AmInvestment Bank Berhad

Registration No. 197501002220 (23742-V)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 March 2023

Registration No.197501002220 (23742-V)

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of AmInvestment Bank Berhad ("the Bank") and its subsidiaries ("the Group") for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Bank is to provide a wide range of investment banking and related financial services which also include Islamic investment banking, investment advisory, shares and futures broking, fund management and investment research and publication activities.

The Islamic investment banking refers to the stockbroking and capital market activities undertaken in compliance with Shariah principles relating to investment banking services which are regulated by Securities Commission Malaysia and Bursa Malaysia Berhad.

The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit for the financial year	81,941	83,336

OUTLOOK FOR NEXT FINANCIAL YEAR

Malaysia's 2022 Gross Domestic Product ("GDP") growth of 8.7% was the highest growth rate recorded in more than 25 years, largely supported by the post-pandemic recovery of business, consumer and investor activities. While the positives of 2022 are likely to continue into 2023, it is expected that growth will be at a more moderated pace due to concerns surrounding impact of steep interest rate hikes, tighter credit conditions, prolonged geopolitical tensions and other related external factors.

Malaysia's 2023 GDP is projected to grow between 4% and 5%, driven by domestic demand, underpinned by further improvements in local labour market conditions, implementation of multi-year investment projects and continued high tourism activity. In view of the resilient economy and citing a need to normalise monetary accommodation as well as manage persistent inflation, Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate ("OPR") by a further 0.25% to 3% in May 2023. To recap, BNM raised the OPR 4 times or a cumulative 100bps in 2022.

While the interest rate hikes have benefited AMMB Holdings Group ("AMMB Group") 2022 income, 2023 will see funding cost catching up as a direct consequence of deposit competition, inevitably leading to margin compression. In this environment, AMMB Group will continue to maintain cost discipline through paced hiring and smart investments.

Notwithstanding, AMMB Group's asset quality is expected to remain stable with pre-emptive management overlays in place to absorb any increase in credit losses from borrowers exiting repayment assistance programmes, if required. While the debt-servicing capacity of majority of businesses and households remain intact, the Group maintains its credit vigilance against borrowers with higher debt service burdens.

OUTLOOK FOR NEXT FINANCIAL YEAR (CONT'D.)

Strong FY23 financial results enabled AMMB Group to further strengthen its capital, allowing it to distribute a much-improved dividend payout ratio of 35% for FY23. AMMB Group remains steadfast in its commitment to create sustainable long-term value for its shareholders in the next financial year and beyond.

SIGNIFICANT EVENT

There were no significant events during the financial year.

SIGNIFICANT SUBSEQUENT EVENT

There were no material events subsequent to the reporting date that required disclosure or adjustment to the financial statements.

BUSINESS PLAN AND STRATEGY

(i) Performance review of the Group for financial year ended 31 March 2023

The Group registered a profit before taxation ("PBT") of RM105.1 million for the financial year ended 31 March 2023, representing a 36.4% decrease against last year. The Group's net income moderated to RM308.6 million or 11.1% from RM347.3 million last year mainly due to lower origination deals and corporate advisory activities during the year coupled with shrinking Bursa trading volume. Total arrangement and upfront fees lower by RM25.7 million or 57.7% while brokerage fees and commissions down by RM27.9 million or 32.7% year-on-year. Other operating expenses up RM21.6 million or 11.9% mainly due to one-off reversal of accruals amounted to RM8.5 million recognised in the previous year. The Group's profit after tax ("PAT") registered at RM81.9 million, a RM78.3 million or 48.9% decrease against last year, of which tax effect relating to settlement and overprovision of current tax in prior years recognised in the previous financial year have contributed to RM31.6 million decrease in PAT.

The Group remained well capitalised with CET1 Capital Ratio after deducting proposed final dividend improved from 27.550% to 34.646% while Total Capital Ratio increased to 35.267% from 28.108% last year.

The Group's growth for FY2024 is expected to be moderate in line with a slower domestic economic growth. Equity market outlook is expected to be volatile especially in the first half of 2023 against the backdrop of worries of global liquidity squeeze triggered by the global banking crisis. However, in light of the stronger domestic economic growth vs the recessionary prospects in the United States ("US") and Europe as well as expectation of a reset in US interest rate hike trajectory in the second half of 2023 ("2H23"), market sentiment is expected to improve in 2H23 which will spur more corporate activities.

The Group has identified several strategic initiatives to overcome these headwinds and strengthen our presence in investment banking. For investment banking origination business, we will focus on the origination and structuring of innovative mergers and acquisitions ("M&A") transactions to drive advisory, debt and equity fundraising activities. In line with FOCUS 8 strategy, we will also continue to undertake Road to Capital Market ("RTCM") initiative to support the growth of our corporate clients in the Business Banking and Mid-Corporation segment and nurture them into listed companies. RTCM provides debt and project finance advisory services to these clients to tap on capital markets for funding.

On the wealth management businesses, we will focus on higher margin funds and product diversification to drive the growth in asset under management. In line with the Group's commitment in sustainability, our subsidiary, AmFunds Management Berhad has signed up as a signatory of United Nations Principles for Responsible Investment ("PRI"). We will continue to launch Environmental, Social and Governance ("ESG") - related funds as well as advising our clients to issue Sustainability sukuk.

On equity market, we will focus on growing our margin loans portfolio to improve net interest income to help cushion the volatility in brokerage income. To enhance customer experience and improve operational efficiency, we intend to undertake certain digitalisation initiatives such as upgrading of trading platform and digital onboarding.

BUSINESS PLAN AND STRATEGY (CONT'D.)

(ii) Strategic Highlights

AMMB Group entered FY2024 on strong financial footing, as evidenced by the highest financial year profit after tax posted since FY2015 as well as the successful completion of the divestiture of AmGeneral Insurance Bhd, which has allowed for the release of capital and complemented the capital rebuild post Settlement. As FOCUS 8 enters its last year of execution in FY2024, digitalisation and ESG initiatives remain a priority, alongside a continued focus on strengthening capital and liquidity, vigilant monitoring of loans portfolio and maximising cost efficiencies.

To support its digital transformation, AMMB Group has continuously invested in technology, adopting automation and exploring artificial intelligence and machine learning capabilities, which has allowed AMMB Group to improve its products and services, making banking more convenient for its customers. AMMB Group take the security of its customers' data seriously and use Artificial Intelligence ("AI") to enhance its fraud detection and prevention capabilities, ensuring the highest level of security for all customer transactions. AMMB Group's commitment to customer's trust is unwavering and proactively monitor and address any vulnerabilities or incidents.

In line with its commitment to sustainability and responsible business practices, AMMB Group has set targets to reduce its carbon emissions and increase lending to sustainable industries. Additionally, AMMB Group has launched initiatives to support small businesses and entrepreneurs, as well as provide financing access and capacity building platforms to support the Small and Medium Enterprises ("SMEs").

AMMB Group's overarching goal is to continuously improve its sustainability practices and our customers' experience while maintaining good risk management as well as strong capital and liquidity positions. By embracing the latest technologies, safeguarding customer data and prioritising the needs of our customers, AMMB Group aims to continually develop innovative solutions that meet the evolving needs of our customers and drive growth towards a lower carbon economy.

ITEMS OF MATERIAL AND UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

DIVIDENDS

In respect of financial year ended 31 March 2022, the Board of Directors ("the Board") had declared the single-tier second interim cash dividend of 30.00 sen per ordinary share on 314,035,088 ordinary shares on 26 April 2022 amounting to RM94,210,526 which was paid on 1 July 2022.

On 26 April 2023, the Board declared a payment of single-tier final cash dividend of 23.90 sen per ordinary share on 314,035,088 ordinary shares amounting to RM75,054,386 in respect of the current financial year ended 31 March 2023.

The financial statements for the current financial year do not reflect this proposed single-tier final dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 March 2024.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves, provisions and allowances during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank, have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Bank that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Bank.

No contingent or other liability of the Group and of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Bank that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

The Bank has not issued any new shares and debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Bank, through the holding company, AMMB, has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of RM200.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office within the Group including for the Bank and its subsidiaries. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The gross amount of insurance premium paid by AMMB for the Directors and Officers of AMMB and its subsidiaries for the current financial year was RM418,425 (2022: RM398,500).

DIRECTORS

The Directors who have served on the Board since the beginning of the current financial year to the date of this report are:

Jeyaratnam a/l Tamotharam Pillai
Lum Sing Fai
Ramesh Pillai
Chee Li Har
Seow Yoo Lin
Dato' Kong Sooi Lin
Datin Hayati Aman binti Hashim

The Directors who served on the Board of the subsidiaries of the Bank since the beginning of the current financial year to the date of this report are:

No.	Name of subsidiaries	Directors of the subsidiaries
1.	AmFunds Management Berhad	Jeyaratnam a/l Tamotharam Pillai Tai Terk Lin Goh Wee Peng Ng Chih Kaye Jas Bir Kaur a/p Lol Singh Dato' Mustafa bin Mohd Nor (Retired on 3 March 2023)
2.	AmIslamic Funds Management Sdn Bhd	Chee Li Har Zainal Abidin bin Mohd Kassim Goh Wee Peng Wong Weng Tuck Izad Shahadi bin Mohd Sallehuddin
3.	AM Nominees (Tempatan) Sdn Bhd	Khoo Teck Beng Hon Chu Nyaw

DIRECTORS (CONT'D.)

The Directors who served on the Board of the subsidiaries of the Bank since the beginning of the current financial year to the date of this report are: (Cont'd.)

No.	Name of subsidiaries	Directors of the subsidiaries
4.	AM Nominees (Asing) Sdn Bhd	Khoo Teck Beng Hon Chu Nyaw
5.	AMSEC Nominees (Tempatan) Sdn Bhd	Hon Chu Nyaw Gan Kim Khoon
6.	AMSEC Nominees (Asing) Sdn Bhd	Hon Chu Nyaw Gan Kim Khoon
7.	AMMB Nominees (Tempatan) Sdn Bhd (Under Members' Voluntary Liquidation)	Khoo Teck Beng Goh Wee Peng
8.	AmFutures Sdn Bhd (Under Members' Voluntary Liquidation)	Stephennoel Kwong Yong Shian Hon Chu Nyaw
9.	AmResearch Sdn Bhd (Under Members' Voluntary Liquidation)	Lee Yew Kin Khoo Teck Beng

DIRECTORS' INTERESTS

Under the Bank's Constitution, the Directors are not required to hold shares in the Bank.

None of the Directors in office at the end of the financial year had any interest in shares of the Bank or its related corporations during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 27 to the financial statements or other amount received from related corporations) by reason of a contract made by the Bank or a related corporation with a Director or with a firm in which a Director is a member, or with a company in which a Director has a substantial financial interest, except for the related party transactions as shown in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Bank a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

AMMB EXECUTIVES' SHARE SCHEME

On 5 October 2018, the Board of Directors ("the Board") of AMMB approved the implementation of an Executives' Share Scheme ("ESS") for Eligible Executives of AMMB Group (including Eligible Executives of the Bank and its subsidiaries).

The awards under the ESS are up to ten percent (10%) of the total number of issued shares of AMMB (excluding treasury shares) at any point in time for the duration of the ESS for Eligible Executives including Executive Directors. The ESS is implemented and administered by the Group Nomination and Remuneration Committee ("GNRC"). The effective date of the ESS is 5 October 2018 and would be in force for a period of ten (10) years to 4 October 2028.

The awards granted to such Eligible Executives only comprises shares. Shares to be made available under the ESS will only vest to Eligible Executives who have duly accepted the offers of awards under the ESS subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

CORPORATE GOVERNANCE

(a) DIRECTORS' PROFILE

MR JEYARATNAM A/L TAMOTHARAM PILLAI
Independent Non-Executive Chairman

Mr Jeyaratnam a/l Tamotharam Pillai, a Malaysian, aged 68, was appointed to the Board of the Bank on 1 October 2018 as an Independent Non-Executive Director. He assumed the Chairmanship of the Board on 25 January 2019.

Mr Jeyaratnam is also the Chairman/Independent Non-Executive Director of AmFunds Management Berhad, a wholly-owned subsidiary of the Bank.

With over 30 years' experience in the financial and investment banking services industry, Mr Jeyaratnam is a seasoned banker having been involved in various assignments which included the listing of companies, mergers and acquisitions, takeovers, corporate restructuring and fund-raising exercises. Mr Jeyaratnam undertook Malaysia's first privatisation exercise and participated in various feasibility studies and cross border transactions in India, Ghana and the United Kingdom.

The area of expertise and experience of Mr Jeyaratnam also included deals origination, define corporate and funding structures, evaluate and negotiate deals, execution and implementation of deals. He has been working closely with various stakeholders such as corporate clients, investors, banks, government agencies, Bursa Malaysia Securities Berhad ("Bursa"), Securities Commission Malaysia ("SC") and Bank Negara Malaysia.

During his career, Mr Jeyaratnam had served as Chief Executive/Deputy Chief Executive of four investment banks over a 12-year period. He was also a member of the Sub-Committee of Bursa and the Capital Market Advisory Council of SC. Mr Jeyaratnam was appointed by the Minister of Finance to be part of the six-member team that was responsible in formulating the Malaysian Capital Market Masterplan. He was overseeing the Investment Banking, Stockbroking, Fund Management and Venture Capital Activities during his tenure in Maybank as the Head of Investment Banking Division.

Mr Jeyaratnam's past directorships included Westcomb Financial Group Limited Singapore, Kuwait Finance House (Australia) Pty Ltd, KFH Asset Management Sdn Bhd, Kuwait Finance House (Labuan) Berhad and Avenue Capital Resource Berhad.

Mr Jeyaratnam is a member of the Institute of Chartered Accountants in England and Wales and member of the Malaysian Institute of Accountants ("MIA"). He held a Capital Markets Services Representative License and was a Qualified Senior Personnel approved by the SC.

MR LUM SING FAI
Non-Independent Non-Executive Director

Mr Lum Sing Fai, a Malaysian, male, aged 58, was appointed to the Board of the Bank on 15 January 2019 as a Non-Independent Non-Executive Director.

CORPORATE GOVERNANCE (CONT'D.)

(a) DIRECTORS' PROFILE (CONT'D.)

MR LUM SING FAI (CONT'D.)
Non-Independent Non-Executive Director (Cont'd.)

Mr Lum started his career in Southern Bank Berhad from 1987 to 1994 working in various capacities from operations to corporate banking. He is currently the Managing Director of Capital Markets Division in Amcorp Group Berhad where he has successfully led a broad range of financial service endeavours during his 27 years' tenure in the company.

He has more than 30 years of experience in the financial sector, having previously served as a director of ECM Libra Financial Group Berhad and ECM Libra Investment Bank Berhad.

Mr Lum is a Non-Independent Non-Executive Director of RCE Capital Berhad, a public listed company. He also sits on the boards of Amcorp Properties Berhad, MTrustee Berhad and private companies within Amcorp Group Berhad.

Mr Lum holds a Bachelor of Economics (Hons) in Business Administration from the University of Malaya.

MR RAMESH PILLAI
Independent Non-Executive Director

Mr Ramesh Pillai, a Malaysian, aged 58, was appointed to the Board of the Bank on 9 January 2017 as an Independent Non-Executive Director. He is the Chairman of the Risk Management Committee of the Bank.

Mr Ramesh started his career with Price Waterhouse's Financial Institutions specialism in London gaining experience in Audit, Consultancy and Corporate Finance assignments. He has over 34 years of risk management experience, both in the public and private sector and has held various positions, including that of Chairman, Group Managing Director, Chief Executive Officer, Finance Director and Group Chief Risk Officer (in Conventional and Islamic Banks). He was also with Pengurusan Danaharta Nasional as its Chief Risk Officer as well as Bank Negara Malaysia as the Head of its Deposit Insurance Taskforce.

Mr Ramesh is currently the Chairman of the Board of Governors of the Institute of Enterprise Risk Practitioners (IERP® - providing professional certification in Enterprise Risk Management) as well as the Group Managing Director of Friday Concepts (International), an international boutique risk management consultancy, and TriaGRC, a tech startup developing Governance, Risk and Compliance solutions. He is also an Independent Non-Executive Director of AmGeneral Insurance Berhad (a related company) and Gibraltar BSN Life Berhad.

Mr Ramesh has recently been appointed as an additional member (non-Board member) of the Board Audit Committee and Board Risk Management Committee for the Taylors Education Group and Proventus Education Pte. Ltd.

Mr Ramesh holds a Bachelor of Science (Honours) in Economics with Accountancy from Loughborough University, United Kingdom, where he specialised in Economics and Banking in general, and Islamic Banking in particular. He is a fellow of the Institute of Chartered Accountants in England and Wales (1991), a member of the MIA, a Certified ESG Risk Practitioner, a Certified Enterprise Risk Manager, a Certified Risk Professional, a Qualified Risk Director, a certified Islamic Enterprise Risk Manager and a Qualified Risk Auditor.

MS CHEE LI HAR
Independent Non-Executive Director

Ms Chee Li Har, a Malaysian, aged 62, was appointed to the Board of the Bank on 8 August 2018 as an Independent Non-Executive Director. She is a Member of the Audit and Examination Committee and Risk Management Committee of the Bank.

Ms Chee is also the Chairman/Independent Non-Executive Director of AmIslamic Funds Management Sdn Bhd ("AmIslamic Funds"), a wholly-owned subsidiary of the Bank. AmIslamic Funds is an Islamic investment solutions provider and licensed fund manager approved by the SC.

(a) DIRECTORS' PROFILE (CONT'D.)

MS CHEE LI HAR (CONT'D.)
Independent Non-Executive Director (Cont'd.)

Ms Chee's three decades of experience in international and Malaysian banking saw her overseeing bankgroup-wide balance sheet management where she led medium strategies to manage both interest rate and liquidity risks. In this role, Ms Chee guided the banks to maximise business opportunities, achieved net interest margin across all classes of assets and liabilities, cost revenue targets and at the same time, optimised interest rate and liquidity risk management.

While in her Global roles, Ms Chee successfully led international teams in Singapore, Malaysia, Thailand, Indonesia, Vietnam, Brunei and even Mauritius to achieve at times, record breaking trading revenue targets. She was instrumental in managing post bank merger initiatives in Taiwan and Thailand.

Ms Chee is an avid artist and uses her creative energy to work with marginalised communities in Malaysia. Ms Chee has recently been appointed as a member of the Board of Persatuan Pembangunan Artisans.

Ms Chee holds a Bachelor of Arts-Economics from University of Malaya and she has a Persatuan Kewangan Malaysia Certification ("PKMC").

MR SEOW YOO LIN
Independent Non-Executive Director

Mr Seow Yoo Lin, a Malaysian, aged 67, was appointed to the Board of the Bank on 15 October 2018 as an Independent Non-Executive Director. He is the Chairman of the Audit and Examination Committee of the Bank.

Mr Seow also sits on the board of AMMB Holdings Berhad, the holding company of the Bank.

Mr Seow joined KPMG Malaysia in 1977 and qualified as a Certified Public Accountant in 1980. In 1983, he was seconded to KPMG United States to gain overseas experience, specialising in banking assignments. He returned in 1985 and was admitted as Partner in 1990.

He has been the audit partner on a wide range of companies including public listed and multinational companies in banking and finance, manufacturing, trading and services. In addition, he held various leadership roles such as Human Resources Partner, Partner-in-charge of Financial Services and a member of the KPMG Asia Pacific Board.

He was a member of Executive Committee of the Malaysian Institute of Certified Public Accountants ("MICPA") from 2009 to 2011 and a council member of the Malaysian Institute of Accountants from 2007 to 2011. He was the Managing Partner of KPMG Malaysia from 2007 to 2010. He retired from the firm in 2011.

Mr Seow holds a Master of Business Administration degree from the International Management Centre, Buckingham, United Kingdom. He is a member of MIA, MICPA and Malaysian Institute of Management ("MIM").

DATO' KONG SOOI LIN
Independent Non-Executive Director

Dato' Kong Sooi Lin, a Malaysian, aged 61, was appointed to the Board of the Bank on 30 October 2019 as an Independent Non-Executive Director. She is a Member of the Risk Management Committee of the Bank.

Dato' Kong also sits on the board of AMMB Holdings Berhad, the holding company of the Bank.

Dato' Kong has more than 30 years of investment banking experience with an extensive equity and debt transaction expertise, having advised on numerous high profile and industry-shaping corporate exercises in Malaysia and Asia Pacific.

CORPORATE GOVERNANCE (CONT'D.)

(a) DIRECTORS' PROFILE (CONT'D.)

DATO' KONG SOOI LIN (CONT'D.)
Independent Non-Executive Director (Cont'd.)

Dato' Kong was the Chief Executive Officer of CIMB Investment Bank from March 2016 to March 2019, where her primary focus was to lead and sustain the growth of investment banking business in terms of revenue, profit and innovation. Prior to this, she was the Regional Head of Investment Banking of CIMB of the ASEAN Region.

During this period, her scope of responsibilities included being the Group Head of Private Banking where her responsibility was to helm CIMB's Private Banking business by building greater linkage between the business units across various geographies with the aim of growing assets under management and profitability.

Dato' Kong is currently an Independent Non-Executive Director of Eco World International Berhad and IOI Corporation Berhad.

Dato' Kong holds a Bachelor of Commerce (Honours) from University of New South Wales. She is also a Chartered Banker of Asian Institute of Chartered Bankers ("AICB"), Chartered Accountant of MIA and Certified Practicing Accountant of Australia (Fellow).

DATIN HAYATI AMAN BINTI HASHIM
Independent Non-Executive Director

Datin Hayati Aman binti Hashim, a Malaysian, aged 56, was appointed to the Board of the Bank on 26 November 2021 as an Independent Non-Executive Director. She is a Member of the Audit and Examination Committee of the Bank.

Datin Hayati has 30 years of experience in Accounting, Audit, Financial Reporting, Regulations and Policies and Project Management. She has worked in two of the Big Four accounting firms in Malaysia and in the United States of America ("USA") for a total of 10 years, with work experiences in Audit, Corporate Finance, Corporate Restructuring and Liquidation. She then worked for 11 years in a company listed on the Main Market of Bursa, where she was responsible for all aspects of Finance, Accounting, Treasury and Taxation for its group of companies.

Datin Hayati was Head of the Equities Department in the Corporate Finance & Investments Division of SC from November 2010 until January 2020 where, among others, she led the evaluation of initial public offerings and reverse takeover applications and the relevant disclosure documents and presented recommendation to the authorised SC committee. In that role, she was also involved in the formulation of regulations, strategic initiatives, policies and guidelines.

