

Registration No. 199401009897 (295576-U)

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

**Condensed Interim Financial Statements**  
**For the Financial Period**  
**1 April 2020 to**  
**31 December 2020**  
(In Ringgit Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

		<b>31 December 2020</b>	<b>31 March 2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	A8	8,909,951	5,923,761
Derivative financial assets		97,869	59,653
Financial assets at fair value through profit or loss	A9	657,952	1,750,250
Financial investments at fair value through other comprehensive income	A10	5,471,632	4,896,694
Financial investments at amortised cost	A11	1,640,929	1,689,082
Financing and advances	A12	34,041,465	31,906,797
Statutory deposit with Bank Negara Malaysia		140,000	147,000
Deferred tax asset		21,431	-
Other assets	A13	271,064	255,124
Property and equipment		415	481
Right-of-use assets		2,529	2,759
Intangible assets		756	1,034
<b>TOTAL ASSETS</b>		<b>51,255,993</b>	<b>46,632,635</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A14	38,192,152	34,672,130
Investment accounts of customers	A15	192,711	208,726
Deposits and placements of banks and other financial institutions	A16	4,219,852	3,541,575
Investment account due to a licensed bank	A17	718,227	718,005
Securities sold under repurchase agreements		499,061	-
Recourse obligation on financing sold to Cagamas Berhad		800,000	1,000,000
Derivative financial liabilities		122,192	83,865
Term funding		1,034,749	1,034,697
Subordinated Sukuk		1,300,000	1,150,000
Deferred tax liability		-	7,884
Other liabilities	A18	296,790	549,734
Provision for zakat		3,931	2,641
<b>TOTAL LIABILITIES</b>		<b>47,379,665</b>	<b>42,969,257</b>
Share capital		1,387,107	1,387,107
Reserves		2,489,221	2,276,271
<b>Equity attributable to equity holder of the Bank</b>		<b>3,876,328</b>	<b>3,663,378</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>51,255,993</b>	<b>46,632,635</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35(b)	<b>13,705,378</b>	<b>13,487,792</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>7.84</b>	<b>7.41</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 2020.

**UNAUDITED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Income derived from investment of depositors' funds	A19	409,239	444,867	1,215,315	1,335,586
Income derived from investment of investment account funds	A20	8,550	18,591	25,158	58,353
Income derived from investment of shareholder's funds	A21	43,672	48,542	127,328	143,493
Allowance for impairment on financing and advances - net	A22	(117,343)	(20,249)	(286,049)	(77,218)
Writeback of allowance/(Allowance) for impairment on financial investments	A23	(1,405)	(237)	4,536	2,446
Writeback of allowance/(Allowance) for impairment on other financial assets	A24	(9)	3	3	6
Writeback of provision for commitments and contingencies	A25	1,058	1,855	3,399	3,686
Total distributable income		343,762	493,372	1,089,690	1,466,352
Income attributable to the depositors and others	A26	(180,204)	(252,538)	(604,402)	(759,110)
Income attributable to the investment account holders	A27	(6,685)	(16,873)	(20,862)	(52,614)
Total net income		156,873	223,961	464,426	654,628
Other operating expenses	A28	(74,044)	(76,628)	(221,039)	(226,408)
Finance cost		(25,142)	(25,291)	(74,621)	(76,981)
<b>Profit before zakat and taxation</b>		<b>57,687</b>	<b>122,042</b>	<b>168,766</b>	<b>351,239</b>
Zakat		(192)	(794)	(1,290)	(2,218)
Taxation		(11,134)	(26,285)	(9,896)	(75,055)
<b>Profit for the financial period</b>		<b>46,361</b>	<b>94,963</b>	<b>157,580</b>	<b>273,966</b>
<b>Basic/Diluted earnings per share (sen)</b>	A29	<b>9.38</b>	<b>19.21</b>	<b>31.87</b>	<b>55.42</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 2020.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit for the financial period	46,361	94,963	157,580	273,966
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	(13,026)	876	80,585	51,102
Expected credit loss	1,422	229	(4,433)	(2,377)
Net gain reclassified to statement of profit or loss	(664)	(1,868)	(1,897)	(9,533)
Income tax effect	3,286	238	(18,885)	(9,977)
Other comprehensive (loss)/income for the period, net of tax	(8,982)	(525)	55,370	29,215
Total comprehensive income for the financial period	37,379	94,438	212,950	303,181

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 2020.

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

	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 2019</b>	1,387,107	164,928	39,151	1,933,885	3,525,071
Profit for the financial period	-	-	-	273,966	273,966
Other comprehensive income, net of tax	-	-	29,215	-	29,215
Total comprehensive income for the financial period	-	-	29,215	273,966	303,181
Transfer to regulatory reserve	-	114,299	-	(114,299)	-
Dividend on ordinary shares:					
- final, financial year ended 31 March 2019	-	-	-	(163,141)	(163,141)
- interim, financial year ended 31 March 2020	-	-	-	(49,437)	(49,437)
Transactions with owner and other equity movements	-	114,299	-	(326,877)	(212,578)
<b>At 31 December 2019</b>	<b>1,387,107</b>	<b>279,227</b>	<b>68,366</b>	<b>1,880,974</b>	<b>3,615,674</b>
<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 from 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>

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 2020.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020**

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Profit before zakat and taxation	168,766	351,239
Adjustments for non-operating and non-cash items	545,101	82,097
Operating profit before working capital changes	<u>713,867</u>	<u>433,336</u>
Changes in working capital:		
Net change in operating assets	(1,507,228)	2,984,138
Net change in operating liabilities	4,240,543	1,002,723
Taxation paid	(35,142)	(44,412)
Net cash generated from operating activities	<u>3,412,040</u>	<u>4,375,785</u>
Net cash used in investing activities	(425,601)	(659,585)
Net cash used in financing activities	(253)	(212,640)
Net increase in cash and cash equivalents	<u>2,986,186</u>	<u>3,503,560</u>
Cash and cash equivalents at beginning of the financial year	<u>5,923,787</u>	<u>1,568,649</u>
Cash and cash equivalents at end of the financial period	<u><u>8,909,973</u></u>	<u><u>5,072,209</u></u>
Cash and cash equivalents comprise:		
Cash and short-term funds	8,909,951	5,072,209
Add :		
Allowances for expected credit loss for cash and cash equivalents at end of the financial period	22	-
	<u><u>8,909,973</u></u>	<u><u>5,072,209</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 2020.

## **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 2020.

#### **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:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4)
- Early adoption of Covid-19-Related Rent Concessions (Amendment of MFRS 16)

The adoption of these amendments to published standards did not have any material impact on the financial statements of the 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) Amendments to References to the Conceptual Framework in MFRS Standards**

The amendments, affecting nine published standards and five published interpretations, were issued as a consequence to the issuance of the revised *Conceptual Framework for Financial Reporting* ("Conceptual Framework"). The references and quotations in these published standards and interpretations to the Conceptual Framework have been updated so as to clarify the version of the Conceptual Framework these published standards and interpretations refer to. The adoption of these amendments did not result in any impact to the financial statements of the Bank.

