

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000
ASSETS					
Cash and short-term funds	A8	10,172,738	18,809,478	1,194,050	689,326
Deposits and placements with banks and other financial institutions	A9	224,228	103,028	-	-
Derivative financial assets	A32	1,031,609	1,291,190	-	-
Financial assets at fair value through profit or loss	A10	10,479,218	9,561,974	1,116	1,104
Financial investments at fair value through other comprehensive income	A11	19,193,333	17,786,198	-	-
Financial investments at amortised cost	A12	4,167,270	4,192,424	-	-
Loans, advances and financing	A13	113,042,857	112,478,319	-	-
Statutory deposits with Bank Negara Malaysia		273,202	425,278	-	-
Deferred tax assets		160,726	134,350	-	-
Investments in subsidiaries and other investments		-	-	10,857,425	10,407,425
Investments in associates and joint ventures		595,121	588,937	-	-
Other assets	A14	2,002,951	2,441,436	710	1,833,358
Reinsurance assets and other insurance receivables	A15	398,250	432,684	-	-
Property and equipment		196,838	215,934	-	1
Right-of-use assets		217,839	270,753	-	-
Intangible assets		1,409,774	1,443,947	-	-
Assets held for sale		2,324	2,324	-	-
TOTAL ASSETS		163,568,278	170,178,254	12,053,301	12,931,214
LIABILITIES AND EQUITY					
Deposits from customers	A16	115,871,469	120,543,186	-	-
Investment accounts of customers		164,720	94,834	-	-
Deposits and placements of banks and other financial institutions	A17	8,422,314	9,920,887	-	-
Securities sold under repurchase agreements		-	810,171	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		8,575,025	7,275,018	-	-
Derivative financial liabilities	A32	964,119	1,269,809	-	-
Term funding		1,687,121	1,749,870	-	-
Debt capital		4,295,000	4,295,000	-	-
Redeemable cumulative convertible preference share		241,111	238,713	-	-
Deferred tax liabilities		19,550	19,669	-	-
Other liabilities	A18	3,885,858	5,891,731	1,048,697	2,872,422
Insurance contract liabilities and other insurance payables	A19	2,412,886	2,479,007	-	-
Total Liabilities		146,539,173	154,587,895	1,048,697	2,872,422
Share capital	A6 (i)	6,776,240	5,951,557	6,372,870	5,550,250
Treasury shares		(4,110)	(20,970)	(4,110)	(20,970)
Reserves		9,353,149	8,710,190	4,635,844	4,529,512
Equity attributable to equity holders of the Company		16,125,279	14,640,777	11,004,604	10,058,792
Non-controlling interests		903,826	949,582	-	-
Total Equity		17,029,105	15,590,359	11,004,604	10,058,792
TOTAL LIABILITIES AND EQUITY		163,568,278	170,178,254	12,053,301	12,931,214
COMMITMENTS AND CONTINGENCIES	A31	117,696,569	136,999,665	-	-
NET ASSETS PER SHARE (RM)		4.87	4.87	3.32	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
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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Interest income	A20	1,000,511	1,056,667	2,005,873	2,140,650
Interest expense	A21	(437,366)	(524,905)	(874,101)	(1,164,522)
Net interest income		563,145	531,762	1,131,772	976,128
Net income from Islamic banking		235,845	243,359	516,681	423,493
Income from insurance business		330,015	361,469	673,997	699,501
Insurance claims and commissions		(218,125)	(244,054)	(431,278)	(458,098)
Net income from insurance business	A22	111,890	117,415	242,719	241,403
Other operating income	A23	204,510	263,737	435,854	584,764
Share in results of associates and joint ventures		5,535	(1,450)	31,751	21,409
Net income		1,120,925	1,154,823	2,358,777	2,247,197
Other operating expenses	A24	(513,628)	(523,814)	(1,008,227)	(1,062,388)
Operating profit before impairment losses		607,297	631,009	1,350,550	1,184,809
Allowances for impairment on loans, advances and financing	A25	(163,373)	(361,041)	(352,326)	(403,786)
(Allowances for)/Writeback of impairment on:					
Financial investments	A26	(3,761)	10,067	(8,767)	12,280
Insurance receivables		(1,099)	2,720	(880)	3,178
Other financial assets	A26	(1,798)	953	(2,338)	9
Provision for commitments and contingencies - (charge)/writeback		(3,879)	14,790	(8,127)	8,294
Other recoveries/(write-offs), net		3	(7)	(65)	(2,380)
Impairment of investment in associate		-	-	(4,625)	-
Profit before taxation and zakat		433,390	298,491	973,422	802,404
Taxation and zakat	B5	(95,365)	(25,963)	(213,206)	(127,951)
Profit for the financial period		338,025	272,528	760,216	674,453
Attributable to:					
Equity holders of the Company		321,038	237,317	707,642	602,483
Non-controlling interests		16,987	35,211	52,574	71,970
Profit for the financial period		338,025	272,528	760,216	674,453
EARNINGS PER SHARE (SEN)	B10				
Basic/Diluted		9.69	7.89	21.53	20.02

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit for the financial period	338,025	272,528	760,216	674,453
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to statement of profit or loss				
Remeasurement of defined benefit liability	-	-	(886)	(410)
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised gain on changes in fair value	581	25,401	3,484	93,275
Tax effect relating to components of other comprehensive income				
- defined benefit liability	-	-	213	98
- financial investments at FVOCI	(38)	308	(38)	308
	<u>543</u>	<u>25,709</u>	<u>2,773</u>	<u>93,271</u>
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation gain/(loss) on foreign operations	2,137	(8,226)	2,641	(10,155)
Cash flow hedge				
- gain arising during the financial period	596	2,491	1,160	4,400
- amortisation of fair value changes for terminated hedges	2,548	1,949	5,319	3,618
Financial investments at FVOCI				
- net unrealised (loss)/gain on changes in fair value	(108,141)	123,258	(59,073)	369,836
- net gain reclassified to profit or loss	(2,052)	(3,026)	(3,601)	(17,849)
- changes in expected credit losses	5,851	(8,621)	14,558	(10,825)
- foreign exchange differences	2	(4)	2	(5)
Tax effect relating to the components of other comprehensive income				
- cash flow hedge	(755)	(1,065)	(1,555)	(1,924)
- financial investments at FVOCI	24,245	(28,855)	14,872	(84,476)
Share of reserve movements in equity accounted joint ventures	(576)	98	(3,337)	(504)
	<u>(76,145)</u>	<u>77,999</u>	<u>(29,014)</u>	<u>252,116</u>
Other comprehensive (loss)/income for the financial period, net of tax	<u>(75,602)</u>	<u>103,708</u>	<u>(26,241)</u>	<u>345,387</u>
Total comprehensive income for the financial period	<u>262,423</u>	<u>376,236</u>	<u>733,975</u>	<u>1,019,840</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	245,436	341,025	681,731	948,023
Non-controlling interests	16,987	35,211	52,244	71,817
	<u>262,423</u>	<u>376,236</u>	<u>733,975</u>	<u>1,019,840</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
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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

Company	Note	Individual Quarter		Cumulative Quarter	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Interest income	A20	4,207	910	12,552	2,831
Other operating income	A23	143,038	171,549	143,269	171,929
Net income		147,245	172,459	155,821	174,760
Other operating expenses	A24	(2,314)	(5,421)	(7,796)	(11,366)
Profit before taxation		144,931	167,038	148,025	163,394
Taxation		(1,961)	(641)	(2,921)	(641)
Profit for the financial period representing total comprehensive income for the financial period		142,970	166,397	145,104	162,753

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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			Non-controlling interests RM'000	
Non-participating funds RM'000										Total 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	-	-	-	-	-	-	-	-	602,483	602,483	71,970	674,453
Other comprehensive income/(loss), net	-	-	349,760	6,094	(10,155)	-	-	-	(159)	345,540	(153)	345,387
Total comprehensive income/(loss) for the financial period	-	-	349,760	6,094	(10,155)	-	-	-	602,324	948,023	71,817	1,019,840
Share-based payment under ESS, net	-	-	-	-	-	26,231	-	-	-	26,231	-	26,231
ESS shares vested to employees	-	-	-	-	-	(11,725)	10,202	-	1,523	-	-	-
Transfer from regulatory reserve *	-	(387,528)	-	-	-	-	-	-	387,528	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(219,696)	(219,696)	-	(219,696)
Transactions with owners and other equity movements	-	(387,528)	-	-	-	14,506	10,202	-	169,355	(193,465)	-	(193,465)
At 30.09.2020	5,851,557	-	985,071	(22,061)	98,512	55,078	(16,714)	45,715	12,338,172	19,335,330	1,051,085	20,386,415

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

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

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital	Regulatory reserve	Fair value reserve	Cash flow hedging deficit	Foreign currency translation reserve	Executives' share scheme reserve	Treasury shares	Retained Earnings			Non-controlling interests	Total equity
								Non-participating funds		Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	-	707,642	707,642	52,574	760,216
Other comprehensive income/(loss), net	-	-	(33,133)	4,924	2,641	-	-	-	(343)	(25,911)	(330)	(26,241)
Total comprehensive income/(loss) for the financial period	-	-	(33,133)	4,924	2,641	-	-	-	707,299	681,731	52,244	733,975
Issue of ordinary share capital pursuant to:-												
- private placement	824,683	-	-	-	-	-	-	-	-	824,683	-	824,683
Buy-back of shares	-	-	-	-	-	-	(9,856)	-	-	(9,856)	-	(9,856)
Share-based payment under ESS, net	-	-	-	-	-	(12,056)	-	-	-	(12,056)	-	(12,056)
ESS shares vested to employees	-	-	-	-	-	(29,109)	26,716	-	2,393	-	-	-
Transfer to regulatory reserve	-	7,839	-	-	-	-	-	-	(7,839)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(98,000)	(98,000)
Transactions with owners and other equity movements	824,683	7,839	-	-	-	(41,165)	16,860	-	(5,446)	802,771	(98,000)	704,771
At 30.09.2021	6,776,240	7,839	675,657	(12,025)	97,633	26,613	(4,110)	45,715	8,511,717	16,125,279	903,826	17,029,105