Since leaving the SC in 2020, Datin Hayati has created and developed a series of capital market courses, specifically on securities law, requirements and conduct in submission of applications for initial public offerings and has been engaged to provide relevant training to corporate finance professionals. She was also co-opted as member of MICPA's Commerce, Industry and Public Sector Committee effective 1 August 2020.

Datin Hayati is currently an Independent Non-Executive Director of Cement Industries of Malaysia Berhad and Tokio Marine Insurans (Malaysia) Berhad.

Datin Hayati holds a Bachelor of Science Degree in Accounting and a Master's in Business Administration, specialising in Finance, both from Northern Illinois University, USA. She qualified as a Certified Public Accountant in the USA and in Malaysia and is a member of MIA and MICPA.

CORPORATE GOVERNANCE (CONT'D.)

(b) DIRECTORS' TRAINING

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board would attend a formal induction programme to familiarise themselves with the Bank's strategy and aspiration, the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and organised by the Group Learning and Development unit.

The Company Secretary will also provide the new Directors with an information kit regarding disclosure obligations of a director, Board Charter, Code of Ethics, Constitution of the Bank, Board Committees' Terms of Reference, Schedule of Matters Reserved for the Board, amongst others.

Apart from attending the Financial Institutions Directors' Education ("FIDE") Programme, accredited by International Centre for Leadership In Finance ("ICLIF"), and Capital Market Director Programme ("CMDP"), accredited by Securities Industry Development Corporation ("SIDC"), all Directors appointed to the Board, have also attended other relevant training programmes, talks, seminars, dialogue sessions and focus group sessions organised by the regulatory authorities, FIDE Forum (an alumni association for Financial Institutions Directors) and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Bank.

The Directors also attend off-site Strategy Meetings to have an in-depth understanding and continuous engagement with Management pertaining to the AMMB Group's strategic direction. In addition, the Directors are constantly updated on information relating to the AMMB Group's development and industry development through discussion at Board meetings with the Senior Management team.

(c) BOARD RESPONSIBILITY AND OVERSIGHT

The Board remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the best practices in corporate governance as set out in the Malaysian Code on Corporate Governance 2021.

The Board supervises the Management of the Bank's businesses, policies and affairs with the goal of long-term sustainability of the Group. The Board meets nine (9) times in the financial year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, corporate business developments, human resource (subject to matters reserved for shareholders' meetings by law), promotes sustainability in the Group's and the Bank's business strategies and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments. The Board also gives due regard to any decision of the Shariah Committee on any Shariah issue relating to the carrying on of business, affairs or activities of the Bank and approves policies relating to Shariah matters upon consultation with the Shariah Committee.

The Board currently comprises seven (7) Directors with wide skills and experience, six (6) of whom are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as taking into account the long-term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The members of Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to the Board Committees. The Board Committees, together with the committees established at AMMB Group level, which were created to assist the Board in certain areas of deliberations, are:

1. Audit and Examination Committee (at Bank level);
2. Risk Management Committee (at Bank level);
3. Group Nomination and Remuneration Committee (at AMMB Group level); and
4. Group Information Technology Committee (at AMMB Group level).

The roles and responsibilities of each Board Committee are set out under their respective terms of reference, which have been approved by the Board. The minutes of the Board Committee meetings are tabled at the subsequent Board meetings for comment and notation.

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:

Number of meetings attended in Financial Year ("FY") 2023

Directors	**Board of Directors**	**Audit and Examination Committee**	**Risk Management Committee**
Jeyaratnam a/l Tamotharam Pillai	9/9 (Chairman)	N/A	N/A
Lum Sing Fai	9/9	N/A	N/A
Ramesh Pillai	9/9	N/A	7/7 (Chairman)
Chee Li Har	8/9	6/6	6/7
Seow Yoo Lin	9/9	6/6 (Chairman)	N/A
Dato' Kong Sooi Lin	9/9	N/A	7/7
Datin Hayati Aman binti Hashim	9/9	6/6	N/A
Number of meetings held in FY2023	9	6	7

Notes:
1. All attendances reflect the number of meetings attended during the Directors' tenure of service.
2. N/A - represents non-committee member.

AUDIT AND EXAMINATION COMMITTEE ("AEC")

The AEC comprises three (3) members, all of whom are Independent Non-Executive Directors.

The Board has appointed the AEC to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Bank's assets and stakeholders' interest.

The AEC met six (6) times during the financial year ended 31 March 2023 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in the audit reports. The financial statements were reviewed by the AEC prior to their submission to the Board of the Bank for adoption.

(d) COMMITTEES OF THE BOARD (CONT'D.)

AUDIT AND EXAMINATION COMMITTEE ("AEC") (CONT'D.)

In addition, the AEC has reviewed the procedures set up by the Bank to identify and report, and where necessary, seeks approval for related party transactions and, with the assistance of the internal auditors, reviewed related party transactions to ensure such transactions were carried out at arms-length.

INTERNAL AUDIT FUNCTION

The Internal Audit function is established at AMMB Group level, headed by the Group Chief Internal Auditor.

The Group Chief Internal Auditor reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls and operating within the framework defined in the Audit Charter.

The AEC approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meetings are formally tabled to the Board for notation and action, where necessary. The Group Chief Internal Auditor also attends the AEC meetings by invitation and the AEC holds separate meetings with the Group Chief Internal Auditor and the external auditors, whenever necessary.

The scope of internal audit includes review of risk management processes, operational controls, financial controls, compliance with laws and regulations, lending practices and information technology, including the various application systems in production, data centres and network security.

Group Internal Audit prioritises its efforts in performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all areas of banking activities. The risk-based audit plan is reviewed at least semi-annually taking into account the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews and participates actively in major system development activities and projects to advise on risk management and internal control measures.

RISK MANAGEMENT COMMITTEE ("RMC")

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the Risk Appetite Framework and sets the broad risk tolerance level and approves activities after considering the risk bearing capacity and readiness of the Bank.

The RMC exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, liquidity, operational, legal, regulatory capital, strategic, Shariah and cyber security risks impacting the Bank. They are assisted by AMMB Group Risk Management.

The Committee is independent from Management and comprises three (3) members, all of whom, including the Chairman are Independent Non-Executive Directors. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank's ability to accommodate risks under normal and stress scenarios.

There were seven (7) meetings held during the financial year ended 31 March 2023.

RISK MANAGEMENT FUNCTION

The AMMB Group Risk Management is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the AMMB Group. The AMMB Group Risk Management encompasses Wholesale Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Technology Risk and Governance and Provisioning (which is responsible for the development of credit models).

(d) COMMITTEES OF THE BOARD (CONT'D.)

RISK MANAGEMENT FUNCTION (CONT'D.)

AMMB Group Risk Management takes its lead from the AMMB Group Board's approved Risk Appetite Framework that forms the foundation for AMMB Group to set its risk/reward profile. The framework is reviewed and approved annually by the Board taking into account AMMB Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is also periodically reviewed throughout the financial year by the executive management and subsequently, the Board to consider any fine tuning/enhancements base on the prevailing economic condition or situation that may affect the operating environment which the Group operates in.

AMMB Group manages its technology risk (including cyber security risk) guided by the Group's Technology Risk Management Framework and Cyber Resilience Policy, which sets out the structure and direction in safeguarding and protecting AMMB Group's technology and systems against internal and external risks and threats. It is our objective to ensure that these guiding frameworks and policies remain relevant and are robustly tested to safeguard AMMB Group's and our customers' data from potential cyber-attacks.

GROUP NOMINATION AND REMUNERATION COMMITTEE ("GNRC")

The Board delegated the nomination and remuneration functions to the GNRC which is established at AMMB Group level. The Committee comprises five (5) members, all of whom are Non-Executive Directors and is chaired by an Independent Non-Executive Director. The Bank is represented by Mr Seow Yoo Lin in the Committee. The Committee is responsible for, among others, the following:

- regularly reviewing the Board structure, size and composition, as well as making recommendations to the Board of the Bank with regard to any changes that are deemed necessary;
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive Directors should bring to the Board;
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board;
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the AMMB Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved;
- recommending the appointment of Shariah Committee members as well as reviewing the annual performance of the Shariah Committee members and recommending the remuneration for the Shariah Committee members; and
- to implement the ESS in accordance with the By-Laws of the Scheme as approved by the shareholders of AMMB.

The Committee met eight (8) times during the financial year ended 31 March 2023.

GROUP INFORMATION TECHNOLOGY COMMITTEE ("GITC")

The Committee is established at AMMB Group level. The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee is responsible for providing governance for Information Technology ("IT") and to ensure that the overall strategic IT direction is aligned with AMMB Group's business objectives and strategy. The key responsibilities of the Committee include, amongst others, the following functions:

- To provide strategic direction for IT, digital and cyber security development within the AMMB Group and ensuring that IT, cyber security, digitalisation and technology-related innovation strategic plans are aligned and integrated with AMMB Group's business objectives and strategy, and cover a period of at least three (3) years;

CORPORATE GOVERNANCE (CONT'D.)

(d) COMMITTEES OF THE BOARD (CONT'D.)

GROUP INFORMATION TECHNOLOGY COMMITTEE ("GITC") (CONT'D.)

- To ensure the establishment of Group-wide IT policies, procedures and frameworks including IT security and IT risk management and e-banking services to ensure the effectiveness of internal control systems and the reliability of management information systems;
- To approve and provide oversight of AMMB Group's long term IT digital and strategic plans, budgets and implementation, at least once every three (3) years;
- To ensure the Senior Management regularly provides status updates on both key performance indicators and forward-looking risk indicators, together with sufficient information on key technology risks and critical technology operations;
- To oversee the adequacy and utilisation of AMMB Group's IT resources including computer hardware, software, personnel who are involved in the development, modification and maintenance of computer programme and related standard procedures;
- To advise the Board on matters within the scope of GITC, as well as any major IT related issues that merit the attention of the Board;
- To review and recommend any deviation from Bank Negara Malaysia's technology-related policies and guidelines after having carefully considered a robust assessment of related risks;
- To review IT, digital and cyber security planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives; and
- To be responsible for overall oversight function of IT matters including ex-ante risk assessments on e-banking services.

The Committee met six (6) times during the financial year ended 31 March 2023.

MANAGEMENT INFORMATION

The Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Bank, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on AMMB Group policies.

HOLDING COMPANY

The Directors regard AMMB Holdings Berhad, which is incorporated in Malaysia, as the holding company.

RATING BY EXTERNAL AGENCY

From a credit rating perspective, we believe in providing our stakeholders with an independent view of the Bank. As such, we continue to maintain credit ratings with RAM Rating Services Berhad.

Details of the Bank's ratings are as follows:

Rating Agency	Date accorded	Rating Classification	Ratings
RAM Rating Services	10 January 2023	Long-term financial institution rating	AA3
		Short-term financial institution rating	P1
		Outlook	Stable

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

JEYARATNAM A/L TAMOTHARAM PILLAI

SEOW YOO LIN

Kuala Lumpur, Malaysia
29 May 2023

Registration No.197501002220 (23742-V)

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **JEYARATNAM A/L TAMOTHARAM PILLAI** and **SEOW YOO LIN,** being two of the Directors of **AmINVESTMENT BANK BERHAD,** do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 23 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

JEYARATNAM A/L TAMOTHARAM PILLAI

SEOW YOO LIN

Kuala Lumpur, Malaysia
29 May 2023

Registration No.197501002220 (23742-V)

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **LING FOU-TSONG @ JAMIE LING**, being the officer primarily responsible for the financial management of **AmINVESTMENT BANK BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 23 to 150 are, in my opinion correct, and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **LING FOU-TSONG @ JAMIE LING** at Kuala Lumpur in the state of Wilayah Persekutuan this 29 May 2023.

LING FOU-TSONG @ JAMIE LING

Before me,

PESURUHJAYA SUMPAH
No : W958
Nama : MOHD AIZUDDIN BIN SALIM
1 Disember 2022
Hingga
31 Disember 2024
MALAYSIA

COMMISSIONER FOR OATHS

UNIT 1.47, 1ST FLOOR,
WISMA COSWAY,
NO. 88, JALAN RAJA CHULAN,
50200 KUALA LUMPUR.

EY
Building a better working world

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

Registration No. 197501002220 (23742-V)

Independent auditors' report to the member of AmInvestment Bank Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmInvestment Bank Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Bank, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 23 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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Registration No. 197501002220 (23742-V)

Independent auditors' report to the member of AmInvestment Bank Berhad (cont'd.) (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

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Registration No. 197501002220 (23742-V)

Independent auditors' report to the member of AmInvestment Bank Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 13 to the financial statements.

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lee Pei Yin
No. 03189/05/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 May 2023

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
ASSETS					
Cash and short-term funds	5	273,229	278,842	171,866	176,597
Deposits and placements with a bank	6	70,000	300,000	70,000	300,000
Financial investments at fair value through other comprehensive income	8	33,466	33,509	33,466	33,509
Financial investment at amortised cost	9	75,000	75,000	75,000	75,000
Loans and advances	10	815,906	599,556	815,906	599,556
Statutory deposit with Bank Negara Malaysia	11	14,210	9,523	14,210	9,523
Deferred tax assets	12	8,127	8,637	5,534	5,305
Investment in subsidiaries	13	-	-	51,441	51,441
Other assets	14	432,738	888,506	409,899	860,105
Property and equipment	15	15,206	16,112	14,847	15,710
Right-of-use assets	16	2,759	3,333	2,759	3,333
Intangible assets	17	41,206	39,512	3,462	2,063
TOTAL ASSETS		1,781,847	2,252,530	1,668,390	2,132,142
LIABILITIES AND EQUITY					
Deposits and placements of a bank	18	850,000	840,000	850,000	840,000
Derivative financial liabilities	7	4	1	4	1
Other liabilities	19	373,488	842,460	349,230	812,666
TOTAL LIABILITIES		1,223,492	1,682,461	1,199,234	1,652,667
Share capital	20	330,000	330,000	330,000	330,000
Reserves	21	228,355	240,069	139,156	149,475
Equity attributable to equity holder of the Bank		558,355	570,069	469,156	479,475
TOTAL LIABILITIES AND EQUITY		1,781,847	2,252,530	1,668,390	2,132,142
COMMITMENTS AND CONTINGENCIES	36	233,651	234,036	233,651	234,036
NET ASSETS PER ORDINARY SHARE (RM)		1.78	1.82	1.49	1.53

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Bank	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Interest income	22	63,113	47,169	61,408	45,637
Interest expense	23	(26,928)	(14,217)	(26,784)	(14,033)
Net interest income		36,185	32,952	34,624	31,604
Net income from operations of Islamic banking	44(vii)	-	2,148	-	2,148
Other operating income	24	335,941	411,354	227,660	282,068
Direct costs	25	(63,491)	(99,131)	(32,820)	(47,765)
Net income		308,635	347,323	229,464	268,055
Other operating expenses	26	(202,709)	(181,097)	(137,810)	(116,690)
Operating profit before impairment losses		105,926	166,226	91,654	151,365
Allowances for impairment on other financial assets	28	(891)	(766)	(891)	(460)
Provision for commitments and contingencies	19(b)	-	(173)	-	(173)
Other recoveries		48	47	48	47
Profit before taxation		105,083	165,334	90,811	150,779
Taxation	29	(23,142)	(5,106)	(7,475)	11,544
Profit for the financial year attributable to equity holder of the Bank		81,941	160,228	83,336	162,323
Basic/diluted earnings per share (sen)	30	26.1	51.0		

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year		81,941	160,228	83,336	162,323
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Equity instruments at fair value through other comprehensive income					
Net unrealised (loss)/gain on changes in fair value		(166)	157	(166)	157
Items that may be reclassified subsequently to profit or loss					
Debt instruments at fair value through other comprehensive income					
Net unrealised gain on changes in fair value		950	9	950	9
Tax effect	12	(228)	(2)	(228)	(2)
		722	7	722	7
Other comprehensive income for the financial year, net of tax		556	164	556	164
Total comprehensive income for the financial year attributable to equity holder of the Bank		82,497	160,392	83,892	162,487

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	<---------------Attributable to equity holder of the Bank------------------>						
		Non-distributable				Distributable	
Group	**Share capital RM'000**	**Capital reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total Equity RM'000**
At 1 April 2021	330,000	2,815	-	82,115	1,539	43,454	459,923
Profit for the financial year	-	-	-	-	-	160,228	160,228
Other comprehensive income	-	-	-	-	164	-	164
Total other comprehensive income	-	-	-	-	164	160,228	160,392
Transfer to regulatory reserve	-	-	8,457	-	-	(8,457)	-
Dividends paid (Note 31)	-	-	-	-	-	(50,246)	(50,246)
Transactions with owner and other equity movements	-	-	8,457	-	-	(58,703)	(50,246)
At 31 March 2022	330,000	2,815	8,457	82,115	1,703	144,979	570,069

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

	<---------------Attributable to equity holder of the Bank------------------>						
		Non-distributable				Distributable	
Group	**Share capital RM'000**	**Capital reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total Equity RM'000**
At 1 April 2022	330,000	2,815	8,457	82,115	1,703	144,979	570,069
Profit for the financial year	-	-	-	-	-	81,941	81,941
Other comprehensive income	-	-	-	-	556	-	556
Total comprehensive income	-	-	-	-	556	81,941	82,497
Transfer to regulatory reserve	-	-	2,021	-	-	(2,021)	-
Dividends paid (Note 31)	-	-	-	-	-	(94,211)	(94,211)
Transactions with owner and other equity movements	-	-	2,021	-	-	(96,232)	(94,211)
At 31 March 2023	330,000	2,815	10,478	82,115	2,259	130,688	558,355

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

	<------Attributable to equity holder of the Bank------->				
		Non-distributable		Distributable	
	Share capital	Regulatory reserve	Fair value reserve	Retained earnings	Total equity
Bank	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2021	330,000	-	1,539	35,695	367,234
Profit for the financial year	-	-	-	162,323	162,323
Other comprehensive income	-	-	164	-	164
Total comprehensive income	-	-	164	162,323	162,487
Transfer to regulatory reserve	-	8,457	-	(8,457)	-
Dividends paid (Note 31)	-	-	-	(50,246)	(50,246)
Transactions with owner and other equity movements	-	8,457	-	(58,703)	(50,246)
At 31 March 2022	330,000	8,457	1,703	139,315	479,475

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

	<----Attributable to equity holder of the Bank------->				
		Non-distributable		Distributable	
Bank	**Share capital RM'000**	**Regulatory reserve RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2022	330,000	8,457	1,703	139,315	479,475
Profit for the financial year	-	-	-	83,336	83,336
Other comprehensive income	-	-	556	-	556
Total comprehensive income	-	-	556	83,336	83,892
Transfer to regulatory reserve	-	2,021	-	(2,021)	-
Dividend paid (Note 31)	-	-	-	(94,211)	(94,211)
Transactions with owner and other equity movements	-	2,021	-	(96,232)	(94,211)
At 31 March 2023	330,000	10,478	2,259	126,419	469,156

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation:		105,083	165,334	90,811	150,779
Adjustments for:					
Amortisation of intangible assets	26	1,098	838	720	662
Net amortisation of premium for securities		318	340	318	340
Depreciation of property and equipment	26	1,766	1,963	1,598	1,757
Depreciation of right-of-use assets	26	685	634	685	634
Dividend income from financial investments at fair value through other comprehensive income	24	(146)	(293)	(146)	(293)
Dividend income from subsidiaries	24	-	-	(66,000)	(67,901)
Finance costs	26	102	119	102	119
Net loss/(gain) on disposal of property and equipment	24	27	(2)	27	(2)
Gain on liquidation of subsidiary	24	-	-	-	(6)
Net gain from sale of financial assets at fair value through profit or loss	24	(2)	(2)	(2)	(2)
Net gain from redemption of financial liabilities at fair value through profit or loss	24	-	(401)	-	(401)
Property and equipment written off		-	4	-	4
Provision for commitments and contingencies	19(b)	-	173	-	173
Allowances for impairment on other financial assets	28	891	766	891	460
Scheme shares granted under AMMB Executives' Share Scheme	26	2,078	(1,393)	1,581	(1,453)
Net gain on foreign exchange	24	(1,928)	(768)	(1,624)	(650)
Net loss/(gain) on non-trading foreign exchange		7	(8)	-	-
Operating profit before working capital changes carried forward		109,979	167,304	28,961	84,220

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Operating profit before working capital changes brought forward		109,979	167,304	28,961	84,220
Change in operating assets:					
Deposits and placements with a bank		300,000	(300,000)	300,000	(300,000)
Loans and advances		(216,350)	(86,928)	(216,350)	(86,928)
Statutory deposit with Bank Negara Malaysia		(4,687)	(3,019)	(4,687)	(3,019)
Other assets		467,973	(246,630)	461,483	(239,117)
Change in operating liabilities:					
Deposits and placements of a bank		10,000	255,000	10,000	255,000
Other liabilities		(468,485)	333,104	(462,947)	324,055
Cash generated from operations		198,430	118,831	116,460	34,211
Taxation paid, net		(36,112)	(21,299)	(20,058)	(8,306)
Net cash generated from operating activities		162,318	97,532	96,402	25,905
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from subsidiaries	24	-	-	66,000	67,901
Dividends received from financial investments at fair value through other comprehensive income	24	146	293	146	293
Proceeds from disposal of property and equipment		64	2	64	2
Proceeds from disposal/(purchase) of securities		510	(681)	510	(681)
Purchase of intangible assets	17(b)	(2,792)	(1,558)	(2,119)	(853)
Purchase of property and equipment	15	(951)	(926)	(826)	(665)
Net cash (used in)/generated from investing activities		(3,023)	(2,870)	63,775	65,997

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	31	(94,211)	(50,246)	(94,211)	(50,246)
Payment of lease liabilities	19(c)	(699)	(681)	(699)	(681)
Net cash used in financing activities		(94,910)	(50,927)	(94,910)	(50,927)
Net increase in cash and cash equivalents		64,385	43,735	65,267	40,975
Cash and cash equivalents at beginning of the financial year		278,844	235,109	176,599	135,624
Cash and cash equivalents at end of the financial year		343,229	278,844	241,866	176,599
Cash and cash equivalents comprise:					
Cash and short-term funds	5	273,229	278,842	171,866	176,597
Deposits and placements with a bank	6	70,000	300,000	70,000	300,000
		343,229	578,842	241,866	476,597
Less: Deposit with original maturity more than 3 months	6	-	(300,000)	-	(300,000)
		343,229	278,842	241,866	176,597
Add:					
Allowances for expected credit loss	5	-	2	-	2
		343,229	278,844	241,866	176,599

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business is located at Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activity of the Bank is to provide a wide range of investment banking and related financial services which also include Islamic investment banking, investment advisory, shares and futures broking, fund management and investment research and publication activities.

