

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group		Company	
		30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000
ASSETS					
Cash and short-term funds	A8	10,102,712	18,809,478	2,892,701	689,326
Deposits and placements with banks and other financial institutions	A9	20,053	103,028	-	-
Derivative financial assets	A32	1,094,856	1,291,190	-	-
Financial assets at fair value through profit or loss	A10	12,128,576	9,561,974	1,110	1,104
Financial investments at fair value through other comprehensive income	A11	20,334,810	17,786,198	-	-
Financial investments at amortised cost	A12	4,193,208	4,192,424	-	-
Loans, advances and financing	A13	113,195,484	112,478,319	-	-
Statutory deposits with Bank Negara Malaysia		481,138	425,278	-	-
Deferred tax assets		121,277	134,350	-	-
Investments in subsidiaries and other investments		-	-	10,857,426	10,407,425
Investments in associates and joint ventures		590,161	588,937	-	-
Other assets	A14	2,195,460	2,441,436	1,338	1,833,358
Reinsurance assets and other insurance receivables	A15	420,597	432,684	-	-
Property and equipment		203,860	215,934	-	1
Right-of-use assets		254,002	270,753	-	-
Intangible assets		1,419,673	1,443,947	-	-
Assets held for sale		2,324	2,324	-	-
TOTAL ASSETS		166,758,191	170,178,254	13,752,575	12,931,214
LIABILITIES AND EQUITY					
Deposits from customers	A16	114,114,036	120,543,186	-	-
Investment accounts of customers		46,258	94,834	-	-
Deposits and placements of banks and other financial institutions	A17	10,806,669	9,920,887	-	-
Securities sold under repurchase agreements		1,159,049	810,171	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		8,575,025	7,275,018	-	-
Derivative financial liabilities	A32	1,053,449	1,269,809	-	-
Term funding		1,794,655	1,749,870	-	-
Debt capital		4,295,000	4,295,000	-	-
Redeemable cumulative convertible preference share		241,382	238,713	-	-
Deferred tax liabilities		17,849	19,669	-	-
Other liabilities	A18	5,379,122	5,891,731	2,878,256	2,872,422
Insurance contract liabilities and other insurance payables	A19	2,398,330	2,479,007	-	-
Total Liabilities		149,880,824	154,587,895	2,878,256	2,872,422
Share capital	A6 (i)	6,776,283	5,951,557	6,372,913	5,550,250
Treasury shares		(27,294)	(20,970)	(27,294)	(20,970)
Reserves		9,143,539	8,710,190	4,528,700	4,529,512
Equity attributable to equity holders of the Company		15,892,528	14,640,777	10,874,319	10,058,792
Non-controlling interests		984,839	949,582	-	-
Total Equity		16,877,367	15,590,359	10,874,319	10,058,792
TOTAL LIABILITIES AND EQUITY		166,758,191	170,178,254	13,752,575	12,931,214
COMMITMENTS AND CONTINGENCIES	A31	120,644,755	136,999,665	-	-
NET ASSETS PER SHARE (RM)		4.81	4.87	3.29	3.34

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2021.

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Operating revenue	A27	2,096,443	2,214,615	2,096,443	2,214,615
Interest income	A20	1,005,362	1,083,983	1,005,362	1,083,983
Interest expense	A21	(436,735)	(639,617)	(436,735)	(639,617)
Net interest income		568,627	444,366	568,627	444,366
Net income from Islamic banking		280,836	180,134	280,836	180,134
Income from insurance business		343,982	338,032	343,982	338,032
Insurance claims and commissions		(213,153)	(214,044)	(213,153)	(214,044)
Net income from insurance business	A22	130,829	123,988	130,829	123,988
Other operating income	A23	231,344	321,027	231,344	321,027
Share in results of associates and joint ventures		26,216	22,859	26,216	22,859
Net income		1,237,852	1,092,374	1,237,852	1,092,374
Other operating expenses	A24	(494,599)	(538,574)	(494,599)	(538,574)
Operating profit before impairment losses		743,253	553,800	743,253	553,800
Allowances for impairment on loans, advances and financing	A25	(188,953)	(42,745)	(188,953)	(42,745)
(Allowances for)/Writeback of impairment on:					
Financial investments	A26	(5,006)	2,213	(5,006)	2,213
Insurance receivables		219	458	219	458
Other financial assets	A26	(540)	(944)	(540)	(944)
Provision for commitments and contingencies - charge		(4,248)	(6,496)	(4,248)	(6,496)
Other write-offs, net		(68)	(2,373)	(68)	(2,373)
Impairment of investment in associate		(4,625)	-	(4,625)	-
Profit before taxation and zakat		540,032	503,913	540,032	503,913
Taxation and zakat	B5	(117,841)	(101,988)	(117,841)	(101,988)
Profit for the financial period		422,191	401,925	422,191	401,925
Attributable to:					
Equity holders of the Company		386,604	365,166	386,604	365,166
Non-controlling interests		35,587	36,759	35,587	36,759
Profit for the financial period		422,191	401,925	422,191	401,925
EARNINGS PER SHARE (SEN)	B10				
Basic/Diluted		11.86	12.14	11.86	12.14

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2021.

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Profit for the financial period	422,191	401,925	422,191	401,925
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to statement of profit or loss				
Remeasurement of defined benefit liability	(886)	(410)	(886)	(410)
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised gain on changes in fair value	2,903	67,874	2,903	67,874
Tax effect relating to components of other comprehensive income				
- defined benefit liability	213	98	213	98
	<u>2,230</u>	<u>67,562</u>	<u>2,230</u>	<u>67,562</u>
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation gain/(loss) on foreign operations	504	(1,929)	504	(1,929)
Cash flow hedge				
- gain arising during the financial period	564	1,909	564	1,909
- amortisation of fair value changes for terminated hedges	2,771	1,669	2,771	1,669
Financial investments at FVOCI				
- net unrealised gain on changes in fair value	49,068	246,578	49,068	246,578
- net gain reclassified to profit or loss	(1,549)	(14,823)	(1,549)	(14,823)
- changes in expected credit losses	8,707	(2,204)	8,707	(2,204)
- foreign exchange differences	-	(1)	-	(1)
Tax effect relating to the components of other comprehensive income				
- cash flow hedge	(800)	(859)	(800)	(859)
- financial investments at FVOCI	(9,373)	(55,621)	(9,373)	(55,621)
Share of reserve movements in equity accounted joint ventures	(2,761)	(602)	(2,761)	(602)
	<u>47,131</u>	<u>174,117</u>	<u>47,131</u>	<u>174,117</u>
Other comprehensive income for the financial period, net of tax	49,361	241,679	49,361	241,679
Total comprehensive income for the financial period	<u>471,552</u>	<u>643,604</u>	<u>471,552</u>	<u>643,604</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	436,295	606,998	436,295	606,998
Non-controlling interests	35,257	36,606	35,257	36,606
	<u>471,552</u>	<u>643,604</u>	<u>471,552</u>	<u>643,604</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2021.

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

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

Company	Note	Individual Quarter		Cumulative Quarter	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Operating revenue		8,576	2,301	8,576	2,301
Interest income	A20	8,345	1,921	8,345	1,921
Other operating income	A23	231	380	231	380
Net income		8,576	2,301	8,576	2,301
Other operating expenses	A24	(5,482)	(5,945)	(5,482)	(5,945)
Profit/(Loss) before taxation		3,094	(3,644)	3,094	(3,644)
Taxation		(960)	-	(960)	-
Profit/(Loss) for the financial period representing total comprehensive income for the financial period		2,134	(3,644)	2,134	(3,644)

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2021.

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

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

Group	Attributable to Equity Holders of the Company											Total equity RM'000
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings		Total RM'000	Non-controlling interests RM'000	
							Non-participating funds RM'000					
At 01.04.2020	5,851,557	387,528	635,311	(28,155)	108,667	40,572	(26,916)	45,715	11,566,493	18,580,772	979,268	19,560,040
Profit for the financial period	-	-	-	-	-	-	-	-	365,166	365,166	36,759	401,925
Other comprehensive income/(loss), net	-	-	241,201	2,719	(1,929)	-	-	-	(159)	241,832	(153)	241,679
Total comprehensive income/(loss) for the financial period	-	-	241,201	2,719	(1,929)	-	-	-	365,007	606,998	36,606	643,604
Share-based payment under ESS, net	-	-	-	-	-	4,178	-	-	-	4,178	-	4,178
ESS shares vested to employees	-	-	-	-	-	(8,702)	7,564	-	1,138	-	-	-
Transfer from regulatory reserve	-	(5,269)	-	-	-	-	-	-	5,269	-	-	-
Transactions with owners and other equity movements	-	(5,269)	-	-	-	(4,524)	7,564	-	6,407	4,178	-	4,178
At 30.06.2020	5,851,557	382,259	876,512	(25,436)	106,738	36,048	(19,352)	45,715	11,937,907	19,191,948	1,015,874	20,207,822

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

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

Group	Attributable to Equity Holders of the Company										Total equity RM'000
	Non-Distributable					Distributable					
	Share capital RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings		Total RM'000	Non-controlling interests RM'000	
						Non-participating funds RM'000					
At 01.04.2021	5,951,557	708,790	(16,949)	94,992	67,778	(20,970)	45,715	7,809,864	14,640,777	949,582	15,590,359
Profit for the financial period	-	-	-	-	-	-	-	386,604	386,604	35,587	422,191
Other comprehensive income/(loss), net	-	46,995	2,535	443	-	-	-	(282)	49,691	(330)	49,361
Total comprehensive income for the financial period	-	46,995	2,535	443	-	-	-	386,322	436,295	35,257	471,552
Issue of ordinary share capital pursuant to:-											
- private placement	824,726	-	-	-	-	-	-	-	824,726	-	824,726
Buy-back of shares	-	-	-	-	-	(6,324)	-	-	(6,324)	-	(6,324)
Share-based payment under ESS, net	-	-	-	-	(2,946)	-	-	-	(2,946)	-	(2,946)
Transactions with owners and other equity movements	824,726	-	-	-	(2,946)	(6,324)	-	-	815,456	-	815,456
At 30.06.2021	6,776,283	755,785	(14,414)	95,435	64,832	(27,294)	45,715	8,196,186	15,892,528	984,839	16,877,367

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2021.

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

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

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2020	5,550,250	40,572	(26,916)	4,341,788	9,905,694
Loss for the financial period	-	-	-	(3,644)	(3,644)
Total comprehensive loss for the financial period	-	-	-	(3,644)	(3,644)
Share-based payment under ESS, net	-	4,178	-	-	4,178
ESS shares vested to employees	-	(8,702)	7,564	1,138	-
Transactions with owners and other equity movements	-	(4,524)	7,564	1,138	4,178
At 30.06.2020	5,550,250	36,048	(19,352)	4,339,282	9,906,228
Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2021	5,550,250	67,778	(20,970)	4,461,734	10,058,792
Profit for the financial period	-	-	-	2,134	2,134
Total comprehensive income for the financial period	-	-	-	2,134	2,134
Issue of ordinary share capital pursuant to:-					
- private placement	822,663	-	-	-	822,663
Buy-back of shares	-	-	(6,324)	-	(6,324)
Share-based payment under ESS, net	-	(2,946)	-	-	(2,946)
Transactions with owners and other equity movements	822,663	(2,946)	(6,324)	-	813,393
At 30.06.2021	6,372,913	64,832	(27,294)	4,463,868	10,874,319

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2021.

