

Registration No. 199401009897 (295576-U)

AmBank Islamic Berhad
(Incorporated in Malaysia)

Condensed Interim Financial Statements
For the Financial Period
1 April 2021 to
30 September 2021
(In Ringgit Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

		30 September 2021	31 March 2021
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds	A8	2,608,023	9,398,808
Derivative financial assets		39,690	49,667
Financial assets at fair value through profit or loss	A9	3,602,498	2,271,667
Financial investments at fair value through other comprehensive income	A10	4,757,443	4,095,135
Financial investments at amortised cost	A11	1,392,303	1,392,155
Financing and advances	A12	36,904,279	35,389,517
Statutory deposit with Bank Negara Malaysia		135,000	113,000
Deferred tax asset		81,919	62,805
Other assets	A13	228,564	250,502
Property and equipment		390	440
Right-of-use assets		2,210	2,351
Intangible assets		578	718
TOTAL ASSETS		49,752,897	53,026,765
LIABILITIES AND EQUITY			
Deposits from customers	A14	36,933,767	41,732,511
Investment accounts of customers	A15	164,720	94,834
Deposits and placements of banks and other financial institutions	A16	2,733,955	3,217,364
Investment account due to a licensed bank	A17	1,717,646	718,034
Recourse obligation on financing sold to Cagamas Berhad		1,300,000	800,000
Derivative financial liabilities		55,809	67,751
Term funding		1,034,802	1,034,766
Subordinated Sukuk		1,300,000	1,300,000
Other liabilities	A18	645,669	288,150
Provision for zakat		2,198	953
TOTAL LIABILITIES		45,888,566	49,254,363
Share capital		1,387,107	1,387,107
Reserves		2,477,224	2,385,295
Equity attributable to equity holder of the Bank		3,864,331	3,772,402
TOTAL LIABILITIES AND EQUITY		49,752,897	53,026,765
COMMITMENTS AND CONTINGENCIES	A35(b)	14,986,871	14,742,101
NET ASSETS PER SHARE (RM)		7.82	7.63

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

**UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Income derived from investment of depositors' funds	A19	411,311	393,401	840,719	806,076
Income derived from investment of investment account funds	A20	14,394	7,659	24,748	16,608
Income derived from investment of shareholder's funds	A21	39,923	42,316	82,012	83,656
Allowance for impairment on financing and advances - net	A22	(85,098)	(138,831)	(175,968)	(168,706)
(Allowance)/Writeback of allowance for impairment on financial investments	A23	(1,508)	6,355	(3,374)	5,941
(Allowance)/Writeback of allowance for impairment on other financial assets	A24	(18)	1	31	12
(Provision)/Writeback of provision for commitments and contingencies	A25	(4,157)	4,433	(4,865)	2,341
Total distributable income		374,847	315,334	763,303	745,928
Income attributable to the depositors and others	A26	(181,709)	(188,865)	(373,241)	(424,198)
Income attributable to the investment account holders	A27	(12,453)	(6,500)	(21,546)	(14,177)
Total net income		180,685	119,969	368,516	307,553
Other operating expenses	A28	(69,893)	(74,125)	(142,157)	(146,995)
Finance cost		(24,625)	(24,822)	(48,966)	(49,479)
Profit before zakat and taxation		86,167	21,022	177,393	111,079
Zakat		(280)	(464)	(1,245)	(1,098)
Taxation		(18,327)	20,534	(37,542)	1,238
Profit for the financial period		67,560	41,092	138,606	111,219
Basic/Diluted earnings per share (sen)	A29	13.67	8.31	28.04	22.50

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Profit for the financial period	67,560	41,092	138,606	111,219
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Financial investments at fair value through other comprehensive income:				
Net unrealised (loss)/gain on changes in fair value	(29,643)	30,584	(16,654)	93,611
Expected credit loss	1,611	(5,956)	3,681	(5,855)
Net gain reclassified to statement of profit or loss	-	(1,197)	(596)	(1,233)
Income tax effect	7,114	(7,053)	3,970	(22,171)
Other comprehensive (loss)/income for the period, net of tax	(20,918)	16,378	(9,599)	64,352
Total comprehensive income for the financial period	46,642	57,470	129,007	175,571

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

	Attributable to Equity Holder of the Bank				
	Non-distributable			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2020	1,387,107	71,612	56,249	2,148,410	3,663,378
Profit for the financial period	-	-	-	111,219	111,219
Other comprehensive income, net of tax	-	-	64,352	-	64,352
Total comprehensive income for the financial period	-	-	64,352	111,219	175,571
Transfer to regulatory reserve *	-	(71,612)	-	71,612	-
Transactions with owner and other equity movements	-	(71,612)	-	71,612	-
At 30 September 2020	1,387,107	-	120,601	2,331,241	3,838,949
At 1 April 2021	1,387,107	-	43,972	2,341,323	3,772,402
Profit for the financial period	-	-	-	138,606	138,606
Other comprehensive loss, net of tax	-	-	(9,599)	-	(9,599)
Total comprehensive (loss)/income for the financial period	-	-	(9,599)	138,606	129,007
Dividend on ordinary shares:					
- final, financial year ended 31 March 2021	-	-	-	(37,078)	(37,078)
Transactions with owner and other equity movements	-	-	-	(37,078)	(37,078)
At 30 September 2021	1,387,107	-	34,373	2,442,851	3,864,331

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

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

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	30 September 2021 RM'000	30 September 2020 RM'000
Profit before zakat and taxation	177,393	111,079
Adjustments for non-operating and non-cash items	165,055	195,491
Operating profit before working capital changes	<u>342,448</u>	<u>306,570</u>
Changes in working capital:		
Net change in operating assets	(3,044,912)	(2,664,531)
Net change in operating liabilities	(3,351,947)	(1,929,391)
Taxation paid	(27,579)	(35,142)
Net cash used in operating activities	<u>(6,081,990)</u>	<u>(4,322,494)</u>
Net cash used in investing activities	(671,593)	(318,152)
Net cash used in financing activities	(37,233)	(169)
Net decrease in cash and cash equivalents	<u>(6,790,816)</u>	<u>(4,640,815)</u>
Cash and cash equivalents at beginning of the financial period	<u>9,398,883</u>	<u>5,923,787</u>
Cash and cash equivalents at end of the financial period	<u><u>2,608,067</u></u>	<u><u>1,282,972</u></u>
Cash and cash equivalents comprise:		
Cash and short-term funds	2,608,023	1,282,958
Allowances for expected credit loss for cash and cash equivalents at end of the financial period	44	14
	<u><u>2,608,067</u></u>	<u><u>1,282,972</u></u>

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

Explanatory Notes

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

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

A1.1 Significant Accounting Policies

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

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

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Bank. The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting the amendments to published standards.

