

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

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	Group		Company	
		30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A8	6,569,609	15,611,728	305,134	322,262
Deposits and placements with banks and other financial institutions	A9	898,283	98,845	-	-
Derivative financial assets	A33	1,814,644	2,077,281	-	-
Financial assets at fair value through profit or loss	A10	16,399,123	12,545,857	1,086	1,078
Financial investments at fair value through other comprehensive income	A11	18,555,948	19,722,901	-	-
Financial investments at amortised cost	A12	4,829,382	4,852,813	-	-
Loans, advances and financing	A13	106,156,745	105,950,930	-	-
Statutory deposit with Bank Negara Malaysia		288,073	489,006	-	-
Deferred tax assets		28,352	51,457	-	-
Investment in subsidiaries and other investments		-	-	9,627,425	9,627,425
Investment in associates and joint ventures		718,798	699,275	-	-
Other assets	A14	2,694,646	2,809,434	3,057	1,571
Reinsurance assets and other insurance receivables	A15	455,340	457,906	-	-
Property and equipment		248,257	254,144	291	332
Right-of-use assets		313,408	317,679	-	-
Intangible assets		3,256,971	3,261,506	-	-
Asset held for sale	A31	2,324	2,324	-	-
<b>TOTAL ASSETS</b>		<b>163,229,903</b>	<b>169,203,086</b>	<b>9,936,993</b>	<b>9,952,668</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A16	114,305,581	112,966,712	-	-
Investment accounts of customers		122,348	208,726	-	-
Deposits and placements of banks and other financial institutions	A17	8,200,824	10,021,921	-	-
Securities sold under repurchase agreements		2,402,753	6,352,709	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		4,840,023	5,140,023	-	-
Derivative financial liabilities	A33	1,839,371	1,960,103	-	-
Term funding		1,819,573	2,501,739	-	-
Debt capital		3,745,000	3,745,000	-	-
Redeemable cumulative convertible preference share		233,897	231,311	-	-
Deferred tax liabilities		147,665	69,720	-	-
Other liabilities	A18	2,842,529	3,965,918	30,765	46,974
Insurance contract liabilities and other insurance payables	A19	2,522,517	2,479,164	-	-
<b>Total Liabilities</b>		<b>143,022,081</b>	<b>149,643,046</b>	<b>30,765</b>	<b>46,974</b>
Share capital		5,851,557	5,851,557	5,550,250	5,550,250
Treasury shares		(19,352)	(26,916)	(19,352)	(26,916)
Reserves		13,359,743	12,756,131	4,375,330	4,382,360
Equity attributable to equity holders of the Company		19,191,948	18,580,772	9,906,228	9,905,694
Non-controlling interests		1,015,874	979,268	-	-
<b>Total Equity</b>		<b>20,207,822</b>	<b>19,560,040</b>	<b>9,906,228</b>	<b>9,905,694</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>163,229,903</b>	<b>169,203,086</b>	<b>9,936,993</b>	<b>9,952,668</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A32	<b>133,392,017</b>	<b>133,474,654</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>6.38</b>	<b>6.18</b>	<b>3.29</b>	<b>3.29</b>

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.

**AMMB HOLDINGS BERHAD**  
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**(Incorporated in Malaysia)**  
**Condensed Financial Statements**

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Operating revenue	A27	2,214,615	2,390,402	2,214,615	2,390,402
Interest income	A20	1,083,983	1,279,691	1,083,983	1,279,691
Interest expense	A21	(639,617)	(811,390)	(639,617)	(811,390)
Net interest income		444,366	468,301	444,366	468,301
Net income from Islamic banking		180,134	229,976	180,134	229,976
Income from insurance business		338,032	349,172	338,032	349,172
Insurance claims and commissions		(214,044)	(228,008)	(214,044)	(228,008)
Net income from insurance business	A22	123,988	121,164	123,988	121,164
Other operating income	A23	321,027	232,354	321,027	232,354
Share in results of associates and joint ventures		22,859	12,775	22,859	12,775
Net income		1,092,374	1,064,570	1,092,374	1,064,570
Other operating expenses	A24	(538,574)	(528,565)	(538,574)	(528,565)
Operating profit before impairment losses		553,800	536,005	553,800	536,005
(Allowance)/Writeback of allowance for impairment on loans, advances and financing	A25	(42,745)	44,911	(42,745)	44,911
Writeback of allowance/(Allowance) for impairment on:					
Financial investments	A26	2,213	1,636	2,213	1,636
Insurance receivables		458	(1,008)	458	(1,008)
Other financial assets	A26	(944)	1,047	(944)	1,047
Provision for commitments and contingencies		(6,496)	(12,891)	(6,496)	(12,891)
Other write-offs, net		(2,373)	(1,238)	(2,373)	(1,238)
Profit before taxation and zakat		503,913	568,462	503,913	568,462
Taxation and zakat	B5	(101,988)	(136,872)	(101,988)	(136,872)
<b>Profit for the financial period</b>		<b>401,925</b>	<b>431,590</b>	<b>401,925</b>	<b>431,590</b>
Attributable to:					
Equity holders of the Company		365,166	391,459	365,166	391,459
Non-controlling interests		36,759	40,131	36,759	40,131
<b>Profit for the financial period</b>		<b>401,925</b>	<b>431,590</b>	<b>401,925</b>	<b>431,590</b>
<b>EARNINGS PER SHARE (SEN)</b>	B11				
Basic/Diluted		12.14	13.01	12.14	13.01

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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Profit for the financial period	401,925	431,590	401,925	431,590
<b>Other comprehensive income/(loss):</b>				
<b>Items that will not be reclassified subsequently to statements of profit or loss</b>				
Remeasurement of defined benefit liability	(410)	-	(410)	-
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised gain on changes in fair value	67,874	-	67,874	-
Tax effect relating to components of other comprehensive income				
- defined benefit liability	98	-	98	-
	<u>67,562</u>	<u>-</u>	<u>67,562</u>	<u>-</u>
<b>Items that may be reclassified subsequently to statements of profit or loss</b>				
Translation gain of foreign operations	(1,929)	3,339	(1,929)	3,339
Cash flow hedge				
- gain/(loss) arising during the financial year	1,909	(6,180)	1,909	(6,180)
- reclassification adjustments for gain included in profit or loss	-	(66)	-	(66)
- amortisation of fair value changes for terminated hedge	1,669	(1,494)	1,669	(1,494)
Financial investments at FVOCI				
- net unrealised gains on changes in fair value	246,578	120,830	246,578	120,830
- net gain reclassified to profit or loss	(14,823)	(10,967)	(14,823)	(10,967)
- expected credit loss	(2,204)	(1,616)	(2,204)	(1,616)
- foreign exchange differences	(1)	2	(1)	2
Tax effect relating to the components of other comprehensive (income)/loss				
- cash flow hedge	(859)	1,858	(859)	1,858
- financial investments at FVOCI	(55,621)	(25,191)	(55,621)	(25,191)
Share of reserve movements in equity accounted joint ventures	(602)	15,013	(602)	15,013
	<u>174,117</u>	<u>95,528</u>	<u>174,117</u>	<u>95,528</u>
Other comprehensive income for the financial period, net of tax	241,679	95,528	241,679	95,528
Total comprehensive income for the financial period	<u>643,604</u>	<u>527,118</u>	<u>643,604</u>	<u>527,118</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	606,998	486,987	606,998	486,987
Non-controlling interests	36,606	40,131	36,606	40,131
	<u>643,604</u>	<u>527,118</u>	<u>643,604</u>	<u>527,118</u>

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

Company	Note	Individual Quarter		Cumulative Quarter	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Operating revenue		2,301	504,434	2,301	504,434
Interest income	A20	1,921	928	1,921	928
Other operating income	A23	380	503,506	380	503,506
Net income		2,301	504,434	2,301	504,434
Other operating expenses	A24	(5,945)	(6,282)	(5,945)	(6,282)
(Loss)/Profit before taxation		(3,644)	498,152	(3,644)	498,152
Taxation		-	(233)	-	(233)
<b>(Loss)/Profit for the financial period representing total comprehensive income for the financial period</b>		<b>(3,644)</b>	<b>497,919</b>	<b>(3,644)</b>	<b>497,919</b>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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	Non-controlling interests RM'000	
							Non-participating funds RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 01.04.2019</b>	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	-	-	-	-	-	-	-	-	391,459	391,459	40,131	431,590
Other comprehensive income/(loss), net	-	-	98,071	(5,882)	3,339	-	-	-	-	95,528	-	95,528
Total comprehensive income/(loss) for the financial period	-	-	98,071	(5,882)	3,339	-	-	-	391,459	486,987	40,131	527,118
Share-based payment under ESS, net	-	-	-	-	-	2,501	-	-	-	2,501	-	2,501
Transfer to regulatory reserve	-	167,450	-	-	-	-	-	-	(167,450)	-	-	-
Transactions with owners and other equity movements	-	167,450	-	-	-	2,501	-	-	(167,450)	2,501	-	2,501
<b>At 30.06.2019</b>	<b>5,751,557</b>	<b>617,608</b>	<b>578,041</b>	<b>(17,956)</b>	<b>97,428</b>	<b>7,796</b>	<b>(31,483)</b>	<b>45,715</b>	<b>11,131,735</b>	<b>18,180,441</b>	<b>1,039,630</b>	<b>19,220,071</b>

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**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Retained Earnings										Non-controlling interests	Total equity
	Share capital	Regulatory reserve	Fair value reserve	Cash flow hedging deficit	Foreign currency translation reserve	Executives' share scheme reserve	Treasury shares	Non-participating funds	Total			
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
<b>At 01.04.2020</b>	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	-	-	-	-	-	-	-	-	365,166	365,166	36,759	401,925
Other comprehensive income/(loss), net	-	-	241,201	2,719	(1,929)	-	-	-	(159)	241,832	(153)	241,679
Total comprehensive income/(loss) for the financial period	-	-	241,201	2,719	(1,929)	-	-	-	365,007	606,998	36,606	643,604
Share-based payment under ESS, net	-	-	-	-	-	4,178	-	-	-	4,178	-	4,178
ESS shares vested to employees	-	-	-	-	-	(8,702)	7,564	-	1,138	-	-	-
Transfer from regulatory reserve	-	(5,269)	-	-	-	-	-	-	5,269	-	-	-
Transactions with owners and other equity movements	-	(5,269)	-	-	-	(4,524)	7,564	-	6,407	4,178	-	4,178
<b>At 30.06.2020</b>	<b>5,851,557</b>	<b>382,259</b>	<b>876,512</b>	<b>(25,436)</b>	<b>106,738</b>	<b>36,048</b>	<b>(19,352)</b>	<b>45,715</b>	<b>11,937,907</b>	<b>19,191,948</b>	<b>1,015,874</b>	<b>20,207,822</b>

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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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
<b>At 01.04.2019</b>	5,550,250	5,295	(31,483)	4,169,210	9,693,272
Profit for the financial period	-	-	-	497,919	497,919
Total comprehensive income for the financial period	-	-	-	497,919	497,919
Share-based payment under ESS, net	-	2,501	-	-	2,501
Transactions with owners and other equity movements	-	2,501	-	-	2,501
<b>At 30.06.2019</b>	<b>5,550,250</b>	<b>7,796</b>	<b>(31,483)</b>	<b>4,667,129</b>	<b>10,193,692</b>