AMMB HOLDINGS BERHAD

Registration No. 199101012723 (223035-V)

(Incorporated in Malaysia)

Condensed Financial Statements

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021**

	Group		Company	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Profit/(loss) before taxation and zakat	540,032	503,913	3,094	(3,644)
Adjustments for:				
Net accretion of discount for securities	(10,956)	(19,971)	-	-
Allowance for expected credit losses on loans, advances and financing, net	246,328	121,473	-	-
Dividend income	(2,650)	(1,810)	-	-
Net (gain)/loss on revaluation of derivatives	(19,461)	143,813	-	-
Net loss/(gain) on revaluation of financial assets at fair value through profit or loss	16,192	(86,767)	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(1,549)	(14,823)	-	-
Net gain on sale of financial assets at fair value through profit or loss	(3,891)	(104,757)	-	-
Impairment loss on investment in associate	4,625	-	-	-
Other non-operating and non-cash items	35,719	320,976	-	41
Operating profit/(loss) before working capital changes	804,389	862,047	3,094	(3,603)
<i>(Increase)/Decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions	(30)	(13,642)	-	-
Financial assets at fair value through profit or loss	(2,565,162)	(3,647,606)	(6)	(8)
Loans, advances and financing	(924,126)	(742,879)	-	-
Statutory deposits with Bank Negara Malaysia	(55,861)	200,933	-	-
Other assets	216,648	183,633	1,832,019	45
Reinsurance assets and other insurance receivables	12,306	3,024	-	-
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers	(6,429,150)	1,338,869	-	-
Investment accounts of customers	(48,576)	(86,378)	-	-
Deposits and placements of banks and other financial institutions	879,026	(1,672,795)	-	-
Securities sold under repurchase agreements	348,878	(3,949,955)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	1,300,007	(300,000)	-	-
Term funding	42,523	(680,429)	-	-
Other liabilities	(510,849)	(1,120,952)	2,478	(13,168)
Insurance contract liabilities and other insurance payables	(80,677)	43,353	-	-
Cash (used in)/generated from operations	(7,010,654)	(9,582,777)	1,837,585	(16,734)
Taxation and zakat paid, net	(72,737)	(128,261)	(549)	(394)
Net cash (used in)/generated from operating activities	(7,083,391)	(9,711,038)	1,837,036	(17,128)
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	(6,324)	-	(6,324)	-
Dividend/Distribution income received	20,256	4,544	-	-
Subscription of shares in subsidiary	-	-	(450,000)	-
Proceeds from disposal of property and equipment	108	2	-	-
(Purchase)/Disposal of financial investments	(2,502,686)	1,512,250	-	-
Purchase of property and equipment and intangible assets	(19,937)	(37,342)	-	-
Net cash (used in)/generated from investing activities	(2,508,583)	1,479,454	(456,324)	-

AMMB HOLDINGS BERHAD
Registration No. 199101012723 (223035-V)
(Incorporated in Malaysia)
Condensed Financial Statements

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021 (CONT'D.)

	Group		Company	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Repayment of lease liabilities	(21,632)	(22,585)	-	-
Proceeds from issuance of shares from private placement (net)	824,726	-	822,663	-
Net cash generated from/(used in) financing activities	803,094	(22,585)	822,663	-
Net (decrease)/increase in cash and cash equivalents	(8,788,880)	(8,254,169)	2,203,375	(17,128)
Cash and cash equivalents at beginning of the financial year	18,905,756	15,711,919	689,326	322,262
Effect of exchange rate changes	(292)	79	-	-
Cash and cash equivalents at end of the financial period	10,116,584	7,457,829	2,892,701	305,134

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	10,102,712	6,569,609	2,892,701	305,134
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	20,053	898,283	-	-
	10,122,765	7,467,892	2,892,701	305,134
Less: Deposits with original maturity of more than three months	(9,153)	(13,642)	-	-
	10,113,612	7,454,250	2,892,701	305,134
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	2,972	3,579	-	-
Cash and cash equivalents	10,116,584	7,457,829	2,892,701	305,134

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial 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 paragraph 9.22 of the Listing Requirements of Bursa Malaysia. These financial statements also comply with 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 Group and the Company for the financial year ended 31 March 2021 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group.

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 Group and of the Company. The Group and the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to published standards.

The nature of the amendments to published standards relevant to the Group and the Company 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 Group.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective

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

The nature of the new standard and amendments to published standards that are issued but not yet effective are described below. The Group and the Company are 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.

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.)

(a) 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.

Annual Improvements to MFRS Standards 2018-2020

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

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

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

The 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

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17

MFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure which supersedes MFRS 4 *Insurance Contracts*.

MFRS 17 requires a general measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted fulfilment cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

For insurance contracts with direct participation features, the CSM is measured using the variable fee approach to deduct a variable fee comprising the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns of the underlying items.

A1. BASIS OF PREPARATION (CONT'D.)

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

(b) New standard and amendments to published standards effective for financial year ending 31 March 2024 (Cont'd.)

MFRS 17 Insurance Contracts and Amendments to MFRS 17 (Cont'd.)

Changes in cash flows related to future services should be recognised against the CSM. The CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognised in profit or loss. Interest is accreted on the CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time. Entities have an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

MFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided MFRS 9 is also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable.

The Group plans to adopt MFRS 17 on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Group expects that MFRS 17 will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity of its Insurance business segment.

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 Group and the Company present all assets and liabilities in the statements of financial position in order of liquidity.

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.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (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)

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

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

(c) Standard effective on a date to be determined by MASB

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

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 Group's and the Company'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

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2021.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Company are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter.

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

There were no unusual items during the current financial quarter.

A5. CHANGES IN ESTIMATES

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

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

(i) Issuance of shares by the Company

On 1 April 2021, the Company announced its intention to undertake a private placement of up to 300 million new ordinary shares in the Company, representing approximately 9.97% of the Company's existing issued ordinary share capital (excluding treasury shares), in accordance with the general mandate obtained pursuant to Sections 75 and 76 of the Companies Act 2016 from the shareholders of the Company at its 29th Annual General Meeting held on 27 August 2020. This action was intended to accelerate the Common Equity Tier 1 ("CET1") capital build post settlement with Ministry of Finance ("MOF") Malaysia.

On 14 April 2021, the Company announced the completion of the private placement with issuance of 300 million at RM2.75 per share. The total share capital raised amounted to RM825.0 million.

The total proceeds from the private placement of RM825.0 million and the status of utilisation is as follows:

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)
Working capital purposes including injection of capital into the Group's operating subsidiaries*	821,000	822,621
Expenses for the private placement **	4,000	2,379
Total	<u>825,000</u>	<u>825,000</u>

* The proceeds from the private placement was utilised to fund a capital injection of RM450.0 million into AmBank (M) Berhad ("AmBank") with the balance utilised to restore the working capital of the Company after the Company had prior to the private placement injected capital into its operating subsidiaries.

** The unutilised balance of RM1.62 million from the expenses estimated at RM4.0 million has been re-allocated to the working capital purposes of the Company.

(ii) Issuance of shares by a subsidiary

On 31 May 2021, AmBank increased its issued and paid-up ordinary share capital by RM450.0 million by way of issuance of 46,680,498 new ordinary shares at an issue price of RM9.64 per ordinary share.

(iii) Share buy-back

During the current financial quarter, the Company bought back from the open market, a total of 2,124,900 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM2.98 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM6.3 million and was financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

Other than as disclosed above, there were no issuance of debt and equity securities, repayment of debt securities, new shares issuance, share buy-backs, share cancellations nor resale of treasury shares by the Group and the Company 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

	Group		Company	
	30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000
Cash and balances with banks and other financial institutions	1,972,190	1,980,207	2,892,701	689,326
Deposit and placements maturing within one month:				
Licensed banks	2,620,285	3,107,446	-	-
Bank Negara Malaysia	5,499,000	13,530,000	-	-
Other financial institutions	14,209	194,156	-	-
	8,133,494	16,831,602	-	-
	10,105,684	18,811,809	2,892,701	689,326
Less: Allowances for ECL	(2,972)	(2,331)	-	-
	10,102,712	18,809,478	2,892,701	689,326

Movements in allowances for ECL are as follows:

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial period	2,310	21	2,331
Net allowances for ECL	624	18	642
Transfer from deposits and placements with banks and other financial institutions (Note A9)	63	-	63
New financial assets originated	4,909	-	4,909
Financial assets derecognised	(4,344)	-	(4,344)
Changes in model assumptions and methodologies	(62)	-	(62)
Net remeasurement of allowances	58	18	76
Foreign exchange differences	(1)	-	(1)
Balance at end of the financial period	2,933	39	2,972

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial year	833	28	861
Net allowances for/(writeback of) ECL	1,500	(7)	1,493
Transfer from deposits and placements with banks and other financial institutions (Note A9)	4,598	-	4,598
New financial assets originated	763	-	763
Financial assets derecognised	(3,236)	-	(3,236)
Changes in model assumptions and methodologies	(71)	-	(71)
Net remeasurement of allowances	(554)	(7)	(561)
Foreign exchange differences	(23)	-	(23)
Balance at end of the financial year	2,310	21	2,331

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000
Deposits and placements maturity more than one month:				
Licensed banks	20,053	103,070	-	-
Less: Allowances for ECL	-	(42)	-	-
	<u>20,053</u>	<u>103,028</u>	<u>-</u>	<u>-</u>

Movements in allowances for ECL are as follows:

Group 30.06.2021	Stage 1 12-month ECL RM'000
Balance at beginning of the financial period	42
Net writeback of ECL	(42)
Transfer to cash and short-term funds (Note A8)	(63)
New financial assets originated	21
Balance at end of the financial period	<u>-</u>
Group 31.03.2021	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	485
Net writeback of ECL	(443)
Transfer to cash and short-term funds (Note A8)	(4,598)
New financial assets originated	4,526
Net remeasurement of allowances	4
Changes in model assumptions and methodologies	(375)
Balance at end of the financial year	<u>42</u>

A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	803,999	555,998	-	-
Malaysian Islamic Treasury Bills	4,079,452	2,544,432	-	-
Malaysian Government Securities	517,140	223,501	-	-
Malaysian Government Investment Issues	1,456,796	707,527	-	-
Cagamas bonds	85,050	84,891	-	-
	<u>6,942,437</u>	<u>4,116,349</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	550,145	541,084	-	-
Unit trusts	188,163	196,896	1,110	1,104
Corporate bonds and sukuk	37,546	37,538	-	-
Outside Malaysia:				
Shares	510,734	542,202	-	-
	<u>1,286,588</u>	<u>1,317,720</u>	<u>1,110</u>	<u>1,104</u>
Unquoted Securities:				
In Malaysia:				
Shares	34	34	-	-
Corporate bonds and sukuk	3,899,517	4,127,871	-	-
	<u>3,899,551</u>	<u>4,127,905</u>	<u>-</u>	<u>-</u>
Total	<u>12,128,576</u>	<u>9,561,974</u>	<u>1,110</u>	<u>1,104</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	3,363,238	3,360,666
Malaysian Government Investment Issues	3,824,043	3,777,222
Negotiable Instruments of Deposit	785,003	50,031
Islamic Negotiable Instruments of Deposit	978,865	399,386
Foreign Government Securities	76,305	74,044
	9,027,454	7,661,349
Unquoted Securities:		
In Malaysia:		
Shares	689,165	686,262
Corporate bonds and sukuk	10,581,591	9,391,913
Outside Malaysia:		
Shares	530	530
Corporate bonds and sukuk	36,070	46,144
	11,307,356	10,124,849
Total	20,334,810	17,786,198

Movements in allowances for ECL are as follows:

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
30.06.2021			
Balance at beginning of the financial period	11,224	6,847	18,071
Net allowances for ECL	5,186	3,521	8,707
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(119)	2,531	2,412
New financial assets originated	5,312	-	5,312
Financial assets derecognised	(1,967)	(19)	(1,986)
Net remeasurement of allowances	1,960	1,009	2,969
Balance at end of the financial period	16,410	10,368	26,778

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

Movements in allowances for ECL are as follows: (Cont'd.)

