

**AmlInvestment Bank Berhad**

Registration No. 197501002220 (23742-V)

(Incorporated in Malaysia)

**And Its Subsidiaries**

**Condensed Interim Financial Statements**

**For the Financial Period**

**1 April 2020 to**

**31 December 2020**

(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 2020**

	Note	Group		Bank	
		31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds	8	206,645	285,606	117,943	211,715
Financial assets at fair value through profit or loss	9	-	48	-	48
Financial assets at fair value through other comprehensive income	10	2,995	2,771	2,995	2,771
Financial investments at amortised cost	11	105,008	135,032	105,008	135,032
Loans and advances	12	426,115	310,408	426,115	310,408
Statutory deposit with Bank Negara Malaysia		5,842	2,650	5,842	2,650
Deferred tax assets		9,670	10,086	6,914	7,131
Investment in subsidiaries		-	-	51,441	56,256
Other assets	13	569,337	620,216	543,170	591,277
Property and equipment		16,912	17,670	16,517	17,176
Right-of-use assets		4,068	4,659	4,068	4,659
Intangible assets		38,461	37,971	1,562	1,116
<b>TOTAL ASSETS</b>		<b>1,385,053</b>	<b>1,427,117</b>	<b>1,281,575</b>	<b>1,340,239</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of a bank	14	340,000	240,000	340,000	240,000
Derivative financial liabilities		29	6	29	6
Other liabilities	15	452,123	588,138	426,573	580,777
<b>TOTAL LIABILITIES</b>		<b>792,152</b>	<b>828,144</b>	<b>766,602</b>	<b>820,783</b>
Share capital		200,000	200,000	200,000	200,000
Reserves		392,901	398,973	314,973	319,456
Equity attributable to equity holder of the Bank		592,901	598,973	514,973	519,456
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,385,053</b>	<b>1,427,117</b>	<b>1,281,575</b>	<b>1,340,239</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	25	<b>260,332</b>	<b>149,807</b>	<b>260,332</b>	<b>149,807</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>2.96</b>	<b>2.99</b>	<b>2.57</b>	<b>2.60</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 2020.

**AmlInvestment Bank Berhad**  
**Registration No. 197501002220 (23742-V)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

Group	Note	Individual Quarter		Cumulative Quarter	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Operating revenue		81,151	80,422	228,241	206,282
Interest income	16	8,377	7,648	23,461	23,694
Interest expense	17	(1,470)	(2,154)	(4,201)	(7,476)
Net interest income		6,907	5,494	19,260	16,218
Net income from operations of Islamic banking		2,807	9,569	7,425	13,362
Other operating income	18	108,712	80,535	300,337	221,404
Direct costs	19	(38,745)	(17,336)	(102,982)	(52,184)
Net income		79,681	78,262	224,040	198,800
Other operating expenses	20	(49,330)	(49,302)	(134,226)	(140,078)
Operating Profit		30,351	28,960	89,814	58,722
Net impairment writeback/(charge) for loans and advances	21	20	16	3,169	(51)
Writeback of allowance/(allowance) for impairment on other financial assets	22	449	177	361	(816)
Writeback of provision for commitments and contingencies		245	-	54	-
<b>Profit before taxation</b>		<b>31,065</b>	<b>29,153</b>	<b>93,398</b>	<b>57,855</b>
Taxation		(14,569)	(6,081)	(28,513)	(11,889)
<b>Profit for the financial period</b>		<b>16,496</b>	<b>23,072</b>	<b>64,885</b>	<b>45,966</b>
<b>Basic/diluted earnings per share (sen)</b>	23	<b>8.2</b>	<b>11.5</b>	<b>32.4</b>	<b>23.0</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 2020.

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

Group	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit for the financial period	16,496	23,072	64,885	45,966
<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 ("FVOCI")				
Net unrealised gain/(loss) on changes in fair value	-	-	224	(118)
Tax effect	-	-	316	28
	-	-	540	(90)
<b>Item that may be reclassified subsequently to profit or loss</b>				
Currency translation on foreign operations	(2,497)	52	(2,497)	126
Other comprehensive (loss)/income for the financial period	(2,497)	52	(1,957)	36
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>13,999</b>	<b>23,124</b>	<b>62,928</b>	<b>46,002</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 2020.

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

Bank	Note	Individual Quarter		Cumulative Quarter	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Operating revenue		68,524	67,355	170,500	148,701
Interest income	16	8,068	7,302	22,465	22,603
Interest expense	17	(1,415)	(2,101)	(4,036)	(7,313)
Net interest income		6,653	5,201	18,429	15,290
Net income from operations of Islamic banking		2,807	9,568	7,425	13,362
Other operating income	18	80,564	58,623	202,411	136,907
Direct costs	19	(22,915)	(8,144)	(61,801)	(24,177)
Net income		67,109	65,248	166,464	141,382
Other operating expenses	20	(33,325)	(31,206)	(88,565)	(89,572)
Operating Profit		33,784	34,042	77,899	51,810
Net impairment writeback/(charge) for loans and advances	21	20	16	3,169	(51)
Writeback of allowance/(allowance) for impairment on other financial assets	22	449	182	504	(686)
Writeback of provision for commitments and contingencies		245	-	54	-
<b>Profit before taxation</b>		<b>34,498</b>	<b>34,240</b>	<b>81,626</b>	<b>51,073</b>
Taxation		(11,013)	(4,555)	(17,649)	(5,838)
<b>Profit for the financial period representing total comprehensive income</b>		<b>23,485</b>	<b>29,685</b>	<b>63,977</b>	<b>45,235</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 2020.

