

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	Group		Company	
		30.09.2020 RM'000	31.03.2020 RM'000	30.09.2020 RM'000	31.03.2020 RM'000
ASSETS					
Cash and short-term funds	A8	5,757,185	15,611,728	308,534	322,262
Deposits and placements with banks and other financial institutions	A9	1,692,884	98,845	-	-
Derivative financial assets	A33	1,698,344	2,077,281	-	-
Financial assets at fair value through profit or loss	A10	13,435,915	12,545,857	1,093	1,078
Financial investments at fair value through other comprehensive income	A11	18,841,931	19,722,901	-	-
Financial investments at amortised cost	A12	4,817,386	4,852,813	-	-
Loans, advances and financing	A13	108,882,176	105,950,930	-	-
Statutory deposit with Bank Negara Malaysia		498,702	489,006	-	-
Deferred tax assets		29,235	51,457	-	-
Investment in subsidiaries and other investments		-	-	9,627,425	9,627,425
Investment in associates and joint ventures		717,447	699,275	-	-
Other assets	A14	2,369,304	2,809,434	3,604	1,571
Reinsurance assets and other insurance receivables	A15	457,037	457,906	-	-
Property and equipment		238,519	254,144	103	332
Right-of-use assets		301,898	317,679	-	-
Intangible assets		3,254,711	3,261,506	-	-
Asset held for sale	A31	2,324	2,324	-	-
TOTAL ASSETS		162,994,998	169,203,086	9,940,759	9,952,668
LIABILITIES AND EQUITY					
Deposits from customers	A16	114,783,667	112,966,712	-	-
Investment accounts of customers		439,261	208,726	-	-
Deposits and placements of banks and other financial institutions	A17	7,677,319	10,021,921	-	-
Securities sold under repurchase agreements		3,188,551	6,352,709	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,275,013	5,140,023	-	-
Derivative financial liabilities	A33	1,812,896	1,960,103	-	-
Term funding		1,809,621	2,501,739	-	-
Debt capital		3,745,000	3,745,000	-	-
Redeemable cumulative convertible preference share		233,542	231,311	-	-
Deferred tax liabilities		114,769	69,720	-	-
Other liabilities	A18	2,990,861	3,965,918	65,777	46,974
Insurance contract liabilities and other insurance payables	A19	2,538,083	2,479,164	-	-
Total Liabilities		142,608,583	149,643,046	65,777	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		13,500,487	12,756,131	4,341,446	4,382,360
Equity attributable to equity holders of the Company		19,335,330	18,580,772	9,874,982	9,905,694
Non-controlling interests		1,051,085	979,268	-	-
Total Equity		20,386,415	19,560,040	9,874,982	9,905,694
TOTAL LIABILITIES AND EQUITY		162,994,998	169,203,086	9,940,759	9,952,668
COMMITMENTS AND CONTINGENCIES	A32	125,681,764	133,474,654	-	-
NET ASSETS PER SHARE (RM)		6.42	6.18	3.28	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 30 SEPTEMBER 2020

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Operating revenue	A27	2,137,995	2,349,315	4,352,610	4,739,717
Interest income	A20	1,056,667	1,236,977	2,140,650	2,516,668
Interest expense	A21	(524,905)	(764,081)	(1,164,522)	(1,575,471)
Net interest income		531,762	472,896	976,128	941,197
Net income from Islamic banking		243,359	246,124	423,493	476,100
Income from insurance business		361,469	357,005	699,501	706,177
Insurance claims and commissions		(244,054)	(244,471)	(458,098)	(472,479)
Net income from insurance business	A22	117,415	112,534	241,403	233,698
Other operating income	A23	263,737	245,373	584,764	477,727
Share in results of associates and joint ventures		(1,450)	(8,018)	21,409	4,757
Net income		1,154,823	1,068,909	2,247,197	2,133,479
Other operating expenses	A24	(523,814)	(526,239)	(1,062,388)	(1,054,804)
Operating profit before impairment		631,009	542,670	1,184,809	1,078,675
Allowance for impairment on					
loans, advances and financing	A25	(361,041)	(105,180)	(403,786)	(60,269)
Writeback of allowance/(Allowance) for impairment on:					
Financial investments	A26	10,067	(41,990)	12,280	(40,354)
Insurance receivables		2,720	4,540	3,178	3,532
Other financial assets	A26	953	227	9	1,274
Provision for commitments and contingencies		14,790	35,910	8,294	23,019
Other write-offs, net		(7)	(2,589)	(2,380)	(3,827)
Profit before taxation and zakat		298,491	433,588	802,404	1,002,050
Taxation and zakat	B5	(25,963)	(80,491)	(127,951)	(217,363)
Profit for the financial period		272,528	353,097	674,453	784,687
Attributable to:					
Equity holders of the Company		237,317	319,568	602,483	711,027
Non-controlling interests		35,211	33,529	71,970	73,660
Profit for the financial period		272,528	353,097	674,453	784,687
EARNINGS PER SHARE (SEN)	B10				
Basic/Diluted		7.89	10.62	20.02	23.63

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit for the financial period	272,528	353,097	674,453	784,687
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	25,401	69,337	93,275	69,337
Tax effect relating to components of other comprehensive income				
- defined benefit liability	-	-	98	-
- financial investments at FVOCI	308	40	308	40
	<u>25,709</u>	<u>69,377</u>	<u>93,271</u>	<u>69,377</u>
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on foreign operations	(8,226)	3,583	(10,155)	6,922
Cash flow hedge				
- gain/(loss) arising during the financial period	2,491	(4,888)	4,400	(11,068)
- reclassification adjustments for gain included in profit or loss	-	-	-	(66)
- amortisation of fair value changes for terminated hedge	1,949	(1,227)	3,618	(2,721)
Financial investments at FVOCI				
- net unrealised gains on changes in fair value	123,258	62,533	369,836	183,363
- net gain reclassified to profit or loss	(3,026)	(50,385)	(17,849)	(61,352)
- expected credit loss	(8,621)	42,706	(10,825)	41,090
- foreign exchange differences	(4)	(2)	(5)	-
Tax effect relating to the components of other comprehensive (income)/loss				
- cash flow hedge	(1,065)	1,467	(1,924)	3,325
- financial investments at FVOCI	(28,855)	(2,413)	(84,476)	(27,604)
Share of reserve movements in equity accounted joint ventures	98	(14,327)	(504)	686
	<u>77,999</u>	<u>37,047</u>	<u>252,116</u>	<u>132,575</u>
Other comprehensive income for the financial period, net of tax	103,708	106,424	345,387	201,952
Total comprehensive income for the financial period	<u>376,236</u>	<u>459,521</u>	<u>1,019,840</u>	<u>986,639</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	341,025	425,992	948,023	912,979
Non-controlling interests	35,211	33,529	71,817	73,660
	<u>376,236</u>	<u>459,521</u>	<u>1,019,840</u>	<u>986,639</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.

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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

Company	Note	Individual Quarter		Cumulative Quarter	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Operating revenue		172,459	91,256	174,760	595,690
Interest income	A20	910	997	2,831	1,925
Other operating income	A23	171,549	90,259	171,929	593,765
Net income		172,459	91,256	174,760	595,690
Other operating expenses	A24	(5,421)	(8,524)	(11,366)	(14,806)
Profit before taxation		167,038	82,732	163,394	580,884
Taxation		(641)	(271)	(641)	(504)
Profit for the financial period representing total comprehensive income for the financial period		166,397	82,461	162,753	580,380

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	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	-	-	-	-	-	-	-	-	711,027	711,027	73,660	784,687
Other comprehensive income/(loss), net	-	-	205,560	(10,530)	6,922	-	-	-	-	201,952	-	201,952
Total comprehensive income/(loss) for the financial period	-	-	205,560	(10,530)	6,922	-	-	-	711,027	912,979	73,660	986,639
Share-based payment under ESS, net	-	-	-	-	-	6,038	-	-	-	6,038	-	6,038
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Transfer to regulatory reserve	-	140,039	-	-	-	-	-	-	(140,039)	-	-	-
Transfer from retained earnings arising from redemption of preference shares by a subsidiary	100,000	-	-	-	-	-	-	-	(100,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(452,128)	(452,128)	(83,300)	(535,428)
Transactions with owners and other equity movements	100,000	140,039	-	-	-	6,038	-	-	(692,172)	(446,095)	(83,300)	(529,395)
At 30.09.2019	5,851,557	590,197	685,530	(22,604)	101,011	11,333	(31,483)	45,715	10,926,581	18,157,837	989,859	19,147,696

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FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital	Regulatory reserve	Fair value reserve	Cash flow hedging deficit	Foreign currency translation reserve	Executives' share scheme reserve	Treasury shares	Retained Earnings		Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	-	-	-	602,483	602,483	71,970	674,453
Other comprehensive income/(loss), net	-	-	349,760	6,094	(10,155)	-	-	-	(159)	345,540	(153)	345,387
Total comprehensive income/(loss) for the financial period	-	-	349,760	6,094	(10,155)	-	-	-	602,324	948,023	71,817	1,019,840
Share-based payment under ESS, net	-	-	-	-	-	26,231	-	-	-	26,231	-	26,231
ESS shares vested to employees	-	-	-	-	-	(11,725)	10,202	-	1,523	-	-	-
Transfer from regulatory reserve *	-	(387,528)	-	-	-	-	-	-	387,528	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(219,696)	(219,696)	-	(219,696)
Transactions with owners and other equity movements	-	(387,528)	-	-	-	14,506	10,202	-	169,355	(193,465)	-	(193,465)
At 30.09.2020	5,851,557	-	985,071	(22,061)	98,512	55,078	(16,714)	45,715	12,338,172	19,335,330	1,051,085	20,386,415

* Bank Negara Malaysia ("BNM") had in March 2020 implemented additional measures in response to COVID-19 pandemic. These measures, amongst others, aim to ensure that the financial intermediation function of the financial sector remains intact and banking institutions remain focused on supporting the economy during these exceptional circumstances. As at 30 September 2020, no regulatory reserve was held against expected losses, one of the drawdown of prudential buffers as allowed by BNM.

