

Registration No. 199401009897 (295576-U)

**AmBank Islamic Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**For the Financial Period**  
**1 April 2021 to**  
**31 December 2021**  
(In Ringgit Malaysia)

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

		<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
	<b>Note</b>		
<b>ASSETS</b>			
Cash and short-term funds	A8	6,098,883	9,398,808
Derivative financial assets		41,258	49,667
Financial assets at fair value through profit or loss	A9	2,527,576	2,271,667
Financial investments at fair value through other comprehensive income	A10	4,340,729	4,095,135
Financial investments at amortised cost	A11	2,271,989	1,392,155
Financing and advances	A12	38,185,946	35,389,517
Statutory deposit with Bank Negara Malaysia		140,000	113,000
Deferred tax asset		77,830	62,805
Other assets	A13	938,083	250,502
Property and equipment		387	440
Right-of-use assets		2,138	2,351
Intangible assets		490	718
<b>TOTAL ASSETS</b>		<b>54,625,309</b>	<b>53,026,765</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A14	43,102,834	41,732,511
Investment accounts of customers	A15	199,041	94,834
Deposits and placements of banks and other financial institutions	A16	1,864,268	3,217,364
Investment account due to a licensed bank	A17	1,717,449	718,034
Recourse obligation on financing sold to Cagamas Berhad		1,300,000	800,000
Derivative financial liabilities		53,543	67,751
Term funding		1,034,819	1,034,766
Subordinated Sukuk		1,290,000	1,300,000
Other liabilities	A18	239,559	288,150
Provision for zakat		3,384	953
<b>TOTAL LIABILITIES</b>		<b>50,804,897</b>	<b>49,254,363</b>
Share capital		1,387,107	1,387,107
Reserves		2,433,305	2,385,295
<b>Equity attributable to equity holder of the Bank</b>		<b>3,820,412</b>	<b>3,772,402</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>54,625,309</b>	<b>53,026,765</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35(b)	14,091,649	14,742,101
<b>NET ASSETS PER SHARE (RM)</b>		<b>7.73</b>	<b>7.63</b>

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 31 DECEMBER 2021**

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Income derived from investment of depositors' funds	A19	435,073	409,239	1,275,792	1,215,315
Income derived from investment of investment account funds	A20	16,060	8,550	40,808	25,158
Income derived from investment of shareholder's funds	A21	42,380	43,672	124,392	127,328
Allowance for impairment on financing and advances - net	A22	(231,697)	(117,343)	(407,665)	(286,049)
(Allowance)/Writeback of allowance for impairment on financial investments	A23	(1,443)	(1,405)	(4,817)	4,536
Writeback of allowance/(Allowance) for impairment on other financial assets	A24	33	(9)	64	3
(Provision)/Writeback of provision for commitments and contingencies	A25	(1,671)	1,058	(6,536)	3,399
Total distributable income		258,735	343,762	1,022,038	1,089,690
Income attributable to the depositors and others	A26	(184,420)	(180,204)	(557,661)	(604,402)
Income attributable to the investment account holders	A27	(13,357)	(6,685)	(34,903)	(20,862)
Total net income		60,958	156,873	429,474	464,426
Other operating expenses	A28	(70,345)	(74,044)	(212,502)	(221,039)
Finance cost		(24,555)	(25,142)	(73,521)	(74,621)
<b>(Loss)/Profit before zakat and taxation</b>		<b>(33,942)</b>	<b>57,687</b>	<b>143,451</b>	<b>168,766</b>
Zakat		(1,185)	(192)	(2,430)	(1,290)
Taxation		7,033	(11,134)	(30,509)	(9,896)
<b>(Loss)/Profit for the financial period</b>		<b>(28,094)</b>	<b>46,361</b>	<b>110,512</b>	<b>157,580</b>
<b>Basic/Diluted (loss)/earnings per share (sen)</b>	A29	<b>(5.68)</b>	<b>9.38</b>	<b>22.35</b>	<b>31.87</b>

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 31 DECEMBER 2021**

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
(Loss)/Profit for the financial period	<u>(28,094)</u>	<u>46,361</u>	<u>110,512</u>	<u>157,580</u>
Other comprehensive income/(loss):				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Financial investments at fair value through other comprehensive income:				
Net unrealised (loss)/gain on changes in fair value	(22,696)	(13,026)	(39,350)	80,585
Expected credit loss	1,424	1,422	5,105	(4,433)
Net gain reclassified to statement of profit or loss	-	(664)	(596)	(1,897)
Income tax effect	<u>5,447</u>	<u>3,286</u>	<u>9,417</u>	<u>(18,885)</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(15,825)</u>	<u>(8,982)</u>	<u>(25,424)</u>	<u>55,370</u>
Total comprehensive (loss)/income for the financial period	<u>(43,919)</u>	<u>37,379</u>	<u>85,088</u>	<u>212,950</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.