**AmlInvestment Bank Berhad**  
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit for the period	23,485	29,685	63,977	45,235
<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/(loss) on changes in fair value	-	-	224	(118)
Tax effect	-	-	316	28
Other comprehensive income/(loss) for the financial period	-	-	540	(90)
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>23,485</b>	<b>29,685</b>	<b>64,517</b>	<b>45,145</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 2020.

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

Group	Note	-----Attributable to equity holder of the Bank-----							Total equity RM'000
		Non-distributable					Distributable		
		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 2019</b>		200,000	2,815	4,674	82,115	2,440	1,089	278,205	571,338
Profit for the financial period		-	-	-	-	-	-	45,966	45,966
Other comprehensive income/(loss)		-	-	-	-	126	(90)	-	36
Total comprehensive income/(loss) for the period		-	-	-	-	126	(90)	45,966	46,002
Transfer to regulatory reserve		-	-	49	-	-	-	(49)	-
Dividends paid		-	-	-	-	-	-	(36,000)	(36,000)
Transactions with owner and other equity movements		-	-	49	-	-	-	(36,049)	(36,000)
<b>At 31 December 2019</b>		<b>200,000</b>	<b>2,815</b>	<b>4,723</b>	<b>82,115</b>	<b>2,566</b>	<b>999</b>	<b>288,122</b>	<b>581,340</b>
<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 income		-	-	-	-	(2,497)	540	-	(1,957)
Total comprehensive 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>

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 2020.

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

		<-----Attributable to equity holder of the Bank----->				
		Non-distributable			Distributable	
Bank	Note	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 2019</b>		200,000	4,674	1,089	296,696	502,459
Profit for the financial period		-	-	-	45,235	45,235
Other comprehensive loss		-	-	(90)	-	(90)
Total comprehensive (loss)/income for the period		-	-	(90)	45,235	45,145
Transfer to regulatory reserve		-	49	-	(49)	-
Dividends paid		-	-	-	(36,000)	(36,000)
Transactions with owner and other equity movements		-	49	-	(36,049)	(36,000)
<b>At 31 December 2019</b>		<b>200,000</b>	<b>4,723</b>	<b>999</b>	<b>305,882</b>	<b>511,604</b>
<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>

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 2020.

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit before taxation	93,398	57,855	81,626	51,073
Adjustments for non-operating and non cash items	3,389	6,230	(40,906)	(20,959)
Operating profit before working capital changes	96,787	64,085	40,720	30,114
Change in operating assets	(99,106)	213,814	(91,410)	207,601
Change in operating liabilities	(35,507)	(243,951)	(39,338)	(229,098)
Cash (used in)/generated from operations	(37,826)	33,948	(90,028)	8,617
Tax refunded/(paid)	215	(10,325)	2,104	(4,570)
Net cash (used in)/generated from operating activities	(37,611)	23,623	(87,924)	4,047
Net cash generated from/(used in) investing activities	28,225	(1,069)	63,727	25,461
Net cash used in financing activities	(69,576)	(36,909)	(69,576)	(37,039)
Net decrease in cash and cash equivalents	(78,962)	(14,355)	(93,773)	(7,531)
Cash and cash equivalents at beginning of the financial year	285,608	305,496	211,717	231,688
Effect of exchange rate changes	-	126	-	-
Cash and cash equivalents at end of the financial period (Note 1)	206,646	291,267	117,944	224,157
Note 1: Cash and short term funds	206,645	291,267	117,943	224,157
Add: Allowances for expected credit losses	1	-	1	-
Cash and cash equivalents at end of the financial period	206,646	291,267	117,944	224,157

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 2020.

**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 2020.

The condensed interim financial statements incorporate those stockbroking and capital market activities undertaken in compliance with Shariah principles relating to investment banking services which are regulated by Securities Commission and Bursa Malaysia Berhad.

**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 2020:

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

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Group and the 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) Amendments to References to the Conceptual Framework in MFRS Standards**

The amendments, affecting nine published standards and five published interpretations, were issued as a consequence to the issuance of the revised Conceptual Framework for Financial Reporting ("Conceptual Framework"). The references and quotations in these published standards and interpretations to the Conceptual Framework have been updated so as to clarify the version of the Conceptual Framework these published standards and interpretations refer to. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank.

**(b) Definition of a Business (Amendments to MFRS 3)**

The amendments revised the definition of a business, whereby the term "outputs" is narrowed to focus on goods and services provided to customers, as well as generation of investment income and other income from ordinary activities; returns in the form of lower costs and other economic benefits are no longer considered. In addition, a new framework is added to help evaluate when an input and a substantive process are present. The adoption of these amendments did not result in any impact as there was no business combination or asset acquisition that occurred during the financial period ended 31 December 2020.

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

### 1.1 Significant Accounting Policies (Cont'd.)

#### (c) Definition of Material (Amendments to MFRS 101 and MFRS 108)

The amendments clarified the definition of material and how it should be applied through the addition of definition guidance. In addition, the explanations accompanying the definition have been improved and aligned across all MFRS standards to make it easier for entities to make materiality judgements. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank.