The Islamic investment banking refers to the 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.

The principal activities of the Bank's subsidiaries are as disclosed in Note 13.

There have been no significant changes in the nature of the activities of the Bank and its subsidiaries during the financial year.

The Bank is a wholly-owned subsidiary of AMMB Holdings Berhad (“AMMB”), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Group and the separate financial statements of the Bank have been approved and authorised for issue by the Board of Directors on 26 April 2023.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

In the preparation of these financial statements, the management of the Group and the Bank have made an assessment on the ability of the Group and the Bank to continue as a going concern. Based on the assessment, the management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern, hence these financial statements have been prepared on a going concern basis.

2.2 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”), and the requirements of the Companies Act 2016 in Malaysia.

2.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

The statements of financial position are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (“current”) and more than 12 months after the reporting date (“non-current”) is presented in Note 38.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 March 2023.

Subsidiaries are entities (including structured entities) over which the Group has control.

The Group controls an investee, if and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, control is established when the Group holds a majority of the voting rights of an investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the size of the Group’s voting rights and potential voting rights relative to the size and dispersion of voting rights and potential rights held by the other vote holders.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and cash flows of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity owner of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a transaction with equity owner of the Group. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises any consideration received at its fair value;
- recognises any investment retained at its fair value;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent’s share of components previously recognised in OCI to profit or loss, or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies

2.5(a) Business combinations and goodwill

Business combinations, other than business combination between entities under common control, are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the acquisition date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. For financial liabilities, this includes the separation of embedded derivatives in host contracts by the acquiree.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial asset or a financial liability is recognised in accordance with MFRS 9 *Financial Instruments* ("MFRS 9"), in profit or loss. If the contingent consideration is not within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units (“CGU”), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with MFRS 8 *Operating Segments* ("MFRS 8").

Where goodwill has been allocated to a CGU (or a group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(a) Business combinations and goodwill (Cont'd.)

The Group applies merger accounting to account for business combinations between entities under common control. Under merger accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate common control shareholder and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity’s results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities’ full year results. The comparative information is restated to reflect the combined results of both entities.

2.5(b) Investments in subsidiaries

In the Bank’s separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amounts are recognised in profit or loss.

2.5(c) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency”). The Group’s consolidated financial statements and the Bank's separate financial statements are presented in Ringgit Malaysia (“RM”), which is also the Bank’s functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the entities within the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot exchange rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or the profit or loss, respectively).

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(d) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Depreciation of other property and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets.

The annual depreciation rates for the various classes of property and equipment are as follows:

Long term leasehold land	2% or remaining lease period (whichever is shorter)
Leasehold buildings	2% or over the term of short-term lease (whichever is shorter)
Leasehold improvements	15% to 20%
Motor vehicles	10% to 20%
Computer equipment	12.5% to 33.3%
Office equipment, furniture and fittings	10% to 50%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if the expectations differ from previous estimates.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on whether the arrangement conveys a right to control the use of the asset, even if that right is not explicitly specified in an arrangement.

(i) The Group and the Bank as a lessee

Leases are recognised as a right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use by the Group and the Bank.

At the commencement date of the leases, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any). Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Unless the Group and the Bank are reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group and the Bank are reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the right-of-use assets are depreciated over the underlying asset’s useful life.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of the assets, as follows:

Premises	50 years or over the term of short term lease

Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases, i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value, i.e. those with a value of RM20,000 or less when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(e) Leases (Cont'd.)

(ii) The Group and the Bank as lessor

Leases in which the Group and the Bank do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognised over the term of the lease on a straight-line basis. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5(f) Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the profit or loss in the financial year in which the expenditure is incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered accounted for by changing the amortisation period or method, as appropriate, which are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(g) Financial instruments – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Group and the Bank become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets. The Group and the Bank apply trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

(ii) Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Group and the Bank immediately recognise the difference between the transaction price and fair value (a "Day 1" profit or loss) in "investment and trading income" provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and the fair value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

2.5(h) Financial assets – classification and subsequent measurement

The Group and the Bank classify its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVTPL").

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

Business model

The business model reflects how the Group and the Bank manage the financial assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets, or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Group and the Bank in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(h) Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

Cash flow characteristics

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets' contractual cash flows represent solely payment of principal and interest ("SPPI"). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, the Group and the Bank classify the debt instruments into one of the following three measurement categories:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the methodology described in Note 2.5(l). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included in “interest income” in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in “impairment losses on financial investments” for bonds, “impairment losses on loans and advances” for loans and advances or “doubtful receivables” for losses other than bonds, loans and advances.

FVOCI

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through OCI, except for interest income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Interest earned whilst holding the assets are reported as "interest income" using the effective interest method. The losses arising from impairment are reclassified from OCI to profit or loss in “impairment losses on financial investments”. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss and recognised in "other operating income".

FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI, including financial assets held-for-trading and derivatives, are measured at FVTPL. A gain or loss on an asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented within “investment and trading income”. Interest earned whilst holding the assets are reported as "interest income" using the effective interest method.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(h) Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

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(i) Debt instruments (Cont'd.)

FVTPL (Cont'd.)

In addition, financial assets that meet the criteria for amortised cost or FVOCI may be irrevocably designated by management as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument by instrument basis. Any change in fair value is recognised in profit or loss and presented within “investment and trading income”. Interest earned are recognised in “interest income” using the effective interest method.

(ii) Reclassification of debt investments

The Group and the Bank reclassify debt investments when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the financial year.

(iii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Bank subsequently measure all equity investments at FVTPL, except where the management has elected at initial recognition to irrevocably designate an equity investment that is not held for trading at FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends earned whilst holding the equity investment are recognised in profit or loss as “other operating income” when the right to the payment has been established.

Gains and losses on equity investments at FVTPL, including dividends earned, are included in "investment and trading income" in profit or loss.

2.5(i) Financial liabilities – classification and subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for:
- financial liabilities at FVTPL; and
- loan commitments (see Note 2.5(r)).

(i) Amortised cost

Financial liabilities issued by the Group and the Bank, that are not designated at FVTPL, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group and the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(i) Financial liabilities – classification and subsequent measurement (Cont'd.)

(i) Amortised cost (Cont'd.)

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

(ii) FVTPL

This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in OCI (being the amount of change in the fair value of the financial liability that is attributable to changes in credit risk of that liability) and partially in profit or loss (i.e. the remaining amount of change in fair value of the liability). This is unless such presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

2.5(j) Derecognition of financial instruments

(i) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Bank have transferred rights to receive cash flows from the asset or have assumed obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
  - the Group and the Bank have transferred substantially all the risks and rewards of the asset; or
  - the Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Bank have transferred rights to receive cash flows from an asset or have entered into a pass-through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s and the Bank's continuing involvement in the asset. In that case, the Group and the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

(ii) Modification of loans and advances

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan;

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(j) Derecognition of financial instruments (Cont'd.)

(ii) Modification of loans and advances (Cont'd.)

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors (Cont'd.):

- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognise a "new" asset at fair value and recalculate a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk ("SICR") has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the borrower being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. The difference in the respective carrying amount of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial liability and are amortised over the remaining term of the modified financial liability.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(k) Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at FVTPL, financial assets at FVOCI and derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group and to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and/or
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets or liabilities that are recognised at fair value in the financial statements 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.

The fair value hierarchies of:
i) financial instruments that are measured at fair value are disclosed in Note 41.
ii) financial assets and financial liabilities that are not measured at fair value, but for which fair value is disclosed, are also disclosed in Note 41.

2.5(l) Financial instruments - expected credit losses ("ECL")

The Group and the Bank assess on a forward-looking basis the ECL associated with debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(l) Financial instruments - expected credit losses ("ECL") (Cont'd.)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss, except for debt instruments measured at FVOCI. Interest income continues to be accrued in profit or loss on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group and the Bank cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

The methodology applied in measuring ECL are explained in Note 40.2.4.

Loans together with the associated allowance are written off when all practical recovery efforts have been exhausted and there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the Group and the Bank. The Group and the Bank may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

(i) Rescheduled and restructured loans

Where possible, the Group and the Bank seek to reschedule or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EIR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured loans for a certain period to ensure all terms are adhered to and that future payments are likely to occur before reclassification back to performing status.

(ii) Collateral valuation

The Group and the Bank seek to use collateral, where possible, to mitigate risks on financial assets. The collateral comes in various forms such as cash, securities, real estate and other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's and the Bank's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group and the Bank use active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as property valuers, mortgage brokers, housing price indices, audited financial statements and other independent sources. (See Note 40.2.2 for further analysis of collateral).

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(l) Financial instruments - expected credit losses (Cont'd.)

(iii) Collateral repossessed

The Group’s and the Bank's policy is to determine whether a repossessed asset is best used for internal operations or should be sold. Repossessed financial assets determined to be useful for the internal operations are classified based on their characteristics, business model and the cash flow characteristics, and are measured at their fair value in the same manner as described in Note 2.5(k). Repossessed non-financial assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value and the carrying value of the original secured asset. Repossessed assets that are determined better to be sold are immediately transferred to assets held for sale if the sale is deemed highly probable within a short period following the repossession, whereby financial assets are measured at their fair value whereas non-financial assets are measured at the lower of fair value less cost to sell at the repossession date and the carrying value of the original secured asset.

2.5(m) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5(n) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Bank estimate the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(n) Impairment of non-financial assets (Cont'd.)

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5(o) Cash and cash equivalents

Cash and short-term funds in the statement of financial position comprise cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of less than three months, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

2.5(p) Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

2.5(q) Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured reliably. The contingent liability is not recognised but instead is disclosed in the financial statements.

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Bank is also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Bank.

The Group and the Bank do not recognise contingent assets in the financial statements but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(r) Loan commitments

Loan commitments provided by the Group and the Bank are measured at the amount of the loss allowance (calculated as described in Note 2.5(l)).

2.5(s) Recognition of income and expenses

Operating revenue of the Group comprises of all types of revenue, mainly gross interest income, fee and commission earned, net of related direct costs and other income derived from investment banking, nominee services and fund management.

Operating revenue of the Bank comprises of gross interest income, fee and commission earned, net of related direct costs, and other income derived from investment banking operations.

(a) Recognition of income and expenses relating to financial instruments

(i) Interest/financing income and similar income and expense

For all interest-bearing financial assets and financial liabilities measured at amortised cost, interest bearing financial investments at FVOCI and financial assets and financial liabilities at FVTPL, interest/financing income or expense is calculated using the effective interest method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group and the Bank revise estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group and the Bank subsequently increase estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan.

(ii) Dividend income

Revenue is recognised when the Group’s and the Bank's right to receive the payment is established, it is probable that the economic benefits will flow to the Group and the Bank and the amount of payment can be reliably measured. The conditions are generally met when shareholders approve the dividend.

(iii) Investment and trading income

Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial assets at FVTPL.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(s) Recognition of income and expenses (Cont'd.)

(b) Recognition of revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer as or when the Group and the Bank transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Bank and their customers have approved the contract and intend to perform their respective obligations, the Group’s and the Bank's and the customer’s rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Bank will collect the consideration entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Group and the Bank assess the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.

Revenue is measured at the amount of consideration to which the Group and the Bank expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies, the Group and the Bank estimate the amount of consideration expected to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue as or when the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Bank determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Revenue is recognised over time if the control over the goods or services is transferred over time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(s) Recognition of income and expenses (Cont'd.)

(b) Recognition of revenue from contracts with customers (Cont'd.)

The following specific recognition criteria must be met before revenue is recognised:

Fee and commission income

The Group and the Bank earn fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(i) Fee income earned from services that are provided over a period of time

Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include loan arrangement, commission income, asset management, custody and other management and advisory fees. Loan commitment fees for loans that are unlikely to be drawn down are recognised over the commitment period on a straight-line basis.

(ii) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria. Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold.

2.5(t) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Bank and are measured at the amounts paid or expected to be paid when the liabilities are settled. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution pension plan

The Group and the Bank make contributions to the Employee Provident Fund (“EPF”), as well as defined contribution private retirement schemes in Malaysia. Such contributions are recognised as an expense in profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(iii) Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits when the Group and the Bank demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(t) Employee benefits (Cont'd.)

(iv) Share-based payment transactions

The holding company, AMMB Holdings Berhad ("AMMB"), operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors or employees of the AMMB Group of Companies ("AMMB Group") based on the financial and performance criteria and such conditions as it may deem fit.

The cost of equity-settled transactions is recognised by the Group and the Bank, together with a corresponding increase in the amount payable to, or the amount receivable from, AMMB over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. The charge or writeback of shares granted under ESS for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised from the beginning to the end of that period.

2.5(u) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved between the end of the reporting period and the date the financial statements are authorised for issue are disclosed as an event after the reporting period.

2.5(v) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside the income statement. Current taxes relating to items recognised in OCI or directly in equity is recognised in OCI or equity respectively.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(v) Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5(w) Earnings Per Share ("EPS")

The Group presents basic and diluted (where applicable) EPS data for its ordinary shares in Note 30. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholder of the Group by the weighted average number of ordinary shares outstanding during the period net of treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.5(x) Segment reporting

Segment reporting in the financial statements is presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Operating segments are distinguishable components of the Group about which separate financial information is available and is evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance. Reportable segments are operating segments or aggregations of operating segments of similar economic characteristics that meet specific aggregation criteria.

The Group's segmental reporting is based on the following two operating segments: investment banking and group funding and others, as disclosed in Note 42.

2.5(y) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Changes in the fair value of the ordinary shares are not recognised in the financial statements.

2.5(z) Fiduciary assets

The Group and the Bank provide trust and other fiduciary services that result in the holding or investing of assets on behalf of their clients. Assets held in a fiduciary capacity are not recognised as assets of the Group and the Bank. This includes monies in trust as disclosed in Note 37.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of amendments and annual improvements to standards

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to published standards:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)
- Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)
- Annual Improvements to MFRS Standards 2018-2020

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

3.1(a) 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 prohibits 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 adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank.

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

The amendments explain that, for the purpose of determining the unavoidable costs of meeting the entity's contractual obligations, the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an asset used to fulfil the contract). The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank.

3.1(c) 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 adoption of these amendments did not result in any impact as there is no business combination or asset acquisition occurred during the financial year 31 March 2023.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 Adoption of amendments and annual improvements to standards (Cont'd.)

The nature of the amendments to published standards relevant to the Group and the Bank are described below: (Cont'd.)

3.1(d) Annual Improvements to MFRS Standards 2018-2020

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments, 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 adoption of this amendment did not result in any impact as there is no subsidiary of the Group that adopt MFRS later than the Bank.

(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. The adoption of this amendment did not result in any impact to the financial statements of the Group and the Bank.

(iii) MFRS 141 *Agriculture*
The amendment removed the requirement for entities to exclude cash flows for taxation when measuring fair value to align with the requirement in the standard to discount cash flows on a post-tax basis. The adoption of this amendment did not result in any impact as the Group and the Bank are not in the agriculture business.

3.2 Standards issued but not yet effective

The following are new standards and amendments to published standards issued but not yet effective up to the date of issuance of the Group's and of the Bank's financial statements. The Group and the Bank intend to adopt the relevant standards and amendments to published standards when they become effective.

Description	Effective for annual period beginning on or after
MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 *Insurance Contracts*)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	To be determined by MASB

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

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective (Cont'd.)

3.2a Amendments to published Standards effective for financial year ending 31 March 2024

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

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

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

3.2b Amendments to published Standards effective for financial year ending 31 March 2025

Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)

The amendments clarified that, in subsequently measuring the lease liability, determines lease payments and revised leased payments in a way that does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)

The amendments clarified that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

3.2c Standard deferred to 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 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the 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 revenues, 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 or liabilities affected in future periods.

In the process of applying the Group’s and the Bank's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

4.1 Measurement of ECL allowances (Notes 5, 10, 14 and 28)

The measurement of the ECL allowances for financial assets measured at amortised cost and FVOCI and loan commitments requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 40.2.4.

Component of ECL models that involve significant judgement includes:

- determining criteria for significant increase in credit risk in the qualitative assessment and the impact of the instrument being measured at lifetime ECL basis due to significant increase in credit risk;
- choosing appropriate models and assumptions including the various formulas and choice of inputs for the measurement of ECL;
- establishing the forward-looking macro-economic scenarios and the associated probability weightings, which are used in forward-looking ECL measurement;
- establishing groups of similar financial assets for the purposes of measuring ECL; and
- application of the Group's and the Bank's internal credit grading model which assigns Probability of Default ("PD") to the individual grades.

4.2 Lease term of agreements with renewal options (Note 16)

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group and the Bank have the option, under some of its leases to lease the assets for additional terms of three to twelve years. The extension options held are exercisable only by the Group and the Bank and not by the respective lessor. In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include historical lease durations and the costs and business disruption required to replace the leased asset. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Group and the Bank included the renewal period as part of the lease term for most of its leases of premises due to the significance of these assets to its operations.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.3 Impairment of goodwill (Note 17 (a))

The Group tests annually whether the goodwill that has an indefinite life is impaired by measuring the recoverable amount of the CGU based on the value in use method, which requires the use of estimates of future cash flow projections, terminal growth rates and discounts rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

4.4 Deferred tax assets (Note 12) and income taxes (Note 29)

The Group's and the Bank's income tax expense, deferred tax assets and liabilities reflect management's best estimate of current and future taxes to be paid.

Deferred tax assets are recognised in respect of unabsorbed capital allowances and other temporary differences to the extent that it is probable that future taxable profit will be available against which the unabsorbed capital allowances and other temporary differences can be utilised. Management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Significant judgement is required in estimating the provision for income taxes. Such estimate involves dealing with uncertainties in the application on the tax treatment of certain income or expenses that requires interpretation of the provisions in the income tax act of the relevant tax authorities. Liabilities for taxation are recognised based on estimates as to whether the payment of additional tax is probable. Management may seek experts' advice for such complex areas. As there is significant judgement and estimation uncertainty involved in determining provision for income taxes, the actual tax liability payable to the relevant tax authorities for the relevant year of assessment may be materially different from the amounts that were initially recorded; and such differences, if any, will be reflected as adjustments of over or under provisions of income tax and deferred tax provision in the period in which the estimate is revised or when the final tax liability is established.

In the previous financial year, the Bank has claimed tax deduction on the settlement of RM295.0 million with Ministry of Finance Malaysia and its related expenses of RM2.0 million ("settlement sum") in the Year of Assessment ("YA") 2021 tax returns. The claim for tax deduction on the settlement sum was made based on legal opinion received and accordingly, the Bank recognised a portion of tax deduction amounting to RM14.1 million as tax recoverable.

During the financial year, the Inland Revenue Board ("IRB") has formally communicated to the Bank with a differing view on the tax deductibility of the settlement sum. Management has seek legal advice arising from this latest update from IRB and concluded that the tax position taken by the Bank in prior year remains unchanged as the tax deduction on the settlement sum still hold merits. As such, the Bank maintained the same tax position with the total of RM14.1 million as tax recoverable that is consistent with prior year tax treatment, resulting in nil tax impact to the Bank's statement of profit or loss for the financial year ended 31 March 2023.

Management has also taken all the necessary steps and actions to ensure compliance with the tax regulations to maintain the Bank's tax position in the current financial year. The Bank will continuously reassess the tax recoverable recognised and the unutilised tax loss arose from the remaining tax deduction based on the developments of the discussion with IRB.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.5 Fair value measurement of financial instruments (Notes 7, 8 and 41)

When the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required to establish fair values. Judgements and basis as disclosed in Note 41 include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates.

4.6 Development costs

Costs incurred in the development and implementation of software systems for the Group and the Bank are capitalised as development costs if specific criteria are met. In determining whether the costs are capitalisable, management applies judgment to ascertain the technical feasibility of completing the intangible asset, which is usually evidenced by the achievement of defined milestone according to an established project management model.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	91,705	87,695	65,097	63,989
Deposit placements maturing within one month:				
Licensed banks	165,755	176,139	91,000	97,600
Other financial institutions	15,769	15,010	15,769	15,010
	273,229	278,844	171,866	176,599
Less: Allowances for ECL				
- Stage 1 - 12-month ECL	-	(2)	-	(2)
	273,229	278,842	171,866	176,597

The cash and bank balances of the Group is net of bank overdraft of RM320,135 (2022: RM3,372,737). The interest rate of the bank overdraft at reporting date was 3.95% per annum (2022: 2.95%), repayable on demand.

Movements in allowances for ECL:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
2023		
Balance at beginning of the financial year	2	2
Net remeasurement of allowances (Note 28)	(2)	(2)
Balance at end of the financial year	-	-

Movement of ECL during the year was due to decrease in balance held with foreign banks.

2022		
Balance at beginning of the financial year	-	-
Net remeasurement of allowances (Note 28)	2	2
Balance at end of the financial year	2	2

6. DEPOSITS AND PLACEMENTS WITH A BANK

Group and Bank	2023 RM'000	2022 RM'000
Licensed bank, a related company (Note 32)	70,000	300,000

Of which deposit and placements with original maturity of:

Three months or less	70,000	-
More than three months	-	300,000
	70,000	300,000

7. DERIVATIVE FINANCIAL LIABILITIES

Group and Bank	2023		2022	
	Contract/ Notional Amount RM'000	Fair Value Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Liabilities RM'000
Trading derivatives				
Foreign exchange related contracts:				
One year or less	1,249	4	677	1

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group and Bank	
	2023	2022
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Investment Issues	-	30,357
Malaysian Government Securities	30,480	-
Unquoted securities:		
In Malaysia:		
Shares	2,960	3,131
Outside Malaysia:		
Shares	26	21
	33,466	33,509

Equity investments at fair value through other comprehensive income comprise the following individual investments:

	Fair value		Dividend income (Note 24)	
Group and Bank	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unquoted securities in Malaysia:				
Malaysian South-South Corporation Berhad	2,960	3,131	146	293
Unquoted securities outside Malaysia:				
S.W.I.F.T SCRL	26	21	-	-
	2,986	3,152	146	293

The Group and the Bank elected to present in other comprehensive income for changes in the fair value of the above equity investments because these equity investments are held for long-term strategic or socio-economic purposes instead of for selling in the near term or for short-term profit taking.

There have been no new acquisition or disposal of equity investments at fair value through other comprehensive income during the financial year.

9. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	2023	2022
	RM'000	RM'000
At Amortised Cost		
Unquoted securities:		
In Malaysia:		
Corporate bonds	75,000	75,000

10. LOANS AND ADVANCES

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
At Amortised Cost		
Share margin financing	809,495	591,415
Revolving credits	5,974	7,637
Staff loans	438	505
Gross loans and advances	815,907	599,557
Less: Allowances for ECL (Note 10(f)):		
- Stage 1 - 12-month ECL	(1)	(1)
Net loans and advances	815,906	599,556

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

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Domestic business enterprises:		
- Small and medium enterprises	35,119	35,837
- Others	12,339	10,888
Individuals	762,555	547,897
Foreign individuals and entities	5,894	4,783
Other domestic entities	-	152
	815,907	599,557

(b) All gross loans and advances reside in Malaysia.

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

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Fixed rate:		
- Other fixed rate loans	809,495	591,415
Variable rate:		
- Base lending rate-plus	438	505
- Cost-plus	5,974	7,637
	815,907	599,557

10. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Agriculture	368	691
Manufacturing	-	8,683
Construction	2,014	5,908
Wholesale and retail trade and hotels and restaurants	6,990	8,717
Transport, storage and communication	13,467	7,768
Finance and insurance	-	152
Real estate	1,646	403
Business activities	7,134	4,571
Education and health	9,705	9,984
Household, of which:	774,583	552,680
- Purchase of residential properties	438	505
- Others	774,145	552,175
	815,907	599,557

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

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Maturing within one year	815,525	599,118
Over one year to three years	83	22
Over three years to five years	81	121
Over five years	218	296
	815,907	599,557

10 LOANS AND ADVANCES (CONT'D.)

(f) Movement in allowances for ECL is as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
2023		
Balance at beginning and end of the financial year	1	1
2022		
Balance at beginning and end of the financial year	1	1

No material movement in ECL balances during the financial year.

11. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities. The Statutory Reserve Requirement ("SRR") rate for banking industries is 2.0% of eligible liabilities.

12. DEFERRED TAX ASSETS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance at the beginning of the financial year	8,637	8,351	5,305	5,742
Recognised in profit or loss (Note 29)	(282)	288	457	(435)
Recognised in other comprehensive income	(228)	(2)	(228)	(2)
Balance at the end of the financial year	8,127	8,637	5,534	5,305

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statements of financial position, after appropriate offsetting:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	8,127	8,637	5,534	5,305

12. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

Group Deferred tax assets	Balance at beginning of the financial year RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
31 March 2023				
Provision for commitments and contingencies	42	-	-	42
Provision for expenses	7,170	(58)	-	7,112
Other temporary differences	1,988	(305)	-	1,683
	9,200	(363)	-	8,837
31 March 2022				
Provision for commitments and contingencies	-	42	-	42
Provision for expenses	5,427	1,743	-	7,170
Other temporary differences	3,587	(1,599)	-	1,988
	9,014	186	-	9,200
Deferred tax liabilities				
31 March 2023				
Deferred charges	(258)	190	-	(68)
Fair value reserve	(2)	-	(228)	(230)
Excess of capital allowances over depreciation and amortisation	(303)	(109)	-	(412)
	(563)	81	(228)	(710)
31 March 2022				
Deferred charges	(436)	178	-	(258)
Fair value reserve	-	-	(2)	(2)
Excess of capital allowances over depreciation and amortisation	(227)	(76)	-	(303)
	(663)	102	(2)	(563)

12. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows (Cont'd.):

Bank **Deferred tax assets**	**Balance at beginning of the financial year RM'000**	**Recognised in profit or loss RM'000**	**Recognised in other comprehensive income RM'000**	**Balance at end of the financial year RM'000**
31 March 2023				
Provision for commitments and contingencies	42	-	-	42
Provision for expenses	4,294	391	-	4,685
Other temporary differences	1,221	159	-	1,380
	5,557	550	-	6,107
31 March 2022				
Provision for commitments and contingencies	-	42	-	42
Provision for expenses	3,659	635	-	4,294
Other temporary differences	2,273	(1,052)	-	1,221
	5,932	(375)	-	5,557
Deferred tax liabilities				
31 March 2023				
Fair value reserve	(2)	-	(228)	(230)
Excess of capital allowances over depreciation and amortisation	(250)	(93)	-	(343)
	(252)	(93)	(228)	(573)
31 March 2022				
Fair value reserve	-	-	(2)	(2)
Excess of capital allowances over depreciation and amortisation	(190)	(60)	-	(250)
	(190)	(60)	(2)	(252)

13. INVESTMENT IN SUBSIDIARIES

	Bank 2023 RM'000	Bank 2022 RM'000
Unquoted shares, at cost	64,187	64,187
Less: Impairment loss	(12,746)	(12,746)
	51,441	51,441

The details of the subsidiaries, all of which are unquoted and stated at cost are as follows:

Subsidiaries	Principal Activities	Effective Equity Interest 2023 %	Effective Equity Interest 2022 %
Incorporated in Malaysia			
AMMB Nominees (Tempatan) Sdn Bhd *	Dormant	100	100
AM Nominees (Tempatan) Sdn Bhd #	Nominee services	100	100
AM Nominees (Asing) Sdn Bhd	Nominee services	100	100
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	100	100
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	100	100
AmResearch Sdn Bhd *	Dormant	100	100
AmFutures Sdn Bhd *	Dormant	100	100
AmFunds Management Berhad	Fund management	100	100
AmIslamic Funds Management Sdn Bhd	Fund management	100	100

* Subsidiaries under member's voluntary liquidation
\# Subsidiary audited by a firm other than Ernst & Young PLT Malaysia

There are no restrictions on transfer of funds, for example paying dividends or repaying loans and advances by the subsidiaries. The ability of the subsidiaries to pay dividends or make advances to the Bank depends on their financial and operating performance, profit availability and solvency tests in accordance with the Companies Act 2016.

The movement in allowances for impairment is as follows:

	Bank 2023 RM'000	Bank 2022 RM'000
Balance at beginning of the financial year	12,746	12,756
Amount written off	-	(10)
Balance at end of the financial year	12,746	12,746

14. OTHER ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Trade receivables	(a)	271,463	426,775	258,546	414,394
Other receivables, deposits and prepayments		29,355	30,944	15,090	11,215
Interest receivable		960	2,449	960	2,449
Tax recoverable		39,111	26,920	39,035	26,909
Margin deposits		95,400	404,449	95,400	404,449
Amount due from:	(b)				
Subsidiaries	32	-	-	3,679	2,980
Related companies	32	472	312	472	312
		436,761	891,849	413,182	862,708
Less:					
Allowances for ECL	(c)	(4,023)	(3,343)	(3,283)	(2,603)
		432,738	888,506	409,899	860,105

(a) Trade receivables comprise the Group's stockbroking, futures broking and fund management operations, which include amount outstanding from purchase contracts and management fees receivables in respect of funds under the subsidiaries' management.

(b) Amounts due from subsidiaries and other related companies are unsecured, non-interest bearing, repayable on demand and include expenses paid on behalf of the subsidiaries.

(c) Movements in allowances for ECL:

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Balance at beginning of the financial year	3,343	3,032	2,603	2,598
Allowance made during the financial year for ECL, net (Note 28)	893	764	893	458
Amount written-off	(213)	(453)	(213)	(453)
Balance at end of the financial year	4,023	3,343	3,283	2,603

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

As at reporting date, trade receivables of the Group and of the Bank that are classified as impaired amounted to RM1,798,000 (2022: RM1,880,000) and RM1,365,000 (2022: RM1,446,000), respectively.

15. PROPERTY AND EQUIPMENT

Group 2023	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At beginning of the financial year	3,000	17,133	19,803	22,899	27,118	820	90,773
Additions	-	-	119	61	771	-	951
Disposals	-	-	-	(3)	(433)	(296)	(732)
Written off	-	-	-	(3)	-	-	(3)
At end of the financial year	3,000	17,133	19,922	22,954	27,456	524	90,989
Accumulated Depreciation							
At beginning of the financial year	1,185	6,834	18,302	22,025	25,741	574	74,661
Depreciation charge for the financial year (Note 26)	60	343	579	277	507	-	1,766
Disposals	-	-	-	(2)	(432)	(207)	(641)
Written off	-	-	-	(3)	-	-	(3)
At end of the financial year	1,245	7,177	18,881	22,297	25,816	367	75,783
Carrying Amount							
At end of the financial year	1,755	9,956	1,041	657	1,640	157	15,206

15. PROPERTY AND EQUIPMENT (CONT'D.)

Group 2022	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At beginning of the financial year	3,000	17,133	20,422	23,124	26,862	959	91,500
Additions	-	-	116	158	652	-	926
Disposals	-	-	-	(15)	(59)	-	(74)
Written off	-	-	(735)	(368)	(339)	-	(1,442)
Reclassification	-	-	-	-	-	(139)	(139)
Transfer from computer software	-	-	-	-	2	-	2
At end of the financial year	3,000	17,133	19,803	22,899	27,118	820	90,773
Accumulated Depreciation							
At beginning of the financial year	1,125	6,491	18,331	22,076	25,607	713	74,343
Depreciation charge for the financial year (Note 26)	60	343	705	329	526	-	1,963
Disposals	-	-	-	(15)	(55)	-	(70)
Written off	-	-	(734)	(365)	(339)	-	(1,438)
Reclassification	-	-	-	-	-	(139)	(139)
Transfer from computer software	-	-	-	-	2	-	2
At end of the financial year	1,185	6,834	18,302	22,025	25,741	574	74,661
Carrying Amount							
At end of the financial year	1,815	10,299	1,501	874	1,377	246	16,112

15. PROPERTY AND EQUIPMENT (CONT'D.)

Bank **2023**	**Long term leasehold land** **RM'000**	**Leasehold buildings** **RM'000**	**Leasehold improvements** **RM'000**	**Office equipment, furniture and fittings** **RM'000**	**Computer equipment** **RM'000**	**Motor vehicles** **RM'000**	**Total** **RM'000**
Cost							
At beginning of the financial year	3,000	17,133	19,091	21,702	25,508	820	87,254
Additions	-	-	117	62	647	-	826
Disposals	-	-	-	(3)	(461)	(296)	(760)
Written off	-	-	-	(3)	-	-	(3)
At end of the financial year	3,000	17,133	19,208	21,758	25,694	524	87,317
Accumulated Depreciation							
At beginning of the financial year	1,185	6,834	17,598	20,896	24,457	574	71,544
Depreciation charge for the financial year (Note 26)	60	343	570	233	392	-	1,598
Disposals	-	-	-	(2)	(460)	(207)	(669)
Written off	-	-	-	(3)	-	-	(3)
At end of the financial year	1,245	7,177	18,168	21,124	24,389	367	72,470
Carrying Amount							
At end of the financial year	1,755	9,956	1,040	634	1,305	157	14,847

15. PROPERTY AND EQUIPMENT (CONT'D.)

Bank 2022	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At beginning of the financial year	3,000	17,133	19,710	21,928	25,505	959	88,235
Additions	-	-	116	158	391	-	665
Disposals	-	-	-	(16)	(49)	-	(65)
Written off	-	-	(735)	(368)	(339)	-	(1,442)
Reclassification	-	-	-	-	-	(139)	(139)
At end of the financial year	3,000	17,133	19,091	21,702	25,508	820	87,254
Accumulated Depreciation							
At beginning of the financial year	1,125	6,491	17,654	21,014	24,431	713	71,428
Depreciation charge for the financial year (Note 26)	60	343	678	263	413	-	1,757
Disposals	-	-	-	(16)	(48)	-	(64)
Written off	-	-	(734)	(365)	(339)	-	(1,438)
Reclassification	-	-	-	-	-	(139)	(139)
At end of the financial year	1,185	6,834	17,598	20,896	24,457	574	71,544
Carrying Amount							
At end of the financial year	1,815	10,299	1,493	806	1,051	246	15,710

16. RIGHT-OF-USE ASSETS

Group and Bank	Note	Premises 2023 RM'000	Premises 2022 RM'000
Cost			
At beginning of the financial year		6,263	6,200
Additions		111	63
At end of the financial year		6,374	6,263
Accumulated depreciation			
At beginning of the financial year		2,930	2,296
Depreciation charge for the financial year	26	685	634
At end of the financial year		3,615	2,930
Carrying amount			
At end of the financial year		2,759	3,333

The carrying amount of the right-of-use assets includes estimated cost for reinstatement which amounted to RM48,270 (2022: RM115,312).

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 19(c).

The Group and the Bank have entered into commercial leases for premises, all of which do not contain any variable payment terms or residual payment guarantees. The Group and the Bank are not subjected to any covenants or restrictions by entering into the leases.

The leases are typically made for fixed period of three years, but some of the leases for premises may have extension options of between three and twelve years. These options, which are exercisable only by the Group and the Bank and not by the respective lessor, are negotiated by management to provide operational flexibility in managing the assets used in the operations of the Group and the Bank. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (refer to Note 4.2). For most of the leases of premises, the periods covered by the extension options are included as part of the lease terms due to the significance of these assets to the Group and the Bank. As such, substantially all of the future cash outflows that the Group and the Bank are exposed to in connection with the leases have been reflected in the measurement of lease liabilities.

17. INTANGIBLE ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Goodwill	(a)	36,442	36,442	-	-
Other intangibles:					
Computer software	(b)	3,486	2,376	2,184	2,009
Work-in-progress ("WIP") for computer software	(b)	1,278	694	1,278	54
		4,764	3,070	3,462	2,063
		41,206	39,512	3,462	2,063

(a) Goodwill

	Group 2023 RM'000	Group 2022 RM'000
At beginning/end of the financial year	36,442	36,442

Impairment assessment on goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill was allocated to the Group’s cash generating units (“CGU”) for impairment testing purposes, which are identified based on business segment expected to benefit from the synergies and were as follows:

	Group 2023 RM'000	Group 2022 RM'000
Fund management	36,442	36,442

The recoverable amount of the CGU, which is a reportable business segment, has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management. The discount rate applied to the cash flow projections is derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the CGU.

The cash flow projections for the CGU are based on the financial budgets approved by management covering a one-year period (2022: one-year period), taking into account the projected regulatory capital requirements, as well as the terminal growth rate of 3.0% (2022: 3.0%) based on long-term GDP forecast and expectations of market opportunities. The discount rate applied is 9.2% (2022: 9.8%).

No impairment is recognised as the recoverable amount of the CGU calculated based on value-in-use exceeded the carrying amount of the fund management CGU.

17. INTANGIBLE ASSETS (CONT'D.)

(b) The movements in intangible assets are as follows:

Group 2023	**Computer software RM'000**	**WIP for computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	28,685	694	29,379
Additions	186	2,606	2,792
Transfer from WIP to computer software	2,022	(2,022)	-
At end of the financial year	30,893	1,278	32,171
Accumulated Amortisation			
At beginning of the financial year	26,309	-	26,309
Amortisation for the financial year (Note 26)	1,098	-	1,098
At end of the financial year	27,407	-	27,407
Carrying amount			
At end of the financial year	3,486	1,278	4,764

Group 2022	**Computer software RM'000**	**WIP for computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	27,921	-	27,921
Additions	864	694	1,558
Disposals	(2)	-	(2)
Written off	(98)	-	(98)
At end of the financial year	28,685	694	29,379
Accumulated Amortisation			
At beginning of the financial year	25,571	-	25,571
Amortisation for the financial year (Note 26)	838	-	838
Disposals	(2)	-	(2)
Written off	(98)	-	(98)
At end of the financial year	26,309	-	26,309
Carrying amount			
At end of the financial year	2,376	694	3,070

17. INTANGIBLE ASSETS (CONT'D.)

(b) The movements in intangible assets are as follows (Cont'd.):

Bank 2023	**Computer software RM'000**	**WIP for computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	20,240	54	20,294
Additions	181	1,938	2,119
Transfer from WIP to computer software	714	(714)	-
At end of the financial year	21,135	1,278	22,413
Accumulated Amortisation			
At beginning of the financial year	18,231	-	18,231
Amortisation for the financial year (Note 26)	720	-	720
At end of the financial year	18,951	-	18,951
Carrying amount			
At end of the financial year	2,184	1,278	3,462

Bank 2022	**Computer software RM'000**	**WIP for computer software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	19,538	-	19,538
Additions	799	54	853
Written off	(97)	-	(97)
At end of the financial year	20,240	54	20,294
Accumulated Amortisation			
At beginning of the financial year	17,666	-	17,666
Amortisation for the financial year (Note 26)	662	-	662
Written off	(97)	-	(97)
At end of the financial year	18,231	-	18,231
Carrying amount			
At end of the financial year	2,009	54	2,063

18. DEPOSITS AND PLACEMENTS OF A BANK

	Group and Bank 2023 RM'000	**Group and Bank 2022 RM'000**
Licensed bank, a related company (Note 32)	850,000	840,000

19. OTHER LIABILITIES

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Trade payables	(a)	294,138	760,172	294,138	760,172
Other payables and accruals		53,875	55,734	33,928	31,784
Interest payable		7,988	4,680	7,988	4,680
Provision for commitments and contingencies	(b)	173	173	173	173
Lease liabilities	(c)	2,864	3,353	2,864	3,353
Provision for reinstatement of leased properties	(c)	304	301	304	301
Amounts due to:	(d)				
Holding company	32	-	1,792	-	1,261
Related companies	32	14,146	16,255	9,835	10,942
		373,488	842,460	349,230	812,666

(a) Trade payables mainly relate to the Bank's stockbroking and futures broking operations and represent amount payable in respect of outstanding sales contracts.

As at the reporting date, the holding company, AMMB has given an unsecured guarantee amounting to RM50,000,000 (2022: RM50,000,000) on behalf of the Bank for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its future trading activity with the Bank.

(b) The movement in provision for commitments and contingencies is as follows:

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Balance at beginning of the financial year	173	-
Charge during the financial year	-	173
Balance at end of the financial year	173	173

(c) Lease liabilities and provision for reinstatement of leased properties

The movements for lease liabilities and provision for reinstatement of leased properties are as follows:

Group and Bank 2023	Note	Lease liabilities RM'000	Provision for reinstatement of leased properties RM'000	Total RM'000
Balance at beginning of the financial year		3,353	301	3,654
Addition		111	-	111
Finance cost charged during the financial year	26	99	3	102
Payments*		(699)	-	(699)
Balance at end of the financial year		2,864	304	3,168
2022				
Balance at beginning of the financial year		3,856	297	4,153
Addition		63	-	63
Finance cost charged during the financial year	26	115	4	119
Payments*		(681)	-	(681)
Balance at end of the financial year		3,353	301	3,654

19. OTHER LIABILITIES (CONT'D.)

(c) Lease liabilities and provision for reinstatement of leased properties (Cont'd.)

The weighted-average incremental discounted borrowing rate for lease liabilities initially recognised as of 1 April 2019 was 3.3% per annum.

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Group and the Bank are committed.

The costs relating to leases for which the Group and the Bank applied the practical expedient described in paragraph 5(a) of the MFRS 16 for the current financial year end amounted to RM23,835 (2022: RM22,693) for low-value assets and NIL (2022: NIL) for leases with contract term of less than 12 months.

* Inclusive of RM235,800 (2022: RM235,800) of payment of lease liabilities to related parties during the financial year.

Lease liabilities analysed by undiscounted contractual payments are as follows:

Group and Bank	**2023 RM'000**	**2022 RM'000**
Up to 1 month	60	57
>1 month to 3 months	120	114
>3 months to 6 months	180	170
>6 months to 12 months	360	341
>1 year to 5 years	1,951	2,100
Over 5 years	472	943
	3,143	3,725

(d) Amounts due to holding company and related companies are unsecured, non-interest bearing, repayable on demand and include expenses paid on behalf of the Bank.

20. SHARE CAPITAL

	Number of ordinary shares			
	Group and Bank		**Group and Bank**	
	2023 Units'000	**2022 Units'000**	**2023 RM'000**	**2022 RM'000**
Issued and fully paid:				
Ordinary shares				
Balance at the beginning and end of the financial year	314,035	314,035	330,000	330,000

The holder of fully paid ordinary shares, is entitled to receive dividends as and when declared by the Bank. All fully paid ordinary shares carry one vote per share without restrictions and rank equally with regards to the Bank's residual assets.

21. RESERVES

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital reserve	(i)	2,815	2,815	-	-
Regulatory reserve	(ii)	10,478	8,457	10,478	8,457
Merger reserve	(iii)	82,115	82,115	-	-
Fair value reserve	(iv)	2,259	1,703	2,259	1,703
Retained earnings	(v)	130,688	144,979	126,419	139,315
Total reserves		228,355	240,069	139,156	149,475

(i) Capital reserve is in respect of dilution and accretion in net attributable assets of the Group arising from capitalisation of subsidiaries' bonus issues in prior years.

(ii) Regulatory reserve is maintained by the Bank in accordance with paragraph 10.5 of the Bank Negara Malaysia ("BNM")'s Policy Document on Financial Reporting as an additional credit risk absorbent.

BNM had in 24 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 31 March 2022 and 31 March 2023, the Group and the Bank have complied with the prudential buffers to the minimum regulatory requirements.

(iii) Merger reserve represents reserve arising from the acquisition of certain subsidiaries which was accounted for using the merger accounting method in prior years.

(iv) The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at FVOCI.

(v) The Bank can distribute dividends out of its entire retained earnings under the single tier system and in accordance with Companies Act 2016.

