

**AmlInvestment Bank Berhad**

Registration No. 197501002220 (23742-V)

(Incorporated in Malaysia)

**And Its Subsidiaries**

**Condensed Interim Financial Statements**

**For the Financial Period**

**1 April 2021 to**

**31 December 2021**

(In Ringgit Malaysia)

**AmlInvestment Bank Berhad**  
**Registration No. 197501002220 (23742-V)**  
**(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	Group		Bank	
		31 December 2021 RM'000	31 March 2021 RM'000	31 December 2021 RM'000	31 March 2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds	9	1,103,043	235,109	1,016,079	135,624
Derivative financial assets		2	-	2	-
Financial assets at fair value through other comprehensive income	10	33,636	2,995	33,636	2,995
Financial investments at amortised cost	11	75,000	105,007	75,000	105,007
Loans and advances	12	602,542	512,628	602,542	512,628
Statutory deposit with Bank Negara Malaysia		9,807	6,504	9,807	6,504
Deferred tax assets		6,470	8,351	4,253	5,742
Investment in subsidiaries		-	-	51,441	51,441
Other assets	13	334,501	625,159	305,934	599,057
Property and equipment		16,601	17,157	16,099	16,807
Right-of-use assets		3,492	3,904	3,492	3,904
Intangible assets		38,894	38,792	2,074	1,872
<b>TOTAL ASSETS</b>		<b>2,223,988</b>	<b>1,555,606</b>	<b>2,120,359</b>	<b>1,441,581</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of a bank	14	1,310,000	585,000	1,310,000	585,000
Financial liabilities at fair value through profit or loss	15	3,505	-	3,505	-
Derivative financial liabilities		1,129	8	1,129	8
Other liabilities	16	378,889	510,675	352,022	489,339
<b>TOTAL LIABILITIES</b>		<b>1,693,523</b>	<b>1,095,683</b>	<b>1,666,656</b>	<b>1,074,347</b>
Share capital		330,000	330,000	330,000	330,000
Reserves		200,465	129,923	123,703	37,234
Equity attributable to equity holder of the Bank		530,465	459,923	453,703	367,234
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,223,988</b>	<b>1,555,606</b>	<b>2,120,359</b>	<b>1,441,581</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	26	<b>214,655</b>	<b>243,243</b>	<b>214,655</b>	<b>243,243</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>1.69</b>	<b>1.46</b>	<b>1.44</b>	<b>1.17</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

**AmlInvestment Bank Berhad**  
**Registration No. 197501002220 (23742-V)**  
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**and its subsidiaries**

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Group	Note	Individual Quarter		Cumulative Quarter	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Interest income	17	11,414	8,377	33,049	23,461
Interest expense	18	(2,945)	(1,470)	(8,657)	(4,201)
Net interest income		8,469	6,907	24,392	19,260
Net income from operations of Islamic banking		-	2,807	2,148	7,425
Other operating income	19	107,802	108,712	324,303	300,337
Direct costs	20	(24,361)	(38,745)	(79,022)	(102,982)
Net income		91,910	79,681	271,821	224,040
Other operating expenses	21	(49,355)	(49,330)	(133,715)	(134,226)
Operating profit		42,555	30,351	138,106	89,814
Net writeback of allowance/(allowance) for impairment on loans and advances	22	-	20	(1)	3,169
(Allowance)/Writeback of allowance for impairment on other financial assets	23	(167)	449	(348)	361
Writeback of provision/(Provision) for commitments and contingencies		-	245	(173)	54
<b>Profit before taxation</b>		42,388	31,065	137,584	93,398
Taxation		4,555	(14,569)	(16,950)	(28,513)
<b>Profit for the financial period</b>		46,943	16,496	120,634	64,885
<b>Basic/diluted earnings per share (sen)</b>	24	14.9	8.2	38.4	32.4

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

**AmlInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Profit for the financial period	46,943	16,496	120,634	64,885
<b>Other comprehensive income:</b>				
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Financial assets at fair value through other comprehensive income ("FVOCI")				
Net unrealised gain on changes in fair value	-	-	157	224
Tax effect	38	-	-	316
	38	-	157	540
<b>Item that may be reclassified subsequently to profit or loss</b>				
Currency translation on foreign operations	-	(2,497)	-	(2,497)
Financial assets at fair value through other comprehensive income ("FVOCI")				
Net unrealised gain/(loss) on changes in fair value	12	-	(4)	-
Tax effect	(3)	-	1	-
	9	-	(3)	-
Other comprehensive income/(loss) for the financial period	47	(2,497)	154	(1,957)
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>46,990</b>	<b>13,999</b>	<b>120,788</b>	<b>62,928</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

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**UNAUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Bank	Note	Individual Quarter		Cumulative Quarter	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Interest income	17	11,069	8,068	31,853	22,465
Interest expense	18	(2,903)	(1,415)	(8,512)	(4,036)
Net interest income		8,166	6,653	23,341	18,429
Net income from operations of Islamic banking		-	2,807	2,148	7,425
Other operating income	19	83,957	80,564	239,157	202,411
Direct costs	20	(11,339)	(22,915)	(37,382)	(61,801)
Net income		80,784	67,109	227,264	166,464
Other operating expenses	21	(33,888)	(33,325)	(86,571)	(88,565)
Operating profit		46,896	33,784	140,693	77,899
Net writeback of allowance/(allowance) for impairment on loans and advances	22	-	20	(1)	3,169
(Allowance)/writeback of allowance for impairment on other financial assets	23	(167)	449	(348)	504
Writeback of provision/(Provision) for commitments and contingencies		-	245	(173)	54
<b>Profit before taxation</b>		46,729	34,498	140,171	81,626
Taxation		8,540	(11,013)	(3,610)	(17,649)
<b>Profit for the financial period</b>		55,269	23,485	136,561	63,977

