

**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**

**30 September 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 30 SEPTEMBER 2020**

		Group		Bank	
	Note	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds	8	292,440	285,606	207,187	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	365,987	310,408	365,987	310,408
Statutory deposit with Bank Negara Malaysia		4,450	2,650	4,450	2,650
Deferred tax assets		8,795	10,086	6,084	7,131
Investment in subsidiaries		-	-	56,256	56,256
Other assets	13	404,627	620,216	379,585	591,277
Property and equipment		17,435	17,670	17,000	17,176
Right-of-use assets		4,233	4,659	4,233	4,659
Intangible assets		38,491	37,971	1,606	1,116
<b>TOTAL ASSETS</b>		<b>1,244,461</b>	<b>1,427,117</b>	<b>1,150,391</b>	<b>1,340,239</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of a bank	14	300,000	240,000	300,000	240,000
Derivative financial liabilities		2	6	2	6
Other liabilities	15	335,521	588,138	328,901	580,777
<b>TOTAL LIABILITIES</b>		<b>635,523</b>	<b>828,144</b>	<b>628,903</b>	<b>820,783</b>
Share capital		200,000	200,000	200,000	200,000
Reserves		408,938	398,973	321,488	319,456
Equity attributable to equity holder of the Bank		608,938	598,973	521,488	519,456
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,244,461</b>	<b>1,427,117</b>	<b>1,150,391</b>	<b>1,340,239</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	25	<b>214,906</b>	<b>149,807</b>	<b>214,906</b>	<b>149,807</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>3.04</b>	<b>2.99</b>	<b>2.61</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 30 SEPTEMBER 2020**

Group	Note	Individual Quarter		Cumulative Quarter	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Operating revenue		79,048	61,187	147,088	125,862
Interest income	16	7,908	7,731	15,084	16,046
Interest expense	17	(1,542)	(2,502)	(2,731)	(5,323)
Net interest income		6,366	5,229	12,353	10,723
Net income from operations of Islamic banking		2,226	2,162	4,617	3,794
Other operating income	18	110,126	69,580	191,623	140,871
Direct costs	19	(41,212)	(18,286)	(64,236)	(34,849)
Net income		77,506	58,685	144,357	120,539
Other operating expenses	20	(43,286)	(46,798)	(84,896)	(90,776)
Operating Profit		34,220	11,887	59,461	29,763
Net impairment writeback/(charge) for loans and advances	21	3,050	84	3,150	(67)
Allowance for impairment loss on other financial assets	22	(1)	(894)	(87)	(993)
Writeback of provision/(provision) for commitments and contingencies		32	-	(191)	-
<b>Profit before taxation</b>		<b>37,301</b>	<b>11,077</b>	<b>62,333</b>	<b>28,703</b>
Taxation		(8,745)	(1,728)	(13,944)	(5,809)
<b>Profit for the financial period</b>		<b>28,556</b>	<b>9,349</b>	<b>48,389</b>	<b>22,894</b>
<b>Basic/diluted earnings per share (sen)</b>	23	<b>14.3</b>	<b>4.7</b>	<b>24.2</b>	<b>11.4</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 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020**

Group	Individual Quarter		Cumulative Quarter	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit for the financial period	28,556	9,349	48,389	22,894
<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)	224	(118)
Tax effect	316	28	316	28
	540	(90)	540	(90)
<b>Item that may be reclassified subsequently to profit or loss</b>				
Currency translation on foreign operations	36	(123)	36	75
Other comprehensive income/(loss) for the financial period	576	(213)	576	(15)
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>29,132</b>	<b>9,136</b>	<b>48,965</b>	<b>22,879</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 PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020**

Bank	Note	Individual Quarter		Cumulative Quarter	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Operating revenue		66,160	42,403	101,975	81,346
Interest income	16	7,571	7,380	14,397	15,301
Interest expense	17	(1,487)	(2,444)	(2,621)	(5,212)
Net interest income		6,084	4,936	11,776	10,089
Net income from operations of Islamic banking		2,226	2,162	4,617	3,794
Other operating income	18	80,458	40,719	121,846	78,284
Direct costs	19	(24,095)	(7,858)	(38,885)	(16,033)
Net income		64,673	39,959	99,354	76,134
Other operating expenses	20	(27,918)	(31,118)	(55,240)	(58,367)
Operating Profit		36,755	8,841	44,114	17,767
Net impairment (charge)/writeback for loans and advances	21	3,050	84	3,150	(67)
Writeback of allowance/(allowance) for impairment on other financial assets	22	142	(769)	55	(867)
Writeback of provision/(provision) for commitments and contingencies		32	-	(191)	-
<b>Profit before taxation</b>		<b>39,979</b>	<b>8,156</b>	<b>47,128</b>	<b>16,833</b>
Taxation		(5,182)	943	(6,636)	(1,283)
<b>Profit for the financial period representing total comprehensive income</b>		<b>34,797</b>	<b>9,099</b>	<b>40,492</b>	<b>15,550</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 COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020**