22. INTEREST INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and short-term funds	19,330	8,393	17,625	6,861
Financial investments at fair value through other comprehensive income	814	331	814	331
Financial investments at amortised cost	3,128	3,576	3,128	3,576
Loans and advances	38,617	33,584	38,617	33,584
Others	1,224	1,285	1,224	1,285
	63,113	47,169	61,408	45,637

23. INTEREST EXPENSE

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits and placements of a bank	26,064	13,491	26,064	13,491
Others	864	726	720	542
	26,928	14,217	26,784	14,033

24. OTHER OPERATING INCOME

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Fee and commission income:					
Fee and commission income that are provided over time:					
Corporate advisory		18,002	11,179	18,002	11,179
Fees on loans and securities:					
Agency fees		3,227	2,950	3,227	2,950
Other loans and securities related fees		3,754	3,313	3,754	3,313
Portfolio management fees		40,153	41,087	1,071	1,351
Unit trust management fees		138,284	130,593	-	-
Wealth management fees		683	1,230	15,905	14,073
Fee and commission income from providing transaction services:					
Brokerage fees and commission		57,246	85,099	57,246	85,099
Corporate advisory		3,275	3,890	3,275	3,890
Fees on loans and securities:					
Arrangement and upfront fees		18,829	44,555	18,829	44,555
Other loans and securities related fees		3,083	819	3,083	819
Portfolio management fees		6	8,611	-	-
Underwriting commission		3,596	2,174	3,596	2,174
Wealth management fees		18,394	23,000	18,470	24,163
Unit trust service charges		11,296	32,653	-	-
Placement fees		6,248	9,359	6,248	9,359
Other fee and commission income		4,104	6,330	4,560	6,844
		330,180	406,842	157,266	209,769
Investment and trading income:					
Dividend income from:					
Subsidiaries		-	-	66,000	67,901
Financial investments at FVOCI	8	146	293	146	293
Net foreign exchange gain		1,928	768	1,624	650
Net gain from sale of financial assets at FVTPL		2	2	2	2
Net gain from redemption of financial liabilities at FVTPL		-	401	-	401
Gain on liquidation of a subsidiary		-	-	-	6
		2,076	1,464	67,772	69,253
Other income:					
Net (loss)/gain on disposal of property and equipment		(27)	2	(27)	2
Rental income		2,326	2,491	2,331	2,496
Others		1,386	555	318	548
		3,685	3,048	2,622	3,046
		335,941	411,354	227,660	282,068

25. DIRECT COSTS

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Brokerage commission	19,889	32,604	19,889	32,604
Unit trust commission	30,671	51,366	-	-
Others	12,931	15,161	12,931	15,161
	63,491	99,131	32,820	47,765

26. OTHER OPERATING EXPENSES

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Personnel costs:					
- Contributions to EPF/Private Retirement Scheme		15,678	13,919	10,874	9,113
- Salaries, allowances and bonuses		97,973	87,088	67,825	57,015
- Scheme shares granted under AMMB ESS, charge/(writeback)		2,078	(1,393)	1,581	(1,453)
- Social security costs		561	505	368	330
- Others		8,612	6,160	5,958	3,614
		124,902	106,279	86,606	68,619
Establishment costs:					
- Amortisation of intangible assets	17	1,098	838	720	662
- Cleaning, maintenance and security		1,414	1,197	1,317	1,163
- Computerisation costs		11,586	11,091	11,115	10,988
- Depreciation of property and equipment	15	1,766	1,963	1,598	1,757
- Depreciation of right-of-use assets	16	685	634	685	634
- Finance costs:					
- Interest on lease liabilities	19(c)	99	115	99	115
- Provision for reinstatement of leased properties	19(c)	3	4	3	4
- Rental of premises		6,103	6,882	4,576	5,204
- Others		712	666	639	607
		23,466	23,390	20,752	21,134
Marketing and communication expenses:					
- Advertising, promotional and other marketing activities		674	725	422	409
- Sales commission		39	25	39	25
- Travel and entertainment		873	416	771	379
- Communication and other expenses		2,490	2,522	1,857	1,661
		4,076	3,688	3,089	2,474
Administration and general expenses:					
- Professional services		12,572	15,918	1,801	4,879
- Travelling		336	198	316	170
- Subscriptions and periodicals		8,046	7,925	1,499	1,502
- Others		5,298	4,569	4,276	3,440
		26,252	28,610	7,892	9,991
Service transfer pricing, net	32	24,013	19,130	19,471	14,472
		202,709	181,097	137,810	116,690

Included in other operating expenses are the following:

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Auditors' remuneration:				
Parent auditor:				
Audit services	229	229	157	157
Regulatory and assurance related	110	162	110	162
Other services	2	1	2	1
Other auditor	3	3	-	-

27. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the Chief Executive Officer ("CEO") and Directors of the Bank received from the Group are as follows:

2023	Fees RM'000	Salaries RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
CEO:						
Tracy Chen Wee Keng	-	1,361	1,385	668	4	3,418
Non-Executive Directors:						
Jeyaratnam a/l Tamotharam Pillai	270	-	-	221	18	509
Lum Sing Fai	150	-	-	30	4	184
Ramesh Pillai	150	-	-	75	18	243
Chee Li Har	240	-	-	103	1	344
Seow Yoo Lin	150	-	-	70	2	222
Dato' Kong Sooi Lin	150	-	-	60	1	211
Datin Hayati Aman Binti Hashim	150	-	-	62	2	214
	1,260	-	-	621	46	1,927
Total CEO's and Directors' remuneration	1,260	1,361	1,385	1,289	50	5,345

2022	Fees RM'000	Salaries RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
CEO:						
Tracy Chen Wee Keng	-	1,289	181	324	8	1,802
Non-Executive Directors:						
Jeyaratnam a/l Tamotharam Pillai	260	-	-	219	12	491
Lum Sing Fai	150	-	-	33	4	187
Ramesh Pillai	150	-	-	96	17	263
Chee Li Har	230	-	-	111	3	344
Seow Yoo Lin	150	-	-	68	1	219
Dato' Kong Sooi Lin	150	-	-	58	9	217
Datin Hayati Aman Binti Hashim*	52	-	-	22	1	75
Tan Bun Poo**	27	-	-	15	-	42
	1,169	-	-	622	47	1,838
Total CEO's and Directors' remuneration	1,169	1,289	181	946	55	3,640

* Appointed on 26 November 2021.

** Retired on 5 June 2021.

27. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Chief Executive Officer ("CEO") and Directors of the Bank are as follows:

2023	Fees RM'000	Salaries RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
CEO:						
Tracy Chen Wee Keng	-	1,361	1,385	668	4	3,418
Non-Executive Directors:						
Jeyaratnam a/l Tamotharam Pillai	160	-	-	213	18	391
Lum Sing Fai	150	-	-	30	4	184
Ramesh Pillai	150	-	-	75	18	243
Chee Li Har	150	-	-	95	1	246
Seow Yoo Lin	150	-	-	70	2	222
Dato' Kong Sooi Lin	150	-	-	60	1	211
Datin Hayati Aman Binti Hashim	150	-	-	62	2	214
	1,060	-	-	605	46	1,711
Total CEO's and Directors' remuneration	1,060	1,361	1,385	1,273	50	5,129

2022	Fees RM'000	Salaries RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
CEO:						
Tracy Chen Wee Keng	-	1,289	181	324	8	1,802
Non-Executive Directors:						
Jeyaratnam a/l Tamotharam Pillai	160	-	-	213	12	385
Lum Sing Fai	150	-	-	33	4	187
Ramesh Pillai	150	-	-	96	17	263
Chee Li Har	150	-	-	103	3	256
Seow Yoo Lin	150	-	-	68	1	219
Dato' Kong Sooi Lin	150	-	-	58	9	217
Datin Hayati Aman Binti Hashim*	52	-	-	22	1	75
Tan Bun Poo**	27	-	-	15	-	42
	989	-	-	608	47	1,644
Total CEO's and Directors' remuneration	989	1,289	181	932	55	3,446

* Appointed on 26 November 2021.

** Retired on 5 June 2021.

28. ALLOWANCES FOR IMPAIRMENT ON OTHER FINANCIAL ASSETS

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	5	2	(2)	2	(2)
Other assets	14(c)	(893)	(764)	(893)	(458)
		(891)	(766)	(891)	(460)

29. TAXATION

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Estimated tax payable	22,719	37,023	7,117	19,838
Tax effect relating to the Settlement (Note 4.4)	-	(14,053)	-	(14,053)
Under/(Over) provision of taxation in respect of prior financial years	141	(17,576)	815	(17,764)
	22,860	5,394	7,932	(11,979)
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	422	(2)	(314)	520
Over provision of deferred tax in prior financial year	(140)	(286)	(143)	(85)
	282	(288)	(457)	435
Taxation	23,142	5,106	7,475	(11,544)

Domestic income tax is calculated at the statutory tax rate of 24% (2022: 24%) on the estimated chargeable profit for the financial year.

29. TAXATION (CONT'D.)

A reconciliation of taxation applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation	105,083	165,334	90,811	150,779
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	25,220	39,680	21,795	36,187
Income not subject to tax	(3,701)	(3,543)	(15,945)	(16,368)
Expenses not deductible for tax purposes	1,679	1,035	1,010	690
Tax recoverable recognised on income subject to tax remission	(57)	(151)	(57)	(151)
Tax effect relating to the Settlement	-	(14,053)	-	(14,053)
Under/(Over) provision of current tax in prior years	141	(17,576)	815	(17,764)
Over provision of deferred tax in prior years	(140)	(286)	(143)	(85)
Taxation	23,142	5,106	7,475	(11,544)

30. BASIC/DILUTED EARNINGS PER SHARE

	Group	
	2023	2022
Net profit attributable to shareholder of the Bank (RM'000)	81,941	160,228
Weighted average number of ordinary shares in issue at the end of the financial year ('000)	314,035	314,035
Basic/Diluted earnings per share (sen)	26.1	51.0

31. DIVIDENDS

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Recognised during the financial year:		
In respect of financial year ended 31 March 2022		
Single-tier second interim cash dividend declared of 30.00 sen per ordinary share on 314,035,088 ordinary shares	94,211	-
Single-tier first interim cash dividend of 16.00 sen per ordinary share on 314,035,088 ordinary shares	-	50,246
	94,211	50,246
Proposed but not recognised as a liability:		
In respect of financial year ended 31 March 2023		
Single-tier final cash dividend declared of 23.90 sen per ordinary share on 314,035,088 ordinary shares	75,054	-
In respect of financial year ended 31 March 2022		
Single-tier second interim cash dividend declared of 30.00 sen per ordinary share on 314,035,088 ordinary shares	-	94,211

32. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and of the Bank are:

(i) Subsidiaries

Transactions between the Bank and its subsidiaries have been eliminated on consolidation.

Details of the subsidiaries are disclosed in Note 13.

(ii) Related companies

These are the holding company and subsidiaries of the holding company.

(iii) Associates and joint ventures of the holding company ("Associates and joint ventures")

The associates of the holding company are AmFirst Real Estate Investment Trust and Bonuskad Loyalty Sdn Bhd.

The joint ventures of the holding company are AmMetlife Takaful Berhad and AmMetlife Insurance Berhad.

(iv) Key management personnel ("KMP")

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, either directly or indirectly. The key management personnel of the Group and the Bank include the Non-Executive Directors of the Group and of the Bank (including close members of their families), and the CEO of the Bank.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

The related parties of the Group and of the Bank are (Cont'd.):

(v) Companies in which certain Directors have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain Directors of the Bank and the holding company.

(vi) Companies which have significant influence over the holding company

These are entities who are substantial shareholders (including its related companies) of the holding company.

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions and outstanding balances with related parties during the financial year:

	Associates and joint ventures	
Group and Bank	**2023 RM'000**	**2022 RM'000**
Expenses		
Cleaning and maintenance	14	85
Insurance premiums	1,250	1,209
Light, power and water	78	275
	1,342	1,569
Assets		
Right-of-use assets	1,556	1,750
Liabilities		
Lease liabilities	1,656	1,834

	Related Companies		Holding Company	
Group	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Income				
Interest on deposits and placements	12,178	4,822	-	-
Fee income	150	155	10	2,088
Rental income	2,183	2,183	-	-
	14,511	7,160	10	2,088
Expenses				
Interest on deposits and placements (Note 23)	26,064	13,491	-	-
Rental of premises	6,808	6,839	-	-
Service transfer pricing, net (Note 26)	24,013	19,130	-	-
	56,885	39,460	-	-
Assets				
Cash and short-term funds	246,658	246,384	-	-
Deposits and placements with a bank (Note 6)	70,000	300,000	-	-
Interest receivable	13	1,548	-	-
Amount due from related companies (Note 14)	472	312	-	-
	317,143	548,244	-	-

32. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions and outstanding balances with related parties during the financial year (Cont'd):

Group	**Related Companies 2023 RM'000**	**Related Companies 2022 RM'000**	**Holding Company 2023 RM'000**	**Holding Company 2022 RM'000**
Liabilities				
Deposits and placements of a bank (Note 18)	850,000	840,000	-	-
Interest payable (Note 19)	7,988	4,680	-	-
Amount due to related companies (Note 19)	14,146	16,255	-	1,792
Derivative financial liabilities (Note 7)	4	1	-	-
	872,138	860,936	-	1,792

Bank	**Subsidiaries 2023 RM'000**	**Subsidiaries 2022 RM'000**	**Related Companies 2023 RM'000**	**Related Companies 2022 RM'000**	**Holding Company 2023 RM'000**	**Holding Company 2022 RM'000**
Income						
Interest on deposits and placements	-	-	10,114	2,966	-	-
Fee income	15,298	14,006	150	155	10	2,088
Rental income	5	5	2,183	2,183	-	-
	15,303	14,011	12,447	5,304	10	2,088
Expenses						
Interest on deposits and placements (Note 23)	-	-	26,064	13,491	-	-
Rental of premises	-	-	5,285	5,165	-	-
Service transfer pricing, net	(60)	(60)	19,531	14,532	-	-
	(60)	(60)	50,880	33,188	-	-
Assets						
Cash and short-term funds	-	-	148,552	146,408	-	-
Deposits and placements with a bank (Note 6)	-	-	70,000	300,000	-	-
Interest receivable	-	-	13	1,548	-	-
Amount due from related companies (Note 14)	3,679	2,980	472	312	-	-
	3,679	2,980	219,037	448,268	-	-
Liabilities						
Deposits and placements of a bank (Note 18)	-	-	850,000	840,000	-	-
Interest payable (Note 19)	-	-	7,988	4,680	-	-
Amount due to related companies (Note 19)	-	-	9,835	10,942	-	1,261
Derivative financial liabilities	-	-	4	1	-	-
	-	-	867,827	855,623	-	1,261

Group and Bank	**Related Companies 2023 RM'000**	**Related Companies 2022 RM'000**
Commitment and contingencies		
Contract/notional amount for derivatives	1,249	677

32. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) There were no loans granted to the Directors and KMP of the Bank in the normal course of business of the Group and of the Bank. Loans made to other KMP of the Group and the Bank, if any, are on similar terms and conditions generally available to other employees of the Group. No provisions have been recognised in respect of loans given to KMP.

(c) The Group and the Bank incur intercompany charges for shared operating costs of AMMB Group in Malaysia as disclosed under Service Transfer Pricing expenses. The services received related to expenses incurred for group shared services in respect of internal audit, finance, human resource, marketing and communications, legal, company secretarial, organisation and development and information systems.

(d) Key management personnel compensation

The remuneration of Directors of the Bank and other key management personnel during the financial year are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
Fees (Note 27)	1,260	1,169	1,060	989
Other emoluments and benefits-in-kind (Note 27)	667	669	651	655
Total short-term employee benefits	1,927	1,838	1,711	1,644
Other key management personnel:				
Salaries and other emoluments	2,866	1,590	2,866	1,590
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	552	212	552	212
Total short-term employee benefits	3,418	1,802	3,418	1,802

33. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

The disclosure on Credit Transactions and Exposures with Connected Parties is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Influential shareholder and his close relatives;

(iv) Executive officer and his close relatives being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank;

(v) Officers who are responsible for or have the authority to appraise and/or to approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

33. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D.)

Based on these guidelines, a connected party refers to the following (Cont'd.):

(vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; or

(viii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties include the extension of credit facilities and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

There are no outstanding credit transactions and exposures with connected parties as at 31 March 2023 and 31 March 2022.

34. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group and the Bank on behalf of customers as at 31 March 2023 amounted to RM57,858,261,000 (2022: RM57,419,406,000) and RM10,067,230,000 (2022: RM9,845,568,000) respectively.

35. CAPITAL COMMITMENTS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Authorised and contracted for:				
Purchase of office equipment, information technology equipment and solutions	544	671	385	654
Authorised but not contracted for:				
Purchase of office equipment, information technology equipment and solutions	3,125	1,990	3,125	1,990
Total capital commitments	3,669	2,661	3,510	2,644

36. 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 their 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.

As at the reporting date, the principal amounts of the commitments and contingencies and notional contracted amounts of derivatives are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	232,402	233,359
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	1,249	677
Total	233,651	234,036

37. MONIES IN TRUST

(a) Monies in trust in relation to the Group's and the Bank's stockbroking and futures businesses excluded from the statements of financial position in accordance with Financial Reporting Standards Implementation Committee Consensus 18 *Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad* ("FRSIC 18"):

	Group and Bank	
	2023 RM'000	2022 RM'000
Clients' trust balances and dealers' representative balances	534,737	643,965
Remisiers' trust balances	34,218	35,268
	568,955	679,233

(b) Monies held in trust in relation to the Group's fund management business excluded from the statement of financial position:

	Group	
	2023 RM'000	2022 RM'000
Monies in trust in relation to the fund management business	13,438	19,442

38. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Group 2023	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	273,229	-	273,229
Deposits and placements with a bank	70,000	-	70,000
Financial investments at FVOCI	-	33,466	33,466
Financial investments at amortised cost	-	75,000	75,000
Loans and advances	815,524	382	815,906
Statutory deposit with Bank Negara Malaysia	-	14,210	14,210
Deferred tax assets	-	8,127	8,127
Other assets	414,310	18,428	432,738
Property and equipment	-	15,206	15,206
Right-of-use assets	-	2,759	2,759
Intangible assets	-	41,206	41,206
TOTAL ASSETS	1,573,063	208,784	1,781,847
LIABILITIES			
Deposits and placements of a bank	850,000	-	850,000
Derivative financial liabilities	4	-	4
Other liabilities	370,707	2,781	373,488
TOTAL LIABILITIES	1,220,711	2,781	1,223,492

Group 2022	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	278,842	-	278,842
Deposits and placements with a bank	300,000	-	300,000
Financial investments at FVOCI	30,357	3,152	33,509
Financial investments at amortised cost	-	75,000	75,000
Loans and advances	599,117	439	599,556
Statutory deposit with Bank Negara Malaysia	-	9,523	9,523
Deferred tax assets	-	8,637	8,637
Other assets	884,584	3,922	888,506
Property and equipment	-	16,112	16,112
Right-of-use assets	-	3,333	3,333
Intangible assets	-	39,512	39,512
TOTAL ASSETS	2,092,900	159,630	2,252,530
LIABILITIES			
Deposits and placements of a bank	840,000	-	840,000
Derivative financial liabilities	1	-	1
Other liabilities	839,041	3,419	842,460
TOTAL LIABILITIES	1,679,042	3,419	1,682,461

38. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

Bank 2023	**Less than 12 months RM'000**	**Over 12 months RM'000**	**Total RM'000**
ASSETS			
Cash and short-term funds	171,866	-	171,866
Deposits and placements with a bank	70,000	-	70,000
Financial investments at FVOCI	-	33,466	33,466
Financial investments at amortised cost	-	75,000	75,000
Loans and advances	815,524	382	815,906
Statutory deposit with Bank Negara Malaysia	-	14,210	14,210
Deferred tax assets	-	5,534	5,534
Investments in subsidiaries	-	51,441	51,441
Other assets	391,471	18,428	409,899
Property and equipment	-	14,847	14,847
Right-of-use assets	-	2,759	2,759
Intangible assets	-	3,462	3,462
TOTAL ASSETS	1,448,861	219,529	1,668,390
LIABILITIES			
Deposits and placements of a bank	850,000	-	850,000
Derivative financial liabilities	4	-	4
Other liabilities	346,449	2,781	349,230
TOTAL LIABILITIES	1,196,453	2,781	1,199,234

Bank 2022	**Less than 12 months RM'000**	**Over 12 months RM'000**	**Total RM'000**
ASSETS			
Cash and short-term funds	176,597	-	176,597
Deposits and placements with a bank	300,000	-	300,000
Financial investments at FVOCI	30,357	3,152	33,509
Financial investments at amortised cost	-	75,000	75,000
Loans and advances	599,117	439	599,556
Statutory deposit with Bank Negara Malaysia	-	9,523	9,523
Deferred tax assets	-	5,305	5,305
Investments in subsidiaries	-	51,441	51,441
Other assets	856,183	3,922	860,105
Property and equipment	-	15,710	15,710
Right-of-use assets	-	3,333	3,333
Intangible assets	-	2,063	2,063
TOTAL ASSETS	1,962,254	169,888	2,132,142
LIABILITIES			
Deposits and placements of a bank	840,000	-	840,000
Derivative financial liabilities	1	-	1
Other liabilities	809,247	3,419	812,666
TOTAL LIABILITIES	1,649,248	3,419	1,652,667

39. CAPITAL MANAGEMENT

AMMB Group's capital management approach is focused on maintaining a healthy capital position that supports the Group's strategic objectives and risk appetite. In line with AMMB Group's annual 3-year strategy plan, a capital plan is developed to ensure that adequate level of capital and an optimum capital structure is maintained to meet regulatory requirements, AMMB Group's strategic objectives and stakeholders' expectations.

AMMB Group uses internal models and other quantitative techniques in its internal risk and capital assessment. They help to estimate potential future losses arising from credit, market and other material risks, and supplement the regulatory formulae to simulate the amount of capital required to support them.

Stress testing and scenario analysis are used to ensure that the AMMB Group’s internal capital assessment considers the impact of extreme but probable scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The AMMB Group’s target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The AMMB Group’s assessment of risk appetite is closely integrated with the Group’s strategy, business planning and capital assessment processes, and is used to inform senior management’s views on the level of capital required to support the AMMB Group’s business activities.

The capital that the AMMB Group is required to hold is determined by its risk exposures after applying collaterals and other risk mitigants. BNM has the right to impose further capital requirements on Malaysian financial institutions.

The AMMB Group has in place processes and controls to monitor and manage capital adequacy across the organisation. The AMMB Group Assets and Liabilities Committee (“GALCO”) is responsible for overseeing and managing the Group’s capital and liquidity positions.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee (“RMC”) is specifically delegated the task of reviewing all risk management issues including oversight of the AMMB Group’s capital position and any actions impacting the capital levels.

On 9 December 2020, BNM issued revised policy document, Capital Adequacy Framework (Capital Components). The key addition to the revised policy document is the transitional arrangement for financial institutions on provisions for expected credit loss ("ECL"). Under this revised policy document, a financial institution is allowed to add back a portion of the loss allowance for non credit impaired exposures (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital from Financial Year 2021 to Financial Year 2024.