## **A1. BASIS OF PREPARATION (CONT'D.)**

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

#### **(b) Definition of a Business (Amendments to MFRS 3)**

The amendments revised the definition of a business, whereby the term "outputs" is narrowed to focus on goods and services provided to customers, as well as generation of investment income and other income from ordinary activities; returns in the form of lower costs and other economic benefits are no longer considered. In addition, a new framework is added to help evaluate when an input and a substantive process are present. The adoption of these amendments did not result in any impact as there was no business combination or asset acquisition that occurred during the financial quarter ended 31 December 2020.

#### **(c) Definition of Material (Amendments to MFRS 101 and MFRS 108)**

The amendments clarified the definition of material and how it should be applied through the addition of definition guidance. In addition, the explanations accompanying the definition have been improved and aligned across all MFRS standards to make it easier for entities to make materiality judgments. The adoption of these amendments did not result in any impact to the financial statements of the Bank.

#### **(d) Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)**

The amendments, issued to address the pre-replacement issues arising from the interest rate benchmark reform recommendations by Financial Stability Board, provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform until the uncertainty arising from this reform is longer present.

The relief provided by the amendments requires the Bank to assume that the profit rate on which the hedged cash flows are based does not change as a result of the reform. Accordingly, the Bank now assumes that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform in its hedge effectiveness assessments.

#### **(e) Early adoption of Covid-19-Related Rent Concessions (Amendment of MFRS 16)**

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is effective 1 June 2020 but early application is permitted in financial statements not yet authorised for issue as at 28 May 2020.

While the amendment does not have to be applied until the financial year ending 31 March 2022, the Bank adopted the amendment early as the Bank had received rent concessions from the lessors of certain premises as a direct consequence of the Covid-19 pandemic and the ensuing Movement Control Order that was imposed by the Government of Malaysia.

The Bank has applied the practical expedient to all of the rent concessions received. Accordingly, the rent concessions were not accounted for as lease modifications. The benefit from the rent concessions received, which amounted to RM30,000 had been credited to statement of profit or loss during the financial period ended 31 December 2020.



**A1. BASIS OF PREPARATION (CONT'D.)**

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

**Standards issued but not yet effective**

Description	Effective for annual periods beginning on or after
- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
- Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
- Annual Improvements to MFRS Standards 2018-2020	1 January 2022
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Amendments to MFRS 17	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

The nature of the amendments to published standards that are issued and relevant to the Bank but not yet effective are described below. The Bank is assessing the financial effects of their adoption except for MFRS 17 which is not relevant to the Bank as the Bank does not issue any insurance contract or investment contract with discretionary participation features. The Bank also does not have any association or joint venture as at reporting date.

**(a) Amendments to published standards effective for financial year ending 31 March 2022**

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

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

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

The amendments are mandatory and effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

**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 2023**

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

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

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

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

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

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

**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 2023 (Cont'd.)**

**Reference to the Conceptual Framework (Amendments to MFRS 3)**

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

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

**Annual Improvements to MFRS Standards 2018-2020**

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments affecting 4 MFRSs, as summarised below:

**(i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards***

When a subsidiary adopts MFRS at a later date than its parent, MFRS 1 permits the subsidiary to measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to MFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The amendment expanded the above by allowing the subsidiary to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS.

**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 2023 (Cont'd.)**

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

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments affecting 4 MFRSs, as summarised below: (Cont'd.)

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

The MASB has amended MFRS 1 to allow entities that have taken this MFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS. The amendment to MFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same MFRS 1 exemption.

**(ii) MFRS 9 *Financial Instruments***

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

**(iii) MFRS 16 *Leases***

An illustrative example that accompanies MFRS 16 has been amended to remove the illustration of payments from the lessor relating to leasehold improvements to overcome any potential confusion about the treatment of lease incentives.

**(iv) MFRS 141 *Agriculture***

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

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

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

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

**A1. BASIS OF PREPARATION (CONT'D.)**

**A1.2 Significant changes in regulatory requirement**

**BNM policy documents on Capital Adequacy Framework for Islamic Banks (Capital Components)**

On 9 December 2020, BNM issued revised policy documents, Capital Adequacy Framework for Islamic Banks (Capital Components). The key addition to the revised policy documents is the transitional arrangements for financial institutions on provisions for expected credit loss ("ECL"). Under this revised policy document, a financial institution is allowed to add back the loss allowance for non-credit-impaired exposures (ie Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital.

The Bank had elected to apply the transitional arrangements on provision for ECL for four financial years beginning on 1 January 2020; starting from the reporting period as at 31 December 2020.

**A1.3 Significant Accounting judgements, Estimates and Assumptions**

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on 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 2020 except for the measurement of expected credit losses ("ECL") for financing and advances under MFRS 9 Financial Instruments ("MFRS 9").

Under the government support measures to assist borrowers and customers adversely impacted by the COVID-19 pandemic, the moratorium on repayment/payment of loans/financing does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. Effective 1 October 2020, with the extension of repayment assistance, this should not automatically result in a stage transfer under MFRS 9 in the absence of other factors indicating evidence of significant increase in credit risk ("SICR"). The Bank is applying experienced credit judgement to assess SICR and is applying forward-looking overlay adjustments on ECL estimates to account for heightened uncertainty for those customers under extended repayment assistance.

**A2. AUDIT QUALIFICATION**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2020 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**

On 25 March 2020, Bank Negara Malaysia ("BNM") announced that with effect from 1 April 2020, banking institutions are required to provide an automatic deferment of all financing repayments (except for credit card balances) for a period of 6 months. This is one of the measures implemented by BNM to assist individuals, small and medium enterprises ("SMEs") and corporations to manage the impact of the COVID-19 pandemic. The 6 months moratorium granted to eligible customers is applicable to performing financing, denominated in Ringgit Malaysia, that have not been in arrears for more than 90 days as at 1 April 2020. Upon expiry of the automatic loan moratorium on 30 September 2020, the Bank had continued to support SMEs and Malaysian impacted by COVID-19 by extending the Targeted Repayment Assistance Programme until 30 June 2021.

The Bank's participation in government support measures in response to COVID-19 pandemic includes providing financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic. The financial impact arising from the measures implemented in response to COVID-19 is included in finance income and hibah in Note A19 and A21.

Other than the impact of COVID-19 pandemic to business and moratorium and targeted repayment assistance granted to customers, there were no unusual items during the current financial quarter and period.

**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 period ended 31 December 2020.

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

Issuance of sukuk

On 8 December 2020, the Bank issued Tranche 8 with nominal value of RM400.0 million under its RM3.0 billion Subordinated Sukuk Murabahah ("Sukuk Murabahah") programme. The profit rate of this tranche is at 3.13% per annum and have a tenure of 10 years (callable 5 years).

Repayment of sukuk

On 21 December 2020, the Bank redeemed Tranche 3 of its Sukuk Murabahah on its first call date with nominal value amounting to RM250.0 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**

The Directors did not declare any interim dividend during the financial quarter and period for the current financial year ending 31 March 2021.