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Profit for the period	34,797	9,099	40,492	15,550
<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)	224	(118)
Tax effect	316	28	316	28
Other comprehensive income/(loss) for the financial period	540	(90)	540	(90)
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>35,337</b>	<b>9,009</b>	<b>41,032</b>	<b>15,460</b>

**AmInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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		-	-	-	-	-	-	22,894	22,894
Other comprehensive income/(loss)		-	-	-	-	75	(90)	-	(15)
Total comprehensive income/(loss) for the period		-	-	-	-	75	(90)	22,894	22,879
Transfer from regulatory reserve		-	-	(104)	-	-	-	104	-
Dividends paid		-	-	-	-	-	-	(22,000)	(22,000)
Transactions with owner and other equity movements		-	-	(104)	-	-	-	(21,901)	(22,005)
<b>At 30 September 2019</b>		<b>200,000</b>	<b>2,815</b>	<b>4,570</b>	<b>82,115</b>	<b>2,515</b>	<b>999</b>	<b>279,198</b>	<b>572,212</b>
<b>At 1 April 2020</b>		<b>200,000</b>	<b>2,815</b>	<b>4,912</b>	<b>82,115</b>	<b>2,497</b>	<b>999</b>	<b>305,635</b>	<b>598,973</b>
Profit for the financial period		-	-	-	-	-	-	48,389	48,389
Other comprehensive income		-	-	-	-	36	540	-	576
Total comprehensive income for the period		-	-	-	-	36	540	48,389	48,965
Transfer from regulatory reserve*		-	-	(4,912)	-	-	-	4,912	-
Dividends paid		-	-	-	-	-	-	(39,000)	(39,000)
Transactions with owner and other equity movements		-	-	(4,912)	-	-	-	(34,088)	(39,000)
<b>At 30 September 2020</b>		<b>200,000</b>	<b>2,815</b>	<b>-</b>	<b>82,115</b>	<b>2,533</b>	<b>1,539</b>	<b>319,936</b>	<b>608,938</b>

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

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 30 SEPTEMBER 2020**

Bank	Note	<-----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 2019</b>		200,000	4,674	1,089	296,696	502,459
Profit for the financial period		-	-	-	15,550	15,550
Other comprehensive loss		-	-	(90)	-	(90)
Total comprehensive (loss)/income for the period		-	-	(90)	15,550	15,460
Transfer from regulatory reserve		-	(104)	-	104	-
Dividends paid		-	-	-	(22,000)	(22,000)
Transactions with owner and other equity movements		-	(104)	-	(21,896)	(22,000)
<b>At 30 September 2019</b>		<b>200,000</b>	<b>4,570</b>	<b>999</b>	<b>290,350</b>	<b>495,919</b>
<b>At 1 April 2020</b>		<b>200,000</b>	<b>4,912</b>	<b>999</b>	<b>313,545</b>	<b>519,456</b>
Profit for the financial period		-	-	-	40,492	40,492
Other comprehensive income		-	-	540	-	540
Total comprehensive income for the period		-	-	540	40,492	41,032
Transfer from regulatory reserve*		-	(4,912)	-	4,912	-
Dividends paid		-	-	-	(39,000)	(39,000)
Transactions with owner and other equity movements		-	(4,912)	-	(34,088)	(39,000)
<b>At 30 September 2020</b>		<b>200,000</b>	<b>-</b>	<b>1,539</b>	<b>319,949</b>	<b>521,488</b>

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

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

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit before taxation	62,333	28,703	47,128	16,833
Adjustments for non-operating and non cash items	3,255	4,215	(19,420)	(6,598)
Operating profit before working capital changes	65,588	32,918	27,708	10,235
Change in operating assets	148,592	274,992	151,848	275,448
Change in operating liabilities	(192,441)	(264,569)	(191,735)	(249,999)
Cash generated from/(used in) operations	21,739	43,341	(12,179)	35,684
Tax paid	(3,977)	(8,443)	(2,550)	(4,570)
Net cash generated from/(used in) operating activities	17,762	34,898	(14,729)	31,114
Net cash generated from/(used in) investing activities	28,477	(228)	49,606	10,289
Net cash used in financing activities	(39,406)	(22,733)	(39,406)	(22,733)
Net increase/(decrease) in cash and cash equivalents	6,833	11,937	(4,529)	18,670
Cash and cash equivalents at beginning of the financial year	285,608	305,496	211,717	231,688
Effect of exchange rate changes	-	75	-	-
Cash and cash equivalents at end of the financial period (Note 1)	292,441	317,508	207,188	250,358
Note 1: Cash and short term funds	292,440	317,503	207,187	250,353
Add: Allowances for expected credit losses	1	5	1	5
Cash and cash equivalents at end of the financial period	292,441	317,508	207,188	250,358

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.