The nature of the amendments to published standards relevant to the Bank are described below:

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

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

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

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

In view of the practical expedient and temporary exceptions provided in these amendments, the discontinuation of London Interbank Offer Rate ("LIBOR") by end 2021 and the transition to alternative RFRs is not expected to result in any significant financial impact to the Bank.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

Standards issued but not yet effective

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

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

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

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

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

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

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

The amendments are applied from annual reporting period beginning on or after 1 January 2022 to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments without restatement of comparative information. The cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Early adoption is permitted.

Reference to the Conceptual Framework (Amendments to MFRS 3)

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

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

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.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

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

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

Annual Improvements to MFRS Standards 2018-2020 (Cont'd.)

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments as summarised below: (Cont'd.)

(i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* (Cont'd.)

The amendment to MFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same MFRS 1 exemption.

(ii) MFRS 9 *Financial Instruments*

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

(iii) MFRS 141 *Agriculture*

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

(b) Amendments to published standards effective for financial year ending 31 March 2024

Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted. The amendments are not expected to result in any impact as the Bank presents all assets and liabilities in the statements of financial position in order of liquidity.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

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

(b) Amendments to published standards effective for financial year ending 31 March 2024 (Cont'd.)

Disclosure of Accounting Policies (Amendments to MFRS 101)

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

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

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

Definition of Accounting Estimates (Amendments to MFRS 108)

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

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

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

(b) Amendments to published standards effective for financial year ending 31 March 2024 (Cont'd.)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112) (Cont'd.)

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

A1.2 Significant Accounting judgements, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on the 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 Bank's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2021.

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2021 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Other than as disclosed in Note A1, there were no unusual items during the current financial quarter and period affecting the financial results of the Bank.

Registration No. 199401009897 (295576-U)

AmBank Islamic Berhad

(Incorporated in Malaysia)

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter and period.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no new issuance of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares and repayment of debt securities by the Bank during the financial quarter and period.

A7. DIVIDENDS

During the financial quarter, the final single-tier cash dividend of 7.5 sen per ordinary share on 494,368,541 ordinary shares amounting to approximately RM37,077,641 in respect of the financial year ended 31 March 2021 was paid on 6 September 2021.

The Directors do not recommend the payment of any interim dividend during the financial period ended 30 September 2021.

A8. CASH AND SHORT-TERM FUNDS

	Note	30 September 2021 RM'000	31 March 2021 RM'000
Cash and bank balances		258,067	133,883
Less: Allowances for Expected Credit Loss ("ECL")	(a)	(44)	(75)
		<u>258,023</u>	<u>133,808</u>
Deposits and placements maturing within one month with original maturity of three months or less:			
Licensed islamic banks		400,000	80,000
Other financial institutions		-	180,000
Bank Negara Malaysia		1,950,000	9,005,000
		<u>2,350,000</u>	<u>9,265,000</u>
		<u>2,608,023</u>	<u>9,398,808</u>

(a) The movements in allowances for ECL are as follow:

	Stage 1 12-Month ECL RM'000
30 September 2021	
Balance at beginning of the financial period	75
Net writeback of ECL:	(31)
Financial assets derecognised	(61)
Net remeasurement of allowances	30
Balance at end of the financial period	<u>44</u>
31 March 2021	
Balance at beginning of the financial year	26
Net allowances for ECL:	49
Changes in model assumptions and methodologies	(8)
New financial assets originated	61
Net remeasurement of allowances	(4)
Balance at end of the financial year	<u>75</u>

A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 RM'000	31 March 2021 RM'000
At fair value:		
Money Market Instruments:		
Malaysian Islamic Treasury bills	3,027,563	1,527,211
Malaysian Government Investment Issues	288,084	171,557
	<u>3,315,647</u>	<u>1,698,768</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	286,851	572,899
	<u>3,602,498</u>	<u>2,271,667</u>

A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2021 RM'000	31 March 2021 RM'000
At fair value:		
Money Market Instruments:		
Malaysian Government Investment Issues	1,324,202	1,325,806
Islamic Negotiable Instruments of Deposit	879,451	399,386
	<u>2,203,653</u>	<u>1,725,192</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	2,553,790	2,369,943
	<u>4,757,443</u>	<u>4,095,135</u>

A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

The Bank had undertaken a fair value hedge on the profit rate risk of unquoted sukuk of RM350.0 million using profit rate swap with AmBank (M) Berhad ("AmBank"). The (loss)/gain arising from the fair value hedge during the current financial period/year is as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Relating to hedged item	(2,191)	(6,177)
Relating to hedging instrument	2,120	6,354
	<u>(71)</u>	<u>177</u>

The fair value changes on the hedge item is taken up under fair value reserve and the hedging gain or loss on the hedged item is reclassified to profit or loss.

Movements in allowances for ECL are as follows:

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
30 September 2021			
Balance at beginning of the financial period	1,968	6,827	8,795
Net allowances for ECL:	2,238	1,443	3,681
New financial assets originated	2,296	-	2,296
Financial assets derecognised	(728)	-	(728)
Net remeasurement of allowances	670	1,443	2,113
Balance at end of the financial period	<u>4,206</u>	<u>8,270</u>	<u>12,476</u>
31 March 2021			
Balance at beginning of the financial year	3,958	15,675	19,633
Net writeback of ECL:	(1,990)	(8,848)	(10,838)
New financial assets originated	645	-	645
Financial assets derecognised	(1,519)	(4,049)	(5,568)
Changes in model assumptions and methodologies	(1,149)	(2,199)	(3,348)
Net remeasurement of allowances	33	(2,600)	(2,567)
Balance at end of the financial year	<u>1,968</u>	<u>6,827</u>	<u>8,795</u>

A11. FINANCIAL INVESTMENTS AT AMORTISED COST

	Note	30 September 2021 RM'000	31 March 2021 RM'000
At amortised cost:			
Money Market Instruments:			
Malaysian Government Investment Issues		260,912	260,852
Unquoted Securities:			
In Malaysia:			
Sukuk		1,131,607	1,131,826
Less: Allowances for ECL	(a)	(216)	(523)
		<u>1,392,303</u>	<u>1,392,155</u>

(a) The movements in allowances for ECL are as follows:

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL Not Credit Impaired RM'000	Total RM'000
30 September 2021			
Balance at beginning of the financial period	98	425	523
Net allowances for/(writeback of) ECL:	118	(425)	(307)
- Transfer to Stage 1	425	(425)	-
Net remeasurement of allowances	(307)	-	(307)
Balance at end of the financial period	<u>216</u>	<u>-</u>	<u>216</u>
31 March 2021			
Balance at beginning of the financial year	283	-	283
Net (writeback of)/allowances for ECL:	(185)	425	240
- Transfer to Stage 2	(83)	425	342
Changes in model assumptions and methodologies	(71)	-	(71)
Net remeasurement of allowances	(31)	-	(31)
Balance at end of the financial year	<u>98</u>	<u>425</u>	<u>523</u>

A12. FINANCING AND ADVANCES

A12a. Financing and advances by type and Shariah contracts are as follows:

30 September 2021

	Bai' Bithaman		Musharakah	Al-Ijarah Thummah Al	Bai' Inah	Others	Total
	Ajil	Murabahah	Mutanaqisah	-Bai' ("AITAB")			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost:							
Cash lines	-	524,322	-	-	493,173	-	1,017,495
Term financing	471,712	11,892,102	8,825	-	1,322,565	30,243	13,725,447
Revolving credit	42,051	3,687,623	-	-	990,101	-	4,719,775
Housing financing	2,666,678	7,434,182	44,441	-	-	-	10,145,301
Hire purchase receivables	3	-	-	3,973,835	-	-	3,973,838
Bills receivables	-	628,691	-	-	-	18,256	646,947
Credit card receivables	-	-	-	-	-	420,059	420,059
Trust receipts	-	393,827	-	-	-	-	393,827
Staff financing	-	16,729	-	-	-	-	16,729
Claims on customers under acceptance credits	-	1,537,595	-	-	-	180,051	1,717,646
Others	-	1,100,886	-	-	-	3,015	1,103,901
Gross financing and advances*	<u>3,180,444</u>	<u>27,215,957</u>	<u>53,266</u>	<u>3,973,835</u>	<u>2,805,839</u>	<u>651,624</u>	<u>37,880,965</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(112,369)
- Stage 2 - Lifetime ECL not credit impaired							(764,048)
- Stage 3 - Lifetime ECL credit impaired							(100,269)
Net financing and advances							<u>36,904,279</u>

A12. FINANCING AND ADVANCES (CONT'D.)

A12a. Financing and advances by type and Shariah contracts are as follows (Cont'd.):

31 March 2021

	Bai' Bithaman		Musharakah	Al-Ijarah Thummah Al	Bai' Inah	Others	Total
	Ajil	Murabahah	Mutanaqisah	-Bai' ("AITAB")			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost:							
Cash lines	-	586,926	-	-	612,527	-	1,199,453
Term financing	503,991	11,078,280	8,925	-	1,467,826	40,320	13,099,342
Revolving credit	42,065	3,217,574	-	-	1,123,575	-	4,383,214
Housing financing	2,736,494	6,544,595	45,197	-	-	-	9,326,286
Hire purchase receivables	4	-	-	4,003,861	-	-	4,003,865
Bills receivables	-	310,200	-	-	-	23,618	333,818
Credit card receivables	-	-	-	-	-	453,056	453,056
Trust receipts	-	283,607	-	-	-	-	283,607
Staff financing	-	12,454	-	-	-	-	12,454
Claims on customers under acceptance credits	-	1,848,952	-	-	-	259,041	2,107,993
Others	-	984,774	-	-	-	37,330	1,022,104
Gross financing and advances*	<u>3,282,554</u>	<u>24,867,362</u>	<u>54,122</u>	<u>4,003,861</u>	<u>3,203,928</u>	<u>813,365</u>	<u>36,225,192</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(144,366)
- Stage 2 - Lifetime ECL not credit impaired							(589,675)
- Stage 3 - Lifetime ECL credit impaired							(101,634)
Net financing and advances							<u>35,389,517</u>

* Included in financing and advances are exposures to the Restricted Investment Account ("RA") arrangement between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM1,722.8 million (31 March 2021: RM719.5 million). Under the RA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RA financing and it shall account for all allowance for impairment arising from the RA financing. Further details of the RA are disclosed in Note A17.

A12. FINANCING AND ADVANCES (CONT'D.)

A12b. Gross financing and advances analysed by type of customer are as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Domestic non-bank financial institutions	2,030,099	1,138,836
Domestic business enterprises		
- Small medium enterprises ("SME")	6,735,714	6,645,241
- Others	8,853,874	9,281,608
Government and statutory bodies	102,673	304,227
Individuals	20,110,091	18,805,650
Other domestic entities	675	666
Foreign individuals and entities	47,839	48,964
	<u>37,880,965</u>	<u>36,225,192</u>

A12c. All financing and advances reside in Malaysia.

A12d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Fixed rate		
- Housing financing	152,117	149,361
- Hire purchase receivables	3,926,350	3,942,830
- Other financing	3,043,248	3,445,508
Variable rate		
- Base rate and base financing rate plus	19,656,944	18,398,613
- Cost plus	10,245,034	9,444,652
- Other variable rates	857,272	844,228
	<u>37,880,965</u>	<u>36,225,192</u>

A12. FINANCING AND ADVANCES (CONT'D.)

A12e. Gross financing and advances analysed by sector are as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Agriculture	1,117,989	1,234,973
Mining and quarrying	1,064,380	1,284,627
Manufacturing	4,489,848	4,461,415
Electricity, gas and water	260,690	272,784
Construction	991,033	1,203,347
Wholesale and retail trade and hotel and restaurants	2,654,222	2,614,281
Transport, storage and communication	2,043,760	1,915,289
Finance and insurance	2,045,331	1,175,374
Real estate	2,369,326	2,441,486
Business activities	471,461	518,055
Education and health	214,995	248,947
Household of which:	20,157,930	18,854,614
- Purchase of residential properties	10,212,255	9,378,972
- Purchase of transport vehicles	3,642,142	3,641,530
- Others	6,303,533	5,834,112
	<u>37,880,965</u>	<u>36,225,192</u>

A12f. Gross financing and advances analysed by residual contractual maturity are as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Maturing within one year	9,805,180	9,714,383
Over one year to three years	2,143,632	2,239,547
Over three years to five years	2,718,771	2,624,024
Over five years	23,213,382	21,647,238
	<u>37,880,965</u>	<u>36,225,192</u>

A12. FINANCING AND ADVANCES (CONT'D.)

A12g. Movements in impaired financing and advances are as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Balance at beginning of the financial period/year	613,074	615,350
Additions during the period/year	178,740	385,160
Reclassified as non-impaired	(67,178)	(19,613)
Recoveries	(106,661)	(221,495)
Amount written off	(74,230)	(146,328)
Balance at end of the financial period/year	<u>543,745</u>	<u>613,074</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.44%</u>	<u>1.69%</u>
Financing loss coverage (including regulatory reserve)	<u>183.4%</u>	<u>138.9%</u>

A12h. All impaired financing and advances reside in Malaysia.

A12i. Impaired financing and advances by sector are as follows:

	30 September 2021 RM'000	31 March 2021 RM'000
Agriculture	2	44,912
Mining and quarrying	2,243	2,284
Manufacturing	64,604	30,899
Electricity, gas and water	101	100
Construction	4,982	4,295
Wholesale and retail trade and hotel and restaurants	73,080	71,058
Transport, storage and communication	4,096	40,280
Real estate	227,410	243,134
Business activities	334	5,167
Education and health	449	1,022
Household of which:	166,444	169,923
- Purchase of residential properties	114,962	118,788
- Purchase of transport vehicles	24,983	16,617
- Others	26,499	34,518
	<u>543,745</u>	<u>613,074</u>

A12. FINANCING AND ADVANCES (CONT'D.)