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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
Profit for the financial period	-	-	-	162,753	162,753
Total comprehensive income for the financial period	-	-	-	162,753	162,753
Share-based payment under ESS, net	-	26,231	-	-	26,231
ESS shares vested to employees	-	(11,725)	10,202	1,523	-
Dividends paid	-	-	-	(219,696)	(219,696)
Transactions with owners and other equity movements	-	14,506	10,202	(218,173)	(193,465)
At 30.09.2020	5,550,250	55,078	(16,714)	4,286,368	9,874,982

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	-	-	-	145,104	145,104
Total comprehensive income for the financial period	-	-	-	145,104	145,104
Issue of ordinary share capital pursuant to:-					
- private placement	822,620	-	-	-	822,620
Buy-back of shares	-	-	(9,856)	-	(9,856)
Share-based payment under ESS, net	-	(12,056)	-	-	(12,056)
ESS shares vested to employees	-	(29,109)	26,716	2,393	-
Transactions with owners and other equity movements	822,620	(41,165)	16,860	2,393	800,708
At 30.09.2021	6,372,870	26,613	(4,110)	4,609,231	11,004,604

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AMMB HOLDINGS BERHAD

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

	Group		Company	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit before taxation and zakat	973,422	802,404	148,025	163,394
Adjustments for:				
Net accretion of discount for securities	(29,670)	(45,864)	-	-
Allowance for expected credit losses on loans, advances and financing, net	470,545	596,947	-	-
Dividend income	(3,706)	(3,779)	(142,813)	(171,223)
Net (gain)/loss on revaluation of derivatives	(34,310)	236,129	-	-
Net gain on revaluation of financial assets at fair value through profit or loss	(1,275)	(114,924)	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(3,601)	(17,849)	-	-
Net loss/(gain) on sale of financial assets at fair value through profit or loss	946	(207,355)	-	-
Impairment loss on investment in associate	4,625	-	-	-
Other non-operating and non-cash items	113,836	316,004	-	38
Operating profit/(loss) before working capital changes	1,490,812	1,561,713	5,212	(7,791)
<i>Decrease/(Increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	9,122	-	-	-
Financial assets at fair value through profit or loss	(886,978)	(530,710)	(12)	(15)
Loans, advances and financing	(1,013,014)	(3,886,276)	-	-
Statutory deposits with Bank Negara Malaysia	152,075	(9,697)	-	-
Other assets	332,052	422,142	1,835,040	(1,466)
Reinsurance assets and other insurance receivables	33,554	4,046	-	-
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers	(4,671,718)	1,816,956	-	-
Investment accounts of customers	69,886	230,535	-	-
Deposits and placements of banks and other financial institutions	(1,513,059)	(2,197,785)	-	-
Securities sold under repurchase agreements	(810,171)	(3,164,158)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	1,300,007	(1,865,011)	-	-
Term funding	(61,357)	(679,301)	-	-
Other liabilities	(2,002,749)	(958,849)	(1,840,212)	43,511
Insurance contract liabilities and other insurance payables	(66,121)	58,919	-	-
Cash (used in)/generated from operations	(7,637,659)	(9,197,476)	28	34,239
Taxation and zakat paid, net	(75,344)	(127,281)	(881)	315
Net cash (used in)/generated from operating activities	(7,713,003)	(9,324,757)	(853)	34,554
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	(9,856)	-	(9,856)	-
Dividend/Distribution income received	21,312	6,513	142,813	171,223
Subscription of shares in subsidiary	-	-	(450,000)	-
Proceeds from disposal of property and equipment	74	202	-	191
(Purchase)/Disposal of financial investments	(1,438,204)	1,391,789	-	-
Purchase of property and equipment and intangible assets	(45,423)	(69,326)	-	-
Net cash (used in)/generated from investing activities	(1,472,097)	1,329,178	(317,043)	171,414

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

	Group		Company	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	-	(219,696)	-	(219,696)
Repayment of lease liabilities	(44,352)	(44,393)	-	-
Dividends paid to non-controlling interests by subsidiaries	(98,000)	-	-	-
Proceeds from issuance of shares from private placement (net)	824,683	-	822,620	-
Net cash generated from/(used in) financing activities	<u>682,331</u>	<u>(264,089)</u>	<u>822,620</u>	<u>(219,696)</u>
Net (decrease)/increase in cash and cash equivalents	(8,502,769)	(8,259,668)	504,724	(13,728)
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	(1,473)	153	-	-
Cash and cash equivalents at end of the financial period	<u>10,401,514</u>	<u>7,452,404</u>	<u>1,194,050</u>	<u>308,534</u>

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

	Group		Company	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	10,172,738	5,757,185	1,194,050	308,534
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	<u>224,228</u>	<u>1,692,884</u>	-	-
	10,396,966	7,450,069	1,194,050	308,534
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	4,548	2,335	-	-
Cash and cash equivalents	<u>10,401,514</u>	<u>7,452,404</u>	<u>1,194,050</u>	<u>308,534</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.

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

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

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 and period.

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

There were no unusual items during the current financial quarter and period.

A5. CHANGES IN ESTIMATES

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

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 shares 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	822,620
Expenses for the private placement **	4,000	2,380
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 period, the Company bought back from the open market, a total of 3,224,900 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM3.06 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM9.9 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 and period.

A7. DIVIDENDS

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

A8. CASH AND SHORT-TERM FUNDS

	Group		Company	
	30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000
Cash and balances with banks and other financial institutions	2,047,292	1,980,207	1,194,050	689,326
Deposit and placements maturing within one month:				
Licensed banks	3,071,813	3,107,446	-	-
Bank Negara Malaysia	5,042,700	13,530,000	-	-
Other financial institutions	14,425	194,156	-	-
	8,128,938	16,831,602	-	-
	10,176,230	18,811,809	1,194,050	689,326
Less: Allowances for ECL	(3,492)	(2,331)	-	-
	10,172,738	18,809,478	1,194,050	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	1,175	9	1,184
Transfer from deposits and placements with banks and other financial institutions (Note A9)	1,616	-	1,616
New financial assets originated	11,786	-	11,786
Financial assets derecognised	(12,563)	(2)	(12,565)
Changes in model assumptions and methodologies	(62)	-	(62)
Net remeasurement of allowances	398	11	409
Foreign exchange differences	(23)	-	(23)
Balance at end of the financial period	3,462	30	3,492

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	
	30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000
Deposits and placements maturity more than one month:				
Licensed banks	225,284	103,070	-	-
Less: Allowances for ECL	(1,056)	(42)	-	-
	<u>224,228</u>	<u>103,028</u>	<u>-</u>	<u>-</u>

Movements in allowances for ECL are as follows:

Group 30.09.2021	Stage 1 12-month ECL RM'000
Balance at beginning of the financial period	42
Net allowance for ECL	1,014
Transfer to cash and short-term funds (Note A8)	(1,616)
Net remeasurement of allowances	35
New financial assets originated	2,595
Balance at end of the financial period	<u>1,056</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	
	30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	644,568	555,998	-	-
Malaysian Islamic Treasury Bills	3,744,028	2,544,432	-	-
Malaysian Government Securities	201,077	223,501	-	-
Malaysian Government Investment Issues	794,202	707,527	-	-
Cagamas bonds	85,024	84,891	-	-
	<u>5,468,899</u>	<u>4,116,349</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	597,033	541,084	-	-
Unit trusts	199,676	196,896	1,116	1,104
Call warrant	125	-	-	-
Corporate bonds and sukuk	13,564	37,538	-	-
Outside Malaysia:				
Shares	512,960	542,202	-	-
	<u>1,323,358</u>	<u>1,317,720</u>	<u>1,116</u>	<u>1,104</u>
Unquoted Securities:				
In Malaysia:				
Shares	34	34	-	-
Corporate bonds and sukuk	3,686,927	4,127,871	-	-
	<u>3,686,961</u>	<u>4,127,905</u>	<u>-</u>	<u>-</u>
Total	<u>10,479,218</u>	<u>9,561,974</u>	<u>1,116</u>	<u>1,104</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	30.09.2021 RM'000	31.03.2021 RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	3,014,724	3,360,666
Malaysian Government Investment Issues	3,821,099	3,777,222
Negotiable Instruments of Deposit	200,003	50,031
Islamic Negotiable Instruments of Deposit	879,452	399,386
Foreign Government Securities	14,295	74,044
	<u>7,929,573</u>	<u>7,661,349</u>
Unquoted Securities:		
In Malaysia:		
Shares	689,643	686,262
Corporate bonds and sukuk	10,537,627	9,391,913
Outside Malaysia:		
Shares	633	530
Corporate bonds and sukuk	35,857	46,144
	<u>11,263,760</u>	<u>10,124,849</u>
Total	<u>19,193,333</u>	<u>17,786,198</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
30.09.2021			
Balance at beginning of the financial period	11,224	6,847	18,071
Net allowances for ECL	10,110	4,448	14,558
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(119)	3,024	2,905
New financial assets originated	7,062	-	7,062
Financial assets derecognised	(1,991)	(19)	(2,010)
Net remeasurement of allowances	5,158	1,443	6,601
Foreign exchange differences	1	-	1
Balance at end of the financial period	<u>21,335</u>	<u>11,295</u>	<u>32,630</u>

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	
	30.09.2021	31.03.2021
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Investment Issues	372,654	402,577
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	3,799,655	3,800,677
	4,172,309	4,203,254
Less: Allowances for ECL	(5,039)	(10,830)
Total	4,167,270	4,192,424

Movements in allowances for ECL are as follows:

Group	Stage 2		Total
	Stage 1	Lifetime	
30.09.2021	12-month	ECL	RM'000
	ECL	not credit	RM'000
	RM'000	impaired	RM'000
Balance at beginning of the financial period	2,281	8,549	10,830
Net allowances for/(writeback of) ECL	2,758	(8,549)	(5,791)
- Transfer to 12-month ECL (Stage 1)	1,230	(8,549)	(7,319)
Net remeasurement of allowances	1,530	-	1,530
Financial assets derecognised	(2)	-	(2)
Balance at end of the financial period	5,039	-	5,039

Group	Stage 2		Total
	Stage 1	Lifetime	
31.03.2021	12-month	ECL	RM'000
	ECL	not credit	RM'000
	RM'000	impaired	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	2,281	8,549	10,830

A13. LOANS, ADVANCES AND FINANCING

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	36,514,920	35,573,645
Revolving credit	10,651,596	10,902,951
Housing loans/financing	37,479,657	36,326,944
Hire purchase receivables	13,785,529	14,389,969
Card receivables	1,804,902	1,923,253
Overdraft	2,945,838	3,342,952
Claims on customers under acceptance credits	4,695,964	5,762,288
Trust receipts	2,586,940	2,116,982
Bills receivables	2,628,651	1,948,440
Staff loans	109,139	107,912
Others	2,349,859	2,363,172
Gross loans, advances and financing	<u>115,552,995</u>	<u>114,758,508</u>
Less: Allowances for ECL		
- Stage 1 - 12-month ECL	(385,812)	(433,435)
- Stage 2 - Lifetime ECL not credit impaired	(1,594,684)	(1,312,123)
- Stage 3 - Lifetime ECL credit impaired	(529,642)	(534,631)
	<u>(2,510,138)</u>	<u>(2,280,189)</u>
Net loans, advances and financing	<u>113,042,857</u>	<u>112,478,319</u>

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

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Domestic non-bank financial institutions	2,977,172	2,054,636
Domestic business enterprises:		
- Small and medium enterprises	22,755,531	22,818,626
- Others	26,217,232	27,178,350
Government and statutory bodies	162,978	347,837
Individuals	62,011,732	61,019,803
Other domestic entities	11,074	9,363
Foreign individuals and entities	1,417,276	1,329,893
	<u>115,552,995</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	
	30.09.2021	31.03.2021
	RM'000	RM'000
In Malaysia	114,929,589	114,099,850
Outside Malaysia	623,406	658,658
	<u>115,552,995</u>	<u>114,758,508</u>

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

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	309,674	296,835
- Hire purchase receivables	13,265,420	13,803,709
- Other loans/financing	10,034,215	11,065,170
Variable rate:		
- Base rate and lending/financing rate plus	62,771,190	61,398,823
- Cost plus	27,596,097	26,578,475
- Other variable rates	1,576,399	1,615,496
	<u>115,552,995</u>	<u>114,758,508</u>

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

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Agriculture	2,633,582	2,663,577
Mining and quarrying	2,632,727	2,939,335
Manufacturing	14,897,262	14,647,484
Electricity, gas and water	997,169	1,216,489
Construction	4,284,842	4,716,911
Wholesale and retail trade and hotels and restaurants	9,309,809	8,961,747
Transport, storage and communication	4,315,871	4,475,244
Finance and insurance	3,370,791	2,323,199
Real estate	7,151,476	7,723,535
Business activities	2,111,028	2,427,283
Education and health	1,235,414	1,022,470
Household of which:	62,590,521	61,615,459
Purchase of residential properties	37,852,063	36,627,886
Purchase of transport vehicles	12,544,280	13,076,102
Others	12,194,178	11,911,471
Others	22,503	25,775
	<u>115,552,995</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	
	30.09.2021	31.03.2021
	RM'000	RM'000
Maturing within one year	28,135,667	28,972,749
Over one year to three years	6,710,266	6,664,869
Over three years to five years	10,659,219	10,913,840
Over five years	70,047,843	68,207,050
	<u>115,552,995</u>	<u>114,758,508</u>

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

	Group	
	30.09.2021	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	517,601	990,213
Reclassified as non-impaired	(151,275)	(146,545)
Recoveries	(227,625)	(468,049)
Amount written off	(240,942)	(454,469)
Foreign exchange differences	26	(3,463)
Balance at end of the financial period/year	<u>1,668,105</u>	<u>1,770,320</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.44%</u>	<u>1.54%</u>
Loan loss coverage (including regulatory reserve)	<u>159.04%</u>	<u>135.61%</u>

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

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
In Malaysia	1,637,121	1,739,359
Outside Malaysia	30,984	30,961
	<u>1,668,105</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	
	30.09.2021 RM'000	31.03.2021 RM'000
Agriculture	10,555	79,621
Mining and quarrying	37,500	37,955
Manufacturing	229,489	194,000
Electricity, gas and water	5,318	3,521
Construction	118,920	92,315
Wholesale and retail trade and hotels and restaurants	220,086	202,228
Transport, storage and communication	23,888	59,268
Finance and insurance	1,402	1,325
Real estate	277,357	312,785
Business activities	41,480	41,736
Education and health	6,019	6,548
Household of which:	696,091	739,018
Purchase of residential properties	494,971	530,993
Purchase of transport vehicles	94,390	67,717
Others	106,730	140,308
	<u>1,668,105</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	(47,699)	282,562	235,682	470,545
- Transfer to 12-month ECL (Stage 1)	11,361	(74,924)	(1,490)	(65,053)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(18,590)	171,767	(19,563)	133,614
- Transfer to Lifetime ECL credit impaired (Stage 3)	(774)	(20,862)	89,574	67,938
New financial assets originated	53,409	213,483	3,765	270,657
Net remeasurement of allowances	(15,825)	(174,865)	231,050	40,360
Modification of contractual cash flows of financial assets	526	8,319	(386)	8,459
Financial assets derecognised	(29,269)	(43,702)	(67,268)	(140,239)
Changes in model assumptions and methodologies	(48,537)	203,346	-	154,809
Foreign exchange differences	76	(1)	271	346
Amount written off	-	-	(240,942)	(240,942)
Balance at end of the financial period	<u>385,812</u>	<u>1,594,684</u>	<u>529,642</u>	<u>2,510,138</u>

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

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

Group	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	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	
	30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000
Trade receivables	367,210	550,395	-	-
Other receivables, deposits and prepayments	763,051	758,424	710	1,833,358
Interest/Profit receivable	376,921	380,919	-	-
Fee receivable	19,757	19,527	-	-
Amount due from agents, brokers and reinsurers	89,483	55,689	-	-
Foreclosed properties	2,615	2,615	-	-
Tax recoverable	21,913	128,289	-	-
Collateral pledged for derivative and securities transactions	368,602	552,339	-	-
	<u>2,009,552</u>	<u>2,448,197</u>	<u>710</u>	<u>1,833,358</u>
Less: Accumulated impairment losses	(6,601)	(6,761)	-	-
	<u>2,002,951</u>	<u>2,441,436</u>	<u>710</u>	<u>1,833,358</u>

A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.09.2021 RM'000	31.03.2021 RM'000
Reinsurance assets from general insurance business	(i)	342,487	379,792
Other insurance receivables	(ii)	55,763	52,892
		<u>398,250</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		65,153	65,737
Amount owing by reinsurance and cedants		10,222	5,887
Accumulated impairment losses		(19,612)	(18,732)
		<u>55,763</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
Allowance/(Writeback) for the financial period/year		880	(6,023)
Balance at end of the financial period/year		<u>19,612</u>	<u>18,732</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Demand deposits	27,506,396	28,095,907
Savings deposits	8,098,188	7,662,383
Term/Investment deposits	80,266,885	84,784,896
	<u>115,871,469</u>	<u>120,543,186</u>

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

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Due within six months	65,300,314	70,498,403
Six months to one year	11,277,832	12,822,494
Over one year to three years	3,579,422	1,361,269
Over three years to five years	109,317	102,730
	<u>80,266,885</u>	<u>84,784,896</u>

The deposits are sourced from the following types of customers:

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Government and statutory bodies	5,151,181	5,574,666
Business enterprises	56,078,424	65,674,964
Individuals	44,709,240	40,855,153
Others	9,932,624	8,438,403
	<u>115,871,469</u>	<u>120,543,186</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Licensed banks	4,307,313	6,065,550
Licensed investment banks	950,263	550,534
Bank Negara Malaysia	1,142,340	1,046,960
Other financial institutions	2,022,398	2,257,843
	<u>8,422,314</u>	<u>9,920,887</u>

A18. OTHER LIABILITIES

	Group		Company	
	30.09.2021	31.03.2021	30.09.2021	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Trade payables	346,031	438,644	-	-
Other payables and accruals	1,273,140	1,307,554	13,676	42,134
Interest payable on deposits and borrowings	586,730	612,771	-	-
Lease deposits and advance rental	46,481	45,751	-	-
Provision for commitments and contingencies	2,961	10,239	-	-
Allowances for ECL on loan commitments and financial guarantees	135,041	120,510	-	-
Lease liabilities	221,797	273,471	-	-
Provision for reinstatement of leased properties	9,461	8,989	-	-
Amount due to subsidiaries	-	-	2,976	283
Settlement payable	1,030,000	2,830,000	1,030,000	2,830,000
Provision for taxation	66,939	23,790	2,045	5
Collateral received for derivative and securities transactions	93,852	145,035	-	-
Deferred income	73,425	74,977	-	-
	<u>3,885,858</u>	<u>5,891,731</u>	<u>1,048,697</u>	<u>2,872,422</u>

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

Group	30.09.2021	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
		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		8,708	6,000	(180)	14,528
- Transfer to 12-month ECL (Stage 1)		1,465	(8,589)	-	(7,124)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(1,084)	8,903	-	7,819
- Transfer to Lifetime ECL credit impaired (Stage 3)		(27)	(243)	270	-
New exposures originated		11,145	12,007	-	23,152
Net remeasurement of allowances		3,831	6,336	(221)	9,946
Exposures derecognised		(6,622)	(12,414)	(229)	(19,265)
Foreign exchange differences		19	(16)	-	3
Balance at the end of the financial period		<u>39,156</u>	<u>43,332</u>	<u>52,553</u>	<u>135,041</u>