Under the government support measures to assist borrowers and customers adversely impacted by the COVID-19 pandemic, the moratorium on repayment/payment of loans/financing does not automatically result in stage transfer under MFRS 9 Financial Instruments in the absence of other factors relevant to the assessment. The Group and the Bank are not impacted by the moratorium on repayment/payment of loans.

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 activities relating to investment banking services which include stockbroking services and dealing in Islamic securities under Shariah principles.

**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 30 September 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**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
- 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 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.

**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 30 September 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.

**8. CASH AND SHORT TERM FUNDS**

	Group		Bank	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Cash and bank balances	161,761	144,336	76,508	70,445
Deposit placements maturing within one month:				
Licensed banks	116,765	127,400	116,765	127,400
Other financial institutions	13,915	13,872	13,915	13,872
	<u>292,441</u>	<u>285,608</u>	<u>207,188</u>	<u>211,717</u>
Less: Allowances for ECL				
- Stage 1 -12-month ECL	(1)	(2)	(1)	(2)
	<u>292,440</u>	<u>285,606</u>	<u>207,187</u>	<u>211,715</u>

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
<b>At 30 September 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>30 September</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>30 September</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>30 September</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>30 September</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	354,709	300,428
Revolving credits	10,579	11,065
Staff loans	719	722
Gross loans and advances	<u>366,007</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	(19)	(1,803)
	<u>(20)</u>	<u>(1,807)</u>
Net loans and advances	<u>365,987</u>	<u>310,408</u>

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>Note 35</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises:		
Small medium enterprises	27,822	11,786
Others	36,211	45,747
Individuals	297,419	250,133
Foreign individuals and entities	4,555	4,549
	<u>366,007</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>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>Note 35</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Other fixed rate loans	355,296	301,020
	<u>355,296</u>	<u>301,020</u>
Variable rate:		
Base rate and base lending rate plus	132	130
Cost-plus	10,579	11,065
	<u>10,711</u>	<u>11,195</u>
	<u>366,007</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>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
		<b>(Restated)</b>
		<b>Note 35</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	7,212	7,078
Construction	15,354	5,208
Wholesale and retail trade and hotels and restaurant	721	2,227
Real estate	320	333
Business activities	40,426	42,687
Household, of which:		
Purchase of residential properties	711	703
Purchase of transport vehicles	8	19
Purchase of securities	301,255	253,960
	<u>366,007</u>	<u>312,215</u>

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
		<b>(Restated)</b>
		<b>Note 35</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	365,494	311,705
Over one year to three years	-	9
Over three years to five years	114	28
Over five years	399	473
	<u>366,007</u>	<u>312,215</u>

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

	<b>Group and Bank</b>	
	<b>30 September</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
Recoveries	(113)	-
Amount written off	(1,671)	-
Balance at end of the financial period/year	<u>19</u>	<u>1,803</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.01%</u>	<u>0.58%</u>
Loan loss coverage (including Regulatory Reserve)	<u>105.26%</u>	<u>372.66%</u>

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

- (g) All impaired loans and advances reside in Malaysia.  
(h) All impaired loans and advances are in the business activities sector.

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Business activities	-	1,671
Household, of which:		
Others	19	132
	19	1,803

- (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 30 September 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)	(113)	(116)
Net remeasurement of allowances	(3)	(113)	(116)
Amount written off	-	(1,671)	(1,671)
Balance at the end of the financial period	1	19	20
<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	4	1,803	1,807