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Profit for the financial period	55,269	23,485	136,561	63,977
<b>Other comprehensive income/(loss):</b>				
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Financial assets at fair value through other comprehensive income				
Net unrealised gain on changes in fair value	-	-	157	224
Tax effect	38	-	-	316
	38	-	157	540
<b>Item that may be reclassified subsequently to profit or loss</b>				
Financial assets at fair value through other comprehensive income ("FVOCI")				
Net unrealised gain/(loss) on changes in fair value	12	-	(4)	-
Tax effect	(3)	-	1	-
	9	-	(3)	-
Other comprehensive income for the financial period	47	-	154	540
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>55,316</b>	<b>23,485</b>	<b>136,715</b>	<b>64,517</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Group	-----Attributable to equity holder of the Bank----->								
	Non-distributable					Distributable			Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000		
<b>At 1 April 2020</b>	200,000	2,815	4,912	82,115	2,497	999	305,635	598,973	
Profit for the financial period	-	-	-	-	-	-	64,885	64,885	
Other comprehensive (loss)/income	-	-	-	-	(2,497)	540	-	(1,957)	
Total comprehensive (loss)/income for the period	-	-	-	-	(2,497)	540	64,885	62,928	
Transfer to regulatory reserve	-	-	1,929	-	-	-	(1,929)	-	
Dividends paid	-	-	-	-	-	-	(69,000)	(69,000)	
Transactions with owner and other equity movements	-	-	1,929	-	-	-	(70,929)	(69,000)	
<b>At 31 December 2020</b>	<b>200,000</b>	<b>2,815</b>	<b>6,841</b>	<b>82,115</b>	<b>-</b>	<b>1,539</b>	<b>299,591</b>	<b>592,901</b>	
<b>At 1 April 2021</b>	330,000	2,815	-	82,115	-	1,539	43,454	459,923	
Profit for the financial period	-	-	-	-	-	-	120,634	120,634	
Other comprehensive income	-	-	-	-	-	154	-	154	
Total comprehensive income for the period	-	-	-	-	-	154	120,634	120,788	
Transfer to regulatory reserve	-	-	8,140	-	-	-	(8,140)	-	
Dividends paid	-	-	-	-	-	-	(50,246)	(50,246)	
Transactions with owner and other equity movements	-	-	8,140	-	-	-	(58,386)	(50,246)	
<b>At 31 December 2021</b>	<b>330,000</b>	<b>2,815</b>	<b>8,140</b>	<b>82,115</b>	<b>-</b>	<b>1,693</b>	<b>105,702</b>	<b>530,465</b>	

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Bank	<-----Attributable to equity holder of the Bank----->				
	Non-distributable			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 April 2020</b>	200,000	4,912	999	313,545	519,456
Profit for the financial period	-	-	-	63,977	63,977
Other comprehensive income	-	-	540	-	540
Total comprehensive income for the period	-	-	540	63,977	64,517
Transfer to regulatory reserve	-	1,929	-	(1,929)	-
Dividends paid	-	-	-	(69,000)	(69,000)
Transactions with owner and other equity movements	-	1,929	-	(70,929)	(69,000)
<b>At 31 December 2020</b>	<b>200,000</b>	<b>6,841</b>	<b>1,539</b>	<b>306,593</b>	<b>514,973</b>
<b>At 1 April 2021</b>	330,000	-	1,539	35,695	367,234
Profit for the financial period	-	-	-	136,561	136,561
Other comprehensive income	-	-	154	-	154
Total comprehensive income for the period	-	-	154	136,561	136,715
Transfer to regulatory reserve	-	8,140	-	(8,140)	-
Dividends paid	-	-	-	(50,246)	(50,246)
Transactions with owner and other equity movements	-	8,140	-	(58,386)	(50,246)
<b>At 31 December 2021</b>	<b>330,000</b>	<b>8,140</b>	<b>1,693</b>	<b>113,870</b>	<b>453,703</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	Group		Bank	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Profit before taxation	137,584	93,398	140,171	81,626
Adjustments for non-operating and non cash items	125	3,389	(67,601)	(40,906)
Operating profit before working capital changes	137,709	96,787	72,570	40,720
Change in operating assets	195,007	(99,106)	202,530	(91,410)
Change in operating liabilities	598,394	(35,507)	592,871	(39,338)
Cash generated from/(used in) operations	931,110	(37,826)	867,971	(90,028)
Tax (paid)/refund	(10,264)	215	(2,550)	2,104
Net cash generated from/(used in) operating activities	920,846	(37,611)	865,421	(87,924)
Net cash (used in)/generated from investing activities	(2,154)	28,225	65,792	63,727
Net cash used in financing activities	(50,757)	(69,576)	(50,757)	(69,576)
Net increase/(decrease) in cash and cash equivalents	867,935	(78,962)	880,456	(93,773)
Cash and cash equivalents at beginning of the financial year	235,109	285,608	135,624	211,717
Cash and cash equivalents at end of the financial period (Note 1)	1,103,044	206,646	1,016,080	117,944
Note 1:				
Cash and short term funds	1,103,043	206,645	1,016,079	117,943
Add:				
Allowances for expected credit losses	1	1	1	1
Cash and cash equivalents at end of the financial period	1,103,044	206,646	1,016,080	117,944

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2021.

**EXPLANATORY NOTES :**

**1. 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"). These financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2021.

**1.1 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 Bank on 1 April 2021:

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

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Group and the Bank. The Group and the Bank 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 Bank are described below:

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

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

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

In addition, formal designation of a hedging relationship shall be amended to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform without discontinuing the existing hedging relationship or designation of a new hedging relationship.

In view of the practical expedient and temporary exceptions provided in these amendments, the discontinuation of London Interbank Offer Rate ("LIBOR") and the transition to alternative RFRs has not resulted in any significant financial impact to the Group and the Bank.

**1. BASIS OF PREPARATION (CONT'D.)**

**1.2 Standards issued but not yet effective**

Description	Effective for annual periods beginning on or after
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
- Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
- Annual Improvements to MFRS Standards 2018-2020	1 January 2022
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Amendments to MFRS 17	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
- Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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

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

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

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

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

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

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

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

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

### **1.2 Standards issued but not yet effective (Cont'd.)**

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

##### **Reference to the Conceptual Framework (Amendments to MFRS 3)**

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

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

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

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

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

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

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

##### **(ii) MFRS 9 *Financial Instruments***

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

##### **(iii) MFRS 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.

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

### **1.2 Standards issued but not yet effective (Cont'd.)**

#### **(c) Amendments to published standards effective for financial year ending 31 March 2024**

##### **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 Bank present all assets and liabilities in the statements of financial position in order of liquidity.

##### **Disclosure of Accounting Policies (Amendments to MFRS 101)**

The amendments require entities to disclose material accounting policies rather than significant accounting policies in the financial statements. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

An accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the users make based on those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Immaterial accounting policy information need not be disclosed.

The amendments are applied from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted.

##### **Definition of Accounting Estimates (Amendments to MFRS 108)**

The amendments redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty" and provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates.