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

	Note	31 December 2020 RM'000	31 March 2020 RM'000
Cash and bank balances		234,163	457,567
Less: Allowances for Expected Credit Loss ("ECL")	(a)	(22)	(26)
		<u>234,141</u>	<u>457,541</u>
Deposits and placements maturing within one month:			
Other financial institutions		-	350,000
Bank Negara Malaysia		8,675,810	5,116,220
		<u>8,675,810</u>	<u>5,466,220</u>
		<u>8,909,951</u>	<u>5,923,761</u>

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

	Stage 1 12-Month ECL RM'000
<b>31 December 2020</b>	
Balance at beginning of the financial period	26
Writeback of allowances for ECL:	(3)
Changes in model assumptions and methodologies	(8)
Net remeasurement of allowances	5
Foreign exchange differences	(1)
Balance at end of the financial period	<u>22</u>
<b>31 March 2020</b>	
Balance at beginning of the financial year	6
Allowances for ECL:	19
Changes in model assumptions and methodologies	8
Net remeasurement of allowances	11
Foreign exchange differences	1
Balance at end of the financial year	<u>26</u>



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

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Islamic Treasury bills	70,244	468,011
Malaysian Government Investment Issues	464,791	870,243
Bank Negara Monetary Notes	-	299,187
	<u>535,035</u>	<u>1,637,441</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	122,917	112,809
	<u>657,952</u>	<u>1,750,250</u>

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

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Government Investment Issues	1,235,611	1,301,151
Islamic Negotiable Instruments of Deposit	1,429,116	299,544
	<u>2,664,727</u>	<u>1,600,695</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	2,806,905	3,295,999
	<u>5,471,632</u>	<u>4,896,694</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 gain/(loss) arising from the fair value hedge during the current financial period/year is as follows:

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Relating to hedged item	(33)	14,479
Relating to hedging instrument	70	(15,347)
	<u>37</u>	<u>(868)</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 2020</b>			
Balance at beginning of the financial period	3,958	15,675	19,633
(Writeback of allowances)/allowances for ECL:	(1,024)	(3,409)	(4,433)
- Transfer to Stage 2	(72)	256	184
New financial assets originated	1,239	-	1,239
Financial assets derecognised	(1,176)	(4,049)	(5,225)
Changes in model assumptions and methodologies	(1,149)	(2,199)	(3,348)
Net remeasurement of allowances	134	2,583	2,717
Balance at end of the financial period	<u>2,934</u>	<u>12,266</u>	<u>15,200</u>

**31 March 2020**

Balance at beginning of the financial year	2,383	18,636	21,019
Allowances/(writeback of allowances) for ECL:	1,575	(2,961)	(1,386)
- Transfer to Stage 1	561	(689)	(128)
- Transfer to Stage 2	(260)	334	74
New financial assets originated	4,546	2,759	7,305
Financial assets derecognised	(4,100)	(2,722)	(6,822)
Changes in model assumptions and methodologies	1,149	2,199	3,348
Net remeasurement of allowances	(321)	(4,842)	(5,163)
Balance at end of the financial year	<u>3,958</u>	<u>15,675</u>	<u>19,633</u>

**A11. FINANCIAL INVESTMENTS AT AMORTISED COST**

	Note	31 December 2020 RM'000	31 March 2020 RM'000
<b>At amortised cost:</b>			
Money Market Instruments:			
Malaysian Government Investment Issues		260,822	260,733
Unquoted Securities:			
In Malaysia:			
Sukuk		1,380,287	1,428,632
Less: Allowances for ECL	(a)	<u>(180)</u>	<u>(283)</u>
		<u>1,640,929</u>	<u>1,689,082</u>

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

	<b>Stage 1 12-Month ECL RM'000</b>
<b>31 December 2020</b>	
Balance at beginning of the financial period	283
Writeback of allowances for ECL:	(103)
Changes in model assumptions and methodologies	(71)
Net remeasurement of allowances	(32)
Balance at end of the financial period	<u>180</u>
<b>31 March 2020</b>	
Balance at beginning of the financial year	307
Writeback of allowances for ECL:	(24)
Financial asset derecognised	(32)
Changes in model assumptions and methodologies	71
Net remeasurement of allowances	(63)
Balance at end of the financial year	<u>283</u>

**A12. FINANCING AND ADVANCES**

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

**31 December 2020**

	Bai' Bithaman Ajil 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	-	538,550	-	-	695,555	-	1,234,105
Term financing	529,794	10,872,606	9,024	-	1,571,917	40,324	13,023,665
Revolving credit	42,065	3,369,648	-	-	1,043,539	-	4,455,252
Housing financing	2,779,096	5,920,166	45,603	-	-	-	8,744,865
Hire purchase receivables	4	-	-	3,916,153	-	-	3,916,157
Bills receivables	-	239,602	-	-	-	24,612	264,214
Credit card receivables	-	-	-	-	-	464,639	464,639
Trust receipts	-	296,507	-	-	-	-	296,507
Staff financing	-	9,016	-	-	-	-	9,016
Claims on customers under acceptance credits	-	1,522,335	-	-	-	235,209	1,757,544
Others	-	445,261	-	-	-	52,747	498,008
Gross financing and advances*	<u>3,350,959</u>	<u>23,213,691</u>	<u>54,627</u>	<u>3,916,153</u>	<u>3,311,011</u>	<u>817,531</u>	<u>34,663,972</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(127,425)
- Stage 2 - Lifetime ECL not credit impaired							(420,484)
- Stage 3 - Lifetime ECL credit impaired							(74,598)
Net financing and advances							<u>34,041,465</u>

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

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

**31 March 2020**

	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	-	590,232	-	-	852,540	-	1,442,772
Term financing	592,256	8,977,666	9,683	-	1,768,433	46,485	11,394,523
Revolving credit	42,097	3,611,362	-	-	1,438,189	-	5,091,648
Housing financing	2,818,376	4,608,763	46,279	-	-	-	7,473,418
Hire purchase receivables	4	-	-	3,769,943	-	-	3,769,947
Bills receivables	-	188,629	-	-	-	19,886	208,515
Credit card receivables	-	-	-	-	-	504,532	504,532
Trust receipts	-	231,520	-	-	-	-	231,520
Staff financing	-	2,443	-	-	-	-	2,443
Claims on customers under acceptance credits	-	1,638,191	-	-	-	295,391	1,933,582
Others	-	220,375	-	-	-	-	220,375
Gross financing and advances*	<u>3,452,733</u>	<u>20,069,181</u>	<u>55,962</u>	<u>3,769,943</u>	<u>4,059,162</u>	<u>866,294</u>	<u>32,273,275</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(101,638)
- Stage 2 - Lifetime ECL not credit impaired							(167,791)
- Stage 3 - Lifetime ECL credit impaired							(97,049)
Net financing and advances							<u>31,906,797</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 RM719.7 million (31 March 2020: RM719.9 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 2020</b>	<b>31 March 2020 (Restated) (Note A38)</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	1,171,744	1,352,561
Domestic business enterprises		
- Small medium enterprises ("SME")	6,427,373	6,620,988
- Others	8,762,924	8,459,134
Government and statutory bodies	304,383	506,602
Individuals	17,947,245	15,284,425
Other domestic entities	709	665
Foreign individuals and entities	49,594	48,900
	<u>34,663,972</u>	<u>32,273,275</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 2020</b>	<b>31 March 2020 (Restated) (Note A38)</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing financing	145,672	130,452
- Hire purchase receivables	3,845,819	3,677,033
- Other financing	3,120,973	3,189,147
Variable rate		
- Base rate and base financing rate plus	17,584,374	15,143,124
- Cost plus	9,652,304	9,786,808
- Other variable rates	314,830	346,711
	<u>34,663,972</u>	<u>32,273,275</u>

