	7,109,748	(666,995)	(9.4)
Operating profit before impairment losses	630,729	552,324	78,405	14.2	1,815,538	1,630,999	184,539	11.3
Profit before taxation and zakat	368,614	495,404	(126,790)	(25.6)	1,171,018	1,497,454	(326,436)	(21.8)
Profit for the financial period	283,004	401,752	(118,748)	(29.6)	957,457	1,186,439	(228,982)	(19.3)
Profit attributable to equity holders of the Company	263,832	382,148	(118,316)	(31.0)	866,315	1,093,175	(226,860)	(20.8)

Financial year to date - Cumulative period ended 31 December 2020 compared to 31 December 2019

For the financial period under review, the Group generated revenue of RM6,442.8 million, a decrease of RM667.0 million (9.4%) compared to same period last year. Fund based income from interest bearing assets decreased mainly from interest on fixed income securities and on loans, financing and advances. Non-interest income recorded substantial increase compared to same period last year.

Interest income from securities decreased mainly from trading portfolio. Interest income from customer lending decreased attributable to lower hire purchase financing, housing loans attributable to the decrease in Overnight Policy Rate ("OPR") and net loss from measures implemented in response to COVID-19 pandemic.

Funding costs decreased attributable to lower interest expense on deposits from customers and financial institutions, securities sold under repurchase agreements, term funding and debt capital.

Fee based income recorded a decrease of RM9.3 million mainly due to decrease in fees on loans and securities partially offset by increase in income from brokerage and unit trust related activities. Market based income increased from gains on sale of securities and higher revaluation gain on trading securities offset by higher losses on derivatives and trading in foreign exchange.

Net income from insurance business increased mainly due to lower insurance claims and lower commission offset by lower net earned premium.

The Group's associates and joint ventures recorded higher profits as reflected in the share of profits of RM37.0 million compared to share of profits of RM10.0 million in prior year same period. The Group's share of profits was mainly due to the insurance-based joint ventures which recorded higher investment income and net earned premium offset by higher reserving.

Total operating expenses remain relatively stable compared to same period last year. The Group's cost to income ratio improved to 47.0% from 49.6% a year ago.

Credit costs recorded a higher charge for this financial period, attributable to higher impairment allowances for loans, advances and financing mainly due to overlay adjustments for potential impact of delinquency flow down of customers once the payment holiday and repayment assistance period ends and lower writeback for provision for commitments and contingencies.

Profit before taxation and zakat for the current financial period was lower compared to a year ago at RM1,171.0 million, a decrease of RM326.4 million (21.8%). Profit for the financial period decreased by RM229.0 million to RM957.5 million compared to same period last year.

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

Commentary on key components of financial position

The Group's core interest bearing assets namely loans, advances and financing recorded a growth in gross balances by RM4.7 billion from 31 March 2020 to RM111.9 billion. The Group's impaired loans ratio was at 1.7%.

Deposits from customers was higher compared to 31 March 2020 at RM119.0 billion. Low cost deposits which constituted 28.1% of total deposits from customers increased compared to 25.5% as at 31 March 2020.

Liquidity and capital strength

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's capital adequacy ratio is strong at 16.39% at the end of the reporting period.

Divisional performance

Retail Banking (Year to date ("YTD") FY2021: RM352.1 million vs YTD FY2020: Profit of RM326.9 million)

Profit before tax ("PBT") increased by RM25.2 million mainly due to higher net income and lower other operating expenses, partially offset by higher net impairment.

Net income increased by RM67.3 million mainly from higher net finance income due to higher volume, partly offset by lower margin impact, coupled with higher fee income from Wealth, offset by Cards.

Higher net impairment mainly from provision on loans, advances and financing due to deterioration of assets quality post moratorium period.

Retail deposits increased by 2.8% to RM47.7 billion mainly from current and saving accounts. Gross loans, advances and financing grew RM5.4 billion (9.2%) to close at RM63.6 billion mainly attributed by Mortgages, Personal Financing and Retail SME, partly offset by drop in Auto Finance.

Business Banking (YTD FY2021: RM142.1 million vs YTD FY2020: RM98.3 million)

PBT increased by RM43.8 million due higher net income, lower other operating expenses and lower net impairment.

Higher net income from higher business volume, offset by lower margin. Lower other operating expenses mainly due to lower personnel costs, while lower net impairment arising from lower provision on loans, advances and financing.

Business Banking deposits increased by RM1.2 billion to RM7.5 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.3 billion (12.1%) to close at RM12.2 billion.

Corporate Banking (YTD FY2021: RM248.9 million vs YTD FY2020: RM525.2 million)

PBT decreased by RM276.3 million from lower net income and higher net impairment, partly offset by lower other operating expenses.

Net income decreased by 6.2% due to lower loan related fees and lower net finance income from lower margin, partially offset by higher volume impact. Higher net impairment mainly from impairment on loans, advances and financing.

Corporate Banking deposits increased by RM5.3 billion (50.1%) to close at RM15.7 billion, while gross loans, advances and financing grew by 1.8% to close at RM34.5 billion.