Group	Stage 1	Stage 2	Total
31.03.2021	12-month	Lifetime	
	ECL	ECL	
	RM'000	not credit	RM'000
		impaired	RM'000
		RM'000	
Balance at beginning of the financial year	16,020	16,449	32,469
Net writeback of ECL	(4,790)	(9,602)	(14,392)
- Transfer to 12-month ECL (Stage 1)	150	(557)	(407)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(11)	19	8
New financial assets originated	4,877	-	4,877
Financial assets derecognised	(5,500)	(4,049)	(9,549)
Net remeasurement of allowances	(60)	(2,599)	(2,659)
Changes in model assumptions and methodologies	(4,246)	(2,416)	(6,662)
Foreign exchange differences	(6)	-	(6)
Balance at end of the financial year	<u>11,224</u>	<u>6,847</u>	<u>18,071</u>

A12. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Investment Issues	402,614	402,577
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	3,797,723	3,800,677
	<u>4,200,337</u>	<u>4,203,254</u>
Less: Allowances for ECL	(7,129)	(10,830)
Total	<u>4,193,208</u>	<u>4,192,424</u>

Movements in allowances for ECL are as follows:

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial period	2,281	8,549	10,830
Net allowances for/(writeback of) ECL	905	(4,606)	(3,701)
Net remeasurement of allowances	908	(4,606)	(3,698)
Financial assets derecognised	(3)	-	(3)
Balance at end of the financial period	<u>3,186</u>	<u>3,943</u>	<u>7,129</u>

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial year	4,914	-	4,914
Net (writeback of)/allowances for ECL	(2,633)	8,549	5,916
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,688)	8,549	6,861
Net remeasurement of allowances	467	-	467
Financial assets derecognised	(180)	-	(180)
Changes in model assumptions and methodologies	(1,232)	-	(1,232)
Balance at end of the financial year	<u>2,281</u>	<u>8,549</u>	<u>10,830</u>

A13. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	36,108,151	35,573,645
Revolving credit	11,316,151	10,902,951
Housing loans/financing	36,901,481	36,326,944
Hire purchase receivables	14,107,399	14,389,969
Card receivables	1,814,031	1,923,253
Overdraft	3,160,677	3,342,952
Claims on customers under acceptance credits	5,563,458	5,762,288
Trust receipts	2,175,503	2,116,982
Bills receivables	1,985,250	1,948,440
Staff loans	108,991	107,912
Others	2,325,667	2,363,172
Gross loans, advances and financing	<u>115,566,759</u>	<u>114,758,508</u>
Less: Allowances for ECL		
- Stage 1 - 12-month ECL	(281,625)	(433,435)
- Stage 2 - Lifetime ECL not credit impaired	(1,580,054)	(1,312,123)
- Stage 3 - Lifetime ECL credit impaired	(509,596)	(534,631)
	<u>(2,371,275)</u>	<u>(2,280,189)</u>
Net loans, advances and financing	<u>113,195,484</u>	<u>112,478,319</u>

(a) Gross loans, advances and financing analysed by type of customer are as follows:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Domestic non-bank financial institutions	3,122,847	2,054,636
Domestic business enterprises:		
- Small and medium enterprises	22,718,236	22,818,626
- Others	26,652,955	27,178,350
Government and statutory bodies	346,762	347,837
Individuals	61,426,927	61,019,803
Other domestic entities	11,047	9,363
Foreign individuals and entities	1,287,985	1,329,893
	<u>115,566,759</u>	<u>114,758,508</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

(b) Gross loans, advances and financing analysed by geographical distribution are as follows:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
In Malaysia	114,948,143	114,099,850
Outside Malaysia	618,616	658,658
	<u>115,566,759</u>	<u>114,758,508</u>

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	310,814	296,835
- Hire purchase receivables	13,561,887	13,803,709
- Other loans/financing	10,775,297	11,065,170
Variable rate:		
- Base rate and lending/financing rate plus	62,131,840	61,398,823
- Cost plus	27,184,434	26,578,475
- Other variable rates	1,602,487	1,615,496
	<u>115,566,759</u>	<u>114,758,508</u>

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

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Agriculture	2,520,506	2,663,577
Mining and quarrying	2,795,244	2,939,335
Manufacturing	14,685,337	14,647,484
Electricity, gas and water	1,197,606	1,216,489
Construction	4,401,110	4,716,911
Wholesale and retail trade and hotels and restaurants	9,354,154	8,961,747
Transport, storage and communication	4,122,528	4,475,244
Finance and insurance	3,380,767	2,323,199
Real estate	7,510,218	7,723,535
Business activities	2,323,981	2,427,283
Education and health	1,236,461	1,022,470
Household of which:	62,015,624	61,615,459
Purchase of residential properties	37,194,549	36,627,886
Purchase of transport vehicles	12,839,963	13,076,102
Others	11,981,112	11,911,471
Others	23,223	25,775
	<u>115,566,759</u>	<u>114,758,508</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Maturing within one year	28,866,716	28,972,749
Over one year to three years	6,981,536	6,664,869
Over three years to five years	10,595,333	10,913,840
Over five years	69,123,174	68,207,050
	<u>115,566,759</u>	<u>114,758,508</u>

(f) Movements in impaired loans, advances and financing are as follows:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Gross		
Balance at beginning of the financial period/year	1,770,320	1,852,633
Additions during the financial period/year	414,810	990,213
Reclassified as non-impaired	(61,571)	(146,545)
Recoveries	(159,773)	(468,049)
Amount written off	(155,448)	(454,469)
Foreign exchange differences	(63)	(3,463)
Balance at end of the financial period/year	<u>1,808,275</u>	<u>1,770,320</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.56%</u>	<u>1.54%</u>
Loan loss coverage (including regulatory reserve)	<u>138.03%</u>	<u>135.61%</u>

(g) Impaired loans, advances and financing analysed by geographical distribution are as follows:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
In Malaysia	1,777,256	1,739,359
Outside Malaysia	31,019	30,961
	<u>1,808,275</u>	<u>1,770,320</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

(h) Impaired loans, advances and financing analysed by sector are as follows:

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
Agriculture	77,895	79,621
Mining and quarrying	38,353	37,955
Manufacturing	182,444	194,000
Electricity, gas and water	5,571	3,521
Construction	142,716	92,315
Wholesale and retail trade and hotels and restaurants	242,419	202,228
Transport, storage and communication	57,602	59,268
Finance and insurance	1,363	1,325
Real estate	295,804	312,785
Business activities	46,677	41,736
Education and health	5,788	6,548
Household of which:	711,643	739,018
Purchase of residential properties	491,384	530,993
Purchase of transport vehicles	96,077	67,717
Others	124,182	140,308
	<u>1,808,275</u>	<u>1,770,320</u>

(i) Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial period	433,435	1,312,123	534,631	2,280,189
Net (writeback of)/allowances for ECL	(151,819)	267,935	130,212	246,328
- Transfer to 12-month ECL (Stage 1)	8,439	(63,685)	(453)	(55,699)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,599)	93,925	(13,947)	70,379
- Transfer to Lifetime ECL credit impaired (Stage 3)	(554)	(22,000)	58,636	36,082
New financial assets originated	31,069	181,958	411	213,438
Net remeasurement of allowances	(51,263)	(19,235)	140,554	70,056
Modification of contractual cash flows of financial assets	(330)	2,164	(393)	1,441
Financial assets derecognised	(20,912)	(23,848)	(54,596)	(99,356)
Changes in model assumptions and methodologies	(108,669)	118,656	-	9,987
Foreign exchange differences	9	(4)	201	206
Amount written off	-	-	(155,448)	(155,448)
Balance at end of the financial period	<u>281,625</u>	<u>1,580,054</u>	<u>509,596</u>	<u>2,371,275</u>

A13. LOANS, ADVANCES AND FINANCING (CONT'D.)

(i) Movements in allowances for ECL are as follows: (Cont'd.)

Group	Stage 1	Stage 2	Stage 3	Total
31.03.2021	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	Total
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	283,434	539,633	444,613	1,267,680
Net allowances for ECL	150,186	772,586	545,778	1,468,550
- Transfer to 12-month ECL (Stage 1)	13,103	(74,841)	(2,407)	(64,145)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(32,749)	231,499	(19,028)	179,722
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1,464)	(23,871)	202,720	177,385
New financial assets originated	65,080	171,250	11,381	247,711
Net remeasurement of allowances	44,322	181,040	458,735	684,097
Modification of contractual cash flows of financial assets	412	2,763	(4,425)	(1,250)
Financial assets derecognised	(39,672)	(57,680)	(100,862)	(198,214)
Changes in model assumptions and methodologies	101,154	342,426	(336)	443,244
Foreign exchange differences	(185)	(96)	(1,291)	(1,572)
Amount written off	-	-	(454,469)	(454,469)
Balance at end of the financial year	<u>433,435</u>	<u>1,312,123</u>	<u>534,631</u>	<u>2,280,189</u>

A14. OTHER ASSETS

	Group		Company	
	30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000
Trade receivables	293,266	550,395	-	-
Other receivables, deposits and prepayments	845,437	758,424	1,338	1,833,358
Interest/Profit receivable	380,727	380,919	-	-
Fee receivable	22,024	19,527	-	-
Amount due from agents, brokers and reinsurers	41,179	55,689	-	-
Foreclosed properties	2,615	2,615	-	-
Tax recoverable	98,991	128,289	-	-
Collateral pledged for derivative and securities transactions	517,470	552,339	-	-
	<u>2,201,709</u>	<u>2,448,197</u>	<u>1,338</u>	<u>1,833,358</u>
Less: Accumulated impairment losses	(6,249)	(6,761)	-	-
	<u>2,195,460</u>	<u>2,441,436</u>	<u>1,338</u>	<u>1,833,358</u>

A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.06.2021 RM'000	31.03.2021 RM'000
Reinsurance assets from general insurance business	(i)	362,473	379,792
Other insurance receivables	(ii)	58,124	52,892
		<u>420,597</u>	<u>432,684</u>
(i) Movements in allowances for impairment are as follows:			
Balance at beginning of the financial period/year		2,075	2,260
Writeback for the financial period/year		-	(185)
Balance at end of the financial period/year		<u>2,075</u>	<u>2,075</u>
(ii) Other insurance receivables			
Due premiums including agents/brokers and co-insurers' balances		67,436	65,737
Amount owing by reinsurance and cedants		9,201	5,887
Accumulated impairment losses		(18,513)	(18,732)
		<u>58,124</u>	<u>52,892</u>
Movements in allowances for impairment are as follows:			
Balance at beginning of the financial period/year		18,732	24,755
Writeback for the financial period/year		(219)	(6,023)
Balance at end of the financial period/year		<u>18,513</u>	<u>18,732</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Demand deposits	26,145,810	28,095,907
Savings deposits	7,959,923	7,662,383
Term/Investment deposits	80,008,303	84,784,896
	<u>114,114,036</u>	<u>120,543,186</u>

The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Due within six months	60,736,496	70,498,403
Six months to one year	15,444,535	12,822,494
Over one year to three years	3,724,829	1,361,269
Over three years to five years	102,443	102,730
	<u>80,008,303</u>	<u>84,784,896</u>

The deposits are sourced from the following types of customers:

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Government and statutory bodies	5,016,453	5,574,666
Business enterprises	57,181,116	65,674,964
Individuals	43,506,432	40,855,153
Others	8,410,035	8,438,403
	<u>114,114,036</u>	<u>120,543,186</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Licensed banks	6,452,716	6,065,550
Licensed investment banks	753,043	550,534
Bank Negara Malaysia	1,065,528	1,046,960
Other financial institutions	2,535,382	2,257,843
	<u>10,806,669</u>	<u>9,920,887</u>

A18. OTHER LIABILITIES

	Group		Company	
	30.06.2021	31.03.2021	30.06.2021	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Trade payables	229,490	438,644	-	-
Other payables and accruals	1,150,519	1,307,554	23,525	42,134
Interest payable on deposits and borrowings	464,364	612,771	-	-
Lease deposits and advance rental	45,691	45,751	-	-
Provision for commitments and contingencies	9,359	10,239	-	-
Allowances for ECL on loan commitments and financial guarantees	124,741	120,510	-	-
Lease liabilities	257,722	273,471	-	-
Provision for reinstatement of leased properties	8,907	8,989	-	-
Amount due to subsidiaries	-	-	24,315	283
Settlement payable	2,830,000	2,830,000	2,830,000	2,830,000
Provision for taxation	37,344	23,790	416	5
Collateral received for derivative and securities transactions	145,482	145,035	-	-
Deferred income	75,503	74,977	-	-
	5,379,122	5,891,731	2,878,256	2,872,422

Movements in allowances for ECL on loan commitments and financial guarantees are as follows:

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
30.06.2021	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial period	30,429	37,348	52,733	120,510
Net allowances for/(writeback of) ECL	4,773	(409)	(113)	4,251
- Transfer to 12-month ECL (Stage 1)	1,081	(6,273)	-	(5,192)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(823)	4,310	-	3,487
- Transfer to Lifetime ECL credit impaired (Stage 3)	(10)	(160)	169	(1)
New exposures originated	7,155	6,839	-	13,994
Net remeasurement of allowances	1,962	5,230	(151)	7,041
Exposures derecognised	(4,592)	(10,355)	(131)	(15,078)
Foreign exchange differences	1	(21)	-	(20)
Balance at the end of the financial period	35,203	36,918	52,620	124,741

A18. OTHER LIABILITIES (CONT'D.)

Movements in allowances for ECL on loan commitments and financial guarantees are as follows: (Cont'd.)