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

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

	<b>31 December 2020</b>	<b>31 March 2020 (Restated) (Note A38)</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	1,221,538	1,383,594
Mining and quarrying	941,958	1,097,635
Manufacturing	4,110,148	3,885,960
Electricity, gas and water	248,927	222,289
Construction	1,289,888	1,296,182
Wholesale and retail trade and hotel and restaurants	1,866,215	1,823,695
Transport, storage and communication	1,885,992	1,713,395
Finance and insurance	1,198,343	1,511,840
Real estate	2,477,669	2,489,982
Business activities	1,180,167	1,217,301
Education and health	246,289	298,077
Household of which:	17,996,838	15,333,325
- Purchase of residential properties	8,795,914	7,518,591
- Purchase of transport vehicles	3,552,592	3,419,349
- Others	5,648,332	4,395,385
	<b>34,663,972</b>	<b>32,273,275</b>

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

	<b>31 December 2020</b>	<b>31 March 2020 (Restated) (Note A38)</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	9,430,725	10,176,391
Over one year to three years	2,239,974	2,215,750
Over three years to five years	2,989,813	3,566,338
Over five years	20,003,460	16,314,796
	<b>34,663,972</b>	<b>32,273,275</b>

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

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

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Balance at beginning of the financial period/year	615,350	572,549
Additions during the period/year	334,267	455,618
Reclassified as non-impaired	(18,655)	(46,370)
Recoveries	(200,474)	(88,965)
Amount written off	(111,894)	(277,482)
Balance at end of the financial period/year	<u>618,594</u>	<u>615,350</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.78%</u>	<u>1.91%</u>
Financing loss coverage (including regulatory reserve)	<u>103.0%</u>	<u>74.2%</u>

A12h. All impaired financing and advances reside in Malaysia.

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

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 (Restated) (Note A38) RM'000</b>
Agriculture	45,908	47,758
Mining and quarrying	2,395	2,371
Manufacturing	32,059	29,403
Electricity, gas and water	99	-
Construction	3,825	3,259
Wholesale and retail trade and hotel and restaurants	34,986	55,245
Transport, storage and communication	41,879	49,179
Real estate	243,187	243,083
Business activities	5,188	11,198
Education and health	1,442	1,453
Household of which:	207,626	172,401
- Purchase of residential properties	139,880	89,370
- Purchase of transport vehicles	33,681	43,072
- Others	34,065	39,959
	<u>618,594</u>	<u>615,350</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 2020</b>				
Balance at beginning of the financial period	101,638	167,791	97,049	366,478
(Writeback) of/allowances for ECL:	25,780	252,693	89,443	367,916
- Transfer to Stage 1	517	(4,702)	(180)	(4,365)
- Transfer to Stage 2	(5,109)	41,817	(4,072)	32,636
- Transfer to Stage 3	(132)	(839)	10,636	9,665
New financial assets originated	19,726	62,219	908	82,853
Net remeasurement of allowances	(313)	85,287	78,020	162,994
Changes to model assumptions and methodologies	17,064	58,666	-	75,730
Modification of contractual cash flows of financial assets	3,090	22,468	26,332	51,890
Financial assets derecognised	(9,063)	(12,223)	(22,201)	(43,487)
Foreign exchange differences	7	-	-	7
Amount written-off	-	-	(111,894)	(111,894)
Balance at end of the financial period	<u>127,425</u>	<u>420,484</u>	<u>74,598</u>	<u>622,507</u>
<b>31 March 2020</b>				
Balance at beginning of the financial year	80,362	204,632	122,627	407,621
Allowances for/(writeback of) ECL:	21,299	(36,841)	251,904	236,362
- Transfer to Stage 1	3,659	(35,197)	(1,531)	(33,069)
- Transfer to Stage 2	(7,841)	60,718	(9,447)	43,430
- Transfer to Stage 3	(883)	(6,440)	34,238	26,915
New financial assets originated	27,824	18,218	2,134	48,176
Net remeasurement of allowances*	(8,935)	(66,765)	260,423	184,723
Changes to model assumptions and methodologies	22,825	20,731	(312)	43,244
Modification of contractual cash flows of financial assets	410	(179)	-	231
Financial assets derecognised	(15,760)	(27,927)	(33,601)	(77,288)
Foreign exchange differences	(23)	-	-	(23)
Amount written-off	-	-	(277,482)	(277,482)
Balance at end of the financial year	<u>101,638</u>	<u>167,791</u>	<u>97,049</u>	<u>366,478</u>

\* Included an ECL amount transferred from AmBank of RM3.3 million due to early redemption of RA.

**A13. OTHER ASSETS**

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Other receivables, deposits and prepayments	120,679	29,322
Amount due from related companies	-	77,114
Profit receivable	75,875	62,910
Tax recoverable	1,894	24,848
Deferred charges	72,616	60,930
	<u>271,064</u>	<u>255,124</u>

**A14. DEPOSITS FROM CUSTOMERS**

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
(i) By type of deposit:		
Savings deposit:		
Commodity Murabahah	2,868,000	2,365,009
Qard	74,226	61,836
Demand deposit:		
Commodity Murabahah	8,552,142	7,812,982
Qard	516,587	337,707
Term deposits:		
Commodity Murabahah	26,039,377	23,517,738
Qard	141,820	278,734
Negotiable instruments of deposits:		
Bai' Bithaman Ajil	-	298,124
Total	<u>38,192,152</u>	<u>34,672,130</u>

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

Government and statutory bodies	3,675,936	3,024,183
Business enterprises	23,948,410	21,496,027
Individuals	9,176,401	9,110,214
Others	1,391,405	1,041,706
	<u>38,192,152</u>	<u>34,672,130</u>

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

Due within six months	22,852,497	19,728,247
Over six months to one year	2,332,560	3,207,927
Over one year to three years	980,632	1,141,416
Over three years to five years	15,508	17,006
	<u>26,181,197</u>	<u>24,094,596</u>

**A15. INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Unrestricted investment account:		
Without maturity		
- Wakalah	17,363	16,087
With maturity		
- Mudarabah	175,348	192,639
	<u>192,711</u>	<u>208,726</u>

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

Business enterprises	166,320	170,926
Individuals	26,391	37,800
	<u>192,711</u>	<u>208,726</u>

	<b>Wakalah RM'000</b>	<b>Mudarabah RM'000</b>
Investment assets:		
<b>31 December 2020</b>		
Interbank placement	17,363	-
House financing	-	175,348
Total investment	<u>17,363</u>	<u>175,348</u>
<b>31 March 2020</b>		
Interbank placement	16,087	-
House financing	-	192,639
Total investment	<u>16,087</u>	<u>192,639</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 2020</b>			
Maturity :			
- less than 3 months	52.45	1.76	1.94
- between 3 months to 12 months	65.86	2.64	-
<b>31 March 2020</b>			
Maturity :			
- less than 3 months	75.03	3.12	2.99
- between 3 months to 12 months	82.09	3.77	-

**A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	31 December 2020 RM'000	31 March 2020 RM'000
<u>Non-Mudarabah</u>		
Licensed Islamic banks	348,420	399,390
Licensed banks	2,054,456	921,876
Licensed investment banks	527,362	480,845
Other financial institutions	1,272,831	1,729,954
Bank Negara Malaysia	16,783	9,510
Total	4,219,852	3,541,575

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

	31 December 2020 RM'000	31 March 2020 RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	718,227	718,005
Investment asset:		
Financing	718,227	718,005
Total investment	718,227	718,005

**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 2020	31 March 2020	31 December 2020	31 March 2020
	Average profit sharing ratio (%)	Average profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:				
- over 2 years to 5 years	90	89	3.01	4.04
- more than 5 years	90	90	3.96	3.76

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.