The amendments further clarify that effects of a change in an input or measurement technique used to develop an accounting estimate (for example, expected credit losses, fair value of an asset or liability, and depreciation for property and equipment) is a change in accounting estimate, if they do not arise from prior period errors.

The amendments are applied from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted.

##### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)**

The amendments clarified that that the initial exemption rule from recognising deferred taxes does not apply to transactions where both an asset and a liability are recognised at the same time resulting in equal amounts of taxable and deductible temporary differences. This essentially means that lessees would not be able to apply the initial exemption rule in MFRS 112 for the assets and liabilities arising from leases.

The amendments are applied from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted. As the Group currently adopted the policy not to recognise deferred taxes on leases, additional deferred taxes on temporary differences associated with right-of-use assets, lease liabilities and decommissioning obligations would need to be recognised when the amendments become effective.

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

### **1.2 Standards issued but not yet effective (Cont'd.)**

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

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

The amendments clarify that:

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

### **1.3 Significant Accounting judgements, Estimates and Assumptions**

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on 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 and liabilities affected in future periods.

In the process of applying the Group's and the Bank'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 2021 except for provision for income tax and deferred tax.

- (i) On 13 December 2021, the Dewan Rakyat has passed the Supply Bill ("Budget for 2022") which includes one-off tax of Cukai Makmur for Year Assessment ("YA") 2022 of which corporate income tax rate of 33% will be imposed to entities with taxable income more than RM100 million in YA2022. The impact to the Group and the Bank for the financial period ended 31 December 2021 is not material.
- (ii) In the current quarter, based on legal opinion received, the Bank claimed tax deduction on allocated settlement of RM295.0 million with Ministry of Finance Malaysia and its related expenses of RM2.2 million in its tax return for the Year Assessment ("YA") 2021. Accordingly, the Bank recognised a portion of tax deduction as tax recoverable while the unutilised tax loss arose from the remaining tax deduction will be reassessed throughout the discussion between AMMB Group and Inland Revenue Board.

## **2. AUDIT QUALIFICATION**

There was no audit qualification in the audited annual financial statements for the year ended 31 March 2021.

## **3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

## **4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items during the current financial quarter and period.

## **5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter and period ended 31 December 2021.

## **6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

The Group and the Bank have not issued any new shares or debentures during the financial quarter and period.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Group and the Bank during the financial quarter and period.

## **7. DIVIDENDS**

In respect of the current financial period, the Board of Directors declared an interim single-tier cash dividend of 16.0 sen per ordinary share on 314,035,088 ordinary shares amounting to RM50,245,614, which was paid on 10 December 2021.

## **8. CESSATION OF ISLAMIC BANKING**

Upon notification to BNM, with effect from 15 June 2021, the Group and the Bank no longer required to disclose its operations of Islamic banking relating to stockbroking and capital market activities undertaken in compliance with Shariah principles that are regulated by the Securities Commission and Bursa Malaysia Berhad. This change is also aligned to the presentation of financial information presented to management to manage the business.

As guided by BNM, retrospective application is not allowed. The change in the presentation will be applied prospectively.

**9. CASH AND SHORT TERM FUNDS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Cash and bank balances	1,042,852	174,412	955,888	74,927
Deposit placements maturing within one month:				
Licensed banks	26,250	21,400	26,250	21,400
Bank Negara Malaysia	19,000	25,000	19,000	25,000
Other financial institutions	14,944	14,297	14,944	14,297
	<u>1,103,046</u>	<u>235,109</u>	<u>1,016,082</u>	<u>135,624</u>
Less: Allowances for ECL				
- Stage 1 -12-month ECL	(3)	-	(3)	-
	<u>1,103,043</u>	<u>235,109</u>	<u>1,016,079</u>	<u>135,624</u>

Movements in allowances for ECL are as follows:

<b>Group and Bank</b>	<b>Stage 1 12-Month ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>			
Balance at beginning of the financial period	-	-	-
Net remeasurement of allowances	3	-	3
Balance at end of the financial period	<u>3</u>	<u>-</u>	<u>3</u>
<b>At 31 March 2021</b>			
Balance at beginning of the financial year	2	-	2
Net remeasurement of allowances	(2)	-	(2)
Balance at end of the financial year	<u>-</u>	<u>-</u>	<u>-</u>

**10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair value</b>		
Money Market Instruments:		
Malaysian Government Securities	30,484	-
Unquoted Securities:		
In Malaysia:		
Shares	3,131	2,977
Outside Malaysia:		
Shares	21	18
	<u>33,636</u>	<u>2,995</u>

**11. FINANCIAL INVESTMENTS AT AMORTISED COST**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Money Market Instruments:		
Malaysian Government Securities	-	30,007
Unquoted Securities in Malaysia:		
Sukuk	75,000	75,000
	<u>75,000</u>	<u>105,007</u>

**12. LOANS AND ADVANCES**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost</b>		
Share margin financing	594,035	504,253
Revolving credits	7,987	7,751
Staff loans	522	625
Gross loans and advances	<u>602,544</u>	<u>512,629</u>
Less: Allowance for impairment on loans and advances		
Allowances for ECL		
Stage 1 - 12 months expected credit loss ("ECL")	(2)	(1)
Net loans and advances	<u>602,542</u>	<u>512,628</u>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises:		
Small medium enterprises	40,639	26,835
Others	11,592	27,898
Individuals	545,086	453,315
Foreign individuals and entities	5,227	4,581
	<u>602,544</u>	<u>512,629</u>

(b) All loans and advances reside in Malaysia.