  

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
<b>At 01.04.2020</b>	5,550,250	40,572	(26,916)	4,341,788	9,905,694
Loss for the financial period	-	-	-	(3,644)	(3,644)
Total comprehensive loss for the financial period	-	-	-	(3,644)	(3,644)
Share-based payment under ESS, net	-	4,178	-	-	4,178
ESS shares vested to employees	-	(8,702)	7,564	1,138	-
Transactions with owners and other equity movements	-	(4,524)	7,564	1,138	4,178
<b>At 30.06.2020</b>	<b>5,550,250</b>	<b>36,048</b>	<b>(19,352)</b>	<b>4,339,282</b>	<b>9,906,228</b>

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

	Group		Company	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Profit/(Loss) before taxation and zakat	503,913	568,462	(3,644)	498,152
Adjustments for:				
Net accretion of discount for securities	(19,971)	(27,772)	-	-
Allowance for expected credit losses on loans, advances and financing, net	121,473	47,639	-	-
Dividend income	(1,810)	(2,610)	-	(503,146)
Net loss/(gain) on revaluation of derivatives	143,813	(52,450)	-	-
Net gain on revaluation of financial assets at fair value through profit or loss	(86,767)	(60,261)	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(14,823)	(10,966)	-	-
Net gain on sale of financial assets at fair value through profit or loss	(104,757)	(14,132)	-	-
Other non-operating and non-cash items	320,976	78,770	41	57
Operating profit/(loss) before working capital changes	862,047	526,680	(3,603)	(4,937)
<i>Decrease/(Increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	(13,642)	(6,691)	-	-
Financial assets at fair value through profit or loss	(3,647,606)	2,859,674	(8)	(9)
Loans, advances and financing	(742,879)	799,451	-	-
Statutory deposit with Bank Negara Malaysia	200,933	(26,921)	-	-
Other assets	183,633	55,828	45	3,036
Reinsurance assets and other insurance receivables	3,024	46,437	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	1,338,869	(4,143,945)	-	-
Investment accounts of customers	(86,378)	(93,354)	-	-
Deposits and placements of banks and other financial institutions	(1,672,795)	1,520,173	-	-
Securities sold under repurchase agreements	(3,949,955)	61,473	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(300,000)	(200,544)	-	-
Term funding	(680,429)	(33,015)	-	-
Other liabilities	(1,120,952)	(479,692)	(13,168)	(5,859)
Insurance contract liabilities and other insurance payables	43,353	(100,346)	-	-
Cash (used in)/generated from operations	(9,582,777)	785,208	(16,734)	(7,769)
Taxation and zakat paid, net	(128,261)	(157,545)	(394)	(708)
Net cash (used in)/generated from operating activities	(9,711,038)	627,663	(17,128)	(8,477)
<i>Cash flows from investing activities</i>				
Dividend/Distribution income received	4,544	6,519	-	503,146
Proceeds from disposal of property and equipment	2	68	-	-
Net disposal/(purchase) of financial investments	1,512,250	(2,703,776)	-	-
Purchase of property and equipment and intangible assets	(37,342)	(23,840)	-	-
Net cash generated from/(used in) investing activities	1,479,454	(2,721,029)	-	503,146



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

	Group		Company	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Repayment of lease liabilities	(22,585)	(17,234)	-	-
Net cash used in financing activities	<u>(22,585)</u>	<u>(17,234)</u>	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(8,254,169)	(2,110,600)	(17,128)	494,669
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	79	65	-	-
Cash and cash equivalents at end of the financial period	<u>7,457,829</u>	<u>5,159,511</u>	<u>305,134</u>	<u>575,674</u>

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

	Group		Company	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	6,569,609	5,132,470	305,134	575,674
Deposits and placements with banks and other financial institutions	898,283	34,753	-	-
	<u>7,467,892</u>	<u>5,167,223</u>	<u>305,134</u>	<u>575,674</u>
Less: Deposits with original maturity of more than three months	(13,642)	(9,975)	-	-
	<u>7,454,250</u>	<u>5,157,248</u>	<u>305,134</u>	<u>575,674</u>
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	3,579	2,263	-	-
Cash and cash equivalents	<u>7,457,829</u>	<u>5,159,511</u>	<u>305,134</u>	<u>575,674</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. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

#### 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 which became effective for the first time for the Group and the Company on 1 April 2020:

- 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)

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 is no business combination or asset acquisition that occurred during the financial quarter ended 30 June 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.

**Standards issued but not yet effective**

Description	Effective for annual periods beginning on or after
- Covid-19-Related Rent Concessions (Amendment of MFRS 16)	1 June 2020
- MFRS 17 <i>Insurance Contracts</i>	1 January 2021
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2022
- 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
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

The nature of the new standards 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**

**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. This amendment is not expected to have any impact to the Group as the Group has not revised or is seeking any revision to lease payments in its lease arrangements as a consequence of the Covid-19 pandemic.

**MFRS 17 *Insurance Contracts***

MFRS 17 supersedes MFRS 4 *Insurance Contracts*

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

## A1. BASIS OF PREPARATION (CONT'D.)

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

#### (a) Amendments to published standards effective for financial year ending 31 March 2022 (Cont'd.)

##### **MFRS 17 Insurance Contracts (Cont'd.)**

MFRS 17 supersedes MFRS 4 *Insurance Contracts* (Cont'd.)

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

MFRS 17 is effective for annual periods beginning on or after 1 January 2023. Nevertheless, the due process to defer the effective date of MFRS 17 by 2 years to 1 January 2023 is currently in progress and is expected to be announced soon. Early application is permitted provided MFRS 9 is also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable.

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

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

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

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2022. Early adoption is permitted. Nevertheless, the effective date may be deferred by a year to 1 January 2023, subject to the standard setter's consultations. 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.

##### **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.

## 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.)

##### Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137) (Cont'd.)

The amendments are applied from annual reporting period beginning on or after 1 January 2022 to contracts for which it 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.

##### Annual Improvements to MFRS Standards 2018-2020

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

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

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

The Board has amended IFRS 1 to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 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 IFRS 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 IFRS 16 has been amended to remove the illustration of payments from the lessor relating to leasehold improvements to overcome any potential confusion about the treatment of lease incentives.

#### (iv) MFRS 141 *Agriculture*

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

## **A1. BASIS OF PREPARATION (CONT'D.)**

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

#### **(c) 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.

## **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.

The Group had participated in government support measures in response to COVID-19 pandemic which includes providing Special Relief Facility ("SRF") financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic.

The financial impact arising from the measures implemented in response to COVID-19 is included in interest income on loans and advances in Note A20 and in Note A37.

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

## **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.

**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.

**A7. DIVIDENDS PAID**

No dividend has been paid during the current financial quarter.

**A8. CASH AND SHORT-TERM FUNDS**

	Group		Company	
	30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000
Cash and balances with banks and other financial institutions	1,850,035	2,484,253	305,134	322,262
Deposit placements maturing within one month:				
Licensed banks	2,389,316	378,474	-	-
Bank Negara Malaysia	2,219,000	12,386,220	-	-
Other financial institutions	113,834	363,642	-	-
	4,722,150	13,128,336	-	-
	6,572,185	15,612,589	305,134	322,262
Less :				
Allowances for ECL	(2,576)	(861)	-	-
	6,569,609	15,611,728	305,134	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
Allowances for/(Writeback of) ECL	1,754	(7)	1,747
Transfer from deposits and placements with banks and other financial institutions (Note A9)	668	-	668
New financial assets originated	2,381	-	2,381
Financial assets derecognised	(586)	-	(586)
Changes in assumptions and methodologies	(60)	-	(60)
Net remeasurement of allowances	(649)	(7)	(656)
Foreign exchange differences	(32)	-	(32)
Balance at end of the financial period	2,555	21	2,576

  

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	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	
	30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000
Deposits and placements with maturity more than one month				
Licensed banks	799,286	99,330	-	-
Other financial institutions	100,000	-	-	-
	<u>899,286</u>	<u>99,330</u>	<u>-</u>	<u>-</u>
Less : Allowances for ECL	(1,003)	(485)	-	-
	<u>898,283</u>	<u>98,845</u>	<u>-</u>	<u>-</u>

**Movements in allowances for ECL are as follows:**

Group 30.06.2020	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	485
Allowances for/(Writeback of) ECL:	518
Transfer to cash and short term funds (Note A8)	(668)
New financial assets originated	1,408
Net remeasurement of allowances	2
Changes in model assumptions and methodologies	(224)
Balance at end of the financial period	<u>1,003</u>
Group 31.03.2020	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	2,076
(Writeback of)/Allowances for ECL:	(1,591)
Transfer to cash and short term funds (Note A8)	(4,432)
New financial assets originated	2,570
Net remeasurement of allowances	(104)
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	
	30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000
<b>At Fair Value</b>				
<b>Money Market Instruments:</b>				
Malaysian Treasury Bills	3,027,293	606,027	-	-
Malaysian Islamic Treasury Bills	4,003,402	886,554	-	-
Malaysian Government Securities	2,714,352	2,712,517	-	-
Malaysian Government Investment Issues	1,195,745	2,970,436	-	-
Cagamas bonds	107,421	101,883	-	-
Bank Negara Monetary Notes	-	1,348,320	-	-
Islamic Negotiable instruments of deposit	999,025	-	-	-
	<u>12,047,238</u>	<u>8,625,737</u>	<u>-</u>	<u>-</u>
<b>Quoted Securities:</b>				
In Malaysia:				
Shares	485,700	330,662	-	-
Unit trusts	360,038	227,426	1,086	1,078
Corporate bonds and sukuk	38,046	37,500	-	-
Outside Malaysia:				
Shares	90,963	80,588	-	-
	<u>974,747</u>	<u>676,176</u>	<u>1,086</u>	<u>1,078</u>
<b>Unquoted Securities:</b>				
In Malaysia:				
Shares	2,913	2,766	-	-
Corporate bonds and sukuk	3,374,225	3,241,178	-	-
	<u>3,377,138</u>	<u>3,243,944</u>	<u>-</u>	<u>-</u>
Total	<u>16,399,123</u>	<u>12,545,857</u>	<u>1,086</u>	<u>1,078</u>

**A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	Group	
	30.06.2020 RM'000	31.03.2020 RM'000
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Securities	3,106,233	3,195,317
Malaysian Government Investment Issues	4,204,675	4,990,309
Negotiable instruments of deposit	350,743	-
Islamic negotiable instruments of deposit	446,068	299,544
Foreign Government investment issues	74,987	-
	<u>8,182,706</u>	<u>8,485,170</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	660,923	593,049
Corporate bonds and sukuk	9,579,061	10,436,822
Outside Malaysia:		
Shares	501	501
Corporate bonds and sukuk	132,757	207,359
	<u>10,373,242</u>	<u>11,237,731</u>
<b>Total</b>	<b>18,555,948</b>	<b>19,722,901</b>