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	<u>30,429</u>	<u>37,348</u>	<u>52,733</u>	<u>120,510</u>

A19. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.09.2021 RM'000	31.03.2021 RM'000
Insurance contract liabilities	(i)	2,374,318	2,422,975
Other insurance payables	(ii)	38,568	56,032
		<u>2,412,886</u>	<u>2,479,007</u>
(i) Insurance contract liabilities			
		30.09.2021	
		Gross contract liabilities RM'000	Reinsurance assets RM'000
General insurance business		<u>2,374,318</u>	<u>(342,487)</u>
			Net contract liabilities RM'000
			<u>2,031,831</u>
		31.03.2021	
		Gross contract liabilities RM'000	Reinsurance assets RM'000
General insurance business		<u>2,422,975</u>	<u>(379,792)</u>
			Net contract liabilities RM'000
			<u>2,043,183</u>
(ii) Other insurance payables			
		30.09.2021	31.03.2021
		RM'000	RM'000
Amount due to agents and intermediaries		18,458	21,812
Amount due to reinsurers and cedants		20,110	34,220
		<u>38,568</u>	<u>56,032</u>

A20. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	14,010	6,690	29,495	35,887
Financial assets at fair value through profit or loss	50,370	79,713	103,515	161,400
Financial investments at fair value through				
other comprehensive income	114,317	121,839	227,610	249,134
Financial investments at amortised cost	30,237	33,468	60,329	66,862
Loans and advances*	788,046	810,771	1,577,988	1,616,708
Impaired loans and advances	777	940	1,401	2,929
Others	2,754	3,246	5,535	7,730
	<u>1,000,511</u>	<u>1,056,667</u>	<u>2,005,873</u>	<u>2,140,650</u>
Company				
Short-term funds and deposits and placements with				
banks and other financial institutions	<u>4,207</u>	<u>910</u>	<u>12,552</u>	<u>2,831</u>

* Included in the interest income of loans and advances of the Group is the net gain of RM9.69 million (30.09.2020: net loss of RM57.7 million) arising from government support measures implemented in response to COVID-19 pandemic.

A21. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Deposits from customers	321,549	405,156	641,352	907,510
Deposits and placements of banks and other				
financial institutions	21,533	25,780	43,583	54,405
Senior notes	-	-	-	7,422
Credit-Linked Notes	1,719	1,965	3,673	3,873
Securities sold under repurchase agreements	1,487	12,337	6,787	27,859
Recourse obligation on loans sold to Cagamas Berhad	50,774	36,828	97,584	80,024
Term loan	1,036	1,216	2,093	2,925
Debt Capital	37,280	32,976	74,156	65,592
Other structured products and others	1,988	8,647	4,873	14,912
	<u>437,366</u>	<u>524,905</u>	<u>874,101</u>	<u>1,164,522</u>

A22. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		330,015	361,469	673,997	699,501
		<u>330,015</u>	<u>361,469</u>	<u>673,997</u>	<u>699,501</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		32,627	35,722	61,203	68,786
General insurance claims		185,498	208,332	370,075	389,312
		<u>218,125</u>	<u>244,054</u>	<u>431,278</u>	<u>458,098</u>
Total income from insurance business, net		<u>111,890</u>	<u>117,415</u>	<u>242,719</u>	<u>241,403</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		366,176	433,827	683,566	790,795
- change in unearned premium provision		43,677	(55,518)	85,416	(17,125)
		<u>409,853</u>	<u>378,309</u>	<u>768,982</u>	<u>773,670</u>
Premium ceded					
- insurance contract		(37,450)	(39,273)	(76,553)	(73,520)
- change in unearned premium provision		(42,388)	22,433	(18,432)	(649)
		<u>(79,838)</u>	<u>(16,840)</u>	<u>(94,985)</u>	<u>(74,169)</u>
		<u>330,015</u>	<u>361,469</u>	<u>673,997</u>	<u>699,501</u>
(b) Insurance claims					
- gross benefits and claims paid		159,079	253,783	356,983	394,772
- claims ceded to reinsurers		(17,397)	(18,222)	(42,542)	(35,196)
- change in contract liabilities - insurance contract		33,015	(38,842)	31,475	32,449
- change in contract liabilities ceded to reinsurers					
- insurance contract		10,801	11,613	24,159	(2,713)
		<u>185,498</u>	<u>208,332</u>	<u>370,075</u>	<u>389,312</u>

¹ Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM6,768,000 (30 September 2020: RM7,387,000) eliminated upon consolidation.

A23. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Fee and commission income:				
Fees on loans and securities	36,802	30,406	70,227	53,383
Corporate advisory	6,547	4,150	11,308	5,325
Guarantee fees	11,385	12,665	22,950	24,438
Underwriting commission	541	-	541	-
Portfolio management fees	10,667	12,410	29,365	25,382
Unit trust fees, commission and charges	44,037	46,468	88,231	79,025
Property trust management fees	1,675	1,682	3,323	3,496
Brokerage fees and commission	11,003	19,484	24,668	33,204
Bancassurance commission	3,251	3,084	5,895	5,349
Wealth management fees	6,071	6,933	13,877	13,490
Remittances	5,191	5,205	10,953	8,174
Fees, service and commission charges	5,547	5,830	11,569	10,541
Others	5,788	5,624	12,248	9,844
	<u>148,505</u>	<u>153,941</u>	<u>305,155</u>	<u>271,651</u>
Investment and trading income:				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(3,887)	114,466	(1,331)	189,690
Net gain from sale of financial investments at fair value through other comprehensive income	2,053	1,829	3,006	16,616
Net gain on revaluation of financial assets at fair value through profit or loss	18,688	11,750	2,550	115,657
Net gain/(loss) on foreign exchange	46,513	(52,661)	73,753	18,987
Net (loss)/gain on derivatives	(18,370)	18,402	28,490	(55,570)
Dividend income from:				
Financial assets at fair value through profit or loss	3,077	3,419	5,941	8,025
Financial investments at fair value through other comprehensive income	1,056	1,969	3,706	3,779
Others	481	695	5,262	658
	<u>49,611</u>	<u>99,869</u>	<u>121,377</u>	<u>297,842</u>
Other income:				
Net gain on non-trading foreign exchange	141	262	333	557
Net (loss)/gain on disposal of property and equipment	(9)	17	9	15
Rental income	133	1,660	217	2,385
Profit from sale of goods and services	4,347	4,486	8,830	8,725
Gain on disposal of foreclosed properties	-	540	-	540
Others	1,782	2,962	(67)	3,049
	<u>6,394</u>	<u>9,927</u>	<u>9,322</u>	<u>15,271</u>
	<u>204,510</u>	<u>263,737</u>	<u>435,854</u>	<u>584,764</u>
Company				
Investment and trading income:				
Dividend income from:				
Subsidiaries	142,813	171,223	142,813	171,223
Financial assets at fair value through profit or loss	6	6	12	14
	<u>142,819</u>	<u>171,229</u>	<u>142,825</u>	<u>171,237</u>
Other income:				
Net gain on disposal of property and equipment	-	38	-	38
Others	219	282	444	654
	<u>219</u>	<u>320</u>	<u>444</u>	<u>692</u>
	<u>143,038</u>	<u>171,549</u>	<u>143,269</u>	<u>171,929</u>

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Personnel costs:				
Salaries, allowances and bonuses	254,335	227,706	488,483	466,876
Shares granted under ESS				
- (writeback)/charge	(9,282)	22,054	(12,142)	26,243
Contributions to Employees' Provident				
Fund ("EPF")/Private Retirement Schemes	41,333	36,960	79,348	76,665
Social security cost	2,064	2,090	4,144	4,157
Other staff related expenses	24,794	37,529	53,505	68,089
	<u>313,244</u>	<u>326,339</u>	<u>613,338</u>	<u>642,030</u>
Establishment costs:				
Depreciation of property and equipment	15,906	17,866	33,284	36,117
Depreciation of right-of-use assets	20,854	20,246	41,108	40,608
Amortisation of intangible assets	23,859	25,301	60,483	49,195
Computerisation costs	51,911	40,582	78,900	81,074
Rental of premises	176	1,719	771	1,751
Cleaning, maintenance and security	7,001	7,529	14,170	14,755
Finance costs:				
- interest on lease liabilities	2,074	2,727	4,425	6,988
- provision for reinstatement of leased properties	28	36	57	77
Others	7,028	9,994	14,863	17,877
	<u>128,837</u>	<u>126,000</u>	<u>248,061</u>	<u>248,442</u>
Marketing and communication expenses:				
Sales commission	1,175	2,208	2,741	4,602
Advertising, promotional and other marketing activities	11,847	14,926	20,292	59,493
Telephone charges	5,539	6,744	10,320	11,776
Postage	3,016	3,809	5,811	6,628
Travelling and entertainment	751	2,045	2,350	3,820
Others	2,239	4,222	4,862	7,724
	<u>24,567</u>	<u>33,954</u>	<u>46,376</u>	<u>94,043</u>
Administration and general expenses:				
Professional services	16,219	19,226	36,225	38,370
Travelling	253	753	655	1,322
Insurance	1,987	1,906	3,492	2,657
Subscriptions and periodicals	2,117	2,803	4,922	4,681
Others	26,404	12,833	55,158	30,843
	<u>46,980</u>	<u>37,521</u>	<u>100,452</u>	<u>77,873</u>
Total	<u>513,628</u>	<u>523,814</u>	<u>1,008,227</u>	<u>1,062,388</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Establishment costs:				
Depreciation of property and equipment	-	35	-	76
Computerisation costs	59	65	156	130
	<u>59</u>	<u>100</u>	<u>156</u>	<u>206</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	1	1	1	1
Telephone charges	1	1	1	2
Travelling and entertainment	-	17	7	30
Others	1	-	1	-
	<u>3</u>	<u>19</u>	<u>10</u>	<u>33</u>
Administration and general expenses:				
Professional services	1,515	199	2,304	391
Travelling	7	-	12	-
Subscriptions and periodicals	3	3	3	3
Others	(2,528)	1,135	(1,607)	2,678
	<u>(1,003)</u>	<u>1,337</u>	<u>712</u>	<u>3,072</u>
Service transfer pricing expense, net	3,255	3,965	6,918	8,055
Total	<u>2,314</u>	<u>5,421</u>	<u>7,796</u>	<u>11,366</u>