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

	Attributable to Equity Holder of the Bank				Total equity RM'000
	Non-distributable		Distributable		
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2020</b>	1,387,107	71,612	56,249	2,148,410	3,663,378
Profit for the financial period	-	-	-	157,580	157,580
Other comprehensive income, net of tax	-	-	55,370	-	55,370
Total comprehensive income for the financial period	-	-	55,370	157,580	212,950
Transfer to regulatory reserve	-	(71,612)	-	71,612	-
Transactions with owner and other equity movements	-	(71,612)	-	71,612	-
<b>At 31 December 2020</b>	<b>1,387,107</b>	<b>-</b>	<b>111,619</b>	<b>2,377,602</b>	<b>3,876,328</b>
<b>At 1 April 2021</b>	1,387,107	-	43,972	2,341,323	3,772,402
Profit for the financial period	-	-	-	110,512	110,512
Other comprehensive loss, net of tax	-	-	(25,424)	-	(25,424)
Total comprehensive (loss)/income for the financial period	-	-	(25,424)	110,512	85,088
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)
<b>At 31 December 2021</b>	<b>1,387,107</b>	<b>-</b>	<b>18,548</b>	<b>2,414,757</b>	<b>3,820,412</b>

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 31 DECEMBER 2021**

	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Profit before zakat and taxation	143,451	168,766
Adjustments for non-operating and non-cash items	392,393	545,101
Operating profit before working capital changes	<u>535,844</u>	<u>713,867</u>
Changes in working capital:		
Net change in operating assets	(4,187,365)	(1,507,228)
Net change in operating liabilities	1,582,331	4,240,543
Taxation paid	(27,579)	(35,142)
Net cash (used in)/generated from operating activities	<u>(2,096,769)</u>	<u>3,412,040</u>
Net cash used in investing activities	(1,155,907)	(425,601)
Net cash used in financing activities	(47,312)	(253)
Net (decrease)/increase in cash and cash equivalents	<u>(3,299,988)</u>	<u>2,986,186</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>6,098,895</u></u>	<u><u>8,909,973</u></u>
Cash and cash equivalents comprise:		
Cash and short-term funds	6,098,883	8,909,951
Allowances for expected credit loss for cash and cash equivalents at end of the financial period	12	22
	<u><u>6,098,895</u></u>	<u><u>8,909,973</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") and the transition to alternative RFRs has not resulted 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**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
- 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
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment 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 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 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 except for provision for income tax and deferred tax. On 13 December 2021, the Dewan Rakyat has passed the Supply Bill ("Budget for 2022") which includes one-off tax of Cukai Makmur for Year Assessment ("YA") 2022 of which corporate income tax rate of 33% will be imposed to entities with taxable income more than RM100 million in YA2022. The additional tax charged for the Bank for the financial period ended 31 December 2021 is RM3.5 million.

## **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.

**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**

On 30 December 2021, the Bank redeemed Tranche 4 of its Sukuk Murabahah on its first call date with nominal value amounting to RM10.0 million.

Other than disclosed above, 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 period, 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 did not declare any interim dividend during the financial period for the current financial year ending 31 March 2022.

**A8. CASH AND SHORT-TERM FUNDS**

	Note	31 December 2021 RM'000	31 March 2021 RM'000
Cash and bank balances		61,895	133,883
Less: Allowances for Expected Credit Loss ("ECL")	(a)	<u>(12)</u>	<u>(75)</u>
		<u>61,883</u>	<u>133,808</u>
Deposits and placements maturing within one month with original maturity of three months or less:			
Licensed islamic banks		-	80,000
Other financial institutions		-	180,000
Bank Negara Malaysia		<u>6,037,000</u>	<u>9,005,000</u>
		<u>6,037,000</u>	<u>9,265,000</u>
		<u>6,098,883</u>	<u>9,398,808</u>

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

	Stage 1 12-Month ECL RM'000
<b>31 December 2021</b>	
Balance at beginning of the financial period	75
Net writeback of ECL:	(64)
Financial assets derecognised	<u>(61)</u>
Net remeasurement of allowances	(3)
Foreign exchange differences	1
Balance at end of the financial period	<u>12</u>
<b>31 March 2021</b>	
Balance at beginning of the financial year	26
Net allowances for ECL:	49
Changes in model assumptions and methodologies	<u>(8)</u>
New financial assets originated	61
Net remeasurement of allowances	<u>(4)</u>
Balance at end of the financial year	<u>75</u>

**A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Islamic Treasury bills	1,136,015	1,527,211
Malaysian Government Investment Issues	978,787	171,557
	<u>2,114,802</u>	<u>1,698,768</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	412,774	572,899
	<u>2,527,576</u>	<u>2,271,667</u>

**A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Government Investment Issues	1,354,902	1,325,806
Islamic Negotiable Instruments of Deposit	499,748	399,386
	<u>1,854,650</u>	<u>1,725,192</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	2,486,079	2,369,943
	<u>4,340,729</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:

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Relating to hedged item	(5,904)	(6,177)
Relating to hedging instrument	5,770	6,354
	<u>(134)</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:

	<b>Stage 1 12-Month ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Total RM'000</b>
<b>31 December 2021</b>			
Balance at beginning of the financial period	1,968	6,827	8,795
Net allowances for ECL:	2,351	2,754	5,105
New financial assets originated	2,302	-	2,302
Financial assets derecognised	(730)	(5,859)	(6,589)
Net remeasurement of allowances	779	8,613	9,392
Balance at end of the financial period	<u>4,319</u>	<u>9,581</u>	<u>13,900</u>
<b>31 March 2021</b>			
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	31 December 2021 RM'000	31 March 2021 RM'000
<b>At amortised cost:</b>			
Money Market Instruments:			
Malaysian Government Investment Issues		1,140,692	260,852
Unquoted Securities:			
In Malaysia:			
Sukuk		1,131,532	1,131,826
Less: Allowances for ECL	(a)	(235)	(523)
		<u>2,271,989</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
<b>31 December 2021</b>			
Balance at beginning of the financial period	98	425	523
Net allowances for/(writeback of) ECL:	137	(425)	(288)
- Transfer to Stage 1	514	(425)	89
Net remeasurement of allowances	(377)	-	(377)
Balance at end of the financial period	<u>235</u>	<u>-</u>	<u>235</u>
<b>31 March 2021</b>			
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:

**31 December 2021**

	Bai' Bithaman Ajl RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al -Bai' ("AITAB") RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
<b>At amortised cost:</b>							
Cash lines	-	494,845	-	-	511,945	-	1,006,790
Term financing	455,958	12,429,982	8,864	-	1,256,659	25,205	14,176,668
Revolving credit	32,042	3,660,257	-	-	975,974	-	4,668,273
Housing financing	2,627,732	8,037,553	43,710	-	-	-	10,708,995
Hire purchase receivables	3	-	-	4,188,381	-	-	4,188,384
Bills receivables	-	643,669	-	-	-	53,626	697,295
Credit card receivables	-	-	-	-	-	444,846	444,846
Trust receipts	-	411,152	-	-	-	-	411,152
Staff financing	-	17,680	-	-	-	-	17,680
Claims on customers under acceptance credits	-	1,664,995	-	-	-	135,214	1,800,209
Others	-	1,104,640	-	-	-	-	1,104,640
Gross financing and advances*	<u>3,115,735</u>	<u>28,464,773</u>	<u>52,574</u>	<u>4,188,381</u>	<u>2,744,578</u>	<u>658,891</u>	<u>39,224,932</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(116,479)
- Stage 2 - Lifetime ECL not credit impaired							(706,593)
- Stage 3 - Lifetime ECL credit impaired							(215,914)
Net financing and advances							<u>38,185,946</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	Bai' Inah	Others	Total
	Ajil	Murabahah	Mutanaqisah	Thummah Al			
	RM'000	RM'000	RM'000	-Bai' ("AITAB")	RM'000	RM'000	RM'000
<b>At amortised cost:</b>							
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 RM1,724.9 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:

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Domestic non-bank financial institutions	2,037,233	1,138,836
Domestic business enterprises		
- Small medium enterprises ("SME")	6,952,955	6,645,241
- Others	8,753,407	9,281,608
Government and statutory bodies	102,975	304,227
Individuals	21,331,309	18,805,650
Other domestic entities	650	666
Foreign individuals and entities	46,403	48,964
	<u>39,224,932</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:

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Fixed rate		
- Housing financing	155,144	149,361
- Hire purchase receivables	4,141,677	3,942,830
- Other financing	3,157,181	3,445,508
Variable rate		
- Base rate and base financing rate plus	20,567,679	18,398,613
- Cost plus	10,318,246	9,444,652
- Other variable rates	885,005	844,228
	<u>39,224,932</u>	<u>36,225,192</u>

**A12. FINANCING AND ADVANCES (CONT'D.)**

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

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Agriculture	1,078,456	1,234,973
Mining and quarrying	904,441	1,284,627
Manufacturing	4,628,846	4,461,415
Electricity, gas and water	265,255	272,784
Construction	959,587	1,203,347
Wholesale and retail trade and hotel and restaurants	2,822,857	2,614,281
Transport, storage and communication	1,968,032	1,915,289
Finance and insurance	2,045,497	1,175,374
Real estate	2,483,085	2,441,486
Business activities	458,078	518,055
Education and health	233,086	248,947
Household of which:	21,377,712	18,854,614
- Purchase of residential properties	10,777,209	9,378,972
- Purchase of transport vehicles	3,854,471	3,641,530
- Others	6,746,032	5,834,112
	<u>39,224,932</u>	<u>36,225,192</u>

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

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Maturing within one year	9,988,783	9,714,383
Over one year to three years	2,013,022	2,239,547
Over three years to five years	2,585,652	2,624,024
Over five years	24,637,475	21,647,238
	<u>39,224,932</u>	<u>36,225,192</u>

**A12. FINANCING AND ADVANCES (CONT'D.)**

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

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Balance at beginning of the financial period/year	613,074	615,350
Additions during the period/year	531,622	385,160
Reclassified as non-impaired	(73,068)	(19,613)
Recoveries	(140,228)	(221,495)
Amount written off	(263,670)	(146,328)
Balance at end of the financial period/year	<u>667,730</u>	<u>613,074</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.70%</u>	<u>1.69%</u>
Financing loss coverage (including regulatory reserve)	<u>158.9%</u>	<u>138.9%</u>

A12h. All impaired financing and advances reside in Malaysia.