A12j. The movements in the allowances for ECL are as follows:

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	Not Credit	Credit	
	RM'000	Impaired	Impaired	Total
		RM'000	RM'000	RM'000
30 September 2021				
Balance at beginning of the financial period	144,366	589,675	101,634	835,675
Net (writeback of)/allowances for ECL:	(32,004)	174,373	72,865	215,234
- Transfer to Stage 1	3,457	(19,542)	(205)	(16,290)
- Transfer to Stage 2	(4,182)	46,914	(5,751)	36,981
- Transfer to Stage 3	(255)	(5,406)	18,110	12,449
New financial assets originated	14,057	164,391	121	178,569
Net remeasurement of allowances	(17,136)	(136,303)	78,102	(75,337)
Changes to model assumptions and methodologies	(20,145)	133,163	-	113,018
Modification of contractual cash flows of financial assets	431	4,991	(519)	4,903
Financial assets derecognised	(8,231)	(13,835)	(16,993)	(39,059)
Foreign exchange differences	7	-	-	7
Amount written-off	-	-	(74,230)	(74,230)
Balance at end of the financial period	<u>112,369</u>	<u>764,048</u>	<u>100,269</u>	<u>976,686</u>
31 March 2021				
Balance at beginning of the financial year	101,638	167,791	97,049	366,478
Net allowances for ECL:	42,708	421,885	150,913	615,506
- Transfer to Stage 1	3,805	(19,740)	(329)	(16,264)
- Transfer to Stage 2	(10,809)	80,382	(4,956)	64,617
- Transfer to Stage 3	(518)	(6,739)	31,853	24,596
New financial assets originated	25,433	76,124	1,849	103,406
Net remeasurement of allowances	42,220	148,916	149,374	340,510
Changes to model assumptions and methodologies	(5,364)	159,869	-	154,505
Modification of contractual cash flows of financial assets	36	1,424	(29)	1,431
Financial assets derecognised	(12,095)	(18,351)	(26,849)	(57,295)
Foreign exchange differences	20	(1)	-	19
Amount written-off	-	-	(146,328)	(146,328)
Balance at end of the financial year	<u>144,366</u>	<u>589,675</u>	<u>101,634</u>	<u>835,675</u>

A13. OTHER ASSETS

	30 September 2021 RM'000	31 March 2021 RM'000
Other receivables, deposits and prepayments	102,205	118,701
Profit receivable	48,166	47,869
Tax recoverable	-	10,689
Deferred charges	78,193	73,243
	<u>228,564</u>	<u>250,502</u>

A14. DEPOSITS FROM CUSTOMERS

	30 September 2021 RM'000	31 March 2021 RM'000
(i) By type of deposit:		
Savings deposit:		
Commodity Murabahah	3,429,970	3,169,111
Qard	82,294	83,621
Demand deposit:		
Commodity Murabahah	8,230,847	9,012,721
Qard	667,168	443,683
Term deposits:		
Commodity Murabahah	24,305,239	28,786,399
Qard	218,249	236,976
Total	<u>36,933,767</u>	<u>41,732,511</u>

(ii) The deposits are sourced from the following types of customers:

Government and statutory bodies	3,757,871	4,429,701
Business enterprises	21,160,546	27,148,886
Individuals	10,957,101	9,164,941
Others	1,058,249	988,983
	<u>36,933,767</u>	<u>41,732,511</u>

(iii) The maturity structure of all term deposits and negotiable instruments of deposits are as follows:

Due within six months	20,561,608	24,293,982
Over six months to one year	2,979,391	4,104,731
Over one year to three years	974,966	614,839
Over three years to five years	7,523	9,823
	<u>24,523,488</u>	<u>29,023,375</u>

A15. INVESTMENT ACCOUNTS OF CUSTOMERS

	30 September 2021 RM'000	31 March 2021 RM'000
Unrestricted investment account:		
Without maturity		
- Wakalah	15,105	18,342
With maturity		
- Mudarabah	149,615	76,492
	<u>164,720</u>	<u>94,834</u>

The investments accounts are sourced from the following types of customers:

Business enterprises	141,970	68,200
Individuals	22,750	26,634
	<u>164,720</u>	<u>94,834</u>

	Wakalah RM'000	Mudarabah RM'000
Investment assets:		
30 September 2021		
Interbank placement	15,105	-
House financing	-	149,615
Total investment	<u>15,105</u>	<u>149,615</u>
31 March 2021		
Interbank placement	18,342	-
House financing	-	76,492
Total investment	<u>18,342</u>	<u>76,492</u>

A15. INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

Average Rate of Return and Average Performance Incentive Fee for the investment accounts are as follows:

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
30 September 2021			
Maturity :			
- less than 3 months	51.22	1.62	1.75
- between 3 months to 12 months	53.40	2.13	-
31 March 2021			
Maturity :			
- less than 3 months	52.46	1.79	1.89
- between 3 months to 12 months	66.13	2.73	-

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2021 RM'000	31 March 2021 RM'000
<u>Non-Mudarabah</u>		
Licensed Islamic banks	499,573	847,028
Licensed banks	331,761	826,543
Licensed investment banks	545,208	139,552
Other financial institutions	1,324,019	1,374,710
Bank Negara Malaysia	33,394	29,531
Total	<u>2,733,955</u>	<u>3,217,364</u>

A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK

	30 September 2021 RM'000	31 March 2021 RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	<u>1,717,646</u>	<u>718,034</u>
Investment asset:		
Financing	<u>1,717,646</u>	<u>718,034</u>
Total investment	<u>1,717,646</u>	<u>718,034</u>

A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK (CONT'D.)

Average Profit Sharing Ratio and Average Rate of Return for the investment account based on original contractual maturity are as follows:

	Investment account holder			
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	Average profit sharing ratio (%)	Average profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:				
- over 2 years to 5 years	90	90	2.64	2.94
- more than 5 years	90	90	2.82	3.91

The RA is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by the Bank as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. The capital provider for the RA contracts is AmBank, a related company.

On 11 May 2021, the Bank entered into a new contract with AmBank for the sum of RM1.0 billion. This contract is for a period of 7 years.

As at 30 September 2021, ECL allowance for the investment asset borne by AmBank amounted to RM4.2 million (31 March 2021: RM1.9 million).

As at 30 September 2021, the remaining tenure of the RA contracts is for a period of 1 year to 9 years (31 March 2021: 1 years to 9 years).

A18. OTHER LIABILITIES

	Note	30 September 2021 RM'000	31 March 2021 RM'000
Profit payable		150,417	135,733
Other creditors and accruals		43,356	58,657
Lease liabilities		2,219	2,341
Provision for reinstatement for leased properties		82	81
Deferred income		15,594	18,997
Advance rental		10,992	10,736
Amount due to related companies		387,769	45,474
Provision for commitments and contingencies		123	300
Allowances for ECL on financing commitments and financial guarantees	(a)	20,698	15,831
Provision for taxation		14,419	-
		<u>645,669</u>	<u>288,150</u>

A18. OTHER LIABILITIES (CONT'D.)