A25. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	224,217	475,474	470,545	596,947
Impaired loans, advances and financing recovered, net	(60,844)	(114,433)	(118,219)	(193,161)
	<u>163,373</u>	<u>361,041</u>	<u>352,326</u>	<u>403,786</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Financial investments				
Financial investments at fair value through other comprehensive income	5,851	(8,621)	14,558	(10,825)
Financial investments at amortised cost	(2,090)	(1,446)	(5,791)	(1,455)
	<u>3,761</u>	<u>(10,067)</u>	<u>8,767</u>	<u>(12,280)</u>
Other financial assets				
Cash and short-term funds	542	(1,282)	1,184	465
Deposits and placements with banks and other financial institutions	1,056	41	1,014	559
Other assets	200	288	140	(1,033)
	<u>1,798</u>	<u>(953)</u>	<u>2,338</u>	<u>(9)</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 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 30.09.2021	Wholesale banking						Insurance RM'000	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			
Net interest and funding income	712,922	168,650	318,654	231,181	28,047	737	52,341	105,137	1,617,669
Insurance and other operating income	124,960	43,378	67,434	75,935	84,456	78,048	232,556	2,590	709,357
Share in results of associates and joint ventures	(677)	-	-	-	-	-	30,289	2,139	31,751
Net income	837,205	212,028	386,088	307,116	112,503	78,785	315,186	109,866	2,358,777
Other operating expenses	(410,728)	(63,262)	(85,014)	(38,584)	(51,227)	(33,911)	(153,779)	(171,722)	(1,008,227)
<i>of which:</i>									
Depreciation of property and equipment	(9,117)	(903)	(743)	(102)	(420)	(105)	(2,064)	(19,830)	(33,284)
Depreciation of right-of-use assets	-	-	-	-	-	-	(6,358)	(34,750)	(41,108)
Amortisation of intangible assets	(11,038)	(417)	(2,807)	(672)	(328)	(93)	(9,490)	(35,638)	(60,483)
Profit/(Loss) before impairment losses	426,477	148,766	301,074	268,532	61,276	44,874	161,407	(61,856)	1,350,550
(Allowances for)/Writeback of impairment on loans, advances and financing	(45,103)	(52,202)	(162,987)	-	9,486	-	-	(101,520)	(352,326)
Writeback of/(Allowances for) impairment on other assets	8	-	(2,224)	(11,001)	(180)	-	(880)	2,292	(11,985)
Provision for commitments and contingencies -writeback/(charge)	7,327	(7,046)	(8,472)	-	-	-	-	64	(8,127)
(Write-offs)/Other recoveries, net	-	-	-	-	-	-	(82)	17	(65)
Impairment of investment in associate	-	-	-	-	-	-	-	(4,625)	(4,625)
Profit/(Loss) before taxation and zakat	388,709	89,518	127,391	257,531	70,582	44,874	160,445	(165,628)	973,422
Taxation and zakat	(91,927)	(19,221)	(29,272)	(53,942)	(16,088)	(9,286)	(23,402)	29,932	(213,206)
Profit/(Loss) for the financial period	296,782	70,297	98,119	203,589	54,494	35,588	137,043	(135,696)	760,216
Other information									
Total segment assets	65,768,990	12,816,534	33,318,239	42,276,538	2,406,127	119,053	5,656,075	1,206,722	163,568,278
Total segment liabilities	52,922,031	8,729,294	15,241,741	49,885,162	1,072,852	20,732	3,310,987	15,356,374	146,539,173
Cost to income ratio	49.1%	29.8%	22.0%	12.6%	45.5%	43.0%	48.8%	>100.0%	42.7%
Gross loans, advances and financing	65,887,646	13,001,355	34,932,519	-	1,822,385	-	448	(91,358)	115,552,995
Net loans, advances and financing	64,791,868	12,806,554	34,283,129	-	1,822,164	-	378	(661,236)	113,042,857
Impaired loans, advances and financing	858,168	262,135	547,581	-	221	-	-	-	1,668,105
Total deposits	52,327,297	8,588,733	15,005,283	48,034,343	696,740	-	-	(358,613)	124,293,783
Additions to:									
Property and equipment	2,366	77	227	328	590	266	1,924	7,011	12,789
Intangible assets	7,787	77	2,539	8,547	154	15	2,595	10,920	32,634

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.2020 (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		
Net interest and funding income	621,679	132,480	301,455	255,983	21,138	563	61,726	(41,240)	1,353,784
Insurance and other operating income	122,479	40,667	59,473	188,212	73,196	67,680	319,638	659	872,004
Share in results of associates and joint ventures	(1,608)	-	-	-	-	-	19,664	3,353	21,409
Net income/(expense)	742,550	173,147	360,928	444,195	94,334	68,243	401,028	(37,228)	2,247,197
Other operating expenses	(427,726)	(67,922)	(87,059)	(36,190)	(53,619)	(32,002)	(208,350)	(149,520)	(1,062,388)
<i>of which:</i>									
<i>Depreciation of property and equipment</i>	(10,994)	(853)	(914)	(70)	(463)	(117)	(3,710)	(18,996)	(36,117)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(5,570)	(35,038)	(40,608)
<i>Amortisation of intangible assets</i>	(11,308)	(428)	(3,292)	(725)	(257)	(91)	(9,473)	(23,621)	(49,195)
Profit/(Loss) before impairment losses (Allowances for)/Writeback of impairment on loans, advances and financing	314,824	105,225	273,869	408,005	40,715	36,241	192,678	(186,748)	1,184,809
Writeback of/(Allowances for) impairment on other assets	(30,363)	(9,533)	(129,357)	-	2,178	-	-	(236,711)	(403,786)
Provision for commitments and contingencies - writeback/(charge)	134	-	1,255	3,331	55	(143)	3,178	7,657	15,467
Other recoveries/(write-offs), net	1,783	1,045	(10,889)	-	-	-	-	16,355	8,294
Profit/(Loss) before taxation and zakat	2	-	-	-	-	-	(2,467)	85	(2,380)
Taxation and zakat	286,380	96,737	134,878	411,336	42,948	36,098	193,389	(399,362)	802,404
Profit/(Loss) for the financial period	(69,098)	(22,890)	(31,066)	(91,470)	(9,307)	(7,294)	(27,339)	130,513	(127,951)
Other information	217,282	73,847	103,812	319,866	33,641	28,804	166,050	(268,849)	674,453
Total segment assets	62,356,052	11,766,442	34,618,348	43,187,154	2,060,201	115,271	5,997,894	2,893,636	162,994,998
Total segment liabilities	48,953,434	8,016,403	16,271,630	56,466,541	1,026,313	23,763	3,402,886	8,447,613	142,608,583
Cost to income ratio	57.6%	39.2%	24.1%	8.1%	56.8%	46.9%	52.0%	<100.0%	47.3%
Gross loans, advances and financing	62,198,833	11,898,361	34,943,132	-	1,608,320	-	581	(96,395)	110,552,832
Net loans, advances and financing	61,462,655	11,754,701	34,536,642	-	1,607,332	-	511	(479,665)	108,882,176
Impaired loans, advances and financing	687,732	286,211	757,231	-	7,237	-	-	-	1,738,411
Total deposits	48,254,797	7,903,013	16,037,615	50,011,662	739,512	-	-	(485,613)	122,460,986
Additions to:									
Property and equipment	12,458	90	62	1,277	786	58	1,911	4,689	21,331
Intangible assets	15,705	5	1,182	7,712	634	120	5,110	17,527	47,995

A28. VALUATION OF PROPERTY AND EQUIPMENT

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

A29. SIGNIFICANT EVENTS DURING THE 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.

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

Dissolution of subsidiaries

- (i) 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).
- (ii) AMMB Nominees (Asing) Sdn Bhd had commenced members' voluntary winding-up on 30 January 2019 was dissolved on 13 November 2021.
- (iii) AMSEC Holdings Sdn Bhd had commenced members' voluntary winding-up on 6 August 2013 was dissolved on 16 November 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 and period.

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	
	30.09.2021	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	18,527,669	17,722,506
over one year	2,103,815	2,018,731
Unutilised credit card lines	5,099,795	5,151,236
Forward asset purchases	63,410	894,498
	<u>25,794,689</u>	<u>25,786,971</u>
Contingent Liabilities		
Direct credit substitutes	2,347,913	2,113,258
Transaction related contingent items	4,420,612	4,303,726
Short-term self-liquidating trade-related contingencies	559,034	694,409
	<u>7,327,559</u>	<u>7,111,393</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	40,388,511	45,754,858
One year or less	10,066,085	13,551,363
Over one year to five years	24,799,948	27,165,318
Over five years	5,522,478	5,038,177
Foreign exchange related contracts:	42,613,144	56,479,420
One year or less	34,830,999	47,993,667
Over one year to five years	6,220,329	7,097,188
Over five years	1,561,816	1,388,565
Credit related contracts:	-	347,950
One year or less	-	347,950
Equity and commodity related contracts:	1,572,666	1,519,073
One year or less	1,493,517	1,434,391
Over one year to five years	79,149	84,682
	<u>84,574,321</u>	<u>104,101,301</u>
	<u>117,696,569</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 AmlInvestment Bank Berhad ("AmlInvestment 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 their respective futures trading activity with AmlInvestment 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 20 October 2021, the High Court allowed MyCC's application to set aside the leave and stay order granted by the High Court. AmGeneral will be proceeding with lodging an appeal to the Court of Appeal to preserve its rights and time, pending the outcome of the Competition Appeal Tribunal ("COMPAT") proceedings.