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

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Agriculture	2	44,912
Mining and quarrying	162,760	2,284
Manufacturing	57,006	30,899
Electricity, gas and water	-	100
Construction	3,274	4,295
Wholesale and retail trade and hotel and restaurants	71,673	71,058
Transport, storage and communication	3,436	40,280
Real estate	227,248	243,134
Business activities	305	5,167
Education and health	-	1,022
Household of which:	142,026	169,923
- Purchase of residential properties	104,841	118,788
- Purchase of transport vehicles	12,573	16,617
- Others	24,612	34,518
	<u>667,730</u>	<u>613,074</u>

**A12. FINANCING AND ADVANCES (CONT'D.)**

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>Not Credit</b>	<b>Credit</b>	
	<b>RM'000</b>	<b>Impaired</b>	<b>Impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2021</b>				
Balance at beginning of the financial period	144,366	589,675	101,634	835,675
Net (writeback of)/allowances for ECL:	(27,886)	116,918	377,950	466,982
- Transfer to Stage 1	2,857	(26,563)	(386)	(24,092)
- Transfer to Stage 2	(3,524)	27,058	(7,351)	16,183
- Transfer to Stage 3	(462)	(4,156)	14,551	9,933
New financial assets originated	20,333	19,855	356	40,544
Net remeasurement of allowances	(30,089)	18,260	391,742	379,913
Changes to model assumptions and methodologies	(7,256)	98,609	-	91,353
Modification of contractual cash flows of financial assets	245	3,247	(482)	3,010
Financial assets derecognised	(9,990)	(19,392)	(20,480)	(49,862)
Foreign exchange differences	(1)	-	-	(1)
Amount written-off	-	-	(263,670)	(263,670)
Balance at end of the financial period	<u>116,479</u>	<u>706,593</u>	<u>215,914</u>	<u>1,038,986</u>
<b>31 March 2021</b>				
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**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Other receivables, deposits and prepayments	104,909	118,701
Amount due from related companies	667,099	-
Profit receivable	83,558	47,869
Tax recoverable	2,150	10,689
Deferred charges	80,367	73,243
	<u>938,083</u>	<u>250,502</u>

**A14. DEPOSITS FROM CUSTOMERS**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
(i) By type of deposit:		
Savings deposit:		
Commodity Murabahah	3,436,725	3,169,111
Qard	87,383	83,621
Demand deposit:		
Commodity Murabahah	8,817,060	9,012,721
Qard	686,824	443,683
Term deposits:		
Commodity Murabahah	29,959,071	28,786,399
Qard	115,771	236,976
Total	<u>43,102,834</u>	<u>41,732,511</u>

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

Government and statutory bodies	3,570,085	4,429,701
Business enterprises	27,583,105	27,148,886
Individuals	11,061,708	9,164,941
Others	887,936	988,983
	<u>43,102,834</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	24,902,779	24,293,982
Over six months to one year	4,958,776	4,104,731
Over one year to three years	206,058	614,839
Over three years to five years	7,229	9,823
	<u>30,074,842</u>	<u>29,023,375</u>

**A15. INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Unrestricted investment account:		
Without maturity		
- Wakalah	14,817	18,342
With maturity		
- Mudarabah	184,224	76,492
	<u>199,041</u>	<u>94,834</u>

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

Business enterprises	177,015	68,200
Individuals	22,026	26,634
	<u>199,041</u>	<u>94,834</u>

	<b>Wakalah RM'000</b>	<b>Mudarabah RM'000</b>
Investment assets:		
<b>31 December 2021</b>		
Interbank placement	14,817	-
House financing	-	184,224
Total investment	<u>14,817</u>	<u>184,224</u>
<b>31 March 2021</b>		
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 (%)
<b>31 December 2021</b>			
Maturity :			
- less than 3 months	52.64	1.87	1.75
- between 3 months to 12 months	53.29	2.13	-
<b>31 March 2021</b>			
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**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<u>Non-Mudarabah</u>		
Licensed Islamic banks	-	847,028
Licensed banks	406,403	826,543
Licensed investment banks	53,332	139,552
Other financial institutions	1,359,823	1,374,710
Bank Negara Malaysia	44,710	29,531
Total	<u>1,864,268</u>	<u>3,217,364</u>

**A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK**

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	<u>1,717,449</u>	<u>718,034</u>
Investment asset:		
Financing	<u>1,717,449</u>	<u>718,034</u>
Total investment	<u>1,717,449</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			
	31 December 2021	31 March 2021	31 December 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	2.81	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 31 December 2021, ECL allowance for the investment asset borne by AmBank amounted to RM3.9 million (31 March 2021: RM1.9 million).

As at 31 December 2021, the remaining tenure of the RA contracts is for a period of 11 months to 8 years (31 March 2021: 1 years to 9 years).