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	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	-	-	-	580,380	580,380
Total comprehensive income for the financial period	-	-	-	580,380	580,380
Share-based payment under ESS, net	-	6,038	-	-	6,038
Dividends paid	-	-	-	(452,128)	(452,128)
Transactions with owners and other equity movements	-	6,038	-	(452,128)	(446,090)
At 30.09.2019	5,550,250	11,333	(31,483)	4,297,462	9,827,562

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	-	-	-	162,753	162,753
Total comprehensive income for the financial period	-	-	-	162,753	162,753
Share-based payment under ESS, net	-	26,231	-	-	26,231
ESS shares vested to employees	-	(11,725)	10,202	1,523	-
Dividends paid	-	-	-	(219,696)	(219,696)
Transactions with owners and other equity movements	-	14,506	10,202	(218,173)	(193,465)
At 30.09.2020	5,550,250	55,078	(16,714)	4,286,368	9,874,982

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

	Group		Company	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit before taxation and zakat	802,404	1,002,050	163,394	580,884
Adjustments for:				
Net accretion of discount for securities	(45,864)	(45,943)	-	-
Allowance for expected credit losses on loans, advances and financing, net	596,947	273,233	-	-
Dividend income	(3,779)	(3,726)	(171,223)	(592,928)
Net loss/(gain) on revaluation of derivatives	236,129	(41,641)	-	-
Net gain on revaluation of financial assets at fair value through profit or loss	(114,924)	(66,127)	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(17,849)	(61,352)	-	-
Net gain on sale of financial assets at fair value through profit or loss	(207,355)	(52,425)	-	-
Other non-operating and non-cash items	316,004	152,447	38	115
Operating profit/(loss) before working capital changes	1,561,713	1,156,516	(7,791)	(11,929)
<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	(530,710)	4,305,029	(15)	(18)
Loans, advances and financing	(3,886,276)	(467,185)	-	-
Statutory deposit with Bank Negara Malaysia	(9,697)	(120,845)	-	-
Other assets	422,142	71,166	(1,466)	(53,723)
Reinsurance assets and other insurance receivables	4,046	145,417	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	1,816,956	(4,202,971)	-	-
Investment accounts of customers	230,535	(163,864)	-	-
Deposits and placements of banks and other financial institutions	(2,197,785)	1,234,836	-	-
Securities sold under repurchase agreements	(3,164,158)	570,758	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(1,865,011)	(218,347)	-	-
Term funding	(679,301)	(1,641,771)	-	-
Other liabilities	(958,849)	(814,218)	43,511	46,757
Insurance contract liabilities and other insurance payables	58,919	(295,426)	-	-
Cash (used in)/generated from operations	(9,197,476)	(437,621)	34,239	(18,913)
Taxation and zakat (paid)/refunded, net	(127,281)	(229,873)	315	(1,146)
Net cash (used in)/generated from operating activities	(9,324,757)	(667,494)	34,554	(20,059)
<i>Cash flows from investing activities</i>				
Dividend/Distribution income received	6,513	7,635	171,223	592,928
Proceeds from disposal of property and equipment	202	76	191	-
Net disposal/(purchase) of financial investments	1,391,789	(1,516,451)	-	-
Purchase of property and equipment and intangible assets	(69,326)	(49,318)	-	-
Net cash generated from/(used in) investing activities	1,329,178	(1,558,058)	171,414	592,928

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020 (CONT'D.)

	Group		Company	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) investing activities brought forward	1,329,178	(1,558,058)	171,414	592,928
Net proceeds from disposal of assets held for sale (properties)	-	5,433	-	-
Net cash generated from/(used in) investing activities	<u>1,329,178</u>	<u>(1,552,625)</u>	<u>171,414</u>	<u>592,928</u>
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(219,696)	(452,128)	(219,696)	(452,128)
Repayment of lease liabilities	(44,393)	(36,801)	-	-
Dividends paid to non-controlling interests by subsidiaries	-	(83,300)	-	-
Debt capital - repayment, net	-	(485,000)	-	-
Net cash used in financing activities	<u>(264,089)</u>	<u>(1,057,229)</u>	<u>(219,696)</u>	<u>(452,128)</u>
Net (decrease)/increase in cash and cash equivalents	(8,259,668)	(3,277,348)	(13,728)	120,741
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	153	4,884	-	-
Cash and cash equivalents at end of the financial period	<u>7,452,404</u>	<u>3,997,582</u>	<u>308,534</u>	<u>201,746</u>

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

	Group		Company	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	5,757,185	3,706,642	308,534	201,746
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	1,692,884	289,798	-	-
	<u>7,450,069</u>	<u>3,996,440</u>	<u>308,534</u>	<u>201,746</u>
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	2,335	1,142	-	-
Cash and cash equivalents	<u>7,452,404</u>	<u>3,997,582</u>	<u>308,534</u>	<u>201,746</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.

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 *Financial Instruments* in the absence of other factors relevant to the assessment.

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 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 30 September 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 year 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 has received rent concessions from the lessors of certain premises as a direct consequence of the COVID-19 pandemic and the ensuing Movement Control Order that was imposed 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 RM173,000 had been credited to the statement of profit or loss during the financial period ended 30 September 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 standards 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.

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.

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.)

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 MASB 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.

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

MFRS 17 *Insurance Contracts*

In August 2017, the MASB issued MFRS 17 *Insurance Contracts* ("MFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, MFRS 17 will replace MFRS 4 *Insurance Contracts* ("MFRS 4") that was issued in 2005. MFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

MFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

A1. BASIS OF PREPARATION (CONT'D.)

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

(c) Standards and amendments to published standards effective for financial year ending 31 March 2024 (Cont'd.)

MFRS 17 Insurance Contracts (Cont'd.)

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

In August 2020, the MASB issued amendments to MFRS 17 to simplify or clarify certain requirements of MFRS 17 without changing the fundamental principles of the standard. Together with all other requirements of MFRS 17, these related amendments are effective for annual periods beginning on or after 1 January 2023. The Group is considering the impact of these amendments in 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.

(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 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.

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/financing 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 ("SME") 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 banking industry had introduced targeted repayment assistance to assist customers impacted by the COVID-19 pandemic. This includes targeted extension of the moratorium and repayment flexibility options to help customers based on their specific financial situation. The Group has under *AmBank Assist*, extended weekend banking at selected branches to assist customers who are facing financial constraints to apply for post-moratorium repayment assistance.

The Group had participated in government support measures in response to COVID-19 pandemic which 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 A38.

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

Redemption of debt securities by a subsidiary

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.

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	
	30.09.2020 RM'000	31.03.2020 RM'000	30.09.2020 RM'000	31.03.2020 RM'000
Cash and balances with banks and other financial institutions	1,784,633	2,484,253	308,534	322,262
Deposit placements maturing within one month:				
Licensed banks	2,106,928	378,474	-	-
Bank Negara Malaysia	1,853,000	12,386,220	-	-
Other financial institutions	13,915	363,642	-	-
	3,973,843	13,128,336	-	-
	5,758,476	15,612,589	308,534	322,262
Less :				
Allowances for ECL	(1,291)	(861)	-	-
	5,757,185	15,611,728	308,534	322,262

Movements in allowances for ECL are as follows:

Group	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	833	28	861
(Writeback of)/Allowances for ECL	458	7	465
Transfer from deposits and placements with banks and other financial institutions (Note A9)	1,907	-	1,907
New financial assets originated	538	-	538
Financial assets derecognised	(1,233)	-	(1,233)
Changes in assumptions and methodologies	(71)	-	(71)
Net remeasurement of allowances	(683)	7	(676)
Foreign exchange differences	(35)	-	(35)
Balance at end of the financial period	1,256	35	1,291
Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
31.03.2020			
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	
	30.09.2020	31.03.2020	30.09.2020	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements with maturity more than one month				
Licensed banks	1,693,928	99,330	-	-
Less : Allowances for ECL	(1,044)	(485)	-	-
	<u>1,692,884</u>	<u>98,845</u>	<u>-</u>	<u>-</u>

Movements in allowances for ECL are as follows:

Group	Stage 1 12-month ECL RM'000
30.09.2020	
Balance at beginning of the financial year	485
(Writeback of)/Allowances for ECL:	559
Transfer to cash and short term funds (Note A8)	(1,907)
New financial assets originated	2,836
Net remeasurement of allowances	5
Changes in model assumptions and methodologies	(375)
Balance at end of the financial period	<u>1,044</u>
31.03.2020	
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	
	30.09.2020 RM'000	31.03.2020 RM'000	30.09.2020 RM'000	31.03.2020 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	1,693,698	606,027	-	-
Malaysian Islamic Treasury Bills	5,537,728	886,554	-	-
Malaysian Government Securities	915,852	2,712,517	-	-
Malaysian Government Investment Issues	515,506	2,970,436	-	-
Cagamas bonds	36,689	101,883	-	-
Bank Negara Monetary Notes	-	1,348,320	-	-
	<u>8,699,473</u>	<u>8,625,737</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	491,802	330,662	-	-
Unit trusts	305,596	227,426	1,093	1,078
Corporate bonds and sukuk	38,436	37,500	-	-
Outside Malaysia:				
Shares	90,581	80,588	-	-
	<u>926,415</u>	<u>676,176</u>	<u>1,093</u>	<u>1,078</u>
Unquoted Securities:				
In Malaysia:				
Shares	45	2,766	-	-
Corporate bonds and sukuk	3,809,982	3,241,178	-	-
	<u>3,810,027</u>	<u>3,243,944</u>	<u>-</u>	<u>-</u>
Total	<u>13,435,915</u>	<u>12,545,857</u>	<u>1,093</u>	<u>1,078</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	3,224,312	3,195,317
Malaysian Government Investment Issues	3,754,489	4,990,309
Negotiable instruments of deposit	451,077	-
Islamic negotiable instruments of deposit	848,257	299,544
Foreign Government investment issues	76,768	-
	<u>8,354,903</u>	<u>8,485,170</u>
Unquoted Securities:		
In Malaysia:		
Shares	686,295	593,049
Corporate bonds and sukuk	9,667,472	10,436,822
Outside Malaysia:		
Shares	530	501
Corporate bonds and sukuk	132,731	207,359
	<u>10,487,028</u>	<u>11,237,731</u>
Total	<u>18,841,931</u>	<u>19,722,901</u>

Movements in allowances for ECL are as follows:

Group 30.09.2020	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	(6,116)	(4,709)	(10,825)
- Transfer to 12-month ECL (Stage 1)	134	(387)	(253)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(227)	382	155
New financial assets originated	1,784	-	1,784
Financial assets derecognised	(2,870)	-	(2,870)
Net remeasurement of allowances	(691)	(2,288)	(2,979)
Changes in model assumptions and methodologies	(4,246)	(2,416)	(6,662)
Foreign exchange differences	(5)	-	(5)
Balance at end of the financial period	<u>9,899</u>	<u>11,740</u>	<u>21,639</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	
	30.09.2020	31.03.2020
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Investment Issues	402,495	432,436
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	4,418,350	4,425,291
	4,820,845	4,857,727
Less: Allowances for ECL	(3,459)	(4,914)
Total	<u>4,817,386</u>	<u>4,852,813</u>