**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
<b>30.06.2020</b>			
Balance at beginning of the financial year	16,020	16,449	32,469
(Writeback of)/Allowances for ECL	(2,864)	660	(2,204)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(11)	21	10
New financial assets originated	1,068	-	1,068
Financial assets derecognised	(1,907)	-	(1,907)
Net remeasurement of allowances	1,088	1,007	2,095
Changes in model assumptions and methodologies	(3,102)	(368)	(3,470)
Foreign exchange differences	(1)	-	(1)
Balance at end of the financial period	<b>13,155</b>	<b>17,109</b>	<b>30,264</b>

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

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

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>31.03.2020</b>	<b>12-month</b>	<b>Lifetime</b>	<b>Lifetime</b>	<b></b>
	<b>ECL</b>	<b>ECL</b>	<b>ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit</b>	<b>credit</b>	<b>RM'000</b>
	<b>impaird</b>	<b>impaird</b>	<b>impaird</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	16,020	16,449	-	32,469

**A12. FINANCIAL INVESTMENTS AT AMORTISED COST**

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Investment Issues	402,455	432,436
<b>Unquoted Securities:</b>		
In Malaysia:		
Corporate Bonds and sukuk	4,431,832	4,425,291
	4,834,287	4,857,727
Less: Allowances for ECL	(4,905)	(4,914)
<b>Total</b>	<b>4,829,382</b>	<b>4,852,813</b>

**Movements in allowances for ECL are as follows:**

<b>Group</b>	<b>Stage 1</b>
<b>30.06.2020</b>	<b>12-Month</b>
	<b>ECL</b>
	<b>RM'000</b>
Balance at beginning of the financial year	4,914
(Writeback of)/Allowances for ECL	(9)
Net remeasurement of allowances	682
Changes in model assumptions and methodologies	(691)
<b>Balance at end of the financial period</b>	<b>4,905</b>

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

**A13. LOANS, ADVANCES AND FINANCING**

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Loans, advances and financing:		
Term loans/financing	33,481,749	31,486,276
Revolving credit	12,289,728	12,397,147
Housing loans/financing	33,411,961	32,865,466
Hire purchase receivables	13,998,196	14,307,814
Card receivables	1,959,660	2,105,014
Overdraft	3,362,977	3,933,941
Claims on customers under acceptance credits	3,830,057	5,600,123
Trust receipts	1,337,928	1,857,065
Bills receivables	2,892,552	1,825,267
Staff loans	97,728	96,429
Others	757,724	744,068
Gross loans, advances and financing	<u>107,420,260</u>	<u>107,218,610</u>
Less: Allowances for ECL		
- Stage 1 - 12 month ECL	(271,751)	(283,434)
- Stage 2 - Lifetime ECL not credit impaired	(581,904)	(539,633)
- Stage 3 - Lifetime ECL credit impaired	(409,860)	(444,613)
	<u>(1,263,515)</u>	<u>(1,267,680)</u>
Net loans, advances and financing	<u>106,156,745</u>	<u>105,950,930</u>

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

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic banking institutions	5,216	-
Domestic non-bank financial institutions	2,523,497	2,555,132
Domestic business enterprises:		
- Small and medium enterprises	21,378,010	20,589,193
- Others	25,340,145	26,730,467
Government and statutory bodies	551,503	552,467
Individuals	55,896,211	55,439,538
Other domestic entities	23,212	29,034
Foreign individuals and entities	1,702,466	1,322,779
	<u>107,420,260</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	
	30.06.2020	31.03.2020
	RM'000	RM'000
In Malaysia	106,658,638	106,821,814
Outside Malaysia	761,622	396,796
	<u>107,420,260</u>	<u>107,218,610</u>

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

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	437,942	421,771
- Hire purchase receivables	13,295,655	13,583,749
- Other loans/financing	10,121,008	11,314,043
Variable rate:		
- Base rate and lending/financing rate plus	52,085,156	50,774,273
- Cost plus	25,452,810	24,764,864
- Other variable rates	6,027,689	6,359,910
	<u>107,420,260</u>	<u>107,218,610</u>

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

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Agriculture	2,700,314	2,899,663
Mining and quarrying	2,915,698	2,515,031
Manufacturing	13,274,165	13,728,007
Electricity, gas and water	790,794	673,985
Construction	4,478,065	4,701,804
Wholesale and retail trade and hotels and restaurants	7,746,299	7,799,262
Transport, storage and communication	2,720,493	2,686,052
Finance and insurance	2,562,382	2,581,109
Real estate	7,650,823	7,705,377
Business activities	3,570,626	3,385,227
Education and health	2,166,281	2,161,841
Household of which:	56,780,946	56,320,467
Purchase of residential properties	32,921,340	32,387,265
Purchase of transport vehicles	12,637,339	12,922,272
Others	11,222,267	11,010,930
Others	63,374	60,785
	<u>107,420,260</u>	<u>107,218,610</u>

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

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

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	25,765,767	26,249,106
Over one year to three years	7,082,752	6,528,551
Over three years to five years	10,926,146	10,776,558
Over five years	63,645,595	63,664,395
	<u>107,420,260</u>	<u>107,218,610</u>

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

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Balance at beginning of the financial year	1,852,633	1,620,662
Additions during the financial period/year	247,906	1,490,510
Reclassified as non-impaired	(75,041)	(165,696)
Recoveries	(119,505)	(396,019)
Amount written off	(125,357)	(700,608)
Foreign exchange differences	(550)	3,784
Balance at end of the financial period/year	<u>1,780,086</u>	<u>1,852,633</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.66%</u>	<u>1.73%</u>
Loan loss coverage (including regulatory reserve)	<u>97.00%</u>	<u>93.40%</u>

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

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	1,736,292	1,808,511
Outside Malaysia	43,794	44,122
	<u>1,780,086</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	
	30.06.2020 RM'000	31.03.2020 RM'000
Agriculture	84,558	84,501
Mining and quarrying	52,533	53,591
Manufacturing	304,156	247,956
Electricity, gas and water	142	137
Construction	95,845	84,241
Wholesale and retail trade and hotels and restaurants	149,297	134,049
Transport, storage and communication	61,602	80,709
Finance and insurance	2	2
Real estate	314,679	314,347
Business activities	38,889	33,605
Education and health	20,766	25,260
Household of which:	657,617	794,235
Purchase of residential properties	482,970	496,301
Purchase of transport vehicles	66,568	156,556
Others	108,079	141,378
	<u>1,780,086</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	(11,648)	42,289	90,832	121,473
- Transfer to 12 month ECL (Stage 1)	8,134	(48,284)	(1,098)	(41,248)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,294)	60,300	(13,988)	36,018
- Transfer to Lifetime ECL credit impaired (Stage 3)	(269)	(2,580)	27,803	24,954
New financial assets originated	25,345	23,975	1,374	50,694
Net remeasurement of allowances	(10,547)	11,052	117,469	117,974
Modification of contractual cash flows of financial assets	(121)	299	(1)	177
Financial assets derecognised	(21,406)	(18,066)	(40,293)	(79,765)
Changes to model assumptions and methodologies	(2,490)	15,593	(434)	12,669
Foreign exchange differences	(35)	(18)	(228)	(281)
Amount written off	-	-	(125,357)	(125,357)
Balance at end of the financial period	<u>271,751</u>	<u>581,904</u>	<u>409,860</u>	<u>1,263,515</u>

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

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

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

**A14. OTHER ASSETS**

	Group		Company	
	30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000
Trade receivables	367,183	505,330	-	-
Other receivables, deposits and prepayments	772,110	570,623	1,347	255
Interest/Profit receivable	412,745	458,935	-	-
Fee receivable	28,022	26,192	-	-
Amount due from agents, brokers and reinsurers	52,319	50,416	-	-
Foreclosed properties	2,609	2,607	-	-
Tax recoverable	238,974	167,930	1,710	1,316
Collateral pledged for derivative and securities transactions	827,668	1,035,710	-	-
	<u>2,701,630</u>	<u>2,817,743</u>	<u>3,057</u>	<u>1,571</u>
Accumulated impairment losses	(6,984)	(8,309)	-	-
	<u>2,694,646</u>	<u>2,809,434</u>	<u>3,057</u>	<u>1,571</u>

**A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES**

	Note	Group	
		30.06.2020 RM'000	31.03.2020 RM'000
Reinsurance assets from general insurance business	(i)	389,614	393,370
Other insurance receivables	(ii)	65,726	64,536
		<u>455,340</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	79,509	83,266
Amount owing by reinsurance and cedants	10,514	6,025
Accumulated impairment losses	(24,297)	(24,755)
	<u>65,726</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	(458)	(8,223)
Balance at end of the financial period/year	<u>24,297</u>	<u>24,755</u>

**A16. DEPOSITS FROM CUSTOMERS**

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	24,008,030	22,721,480
Savings deposits	6,609,000	6,109,023
Term/Investment deposits	78,388,551	79,966,053
Negotiable instruments of deposits	5,300,000	4,170,156
	<u>114,305,581</u>	<u>112,966,712</u>

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

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	64,211,299	67,788,352
Six months to one year	17,227,850	13,816,530
Over one year to three years	2,115,269	2,392,042
Over three years to five years	134,133	139,285
	<u>83,688,551</u>	<u>84,136,209</u>

The deposits are sourced from the following types of customers:

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	4,765,122	4,419,707
Business enterprises	58,031,539	59,382,766
Individuals	41,459,123	39,867,316
Others	10,049,797	9,296,923
	<u>114,305,581</u>	<u>112,966,712</u>

**A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	4,479,555	5,701,479
Licensed investment banks	349,336	439,041
Bank Negara Malaysia	846,038	240,549
Other financial institutions	2,525,895	3,640,852
	<u>8,200,824</u>	<u>10,021,921</u>

**A18. OTHER LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>	<b>30.06.2020</b>	<b>31.03.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables	342,313	505,342	-	-
Other payables and accruals	1,177,157	1,943,131	29,071	32,837
Interest payable on deposits and borrowings	630,776	719,606	-	-
Lease deposits and advance rental	42,259	42,954	-	-
Provision for commitments and contingencies	28,819	28,014	-	-
Allowances for ECL on loan commitments and financial guarantees	80,852	75,203	-	-
Lease liabilities	314,444	316,888	-	-
Provision for reinstatement of leased properties	10,977	10,927	-	-
Amount due to subsidiaries	-	-	1,694	14,137
Provision for taxation	18,672	19,261	-	-
Collateral received for derivative transactions	119,806	227,924	-	-
Deferred income	76,454	76,668	-	-
	<b>2,842,529</b>	<b>3,965,918</b>	<b>30,765</b>	<b>46,974</b>

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

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-Month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	
<b>30.06.2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	42,503	32,519	181	75,203
(Writeback of)/Allowances for ECL:	(2,099)	7,796	(6)	5,691
- Transfer to 12 month ECL (Stage 1)	1,116	(6,627)	-	(5,511)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,147)	7,956	-	6,809
- Transfer to Lifetime ECL credit impaired (Stage 3)	(54)	(319)	373	-
New exposures originated	5,081	3,857	-	8,938
Net remeasurement of allowances	2,486	3,439	(6)	5,919
Exposures derecognised/withdrawn	(6,252)	(3,180)	(373)	(9,805)
Changes to model assumptions and methodologies	(3,329)	2,670	-	(659)
Foreign exchange differences	(24)	(18)	-	(42)
Balance at the end of the financial period	<b>40,380</b>	<b>40,297</b>	<b>175</b>	<b>80,852</b>