**A18. OTHER LIABILITIES**

	Note	31 December 2021 RM'000	31 March 2021 RM'000
Profit payable		143,264	135,733
Other creditors and accruals		43,470	58,657
Lease liabilities		2,156	2,341
Provision for reinstatement for leased properties		82	81
Deferred income		16,620	18,997
Advance rental		11,457	10,736
Amount due to related companies		21	45,474
Provision for commitments and contingencies		123	300
Allowances for ECL on financing commitments and financial guarantees	(a)	22,366	15,831
		<u>239,559</u>	<u>288,150</u>

**A18. OTHER LIABILITIES (CONT'D.)**

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>Not Credit</b>	<b>Credit</b>	
	<b>RM'000</b>	<b>Impaired</b>	<b>Impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2021</b>				
Balance at beginning of the financial period	9,012	6,804	15	15,831
Net allowances for ECL:	3,211	959	2,366	6,536
- Transfer to Stage 1	303	(2,290)	-	(1,987)
- Transfer to Stage 2	(210)	1,154	-	944
- Transfer to Stage 3	(6)	(54)	60	-
New exposures originated	4,479	4,640	-	9,119
Net remeasurement of allowances	743	(1,102)	2,314	1,955
Exposures derecognised/withdrawn	(2,098)	(1,389)	(8)	(3,495)
Foreign exchange differences	(2)	1	-	(1)
Balance at end of the financial period	<u>12,221</u>	<u>7,764</u>	<u>2,381</u>	<u>22,366</u>
<b>31 March 2021</b>				
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	<u>9,012</u>	<u>6,804</u>	<u>15</u>	<u>15,831</u>

**A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	334,377	307,892	973,046	894,121
- Financing income on impaired financing	274	1,437	2,259	3,314
Financial assets at fair value through profit or loss	12,477	6,446	46,724	37,470
Financial investments at fair value through other comprehensive income	37,761	46,828	113,779	137,474
Financial investments at amortised cost	18,809	17,420	48,856	52,372
Deposits and placements with banks and other financial institutions	18,479	15,331	52,241	42,004
Others	-	-	-	7
Total finance income and hibah	<u>422,177</u>	<u>395,354</u>	<u>1,236,905</u>	<u>1,166,762</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	-	-	(41)	-
- Fees on financing, advances and securities	9,393	10,339	27,213	23,354
- Guarantee fees	3,593	3,323	10,575	9,964
- Remittances	15	29	56	75
- Service charges and fees	880	775	2,297	1,956
- Others	1,323	909	2,965	2,504
Foreign exchange	(277)	(2,516)	2,583	(4,557)
(Loss)/Gain from disposal of financial assets at fair value through profit or loss	(802)	837	(447)	17,573
Gain/(Loss) on revaluation of financial assets at fair value through profit or loss	826	1,564	(348)	894
Gain from disposal of financial investments at fair value through other comprehensive income	-	607	549	1,734
Net loss on derivatives	(2,221)	(1,982)	(6,549)	(4,958)
Others	166	-	34	14
Total other operating income	<u>12,896</u>	<u>13,885</u>	<u>38,887</u>	<u>48,553</u>
Total	<u>435,073</u>	<u>409,239</u>	<u>1,275,792</u>	<u>1,215,315</u>

\* Included the net loss of RM16,095,000 (31 December 2020: RM57,203,000) from measures implemented in response to COVID-19 pandemic.

**A20. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Income derived from investment of:				
- Restricted investment account	13,166	6,016	36,204	19,827
- Unrestricted investment accounts	2,894	2,534	4,604	5,331
	<u>16,060</u>	<u>8,550</u>	<u>40,808</u>	<u>25,158</u>

**Income derived from investment of restricted investment account**

Finance income and hibah:

Financing and advances

- Financing income	13,166	6,016	36,204	19,827
Total finance income and hibah	<u>13,166</u>	<u>6,016</u>	<u>36,204</u>	<u>19,827</u>

**Income derived from investment of unrestricted investment accounts**

Finance income and hibah:

Financing and advances

- Financing income	2,824	2,455	4,387	5,077
Deposits and placements with banks and other financial institutions	70	79	217	254
Total finance income and hibah	<u>2,894</u>	<u>2,534</u>	<u>4,604</u>	<u>5,331</u>

**A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	28,447	28,497	83,190	83,912
- Financing income on impaired financing	23	134	193	311
Financial assets at fair value through profit or loss	1,059	584	3,995	3,516
Financial investments at fair value through other comprehensive income	3,211	4,333	9,727	12,902
Financial investments at amortised cost	1,602	1,611	4,177	4,915
Deposits and placements with banks and other financial institutions	1,572	1,421	4,466	3,942
Others	-	-	-	1
Total finance income and hibah	<u>35,914</u>	<u>36,580</u>	<u>105,748</u>	<u>109,499</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	3,565	3,210	10,643	7,335
- Brokerage fees, commission and rebates	(1)	-	(4)	-
- Fees on financing, advances and securities	803	975	2,338	2,206
- Guarantee fees	306	307	904	935
- Remittances	38	45	121	331
- Service charges and fees	787	828	2,043	2,263
- Others	1,164	1,877	2,956	3,755
Foreign exchange	(24)	(235)	221	(428)
(Loss)/Gain from disposal of financial assets at fair value through profit or loss	(68)	67	(38)	1,649
Gain/(Loss) on revaluation of financial assets at fair value through profit or loss	71	147	(30)	84
Gain from disposal of financial investments at fair value through other comprehensive income	-	56	47	163
Net loss on derivatives	(189)	(184)	(560)	(465)
Others	14	-	3	1
Total other operating income	<u>6,466</u>	<u>7,093</u>	<u>18,644</u>	<u>17,829</u>
Total	<u>42,380</u>	<u>43,673</u>	<u>124,392</u>	<u>127,328</u>

\* Included the net loss of RM1,376,000 (31 December 2020:RM5,368,000) from measures implemented in response to COVID-19 pandemic.

