

Registration No. 199401009897 (295576-U)

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

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

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

		<b>30 June 2021</b>	<b>31 March 2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	A8	4,050,505	9,398,808
Derivative financial assets		56,403	49,667
Financial assets at fair value through profit or loss	A9	3,985,458	2,271,667
Financial investments at fair value through other comprehensive income	A10	4,954,818	4,095,135
Financial investments at amortised cost	A11	1,392,322	1,392,155
Financing and advances	A12	36,485,850	35,389,517
Statutory deposit with Bank Negara Malaysia		145,000	113,000
Deferred tax asset		70,064	62,805
Other assets	A13	345,425	250,502
Property and equipment		412	440
Right-of-use assets		2,280	2,351
Intangible assets		668	718
<b>TOTAL ASSETS</b>		<b>51,489,205</b>	<b>53,026,765</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A14	38,750,915	41,732,511
Investment accounts of customers	A15	46,258	94,834
Deposits and placements of banks and other financial institutions	A16	3,199,845	3,217,364
Investment account due to a licensed bank	A17	1,717,841	718,034
Recourse obligation on financing sold to Cagamas Berhad		1,300,000	800,000
Derivative financial liabilities		74,172	67,751
Term funding		1,034,784	1,034,766
Subordinated Sukuk		1,300,000	1,300,000
Other liabilities	A18	208,704	288,150
Provision for zakat		1,919	953
<b>TOTAL LIABILITIES</b>		<b>47,634,438</b>	<b>49,254,363</b>
Share capital		1,387,107	1,387,107
Reserves		2,467,660	2,385,295
<b>Equity attributable to equity holder of the Bank</b>		<b>3,854,767</b>	<b>3,772,402</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>51,489,205</b>	<b>53,026,765</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35(b)	<b>15,070,628</b>	<b>14,742,101</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>7.80</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 30 JUNE 2021**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds	A19	429,408	412,675	429,408	412,675
Income derived from investment of investment account funds	A20	10,354	8,949	10,354	8,949
Income derived from investment of shareholder's funds	A21	42,089	41,340	42,089	41,340
Allowance for impairment on financing and advances - net	A22	(90,870)	(29,875)	(90,870)	(29,875)
Allowance for impairment on financial investments	A23	(1,866)	(414)	(1,866)	(414)
Writeback of allowance for impairment on other financial assets	A24	49	11	49	11
Provision for commitments and contingencies	A25	(708)	(2,092)	(708)	(2,092)
Total distributable income		388,456	430,594	388,456	430,594
Income attributable to the depositors and others	A26	(191,532)	(235,333)	(191,532)	(235,333)
Income attributable to the investment account holders	A27	(9,093)	(7,677)	(9,093)	(7,677)
Total net income		187,831	187,584	187,831	187,584
Other operating expenses	A28	(72,264)	(72,870)	(72,264)	(72,870)
Finance cost		(24,341)	(24,657)	(24,341)	(24,657)
<b>Profit before zakat and taxation</b>		<b>91,226</b>	<b>90,057</b>	<b>91,226</b>	<b>90,057</b>
Zakat		(965)	(634)	(965)	(634)
Taxation		(19,215)	(19,296)	(19,215)	(19,296)
<b>Profit for the financial period</b>		<b>71,046</b>	<b>70,127</b>	<b>71,046</b>	<b>70,127</b>
<b>Basic/Diluted earnings per share (sen)</b>	A29	<b>14.37</b>	<b>14.19</b>	<b>14.37</b>	<b>14.19</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 30 JUNE 2021**

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit for the financial period	71,046	70,127	71,046	70,127
Other comprehensive income:				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Financial investments at fair value through other comprehensive income:				
Net unrealised gain on changes in fair value	12,989	63,027	12,989	63,027
Expected credit loss	2,070	101	2,070	101
Net gain reclassified to statement of profit or loss	(596)	(36)	(596)	(36)
Income tax effect	(3,144)	(15,118)	(3,144)	(15,118)
Other comprehensive income for the period, net of tax	11,319	47,974	11,319	47,974
Total comprehensive income for the financial period	82,365	118,101	82,365	118,101

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 JUNE 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	-	-	-	70,127	70,127
Other comprehensive income, net of tax	-	-	47,974	-	47,974
Total comprehensive income for the financial period	-	-	47,974	70,127	118,101
Transfer to regulatory reserve	-	(14,712)	-	14,712	-
Transactions with owner and other equity movements	-	(14,712)	-	14,712	-
<b>At 30 June 2020</b>	1,387,107	56,900	104,223	2,233,249	3,781,479
<b>At 1 April 2021</b>	1,387,107	-	43,972	2,341,323	3,772,402
Profit for the financial period	-	-	-	71,046	71,046
Other comprehensive income, net of tax	-	-	11,319	-	11,319
Total comprehensive income for the financial period	-	-	11,319	71,046	82,365
<b>At 30 June 2021</b>	1,387,107	-	55,291	2,412,369	3,854,767