#### 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	30.06.2020 RM'000	31.03.2020 RM'000
Insurance contract liabilities	(i)	2,474,957	2,437,059
Other insurance payables	(ii)	47,560	42,105
		<u>2,522,517</u>	<u>2,479,164</u>
(i) Insurance contract liabilities			
		<b>30.06.2020</b>	<b>31.03.2020</b>
		<b>Gross contract liabilities RM'000</b>	<b>Reinsurance assets RM'000</b>
		<b>Net contract liabilities RM'000</b>	
General insurance business		<u>2,474,957</u>	<u>(389,614)</u>
		<b>31.03.2020</b>	<b>31.03.2020</b>
		<b>Gross contract liabilities RM'000</b>	<b>Reinsurance assets RM'000</b>
		<b>Net contract liabilities RM'000</b>	
General insurance business		<u>2,437,059</u>	<u>(393,370)</u>
(ii) Other insurance payables			
		<b>30.06.2020</b>	<b>31.03.2020</b>
		<b>RM'000</b>	<b>RM'000</b>
Amount due to agents and intermediaries		18,228	17,068
Amount due to reinsurers and cedants		29,332	25,037
		<u>47,560</u>	<u>42,105</u>

## A20. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	29,196	21,597	29,196	21,597
Financial assets at fair value through profit or loss	81,687	125,088	81,687	125,088
Financial investments at fair value through				
other comprehensive income	127,295	127,887	127,295	127,887
Financial investments at amortised cost	33,394	35,962	33,394	35,962
Loans and advances*	805,937	961,516	805,937	961,516
Impaired loans and advances	1,990	3,469	1,990	3,469
Others	4,484	4,172	4,484	4,172
	<u>1,083,983</u>	<u>1,279,691</u>	<u>1,083,983</u>	<u>1,279,691</u>
<b>Company</b>				
Short-term funds and deposits and placements with				
banks and other financial institutions	1,921	928	1,921	928
	<u>1,921</u>	<u>928</u>	<u>1,921</u>	<u>928</u>

\* Included the net loss of RM58,284,000 from measures implemented in response to COVID-19.

## A21. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Deposits from customers	502,354	611,635	502,354	611,635
Deposit and placements of banks and other				
financial institutions	28,625	44,496	28,625	44,496
Senior notes	7,422	21,452	7,422	21,452
Credit-Linked Notes	1,908	1,896	1,908	1,896
Securities sold under repurchase agreements	15,522	40,311	15,522	40,311
Recourse obligation on loans sold to Cagamas Berhad	43,196	43,369	43,196	43,369
Term loan	1,709	-	1,709	-
Subordinated bonds and notes	32,616	32,707	32,616	32,707
Tier 1 capital securities	-	9,976	-	9,976
Other structured products and others	6,265	5,548	6,265	5,548
	<u>639,617</u>	<u>811,390</u>	<u>639,617</u>	<u>811,390</u>

**A22. NET INCOME FROM INSURANCE BUSINESS**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		338,032	349,172	338,032	349,172
		<u>338,032</u>	<u>349,172</u>	<u>338,032</u>	<u>349,172</u>
Insurance claims and commissions:	(b)				
Insurance commission <sup>1</sup>		33,064	33,227	33,064	33,227
General insurance claims		180,980	194,781	180,980	194,781
		<u>214,044</u>	<u>228,008</u>	<u>214,044</u>	<u>228,008</u>
Total income from insurance business, net		<u>123,988</u>	<u>121,164</u>	<u>123,988</u>	<u>121,164</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		356,968	377,599	356,968	377,599
- change in unearned premium provision		38,393	4,748	38,393	4,748
		<u>395,361</u>	<u>382,347</u>	<u>395,361</u>	<u>382,347</u>
Premium ceded					
- insurance contract		(34,247)	(32,092)	(34,247)	(32,092)
- change in unearned premium provision		(23,082)	(1,083)	(23,082)	(1,083)
		<u>(57,329)</u>	<u>(33,175)</u>	<u>(57,329)</u>	<u>(33,175)</u>
		<u>338,032</u>	<u>349,172</u>	<u>338,032</u>	<u>349,172</u>
(b) Insurance claims					
- gross benefits and claims paid		140,989	259,414	140,989	259,414
- claims ceded to reinsurers		(16,974)	(45,206)	(16,974)	(45,206)
- change in contract liabilities - insurance contract		71,291	(58,767)	71,291	(58,767)
- change in contract liabilities ceded to reinsurers					
- insurance contract		(14,326)	39,340	(14,326)	39,340
		<u>180,980</u>	<u>194,781</u>	<u>180,980</u>	<u>194,781</u>

<sup>1</sup> Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM3,263,000 (30 June 2019: RM3,980,000) eliminated upon consolidation.



**A23. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Fee and commission income:				
Fees on loans and securities	22,977	38,518	22,977	38,518
Corporate advisory	1,175	9,399	1,175	9,399
Guarantee fees	11,773	13,759	11,773	13,759
Underwriting commission	-	323	-	323
Portfolio management fees	12,972	7,656	12,972	7,656
Unit trust fees, commission and charges	32,557	27,892	32,557	27,892
Property trust management fees	1,814	1,834	1,814	1,834
Brokerage fees and commission	13,720	8,357	13,720	8,357
Bancassurance commission	2,265	2,852	2,265	2,852
Wealth management fees	6,557	6,935	6,557	6,935
Remittances	2,969	5,798	2,969	5,798
Fees, service and commission charges	4,711	7,682	4,711	7,682
Others	4,220	5,098	4,220	5,098
	<u>117,710</u>	<u>136,103</u>	<u>117,710</u>	<u>136,103</u>
Investment and trading income:				
Net gain from sale of financial assets at fair value through profit or loss	75,224	9,103	75,224	9,103
Net gain from sale of financial investments at fair value through other comprehensive income	14,787	7,970	14,787	7,970
Net gain on revaluation of financial assets at fair value through profit or loss	103,907	59,537	103,907	59,537
Net gain on foreign exchange	71,648	23,686	71,648	23,686
Net loss on derivatives	(73,972)	(19,037)	(73,972)	(19,037)
Dividend income from:				
Financial assets at fair value through profit or loss	4,606	2,860	4,606	2,860
Financial investments at fair value through other comprehensive income	1,810	2,610	1,810	2,610
Others	(37)	(799)	(37)	(799)
	<u>197,973</u>	<u>85,930</u>	<u>197,973</u>	<u>85,930</u>

**A23. OTHER OPERATING INCOME (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Other income:				
Net gain on non-trading foreign exchange	295	416	295	416
Net (loss)/gain on disposal of property and equipment	(2)	63	(2)	63
Rental income	725	1,531	725	1,531
Profit from sale of goods and services	4,239	4,361	4,239	4,361
Loss on disposal of foreclosed properties	-	(1)	-	(1)
Others	87	3,951	87	3,951
	<u>5,344</u>	<u>10,321</u>	<u>5,344</u>	<u>10,321</u>
	<u>321,027</u>	<u>232,354</u>	<u>321,027</u>	<u>232,354</u>

Company	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	-	503,146	-	503,146
Financial assets at fair value through profit or loss	8	9	8	9
	<u>8</u>	<u>503,155</u>	<u>8</u>	<u>503,155</u>
Other income:				
Others	372	351	372	351
	<u>372</u>	<u>351</u>	<u>372</u>	<u>351</u>
	<u>380</u>	<u>503,506</u>	<u>380</u>	<u>503,506</u>

**A24. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<b>Personnel costs:</b>				
Salaries, allowances and bonuses	239,170	255,205	239,170	255,205
Shares granted under ESS				
- charge/(writeback)	4,189	2,501	4,189	2,501
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	39,705	40,941	39,705	40,941
Social security cost	2,067	2,037	2,067	2,037
Other staff related expenses	30,560	27,353	30,560	27,353
	<u>315,691</u>	<u>328,037</u>	<u>315,691</u>	<u>328,037</u>
<b>Establishment costs:</b>				
Depreciation of property and equipment	18,251	11,623	18,251	11,623
Depreciation of right-of-use assets	20,362	17,245	20,362	17,245
Amortisation of intangible assets	23,894	28,217	23,894	28,217
Computerisation costs	40,492	46,960	40,492	46,960
Rental of premises	32	6,141	32	6,141
Cleaning, maintenance and security	7,226	7,022	7,226	7,022
<b>Finance costs:</b>				
- interest on lease liabilities	4,261	2,425	4,261	2,425
- provision for reinstatement of leased properties	41	105	41	105
Others	7,883	8,100	7,883	8,100
	<u>122,442</u>	<u>127,838</u>	<u>122,442</u>	<u>127,838</u>
<b>Marketing and communication expenses:</b>				
Sales commission	2,394	2,666	2,394	2,666
Advertising, promotional and other marketing activities	44,567	11,686	44,567	11,686
Telephone charges	5,032	4,643	5,032	4,643
Postage	2,819	2,261	2,819	2,261
Travelling and entertainment	1,775	3,415	1,775	3,415
Others	3,502	3,770	3,502	3,770
	<u>60,089</u>	<u>28,441</u>	<u>60,089</u>	<u>28,441</u>
<b>Administration and general expenses:</b>				
Professional services	19,144	22,018	19,144	22,018
Travelling	569	1,343	569	1,343
Insurance	751	834	751	834
Subscriptions and periodicals	1,878	2,455	1,878	2,455
Others	18,010	17,599	18,010	17,599
	<u>40,352</u>	<u>44,249</u>	<u>40,352</u>	<u>44,249</u>
<b>Total</b>	<u><b>538,574</b></u>	<u><b>528,565</b></u>	<u><b>538,574</b></u>	<u><b>528,565</b></u>

**A24. OTHER OPERATING EXPENSES (CONT'D.)**

Company	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Personnel costs:				
Other staff related expenses	-	(50)	-	(50)
	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(50)</u>
Establishment costs:				
Depreciation of property and equipment	41	57	41	57
Computerisation costs	65	115	65	115
	<u>106</u>	<u>172</u>	<u>106</u>	<u>172</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	-	247	-	247
Telephone charges	1	3	1	3
Travelling and entertainment	13	36	13	36
	<u>14</u>	<u>286</u>	<u>14</u>	<u>286</u>
Administration and general expenses:				
Professional services	192	120	192	120
Travelling	-	1	-	1
Subscriptions and periodicals	-	2	-	2
Others	1,543	1,050	1,543	1,050
	<u>1,735</u>	<u>1,173</u>	<u>1,735</u>	<u>1,173</u>
Service transfer pricing expense, net	4,090	4,701	4,090	4,701
Total	<u>5,945</u>	<u>6,282</u>	<u>5,945</u>	<u>6,282</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	121,473	47,639	121,473	47,639
Impaired loans, advances and financing recovered, net	(78,728)	(92,550)	(78,728)	(92,550)
	<u>42,745</u>	<u>(44,911)</u>	<u>42,745</u>	<u>(44,911)</u>