39. CAPITAL MANAGEMENT (CONT'D.)

(a) The capital adequacy ratios of the Group and the Bank as at 31 March are as follows:

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Before deducting proposed dividend:				
CET1 Capital Ratio	40.806%	33.757%	43.205%	33.393%
Tier 1 Capital Ratio	40.806%	33.757%	43.205%	33.393%
Total Capital Ratio	41.427%	34.314%	43.993%	34.077%
After deducting proposed dividend:				
CET1 Capital Ratio	34.646%	27.550%	35.067%	25.771%
Tier 1 Capital Ratio	34.646%	27.550%	35.067%	25.771%
Total Capital Ratio	35.267%	28.108%	35.856%	26.456%

(i) The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II – Risk Weighted Assets) issued on 3 May 2019. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

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

(ii) Pursuant to the BNM's guidelines on Capital Adequacy Framework (Capital Components) issued, a financial institution is required to hold and maintain, at all times, minimum capital adequacy ratios at 4.5% for CET1 Capital, 6.0% for Tier 1 Capital and 8.0% for Total Capital Ratio. In addition, a financial institution is also required to hold and maintain capital buffers in the form of CET1 Capital above the minimum CET1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall comprise the sum of the following:

(a) a Capital Conservation Buffer ("CCB") of 2.5%;
(b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies for exposures in Malaysia; and
(c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

39. CAPITAL MANAGEMENT (CONT'D.)

(b) The components of CET1 Capital/Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CET1 Capital/Tier 1 Capital				
Ordinary shares	330,000	330,000	330,000	330,000
Retained earnings	130,688	144,979	126,419	139,315
Fair value reserve	2,259	1,703	2,259	1,703
Regulatory reserve	10,478	8,457	10,478	8,457
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	82,115	-	-
Less: Regulatory adjustments applied on CET1 Capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangibles	(4,764)	(3,070)	(3,462)	(2,063)
Deferred tax assets	(8,257)	(8,777)	(5,664)	(5,446)
55% of fair value reserve	(1,243)	(937)	(1,243)	(937)
Regulatory reserve	(10,478)	(8,457)	(10,478)	(8,457)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	(49,809)	(49,809)
Other CET1 regulatory adjustments specified by the Bank	1	1	1	1
CET1 Capital/Tier 1 Capital	**497,172**	**512,387**	**398,501**	**412,764**
Tier 2 Capital				
General provisions*	7,564	8,460	7,276	8,460
Tier 2 Capital	**7,564**	**8,460**	**7,276**	**8,460**
Total Capital	**504,736**	**520,847**	**405,777**	**421,224**

* Consists of Stage 1 and Stage 2 loss allowances and regulatory reserve subject to a maximum of 1.25% of total credit RWA.

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

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Credit RWA	605,137	920,942	582,070	891,418
Market RWA	13,661	24,467	6,231	17,652
Operational RWA	599,570	572,462	334,056	327,009
Total RWA	1,218,368	1,517,871	922,357	1,236,079

40. RISK MANAGEMENT

40.1 GENERAL RISK MANAGEMENT

The Risk Management Framework takes its lead from the Board's approved Risk Appetite Framework ("RAF") that forms the foundation for the Group and of the Bank to set its risk/reward profile.

The RAF is reviewed and approved annually by the Board taking into account the Group's and the Bank's desired external rating and targeted profitability/return on capital employed ("ROCE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/enhancements taking into consideration the prevailing or in anticipation of challenge to the environment that the Group operates in.

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk and Technology Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and Operational Risk Management ("ORM") tools.

AMMB Group Risk Direction

AMMB Holdings Berhad ("AMMB") Group's FY2021 to 2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity (ROE) of ≥10%, (2) Sharpening Our Segment Play, (3) Harnessing expertise across the group to deliver AmBank Holistic Customer Value Proposition, (4) Offers differentiated and profitable products, (5) Building capacity and efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P^2ACE") DNA (7) Integrating Environmental, Social, and Governance ("ESG") focusing on Responsible banking and (8) Exploring Digital Bank option.

1. The Bank aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").

   The Bank will maintain the professional conduct of the bank and ensure fair dealing with our clients in all business undertakings.

   The Bank will remain vigilant in the following areas to protect its reputation and business franchise:
   - keeping up and complying with regulatory changes;
   - risk identification and management of risks arising from new client and/or mandate (including for advisory businesses).

2. The Bank aims to maintain its Total Capital Ratio at the Group's Internal Capital Target under normal conditions.

3. The Bank aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").

4. The Bank recognises the importance of funding its own business. It aims to maintain the following:
   (a) Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage point above prevailing regulatory minimum;
   (b) Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   (c) Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) above the prevailing regulatory minimum (effective from July 2020).

5. The Bank aims to maintain adequate controls for all key businesses to manage operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks) losses excluding regulatory penalties below 2% of Profit After Tax and Non-controlling Interests ("PATMI").

   Key operational risks covered include but not limited to:
   - People risk; and
   - Technology/Cyber risk

6. The Bank aims to maintain its IRRBB Internal Capital Adequacy Assessment Programme ("ICAAP") Pillar 2 over total capital ratio for the Bank at below 5%.

40. RISK MANAGEMENT (CONT'D.)

40.1 GENERAL RISK MANAGEMENT DISCLOSURE (CONT'D.)

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including, but not limited to market risk, liquidity risk, credit risk, operational risk, technology and cyber risk.

The Board has also established the Management Committees to assist it in managing the risks and businesses of the AMMB Group. The Management Committees address all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, technology risk, market risk, Shariah risk, compliance risk, reputational risk, product and business risk, IT Project risk and ESG risk.

AMMB Group has an independent risk management function, headed by AMMB Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including financial, credit, market, operational, reputational, security, technological, emerging risks and ESG risks;

- essentially champions and embeds a positive risk culture across the AMMB Group to ensure that risk taking activities across the AMMB Group are aligned to the AMMB Group's risk appetite and strategies; and

- through the RMC of the Bank, has access to AMMB Board and the Boards of the respective banking entities to facilitate suitable escalation of issues of concern across the organisation.

40.2 CREDIT RISK MANAGEMENT

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD") • Expected loss ("EL")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits • Non-Retail Pricing • Collateral and tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review Classified Accounts • Review Rescheduled and Restructured Accounts • Undertake post-mortem credit review • Annual refresh of customers' credit rating

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the AMMB Group's Risk Appetite Framework ("GRAF") and related credit policies.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

For non-retail credits, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group’s credit exposure. The overall credit assessment is conducted either through a program lending or discretionary lending approach.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending activities are guided by internal credit policies and GRAF that are approved by the Board. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group’s optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country exposure.
- Setting Loan to Value limits for asset-backed loans;
- Non-Retail Credit Policy ("NRCP") which sets out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB") and Business Banking ("BB") portfolios;
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- Rescheduled and Restructured (“R&R”) Account Management (embedded within the NRCP for WB and BB) sets out the controls in managing R&R loan and advances.

Exposure outside the approval discretions of individual Credit Approval Delegation ("CAD") holders are escalated to the Credit and Commitments Committee (“CACC”) for approval. In the event such exposure exceeds a stipulated customer group threshold within the AMMB Group, the letter of offer shall not be issued until the credit is reviewed by the Board Credit Committee (“BCC”). Portfolio credit risk is reported to the relevant management and board committees.

The AMMB Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Group’s loans portfolio, and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policies or guidelines.

The AMMB Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairment, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly by the AMMB Group Risk to executive management and to all meetings of the Board.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Risk Exposure and Concentration

The Group's and the Bank’s concentrations of risk are managed by industry sector, risk grade asset quality and single customer limit ("SCL"). The Group and the Bank apply SCL to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking account of any collateral held or other credit enhancements.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1a Industry Analysis of the Group

Group 2023	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail, Restaurant, and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	-	-	-	-	-	-	272,415	814	-	-	-	-	-	273,229
Deposits and placements with a Bank	-	-	-	-	-	-	-	70,000	-	-	-	-	-	-	70,000
Financial investments at fair value through other comprehensive income															
Money Market Securities	-	-	-	-	-	-	-	-	30,480	-	-	-	-	-	30,480
Financial investments at amortised cost															
Unquoted Corporate Bonds	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	75,000
Loans and advances															
Other loans and advances	368	-	-	-	2,014	6,990	13,467	-	-	1,646	7,134	9,705	774,583	-	815,907
Less : Allowances for ECL	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
															815,906
Other financial assets	-	11	2,922	1,816	1,002	615	394	176,584	567	1,416	20,009	-	48,941	140,038	394,315
Less : Allowances for ECL	-	-	-	-	-	-	(150)	(1,899)	-	(34)	-	-	-	(1,940)	(4,023)
															390,292
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-	14,210	-	-	-	-	-	14,210
Total financial assets	368	11	2,922	1,816	78,016	7,605	13,711	517,100	46,071	3,028	27,143	9,705	823,523	138,098	1,669,117
Commitments															
Irrevocable commitments to extend credit	-	-	-	-	-	-	-	-	-	-	-	-	210,505	21,897	232,402
Total commitments	-	-	-	-	-	-	-	-	-	-	-	-	210,505	21,897	232,402

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1a Industry Analysis of the Group (Cont'd.)

Group 2022	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail, Restaurant, and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	-	-	-	-	-	-	278,780	64	-	-	-	-	-	278,844
Less : Allowances for ECL	-	-	-	-	-	-	-	(2)	-	-	-	-	-	-	(2)
															278,842
Deposits and placements with a Bank	-	-	-	-	-	-	-	300,000	-	-	-	-	-	-	300,000
Financial investments at fair value through other comprehensive income															
Money Market Securities	-	-	-	-	-	-	-	-	30,357	-	-	-	-	-	30,357
Financial investments at amortised cost															
Unquoted Corporate Bonds	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	75,000
Loans and advances															
Other loans and advances	691	-	8,683	-	5,908	8,717	7,768	152	-	403	4,571	9,984	552,680	-	599,557
Less : Allowances for ECL	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
															599,556
Other financial assets	6	-	108	488	90	560	109	458,027	584	3,999	31,476	32	45,554	321,817	862,850
Less : Allowances for ECL	-	-	-	-	-	(150)	-	(740)	-	(79)	-	-	-	(2,374)	(3,343)
															859,507
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-	9,523	-	-	-	-	-	9,523
Total financial assets	697	-	8,791	488	80,998	9,127	7,877	1,036,217	40,528	4,323	36,047	10,016	598,233	319,443	2,152,785
Commitments															
Irrevocable commitments to extend credit	-	-	-	-	-	-	-	-	-	-	-	-	205,633	27,726	233,359
Total commitments	-	-	-	-	-	-	-	-	-	-	-	-	205,633	27,726	233,359

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1a Industry Analysis of the Bank

	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail, Restaurant, and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Bank															
2023															
Cash and short-term funds	-	-	-	-	-	-	-	171,052	814	-	-	-	-	-	171,866
Deposits and placements with a Bank	-	-	-	-	-	-	-	70,000	-	-	-	-	-	-	70,000
Financial investments at fair value through other comprehensive income															
Money Market Securities	-	-	-	-	-	-	-	-	30,480	-	-	-	-	-	30,480
Financial investments at amortised cost															
Unquoted Corporate Bonds	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	75,000
Loans and advances															
Other loans and advances	368	-	-	-	2,014	6,990	13,467	-	-	1,646	7,134	9,705	774,583	-	815,907
Less : Allowances for ECL	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
															815,906
Other financial assets	-	11	2,922	1,816	1,002	615	394	153,006	567	1,416	20,009	-	48,941	140,038	370,737
Less : Allowances for ECL	-	-	-	-	-	-	(150)	(1,159)		(34)		-	-	(1,940)	(3,283)
															367,454
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-	14,210	-	-	-	-	-	14,210
Total financial assets	368	11	2,922	1,816	78,016	7,605	13,711	392,899	46,071	3,028	27,143	9,705	823,523	138,098	1,544,916
Commitments															
Irrevocable commitments to extend credit	-	-	-	-	-	-	-	-	-	-	-	-	210,505	21,897	232,402
Total commitments	-	-	-	-	-	-	-	-	-	-	-	-	210,505	21,897	232,402

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1a Industry Analysis of the Bank (Cont'd.)

	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail, Restaurant, and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Bank															
2022															
Cash and short-term funds	-	-	-	-	-	-	-	176,535	64	-	-	-	-	-	176,599
Less : Allowances for ECL	-	-	-	-	-	-	-	(2)	-	-	-	-	-	-	(2)
															176,597
Deposits and placements with a Bank	-	-	-	-	-	-	-	300,000	-	-	-	-	-	-	300,000
Financial investments at fair value through other comprehensive income															
Money Market Securities	-	-	-	-	-	-	-	-	30,357	-	-	-	-	-	30,357
Financial investments at amortised cost															
Unquoted Corporate Bonds	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	75,000
Loans and advances															
Other loans and advances	691	-	8,683	-	5,908	8,717	7,768	152	-	403	4,571	9,984	552,680	-	599,557
Less : Allowances for ECL	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
															599,556
Other financial assets	6	-	108	488	90	560	109	428,289	584	3,999	31,476	32	45,554	321,817	833,112
Less : Allowances for ECL	-	-	-	-	-	(150)	-	-	-	(79)	-	-	-	(2,374)	(2,603)
															830,509
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-	9,523	-	-	-	-	-	9,523
Total financial assets	697	-	8,791	488	80,998	9,127	7,877	904,974	40,528	4,323	36,047	10,016	598,233	319,443	2,021,542
Commitments															
Irrevocable commitments to extend credit	-	-	-	-	-	-	-	-	-	-	-	-	205,633	27,726	233,359
Total commitments	-	-	-	-	-	-	-	-	-	-	-	-	205,633	27,726	233,359

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1b Geographical Analysis of the Group

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group			
2023			
Cash and short-term funds	271,743	1,486	273,229
Deposits and placements with a bank	70,000	-	70,000
Financial investments at fair value through other comprehensive income			
Money Market Securities	30,480	-	30,480
Financial investments at amortised cost			
Unquoted Corporate Bonds	75,000	-	75,000
Loans and advances			
Other loans and advances	815,907	-	815,907
Less : Allowances for ECL	(1)	-	(1)
	815,906	-	815,906
Other financial assets	394,311	4	394,315
Less : Allowances for ECL	(4,023)	-	(4,023)
	390,288	4	390,292
Statutory deposit with Bank Negara Malaysia	14,210	-	14,210
Total financial assets	1,667,627	1,490	1,669,117
Commitments			
Irrevocable commitments to extend credit	232,402	-	232,402
Total commitments	232,402	-	232,402

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1b Geographical Analysis of the Group (Cont'd.)

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group			
2022			
Cash and short-term funds	264,061	14,783	278,844
Less: Allowances for ECL	-	(2)	(2)
	264,061	14,781	278,842
Deposits and placements with a bank	300,000	-	300,000
Financial investments at fair value through other comprehensive income			
Money Market Securities	30,357	-	30,357
Financial investments at amortised cost			
Unquoted Corporate Bonds	75,000	-	75,000
Loans and advances			
Other loans and advances	599,557	-	599,557
Less : Allowances for ECL	(1)	-	(1)
	599,556	-	599,556
Other financial assets	862,820	30	862,850
Less : Allowances for ECL	(3,343)	-	(3,343)
	859,477	30	859,507
Statutory deposit with Bank Negara Malaysia	9,523	-	9,523
Total financial assets	2,137,974	14,811	2,152,785
Commitments			
Irrevocable commitments to extend credit	233,359	-	233,359
Total commitments	233,359	-	233,359

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1b Geographical Analysis of the Bank

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Bank			
2023			
Cash and short-term funds	170,380	1,486	171,866
Deposits and placements with a bank	70,000	-	70,000
Financial investments at fair value through other comprehensive income			
Money Market Securities	30,480	-	30,480
Financial investments at amortised cost			
Unquoted Corporate Bonds	75,000	-	75,000
Loans and advances			
Other loans and advances	815,907	-	815,907
Less : Allowances for ECL	(1)	-	(1)
	815,906	-	815,906
Other financial assets	370,733	4	370,737
Less : Allowances for ECL	(3,283)	-	(3,283)
	367,450	4	367,454
Statutory deposit with Bank Negara Malaysia	14,210	-	14,210
Total financial assets	1,543,426	1,490	1,544,916
Commitments			
Irrevocable commitments to extend credit	232,402	-	232,402
Total commitments	232,402	-	232,402

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.1b Geographical Analysis of the Bank (Cont'd.)

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Bank			
2022			
Cash and short-term funds	161,816	14,783	176,599
Less: Allowances for ECL	-	(2)	(2)
	161,816	14,781	176,597
Deposits and placements with a bank	300,000	-	300,000
Financial investments at fair value through other comprehensive income			
Money Market Securities	30,357	-	30,357
Financial investments at amortised cost			
Unquoted Corporate Bonds	75,000	-	75,000
Loans and advances			
Other loans and advances	599,557	-	599,557
Less : Allowances for ECL	(1)	-	(1)
	599,556	-	599,556
Other financial assets	833,082	30	833,112
Less : Allowances for ECL	(2,603)	-	(2,603)
	830,479	30	830,509
Statutory deposit with Bank Negara Malaysia	9,523	-	9,523
Total financial assets	2,006,731	14,811	2,021,542
Commitments			
Irrevocable commitments to extend credit	233,359	-	233,359
Total commitments	233,359	-	233,359

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.2 Collateral and Other Credit Enhancement

Collateral Taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits;
- Exchange traded shares, bonds, sukuk, convertible bonds and marketable securities;
- Non-exchange traded debt securities/sukuk; and
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds).

The Credit Risk Mitigation Policy is the internally recognised collateral framework for the Group. Any collateral that is not listed in the said policy or does not conform to the requirements outlined in that policy is not eligible for capital relief for regulatory capital purposes.

Processes for Collateral Management

The concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. Where a counterparty’s corporate guarantor is rated better than the counterparty, the credit risk rating of the counterparty is able to be substituted with that of the corporate guarantor subject to fulfilling certain stipulated conditions.

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan is extended, amortisation schedules and loan covenants. These assist in managing credit risk and providing early warning signals, to enable pre-emptive actions to protect the quality or recoverability of loan assets.

Concentrations of Credit Risk Mitigation

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan to Value

The main types of collateral undertaken by the Group are exchange traded shares and unit trusts.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.3 Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are currently aligned to 8 rating categories (7 for non-defaulted and 1 for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The following categories based on the descriptions are appended below.

Description of the categories for Non-Retail

Credit quality classification	Description
Exceptionally strong	Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are:- i. Exceptionally solid and stable operating and financial performance. ii. Debt servicing capacity has been exceptionally strong over the long-term. iii. All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future. iv. Highly unlikely to be adversely affected by foreseeable events.
Very strong	Strong government institutions or institutional clients, with identifiably higher, albeit modest, long-term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are:- i. Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk. ii. Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium-term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings.
Strong	Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are:- i. Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance. ii. Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity.
Satisfactory	Counterparties demonstrate adequate medium-term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are:- i. Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance. ii. Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity. iii. Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.3 Credit Quality (Cont'd.)

Description of the categories for Non-Retail (Cont'd.)

Credit quality classification	Description
Moderate	Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are:- i. Capacity for timely fulfillment of financial obligations exists. ii. Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run. iii. Overall credit quality may be more volatile within this category.
Marginal	Counterparties demonstrate sustained operational and financial instability. The key characteristics are:- i. Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct. ii. Often under strong, sustained competitive pressure. iii. Variability and uncertainty in profitability and liquidity is projected to continue over the short and possibly medium-term. iv. Significant changes and instability in senior management may be observed.
Substandard	Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are:- i. Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct. ii. Current and expected debt servicing capacity is inadequate. iii. Financial solvency is questionable and/or financial structure is weak. iv. Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state. v. Experiencing difficulties, which may result in default in the next one to two years.
Impaired	Impaired account. The key characteristic is that the counterparty has been classified as “impaired” as per the AMMB Group Classified Account Management Policy for Credit Facility for Investment Banking.

40.2.4 Impairment

The relevant governance for the respective Line of Businesses are established to align with the Malaysian Financial Reporting Standards ("MFRS") and related BNM’s policies/guidelines. In general, an asset is considered impaired when:-

a. The Group considers that an obligor is “unlikely to repay” in full its credit obligations to the Bank;
b. The obligor has breached its contractual payment obligations and past due for more than 90 days;
c. Other indicators stipulated in the relevant guidelines indicating the unlikeliness to repay are hit.

However, in specific and special circumstances, there will be cases where past due exposures (more than 90 days) are not considered to be impaired. These are exposures that are exempted from being classified impaired as sanctioned by the regulator from time to time.

Where exposures are being restructured, such restructuring is guided by the definition and requirements of rescheduling and restructuring ("R&R") provided by BNM Credit Risk Policy.

Group Provisioning Methodology

The Group’s provisioning methodology complies with MFRS 9 where the Group recognises ECL at all times to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.4 Impairment (Cont'd.)

Group Provisioning Methodology (Cont'd.)

MFRS 9 applies to all financial assets classified as amortised cost and FVOCI, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

Under MFRS 9, financial instruments are segregated into 3 stages depending on the changes in credit quality since initial recognition. The Group calculates 12-month ECL for Stage 1 and lifetime ECL for Stage 2 and Stage 3 exposures.

(i) Stage 1: For performing financial instruments which credit risk have not significantly increase since initial recognition.
(ii) Stage 2: For underperforming financial instruments which credit risk have significantly increased since initial recognition.
(iii) Stage 3: For financial instruments which are credit impaired.

Measurement of ECL

The following diagram summarises the impairment requirements under MFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

ECL can be assessed individually or collectively. Financial assets that are not individually significant or not individually credit impaired are collectively assessed. For financial assets that are individually significant, an assessment is performed to determine whether objective evidence of impairment exists individually.

Individual assessment is divided into two main processes - trigger assessment and measurement of impairment loss. Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value.

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

Significant increase in credit risk ("SICR")

The Group considers a financial instrument to have experienced a SICR when it is more than 30 days past due on its contractual payments. This includes both quantitative and qualitative analysis, based on the Group's historical experience, expert credit assessment and forward-looking information. The requirement is to calculate remaining Lifetime ECL at the reporting date when the financial instrument experienced SICR, compared to 12-month ECL calculation when exposure was initially recognised.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.4 Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

SICR (Cont'd.)

(i) Quantitative

Each exposure is allocated to a credit risk grade at initial recognition based on a variety of data that is determined to be predictive of the risk of default and experienced credit judgement about the borrower. Factors determining credit risk grades vary depending on nature of exposures and type of borrowers. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. There are 4 risk bands i.e. low risk, medium risk, high risk and very high risk whereby movements to a poorer band may result in SICR.

(ii) Qualitative

The Group may determine that an exposure has undergone a significant increase in credit risk experiences using its expert credit risk judgement and where possible, relevant historical experience based on qualitative indicators specified by the Group's watchlist criteria that it considers as such and whose effect may not otherwise be fully reflected in quantitative analysis on a timely basis.

In relation to non-retail financial instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty borrower basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Wholesale Credit Risk and Business Credit Risk team.

The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level for all financial instruments held by the Group.

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria

The borrower is considered in default if its contractual payments is more than 90 days past due.

(ii) Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in breach of non-financial covenant for example guarantor is deceased or become of unsound mind or non compliance of security ratio;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s); or
- The borrower has ceased operations due to financial distress.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the EAD, PD and LGD throughout the Group's expected loss calculations.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.4 Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

Definition of default and credit-impaired assets (Cont'd.)