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 JUNE 2021**

	<b>30 June 2021 RM'000</b>	<b>30 June 2020 RM'000</b>
Profit before zakat and taxation	91,226	90,057
Adjustments for non-operating and non-cash items	87,149	150,860
Operating profit before working capital changes	<u>178,375</u>	<u>240,917</u>
Changes in working capital:		
Net change in operating assets	(3,026,037)	(2,425,487)
Net change in operating liabilities	(1,628,564)	(1,233,532)
Taxation paid	(27,579)	(51,951)
Net cash used in from operating activities	<u>(4,503,805)</u>	<u>(3,470,053)</u>
Net cash (used in)/generated from in investing activities	(844,470)	93,642
Net cash used in financing activities	(78)	(84)
Net decrease in cash and cash equivalents	<u>(5,348,353)</u>	<u>(3,376,495)</u>
Cash and cash equivalents at beginning of the financial period	9,398,883	5,923,787
Cash and cash equivalents at end of the financial period	<u>4,050,530</u>	<u>2,547,292</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	4,050,505	2,447,277
Deposits and placements with original maturity more than 3 months	-	100,000
	<u>4,050,505</u>	<u>2,547,277</u>
Allowances for expected credit loss for cash and cash equivalents at end of the financial period	25	15
	<u>4,050,530</u>	<u>2,547,292</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**

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

The amendments are applied from annual reporting period beginning on or after 1 January 2022 to contracts for which 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) New standard and 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) New standard and 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) New standard and 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.

**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 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.

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

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.

**A7. DIVIDENDS**

The Directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2021 and no dividends were paid in the current financial quarter.

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

	Note	30 June 2021 RM'000	31 March 2021 RM'000
Cash and bank balances		190,530	133,883
Less: Allowances for Expected Credit Loss ("ECL")	(a)	<u>(25)</u>	<u>(75)</u>
		<u>190,505</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>3,860,000</u>	<u>9,005,000</u>
		<u>3,860,000</u>	<u>9,265,000</u>
		<u>4,050,505</u>	<u>9,398,808</u>

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

	Stage 1 12-Month ECL RM'000
<b>30 June 2021</b>	
Balance at beginning of the financial period	75
Net writeback of ECL:	(49)
Changes in model assumptions and methodologies	<u>(61)</u>
Net remeasurement of allowances	12
Foreign exchange differences	(1)
Balance at end of the financial period	<u>25</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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Islamic Treasury bills	3,056,179	1,527,211
Malaysian Government Investment Issues	601,422	171,557
	<u>3,657,601</u>	<u>1,698,768</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	327,857	572,899
	<u>3,985,458</u>	<u>2,271,667</u>

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

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Government Investment Issues	1,336,818	1,325,806
Islamic Negotiable Instruments of Deposit	978,865	399,386
	<u>2,315,683</u>	<u>1,725,192</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	2,639,135	2,369,943
	<u>4,954,818</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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Relating to hedged item	(384)	(6,177)
Relating to hedging instrument	273	6,354
	<u>(111)</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>30 June 2021</b>			
Balance at beginning of the financial period	1,968	6,827	8,795
Net allowances for ECL:	1,061	1,009	2,070
New financial assets originated	1,514	-	1,514
Financial assets derecognised	(723)	-	(723)
Changes in model assumptions and Net remeasurement of allowances	270	1,009	1,279
Balance at end of the financial period	<u>3,029</u>	<u>7,836</u>	<u>10,865</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	30 June 2021 RM'000	31 March 2021 RM'000
<b>At amortised cost:</b>			
Money Market Instruments:			
Malaysian Government Investment Issues		260,882	260,852
Unquoted Securities:			
In Malaysia:			
Sukuk		1,131,759	1,131,826
Less: Allowances for ECL	(a)	(319)	(523)
		<u>1,392,322</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>30 June 2021</b>			
Balance at beginning of the financial period	98	425	523
Net allowances for/(writeback of) ECL:	25	(229)	(204)
Changes in model assumptions and methodologies	-	-	-
Net remeasurement of allowances	25	(229)	(204)
Balance at end of the financial period	<u>123</u>	<u>196</u>	<u>319</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:

**30 June 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
<b>At amortised cost:</b>							
Cash lines	-	512,817	-	-	605,449	-	1,118,266
Term financing	484,859	11,439,386	8,813	-	1,374,385	35,280	13,342,723
Revolving credit	42,083	3,992,239	-	-	931,623	-	4,965,945
Housing financing	2,695,465	7,022,119	44,824	-	-	-	9,762,408
Hire purchase receivables	4	-	-	4,048,772	-	-	4,048,776
Bills receivables	-	317,093	-	-	-	23,737	340,830
Credit card receivables	-	-	-	-	-	427,831	427,831
Trust receipts	-	309,072	-	-	-	-	309,072
Staff financing	-	14,344	-	-	-	-	14,344
Claims on customers under acceptance credits	-	1,794,433	-	-	-	225,412	2,019,845
Others	-	1,035,220	-	-	-	3,939	1,039,159
Gross financing and advances*	<u>3,222,411</u>	<u>26,436,723</u>	<u>53,637</u>	<u>4,048,772</u>	<u>2,911,457</u>	<u>716,199</u>	<u>37,389,199</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(86,953)
- Stage 2 - Lifetime ECL not credit impaired							(712,013)
- Stage 3 - Lifetime ECL credit impaired							(104,383)
Net financing and advances							<u>36,485,850</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 RM1,720.9 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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Domestic non-bank financial institutions	2,051,374	1,138,836
Domestic business enterprises		
- Small medium enterprises ("SME")	6,601,398	6,645,241
- Others	8,924,665	9,281,608
Government and statutory bodies	304,094	304,227
Individuals	19,458,742	18,805,650
Other domestic entities	621	666
Foreign individuals and entities	48,305	48,964
	<u>37,389,199</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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Fixed rate		
- Housing financing	152,231	149,361
- Hire purchase receivables	3,994,737	3,942,830
- Other financing	3,335,854	3,445,508
Variable rate		
- Base rate and base financing rate plus	18,981,011	18,398,613
- Cost plus	10,044,630	9,444,652
- Other variable rates	880,736	844,228
	<u>37,389,199</u>	<u>36,225,192</u>

