

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position
as at 31 March 2020

	Note	The Group		The Bank	
		As at 31-03-2020 RM'000	As at 31-12-2019 RM'000	As at 31-03-2020 RM'000	As at 31-12-2019 RM'000
ASSETS					
Cash and short-term funds		1,260,693	755,162	883,022	270,574
Financial assets at fair value through profit or loss ("FVTPL")	11	306,873	491,916	210,435	384,849
Financial investments at fair value through other comprehensive income ("FVOCI")	11	3,939,143	4,813,955	3,939,143	4,813,955
Financial investments at amortised cost	11	45,154	44,567	45,154	44,567
Loans, advances and financing	12	996,452	1,077,552	996,452	1,077,552
Trade receivables	13	381,182	532,868	305,919	289,593
Derivative financial assets		145,987	52,583	145,068	51,585
Other assets	14	120,279	64,058	110,876	56,201
Statutory deposits with Bank Negara Malaysia		98,501	151,400	98,400	151,300
Amount due from subsidiaries		-	-	289	166
Amount due from related company		208	245	-	-
Amount due from ultimate holding company		64	69	-	-
Investment in subsidiaries		-	-	125,721	125,721
Investments in associated company		3,062	3,594	1,132	1,132
Taxation recoverable		20,314	36,420	10,078	30,684
Deferred tax assets		14,677	9,533	10,189	-
Investment in associate		-	-	-	-
Property and equipment		28,573	27,808	15,098	15,310
Intangible assets		322,892	323,194	315,934	316,243
Right-of-use assets		16,136	12,738	6,865	3,270
TOTAL ASSETS		7,700,190	8,397,662	7,219,775	7,632,702
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	15	4,821,084	4,683,126	4,821,084	4,683,126
Deposits and placements of banks and other financial institutions	16	50,143	692,404	50,143	692,404
Trade payables	17	603,112	787,429	335,655	261,547
Lease Liabilities		15,860	12,863	6,391	3,253
Derivative financial liabilities		144,478	50,535	144,478	50,535
Amount due to holding company		66	103	-	-
Amount due to subsidiaries		-	-	277	36
Amount due to related company		-	2	-	-
Other liabilities	18	429,354	545,753	271,552	346,094
Deferred tax liabilities		-	12,245	-	12,245
TOTAL LIABILITIES		6,064,097	6,784,460	5,629,580	6,049,240
Share capital		999,800	999,800	999,800	999,800
Reserves	19	572,524	555,687	590,395	583,662
		1,572,324	1,555,487	1,590,195	1,583,462
Non-controlling interests		63,769	57,715	-	-
SHAREHOLDERS' EQUITY		1,636,093	1,613,202	1,590,195	1,583,462
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,700,190	8,397,662	7,219,775	7,632,702
COMMITMENTS AND CONTINGENCIES	28	10,446,427	7,853,946	10,446,427	7,853,946
CAPITAL ADEQUACY					
Basel III					
CET 1 capital ratio	27	35.277%	34.432%	42.534%	44.406%
Tier 1 capital ratio	27	35.898%	35.186%	42.534%	44.406%
Total capital ratio	27	36.690%	35.958%	43.427%	45.235%
After deducting proposed dividends:					
CET 1 capital ratio (net of proposed dividends)	27	34.019%	33.238%	40.886%	42.745%
Tier 1 capital ratio (net of proposed dividends)	27	34.639%	33.991%	40.886%	42.745%
Total capital ratio (net of proposed dividends)	27	35.432%	34.764%	41.779%	43.574%

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 31 March 2020

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2020 RM'000	Preceding Year Corresponding Period 31-03-2019 RM'000	Current Financial Period-to-date 31-03-2020 RM'000	Preceding Year Corresponding Period-to-date 31-03-2019 RM'000
Interest income	20	60,757	76,037	60,757	76,037
Interest expense	21	(46,218)	(60,399)	(46,218)	(60,399)
Net interest income		14,539	15,638	14,539	15,638
Fee and commission income	22(a)	135,984	105,187	135,984	105,187
Fee and commission expense	22(b)	(45,458)	(29,091)	(45,458)	(29,091)
Net fee and commission income		90,526	76,096	90,526	76,096
Net gains and losses on financial instruments	23	126,100	41,086	126,100	41,086
Other operating income	24	870	2,760	870	2,760
Net income		232,035	135,580	232,035	135,580
Other operating expenses	25	(94,370)	(87,923)	(94,370)	(87,923)
Operating profit before allowances		137,665	47,657	137,665	47,657
(Allowances)/write-back of credit impairment losses	26	(8,041)	(2,010)	(8,041)	(2,010)
Profit before zakat and taxation		129,624	45,647	129,624	45,647
Zakat		(2,203)	(447)	(2,203)	(447)
Profit before taxation		127,421	45,200	127,421	45,200
Taxation		(31,233)	(10,535)	(31,233)	(10,535)
Net profit after zakat and taxation		96,188	34,665	96,188	34,665
Attributable to:					
- Equity holders of the Bank		90,134	27,731	90,134	27,731
- Non-controlling interests		6,054	6,934	6,054	6,934
		96,188	34,665	96,188	34,665
Earnings per share:					
- basic/fully diluted (sen)		11.56	3.56	11.56	3.56

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 31 March 2020

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2020 RM'000	Preceding Year Corresponding Period 31-03-2019 RM'000	Current Financial Period-to-date 31-03-2020 RM'000	Preceding Year Corresponding Period-to-date 31-03-2019 RM'000
Net profit after zakat and taxation	96,188	34,665	96,188	34,665
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
Net fair value change in financial investments at FVOCI (debt instruments)	1,544	63,585	1,544	63,585
Net credit impairment loss change in financial investments at FVOCI (debt instruments)	16	1,622	16	1,622
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(97,920)	(7,219)	(97,920)	(7,219)
Deferred tax on financial investments at FVOCI	23,130	(13,518)	23,130	(13,518)
<u>Items that will not be reclassified subsequently to profit or loss :</u>				
Net fair value change in financial investments at FVOCI (equity instruments)	(88)	5,691	(88)	5,691
Deferred tax on financial investments at FVOCI	21	(1,366)	21	(1,366)
Other comprehensive income for the financial period, net of tax	(73,297)	48,795	(73,297)	48,795
Total comprehensive income for the financial period	22,891	83,460	22,891	83,460
Attributable to:				
Equity holders of the Bank	16,837	76,526	16,837	76,526
Non-controlling interests	6,054	6,934	6,054	6,934
	22,891	83,460	22,891	83,460

Affin Hwang Investment Bank Berhad
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Condensed Interim Financial Statements
Unaudited Income Statements
for the financial period ended 31 March 2020

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 31-03-2020 RM'000	Preceding Year Corresponding Period 31-03-2019 RM'000	Current Financial Period-to-date 31-03-2020 RM'000	Preceding Year Corresponding Period-to-date 31-03-2019 RM'000
Interest income	20	60,339	75,467	60,339	75,467
Interest expense	21	(46,078)	(60,345)	(46,078)	(60,345)
Net interest income		14,261	15,122	14,261	15,122
Fee and commission income	22(a)	25,154	19,448	25,154	19,448
Fee and commission expense	22(b)	-	-	-	-
Net fee and commission income		25,154	19,448	25,154	19,448
Net gains and losses on financial instruments	23	132,266	39,708	132,266	39,708
Other operating income	24	(245)	3,354	(245)	3,354
Net income		171,436	77,632	171,436	77,632
Other operating expenses	25	(55,095)	(53,938)	(55,095)	(53,938)
Operating profit before allowances		116,341	23,694	116,341	23,694
(Allowances)/write-back of credit impairment losses	26	(7,998)	(1,990)	(7,998)	(1,990)
Profit before zakat and taxation		108,343	21,704	108,343	21,704
Zakat		(2,153)	(365)	(2,153)	(365)
Profit before taxation		106,190	21,339	106,190	21,339
Taxation		(26,160)	(5,314)	(26,160)	(5,314)
Net profit after zakat and taxation		80,030	16,025	80,030	16,025
Attributable to:					
- Equity holders of the Bank		80,030	16,025	80,030	16,025
Earnings per share:					
- basic/fully diluted (sen)		10.26	2.05	10.26	2.05

Affin Hwang Investment Bank Berhad
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Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the financial period ended 31 March 2020