Group Treasury and Markets (YTD FY2021: RM572.4 million vs YTD FY2020: RM265.2 million)

PBT grew RM307.2 million mainly from higher net income and lower net impairment.

Net income increased by RM276.1 million driven by higher net finance income due to higher margin and volume, along with higher other income mainly from gain on money market securities and favourable movement in equities.

Investment Banking (YTD FY2021: RM69.0 million vs YTD FY2020: RM60.4 million)

PBT increased by RM8.6 million from higher net income mainly due to higher brokerage income and lower other operating expenses, partly offset by lower writeback of net impairment.

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

Divisional performance (Cont'd.)

Fund Management (YTD FY2021: RM53.8 million vs YTD FY2020: RM33.0 million)

PBT increased by RM20.8 million mainly from higher management fee.

Insurance (YTD FY2021: RM254.7 million vs YTD FY2020: RM241.0 million)

Insurance PBT increased by 5.7% from higher other income and gain from share of associate and joint ventures, partially offset by higher other operating expenses due to higher marketing expenses for COVID-19 initiatives.

Group Funding & Others (YTD FY2021: Loss of RM522.1 million vs YTD FY2020: Loss of RM52.6 million)

Higher loss before tax mainly due to loss from measures implemented in response to COVID-19 and higher net impairment in view of macroeconomics variables, partially offset by lower other operating expenses.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

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

	Group			
	Individual Quarter		Changes	
	31.12.2020	30.09.2020	Amount	
	RM'000	RM'000	RM'000	%
Operating revenue	2,090,143	2,137,995	(47,852)	(2.2)
Operating profit before impairment losses	630,729	631,009	(280)	(0.0)
Profit before taxation and zakat	368,614	298,491	70,123	23.5
Profit for the financial quarter	283,004	272,528	10,476	3.8
Profit attributable to equity holders of the Company	263,832	237,317	26,515	11.2

Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group generated revenue of RM2,090.1 million, a decrease of 2.2% compared to last quarter. Fund based income from interest bearing assets decreased mainly from interest income on securities. Non-interest income decreased mainly from trading and investment income.

Funding costs decreased attributable to lower interest on deposits from customers, deposits and placements from banks and other financial institutions and recourse obligation on loans and financing sold to Cagamas Berhad.

Overall other operating income decreased for this quarter compared to preceding quarter due to lower gains from revaluation and disposal of securities partially offset by higher gains in derivatives and trading in foreign exchange.

Total operating expenses increased by 4.1% compared to preceding quarter mainly due to increase in personnel expenses.

Credit costs decreased due to lower impairment allowances for loans, advances and financing offset by lower recoveries from loans, advances and financing and lower writeback for provision for commitments and contingencies.

Against the preceding quarter, profit before taxation and zakat for the current quarter is higher at RM368.6 million, an increase of RM70.1 million (23.5%). Profit for the quarter increased by RM10.5 million to RM283.0 million compared to preceding quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2021

Impacted by the rise in COVID-19 cases and restrictive measures imposed to contain the spread of the virus, the 4Q2020 Gross Domestic Products ("GDP") grew at a weaker pace by -3.4% year-on-year ("y/y") compared to -2.6% y/y in 3Q2020. With three straight quarters of negative growth, the full-year GDP fell by 5.6%, the worst since the 1997/98 Asian financial crisis where the GDP plunged by -7.4%. The COVID-19 pandemic and restrictive measures dampened private consumption and weighed on both private and public and investment. However, government consumption, net exports and the stimulus measures provided some cushion to the downside. Capex during the year was weak.

The outlook for 2021 suggests a rebound in the economy in tandem with the global scenario. Domestic economy will be supported by global GDP and trade, stimulus measures, vaccine deployment, better management of COVID-19 pandemic and stable commodity prices. Business sentiments and consumer confidence are poised to improve. The GDP outlook for 2021 is projected between 5.2% and 5.9%, partly affected by the restrictive measures (Movement Control Order 2.0) to contain the virus spread early 2021.

Inflation in December remained in the negative growth trajectory for the 10th consecutive month, down by 1.4% y/y. As a result, the overall headline inflation averaged at -1.1%. This is the first time since 1969 that Malaysia experienced a negative inflation. Poor inflation was due to the combined collapse of demand-pull and cost-push factors. In 2021, inflationary pressure is expected to pick up. Firmer commodity prices, higher input prices due to supply chain disruption and a gradual pick-up from demand-pull as well as low base would see inflation averaging around 1.9%–2.1%.

Underpinned by weak economic activities, the overall banking system loans grew at a slower pace by 3.4% in 2020 from 3.9% in 2019. The drag came from business loans largely impacted by the COVID-19 pandemic that disrupted their supply chain and orders in view of collapsed demand. The outlook for loan growth in 2021 would be around 4% and 5% in 2021. Improved economic activities should see loans picking up.