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

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

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Agriculture	1,149,043	1,234,973
Mining and quarrying	1,231,610	1,284,627
Manufacturing	4,390,798	4,461,415
Electricity, gas and water	260,205	272,784
Construction	1,090,629	1,203,347
Wholesale and retail trade and hotel and restaurants	2,712,789	2,614,281
Transport, storage and communication	1,831,419	1,915,289
Finance and insurance	2,063,300	1,175,374
Real estate	2,442,654	2,441,486
Business activities	490,893	518,055
Education and health	218,812	248,947
Household of which:	19,507,047	18,854,614
- Purchase of residential properties	9,815,367	9,378,972
- Purchase of transport vehicles	3,693,052	3,641,530
- Others	5,998,628	5,834,112
	<b>37,389,199</b>	<b>36,225,192</b>

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

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Maturing within one year	10,099,604	9,714,383
Over one year to three years	2,152,353	2,239,547
Over three years to five years	2,604,248	2,624,024
Over five years	22,532,994	21,647,238
	<b>37,389,199</b>	<b>36,225,192</b>

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

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

	<b>30 June 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	150,744	385,160
Reclassified as non-impaired	(13,648)	(19,613)
Recoveries	(87,599)	(221,495)
Amount written off	(42,440)	(146,328)
Balance at end of the financial period/year	<u>620,131</u>	<u>613,074</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.66%</u>	<u>1.69%</u>
Financing loss coverage (including regulatory reserve)	<u>148.3%</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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Agriculture	43,880	44,912
Mining and quarrying	2,290	2,284
Manufacturing	30,656	30,899
Electricity, gas and water	100	100
Construction	7,613	4,295
Wholesale and retail trade and hotel and restaurants	81,489	71,058
Transport, storage and communication	37,914	40,280
Real estate	237,299	243,134
Business activities	5,140	5,167
Education and health	445	1,022
Household of which:	173,305	169,923
- Purchase of residential properties	115,150	118,788
- Purchase of transport vehicles	25,230	16,617
- Others	32,925	34,518
	<u>620,131</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>30 June 2021</b>				
Balance at beginning of the financial period	144,366	589,675	101,634	835,675
Net (writeback of)/allowances for ECL:	(57,413)	122,338	45,189	110,114
- Transfer to Stage 1	2,512	(16,472)	(44)	(14,004)
- Transfer to Stage 2	(2,980)	34,293	(3,348)	27,965
- Transfer to Stage 3	(150)	(6,786)	14,694	7,758
New financial assets originated	9,644	158,918	1	168,563
Net remeasurement of allowances	(51,213)	(23,699)	47,647	(27,265)
Changes to model assumptions and methodologies	(9,030)	(18,122)	-	(27,152)
Modification of contractual cash flows of financial assets	(45)	2,017	152	2,124
Financial assets derecognised	(6,151)	(7,811)	(13,913)	(27,875)
Amount written-off	-	-	(42,440)	(42,440)
Balance at end of the financial period	<u>86,953</u>	<u>712,013</u>	<u>104,383</u>	<u>903,349</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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Other receivables, deposits and prepayments	105,460	118,701
Amount due from related companies	75,122	-
Profit receivable	75,233	47,869
Tax recoverable	8,650	10,689
Deferred charges	80,960	73,243
	<u>345,425</u>	<u>250,502</u>

**A14. DEPOSITS FROM CUSTOMERS**

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
(i) By type of deposit:		
Savings deposit:		
Commodity Murabahah	3,308,554	3,169,111
Qard	111,561	83,621
Demand deposit:		
Commodity Murabahah	8,233,163	9,012,721
Qard	557,747	443,683
Term deposits:		
Commodity Murabahah	26,180,095	28,786,399
Qard	359,795	236,976
Total	<u>38,750,915</u>	<u>41,732,511</u>

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

Government and statutory bodies	3,768,033	4,429,701
Business enterprises	23,411,172	27,148,886
Individuals	10,553,664	9,164,941
Others	1,018,046	988,983
	<u>38,750,915</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	20,599,112	24,293,982
Over six months to one year	4,927,654	4,104,731
Over one year to three years	1,005,213	614,839
Over three years to five years	7,911	9,823
	<u>26,539,890</u>	<u>29,023,375</u>

