

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group		Company	
		31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
ASSETS					
Cash and short-term funds	A8	18,742,320	18,809,478	723,734	689,326
Deposits and placements with banks and other financial institutions	A9	61,810	103,028	-	-
Derivative financial assets	A32	906,270	1,291,190	-	-
Financial assets at fair value through profit or loss	A10	11,227,164	9,561,974	1,122	1,104
Financial investments at fair value through other comprehensive income	A11	19,121,869	17,786,198	-	-
Financial investments at amortised cost	A12	6,779,275	4,192,424	-	-
Loans, advances and financing	A13	116,846,823	112,478,319	-	-
Statutory deposits with Bank Negara Malaysia		439,745	425,278	-	-
Deferred tax assets		184,568	134,350	-	-
Investments in subsidiaries and other investments		-	-	10,857,425	10,407,425
Investments in associates and joint ventures		596,140	588,937	-	-
Other assets	A14	2,337,428	2,441,436	382	1,833,358
Reinsurance assets and other insurance receivables	A15	525,888	432,684	-	-
Property and equipment		186,811	215,934	-	1
Right-of-use assets		199,663	270,753	-	-
Intangible assets		1,402,804	1,443,947	-	-
Assets held for sale		2,324	2,324	-	-
TOTAL ASSETS		179,560,902	170,178,254	11,582,663	12,931,214
LIABILITIES AND EQUITY					
Deposits from customers	A16	124,710,078	120,543,186	-	-
Investment accounts of customers		199,041	94,834	-	-
Deposits and placements of banks and other financial institutions	A17	7,980,147	9,920,887	-	-
Securities sold under repurchase agreements		6,195,236	810,171	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		9,375,031	7,275,018	-	-
Derivative financial liabilities	A32	862,029	1,269,809	-	-
Financial liabilities at fair value through profit or loss		3,505	-	-	-
Term funding		2,097,372	1,749,870	-	-
Debt capital		4,285,000	4,295,000	-	-
Redeemable cumulative convertible preference share		243,779	238,713	-	-
Deferred tax liabilities		19,050	19,669	-	-
Other liabilities	A18	3,580,074	5,891,731	531,081	2,872,422
Insurance contract liabilities and other insurance payables	A19	2,627,313	2,479,007	-	-
Total Liabilities		162,177,655	154,587,895	531,081	2,872,422
Share capital	A6 (i)	6,776,240	5,951,557	6,372,870	5,550,250
Treasury shares		(7,435)	(20,970)	(7,435)	(20,970)
Reserves		9,697,117	8,710,190	4,686,147	4,529,512
Equity attributable to equity holders of the Company		16,465,922	14,640,777	11,051,582	10,058,792
Non-controlling interests		917,325	949,582	-	-
Total Equity		17,383,247	15,590,359	11,051,582	10,058,792
TOTAL LIABILITIES AND EQUITY		179,560,902	170,178,254	11,582,663	12,931,214
COMMITMENTS AND CONTINGENCIES	A31	116,029,690	136,999,665	-	-
NET ASSETS PER SHARE (RM)		4.97	4.87	3.34	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.

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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Interest income	A20	1,038,420	1,005,941	3,044,293	3,146,591
Interest expense	A21	(439,208)	(462,889)	(1,313,309)	(1,627,411)
Net interest income		599,212	543,052	1,730,984	1,519,180
Net income from Islamic banking		267,488	304,607	784,169	728,100
Income from insurance business		335,184	362,376	1,009,181	1,061,877
Insurance claims and commissions		(224,030)	(246,927)	(655,308)	(705,025)
Net income from insurance business	A22	111,154	115,449	353,873	356,852
Other operating income	A23	202,100	197,270	637,954	782,034
Share in results of associates and joint ventures		3,111	15,544	34,862	36,953
Net income		1,183,065	1,175,922	3,541,842	3,423,119
Other operating expenses	A24	(528,678)	(545,193)	(1,536,905)	(1,607,581)
Operating profit before impairment losses		654,387	630,729	2,004,937	1,815,538
Allowances for impairment on loans, advances and financing	A25	(295,162)	(257,741)	(647,488)	(661,527)
(Allowances for)/Writeback of impairment on:					
Financial investments	A26	(5,467)	(2,220)	(14,234)	10,060
Insurance receivables		768	(82)	(112)	3,096
Other financial assets	A26	2,413	208	75	217
Provision for commitments and contingencies - (charge)/writeback		(40,090)	(2,297)	(48,217)	5,997
Other recoveries/(write-offs), net		71	17	6	(2,363)
Impairment of investment in associate		-	-	(4,625)	-
Profit before taxation and zakat		316,920	368,614	1,290,342	1,171,018
Taxation and zakat	B5	99,869	(85,610)	(113,337)	(213,561)
Profit for the financial period		416,789	283,004	1,177,005	957,457
Attributable to:					
Equity holders of the Company		403,290	263,832	1,110,932	866,315
Non-controlling interests		13,499	19,172	66,073	91,142
Profit for the financial period		416,789	283,004	1,177,005	957,457
EARNINGS PER SHARE (SEN)	B9				
Basic/Diluted		12.18	8.77	33.71	28.79