### 13. OTHER ASSETS

	Group		Bank	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Trade receivables	283,599	513,961	283,173	504,785
Other receivables, deposits and prepayments	47,188	35,342	18,679	15,468
Interest receivable	592	1,164	592	1,164
Tax recoverable	26,330	31,642	26,299	29,021
Margin deposits	48,436	39,587	48,436	39,587
Amount due from:				
Holding company	1,443	1,483	1,443	1,074
Subsidiaries	-	-	3,493	2,854
Other related companies	309	268	307	264
	<u>407,897</u>	<u>623,447</u>	<u>382,422</u>	<u>594,217</u>
Less:				
Allowances for impairment	(3,270)	(3,231)	(2,837)	(2,940)
	<u>404,627</u>	<u>620,216</u>	<u>379,585</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	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Trade payables	256,004	503,100	256,004	503,100
Other payables and accruals	64,215	54,684	45,835	40,596
Interest payable	741	871	741	871
Provision for commitments and contingencies	1,022	832	1,022	832
Lease liabilities	4,133	4,471	4,133	4,471
Provision for reinstatement of leased properties	416	615	416	615
Amount due to:				
Subsidiaries	-	-	14,212	14,186
Related companies	8,835	23,565	6,538	16,106
Bank Overdraft	155	-	-	-
	<u>335,521</u>	<u>588,138</u>	<u>328,901</u>	<u>580,777</u>

**16. INTEREST INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	847	1,741	1,609	3,591
Financial investments at amortised cost	1,069	1,326	2,214	2,641
Loans and advances	5,701	4,451	10,747	9,349
Others	291	213	514	465
	<u>7,908</u>	<u>7,731</u>	<u>15,084</u>	<u>16,046</u>

Bank	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	511	1,390	923	2,846
Financial investments at amortised cost	1,069	1,326	2,214	2,641
Loans and advances	5,701	4,451	10,747	9,349
Others	290	213	513	465
	<u>7,571</u>	<u>7,380</u>	<u>14,397</u>	<u>15,301</u>

**17. INTEREST EXPENSE**

Group	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of a bank	1,450	2,382	2,542	5,079
Others	92	120	189	244
	<u>1,542</u>	<u>2,502</u>	<u>2,731</u>	<u>5,323</u>

Bank	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of a bank	1,450	2,382	2,542	5,079
Others	37	62	79	133
	<u>1,487</u>	<u>2,444</u>	<u>2,621</u>	<u>5,212</u>

**18. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Fee and commission income:				
Brokerage fees and commission	39,585	13,263	66,548	27,354
Corporate advisory	4,150	4,226	5,325	13,625
Fees on loans and securities	959	1,549	1,985	2,397
Portfolio management fees	12,450	8,772	25,443	16,448
Underwriting commission	-	-	-	323
Unit trust management fees	28,556	25,032	53,814	47,728
Unit trust service charges	12,865	6,803	17,686	11,741
Wealth management fees	9,114	7,218	16,878	15,861
Other fee and commission income	2,221	594	3,475	1,315
	<u>109,900</u>	<u>67,457</u>	<u>191,154</u>	<u>136,792</u>
Investment and trading income:				
Dividend income/distribution from:				
Financial assets at fair value through other comprehensive income	244	195	244	195
Net foreign exchange (loss)/gain	(694)	160	(913)	439
Net gain/(loss) from sale of financial assets at fair value through profit or loss	3	(3)	9	(33)
Net gain/(loss) on derivatives	2	5	(2)	2
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	(1)	6	(3)	31
	<u>(446)</u>	<u>363</u>	<u>(665)</u>	<u>634</u>
Other income:				
Net gain on disposal of property and equipment	-	-	-	1
Non-trading foreign exchange loss	(2)	(1)	(4)	(2)
Rental income	473	469	944	1,022
Others	201	1,292	194	2,424
	<u>672</u>	<u>1,760</u>	<u>1,134</u>	<u>3,445</u>
	<u>110,126</u>	<u>69,580</u>	<u>191,623</u>	<u>140,871</u>

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

Bank	Individual Quarter		Cumulative Quarter	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Fee and commission income:				
Brokerage fees and commission	39,585	13,263	66,548	27,354
Corporate advisory	4,150	4,226	5,325	13,625
Fees on loans and securities	959	1,549	1,985	2,397
Portfolio management fees	217	155	391	314
Underwriting commission	-	-	-	323
Wealth management fees	11,909	9,632	22,258	20,539
Other fee and commission income	2,283	614	3,532	1,368
	<u>59,103</u>	<u>29,439</u>	<u>100,039</u>	<u>65,920</u>
Investment and trading income:				
Dividend income/distribution from :				
Subsidiaries	20,950	10,370	20,950	10,370
Financial assets at fair value through other comprehensive income	244	195	244	195
Net foreign exchange (loss)/gain	(458)	162	(466)	619
Net gain/(loss) from sale of financial assets at fair value through profit or loss	3	(3)	9	(33)
Net gain/(loss) on derivatives	2	5	(2)	2
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	(1)	6	(3)	31
	<u>20,740</u>	<u>10,735</u>	<u>20,732</u>	<u>11,184</u>
Other income:				
Net gain on disposal of property and equipment	-	-	-	1
Rental income	474	471	947	1,026
Others	141	74	128	153
	<u>615</u>	<u>545</u>	<u>1,075</u>	<u>1,180</u>
	<u>80,458</u>	<u>40,719</u>	<u>121,846</u>	<u>78,284</u>