**A15. INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Unrestricted investment account:		
Without maturity		
- Wakalah	16,083	18,342
With maturity		
- Mudarabah	30,175	76,492
	<u>46,258</u>	<u>94,834</u>

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

Business enterprises	22,156	68,200
Individuals	24,102	26,634
	<u>46,258</u>	<u>94,834</u>

	<b>Wakalah RM'000</b>	<b>Mudarabah RM'000</b>
Investment assets:		
<b>30 June 2021</b>		
Interbank placement	16,083	-
House financing	-	30,175
Total investment	<u>16,083</u>	<u>30,175</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>30 June 2021</b>			
Maturity :			
- less than 3 months	48.76	1.15	1.75
- between 3 months to 12 months	53.61	2.15	-
<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>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<u>Non-Mudarabah</u>		
Licensed Islamic banks	399,935	847,028
Licensed banks	617,968	826,543
Licensed investment banks	443,885	139,552
Other financial institutions	1,707,250	1,374,710
Bank Negara Malaysia	30,807	29,531
Total	<u>3,199,845</u>	<u>3,217,364</u>

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

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	<u>1,717,841</u>	<u>718,034</u>
Investment asset:		
Financing	<u>1,717,841</u>	<u>718,034</u>
Total investment	<u>1,717,841</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 June 2021	31 March 2021	30 June 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	2.89	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 June 2021, ECL allowance for the investment asset borne by AmBank amounted to RM2.7 million (31 March 2021: RM1.9 million).

As at 30 June 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 June 2021 RM'000	31 March 2021 RM'000
Profit payable		121,826	135,733
Other creditors and accruals		39,151	58,657
Lease liabilities		2,279	2,341
Provision for reinstatement for leased properties		81	81
Deferred income		17,377	18,997
Advance rental		11,306	10,736
Amount due to related companies		22	45,474
Provision for commitments and contingencies		123	300
Allowances for ECL on financing commitments and financial guarantees	(a)	16,539	15,831
		<u>208,704</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>30 June 2021</b>				
Balance at beginning of the financial period	9,012	6,804	15	15,831
Net allowances for/ (writeback of) ECL:	1,266	(550)	(8)	708
- Transfer to Stage 1	267	(1,185)	-	(918)
- Transfer to Stage 2	(224)	1,217	-	993
- Transfer to Stage 3	(1)	(46)	46	(1)
New exposures originated	1,886	1,059	-	2,945
Net remeasurement of allowances	505	(814)	(46)	(355)
Exposures derecognised/ withdrawn	(1,167)	(781)	(8)	(1,956)
Foreign exchange differences	(1)	1	-	-
Balance at end of the financial period	<u>10,277</u>	<u>6,255</u>	<u>7</u>	<u>16,539</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	(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	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	324,305	292,632	324,305	292,632
- Financing income on impaired financing	985	310	985	310
Financial assets at fair value through profit or loss	15,848	15,190	15,848	15,190
Financial investments at fair value through other comprehensive income	36,221	46,413	36,221	46,413
Financial investments at amortised cost	15,000	17,443	15,000	17,443
Deposits and placements with banks and other financial institutions	21,332	21,044	21,332	21,044
Total finance income and hibah	<u>413,691</u>	<u>393,032</u>	<u>413,691</u>	<u>393,032</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	(41)	-	(41)	-
- Fees on financing, advances and securities	10,022	5,884	10,022	5,884
- Guarantee fees	3,169	3,183	3,169	3,183
- Remittances	20	18	20	18
- Service charges and fees	605	548	605	548
- Others	827	774	827	774
Foreign exchange	1,571	(658)	1,571	(658)
Gain from disposal of financial assets at fair value through profit or loss	1,231	10,567	1,231	10,567
(Loss)/Gain on revaluation of financial assets at fair value through profit or loss	(51)	778	(51)	778
Gain from disposal of financial investments at fair value through other comprehensive income	549	33	549	33
Net loss on derivatives	(2,217)	(1,532)	(2,217)	(1,532)
Others	32	48	32	48
Total other operating income	<u>15,717</u>	<u>19,643</u>	<u>15,717</u>	<u>19,643</u>
Total	<u>429,408</u>	<u>412,675</u>	<u>429,408</u>	<u>412,675</u>

\* Included the net loss of RM3,043,000 (30 June 2020: RM34,801,000) from measures implemented in response to COVID-19 pandemic.