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 31-03-2020 RM'000	Preceding Year Corresponding Period 31-03-2019 RM'000	Current Financial Period-to-date 31-03-2020 RM'000	Preceding Year Corresponding Period-to-date 31-03-2019 RM'000
Net profit after zakat and taxation	80,030	16,025	80,030	16,025
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
Net fair value change in financial investments at FVOCI (debt instruments)	1,544	63,585	1,544	63,585
Net credit impairment loss change in financial investments at FVOCI (debt instruments)	16	1,622	16	1,622
Net gain on financial investments at FVOCI reclassified to profit or loss on disposal (debt instruments)	(97,920)	(7,219)	(97,920)	(7,219)
Deferred tax on financial investments at FVOCI	23,130	(13,518)	23,130	(13,518)
<u>Items that will not be reclassified subsequently to profit or loss :</u>				
Net fair value change in financial investments at FVOCI (equity instruments)	(88)	5,691	(88)	5,691
Deferred tax on financial investments at FVOCI	21	(1,366)	21	(1,366)
Other comprehensive income for the financial period, net of tax	<u>(73,297)</u>	<u>48,795</u>	<u>(73,297)</u>	<u>48,795</u>
Total comprehensive income for the financial period	<u>6,733</u>	<u>64,820</u>	<u>6,733</u>	<u>64,820</u>
Attributable to equity holders of the Bank:				
Total comprehensive income	<u>6,733</u>	<u>64,820</u>	<u>6,733</u>	<u>64,820</u>

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity
for the financial period ended 31 March 2020

	Attributable to equity holders of the Bank								Non-controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock options reserves ** RM'000	Other reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Sub-total RM'000		
The Group										
At 1 January 2020	999,800	23,731	135	-	(61,010)	77,210	515,621	1,555,487	57,715	1,613,202
Comprehensive income:										
Net profit for the financial period	-	-	-	-	-	-	90,134	90,134	6,054	96,188
Other comprehensive income, (net of tax)										
- Financial investments at FVOCI	-	-	-	-	-	(73,297)	-	(73,297)	-	(73,297)
Total comprehensive income	-	-	-	-	-	(73,297)	90,134	16,837	6,054	22,891
Transfer (from)/to regulatory reserves	-	(5,553)	-	-	-	-	5,553	-	-	-
At 31 March 2020	999,800	18,178	135	-	(61,010)	3,913	611,308	1,572,324	63,769	1,636,093

	Attributable to equity holders of the Bank								Non-controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock options reserves * RM'000	Other reserves RM'000	FVOCI revaluation reserves RM'000	Retained profits RM'000	Sub-total RM'000		
The Group										
At 1 January 2019	999,800	28,357	593	8,328	-	3,968	450,591	1,491,637	65,773	1,557,410
Comprehensive income:										
Net profit for the financial period	-	-	-	-	-	-	27,731	27,731	6,934	34,665
Other comprehensive income, (net of tax)										
- Financial investments at FVOCI	-	-	-	-	-	48,795	-	48,795	-	48,795
Total comprehensive income	-	-	-	-	-	48,795	27,731	76,526	6,934	83,460
Net loss on disposal of financial investments designated at FVOCI (equity instruments)	-	-	-	-	-	303	(303)	-	-	-
Options exercised during the period	-	-	-	-	-	-	12,807	12,807	31,967	44,774
Issuance of new shares from exercise of employee stock option incentive scheme **	-	-	-	(8,328)	-	-	8,328	-	-	-
Transfer (from)/to regulatory reserves	-	(463)	-	-	-	-	463	-	-	-
At 31 March 2019	999,800	27,894	593	-	-	53,066	499,617	1,580,970	104,674	1,685,644

* The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme.

** On 8 March 2019, the options holder have fully exercised the employee stock option incentive scheme.

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Unaudited Statements of Changes in Equity
for the financial period ended 31 March 2020

The Bank

At 1 January 2020

Comprehensive income:

Net profit for the financial period

Other comprehensive income, (net of tax) -

- Financial investments at FVOCI

Total comprehensive income

Transfer (from)/to regulatory reserves

At 31 March 2020

	←----- Non-distributable -----→	← Distributable --→		
Share Capital	Regulatory reserves	FVOCI revaluation reserves	Retained profits	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000
999,800	23,731	77,155	482,776	1,583,462
-	-	-	80,030	80,030
-	-	(73,297)	-	(73,297)
-	-	(73,297)	80,030	6,733
-	(5,553)	-	5,553	-
999,800	18,178	3,858	568,359	1,590,195

The Bank

At 1 January 2019

Comprehensive income:

Net profit for the financial period

Other comprehensive income, (net of tax)

- Financial investments at FVOCI

Total comprehensive income

Net loss on disposal of financial investments designated at FVOCI (equity instruments)

Transfer (from)/to regulatory reserves

At 31 March 2019

	←----- Non-distributable -----→	← Distributable --→		
Share Capital	Regulatory reserves	FVOCI revaluation reserves	Retained profits	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000
999,800	28,357	3,913	431,864	1,463,934
-	-	-	16,025	16,025
-	-	48,795	-	48,795
-	-	48,795	16,025	64,820
-	-	303	(303)	-
-	(463)	-	463	-
999,800	27,894	53,011	448,049	1,528,754

Affin Hwang Investment Bank Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows
for the financial period ended 31 March 2020

	The Group		The Bank	
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
Cash flow from operating activities				
Profit before taxation	127,421	45,200	106,190	21,339
Adjustments for items not involving the movement of cash and cash equivalents	(131,338)	(83,914)	(139,105)	(84,248)
<i>Operating loss before changes in working capital</i>	(3,917)	(38,714)	(32,915)	(62,909)
Net changes in operating assets	324,455	(550,059)	152,052	(467,434)
Net changes in operating liabilities	(717,928)	584,510	(417,602)	700,715
Tax paid	(9,366)	(11,996)	(4,835)	(6,416)
Zakat paid	-	(10)	-	(10)
Net cash (used in)/generated from operating activities	(406,756)	(16,269)	(303,300)	163,946
Cash flow from investing activities				
Proceeds from disposal of property and equipment	24	54	-	48
Purchase of property and equipment	(3,389)	(1,830)	(1,365)	(507)
Purchase of intangible assets	(387)	(191)	(65)	(68)
Interest received:				
- financial investments at FVOCI	51,119	69,924	51,119	69,924
- financial investments at amortised cost	-	641	-	641
Purchase of:				
- financial investments at FVOCI	(2,192,113)	(1,320,707)	(2,192,113)	(1,320,707)
Redemption/disposal of:				
- financial investments at FVOCI	3,058,865	1,115,896	3,058,865	1,115,896
- financial investments at amortised cost	-	(581)	-	(581)
Dividend income received from:				
- financial investments at FVOCI	-	910	-	910
Net cash generated from/(used in) investing activities	914,119	(135,884)	916,441	(134,444)
Cash flow from financing activities				
Lease payments	(2,595)	(2,375)	(1,455)	(1,410)
Exercise of employee stock option	-	44,774	-	-
Net cash (used in)/generated from financing activities	(2,595)	42,399	(1,455)	(1,410)
Net increase in cash and cash equivalents	504,768	(109,754)	611,686	28,092
Cash and cash equivalents at beginning of the financial period	707,679	576,254	223,090	155,823
Cash and cash equivalents at end of the financial period	1,212,447	466,500	834,776	183,915
Analysis of cash and cash equivalents				
Cash and short term funds	1,260,693	516,236	883,022	233,651
Amount held on behalf of commissioned dealer's representatives	(48,246)	(49,736)	(48,246)	(49,736)
Cash and cash equivalents at end of the financial period	1,212,447	466,500	834,776	183,915

Affin Hwang Investment Bank Berhad

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Notes to the unaudited condensed interim financial statements for the financial period ended 31 March 2020

1. Review of financial performance

The Group recorded a higher Profit Before Zakat and Taxation ("PBT") of RM129.6 million for the 3 months period ended 31 March 2020 compared to the PBT of RM45.6 million in the previous corresponding period. The Bank contributed RM108.3 million (31.3.2019: RM21.7 million) for period ended 31 March 2020 while the Group's asset management business contributed RM21.4 million (31.3.2019: RM25.3 million) to the Group's PBT.