Movements in allowances for ECL are as follows:

Group	Stage 1
30.09.2020	12-Month
	ECL
	RM'000
Balance at beginning of the financial year	4,914
Writeback of ECL	(1,455)
Net remeasurement of allowances	(136)
Financial assets derecognised	(87)
Changes in model assumptions and methodologies	(1,232)
Balance at end of the financial period	<u>3,459</u>

Group	Stage 1
31.03.2020	12-Month
	ECL
	RM'000
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	
	30.09.2020	31.03.2020
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	35,200,548	31,486,276
Revolving credit	11,822,479	12,397,147
Housing loans/financing	34,370,760	32,865,466
Hire purchase receivables	14,523,838	14,307,814
Card receivables	1,992,143	2,105,014
Overdraft	3,202,849	3,933,941
Claims on customers under acceptance credits	4,873,664	5,600,123
Trust receipts	1,732,681	1,857,065
Bills receivables	1,953,282	1,825,267
Staff loans	101,859	96,429
Others	778,729	744,068
Gross loans, advances and financing	<u>110,552,832</u>	<u>107,218,610</u>
Less: Allowances for ECL		
- Stage 1 - 12 month ECL	(194,516)	(283,434)
- Stage 2 - Lifetime ECL not credit impaired	(790,892)	(539,633)
- Stage 3 - Lifetime ECL credit impaired	(685,248)	(444,613)
	<u>(1,670,656)</u>	<u>(1,267,680)</u>
Net loans, advances and financing	<u>108,882,176</u>	<u>105,950,930</u>

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

	Group	
	30.09.2020	31.03.2020
	RM'000	(Restated) (Note A39) RM'000
Domestic non-bank financial institutions	2,485,970	2,490,613
Domestic business enterprises:		
- Small and medium enterprises	22,490,269	20,819,808
- Others	25,251,822	26,592,202
Government and statutory bodies	349,287	552,472
Individuals	58,497,451	55,707,058
Other domestic entities	11,850	11,633
Foreign individuals and entities	1,466,183	1,044,811
	<u>110,552,832</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	
	30.09.2020	31.03.2020
	RM'000	RM'000
In Malaysia	109,807,149	106,821,814
Outside Malaysia	745,683	396,796
	110,552,832	107,218,610

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

	Group	
	30.09.2020	31.03.2020
	RM'000	(Restated) (Note A39) RM'000
Fixed rate:		
- Housing loans/financing	359,991	338,385
- Hire purchase receivables	13,851,566	13,609,560
- Other loans/financing	9,310,760	8,930,254
Variable rate:		
- Base rate and lending/financing rate plus	58,323,134	55,546,343
- Cost plus	27,854,892	27,802,366
- Other variable rates	852,489	991,702
	110,552,832	107,218,610

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

	Group	
	30.09.2020	31.03.2020
	RM'000	(Restated) (Note A39) RM'000
Agriculture	2,690,510	2,965,640
Mining and quarrying	2,742,383	2,490,867
Manufacturing	13,273,480	13,374,707
Electricity, gas and water	1,157,379	852,419
Construction	4,701,084	4,866,172
Wholesale and retail trade and hotels and restaurants	7,861,148	7,691,126
Transport, storage and communication	3,752,030	3,554,388
Finance and insurance	3,184,192	3,153,557
Real estate	8,155,233	8,128,066
Business activities	2,938,763	2,864,696
Education and health	934,595	932,574
Household of which:	59,136,872	56,317,955
Purchase of residential properties	34,679,289	33,176,994
Purchase of transport vehicles	13,151,119	12,948,120
Others	11,306,464	10,192,841
Others	25,163	26,443
	110,552,832	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	
	30.09.2020	31.03.2020
		(Restated)
		(Note A39)
	RM'000	RM'000
Maturing within one year	28,574,429	30,084,128
Over one year to three years	6,122,432	5,824,903
Over three years to five years	11,443,943	10,642,051
Over five years	64,412,028	60,667,528
	<u>110,552,832</u>	<u>107,218,610</u>

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

	Group	
	30.09.2020	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	407,948	1,490,510
Reclassified as non-impaired	(110,420)	(165,696)
Recoveries	(216,120)	(396,019)
Amount written off	(192,514)	(700,608)
Foreign exchange differences	(3,116)	3,784
Balance at end of the financial period/year	<u>1,738,411</u>	<u>1,852,633</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.57%</u>	<u>1.73%</u>
Loan loss coverage (including regulatory reserve)	<u>99.91%</u>	<u>93.40%</u>

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

	Group	
	30.09.2020	31.03.2020
	RM'000	RM'000
In Malaysia	1,695,905	1,808,511
Outside Malaysia	42,506	44,122
	<u>1,738,411</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	
	30.09.2020	31.03.2020 (Restated) (Note A39)
	RM'000	RM'000
Agriculture	83,267	84,503
Mining and quarrying	51,471	53,591
Manufacturing	322,576	247,556
Electricity, gas and water	142	495
Construction	97,797	84,278
Wholesale and retail trade and hotels and restaurants	172,225	134,038
Transport, storage and communication	59,609	80,894
Finance and insurance	2	2
Real estate	314,766	314,347
Business activities	46,346	48,506
Education and health	10,560	10,187
Household of which:	579,650	794,236
Purchase of residential properties	442,905	496,301
Purchase of transport vehicles	25,119	156,555
Others	111,626	141,380
	<u>1,738,411</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	(88,738)	251,344	434,341	596,947
- Transfer to 12 month ECL (Stage 1)	2,486	(16,604)	(937)	(15,055)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(13,843)	62,374	(16,277)	32,254
- Transfer to Lifetime ECL credit impaired (Stage 3)	(397)	(4,162)	69,931	65,372
New financial assets originated	33,498	185,288	4,506	223,292
Net remeasurement of allowances	(15,678)	32,050	194,411	210,783
Modification of contractual cash flows of financial assets	14,630	(6,761)	(1,710)	6,159
Financial assets derecognised	(28,574)	(28,137)	(57,978)	(114,689)
Changes to model assumptions and methodologies	(80,860)	27,296	242,395	188,831
Foreign exchange differences	(180)	(85)	(1,192)	(1,457)
Amount written off	-	-	(192,514)	(192,514)
Balance at end of the financial period	<u>194,516</u>	<u>790,892</u>	<u>685,248</u>	<u>1,670,656</u>

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

(i) Movements in allowances for ECL 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	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	283,434	539,633	444,613	1,267,680

A14. OTHER ASSETS

	Group		Company	
	30.09.2020 RM'000	31.03.2020 RM'000	30.09.2020 RM'000	31.03.2020 RM'000
Trade receivables	349,574	505,330	-	-
Other receivables, deposits and prepayments	748,309	570,623	3,244	255
Interest/Profit receivable	399,944	458,935	-	-
Fee receivable	30,091	26,192	-	-
Amount due from agents, brokers and reinsurers	54,168	50,416	-	-
Foreclosed properties	2,612	2,607	-	-
Tax recoverable	152,281	167,930	360	1,316
Collateral pledged for derivative and securities transactions	639,562	1,035,710	-	-
	<u>2,376,541</u>	<u>2,817,743</u>	<u>3,604</u>	<u>1,571</u>
Accumulated impairment losses	(7,237)	(8,309)	-	-
	<u>2,369,304</u>	<u>2,809,434</u>	<u>3,604</u>	<u>1,571</u>

A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.09.2020 RM'000	31.03.2020 RM'000
Reinsurance assets from general insurance business	(i)	395,433	393,370
Other insurance receivables	(ii)	61,604	64,536
		<u>457,037</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	73,374	83,266
Amount owing by reinsurance and cedants	9,807	6,025
Accumulated impairment losses	(21,577)	(24,755)
	<u>61,604</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	(3,178)	(8,223)
Balance at end of the financial period/year	<u>21,577</u>	<u>24,755</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Demand deposits	27,171,135	22,721,480
Savings deposits	6,917,836	6,109,023
Term/Investment deposits	75,574,696	79,966,053
Negotiable instruments of deposits	5,120,000	4,170,156
	<u>114,783,667</u>	<u>112,966,712</u>

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

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Due within six months	67,126,205	67,788,352
Six months to one year	11,389,810	13,816,530
Over one year to three years	2,072,593	2,392,042
Over three years to five years	106,088	139,285
	<u>80,694,696</u>	<u>84,136,209</u>

The deposits are sourced from the following types of customers:

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Government and statutory bodies	4,857,263	4,419,707
Business enterprises	59,086,856	59,382,766
Individuals	41,712,811	39,867,316
Others	9,126,737	9,296,923
	<u>114,783,667</u>	<u>112,966,712</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Licensed banks	4,614,501	5,701,479
Licensed investment banks	99,764	439,041
Bank Negara Malaysia	864,413	240,549
Other financial institutions	2,098,641	3,640,852
	<u>7,677,319</u>	<u>10,021,921</u>

A18. OTHER LIABILITIES

	Group		Company	
	30.09.2020	31.03.2020	30.09.2020	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Trade payables	258,605	505,342	-	-
Other payables and accruals	1,254,093	1,943,131	59,979	32,837
Interest payable on deposits and borrowings	718,166	719,606	-	-
Lease deposits and advance rental	44,072	42,954	-	-
Provision for commitments and contingencies	28,612	28,014	-	-
Allowances for ECL on loan commitments and financial guarantees	66,119	75,203	-	-
Lease liabilities	304,113	316,888	-	-
Provision for reinstatement of leased properties	10,998	10,927	-	-
Amount due to subsidiaries	-	-	5,798	14,137
Provision for taxation	21,825	19,261	-	-
Collateral received for derivative and securities transactions	210,939	227,924	-	-
Deferred income	73,319	76,668	-	-
	2,990,861	3,965,918	65,777	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	
30.09.2020	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:	(13,913)	4,617	404	(8,892)
- Transfer to 12 month ECL (Stage 1)	1,637	(10,783)	-	(9,146)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,007)	9,749	-	7,742
- Transfer to Lifetime ECL credit impaired (Stage 3)	(100)	(222)	322	-
New exposures originated	6,404	13,781	-	20,185
Net remeasurement of allowances	14	3,121	358	3,493
Exposures derecognised/withdrawn	(8,419)	(5,465)	(276)	(14,160)
Changes to model assumptions and methodologies	(11,442)	(5,564)	-	(17,006)
Foreign exchange differences	(48)	(144)	-	(192)
Balance at the end of the financial period	28,542	36,992	585	66,119

A18. OTHER LIABILITIES (CONT'D.)