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

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of:				
- Restricted investment account	9,870	7,328	9,870	7,328
- Unrestricted investment accounts	484	1,621	484	1,621
	<u>10,354</u>	<u>8,949</u>	<u>10,354</u>	<u>8,949</u>

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

Finance income and hibah:

Financing and advances

- Financing income	9,870	7,328	9,870	7,328
Total finance income and hibah	<u>9,870</u>	<u>7,328</u>	<u>9,870</u>	<u>7,328</u>

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

Finance income and hibah:

Financing and advances

- Financing income	408	1,524	408	1,524
Deposits and placements with banks and other financial institutions	76	97	76	97
Total finance income and hibah	<u>484</u>	<u>1,621</u>	<u>484</u>	<u>1,621</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	27,495	27,034	27,495	27,034
- Financing income on impaired financing	83	29	83	29
Financial assets at fair value through profit or loss	1,344	1,403	1,344	1,403
Financial investments at fair value through other comprehensive income	3,071	4,288	3,071	4,288
Financial investments at amortised cost	1,272	1,611	1,272	1,611
Deposits and placements with banks and other financial institutions	1,808	1,944	1,808	1,944
Total finance income and hibah	<u>35,073</u>	<u>36,309</u>	<u>35,073</u>	<u>36,309</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	4,283	1,612	4,283	1,612
- Brokerage fees, commission and rebates	(4)	-	(4)	-
- Fees on financing, advances and securities	854	556	854	556
- Guarantee fees	269	294	269	294
- Remittances	43	246	43	246
- Service charges and fees	771	858	771	858
- Others	706	613	706	613
Foreign exchange	133	(61)	133	(61)
Gain from disposal of financial assets at fair value through profit or loss	104	976	104	976
(Loss)/Gain on revaluation of financial assets at fair value through profit or loss	(4)	72	(4)	72
Gain from disposal of financial investments at fair value through other comprehensive income	46	3	46	3
Net loss on derivatives	(188)	(142)	(188)	(142)
Others	3	4	3	4
Total other operating income	<u>7,016</u>	<u>5,031</u>	<u>7,016</u>	<u>5,031</u>
Total	<u>42,089</u>	<u>41,340</u>	<u>42,089</u>	<u>41,340</u>

\* Included the net loss of RM258,000 (30 June 2020:RM3,215,000) from measures implemented in response to COVID-19 pandemic.

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

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Allowance for impairment on financing and advances	110,114	42,308	110,114	42,308
Impaired financing and advances recovered, net	(19,244)	(12,433)	(19,244)	(12,433)
Total	<u>90,870</u>	<u>29,875</u>	<u>90,870</u>	<u>29,875</u>

**A23. ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INVESTMENTS**

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Financial investments at amortised cost - sukuk	(204)	313	(204)	313
Financial investments at fair value through other comprehensive income - sukuk	2,070	101	2,070	101
Total	<u>1,866</u>	<u>414</u>	<u>1,866</u>	<u>414</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash and short-term funds	<u>(49)</u>	<u>(11)</u>	<u>(49)</u>	<u>(11)</u>

**A25. PROVISION FOR COMMITMENTS AND CONTINGENCIES**

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Provision for commitments and contingencies - financing commitments and financial guarantee contracts	708	2,092	708	2,092

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

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	162,737	218,180	162,737	218,180
Deposits and placements of banks and other financial institutions	24,592	9,057	24,592	9,057
	<u>187,329</u>	<u>227,237</u>	<u>187,329</u>	<u>227,237</u>
Others	4,203	8,096	4,203	8,096
Total	<u>191,532</u>	<u>235,333</u>	<u>191,532</u>	<u>235,333</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Unrestricted investment accounts</u>				
Customers	210	1,082	210	1,082
<u>Restricted investment account</u>				
Licensed bank	8,883	6,595	8,883	6,595
	<u>9,093</u>	<u>7,677</u>	<u>9,093</u>	<u>7,677</u>