As at 31 December 2020, ECL allowance for the investment asset borne by AmBank amounted to RM1.7 million (31 March 2020: RM2.3 million).

As at 31 December 2020, the tenure of the RA contracts is for a period of 1 year to 9 years (31 March 2020: 2 years to 10 years).

**A18. OTHER LIABILITIES**

	Note	31 December 2020 RM'000	31 March 2020 RM'000
Profit payable		140,990	153,819
Other creditors and accruals		73,497	346,511
Lease liabilities		2,508	2,704
Provision for reinstatement for leased properties		80	79
Deferred income		18,526	13,344
Advance rental		10,470	9,508
Amount due to related companies		35,559	-
Provision for commitments and contingencies		300	5,500
Allowances for ECL on financing commitments and financial guarantees	(a)	14,860	18,269
		<u>296,790</u>	<u>549,734</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>RM'000</b>
<b>31 December 2020</b>				
Balance at beginning of the financial period	11,681	6,581	7	18,269
Allowances for/(writeback of allowances for) ECL:	(2,684)	(715)	-	(3,399)
- Transfer to Stage 1	285	(2,271)	-	(1,986)
- Transfer to Stage 2	(478)	2,100	-	1,622
- Transfer to Stage 3	(28)	(67)	95	-
New exposures originated	3,579	1,917	-	5,496
Net remeasurement of allowances	615	(410)	-	205
Changes to model assumptions and methodologies	(2,969)	(858)	-	(3,827)
Exposures derecognised/withdrawn	(3,688)	(1,126)	(95)	(4,909)
Foreign exchange differences	(5)	(5)	-	(10)
Balance at end of the financial period	<u>8,992</u>	<u>5,861</u>	<u>7</u>	<u>14,860</u>
<b>31 March 2020</b>				
Balance at beginning of the financial year	10,135	8,083	12	18,230
Allowances for/(writeback of) ECL:	1,539	(1,502)	(5)	32
- Transfer to Stage 1	234	(2,022)	-	(1,788)
- Transfer to Stage 2	(396)	2,384	-	1,988
- Transfer to Stage 3	(43)	(90)	-	(133)
New exposures originated	3,015	1,843	-	4,858
Net remeasurement of allowances	(1,065)	(3,167)	15	(4,217)
Changes in model assumptions and methodologies	3,160	714	(20)	3,854
Exposures derecognised	(3,366)	(1,164)	-	(4,530)
Foreign exchange differences	7	-	-	7
Balance at end of the financial year	<u>11,681</u>	<u>6,581</u>	<u>7</u>	<u>18,269</u>

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

	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	307,892	340,383	894,121	993,703
- Financing income on impaired financing	1,437	277	3,314	1,188
Financial assets at fair value through profit or loss	6,446	13,859	37,470	62,285
Financial investments at fair value through other comprehensive income	46,828	41,957	137,474	126,196
Financial investments at amortised cost	17,420	17,454	52,372	52,137
Deposits and placements with banks and other financial institutions	15,331	16,394	42,004	33,420
Others	-	-	7	-
Total finance income and hibah	<u>395,354</u>	<u>430,324</u>	<u>1,166,762</u>	<u>1,268,929</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Fees on financing, advances and securities	10,338	9,877	23,354	34,111
- Guarantee fees	3,324	2,847	9,964	9,962
- Remittances	28	39	75	115
- Service charges and fees	775	574	1,956	1,658
- Others	909	2,630	2,504	4,798
Foreign exchange	(2,515)	(1,535)	(4,557)	2,809
Gain from disposal of financial assets at fair value through profit or loss	837	655	17,573	7,915
(Loss)/Gain on revaluation of financial assets at fair value through profit or loss	1,564	(320)	894	11
Gain from disposal of financial investments at fair value through other comprehensive income	607	1,693	1,734	8,664
Net loss on derivatives	(1,982)	(1,874)	(4,958)	(3,487)
Others	-	(43)	14	101
Total other operating income	<u>13,885</u>	<u>14,543</u>	<u>48,553</u>	<u>66,657</u>
Total	<u>409,239</u>	<u>444,867</u>	<u>1,215,315</u>	<u>1,335,586</u>

\* Included the net loss of 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	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- Restricted investment account	6,016	15,849	19,827	50,678
- Unrestricted investment accounts	2,534	2,742	5,331	7,675
	<u>8,550</u>	<u>18,591</u>	<u>25,158</u>	<u>58,353</u>

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

Finance income and hibah:

Financing and advances

- Financing income	6,016	15,849	19,827	50,678
Total finance income and hibah	<u>6,016</u>	<u>15,849</u>	<u>19,827</u>	<u>50,678</u>

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

Finance income and hibah:

Financing and advances

- Financing income	2,455	2,607	5,077	7,256
Deposits and placements with banks and other financial institutions	79	135	254	419
Total finance income and hibah	<u>2,534</u>	<u>2,742</u>	<u>5,331</u>	<u>7,675</u>



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

	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	28,497	34,564	83,912	99,554
- Financing income on impaired financing	134	28	311	119
Financial assets at fair value through profit or loss	583	1,423	3,516	6,240
Financial investments at fair value through other comprehensive income	4,333	4,263	12,902	12,643
Financial investments at amortised cost	1,611	1,774	4,915	5,224
Deposits and placements with banks and other financial institutions	1,421	1,654	3,942	3,348
Others	-	-	1	-
Total finance income and hibah	<u>36,579</u>	<u>43,706</u>	<u>109,499</u>	<u>127,128</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	3,209	2,201	7,335	5,633
- Fees on financing, advances and securities	975	1,036	2,206	3,484
- Guarantee fees	307	290	935	998
- Remittances	45	(93)	331	2
- Service charges and fees	828	871	2,263	2,355
- Others	1,877	663	3,755	2,289
Foreign exchange	(235)	(151)	(428)	281
Gain from disposal of financial assets at fair value through profit or loss	67	71	1,649	793
(Loss)/Gain on revaluation of financial assets at fair value through profit or loss	147	(32)	84	1
Gain from disposal of financial investments at fair value through other comprehensive income	57	174	163	868
Net loss on derivatives	(184)	(189)	(465)	(349)
Others	-	(5)	1	10
Total other operating income	<u>7,093</u>	<u>4,836</u>	<u>17,829</u>	<u>16,365</u>
Total	<u>43,672</u>	<u>48,542</u>	<u>127,328</u>	<u>143,493</u>