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

Group 31.03.2020	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
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	30.09.2020 RM'000	31.03.2020 RM'000
Insurance contract liabilities	(i)	2,486,633	2,437,059
Other insurance payables	(ii)	51,450	42,105
		<u>2,538,083</u>	<u>2,479,164</u>
(i) Insurance contract liabilities			
		30.09.2020	31.03.2020
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,486,633</u>	<u>(395,433)</u>
		<u>2,437,059</u>	<u>(393,370)</u>
		<u>2,437,059</u>	<u>2,043,689</u>
(ii) Other insurance payables			
		30.09.2020	31.03.2020
		RM'000	RM'000
Amount due to agents and intermediaries		18,502	17,068
Amount due to reinsurers and cedants		32,948	25,037
		<u>51,450</u>	<u>42,105</u>

A20. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	6,690	11,882	35,887	33,479
Financial assets at fair value through profit or loss	79,713	113,265	161,400	238,353
Financial investments at fair value through other comprehensive income	121,839	129,493	249,134	257,380
Financial investments at amortised cost	33,468	35,652	66,862	71,614
Loans and advances*	810,771	940,703	1,616,708	1,902,219
Impaired loans and advances	940	1,064	2,929	4,533
Others	3,246	4,918	7,730	9,090
	<u>1,056,667</u>	<u>1,236,977</u>	<u>2,140,650</u>	<u>2,516,668</u>
Company				
Short-term funds and deposits and placements with banks and other financial institutions	910	997	2,831	1,925

* Included the net loss of RM57,725,000 from measures implemented in response to COVID-19 pandemic.

A21. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Deposits from customers	405,156	572,620	907,510	1,184,255
Deposit and placements of banks and other financial institutions	25,780	48,866	54,405	93,362
Senior notes	-	8,340	7,422	29,792
Credit-Linked Notes	1,965	1,928	3,873	3,824
Securities sold under repurchase agreements	12,337	43,349	27,859	83,660
Recourse obligation on loans sold to Cagamas Berhad	36,828	41,586	80,024	84,955
Term loan	1,216	-	2,925	-
Subordinated bonds and notes	32,976	33,064	65,592	65,771
Tier 1 capital securities	-	7,127	-	17,103
Other structured products and others	8,647	7,201	14,912	12,749
	<u>524,905</u>	<u>764,081</u>	<u>1,164,522</u>	<u>1,575,471</u>

A22. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		361,469	357,005	699,501	706,177
		<u>361,469</u>	<u>357,005</u>	<u>699,501</u>	<u>706,177</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		35,722	34,632	68,786	67,859
General insurance claims		208,332	209,839	389,312	404,620
		<u>244,054</u>	<u>244,471</u>	<u>458,098</u>	<u>472,479</u>
Total income from insurance business, net		<u>117,415</u>	<u>112,534</u>	<u>241,403</u>	<u>233,698</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		433,827	391,534	790,795	769,133
- change in unearned premium provision		(55,518)	(35)	(17,125)	4,713
		<u>378,309</u>	<u>391,499</u>	<u>773,670</u>	<u>773,846</u>
Premium ceded					
- insurance contract		(39,273)	(33,337)	(73,520)	(65,429)
- change in unearned premium provision		22,433	(1,157)	(649)	(2,240)
		<u>(16,840)</u>	<u>(34,494)</u>	<u>(74,169)</u>	<u>(67,669)</u>
		<u>361,469</u>	<u>357,005</u>	<u>699,501</u>	<u>706,177</u>
(b) Insurance claims					
- gross benefits and claims paid		253,783	250,887	394,772	510,301
- claims ceded to reinsurers		(18,222)	(19,827)	(35,196)	(65,033)
- change in contract liabilities - insurance contract		(38,842)	(112,631)	32,449	(171,398)
- change in contract liabilities ceded to reinsurers					
- insurance contract		11,613	91,410	(2,713)	130,750
		<u>208,332</u>	<u>209,839</u>	<u>389,312</u>	<u>404,620</u>

¹ Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM7,387,000 (30 September 2019: RM7,698,000) eliminated upon consolidation.

A23. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Fee and commission income:				
Fees on loans and securities	30,406	45,542	53,383	84,060
Corporate advisory	4,150	4,225	5,325	13,624
Guarantee fees	12,665	13,393	24,438	27,152
Underwriting commission	-	-	-	323
Portfolio management fees	12,410	8,751	25,382	16,407
Unit trust fees, commission and charges	46,468	32,197	79,025	60,089
Property trust management fees	1,682	1,843	3,496	3,677
Brokerage fees and commission	19,484	7,332	33,204	15,689
Bancassurance commission	3,084	3,423	5,349	6,275
Wealth management fees	6,933	5,798	13,490	12,733
Remittances	5,205	6,565	8,174	12,363
Fees, service and commission charges	5,830	6,617	10,541	14,299
Others	5,624	5,141	9,844	10,239
	<u>153,941</u>	<u>140,827</u>	<u>271,651</u>	<u>276,930</u>
Investment and trading income:				
Net gain from sale of financial assets at fair value through profit or loss	114,466	35,339	189,690	44,442
Net gain from sale of financial investments at fair value through other comprehensive income	1,829	45,717	16,616	53,687
Net gain on revaluation of financial assets at fair value through profit or loss	11,750	6,226	115,657	65,763
Net gain/(loss) on foreign exchange	(52,661)	8,459	18,987	32,145
Net gain/(loss) on derivatives	18,402	(7,707)	(55,570)	(26,744)
Dividend income from:				
Financial assets at fair value through profit or loss	3,419	4,730	8,025	7,590
Financial investments at fair value through other comprehensive income	1,969	1,116	3,779	3,726
Others	695	493	658	(306)
	<u>99,869</u>	<u>94,373</u>	<u>297,842</u>	<u>180,303</u>

A23. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Other income:				
Net gain on non-trading foreign exchange	262	236	557	652
Net gain on disposal of property and equipment	17	412	15	475
Rental income	1,660	1,117	2,385	2,648
Profit from sale of goods and services	4,486	4,565	8,725	8,926
Gain/(Loss) on disposal of foreclosed properties	540	-	540	(1)
Others	2,962	3,843	3,049	7,794
	<u>9,927</u>	<u>10,173</u>	<u>15,271</u>	<u>20,494</u>
	<u>263,737</u>	<u>245,373</u>	<u>584,764</u>	<u>477,727</u>

Company	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	171,223	89,782	171,223	592,928
Financial assets at fair value through profit or loss	6	9	14	18
	<u>171,229</u>	<u>89,791</u>	<u>171,237</u>	<u>592,946</u>
Other income:				
Net gain on disposal of property and equipment	38	-	38	-
Others	282	468	654	819
	<u>320</u>	<u>468</u>	<u>692</u>	<u>819</u>
	<u>171,549</u>	<u>90,259</u>	<u>171,929</u>	<u>593,765</u>

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Personnel costs:				
Salaries, allowances and bonuses	227,706	237,738	466,876	492,943
Shares granted under ESS				
- charge	22,054	3,506	26,243	6,007
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	36,960	38,463	76,665	79,404
Social security cost	2,090	2,062	4,157	4,099
Other staff related expenses	37,529	34,295	68,089	61,648
	<u>326,339</u>	<u>316,064</u>	<u>642,030</u>	<u>644,101</u>
Establishment costs:				
Depreciation of property and equipment	17,866	11,595	36,117	23,218
Depreciation of right-of-use assets	20,246	20,557	40,608	37,802
Amortisation of intangible assets	25,301	28,406	49,195	56,623
Computerisation costs	40,582	50,031	81,074	96,991
Rental of premises	1,719	4,556	1,751	10,697
Cleaning, maintenance and security	7,529	7,530	14,755	14,552
Finance costs:				
- interest on lease liabilities	2,727	2,512	6,988	4,937
- provision for reinstatement of leased properties	36	111	77	216
Others	9,994	8,787	17,877	16,887
	<u>126,000</u>	<u>134,085</u>	<u>248,442</u>	<u>261,923</u>
Marketing and communication expenses:				
Sales commission	2,208	621	4,602	3,287
Advertising, promotional and other marketing activities	14,926	15,162	59,493	26,848
Telephone charges	6,744	5,756	11,776	10,399
Postage	3,809	2,006	6,628	4,267
Travelling and entertainment	2,045	3,912	3,820	7,327
Others	4,222	3,333	7,724	7,104
	<u>33,954</u>	<u>30,790</u>	<u>94,043</u>	<u>59,232</u>
Administration and general expenses:				
Professional services	19,226	21,865	38,370	43,883
Travelling	753	1,605	1,322	2,948
Insurance	1,906	616	2,657	1,450
Subscriptions and periodicals	2,803	1,484	4,681	3,939
Others	12,833	19,730	30,843	37,328
	<u>37,521</u>	<u>45,300</u>	<u>77,873</u>	<u>89,548</u>
Total	<u>523,814</u>	<u>526,239</u>	<u>1,062,388</u>	<u>1,054,804</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Personnel costs:				
Other staff related expenses	-	23	-	(27)
	<u>-</u>	<u>23</u>	<u>-</u>	<u>(27)</u>
Establishment costs:				
Depreciation of property and equipment	35	58	76	115
Computerisation costs	65	58	130	173
	<u>100</u>	<u>116</u>	<u>206</u>	<u>288</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	1	94	1	341
Telephone charges	1	2	2	5
Travelling and entertainment	17	12	30	48
Others	-	1	-	1
	<u>19</u>	<u>109</u>	<u>33</u>	<u>395</u>
Administration and general expenses:				
Professional services	199	981	391	1,101
Travelling	-	-	-	1
Insurance	-	5	-	-
Subscriptions and periodicals	3	-	3	3
Others	1,135	635	2,678	1,689
	<u>1,337</u>	<u>1,621</u>	<u>3,072</u>	<u>2,794</u>
Service transfer pricing expense, net	3,965	6,655	8,055	11,356
Total	<u>5,421</u>	<u>8,524</u>	<u>11,366</u>	<u>14,806</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	475,474	225,594	596,947	273,233
Impaired loans, advances and financing recovered, net	(114,433)	(120,414)	(193,161)	(212,964)
	<u>361,041</u>	<u>105,180</u>	<u>403,786</u>	<u>60,269</u>