**A28. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Personnel costs:				
Salaries, allowances, bonuses and incentives	4,259	4,324	4,259	4,324
Share granted under AMMB Executives' Share Scheme ("ESS") - (writeback)/charge	(177)	128	(177)	128
Contributions to Employees' Provident Fund/Private Retirement Scheme	686	697	686	697
Social security cost	20	20	20	20
Others	260	232	260	232
	<u>5,048</u>	<u>5,401</u>	<u>5,048</u>	<u>5,401</u>
Establishment costs:				
Amortisation of intangible assets	95	94	95	94
Cleaning, maintenance and security	5	5	5	5
Computerisation costs	332	359	332	359
Depreciation of property and equipment	35	32	35	32
Depreciation of right-of-use assets	71	77	71	77
Rental of premises	146	201	146	201
Finance cost:				
- Lease liabilities	17	20	17	20
Others	4	5	4	5
	<u>705</u>	<u>793</u>	<u>705</u>	<u>793</u>
Marketing and communication expenses:				
Advertising, marketing and communication	764	1,527	764	1,527
Others	9	16	9	16
	<u>773</u>	<u>1,543</u>	<u>773</u>	<u>1,543</u>
Administration and general expenses:				
Professional services	755	709	755	709
Others	3,885	2,149	3,885	2,149
	<u>4,640</u>	<u>2,858</u>	<u>4,640</u>	<u>2,858</u>
Service transfer pricing expense, net	61,098	62,275	61,098	62,275
	<u>72,264</u>	<u>72,870</u>	<u>72,264</u>	<u>72,870</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 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit attributable to equity holder of the Bank (RM'000)	71,046	70,127	71,046	70,127
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)	<b>14.37</b>	<b>14.19</b>	<b>14.37</b>	<b>14.19</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 revenue generated by a majority of the operating segments substantially comprise finance income. 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 June 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			
External revenue	206,541	47,183	133,788	96,864	264	(2,789)	481,851
Revenue from other segments	(53,108)	(13,941)	(49,003)	55,611	(29)	60,470	-
Total operating revenue	153,433	33,242	84,785	152,475	235	57,681	481,851
Net finance income	103,266	22,774	59,021	29,021	18	19,151	233,251
Other operating income	9,517	2,821	7,910	2,957	217	212	23,634
Net income	112,783	25,595	66,931	31,978	235	19,363	256,885
Other operating expenses of which:	(44,267)	(2,284)	(11,428)	(2,105)	(27)	(12,153)	(72,264)
<i>Depreciation of property and equipment</i>	(2)	-	-	-	-	(33)	(35)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(71)	(71)
<i>Amortisation of intangible assets</i>	(4)	(1)	(1)	-	-	(89)	(95)
Profit before impairment losses	68,516	23,311	55,503	29,873	208	7,210	184,621
Allowance for/(writeback of) impairment on financing and advances	6,599	(7,950)	(42,978)	-	-	(46,541)	(90,870)
Allowance for impairment on financial investments	-	-	-	(1,866)	-	-	(1,866)
Writeback of allowance for impairment on other financial assets	-	-	-	49	-	-	49
Writeback/(provision) for commitments and contingencies	43	(446)	(305)	-	-	-	(708)
Profit/(Loss) before zakat and taxation	75,158	14,915	12,220	28,056	208	(39,331)	91,226
Zakat and taxation	(18,038)	(3,579)	(2,933)	(4,366)	(50)	8,786	(20,180)
Profit/(Loss) for the financial period	57,120	11,336	9,287	23,690	158	(30,545)	71,046
<b>Other information</b>							
Total segment assets	19,545,786	4,012,121	13,341,104	14,643,188	19,963	(72,957)	51,489,205
Total segment liabilities	13,297,235	2,136,369	4,992,664	21,786,726	541	5,420,903	47,634,438
Cost to income ratio	39.2%	8.9%	17.1%	6.6%	11.5%	62.8%	28.1%
Gross financing and advances	19,774,942	4,048,049	13,570,603	-	-	(4,395)	37,389,199
Net financing and advances	19,463,464	4,010,427	13,339,261	-	-	(327,302)	36,485,850
Impaired financing and advances	189,044	108,911	322,176	-	-	-	620,131
Total deposits	13,227,492	2,107,509	4,961,673	21,594,222	-	59,864	41,950,760
Additions to :							
Property and Equipment	4	-	-	-	-	-	4
Intangible assets	11	11	11	-	-	16	49

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

For the financial period ended 30 June 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			
External revenue	185,961	46,843	148,185	119,439	388	(37,852)	462,964
Revenue from other segments	(41,657)	(18,730)	(69,007)	72,512	9	56,873	-
Total operating revenue	144,304	28,113	79,178	191,951	397	19,021	462,964
Net finance income	77,544	15,600	52,080	37,541	9	(11,815)	170,959
Other operating income	5,237	2,042	5,296	11,211	388	164	24,338
Net finance income/(loss)	82,781	17,642	57,376	48,752	397	(11,651)	195,297
Other operating expenses of which:	(46,329)	(2,189)	(13,220)	(2,020)	(41)	(9,071)	(72,870)
<i>Depreciation of property and equipment</i>	-	-	-	-	-	(32)	(32)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(77)	(77)
<i>Amortisation of intangible assets</i>	(3)	-	-	-	-	(91)	(94)
Profit before impairment losses and provision	36,452	15,453	44,156	46,732	356	(20,722)	122,427
Allowance for impairment on financing and advances	(4,154)	(1,839)	(18,641)	-	-	(5,241)	(29,875)
Impairment writeback on financial investments	-	-	-	(1,039)	-	625	(414)
Impairment writeback on other financial assets	-	-	-	3	-	8	11
Provision for commitments and contingencies - (allowance)/writeback	(350)	(196)	(2,056)	-	-	510	(2,092)
Profit before zakat and taxation	31,948	13,418	23,459	45,696	356	(24,820)	90,057
Zakat and taxation	(7,668)	(3,220)	(5,630)	(8,599)	(86)	5,273	(19,930)
Profit for the financial period	24,280	10,198	17,829	37,097	270	(19,547)	70,127
<b>Other information</b>							
Total segment assets	15,753,580	3,585,852	12,938,373	13,023,269	-	218,631	45,519,705
Total segment liabilities	11,807,991	1,881,665	5,170,103	19,503,034	1,358	3,374,075	41,738,226
Cost to income ratio	56.0%	12.4%	23.0%	4.1%	10.3%	(77.9%)	37.3%
Gross financing and advances	15,889,580	3,632,739	12,985,680	-	-	-	32,507,999
Net financing and advances	15,685,382	3,583,943	12,925,306	-	-	(56,301)	32,138,330
Impaired financing and advances	140,741	128,544	306,073	-	-	-	575,358
Total deposits	11,700,535	1,853,595	5,145,125	19,241,029	-	36,193	37,976,477
Additions to :							
Property and Equipment	-	-	-	-	-	13	13
Intangible assets	-	-	-	-	-	6	6

Notes:

- Operating revenue of the Bank comprise financing income and hibah and other operating income.