- (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.

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 Court of Appeal has fixed 2 December 2021 as the new hearing date for the Plaintiff's appeal against the dismissal of his lawsuit against the Company and AmBank Islamic.

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	30.09.2021			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:	44,095,807	559,616	589,792	45,289,858	624,513	674,371
- One year or less	12,762,687	46,773	46,156	13,436,363	39,872	54,341
- Over one year to three years	19,777,969	249,725	261,776	19,130,217	240,773	288,511
- Over three years	11,555,151	263,118	281,860	12,723,278	343,868	331,519
Foreign exchange related contracts:	38,440,848	440,602	318,044	56,479,420	642,697	536,032
- One year or less	32,019,397	217,296	150,866	47,993,667	317,249	304,083
- Over one year to three years	3,246,988	143,163	21,970	4,282,828	125,489	81,846
- Over three years	3,174,463	80,143	145,208	4,202,925	199,959	150,103
Credit related contracts:	-	-	-	347,950	1,347	910
- One year or less	-	-	-	347,950	1,347	910
Equity and commodity related contracts:	1,572,666	31,391	37,575	1,519,073	22,633	36,508
- One year or less	1,493,517	25,202	31,386	1,434,391	17,412	31,434
- Over one year to three years	79,149	6,189	6,189	14,350	410	263
- Over three years	-	-	-	70,332	4,811	4,811
	84,109,321	1,031,609	945,411	103,636,301	1,291,190	1,247,821
Hedging derivatives						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	115,000	-	494	115,000	-	1,654
- One year or less	115,000	-	494	115,000	-	1,654
Fair value hedge	350,000	-	18,214	350,000	-	20,334
- Over three years	350,000	-	18,214	350,000	-	20,334
Total	84,574,321	1,031,609	964,119	104,101,301	1,291,190	1,269,809

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 2.2% (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
30.09.2021	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	-	1,031,609	-	1,031,609
Financial assets at fair value through profit or loss				
- Money market securities	-	5,468,899	-	5,468,899
- Shares	1,109,993	-	34	1,110,027
- Unit trusts	197,446	2,230	-	199,676
- Call warrant	125	-	-	125
- Quoted corporate bonds and sukuk	-	13,564	-	13,564
- Unquoted corporate bonds and sukuk	-	3,686,927	-	3,686,927
Financial investments at fair value through other comprehensive income				
- Money market securities	-	7,929,573	-	7,929,573
- Shares	-	-	690,276	690,276
- Unquoted corporate bonds and sukuk	-	10,573,484	-	10,573,484
	<u>1,307,564</u>	<u>28,706,286</u>	<u>690,310</u>	<u>30,704,160</u>
Derivative financial liabilities	<u>13,775</u>	<u>950,344</u>	<u>-</u>	<u>964,119</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 30.09.2021	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	-	1,116	-	1,116
	-	1,116	-	1,116
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
30.09.2021			
Balance at beginning of the financial period	34	686,792	686,826
Total gains recognised in other comprehensive income under fair value reserve	-	3,484	3,484
Balance at end of the financial period	<u>34</u>	<u>690,276</u>	<u>690,310</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	30.09.2021 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	3,484	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:

	30.09.2021			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	12.239%	12.639%	41.515%	12.688%
Tier 1 Capital Ratio	12.239%	12.639%	41.515%	12.688%
Total Capital Ratio	16.760%	17.093%	42.351%	15.622%
After deducting proposed dividends:				
CET1 Capital ratio	12.239%	12.639%	36.080%	12.688%
Tier 1 Capital ratio	12.239%	12.639%	36.080%	12.688%
Total Capital ratio	16.760%	17.093%	36.917%	15.622%
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 September 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:

	30.09.2021			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital Ratio	11.425%	10.769%	41.515%	11.562%
Tier 1 Capital Ratio	11.425%	10.769%	41.515%	11.563%
Total Capital Ratio	16.358%	15.669%	42.351%	15.106%
After deducting proposed dividends:				
CET1 Capital Ratio	11.425%	10.769%	36.080%	11.562%
Tier 1 Capital Ratio	11.425%	10.769%	36.080%	11.563%
Total Capital Ratio	16.358%	15.669%	36.917%	15.106%
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; 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:

	30.09.2021			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
<u>CET1 Capital</u>				
Ordinary share capital ^{Note 1}	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	5,996,174	2,442,851	109,148	8,550,759
Fair value reserve	432,739	34,373	1,646	661,272
Foreign exchange translation reserve	91,074	-	-	97,633
Treasury shares	-	-	-	(4,110)
Regulatory reserve	-	-	7,839	7,839
Cash flow hedging deficit	(12,025)	-	-	(12,025)
Other remaining disclosed reserves	-	-	-	26,613
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(227,266)	(578)	(1,685)	(229,946)
Deferred tax assets	(111,934)	(82,019)	(4,587)	(189,886)
55% of cumulative gains in fair value reserve	(238,006)	(18,905)	(906)	(363,700)
Cash flow hedging deficit	12,025	-	-	12,025
Regulatory reserve	-	-	(7,839)	(7,839)
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	(635)	(87)	-	(708)
Other CET1 regulatory adjustments specified by BNM	639,761	653,321	3	1,293,076
CET1 Capital	9,613,884	4,416,063	383,810	14,579,751

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.)

	30.09.2021			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	-	-	-	436
Tier 1 Capital	9,613,884	4,416,063	383,810	14,580,187
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	-	-	-	2,551,804
General provisions*	555,618	256,523	7,734	819,899
Tier 2 Capital	3,550,618	1,556,523	7,734	3,371,703
Total Capital	13,164,502	5,972,586	391,544	17,951,890

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

Credit RWA	70,381,275	34,860,161	618,708	103,307,999
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,872,455)	-	(149,615)
Total Credit RWA	70,381,275	32,987,706	618,708	103,158,384
Market RWA	2,553,693	268,427	14,943	3,930,733
Operational RWA	4,640,590	1,685,108	290,862	6,848,527
Large exposure risk RWA for equity holdings	973,169	-	-	974,322
Total RWA	78,548,727	34,941,241	924,513	114,911,966

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
<u>CET1 Capital</u>				
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
<u>Additional Tier 1 Capital</u>				
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
<u>Tier 2 Capital</u>				
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. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	30.09.2021	31.03.2021
Outstanding credit exposures with connected parties (RM'000)	<u>5,788,438</u>	<u>6,443,708</u>
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	<u>4.49</u>	<u>5.03</u>

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A36. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

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

	General insurance fund		Shareholders' fund and Others		Total*	
	30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000	30.09.2021 RM'000	31.03.2021 RM'000
ASSETS						
Cash and short-term funds	160,915	137,680	57,099	128,127	218,014	265,807
Deposits and placements with banks and other financial institutions	20,134	20,180	-	-	20,134	20,180
Financial assets at fair value through profit or loss	2,303,969	2,397,597	4,461,724	4,511,146	3,471,635	3,498,507
Loans and advances	378	456	-	-	378	456
Deferred tax assets	23,005	23,005	-	-	23,005	23,005
Investment in a subsidiary	-	-	1,708,733	1,708,733	-	-
Other assets	1,370,320	1,193,820	55,526	59,000	108,880	112,954
Reinsurance assets and other insurance receivables	398,250	432,684	-	-	398,250	432,684
Property and equipment	13,548	13,764	(59)	(59)	13,489	13,705
Right-of-use assets	19,835	45,682	-	-	19,835	45,682
Intangible assets	40,629	45,502	56,780	58,803	876,336	883,231
Asset held for sale	1,562	1,562	762	762	2,324	2,324
TOTAL ASSETS	4,352,545	4,311,932	6,340,565	6,466,512	5,152,280	5,298,535
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	492,062	487,170	492,062	487,170
Deferred tax liabilities	-	-	57,226	59,631	57,226	59,631
Other liabilities	341,249	329,495	1,324,090	1,147,445	348,813	337,514
Insurance contract liabilities and other insurance payables	2,412,886	2,479,007	-	-	2,412,886	2,479,007
Total Liabilities	2,754,135	2,808,502	1,873,378	1,694,246	3,310,987	3,363,322
Share capital**	-	-	5,533,430	5,642,440	1,599,148	1,599,148
Reserves	1,598,410	1,503,430	(1,066,243)	(870,174)	242,145	336,065
Equity attributable to equity holders of the Company	1,598,410	1,503,430	4,467,187	4,772,266	1,841,293	1,935,213
TOTAL LIABILITIES AND EQUITY	4,352,545	4,311,932	6,340,565	6,466,512	5,152,280	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.