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

	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Group				
Financial investments				
Financial investments at fair value				
through other comprehensive income	(8,621)	42,706	(10,825)	41,090
Financial investments at amortised cost	(1,446)	(716)	(1,455)	(736)
	<u>(10,067)</u>	<u>41,990</u>	<u>(12,280)</u>	<u>40,354</u>
Other financial assets				
Cash and short-term funds	(1,282)	165	465	(312)
Deposits and placements with banks				
and other financial institutions	41	(1,292)	559	(1,963)
Other assets	288	900	(1,033)	1,001
	<u>(953)</u>	<u>(227)</u>	<u>(9)</u>	<u>(1,274)</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.
- (iii) The comparatives have been restated with current business realignment.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.2020	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	1,498,221	319,294	770,844	839,246	106,962	68,353	877,065	(127,375)	4,352,610
Revenue from other segments	(214,375)	(73,826)	(300,089)	298,802	(4,224)	-	-	293,712	-
Total operating revenue	<u>1,283,846</u>	<u>245,468</u>	<u>470,755</u>	<u>1,138,048</u>	<u>102,738</u>	<u>68,353</u>	<u>877,065</u>	<u>166,337</u>	<u>4,352,610</u>
Net interest income/(expense)	621,679	132,480	301,446	255,983	21,160	563	61,726	(41,251)	1,353,786
Insurance and other operating income	122,479	40,667	59,473	188,212	76,719	67,680	319,638	(2,866)	872,002
Share in results of associates and joint ventures	(1,608)	-	-	-	-	-	19,664	3,353	21,409
Net income/(expense)	<u>742,550</u>	<u>173,147</u>	<u>360,919</u>	<u>444,195</u>	<u>97,879</u>	<u>68,243</u>	<u>401,028</u>	<u>(40,764)</u>	<u>2,247,197</u>
Other operating expenses	<u>(427,726)</u>	<u>(67,922)</u>	<u>(98,018)</u>	<u>(36,190)</u>	<u>(56,026)</u>	<u>(32,002)</u>	<u>(208,350)</u>	<u>(136,154)</u>	<u>(1,062,388)</u>
of which:									
Depreciation of property and equipment	(10,994)	(853)	(1,009)	(70)	(502)	(117)	(3,710)	(18,862)	(36,117)
Depreciation of right-of-use assets	-	-	-	-	(102)	-	(5,570)	(34,936)	(40,608)
Amortisation of intangible assets	(11,308)	(428)	(3,716)	(725)	(265)	(91)	(9,473)	(23,189)	(49,195)
Profit/(Loss) before impairment losses (Allowance)/Writeback of allowance for loans, advances and financing	314,824	105,225	262,901	408,005	41,853	36,241	192,678	(176,918)	1,184,809
(Allowance)/Writeback of allowance for impairment of other assets	(30,363)	(9,533)	(129,357)	-	5,261	-	-	(239,794)	(403,786)
Provision for commitments and contingencies -writeback/(charge)	134	-	1,255	3,331	55	(143)	3,178	7,657	15,467
Other recoveries/(write-offs), net	1,783	1,045	(10,889)	-	-	-	-	16,355	8,294
Profit/(loss) before taxation and zakat	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,467)</u>	<u>85</u>	<u>(2,380)</u>
Taxation and zakat	286,380	96,737	123,910	411,336	47,169	36,098	193,389	(392,615)	802,404
Profit/(loss) for the financial period	<u>(69,098)</u>	<u>(22,890)</u>	<u>(28,433)</u>	<u>(91,470)</u>	<u>(9,619)</u>	<u>(7,294)</u>	<u>(27,339)</u>	<u>128,192</u>	<u>(127,951)</u>
Profit/(loss) for the financial period	<u>217,282</u>	<u>73,847</u>	<u>95,477</u>	<u>319,866</u>	<u>37,550</u>	<u>28,804</u>	<u>166,050</u>	<u>(264,423)</u>	<u>674,453</u>
Other information									
Total segment assets	62,356,052	11,766,442	34,621,686	43,187,069	2,082,710	115,271	5,997,894	2,867,874	162,994,998
Total segment liabilities	48,953,434	8,016,403	16,272,513	56,466,541	1,028,063	23,763	3,402,886	8,444,980	142,608,583
Cost to income ratio	57.6%	39.2%	27.2%	8.1%	57.2%	46.9%	52.0%	(334.0%)	47.3%
Gross loans, advances and financing	62,198,833	11,898,361	34,943,132	-	1,608,320	-	581	(96,395)	110,552,832
Net loans, advances and financing	61,462,655	11,754,701	34,536,642	-	1,607,332	-	511	(479,665)	108,882,176
Impaired loans, advances and financing	687,732	286,211	757,231	-	7,237	-	-	-	1,738,411
Total deposits	48,254,797	7,903,013	16,037,615	50,011,662	739,512	-	-	(485,613)	122,460,986
Additions to:									
Property and equipment	12,458	90	71	1,277	786	58	1,911	4,680	21,331
Intangible assets	15,705	5	696	7,627	634	120	5,110	18,098	47,995

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.2019 (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	Insurance RM'000		
External revenue	1,623,858	343,902	922,411	854,817	103,656	54,683	849,315	(12,925)	4,739,717
Revenue from other segments	(119,556)	(86,255)	(434,927)	307,706	(11,394)	-	-	344,426	-
Total operating revenue	<u>1,504,302</u>	<u>257,647</u>	<u>487,484</u>	<u>1,162,523</u>	<u>92,262</u>	<u>54,683</u>	<u>849,315</u>	<u>331,501</u>	<u>4,739,717</u>
Net interest income	601,319	134,448	313,143	126,617	22,422	520	68,587	81,643	1,348,699
Insurance and other operating income	124,718	42,385	83,786	112,819	61,700	54,051	289,718	10,846	780,023
Share in results of associates and joint ventures	618	-	-	-	-	-	605	3,534	4,757
Net income	<u>726,655</u>	<u>176,833</u>	<u>396,929</u>	<u>239,436</u>	<u>84,122</u>	<u>54,571</u>	<u>358,910</u>	<u>96,023</u>	<u>2,133,479</u>
Other operating expenses	(425,552)	(73,242)	(107,875)	(36,454)	(57,874)	(32,359)	(170,752)	(150,696)	(1,054,804)
of which:									
Depreciation of property and equipment	(9,348)	(356)	(559)	(59)	(391)	(141)	(5,023)	(7,341)	(23,218)
Depreciation of right-of-use assets	-	-	-	-	(138)	-	(7,632)	(30,032)	(37,802)
Amortisation of intangible assets	(10,277)	(38)	(2,989)	(615)	(395)	(86)	(9,219)	(33,004)	(56,623)
Profit/(loss) before impairment losses (Allowance)/Writeback of allowance for loans, advances and financing	301,103	103,591	289,054	202,982	26,248	22,212	188,158	(54,673)	1,078,675
(Allowance)/Writeback of allowance for impairment of other assets	(95,929)	(44,655)	77,219	(68)	510	-	-	2,654	(60,269)
Provision for commitments and contingencies - writeback/(charge)	(5)	-	2,664	(37,694)	(869)	(125)	3,532	(3,051)	(35,548)
Other recoveries/(write-offs), net	240	4,075	16,415	17	-	-	-	2,272	23,019
Profit/(loss) before taxation and zakat	<u>205,437</u>	<u>63,011</u>	<u>385,352</u>	<u>165,237</u>	<u>25,889</u>	<u>22,087</u>	<u>187,835</u>	<u>(52,798)</u>	<u>1,002,050</u>
Taxation and zakat	(49,138)	(14,607)	(92,053)	(35,320)	(5,461)	(4,508)	(37,174)	20,898	(217,363)
Profit/(loss) for the financial period	<u>156,299</u>	<u>48,404</u>	<u>293,299</u>	<u>129,917</u>	<u>20,428</u>	<u>17,579</u>	<u>150,661</u>	<u>(31,900)</u>	<u>784,687</u>
Other information									
Total segment assets	57,730,499	10,303,866	32,302,387	41,997,804	1,918,409	99,635	5,694,401	3,749,528	153,796,529
Total segment liabilities	47,958,081	6,322,956	9,881,738	56,575,748	996,191	19,472	3,232,085	9,662,562	134,648,833
Cost to income ratio	58.6%	41.4%	27.2%	15.2%	68.8%	59.3%	47.6%	156.9%	49.4%
Gross loans, advances and financing	57,561,803	10,424,619	32,501,420	-	1,594,939	-	851	(106,637)	101,976,995
Net loans, advances and financing	56,718,253	10,299,650	32,233,662	-	1,593,199	-	781	(107,572)	100,737,973
Impaired loans, advances and financing	868,192	262,253	668,323	-	1,740	-	-	-	1,800,508
Total deposits	47,144,956	6,195,864	9,704,414	48,597,215	774,800	-	-	(781,677)	111,635,572
Additions to:									
Property and equipment	8,775	220	324	6	226	72	1,212	10,021	20,856
Intangible assets	6,305	23	194	386	56	75	4,177	17,246	28,462

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

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.

The winding up 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	
	30.09.2020	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	
	30.09.2020	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	17,801,672	16,873,188
over one year	1,865,219	2,056,411
Unutilised credit card lines	5,154,603	5,127,590
Forward asset purchases	499,641	1,989,103
	25,321,135	26,046,292
Contingent Liabilities		
Direct credit substitutes	2,322,443	2,553,489
Transaction related contingent items	4,183,978	4,286,704
Obligations under underwriting agreements	8,615	20,000
Short term self liquidating trade related contingencies	627,885	723,120
	7,142,921	7,583,313
Derivative Financial Instruments		
Interest/Profit rate related contracts:	47,917,561	53,347,175
One year or less	11,045,305	10,348,960
Over one year to five years	31,582,027	36,463,230
Over five years	5,290,229	6,534,985
Foreign exchange related contracts:	43,524,616	44,371,910
One year or less	34,774,162	34,805,859
Over one year to five years	7,515,816	8,625,327
Over five years	1,234,638	940,724
Credit related contracts:	348,523	356,069
One year or less	348,523	-
Over one year to five years	-	356,069
Equity and commodity related contracts:	1,427,008	1,769,895
One year or less	1,350,500	1,637,855
Over one year to five years	76,508	132,040
	93,217,708	99,845,049
	125,681,764	133,474,654

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") to date, had received complaints from 66 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") are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale by AMAB Holdings to MetLife of shares in AmMetLife, the Group would fully indemnify MetLife or AmMetLife from any losses arising from incidences of mis-selling of certain specified insurance products occurring prior to the share sale.