(a) The movements in allowances for ECL are as follows:

	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
30 September 2021				
Balance at beginning of the financial period	9,012	6,804	15	15,831
Net allowances for/ (writeback of) ECL:	2,721	2,152	(8)	4,865
- Transfer to Stage 1	485	(2,389)	-	(1,904)
- Transfer to Stage 2	(240)	2,038	-	1,798
- Transfer to Stage 3	(5)	(44)	49	-
New exposures originated	3,318	3,412	-	6,730
Net remeasurement of allowances	910	254	(49)	1,115
Exposures derecognised/ withdrawn	(1,747)	(1,119)	(8)	(2,874)
Foreign exchange differences	1	1	-	2
Balance at end of the financial period	11,734	8,957	7	20,698
31 March 2021				
Balance at beginning of the financial year	11,681	6,581	7	18,269
Net (writeback of)/ allowances for ECL:	(2,667)	226	8	(2,433)
- Transfer to Stage 1	326	(2,131)	-	(1,805)
- Transfer to Stage 2	(468)	2,315	-	1,847
- Transfer to Stage 3	(25)	(46)	70	(1)
New exposures originated	3,875	2,719	8	6,602
Net remeasurement of allowances	450	(461)	(70)	(81)
Changes in model assumptions and methodologies	(2,969)	(892)	-	(3,861)
Exposures derecognised/ withdrawn	(3,856)	(1,278)	-	(5,134)
Foreign exchange differences	(2)	(3)	-	(5)
Balance at end of the financial year	9,012	6,804	15	15,831

A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	314,364	293,597	638,669	586,229
- Financing income on impaired financing	1,000	1,567	1,985	1,877
Financial assets at fair value through profit or loss	18,399	15,834	34,247	31,024
Financial investments at fair value through other comprehensive income	39,797	44,233	76,018	90,646
Financial investments at amortised cost	15,047	17,509	30,047	34,952
Deposits and placements with banks and other financial institutions	12,430	5,629	33,762	26,673
Others	-	7	-	7
Total finance income and hibah	<u>401,037</u>	<u>378,376</u>	<u>814,728</u>	<u>771,408</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	-	-	(41)	-
- Fees on financing, advances and securities	7,798	7,132	17,820	13,016
- Guarantee fees	3,813	3,457	6,982	6,640
- Remittances	21	29	41	47
- Service charges and fees	812	633	1,417	1,181
- Others	815	821	1,642	1,595
Foreign exchange	1,289	(1,384)	2,860	(2,042)
(Loss)/Gain from disposal of financial assets at fair value through profit or loss	(876)	6,169	355	16,736
Loss on revaluation of financial assets at fair value through profit or loss	(1,123)	(1,448)	(1,174)	(670)
Gain from disposal of financial investments at fair value through other comprehensive income	-	1,094	549	1,127
Net loss on derivatives	(2,111)	(1,444)	(4,328)	(2,976)
Others	(164)	(34)	(132)	14
Total other operating income	<u>10,274</u>	<u>15,025</u>	<u>25,991</u>	<u>34,668</u>
Total	<u>411,311</u>	<u>393,401</u>	<u>840,719</u>	<u>806,076</u>

* Included the net loss of RM12,809,000 (30 September 2020: RM48,903,000) from measures implemented in response to COVID-19 pandemic.

A20. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Income derived from investment of:				
- Restricted investment account	13,168	6,483	23,038	13,811
- Unrestricted investment accounts	1,226	1,176	1,710	2,797
	<u>14,394</u>	<u>7,659</u>	<u>24,748</u>	<u>16,608</u>

Income derived from investment of restricted investment account

Finance income and hibah:

Financing and advances

- Financing income	13,168	6,483	23,038	13,811
Total finance income and hibah	<u>13,168</u>	<u>6,483</u>	<u>23,038</u>	<u>13,811</u>

Income derived from investment of unrestricted investment accounts

Finance income and hibah:

Financing and advances

- Financing income	1,155	1,098	1,563	2,622
Deposits and placements with banks and other financial institutions	71	78	147	175
Total finance income and hibah	<u>1,226</u>	<u>1,176</u>	<u>1,710</u>	<u>2,797</u>

A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	27,248	28,381	54,743	55,415
- Financing income on impaired financing	87	148	170	177
Financial assets at fair value through profit or loss	1,592	1,530	2,936	2,933
Financial investments at fair value through other comprehensive income	3,445	4,281	6,516	8,569
Financial investments at amortised cost	1,303	1,693	2,575	3,304
Deposits and placements with banks and other financial institutions	1,086	577	2,894	2,521
Others	-	1	-	1
Total finance income and hibah	<u>34,761</u>	<u>36,611</u>	<u>69,834</u>	<u>72,920</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	2,795	2,514	7,078	4,126
- Brokerage fees, commission and rebates	1	-	(3)	-
- Fees on financing, advances and securities	681	675	1,535	1,231
- Guarantee fees	329	334	598	628
- Remittances	40	40	83	286
- Service charges and fees	485	577	1,256	1,435
- Others	1,086	1,265	1,792	1,878
Foreign exchange	112	(132)	245	(193)
(Loss)/Gain from disposal of financial assets at fair value through profit or loss	(74)	606	30	1,582
Loss on revaluation of financial assets at fair value through profit or loss	(97)	(135)	(101)	(63)
Gain from disposal of financial investments at fair value through other comprehensive income	1	103	47	106
Net loss on derivatives	(183)	(139)	(371)	(281)
Others	(14)	(3)	(11)	1
Total other operating income	<u>5,162</u>	<u>5,705</u>	<u>12,178</u>	<u>10,736</u>
Total	<u>39,923</u>	<u>42,316</u>	<u>82,012</u>	<u>83,656</u>

* Included the net loss of RM1,098,000 (30 September 2020:RM4,623,000) from measures implemented in response to COVID-19 pandemic.