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Other fixed rate loans	594,035	504,253
	<u>594,035</u>	<u>504,253</u>
Variable rate:		
Base rate and base lending rate plus	522	625
Cost-plus	7,987	7,751
	<u>8,509</u>	<u>8,376</u>
	<u>602,544</u>	<u>512,629</u>

**12. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	1,997	1,560
Manufacturing	9,104	7,030
Construction	8,278	15,764
Wholesale and retail trade and hotels and restaurant	8,260	439
Transport, storage and communication	9,402	-
Finance and insurance	152	-
Real estate	248	309
Business activities	5,000	29,631
Education and health	9,790	-
Household, of which:		
Purchase of residential properties	522	625
Purchase of transport vehicles	1	1
Purchase of securities	549,790	457,270
	<u>602,544</u>	<u>512,629</u>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	602,092	512,141
Over one year to three years	23	9
Over three years to five years	92	120
Over five years	337	359
	<u>602,544</u>	<u>512,629</u>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial period/year	-	1,803
Recoveries	-	(132)
Amount written off	-	(1,671)
Balance at end of the financial period/year	<u>-</u>	<u>-</u>

**12. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Stage 1 12-Month ECL RM'000</b>	<b>Stage 3 Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>			
<b>At 31 December 2021</b>			
Balance at beginning/end of the financial period	1	-	1
Allowance for ECL during the period (Note 22):	1	-	1
Net remeasurement of allowances	1	-	1
Balance at the end of the financial period	<u>2</u>	<u>-</u>	<u>2</u>
<b>At 31 March 2021</b>			
Balance at beginning of the financial year	4	1,803	1,807
Writeback of allowances for ECL:	(3)	(132)	(135)
Transfer from Stage 3 to Stage 1	-	(132)	(132)
Net remeasurement of allowances	(3)	-	(3)
Amount written off	-	(1,671)	(1,671)
Balance at the end of the financial year	<u>1</u>	<u>-</u>	<u>1</u>

### 13. OTHER ASSETS

	Group		Bank	
	31 December 2021 RM'000	31 March 2021 RM'000	31 December 2021 RM'000	31 March 2021 RM'000
Trade receivables	180,854	539,538	168,678	528,044
Other receivables, deposits and prepayments	29,042	33,775	9,158	15,910
Interest receivable	1,423	585	1,423	585
Tax recoverable	8,687	6,656	8,671	6,624
Margin deposits	116,902	46,756	116,902	46,756
Amount due from:				
Holding company	233	283	233	283
Subsidiaries	-	-	3,075	2,864
Other related companies	330	598	331	589
	<u>337,471</u>	<u>628,191</u>	<u>308,471</u>	<u>601,655</u>
Less:				
Allowances for impairment	(2,970)	(3,032)	(2,537)	(2,598)
	<u>334,501</u>	<u>625,159</u>	<u>305,934</u>	<u>599,057</u>

### 14. DEPOSITS AND PLACEMENTS OF A BANK

The deposit placed with the Bank is by a related company.

### 15. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	31 December 2021 RM'000	31 March 2021 RM'000	31 December 2021 RM'000	31 March 2021 RM'000
<b>At Fair value</b>				
Quoted Securities:				
In Malaysia:				
Shares	3,505	-	3,505	-
	<u>3,505</u>	<u>-</u>	<u>3,505</u>	<u>-</u>

### 16. OTHER LIABILITIES

	Group		Bank	
	31 December 2021 RM'000	31 March 2021 RM'000	31 December 2021 RM'000	31 March 2021 RM'000
Trade payables	306,526	436,493	306,526	436,493
Other payables and accruals	52,513	52,388	31,815	36,590
Interest payable	1,448	658	1,448	658
Provision for commitments and contingencies	173	-	173	-
Lease liabilities	3,496	3,856	3,496	3,856
Provision for reinstatement of leased properties	300	297	300	297
Amount due to:				
Subsidiaries	-	-	1	-
Related companies	10,463	16,983	8,263	11,445
Bank Overdraft	3,970	-	-	-
	<u>378,889</u>	<u>510,675</u>	<u>352,022</u>	<u>489,339</u>

**17. INTEREST INCOME**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Cash and short-term funds	1,600	749	3,787	2,357
Financial investments at fair value through other comprehensive income	140	-	194	-
Financial investments at amortised cost	788	1,069	2,805	3,283
Loans and advances	8,543	6,251	25,233	16,998
Others	343	308	1,030	823
	<b>11,414</b>	<b>8,377</b>	<b>33,049</b>	<b>23,461</b>

  

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Cash and short-term funds	1,255	440	2,591	1,362
Financial investments at fair value through other comprehensive income	140	-	194	-
Financial investments at amortised cost	788	1,069	2,805	3,283
Loans and advances	8,543	6,251	25,233	16,998
Others	343	308	1,030	822
	<b>11,069</b>	<b>8,068</b>	<b>31,853</b>	<b>22,465</b>

**18. INTEREST EXPENSE**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Deposits and placements of a bank	2,734	1,378	8,135	3,919
Others	211	92	522	282
	<b>2,945</b>	<b>1,470</b>	<b>8,657</b>	<b>4,201</b>

  

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Deposits and placements of a bank	2,734	1,378	8,135	3,919
Others	169	37	377	117
	<b>2,903</b>	<b>1,415</b>	<b>8,512</b>	<b>4,036</b>

**19. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	19,361	35,836	67,151	102,384
Corporate advisory	1,290	2,608	12,598	7,933
Fees on loans and securities	24,249	889	43,998	2,872
Portfolio management fees	6,652	10,610	36,039	36,053
Underwriting commission	241	129	782	129
Unit trust management fees	37,305	31,881	100,220	85,695
Unit trust service charges	8,365	10,458	28,127	28,144
Wealth management fees	4,039	10,785	18,662	27,663
Other fee and commission income	5,351	2,982	13,562	6,457
	<u>106,853</u>	<u>106,178</u>	<u>321,139</u>	<u>297,330</u>
Investment and trading income:				
Dividend income from:				
Financial assets at fair value through other comprehensive income	-	-	293	244
Net foreign exchange (loss)/gain	(158)	(597)	146	(1,509)
Net gain from sale of financial assets at fair value through profit or loss	-	-	-	9
Net gain from redemption of financial liabilities at fair value through profit or loss	313	-	313	-
Net loss on derivatives	-	-	-	(2)
Net loss on revaluation of financial assets at fair value through profit or loss	-	-	-	(3)
Net gain on revaluation of financial liabilities at fair value through profit or loss	59	-	59	-
Gain on liquidation of a subsidiary	-	2,457	-	2,457
	<u>214</u>	<u>1,860</u>	<u>811</u>	<u>1,196</u>
Other income:				
Net gain on disposal of property and equipment	1	2	2	2
Non-trading foreign exchange gain	5	151	4	147
Rental income	615	478	1,866	1,422
Others	114	43	481	240
	<u>735</u>	<u>674</u>	<u>2,353</u>	<u>1,811</u>
	<u>107,802</u>	<u>108,712</u>	<u>324,303</u>	<u>300,337</u>