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are the following variables:
- PD;
- LGD; and
- EAD.
or
- historical loss rates ("LR")

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Credit risk grades are a primary input in the determination of PD term structure for exposures. If a counterparty or exposure migrates between rating grades, then this will lead to a change in associated PD. The Group collects performance and default information about its credit risk exposures analysed by portfolio.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discount factor.

EAD represents the expected exposure in the event of default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of an on-balance sheet asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, and potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Historical LR represents the past record of average loss experience for financial assets of similar classes.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.4 Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

Forward-looking information incorporated in the ECL models

The measurement of ECL also takes into account the expected credit condition over the remaining life of the financial assets. Forward-looking models are built based on statistical relationship established between Observed Default Rate ("ODR") and Macroeconomic Variables ("MEVs").

This analysis includes the identification and calibration of relationships between changes in default rates and to the MEVs. Examples of key macroeconomic indicators employed are Gross Domestic Product growth ("GDP"), Consumer Price Index ("CPI"), House Price Index ("HPI"), foreign exchange and Brent Crude Oil price.

Three scenarios are projected for forward-looking namely base case, optimistic and pessimistic which requires management judgement of the economic situation i.e. normal, bullish or downturn. A weightage is applied to the scenarios to produce an appropriate forward-looking ECL to best reflect the forward-looking economic outlook.

Key variables / assumptions for ECL calculations

The recognition and measurement of ECL is highly complex and involves the use of significant judgement and estimation. This involves establishing the forward-looking macroeconomic conditions into ECL as required under MFRS 9. The allowances for ECL are sensitive to the input used and economic assumption underlying the estimate.

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for the financial year ended 31 March 2023 and 31 March 2022 (Yearly values = average of forecasted quarterly values).

31 March 2023

Macroeconomy Variable List	FL Scenario	Assigned Probabilities (%)	2023	2024	2025	2026	2027
Consumer Price Index (%)	Base	60%	3.00	2.70	2.55	2.50	2.53
	Optimistic	10%	3.30	2.97	2.81	2.75	2.78
	Pessimistic	30%	2.55	2.30	2.17	2.13	2.15
GDP Growth (%)	Base	60%	4.45	4.68	4.75	4.53	4.45
	Optimistic	10%	4.90	5.14	5.23	4.98	4.90
	Pessimistic	30%	3.78	3.97	4.04	3.85	3.78
House Price Index (%)	Base	60%	1.03	0.93	0.66	0.82	0.93
	Optimistic	10%	1.13	1.02	0.72	0.90	1.02
	Pessimistic	30%	0.87	0.79	0.56	0.69	0.79
USD/ MYR Exchange Rate	Base	60%	4.27	4.13	4.06	4.02	4.00
	Optimistic	10%	4.05	3.93	3.86	3.81	3.80
	Pessimistic	30%	4.48	4.34	4.26	4.22	4.20
Brent Crude Oil Price (USD/barrel)	Base	60%	84.00	76.00	68.00	61.50	60.00
	Optimistic	10%	92.40	83.60	74.80	67.65	66.00
	Pessimistic	30%	71.40	64.60	57.80	52.28	51.00

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.4 Impairment (Cont'd.)

Measurement of ECL (Cont'd.)

Key variables / assumptions for ECL calculations (Cont'd.)

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for the financial year ended 31 March 2023 and 31 March 2022 (Yearly values = average of forecasted quarterly values) (Cont'd.).

31 March 2022

Macroeconomy Variable List	FL Scenario	Assigned Probabilities (%)	2022	2023	2024	2025	2026
Consumer Price Index (%)	Base	60%	2.78	2.21	2.00	1.78	1.85
	Optimistic	10%	3.05	2.43	2.20	1.95	2.04
	Pessimistic	30%	2.36	1.88	1.70	1.51	1.57
GDP Growth (%)	Base	60%	5.60	4.83	4.68	4.75	4.53
	Optimistic	10%	6.16	5.31	5.14	5.23	4.98
	Pessimistic	30%	4.76	4.10	3.97	4.04	3.85
House Price Index (%)	Base	60%	1.08	2.58	2.75	3.08	2.98
	Optimistic	10%	1.20	2.83	3.03	3.38	3.27
	Pessimistic	30%	0.88	2.19	2.34	2.61	2.53
USD/ MYR Exchange Rate	Base	60%	4.16	4.12	4.06	4.03	4.01
	Optimistic	10%	3.95	3.91	3.86	3.83	3.81
	Pessimistic	30%	4.37	4.32	4.26	4.23	4.21
Brent Crude Oil Price (USD/barrel)	Base	60%	103.75	84.00	71.25	69.50	67.75
	Optimistic	10%	114.13	92.40	78.38	76.45	74.53
	Pessimistic	30%	88.19	71.40	60.56	59.08	57.59

Write off policy

(i) Stage 1 write-off

The Group may partially write-off financial assets where full recovery is not possible taking proceeds from value of securities or where customer has been allowed time to repay on negotiated settlement basis. There are no such assets written off during the financial year ended 31 March 2023 and 31 March 2022. If there are any, the Group would still seek legal recovery action, as such, credit exposures for these continue unabated.

(ii) Stage 2 write-off

The Group writes off financial assets in whole when it has exhausted all necessary recovery actions against credit exposures and there is minimal prospect of recovery and/or further recovery is not economical, then the credit exposures will be written off from both the general ledger and subsidiary ledger. There are no such assets written off during the financial year ended 31 March 2023 and financial year ended 31 March 2022.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.4 Impairment (Cont'd.)

Modified Financial Assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Group then monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, and if so, the assets are moved from Stage 2 (Lifetime ECL not credit impaired) or Stage 3 (Lifetime ECL credit impaired) to Stage 1 (12-month ECL) or Stage 2 (Lifetime ECL not credit impaired) as per AMMB Group's internal SICR criteria. This is only the case for assets which have performed in accordance with the new terms for at least six consecutive months or more.

There are no financial assets with lifetime ECL whose cash flows were modified during the current and previous financial year.

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.5 Credit Quality By Class of Financial Assets

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's and the Bank's internal credit rating system.

Loans and advances

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total RM'000
Group and Bank				
2023				
Risk grade				
Very strong	390,156	60,504	-	450,660
Strong	3,280	-	-	3,280
Satisfactory	311,745	6,327	-	318,072
Moderate	8,868	-	-	8,868
Marginal	2,014	-	-	2,014
Substandard	32,607	406	-	33,013
Gross exposure	748,670	67,237	-	815,907
Less: Allowances for ECL	(1)	-	-	(1)
Net exposure	748,669	67,237	-	815,906

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total RM'000
Group and Bank				
2022				
Risk grade				
Satisfactory	490,407	60,824	-	551,231
Moderate	8,706	27	-	8,733
Marginal	12,999	2,894	-	15,893
Substandard	23,500	200	-	23,700
Gross exposure	535,612	63,945	-	599,557
Less: Allowances for ECL	(1)	-	-	(1)
Net exposure	535,611	63,945	-	599,556

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.5 Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's and the Bank's internal credit rating system (Cont'd.)

Other financial assets (using simplified approach)

	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Group			
2023			
Risk grade			
Exceptionally strong	909	-	909
Very strong	130,104	-	130,104
Strong	62,666	-	62,666
Satisfactory	5,775	-	5,775
Substandard	18,406	-	18,406
Unrated	172,435	-	172,435
Impaired	-	4,020	4,020
Gross other financial assets	390,295	4,020	394,315
Less: Allowances for ECL	(3)	(4,020)	(4,023)
Net other financial assets	390,292	-	390,292
2022			
Risk grade			
Exceptionally strong	1,016	-	1,016
Very strong	444,042	-	444,042
Strong	34,695	-	34,695
Satisfactory	7,248	-	7,248
Substandard	16,367	-	16,367
Unrated	356,141	-	356,141
Impaired	-	3,341	3,341
Gross other financial assets	859,509	3,341	862,850
Less: Allowances for ECL	(2)	(3,341)	(3,343)
Net other financial assets	859,507	-	859,507

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.5 Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's and the Bank's internal credit rating system (Cont'd.)

Other financial assets (using simplified approach) (Cont'd.)

	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Bank			
2023			
Risk grade			
Exceptionally strong	909	-	909
Very strong	102,859	-	102,859
Strong	62,666	-	62,666
Satisfactory	5,775	-	5,775
Substandard	18,406	-	18,406
Unrated	176,842	-	176,842
Impaired	-	3,280	3,280
Gross other financial assets	367,457	3,280	370,737
Less: Allowances for ECL	(3)	(3,280)	(3,283)
Net other financial assets	367,454	-	367,454
2022			
Risk Grade			
Exceptionally strong	1,016	-	1,016
Very strong	409,481	-	409,481
Strong	34,695	-	34,695
Satisfactory	7,248	-	7,248
Substandard	16,367	-	16,367
Unrated	361,704	-	361,704
Impaired	-	2,601	2,601
Gross other financial assets	830,511	2,601	833,112
Less: Allowances for ECL	(2)	(2,601)	(2,603)
Net other financial assets	830,509	-	830,509

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.5 Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's and the Bank's internal credit rating system (Cont'd.)

Cash and short-term funds

	2023 RM'000	2022 RM'000
Stage 1 12-month ECL		
Group		
Exceptionally strong	1,591	14,180
Very strong	271,638	264,664
Gross exposure	273,229	278,844
Less: Allowances for ECL	-	(2)
Net exposure	273,229	278,842
Bank		
Exceptionally strong	1,591	14,180
Very strong	170,275	162,419
Gross exposure	171,866	176,599
Less: Allowances for ECL	-	(2)
Net exposure	171,866	176,597

Deposits and placements with a bank	2023 RM'000	2022 RM'000
Stage 1 12-month ECL		
Group and Bank		
Very strong	70,000	300,000

Financial investments at fair value through other comprehensive income

	2023 RM'000	2022 RM'000
Stage 1 12-month ECL		
Group and Bank		
Risk grade		
Exceptionally strong	30,480	30,357

Financial investments at amortised cost

	2023 RM'000	2022 RM'000
Stage 1 12-month ECL		
Group and Bank		
Risk grade		
Exceptionally strong	75,000	75,000

40. RISK MANAGEMENT (CONT'D.)

40.2 CREDIT RISK MANAGEMENT (CONT'D.)

40.2.5 Credit Quality By Class of Financial Assets (Cont'd.)

Statutory deposit with Bank Negara Malaysia

	2023 RM'000	2022 RM'000
Stage 1 12-month ECL		
Group and Bank		
Exceptionally strong	14,210	9,523

Loan commitments

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit-impaired RM'000	Total RM'000
Group and Bank			
2023			
Very strong	153,076	10	153,086
Strong	10,564	-	10,564
Satisfactory	46,453	-	46,453
Moderate	4,787	-	4,787
Marginal	150	-	150
Substandard	17,362	-	17,362
Net exposure	232,392	10	232,402
2022			
Satisfactory	198,989	-	198,989
Moderate	10,829	-	10,829
Substandard	23,541	-	23,541
Net exposure	233,359	-	233,359

40.2.6 Estimated Value of Collateral for Gross Loans and Advances

	Gross exposure to credit risk		Financial effect of collateral		Unsecured portion of credit exposure	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group and Bank						
Gross loans and advances						
Share margin financing	809,495	591,415	809,495	591,415	-	-
Revolving credits	5,974	7,637	5,974	7,637	-	-
Staff loans	438	505	438	505	-	-
Total	815,907	599,557	815,907	599,557	-	-

40. RISK MANAGEMENT (CONT'D.)

40.3 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant draw-down of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
Assessment/ Measurement	• Liquidity Coverage Ratio ("LCR") • Net Stable Funding Ratio ("NSFR") • Other Detailed Controls
Control/ Mitigation	• LCR Limits • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

The liquidity risk management of the Bank is aligned to the LCR policy and NSFR policy issued by BNM. The primary objective of the Bank’s liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives.

The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite and approves the Bank's liquidity management strategy while GALCO is the core management committee established by the Board to oversee the overall liquidity management of the Bank.

The Bank has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Various liquidity measurements such as BNM LCR and BNM NSFR have been put in place to support the broader strategic objectives of the Bank. Investment Banking Market Risk ("IBMR") is responsible for developing and monitoring the controls and limits while Group Treasury & Markets ("GTM") and CBSM are responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank's liquidity at risk.

40. RISK MANAGEMENT (CONT'D.)

40.3 Liquidity Risk Management (Cont'd.)

40.3.1 Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document on Financial Reporting

Group 2023	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	273,229	-	-	-	-	-	-	273,229
Deposits and placements with a bank	-	70,000	-	-	-	-	-	70,000
Financial assets at fair value through other comprehensive income	-	-	-	-	30,480	-	2,986	33,466
Financial investments at amortised cost	-	-	-	-	75,000	-	-	75,000
Loans and advances	815,468	-	-	56	164	218	-	815,906
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	14,210	-	14,210
Deferred tax assets	-	-	-	-	-	-	8,127	8,127
Other assets	359,445	29,920	2,095	22,850	18,428	-	-	432,738
Property and equipment	-	-	-	-	-	-	15,206	15,206
Right-of-use assets	-	-	-	-	-	-	2,759	2,759
Intangible assets	-	-	-	-	-	-	41,206	41,206
Total Assets	1,448,142	99,920	2,095	22,906	124,072	14,428	70,284	1,781,847
Liabilities								
Deposits and placements of a bank	50,000	-	-	800,000	-	-	-	850,000
Derivative financial liabilities	4	-	-	-	-	-	-	4
Other liabilities	312,142	40,076	5,785	12,704	2,108	673	-	373,488
Total Liabilities	362,146	40,076	5,785	812,704	2,108	673	-	1,223,492
Net Gap	1,085,996	59,844	(3,690)	(789,798)	121,964	13,755	70,284	558,355

40. RISK MANAGEMENT (CONT'D.)

40.3 Liquidity Risk Management (Cont'd.)

40.3.1 Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document on Financial Reporting (Cont'd.)

Group 2022	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	278,842	-	-	-	-	-	-	278,842
Deposits and placements with a bank	-	-	-	300,000	-	-	-	300,000
Financial assets at fair value through other comprehensive income	-	-	-	30,357	-	-	3,152	33,509
Financial investments at amortised cost	-	-	-	-	-	75,000	-	75,000
Loans and advances	599,051	-	-	66	143	296	-	599,556
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	9,523	-	9,523
Deferred tax assets	-	-	-	-	-	-	8,637	8,637
Other assets	821,542	31,898	969	30,175	3,922	-	-	888,506
Property and equipment	-	-	-	-	-	-	16,112	16,112
Right-of-use assets	-	-	-	-	-	-	3,333	3,333
Intangible assets	-	-	-	-	-	-	39,512	39,512
Total Assets	1,699,435	31,898	969	360,598	4,065	84,819	70,746	2,252,530
Liabilities								
Deposits and placements of a bank	40,000	-	-	800,000	-	-	-	840,000
Derivative financial liabilities	1	-	-	-	-	-	-	1
Other liabilities	784,210	37,155	7,651	10,025	2,536	883	-	842,460
Total Liabilities	824,211	37,155	7,651	810,025	2,536	883	-	1,682,461
Net Gap	875,224	(5,257)	(6,682)	(449,427)	1,529	83,936	70,746	570,069

40. RISK MANAGEMENT (CONT'D.)

40.3 Liquidity Risk Management (Cont'd.)

40.3.1 Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document on Financial Reporting (Cont'd.)

Bank 2023	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	171,866	-	-	-	-	-	-	171,866
Deposits and placements with a bank	-	70,000	-	-	-	-	-	70,000
Financial assets at fair value through other comprehensive income	-	-	-	-	30,480	-	2,986	33,466
Financial investments at amortised cost	-	-	-	-	75,000	-	-	75,000
Loans and advances	815,468	-	-	56	164	218	-	815,906
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	14,210	-	14,210
Deferred tax assets	-	-	-	-	-	-	5,534	5,534
Investment in subsidiaries	-	-	-	-	-	-	51,441	51,441
Other assets	363,013	3,717	1,993	22,748	18,428	-	-	409,899
Property and equipment	-	-	-	-	-	-	14,847	14,847
Right-of-use assets	-	-	-	-	-	-	2,759	2,759
Intangible assets	-	-	-	-	-	-	3,462	3,462
Total Assets	1,350,347	73,717	1,993	22,804	124,072	14,428	81,029	1,668,390
Liabilities								
Deposits and placements of a bank	50,000	-	-	800,000	-	-	-	850,000
Derivative financial liabilities	4	-	-	-	-	-	-	4
Other liabilities	308,046	20,130	5,677	12,596	2,108	673	-	349,230
Total Liabilities	358,050	20,130	5,677	812,596	2,108	673	-	1,199,234
Net Gap	992,297	53,587	(3,684)	(789,792)	121,964	13,755	81,029	469,156

40. RISK MANAGEMENT (CONT'D.)

40.3 Liquidity Risk Management (Cont'd.)

40.3.1 Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document on Financial Reporting (Cont'd.)

Bank 2022	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	176,597	-	-	-	-	-	-	176,597
Deposits and placements with a bank	-	-	-	300,000	-	-	-	300,000
Financial assets at fair value through other comprehensive income	-	-	-	30,357	-	-	3,152	33,509
Financial investments at amortised cost	-	-	-	-	-	75,000	-	75,000
Loans and advances	599,051	-	-	66	143	296	-	599,556
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	9,523	-	9,523
Deferred tax assets	-	-	-	-	-	-	5,305	5,305
Investment in subsidiaries	-	-	-	-	-	-	51,441	51,441
Other assets	824,157	1,299	760	29,967	3,922	-	-	860,105
Property and equipment	-	-	-	-	-	-	15,710	15,710
Right-of-use assets	-	-	-	-	-	-	3,333	3,333
Intangible assets	-	-	-	-	-	-	2,063	2,063
Total Assets	1,599,805	1,299	760	360,390	4,065	84,819	81,004	2,132,142
Liabilities								
Deposits and placements of a bank	40,000	-	-	800,000	-	-	-	840,000
Derivative financial liabilities	1	-	-	-	-	-	-	1
Other liabilities	778,127	14,272	7,237	9,611	2,536	883	-	812,666
Total Liabilities	818,128	14,272	7,237	809,611	2,536	883	-	1,652,667
Net Gap	781,677	(12,973)	(6,477)	(449,221)	1,529	83,936	81,004	479,475

40. RISK MANAGEMENT (CONT'D.)

40.3 Liquidity Risk Management (Cont'd.)

40.3.2 Analysis of Liabilities By Remaining Contractual Maturities on undiscounted basis

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2023								
Liabilities								
Deposits and placements of a bank	50,011	-	-	831,936	-	-	-	881,947
Derivative financial liabilities	4	-	-	-	-	-	-	4
Other liabilities*	311,813	40,401	5,785	4,720	2,108	673	-	365,500
Total Undiscounted Liabilities	361,828	40,401	5,785	836,656	2,108	673	-	1,247,451
Commitments								
Irrevocable commitments to extend credit	227,695	997	570	3,140	-	-	-	232,402
Total commitments	227,695	997	570	3,140	-	-	-	232,402
Group								
2022								
Liabilities								
Deposits and placements of a bank	40,249	-	-	817,580	-	-	-	857,829
Derivative financial liabilities	1	-	-	-	-	-	-	1
Other liabilities*	785,111	36,006	7,960	5,285	2,536	883	-	837,781
Total Undiscounted Liabilities	825,361	36,006	7,960	822,865	2,536	883	-	1,695,611
Commitments								
Irrevocable commitments to extend credit	228,939	795	570	3,055	-	-	-	233,359
Total commitments	228,939	795	570	3,055	-	-	-	233,359

*The balances had included the undiscounted contractual payments for lease liabilities. Detailed maturity analysis for lease commitment is disclosed in Note 19(c).

40. RISK MANAGEMENT (CONT'D.)

40.3 Liquidity Risk Management (Cont'd.)

40.3.2 Analysis of Liabilities By Remaining Contractual Maturities on undiscounted basis (Cont'd.)

Bank	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2023								
Liabilities								
Deposits and placements of a bank	50,011	-	-	831,936	-	-	-	881,947
Derivative financial liabilities	4	-	-	-	-	-	-	4
Other liabilities*	307,717	20,455	5,677	4,612	2,108	673	-	341,242
Total Undiscounted Liabilities	357,732	20,455	5,677	836,548	2,108	673	-	1,223,193
Commitments								
Irrevocable commitments to extend credit	227,695	997	570	3,140	-	-	-	232,402
Total commitments	227,695	997	570	3,140	-	-	-	232,402
Bank								
2022								
Liabilities								
Deposits and placements of a bank	40,249	-	-	817,580	-	-	-	857,829
Derivative financial liabilities	1	-	-	-	-	-	-	1
Other liabilities*	779,028	13,123	7,546	4,871	2,536	883	-	807,987
Total Undiscounted Liabilities	819,278	13,123	7,546	822,451	2,536	883	-	1,665,817
Commitments								
Irrevocable commitments to extend credit	228,939	795	570	3,055	-	-	-	233,359
Total commitments	228,939	795	570	3,055	-	-	-	233,359

*The balances had included the undiscounted contractual payments for lease liabilities. Detailed maturity analysis for lease commitment is disclosed in Note 19(c).

40. RISK MANAGEMENT (CONT'D.)

40.4 MARKET RISK MANAGEMENT

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Bank differentiates between two categories of market risk: Traded Market Risk (“TMR”) and Non-Traded Market Risk (“NTMR”). Assessment, control and monitoring of these risks are the responsibilities of IBMR.

Traded Market Risk

The TMR management process is depicted in the table below:

Identification	• Identify market risks within existing and new products. • Review market-related information such as market trends and economic data.
Assessment/ Measurement	• Value-at-Risk ("VaR") • Loss Limits • Historical Stress Loss ("HSL") • Present Value of One Basis Point ("PV01") • Other Detailed Controls
Control/ Mitigation	• VaR Limits • Loss Limits/Triggers (Annual/Monthly/Daily) • HSL Limits • PV01 Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Approved Portfolio Products • Approved Countries/Currencies • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor controls • Periodical review and reporting

TMR arises from transactions in which the Group and the Bank act as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the AMMB Board and GMRC approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Group applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level over a specified time horizon (i.e. holding period). Loss Limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Bank is able to absorb extreme, unanticipated market movements.

40. RISK MANAGEMENT (CONT'D.)

40.4 MARKET RISK MANAGEMENT (CONT'D.)

Traded Market Risk (Cont'd.)

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits and to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management and to provide an explanation for any non-adherence event to Senior Management.