Group 31.03.2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at beginning of the financial year	42,503	32,519	181	75,203
Net (writeback of)/allowances for ECL	(12,033)	4,888	52,552	45,407
- Transfer to 12-month ECL (Stage 1)	1,402	(8,890)	-	(7,488)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,705)	7,206	-	5,501
- Transfer to Lifetime ECL credit impaired (Stage 3)	(92)	(453)	52,422	51,877
New exposures originated	13,054	16,284	8	29,346
Net remeasurement of allowances	(1,528)	3,934	122	2,528
Exposures derecognised	(11,721)	(7,629)	-	(19,350)
Changes in model assumptions and methodologies	(11,443)	(5,564)	-	(17,007)
Foreign exchange differences	(41)	(59)	-	(100)
Balance at the end of the financial year	30,429	37,348	52,733	120,510

A19. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.06.2021 RM'000	31.03.2021 RM'000
Insurance contract liabilities	(i)	2,351,777	2,422,975
Other insurance payables	(ii)	46,553	56,032
		<u>2,398,330</u>	<u>2,479,007</u>
(i) Insurance contract liabilities			
		30.06.2021	31.03.2021
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,351,777</u>	<u>(362,473)</u>
		31.03.2021	31.03.2021
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,422,975</u>	<u>(379,792)</u>
(ii) Other insurance payables			
		30.06.2021	31.03.2021
		RM'000	RM'000
Amount due to agents and intermediaries		19,284	21,812
Amount due to reinsurers and cedants		27,269	34,220
		<u>46,553</u>	<u>56,032</u>

A20. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	15,485	29,196	15,485	29,196
Financial assets at fair value through profit or loss	53,145	81,687	53,145	81,687
Financial investments at fair value through				
other comprehensive income	113,293	127,295	113,293	127,295
Financial investments at amortised cost	30,092	33,394	30,092	33,394
Loans and advances*	789,942	805,937	789,942	805,937
Impaired loans and advances	624	1,990	624	1,990
Others	2,781	4,484	2,781	4,484
	<u>1,005,362</u>	<u>1,083,983</u>	<u>1,005,362</u>	<u>1,083,983</u>
Company				
Short-term funds and deposits and placements with				
banks and other financial institutions	<u>8,345</u>	<u>1,921</u>	<u>8,345</u>	<u>1,921</u>

* Included in the interest income of loans and advances of the Group is the net loss of RM0.2 million (30.06.2020: RM58.3 million) arising from government support measures implemented in response to COVID-19 pandemic.

A21. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Deposits from customers	319,803	502,354	319,803	502,354
Deposits and placements of banks and other				
financial institutions	22,050	28,625	22,050	28,625
Senior notes	-	7,422	-	7,422
Credit-Linked Notes	1,954	1,908	1,954	1,908
Securities sold under repurchase agreements	5,300	15,522	5,300	15,522
Recourse obligation on loans sold to Cagamas Berhad	46,810	43,196	46,810	43,196
Term loan	1,057	1,709	1,057	1,709
Debt Capital	36,876	32,616	36,876	32,616
Other structured products and others	2,885	6,265	2,885	6,265
	<u>436,735</u>	<u>639,617</u>	<u>436,735</u>	<u>639,617</u>

A22. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		343,982	338,032	343,982	338,032
		<u>343,982</u>	<u>338,032</u>	<u>343,982</u>	<u>338,032</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		28,576	33,064	28,576	33,064
General insurance claims		184,577	180,980	184,577	180,980
		<u>213,153</u>	<u>214,044</u>	<u>213,153</u>	<u>214,044</u>
Total income from insurance business, net		<u>130,829</u>	<u>123,988</u>	<u>130,829</u>	<u>123,988</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		317,390	356,968	317,390	356,968
- change in unearned premium provision		41,739	38,393	41,739	38,393
		<u>359,129</u>	<u>395,361</u>	<u>359,129</u>	<u>395,361</u>
Premium ceded					
- insurance contract		(39,104)	(34,247)	(39,104)	(34,247)
- change in unearned premium provision		23,957	(23,082)	23,957	(23,082)
		<u>(15,147)</u>	<u>(57,329)</u>	<u>(15,147)</u>	<u>(57,329)</u>
		<u>343,982</u>	<u>338,032</u>	<u>343,982</u>	<u>338,032</u>
(b) Insurance claims					
- gross benefits and claims paid		197,904	140,989	197,904	140,989
- claims ceded to reinsurers		(25,144)	(16,974)	(25,144)	(16,974)
- change in contract liabilities - insurance contract		(1,540)	71,291	(1,540)	71,291
- change in contract liabilities ceded to reinsurers					
- insurance contract		13,357	(14,326)	13,357	(14,326)
		<u>184,577</u>	<u>180,980</u>	<u>184,577</u>	<u>180,980</u>

¹ Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM3,093,000 (30 June 2020: RM3,263,000) eliminated upon consolidation.

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Personnel costs:				
Salaries, allowances and bonuses	234,148	239,170	234,148	239,170
Shares granted under ESS				
- (writeback)/charge	(2,860)	4,189	(2,860)	4,189
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	38,015	39,705	38,015	39,705
Social security cost	2,080	2,067	2,080	2,067
Other staff related expenses	28,711	30,560	28,711	30,560
	<u>300,094</u>	<u>315,691</u>	<u>300,094</u>	<u>315,691</u>
Establishment costs:				
Depreciation of property and equipment	17,378	18,251	17,378	18,251
Depreciation of right-of-use assets	20,254	20,362	20,254	20,362
Amortisation of intangible assets	36,624	23,894	36,624	23,894
Computerisation costs	26,989	40,492	26,989	40,492
Rental of premises	595	32	595	32
Cleaning, maintenance and security	7,169	7,226	7,169	7,226
Finance costs:				
- interest on lease liabilities	2,351	4,261	2,351	4,261
- provision for reinstatement of leased properties	29	41	29	41
Others	7,835	7,883	7,835	7,883
	<u>119,224</u>	<u>122,442</u>	<u>119,224</u>	<u>122,442</u>
Marketing and communication expenses:				
Sales commission	1,566	2,394	1,566	2,394
Advertising, promotional and other marketing activities	8,445	44,567	8,445	44,567
Telephone charges	4,781	5,032	4,781	5,032
Postage	2,795	2,819	2,795	2,819
Travelling and entertainment	1,599	1,775	1,599	1,775
Others	2,623	3,502	2,623	3,502
	<u>21,809</u>	<u>60,089</u>	<u>21,809</u>	<u>60,089</u>
Administration and general expenses:				
Professional services	20,006	19,144	20,006	19,144
Travelling	402	569	402	569
Insurance	1,505	751	1,505	751
Subscriptions and periodicals	2,805	1,878	2,805	1,878
Others	28,754	18,010	28,754	18,010
	<u>53,472</u>	<u>40,352</u>	<u>53,472</u>	<u>40,352</u>
Total	<u>494,599</u>	<u>538,574</u>	<u>494,599</u>	<u>538,574</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Establishment costs:				
Depreciation of property and equipment	-	41	-	41
Computerisation costs	97	65	97	65
	<u>97</u>	<u>106</u>	<u>97</u>	<u>106</u>
Marketing and communication expenses:				
Telephone charges	-	1	-	1
Travelling and entertainment	7	13	7	13
	<u>7</u>	<u>14</u>	<u>7</u>	<u>14</u>
Administration and general expenses:				
Professional services	789	192	789	192
Travelling	5	-	5	-
Others	921	1,543	921	1,543
	<u>1,715</u>	<u>1,735</u>	<u>1,715</u>	<u>1,735</u>
Service transfer pricing expense, net	3,663	4,090	3,663	4,090
Total	<u>5,482</u>	<u>5,945</u>	<u>5,482</u>	<u>5,945</u>

A25. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	246,328	121,473	246,328	121,473
Impaired loans, advances and financing recovered, net	(57,375)	(78,728)	(57,375)	(78,728)
	<u>188,953</u>	<u>42,745</u>	<u>188,953</u>	<u>42,745</u>

A26. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Financial investments				
Financial investments at fair value				
through other comprehensive income	8,707	(2,204)	8,707	(2,204)
Financial investments at amortised cost	(3,701)	(9)	(3,701)	(9)
	<u>5,006</u>	<u>(2,213)</u>	<u>5,006</u>	<u>(2,213)</u>
Other financial assets				
Cash and short-term funds	642	1,747	642	1,747
Deposits and placements with banks				
and other financial institutions	(42)	518	(42)	518
Other assets	(60)	(1,321)	(60)	(1,321)
	<u>540</u>	<u>944</u>	<u>540</u>	<u>944</u>

A27. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the Chief Operating Decision-Maker in order to allocate resources to a segment and to assess its performance. The Group 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 loans, credit cards, small business loans, 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 Loans and Project Financing.
- (c) **Wholesale Banking**
Wholesale Banking comprises Corporate Banking and Group Treasury & Markets.
 - (i) Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
 - (ii) Group Treasury & Markets provides full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants.
- (d) **Investment Banking**
Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital).
- (e) **Fund Management**
Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (f) **Insurance**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (g) **Group Funding and Others**
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

Measurement of segment performance

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

Note:

- (i) The revenue generated by a majority of the operating segments substantially comprise interest income. The Chief Operating Decision Maker relies primarily on the net interest income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- (iii) The comparatives have been restated with current business realignment.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.06.2021	Wholesale banking							Group funding and others RM'000	Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000		
External revenue	743,760	171,202	345,978	327,533	61,587	42,647	409,164	(5,428)	2,096,443
Revenue from other segments	(130,476)	(28,537)	(101,450)	82,998	(3,576)	-	-	181,041	-
Total operating revenue	613,284	142,665	244,528	410,531	58,011	42,647	409,164	175,613	2,096,443
Net interest and funding income	356,947	89,186	156,434	106,635	14,355	344	26,598	67,668	818,167
Insurance and other operating income	65,391	23,556	31,759	48,968	42,587	42,248	135,444	3,516	393,469
Share in results of associates and joint ventures	(518)	-	-	-	-	-	25,430	1,304	26,216
Net income	421,820	112,742	188,193	155,603	56,942	42,592	187,472	72,488	1,237,852
Other operating expenses	(203,984)	(31,442)	(46,858)	(19,209)	(23,532)	(17,076)	(73,773)	(78,725)	(494,599)
of which:									
Depreciation of property and equipment	(4,571)	(450)	(447)	(43)	(190)	(52)	(1,030)	(10,595)	(17,378)
Depreciation of right-of-use assets	-	-	-	-	-	-	(3,231)	(17,023)	(20,254)
Amortisation of intangible assets	(4,867)	(207)	(1,895)	(316)	(165)	(47)	(4,736)	(24,391)	(36,624)
Profit/(Loss) before impairment losses (Allowances for)/Writeback of impairment on loans, advances and financing	217,836	81,300	141,335	136,394	33,410	25,516	113,699	(6,237)	743,253
(Allowances for)/Writeback of impairment on other assets	(43,869)	(13,132)	(64,769)	-	1,752	-	-	(68,935)	(188,953)
Provision for commitments and contingencies -writeback/(charge)	(51)	-	(1,281)	(5,630)	5	-	219	1,411	(5,327)
(Write-offs)/Other recoveries, net	1,428	(2,954)	(2,736)	-	-	-	-	14	(4,248)
Impairment of investment in associate	-	-	-	-	-	-	(73)	5	(68)
Profit/(Loss) before taxation and zakat	-	-	-	-	-	-	-	(4,625)	(4,625)
Taxation and zakat	175,344	65,214	72,549	130,764	35,167	25,516	113,845	(78,367)	540,032
Profit/(Loss) for the financial period	(42,207)	(13,437)	(16,810)	(27,621)	(8,004)	(5,341)	(15,881)	11,460	(117,841)
Profit/(Loss) for the financial period	133,137	51,777	55,739	103,143	27,163	20,175	97,964	(66,907)	422,191
Other information									
Total segment assets	65,054,729	12,564,334	32,575,056	45,137,342	2,463,477	162,089	5,776,959	3,024,205	166,758,191
Total segment liabilities	50,751,405	8,629,017	14,392,307	54,880,753	903,016	35,782	3,270,373	17,018,171	149,880,824
Cost to income ratio	48.4%	27.9%	24.9%	12.3%	41.3%	40.1%	39.4%	>100.0%	40.0%
Gross loans, advances and financing	65,215,252	12,697,248	35,894,764	-	1,864,594	-	497	(105,596)	115,566,759
Net loans, advances and financing	64,084,484	12,550,936	35,338,203	-	1,864,294	-	428	(642,861)	113,195,484
Impaired loans, advances and financing	872,283	312,133	623,559	-	300	-	-	-	1,808,275
Total deposits	50,235,886	8,493,035	14,180,227	51,752,522	653,298	-	-	(394,263)	124,920,705
Additions to:									
Property and equipment	964	23	158	139	267	33	846	1,981	4,411
Intangible assets	2,828	55	1,080	3,524	373	2	1,428	6,236	15,526