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit for the financial period	416,789	283,004	1,177,005	957,457
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 (loss)/gain on changes in fair value	(336)	-	3,148	93,275
Tax effect relating to components of other comprehensive income				
- defined benefit liability	-	-	213	98
- financial investments at FVOCI	38	-	-	308
	<u>(298)</u>	<u>-</u>	<u>2,475</u>	<u>93,271</u>
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation (loss)/gain on foreign operations	(1,285)	(11,495)	1,356	(21,650)
Cash flow hedge				
- gain arising during the financial period	435	585	1,595	4,985
- amortisation of fair value changes for terminated hedges	1,858	2,772	7,177	6,390
Financial investments at FVOCI				
- net unrealised (loss)/gain on changes in fair value	(84,912)	(44,859)	(143,985)	324,977
- net gain reclassified to profit or loss	(1,056)	(1,062)	(4,657)	(18,911)
- changes in expected credit losses	4,634	2,216	19,192	(8,609)
- foreign exchange differences	(1)	(4)	1	(9)
Tax effect relating to the components of other comprehensive income				
- cash flow hedge	(550)	(806)	(2,105)	(2,730)
- financial investments at FVOCI	20,714	19,172	35,586	(65,304)
Share of reserve movements in equity accounted joint ventures	(91)	63	(3,428)	(441)
	<u>(60,254)</u>	<u>(33,418)</u>	<u>(89,268)</u>	<u>218,698</u>
Other comprehensive (loss)/income for the financial period, net of tax	<u>(60,552)</u>	<u>(33,418)</u>	<u>(86,793)</u>	<u>311,969</u>
Total comprehensive income for the financial period	<u>356,237</u>	<u>249,586</u>	<u>1,090,212</u>	<u>1,269,426</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	342,738	230,414	1,024,469	1,178,437
Non-controlling interests	13,499	19,172	65,743	90,989
	<u>356,237</u>	<u>249,586</u>	<u>1,090,212</u>	<u>1,269,426</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.

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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

Company	Note	Individual Quarter		Cumulative Quarter	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Interest income	A20	4,021	1,508	16,573	4,339
Other operating income	A23	50,457	132,299	193,726	304,228
Net income		<u>54,478</u>	<u>133,807</u>	<u>210,299</u>	<u>308,567</u>
Other operating expenses	A24	(4,516)	(5,808)	(12,312)	(17,174)
Profit before taxation		<u>49,962</u>	<u>127,999</u>	<u>197,987</u>	<u>291,393</u>
Taxation		(889)	(392)	(3,810)	(1,033)
Profit for the financial period representing total comprehensive income for the financial period		<u>49,073</u>	<u>127,607</u>	<u>194,177</u>	<u>290,360</u>

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	-	866,315	866,315	91,142	957,457
Other comprehensive income/(loss), net	-	-	325,286	8,645	(21,650)	-	-	-	(159)	312,122	(153)	311,969
Total comprehensive income/(loss) for the financial period	-	-	325,286	8,645	(21,650)	-	-	-	866,156	1,178,437	90,989	1,269,426
Share-based payment under ESS, net	-	-	-	-	-	35,638	-	-	-	35,638	-	35,638
ESS shares vested to employees	-	-	-	-	-	(11,725)	10,202	-	1,523	-	-	-
Transfer from regulatory reserve	-	(333,755)	-	-	-	-	-	-	333,755	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(219,696)	(219,696)	(95,060)	(314,756)
Transactions with owners and other equity movements	-	(333,755)	-	-	-	23,913	10,202	-	115,582	(184,058)	(95,060)	(279,118)
At 31.12.2020	5,851,557	53,773	960,597	(19,510)	87,017	64,485	(16,714)	45,715	12,548,231	19,575,151	975,197	20,550,348