**A31. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

The Bank reported a higher profit before zakat and taxation of RM91.2 million for the financial period ended 30 June 2021 compared to the corresponding period ended 31 June 2020 of RM90.1 million. The higher profit was mainly due to higher net finance income of RM62.3 million, lower ECL on financing commitments and financial guarantee contracts of RM1.4 million and lower other operating expenses of RM0.6 million offset by higher net allowance for impairment on financing and advances of RM61.0 million, higher ECL of financial investments of RM1.5 million and lower other operating income of RM0.7 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 economy recorded a strong double-digit growth of 16.1% during the second quarter 2021 due to low base effects in second quarter 2020 (first quarter 2020: -17.2% year on year) plus contribution from exports and firm commodity prices and to a lesser extent domestic activities. This is the first positive growth following its four consecutive quarters of contraction (first quarter 2021: -0.5% year on year) and it brings the average Gross Domestic Product ("GDP") growth throughout the first half 2021 at 7.1% (first half 2020: -8.3%). However, on a seasonally adjusted quarterly basis, the GDP declined by 2.0% quarter on quarter versus 2.7% quarter on quarter in first quarter 2021, reflecting the imposition of full movement control order ("FMCO") in June.

Economic situation in the near-term will remain fluid as the country grapples with safe reopening, surging COVID-19 cases amid rising public health fears added with domestic political challenges. Hence, we have downwardly revised our GDP projection to 3.0% - 3.5% which sits at the lower end of Bank Negara Malaysia ("BNM")'s target of 3.0% - 4.0%.

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 July. Average inflation for the first seven months of 2021 to 2.3% (-0.9% in 2020).

Going forward, fizzling of low base, weak domestic spending, and some containment of cost pressures from household electricity bill discount for second half 2021 as well as extension of ceiling price for RON95 and diesel pump price should help contain strong surge in inflation.

However, upwards pressure still remain from rising material costs and weak ringgit that could result to transfer pricing. For 2021, inflation is expected to hover between 2.6% - 2.8% (-1.1% in 2020).

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The Bank reported a higher profit before zakat and taxation of RM91.2 million for the financial period ended 30 June 2021 compared to the corresponding period ended 31 June 2020 of RM90.1 million. The higher profit was mainly due to higher net finance income of RM62.3 million, lower ECL on financing commitments and financial guarantee contracts of RM1.4 million and lower other operating expenses of RM0.6 million offset by higher net allowance for impairment on financing and advances of RM61.0 million, higher ECL of financial investments of RM1.5 million and lower other operating income of RM0.7 million.

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Economic situation in the near-term will remain fluid as the country grapples with safe reopening, surging COVID-19 cases amid rising public health fears added with domestic political challenges. Hence, we have downwardly revised our GDP projection to 3.0% - 3.5% which sits at the lower end of Bank Negara Malaysia ("BNM")'s target of 3.0% - 4.0%.

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 July. Average inflation for the first seven months of 2021 to 2.3% (-0.9% in 2020).

Going forward, fizzling of low base, weak domestic spending, and some containment of cost pressures from household electricity bill discount for second half 2021 as well as extension of ceiling price for RON95 and diesel pump price should help contain strong surge in inflation.

However, upwards pressure still remain from rising material costs and weak ringgit that could result to transfer pricing. For 2021, inflation is expected to hover between 2.6% - 2.8% (-1.1% in 2020).

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

Meanwhile, the overall banking system financing moderated by 3.4% as at end June 2021. Financing growth was largely supported by households financing, up 5.2% while business financing grew 0.8% largely impacted by the pandemic that disrupted the business supply chain and orders following the lockdown.

Financing outlook for 2021 is expected to pick up supported by stronger economic recovery, improving business activities and consumer spending. Hence, financing growth for 2021 is envisaged to hover around 4.0% -5.0%.

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 June was 149.1% (end 2020 was at 148.2%). Funding profiles remained well diversified with May financing-to-fund ratio and financing-to-fund-and-equity ratio was at 81.6% and 71.0% (End-2020 was at 82.5% and 71.9% respectively).

In a move to support the economy, aside from fiscal stimulus measures, the monetary and non-monetary measures were also rolled out amounting to now RM530 billion. BNM reduced the overnight policy rate ("OPR") by a cumulative 125bps to settle at 1.75% from a total of three rate cuts over six Monetary Policy Committee ("MPC") meetings held in 2020. The Statutory Reserve Requirement ("SRR") was reduced by 100bps to 2.00% while extending the SRR flexibility until end-December 2022 (from 31 May 2021 initially).

BNM is likely to maintain the current 1.75% OPR despite having introduced the lockdown since June. Our base case suggests OPR will stay at current levels throughout 2021. However, with the downside risk on the economic growth remaining high due to the pandemic and domestic political challenges, the possibilities for a rate cut by 25-50bps cannot be ruled out. Much will depend on the potential incoming data.