\* Included the net loss of 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 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Allowance for impairment on financing and advances	145,000	38,764	367,916	142,663
Impaired financing and advances recovered, net	(27,657)	(18,515)	(81,867)	(65,445)
<b>Total</b>	<b>117,343</b>	<b>20,249</b>	<b>286,049</b>	<b>77,218</b>

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

	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Financial investments at amortised cost - sukuk	(17)	8	(103)	(69)
Financial investments at fair value through other comprehensive income - sukuk	1,422	229	(4,433)	(2,377)
<b>Total</b>	<b>1,405</b>	<b>237</b>	<b>(4,536)</b>	<b>(2,446)</b>

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

	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Cash and short-term funds	9	(3)	(3)	(6)

**A25. WRITEBACK OF PROVISION FOR COMMITMENTS AND CONTINGENCIES**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for commitments and contingencies - financing commitments and financial guarantee contracts	(1,058)	(1,855)	(3,399)	(3,686)

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

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	161,011	230,111	551,728	684,413
Deposits and placements of banks and other financial institutions	14,452	17,864	36,351	58,832
	<u>175,463</u>	<u>247,975</u>	<u>588,079</u>	<u>743,245</u>
Others	4,741	4,563	16,323	15,865
Total	<u>180,204</u>	<u>252,538</u>	<u>604,402</u>	<u>759,110</u>

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

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Unrestricted investment accounts</u>				
Customers	1,271	2,610	3,018	7,263
<u>Restricted investment account</u>				
Licensed bank	5,414	14,263	17,844	45,351
	<u>6,685</u>	<u>16,873</u>	<u>20,862</u>	<u>52,614</u>

**A28. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel costs:				
Salaries, allowances, bonuses and incentives	4,525	4,701	12,559	13,477
Amortisation for share granted under AMMB ESS	321	279	1,405	426
Contributions to Employees' Provident Fund/Private Retirement Scheme	729	783	2,025	2,202
Social security cost	20	21	59	60
Others	351	219	836	1,091
	<u>5,946</u>	<u>6,003</u>	<u>16,884</u>	<u>17,256</u>
Establishment costs:				
Amortisation of intangible assets	95	92	284	275
Cleaning, maintenance and security	7	8	17	31
Computerisation costs	271	366	911	1,056
Depreciation of property and equipment	32	32	95	95
Depreciation of right-of-use assets	77	22	231	66
Rental of premises	190	201	616	602
Rental and maintenance of property and equipment	-	-	-	1
Finance cost:				
- Lease liabilities	19	2	58	6
- Provision for reinstatement for leased properties	-	-	1	-
Others	4	6	15	19
	<u>695</u>	<u>729</u>	<u>2,228</u>	<u>2,151</u>
Marketing and communication expenses:				
Advertising, marketing and communication	1,123	1,303	3,969	3,447
Others	22	33	63	90
	<u>1,145</u>	<u>1,336</u>	<u>4,032</u>	<u>3,537</u>
Administration and general expenses:				
Professional services	973	707	2,400	3,146
Others	1,517	2,405	3,366	4,632
	<u>2,490</u>	<u>3,112</u>	<u>5,766</u>	<u>7,778</u>
Service transfer pricing expense, net	63,768	65,448	192,129	195,686
	<u>74,044</u>	<u>76,628</u>	<u>221,039</u>	<u>226,408</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	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Net profit attributable to equity holder of the Bank (RM'000)	46,361	94,963	157,580	273,966
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>9.38</b>	<b>19.21</b>	<b>31.87</b>	<b>55.42</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 31 December 2020

	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	572,479	130,758	418,142	305,861	549	(59,988)	1,367,801
Revenue from other segments	(119,923)	(45,232)	(162,915)	172,152	(48)	155,966	-
Total operating revenue	452,556	85,526	255,227	478,013	501	95,978	1,367,801
Net finance income/(loss)	263,756	50,015	172,828	119,622	46	(5,438)	600,829
Other operating income	23,690	7,804	18,946	15,731	455	461	67,087
Net (loss)/income	287,446	57,819	191,774	135,353	501	(4,977)	667,916
Other operating expenses of which:	(139,222)	(6,885)	(38,441)	(5,997)	(111)	(30,383)	(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/(Loss) before impairment losses	148,224	50,934	153,333	129,356	390	(35,360)	446,877
Allowance for impairment on financing and advances	(38,550)	(13,304)	(102,148)	-	-	(132,047)	(286,049)
Writeback of allowance/(Allowance) for impairment on financial investments	-	-	-	1,117	-	3,419	4,536
Writeback of allowance/(Allowance) for impairment on other financial assets	-	-	-	(5)	-	8	3
Provision for commitments and contingencies - (allowance)/writeback	1,928	(377)	(2,013)	-	-	3,861	3,399
Profit/(Loss) before zakat and taxation	111,602	37,253	49,172	130,468	390	(160,119)	168,766
Zakat and taxation	(26,784)	(8,941)	(11,801)	(24,177)	(94)	60,611	(11,186)
Profit/(Loss) for the financial period	84,818	28,312	37,371	106,291	296	(99,508)	157,580
<b>Other information</b>							
Total segment assets	18,077,520	3,781,020	12,458,452	17,001,984	-	(62,983)	51,255,993
Total segment liabilities	11,850,404	1,855,957	5,548,471	24,176,516	1,658	3,946,659	47,379,665
Cost to income ratio	48.4%	11.9%	20.0%	4.4%	22.2%	>-100%	33.1%
Gross financing and advances	18,253,039	3,812,023	12,603,967	-	-	(5,057)	34,663,972
Net financing and advances	18,004,121	3,780,142	12,445,367	-	-	(188,165)	34,041,465
Impaired financing and advances	223,173	98,435	296,986	-	-	-	618,594
Total deposits	11,751,737	1,823,314	5,498,417	23,301,217	-	37,319	42,412,004
Additions to :							
Property and Equipment	-	-	-	-	-	29	29
Intangible assets	-	-	-	-	-	6	6