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

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Fee and commission income:				
Brokerage fees and commission	19,361	35,836	67,151	102,384
Corporate advisory	1,290	2,608	12,598	7,933
Fees on loans and securities	24,249	889	43,998	2,872
Portfolio management fees	332	381	1,045	772
Underwriting commission	241	129	782	129
Wealth management fees	7,953	13,919	29,153	36,178
Other fee and commission income	5,358	3,015	13,602	6,548
	<u>58,784</u>	<u>56,777</u>	<u>168,329</u>	<u>156,816</u>
Investment and trading income:				
Dividend income from :				
Subsidiaries	24,200	14,300	67,600	35,250
Financial assets at fair value through other comprehensive income	-	-	293	244
Net foreign exchange (loss)/gain	(121)	(519)	194	(984)
Net gain from sale of financial assets at fair value through profit or loss	-	-	-	9
Net gain from redemption of financial liabilities at fair value through profit or loss	313	-	313	-
Net loss on derivatives	-	-	-	(2)
Net loss on revaluation of financial assets at fair value through profit or loss	-	-	-	(3)
Net gain on revaluation of financial liabilities at fair value through profit or loss	59	-	59	-
Gain on liquidation of a subsidiary	6	9,502	6	9,502
	<u>24,457</u>	<u>23,283</u>	<u>68,465</u>	<u>44,016</u>
Other income:				
Net gain on disposal of property and equipment	1	2	2	2
Rental income	616	479	1,869	1,426
Others	99	23	492	151
	<u>716</u>	<u>504</u>	<u>2,363</u>	<u>1,579</u>
	<u>83,957</u>	<u>80,564</u>	<u>239,157</u>	<u>202,411</u>

**20. DIRECT COSTS**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Brokerage commission	7,565	14,438	26,372	41,808
Unit trust commission	13,022	15,830	41,640	41,181
Others	3,774	8,477	11,010	19,993
	<u>24,361</u>	<u>38,745</u>	<u>79,022</u>	<u>102,982</u>
<b>Bank</b>				
Brokerage commission	7,565	14,438	26,372	41,808
Others	3,774	8,477	11,010	19,993
	<u>11,339</u>	<u>22,915</u>	<u>37,382</u>	<u>61,801</u>

**21. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Personnel costs				
- Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	3,490	3,699	10,189	10,103
- Salaries, allowances and bonuses	21,781	23,042	63,719	63,091
- Share granted under AMMB Executives' Share Scheme ("ESS") - charge/(writeback)	198	1,845	(2,335)	5,299
- Social security costs	125	125	380	377
- Others	2,374	2,248	5,476	5,367
	<u>27,968</u>	<u>30,959</u>	<u>77,429</u>	<u>84,237</u>
Establishment costs				
- Amortisation of intangible assets	204	264	638	640
- Cleaning, maintenance and security	(80)	425	668	878
- Computerisation costs	3,565	2,529	8,336	6,076
- Depreciation of property and equipment	488	544	1,495	1,649
- Depreciation of right-of-use asset	165	164	476	590
- Finance costs:				
- interest on lease liability	29	33	88	101
- provision for reinstatement of leased properties	1	1	3	4
- Rental of premises	1,731	1,833	5,174	5,446
- Others	232	230	423	746
	<u>6,335</u>	<u>6,023</u>	<u>17,301</u>	<u>16,130</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	239	221	402	394
- Sales commission	12	23	19	38
- Travelling and entertainment	107	221	288	512
- Communication expenses	470	660	1,498	2,057
- Others	44	36	302	(818)
	<u>872</u>	<u>1,161</u>	<u>2,509</u>	<u>2,183</u>
Administration and general expenses				
- Professional fees	5,962	3,031	12,590	9,381
- Travelling	45	53	159	192
- Others	3,248	3,321	9,911	10,126
	<u>9,255</u>	<u>6,405</u>	<u>22,660</u>	<u>19,699</u>
Service transfer pricing - expense, net	4,925	4,782	13,816	11,977
	<u>49,355</u>	<u>49,330</u>	<u>133,715</u>	<u>134,226</u>

**21. OTHER OPERATING EXPENSES (CONTD.)**

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
<b>Personnel costs</b>				
- Contributions to EPF/Private Retirement Schemes	2,313	2,528	6,668	6,822
- Salaries, allowances and bonuses	14,497	15,807	41,636	42,631
- Share granted under AMMB ESS - charge/(writeback)	99	1,595	(2,120)	4,126
- Social security costs	81	83	249	249
- Others	1,697	1,535	3,559	3,622
	<u>18,687</u>	<u>21,548</u>	<u>49,992</u>	<u>57,450</u>
<b>Establishment costs</b>				
- Amortisation of intangible assets	161	216	502	502
- Cleaning, maintenance and security	(83)	418	660	845
- Computerisation costs	3,548	2,526	8,306	6,066
- Depreciation of property and equipment	439	491	1,341	1,479
- Depreciation of right-of-use asset	165	164	476	590
- Finance costs:				
- interest on lease liability	30	31	91	101
- provision for reinstatement of leased properties	-	3	-	4
- Rental of premises	1,312	1,401	3,919	4,147
- Others	218	208	379	679
	<u>5,790</u>	<u>5,458</u>	<u>15,674</u>	<u>14,413</u>
<b>Marketing and communication expenses</b>				
- Advertising, promotional and other marketing activities	214	113	305	224
- Sales commission	12	5	19	20
- Travelling and entertainment	85	208	262	477
- Communication expenses	350	534	1,103	1,652
- Others	33	11	166	(845)
	<u>694</u>	<u>871</u>	<u>1,855</u>	<u>1,528</u>
<b>Administration and general expenses</b>				
- Professional fees	3,539	545	4,419	1,758
- Travelling	37	47	133	141
- Others	1,430	1,374	4,235	4,519
	<u>5,006</u>	<u>1,966</u>	<u>8,787</u>	<u>6,418</u>
<b>Service transfer pricing - expense, net</b>				
	<u>3,711</u>	<u>3,482</u>	<u>10,263</u>	<u>8,756</u>
	<u><b>33,888</b></u>	<u><b>33,325</b></u>	<u><b>86,571</b></u>	<u><b>88,565</b></u>

## 22. NET WRITEBACK OF ALLOWANCE/(ALLOWANCE) FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
<b>Group and Bank</b>				
Writeback of allowance/(allowance) for impairment on loans and advances	-	20	(1)	135
Impaired loans and advances recovered	-	-	-	3,034
	<u>-</u>	<u>20</u>	<u>(1)</u>	<u>3,169</u>