**19. DIRECT COSTS**

Group	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Brokerage commission	16,992	4,271	27,370	8,892
Unit trust commission	17,117	10,428	25,351	18,816
Others	7,103	3,587	11,515	7,141
	<u>41,212</u>	<u>18,286</u>	<u>64,236</u>	<u>34,849</u>
<b>Bank</b>				
Brokerage commission	16,992	4,271	27,370	8,892
Others	7,103	3,587	11,515	7,141
	<u>24,095</u>	<u>7,858</u>	<u>38,885</u>	<u>16,033</u>

**20. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	3,051	3,728	6,404	7,137
- Salaries, allowances and bonuses	19,247	23,107	40,049	44,313
- Share granted under AMMB ESS	2,800	328	3,454	690
- Social security costs	126	126	252	253
- Others	1,764	2,121	3,119	4,349
	<u>26,988</u>	<u>29,410</u>	<u>53,278</u>	<u>56,742</u>
Establishment costs				
- Amortisation of intangible assets	176	249	377	500
- Cleaning, maintenance and security	170	396	453	547
- Computerisation costs	1,808	1,997	3,548	3,333
- Depreciation of property and equipment	562	493	1,105	984
- Depreciation of right-of-use asset	164	573	426	957
- Finance costs:				
- interest on lease liability	34	-	68	48
- provision for reinstatement of leased properties	1	-	3	4
- Rental of premises	1,837	1,884	3,613	3,733
- Others	242	356	514	540
	<u>4,994</u>	<u>5,948</u>	<u>10,107</u>	<u>10,646</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	77	212	174	460
- Sales commission	32	24	33	10
- Travelling and entertainment	119	363	292	656
- Communication expenses	718	515	1,397	1,160
- Others	(923)	100	(874)	186
	<u>23</u>	<u>1,214</u>	<u>1,022</u>	<u>2,472</u>
Administration and general expenses				
- Professional fees	3,174	4,246	6,349	9,364
- Travelling	64	64	139	127
- Others	3,961	2,837	6,806	5,658
	<u>7,199</u>	<u>7,147</u>	<u>13,294</u>	<u>15,149</u>
Service transfer pricing - expense, net	4,082	3,079	7,195	5,767
	<u>43,286</u>	<u>46,798</u>	<u>84,896</u>	<u>90,776</u>

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

Bank	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Contributions to EPF/Private Retirement Schemes	1,994	2,629	4,294	4,967
- Salaries, allowances and bonuses	12,638	16,346	26,824	30,955
- Share granted under AMMB ESS	1,992	273	2,531	600
- Social security costs	83	84	166	167
- Others	1,213	1,650	2,087	3,103
	<u>17,920</u>	<u>20,982</u>	<u>35,902</u>	<u>39,792</u>
<b>Establishment costs</b>				
- Amortisation of intangible assets	129	208	286	414
- Cleaning, maintenance and security	163	342	427	484
- Computerisation costs	1,808	1,995	3,541	3,331
- Depreciation of property and equipment	505	424	988	843
- Depreciation of right-of-use asset	164	573	426	957
- Finance costs:				
- interest on lease liability	34	-	68	48
- provision for reinstatement of leased properties	1	-	3	4
- Rental of premises	1,404	1,435	2,747	2,828
- Others	211	323	468	464
	<u>4,419</u>	<u>5,300</u>	<u>8,954</u>	<u>9,373</u>
<b>Marketing and communication expenses</b>				
- Advertising, promotional and other marketing activities	47	97	111	306
- Sales commission	14	3	15	8
- Travelling and entertainment	106	321	269	590
- Communication expenses	568	391	1,119	830
- Others	(905)	104	(856)	139
	<u>(170)</u>	<u>916</u>	<u>658</u>	<u>1,873</u>
<b>Administration and general expenses</b>				
- Professional fees	561	168	1,213	705
- Travelling	61	46	94	87
- Others	2,029	1,597	3,146	2,585
	<u>2,651</u>	<u>1,811</u>	<u>4,453</u>	<u>3,377</u>
<b>Service transfer pricing - expense, net</b>				
	<u>3,098</u>	<u>2,109</u>	<u>5,273</u>	<u>3,952</u>
	<u>27,918</u>	<u>31,118</u>	<u>55,240</u>	<u>58,367</u>