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

	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<b>Group</b>				
<b>Financial investments</b>				
Financial investments at fair value				
through other comprehensive income	(2,204)	(1,616)	(2,204)	(1,616)
Financial investments at amortised cost	(9)	(20)	(9)	(20)
	<u>(2,213)</u>	<u>(1,636)</u>	<u>(2,213)</u>	<u>(1,636)</u>
<b>Other financial assets</b>				
Cash and short-term funds	1,747	(477)	1,747	(477)
Deposits and placements with banks				
and other financial institutions	518	(671)	518	(671)
Other assets	(1,321)	101	(1,321)	101
	<u>944</u>	<u>(1,047)</u>	<u>944</u>	<u>(1,047)</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 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 30.06.2020	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	752,097	160,640	426,021	450,283	46,556	33,384	451,399	(105,765)	2,214,615
Revenue from other segments	(123,905)	(41,664)	(189,832)	183,273	(2,382)	-	-	174,510	-
Total operating revenue	<u>628,192</u>	<u>118,976</u>	<u>236,189</u>	<u>633,556</u>	<u>44,174</u>	<u>33,384</u>	<u>451,399</u>	<u>68,745</u>	<u>2,214,615</u>
Net interest income/(expense)	291,435	62,445	151,083	106,120	10,257	287	32,695	(40,456)	613,866
Insurance and other operating income	50,639	17,683	27,601	122,515	31,290	33,041	174,935	(2,055)	455,649
Share in results of associates and joint ventures	(107)	-	-	-	-	-	21,186	1,780	22,859
Net income/(expense)	341,967	80,128	178,684	228,635	41,547	33,328	228,816	(40,731)	1,092,374
Other operating expenses	(211,552)	(33,477)	(47,428)	(18,161)	(27,362)	(15,468)	(120,225)	(64,901)	(538,574)
of which:									
Depreciation of property and equipment	(5,637)	(423)	(519)	(39)	(228)	(60)	(1,974)	(9,371)	(18,251)
Depreciation of right-of-use assets	-	-	-	-	(55)	-	(2,201)	(18,106)	(20,362)
Amortisation of intangible assets	(5,462)	(225)	(1,815)	(331)	(137)	(43)	(4,649)	(11,232)	(23,894)
Profit/(Loss) before impairment losses (Allowance)/Writeback of allowance for loans, advances and financing	130,415	46,651	131,256	210,474	14,185	17,860	108,591	(105,632)	553,800
(Allowance)/Writeback of allowance for impairment of other assets	(36,291)	(5,829)	13,192	-	1,556	-	-	(15,373)	(42,745)
Provision for commitments and contingencies -writeback/(charge)	151	-	162	(3,022)	(86)	-	458	4,064	1,727
Other recoveries/(write-offs), net	(222)	(901)	(5,172)	-	-	-	-	(201)	(6,496)
Other recoveries/(write-offs), net	1	-	-	-	-	-	(2,428)	54	(2,373)
Profit/(loss) before taxation and zakat	94,054	39,921	139,438	207,452	15,655	17,860	106,621	(117,088)	503,913
Taxation and zakat	(22,589)	(9,424)	(31,458)	(46,172)	(3,245)	(3,738)	(10,670)	25,308	(101,988)
Profit/(loss) for the financial period	<u>71,465</u>	<u>30,497</u>	<u>107,980</u>	<u>161,280</u>	<u>12,410</u>	<u>14,122</u>	<u>95,951</u>	<u>(91,780)</u>	<u>401,925</u>
Other information									
Total segment assets	59,809,450	11,293,979	36,525,551	43,987,082	2,173,187	119,158	5,933,269	3,388,227	163,229,903
Total segment liabilities	48,140,252	7,258,585	14,471,814	58,155,176	1,168,156	21,632	3,388,425	10,418,041	143,022,081
Cost to income ratio	61.9%	41.8%	26.5%	7.9%	65.9%	46.4%	52.5%	(159.3%)	49.3%
Gross loans, advances and financing	59,587,583	11,420,434	34,908,878	-	1,605,630	-	587	(102,852)	107,420,260
Net loans, advances and financing	58,850,304	11,281,420	34,683,847	-	1,602,357	-	518	(261,701)	106,156,745
Impaired loans, advances and financing	770,677	297,794	688,548	-	23,067	-	-	-	1,780,086
Total deposits	47,476,662	7,152,295	14,299,734	52,992,748	801,579	-	-	(216,613)	122,506,405
Additions to:									
Property and equipment	8,272	78	40	1,121	326	29	788	1,605	12,259
Intangible assets	12,110	5	279	558	872	16	3,215	8,028	25,083

**A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

**Group**

For the financial period ended 30.06.2019 (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	811,396	170,374	497,493	401,530	54,512	25,621	434,737	(5,261)	2,390,402
Revenue from other segments	(43,494)	(42,820)	(239,317)	150,954	(6,123)	-	-	180,800	-
Total operating revenue	<u>767,902</u>	<u>127,554</u>	<u>258,176</u>	<u>552,484</u>	<u>48,389</u>	<u>25,621</u>	<u>434,737</u>	<u>175,539</u>	<u>2,390,402</u>
Net interest income	298,076	66,444	166,273	52,659	11,519	271	33,479	40,455	669,176
Insurance and other operating income	59,338	20,099	45,495	38,286	32,780	25,297	153,505	7,819	382,619
Share in results of associates and joint ventures	351	-	-	-	-	-	10,651	1,773	12,775
Net income	<u>357,765</u>	<u>86,543</u>	<u>211,768</u>	<u>90,945</u>	<u>44,299</u>	<u>25,568</u>	<u>197,635</u>	<u>50,047</u>	<u>1,064,570</u>
Other operating expenses	(205,895)	(35,097)	(52,849)	(17,562)	(28,689)	(16,709)	(84,825)	(86,939)	(528,565)
<i>of which:</i>									
<i>Depreciation of property and equipment</i>	(4,652)	(173)	(275)	(37)	(180)	(72)	(2,534)	(3,700)	(11,623)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(3,392)	(13,853)	(17,245)
<i>Amortisation of intangible assets</i>	(5,089)	(19)	(1,467)	(320)	(182)	(45)	(4,597)	(16,498)	(28,217)
Profit/(loss) before impairment losses (Allowance)/Writeback of allowance for loans, advances and financing	151,870	51,446	158,919	73,383	15,610	8,859	112,810	(36,892)	536,005
(Allowance)/Writeback of allowance for impairment of other assets	(54,934)	(18,759)	118,316	-	372	-	-	(84)	44,911
Provision for commitments and contingencies - writeback/(charge)	6	-	620	2,457	(99)	-	(1,008)	(301)	1,675
Other recoveries/(write-offs), net	(3,956)	4,930	(14,966)	-	-	-	-	1,101	(12,891)
Profit/(loss) before taxation and zakat	-	-	-	-	-	-	(1,238)	-	(1,238)
Taxation and zakat	92,986	37,617	262,889	75,840	15,883	8,859	110,564	(36,176)	568,462
Profit/(loss) for the financial period	<u>(22,223)</u>	<u>(8,566)</u>	<u>(62,783)</u>	<u>(17,226)</u>	<u>(3,433)</u>	<u>(1,847)</u>	<u>(18,255)</u>	<u>(2,539)</u>	<u>(136,872)</u>
	<u>70,763</u>	<u>29,051</u>	<u>200,106</u>	<u>58,614</u>	<u>12,450</u>	<u>7,012</u>	<u>92,309</u>	<u>(38,715)</u>	<u>431,590</u>
<b>Other information</b>									
Total segment assets	57,283,896	9,980,672	33,864,752	43,040,874	2,252,664	102,176	6,027,874	3,707,128	156,260,036
Total segment liabilities	51,248,122	6,019,607	10,062,809	53,533,325	1,131,236	22,206	3,430,087	11,592,573	137,039,965
Cost to income ratio	57.6%	40.6%	25.0%	19.3%	64.8%	65.4%	42.9%	173.7%	49.7%
Gross loans, advances and financing	57,050,027	10,069,042	32,161,201	-	1,648,462	-	907	(95,828)	100,833,811
Net loans, advances and financing	56,242,407	9,974,463	31,954,085	-	1,646,639	-	837	(121,500)	99,696,931
Impaired loans, advances and financing	819,839	240,398	610,842	-	1,823	-	-	-	1,672,902
Total deposits	50,343,207	5,909,450	9,812,849	46,040,823	821,771	-	-	(948,164)	111,979,936
Additions to:									
Property and equipment	3,316	138	221	-	99	38	779	1,192	5,783
Intangible assets	5,654	14	108	544	7	65	2,432	9,233	18,057



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

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

Winding-up of subsidiary

AMMB Nominees (Tempatan) Sdn Bhd has, 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.

Other than as disclosed above, there were no material changes in the composition of the Group and the Company for the current financial quarter.

**A31. ASSET HELD FOR SALE**

	Group	
	30.06.2020	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	
	30.06.2020	31.03.2020
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	19,035,896	16,873,188
over one year	2,274,047	2,056,411
Unutilised credit card lines	5,135,081	5,127,590
Forward asset purchases	651,085	1,989,103
	<u>27,096,109</u>	<u>26,046,292</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	2,390,255	2,553,489
Transaction related contingent items	4,272,627	4,286,704
Obligations under underwriting agreements	-	20,000
Short term self liquidating trade related contingencies	472,822	723,120
	<u>7,135,704</u>	<u>7,583,313</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	52,294,124	53,347,175
One year or less	12,267,081	10,348,960
Over one year to five years	34,800,145	36,463,230
Over five years	5,226,898	6,534,985
Foreign exchange related contracts:	44,953,561	44,371,910
One year or less	35,312,982	34,805,859
Over one year to five years	8,597,628	8,625,327
Over five years	1,042,951	940,724
Credit related contracts:	354,541	356,069
Over one year to five years	354,541	356,069
Equity and commodity related contracts:	1,557,978	1,769,895
One year or less	1,479,151	1,637,855
Over one year to five years	78,827	132,040
	<u>99,160,204</u>	<u>99,845,049</u>
	<u>133,392,017</u>	<u>133,474,654</u>

### A32. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

- (a) The Company has given an unsecured guarantee amounting to RM50.0 million (31 March 2020: RM50.0 million) on behalf of AmInvestment Bank Berhad ("AmInvestment Bank"), for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its futures trading activity with AmInvestment Bank.
- (b) AmMetLife Insurance Berhad ("AmMetLife") todate, had received complaints from 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 30 June 2020, 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 13 May 2019, AmGeneral Insurance Berhad's legal counsel delivered third oral representations to MyCC and followed up with Members of Commissioner ("MOC") on the proposed undertakings which is, reiterating its position that it has not infringed Section 4(2)(a) of the Competition Act, 2010 ("CA 2010") and that no infringement penalties should be imposed.

As at reporting date, there has not been any decision by MyCC on the matter. AmGeneral Insurance Berhad will continue to monitor accordingly.

- (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.

As at reporting date, the matter is still pending before the High Court.