## 23. (ALLOWANCE)/WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON OTHER FINANCIAL ASSETS

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
<b>Group</b>				
Cash and short term funds	(1)	-	(2)	1
Other assets	(166)	449	(346)	360
	<u>(167)</u>	<u>449</u>	<u>(348)</u>	<u>361</u>
<b>Bank</b>				
Cash and short term funds	(1)	-	(2)	1
Other assets	(166)	449	(346)	503
	<u>(167)</u>	<u>449</u>	<u>(348)</u>	<u>504</u>

## 24. BASIC/DILUTED EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Group</b>				
Net profit attributable to shareholder of the Group (RM'000)	<u>46,943</u>	<u>16,496</u>	<u>120,634</u>	<u>64,885</u>
Weighted average number of ordinary shares in issue ('000)	<u>314,035</u>	<u>200,000</u>	<u>314,035</u>	<u>200,000</u>
Basic/diluted earnings per share (sen)	<u>14.9</u>	<u>8.2</u>	<u>38.4</u>	<u>32.4</u>

## **25. 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 division forms the basis on which the Group reports its segment information.

i. The Group comprises the following main business segments:

### **(a) Investment banking**

The Investment Banking division of the Group offers a full range of investment banking solutions and services, encompassing the following business segments:

- (i) Equity Markets – provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities and futures both online and offline.
- (ii) 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.
- (iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AMMB Group.
- (iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.
- (v) Capital Markets – provides debt financing solutions to clients through a wide array of products which include conventional corporate bonds and Islamic sukuk, loan syndication, capital and project advisory as well as structured finance and securitization deals.
- (vi) Others – other Investment Banking supporting function within the Group.

### **(b) 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.

ii. Measurement of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on aggregation.

#### **Note:**

- (i) The Chief Operating Decision Maker relies primarily on the net fee income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- (iii) The comparatives have been restated to conform with current business realignment.

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

For the financial period ended 31 December 2021 Group	Investment Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000		
Net interest income/(expense)	26,061	1,034	101	(26)	107	12	(2,708)	24,581
Other operating income, net of direct costs	43,860	114,049	28,282	19,219	25,849	43	15,938	247,240
Net income	69,921	115,083	28,383	19,193	25,956	55	13,230	271,821
Other operating expenses	(35,812)	(50,390)	(16,496)	(9,595)	(6,565)	(4,494)	(10,363)	(133,715)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(416)	(154)	(82)	(37)	(27)	(64)	(715)	(1,495)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(476)	(476)
<i>Amortisation of intangible assets</i>	(289)	(136)	(138)	(7)	(9)	(41)	(18)	(638)
Operating profit/(loss)	34,109	64,693	11,887	9,598	19,391	(4,439)	2,867	138,106
Net impairment writeback/(charge) for:								
Loans and advances	-	-	-	-	-	-	(1)	(1)
Other financial assets	37	-	-	(383)	-	-	(2)	(348)
Provision for commitments and contingencies	-	-	-	-	-	-	(173)	(173)
Profit/(loss) before taxation	34,146	64,693	11,887	9,215	19,391	(4,439)	2,691	137,584
Taxation	(8,195)	(13,262)	(2,853)	(2,212)	(4,654)	1,066	13,160	(16,950)
Profit/(loss) for the period	25,951	51,431	9,034	7,003	14,737	(3,373)	15,851	120,634
<b>Other information:</b>								
Total segment assets	935,071	121,257	95,383	1,263	257	702	1,070,055	2,223,988
Total segment liabilities	233,453	31,538	89,411	1,873	2,802	1,409	1,333,037	1,693,523
Cost to income ratio	51.2%	43.8%	58.1%	50.0%	25.3%	>100%	78.3%	49.2%
Gross loans and advances	594,035	-	7,987	-	-	-	522	602,544
Net loans and advances	594,035	-	7,987	-	-	-	520	602,542
Total deposits and placements	-	-	-	-	-	-	1,310,000	1,310,000
Additions to:								
Property and equipment	491	307	102	50	5	36	228	1,219
Intangible assets	213	36	-	-	-	-	491	740

25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 31 December 2020 Group (Restated)	Investment Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000		
Net interest income	17,998	810	82	(4)	73	17	874	19,850
Other operating income, net of direct costs	55,299	102,364	30,075	9,146	7,371	64	(129)	204,190
Net income/(loss)	73,297	103,174	30,157	9,142	7,444	81	745	224,040
Other operating expenses	(37,414)	(49,203)	(17,368)	(10,840)	(6,901)	(4,777)	(7,723)	(134,226)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(498)	(170)	(78)	(34)	(28)	(56)	(785)	(1,649)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(590)	(590)
<i>Amortisation of intangible assets</i>	(279)	(138)	(134)	(6)	(9)	(38)	(36)	(640)
Operating profit/(loss)	35,883	53,971	12,789	(1,698)	543	(4,696)	(6,978)	89,814
Net impairment writeback/(charge) for:								
Loans and advances	135	-	-	-	-	-	3,034	3,169
Other financial assets	10	(143)	-	494	-	-	-	361
Provisions for commitments and contingencies	-	-	-	-	-	-	54	54
Profit/(loss) before taxation	36,028	53,828	12,789	(1,204)	543	(4,696)	(3,890)	93,398
Taxation	(8,646)	(10,841)	(3,069)	289	(130)	1,126	(7,242)	(28,513)
Profit/(loss) for the period	27,382	42,987	9,720	(915)	413	(3,570)	(11,132)	64,885
<b>Other information:</b>								
Total segment assets	989,099	121,250	9,355	2,313	529	270	262,237	1,385,053
Total segment liabilities	381,499	30,106	6,996	1,585	2,698	978	368,290	792,152
Cost to income ratio	51.0%	47.7%	57.6%	>100%	92.7%	>100%	>100%	59.9%
Gross loans and advances	418,820	-	6,643	-	-	-	653	426,116
Net loans and advances	418,820	-	6,643	-	-	-	652	426,115
Impaired loans and advances	-	-	-	-	-	-	-	-
Total deposits and placements	-	-	-	-	-	-	340,000	340,000
Additions to:								
Property and equipment	371	70	68	83	-	18	280	890
Intangible assets	505	182	279	21	-	-	143	1,130

**26. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The principal amounts of the commitments and contingencies and notional contracted amounts of derivatives of the Group and the Bank are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	200,414	241,897
<b>Contingent Liabilities</b>		
Obligations under an on-going underwriting agreement	12,030	-
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	2,211	1,346
	<b>214,655</b>	<b>243,243</b>

## **27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

### **Determination of fair value and fair value hierarchy**

The Group and the Bank 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 Bank determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 AMMB Group's own models whereby the majority of assumptions are market observable.