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

	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 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))	16	84	116	(67)
Impaired loans and advances recovered	3,034	-	3,034	-
	<u>3,050</u>	<u>84</u>	<u>3,150</u>	<u>(67)</u>

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

	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Cash and short term funds	-	1	1	2
Other assets	(1)	(895)	(88)	(995)
	<u>(1)</u>	<u>(894)</u>	<u>(87)</u>	<u>(993)</u>
<b>Bank</b>				
Cash and short term funds	-	1	1	2
Other assets	142	(770)	54	(869)
	<u>142</u>	<u>(769)</u>	<u>55</u>	<u>(867)</u>

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

	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
<b>Group</b>				
Net profit attributable to shareholder of the Group (RM'000)	<u>28,556</u>	<u>9,349</u>	<u>48,389</u>	<u>22,894</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>14.3</u>	<u>4.7</u>	<u>24.2</u>	<u>11.4</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 quarter 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. This realignment exercise involve the transfer of employee involved in equity derivative business and outstanding financial investments at FVTPL of the Bank to AmBank.

(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.
- (iii) The comparatives have been restated to conform with current business realignment.

24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 September 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	46,939	68,353	19,701	6,019	4,668	64	1,344	147,088
Revenue from other segments	(208)	-	(153)	-	27	16	318	-
Revenue	46,731	68,353	19,548	6,019	4,695	80	1,662	147,088
Net interest income	11,409	562	56	-	27	16	663	12,733
Other operating income, net of direct costs	35,242	67,680	19,492	6,019	4,668	64	(1,541)	131,624
Net income/(loss)	46,651	68,242	19,548	6,019	4,695	80	(878)	144,357
Other operating expenses	(24,353)	(32,002)	(11,088)	(7,010)	(4,250)	(2,684)	(3,509)	(84,896)
of which:								
<i>Depreciation of property and equipment</i>	(331)	(117)	(53)	(22)	(19)	(37)	(526)	(1,105)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(426)	(426)
<i>Amortisation of intangible assets</i>	(152)	(91)	(71)	(4)	(6)	(24)	(29)	(377)
Operating profit/(loss)	22,298	36,240	8,460	(991)	445	(2,604)	(4,387)	59,461
Net impairment writeback/(charge) for:								
Loans and advances	116	-	-	-	-	-	3,034	3,150
Other financial assets	2	(143)	-	54	-	-	-	(87)
Provision for commitments and contingencies	-	-	-	-	-	-	(191)	(191)
Profit/(loss) before taxation	22,416	36,097	8,460	(937)	445	(2,604)	(1,544)	62,333
Taxation	(5,379)	(7,293)	(2,030)	225	(107)	624	16	(13,944)
Profit/(loss) for the period	17,037	28,804	6,430	(712)	338	(1,980)	(1,528)	48,389
<b>Other information:</b>								
Total segment assets	733,619	116,478	15,701	3,240	1,039	300	374,084	1,244,461
Total segment liabilities	262,994	25,215	6,476	1,103	2,205	505	337,025	635,523
Cost to income ratio	52.2%	46.9%	56.7%	>100%	90.5%	>100%	>100%	58.8%
Gross loans and advances	354,709	-	10,579	-	-	-	719	366,007
Net loans and advances	354,690	-	10,579	-	-	-	718	365,987
Impaired loans and advances	19	-	-	-	-	-	-	19
Total deposits and placements	-	-	-	-	-	-	300,000	300,000
Additions to:								
Property and equipment	368	53	65	83	-	16	280	865
Intangible assets	338	120	279	17	-	-	143	897