A22. ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES - NET

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Allowance for impairment on financing and advances	105,120	180,608	215,234	222,916
Impaired financing and advances recovered, net	(20,022)	(41,777)	(39,266)	(54,210)
Total	85,098	138,831	175,968	168,706

A23. ALLOWANCE/(WRITEBACK OF ALLOWANCE FOR) IMPAIRMENT ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Financial investments at amortised cost - sukuk	(103)	(399)	(307)	(86)
Financial investments at fair value through other comprehensive income - sukuk	1,611	(5,956)	3,681	(5,855)
Total	1,508	(6,355)	3,374	(5,941)

A24. ALLOWANCE/(WRITEBACK OF ALLOWANCE FOR) IMPAIRMENT ON OTHER FINANCIAL ASSETS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Cash and short-term funds	18	(1)	(31)	(12)

A25. PROVISION/(WRITEBACK OF PROVISION FOR) COMMITMENTS AND CONTINGENCIES

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Provision for commitments and contingencies - financing commitments and financial guarantee contracts	4,157	(4,433)	4,865	(2,341)

A26. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	165,209	172,537	327,946	390,717
Deposits and placements of banks and other financial institutions	8,293	12,842	32,885	21,899
	<u>173,502</u>	<u>185,379</u>	<u>360,831</u>	<u>412,616</u>
Others	8,207	3,486	12,410	11,582
Total	<u>181,709</u>	<u>188,865</u>	<u>373,241</u>	<u>424,198</u>

A27. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<u>Unrestricted investment accounts</u>				
Customers	602	665	812	1,747
<u>Restricted investment account</u>				
Licensed bank	11,851	5,835	20,734	12,430
	<u>12,453</u>	<u>6,500</u>	<u>21,546</u>	<u>14,177</u>

A28. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Personnel costs:				
Salaries, allowances, bonuses and incentives	4,258	3,710	8,517	8,034
Share granted under AMMB Executives' Share Scheme ("ESS") - (writeback)/charge	(247)	956	(424)	1,084
Contributions to Employees' Provident Fund/Private Retirement Scheme	687	599	1,373	1,296
Social security cost	19	19	39	39
Others	249	253	509	485
	<u>4,966</u>	<u>5,537</u>	<u>10,014</u>	<u>10,938</u>
Establishment costs:				
Amortisation of intangible assets	90	95	185	189
Cleaning, maintenance and security	2	5	7	10
Computerisation costs	187	281	519	640
Depreciation of property and equipment	34	31	69	63
Depreciation of right-of-use assets	70	77	141	154
Rental of premises	230	225	376	426
Finance cost:				
- Lease liabilities	16	19	33	39
- Provision for reinstatement for leased properties	1	1	1	1
Others	3	6	7	11
	<u>633</u>	<u>740</u>	<u>1,338</u>	<u>1,533</u>
Marketing and communication expenses:				
Advertising, marketing and communication	983	1,319	1,747	2,846
Others	1	25	10	41
	<u>984</u>	<u>1,344</u>	<u>1,757</u>	<u>2,887</u>
Administration and general expenses:				
Professional services	779	718	1,534	1,427
Others	587	(300)	4,472	1,849
	<u>1,366</u>	<u>418</u>	<u>6,006</u>	<u>3,276</u>
Service transfer pricing expense, net	61,944	66,086	123,042	128,361
	<u>69,893</u>	<u>74,125</u>	<u>142,157</u>	<u>146,995</u>

A29. BASIC EARNINGS PER SHARE

Basic/Diluted

The basic/diluted earnings per share is calculated by dividing the net profit attributable to the equity holder of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net profit attributable to equity holder of the Bank (RM'000)	67,560	41,092	138,606	111,219
Number of ordinary shares at beginning and end of the financial period representing the weighted average number of ordinary shares in issue ('000)	494,369	494,369	494,369	494,369
Basic/Diluted earnings per share (sen)	13.67	8.31	28.04	22.50

A30. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Bank'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 a segment and to assess its performance.

The Bank comprises the following main business segments:

(a) Retail Banking

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal financing, credit cards, small business financing, priority banking services, wealth management, remittance services and deposits.

(b) Business Banking

Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Financing and Project Financing.

(c) Wholesale Banking

Wholesale Banking comprises Corporate Banking and Group Treasury and Markets:

(i) Corporate Banking

Corporate Banking offers a full range of products and services of corporate lending, trade finance and cash management solutions to wholesale banking clients.

(ii) Group Treasury and Markets

Group Treasury and Markets includes proprietary trading as well as providing full range of Shariah compliant products and services relating to treasury activities, including foreign exchange, derivatives and fixed income. It also offers Shariah compliant customised investment solutions for customers.

A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)

The Bank comprises the following main business segments (cont'd.):

(d) Investment Banking

Investment Banking offer Islamic advisory services and a wide range of Shariah-compliant financial and investment solutions that include sukuk origination, Islamic equity or equity related capital markets offerings, Islamic structured finance.

(e) Group Funding and Others

Group Funding and Others comprise activities to maintain the liquidity of the Bank as well as support operations of its main business units and non-core operations of the Bank.

Measurement of Segment Performance

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

Note:

- (i) The Chief Operating Decision Maker relies primarily on the net finance 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 Bank's activities are principally conducted in Malaysia.
- (iii) The comparatives have been restated with current business realignment.

A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 September 2021

	Retail Banking RM'000	Business Banking RM'000	Wholesale banking		Investment Banking RM'000	Group Funding and Others RM'000	Total RM'000
			Corporate Banking RM'000	Group Treasury and Market RM'000			
Net finance income	204,550	43,464	120,291	65,277	34	30,202	463,818
Other operating income	17,335	5,304	15,074	1,444	435	316	39,908
Net income	221,885	48,768	135,365	66,721	469	30,518	503,726
Other operating expenses of which:	(89,609)	(4,512)	(20,532)	(4,143)	(51)	(23,310)	(142,157)
<i>Depreciation of property and equipment</i>	(2)	-	-	-	-	(67)	(69)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(141)	(141)
<i>Amortisation of intangible assets</i>	(8)	(2)	-	-	-	(175)	(185)
Profit before impairment losses	132,276	44,256	114,833	62,578	418	7,208	361,569
Allowance/(Writeback of) impairment on financing and advances	22,035	(7,418)	(81,067)	-	-	(109,518)	(175,968)
Allowance for impairment on financial investments	-	-	-	(3,374)	-	-	(3,374)
Writeback of allowance for impairment on other financial assets	-	-	-	31	-	-	31
Provision for commitments and contingencies	(1,188)	(1,107)	(2,570)	-	-	-	(4,865)
Profit/(Loss) before zakat and taxation	153,123	35,731	31,196	59,235	418	(102,310)	177,393
Zakat and taxation	(36,750)	(8,575)	(7,487)	(9,477)	(100)	23,602	(38,787)
Profit/(Loss) for the financial period	116,373	27,156	23,709	49,758	318	(78,708)	138,606
Other information							
Total segment assets	20,231,608	4,064,729	13,077,904	12,571,713	14,802	(207,859)	49,752,897
Total segment liabilities	13,904,465	2,111,306	4,973,276	19,052,721	512	5,846,286	45,888,566
Cost to income ratio	40.4%	9.3%	15.2%	6.2%	10.9%	76.4%	28.2%
Gross financing and advances	20,435,345	4,108,523	13,341,217	-	-	(4,120)	37,880,965
Net financing and advances	20,152,525	4,063,915	13,077,844	-	-	(390,005)	36,904,279
Impaired financing and advances	180,867	82,264	280,614	-	-	-	543,745
Total deposits	13,821,214	2,086,361	4,936,107	18,743,196	-	80,844	39,667,722
Additions to :							
Property and Equipment	5	-	-	-	-	13	18
Intangible assets	10	11	11	-	-	13	45