A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 31 December 2019  
(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	597,584	149,383	468,272	321,012	430	751	1,537,432
Revenue from other segments	(63,266)	(59,928)	(222,990)	160,433	35	185,716	-
Total operating revenue	534,318	89,455	245,282	481,445	465	186,467	1,537,432
Net finance income	255,520	51,842	157,864	57,338	35	48,610	571,209
Other operating income	20,094	8,967	27,971	19,305	430	751	77,518
Net income	275,614	60,809	185,835	76,643	465	49,361	648,727
Other operating expenses of which:	(140,532)	(6,855)	(40,073)	(6,418)	(112)	(32,418)	(226,408)
<i>Depreciation of property and equipment</i>	(1)	-	-	-	-	(94)	(95)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(66)	(66)
<i>Amortisation of intangible assets</i>	(8)	-	-	-	-	(267)	(275)
Profit before impairment losses and provision	135,082	53,954	145,762	70,225	353	16,943	422,319
Allowance for impairment on financing and advances	(48,263)	(35,456)	6,501	-	-	-	(77,218)
Impairment writeback on financial investments	-	-	-	2,446	-	-	2,446
Impairment writeback on other financial assets	-	-	-	6	-	-	6
Provision for commitments and contingencies - (allowance)/writeback	(78)	413	3,351	-	-	-	3,686
Profit before zakat and taxation	86,741	18,911	155,614	72,677	353	16,943	351,239
Zakat and taxation	(20,818)	(4,539)	(37,347)	(12,552)	(85)	(1,932)	(77,273)
Profit for the financial period	65,923	14,372	118,267	60,125	268	15,011	273,966
<b>Other information</b>							
Total segment assets	15,009,549	3,374,799	11,682,296	13,183,122	-	92,996	43,342,762
Total segment liabilities	12,230,836	1,435,626	3,482,450	17,889,709	1,411	4,687,056	39,727,088
Cost to income ratio	51.0%	11.3%	21.6%	8.4%	24.1%	65.7%	34.9%
Gross financing and advances	15,163,328	3,417,121	11,700,507	-	-	-	30,280,956
Net financing and advances	14,940,574	3,374,071	11,657,331	-	-	-	29,971,976
Impaired financing and advances	175,238	135,897	274,717	-	-	-	585,852
Total deposits	12,054,458	1,406,943	3,454,908	17,634,770	-	-	34,551,079
Additions to :							
Property and Equipment	-	-	-	-	-	25	25
Intangible assets	-	-	-	-	-	34	34

Notes:

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

**A31. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

The Bank reported a lower profit before zakat and taxation of RM168.8 million for the financial period ended 31 December 2020 compared to the corresponding period ended 31 December 2019 of RM351.2 million. The lower profit was mainly due to higher net allowance for impairment on financing and advances of RM208.8 million, lower other operating income of RM10.4 million and lower writeback for ECL on financing commitments and financial guarantee contracts of RM0.3 million, mitigated by higher net finance income of RM29.6 million, lower other operating expenses of RM5.4 million and higher writeback for ECL of financial investments of RM2.1 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 other than as disclosed in Note A4.

**A32. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2021**

Impacted by the rise in COVID-19 cases and restrictive measures imposed to contain the spread of the virus, the fourth quarter 2020 Gross Domestic Product ("GDP") grew at a weaker pace by -3.4% year-on-year compared to -2.6% year-on-year in third quarter 2020. With three straight quarters of negative growth, the full-year GDP fell by 5.6%, the worst since the 1997/1998 Asian financial crisis where the GDP plunged by -7.4%. The COVID-19 pandemic and restrictive measures dampened private consumption and weighed on both private and public and investment. However, government consumption, net exports and the stimulus measures provided some cushion to the downside. Capex during the year was weak.

The outlook for 2021 suggests a rebound in the economy in tandem with the global scenario. Domestic economy will be supported by global GDP and trade, stimulus measures, vaccine deployment, better management of Covid-19 pandemic and stable commodity prices. Business sentiments and consumer confidence are poised to improve. The GDP outlook for 2021 is projected between 5.2% and 5.9%, partly affected by the restrictive measures (movement control order ("MCO") 2.0) to contain the virus spread early 2021.

Inflation in December remained in the negative growth trajectory for the 10th consecutive month, down by 1.4% year-on-year. As a result, the overall headline inflation averaged at -1.1%. This is the first time since 1969 that Malaysia experienced a negative inflation. Poor inflation was due to the combined collapse of demand-pull and cost-push factors. In 2021, inflationary pressure is expected to pick up. Firmer commodity prices, higher input prices due to supply chain disruption and a gradual pick-up from demand-pull as well as low base would see inflation averaging around 1.9%–2.1%.

Underpinned by weak economic activities, the overall banking system loans/financing grew at a slower pace by 3.4% in 2020 from 3.9% in 2019. The drag came from business loans/financing largely impacted by the COVID-19 pandemic that disrupted their supply chain and orders in view of collapsed demand. The outlook for loan/financing growth in 2021 would be around 4% and 5% in 2021. Improved economic activities should see loans/financing picking up.

Liquidity in the banking system remains healthy. It is reflected by the banking industry's liquidity coverage ratio which stood at 148% at end-2020. It is well above the regulatory requirement of 100%. Besides, funding profiles are well diversified. The industry's loan-to-fund ratio and loan-to-fund-and-equity ratio as at end December were 82.5% and 72.0% respectively.

**A32. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2021 (CONT'D.)**

The monetary policy will remain accommodative. In 2020, Bank Negara Malaysia ("BNM") reduced the overnight policy rate ("OPR") by 125bps to 1.75%, with the aim of supporting the economy. A total of three rate cuts were instituted by BNM from six Monetary Policy Committee ("MPC") meetings held during the year. For 2021, the central bank will remain accommodative and at the same time vigilant. Room for BNM to further reduce the policy rate remains. Much will depend on the health of the domestic and external environment, in particular the deployment of vaccines and the management of the pandemic crisis.

Meanwhile, BNM extended the 2% Reserve Requirement ("SRR") flexibility that would end on 31 May 2021 to 31 December 2022. With the extension of the SRR, it allows BNM to ensure sufficient liquidity to support financial intermediation activity. Banks can substitute Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII") papers to meet the SRR compliance.

For FY2021, the AMMB Group will be operating under our new strategy roadmap focusing on eight key areas, namely:

- Deliver growth in targeted segments;
- Build capital light business;
- Ramp up digital strategy;
- Explore digital bank option;
- Leverage strategic partnerships;
- Increase Return on Equity (ROE);
- Build sustainability and
- Connecting people.

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

With the continuing uncertainties in global economy triggered by the coronavirus COVID-19 outbreak, liquidity and capital management become paramount in preserving the continuity and proper functioning of the banks. At AMMB Group, our liquidity and capital management framework aims to ensure adequate liquidity under adverse market conditions as well as to strengthen our loss absorption capacity. Greater emphasis shall be placed on risk management, stress testing, capital planning and liquidity management in order to safeguard the AMMB Group's financial resilience in the face of heightened market volatility.

Additionally, the Bank has implemented a range of financial relief measures to help targeted customer to weather the impact of COVID-19 post BNM's repayment moratorium which ended on 30 September 2020. The Bank closely monitor its credit portfolio for the potential signs of stress and actively manage its provision to factor in underlying economic data and expected credit losses.

**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**

**Global Settlement with Ministry of Finance (“MOF”) Malaysia**

On 26 February 2021, AMMB Holdings Berhad (“AMMB”), the holding company has reached an agreement with the MOF for a sum of RM2.83 billion (“Payment sum”) to be paid towards the full and final settlement (“Global settlement”) in relation to the on-going review by the relevant authorities of overall transactions by 1Malaysia Development Berhad and its related entities with the AMMB Group.

A provision for the Payment Sum will be established in the final quarter of the AMMB Group’s financial year ending 31 March 2021, which will translate to a proforma AMMB Group loss of 93.89 sen per share. While this will have a material impact on the earnings of AMMB Group for the financial year ending 31 March 2021, there are adequate capital buffers to absorb this settlement without an immediate need to raise additional equity capital of AMMB. As a result of the Global Settlement, AMMB will not be proposing any final dividend for the financial year ending 31 March 2021.