Ever since the resolution of legacy matters in relation to 1MDB and its related entities with the Ministry of Finance with a RM2.83 billion settlement, we have shifted the focus of our efforts to prioritise the restoration of our capital position to pre-settlement levels. Our aim is to strengthen capital buffer and improve financial flexibility so that we are able to ultimately return value to shareholders through fair valuation of share price and stable dividend payments. To accelerate the capital build process, the AMMB Group had successfully raised RM825.0 million (which contributed directly to increasing CET1) via a private placement exercise in April 2021. Further to this, the AMMB Group is also contemplating the divestiture of non-core assets and planning the implementation of foundation internal ratings-based ("FIRB") in April 2022 as strategies to further restore capital. Announcements on these matters will be made in due course to keep shareholders and the general public informed.

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

Amid the prolonged and stricter nationwide movement control order, the AMMB Group continues to place great emphasis on risk management, stress testing, capital planning and liquidity management in order to safeguard the AMMB Group's financial resilience against heightened market volatility.

Operationally, we remain steadfast in the execution of our financial year ("FY") 2021 - FY 2024 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 AMMB 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. In addition, the AMMB Group intends to continue investing in digitalisation initiatives, data analytics and automation. At the same time, the AMMB Group understands the importance of striking a good balance between healthy 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 SUBSEQUENT TO 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.

Other than as disclosed above, there were no significant events subsequent to the reporting date that require disclosure or adjustment in the condensed interim financial statements.

**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 been advised by solicitors that the allegations are not sustainable and the Bank and AMMB 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 Record of Appeal has been filed. The Court of Appeal has fixed 5 October 2021 as the new hearing date for the former PM's appeal against the dismissal of his lawsuit against the Bank and AMMB.

- (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>30 June 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	6,242,492	5,952,699
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	657,326	595,233
Unutilised credit card lines	1,405,997	1,389,410
Forward asset purchase	-	237,329
	<u>8,305,815</u>	<u>8,174,671</u>
<b>Contingencies</b>		
Direct credit substitutes	569,787	573,954
Transaction related contingent items	936,295	862,352
Short-term self liquidating trade-related contingencies	47,341	43,131
	<u>1,553,423</u>	<u>1,479,437</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts		
- One year or less	3,321,445	3,165,280
- Over one year to five years	1,469,481	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	70,464	70,332
	<u>5,211,390</u>	<u>5,087,993</u>
<b>Total</b>	<u>15,070,628</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>30 June 2021</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	56,403	-	56,403
Financial assets at fair value through profit or loss				
- Money market securities	-	3,657,601	-	3,657,601
- Unquoted sukuk	-	327,857	-	327,857
Financial investments at fair value through other comprehensive income				
- Money market securities	-	2,315,683	-	2,315,683
- Unquoted sukuk	-	2,639,135	-	2,639,135
	-	8,996,679	-	8,996,679
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	74,172	-	74,172
	-	74,172	-	74,172
<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>30 June 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	12.286%	12.146%
Tier 1 Capital ratio	12.286%	12.146%
Total Capital ratio	16.748%	16.661%
<b>After deducting proposed dividends</b>		
CET 1 Capital Ratio	12.286%	12.038%
Tier 1 Capital ratio	12.286%	12.038%
Total Capital ratio	16.748%	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 June 2021 and 31 March 2021 are as follow:

	<b>30 June 2021</b>	<b>31 March 2021</b>
<b>Before deducting proposed dividends:</b>		
Common Equity Tier 1 Capital Ratio	10.652%	10.687%
Tier 1 Capital Ratio	10.652%	10.687%
Total Capital Ratio	15.546%	15.631%
<b>After deducting proposed dividends:</b>		
Common Equity Tier 1 Capital Ratio	10.652%	10.580%
Tier 1 Capital Ratio	10.652%	10.580%
Total Capital Ratio	15.546%	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:

	<b>30 June 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	2,375,291	2,341,323
Fair value reserve	55,291	43,972
Less : Regulatory adjustments applied on CET 1 Capital		
- Intangible assets	(668)	(718)
- Deferred tax assets	(70,185)	(62,877)
- 55% of cumulative gain of FVOCI financial instruments	(30,410)	(24,185)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(90)	(183)
- Other CET 1 regulatory adjustment specified by BNM	570,185	502,728
<b>CET 1 Capital/ Tier 1 Capital</b>	<u>4,286,521</u>	<u>4,187,167</u>
<b>Tier 2 Capital</b>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,300,000	1,300,000
General provisions*	256,523	256,523
<b>Tier 2 Capital</b>	<u>1,556,523</u>	<u>1,556,523</u>
<b>Total Capital</b>	<u>5,843,044</u>	<u>5,743,690</u>

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

	<b>30 June 2021 RM'000</b>	<b>31 March 2021 RM'000</b>
Credit RWA	34,350,687	33,139,511
Less : Credit RWA absorbed by Investment Account	(1,751,048)	(796,005)
Total Credit RWA	<u>32,599,639</u>	<u>32,343,506</u>
Market RWA	632,177	508,561
Operational RWA	1,656,635	1,622,712
<b>Total Risk Weighted Assets</b>	<u>34,888,451</u>	<u>34,474,779</u>

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