The Bank adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Non-Traded Market Risk ("NTMR")

NTMR refers to interest rate in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

Interest Rate Risk/Rate of Return Risk in Banking Book (“IRR/RORBB”)

The IRR/RORBB risk management process is depicted in the table below:

Identification	• Identify IRR/RORBB within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• PV01 • Earnings-at-Risk ("EaR")
Control/ Mitigation	• PV01 limits • EaR limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margins and implied volatilities on interest/profit rate options. The provision of investment banking lending activities (primarily revolving credit facilities) creates interest/profit rate-sensitive positions in the Group's and the Bank’s statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of the Group’s capital.

40. RISK MANAGEMENT (CONT'D.)

40.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk ("NTMR") (Cont'd.)

Interest Rate Risk/Rate of Return Risk in Banking Book (“IRR/RORBB”) (Cont'd.)

The Board’s oversight of IRR/RORBB is supported by the GALCO and GMRC. The Board and GMRC are responsible for the alignment of Group-wide risk appetite. GALCO reviews strategies to ensure a comfortable level of IRR/RORBB is maintained, taking into consideration the Group's business strategies and is responsible for overseeing the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group’s policy, IRR/RORBB positions are monitored on a monthly basis and hedging strategies are employed to ensure risk exposures are maintained within Management-established limits.

The Group and the Bank measure the IRR/RORBB exposures using PV01. PV01 is a quantitative measure to assess the impact of an absolute change in economic value due to 1 basis point movement in market interest rates.

The Group and the Bank complement PV01 by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest rates and spreads, changes in loan and deposit product balances due to behavioural characteristics under different interest rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and loans and advances.

The rate scenarios may include rapid ramping of interest rates, gradual ramping of interest rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest rate scenario. However, in certain cases, assumptions are deliberately changed to test the Bank’s exposure to a specified event.

The Group's and the Bank’s strategy seeks to optimise exposure to IRR/RORBB within Management-approved limits. This is achieved through the ability to reposition the interest rate exposure of the statement of financial position using various product and funding strategies. These approaches are governed by Bank’s policies in the areas of product and liquidity management as well as the Trading Book and Banking Book Policy, hedging policies and Non-Traded Interest Rate Risk Framework.

IRR/RORBB exposures are monitored by IBMR and positions reported to the GALCO, GMRC, RMC and Board.

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk (“IRR/ROR”) is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group’s income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ROR hedging measures to cushion the interest/profit rate volatility.

The following table demonstrates the sensitivity of the Group’s and the Bank’s profit before taxation to a reasonable possible change in interest/profit rate with all other variables remaining constant.

	2023		2022	
	Interest/ profit rate	Interest/ profit rate	Interest/ profit rate	Interest/ profit rate
Group and Bank	**+ 100 bps RM'000**	**- 100 bps RM'000**	**+ 100 bps RM'000**	**- 100 bps RM'000**
Impact on profit before taxation	55	(55)	71	(71)

40. RISK MANAGEMENT (CONT'D.)

40.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from being exposed to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

Impact on profit before taxation:

	2023		2022	
Currency	**Foreign exchange rate + 10 % RM'000**	**Foreign exchange rate - 10 % RM'000**	**Foreign exchange rate + 10 % RM'000**	**Foreign exchange rate - 10 % RM'000**
Group				
USD	1,046	(1,046)	1,958	(1,958)
SGD	144	(144)	390	(390)
AUD	237	(237)	22	(22)
EUR	1	(1)	-	-
GBP	2	(2)	2	(2)
Others	53	(53)	30	(30)
Bank				
USD	385	(385)	1,409	(1,409)
SGD	106	(106)	352	(352)
AUD	5	(5)	3	(3)
EUR	1	(1)	-	-
GBP	2	(2)	2	(2)
Others	15	(15)	8	(8)

40. RISK MANAGEMENT (CONT'D.)

40.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size, loss limits and VaR limits.

There is no impact to profit before taxation and equity for financial year ended 31 March 2023 and 31 March 2022 in respect of equity price risk.

40.5 OPERATIONAL RISK MANAGEMENT ("ORM")

The ORM process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/activities within Business and Functional Lines (including new products) • Review of past operational losses and incidences data – review current data against past trends and approved triggers • Regulator's and Auditor's review and feedback
Assessment/ Measurement	• Risk and Control Self Assessment ("RCSA") • The inherent and residual risks are assessed based on the probability and impact of activity undertaken
Control/ Mitigation	Several ORM tools are used to mitigate the risks identified • Incident Management and Data Collection ("IMDC") • Key Risk Indicators ("KRI") • Key Control Testing ("KCT") • Root cause analysis • Scenario Analysis • Insurance programme
Monitoring/ Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, risk profile status, KRI breaches and KCT exceptions and operational risk framework adherence • Challenging the periodical review or updating of the RCSA (risk profile)/KRIs/KCTs of all Line of Business and Entity • Trigger by adverse change in circumstances (trigger event review) • Change management process review

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk, outsourcing risk, technology (including cyber) risk and Shariah compliance risk. It excludes strategic, systemic and reputational risk.

40. RISK MANAGEMENT (CONT'D.)

40.5 OPERATIONAL RISK MANAGEMENT ("ORM") (CONT'D.)

Operational Risk Appetite ("ORA") is set as part of overall Group Risk Appetite Framework ("GRAF"), which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT.

- Fraud (internal and external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management.

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- The first line of defence ("FLOD") is responsible for the management of operational risk to ensure that accountability and ownership is as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced FLOD provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.

- In the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development and communication, quality assurance of internal controls, operational risk measurement, validation of FLOD effectiveness, ORM training and reporting of operational risk triggers, breaches, KCT exceptions, operational loss incidents to GMRC, RMC and Board.
- Group Internal Audit acts as the third and the final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

Group Operational Risk maintains close working relationships with all Business and Functional Lines, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The ORM process contains the following ORM tools:

- The IMDC module provides a common platform for reporting operational risk incidents that fall within the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge.

- The RCSA is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group and the Bank.

- The KRI module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.

- The KCT is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks.

- Root cause analysis are conducted by the Operational Risk Relationship Managers within Group Operational Risk to prevent recurrence of operational risk incidents.

- Scenario analysis is a forward-looking assessment tool to assess the severity impact on the Group's profitability and capital adequacy should the plausible and worse case scenarios materialise.

The GMRC, Risk Management Committee Director ("RMCD") and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology (including cyber) risk, legal risk and business continuity management.

40. RISK MANAGEMENT (CONT'D.)

40.5 OPERATIONAL RISK MANAGEMENT ("ORM") (CONT'D.)

Business Continuity Management

The Business Continuity Management ("BCM") process is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Incident Business Impact Analysis ("BIA") • Risk Assessment
Control/ Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity ("BC") Plan
Monitoring/ Review	• BC Plan testing and exercise • Review of BC Plan • BC site readiness and maintenance

The BCM function is an integral part of ORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and the identification of critical business functions through BIA exercise, for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of the Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure that the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangements and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

40.6 CYBER RISKS MANAGEMENT

Cyber security risks remain a persistent threat for the financial industry. The constantly evolving nature and sophistication of cyber threats and attack vectors calls for increased vigilance, readiness and ability to respond to upcoming threats. The resilience of AMMB Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information.

AMMB Group continues to enhance its cyber security controls framework, execute internal assessment reviews, build defense mechanisms and uplift governance processes alongside AMMB Group's cyber risk management strategy - to identify threats in a timely manner, and build or enhance the right defenses to mitigate risks. Creating a security mindset for employees and customers via its cyber security awareness programs also remains a priority.

AMMB Group Technology Risk team acts as a second line of defence to monitor alongside the first line of defence to ensure that risks and controls are properly managed. AMMB Group's technology risk management capabilities include oversight over infrastructure security risk, data leakage risk, application security risk and third party security risk.

40. RISK MANAGEMENT (CONT'D.)

40.7 LEGAL RISK

In all the jurisdictions that the Group conducts its business, it is subject to legal risks arising from potential breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgement, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by the AMMB GMRC/Group Management Committee ("GMC"), upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risk is appropriately managed.

40.8 REGULATORY COMPLIANCE RISK

AMMB Group has in place a compliance framework to promote the safety and soundness of the Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The Group Chief Compliance Officer has a direct reporting line to the RMC of the Board. A governance structure is in place for escalation and reporting of compliance risks and issues through monthly compliance reports to the RMC and Board.

The compliance framework details the roles and responsibilities for compliance with regulatory guidelines and requirements. The responsible parties are accountable for the management of compliance risks associated with AMMB Group's processes and increasing awareness on the role of every employee to be compliant and safeguard AMMB Group's reputation against any potential legal violations and/or regulatory non-compliance. The Senior Management team is responsible for communicating the compliance framework to all employees, as well as implementing appropriate actions for non-compliances.

The Group Management Governance and Compliance Committee ("GMGCC"), comprising the Senior Management Team from Group Compliance, Group Risk, Group Internal Audit and the Business, meets regularly to discuss and deliberate on regulatory updates, compliance issues and areas of non-compliance. AMMB Group believes in and embraces a strong compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board of Directors ("BOD") and Senior Management lead by example. AMMB Group has zero tolerance for any form of bribery or corruption.

AMMB Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair value are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiaries and other investment and deferred taxation are excluded, as they do not fall within the scope of MFRS 7 *Financial Instruments: Disclosures* , which requires the fair value information to be disclosed.

41.1 Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values):

Group and Bank

	2023		2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Asset				
Financial investment at amortised cost	75,000	76,283	75,000	76,403

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

41.2 The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities:

	Group				Bank			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets measured at fair value								
Financial investments at FVOCI								
- Money market securities	-	30,480	-	30,480	-	30,480	-	30,480
- Unquoted shares	-	-	2,986	2,986	-	-	2,986	2,986
	-	30,480	2,986	33,466	-	30,480	2,986	33,466
Asset for which fair value is disclosed								
Financial investment at amortised cost								
- Unquoted corporate bond	-	76,283	-	76,283	-	76,283	-	76,283
Liabilities measured at fair value								
Derivative financial liabilities	4	-	-	4	4	-	-	4

	Group				Bank			
2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets measured at fair value								
Financial investments at FVOCI								
- Money market securities	-	30,357	-	30,357	-	30,357	-	30,357
- Unquoted shares	-	-	3,152	3,152	-	-	3,152	3,152
	-	30,357	3,152	33,509	-	30,357	3,152	33,509
Asset for which fair value is disclosed								
Financial investment at amortised cost								
- Unquoted corporate bond	-	76,403	-	76,403	-	76,403	-	76,403
Liabilities measured at fair value								
Derivative financial liabilities	1	-	-	1	1	-	-	1

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

41.3 Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Financial assets and financial liabilities for which fair value approximates carrying amount

For financial assets and financial liabilities that have a short-term maturity (less than six months), the carrying amounts approximate to their fair value.

(b) Financial investments at amortised cost

Fair value of securities is based on observable mid prices at reporting date and where observable mid prices are not available, the fair value is based on net tangible asset backing.

(c) Loans and advances

The fair value of variable rate loans and advances are estimated to approximate their carrying values. For fixed rate loans and advances, the fair values are estimated based on expected future cash flows of contractual instalments discounted at prevailing indicative rates adjusted for credit risk. For impaired loans and advances, the fair values are deemed to approximate the carrying amount (net of impairment losses).

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 of the counterparties. Unquoted equity investments at FVOCI are measured using adjusted net asset based on available market information.

8.9% (31 March 2022: 9.4%) 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 was no transfer between Level 1 and Level 2 during the current and previous financial year for the Group and the Bank.

41. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

41.4 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:

	Equity instruments at FVOCI	
	2023	**2022**
	RM'000	**RM'000**
Group and Bank		
Balance at beginning of the financial year	3,152	2,995
Total (loss)/gain recognised in other comprehensive income	(166)	157
Balance at end of the financial year	2,986	3,152

There was no transfer between Level 2 and Level 3 during the current 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 financial year:

	2023	**2022**
	RM'000	**RM'000**
Financial investments at fair value through other comprehensive income		
Total (loss)/gain included in fair value reserve	(166)	157

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.

42. 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.

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, futures and equity derivatives both online and offline;

(ii) Fund Management – comprises the asset and fund management services, offering a variety of investment solutions for various assets 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 and Islamic Private Debt Securities, loan syndication, capital and project advisory as well as structured finance and securitisation deals; and

(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.

Measurements 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 consolidation.

Operating Revenue

Operating revenue of the Group comprises all type of revenue derived from the business segments but after elimination of all related companies transactions.

Major customers

No revenue from one single customer amounted to greater than 10% of the Group's revenue for the current and previous financial years.

Notes:

(i) The revenue generated by a majority of the operating segments substantially comprise fees income. The Chief Operating Decision-Maker relies primarily on the net fees 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 for 31 March 2022 have been restated to conform with current business realignment between the business segment, however the Group's total balances in the statement of profit or loss remains unchanged.

42. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group 2023	Investment Banking: Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000	Group Funding and Others RM'000	Total RM'000
External net income	87,372	147,786	32,118	19,592	28,214	169	(6,616)	308,635
Intersegments net income	(23,633)	-	(182)	(8)	67	27	23,729	-
Net income	63,739	147,786	31,936	19,584	28,281	196	17,113	308,635
Net interest income/(expense)	22,455	1,538	82	(8)	67	26	12,025	36,185
Other operating income (net of direct costs)	41,284	146,248	31,854	19,592	28,214	170	5,088	272,450
Net income	63,739	147,786	31,936	19,584	28,281	196	17,113	308,635
Other operating expenses	(49,085)	(67,654)	(23,489)	(18,002)	(12,450)	(14,016)	(18,013)	(202,709)
of which:								
Depreciation of property and equipment	(511)	(168)	(102)	(51)	(29)	(52)	(853)	(1,766)
Depreciation of right-of-use assets	-	-	-	-	-	-	(685)	(685)
Amortisation of intangible assets	(414)	(378)	(86)	(10)	(3)	(197)	(10)	(1,098)
Profit/(loss) before impairment losses and settlement	14,654	80,132	8,447	1,582	15,831	(13,820)	(900)	105,926
Writeback of/(Allowances for) impairment losses on other financial assets	61	-	-	205	(1,159)	-	2	(891)
Other recoveries	48	-	-	-	-	-	-	48
Profit/(loss) before taxation	14,763	80,132	8,447	1,787	14,672	(13,820)	(898)	105,083
Taxation	(3,543)	(15,633)	(2,027)	(429)	(3,521)	3,316	(1,305)	(23,142)
Profit/(loss) for the financial year	11,220	64,499	6,420	1,358	11,151	(10,504)	(2,203)	81,941
Other information:								
Total segment assets	1,224,059	131,803	7,768	1,625	6,572	1,625	408,395	1,781,847
Total segment liabilities	300,657	29,410	2,576	3,697	4,774	5,093	877,285	1,223,492
Cost to income ratio	77.0%	45.8%	73.6%	91.9%	44.0%	>100%	>100%	65.7%
Gross loans and advances	809,495	-	5,974	-	-	-	438	815,907
Net loans and advances	809,495	-	5,974	-	-	-	437	815,906
Total deposits and placements	-	-	-	-	-	-	850,000	850,000
Additions to:								
Property and equipment	394	125	65	16	-	16	335	951
Intangible assets	511	674	-	-	-	895	712	2,792

42. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group 2022 (restated)	Investment Banking Equity Markets RM'000	Investment Banking Fund Management RM'000	Investment Banking Private Banking RM'000	Investment Banking Corporate Finance RM'000	Investment Banking Capital Markets RM'000	Investment Banking Others RM'000	Group Funding and Others RM'000	Total RM'000
External net income	92,255	150,859	36,212	22,328	33,160	59	12,450	347,323
Intersegments net income	(14,725)	-	(114)	(21)	139	15	14,706	-
Net income	77,530	150,859	36,098	22,307	33,299	74	27,156	347,323
Net interest income/(expense)	22,348	1,325	132	(21)	139	14	9,203	33,140
Other operating income (net of direct costs)	55,182	149,534	35,966	22,328	33,160	60	17,953	314,183
Net income	77,530	150,859	36,098	22,307	33,299	74	27,156	347,323
Other operating expenses	(49,271)	(68,439)	(20,631)	(13,370)	(9,484)	(7,118)	(12,784)	(181,097)
of which:								
Depreciation of property and equipment	(545)	(206)	(110)	(50)	(37)	(77)	(938)	(1,963)
Depreciation of right-of-use assets	-	-	-	-	-	-	(634)	(634)
Amortisation of intangible assets	(388)	(176)	(174)	(10)	(12)	(51)	(27)	(838)
Profit/(loss) before impairment losses and settlement	28,259	82,420	15,467	8,937	23,815	(7,044)	14,372	166,226
Allowances for impairment losses on other financial assets	(70)	(306)	-	(388)	-	-	(2)	(766)
Provision for commitments and contingencies	-	-	-	-	-	-	(173)	(173)
Other recoveries	47	-	-	-	-	-	-	47
Profit/(loss) before taxation	28,236	82,114	15,467	8,549	23,815	(7,044)	14,197	165,334
Taxation	(6,779)	(16,507)	(3,712)	(2,052)	(5,716)	1,691	27,969	(5,106)
Profit/(loss) for the financial year	21,457	65,607	11,755	6,497	18,099	(5,353)	42,166	160,228
Other information:								
Total segment assets	1,456,700	138,796	9,628	1,451	699	787	644,469	2,252,530
Total segment liabilities	768,581	34,902	3,320	2,614	4,107	2,890	866,047	1,682,461
Cost to income ratio	63.6%	45.4%	57.2%	59.9%	28.5%	>100%	47.1%	52.1%
Gross loans and advances	591,415	-	7,637	-	-	-	505	599,557
Net loans and advances	591,415	-	7,637	-	-	-	504	599,556
Total deposits and placements	-	-	-	-	-	-	840,000	840,000
Additions to:								
Property and equipment	202	261	102	50	5	38	268	926
Intangible assets	254	705	-	-	-	-	599	1,558

43. OFFSETTING OF FINANCIAL ASSET AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g. loans and advances) are as follows:-

				Amount not offset in the statements of financial position		
Group	**Gross amount of recognised financial assets/ liabilities RM'000**	**Gross amount offset in the statements of financial position RM'000**	**Amount presented in the statements of financial position RM'000**	**Financial Instruments RM'000**	**Cash collateral received/ pledged RM'000**	**Net Amount RM'000**
31 March 2023						
Other assets	453,502	(20,764)	432,738	(39,963)	(15,288)	377,487
Other liabilities	394,252	(20,764)	373,488	-	-	373,488
31 March 2022						
Other assets	911,530	(23,024)	888,506	(46,470)	(14,043)	827,993
Other liabilities	865,484	(23,024)	842,460	-	-	842,460
Bank						
31 March 2023						
Other assets	430,663	(20,764)	409,899	(39,963)	(15,288)	354,648
Other liabilities	369,994	(20,764)	349,230	-	-	349,230
31 March 2022						
Other assets	883,129	(23,024)	860,105	(46,470)	(14,043)	799,592
Other liabilities	835,690	(23,024)	812,666	-	-	812,666

44. OPERATIONS OF ISLAMIC BANKING

CESSATION OF ISLAMIC BANKING BUSINESS

Upon notification to BNM, with effect from 15 June 2021, the Group and the Bank had ceased to carry out Islamic banking business. Accordingly, all other BNM regulations applicable for Islamic banking windows will no longer apply to the Group and the Bank. The existing operations of Islamic investment banking of the Group and the Bank relating to stockbroking and capital market activities undertaken in compliance with Shariah principles, are regulated by the Securities Commission and Bursa Malaysia Berhad and not within the definition of Islamic Banking as per Islamic Financial Services Act 2013, hence no disclosure required. This change is also aligned to the presentation of financial information presented to management to manage the business.

The following are additional financial information on Islamic Banking business relating to the stockbroking and capital market activities:

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 15 JUNE 2021

Group and Bank	Note	1.4.2021 to 15.6.2021 RM'000
Income derived from investment of depositors' funds and others	(i)	18
Income derived from investment of Islamic banking funds	(ii)	2,757
Direct costs	(iii)	(73)
Total distributable income/Total net income		2,702
Other operating expenses	(iv)	(218)
Profit before taxation		2,484
Taxation	(v)	(538)
Profit after taxation		1,946

The accompanying notes form an integral part of the Islamic banking business financial statements.

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

The following are additional financial information on Islamic Banking business relating to the stockbroking and capital market activities (Cont'd.):

(i) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

Group and Bank

	1.4.2021 to 15.6.2021 RM'000
Income derived from investment of other deposits	18

Income derived from investment of other deposits is derived from finance income and hibah from deposits with banks and other financial institutions.

(ii) INCOME DERIVED FROM INVESTMENT OF ISLAMIC BANKING FUNDS

Group and Bank

	1.4.2021 to 15.6.2021 RM'000
Finance income and hibah:	
Deposits with a bank	147
Other finance income	577
	724
Fee and commission income:	
Brokerage fees and commissions	232
Corporate advisory	150
Fees on financing and securities	1,650
	2,032
Other operating income	1
Total	2,757

(iii) DIRECT COSTS

Group and Bank

	1.4.2021 to 15.6.2021 RM'000
Brokerage commission	66
Others	7
	73

(iv) OTHER OPERATING EXPENSES

Group and Bank

	1.4.2021 to 15.6.2021 RM'000
Personnel costs	171
Marketing and communication expenses	1
Administration and general expenses	40
Service transfer pricing expenses	6
	218

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

The following are additional financial information on Islamic Banking business relating to the stockbroking and capital market activities (Cont'd.):

(v) TAXATION

Group and Bank	**1.4.2021 to 15.6.2021 RM'000**
Income tax expense	403
Deferred taxation	135
	538

(vi) SHARIAH COMMITTEE MEMBERS' REMUNERATION

The total remuneration paid to the Shariah Committee members of AmBank Islamic Berhad, a related company of the Bank are as follows:

Group and Bank	**Fees RM'000**	**Allowances RM'000**	**Total RM'000**
For the financial period ended 15 June 2021			
Asst. Prof. Dr. Tajul Aris Ahmad Bustami	9	1	10
Assoc. Prof. Dr. Asmak Ab Rahman	7	1	8
Dr. Ahmad Zaki Bin Salleh	7	1	8
Assoc. Prof. Dr Zulkifli Hassan	7	1	8
Dr. Mohd Zakhiri Md Nor	4	-	4
	34	4	38

(vii) NET INCOME FROM ISLAMIC BANKING

For consolidation with the conventional operations, net income from operations of Islamic banking comprises the following items:

Group and Bank

	1.4.2021 to 15.6.2021 RM'000
Income derived from investment of depositors' funds, representing income attributable to the Group and the Bank	18
Net income derived from Islamic banking funds	2,684
	2,702
Elimination adjustments	(554)
	2,148