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FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

Group	Attributable to Equity Holders of the Company											
	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	Total equity RM'000
Non-participating funds RM'000								Total 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	-	-	-	-	-	-	-	-	1,110,932	1,110,932	66,073	1,177,005
Other comprehensive (loss)/income, net	-	-	(94,143)	6,667	1,356	-	-	-	(343)	(86,463)	(330)	(86,793)
Total comprehensive (loss)/income for the financial period	-	-	(94,143)	6,667	1,356	-	-	-	1,110,589	1,024,469	65,743	1,090,212
Issue of ordinary share capital pursuant to:-												
- private placement	824,683	-	-	-	-	-	-	-	-	824,683	-	824,683
Buy-back of shares	-	-	-	-	-	-	(13,206)	-	-	(13,206)	-	(13,206)
Share-based payment under ESS, net	-	-	-	-	-	(10,801)	-	-	-	(10,801)	-	(10,801)
ESS shares vested to employees	-	-	-	-	-	(29,133)	26,741	-	2,392	-	-	-
Transfer to regulatory reserve	-	8,140	-	-	-	-	-	-	(8,140)	-	-	-
Transfer of net gain upon disposal of financial investments at fair value through other comprehensive income to retained earnings	-	-	(8,871)	-	-	-	-	-	8,871	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(98,000)	(98,000)
Transactions with owners and other equity movements	824,683	8,140	(8,871)	-	-	(39,934)	13,535	-	3,123	800,676	(98,000)	702,676
At 31.12.2021	6,776,240	8,140	605,776	(10,282)	96,348	27,844	(7,435)	45,715	8,923,576	16,465,922	917,325	17,383,247

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	290,360	290,360
Total comprehensive income for the financial period	-	-	-	290,360	290,360
Share-based payment under ESS, net	-	35,638	-	-	35,638
ESS shares vested to employees	-	(11,725)	10,202	1,523	-
Dividends paid	-	-	-	(219,696)	(219,696)
Transactions with owners and other equity movements	-	23,913	10,202	(218,173)	(184,058)
At 31.12.2020	5,550,250	64,485	(16,714)	4,413,975	10,011,996
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	-	-	-	194,177	194,177
Total comprehensive income for the financial period	-	-	-	194,177	194,177
Issue of ordinary share capital pursuant to:-					
- private placement	822,620	-	-	-	822,620
Buy-back of shares	-	-	(13,206)	-	(13,206)
Share-based payment under ESS, net	-	(10,801)	-	-	(10,801)
ESS shares vested to employees	-	(29,133)	26,741	2,392	-
Transactions with owners and other equity movements	822,620	(39,934)	13,535	2,392	798,613
At 31.12.2021	6,372,870	27,844	(7,435)	4,658,303	11,051,582

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(Incorporated in Malaysia)

Condensed Financial Statements**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	Group		Company	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit before taxation and zakat	1,290,342	1,171,018	197,987	291,393
Adjustments for:				
Net accretion of discount for securities	(38,971)	(61,649)	-	-
Allowance for expected credit losses on loans, advances and financing, net	813,720	947,706	-	-
Dividend income	(3,706)	(3,779)	(193,058)	(303,248)
Net loss on revaluation of derivatives	1,961	301,806	-	-
Net gain on revaluation of financial assets at fair value through profit or loss	(321)	(110,633)	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(4,657)	(18,911)	-	-
Net loss/(gain) on sale of financial assets at fair value through profit or loss	3,922	(276,309)	-	-
Impairment loss on investment in associate	4,625	-	-	-
Other non-operating and non-cash items	165,890	343,007	1	58
Operating profit/(loss) before working capital changes	2,232,805	2,292,256	4,930	(11,797)
<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	(1,627,149)	5,324,927	(18)	(20)
Loans, advances and financing	(5,107,042)	(5,351,673)	-	-
Statutory deposits with Bank Negara Malaysia	(14,468)	1,766	-	-
Other assets	90,821	323,384	1,835,368	1,635
Reinsurance assets and other insurance receivables	(93,316)	(11,776)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	4,166,892	6,074,720	-	-
Investment accounts of customers	104,207	(16,015)	-	-
Deposits and placements of banks and other financial institutions	(1,963,650)	(1,190,088)	-	-
Securities sold under repurchase agreements	5,385,065	(1,872,267)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	2,100,013	1,134,990	-	-
Term funding	346,541	(768,999)	-	-
Other liabilities	(2,317,929)	(882,801)	(2,357,131)	39,650
Insurance contract liabilities and other insurance payables	148,306	63,932	-	-
Cash generated from/(used in) operations	3,460,218	5,122,356	(516,851)	29,468
Taxation and zakat paid, net	(84,738)	(123,717)	(1,213)	315
Net cash generated from/(used in) operating activities	3,375,480	4,998,639	(518,064)	29,783
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	(13,206)	-	(13,206)	-
Dividend/Distribution income received	23,312	9,082	193,058	303,248
Subscription of shares in subsidiary	-	-	(450,000)	-
Proceeds from disposal of property and equipment	163	969	-	191
(Purchase)/Disposal of financial investments	(4,066,438)	1,100,142	-	-
Purchase of property and equipment and intangible assets	(68,467)	(97,646)	-	-
Net cash (used in)/generated from investing activities	(4,124,636)	1,012,547	(270,148)	303,439