#### (d) Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

The amendments, issued to address the pre-replacement issues arising from the interest rate benchmark reform recommendations by Financial Stability Board, provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform until the uncertainty arising from this reform is longer present.

The relief provided by the amendments is not relevant to the Group and the Bank as there is no hedge accounting applied by the Group and the Bank.

#### (e) Early adoption of Covid-19-Related Rent Concessions (Amendment of MFRS 16)

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

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

### 1.2 Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
- Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
- Annual Improvements to MFRS Standards 2018-2020	1 January 2022
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Amendments to MFRS 17	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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

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

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 2022**

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

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

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

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

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

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

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

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

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

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

The amendments are applied from annual reporting period beginning on or after 1 January 2022 to contracts for which 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 16 *Leases***

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

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

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

## **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.

#### **(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 change in regulatory requirements**

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

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

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

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

### **1.4 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 2020 except for the measurement of expected credit losses ("ECL") for loans and advances under MFRS 9 Financial Instruments ("MFRS 9").

Under the government support measures to assist borrowers adversely impacted by the COVID-19 pandemic, the moratorium on repayment/payment of loans does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. Effective 1 October 2020, with the extension of repayment assistance, this should not automatically result in a stage transfer under MFRS 9 in the absence of other factors indicating evidence of significant increase in credit risk ("SICR"). The Group and the Bank are applying experienced credit judgement to assess SICR.

## **2. AUDIT QUALIFICATION**

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

## **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 2020.

## **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**

During the financial period, the final single-tier cash dividend of 19.50 sen per ordinary share on 200,000,000 ordinary shares amounting to RM39,000,000 in respect of financial year ended 31 March 2020 was paid by the Bank on 23 July 2020.

In respect of the current financial period, the Board of Directors declare an interim single-tier cash dividend of 15.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM30,000,000 which was paid on 16 December 2020.

**8. CASH AND SHORT TERM FUNDS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Cash and bank balances	159,317	144,336	70,615	70,445
Deposit placements maturing within one month:				
Licensed banks	20,800	127,400	20,800	127,400
Bank Negara Malaysia	12,000	-	12,000	-
Other financial institutions	14,529	13,872	14,529	13,872
	<u>206,646</u>	<u>285,608</u>	<u>117,944</u>	<u>211,717</u>
Less: Allowances for ECL				
- Stage 1 -12-month ECL	(1)	(2)	(1)	(2)
	<u>206,645</u>	<u>285,606</u>	<u>117,943</u>	<u>211,715</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 2020</b>			
Balance at beginning of the financial year	2	-	2
Net remeasurement of allowances	(1)	-	(1)
Balance at end of the financial period	<u>1</u>	<u>-</u>	<u>1</u>
<b>At 31 March 2020</b>			
Balance at beginning of the financial year	6	1	7
Net remeasurement of allowances	(4)	(1)	(5)
Balance at end of the financial year	<u>2</u>	<u>-</u>	<u>2</u>

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
Quoted Securities in Malaysia:		
Unit trusts	-	48
	<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>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair value</b>		
Unquoted Securities:		
In Malaysia:		
Shares	2,977	2,754
	<u>          </u>	<u>          </u>
Outside Malaysia:		
Shares	18	17
	<u>          </u>	<u>          </u>
	<u>2,995</u>	<u>2,771</u>

**11. FINANCIAL INVESTMENTS AT AMORTISED COST**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Money Market Instruments:		
Malaysian Government Securities	30,008	60,032
Unquoted Securities in Malaysia:		
Sukuk	75,000	75,000
	<u>105,008</u>	<u>135,032</u>

**12. LOANS AND ADVANCES**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost</b>		
Share margin financing	418,820	300,428
Revolving credits	6,643	11,065
Staff loans	653	722
Gross loans and advances	<u>426,116</u>	<u>312,215</u>
Less: Allowance for impairment on loans and advances		
Allowances for ECL		
Stage 1 - 12 months expected credit loss ("ECL")	(1)	(4)
Stage 3 - Lifetime ECL credit impaired	-	(1,803)
	<u>(1)</u>	<u>(1,807)</u>
Net loans and advances	<u>426,115</u>	<u>310,408</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>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>Note 34</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises:		
Small medium enterprises	24,674	11,786
Others	28,006	45,747
Individuals	368,548	250,133
Foreign individuals and entities	4,888	4,549
	<u>426,116</u>	<u>312,215</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>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>Note 34</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Other fixed rate loans	418,822	301,020
	<u>418,822</u>	<u>301,020</u>
Variable rate:		
Base rate and base lending rate plus	651	130
Cost-plus	6,643	11,065
	<u>7,294</u>	<u>11,195</u>
	<u>426,116</u>	<u>312,215</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>2020</b>	<b>2020</b>
		<b>(Restated)</b>
		<b>Note 34</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	6,927	7,078
Construction	15,247	5,208
Wholesale and retail trade and hotels and restaurant	675	2,227
Real estate	304	333
Business activities	29,527	42,687
Household, of which:		
Purchase of residential properties	651	703
Purchase of transport vehicles	2	19
Purchase of securities	372,783	253,960
	<b>426,116</b>	<b>312,215</b>

(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>2020</b>	<b>2020</b>
		<b>(Restated)</b>
		<b>Note 34</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	425,614	311,705
Over one year to three years	-	9
Over three years to five years	135	28
Over five years	367	473
	<b>426,116</b>	<b>312,215</b>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	1,803	1,671
Additions during the financial period/year	-	132
Reclassified as non-impaired	(11)	-
Recoveries	(121)	-
Amount written off	(1,671)	-
Balance at end of the financial period/year	<b>-</b>	<b>1,803</b>
Gross impaired loans and advances as % of gross loans and advances	<b>0.00%</b>	<b>0.58%</b>
Loan loss coverage (including Regulatory Reserve)	<b>-</b>	<b>372.66%</b>

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

(g) All impaired loans and advances reside in Malaysia.