Liquidity in the banking system remains healthy. It is reflected by the banking industry's liquidity coverage ratio which stood at 148% at end-2020. It is well above the regulatory requirement of 100%. Besides, funding profiles are well diversified. The industry's loan-to-fund ratio and loan-to-fund-and-equity ratio as at end December were 82.5% and 72.0% respectively.

The monetary policy will remain accommodative. In 2020, BNM reduced the Overnight Policy Rate by 125bps to 1.75%, with the aim of supporting the economy. A total of three rate cuts were instituted by BNM from six Monetary Policy Committee meetings held during the year. For 2021, the central bank will remain accommodative and at the same time vigilant. Room for BNM to further reduce the policy rate remains. Much will depend on the health of the domestic and external environment, in particular the deployment of vaccines and the management of the pandemic crisis.

Meanwhile, BNM extended the 2% Statutory Reserve Requirement ("SRR") flexibility that would end on 31 May 2021 to 31 December 2022. With the extension of the SRR, it allows BNM to ensure sufficient liquidity to support financial intermediation activity. Banks can substitute Malaysia Government Securities and Malaysian Government Investment Issues papers to meet the SRR compliance.

For FY2021, the Group will be operating under our new strategy roadmap focusing on eight key areas, namely, (1) Deliver growth in targeted segments; (2) Build capital light business; (3) Ramp up digital strategy; (4) Explore digital bank option; (5) Leverage strategic partnerships; (6) Increase Return on Equity (ROE); (7) Build sustainability and (8) Connecting people.

Meanwhile, the Group will remain disciplined in managing expenses and continue to drive operational efficiencies through simplification and automation of processes via the second phase of its Business Efficiency Transformation program.

With the continuing uncertainties in global economy triggered by the coronavirus (COVID-19) outbreak, liquidity and capital management become paramount in preserving the continuity and proper functioning of the banks. At the Group, our liquidity and capital management framework aims to ensure adequate liquidity under adverse market conditions as well as to strengthen 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.

Additionally, the Group had implemented a range of financial relief measures to help targeted customers to weather the impact of COVID-19 post BNM's repayment moratorium which ended on 30 September 2020. The Group closely monitor its credit portfolio for the potential signs of stress and actively manage its provision to factor in underlying economic data and expected credit losses.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Estimated current tax payable	139,744	116,436	285,165	290,858
Deferred tax	(60,247)	(21,006)	(78,970)	20,511
	<u>79,497</u>	<u>95,430</u>	<u>206,195</u>	<u>311,369</u>
Over provision of current taxation in respect of prior years	5,921	(2,572)	6,076	(2,572)
Taxation	<u>85,418</u>	<u>92,858</u>	<u>212,271</u>	<u>308,797</u>
Zakat	192	794	1,290	2,218
Taxation and zakat	<u>85,610</u>	<u>93,652</u>	<u>213,561</u>	<u>311,015</u>

The total tax charge of the Group for the financial period ended 31 December 2020 and 31 December 2019 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. BORROWINGS AND DEBT SECURITIES

Group

	Long term*		Short term*		Total	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
31.12.2020						
Unsecured						
Term funding	100,000	1,041,677 #	-	666,160	100,000	1,707,837
Debt capital	-	3,895,000	-	-	-	3,895,000
31.12.2019						
Unsecured						
Term funding	100,000	1,490,834 #	-	872,518	100,000	2,363,352
Debt capital	-	3,745,000	-	-	-	3,745,000

Borrowings denominated in foreign currencies have not been hedged to RM; AmBank's US Dollar debts are maintained in the originating currency for purpose of funding the US Dollar balance sheet.

As at 31 December 2020, USD100 million term loan drawdown to be utilised for diversifying the sources of funding the growth of the USD balance sheet.

* remaining contractual maturity

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

Month of Issuance/ Redemption	Entity	Note/ Sukuk type and tenor	Nominal value RM'000	Weighted average interest/ profit rate %	Net interest/ profit savings per annum for redemption RM'000
March 2020 - Issuance	AmBank Islamic	Senior Sukuk Musyarakah - 2 years	200,000	3.55	7,100
March 2020 - Issuance	AmBank Islamic	Senior Sukuk Musyarakah - 5 years	800,000	4.10	32,800
March 2020 - Redemption	AmBank Islamic	Senior Sukuk Musyarakah - 5 years	900,000	4.45	40,050
June 2020 - Redemption	AmBank	Senior Notes - 2 years	700,000	4.50	31,500
December 2020 - Issuance	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	400,000	3.13	12,520
December 2020 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	250,000	5.35	13,375

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

B7. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A32.

B8. DIVIDENDS

There is no dividend proposed for the current financial quarter and period.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A33.

B10. EARNINGS PER SHARE (SEN)

(a) Basic/Diluted earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net profit attributable to equity holders of the Company (RM'000)	263,832	382,148	866,315	1,093,175
Weighted average number of ordinary shares in issue ('000)	3,009,531	3,007,425	3,009,060	3,007,245
Basic/diluted earnings per share (Sen)	8.77	12.71	28.79	36.35