Analysis of the Group's performance for the 3 months period ended 31 March 2020 is as follows:

- Net interest income of RM14.5 million was lower than the net interest income of RM15.6 million recorded in the previous corresponding period primarily due to lower gross yield of interest earning assets in the current period under review.
- Net fee and commission income of RM90.5 million in the period under review was higher than RM76.1 million in the previous corresponding period. The increase was primarily due to the higher initial service charge, higher management and incentive fees earned from the asset management business and higher net brokerage income earned in the current period.
- Net gain and losses on financial instruments registered an increase of RM85.0 million to RM126.1 million in the current period from RM41.1 million in the previous corresponding period mainly due to higher gains on disposal of financial investments at FVOCI of RM100.5 million and net trading gains of financial assets measured at FVTPL of RM13.6 million.
- Other operating income registered a decrease from RM2.8 million in the previous corresponding period to RM0.9 million in the current period mainly due to lower net foreign exchange gains.
- Operating expenses incurred for the period under review were higher at RM94.4 million compared to RM87.9 million incurred in the previous corresponding period mainly due to higher personnel costs, establishment-related expenses and general administrative expenses, partially offset by lower promotion and marketing-related expenses.
- Higher net allowances of credit impairment losses of RM8.0 million compared to RM2.0 million in the previous corresponding period was mainly contributed by the higher allowances for loans recognised in the current period.

2. Prospect for the current financial year

The Group is turning cautious on economic outlook in 2020 as the economic impact and uncertainty of Covid-19 outbreak will impact global economic growth. As Malaysia is an open and highly integrated economy, the impact of Covid-19 and disruption to the global supply chain will weigh on Malaysia's GDP growth for 2020. Weak commodity prices will also impact the production and exports of commodities while domestic demand in the near to medium term may be dampened by weak sentiment and labour market conditions. Amid these downside risks, the performance of local and regional bourses is also likely to be impacted. As a result, notwithstanding strong results of the Group in the first quarter of 2020, the Group's performance will be impacted by the increased market volatility and challenging environment in the remaining quarters of the year on the performance of the capital markets.

Malaysia's economic growth is expected to be supported by the large stimulus packages introduced by the Government recently as well as monetary policy measures announced by BNM which will alleviate the cost of living and support household income. Despite the challenging business environment, the Group will continue to seek business opportunities, while asset management and securities businesses will continue to enhance the customer experience. As Malaysia continues to shift towards Industry 4.0, the Group will also sustain its efforts to embrace digitalisation in an effort to improve operational and business efficiencies.

3. Basis of preparation

The unaudited interim financial statements for the period under review have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act 2016 in Malaysia.

The unaudited interim financial statements may be read in conjunction with the annual financial statements for the financial year ended 31 December 2019. The explanatory notes to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group and the Bank since the financial year ended 31 December 2019.

4. Qualification of preceding annual financial statements

The Bank's financial statements for financial year ended 31 December 2019 were not qualified by the auditors.

5. Seasonal or cyclical factors

The Group's and Bank's operations are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2020**

6. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial reporting period.

7. Changes in debt and equity securities

There were no issuances, cancellation, repurchases, resale or repayment of debt and equity securities at the Bank's level during the financial reporting period.

8. Material litigations

There is no material litigation during the financial period ended 31 March 2020.

9. Changes in the composition of the Bank

There is no change to the composition of the Bank as at end of the financial reporting period.

10. Dividends

The Directors did not recommend any payment of interim dividend for the financial period ended 31 March 2020. Final dividend of 5.128 sen gross per share amounting to RM40,000,000 for the financial year ended 31 December 2019 have been approved by Bank Negara Malaysia on 27 February 2020. It is now subject to the approval of the shareholder at the forthcoming Annual General Meeting of the Bank on 19 May 2020.

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**Notes to the unaudited condensed interim financial statements
for the financial period ended 31 March 2020**

11. Securities portfolio

(i) **Financial assets at fair value through profit or loss ("FVTPL")**

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
At fair value				
Money Market Instruments				
Malaysian Government Islamic Investment Issues	2	137,242	2	137,242
	<u>2</u>	<u>137,242</u>	<u>2</u>	<u>137,242</u>
Quoted securities				
Unit trusts	221,253	231,777	197,274	200,080
Shares, warrants and REITs in Malaysia	15,109	49,478	13,029	47,397
Shares, warrants and REITs outside Malaysia	35,632	35,101	129	129
Exchange traded fund	1,563	5,006	-	-
	<u>273,557</u>	<u>321,362</u>	<u>210,432</u>	<u>247,606</u>
Unquoted securities				
Corporate bonds and/or Sukuk in Malaysia	6,827	6,825	1	1
Corporate bonds and/or Sukuk outside Malaysia	26,487	26,487	-	-
	<u>33,314</u>	<u>33,312</u>	<u>1</u>	<u>1</u>
	<u>306,873</u>	<u>491,916</u>	<u>210,435</u>	<u>384,849</u>

(ii) **Financial investments at fair value through other comprehensive income ("FVOCI")**

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
At fair value		
Money Market Instruments		
Malaysian Government Islamic Investment Issues	1,078,240	1,098,452
Malaysian Government Securities	851,628	549,606
Cagamas Bonds	10,864	25,965
Negotiable Instruments of Deposit	30,912	20,336
	<u>1,971,644</u>	<u>1,694,359</u>
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia #	1,853,421	2,968,706
Corporate bonds and/or Sukuk outside Malaysia	91,076	127,888
Shares in Malaysia *	23,002	23,002
	<u>3,939,143</u>	<u>4,813,955</u>

Certain unquoted perpetual bond is designated at fair value through other comprehensive income.

* Equity securities designated at fair value through other comprehensive income.

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11. Securities portfolio (continued)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

- (a) The Group and the Bank designated certain equity investments at FVOCI as shown in the following table. The FVOCI designation was made as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, these strategic investment is more of medium term investment.

	The Group and the Bank	
	31-03-2020	31-12-2019
	RM'000	RM'000
Unquoted securities		
Corporate bonds - perpetual bond		
Mah Sing Group Berhad	-	50,956
	-	50,956
Shares in Malaysia:		
Cagamas Berhad	19,410	19,410
RAM Holdings Berhad	2,477	2,477
Malaysian Rating Corporation Berhad	1,115	1,115
	23,002	23,002
Total unquoted securities	23,002	73,958

The dividend income for equity investments designated at FVOCI held and disposed during the financial period are as follows :

	Carrying Amount as at		Dividend Income for the financial period		Dividend Income of equity investments disposed during the financial period	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019	31-03-2020	31-12-2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Quoted securities						
REITs in Malaysia	-	-	-	-	-	621
REITs outside Malaysia	-	-	-	-	-	1,473
	-	-	-	-	-	2,094
Unquoted securities	23,002	73,958	-	1,460	-	-
	23,002	73,958	-	1,460	-	2,094

- (b) There was a redemption of unquoted equity instruments at value amounting to RM50.00 million during the financial period ended 31 March 2020. Due to the change in investment strategy, the Bank had during the previous financial year disposed all quoted equity instruments at a value amounting to RM64.36 million of which the total realised loss of RM3.25 million have been reclassified from FVOCI revaluation reserves to retained profits.