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.06.2020 (Restated)	Wholesale banking							Group funding and others RM'000	Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000		
External revenue	752,097	160,640	404,435	471,870	44,723	33,384	451,399	(103,933)	2,214,615
Revenue from other segments	(123,905)	(41,640)	(175,102)	168,519	(2,380)	-	-	174,508	-
Total operating revenue	<u>628,192</u>	<u>119,000</u>	<u>229,333</u>	<u>640,389</u>	<u>42,343</u>	<u>33,384</u>	<u>451,399</u>	<u>70,575</u>	<u>2,214,615</u>
Net interest and funding income	291,435	62,468	144,212	112,967	10,248	287	32,695	(40,446)	613,866
Insurance and other operating income	50,639	17,683	27,615	122,501	29,468	33,041	174,935	(233)	455,649
Share in results of associates and joint ventures	(107)	-	-	-	-	-	21,186	1,780	22,859
Net income/(expense)	341,967	80,151	171,827	235,468	39,716	33,328	228,816	(38,899)	1,092,374
Other operating expenses	(211,654)	(33,477)	(47,428)	(18,161)	(26,133)	(15,468)	(120,224)	(66,029)	(538,574)
<i>of which:</i>									
<i>Depreciation of property and equipment</i>	(5,637)	(423)	(519)	(39)	(221)	(60)	(1,974)	(9,378)	(18,251)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(2,201)	(18,161)	(20,362)
<i>Amortisation of intangible assets</i>	(5,462)	(225)	(1,815)	(331)	(144)	(43)	(4,649)	(11,225)	(23,894)
Profit/(Loss) before impairment losses (Allowances for)/Writeback of impairment on loans, advances and financing	130,313	46,674	124,399	217,307	13,583	17,860	108,592	(104,928)	553,800
Writeback of/(Allowances for) impairment on other assets	(36,291)	(5,829)	13,192	-	1,556	-	-	(15,373)	(42,745)
Provision for commitments and contingencies - (charge)/writeback	151	-	1,253	(4,112)	(86)	-	458	4,063	1,727
Other recoveries/(write-offs), net	(222)	(901)	(5,172)	-	-	-	-	(201)	(6,496)
Profit/(Loss) before taxation and zakat	1	-	-	-	-	-	(2,428)	54	(2,373)
Taxation and zakat	93,952	39,944	133,672	213,195	15,053	17,860	106,622	(116,385)	503,913
Profit/(Loss) for the financial period	(22,565)	(9,430)	(30,074)	(47,550)	(3,089)	(3,738)	(10,670)	25,128	(101,988)
Other information	71,387	30,514	103,598	165,645	11,964	14,122	95,952	(91,257)	401,925
Total segment assets	59,809,450	11,293,979	34,760,541	45,752,092	2,153,266	119,158	5,913,236	3,428,181	163,229,903
Total segment liabilities	48,140,338	7,261,422	14,430,744	58,193,408	1,166,212	21,632	3,388,424	10,419,901	143,022,081
Cost to income ratio	61.9%	41.8%	27.6%	7.7%	65.8%	46.4%	52.5%	<100.0%	49.3%
Gross loans, advances and financing	59,587,583	11,420,434	34,908,878	-	1,605,630	-	587	(102,852)	107,420,260
Net loans, advances and financing	58,850,304	11,281,420	34,683,847	-	1,602,357	-	518	(261,701)	106,156,745
Impaired loans, advances and financing	770,677	297,794	688,548	-	23,067	-	-	-	1,780,086
Total deposits	47,476,662	7,152,295	14,299,734	52,992,748	801,579	-	-	(216,613)	122,506,405
Additions to:									
Property and equipment	8,272	78	40	1,121	326	29	767	1,626	12,259
Intangible assets	12,110	5	279	558	872	16	2,904	8,339	25,083

A28. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

A29. EVENT SUBSEQUENT TO REPORTING PERIOD

- (i) Starting from 7 July 2021 onwards, the Group 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.
- (ii) On 19 July 2021, AmGeneral Holdings Berhad ("AGHB"), a 51%-owned subsidiary of the Company entered into an Implementation Agreement with Liberty Insurance Berhad ("LIB") whereby AGHB will dispose its wholly-owned subsidiary, AmGeneral Insurance Berhad ("AGIB"), to LIB for approximately RM2,290 million (subject to adjustments), to be satisfied via a combination of cash and shares in LIB ("Proposed Disposal").

The Proposed Disposal is subject to regulatory approvals. Contingent on receiving the said approvals, AGHB and LIB will, inter alia, execute a share purchase agreement under which:

- (a) LIB will acquire 100% equity stake in AGIB from AGHB for approximately RM2,290 million (subject to adjustments); and
- (b) The Company's share of proceeds from the Proposed Disposal will be satisfied via a combination of cash and shares, which will result in the Company holding a 30% interest in the LIB and AGIB businesses.

Upon completion of the Proposed Disposal, AMMB and Liberty Mutual Insurance Company (the parent company of LIB) will hold a 30% and a 70% equity stake respectively in LIB and AGIB. AMMB will be accounting for the Proposed Disposal as a disposal of subsidiary and, subsequently, will account for the 30% retained interest in LIB and AGIB as an associate undertaking.

The Proposed Disposal will also see AMMB Group entering into a 20-year new bancassurance partnership.

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

A30. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

Winding-up of subsidiaries

AmCapital (B) Sdn Bhd, under court liquidation was dissolved on 13 October 2019 (communicated by the Registry of Companies and Business Names Division of the Ministry of Finance and Economy of Brunei Darussalam via letter dated 10 May 2021).

Other than as disclosed above, there were no material changes in the composition of the Group and the Company for the current financial quarter.

A31. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the banking subsidiaries of the Company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

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

	Group	
	30.06.2021	31.03.2021
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	17,998,894	17,722,506
over one year	2,027,044	2,018,731
Unutilised credit card lines	5,193,975	5,151,236
Forward asset purchases	123,444	894,498
	<u>25,343,357</u>	<u>25,786,971</u>
Contingent Liabilities		
Direct credit substitutes	2,354,522	2,113,258
Transaction related contingent items	4,382,445	4,303,726
Obligations under underwriting agreements	36,080	-
Short-term self-liquidating trade-related contingencies	526,926	694,409
	<u>7,299,973</u>	<u>7,111,393</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	43,015,562	45,754,858
One year or less	12,161,355	13,551,363
Over one year to five years	25,479,209	27,165,318
Over five years	5,374,998	5,038,177
Foreign exchange related contracts:	43,122,456	56,479,420
One year or less	35,432,487	47,993,667
Over one year to five years	6,226,144	7,097,188
Over five years	1,463,825	1,388,565
Credit related contracts:	348,320	347,950
One year or less	348,320	347,950
Equity and commodity related contracts:	1,515,087	1,519,073
One year or less	1,434,623	1,434,391
Over one year to five years	80,464	84,682
	<u>88,001,425</u>	<u>104,101,301</u>
	<u>120,644,755</u>	<u>136,999,665</u>

A31. COMMITMENTS AND CONTINGENCIES (CONT'D.)

As at the reporting date, other commitments and contingencies of the Group and of the Company are as follows:

- (a) The Company has given an unsecured guarantee amounting to RM50.0 million (31 March 2021: RM50.0 million) on behalf of AmInvestment Bank Berhad ("AmInvestment Bank"), for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc., Morgan Stanley & Co. LLC and Morgan Stanley Capital Group Inc in respect of its futures trading activity with AmInvestment Bank.
- (b) The Malaysia Competition Commission ("MyCC")'s Proposed Decision against Persatuan Insurans Am Malaysia ("PIAM") and its 22 members (including AmGeneral Insurance Berhad, a subsidiary).

On 25 September 2020, AmGeneral Insurance Berhad ("AmGeneral") received the Notice of Finding of an infringement by the Competition Commission ("the Commission") under Section 40 of the Competition Act 2010 ("CA 2010").

Pursuant to Section 40 of CA 2010, the Commission has determined that PIAM and its 22 members have infringed the prohibition under section 4 of CA 2010 by participating in an agreement that significantly prevents, restricts or distorts competition in relation to PIAM Approved Repairers Scheme.

The penalty imposed of RM13.7 million was lower than the initial proposed decision by MyCC since 27 February 2017 of RM45.2 million.

On 13 October 2020, AmGeneral submitted a Notice of Appeal to MyCC pursuant to Section 51 of the CA and on 23 October 2020, submitted an Application for Stay to the Competition Appeal Tribunal pursuant to Section 53 of the CA. On 23 March 2021, the Tribunal unanimously decided to grant a stay of the financial penalties pending the disposal of the appeal.

On 26 April 2021, the High Court has granted AmGeneral's Application for Leave for Judicial Review and extended the interim stay which was granted on 15 March 2021 until the hearing of any objections or application by MyCC to set it aside. The grant of leave means the High Court has agreed to hear arguments on AmGeneral's application to set aside MyCC's decision.

On 7 May 2021, MyCC filed an application to set aside the grant of leave for Judicial Review granted by the High Court. The hearing for (i) MyCC's application to set aside the permission for Judicial Review and (ii) decision of the Court to expunge MyCC's 3 August 2021 Affidavit, are now fixed for 26 August 2021. The interim stay of execution will remain in force until the disposal of the setting aside application.

- (c) On 9 December 2019, the Company and its wholly-owned subsidiary, AmBank Islamic were served with a writ and statement of claim by Dato' Sri Mohd Najib bin Hj Abd Razak ("Plaintiff"). In this action, the Plaintiff is seeking damages in relation to the conduct of his current accounts opened with AmBank Islamic.

The Company and AmBank Islamic have been advised by the solicitors that the allegations are not sustainable and AmBank Islamic and the Company have a strong defence. AmBank Islamic and the Company will vigorously oppose the action. The suit will not have a material impact on the operations of AmBank Islamic.

On 28 September 2020, the High Court struck out the Plaintiff's suit against AmBank Islamic and the Company. 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 AmBank Islamic and the Company.

A32. DERIVATIVE FINANCIAL INSTRUMENTS

The following summarises the notional contracted amounts of derivatives held for trading and derivative designated in hedge accounting relationships of the Group and the revalued derivative financial instruments as at the reporting date:

Group	30.06.2021			31.03.2021		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest/Profit rate related contracts:	47,341,488	646,825	687,811	45,289,858	624,513	674,371
- One year or less	15,367,800	62,156	61,809	13,436,363	39,872	54,341
- Over one year to three years	18,845,366	230,048	281,331	19,130,217	240,773	288,511
- Over three years	13,128,322	354,621	344,671	12,723,278	343,868	331,519
Foreign exchange related contracts:	38,331,530	421,456	313,593	56,479,420	642,697	536,032
- One year or less	32,111,042	200,313	154,546	47,993,667	317,249	304,083
- Over one year to three years	2,493,092	31,622	20,620	4,282,828	125,489	81,846
- Over three years	3,727,396	189,521	138,427	4,202,925	199,959	150,103
Credit related contracts:	348,320	640	476	347,950	1,347	910
- One year or less	348,320	640	476	347,950	1,347	910
Equity and commodity related contracts:	1,515,087	25,935	30,450	1,519,073	22,633	36,508
- One year or less	1,434,623	16,430	20,945	1,434,391	17,412	31,434
- Over one year to three years	10,000	239	239	14,350	410	263
- Over three years	70,464	9,266	9,266	70,332	4,811	4,811
	<u>87,536,425</u>	<u>1,094,856</u>	<u>1,032,330</u>	<u>103,636,301</u>	<u>1,291,190</u>	<u>1,247,821</u>
Hedging derivatives						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	115,000	-	1,090	115,000	-	1,654
- One year or less	115,000	-	1,090	115,000	-	1,654
Fair value hedge	350,000	-	20,029	350,000	-	20,334
- Over three years	350,000	-	20,029	350,000	-	20,334
Total	<u>88,001,425</u>	<u>1,094,856</u>	<u>1,053,449</u>	<u>104,101,301</u>	<u>1,291,190</u>	<u>1,269,809</u>

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Company measure fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- 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 Group and the Company 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 Group's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Company. Therefore, unobservable inputs reflect the Group's and the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Company's own data, as well as financial information of the counterparties. Unquoted equity investments at FVOCI are revalued using adjusted net assets method.