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

	<b>Group and Bank</b>	
	<b>31 December 2020</b>	<b>31 March 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Business activities	-	1,671
Household, of which:		
Others	-	132
	<u>-</u>	<u>1,803</u>

(i) 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 2020</b>			
Balance at beginning of the financial year	4	1,803	1,807
Writeback of allowance for ECL during the period (Note 21):	(3)	(132)	(135)
Net remeasurement of allowances	(3)	(132)	(135)
Amount written off	-	(1,671)	(1,671)
Balance at the end of the financial period	<u>1</u>	<u>-</u>	<u>1</u>
<b>At 31 March 2020</b>			
Balance at beginning of the financial year	4	1,671	1,675
Allowances for/(writeback of allowances) for ECL (Note 21):	-	132	132
Transfer from Stage 1 to Stage 3	-	135	135
Transfer from Stage 3 to Stage 1	3	(3)	-
Net remeasurement of allowances	(3)	-	(3)
Balance at the end of the financial year	<u>4</u>	<u>1,803</u>	<u>1,807</u>

**13. OTHER ASSETS**

	Group		Bank	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Trade receivables	451,950	513,961	451,812	504,785
Other receivables, deposits and prepayments	43,713	35,342	14,660	15,468
Interest receivable	1,658	1,164	1,658	1,164
Tax recoverable	9,840	31,642	9,802	29,021
Margin deposits	64,136	39,587	64,136	39,587
Amount due from:				
Holding company	283	1,483	-	1,074
Subsidiaries	-	-	2,914	2,854
Other related companies	591	268	589	264
	<u>572,171</u>	<u>623,447</u>	<u>545,571</u>	<u>594,217</u>
Less:				
Allowances for impairment	(2,834)	(3,231)	(2,401)	(2,940)
	<u>569,337</u>	<u>620,216</u>	<u>543,170</u>	<u>591,277</u>

**14. DEPOSITS AND PLACEMENTS OF A BANK**

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

**15. OTHER LIABILITIES**

	Group		Bank	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Trade payables	372,941	503,100	372,941	503,100
Other payables and accruals	59,537	54,684	36,430	40,596
Interest payable	632	871	632	871
Provision for commitments and contingencies	777	832	777	832
Lease liabilities	3,995	4,471	3,995	4,471
Provision for reinstatement of leased properties	417	615	417	615
Amount due to:				
Holding company	2	-	2	-
Subsidiaries	-	-	-	14,186
Related companies	13,666	23,565	11,379	16,106
Bank Overdraft	156	-	-	-
	<u>452,123</u>	<u>588,138</u>	<u>426,573</u>	<u>580,777</u>

**16. INTEREST INCOME**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	749	1,473	2,357	5,064
Financial investments at amortised cost	1,069	1,345	3,283	3,986
Loans and advances	6,251	4,620	16,998	13,969
Others	308	210	823	675
	<b>8,377</b>	<b>7,648</b>	<b>23,461</b>	<b>23,694</b>

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	440	1,127	1,362	3,973
Financial investments at amortised cost	1,069	1,345	3,283	3,986
Loans and advances	6,251	4,620	16,998	13,969
Others	308	210	822	675
	<b>8,068</b>	<b>7,302</b>	<b>22,465</b>	<b>22,603</b>

**17. INTEREST EXPENSE**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of a bank	1,378	2,030	3,919	7,109
Others	92	124	282	367
	<b>1,470</b>	<b>2,154</b>	<b>4,201</b>	<b>7,476</b>

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of a bank	1,378	2,030	3,919	7,109
Others	37	71	117	204
	<b>1,415</b>	<b>2,101</b>	<b>4,036</b>	<b>7,313</b>

**18. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Fee and commission income:				
Brokerage fees and commission	35,836	13,912	102,384	41,266
Corporate advisory	2,608	2,255	7,933	15,880
Fees on loans and securities	889	13,471	2,872	15,867
Portfolio management fees	10,610	6,790	36,053	23,238
Underwriting commission	129	-	129	323
Unit trust management fees	31,881	27,207	85,695	74,935
Unit trust service charges	10,458	5,420	28,144	17,160
Wealth management fees	10,785	8,812	27,663	24,673
Other fee and commission income	2,982	1,176	6,457	2,491
	<u>106,178</u>	<u>79,043</u>	<u>297,330</u>	<u>215,833</u>
Investment and trading income:				
Dividend income/distribution from:				
Financial assets at fair value through profit and loss	-	2	-	2
Financial assets at fair value through other comprehensive income	-	-	244	195
Net foreign exchange (loss)/gain	(597)	(399)	(1,509)	40
Net gain/(loss) from sale of financial assets at fair value through profit or loss	-	-	9	(33)
Net gain/(loss) on derivatives	-	1	(2)	3
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	-	-	(3)	31
Gain on liquidation of a subsidiary	2,457	-	2,457	-
	<u>1,860</u>	<u>(396)</u>	<u>1,196</u>	<u>238</u>
Other income:				
Net gain on disposal of property and equipment	2	2	2	3
Non-trading foreign exchange gain/(loss)	151	(2)	147	(3)
Rental income	478	499	1,422	1,521
Others	43	1,389	240	3,812
	<u>674</u>	<u>1,888</u>	<u>1,811</u>	<u>5,333</u>
	<u>108,712</u>	<u>80,535</u>	<u>300,337</u>	<u>221,404</u>