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11. Securities portfolio (continued)

(ii) Financial assets at fair value through other comprehensive income ("FVOCI") (continued)

(c) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	The Group and the Bank			Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
		Not Credit	Credit	
	Stage 1	Impaired	Impaired	
31-03-2020	Stage 2	Stage 3	31-03-2020	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	1,099	37	12,166	13,302
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial period (other than write-offs)	(208)	(1)	-	(209)
New originated or purchased	8	-	-	8
Changes due to change in credit risk	178	39	-	217
Changes in model/risk parameters	-	-	-	-
Changes due to foreign exchange	-	-	-	-
At end of the financial period	1,077	75	12,166	13,318

	The Group and the Bank			Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
		Not Credit	Credit	
	Stage 1	Impaired	Impaired	
31-12-2019	Stage 2	Stage 3	31-12-2019	
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	1,168	40	17,515	18,723
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial year (other than write-offs)	(510)	-	(7,073)	(7,583)
New originated or purchased	100	-	-	100
Changes due to change in credit risk	368	(1)	1,724	2,091
Changes in model/risk parameters	(27)	(2)	-	(29)
Changes due to foreign exchange	-	-	-	-
At end of the financial year	1,099	37	12,166	13,302

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11. Securities portfolio (continued)

(ii) Financial assets at fair value through other comprehensive income ("FVOCI") (continued)

(d) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses are as follows:

	The Group and the Bank			
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit	Credit	
	31-03-2020	Impaired	Impaired	
RM'000	Stage 2	Stage 3		
31-03-2020	31-03-2020	31-03-2020	31-03-2020	
RM'000	RM'000	RM'000	RM'000	
At beginning of the financial period	4,677,576	57,905	4,516	4,739,997
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial period				
(other than write-offs)	(2,891,735)	(15,000)	-	(2,906,735)
New originated or purchased	2,192,113	-	-	2,192,113
Changes due to interest accruals	(11,008)	(1,131)	-	(12,139)
Changes due to fair value	(96,343)	(33)	-	(96,376)
Changes due to foreign exchange	(664)	-	(55)	(719)
	-	-	-	-
At end of the financial period	3,869,939	41,741	4,461	3,916,141

	The Group and the Bank			
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit	Credit	
	31-12-2019	Impaired	Impaired	
RM'000	Stage 2	Stage 3		
31-12-2019	31-12-2019	31-12-2019	31-12-2019	
RM'000	RM'000	RM'000	RM'000	
At beginning of the financial year	4,775,167	73,595	26,540	4,875,302
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Total transfer between stages	-	-	-	-
Derecognised during the financial year				
(other than write-offs)	(5,276,353)	(15,439)	(27,906)	(5,319,698)
New originated or purchased	5,088,841	-	-	5,088,841
Changes due to interest accruals	2,793	(660)	(480)	1,653
Changes due to fair value	87,140	409	6,488	94,037
Changes due to foreign exchange	(12)	-	(126)	(138)
	-	-	-	-
At end of the financial year	4,677,576	57,905	4,516	4,739,997

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11. Securities portfolio (continued)

(iii) Financial investments at amortised cost

	The Group and the Bank	
	31-03-2020	31-12-2019
	RM'000	RM'000
Unquoted securities		
Corporate bonds and/or Sukuk in Malaysia	41,084	40,497
Redeemable Secured Loan Stocks	15,000	15,000
	<u>56,084</u>	<u>55,497</u>
Expected credit loss ("ECL")	(10,930)	(10,930)
	<u>45,154</u>	<u>44,567</u>

(a) Movements in allowance for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	The Group and the Bank			
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit	Credit	
		Impaired	Impaired	
31-03-2020	Stage 2	Stage 3		
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	150	-	10,780	10,930
Changes due to change in credit risk	-	-	-	-
Changes in model/risk parameters	-	-	-	-
At end of the financial period	<u>150</u>	<u>-</u>	<u>10,780</u>	<u>10,930</u>

	The Group and the Bank			
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit	Credit	
		Impaired	Impaired	
31-12-2019	Stage 2	Stage 3		
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	166	-	6,950	7,116
Changes due to change in credit risk	(21)	-	3,830	3,809
Changes in model/risk parameters	5	-	-	5
At end of the financial year	<u>150</u>	<u>-</u>	<u>10,780</u>	<u>10,930</u>

(b) Movements in the gross carrying amount of financial investments that contributed to changes in the expected credit losses:

	The Group and the Bank			
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit	Credit	
		Impaired	Impaired	
31-03-2020	Stage 2	Stage 3		
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	40,497	-	15,000	55,497
Changes due to interest accruals	587	-	-	587
At end of the financial period	<u>41,084</u>	<u>-</u>	<u>15,000</u>	<u>56,084</u>

	The Group and the Bank			
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit	Credit	
		Impaired	Impaired	
31-12-2019	Stage 2	Stage 3		
	RM'000	RM'000	RM'000	RM'000
At beginning / end of the financial year	40,497	-	15,000	55,497

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**Notes to the unaudited condensed interim financial statements
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12. Loans, advances and financing

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
(i) By Type of Loan/Financing		
Term loans/financing		
- Syndicated term loan/financing	146,556	150,772
- Other term loans/financing	307,639	341,452
Share margin financing	475,750	503,486
Revolving credits	84,152	93,297
Staff loans	5,945	6,055
Gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>
Less : expected credit losses	<u>(23,590)</u>	<u>(17,510)</u>
Total net loans, advances and financing	<u>996,452</u>	<u>1,077,552</u>
(ii) By Type of Customers		
Domestic business enterprises		
- Small medium enterprises	13,939	151,449
- Others	664,575	716,488
Domestic non-bank financial institutions	166,638	28,307
Individuals	174,768	198,036
Foreign individuals	122	782
Total gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>
(iii) By Interest Rate Sensitivity		
Fixed rate		
- Other fixed rate loans/financing	36,545	36,570
- Housing loans/financing	3,350	3,560
- Hire purchase receivables	2,596	2,470
Variable rate		
- Cost-plus	448,177	495,883
- BLR plus	496,375	524,111
- Other floating rate	32,999	32,468
Total gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>
(iv) By Economic Purpose		
Purchase of securities	565,949	600,916
Purchase of landed properties of which		
- Residential	3,350	3,560
- Non-residential	56,572	58,177
Working capital	101,677	130,090
Construction	61,457	63,345
Purchase of transport vehicles	38,146	37,519
Personal use	-	25
Others	192,891	201,430
Total gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>

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12. Loans, advances and financing (continued)

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
(v) By Economic Sector		
Real estate	250,587	297,386
Household	174,890	198,818
Finance, insurance and business services	169,238	77,730
Construction	124,273	119,274
Manufacturing	117,033	125,807
Transport, storage and communication	94,752	93,087
Agriculture	46,108	54,761
Education, health and others	30,224	20,626
Wholesale & retail trade and restaurants & hotels	10,386	55,308
Mining and quarrying	2,551	5,591
Others	-	46,674
Total gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>
(vi) By Geographical Distribution		
Wilayah Persekutuan	464,861	513,632
Selangor	266,280	294,775
Johor	121,988	124,012
Sabah	50,184	47,511
Sarawak	48,590	40,986
Terengganu	30,542	32,429
Perak	22,083	24,526
Pulau Pinang	12,710	13,124
Negeri Sembilan	1,608	2,504
Kedah	1,196	1,563
Total gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>
(vii) By Maturity Structure		
Maturing within one year	743,591	816,635
One year to three years	97,218	99,997
Three years to five years	82,384	82,849
Over five years	96,849	95,581
Total gross loans, advances and financing	<u>1,020,042</u>	<u>1,095,062</u>

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**Notes to the unaudited condensed interim financial statements
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12. Loans, advances and financing (continued)

	The Group and the Bank	
	31-03-2020	31-12-2019
	RM'000	RM'000
(viii) Movement of impaired loans, advances and financing		
At beginning of the financial period	98,782	80,851
Classified as impaired during the financial period	20,673	40,861
Reclassified as non-impaired during the financial period	-	(11,810)
Amount written-off	-	(95)
Amount recovered	(5,160)	(11,025)
At end of the financial period	<u>114,295</u>	<u>98,782</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>11.20%</u>	<u>9.02%</u>
(ix) Impaired loans, advances and financing analysed by their economic sector		
Construction	36,545	36,545
Household	20,673	1
Education, health and others	20,626	20,626
Manufacturing	12,850	14,952
Real estate	11,993	14,119
Transport, storage and communication	9,057	9,958
Mining and quarrying	2,551	2,581
Total impaired loans, advances and financing	<u>114,295</u>	<u>98,782</u>
(x) Impaired loans, advances and financing analysed by their economic purpose		
Working capital	58,452	61,456
Purchase of securities	20,673	-
Construction	20,626	20,626
Other purpose	11,993	14,119
Purchase of transport vehicles	2,551	2,581
Total impaired loans, advances and financing	<u>114,295</u>	<u>98,782</u>
(xi) Impaired loans, advances, and financing by geographical distribution		
Sarawak	36,545	36,545
Perak	20,626	20,626
Selangor	33,900	39,030
Wilayah Persekutuan	23,224	2,581
Total impaired loans, advances and financing	<u>114,295</u>	<u>98,782</u>

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12. Loans, advances and financing (continued)