A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 September 2020
(Restated)

	Retail Banking RM'000	Business Banking RM'000	Wholesale banking		Investment Banking RM'000	Group Funding and Others RM'000	Total RM'000
			Corporate Banking RM'000	Group Treasury and Market RM'000			
Net finance income	164,987	30,680	111,000	79,427	17	(13,076)	373,035
Other operating income	12,781	4,484	11,971	15,517	397	301	45,451
Net finance income/(loss)	177,768	35,164	122,971	94,944	414	(12,775)	418,486
Other operating expenses of which:	(94,096)	(4,565)	(22,952)	(4,084)	(75)	(21,223)	(146,995)
<i>Depreciation of property and equipment</i>	-	-	-	-	-	(63)	(63)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(154)	(154)
<i>Amortisation of intangible assets</i>	(6)	-	-	-	-	(183)	(189)
Profit before impairment losses and provision	83,672	30,599	100,019	90,860	339	(33,998)	271,491
Allowance for impairment on financing and advances	(5,359)	(5,355)	(82,262)	-	-	(75,730)	(168,706)
Impairment writeback on financial investments	-	-	-	2,522	-	3,419	5,941
Impairment writeback on other financial assets	-	-	-	3	-	9	12
(Provision for)/Writeback of provision for commitments and contingencies	(69)	(133)	(1,318)	-	-	3,861	2,341
Profit before zakat and taxation	78,244	25,111	16,439	93,385	339	(102,439)	111,079
Zakat and taxation	(18,778)	(6,026)	(3,946)	(17,672)	(81)	46,643	140
Profit for the financial period	59,466	19,085	12,493	75,713	258	(55,796)	111,219
Other information							
Total segment assets	17,136,426	3,661,542	12,935,669	11,118,567	-	5,343	44,857,547
Total segment liabilities	12,026,090	2,071,191	6,261,594	17,291,002	1,690	3,367,031	41,018,598
Cost to income ratio	52.9%	13.0%	18.7%	4.3%	18.1%	>-100%	35.1%
Gross financing and advances	17,280,517	3,712,644	13,062,592	-	-	(996)	34,054,757
Net financing and advances	17,067,382	3,660,601	12,922,686	-	-	(127,787)	33,522,882
Impaired financing and advances	129,010	126,071	325,642	-	-	-	580,723
Total deposits	11,915,706	2,039,299	6,229,665	16,702,791	-	36,974	36,924,435
Additions to :							
Property and Equipment	-	-	-	-	-	22	22
Intangible assets	-	-	-	-	-	6	6

A31. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

The Bank reported a higher profit before zakat and taxation of RM177.4 million for the financial period ended 30 September 2021 compared to the corresponding period ended 30 September 2020 of RM111.1 million. The higher profit was mainly due to higher net finance income of RM90.8 million and lower other operating expenses of RM4.8 million, offset by higher ECL of financial investments of RM9.3 million, higher net allowance for impairment on financing and advances of RM7.3 million, higher ECL on financing commitments and financial guarantee contracts of RM7.2 million and lower other operating income of RM5.5 million.

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

A32. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2022

As expected, the local economy performed poorly during the third quarter of 2021 as it contracted by 4.5% year-on-year resulting from the reimposition of lockdown during Movement Control Order ("MCO") 3.0. The lockdown was extended into September 2021 with slow and gradual easing based on vaccination rate and number of severe daily cases. All major sectors recorded a negative growth and domestic demand was lukewarm as well.

For the last quarter of 2021, we expect the local economy to rebound modestly from the severe effects of the MCO 3.0. At its core, the economy will be underpin by the reopening of the economy, driven by better pandemic management and high vaccination rate. Also, the stimulus measures, 12th Malaysia Plan ("12MP"), Budget 2022, firm commodity prices, and strong exports will provide much needed support. On that note, we foresee the fourth quarter of 2021 economy to likely expand by 2.9%, which brings the full year average to around 3.5%.

Headline inflation peaked in April 2021 at 4.7%, marking a four-year high. Since then inflation has been moderating to reach 2.2% in September 2021. Average inflation for the first nine months of 2021 stood at 2.3% (-1.0% in 2020). Fizzling of low base, weak domestic spending, and some containment of cost pressures from household electricity bill discount for second half of 2021 as well as extension of ceiling price for RON95 and diesel pump price should help contain strong surge in inflation as we move ahead. But the upwards pressure still remain from rising material costs that could result to transfer pricing to consumers. The Producer Price Index ("PPI") in the third quarter of 2021 rose 11.7% year-on-year. For 2021, inflation is expected to hover between 2.6% - 2.8% (-1.1% in 2020).

Meanwhile, the overall banking system financing grew to 2.9% year-on-year by the end of September 2021. Household financing grew by 3.2% year-on-year, lower than 3.4% in the previous month while the non-household financing growth climbed to 2.6% year-on-year due to stronger growth in working capital financing. Financing outlook for 2021 is projected to hover around 3.0% - 4.0%.

A32. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2022 (CONT'D.)

Underpinned by strong liquidity, the overall banking system is poised to remain healthy in 2021. Liquidity coverage ratio remained above the 100% regulatory requirement in August 2021 standing at 150.0% (end 2020 was at 148.2%). Funding profiles remained well diversified with September's financing-to-fund ratio and financing-to-fund-and-equity ratio was at 80.7% and 70.5% (End-2020 was at 82.5% and 71.9% respectively).

In a move to support the economy, a total of RM530 billion stimulus measures were rolled-out which includes fiscal, monetary, and non monetary policies. Added with the fiscal stimulus Budget 2022 with a 6.0% deficit to the Gross Domestic Products ("GDP"), we expect BNM to maintain the current policy rate of 1.75% until first half of 2022 and the rate in the third quarter of 2022 will increase by 25bps to 2.00%.

AMMB Holdings Berhad Group ("the Group") continues to support the government's initiatives to ease the financial burden of our customers affected by the pandemic. Since the commencement of the PEMULIH relief programme on 7 July 2021, we have seen a substantial increase in our total loans/financing under repayment assistance. In addition to this, eligible B50 borrowers can apply for a 3-month interest waiver under the Financial Management and Resilience Program ("URUS") from 15 November 21 to 31 January 2022. The Group has assessed the potential impact to our second half earnings and deemed it manageable as the Group is sufficiently capitalised and remains highly liquid.

Operationally, we remain steadfast in the execution of our FY21 - FY24 Focus 8 strategy, which is underpinned by strategic initiatives to drive operational efficiencies and sustainable business growth while weaving environmental, social and governance ("ESG") considerations and the digitalisation agenda into our culture, daily operations and business practices. The Group will also drive CASA growth and capital-light revenues across its channels, with particular focus on targeted segments such as SME and Mid-Corporate. The Group continues its focus on digitalisation initiatives, data analytics and automation by reinvesting cost savings into these areas. The Group understands the importance of striking a good balance between necessary capital expenditure and prudent cost management to continue improving our cost-to-income ratio.