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.

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.

- (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 delivered a decision in respect of the application filed by the Company and AmBank Islamic to have the Plaintiff's suit struck out. To this end, the High Court has allowed the application and ordered that the Plaintiff's suit be struck out with costs.

A33. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	30.09.2020			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:	51,824,815	1,003,567	1,091,430	52,282,175	904,576	1,018,349
- One year or less	13,311,876	73,568	79,149	9,748,960	31,565	35,216
- Over one year to three years	20,172,783	307,971	326,738	23,674,467	282,051	306,685
- Over three years	18,340,156	622,028	685,543	18,858,748	590,960	676,448
Foreign exchange related contracts:	39,152,362	606,525	549,547	44,371,910	947,441	680,939
- One year or less	32,507,591	279,588	332,507	34,805,859	559,303	401,710
- Over one year to three years	2,779,571	118,933	85,783	4,529,891	136,246	133,423
- Over three years	3,865,200	208,004	131,257	5,036,160	251,892	145,806
Credit related contracts:	348,523	2,060	1,651	356,069	1,954	665
- One year or less	348,523	2,060	1,651	-	-	-
- Over one year to three years	-	-	-	356,069	1,954	665
Equity and commodity related contracts:	1,427,008	86,192	138,749	1,769,895	223,310	226,193
- One year or less	1,350,500	79,818	132,375	1,637,855	206,284	209,063
- Over one year to three years	5,972	50	50	58,823	9,219	9,319
- Over three years	70,536	6,324	6,324	73,217	7,807	7,811
	<u>92,752,708</u>	<u>1,698,344</u>	<u>1,781,377</u>	<u>98,780,049</u>	<u>2,077,281</u>	<u>1,926,146</u>
Hedging derivatives						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	115,000	-	2,868	715,000	-	7,269
- One year or less	-	-	-	600,000	-	4,121
- Over one year to three years	115,000	-	2,868	115,000	-	3,148
Fair value hedge	350,000	-	28,651	350,000	-	26,688
- Over three years	350,000	-	28,651	350,000	-	26,688
Total	<u>93,217,708</u>	<u>1,698,344</u>	<u>1,812,896</u>	<u>99,845,049</u>	<u>2,077,281</u>	<u>1,960,103</u>

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 2.0% (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
30.09.2020	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	-	1,698,344	-	1,698,344
Financial assets at fair value through profit or loss				
- Money market securities	-	8,699,473	-	8,699,473
- Shares	582,383	-	45	582,428
- Unit trusts	303,412	2,184	-	305,596
- Quoted corporate bonds and sukuk	-	38,436	-	38,436
- Unquoted corporate bonds and sukuk	-	3,809,982	-	3,809,982
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,354,903	-	8,354,903
- Shares	-	-	686,825	686,825
- Unquoted corporate bonds and sukuk	-	9,800,203	-	9,800,203
	<u>885,795</u>	<u>32,403,525</u>	<u>686,870</u>	<u>33,976,190</u>
Derivative financial liabilities	<u>59,430</u>	<u>1,753,466</u>	<u>-</u>	<u>1,812,896</u>

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

Company 30.09.2020	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	-	1,093	-	1,093
	<u>-</u>	<u>1,093</u>	<u>-</u>	<u>1,093</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
30.09.2020			
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	30.09.2020 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:

	30.09.2020			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
CET1 Capital ratio	13.191%	11.727%	49.474%	13.491%
Tier 1 Capital ratio	13.191%	11.727%	49.474%	13.491%
Total Capital ratio	17.523%	16.483%	49.474%	16.617%

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

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

- (3) Pursuant to the BNM's guidelines on Capital Adequacy Framework (Capital Components) issued, a financial institution is required to hold and maintain, at all times, minimum capital adequacy ratios at 4.5% for CET1 Capital, 6.0% for Tier 1 Capital and 8.0% for Total Capital ratio. In addition, a financial institution is also required to hold and maintain capital buffers in the form of CET1 Capital above the minimum CET1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall comprise the sum of the following:
 - (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
 - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures. 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").

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:

	30.09.2020			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
<u>CET1 Capital</u>				
Ordinary share capital	1,940,465	1,387,107	200,000	5,551,557
Retained earnings	7,910,089	2,331,241	319,949	12,198,837
Fair value reserve	653,552	120,601	1,539	966,822
Foreign exchange translation reserve	89,421	-	-	98,512
Treasury shares	-	-	-	(16,714)
Cash flow hedging deficit	(22,061)	-	-	(22,061)
Other remaining disclosed reserves	-	-	-	55,078
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(263,637)	(851)	(1,606)	(274,801)
Deferred tax assets	-	(740)	(6,228)	-
55% of cumulative gains in fair value reserve	(359,454)	(66,330)	(846)	(531,752)
Cash flow hedging deficit	22,061	-	-	22,061
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	(1,017)	(166)	-	(1,018)
CET1 Capital	9,960,931	3,770,862	462,999	14,619,876
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	466
Tier 1 Capital	9,960,931	3,770,862	462,999	14,620,342
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,595,000	1,150,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,309,308
General provisions*	676,284	379,227	4	1,078,307
Tier 2 Capital	3,271,284	1,529,227	4	3,387,615
Total Capital	13,232,215	5,300,089	463,003	18,007,957

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:

	30.09.2020			
	AmBank	AmBank	AmInvestment	Group
	RM'000	Islamic	Bank	RM'000
Credit RWA	68,059,312	31,480,066	640,843	98,909,408
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,141,870)	-	(421,896)
Total Credit RWA	68,059,312	30,338,196	640,843	98,487,512
Market RWA	2,235,743	254,547	29,832	2,645,815
Operational RWA	4,346,470	1,562,874	265,174	6,361,469
Large exposure risk RWA for equity holdings	873,872	-	-	874,538
Total RWA	75,515,397	32,155,617	935,849	108,369,334

	31.03.2020			
	AmBank	AmBank	AmInvestment	Group
	RM'000	Islamic	Bank	RM'000
<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. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	30.09.2020	31.03.2020
Outstanding credit exposures with connected parties (RM'000)	6,260,734	5,389,736
Percentage of outstanding credit exposures to connected parties (%) - as a proportion of total credit exposures	5.02	4.18

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A37. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	General insurance fund		Shareholders' fund and Others		Total*	
	30.09.2020 RM'000	31.03.2020 RM'000	30.09.2020 RM'000	31.03.2020 RM'000	30.09.2020 RM'000	31.03.2020 RM'000
ASSETS						
Cash and short-term funds	104,016	176,935	294,746	107,419	398,762	284,354
Deposits and placements with banks and other financial institutions	19,306	19,766	-	-	19,306	19,766
Financial assets at fair value through profit or loss	2,347,132	2,311,801	4,599,402	4,522,749	3,533,294	3,468,693
Loans and advances	511	702	-	-	511	702
Deferred tax assets	18,309	18,211	-	-	18,309	18,211
Investment in a subsidiary	-	-	1,808,733	1,808,733	-	-
Other assets	1,188,141	1,013,413	113,865	64,616	163,207	135,757
Reinsurance assets and other insurance receivables	457,037	457,906	-	-	457,037	457,906
Property and equipment	14,210	16,019	(59)	(59)	14,151	15,960
Right-of-use assets	50,583	46,468	-	-	50,583	46,468
Intangible assets	47,526	49,873	60,813	62,829	887,265	891,628
Asset held for sale	1,562	1,562	762	762	2,324	2,324
TOTAL ASSETS	4,248,333	4,112,656	6,878,262	6,567,049	5,544,749	5,341,769
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	476,617	472,064	476,617	472,064
Deferred tax liabilities	-	-	61,952	64,275	61,952	64,275
Other liabilities	317,565	322,424	1,147,027	949,885	326,234	330,477
Insurance contract liabilities and other insurance payables	2,538,083	2,479,164	-	-	2,538,083	2,479,164
Total Liabilities	2,855,648	2,801,588	1,685,596	1,486,224	3,402,886	3,345,980
Share capital**	-	-	5,659,126	5,680,036	1,599,148	1,599,148
Reserves	1,392,685	1,311,068	(466,460)	(599,211)	542,715	396,641
Equity attributable to equity holders of the Company	1,392,685	1,311,068	5,192,666	5,080,825	2,141,863	1,995,789
TOTAL LIABILITIES AND EQUITY	4,248,333	4,112,656	6,878,262	6,567,049	5,544,749	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.

A37. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

Group	General insurance fund		Shareholders' fund and Others		Total*	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Interest income	1,288	2,083	70,991	76,732	72,279	78,815
Interest expense	-	-	(10,553)	(10,228)	(10,553)	(10,228)
Net interest income	1,288	2,083	60,438	66,504	61,726	68,587
Income from insurance business	699,501	706,177	-	-	699,501	706,177
Insurance claims and commissions**	(465,485)	(480,177)	-	-	(465,485)	(480,177)
Net income from insurance business	234,016	226,000	-	-	234,016	226,000
Other operating income	79,669	83,921	357,248	300,365	85,621	63,718
Net income	314,973	312,004	417,686	366,869	381,363	358,305
Other operating expenses	(203,313)	(165,295)	(5,037)	(5,457)	(208,350)	(170,752)
Operating profit	111,660	146,709	412,649	361,412	173,013	187,553
Writeback of allowance for impairment:						
Reinsurance assets and insurance receivables	3,178	3,532	-	-	3,178	3,532
Other write-offs, net	(2,467)	(3,855)	-	-	(2,467)	(3,855)
Profit before taxation	112,371	146,386	412,649	361,412	173,724	187,230
Taxation	(30,443)	(49,792)	3,104	12,618	(27,339)	(37,174)
Profit for the financial period	81,928	96,594	415,753	374,030	146,385	150,056

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM7,387,000 (30 September 2019: RM7,698,000)