**A22. ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES - NET**

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Allowance for impairment on financing and advances	251,748	145,000	466,982	367,916
Impaired financing and advances recovered, net	<u>(20,051)</u>	<u>(27,657)</u>	<u>(59,317)</u>	<u>(81,867)</u>
Total	<u>231,697</u>	<u>117,343</u>	<u>407,665</u>	<u>286,049</u>

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

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Financial investments at amortised cost - sukuk	19	(17)	(288)	(103)
Financial investments at fair value through other comprehensive income - sukuk	<u>1,424</u>	<u>1,422</u>	<u>5,105</u>	<u>(4,433)</u>
Total	<u>1,443</u>	<u>1,405</u>	<u>4,817</u>	<u>(4,536)</u>

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

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Cash and short-term funds	<u>(33)</u>	<u>9</u>	<u>(64)</u>	<u>(3)</u>

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

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Provision for commitments and contingencies - financing commitments and financial guarantee contracts	1,671	(1,058)	6,536	(3,399)

**A26. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	180,073	161,011	508,019	551,728
Deposits and placements of banks and other financial institutions	(4,264)	14,452	28,621	36,351
	175,809	175,463	536,640	588,079
Others	8,611	4,741	21,021	16,323
Total	184,420	180,204	557,661	604,402

**A27. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Unrestricted investment accounts</u>				
Customers	1,507	1,271	2,319	3,018
<u>Restricted investment account</u>				
Licensed bank	11,850	5,414	32,584	17,844
	13,357	6,685	34,903	20,862

**A28. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Personnel costs:				
Salaries, allowances, bonuses and incentives	4,397	4,525	12,914	12,559
Share granted under AMMB Executives' Share Scheme ("ESS") - charge/(writeback)	117	321	(307)	1,405
Contributions to Employees' Provident Fund/Private Retirement Scheme	701	729	2,074	2,025
Social security cost	19	20	58	59
Others	529	351	1,038	836
	<u>5,763</u>	<u>5,946</u>	<u>15,777</u>	<u>16,884</u>
Establishment costs:				
Amortisation of intangible assets	88	95	273	284
Cleaning, maintenance and security	10	7	17	17
Computerisation costs	274	271	793	911
Depreciation of property and equipment	33	32	102	95
Depreciation of right-of-use assets	72	77	213	231
Rental of premises	208	190	584	616
Finance cost:				
- Lease liabilities	16	19	49	58
- Provision for reinstatement for leased properties	-	-	1	1
Others	3	4	10	15
	<u>704</u>	<u>695</u>	<u>2,042</u>	<u>2,228</u>
Marketing and communication expenses:				
Advertising, marketing and communication	1,298	1,123	3,045	3,969
Others	4	22	14	63
	<u>1,302</u>	<u>1,145</u>	<u>3,059</u>	<u>4,032</u>
Administration and general expenses:				
Professional services	864	973	2,398	2,400
Others	871	1,517	5,343	3,366
	<u>1,735</u>	<u>2,490</u>	<u>7,741</u>	<u>5,766</u>
Service transfer pricing expense, net	60,841	63,768	183,883	192,129
	<u>70,345</u>	<u>74,044</u>	<u>212,502</u>	<u>221,039</u>

**A29. BASIC (LOSS)/EARNINGS PER SHARE**

**Basic/Diluted**

The basic/diluted earnings per share is calculated by dividing the net (loss)/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	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net (loss)/profit attributable to equity holder of the Bank (RM'000)	(28,094)	46,361	110,512	157,580
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 (loss)/earnings per share (sen)	<b>(5.68)</b>	<b>9.38</b>	<b>22.35</b>	<b>31.87</b>

### **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 31 December 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	311,397	92,667	158,492	101,788	38	50,401	714,783
Other operating income	26,989	13,786	17,693	803	425	428	60,124
Net income	338,386	106,453	176,185	102,591	463	50,829	774,907
Other operating expenses of which:	(132,664)	(9,823)	(32,326)	(6,226)	(82)	(31,381)	(212,502)
<i>Depreciation of property and equipment</i>	(2)	-	-	-	-	(100)	(102)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(213)	(213)
<i>Amortisation of intangible assets</i>	(11)	(3)	-	-	-	(259)	(273)
Profit before impairment losses	205,722	96,630	143,859	96,365	381	19,448	562,405
Allowance/(Writeback of) impairment on financing and advances	22,116	(11,619)	(338,715)	-	-	(79,447)	(407,665)
Allowance for impairment on financial investments	-	-	-	(4,817)	-	-	(4,817)
Writeback of allowance for impairment on other financial assets	-	-	-	64	-	-	64
(Provision)/Writeback of provision for commitments and contingencies	81	(1,467)	(5,150)	-	-	-	(6,536)
Profit/(Loss) before zakat and taxation	227,919	83,544	(200,006)	91,612	381	(59,999)	143,451
Zakat and taxation	(54,700)	(20,051)	48,001	(14,853)	(91)	8,755	(32,939)
Profit/(Loss) for the financial period	173,219	63,493	(152,005)	76,759	290	(51,244)	110,512
<b>Other information</b>							
Total segment assets	21,490,916	5,821,137	11,317,001	15,493,655	14,999	487,601	54,625,309
Total segment liabilities	14,214,040	3,753,965	4,541,095	22,839,400	650	5,455,747	50,804,897
Cost to income ratio	39.2%	9.2%	18.3%	6.1%	17.7%	61.7%	27.4%
Gross financing and advances	21,675,900	5,878,288	11,674,615	-	-	(3,871)	39,224,932
Net financing and advances	21,408,670	5,820,158	11,316,802	-	-	(359,684)	38,185,946
Impaired financing and advances	152,352	87,659	427,719	-	-	-	667,730
Total deposits	14,122,870	3,723,654	4,504,514	22,513,706	-	102,358	44,967,102
Additions to :							
Property and Equipment	4	-	-	-	-	51	55
Intangible assets	10	11	11	-	-	14	46