A33. VALUATION OF PROPERTY AND EQUIPMENT

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

A34. EVENT DURING THE REPORTING PERIOD

Starting from 7 July 2021 onwards, the Bank offers repayment assistance of payment deferment for a period of six-months or 50% reduction in the monthly instalment payment for a period of six-month to all individuals customers, microenterprises and any SME whose financial condition has been adversely affected by the pandemic in line with the announcement of Pakej Perlindungan Rakyat dan Ekonomi ("PEMULIH") by the Government on 28 June 2021.

A35. COMMITMENTS AND CONTINGENCIES

- a) On 9 December 2019, the Bank and AMMB were served with a writ and statement of claim by Dato' Sri Mohd Najib bin Hj. Abd. Razak ("Plaintiff") seeking damages in relation to the conduct of his current accounts opened with the Bank.

The Bank and AMMB have appointed lawyers to defend the suit and have been advised by lawyers that the allegations are not sustainable and both AMMB and the Bank have a strong defense. The Bank and AMMB will vigorously oppose the action. The suit will not have a material impact on the operations of the Bank.

On 28 September 2020, the High Court struck out the Plaintiff's suit against the Bank and AMMB. The Plaintiff has filed an appeal against the High Court's decision.

The Court of Appeal has fixed 2 December 2021 as the new hearing date for the Plaintiff appeal against the dismissal of his lawsuit against the Bank and AMMB.

A35. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

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

	30 September 2021 RM'000	31 March 2021 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,640,475	5,952,699
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	728,153	595,233
Unutilised credit card lines	1,386,040	1,389,410
Forward asset purchase	62,357	237,329
	<u>8,817,025</u>	<u>8,174,671</u>
Contingencies		
Direct credit substitutes	573,926	573,954
Transaction related contingent items	956,564	862,352
Short-term self liquidating trade-related contingencies	46,011	43,131
	<u>1,576,501</u>	<u>1,479,437</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	2,811,602	3,165,280
- Over one year to five years	1,360,694	1,502,381
Profit rate related contracts		
- Over one year to five years	350,000	350,000
Commodity related contracts		
- Over one year to five years	71,049	70,332
	<u>4,593,345</u>	<u>5,087,993</u>
Total	<u>14,986,871</u>	<u>14,742,101</u>

A36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank'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 Bank. Therefore, unobservable inputs reflect 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 Bank's own data, as well as financial information of the counterparties. The Bank does not have any financial assets or liabilities measured at level 3 as at the end of the reporting period and 31 March 2021.

A36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 September 2021				
Assets measured at fair value				
Derivative financial assets	-	39,690	-	39,690
Financial assets at fair value through profit or loss				
- Money market securities	-	3,315,647	-	3,315,647
- Unquoted sukuk	-	286,851	-	286,851
Financial investments at fair value through other comprehensive income				
- Money market securities	-	2,203,653	-	2,203,653
- Unquoted sukuk	-	2,553,790	-	2,553,790
	-	8,399,631	-	8,399,631
Liabilities measured at fair value				
Derivative financial liabilities	-	55,809	-	55,809
	-	55,809	-	55,809
31 March 2021				
Assets measured at fair value				
Derivative financial assets	-	49,667	-	49,667
Financial assets at fair value through profit or loss				
- Money market securities	-	1,698,768	-	1,698,768
- Unquoted sukuk	-	572,899	-	572,899
Financial investments at fair value through other comprehensive income				
- Money market securities	-	1,725,192	-	1,725,192
- Unquoted sukuk	-	2,369,943	-	2,369,943
	-	6,416,469	-	6,416,469
Liabilities measured at fair value				
Derivative financial liabilities	-	67,751	-	67,751
	-	67,751	-	67,751

There were no transfers between Level 1 and Level 2 during the current financial period and previous financial year for the Bank.

A37. CAPITAL ADEQUACY

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

	30 September 2021	31 March 2021
Under transitional arrangement (Note(i))		
Before deducting proposed dividends		
Common Equity Tier 1 ("CET 1") Capital Ratio	12.639%	12.146%
Tier 1 Capital ratio	12.639%	12.146%
Total Capital ratio	17.093%	16.661%
After deducting proposed dividends		
CET 1 Capital Ratio	12.639%	12.038%
Tier 1 Capital ratio	12.639%	12.038%
Total Capital ratio	17.093%	16.553%

Notes:

- (i) Pursuant to the revised BNM policy document, Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios of the Bank had been computed 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 capital ratios of the Bank as at 30 September 2021 and 31 March 2021 are as follow:

	30 September 2021	31 March 2021
Before deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	10.769%	10.687%
Tier 1 Capital Ratio	10.769%	10.687%
Total Capital Ratio	15.669%	15.631%
After deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	10.769%	10.580%
Tier 1 Capital Ratio	10.769%	10.580%
Total Capital Ratio	15.669%	15.523%

- (ii) Pursuant to BNM's Capital Adequacy Framework for Islamic Banks (Capital Components), financial institutions are required to maintain minimum Common Equity Tier 1 ("CET1") Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. The Bank is also required to maintain the following capital

- (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 Bank has credit exposures; and
- (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("DSIB").

A37. CAPITAL ADEQUACY (CONT'D.)

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

	30 September 2021 RM'000	31 March 2021 RM'000
CET 1 Capital		
Ordinary shares	1,387,107	1,387,107
Retained earnings	2,442,851	2,341,323
Fair value reserve	34,373	43,972
Less : Regulatory adjustments applied on CET 1 Capital		
- Intangible assets	(578)	(718)
- Deferred tax assets	(82,019)	(62,877)
- 55% of cumulative gain of FVOCI financial instruments	(18,905)	(24,185)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(87)	(183)
- Other CET 1 regulatory adjustment specified by BNM	653,321	502,728
CET 1 Capital/ Tier 1 Capital	<u>4,416,063</u>	<u>4,187,167</u>
Tier 2 Capital		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,300,000	1,300,000
General provisions*	256,523	256,523
Tier 2 Capital	<u>1,556,523</u>	<u>1,556,523</u>
Total Capital	<u>5,972,586</u>	<u>5,743,690</u>

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

	30 September 2021 RM'000	31 March 2021 RM'000
Credit RWA	34,860,161	33,139,511
Less : Credit RWA absorbed by Investment Account	(1,872,455)	(796,005)
Total Credit RWA	<u>32,987,706</u>	<u>32,343,506</u>
Market RWA	268,427	508,561
Operational RWA	1,685,108	1,622,712
Total Risk Weighted Assets	<u>34,941,241</u>	<u>34,474,779</u>

* Consists of stage 1 and stage 2 loss allowances.

A38. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	30 September 2021	31 March 2021
Outstanding credit exposures with connected parties (RM'000)	1,552,512	1,637,052
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	3.68	4.07
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	0.00	0.00

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.