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

For the financial period ended 30 September 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	26,724	54,682	18,312	14,065	4,445	71	7,563	125,862
Revenue from other segments	11	-	(436)	(50)	(17)	11	481	-
Revenue	26,735	54,682	17,876	14,015	4,428	82	8,044	125,862
Net interest income/(expense)	10,125	520	102	(50)	(16)	10	1,014	11,705
Other operating income, net of direct costs	16,477	54,051	17,774	14,065	4,444	72	1,951	108,834
Net income	26,602	54,571	17,876	14,015	4,428	82	2,965	120,539
Other operating expenses	(25,385)	(32,359)	(10,335)	(8,626)	(4,846)	(3,142)	(6,083)	(90,776)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(220)	(140)	(53)	(23)	(21)	(32)	(495)	(984)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(957)	(957)
<i>Amortisation of intangible assets</i>	(281)	(86)	(67)	(2)	(5)	(30)	(29)	(500)
Operating profit/(loss)	1,217	22,212	7,541	5,389	(418)	(3,060)	(3,118)	29,763
Net impairment writeback/(charge) for:								
Loans and advances	(69)	-	-	-	-	-	2	(67)
Other financial assets	42	(125)	-	(912)	-	-	2	(993)
Profit/(loss) before taxation	1,190	22,087	7,541	4,477	(418)	(3,060)	(3,114)	28,703
Taxation	(285)	(4,509)	(1,810)	(1,074)	100	734	1,035	(5,809)
Profit/(loss) for the period	905	17,578	5,731	3,403	(318)	(2,326)	(2,079)	22,894
<b>Other information:</b>								
Total segment assets	540,685	100,916	16,917	2,014	2,169	382	445,637	1,108,720
Total segment liabilities	207,671	20,998	3,747	1,292	2,138	787	299,875	536,508
Cost to income ratio	95.4%	59.3%	57.8%	61.5%	>100%	>100%	>100%	75.3%
Gross loans and advances	262,229	-	13,529	-	-	-	787	276,545
Net loans and advances	260,488	-	13,529	-	-	1	785	274,803
Impaired loans and advances	1,740	-	-	-	-	-	-	1,740
Total deposits and placements	-	-	-	-	-	-	270,000	270,000
Additions to:								
Property and equipment	173	72	21	-	-	26	10	302
Intangible assets	46	75	-	-	-	-	7	128

**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>30 September</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	188,875	121,420
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	16,229	27,834
	<u>205,104</u>	<u>149,254</u>
<b>Contingent Liabilities</b>		
Obligations under an on-going underwriting agreement	<u>8,615</u>	<u>-</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	1,187	489
Equity related contracts:		
- One year or less	-	64
	<u>1,187</u>	<u>553</u>
	<u>214,906</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.

<b>30 September 2020</b>	< ----- Group and Bank ----- >			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial investments at fair value through other comprehensive income				
- Unquoted shares	-	-	2,995	2,995
	-	-	2,995	2,995
Derivative financial liabilities	2	-	-	2

<b>31 March 2020</b>	< ----- Group and Bank ----- >			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</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

**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>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>		
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>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments at fair value through other comprehensive income</b>		
Unrealised gain/(loss) in fair value reserve	<u>224</u>	<u>(118)</u>

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

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

## 27. CAPITAL ADEQUACY

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

<b>As at 30 September 2020</b>	<b>Group</b>	<b>Bank</b>
Before deducting proposed dividends:		
Common Equity Tier 1 ("CET1") Capital Ratio	47.186%	49.474%
Tier 1 Capital Ratio	47.186%	49.474%
Total Capital Ratio	47.187%	49.474%
After deducting proposed dividends:		
CET1 Capital Ratio	44.525%	46.268%
Tier 1 Capital Ratio	44.525%	46.268%
Total Capital Ratio	44.525%	46.268%
<b>As at 31 March 2020</b>	<b>Group</b>	<b>Bank</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 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).
- (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>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>30 September 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	291,089	305,635	319,949	313,545
Fair value reserve	1,539	999	1,539	999
Foreign currency translation reserve	2,533	2,497	-	-
Regulatory reserve	-	4,912	-	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	(2,049)	(1,529)	(1,606)	(1,116)
Deferred tax assets	(8,940)	(10,133)	(6,228)	(7,179)
55% of Fair value reserve	(846)	(550)	(846)	(550)
Regulatory reserve	-	(4,912)	-	(4,912)
Investments in capital instruments of unconsolidated financial entities	-	-	(49,809)	(49,809)
<b>CET1 Capital/Tier 1 Capital</b>	<b>531,814</b>	<b>545,407</b>	<b>462,999</b>	<b>455,890</b>
<b>Tier 2 Capital</b>				
General provisions*	4	4,916	4	4,916
<b>Tier 2 Capital</b>	<b>4</b>	<b>4,916</b>	<b>4</b>	<b>4,916</b>
<b>Total Capital</b>	<b>531,818</b>	<b>550,323</b>	<b>463,003</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>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Credit RWA	602,755	802,132	640,843	841,125
Market RWA	49,841	37,354	29,832	17,004
Operational RWA	474,455	472,622	265,174	263,707
<b>Total RWA</b>	<b>1,127,051</b>	<b>1,312,108</b>	<b>935,849</b>	<b>1,121,836</b>