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

9.4% (31 March 2021 : 100%) of the Group's and the Bank's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

There is no transfer between Level 1 and Level 2 during the current financial quarter and previous financial year for the Group and the Bank.



**27. 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:

	<b>Equity instruments at fair value through other comprehensive income</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>		
At beginning of the financial period/year	2,995	2,771
Unrealised gain on changes in fair value taken up in statement of comprehensive income	157	224
At end of the financial period/year	3,152	2,995

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

	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments at fair value through other comprehensive income</b>		
Unrealised gain in fair value reserve	157	224

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

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

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

## 28. CAPITAL ADEQUACY

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

	<b>Group</b>	<b>Bank</b>
<b>As at 31 December 2021</b>		
Common Equity Tier 1 ("CET1") Capital Ratio	34.549%	41.045%
Tier 1 Capital Ratio	34.549%	41.045%
Total Capital Ratio	35.185%	41.836%
<b>As at 31 March 2021</b>		
CET1 Capital Ratio	29.899%	27.374%
Tier 1 Capital Ratio	29.899%	27.374%
Total Capital Ratio	29.899%	27.374%

Notes:

- (i) The capital adequacy ratios of the Group and the Bank as at 31 March 2020 are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 5 February 2020 and Capital Adequacy Framework (Basel II – Risk Weighted Assets) issued on 3 May 2019. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, the capital ratios had been computed by applying transitional arrangements. Under the transitional arrangements, the Group and the Bank are allowed to add back the amount of loss allowance for non credit impaired exposure (ie: stage 1 and stage 2 provision) to CET1 Capital. Had the transitional arrangements not been applied, the impact to the capital ratios of the Group and the Bank is not material.

- (ii) 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%;
  - (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").

**28. CAPITAL ADEQUACY (CONT'D.)**

(b) The components of CET1, Tier 2 Capital and Total Capital of the Group and the Bank are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>CET1 Capital</b>				
Share capital	330,000	330,000	330,000	330,000
Retained earnings	54,023	43,454	113,870	35,695
Fair value reserve	1,693	1,539	1,693	1,539
Regulatory reserve	8,140	-	8,140	-
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	82,115	-	-
Less : Regulatory adjustments applied on CET 1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangible assets	(2,452)	(2,350)	(2,074)	(1,872)
Deferred tax assets	(6,661)	(8,451)	(4,443)	(5,841)
55% of Fair value reserve	(931)	(846)	(931)	(846)
Regulatory reserve	(8,140)	-	(8,140)	-
Investments in capital instruments of unconsolidated financial entities	-	-	(49,809)	(49,809)
Other CET1 regulatory adjustments specified by the BNM	2	-	2	-
<b>CET1 Capital/Tier 1 Capital</b>	<b>424,162</b>	<b>411,834</b>	<b>388,308</b>	<b>308,866</b>
<b>Tier 2 Capital</b>				
General provisions*	7,805	3	7,479	3
<b>Tier 2 Capital</b>	<b>7,805</b>	<b>3</b>	<b>7,479</b>	<b>3</b>
<b>Total Capital</b>	<b>431,967</b>	<b>411,837</b>	<b>395,787</b>	<b>308,869</b>

\*Consists of stage 1 and stage 2 loss allowances and regulatory reserve.

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Credit RWA	624,364	865,201	598,310	839,127
Market RWA	43,092	21,544	35,903	15,027
Operational RWA	560,238	490,677	311,840	274,163
<b>Total RWA</b>	<b>1,227,694</b>	<b>1,377,422</b>	<b>946,053</b>	<b>1,128,317</b>

**29. OPERATIONS OF ISLAMIC BANKING**

As indicated in Note 8, the Group and the Bank no longer required to disclose its operations of Islamic Banking with effect from 15 June 2021 and the change in presentation is applied prospectively.

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	Group and Bank	
		31 December 2021 RM'000	31 March 2021 RM'000
<b>ASSETS</b>			
Cash and short-term funds		-	39,934
Other receivables, deposits and prepayments		-	91,761
Deferred tax assets		-	268
<b>TOTAL ASSETS</b>		-	<b>131,963</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Other liabilities	29a	-	13,482
<b>TOTAL LIABILITIES</b>		-	<b>13,482</b>
<b>ISLAMIC BANKING FUNDS</b>			
Capital funds		-	30,000
Reserves		-	88,481
Islamic Banking Funds		-	118,481
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		-	<b>131,963</b>

**Note :**

There are no outstanding commitments and contingencies for the operations of Islamic banking of the Group and the Bank as at 31 December 2021 and 31 March 2021.

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

**UNAUDITED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Group and Bank	Individual Quarter		Cumulative Quarter	
	1 October - 31 December 2021 RM'000	1 October - 31 December 2020 RM'000	1 April - 31 December 2021 RM'000	1 April - 31 December 2020 RM'000
Income derived from investment of depositors' funds	-	19	18	53
Income derived from investment of Islamic banking funds	-	3,425	2,757	9,220
Direct costs	-	(75)	(73)	(157)
Total distributable/net income	-	3,369	2,702	9,116
Other operating expenses	-	(378)	(218)	(1,038)
Profit before taxation	-	2,991	2,484	8,078
Taxation	-	(718)	(538)	(1,939)
Profit for the financial period representing total comprehensive income for the financial period	-	2,273	1,946	6,139

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

	<u>Non-distributable</u>	<u>Distributable</u>	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
<b>Group and Bank</b>			
<b>At 1 April 2020</b>	30,000	81,253	111,253
Profit for the financial period	-	6,139	6,139
<b>At 31 December 2020</b>	<u>30,000</u>	<u>87,392</u>	<u>117,392</u>
<b>At 1 April 2021</b>	30,000	88,481	118,481
Profit for the financial period	-	1,946	1,946
Transfer to conventional fund	(30,000)	(90,427)	(120,427)
<b>At 31 December 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>

29a. OTHER LIABILITIES

	<b>Group and Bank</b>	
	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Other payables and accruals	-	1,167
Amount due to head office	-	12,315
	<u>-</u>	<u>13,482</u>

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

**29b. CAPITAL ADEQUACY**

i) The capital adequacy ratios of the operations of Islamic banking of the Group and the Bank are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
CET1 capital ratio	-	84.103%
Tier 1 capital ratio	-	84.103%
Total capital ratio	-	84.103%

Notes:

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

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

(b) Pursuant to the BNM's guidelines on Capital Adequacy Framework for Islamic Banks (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:

- (i) a CCB of 2.5%; and
- (ii) a 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
- (iii) a HLA requirement for a financial institution that is designated as a DSIB.

ii) The components of CET1 capital, Tier 1 capital and Total capital of the operations of Islamic banking of the Group and the Bank are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET1 Capital</u></b>		
Capital Funds	-	30,000
Retained earnings	-	88,481
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	-	(268)
<b>CET1 Capital/ Tier 1 Capital/ Total Capital</b>	<b>-</b>	<b>118,213</b>

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

**29b. CAPITAL ADEQUACY (CONT'D.)**

iii) The breakdown of risk weighted assets("RWA") of the operations of Islamic banking of the Group and the Bank in the various risk categories are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit RWA	-	106,092
Operational RWA	-	34,466
Total RWA	-	<u>140,558</u>

### **30. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2021**

The Group's profit before taxation for the nine months ended 31 December 2021 of RM137.6 million was higher mainly due to higher income from corporate advisory fees, fees on loans and securities, unit trust management fees, unit and other fees and commission income offset by lower brokerage fees and commission.

In the opinion of the directors, the results of operations of the Group for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature .

### **31. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2022**

The local economy rebounded during the last quarter of 2021 as it rose by 3.6% year-on-year following the 4.5% contraction in the previous quarter due to severely strict pandemic measures imposed. That brings the full year growth to 3.1%, lower than our forecast of 3.4% but marginally higher than our worst case of 3.0%. Performance improved in quarter 4 2021 was due to the gradual relaxation of the pandemic restrictions and reopening of the economy, which provides some impetus for domestic spending besides strong support from external trade, firm commodities prices and private investment.

Moving forward into the year 2022, the country's economic performance is expected to improve. At its core, the economy will be underpinned by the reopening of the economy, driven by better pandemic management and high vaccination rate. Furthermore, with Vaccinated Travel Lane (VTL) and full opening plan on 1 March 2022, it should provide some momentum for domestic economic activities. Also, the stimulus measures, 12th Malaysia Plan ("12MP"), Budget 2022, firm commodity prices, strong exports and manufacturing upswing especially in the electrical and electronics subsector will provide much needed support.

On that note, we foresee 2022's full year gross domestic product growth to reach 5.6% year-on-year and also supported by the low-base effects.

However, downside risk to our growth target remains. Besides domestic challenges, the Malaysian economy which is a trading economy is vulnerable to external shocks such as slower-than-expected economic growth, new variants from the COVID that leads to lockdown or strategic movement control orders, rising global inflation which results to erosion of disposable income, geopolitical tensions and others. On that score, risk of domestic economic growth to be downgraded remains.

Following the headline inflation peaked in April 2021 at 4.7% which marked a four-year high, the reading has been moderating to reach around 3.2% in December 2021, lower than 3.3% in the month before. This resulted for the full year inflation to rise by 2.5% year-on-year which turned out to be a tad lower than our projection of 2.6% following a contraction of 1.1% in 2020.

Looking at 2022, dissipating of low base, tepid domestic activities, the extension of ceiling price on RON95 and diesel pump price, and government's financial assistance in agriculture should help contain strong surge in inflation.

But the upwards pressure still remains from rising input costs induced by higher commodity that would inevitably result to transfer pricing to consumers. For the year 2022, we expect the annual inflation rate to hover around 2.4%.

Meanwhile, the overall banking system loans grew to 4.5% year-on-year in December 2021. Household loan grew by 4.3% year-on-year, while the non-household loan growth surged 4.9% year-on-year. We envisaged that the industry's loan growth to reach 4.5% to 5.5% for the full year 2022.

The overall banking system remains healthy in 2021 underpinned by strong liquidity. Liquidity coverage ratio stayed above the 100% regulatory requirement in December at 153.7% (end 2020 was at 148.2%). Funding profiles was well-diversified with December's loan-to-fund ratio and loan-to-fund-and-equity ratio was at 81.2% and 70.9% (End-2020 was at 82.5% and 71.9% respectively).

In a move to support the economy, a total of RM530billion stimulus measures were rolled-out which includes fiscal, monetary, and non-monetary policies. For 2022, as the global economic recovery progresses steadily barring no unforeseen circumstances on the recovery path, we expect central banks to rollback their stimulus measures to address the high inflation notion.

To address the rate differentials from a potential aggressive rate hikes expected from the US Fed, BNM is likely to normalise its policy rate and raise the Overnight Policy Rate in 2022. We expect BNM to revise upwards the policy rate by 25 basis points in 2022 with the possibility of two hikes if the future incoming data allows for it. Statutory Reserve Requirement hike by 50bps is also on our plate should ample liquidity pose some concern.

**31. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2022 (CONT'D.)**

While AMMB Holdings ("AMMB") Group sees a reduction in repayment assistance extended to its borrowers, AMMB Group continues to support the government's initiatives to help the rakyat financially by easing the debt obligations of its customers who were/are affected by the pandemic and/or the recent flash floods through 3 repayment assistance programmes: the government's Financial Management and Resilience Program ("URUS"), flood relief programme and AmBank's own repayment assistance programme.

Operationally, AMMB Group remains steadfast in the execution of our FY21 - FY24 Focus 8 strategy, which is underpinned by strategic initiatives to drive operational efficiencies and sustainable business growth. AMMB Group is accelerating Environmental, Social and Governance ("ESG") integration into its business practices via capacity building to enhance ways of capturing its customers' ESG compliance while navigating the reporting challenge of complying with BNM's Climate Change Principle-based Taxonomy Guideline.

Driving Current Account and Savings Account ("CASA") growth and capital-light revenues across its channels, focusing on targeted segments such as SME and Mid-Corporate, remain on AMMB Group's list of key agendas. AMMB Group also continues to prioritize digitalisation initiatives, data analytics and automation by reinvesting cost savings into these areas. AMMB Group understands the importance of striking a good balance between necessary capital expenditure and prudent cost management to continue bringing value to all stakeholders.

**32. VALUATION OF PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

**33. EVENTS SUBSEQUENT TO REPORTING DATE**

There were no other significant events subsequent to the reporting date that require disclosure or adjustment in the condensed interim financial statements.

**34. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK**

**Dissolution of a subsidiary**

AMMB Nominees (Asing) Sdn Bhd, which had commenced members' voluntary winding-up on 30 January 2019, was dissolved on 13 November 2021.