### A33. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	30.06.2020			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
<b>Trading derivatives</b>						
Interest/Profit rate related contracts:	51,229,124	972,143	1,077,997	52,282,175	904,576	1,018,349
- One year or less	11,667,081	42,605	47,853	9,748,960	31,565	35,216
- Over one year to three years	21,168,762	301,099	339,772	23,674,467	282,051	306,685
- Over three years	18,393,281	628,439	690,372	18,858,748	590,960	676,448
Foreign exchange related contracts:	44,953,561	707,921	522,452	44,371,910	947,441	680,939
- One year or less	35,312,982	317,147	240,709	34,805,859	559,303	401,710
- Over one year to three years	4,657,322	140,021	129,806	4,529,891	136,246	133,423
- Over three years	4,983,257	250,753	151,937	5,036,160	251,892	145,806
Credit related contracts:	354,541	2,463	1,952	356,069	1,954	665
- Over one year to three years	354,541	2,463	1,952	356,069	1,954	665
Equity and commodity related contracts:	1,557,978	132,117	203,246	1,769,895	223,310	226,193
- One year or less	1,479,151	121,559	192,688	1,637,855	206,284	209,063
- Over one year to three years	6,153	55	55	58,823	9,219	9,319
- Over three years	72,674	10,503	10,503	73,217	7,807	7,811
	<u>98,095,204</u>	<u>1,814,644</u>	<u>1,805,647</u>	<u>98,780,049</u>	<u>2,077,281</u>	<u>1,926,146</u>
<b>Hedging derivatives</b>						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	715,000	-	5,359	715,000	-	7,269
- One year or less	600,000	-	2,210	600,000	-	4,121
- Over one year to three years	115,000	-	3,149	115,000	-	3,148
Fair value hedge	350,000	-	28,365	350,000	-	26,688
- Over three years	350,000	-	28,365	350,000	-	26,688
Total	<u>99,160,204</u>	<u>1,814,644</u>	<u>1,839,371</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 and the Company'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 1.8% (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.

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30.06.2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivative financial assets	-	1,814,644	-	1,814,644
Financial assets at fair value through profit or loss				
- Money market securities	-	12,047,238	-	12,047,238
- Shares	576,663	-	2,913	579,576
- Unit trusts	357,867	2,171	-	360,038
- Quoted corporate bonds and sukuk	-	38,046	-	38,046
- Unquoted corporate bonds and sukuk	-	3,374,225	-	3,374,225
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,182,706	-	8,182,706
- Shares	-	-	661,424	661,424
- Unquoted corporate bonds and sukuk	-	9,711,818	-	9,711,818
	<b>934,530</b>	<b>35,170,848</b>	<b>664,337</b>	<b>36,769,715</b>
Derivative financial liabilities	<b>68,495</b>	<b>1,770,876</b>	<b>-</b>	<b>1,839,371</b>

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

<b>Company</b> <b>30.06.2020</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,086	-	1,086
	<u>-</u>	<u>1,086</u>	<u>-</u>	<u>1,086</u>
<b>Group</b> <b>31.03.2020</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
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>
<b>Company</b> <b>31.03.2020</b>				
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
<b>30.06.2020</b>			
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	-	67,874	67,874
Balance at end of the financial period	<u>2,913</u>	<u>661,424</u>	<u>664,337</u>
<b>31.03.2020</b>			
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	-	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	30.06.2020 RM'000	31.03.2020 RM'000
<b>Financial assets at FVTPL:</b>		
Total gain/(loss) included in:		
- investment and trading income in statement of profit or loss	<u>147</u>	<u>(47)</u>
<b>Financial investments at FVOCI:</b>		
Total gains included in:		
- fair value reserve in statement of comprehensive income	<u>67,874</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:

	30.06.2020			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
CET1 Capital ratio	12.220%	11.086%	43.741%	12.548%
Tier 1 Capital ratio	12.220%	11.086%	43.741%	12.549%
Total Capital ratio	16.768%	15.801%	44.324%	15.891%

  

	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:

	30.06.2020			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<b><u>CET1 Capital</u></b>				
Ordinary share capital	1,940,465	1,387,107	200,000	5,551,557
Retained earnings	7,239,668	2,163,122	273,894	11,343,613
Fair value reserve	564,286	104,223	999	858,361
Foreign exchange translation reserve	97,471	-	-	106,738
Treasury shares	-	-	-	(19,352)
Regulatory reserve	319,795	56,900	5,563	382,259
Cash flow hedging deficit	(25,436)	-	-	(25,436)
Other remaining disclosed reserves	-	-	-	36,048
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(2,092,645)
Other intangible assets	(262,367)	(946)	(1,520)	(274,443)
Deferred tax assets	-	-	(5,905)	-
55% of cumulative gains in fair value reserve	(310,357)	(57,323)	(550)	(472,098)
Cash flow hedging deficit	25,436	-	-	25,436
Regulatory reserve	(319,795)	(56,900)	(5,563)	(382,259)
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	(627)	(233)	-	(670)
<b>CET1 Capital</b>	<b>9,260,051</b>	<b>3,595,950</b>	<b>417,109</b>	<b>13,703,109</b>
<b><u>Additional Tier 1 Capital</u></b>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	472
<b>Tier 1 Capital</b>	<b>9,260,051</b>	<b>3,595,950</b>	<b>417,109</b>	<b>13,703,581</b>
<b><u>Tier 2 Capital</u></b>				
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	-	-	-	2,418,469
General provisions*	850,917	379,742	5,567	1,231,631
<b>Tier 2 Capital</b>	<b>3,445,917</b>	<b>1,529,742</b>	<b>5,567</b>	<b>3,650,100</b>
<b>Total Capital</b>	<b>12,705,968</b>	<b>5,125,692</b>	<b>422,676</b>	<b>17,353,681</b>

**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:

	<b>30.06.2020</b>			
	<b>AmBank</b>	<b>AmBank</b>	<b>AmInvestment</b>	<b>Group</b>
	<b>RM'000</b>	<b>Islamic</b>	<b>Bank</b>	
Credit RWA	68,073,367	31,204,476	674,262	98,635,299
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(825,095)	-	(104,859)
Total Credit RWA	68,073,367	30,379,381	674,262	98,530,440
Market RWA	2,622,272	516,244	19,262	3,605,705
Operational RWA	4,245,427	1,542,518	260,075	6,229,201
Large exposure risk RWA for equity holdings	835,628	-	-	836,129
<b>Total RWA</b>	<b>75,776,694</b>	<b>32,438,143</b>	<b>953,599</b>	<b>109,201,475</b>

	<b>31.03.2020</b>			
	<b>AmBank</b>	<b>AmBank</b>	<b>AmInvestment</b>	<b>Group</b>
	<b>RM'000</b>	<b>Islamic</b>	<b>Bank</b>	
<b><u>CET1 Capital</u></b>				
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)
<b>CET1 Capital</b>	<b>9,279,211</b>	<b>3,559,647</b>	<b>455,890</b>	<b>13,780,426</b>
<b><u>Additional Tier 1 Capital</u></b>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	458
<b>Tier 1 Capital</b>	<b>9,279,211</b>	<b>3,559,647</b>	<b>455,890</b>	<b>13,780,884</b>

**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	
<b><u>Tier 2 Capital</u></b>				
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
<b>Tier 2 Capital</b>	<b>3,453,821</b>	<b>1,525,600</b>	<b>4,916</b>	<b>3,657,966</b>
<b>Total Capital</b>	<b>12,733,032</b>	<b>5,085,247</b>	<b>460,806</b>	<b>17,438,850</b>

\*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
<b>Total RWA</b>	<b>75,932,458</b>	<b>31,882,375</b>	<b>1,121,836</b>	<b>109,007,885</b>

**A36. INSURANCE BUSINESS**

**AmGeneral Holdings Berhad and its subsidiary**

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

	General insurance fund		Shareholders' fund and Others		Total*	
	30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000	30.06.2020 RM'000	31.03.2020 RM'000
<b>ASSETS</b>						
Cash and short-term funds	131,482	176,935	115,867	107,419	247,349	284,354
Deposits and placements with banks and other financial institutions	20,252	19,766	-	-	20,252	19,766
Financial assets at fair value through profit or loss	2,435,854	2,311,801	4,667,592	4,522,749	3,653,759	3,468,693
Loans and advances	518	702	-	-	518	702
Deferred tax assets	18,310	18,211	-	-	18,310	18,211
Investment in a subsidiary	-	-	1,808,733	1,808,733	-	-
Other assets	1,005,353	1,013,413	41,528	64,616	103,960	135,757
Reinsurance assets and other insurance receivables	455,340	457,906	-	-	455,340	457,906
Property and equipment	14,811	16,019	(59)	(59)	14,752	15,960
Right-of-use assets	52,220	46,468	-	-	52,220	46,468
Intangible assets	49,130	49,873	61,827	62,829	889,883	891,628
Asset held for sale	1,562	1,562	762	762	2,324	2,324
<b>TOTAL ASSETS</b>	<b>4,184,832</b>	<b>4,112,656</b>	<b>6,696,250</b>	<b>6,567,049</b>	<b>5,458,667</b>	<b>5,341,769</b>
<b>LIABILITIES AND EQUITY</b>						
Redeemable cumulative convertible preference share	-	-	477,341	472,064	477,341	472,064
Deferred tax liabilities	-	-	63,114	64,275	63,114	64,275
Other liabilities	317,337	322,424	950,597	949,885	325,452	330,477
Insurance contract liabilities and other insurance payables	2,522,517	2,479,164	-	-	2,522,517	2,479,164
<b>Total Liabilities</b>	<b>2,839,854</b>	<b>2,801,588</b>	<b>1,491,052</b>	<b>1,486,224</b>	<b>3,388,424</b>	<b>3,345,980</b>
Share capital**	-	-	5,716,750	5,680,036	1,599,148	1,599,148
Reserves	1,344,978	1,311,068	(511,552)	(599,211)	471,095	396,641
Equity attributable to equity holders of the Company	1,344,978	1,311,068	5,205,198	5,080,825	2,070,243	1,995,789
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,184,832</b>	<b>4,112,656</b>	<b>6,696,250</b>	<b>6,567,049</b>	<b>5,458,667</b>	<b>5,341,769</b>
* 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
					<b>1,599,148</b>	<b>1,599,148</b>

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

**A36. INSURANCE BUSINESS (CONT'D.)**

**AmGeneral Holdings Berhad and its subsidiary**

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

Group	General insurance fund		Shareholders' fund and Others		Total*	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Interest income	725	573	37,246	38,020	37,971	38,593
Interest expense	-	-	(5,276)	(5,114)	(5,276)	(5,114)
Net interest income	725	573	31,970	32,906	32,695	33,479
Income from insurance business	338,032	349,172	-	-	338,032	349,172
Insurance claims and commissions**	(217,307)	(231,989)	-	-	(217,307)	(231,989)
Net income from insurance business	120,725	117,183	-	-	120,725	117,183
Other operating income	45,093	42,073	94,503	60,344	54,210	36,321
Net income	166,543	159,829	126,473	93,250	207,630	186,983
Other operating expenses	(117,541)	(82,064)	(2,684)	(2,761)	(120,225)	(84,825)
Operating profit	49,002	77,765	123,789	90,489	87,405	102,158
Writeback of allowance/(Allowance) for impairment:						
Reinsurance assets and insurance receivables	458	(1,008)	-	-	458	(1,008)
Other write-offs, net	(2,428)	(1,238)	-	-	(2,428)	(1,238)
Profit before taxation	47,032	75,519	123,789	90,489	85,435	99,912
Taxation	(12,810)	(29,098)	2,140	10,843	(10,670)	(18,255)
<b>Profit for the financial period</b>	<b>34,222</b>	<b>46,421</b>	<b>125,929</b>	<b>101,332</b>	<b>74,765</b>	<b>81,657</b>