(xii) Movement in expected credit losses for loans, advances and financing

	The Group and the Bank			Total		
	12 months ECL Stage 1 31-03-2020 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-03-2020 RM'000	Lifetime ECL Credit Impaired Stage 3 31-03-2020 RM'000		31-03-2020 RM'000	
At beginning of financial period	2,007	676	14,827	17,510		
Transfer between stages due to change in credit risk:						
- Transfer to 12-months ECL (Stage 1)	-	-	-	-		
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(550)	550	-	-		
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1)	-	1	-		
Total transfer between stages	(551)	550	1	-		
Loans/Financing derecognised during the period (other than write-offs)	(6)	-	-	(6)		
New loans/financing originated or purchased	1	-	-	1		
Changes due to change in credit risk	(160)	1,739	4,472	6,051		
Other adjustments						
- Foreign exchange and other adjustments	34	-	-	34		
At end of financial period	1,325	2,965	19,300	23,590		

	The Group and the Bank			Total		
	12 months ECL Stage 1 31-12-2019 RM'000	Lifetime ECL Not Credit Impaired Stage 2 31-12-2019 RM'000	Lifetime ECL Credit Impaired Stage 3 31-12-2019 RM'000		31-12-2019 RM'000	
At beginning of the financial year	4,065	223	5,573	9,861		
Transfer between stages due to change in credit risk:						
- Transfer to 12-months ECL (Stage 1)	-	-	-	-		
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(229)	229	-	-		
- Transfer to Lifetime ECL credit impaired (Stage 3)	(63)	(174)	237	-		
Total transfer between stages	(292)	55	237	-		
Loans/Financing derecognised during the financial year (other than write-offs)	(316)	-	-	(316)		
New loans/financing originated or purchased	92	-	-	92		
Changes due to change in credit risk	(1,624)	395	9,112	7,883		
Changes in model/risk parameters	90	3	-	93		
Write-offs	-	-	(95)	(95)		
Other adjustments						
- Foreign exchange and other adjustments	(8)	-	-	(8)		
At end of the financial year	2,007	676	14,827	17,510		

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12. Loans, advances and financing (continued)

(xiii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses

	The Group and the Bank			Total
	Lifetime ECL	Lifetime ECL		
	Not Credit	Credit		
	Impaired	Impaired		
12 months ECL Stage 1	Stage 2	Stage 3		
31-03-2020	31-03-2020	31-03-2020	31-03-2020	
RM'000	RM'000	RM'000	RM'000	
At beginning of financial period	923,580	72,700	98,782	1,095,062
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	-	-	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(99,163)	99,163	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(23,531)	-	23,531	-
Total transfer between stages	(122,694)	99,163	23,531	-
Loans/Financing derecognised during the financial period (other than write-offs)	(39,642)	-	(29)	(39,671)
New loans/financing originated or purchased	88,788	-	-	88,788
Changes due to change in credit risk	(117,074)	(814)	(7,989)	(125,877)
Write-offs	-	-	-	-
Other adjustments				
- Foreign exchange and other adjustments	1,740	-	-	1,740
At end of financial period	734,698	171,049	114,295	1,020,042

	The Group and the Bank			Total
	Lifetime ECL	Lifetime ECL		
	Not Credit	Credit		
	Impaired	Impaired		
12 months ECL Stage 1	Stage 2	Stage 3		
31-12-2019	31-12-2019	31-12-2019	31-12-2019	
RM'000	RM'000	RM'000	RM'000	
At beginning of the financial year	1,191,473	13,541	80,851	1,285,865
Transfer between stages due to change in credit risk:				
- Transfer to 12-months ECL (Stage 1)	11,960	-	(11,960)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(133,686)	133,686	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(28,738)	(13,130)	41,868	-
Total transfer between stages	(150,464)	120,556	29,908	-
Loans/Financing derecognised during the financial year (other than write-offs)	(139,449)	(182)	(2,228)	(141,859)
New loans/financing originated or purchased	349,736	-	-	349,736
Changes due to change in credit risk	(327,349)	(61,215)	(9,654)	(398,218)
Write-offs	-	-	(95)	(95)
Other adjustments				
- Foreign exchange and other adjustments	(367)	-	-	(367)
At end of the financial year	923,580	72,700	98,782	1,095,062

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13. Trade receivables

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	75,280	243,249	-	-
Amount due from clients:				
- performing accounts	203,329	231,679	203,329	231,679
- impaired accounts (a)	209	139	209	139
Amount due from brokers	50,606	57,958	50,606	57,958
Amount due from Bursa Securities Clearing Sdn. Bhd.	52,030	-	52,030	-
Others	51	51	-	-
	<u>381,505</u>	<u>533,076</u>	<u>306,174</u>	<u>289,776</u>
Less: Expected credit loss ("ECL")	(323)	(208)	(255)	(183)
	<u>381,182</u>	<u>532,868</u>	<u>305,919</u>	<u>289,593</u>

(a) Movement of impaired amount due from clients

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
At beginning of the financial period/year	139	424
Addition during the period/year	113	419
Amount recovered	(43)	(704)
At end of the financial period/year	<u>209</u>	<u>139</u>

(b) Movements in allowances for impairment on trade receivables

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-03-2020 RM'000	31-03-2020 RM'000	31-03-2020 RM'000
At beginning of financial period	70	138	208
Allowance made	93	113	206
Amount written back	(48)	(43)	(91)
At end of financial period	<u>115</u>	<u>208</u>	<u>323</u>

	The Group		
	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	31-12-2019 RM'000	31-12-2019 RM'000	31-12-2019 RM'000
At beginning of the financial year	54	414	468
Allowance made	86	419	505
Amount written back	(70)	(695)	(765)
At end of the financial year	<u>70</u>	<u>138</u>	<u>208</u>

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13. Trade receivables (continued)

(b) Movements in allowances for impairment on trade receivables (continued)

	Lifetime ECL Not Credit Impaired 31-03-2020 RM'000	The Bank Lifetime ECL Credit Impaired 31-03-2020 RM'000	Total 31-03-2020 RM'000
At beginning of financial period	45	138	183
Allowance made	50	113	163
Amount written back	(48)	(43)	(91)
At end of financial period	<u>47</u>	<u>208</u>	<u>255</u>

	Lifetime ECL Not Credit Impaired 31-12-2019 RM'000	The Bank Lifetime ECL Credit Impaired 31-12-2019 RM'000	Total 31-12-2019 RM'000
At beginning of the financial year	38	414	452
Allowance made	77	419	496
Amount written back	(70)	(695)	(765)
At end of the financial year	<u>45</u>	<u>138</u>	<u>183</u>

14. Other assets

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
Other debtors, deposits and prepayments	82,912	28,110	73,608	20,352
Securities Lending	35,600	34,384	35,600	34,384
Clearing Guarantee Fund	2,128	2,272	2,128	2,272
Clearing Fund	1,381	1,000	1,381	1,000
Transferable membership	350	350	250	250
	<u>122,371</u>	<u>66,116</u>	<u>112,967</u>	<u>58,258</u>
Less : Expected credit loss ("ECL")	(2,092)	(2,058)	(2,091)	(2,057)
	<u>120,279</u>	<u>64,058</u>	<u>110,876</u>	<u>56,201</u>

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
Movement in credit impaired accounts		
At beginning of the financial period/year	2,085	1,661
Classified as impaired during the financial period/year	250	1,455
Amount recovered	(160)	(493)
Amount written off	(58)	(538)
At end of the financial period/year	<u>2,117</u>	<u>2,085</u>

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14. Other assets (continued)

(a) Movements in allowances for impairment on other assets

	Lifetime ECL Not Credit Impaired 31-03-2020 RM'000	The Group Lifetime ECL Credit Impaired 31-03-2020 RM'000	Total 31-03-2020 RM'000
At beginning of financial period	7	2,051	2,058
Allowance made	5	249	254
Amount written back	(7)	(155)	(162)
Amount written off	-	(58)	(58)
At end of financial period	<u>5</u>	<u>2,087</u>	<u>2,092</u>

	Lifetime ECL Not Credit Impaired 31-12-2019 RM'000	The Group Lifetime ECL Credit Impaired 31-12-2019 RM'000	Total 31-12-2019 RM'000
At beginning of the financial year	11	1,658	1,669
Allowance made	34	1,455	1,489
Amount written back	(38)	(524)	(562)
Amount written off	-	(538)	(538)
At end of the financial year	<u>7</u>	<u>2,051</u>	<u>2,058</u>