About 2.1% (31 March 2021: 2.4%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

The following tables show the Group's and the Company's financial instruments that are measured at fair value at the reporting date analysed by levels within the fair value hierarchy.

Group	Level 1	Level 2	Level 3	Total
30.06.2021	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	62	1,094,794	-	1,094,856
Financial assets at fair value through profit or loss				
- Money market securities	-	6,942,437	-	6,942,437
- Shares	1,060,879	-	34	1,060,913
- Unit trusts	185,944	2,219	-	188,163
- Quoted corporate bonds and sukuk	-	37,546	-	37,546
- Unquoted corporate bonds and sukuk	-	3,899,517	-	3,899,517
Financial investments at fair value through other comprehensive income				
- Money market securities	-	9,027,454	-	9,027,454
- Shares	-	-	689,695	689,695
- Unquoted corporate bonds and sukuk	-	10,617,661	-	10,617,661
	<u>1,246,885</u>	<u>31,621,628</u>	<u>689,729</u>	<u>33,558,242</u>
Derivative financial liabilities	<u>11,969</u>	<u>1,041,480</u>	<u>-</u>	<u>1,053,449</u>

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

The following tables show the Group's and the Company's financial instruments that are measured at fair value at the reporting date analysed by levels within the fair value hierarchy. (Cont'd.)

Company 30.06.2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,110	-	1,110
	-	1,110	-	1,110
Group 31.03.2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	237	1,290,953	-	1,291,190
Financial assets at fair value through profit or loss				
- Money market securities	-	4,116,349	-	4,116,349
- Shares	1,083,286	-	34	1,083,320
- Unit trusts	195,792	1,104	-	196,896
- Quoted corporate bonds and sukuk	-	37,538	-	37,538
- Unquoted corporate bonds and sukuk	-	4,127,871	-	4,127,871
Financial investments at fair value through other comprehensive income				
- Money market securities	-	7,661,349	-	7,661,349
- Shares	-	-	686,792	686,792
- Unquoted corporate bonds and sukuk	-	9,438,057	-	9,438,057
	1,279,315	26,673,221	686,826	28,639,362
Derivative financial liabilities	21,242	1,248,567	-	1,269,809
Company 31.03.2021				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,104	-	1,104
	-	1,104	-	1,104

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value at the reporting date.

Group	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Total RM'000
30.06.2021			
Balance at beginning of the financial period	34	686,792	686,826
Total gains recognised in other comprehensive income under fair value reserve	-	2,903	2,903
Balance at end of the financial period	<u>34</u>	<u>689,695</u>	<u>689,729</u>
31.03.2021			
Balance at beginning of the financial year	2,766	593,550	596,316
Gain on revaluation of financial assets at FVTPL taken up in statement of profit or loss	136	-	136
Total gains recognised in other comprehensive income under fair value reserve	-	93,242	93,242
Disposals	(2,868)	-	(2,868)
Balance at end of the financial year	<u>34</u>	<u>686,792</u>	<u>686,826</u>

There were no transfers between Level 2 and Level 3 during the current financial period and previous financial year for the Group.

Total gains or losses included in the statement of profit or loss and statement of comprehensive income for financial instruments held at the end of the reporting date:

Group	30.06.2021 RM'000	31.03.2021 RM'000
Financial assets at FVTPL:		
Total gain included in:		
- investment and trading income in statement of profit or loss	-	136
Financial investments at FVOCI:		
Total gains included in:		
- fair value reserve in statement of comprehensive income	2,903	93,242

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

A34. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Group and banking subsidiaries are as follows:

	30.06.2021			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
Under transitional arrangements, refer Note (1) below				
CET1 Capital Ratio	11.941%	12.286%	36.020%	12.330%
Tier 1 Capital Ratio	11.941%	12.286%	36.020%	12.330%
Total Capital Ratio	16.443%	16.748%	36.021%	15.327%
	31.03.2021			
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	11.095%	12.146%	27.374%	11.333%
Tier 1 Capital Ratio	11.095%	12.146%	27.374%	11.333%
Total Capital Ratio	15.650%	16.661%	27.374%	14.481%
After deducting proposed dividends:				
CET1 Capital Ratio	11.095%	12.038%	27.374%	11.333%
Tier 1 Capital Ratio	11.095%	12.038%	27.374%	11.333%
Total Capital Ratio	15.650%	16.553%	27.374%	14.481%

Notes:

(1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios computed as at 30 June 2021 and 31 March 2021 had applied transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries are as follows:

	30.06.2021			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
CET1 Capital Ratio	11.195%	10.652%	36.020%	11.321%
Tier 1 Capital Ratio	11.195%	10.652%	36.020%	11.321%
Total Capital Ratio	16.110%	15.546%	36.021%	14.904%
	31.03.2021			
Before deducting proposed dividends:				
CET1 Capital Ratio	10.415%	10.687%	27.374%	10.423%
Tier 1 Capital Ratio	10.415%	10.687%	27.374%	10.423%
Total Capital Ratio	15.378%	15.631%	27.374%	14.135%
After deducting proposed dividends:				
CET1 Capital Ratio	10.415%	10.580%	27.374%	10.423%
Tier 1 Capital Ratio	10.415%	10.580%	27.374%	10.423%
Total Capital Ratio	15.378%	15.523%	27.374%	14.135%

A34. CAPITAL ADEQUACY (CONT'D.)

- (2) The Company, being a financial holding company ("FHC") i.e. a financial holding company approved pursuant to Section 112(3) of the FSA or Section 124(3) of the IFSA and holds investment directly or indirectly in corporations that are engaged predominantly in banking business or Islamic banking business, has complied with BNM guidelines on minimum capital adequacy ratios and capital buffer requirements at the consolidated level effective 1 January 2019.

For regulatory capital reporting purposes, the consolidated level comprise the consolidation of all its financial and non-financial subsidiaries, excluding investments in insurance subsidiaries as per BNM's guidelines on Capital Adequacy Framework (Capital Components). Under the guidelines, investments in insurance subsidiaries shall be deducted in the calculation of CET1 Capital ratio.

- (3) Pursuant to the BNM's guidelines on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued, financial institutions are required to maintain minimum capital adequacy ratios at 4.5% for CET1 Capital, 6.0% for Tier 1 Capital and 8.0% for Total Capital ratio at all times. In addition, financial institutions are also required to maintain capital buffers which comprise the sum of the following:

- (a) a Capital Conservation Buffer ("CCB") of 2.5%;
 - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institutions have credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies for exposures in Malaysia; and
 - (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").
- (b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows:

	30.06.2021			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
CET1 Capital				
Ordinary share capital ^{Note 1}	3,040,465	1,387,107	330,000	6,376,283
Retained earnings	5,810,228	2,375,291	55,485	8,183,111
Fair value reserve	490,301	55,291	1,539	740,823
Foreign exchange translation reserve	88,964	-	-	95,497
Treasury shares	-	-	-	(27,294)
Cash flow hedging deficit	(14,414)	-	-	(14,414)
Other remaining disclosed reserves	-	-	-	64,832
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(233,315)	(668)	(1,822)	(236,258)
Deferred tax assets	(86,888)	(70,185)	(3,974)	(155,773)
55% of cumulative gains in fair value reserve	(269,666)	(30,410)	(846)	(407,453)
Cash flow hedging deficit	14,414	-	-	14,414
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(564)	(90)	-	(635)
Other CET1 regulatory adjustments specified by BNM	588,413	570,185	-	1,158,551
CET1 Capital	9,419,450	4,286,521	330,573	14,154,192

A34. CAPITAL ADEQUACY (CONT'D.)

- (b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows: (cont'd.)

	30.06.2021			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	440
Tier 1 Capital	9,419,450	4,286,521	330,573	14,154,632
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,995,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,627,318
General provisions*	555,618	256,523	3	812,060
Tier 2 Capital	3,550,618	1,556,523	3	3,439,378
Total Capital	12,970,068	5,843,044	330,576	17,594,010

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

Credit RWA	70,502,430	34,350,687	573,288	102,862,961
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,751,048)	-	(30,176)
Total Credit RWA	70,502,430	32,599,639	573,288	102,832,785
Market RWA	2,887,226	632,177	61,996	4,315,154
Operational RWA	4,594,967	1,656,635	282,457	6,749,095
Large exposure risk RWA for equity holdings	896,196	-	-	896,862
Total RWA	78,880,819	34,888,451	917,741	114,793,896

Note 1: On 14 April 2021, the Company increased its issued and paid-up ordinary share capital by RM825.0 million through the issuance of 300,000,000 new ordinary shares.

On 31 May 2021, AmBank increased its issued and paid-up ordinary share capital by RM450.0 million through the issuance of 46,680,498 new ordinary shares.

A34. CAPITAL ADEQUACY (CONT'D.)

- (c) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and its banking subsidiaries are as follows: (cont'd.)

	31.03.2021			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
CET1 Capital				
Ordinary share capital ^{Note2}	2,590,465	1,387,107	330,000	5,551,557
Retained earnings	5,591,998	2,341,323	35,695	7,876,333
Fair value reserve	457,552	43,972	1,539	691,067
Foreign exchange translation reserve	88,443	-	-	94,992
Treasury shares	-	-	-	(20,970)
Cash flow hedging deficit	(16,949)	-	-	(16,949)
Other remaining disclosed reserves	-	-	-	67,778
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(254,134)	(718)	(1,872)	(257,225)
Deferred tax assets	(95,580)	(62,877)	(5,841)	(157,666)
55% of cumulative gains in fair value reserve	(251,654)	(24,185)	(846)	(380,087)
Cash flow hedging deficit	16,949	-	-	16,949
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,197)	(183)	-	(1,254)
Other CET1 regulatory adjustments specified by BNM	529,759	502,728	-	1,032,479
CET1 Capital	8,647,164	4,187,167	308,866	12,859,512
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	445
Tier 1 Capital	8,647,164	4,187,167	308,866	12,859,957
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,995,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,759,714
General provisions*	555,618	256,523	3	812,060
Tier 2 Capital	3,550,618	1,556,523	3	3,571,774
Total Capital	12,197,782	5,743,690	308,869	16,431,731

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

Credit RWA	69,875,702	33,139,511	839,127	102,337,880
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(796,005)	-	(76,493)
Total Credit RWA	69,875,702	32,343,506	839,127	102,261,387
Market RWA	2,681,941	508,561	15,027	3,734,468
Operational RWA	4,505,648	1,622,712	274,163	6,598,842
Large exposure risk RWA for equity holdings	877,587	-	-	878,254
Total RWA	77,940,878	34,474,779	1,128,317	113,472,951

Note 2: On 30 March 2021, AmBank and AmInvestment Bank increased its issued and paid-up ordinary share capital by RM650.0 million and RM130.0 million through the issuance of 66,394,280 and 114,035,088 new ordinary shares respectively.

* Consists of Stage 1 and Stage 2 loss allowances and regulatory reserve.

A35. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	General insurance fund		Shareholders' fund and Others		Total*	
	30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000	30.06.2021 RM'000	31.03.2021 RM'000
ASSETS						
Cash and short-term funds	95,688	137,680	188,091	128,127	283,779	265,807
Deposits and placements with banks and other financial institutions	20,053	20,180	-	-	20,053	20,180
Financial assets at fair value through profit or loss	2,422,157	2,397,597	4,502,108	4,511,146	3,484,940	3,498,507
Loans and advances	428	456	-	-	428	456
Deferred tax assets	23,005	23,005	-	-	23,005	23,005
Investment in a subsidiary	-	-	1,708,733	1,708,733	-	-
Other assets	1,190,855	1,193,820	53,172	59,000	106,554	112,954
Reinsurance assets and other insurance receivables	420,597	432,684	-	-	420,597	432,684
Property and equipment	13,508	13,764	(59)	(59)	13,449	13,705
Right-of-use assets	42,395	45,682	-	-	42,395	45,682
Intangible assets	43,200	45,502	57,797	58,803	879,923	883,231
Asset held for sale	1,562	1,562	762	762	2,324	2,324
TOTAL ASSETS	4,273,448	4,311,932	6,510,604	6,466,512	5,277,447	5,298,535
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	492,616	487,170	492,616	487,170
Deferred tax liabilities	-	-	58,430	59,631	58,430	59,631
Other liabilities	311,520	329,495	1,146,510	1,147,445	320,997	337,514
Insurance contract liabilities and other insurance payables	2,398,330	2,479,007	-	-	2,398,330	2,479,007
Total Liabilities	2,709,850	2,808,502	1,697,556	1,694,246	3,270,373	3,363,322
Share capital**	-	-	5,662,497	5,642,440	1,599,148	1,599,148
Reserves	1,563,598	1,503,430	(849,449)	(870,174)	407,926	336,065
Equity attributable to equity holders of the Company	1,563,598	1,503,430	4,813,048	4,772,266	2,007,074	1,935,213
TOTAL LIABILITIES AND EQUITY	4,273,448	4,311,932	6,510,604	6,466,512	5,277,447	5,298,535
* After elimination on consolidation						
** Comprising:						
Ordinary share capital					1,030,000	1,030,000
Preference share capital					169,148	169,148
Transfer from Retained Earnings arising from redemption of preference shares					400,000	400,000
					1,599,148	1,599,148

Note: Shareholders' funds and Others also include the results of AmGeneral Holdings Berhad and collective investment schemes of its insurance subsidiary.