Based on the latest consolidated financial statements of the AMMB Group as at 31 March 2020, the proforma effects of the Global Settlement will reduce the AMMB Group’s net assets per share from RM6.18 to RM5.22.

As at 31 December 2020, the estimated proforma impact of AMMB Group to CET1 and Total Capital Ratios are estimated to be reduced from 13.52% to 11.01%; and 16.39% to 13.88%, respectively after the provision for the Global Settlement.

AMMB Group remains highly liquid with Liquidity Coverage Ratio of 155.8% and Net Stable Funding Ratio for all operating entities above 100%. However, AMMB Group plans to raise Tier 2 debt capital in its banking subsidiaries to increase total capital available for on-going working capital purposes.

The new management team under the leadership of the Board of Directors (“the Board”) of AMMB Group has been rebuilding the banking group, strengthening the Group’s governance structures as well as enhancing the robustness of processes. As part of the global settlement, AMMB Group will continue as it has been for the past five years, to strengthen its fundamentals, particularly in terms of corporate governance by continuing to improve systems and processes to strengthen due diligence. The Group is therefore committed to putting behind these historical matters and to move forward to deliver value to all shareholders, stakeholders and customers.

The Board wishes to assure all its shareholders and other stakeholders that AMMB Group remains resilient as the Group continues to build on the effort by the new management team and direct its renewed focus to the growth strategies of the Group’s branding and franchise.

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

On 28 September 2020 the High Court struck out the Plaintiff's suit against the Bank and AMMB. The Plaintiff has filed an appeal against the High Court's decision. The learned High Court Judge's written grounds of judgement is not issued yet. In the meantime, the Court of Appeal has fixed a case management date for 18 February 2021 pending the grounds of judgement from the High Court.

- (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 2020 RM'000</b>	<b>31 March 2020 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	5,633,828	4,991,693
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	525,411	408,285
Unutilised credit card lines	1,393,715	1,354,936
Forward asset purchase	-	159,934
	<u>7,552,954</u>	<u>6,914,848</u>
<b>Contingencies</b>		
Direct credit substitutes	440,057	570,619
Transaction related contingent items	909,200	751,997
Short-term self liquidating trade-related contingencies	94,830	80,958
	<u>1,444,087</u>	<u>1,403,574</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts		
- One year or less	2,650,845	2,200,167
- Over one year to five years	1,639,260	2,545,986
Profit rate related contracts		
- Over one year to five years	350,000	350,000
Commodity related contracts		
- Over one year to five years	68,232	73,217
	<u>4,708,337</u>	<u>5,169,370</u>
<b>Total</b>	<u>13,705,378</u>	<u>13,487,792</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 determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the 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. 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 2020.

**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 2020</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	97,869	-	97,869
Financial assets at fair value through profit or loss				
- Money market securities	-	535,035	-	535,035
- Unquoted sukuk	-	122,917	-	122,917
Financial investments at fair value through other comprehensive income				
- Money market securities	-	2,664,727	-	2,664,727
- Unquoted sukuk	-	2,806,905	-	2,806,905
	<u>-</u>	<u>6,227,453</u>	<u>-</u>	<u>6,227,453</u>
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	122,192	-	122,192
	<u>-</u>	<u>122,192</u>	<u>-</u>	<u>122,192</u>
<b>31 March 2020</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	59,653	-	59,653
Financial assets at fair value through profit or loss				
- Money market securities	-	1,637,441	-	1,637,441
- Unquoted sukuk	-	112,809	-	112,809
Financial investments at fair value through other comprehensive income				
- Money market securities	-	1,600,695	-	1,600,695
- Unquoted sukuk	-	3,295,999	-	3,295,999
	<u>-</u>	<u>6,706,597</u>	<u>-</u>	<u>6,706,597</u>
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	83,865	-	83,865
	<u>-</u>	<u>83,865</u>	<u>-</u>	<u>83,865</u>

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 2020 (under transitional arrangement (Note(i))</b>	<b>31 March 2020</b>
Common Equity Tier 1 ("CET 1") Capital Ratio	12.130%	11.165%
Tier 1 Capital ratio	12.130%	11.165%
Total Capital ratio	16.771%	15.950%

Notes:

- (i) The capital adequacy ratios of the Bank as at 31 March 2020 are computed in accordance with BNM's policy document on Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 5 February 2020 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 3 May 2019. The Bank has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).

Pursuant to the revised BNM policy document, Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios as at 31 December 2020 had been computed applying transitional arrangement on provision for ECL. Under this 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 provision) to CET1 Capital. Had this transitional arrangement not been applied, the capital ratios of the Bank are as follows:

	<b>31 December 2020</b>
Common Equity Tier 1 ("CET 1") Capital Ratio	11.171%
Tier 1 Capital ratio	11.171%
Total Capital ratio	16.224%

- (ii) Pursuant to BNM's Capital Adequacy Framework (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%; and
- (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. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; 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 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
<b>CET 1 Capital</b>		
Ordinary shares	1,387,107	1,387,107
Retained earnings	2,331,241	2,148,410
Fair value reserve	111,619	56,249
Regulatory reserve	-	71,612
Less : Regulatory adjustments applied on CET 1 Capital		
- Intangible assets	(756)	(1,034)
- Deferred tax assets	(21,520)	-
- 55% of cumulative gain of FVOCI financial instruments	(61,391)	(30,937)
- Regulatory reserve	-	(71,612)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(130)	(148)
- Other CET 1 regulatory adjustment specified by BNM	321,640	-
<b>CET 1 Capital/ Tier 1 Capital</b>	<b>4,067,810</b>	<b>3,559,647</b>
<b>Tier 2 Capital</b>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,300,000	1,150,000
General provisions*	256,523	375,600
<b>Tier 2 Capital</b>	<b>1,556,523</b>	<b>1,525,600</b>
<b>Total Capital</b>	<b>5,624,333</b>	<b>5,085,247</b>

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

	<b>31 December 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
Credit RWA	32,468,100	30,960,556
Less : Credit RWA absorbed by Investment Account	(895,091)	(912,582)
Total Credit RWA	31,573,009	30,047,974
Market RWA	368,859	294,650
Operational RWA	1,593,456	1,539,751
<b>Total Risk Weighted Assets</b>	<b>33,535,324</b>	<b>31,882,375</b>

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

**A38. RESTATEMENT OF COMPARATIVE INFORMATION**

The Bank continuously strengthen its regulatory reporting framework. The Bank has in place, a Regulatory Reporting Policy that provides key principles and governance to cultivate an effective and efficient regulatory reporting process across all reporting entities. In the previous financial year, the Bank had implemented a Regulatory Reporting Enhancement Programme ("REP") aimed at amongst others, to improve the functional and data coverage of the regulatory reporting submissions as well as to upgrade infrastructure for and capability of reporting systems. REP had resulted in refinement to the approach in which the Bank makes disclosures pertaining to financing and advances. The comparatives on breakdown of financing and advances in Notes A12 (b), (d), (e), (f) and (i) are now presented on the same basis as current year's presentation. The restatement did not have any effect on reported cashflows from operations, financial position and performance of the Bank.