\* after elimination on consolidation

\*\* Includes commission paid/payable to related companies of the Group of RM3,263,000 (2019: RM3,980,000)

**A37. OPERATIONS OF ISLAMIC BANKING**

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

	Note	Group	
		30.06.2020 RM'000	31.03.2020 RM'000
<b>ASSETS</b>			
Cash and short-term funds		2,447,340	5,923,823
Deposits and placements with banks and other financial institutions		100,000	-
Derivative financial assets		43,778	59,653
Financial assets at fair value through profit or loss		3,694,650	1,750,250
Financial investments at fair value through other comprehensive income		4,872,394	4,896,694
Financial investments at amortised cost		1,691,011	1,689,082
Financing and advances	(a)	32,138,330	31,907,446
Statutory deposit with Bank Negara Malaysia		95,000	147,000
Deferred tax assets		310	299
Other assets		525,130	287,745
Property and equipment		462	481
Right-of-use assets		2,682	2,759
Intangible assets		946	1,034
<b>TOTAL ASSETS</b>		<b>45,612,033</b>	<b>46,666,266</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	(b)	35,335,889	34,672,130
Investment accounts of customers	(c)	122,348	208,726
Deposits and placements of banks and other financial institutions		2,606,967	3,449,770
Investment account due to a licensed bank	(d)	718,606	718,005
Recourse obligation on financing sold to Cagamas Berhad		400,000	1,000,000
Derivative financial liabilities		69,841	83,865
Term funding		1,034,714	1,034,697
Subordinated Sukuk		1,150,000	1,150,000
Deferred tax liabilities		23,361	9,639
Other liabilities	(e)	250,655	559,440
<b>TOTAL LIABILITIES</b>		<b>41,712,381</b>	<b>42,886,272</b>
Share capital/Capital funds		1,417,107	1,417,107
Reserves		2,482,545	2,362,887
<b>TOTAL ISLAMIC BANKING FUNDS</b>		<b>3,899,652</b>	<b>3,779,994</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>45,612,033</b>	<b>46,666,266</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>14,363,000</b>	<b>13,487,793</b>

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

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Income derived from investment of depositors' funds	1	412,094	452,466	412,094	452,466
Income derived from investment of investment account funds		8,949	20,072	8,949	20,072
Income derived from Islamic Banking Funds	1	43,567	47,825	43,567	47,825
Allowance on financing and advances - net		(29,875)	(31,369)	(29,875)	(31,369)
Writeback of allowance/(Allowance) for impairment on:					
- Financial investments		(414)	671	(414)	671
- Other financial assets		11	3	11	3
Provision for commitments and contingencies		(2,092)	(478)	(2,092)	(478)
Total distributable income		432,240	489,190	432,240	489,190
Income attributable to the depositors and others	2	(234,604)	(259,937)	(234,604)	(259,937)
Income attributable to the investment account holders		(7,677)	(18,793)	(7,677)	(18,793)
Total net income		189,959	210,460	189,959	210,460
Operating expenses		(73,197)	(75,488)	(73,197)	(75,488)
Finance costs		(24,657)	(25,704)	(24,657)	(25,704)
Profit before taxation and zakat		92,105	109,268	92,105	109,268
Taxation and zakat		(20,421)	(24,282)	(20,421)	(24,282)
Profit for the financial period		71,684	84,986	71,684	84,986

Note:

1 Included the net loss of RM38,016,000 from measures implemented in response to COVID-19.

2 Included a fair value gain of RM8,966,000 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 JUNE 2020**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Profit for the financial period	71,684	84,986	71,684	84,986
Other comprehensive income/(loss):				
<b>Items that may be reclassified subsequently to statements of profit or loss</b>				
Financial investments at fair value through other comprehensive income:				
- net unrealised gain for changes in fair value	63,027	25,800	63,027	25,800
- expected credit loss	101	(640)	101	(640)
- net gain reclassified to profit or loss	(36)	(2,996)	(36)	(2,996)
- tax effect	(15,118)	(5,473)	(15,118)	(5,473)
Other comprehensive income for the financial period, net of tax	47,974	16,691	47,974	16,691
Total comprehensive income for the financial period	119,658	101,677	119,658	101,677

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020**

Group	Share capital/ Capital funds RM'000	Non-Distributable		Distributable	Total Equity RM'000
		Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2019</b>	1,417,107	164,928	39,151	2,002,592	3,623,778
Profit for the financial period	-	-	-	84,986	84,986
Other comprehensive income, net	-	-	16,691	-	16,691
Total comprehensive income for the financial period	-	-	16,691	84,986	101,677
Transfer to regulatory reserve	-	76,773	-	(76,773)	-
Dividend on ordinary shares	-	-	-	(163,142)	(163,142)
	-	76,773	-	(239,915)	(163,142)
<b>At 30 June 2019</b>	<b>1,417,107</b>	<b>241,701</b>	<b>55,842</b>	<b>1,847,663</b>	<b>3,562,313</b>
<b>At 1 April 2020</b>	1,417,107	71,612	56,249	2,235,026	3,779,994
Profit for the financial period	-	-	-	71,684	71,684
Other comprehensive income, net	-	-	47,974	-	47,974
Total comprehensive income for the financial period	-	-	47,974	71,684	119,658
Transfer to retained earnings	-	(14,712)	-	14,712	-
<b>At 30 June 2020</b>	<b>1,417,107</b>	<b>56,900</b>	<b>104,223</b>	<b>2,321,422</b>	<b>3,899,652</b>



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

**(a) Financing and Advances**

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

Group 30.06.2020	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			
<b>At amortised cost:</b>							
Cash lines	-	530,121	-	-	640,321	-	1,170,442
Term financing	584,310	9,526,887	9,716	-	1,679,251	43,411	11,843,575
Revolving credit	42,088	3,945,961	-	-	1,223,553	-	5,211,602
Housing financing	2,827,271	4,847,865	46,049	-	-	-	7,721,185
Hire purchase receivables	4	-	-	3,614,598	-	-	3,614,602
Bills receivables	-	573,309	-	-	-	15,350	588,659
Credit card receivables	-	-	-	-	-	459,722	459,722
Trust receipts	-	220,926	-	-	-	-	220,926
Claims on customers under acceptance credits	-	1,213,484	-	-	-	172,828	1,386,312
Staff financing	-	3,409	-	-	-	-	3,409
Others	-	265,587	-	-	-	21,978	287,565
Gross financing and advances*	3,453,673	21,127,549	55,765	3,614,598	3,543,125	713,289	32,507,999
Allowance for impairment on financing and advances							
- Stage 1 - 12 months ECL							(100,714)
- Stage 2 - Lifetime ECL not credit impaired							(185,177)
- Stage 3 - Lifetime ECL credit impaired							(83,778)
Net financing and advances							<u>32,138,330</u>

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

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

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

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

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

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

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

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

	Group	
	30.06.2020 RM'000	31.03.2020 RM'000
Balance at beginning of the financial year	615,350	572,549
Additions during the financial period/year	33,759	455,618
Reclassified to non-impaired financing	(14,757)	(46,370)
Recoveries	(19,852)	(88,965)
Amount written-off	(39,142)	(277,482)
Balance at end of the financial period/year	<u>575,358</u>	<u>615,350</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.77%</u>	<u>1.91%</u>
Financing loss coverage (including regulatory reserve)	<u>77.7%</u>	<u>74.2%</u>

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

Group 30.06.2020	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	(949)	17,386	25,871	42,308
- Transfer to 12 month ECL (Stage 1)	1,963	(11,192)	(186)	(9,415)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,586)	20,534	(4,517)	12,431
- Transfer to Lifetime ECL credit impaired (Stage 3)	(57)	(383)	3,931	3,491
New financial assets originated	6,179	5,337	61	11,577
Net remeasurement of allowances	(3,633)	3,951	39,723	40,041
Changes to model assumptions and methodologies	2,465	2,416	(98)	4,783
Modification of contractual cash flows of financial assets	(7)	297	-	290
Financial assets derecognised	(4,273)	(3,574)	(13,043)	(20,890)
Foreign exchange differences	25	-	-	25
Amount written-off	-	-	(39,142)	(39,142)
Balance at end of the financial period	<u>100,714</u>	<u>185,177</u>	<u>83,778</u>	<u>369,669</u>

Note:

1 As at 30 June 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 RM1.6 million (31 March 2020: RM2.3 million) is taken up by AmBank.

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

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

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

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

Group 31.03.2020	Stage 1	Stage 2	Stage 3	Total
	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	
	30.06.2020 RM'000	31.03.2020 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	2,616,060	2,365,009
<i>Qard</i>	77,257	61,836
Demand deposits		
<i>Commodity Murabahah</i>	7,797,924	7,812,982
<i>Qard</i>	689,324	337,707
Term deposits		
<i>Commodity Murabahah</i>	23,921,402	23,517,738
<i>Qard</i>	233,922	278,734
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	298,124
	35,335,889	34,672,130

The deposits are sourced from the following types of customers:

	Group	
	30.06.2020 RM'000	31.03.2020 RM'000
Business enterprises	21,044,112	21,496,027
Government and statutory bodies	3,783,266	3,024,183
Individuals	9,275,057	9,110,214
Others	1,233,454	1,041,706
	35,335,889	34,672,130

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

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

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

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Due within six months	19,208,734	19,728,247
Over six months to one year	3,920,055	3,207,927
Over one year to three years	1,014,063	1,141,416
Over three years to five years	12,472	17,006
	<u>24,155,324</u>	<u>24,094,596</u>

**(c) Investment Accounts Of Customers**

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	17,489	16,087
With maturity		
- Mudarabah	104,859	192,639
	<u>122,348</u>	<u>208,726</u>

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

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Business enterprises	90,673	170,926
Individuals	31,675	37,800
	<u>122,348</u>	<u>208,726</u>

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Investment asset:		
Interbank placement (Wakalah)	17,489	16,087
Housing financing (Mudarabah)	104,859	192,639
Total investment	<u>122,348</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 (%)
<b>30.06.2020</b>			
Maturity			
less than 3 months	63.90	2.03	2.29
over 3 months to 1 year	74.06	3.31	-
<b>31.03.2020</b>			
Maturity			
less than 3 months	75.03	3.12	2.99
over 3 months to 1 year	82.09	3.77	-

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

**(d) Investment Account Due to A Licensed Bank**

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	718,606	718,005
Investment asset:		
Financing	718,606	718,005
<b>Total investment</b>	<b>718,606</b>	<b>718,005</b>

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 June 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:

	30.06.2020		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	3.39	89	4.04
more than 5 years	90	4.34	90	3.76

**(e) Other Liabilities**

	Group	
	30.06.2020	31.03.2020
	RM'000	RM'000
Other payables and accruals	183,315	497,333
Deferred income	14,736	13,344
Lease liabilities	2,639	2,704
Provision for reinstatement of leased properties	80	79
Provision for zakat and taxation	13,979	12,703
Provision for commitments and contingencies	5,500	5,500
Allowances for ECL on financing commitments and financial guarantees	20,359	18,269
Security deposit and advance payment for financing and advances	10,047	9,508
	<b>250,655</b>	<b>559,440</b>

**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	
	30.06.2020 RM'000	30.06.2019 RM'000	Amount RM'000	%	30.06.2020 RM'000	30.06.2019 RM'000	Amount RM'000	%
Operating revenue	2,214,615	2,390,402	(175,787)	(7.4)	2,214,615	2,390,402	(175,787)	(7.4)
Operating profit before impairment losses	553,800	536,005	17,795	3.3	553,800	536,005	17,795	3.3
Profit before taxation and zakat	503,913	568,462	(64,549)	(11.4)	503,913	568,462	(64,549)	(11.4)
Profit for the financial period	401,925	431,590	(29,665)	(6.9)	401,925	431,590	(29,665)	(6.9)
Profit attributable to equity holders of the Company	365,166	391,459	(26,293)	(6.7)	365,166	391,459	(26,293)	(6.7)

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

For the financial period under review, the Group generated revenue of RM2,214.6 million, a decrease of RM175.8 million (7.4%) compared to same period last year. Fund based income from interest bearing assets decreased mainly from interest on fixed income securities and on loans, financing and advances. Non-interest income recorded substantial increase compared to same period last year.