A35. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021

Group	General insurance fund		Shareholders' fund and Others		Total*	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Interest income	446	725	31,598	37,246	32,044	37,971
Interest expense	-	-	(5,446)	(5,276)	(5,446)	(5,276)
Net interest income	446	725	26,152	31,970	26,598	32,695
Income from insurance business	343,982	338,032	-	-	343,982	338,032
Insurance claims and commissions**	(216,246)	(217,307)	-	-	(216,246)	(217,307)
Net income from insurance business	127,736	120,725	-	-	127,736	120,725
Other operating income	20,717	45,093	28,648	94,503	7,708	54,210
Net income	148,899	166,543	54,800	126,473	162,042	207,630
Other operating expenses	(71,148)	(117,541)	(2,625)	(2,684)	(73,773)	(120,225)
Operating profit	77,751	49,002	52,175	123,789	88,269	87,405
Writeback of allowance for impairment:						
Reinsurance assets and insurance receivables	219	458	-	-	219	458
Other write-offs, net	(73)	(2,428)	-	-	(73)	(2,428)
Profit before taxation	77,897	47,032	52,175	123,789	88,415	85,435
Taxation	(17,056)	(12,810)	1,175	2,140	(15,881)	(10,670)
Profit for the financial period	60,841	34,222	53,350	125,929	72,534	74,765

* After elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM3,093,000 (30 June 2020: RM3,263,000)

A36. OPERATIONS OF ISLAMIC BANKING

Upon notification to BNM, with effect from 15 June 2021, the Company's wholly-owned subsidiary, AmlInvestment Bank Berhad ("AmlInvestment") no longer required to disclose its operations of Islamic banking relating to stock broking and capital market activities undertaken in compliance with Shariah principles that are regulated by the Securities Commission and Bursa Malaysia Berhad. This change is also aligned to the presentation of financial information presented to management to manage the business.

As guided by BNM, retrospective application is not allowed. The change in the presentation will be applied prospectively.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Group	
		30.06.2021 RM'000	31.03.2021 RM'000
ASSETS			
Cash and short-term funds		4,050,505	9,398,989
Derivative financial assets		56,403	49,667
Financial assets at fair value through profit or loss		3,985,458	2,271,667
Financial investments at fair value through other comprehensive income		4,954,818	4,095,135
Financial investments at amortised cost		1,392,322	1,392,155
Financing and advances	(a)	36,485,850	35,389,517
Statutory deposit with Bank Negara Malaysia		145,000	113,000
Deferred tax assets		70,064	63,074
Other assets		345,424	342,261
Property and equipment		413	440
Right-of-use assets		2,280	2,351
Intangible assets		668	718
TOTAL ASSETS		51,489,205	53,118,974
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	38,750,915	41,732,511
Investment accounts of customers	(c)	46,258	94,834
Deposits and placements of banks and other financial institutions		3,199,845	3,177,611
Investment account due to a licensed bank	(d)	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
Deferred tax liabilities		-	1,578
Other liabilities	(e)	210,623	296,010
TOTAL LIABILITIES		47,634,438	49,223,095
Share capital/Capital funds		1,387,107	1,417,107
Reserves		2,467,660	2,478,772
TOTAL ISLAMIC BANKING FUNDS		3,854,767	3,895,879
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		51,489,205	53,118,974
COMMITMENTS AND CONTINGENCIES		15,070,628	14,742,101

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Income derived from investment of depositors' funds	1	429,408	412,094	429,408	412,094
Income derived from investment of investment account funds		10,354	8,949	10,354	8,949
Income derived from Islamic Banking Funds	1	44,071	43,567	44,071	43,567
Allowance on financing and advances - net (Allowance for)/Writeback of impairment on:		(90,870)	(29,875)	(90,870)	(29,875)
- Financial investments		(1,866)	(414)	(1,866)	(414)
- Other financial assets		49	11	49	11
Provision for commitments and contingencies		(708)	(2,092)	(708)	(2,092)
Total distributable income		390,438	432,240	390,438	432,240
Income attributable to the depositors and others	2	(190,813)	(234,604)	(190,813)	(234,604)
Income attributable to the investment account holders		(9,093)	(7,677)	(9,093)	(7,677)
Total net income		190,532	189,959	190,532	189,959
Operating expenses		(72,481)	(73,197)	(72,481)	(73,197)
Finance costs		(24,341)	(24,657)	(24,341)	(24,657)
Profit before taxation and zakat		93,710	92,105	93,710	92,105
Taxation and zakat		(20,717)	(20,421)	(20,717)	(20,421)
Profit for the financial period		72,993	71,684	72,993	71,684

Note:

1 Included the net loss of RM3,301,000 (30.06.2020: RM38,016,000) from measures implemented in response to COVID-19 pandemic.

2 Included a fair value gain of RM 8,966,000 recognised by AmBank Islamic Berhad from funding obtained from a related company in 30 June 2020. The funding was obtained for the purposes of providing Special Relief Facility ("SRF") financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic.

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Profit for the financial period	72,993	71,684	72,993	71,684
Other comprehensive income:				
Items that may be reclassified subsequently to statement of profit or loss				
Financial investments at fair value through other comprehensive income:				
- net unrealised gain for changes in fair value	12,989	63,027	12,989	63,027
- changes in expected credit loss	2,070	101	2,070	101
- net gain reclassified to profit or loss	(596)	(36)	(596)	(36)
- tax effect	(3,144)	(15,118)	(3,144)	(15,118)
Other comprehensive income for the financial period, net of tax	11,319	47,974	11,319	47,974
Total comprehensive income for the financial period	84,312	119,658	84,312	119,658

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021**

Group	Non-Distributable		Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2020	1,417,107	71,612	56,249	2,235,026	3,779,994
Profit for the financial period	-	-	-	71,684	71,684
Other comprehensive income, net	-	-	47,974	-	47,974
Total comprehensive income for the financial period	-	-	47,974	71,684	119,658
Transfer to retained earnings	-	(14,712)	-	14,712	-
	-	(14,712)	-	14,712	-
At 30 June 2020	1,417,107	56,900	104,223	2,321,422	3,899,652
At 1 April 2021	1,417,107	-	43,972	2,434,800	3,895,879
Profit for the financial period	-	-	-	72,993	72,993
Other comprehensive income, net	-	-	11,319	-	11,319
Transfer to conventional fund*	(30,000)	-	-	(95,424)	(125,424)
Total comprehensive (loss)/income for the financial period	(30,000)	-	11,319	(22,431)	(41,112)
At 30 June 2021	1,387,107	-	55,291	2,412,369	3,854,767

* Relates to Islamic Banking of AmInvestment Bank.

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances

Financing and advances by type of financing and Shariah contracts are as follows:

Group 30.06.2021	Bai' Bithaman	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai' Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai' (AITAB) RM'000			
At amortised cost:							
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
Claims on customers under acceptance credits	-	1,794,433	-	-	-	225,412	2,019,845
Staff financing	-	14,344	-	-	-	-	14,344
Others	-	1,035,220	-	-	-	3,939	1,039,159
Gross financing and advances*	3,222,411	26,436,723	53,637	4,048,772	2,911,457	716,199	37,389,199
Allowance for impairment on financing and advances							
- 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>

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances (Cont'd.)

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

Group 31.03.2021	Bai' Bithaman	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai' Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai' (AITAB) RM'000			
At amortised cost:							
Cash lines	-	586,926	-	-	612,527	-	1,199,453
Term financing	503,991	11,078,280	8,925	-	1,467,826	40,320	13,099,342
Revolving credit	42,065	3,217,574	-	-	1,123,575	-	4,383,214
Housing financing	2,736,494	6,544,595	45,197	-	-	-	9,326,286
Hire purchase receivables	4	-	-	4,003,861	-	-	4,003,865
Bills receivables	-	310,200	-	-	-	23,618	333,818
Credit card receivables	-	-	-	-	-	453,056	453,056
Trust receipts	-	283,607	-	-	-	-	283,607
Claims on customers under acceptance credits	-	1,848,952	-	-	-	259,041	2,107,993
Staff financing	-	12,454	-	-	-	-	12,454
Others	-	984,774	-	-	-	37,330	1,022,104
Gross financing and advances*	3,282,554	24,867,362	54,122	4,003,861	3,203,928	813,365	36,225,192
Allowance for impairment on financing and advances							
- 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							35,389,517

* Included in financing and advances are exposures to the Restricted Investment Account ("RA") arrangements between AmBank Islamic and AmBank. 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 had accounted for all allowances for impairment arising from the RA financing.

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances (Cont'd.)

(i) Movements in impaired financing and advances are as follows:

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
Balance at beginning of the financial period/year	613,074	615,350
Additions during the financial period/year	150,744	385,160
Reclassified to non-impaired financing	(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 total 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>

(ii) Movements in allowances for ECL are as follows:

Group 30.06.2021	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
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 12-month ECL (Stage 1)	2,512	(16,472)	(44)	(14,004)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,980)	34,293	(3,348)	27,965
- Transfer to Lifetime ECL credit impaired (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 in 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>

Note:

1 As at 30 June 2021, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,720.9 million (31 March 2021: RM719.5 million). ECL allowance for the RA financing which amounted to RM2.7 million (31 March 2021: RM1.9 million) is taken up by AmBank.

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances (Cont'd.)

(ii) Movements in allowances for ECL are as follows: (Cont'd.)

Group 31.03.2021	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
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 12-month ECL (Stage 1)	3,805	(19,740)	(329)	(16,264)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,809)	80,382	(4,956)	64,617
- Transfer to Lifetime ECL credit impaired (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 in 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	144,366	589,675	101,634	835,675

(b) Deposits From Customers

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	3,308,554	3,169,111
<i>Qard</i>	111,561	83,621
Demand deposits		
<i>Commodity Murabahah</i>	8,233,163	9,012,721
<i>Qard</i>	557,747	443,683
Term deposits		
<i>Commodity Murabahah</i>	26,180,095	28,786,399
<i>Qard</i>	359,795	236,976
	<u>38,750,915</u>	<u>41,732,511</u>

The deposits are sourced from the following types of customers:

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
Business enterprises	23,411,172	27,148,886
Government and statutory bodies	3,768,033	4,429,701
Individuals	10,553,664	9,164,941
Others	1,018,046	988,983
	<u>38,750,915</u>	<u>41,732,511</u>

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Deposits From Customers (Cont'd.)

The maturity structure of term deposits are as follows:

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
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
	26,539,890	29,023,375

(c) Investment Accounts Of Customers

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	16,083	18,342
With maturity		
- Mudarabah	30,175	76,492
	46,258	94,834

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

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
Business enterprises	22,156	68,200
Individuals	24,102	26,634
	46,258	94,834

	Group	
	30.06.2021 RM'000	31.03.2021 RM'000
Investment asset:		
Interbank placement (Wakalah)	16,083	18,342
Housing financing (Mudarabah)	30,175	76,492
Total investment	46,258	94,834

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

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
30.06.2021			
Maturity			
less than 3 months	48.76	1.15	1.75
over 3 months to 1 year	53.61	2.15	-
31.03.2021			
Maturity			
less than 3 months	52.46	1.79	1.89
over 3 months to 1 year	66.13	2.73	-

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,717,841	718,034
Investment asset:		
Financing	1,717,841	718,034
Total investment	1,717,841	718,034

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 AmBank Islamic as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider. 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 the tenure of the RA contracts is for a period ranging between 1 year to 9 years (31 March 2021: 1 year to 9 years).