	Lifetime ECL Not Credit Impaired 31-03-2020 RM'000	The Bank Lifetime ECL Credit Impaired 31-03-2020 RM'000	Total 31-03-2020 RM'000
At beginning of financial period	6	2,051	2,057
Allowance made	4	249	253
Amount written back	(6)	(155)	(161)
Amount written off	-	(58)	(58)
At end of financial period	<u>4</u>	<u>2,087</u>	<u>2,091</u>

	Lifetime ECL Not Credit Impaired 31-12-2019 RM'000	The Bank Lifetime ECL Credit Impaired 31-12-2019 RM'000	Total 31-12-2019 RM'000
At beginning of the financial year	10	1,658	1,668
Allowance made	34	1,455	1,489
Amount written back	(38)	(524)	(562)
Amount written off	-	(538)	(538)
At end of the financial year	<u>6</u>	<u>2,051</u>	<u>2,057</u>

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15. Deposit from customers

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
(i) By type of deposits		
Fixed deposits	3,690,835	3,640,165
Negotiable instruments of deposits	1,017,853	1,009,672
Other deposits	112,396	33,289
	<u>4,821,084</u>	<u>4,683,126</u>
(ii) By maturity structure		
Due within six months	3,268,453	3,559,539
Six months to one year	502,550	96,729
More than one year	1,050,081	1,026,858
	<u>4,821,084</u>	<u>4,683,126</u>
(iii) By type of customer		
Domestic non-banking financial institutions	2,601,862	2,350,948
Domestic banking institutions	1,017,397	1,009,214
Business enterprises	957,518	889,433
Government and statutory bodies	158,363	342,796
Individuals	36,706	37,833
Foreign entities	38,109	37,816
Other entities	11,129	15,086
	<u>4,821,084</u>	<u>4,683,126</u>

16. Deposit and placements of banks and other financial institution

	The Group and the Bank	
	31-03-2020 RM'000	31-12-2019 RM'000
Licensed banks	-	296,515
Licensed investment banks	50,143	395,889
	<u>50,143</u>	<u>692,404</u>

17. Trade payables

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
Amount due to unit trust funds	256,584	327,451	-	-
Amount due to unit holders	8,785	197,807	-	-
Amount due to clients	207,271	169,333	206,647	168,709
Amount due to brokers	129,008	72,992	129,008	72,992
Amount due to Bursa Securities Clearing Sdn. Bhd.	-	19,846	-	19,846
Amount payable to referral	1,458	-	-	-
Amount due to external funds managers	6	-	-	-
	<u>603,112</u>	<u>787,429</u>	<u>335,655</u>	<u>261,547</u>

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18. Other liabilities

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
Commissioned dealer's representative trust balances	48,246	47,483	48,246	47,483
Amounts payable to commissioned and salaried dealer's representatives	38,961	37,854	38,961	37,854
Accrued employee benefit	21,152	64,971	12,388	31,025
Securities borrowing	104,946	160,358	104,946	160,358
Other creditors and accruals	80,419	96,068	49,080	54,807
Puttable liabilities	117,699	124,452	-	-
	<u>411,423</u>	<u>531,186</u>	<u>253,621</u>	<u>331,527</u>
Add: Expected credit loss - loan commitments and financial guarantees	17,931	14,567	17,931	14,567
	<u>429,354</u>	<u>545,753</u>	<u>271,552</u>	<u>346,094</u>

Movement in expected credit losses ("ECL"):

The Group and the Bank	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit Impaired	Credit Impaired	
	31-03-2020	31-03-2020	31-03-2020	31-03-2020
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	4	-	14,563	14,567
New loan commitments/financial guarantees issued	-	-	-	-
Changes due to change in credit risk	2	-	3,362	3,364
At end of the financial period	<u>6</u>	<u>-</u>	<u>17,925</u>	<u>17,931</u>

The Group and the Bank	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Not Credit Impaired	Credit Impaired	
	31-12-2019	31-12-2019	31-12-2019	31-12-2019
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	34	-	-	34
New loan commitments/financial guarantees issued	119	-	-	119
Changes due to change in credit risk	(150)	-	14,563	14,413
Changes in model/risk parameters	1	-	-	1
At end of the financial year	<u>4</u>	<u>-</u>	<u>14,563</u>	<u>14,567</u>

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19. Reserves

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
FVOCI revaluation reserves (a)	3,913	77,210	3,858	77,155
Regulatory reserves (b)	18,178	23,731	18,178	23,731
Other reserves (c)	(61,010)	(61,010)	-	-
Foreign exchange reserve	135	135	-	-
	<u>(38,784)</u>	<u>40,066</u>	<u>22,036</u>	<u>100,886</u>
Retained profits	<u>611,308</u>	<u>515,621</u>	<u>568,359</u>	<u>482,776</u>
	<u>572,524</u>	<u>555,687</u>	<u>590,395</u>	<u>583,662</u>

- (a) The FVOCI revaluation reserves represent the unrealised gains or losses arising from a change in the fair value of investments classified as financial investments at FVOCI, as well as the expected credit loss allowance for financial investments FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities becomes impaired.
- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank shall maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.
- (c) This represents corresponding debit arising from the Group's obligation to purchase the subsidiary's shares held by non controlling interest.

On 8 March 2019, the options holders have fully exercised the 1000 employee stock option incentive scheme at exercise price of RM40.30 per share. As a result, the employee stock option holder(s) were allotted a total of 1,111,000 units of new ordinary shares for a total consideration of RM44.77 million.

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ("SCR") provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. The SCR provision represents a purchase of the subsidiary's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount to be recognised as finance costs within the income statement.

20. Interest income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2020	31-03-2019	31-03-2020	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	15,738	18,940	15,738	18,940
Money at call and deposit placements with financial institutions	4,656	3,237	4,656	3,237
Financial investments at FVOCI	38,979	53,112	38,979	53,112
Financial investments at amortised cost	587	641	587	641
Others	797	107	797	107
	<u>60,757</u>	<u>76,037</u>	<u>60,757</u>	<u>76,037</u>
of which:				
Interest income earned on impaired loans, advances and financing	1,414	1,016	1,414	1,016

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2020	31-03-2019	31-03-2020	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	15,733	18,932	15,733	18,932
Money at call and deposit placements with financial institutions	4,243	2,675	4,243	2,675
Financial investments at FVOCI	38,979	53,112	38,979	53,112
Financial investments at amortised cost	587	641	587	641
Others	797	107	797	107
	<u>60,339</u>	<u>75,467</u>	<u>60,339</u>	<u>75,467</u>
of which:				
Interest income earned on impaired loans, advances and financing	1,414	1,016	1,414	1,016

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21. Interest expense

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
Deposits from customers	43,348	55,991	43,348	55,991
Deposits and placements of banks and other financial institutions	2,169	2,805	2,169	2,805
Obligations on securities sold under repurchase agreements	-	535	-	535
Interest expense on lease liability	202	130	202	130
Foreign currency borrowings	57	182	57	182
Others	442	756	442	756
	<u>46,218</u>	<u>60,399</u>	<u>46,218</u>	<u>60,399</u>

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
Deposits from customers	43,348	55,991	43,348	55,991
Deposits and placements of banks and other financial institutions	2,169	2,805	2,169	2,805
Obligations on securities sold under repurchase agreements	-	535	-	535
Interest expense on lease liability	62	76	62	76
Foreign currency borrowings	57	182	57	182
Others	442	756	442	756
	<u>46,078</u>	<u>60,345</u>	<u>46,078</u>	<u>60,345</u>

22. Net fee and commission income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
(a) Fee and commission income				
Unit trust management and incentive fee	78,884	70,470	78,884	70,470
Initial service charge	29,741	13,894	29,741	13,894
Net brokerage income	20,768	13,859	20,768	13,859
Corporate advisory fees	2,294	801	2,294	801
Underwriting commissions	1,593	1,443	1,593	1,443
Loans related fees	1,765	3,476	1,765	3,476
Arrangement fees	80	100	80	100
Private placement fees	-	477	-	477
Others	859	667	859	667
	<u>135,984</u>	<u>105,187</u>	<u>135,984</u>	<u>105,187</u>
(b) Fee and commission expense				
Commission and referral expenses	(45,458)	(29,091)	(45,458)	(29,091)
Net fee and commission income	<u>90,526</u>	<u>76,096</u>	<u>90,526</u>	<u>76,096</u>