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

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Fee and commission income:				
Brokerage fees and commission	35,836	13,912	102,384	41,266
Corporate advisory	2,608	2,255	7,933	15,880
Fees on loans and securities	889	13,471	2,872	15,867
Portfolio management fees	381	158	772	472
Underwriting commission	129	-	129	323
Wealth management fees	13,919	11,270	36,178	31,809
Other fee and commission income	3,015	1,232	6,548	2,600
	<u>56,777</u>	<u>42,298</u>	<u>156,816</u>	<u>108,217</u>
Investment and trading income:				
Dividend income/distribution from :				
Subsidiaries	14,300	16,000	35,250	26,370
Financial assets at fair value through profit and loss	-	2	-	2
Financial assets at fair value through other comprehensive income	-	-	244	195
Net foreign exchange (loss)/gain	(519)	(268)	(984)	351
Net gain/(loss) from sale of financial assets at fair value through profit or loss	-	-	9	(33)
Net gain/(loss) on derivatives	-	1	(2)	3
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	-	-	(3)	31
Gain on liquidation of a subsidiary	9,502	-	9,502	-
	<u>23,283</u>	<u>15,735</u>	<u>44,016</u>	<u>26,919</u>
Other income:				
Net gain on disposal of property and equipment	2	2	2	3
Rental income	479	501	1,426	1,527
Others	23	87	151	241
	<u>504</u>	<u>590</u>	<u>1,579</u>	<u>1,771</u>
	<u>80,564</u>	<u>58,623</u>	<u>202,411</u>	<u>136,907</u>

**19. DIRECT COSTS**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Brokerage commission	14,438	4,600	41,808	13,492
Unit trust commission	15,830	9,192	41,181	28,007
Others	8,477	3,544	19,993	10,685
	<b>38,745</b>	<b>17,336</b>	<b>102,982</b>	<b>52,184</b>
<b>Bank</b>				
Brokerage commission	14,438	4,600	41,808	13,492
Others	8,477	3,544	19,993	10,685
	<b>22,915</b>	<b>8,144</b>	<b>61,801</b>	<b>24,177</b>

**20. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel costs				
- Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	3,699	3,502	10,103	10,639
- Salaries, allowances and bonuses	23,042	21,770	63,091	66,083
- Share granted under AMMB ESS	1,845	1,204	5,299	1,893
- Social security costs	125	126	377	378
- Others	2,248	2,199	5,367	6,550
	<b>30,959</b>	<b>28,801</b>	<b>84,237</b>	<b>85,543</b>
Establishment costs				
- Amortisation of intangible assets	264	244	640	744
- Cleaning, maintenance and security	425	601	878	1,148
- Computerisation costs	2,529	2,072	6,076	5,405
- Depreciation of property and equipment	544	495	1,649	1,479
- Depreciation of right-of-use asset	164	184	590	1,140
- Finance costs:				
- interest on lease liability	33	20	101	68
- provision for reinstatement of leased properties	1	-	4	4
- Rental of premises	1,833	1,975	5,446	5,708
- Others	230	229	746	770
	<b>6,023</b>	<b>5,820</b>	<b>16,130</b>	<b>16,466</b>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	221	219	394	679
- Sales commission	23	37	38	29
- Travelling and entertainment	221	345	512	1,003
- Communication expenses	660	560	2,057	1,720
- Others	36	48	(818)	250
	<b>1,161</b>	<b>1,209</b>	<b>2,183</b>	<b>3,681</b>
Administration and general expenses				
- Professional fees	3,031	5,818	9,381	15,182
- Travelling	53	118	192	244
- Others	3,321	3,219	10,126	8,878
	<b>6,405</b>	<b>9,155</b>	<b>19,699</b>	<b>24,304</b>
Service transfer pricing - expense, net	4,782	4,317	11,977	10,084
	<b>49,330</b>	<b>49,302</b>	<b>134,226</b>	<b>140,078</b>