A38. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2020**

	Note	Group	
		30.09.2020 RM'000	31.03.2020 RM'000
ASSETS			
Cash and short-term funds		1,283,047	5,923,823
Derivative financial assets		54,099	59,653
Financial assets at fair value through profit or loss		2,585,176	1,750,250
Financial investments at fair value through other comprehensive income		5,318,298	4,896,694
Financial investments at amortised cost		1,693,615	1,689,082
Financing and advances	(a)	33,522,882	31,907,446
Statutory deposit with Bank Negara Malaysia		130,000	147,000
Deferred tax assets		243	299
Other assets		359,656	287,745
Property and equipment		440	481
Right-of-use assets		2,605	2,759
Intangible assets		851	1,034
TOTAL ASSETS		44,950,912	46,666,266
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	35,041,247	34,672,130
Investment accounts of customers	(c)	439,261	208,726
Deposits and placements of banks and other financial institutions		1,847,561	3,449,770
Investment account due to a licensed bank	(d)	718,418	718,005
Recourse obligation on financing sold to Cagamas Berhad		400,000	1,000,000
Derivative financial liabilities		80,491	83,865
Term funding		1,034,732	1,034,697
Subordinated Sukuk		1,150,000	1,150,000
Deferred tax liabilities		839	9,639
Other liabilities	(e)	279,651	559,440
TOTAL LIABILITIES		40,992,200	42,886,272
Share capital/Capital funds		1,417,107	1,417,107
Reserves		2,541,605	2,362,887
TOTAL ISLAMIC BANKING FUNDS		3,958,712	3,779,994
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		44,950,912	46,666,266
COMMITMENTS AND CONTINGENCIES		13,823,439	13,487,793

A38. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income derived from investment of depositors' funds	1	392,977	437,366	805,071	889,832
Income derived from investment of investment account funds		7,659	19,690	16,608	39,762
Income derived from Islamic Banking Funds	1	44,390	49,994	87,957	97,819
Allowance on financing and advances - net		(138,831)	(25,600)	(168,706)	(56,969)
Writeback of allowance for impairment on:					
- Financial investments		6,355	2,012	5,941	2,683
- Other financial assets		1	-	12	3
Writeback of provision for commitments and contingencies		4,433	2,309	2,341	1,831
Total distributable income		<u>316,984</u>	<u>485,771</u>	<u>749,224</u>	<u>974,961</u>
Income attributable to the depositors and others	2	(188,148)	(245,019)	(422,752)	(504,956)
Income attributable to the investment account holders		<u>(6,500)</u>	<u>(16,948)</u>	<u>(14,177)</u>	<u>(35,741)</u>
Total net income		<u>122,336</u>	<u>223,804</u>	<u>312,295</u>	<u>434,264</u>
Operating expenses		(74,460)	(74,930)	(147,657)	(150,418)
Finance costs		<u>(24,822)</u>	<u>(25,986)</u>	<u>(49,479)</u>	<u>(51,690)</u>
Profit before taxation and zakat		23,054	122,888	115,159	232,156
Taxation and zakat		<u>19,628</u>	<u>(26,622)</u>	<u>(793)</u>	<u>(50,904)</u>
Profit for the financial period		<u>42,682</u>	<u>96,266</u>	<u>114,366</u>	<u>181,252</u>

Note:

1 Included the net loss of RM53,526,000 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 30 SEPTEMBER 2020**

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit for the financial period	<u>42,682</u>	<u>96,266</u>	<u>114,366</u>	<u>181,252</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to statements of profit or loss				
Financial investments at fair value through other comprehensive income:				
- net unrealised gain for changes in fair value	30,584	24,426	93,611	50,226
- expected credit loss	(5,956)	(1,966)	(5,855)	(2,606)
- net gain reclassified to profit or loss	(1,197)	(4,669)	(1,233)	(7,665)
- tax effect	<u>(7,053)</u>	<u>(4,742)</u>	<u>(22,171)</u>	<u>(10,215)</u>
Other comprehensive income for the financial period, net of tax	<u>16,378</u>	<u>13,049</u>	<u>64,352</u>	<u>29,740</u>
Total comprehensive income for the financial period	<u>59,060</u>	<u>109,315</u>	<u>178,718</u>	<u>210,992</u>

A38. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	-	-	-	181,252	181,252
Other comprehensive income, net	-	-	29,740	-	29,740
Total comprehensive income for the financial period	-	-	29,740	181,252	210,992
Transfer to regulatory reserve	-	63,512	-	(63,512)	-
Dividend on ordinary shares	-	-	-	(163,142)	(163,142)
	-	63,512	-	(226,654)	(163,142)
At 30 September 2019	1,417,107	228,440	68,891	1,957,190	3,671,628
At 1 April 2020	1,417,107	71,612	56,249	2,235,026	3,779,994
Profit for the financial period	-	-	-	114,366	114,366
Other comprehensive income, net	-	-	64,352	-	64,352
Total comprehensive income for the financial period	-	-	64,352	114,366	178,718
Transfer to retained earnings*	-	(71,612)	-	71,612	-
At 30 September 2020	1,417,107	-	120,601	2,421,004	3,958,712

* Bank Negara Malaysia ("BNM") had in March 2020 implemented additional measures in response to COVID-19 pandemic. These measures, amongst others, aim to ensure that the financial intermediation function of the financial sector remains intact and banking institutions remain focused on supporting the economy during these exceptional circumstances. As at 30 September 2020, no regulatory reserve was held against expected losses, one of the drawdown of prudential buffers as allowed by BNM.

A38. 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
30.09.2020	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	-	497,641	-	-	650,318	-	1,147,959
Term financing	568,507	10,550,314	9,318	-	1,649,982	65,801	12,843,922
Revolving credit	42,120	3,814,517	-	-	1,169,702	-	5,026,339
Housing financing	2,818,609	5,323,891	45,916	-	-	-	8,188,416
Hire purchase receivables	4	-	-	3,805,907	-	-	3,805,911
Bills receivables	-	310,865	-	-	-	28,237	339,102
Credit card receivables	-	-	-	-	-	469,705	469,705
Trust receipts	-	246,439	-	-	-	-	246,439
Claims on customers under acceptance credits	-	1,499,721	-	-	-	218,439	1,718,160
Staff financing	-	5,419	-	-	-	-	5,419
Others	-	263,385	-	-	-	-	263,385
Gross financing and advances*	3,429,240	22,512,192	55,234	3,805,907	3,470,002	782,182	34,054,757
Allowance for impairment on financing and advances							
- Stage 1 - 12 months ECL							(75,813)
- Stage 2 - Lifetime ECL not credit impaired							(295,959)
- Stage 3 - Lifetime ECL credit impaired							(160,103)
Net financing and advances							<u>33,522,882</u>

A38. 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.

A38. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Balance at beginning of the financial year	615,350	572,549
Additions during the financial period/year	87,755	455,618
Reclassified to non-impaired financing	(21,857)	(46,370)
Recoveries	(42,987)	(88,965)
Amount written-off	(57,537)	(277,482)
Balance at end of the financial period/year	580,724	615,350
Gross impaired financing and advances as % of total gross financing and advances	1.71%	1.91%
Financing loss coverage (including regulatory reserve)	94.3%	74.2%

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

Group 30.09.2020	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	(25,843)	128,168	120,591	222,916
- Transfer to 12 month ECL (Stage 1)	624	(4,299)	(175)	(3,850)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,298)	28,586	(4,404)	19,884
- Transfer to Lifetime ECL credit impaired (Stage 3)	(116)	(966)	273	(809)
New financial assets originated	11,728	117,603	233	129,564
Net remeasurement of allowances	(6,348)	16,342	63,642	73,636
Changes to model assumptions and methodologies	(28,373)	(22,687)	77,791	26,731
Modification of contractual cash flows of financial assets	7,985	(134)	897	8,748
Financial assets derecognised	(7,045)	(6,277)	(17,666)	(30,988)
Foreign exchange differences	18	-	-	18
Amount written-off	-	-	(57,537)	(57,537)
Balance at end of the financial period	75,813	295,959	160,103	531,875

Note:

1 As at 30 September 2020, the gross exposure (including profit receivable) relating to RA financing amounted to RM720.2 million (31 March 2020: RM719.9 million). ECL allowance for the RA financing which amounted to RM1.2 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.

A38. 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	(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	
	30.09.2020 RM'000	31.03.2020 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	2,800,764	2,365,009
<i>Qard</i>	71,761	61,836
Demand deposits		
<i>Commodity Murabahah</i>	9,352,701	7,812,982
<i>Qard</i>	451,455	337,707
Term deposits		
<i>Commodity Murabahah</i>	22,301,933	23,517,738
<i>Qard</i>	62,633	278,734
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	298,124
	35,041,247	34,672,130

The deposits are sourced from the following types of customers:

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Business enterprises	21,166,491	21,496,027
Government and statutory bodies	3,839,200	3,024,183
Individuals	9,391,239	9,110,214
Others	644,317	1,041,706
	35,041,247	34,672,130

A38. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	30.09.2020	31.03.2020
	RM'000	RM'000
Due within six months	19,439,618	19,728,247
Over six months to one year	1,901,567	3,207,927
Over one year to three years	1,010,836	1,141,416
Over three years to five years	12,545	17,006
	<u>22,364,566</u>	<u>24,094,596</u>

(c) Investment Accounts Of Customers

	Group	
	30.09.2020	31.03.2020
	RM'000	RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	17,365	16,087
With maturity		
- Mudarabah	421,896	192,639
	<u>439,261</u>	<u>208,726</u>

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

	Group	
	30.09.2020	31.03.2020
	RM'000	RM'000
Business enterprises	408,865	170,926
Individuals	30,396	37,800
	<u>439,261</u>	<u>208,726</u>

	Group	
	30.09.2020	31.03.2020
	RM'000	RM'000
Investment asset:		
Interbank placement (Wakalah)	17,365	16,087
Housing financing (Mudarabah)	421,896	192,639
Total investment	<u>439,261</u>	<u>208,726</u>

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 (%)
30.09.2020			
Maturity			
less than 3 months	55.81	1.71	2.04
over 3 months to 1 year	73.26	3.03	-
31.03.2020			
Maturity			
less than 3 months	75.03	3.12	2.99
over 3 months to 1 year	82.09	3.77	-

A38. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	718,418	718,005
Investment asset:		
Financing	718,418	718,005
Total investment	718,418	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 30 September 2020 the tenure of the RA contracts is for a period ranging between 2 years to 10 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:

	30.09.2020		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	3.16	89	4.04
more than 5 years	90	4.11	90	3.76

(e) Other Liabilities

	Group	
	30.09.2020 RM'000	31.03.2020 RM'000
Other payables and accruals	214,505	497,333
Deferred income	15,799	13,344
Lease liabilities	2,574	2,704
Provision for reinstatement of leased properties	80	79
Provision for zakat and taxation	14,966	12,703
Provision for commitments and contingencies	5,500	5,500
Allowances for ECL on financing commitments and financial guarantees	15,924	18,269
Security deposit and advance payment for financing and advances	10,303	9,508
	279,651	559,440

A39. 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	
	30.09.2020 RM'000	30.09.2019 RM'000	Amount RM'000	%	30.09.2020 RM'000	30.09.2019 RM'000	Amount RM'000	%
Operating revenue	2,137,995	2,349,315	(211,320)	(9.0)	4,352,610	4,739,717	(387,107)	(8.2)
Operating profit before impairment losses	631,009	542,670	88,339	16.3	1,184,809	1,078,675	106,134	9.8
Profit before taxation and zakat	298,491	433,588	(135,097)	(31.2)	802,404	1,002,050	(199,646)	(19.9)
Profit for the financial period	272,528	353,097	(80,569)	(22.8)	674,453	784,687	(110,234)	(14.0)
Profit attributable to equity holders of the Company	237,317	319,568	(82,251)	(25.7)	602,483	711,027	(108,544)	(15.3)

Financial year to date - Cumulative period ended 30 September 2020 compared to 30 September 2019

For the financial period under review, the Group generated revenue of RM4,352.6 million, a decrease of RM387.1 million (8.2%) 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 FVTPL. Interest income from customer lending decreased attributable to 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. Interest on term funding and debt capital decreased due to redemption by the Group.