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22. Net fee and commission income (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income				
Net brokerage income	20,768	13,859	20,768	13,859
Corporate advisory fees	1,955	574	1,955	574
Loans related fees	1,765	3,476	1,765	3,476
Arrangement fees	80	100	80	100
Underwriting commissions	-	554	-	554
Private placement fees	-	477	-	477
Others	586	408	586	408
	<u>25,154</u>	<u>19,448</u>	<u>25,154</u>	<u>19,448</u>
(b) Fee and commission expense				
Commission and referral expenses	-	-	-	-
Net fee and commission income	<u>25,154</u>	<u>19,448</u>	<u>25,154</u>	<u>19,448</u>

23. Net gains and losses on financial instruments

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	RM'000	RM'000	RM'000	RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	22,887	17,276	22,887	17,276
- unrealised gain/(loss)	(9,282)	5,291	(9,282)	5,291
- gross dividend income	2,062	1,150	2,062	1,150
- interest income	5,125	4,699	5,125	4,699
Gains/(losses) on derivative instruments				
- unrealised gain/(loss)	4,821	589	4,821	589
- interest income	1,681	406	1,681	406
- interest expense	(1,739)	(393)	(1,739)	(393)
Gains arising on financial investments at FVOCI				
- net gain on disposal	100,545	11,158	100,545	11,158
- gross dividend income	-	910	-	910
	<u>126,100</u>	<u>41,086</u>	<u>126,100</u>	<u>41,086</u>

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23. Net gains and losses on financial instruments (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
Gains/(losses) arising on financial assets at FVTPL				
- net gain on disposal	22,590	17,271	22,590	17,271
- unrealised gain/(loss)	(2,488)	4,173	(2,488)	4,173
- gross dividend income	1,731	895	1,731	895
- interest income	5,125	4,699	5,125	4,699
Gains/(losses) on derivative instruments				
- unrealised gain/(loss)	4,821	589	4,821	589
- interest income	1,681	406	1,681	406
- interest expense	(1,739)	(393)	(1,739)	(393)
Gains arising on financial investments at FVOCI				
- net gain on disposal	100,545	11,158	100,545	11,158
- gross dividend income	-	910	-	910
	132,266	39,708	132,266	39,708

24. Other operating income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
Foreign exchange gain/(loss)				
- realised	11,498	897	11,498	897
- unrealised	(11,381)	1,637	(11,381)	1,637
Gain on disposal of property and equipment	-	48	-	48
Other non-operating income	753	178	753	178
	870	2,760	870	2,760

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	31-03-2020 RM'000	31-03-2019 RM'000	31-03-2020 RM'000	31-03-2019 RM'000
Foreign exchange gain/(loss)				
- realised	11,544	2,074	11,544	2,074
- unrealised	(12,407)	1,085	(12,407)	1,085
Gain on disposal of property and equipment	-	47	-	47
Other non-operating income	618	148	618	148
	(245)	3,354	(245)	3,354

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25. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial Period ended 31-03-2020 RM'000	Corresponding Period ended 31-03-2019 RM'000	Financial Period-to-date 31-03-2020 RM'000	Corresponding Period-to-date 31-03-2019 RM'000
Personnel costs				
Salaries, allowances and bonuses	51,226	51,382	51,226	51,382
Contributions to defined contribution plan	8,143	7,294	8,143	7,294
Other personnel costs	8,882	5,046	8,882	5,046
	<u>68,251</u>	<u>63,722</u>	<u>68,251</u>	<u>63,722</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	2,810	2,926	2,810	2,926
Entertainment	1,023	931	1,023	931
Travelling and accomodation	633	921	633	921
Commission and brokerage expenses	62	157	62	157
Dealers' handling fees	1	300	1	300
Others	366	335	366	335
	<u>4,895</u>	<u>5,570</u>	<u>4,895</u>	<u>5,570</u>
Establishment-related expenses				
Repair and maintenance	3,127	2,548	3,127	2,548
Depreciation of property and equipment	2,588	2,326	2,588	2,326
Depreciation –ROU assets	2,512	2,299	2,512	2,299
Amortisation of intangible assets	689	615	689	615
Rental of premises	782	956	782	956
Electricity, water and sewerage	572	612	572	612
Insurance and indemnities	231	280	231	280
Equipment rental	153	86	153	86
Others	34	47	34	47
	<u>10,688</u>	<u>9,769</u>	<u>10,688</u>	<u>9,769</u>
General administrative expenses				
Subscription	3,158	2,796	3,158	2,796
Telecommunication expenses	2,711	2,526	2,711	2,526
Professional fees	1,729	1,301	1,729	1,301
Directors' remuneration	718	628	718	628
Auditors' remuneration	183	200	183	200
Property, plant and equipment written off	12	3	12	3
Others	2,025	1,408	2,025	1,408
	<u>10,536</u>	<u>8,862</u>	<u>10,536</u>	<u>8,862</u>
Total other operating expenses	<u>94,370</u>	<u>87,923</u>	<u>94,370</u>	<u>87,923</u>

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25. Other operating expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	33,399	33,959	33,399	33,959
Contributions to defined contribution plan	4,350	4,165	4,350	4,165
Other personnel costs	2,987	2,549	2,987	2,549
	<u>40,736</u>	<u>40,673</u>	<u>40,736</u>	<u>40,673</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	978	535	978	535
Travelling and accommodation	353	407	353	407
Entertainment	173	207	173	207
Commission and brokerage expenses	53	150	53	150
Dealers' handling fees	1	300	1	300
	<u>1,558</u>	<u>1,599</u>	<u>1,558</u>	<u>1,599</u>
Establishment-related expenses				
Depreciation of property and equipment	1,570	1,450	1,570	1,450
Depreciation –ROU assets	1,456	1,366	1,456	1,366
Amortisation of intangible assets	375	315	375	315
Repair and maintenance	1,490	1,319	1,490	1,319
Rental of premises	670	840	670	840
Electricity, water and sewerage	476	527	476	527
Insurance and indemnities	181	205	181	205
Equipment rental	22	(23)	22	(23)
Others	34	47	34	47
	<u>6,274</u>	<u>6,046</u>	<u>6,274</u>	<u>6,046</u>
General administrative expenses				
Telecommunication expenses	2,215	2,131	2,215	2,131
Subscription	1,908	1,798	1,908	1,798
Others	1,325	1,050	1,325	1,050
Professional fees	486	109	486	109
Directors' remuneration	453	403	453	403
Auditors' remuneration	134	126	134	126
Property, plant and equipment written off	6	3	6	3
	<u>6,527</u>	<u>5,620</u>	<u>6,527</u>	<u>5,620</u>
Total other operating expenses	<u>55,095</u>	<u>53,938</u>	<u>55,095</u>	<u>53,938</u>

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26. Allowances for credit impairment losses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2020	31-03-2019	31-03-2020	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
Expected credit losses ("ECL") (made)/written-back on:				
- loans, advances and financing	(6,080)	(172)	(6,080)	(172)
- trade receivables	(115)	84	(115)	84
- securities	(16)	(1,625)	(16)	(1,625)
- interbank placements	(7)	-	(7)	-
- other assets	(92)	(377)	(92)	(377)
- loan and financing commitments and financial guarantee	(3,364)	12	(3,364)	12
Bad debts recovered	1,633	75	1,633	75
Bad debts written off	-	(7)	-	(7)
	<u>(8,041)</u>	<u>(2,010)</u>	<u>(8,041)</u>	<u>(2,010)</u>

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
31-03-2020	31-03-2019	31-03-2020	31-03-2019	
	RM'000	RM'000	RM'000	RM'000
Expected credit losses ("ECL") (made)/written-back on:				
- loans, advances and financing	(6,080)	(172)	(6,080)	(172)
- trade receivables	(72)	93	(72)	93
- securities	(16)	(1,625)	(16)	(1,625)
- interbank placements	(7)	-	(7)	-
- other assets	(92)	(366)	(92)	(366)
- loan and financing commitments and financial guarantee	(3,364)	12	(3,364)	12
Bad debts recovered	1,633	75	1,633	75
Bad debts written off	-	(7)	-	(7)
	<u>(7,998)</u>	<u>(1,990)</u>	<u>(7,998)</u>	<u>(1,990)</u>