A36. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

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

Group	General insurance fund		Shareholders' fund and Others		Total*	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Interest income	948	1,288	62,285	70,991	63,233	72,279
Interest expense	-	-	(10,893)	(10,553)	(10,893)	(10,553)
Net interest income	948	1,288	51,392	60,438	52,340	61,726
Income from insurance business	673,997	699,501	-	-	673,997	699,501
Insurance claims and commissions**	(438,046)	(465,485)	-	-	(438,046)	(465,485)
Net income from insurance business	235,951	234,016	-	-	235,951	234,016
Other operating income	33,905	79,669	216,782	357,248	(3,396)	85,621
Net income	270,804	314,973	268,174	417,686	284,895	381,363
Other operating expenses	(148,658)	(203,313)	(5,121)	(5,037)	(153,779)	(208,350)
Operating profit	122,146	111,660	263,053	412,649	131,116	173,013
(Allowances for)/Writeback of impairment:						
Reinsurance assets and insurance receivables	(880)	3,178	-	-	(880)	3,178
Other write-offs, net	(82)	(2,467)	-	-	(82)	(2,467)
Profit before taxation	121,184	112,371	263,053	412,649	130,154	173,724
Taxation	(25,531)	(30,443)	2,129	3,104	(23,402)	(27,339)
Profit for the financial period	95,653	81,928	265,182	415,753	106,752	146,385

* After elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM6,768,000 (30 September 2020: RM7,387,000)

A37. 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 SEPTEMBER 2021

	Note	Group	
		30.09.2021 RM'000	31.03.2021 RM'000
ASSETS			
Cash and short-term funds		2,608,023	9,398,989
Derivative financial assets		39,690	49,667
Financial assets at fair value through profit or loss		3,602,498	2,271,667
Financial investments at fair value through other comprehensive income		4,757,443	4,095,135
Financial investments at amortised cost		1,392,303	1,392,155
Financing and advances	(a)	36,904,279	35,389,517
Statutory deposit with Bank Negara Malaysia		135,000	113,000
Deferred tax assets		81,919	63,074
Other assets		228,564	342,261
Property and equipment		390	440
Right-of-use assets		2,210	2,351
Intangible assets		578	718
TOTAL ASSETS		49,752,897	53,118,974
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	36,933,767	41,732,511
Investment accounts of customers	(c)	164,720	94,834
Deposits and placements of banks and other financial institutions		2,733,955	3,177,611
Investment account due to a licensed bank	(d)	1,717,646	718,034
Recourse obligation on financing sold to Cagamas Berhad		1,300,000	800,000
Derivative financial liabilities		55,809	67,751
Term funding		1,034,802	1,034,766
Subordinated Sukuk		1,300,000	1,300,000
Deferred tax liabilities		-	1,578
Other liabilities	(e)	647,867	296,010
TOTAL LIABILITIES		45,888,566	49,223,095
Share capital/Capital funds		1,387,107	1,417,107
Reserves		2,477,224	2,478,772
TOTAL ISLAMIC BANKING FUNDS		3,864,331	3,895,879
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		49,752,897	53,118,974
COMMITMENTS AND CONTINGENCIES		14,986,871	14,742,101

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Income derived from investment of depositors' funds	1	411,311	392,977	840,719	805,071
Income derived from investment of investment account funds		14,394	7,659	24,748	16,608
Income derived from Islamic Banking Funds	1	39,924	44,390	83,995	87,957
Allowance on financing and advances - net (Allowance for)/Writeback of impairment on:		(85,098)	(138,831)	(175,968)	(168,706)
- Financial investments		(1,508)	6,355	(3,374)	5,941
- Other financial assets		(18)	1	31	12
(Provision for)/Writeback of commitments and contingencies		(4,157)	4,433	(4,865)	2,341
Total distributable income		<u>374,848</u>	<u>316,984</u>	<u>765,286</u>	<u>749,224</u>
Income attributable to the depositors and others	2	(181,708)	(188,148)	(372,521)	(422,752)
Income attributable to the investment account holders		<u>(12,453)</u>	<u>(6,500)</u>	<u>(21,546)</u>	<u>(14,177)</u>
Total net income		180,687	122,336	371,219	312,295
Operating expenses		(69,894)	(74,460)	(142,375)	(147,657)
Finance costs		<u>(24,625)</u>	<u>(24,822)</u>	<u>(48,966)</u>	<u>(49,479)</u>
Profit before taxation and zakat		86,168	23,054	179,878	115,159
Taxation and zakat		<u>(18,608)</u>	<u>19,628</u>	<u>(39,325)</u>	<u>(793)</u>
Profit for the financial period		<u>67,560</u>	<u>42,682</u>	<u>140,553</u>	<u>114,366</u>

Note:

1 Included the net loss of RM13,907,000 (30.09.2020: RM53,526,000) from measures implemented in response to COVID-19 pandemic.

2 Included a fair value gain of RM9,351,000 (30 September 2021: RM 9,076,000) recognised by AmBank Islamic Berhad from funding obtained from a related company. 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 SEPTEMBER 2021**

Group	Individual Quarter		Cumulative Quarter	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit for the financial period	67,560	42,682	140,553	114,366
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/(loss) for changes in fair value	(29,643)	30,584	(16,654)	93,611
- changes in expected credit loss	1,611	(5,956)	3,681	(5,855)
- net gain reclassified to profit or loss	-	(1,197)	(596)	(1,233)
- tax effect	7,114	(7,053)	3,970	(22,171)
Other comprehensive (loss)/income for the financial period, net of tax	<u>(20,918)</u>	<u>16,378</u>	<u>(9,599)</u>	<u>64,352</u>
Total comprehensive income for the financial period	<u>46,642</u>	<u>59,060</u>	<u>130,954</u>	<u>178,718</u>

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	-	-	-	114,366	114,366
Other comprehensive income, net	-	-	64,352	-	64,352
Total comprehensive income for the financial period	-	-	64,352	114,366	178,718
Transfer to retained earnings [^]	-	(71,612)	-	71,612	-
At 30 September 2020	1,417,107	-	120,601	2,421,004	3,958,712
At 1 April 2021	1,417,107	-	43,972	2,434,800	3,895,879
Profit for the financial period	-	-	-	140,553	140,553
Other comprehensive income, net	-	-	(9,599)	-	(9,599)
Total comprehensive (loss)/income for the financial period	-	-	(9,599)	140,553	130,954
Transfer to conventional fund*	(30,000)	-	-	(95,424)	(125,424)
Dividend on ordinary shares: - final, financial year ended 31 March 2021	-	-	-	(37,078)	(37,078)
	(30,000)	-	-	(132,502)	(162,502)
At 30 September 2021	1,387,107	-	34,373	2,442,851	3,864,331

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

* Relates to Islamic Banking of AmlInvestment Bank.

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances

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

Group 30.09.2021	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
At amortised cost:							
Cash lines	-	524,322	-	-	493,173	-	1,017,495
Term financing	471,712	11,892,102	8,825	-	1,322,565	30,243	13,725,447
Revolving credit	42,051	3,687,623	-	-	990,101	-	4,719,775
Housing financing	2,666,678	7,434,182	44,441	-	-	-	10,145,301
Hire purchase receivables	3	-	-	3,973,835	-	-	3,973,838
Bills receivables	-	628,691	-	-	-	18,256	646,947
Credit card receivables	-	-	-	-	-	420,059	420,059
Trust receipts	-	393,827	-	-	-	-	393,827
Claims on customers under acceptance credits	-	1,537,595	-	-	-	180,051	1,717,646
Staff financing	-	16,729	-	-	-	-	16,729
Others	-	1,100,886	-	-	-	3,015	1,103,901
Gross financing and advances*	3,180,444	27,215,957	53,266	3,973,835	2,805,839	651,624	37,880,965
Allowance for impairment on financing and advances							
- Stage 1 - 12-months ECL							(112,369)
- Stage 2 - Lifetime ECL not credit impaired							(764,048)
- Stage 3 - Lifetime ECL credit impaired							(100,269)
Net financing and advances							<u>36,904,279</u>

A37. 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.

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	30.09.2021 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	178,740	385,160
Reclassified to non-impaired financing	(67,178)	(19,613)
Recoveries	(106,661)	(221,495)
Amount written off	(74,230)	(146,328)
Balance at end of the financial period/year	543,745	613,074
Gross impaired financing and advances as % of total gross financing and advances	1.44%	1.69%
Financing loss coverage (including regulatory reserve)	183.4%	138.9%

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

Group 30.09.2021	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	(32,004)	174,373	72,865	215,234
- Transfer to 12-month ECL (Stage 1)	3,457	(19,542)	(205)	(16,290)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,182)	46,914	(5,751)	36,981
- Transfer to Lifetime ECL credit impaired (Stage 3)	(255)	(5,406)	18,110	12,449
New financial assets originated	14,057	164,391	121	178,569
Net remeasurement of allowances	(17,136)	(136,303)	78,102	(75,337)
Changes in model assumptions and methodologies	(20,145)	133,163	-	113,018
Modification of contractual cash flows of financial assets	431	4,991	(519)	4,903
Financial assets derecognised	(8,231)	(13,835)	(16,993)	(39,059)
Foreign exchange differences	7	-	-	7
Amount written-off	-	-	(74,230)	(74,230)
Balance at end of the financial period	112,369	764,048	100,269	976,686

Note:

1 As at 30 September 2021, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,722.8 million (31 March 2021: RM719.5 million). ECL allowance for the RA financing which amounted to RM4.2 million (31 March 2021: RM1.9 million) is taken up by AmBank.