Interest income from securities decrease mainly from hold to collect and sell securities. Interest income from customer lending decreased attributable to hire purchase financing and housing loans attributable to the decrease in Overnight Policy Rate ("OPR").

Funding costs decreased attributable to lower interest expense on deposits from customers and financial institutions, 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 RM28.3 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.

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

The Group's associates and joint ventures recorded higher profits as reflected in the share of profits of RM22.9 million compared to share of profits of RM12.8 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 offset by higher reserving.

Total operating expenses increased by 1.9% 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 49.3% from 49.7% 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 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 RM503.9 million, a decrease of RM64.5 million (11.4%). Profit for the financial period decreased by RM29.7 million to RM401.9 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 RM201.7 million from 31 March 2020 to RM107.4 billion. The Group's impaired loans ratio was at 1.7%.

Deposits from customers was higher compared to 31 March 2020 at RM114.3 billion. Low cost deposits which constituted 26.8% 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 15.89% at the end of the reporting period.

### **Divisional performance**

#### **Retail Banking (Year to date ("YTD") FY2021: RM94.1 million vs YTD FY2020: Profit of RM93.0 million)**

Profit before tax ("PBT") increased by RM1.1 million mainly due to lower net impairment, partially offset by lower net income and higher other operating expenses.

Net income decreased by RM15.8 million mainly due to lower fee income from Cards, coupled with lower margin impact from OPR reduction, partially offset by higher volume.

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 dropped by 5.7% to RM47.5 billion attributed to lower fixed deposits, partially offset by higher current and savings accounts. Gross loans, advances and financing grew RM2.5 billion (4.4%) to close at RM59.6 billion mainly from Mortgages, Personal Financing and Retail SME, partly offset by dropped in Cards and Auto Finance.

#### **Business Banking (YTD FY2021: RM39.9 million vs YTD FY2020: RM37.6 million)**

PBT increased by RM2.3 million due lower other operating expense and lower net impairment, offset by lower net income.

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

Business Banking deposits increased by 21.0% to RM7.2 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.4 billion (13.4%) to close at RM11.4 billion.

#### **Corporate Banking (YTD FY2021: RM139.4 million vs YTD FY2020: RM262.9 million)**

PBT decreased by RM123.5 million from lower net income and lower writeback of impairment, partly offset lower other operating expense.

Net income decreased by 15.6% mainly due to lower other income and lower net finance income from lower margin, partially offset by higher volume impact.

Lower writeback from impairment on loans, advances and financing, partially offset by lower provision for commitment and contingencies.

Corporate Banking deposits increased by RM4.5 billion (45.7%) to close at RM14.3 billion, while gross loans, advances and financing grew by RM2.7 billion (8.5%) to close at RM34.9 billion.

#### **Group Treasury and Markets (YTD FY2021: RM207.5 million vs YTD FY2020: RM75.8 million)**

PBT grew RM131.7 million from higher net income, partly offset by higher other operating expense and higher net impairment.

Net income increased by RM137.7 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.



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

### Divisional performance (Cont'd.)

#### Investment Banking (YTD FY2021: RM15.7 million vs YTD FY2020: RM15.9 million)

PBT decreased by RM0.2 million from lower net income mainly due to lower sizeable deals, partly offset by lower other operating expenses and higher writeback of impairment.

#### Fund Management (YTD FY2021: RM17.9 million vs YTD FY2020: RM8.9 million)

PBT increased by RM9.0 million from higher management fee and lower other operating expenses.

#### Insurance (YTD FY2021: RM106.6 million vs YTD FY2020: RM110.6 million)

Insurance PBT dropped by 3.6% from higher other operating expenses due to higher marketing expense for Covid-19 initiatives, partially offset by higher other income and gain from share of associate and joint venture.

#### Group Funding & Others (YTD FY2021: Loss of RM117.1 million vs YTD FY2020: Loss of RM36.2 million)

Lower PBT mainly due to loss from measures implemented in response to Covid-19 and higher net impairment, 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	
	30.06.2020	31.03.2020	Amount	
	RM'000	RM'000	RM'000	%
Operating revenue	2,214,615	2,214,819	(204)	(0.0)
Operating profit before impairment losses	553,800	487,966	65,834	13.5
Profit before taxation and zakat	503,913	285,402	218,511	76.6
Profit for the financial quarter	401,925	266,394	135,531	50.9
Profit attributable to equity holders of the Company	365,166	247,540	117,626	47.5

### Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group generated revenue of RM2,214.6 million, a marginal decrease compared to last quarter. Fund based income from interest bearing assets decreased mainly from interest on customer lending. Non-interest income increased mainly from trading and investment income as a result of favourable market conditions.

Funding costs decreased attributable to lower interest on deposits from customers, deposits and placements from banks and other financial institutions and securities sold under repurchase agreements offset by increase in term loans and revolving credit. For this quarter, net interest margin was 1.79% compared to 1.95% in the preceding quarter.

Overall other operating income increased for this quarter compared to preceding quarter due to favourable market conditions as reflected in the higher gains from disposal of securities, revaluation of securities partially offset by lower trading gains in foreign exchange.

Total operating expenses increased by 7.5% compared to preceding quarter mainly due to increase in marketing expenses.

Credit costs decreased due to additional overlay adjustment provided in the preceeding quarter due to impact of COVID-19 pandemic and global oil price slump as reflected in higher impairment allowances for loans, advances and financing and commitments and contingencies .

Against the preceding quarter, profit before taxation and zakat for the current quarter is higher at RM503.9 million, an increase of RM218.5 million (76.6%). Profit for the quarter increased by RM135.5 million to RM401.9 million compared to preceding quarter.

### **B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2021**

The domestic economy has crashed into recession for the third time since Independence. The meltdown showcased the destructive impact of lockdowns and Malaysia's movement control order beginning 18 March to curb the spread of the COVID-19 virus. In line with sharp contractions of other countries' 2Q Gross Domestic Products ("GDP") as a result of the containment measures on the virus spread, Malaysia's 2Q GDP was worse off than both the consensus and our estimation as well as that during the 1997 Asian financial crisis as it plunged by 17.1% year-on-year.

Meanwhile, supported by the stimulus fiscal policy and monetary measures added with the gradual improvement of the global economy, the domestic economy is expected to see positive growth in 4Q2020. For the full year, the GDP growth has been revised downwards to -3.6% (previously -2.0%) with the downside at -5.6% (previously -5.0%). Meanwhile, the economy is likely headed for a base effect-induced bounce in 2021 and a return to a growth trajectory of 6.5% to 7.0%.

Inflation is expected to remain subdued in 2020 partly due to weak global crude oil prices which translates to softer fuel pump prices, added with lackluster demand-pull factors reflecting job losses and loss of income from the virus impact. The headline inflation is projected to average around -0.6% with room to slide further to average -1.5%.

In tandem with a weaker economic outlook, the banking system's loan growth is poised to grow modestly in 2020. As at end June, loans growth grew to 4.1% from 3.9% in May 2020. For the full year of 2020, the industry loans growth is likely to hover between flat and 2% growth, which is much lower than 2019's loans growth of 3.9%.

On the health of the banking system, the industry enjoys sufficient liquid assets. The industry liquidity coverage ratio is at 149% as at the end of June 2020 which is well above the regulatory requirement of 100%. Funding profiles have been well diversified with the industry's loan-to-fund ratio and loan-to-fund-and-equity ratio reading at 82.1% and 71.5% respectively as at June 2020.

BNM has so far reduced the OPR by 125 basis points to 1.75% between January and August this year. At the same time, BNM lowered the Statutory Reserve Requirement by 100bps to 2.00% with the aim to increase liquidity. With the ringgit at a strong level, it provides ample room for another 25bps OPR cut in September from the current 1.75%. We have now factored in a 70% chance of a 50bps OPR cut in September.

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 AmBank 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.

**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	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Estimated current tax payable	56,671	92,625	56,671	92,625
Deferred tax	44,668	43,530	44,668	43,530
	<u>101,339</u>	<u>136,155</u>	<u>101,339</u>	<u>136,155</u>
Over provision of current taxation in respect of prior years	15	-	15	-
Taxation	<u>101,354</u>	<u>136,155</u>	<u>101,354</u>	<u>136,155</u>
Zakat	634	717	634	717
Taxation and zakat	<u>101,988</u>	<u>136,872</u>	<u>101,988</u>	<u>136,872</u>

The total tax charge of the Group for the financial period ended 30 June 2020 and 30 June 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
	<b>30.06.2020</b>					
<b>Unsecured</b>						
Term funding	100,000	1,612,498 #	-	207,075	100,000	1,819,573
Debt capital	-	3,745,000	-	-	-	3,745,000
<b>30.06.2019</b>						
<b>Unsecured</b>						
Term funding	-	847,163	400,000	2,775,328 ^	400,000	3,622,491
Debt capital	-	4,230,000	-	-	-	4,230,000

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

^ Included here an amount of RM1,653.6 million related to the USD400.0 million Medium Term Note outstanding as at 30 June 2019 translated at exchange rate of 4.134.

\* remaining contractual maturity

Detailed explanations on the material changes to the borrowings (excluding structured deposits and 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
August 2019 - Redemption	AmBank	Innovative Tier 1 capital - 10 years	300,000	8.25	24,750
September 2019 - Redemption	AmBank	Innovative Tier 1 capital - 10 years	185,000	8.25	15,263
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**

There is no dividend proposed for the current financial quarter.

**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	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Net profit attributable to equity holders of the Company (RM'000)	365,166	391,459	365,166	391,459
Weighted average number of ordinary shares in issue ('000)	3,008,125	3,009,233	3,008,125	3,009,233
Basic/diluted earnings per share (Sen)	12.14	13.01	12.14	13.01