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27. Capital adequacy

	The Group		The Bank	
	31-03-2020 RM'000	31-12-2019 RM'000	31-03-2020 RM'000	31-12-2019 RM'000
Basel III				
Common Equity Tier (CET) 1 Capital :				
Share capital	999,800	999,800	999,800	999,800
Other reserve	(61,010)	(61,010)	-	-
Foreign exchange translation reserve	135	135	-	-
Retained profits	539,352	539,352	506,507	506,507
Unrealised gains on FVOCI instruments	3,913	77,210	3,858	77,155
	1,482,190	1,555,487	1,510,165	1,583,462
Less : Regulatory adjustment				
Goodwill and Intangible assets	(322,892)	(323,194)	(315,934)	(316,243)
Investment in subsidiaries /associates	(3,062)	(3,594)	(131,384)	(131,384)
Regulatory reserve	(18,178)	(23,731)	(18,178)	(23,731)
55% of unrealised gains on FVOCI instruments	(2,153)	(42,466)	(2,122)	(42,435)
Deferred tax assets	(14,677)	(9,533)	(10,189)	-
Total CET 1 capital	1,121,228	1,152,969	1,032,358	1,069,669
Additional Tier 1 Capital				
Qualifying non-controlling interests	19,724	25,241	-	-
Total CET 1 capital / Tier 1 capital (a)	1,140,952	1,178,210	1,032,358	1,069,669
Tier 2 capital				
Expected credit loss for financial assets	25,188	25,854	21,670	19,967
Total Tier 2 capital (b)	25,188	25,854	21,670	19,967
Total Capital (a) + (b)	1,166,140	1,204,064	1,054,028	1,089,636
Proposed dividends*	40,000	40,000	40,000	40,000
Capital Ratio				
CET 1 capital ratio	35.277%	34.432%	42.534%	44.406%
Tier 1 capital ratio	35.898%	35.186%	42.534%	44.406%
Total capital ratio	36.690%	35.958%	43.427%	45.235%
CET 1 capital ratio (net of proposed dividends)	34.019%	33.238%	40.886%	42.745%
Tier 1 capital ratio (net of proposed dividends)	34.639%	33.991%	40.886%	42.745%
Total capital ratio (net of proposed dividends)	35.432%	34.764%	41.779%	43.574%
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	2,015,033	2,068,326	1,733,568	1,597,385
Market risk	217,992	353,447	231,932	354,272
Operational risk	945,324	926,744	461,628	457,202
Total Risk-Weighted Assets	3,178,349	3,348,517	2,427,128	2,408,859

With effect from 1 January 2018, the total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 2 February 2018.

The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET 1") and Tier 1 Capital Ratio are 7.00% (2019: 7.00%) and 8.50% (2019: 8.50%) respectively for the financial period ended 31 March 2020. The minimum regulatory capital adequacy requirement at 10.50% (2019: 10.50%) for total capital ratio.

The Group and the Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operates;
- To safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group and the Bank maintain a ratio of total regulatory capital to its risk-weighted assets ("RWA") above a minimum level agreed with the management which takes into account the risk profile of the Group and the Bank, via the Internal Capital Adequacy Assessment process ("ICAAP").

* Proposed final dividend of 5.128 sen gross per share amounting to RM40,000,000 for the financial year ended 31 December 2019, have been approved by Bank Negara Malaysia on 27 February 2020, and subject to the approval of shareholders at the forthcoming Annual General Meeting on 19 May 2020.

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28. Commitments and contingencies

	The Group and the Bank	
	31-03-2020	31-12-2019
	Principal amount	Principal amount
	RM'000	RM'000
Transaction related contingent Items	89,106	91,106
Commitments to extend credit:		
- maturity not exceeding one year	14,741	13,721
- maturity exceeding one year	5,230	3,361
Interest rate related contracts:		
- less than one year	800,000	850,000
- one year to less than five years	2,810,000	2,230,000
- more than five years	30,000	30,000
Foreign exchange related contracts:		
- less than one year	5,372,376	3,407,478
- one year to less than five years	740,220	720,391
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	584,754	507,889
Total	<u>10,446,427</u>	<u>7,853,946</u>

29. Credit exposures arising from transactions with connected parties

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 31 March 2020 are as follows:

- | | |
|---|---------|
| (i) The aggregate value of outstanding credit exposures with connected parties (RM'000) | 573,271 |
| (ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures | 13.22% |
| (iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default | Nil |

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**Notes to the unaudited condensed interim financial statements
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The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

- (a) Level 1 - quoted price (unadjusted) in active markets for identical assets and liabilities
 (b) Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 (c) Level 3 - inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31-03-2020				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	2	-	2
- Corporate bonds or sukuk	-	33,314	-	33,314
- Shares, warrants and unit trusts	273,557	-	-	273,557
Financial investments at FVOCI				
- Money market instruments	-	1,971,644	-	1,971,644
- Corporate bonds or sukuk	-	1,944,497	-	1,944,497
- Shares	-	-	23,002	23,002
Derivative financial assets	-	145,987	-	145,987
Total	273,557	4,095,444	23,002	4,392,003
Liabilities				
Derivative financial liabilities	-	144,478	-	144,478
Puttable liabilities - investment in funds	20,858	-	-	20,858
Other liabilities -equities trading	673	-	-	673
Total	21,531	144,478	-	166,009
31-12-2019				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	137,242	-	137,242
- Corporate bonds and/or sukuk	-	33,312	-	33,312
- Shares, warrants and unit trusts	321,362	-	-	321,362
Financial investments at FVOCI				
- Money market instruments	-	1,694,359	-	1,694,359
- Corporate bonds and/or sukuk	-	3,096,594	-	3,096,594
- Shares	-	-	23,002	23,002
Derivative financial assets	-	52,583	-	52,583
Total	321,362	5,014,090	23,002	5,358,454
Liabilities				
Derivative financial liabilities	-	50,535	-	50,535
Puttable liabilities - investment in funds	20,917	-	-	20,917
Other liabilities -equities trading	4,282	-	-	4,282
Total	25,199	50,535	-	75,734

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**Notes to the unaudited condensed interim financial statements
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The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy (continued):

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31-03-2020				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	2	-	2
- Corporate bonds and/or sukuk	-	1	-	1
- Shares, warrants and unit trusts	210,432	-	-	210,432
Financial investments at FVOCI				
- Money market instruments	-	1,971,644	-	1,971,644
- Corporate bonds and/or sukuk	-	1,944,497	-	1,944,497
- Shares	-	-	23,002	23,002
Derivative financial assets	-	145,068	-	145,068
Total	210,432	4,061,212	23,002	4,294,646
Liabilities				
Derivative financial liabilities	-	144,478	-	144,478
Other liabilities -equities trading	673	-	-	673
Total	673	144,478	-	145,151
31-12-2019				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	137,242	-	137,242
- Corporate bonds and/or sukuk	-	1	-	1
- Shares, warrants and unit trusts	247,606	-	-	247,606
Financial investments at FVOCI				
- Money market instruments	-	1,694,359	-	1,694,359
- Corporate bonds and/or sukuk	-	3,096,594	-	3,096,594
- Shares	-	-	23,002	23,002
Derivative financial assets	-	51,585	-	51,585
Total	247,606	4,979,781	23,002	5,250,389
Liabilities				
Derivative financial liabilities	-	50,535	-	50,535
Other liabilities -equities trading	4,282	-	-	4,282
Total	4,282	50,535	-	54,817

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30. Fair value measurements (continued)

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 of the valuation hierarchy. These would include listed equities which are actively traded. Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate private debt securities, corporate notes and most of the Group's over-the-counter ("OTC") derivatives.

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The Group and the Bank may also use valuation models or discounted cash flow technique to determine the fair value.

Most of the OTC derivatives are priced using valuation models. Where derivative products have been established in the markets for some time, the Group and the Bank use models that are widely accepted by the industry. The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models. OTC derivatives which are valued using unobservable inputs that are supported by little or no market activity which are significant to the fair value of the assets or liabilities are classified as Level 3.

The following table present the changes in Level 3 instruments for the financial period/year ended:-

	The Group and The Bank	
	31-03-2020	31-12-2019
	RM'000	RM'000
Opening	23,002	21,821
FVOCI revaluation reserve	-	1,181
Closing	23,002	23,002

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at end of the current reporting date and last financial year ended 31 December 2019, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purpose.

In estimating its significance, the Group used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be statistical or other relevant approved techniques.