**A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

For the financial period ended 31 December 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	263,756	76,688	147,647	118,130	46	(5,438)	600,829
Other operating income	23,690	12,295	14,455	15,731	455	461	67,087
Net finance income/(loss)	287,446	88,983	162,102	133,861	501	(4,977)	667,916
Other operating expenses of which:	(139,222)	(9,905)	(35,404)	(5,997)	(111)	(30,400)	(221,039)
<i>Depreciation of property and equipment</i>	-	-	-	-	-	(95)	(95)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(231)	(231)
<i>Amortisation of intangible assets</i>	(9)	-	-	-	-	(275)	(284)
Profit before impairment losses and provision	148,224	79,078	126,698	127,864	390	(35,377)	446,877
Allowance for impairment on financing and advances	(38,550)	(11,275)	(104,177)	-	-	(132,047)	(286,049)
Impairment writeback on financial investments	-	-	-	1,117	-	3,419	4,536
Impairment writeback on other financial assets (Provision)/Writeback of provision for commitments and contingencies	-	-	-	(5)	-	8	3
	1,928	(334)	(2,056)	-	-	3,861	3,399
Profit before zakat and taxation	111,602	67,469	20,465	128,976	390	(160,136)	168,766
Zakat and taxation	(26,784)	(16,192)	(4,912)	(23,819)	(94)	60,615	(11,186)
Profit for the financial period	84,818	51,277	15,553	105,157	296	(99,521)	157,580
<b>Other information</b>							
Total segment assets	18,077,520	5,515,796	10,723,676	17,001,984	-	(62,983)	51,255,993
Total segment liabilities	11,850,404	3,673,895	4,672,308	23,234,741	1,658	3,946,659	47,379,665
Cost to income ratio	48.4%	11.1%	21.8%	4.5%	22.2%	>-100%	33.1%
Gross financing and advances	18,253,039	5,550,836	10,865,154	-	-	(5,057)	34,663,972
Net financing and advances	18,004,121	5,514,901	10,710,608	-	-	(188,165)	34,041,465
Impaired financing and advances	223,173	98,435	296,986	-	-	-	618,594
Total deposits	11,751,737	3,635,781	4,623,548	22,363,619	-	37,319	42,412,004
Additions to :							
Property and Equipment	-	-	-	-	-	29	29
Intangible assets	-	-	-	-	-	6	6

**A31. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

The Bank reported a lower profit before zakat and taxation of RM143.5 million for the financial period ended 31 December 2021 compared to the corresponding period ended 31 December 2020 of RM168.8 million. The lower profit was mainly due to higher net allowance for impairment on financing and advances of RM121.6 million, higher ECL on financing commitments and financial guarantee contracts of RM9.9 million, higher ECL of financial investments of RM9.4 million higher and lower other operating income of RM7.0 million, mitigated by higher net finance income of RM114.0 million and lower other operating expenses of RM8.5 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**

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

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

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

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

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

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

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

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

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

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

In a move to support the economy, a total of RM530 billion stimulus measures were rolled-out which includes fiscal, monetary, and non-monetary policies. For 2022, as the global economic recovery progresses steadily barring no unforeseen circumstances on the recovery path, we expect central banks to rollback their stimulus measures to address the high inflation notion.

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

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

Operationally, we remain steadfast in the execution of our FY2021 - FY2024 Focus 8 strategy, which is underpinned by strategic initiatives to drive operational efficiencies and sustainable business growth. We are accelerating environmental, social and governance ("ESG") integration into the AMMB Group's business practices via capacity building to enhance ways of capturing our customers' ESG compliance while navigating the reporting challenge of complying with BNM's Climate Change Principle-based Taxonomy Guideline.

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

**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 FINANCIAL PERIOD**

**Continuous financial assistance for customers affected by the pandemic and floods**

During the financial period, the Bank continue to support the government's initiative in easing the financial burden of those affected by the COVID-19 pandemic and the recent floods.

In line with the announcement of Pakej Perlindungan Rakyat dan Ekonomi ("PEMULIH") by the Government on 28 June 2021, the Bank offer 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, microenterprises and any SME whose financial condition has been adversely affected by the pandemic.