A37. 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	
	30.09.2021 RM'000	31.03.2021 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	3,429,970	3,169,111
<i>Qard</i>	82,294	83,621
Demand deposits		
<i>Commodity Murabahah</i>	8,230,847	9,012,721
<i>Qard</i>	667,168	443,683
Term deposits		
<i>Commodity Murabahah</i>	24,305,239	28,786,399
<i>Qard</i>	218,249	236,976
	<u>36,933,767</u>	<u>41,732,511</u>

The deposits are sourced from the following types of customers:

	Group	
	30.09.2021 RM'000	31.03.2021 RM'000
Business enterprises	21,160,546	27,148,886
Government and statutory bodies	3,757,871	4,429,701
Individuals	10,957,101	9,164,941
Others	1,058,249	988,983
	<u>36,933,767</u>	<u>41,732,511</u>

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

The maturity structure of term deposits are as follows:

	Group	
	30.09.2021 RM'000	31.03.2021 RM'000
Due within six months	20,561,608	24,293,982
Over six months to one year	2,979,391	4,104,731
Over one year to three years	974,966	614,839
Over three years to five years	7,523	9,823
	24,523,488	29,023,375

(c) Investment Accounts Of Customers

	Group	
	30.09.2021 RM'000	31.03.2021 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	15,105	18,342
With maturity		
- Mudarabah	149,615	76,492
	164,720	94,834

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

	Group	
	30.09.2021 RM'000	31.03.2021 RM'000
Business enterprises	141,970	68,200
Individuals	22,750	26,634
	164,720	94,834

	Group	
	30.09.2021 RM'000	31.03.2021 RM'000
Investment asset:		
Interbank placement (Wakalah)	15,105	18,342
Housing financing (Mudarabah)	149,615	76,492
Total investment	164,720	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 (%)
30.09.2021			
Maturity			
less than 3 months	51.22	1.62	1.75
over 3 months to 1 year	53.40	2.13	-
31.03.2021			
Maturity			
less than 3 months	52.46	1.79	1.89
over 3 months to 1 year	66.13	2.73	-

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,717,646	718,034
Investment asset:		
Financing	1,717,646	718,034
Total investment	1,717,646	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 September 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:

	30.09.2021		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	2.82	90	3.91

(e) Other Liabilities

	Group	
	30.09.2021	31.03.2021
	RM'000	RM'000
Other payables and accruals	581,542	234,456
Deferred income	15,594	18,997
Lease liabilities	2,219	2,341
Provision for reinstatement of leased properties	82	81
Provision for zakat and taxation	16,617	13,268
Provision for commitments and contingencies	123	300
Allowances for ECL on financing commitments and financial guarantees	20,698	15,831
Security deposit and advance payment for financing and advances	10,992	10,736
	647,867	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	
	30.09.2021 RM'000	30.09.2020 RM'000	Amount RM'000	%	30.09.2021 RM'000	30.09.2020 RM'000	Amount RM'000	%
Operating profit before impairment losses	607,297	631,009	(23,712)	(3.8)	1,350,550	1,184,809	165,741	14.0
Impairment of investment in associate	-	-	-	-	(4,625)	-	(4,625)	>(100.0)
Profit before taxation and zakat	433,390	298,491	134,899	45.2	973,422	802,404	171,018	21.3
Profit for the financial period	338,025	272,528	65,497	24.0	760,216	674,453	85,763	12.7
Profit attributable to equity holders of the Company	321,038	237,317	83,721	35.3	707,642	602,483	105,159	17.5

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

For the financial period under review, the Group's fund based income from interest bearing assets decreased mainly from interest on fixed income securities. Non-interest income decreased compared to prior year same period.

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 RM39.6 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 and revaluation on trading securities offset by higher gains on derivatives and trading in foreign exchange.

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

The Group's associates and joint ventures recorded higher profits as reflected in the share of profits of RM31.8 million compared to share of profits of RM21.4 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 5.1% 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 42.7% from 47.3% a year ago.

Credit costs recorded a lower charge for this financial period attributable to lower impairment allowances for loans, advances and financing.

Profit before taxation and zakat for the current financial period was higher compared to a year ago at RM973.4 million, an increase of RM171.0 million (21.3%). Profit for the financial period increased by RM85.8 million to RM760.2 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 1.44%.

Deposits from customers was lower compared to 31 March 2021 at RM115.9 billion. Low cost deposits which constituted 30.7% 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 15.62% at the end of the reporting period.

Divisional performance

Retail Banking (Year to date ("YTD") FY2022: RM388.7 million vs YTD FY2021: RM286.4 million)

Profit before tax ("PBT") increased by RM102.3 million mainly driven by higher net income and lower other operating expenses, partly offset by higher net impairment.

Net income increased by RM94.7 million mainly from higher net finance income due to higher volume and margin impact, coupled with higher fee income from Wealth. 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, partly mitigated by higher writeback on provision for commitments and contingencies.

Retail deposits increased by RM4.1 billion (8.4%) to RM52.3 billion from all deposits type. Gross loans, advances and financing grew by RM3.7 billion (5.9%) to close at RM65.9 billion mainly attributed by Mortgages, Personal Financing and Retail SME.

Business Banking (YTD FY2022: RM89.5 million vs YTD FY2021: RM96.7 million)

PBT decreased by RM7.2 million mainly from higher net impairment, partly offset by higher net income and lower other operating expenses.

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 RM0.7 billion to RM8.6 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.1 billion (9.3%) to close at RM13.0 billion.

Corporate Banking (YTD FY2022: RM127.4 million vs YTD FY2021: RM134.9 million)

PBT decreased by RM7.5 million mainly due to higher net impairment, partly offset by higher net income and lower other operating expenses.

Net income increased by 7.0% 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 decreased marginally by RM10.6 million to close at RM34.9 billion, while deposits decreased by RM1.0 billion to close at RM15.0 billion.

Group Treasury and Markets (YTD FY2022: RM257.5 million vs YTD FY2021: RM411.3 million)

PBT decreased by RM153.8 million mainly from lower net income, higher other operating expenses and higher net impairment.

Net income decreased by 30.9% due to lower other income mainly lower gain from fixed income trading, along with lower net finance income due lower margin and volume impact.

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

Divisional performance (Cont'd.)

Investment Banking (YTD FY2022: RM70.6 million vs YTD FY2021: RM42.9 million)

PBT increased by RM27.7 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: RM44.9 million vs YTD FY2021: RM36.1 million)

PBT increased by RM8.8 million mainly from higher management fees, partly offset by higher other operating expenses.

Insurance (YTD FY2022: RM160.4 million vs YTD FY2021: RM193.4 million)

Insurance PBT decreased by RM33.0 million mainly from lower other income, partially offset by higher gain from share in results of joint ventures and lower other operating expenses.

Group Funding & Others (YTD FY2022: Loss of RM165.6 million vs YTD FY2021: Loss of RM339.4 million)

Lower loss before tax mainly due to higher loss in H1FY2021 from measure implemented in response to COVID-19 and lower net impairment this year, partially offset by higher other operating expenses.

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	
	30.09.2021	30.06.2021	Amount	
	RM'000	RM'000	RM'000	%
Operating profit before impairment losses	607,297	743,253	(135,956)	(18.3)
Profit/(Loss) before taxation and zakat	433,390	540,032	(106,642)	(19.7)
Profit/(Loss) for the financial quarter	338,025	422,191	(84,166)	(19.9)
Profit/(Loss) attributable to equity holders of the Company	321,038	386,604	(65,566)	(17.0)

Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group's fund based income from interest bearing assets decreased mainly from interest on deposits. Non-interest income decreased mainly from trading and investment income.

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

Overall other operating income decreased for this quarter compared to preceding quarter due to lower gains in derivatives and lower gains on disposal of securities partially offset by higher gains from revaluation of securities.

Total operating expenses increased by 3.8% compared to preceding quarter mainly due to increase in personnel and establishment expenses offset by lower administration expenses.

Credit costs decreased due to lower impairment allowances for loans, advances and financing and higher recoveries from loans, advances and financing.

Against the preceding quarter, profit before taxation and zakat for the current quarter is lower at RM433.4 million, a decrease of RM106.6 million (19.7%). Profit for the quarter decreased by RM84.2 million to RM338.0 million compared to preceding quarter.

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END

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

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

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

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

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 August 2021 standing at 150.0% (end 2020 was at 148.2%). Funding profiles remained well diversified with September's loan-to-fund ratio and loan-to-fund-and-equity ratio was at 80.7% and 70.5% (End-2020 was at 82.5% and 71.9% respectively).

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

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

Our capital build continues to progress well. In addition to our private placement exercise, we had on 19 July 2021 announced the Proposed Disposal of AmGeneral Insurance Berhad ("AmGen") to Liberty Insurance Berhad ("Liberty") for RM2.3 billion. The Proposed Disposal is subject to regulatory approvals, which is currently still pending. Upon completion, the Company will receive a portion of the disposal consideration in cash and the balance in shares equivalent to a 30% equity stake in the combined businesses of AmGen and Liberty. The said cash portion will further contribute to the replenishment of our CET1.

Operationally, we remain steadfast in the execution of our FY2021 to FY2024 Focus 8 strategy, which is underpinned by strategic initiatives to drive operational efficiencies and sustainable business growth while weaving environmental, social and governance ("ESG") considerations and the digitalisation agenda into our culture, daily operations and business practices. The Group will also drive CASA growth and capital-light revenues across its channels, with particular focus on targeted segments such as SME and Mid-Corporate. The Group continues its focus on digitalisation initiatives, data analytics and automation by reinvesting cost savings into these areas. The Group understands the importance of striking a good balance between necessary capital expenditure and prudent cost management to continue improving our cost-to-income ratio.

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	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Estimated current tax payable	109,380	88,750	223,829	145,421
Deferred tax	(14,295)	(63,391)	(13,003)	(18,723)
	<u>95,085</u>	<u>25,359</u>	<u>210,826</u>	<u>126,698</u>
Over provision of current taxation in respect of prior years	-	140	1,135	155
Taxation	<u>95,085</u>	<u>25,499</u>	<u>211,961</u>	<u>126,853</u>
Zakat	280	464	1,245	1,098
Taxation and zakat	<u>95,365</u>	<u>25,963</u>	<u>213,206</u>	<u>127,951</u>

The total tax charge of the Group for the financial period ended 30 September 2021 and 30 September 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
	30.09.2021					
Unsecured						
Term funding	100,000	1,034,801 #	-	652,320	100,000	1,687,121
Debt capital	-	4,295,000	-	-	-	4,295,000
30.09.2020						
Unsecured						
Term funding	100,000	1,456,078 #	-	353,543	100,000	1,809,621
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 September 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	16,720

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 period ended 30 September 2021 and no dividends were paid in the current financial quarter and period.

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Net profit attributable to equity holders of the Company (RM'000)	321,038	237,317	707,642	602,483
Weighted average number of ordinary shares in issue ('000)	3,312,467	3,009,515	3,286,807	3,008,824
Basic/diluted earnings per share (Sen)	9.69	7.89	21.53	20.02