**28. OPERATIONS OF ISLAMIC BANKING**

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

	Note	Group and Bank	
		30 September 2020 RM'000	31 March 2020 RM'000
<b>ASSETS</b>			
Cash and short-term funds		35,716	91,867
Other receivables, deposits and prepayments		93,662	32,627
Deferred tax assets		243	299
Property and equipment		1	1
<b>TOTAL ASSETS</b>		<b>129,622</b>	<b>124,794</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Other liabilities	28a	14,504	13,541
<b>TOTAL LIABILITIES</b>		<b>14,504</b>	<b>13,541</b>
<b>ISLAMIC BANKING FUNDS</b>			
Capital funds		30,000	30,000
Reserves		85,118	81,253
Islamic Banking Funds		115,118	111,253
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>129,622</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 30 September 2020 and 31 March 2020.

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

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

Group and Bank	Individual Quarter		Cumulative Quarter	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of depositors' funds	17	33	34	66
Income derived from investment of Islamic banking funds	2,833	2,421	5,796	4,458
Direct costs	(57)	(26)	(82)	(40)
Total distributable/net income	2,793	2,428	5,748	4,484
Other operating expenses	(335)	(303)	(662)	(639)
Profit before taxation	2,458	2,125	5,086	3,845
Taxation	(590)	(510)	(1,221)	(923)
Profit for the financial period representing total comprehensive income for the financial period	1,868	1,615	3,865	2,922

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	-	2,922	2,922
<b>At 30 September 2019</b>	<u>30,000</u>	<u>65,013</u>	<u>95,013</u>
<b>At 1 April 2020</b>	30,000	81,253	111,253
Profit for the financial period	-	3,865	3,865
<b>At 30 September 2020</b>	<u>30,000</u>	<u>85,118</u>	<u>115,118</u>

28a. OTHER LIABILITIES

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Trade payables	1,948	2,084
Other payables and accruals	1,329	1,395
Amount due to head office	11,227	10,062
	<u>14,504</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>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
CET1 capital ratio	81.220%	110.142%
Tier 1 capital ratio	81.220%	110.142%
Total capital ratio	81.220%	110.142%

Notes:

(a) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM on 2 February 2018, which is based on the Basel III capital accord. 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 for Islamic Banks (Risk Weighted Assets) issued on 2 February 2018.

(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>30 September</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	(243)	(299)
<b>CET1 Capital/ Tier 1 Capital/ Total Capital</b>	<b>114,875</b>	<b>110,954</b>

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>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit RWA	100,791	50,987
Operational RWA	40,646	49,750
Total RWA	<b>141,437</b>	<b>100,737</b>



## **29. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

The disclosure on credit transactions and exposures with connected parties is required in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

There are no outstanding credit transactions and exposures with connected parties as at 30 September 2020 and 31 March 2020.

## **30. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

The Group's profit before taxation for the six months ended 30 September 2020 of RM62.3 million was higher mainly due to higher income from brokerage activity, portfolio management fees, unit trust management activities, impaired loan recovered and lower interest expenses and administration and general expenses offset by lower fee and commission income from corporate advisory.

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 2021**

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

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

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

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

Despite the domestic economy projected to be in recession in 2020, the overall health of the banking system remains intact. Liquidity assets remain ample. Banking industry liquidity coverage ratio stood at 152% at the end of September 2020, above the regulatory requirement of 100%. Besides, funding profiles are well diversified. The industry's loan-to-fund ratio and loan-to-fund-and-equity ratio are at 81.9% and 71.5% respectively at end-September 2020.

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

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

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

For FY2021, 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.

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

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

With the continuing uncertainties in global economy triggered by the coronavirus (COVID-19) outbreak, liquidity and capital management become paramount in preserving the continuity and proper functioning of the banks. At 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. Meanwhile, the Group is closely monitoring its credit portfolio for any potential signs of stress.

**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 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**

**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.

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.

**35. RESTATEMENT OF COMPARATIVE INFORMATION**

During the current financial quarter, the Group and the Bank completed the Regulatory Enhancement Project which aims to improve and provide better reporting of loans, advances and financing to regulators. The enhancement had involved review and reassessment of certain disclosure classification of loans and advances. The review and reassessment did not result in any changes to total loans and advances balances, impaired loans and advances or impairment allowances for loans and advances except for certain amendments in disclosure of gross loans and advances by customer, by interest rate/rate of return sensitivity, by sector and by residual contractual maturity as at 31 March 2020 as reflected in the restated disclosure in Note 12(a), (c), (d) and (e). The restatement did not have any effect on reported cashflows from operations, financial position and performance of the Group and the Bank.