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FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021 (CONT'D.)**

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	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	(65,658)	(69,272)	-	-
Dividends paid to non-controlling interests by subsidiaries	(98,000)	(95,060)	-	-
Net (repayment)/issuance of debt capital	(10,000)	150,000	-	-
Proceeds from issuance of shares from private placement (net)	824,683	-	822,620	-
Net cash generated from/(used in) financing activities	<u>651,025</u>	<u>(234,028)</u>	<u>822,620</u>	<u>(219,696)</u>
Net (decrease)/increase in cash and cash equivalents	(98,131)	5,777,158	34,408	113,526
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	(1,672)	247	-	-
Cash and cash equivalents at end of the financial period	<u>18,805,953</u>	<u>21,489,324</u>	<u>723,734</u>	<u>435,788</u>

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

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	18,742,320	21,226,088	723,734	435,788
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	61,810	260,466	-	-
	<u>18,804,130</u>	<u>21,486,554</u>	<u>723,734</u>	<u>435,788</u>
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	1,823	2,770	-	-
Cash and cash equivalents	<u>18,805,953</u>	<u>21,489,324</u>	<u>723,734</u>	<u>435,788</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") and the transition to alternative RFRs has not resulted 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
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
- Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

The nature of the new 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*, Amendments to MFRS 17, and Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment 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, Amendments to MFRS 17, and Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment 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. An entity that first applies MFRS 17 and MFRS 9 at the same time is also permitted to apply a classification overlay on the comparative information about a financial asset as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset before to overcome potential accounting mismatches.

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.

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.)

Definition of Accounting Estimates (Amendments to MFRS 108) (Cont'd.)

The amendments further clarify that effects of a change in an input or measurement technique used to develop an accounting estimate (for example, expected credit losses, fair value of an asset or liability, and depreciation for property and equipment) is a change in accounting estimate, if they do not arise from prior period errors.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)

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

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 except for provision for income tax and deferred tax.

- (i) On 13 December 2021, the Dewan Rakyat has passed the Supply Bill ("Budget for 2022") which includes one-off tax of Cukai Makmur for Year Assessment ("YA") 2022 of which corporate income tax rate of 33% will be imposed to entities with taxable income more than RM100 million in YA 2022. The impact to the Group for the financial period ended 31 December 2021 is RM66.8 million.
- (ii) In the current quarter, based on legal opinion received, AmBank and AmInvestment Bank claimed tax deduction on the full and final settlement of RM2.83 billion with Ministry of Finance Malaysia and its related expenses of RM21 million in their tax returns for the Year Assessment ("YA") 2021. Accordingly, AmBank and AmInvestment Bank recognised a portion of tax deduction as tax recoverable while the unutilised tax loss arose from the remaining tax deduction will be reassessed throughout the discussion between the Group and Inland Revenue Board.

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 for the financial quarter and period ended 31 December 2021.

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	825,000	825,000

* 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 4,277,900 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM3.09 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM13.2 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.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (CONT'D.)

(iv) Issuance of debt securities

On 30 December 2021, AmBank issued Tranche 8 - Series 1 and Series 2 of Senior Notes with total nominal amount of RM150.0 million and RM250.0 million respectively under its Senior Notes programme of RM7.0 billion. Tranche 8 - Series 1 bears interest rate at 2.94% per annum payable half-yearly with a tenor of 18 months and Tranche 8 - Series 2 bears interest at 3.14% per annum payable half-yearly with a tenor of 2 years.