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

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<b>Personnel costs</b>				
- Contributions to EPF/Private Retirement Schemes	2,528	2,440	6,822	7,407
- Salaries, allowances and bonuses	15,807	15,168	42,631	46,123
- Share granted under AMMB ESS	1,595	942	4,126	1,542
- Social security costs	83	83	249	250
- Others	1,535	1,307	3,622	4,410
	<u>21,548</u>	<u>19,940</u>	<u>57,450</u>	<u>59,732</u>
<b>Establishment costs</b>				
- Amortisation of intangible assets	216	205	502	619
- Cleaning, maintenance and security	418	562	845	1,046
- Computerisation costs	2,526	2,061	6,066	5,392
- Depreciation of property and equipment	491	430	1,479	1,273
- Depreciation of right-of-use asset	164	184	590	1,140
- Finance costs:				
- interest on lease liability	33	20	101	68
- provision for reinstatement of leased properties	1	-	4	4
- Rental of premises	1,401	1,543	4,147	4,371
- Others	208	203	679	668
	<u>5,458</u>	<u>5,208</u>	<u>14,413</u>	<u>14,581</u>
<b>Marketing and communication expenses</b>				
- Advertising, promotional and other marketing activities	113	187	224	492
- Sales commission	5	3	20	11
- Travelling and entertainment	208	211	477	802
- Communication expenses	534	416	1,652	1,245
- Others	11	48	(845)	187
	<u>871</u>	<u>865</u>	<u>1,528</u>	<u>2,737</u>
<b>Administration and general expenses</b>				
- Professional fees	545	582	1,758	1,287
- Travelling	47	97	141	184
- Others	1,374	1,193	4,519	3,778
	<u>1,966</u>	<u>1,872</u>	<u>6,418</u>	<u>5,249</u>
<b>Service transfer pricing - expense, net</b>				
	<u>3,482</u>	<u>3,321</u>	<u>8,756</u>	<u>7,273</u>
	<u><b>33,325</b></u>	<u><b>31,206</b></u>	<u><b>88,565</b></u>	<u><b>89,572</b></u>

**21. (ALLOWANCE FOR)/WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Group and Bank</b>				
(Allowance for)/writeback of allowance for impairment on loans and advances (Note 12 (i))	20	16	135	(51)
Impaired loans and advances recovered	-	-	3,034	-
	<u>20</u>	<u>16</u>	<u>3,169</u>	<u>(51)</u>

**22. IMPAIRMENT ON OTHER FINANCIAL ASSETS - WRITEBACK/(CHARGE)**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Cash and short term funds	-	5	1	7
Other assets	449	172	360	(823)
	<u>449</u>	<u>177</u>	<u>361</u>	<u>(816)</u>
<b>Bank</b>				
Cash and short term funds	-	5	1	7
Other assets	449	177	503	(693)
	<u>449</u>	<u>182</u>	<u>504</u>	<u>(686)</u>

**23. BASIC/DILUTED EARNINGS PER SHARE**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
<b>Group</b>				
Net profit attributable to shareholder of the Group (RM'000)	<u>16,496</u>	<u>23,072</u>	<u>64,885</u>	<u>45,966</u>
Weighted average number of ordinary shares in issue ('000)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Basic/diluted earnings per share (sen)	<u>8.2</u>	<u>11.5</u>	<u>32.4</u>	<u>23.0</u>

## **24. 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.

The Bank ceased its equity derivative business during the current financial period arising from the realignment of equity derivative business under a single entity of AMMB Group ie AmBank (M) Berhad ("AmBank") for better monitoring and governance.

(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 revenue generated by a majority of the operating segments substantially comprise fee income. 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. The Bank's wholly-owned subsidiary, AmFraser International Pte Ltd which was incorporated in Singapore was dissolved on 7 December 2020.
- (iii) The comparatives have been restated to conform with current business realignment.

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

For the financial period ended 31 December 2020 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		
External revenue	73,808	103,340	30,368	9,146	7,371	63	4,145	228,241
Revenue from other segments	(394)	-	(211)	(4)	73	18	518	-
Revenue	73,414	103,340	30,157	9,142	7,444	81	4,663	228,241
Net interest income	17,998	810	82	(4)	73	17	874	19,850
Other operating income, net of direct costs	55,300	102,364	30,075	9,146	7,371	64	(130)	204,190
Net income/(loss)	73,298	103,174	30,157	9,142	7,444	81	744	224,040
Other operating expenses	(37,411)	(49,203)	(17,368)	(10,840)	(6,901)	(4,778)	(7,725)	(134,226)
of which:								
<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>	(269)	(138)	(134)	(6)	(9)	(37)	(47)	(640)
Operating profit/(loss)	35,887	53,971	12,789	(1,698)	543	(4,697)	(6,981)	89,814
Net impairment writeback/(charge) for:								
Loans and advances	135	-	-	-	-	-	3,034	3,169
Other financial assets	10	(143)	-	494	-	-	-	361
Provision for commitments and contingencies	-	-	-	-	-	-	54	54
Profit/(loss) before taxation	36,032	53,828	12,789	(1,204)	543	(4,697)	(3,893)	93,398
Taxation	(8,647)	(10,841)	(3,069)	289	(130)	1,126	(7,241)	(28,513)
Profit/(loss) for the period	27,385	42,987	9,720	(915)	413	(3,571)	(11,134)	64,885
<b>Other information:</b>								
Total segment assets	988,966	121,250	9,355	2,313	529	271	262,369	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