Fee based income recorded a decrease of RM14.7 million due to decrease in income from fees on loans and securities and corporate advisory. Market based income increased from gains on sale of securities and higher revaluation gain on trading securities offset by higher losses on derivatives and lower gains on foreign exchange.

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

The Group's associates and joint ventures recorded higher profits as reflected in the share of profits of RM21.4 million compared to share of profits of RM4.8 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 increased by 0.7% compared to same period last year. The increase was mainly due to increase in marketing expenses partly offset by reduction in personnel, establishment and administration expenses. Overall, the Group's cost to income ratio improved to 47.3% from 49.4% a year ago.

Credit costs recorded a higher charge for this financial period, attributable to lower recoveries from loans, advances and financing, higher impairment allowances for loans, advances and financing mainly due to overlay adjustments post the loan/financing moratorium attributable to payment holiday and repayment assistance granted to customers 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 RM802.4 million, a decrease of RM199.6 million (19.9%). Profit for the financial period decreased by RM110.2 million to RM674.5 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 RM3.3 billion from 31 March 2020 to RM110.6 billion. The Group's impaired loans ratio was at 1.6%.

Deposits from customers was higher compared to 31 March 2020 at RM114.8 billion. Low cost deposits which constituted 29.7% 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 16.62% at the end of the reporting period.

Divisional performance

Retail Banking (Year to date ("YTD") FY2021: RM286.3 million vs YTD FY2020: Profit of RM205.4 million)

Profit before tax ("PBT") increased by RM80.9 million mainly due to higher net income and lower net impairment.

Net income increased by RM15.9 million mainly from higher net finance income due to higher volume, partially offset by lower margin impact, coupled with lower fee income from Cards, mitigated by Wealth.

Lower net impairment mainly from provision on loans, advances and financing due to impact from loan moratorium and auto conversion to term loan for Cards.

Retail deposits increased by 2.4% to RM48.3 billion mainly from current and savings account. Gross loans, advances and financing grew RM4.6 billion (8.1%) to close at RM62.2 billion mainly attributed by Mortgage, Personal Financing and Retail SME, partly offset by drop in Auto Finance.

Business Banking (YTD FY2021: RM96.7 million vs YTD FY2020: RM63.0 million)

PBT increased by RM33.7 million due lower other operating expenses and net impairment, offset by lower net income.

Lower net income from lower margin, offset by higher business volume. 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 RM1.7 billion to RM7.9 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.5 billion (14.1%) to close at RM11.9 billion.

Corporate Banking (YTD FY2021: RM123.9 million vs YTD FY2020: RM385.4 million)

PBT decreased by RM261.5 million from lower net income and higher net impairment, partly offset by lower other operating expenses.

Net income decreased by 9.1% 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 RM6.3 billion (65.3%) to close at RM16.0 billion, while gross loans, advances and financing grew by RM2.4 billion (7.5%) to close at RM34.9 billion.

Group Treasury and Markets (YTD FY2021: RM411.3 million vs YTD FY2020: RM165.2 million)

PBT grew RM246.1 million mainly from higher net income and writeback of net impairment.

Net income increased by RM204.8 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: RM47.2 million vs YTD FY2020: RM25.9 million)

PBT increased by RM21.3 million from higher net income mainly due to higher brokerage income, lower other operating expenses and writeback of net impairment.

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

Divisional performance (Cont'd.)

Fund Management (YTD FY2021: RM36.1 million vs YTD FY2020: RM22.1 million)

PBT increased by RM14.0 million mainly from higher management fee.

Insurance (YTD FY2021: RM193.4 million vs YTD FY2020: RM187.8 million)

Insurance PBT increased by 3.0% from higher other income and gain from share of results of associate and joint ventures, partially offset by higher other operating expenses due to higher marketing expense for COVID-19 initiatives.

Group Funding & Others (YTD FY2021: Loss of RM392.6 million vs YTD FY2020: Loss of RM52.8 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	
	30.09.2020	30.06.2020	Amount	
	RM'000	RM'000	RM'000	%
Operating revenue	2,137,995	2,214,615	(76,620)	(3.5)
Operating profit before impairment losses	631,009	553,800	77,209	13.9
Profit before taxation and zakat	298,491	503,913	(205,422)	(40.8)
Profit for the financial quarter	272,528	401,925	(129,397)	(32.2)
Profit attributable to equity holders of the Company	237,317	365,166	(127,849)	(35.0)

Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group generated revenue of RM2,138.0 million, a decrease of 3.5% compared to last quarter. Fund based income from interest bearing assets decreased mainly from interest on deposits. 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 of securities and loss on foreign exchange compared to gain in foreign exchange in preceding quarter partially offset by higher gains in derivatives.

Total operating expenses decreased by 2.7% compared to preceding quarter mainly due to decrease in marketing expenses.

Credit costs increased due to higher impairment allowances for loans, advances and financing mainly due to overlay adjustments post the loan/financing moratorium attributable to payment holiday and repayment assistance granted to customers in the current quarter.

Against the preceding quarter, profit before taxation and zakat for the current quarter is lower at RM298.5 million, a decrease of RM205.4 million (40.8%). Profit for the quarter decreased by RM129.4 million to RM272.5 million compared to preceding quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2021

The domestic economy in 3Q improved with a slower contraction of 2.7% year-on-year ("y/y"), after reporting the worst contraction in 2Q by 17.1% y/y as a result of the health measures to contain the spread of the pandemic virus via lockdowns and the movement control order. The slower contraction in 3Q was well within expectations. It was partly due to the relaxation of the restrictive measures to contain the spread of the pandemic virus. At the same time, consumer spending gained momentum, supported by pent-up demand. Besides, the RM305 billion stimulus measures also provided support to both the business and consumer spending.

Nevertheless, this improving trend is likely to be short-lived. The rising number of new COVID-19 cases since October has resulted in the imposition of a more restrictive measure i.e. the Conditional Movement Control Order. Such measure is already impacting the domestic economy. Forward-looking indicators are presenting signs of cooling off in the month of October. Should that happen, 4Q2020 Gross Domestic Products ("GDP") is expected to contract more compared to 3Q's -2.7%. This would translate to a full-year contraction of 5.3% to 5.7% from our earlier projection of -3.6% to -5.6%.

Inflation remains in the disinflationary scenario, with the average headline inflation for the first nine months of the year at -1.0%. Weighed down by softer fuel pump prices, added with lackluster demand-pull factors reflecting the poor job market, headline inflation for the full year is poised to hover between -0.9% and -1.1%.

On the back of a weak domestic economic outlook, loan growth from the banking system is poised to grow modestly during the year. Loans in September grew by 4.4%, similar to August. Overall, the banking industry loan growth for the full year is likely to hover between 4% and 5%, primarily supported by the government stimulus measures.

Despite the domestic economy projected to be in recession in 2020, the overall health of the banking system remains intact. Liquidity assets remain ample. Banking industry liquidity coverage ratio stood at 152% at the end of September 2020, 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 are at 81.9% and 71.5% respectively at end-September 2020.

In the final Monetary Policy Committee meeting for this year, BNM decided to maintain its Overnight Policy Rate at 1.75%. It is the second time in a row BNM left the policy rate unchanged. This brings the cumulative rate cut to a total of 125bps. Despite its neutral stance, BNM cautioned that the balance of risk is still tilted to the downside, citing the risk of a further resurgence of COVID-19 infections which could lead to weaker business, employment and income conditions.

Nonetheless, with the fiscal stimulus worth RM305 billion or 21% of GDP, added with the continued support from monetary measures, BNM is expected to maintain an accommodative policy to support the domestic economy in 2022.

Meanwhile, downside risk remains. A still uncertain external environment underpinned by the COVID-19 pandemic, added with domestic events, could weigh on 2021's stronger growth outlook.

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 has 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. Meanwhile, the Group is closely monitoring its credit portfolio for any potential signs of stress.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Estimated current tax payable	88,750	81,797	145,421	174,422
Deferred tax	(63,391)	(2,013)	(18,723)	41,517
	<u>25,359</u>	<u>79,784</u>	<u>126,698</u>	<u>215,939</u>
Over provision of current taxation in respect of prior years	140	-	155	-
Taxation	<u>25,499</u>	<u>79,784</u>	<u>126,853</u>	<u>215,939</u>
Zakat	464	707	1,098	1,424
Taxation and zakat	<u>25,963</u>	<u>80,491</u>	<u>127,951</u>	<u>217,363</u>

The total tax charge of the Group for the financial period ended 30 September 2020 and 30 September 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
	30.09.2020					
Unsecured						
Term funding	100,000	1,456,078 #	-	353,543	100,000	1,809,621
Debt capital	-	3,745,000	-	-	-	3,745,000
30.09.2019						
Unsecured						
Term funding	-	182,354	-	1,833,210	-	2,015,564
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 30 September 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
November 2019 - Redemption	AmBank Islamic	Subordinated Sukuk Tier 2 - 10 years	100,000	4.40	4,400
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

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

- (i) There is no dividend proposed for the current financial quarter and period.
- (ii) Interim cash dividend of 6.0 Sen per share declared for the previous financial half year ended 30 September 2019.

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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Net profit attributable to equity holders of the Company (RM'000)	237,317	319,568	602,483	711,027
Weighted average number of ordinary shares in issue ('000)	3,009,515	3,009,233	3,008,824	3,009,233
Basic/diluted earnings per share (Sen)	7.89	10.62	20.02	23.63