Further to announcement made by BNM and banking industry (represented collectively by The Association of Banks in Malaysia ("ABM"), Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM") and Association of Development Finance Institutions of Malaysia ("ADFIM")) on 14 October 2021, the Bank had offered the Financial Management and Resilience Programme (Program Pengurusan dan Ketahanan Kewangan "URUS") for eligible B50 individual customers who continue to be affected by the COVID-19 pandemic. Under URUS, Agensi Kaunseling dan Pengurusan Kredit ("AKPK") will provide the customer with a personalised financial plan that is developed holistically, taking into account the customer's financial circumstances and ability to afford repayment of all financing obligations.

In December 2021, the Group and the Bank announced the Flood Relief Programme, a targeted assistance to eligible customers who are struggling with the after effects of the floods. Customers are offered a moratorium of up to six-months for all loans and financing facilities including credit card facilities, with no late or penalty charges imposed during the moratorium period and waiver of all replacement charges of passbooks, cheque books, fixed deposit certificates, ATM, Credit and Debit cards.

**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 lawsuit against the Bank and AMMB. The Plaintiff has filed an appeal against the High Court's decision and it was heard on 2 December 2021 and 24 January 2022 at the Court of Appeal. On 27 January 2022, the Court of Appeal dismissed the Plaintiff's appeal and ordered the Plaintiff to pay total costs of RM40,000.00 to 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:

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,391,654	5,952,699
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	791,505	595,233
Unutilised credit card lines	1,395,686	1,389,410
Forward asset purchase	-	237,329
	<u>8,578,845</u>	<u>8,174,671</u>
<b>Contingencies</b>		
Direct credit substitutes	587,261	573,954
Transaction related contingent items	943,802	862,352
Short-term self liquidating trade-related contingencies	70,150	43,131
	<u>1,601,213</u>	<u>1,479,437</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts		
- One year or less	2,166,024	3,165,280
- Over one year to five years	1,324,887	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	70,680	70,332
	<u>3,911,591</u>	<u>5,087,993</u>
<b>Total</b>	<u>14,091,649</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	
<b>31 December 2021</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	41,258	-	41,258
Financial assets at fair value through profit or loss				
- Money market securities	-	2,114,802	-	2,114,802
- Unquoted sukuk	-	412,774	-	412,774
Financial investments at fair value through other comprehensive income				
- Money market securities	-	1,854,650	-	1,854,650
- Unquoted sukuk	-	2,486,079	-	2,486,079
	-	6,909,563	-	6,909,563
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	53,543	-	53,543
	-	53,543	-	53,543
<b>31 March 2021</b>				
<b>Assets measured at fair value</b>				
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
<b>Liabilities measured at fair value</b>				
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:

	<b>31 December 2021</b>	<b>31 March 2021</b>
<b>Under transitional arrangement (Note(i))</b>		
<b>Before deducting proposed dividends</b>		
Common Equity Tier 1 ("CET 1") Capital Ratio	13.392%	12.146%
Tier 1 Capital ratio	13.392%	12.146%
Total Capital ratio	18.173%	16.661%
<b>After deducting proposed dividends</b>		
CET 1 Capital Ratio	13.392%	12.038%
Tier 1 Capital ratio	13.392%	12.038%
Total Capital ratio	18.173%	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 31 December 2021 and 31 March 2021 are as follow:

	<b>31 December 2021</b>	<b>31 March 2021</b>
<b>Before deducting proposed dividends:</b>		
Common Equity Tier 1 Capital Ratio	11.535%	10.687%
Tier 1 Capital Ratio	11.535%	10.687%
Total Capital Ratio	16.690%	15.631%
<b>After deducting proposed dividends:</b>		
Common Equity Tier 1 Capital Ratio	11.535%	10.580%
Tier 1 Capital Ratio	11.535%	10.580%
Total Capital Ratio	16.690%	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 buffers:

- (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:

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>CET 1 Capital</b>		
Ordinary shares	1,387,107	1,387,107
Retained earnings	2,414,757	2,341,323
Fair value reserve	18,548	43,972
Less : Regulatory adjustments applied on CET 1 Capital		
- Intangible assets	(490)	(718)
- Deferred tax assets	(77,912)	(62,877)
- 55% of cumulative gain of FVOCI financial instruments	(10,201)	(24,185)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(70)	(183)
- Other CET 1 regulatory adjustment specified by BNM	600,679	502,728
<b>CET 1 Capital/ Tier 1 Capital</b>	<u>4,332,418</u>	<u>4,187,167</u>
<b>Tier 2 Capital</b>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,290,000	1,300,000
General provisions*	256,523	256,523
<b>Tier 2 Capital</b>	<u>1,546,523</u>	<u>1,556,523</u>
<b>Total Capital</b>	<u>5,878,941</u>	<u>5,743,690</u>

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

	<b>31 December 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Credit RWA	32,101,927	33,139,511
Less : Credit RWA absorbed by Investment Account	(1,909,148)	(796,005)
Total Credit RWA	<u>30,192,779</u>	<u>32,343,506</u>
Market RWA	431,334	508,561
Operational RWA	1,726,229	1,622,712
<b>Total Risk Weighted Assets</b>	<u>32,350,342</u>	<u>34,474,779</u>

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