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

For the financial period ended 31 December 2019 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		
External revenue	40,114	83,696	28,374	16,718	26,703	128	10,549	206,282
Revenue from other segments	(89)	-	(553)	(57)	(63)	14	748	-
Revenue	40,025	83,696	27,821	16,661	26,640	142	11,297	206,282
Net interest income/(expense)	14,964	805	141	(57)	(63)	13	1,916	17,719
Other operating income, net of direct costs	24,857	82,728	27,680	16,718	26,703	129	2,266	181,081
Net income	39,821	83,533	27,821	16,661	26,640	142	4,182	198,800
Other operating expenses	(38,931)	(50,384)	(15,525)	(12,335)	(7,260)	(4,682)	(10,961)	(140,078)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(338)	(206)	(81)	(33)	(31)	(50)	(741)	(1,480)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(1,140)	(1,140)
<i>Amortisation of intangible assets</i>	(421)	(125)	(101)	(3)	(8)	(42)	(45)	(745)
Operating profit/(loss)	890	33,149	12,296	4,326	19,380	(4,540)	(6,779)	58,722
Net impairment writeback/(charge) for:								
Loans and advances	(53)	-	-	-	-	-	2	(51)
Other financial assets	43	(130)	-	(736)	-	-	7	(816)
Profit/(loss) before taxation	880	33,019	12,296	3,590	19,380	(4,540)	(6,770)	57,855
Taxation	(211)	(6,027)	(2,951)	(862)	(4,651)	1,090	1,723	(11,889)
Profit/(loss) for the period	669	26,992	9,345	2,728	14,729	(3,450)	(5,047)	45,966
<b>Other information:</b>								
Total segment assets	612,690	94,860	17,711	2,851	1,015	363	408,840	1,138,330
Total segment liabilities	227,967	21,522	4,372	1,624	4,614	1,245	295,646	556,990
Cost to income ratio	97.8%	60.3%	55.8%	74.0%	27.3%	>100%	>100%	70.5%
Gross loans and advances	313,617	-	14,904	-	-	-	754	329,275
Net loans and advances	311,892	-	14,904	-	-	-	752	327,548
Impaired loans and advances	1,724	-	-	-	-	-	-	1,724
Total deposits and placements	-	-	-	-	-	-	270,000	270,000
Additions to:								
Property and equipment	822	82	97	15	-	39	69	1,124
Intangible assets	38	80	-	10	-	6	18	152

**25. 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>2020</b>	<b>2020</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	255,195	121,420
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	27,834
	<u>255,195</u>	<u>149,254</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	5,137	489
Equity related contracts:		
- One year or less	-	64
	<u>5,137</u>	<u>553</u>
	<u>260,332</u>	<u>149,807</u>

## **26. 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.

100.0% (31 March 2020 : 98.3%), 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.

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

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

	< ----- Group and Bank ----- >			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2020</b>				
Financial investments at fair value through other comprehensive income				
- Unquoted shares	-	-	2,995	2,995
	-	-	2,995	2,995
Derivative financial liabilities	29	-	-	29
	29	-	-	29
<b>31 March 2020</b>				
Financial assets at fair value through profit or loss				
- Quoted unit trust	48	-	-	48
Financial investments at fair value through other comprehensive income				
- Unquoted shares	-	-	2,771	2,771
	48	-	2,771	2,819
Derivative financial liabilities	6	-	-	6
	6	-	-	6

**26. 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>2020</b>	<b>2020</b>
<b>RM'000</b>	<b>RM'000</b>

**Group and Bank**

At beginning of the financial year	2,771	2,889
Unrealised gain/(loss) on changes in fair value taken up in statement of comprehensive income	224	(118)
At end of the financial period/year	<u>2,995</u>	<u>2,771</u>

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

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

<b>31 December</b>	<b>31 March</b>
<b>2020</b>	<b>2020</b>
<b>RM'000</b>	<b>RM'000</b>

**Financial investments at fair value through other comprehensive income**

Unrealised gain/(loss) in fair value reserve	<u>224</u>	<u>(118)</u>
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**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.

## 27. 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 2020 (under transitional arrangements, refer Note (i) below)</b>		
Common Equity Tier 1 ("CET1") Capital Ratio	38.754%	41.483%
Tier 1 Capital Ratio	38.754%	41.483%
Total Capital Ratio	39.293%	42.150%
<b>As at 31 March 2020</b>		
Before deducting proposed dividends:		
CET1 Capital Ratio	41.567%	40.638%
Tier 1 Capital Ratio	41.567%	40.638%
Total Capital Ratio	41.942%	41.076%
After deducting proposed dividends:		
CET1 Capital Ratio	38.595%	37.161%
Tier 1 Capital Ratio	38.595%	37.161%
Total Capital Ratio	38.970%	37.600%

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 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.

(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").

**27. 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 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
<b>CET1 Capital</b>				
Share capital	200,000	200,000	200,000	200,000
Retained earnings	254,248	305,635	283,108	313,545
Fair value reserve	1,539	999	1,539	999
Foreign currency translation reserve	-	2,497	-	-
Regulatory reserve	6,841	4,912	6,841	4,912
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	(2,019)	(1,529)	(1,562)	(1,116)
Deferred tax assets	(9,757)	(10,133)	(6,999)	(7,179)
55% of Fair value reserve	(846)	(550)	(846)	(550)
Regulatory reserve	(6,841)	(4,912)	(6,841)	(4,912)
Investments in capital instruments of unconsolidated financial entities	-	-	(49,809)	(49,809)
<b>CET1 Capital/Tier 1 Capital</b>	<b>491,653</b>	<b>545,407</b>	<b>425,431</b>	<b>455,890</b>
<b>Tier 2 Capital</b>				
General provisions*	6,844	4,916	6,844	4,916
<b>Tier 2 Capital</b>	<b>6,844</b>	<b>4,916</b>	<b>6,844</b>	<b>4,916</b>
<b>Total Capital</b>	<b>498,497</b>	<b>550,323</b>	<b>432,275</b>	<b>460,806</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 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Credit RWA	749,156	802,132	725,283	841,125
Market RWA	40,451	37,354	33,171	17,004
Operational RWA	479,054	472,622	267,108	263,707
<b>Total RWA</b>	<b>1,268,661</b>	<b>1,312,108</b>	<b>1,025,562</b>	<b>1,121,836</b>