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

	30.06.2021		31.03.2021	
	Profit sharing ratio (%)	Average rate of return (%)	Profit sharing ratio (%)	Average rate of return (%)
Maturity:				
over 2 years to 5 years	90	2.64	90	2.94
more than 5 years	90	2.89	90	3.91

(e) Other Liabilities

	Group	
	30.06.2021	31.03.2021
	RM'000	RM'000
Other payables and accruals	160,999	234,456
Deferred income	17,377	18,997
Lease liabilities	2,279	2,341
Provision for reinstatement of leased properties	81	81
Provision for zakat and taxation	1,919	13,268
Provision for commitments and contingencies	123	300
Allowances for ECL on financing commitments and financial guarantees	16,539	15,831
Security deposit and advance payment for financing and advances	11,306	10,736
	210,623	296,010

Part B - Explanatory Notes Pursuant to Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Table 1: Financial review for current quarter and financial year to date

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	30.06.2021 RM'000	30.06.2020 RM'000	Amount RM'000	%	30.06.2021 RM'000	30.06.2020 RM'000	Amount RM'000	%
Operating revenue	2,096,443	2,214,615	(118,172)	(5.3)	2,096,443	2,214,615	(118,172)	(5.3)
Operating profit before impairment losses	743,253	553,800	189,453	34.2	743,253	553,800	189,453	34.2
Impairment of investment in associate	(4,625)	-	(4,625)	>(100.0)	(4,625)	-	(4,625)	>(100.0)
Profit before taxation and zakat	540,032	503,913	36,119	7.2	540,032	503,913	36,119	7.2
Profit for the financial period	422,191	401,925	20,266	5.0	422,191	401,925	20,266	5.0
Profit attributable to equity holders of the Company	386,604	365,166	21,438	5.9	386,604	365,166	21,438	5.9

Financial year to date - Cumulative period ended 30 June 2021 compared to 30 June 2020

For the financial period under review, the Group generated operating revenue of RM2,096.4 million, a decrease of RM118.2 million (5.3%) compared to same period last year. Fund based income from interest bearing assets decreased mainly from interest on fixed income securities. Non-interest income decreased compared to last year.

Interest income from securities decreased mainly from trading portfolio.

Funding costs decreased attributable to lower interest expense on deposits from customers and securities sold under repurchase agreements.

Fee based income recorded an increase of RM46.1 million mainly due to higher fees on loans and securities and asset and fund management. Market based income decreased from lower gains on sale of securities, revaluation on trading securities and trading in foreign exchange offset by higher gains on derivatives.

Net income from insurance business increased mainly due to higher net earned premium and lower commission offset by higher insurance claims.

The Group's associates and joint ventures recorded higher profits as reflected in the share of profits of RM26.2 million compared to share of profits of RM22.9 million in prior year same period. The Group's share of profits was mainly due to the insurance-based joint ventures which recorded lower reserving, higher net earned premium offset by lower investment income.

Total operating expenses decreased by 8.2% compared to same period last year. The decrease was mainly due to decrease in marketing, personnel, establishment expenses partly offset by higher administration expenses. The Group's cost to income ratio had improved to 40.0% from 49.3% a year ago.

Credit costs recorded a higher charge for this financial period attributable to higher impairment allowances for loans, advances and financing mainly due to additional forward-looking provision and lower recoveries from loans, advances and financing.

Profit before taxation and zakat for the current financial period was higher compared to a year ago at RM540.0 million, an increase of RM36.1 million (7.2%). Profit for the financial period increased by RM20.3 million to RM422.2 million compared to same period last year.

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP (CONT'D.)

Commentary on key components of financial position

The Group's core interest bearing assets namely loans, advances and financing recorded a growth in gross balances by RM0.8 billion from 31 March 2021 to RM115.6 billion. The Group's impaired loans ratio was at 1.56%.

Deposits from customers was lower compared to 31 March 2021 at RM114.1 billion. Low cost deposits which constituted 29.9% of total deposits from customers increased compared to 29.7% as at 31 March 2021.

Liquidity and capital strength

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's capital adequacy ratio is strong at 15.33% at the end of the reporting period.

Divisional performance

Retail Banking (Year to date ("YTD") FY2022: RM175.3 million vs YTD FY2021: RM94.0 million)

Profit before tax ("PBT") increased by RM81.3 million mainly driven by higher net income and lower other operating expenses, partly offset by higher net impairment.

Net income increased by RM79.9 million mainly from higher net finance income due to higher volume and margin impact, coupled with higher fee income from Wealth and Cards. Lower other operating expenses mainly due to lower marketing spend, depreciation costs and lower service transfer pricing ("STP") expenses.

Higher net impairment mainly from provision on loans, advances and financing, mitigated by with higher recoveries.

Retail deposits increased by 5.8% to RM50.2 billion mainly from current and saving accounts. Gross loans, advances and financing grew by RM5.6 billion (9.4%) to close at RM65.2 billion mainly attributed by Mortgages, Personal Financing and Retail SME.

Business Banking (YTD FY2022: RM65.2 million vs YTD FY2021: RM39.9 million)

PBT increased by RM25.3 million mainly due to higher net income and lower other operating expenses, partly offset by higher net impairment.

Higher net income from higher business volume and margin impact. Lower other operating expenses mainly due to lower STP expenses. Higher net impairment arising from higher provision on loans, advances and financing, coupled with provision for commitments and contingencies.

Business Banking deposits increased by RM1.3 billion to RM8.5 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.3 billion (11.2%) to close at RM12.7 billion.

Corporate Banking (YTD FY2022: RM72.5 million vs YTD FY2021: RM133.7 million)

PBT decreased by RM61.2 million mainly due to higher net impairment, partly offset by higher net income and lower other operating expenses.

Net income increased by 9.5% due to higher net finance income from higher margin and volume, coupled with higher loan related fees income. Higher net impairment mainly from impairment on loans, advances and financing.

Corporate Banking gross loans, advances and financing grew by RM1.0 billion to close at RM35.9 billion, while deposits decreased marginally by RM0.1 billion (0.8%) to close at RM14.2 billion.

Group Treasury and Markets (YTD FY2022: RM130.8 million vs YTD FY2021: RM213.2 million)

PBT decreased by RM82.4 million mainly from lower net income, higher other operating expenses and higher net impairment.

Net income decreased by 33.9% due to lower other income mainly lower gain from fixed income trading, along with lower net finance income due lower volume impact, offset by higher margin.

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP (CONT'D.)

Divisional performance (Cont'd.)

Investment Banking (YTD FY2022: RM35.2 million vs YTD FY2021: RM15.1 million)

PBT increased by RM20.1 million mainly due to higher other income from higher advisory fees and lower other operating expenses, coupled with higher writeback of net impairment.

Fund Management (YTD FY2022: RM25.5 million vs YTD FY2021: RM17.9 million)

PBT increased by RM7.6 million mainly from higher management fees, partly offset higher other operating expenses.

Insurance (YTD FY2022: RM113.8 million vs YTD FY2021: RM106.6 million)

Insurance PBT increased by 6.8% mainly from gain from share of joint venture, lower other operating expenses and writeback of net provision, partially offset by lower other income.

Group Funding & Others (YTD FY2022: Loss of RM78.4 million vs YTD FY2021: Loss of RM116.4 million)

Lower loss before tax mainly due to higher loss in Q1FY2021 from measure implemented in response to COVID-19, partially offset by higher other operating expenses and higher net impairment in view of macroeconomics variables.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Group			
	Individual Quarter		Changes	
	30.06.2021	31.03.2021	Amount	
	RM'000	RM'000	RM'000	%
Operating revenue	2,096,443	1,969,891	126,552	6.4
Operating profit before impairment losses	743,253	604,682	138,571	22.9
Profit/(Loss) before taxation and zakat	540,032	(4,654,517)	5,194,549	>(100.0)
Profit/(Loss) for the financial quarter	422,191	(4,669,551)	5,091,742	>(100.0)
Profit/(Loss) attributable to equity holders of the Company	386,604	(4,692,781)	5,079,385	>(100.0)

Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group generated operating revenue of RM2,096.4 million, an increase of 6.4% compared to last quarter. Fund based income from interest bearing assets increased mainly from interest income on securities. Non-interest income increased mainly from trading and investment income.

Funding costs increased attributable to higher interest on deposits and placements from banks and other financial institutions and recourse obligation on loans and financing sold to Cagamas Berhad offset by higher interest on deposits from customers.

Overall other operating income increased for this quarter compared to preceding quarter due to higher gains in derivatives and revaluation of securities partially offset by lower gain in trading in foreign exchange and disposal of securities.

Total operating expenses decreased by 5.7% compared to preceding quarter mainly due to decrease in establishment expenses.

Credit costs decreased due to lower impairment allowances for loans, advances and financing and lower provision for commitments and contingencies offset by lower recoveries from loans, advances and financing and higher impairment allowances for financial investments.

Against the preceding quarter, profit before taxation and zakat for the current quarter is higher at RM540.0 million, an increase of RM406.4 million (>100%) compared to preceding quarter profit before taxation and zakat of RM133.6 million (after adjusted for one-off exceptional expenses related to the settlement, goodwill impairment, REIT impairment and related legal and professional expenses of RM4,788.1 million). Profit for the quarter increased by RM303.7 million to RM422.2 million compared to preceding quarter profit of RM118.5 million (after adjusted for one-off exceptional expenses).

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END

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).

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

Loans outlook for 2021 is expected to pick up supported by stronger economic recovery, improving business activities and consumer spending. Hence, loans 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 loan-to-fund ratio and loan-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 RM530.0 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 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 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.

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

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END (CONT'D.)

Operationally, we remain steadfast in the execution of our FY21 - FY24 Focus 8 strategy, which is underpinned by strategic initiatives to drive operational efficiencies and sustainable business growth while weaving environmental, social and governance ("ESG") considerations and the digitalisation agenda into our culture, daily operations and business practices. The Group will also drive CASA growth and capital-light revenues across its channels, with particular focus on targeted segments such as SME and Mid-Corporate. In addition, the Group intends to continue investing in digitalisation initiatives, data analytics and automation. At the same time, the 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.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Estimated current tax payable	114,449	56,671	114,449	56,671
Deferred tax	1,292	44,668	1,292	44,668
	<u>115,741</u>	<u>101,339</u>	<u>115,741</u>	<u>101,339</u>
Under provision of current taxation in respect of prior years	1,135	15	1,135	15
Taxation	<u>116,876</u>	<u>101,354</u>	<u>116,876</u>	<u>101,354</u>
Zakat	965	634	965	634
Taxation and zakat	<u>117,841</u>	<u>101,988</u>	<u>117,841</u>	<u>101,988</u>

The total tax charge of the Group for the financial period ended 30 June 2021 and 30 June 2020 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. BORROWINGS AND DEBT SECURITIES

Group	Long term*		Short term*		Total	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
	30.06.2021					
Unsecured						
Term funding	100,000	1,034,784 #	-	759,871	100,000	1,794,655
Debt capital	-	4,295,000	-	-	-	4,295,000
30.06.2020						
Unsecured						
Term funding	100,000	1,612,498 #	-	207,075	100,000	1,819,573
Debt capital	-	3,745,000	-	-	-	3,745,000

Borrowings denominated in foreign currencies have not been hedged to RM; AmBank's US Dollar debts are maintained in the originating currency for purpose of funding the US Dollar balance sheet.

As at 30 June 2021, USD100 million term loan drawdown to be utilised for diversifying the sources of funding the growth of the USD balance sheet.

* remaining contractual maturity

Detailed explanations on the material changes to the borrowings (excluding structured deposits, Credit-Linked Notes and term loans) and debt securities as at the current year to-date compared with the corresponding period in the immediate preceding year:

Month of Issuance/ Redemption	Entity	Note/ Sukuk type and tenor	Nominal value RM'000	Weighted average interest/ profit rate %	Net interest/ profit savings per annum for redemption RM'000
December 2020 - Issuance	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	400,000	3.13	12,520
December 2020 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	250,000	5.35	13,375
March 2021 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	400,000	4.18	-

Borrowing and debt securities issued are for purposes of working capital, investment, enhancing capital position and other general funding requirements of the Company and its banking subsidiaries.

B7. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A31.

B8. 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.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A32.

B10. EARNINGS PER SHARE (SEN)

(a) Basic/Diluted earnings per share

The basic/diluted earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial quarter excluding the weighted average of shares bought back held as treasury shares.

	Individual Quarter		Cumulative Quarter	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit attributable to equity holders of the Company (RM'000)	386,604	365,166	386,604	365,166
Weighted average number of ordinary shares in issue ('000)	3,260,027	3,008,125	3,260,027	3,008,125
Basic/diluted earnings per share (Sen)	11.86	12.14	11.86	12.14