**28. OPERATIONS OF ISLAMIC BANKING**

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

	Note	Group and Bank	
		31 December 2020 RM'000	31 March 2020 RM'000
<b>ASSETS</b>			
Cash and short-term funds		38,046	91,867
Other receivables, deposits and prepayments		92,276	32,627
Deferred tax assets		262	299
Property and equipment		-	1
<b>TOTAL ASSETS</b>		<b>130,584</b>	<b>124,794</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Other liabilities	28a	13,192	13,541
<b>TOTAL LIABILITIES</b>		<b>13,192</b>	<b>13,541</b>
<b>ISLAMIC BANKING FUNDS</b>			
Capital funds		30,000	30,000
Reserves		87,392	81,253
Islamic Banking Funds		117,392	111,253
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>130,584</b>	<b>124,794</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 2020 and 31 March 2020.

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

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

Group and Bank	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	63	53	129
Income derived from investment of Islamic banking funds	3,425	9,835	9,220	14,293
Direct costs	(75)	(10)	(157)	(50)
Total distributable/net income	3,369	9,888	9,116	14,372
Income attributable to depositors	-	(6)	-	(6)
Total net income	3,369	9,882	9,116	14,366
Other operating expenses	(378)	(360)	(1,038)	(999)
Profit before taxation	2,991	9,522	8,078	13,367
Taxation	(718)	(2,282)	(1,939)	(3,205)
Profit for the financial period representing total comprehensive income for the financial period	2,273	7,240	6,139	10,162

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

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

	<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 2019</b>	30,000	62,091	92,091
Profit for the financial period	-	10,162	10,162
<b>At 31 December 2019</b>	<u>30,000</u>	<u>72,253</u>	<u>102,253</u>
<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>

28a. OTHER LIABILITIES

	<b>Group and Bank</b>	
	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Trade payables	-	2,084
Other payables and accruals	1,227	1,395
Amount due to head office	11,965	10,062
	<u>13,192</u>	<u>13,541</u>

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

**28b. 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>2020</b>	<b>2020</b>
CET1 capital ratio	84.070%	110.142%
Tier 1 capital ratio	84.070%	110.142%
Total capital ratio	84.070%	110.142%

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>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET1 Capital</u></b>		
Capital Funds	30,000	30,000
Retained earnings	85,118	81,253
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(262)	(299)
<b>CET1 Capital/ Tier 1 Capital/ Total Capital</b>	<b>114,856</b>	<b>110,954</b>

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

**28b. 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>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit RWA	99,873	50,987
Operational RWA	36,746	49,750
Total RWA	136,619	100,737

## **29. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2020**

The Group's profit before taxation for the nine months ended 31 December 2020 of RM64.9 million was higher mainly due to higher income from brokerage activities, portfolio management fees, unit trust management activities, wealth management fees, impaired loan recovered and lower interest and administration and general expenses offset by lower fee and commission income from corporate advisory and fees on loans and securities.

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 .

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

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

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

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

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

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

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

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

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

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

### **30. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2021 (CONT'D.)**

With the continuing uncertainties in global economy triggered by the coronavirus (COVID-19) outbreak, liquidity and capital management become paramount in preserving the continuity and proper functioning of the banks. At AMMB Group, our liquidity and capital management framework aims to ensure adequate liquidity under adverse market conditions as well as to strengthen our loss absorption capacity. Greater emphasis shall be placed on risk management, stress testing, capital planning and liquidity management in order to safeguard AMMB Group's financial resilience in the face of heightened market volatility.

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

### **31. VALUATION OF PROPERTY AND EQUIPMENT**

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

### **32. EVENTS SUBSEQUENT TO REPORTING DATE**

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

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

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

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

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

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

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

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

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

### **33. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK**

#### **Winding up of a subsidiary**

The Bank's wholly-owned subsidiary, AMMB Nominees (Tempatan) Sdn. Bhd., had at its Extraordinary General Meeting ("EGM") held on 22 May 2020, resolved that it be wound up by way of member's voluntary winding-up pursuant to section 439(1)(b) of the Companies Act, 2016.

#### **Dissolution of a subsidiary**

The Bank's wholly-owned subsidiary, AmFraser International Pte Ltd, under member's voluntary winding up, was dissolved on 7 December 2020.

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

### **34. RESTATEMENT OF COMPARATIVE INFORMATION**

The Group and the Bank continuously strengthen its regulatory reporting framework. The Group and the Bank have in place, a Regulatory Reporting Policy that provides key principles and governance to cultivate an effective and efficient regulatory reporting process across all reporting entities. In the previous financial year, the Group and the Bank had implemented a Regulatory Reporting Enhancement Programme ("REP") aimed at amongst others, to improve the functional and data coverage of the regulatory reporting submissions as well as to upgrade infrastructure for and capability of reporting systems. REP had resulted in refinement to the approach in which the Group makes disclosures pertaining to loans and advances. The comparatives on breakdown of loans and advances in Note 12(a), (c), (d) and (e) are now presented on the same basis as current year's presentation. The restatement did not have any effect on reported cashflows from operations, financial position and performance of the Group and the Bank.