(v) Redemption of debt securities

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

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 did not declare any interim dividend in respect of the financial period ended 31 December 2021 and no dividends were paid in the current financial quarter and period.

A8. CASH AND SHORT-TERM FUNDS

	Group		Company	
	31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
Cash and balances with banks and other financial institutions	2,313,719	1,980,207	723,734	689,326
Deposit and placements maturing within one month:				
Licensed banks	967,190	3,107,446	-	-
Bank Negara Malaysia	15,448,700	13,530,000	-	-
Other financial institutions	14,479	194,156	-	-
	16,430,369	16,831,602	-	-
	18,744,088	18,811,809	723,734	689,326
Less: Allowances for ECL	(1,768)	(2,331)	-	-
	18,742,320	18,809,478	723,734	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 writeback of ECL	(529)	-	(529)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	2,859	-	2,859
New financial assets originated	16,657	3	16,660
Financial assets derecognised	(20,528)	(2)	(20,530)
Net remeasurement of allowances	483	(1)	482
Foreign exchange differences	(38)	4	(34)
Balance at end of the financial period	1,743	25	1,768
Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
31.03.2021			
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	
	31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
Deposits and placements maturity more than one month:				
Licensed banks	61,865	103,070	-	-
Less: Allowances for ECL	(55)	(42)	-	-
	<u>61,810</u>	<u>103,028</u>	<u>-</u>	<u>-</u>

Movements in allowances for ECL are as follows:

Group 31.12.2021	Stage 1 12-month ECL RM'000
Balance at beginning of the financial period	42
Net allowance for ECL	13
Transfer to cash and short-term funds (Note A8)	(2,859)
Net remeasurement of allowances	36
New financial assets originated	2,836
Balance at end of the financial period	<u>55</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	
	31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	1,576,693	555,998	-	-
Malaysian Islamic Treasury Bills	1,849,480	2,544,432	-	-
Malaysian Government Securities	825,908	223,501	-	-
Malaysian Government Investment Issues	1,574,465	707,527	-	-
Cagamas bonds	94,697	84,891	-	-
	<u>5,921,243</u>	<u>4,116,349</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	654,471	541,084	-	-
Unit trusts	178,199	196,896	1,122	1,104
Corporate bonds and sukuk	13,430	37,538	-	-
Outside Malaysia:				
Shares	484,539	542,202	-	-
	<u>1,330,639</u>	<u>1,317,720</u>	<u>1,122</u>	<u>1,104</u>
Unquoted Securities:				
In Malaysia:				
Shares	34	34	-	-
Corporate bonds and sukuk	3,975,248	4,127,871	-	-
	<u>3,975,282</u>	<u>4,127,905</u>	<u>-</u>	<u>-</u>
Total	<u>11,227,164</u>	<u>9,561,974</u>	<u>1,122</u>	<u>1,104</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	3,227,233	3,360,666
Malaysian Government Investment Issues	3,834,789	3,777,222
Negotiable Instruments of Deposit	500,006	50,031
Islamic Negotiable Instruments of Deposit	499,748	399,386
Foreign Government Securities	14,153	74,044
	<u>8,075,929</u>	<u>7,661,349</u>
Unquoted Securities:		
In Malaysia:		
Shares	674,456	686,262
Corporate bonds and sukuk	10,335,215	9,391,913
Outside Malaysia:		
Shares	633	530
Corporate bonds and sukuk	35,636	46,144
	<u>11,045,940</u>	<u>10,124,849</u>
Total	<u>19,121,869</u>	<u>17,786,198</u>

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Total
31.12.2021	12-month	Lifetime	Total
	ECL	ECL	ECL
	RM'000	not credit	RM'000
	RM'000	impaired	RM'000
Balance at beginning of the financial period	11,224	6,847	18,071
Net allowances for ECL	10,444	8,748	19,192
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(893)	6,013	5,120
New financial assets originated	7,972	-	7,972
Financial assets derecognised	(2,157)	(5,878)	(8,035)
Net remeasurement of allowances	5,522	8,613	14,135
Foreign exchange differences	1	-	1
Balance at end of the financial period	<u>21,669</u>	<u>15,595</u>	<u>37,264</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	
	31.12.2021	31.03.2021
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Securities	721,371	-
Malaysian Government Investment Issues	2,102,017	402,577
	2,823,388	402,577
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	3,961,759	3,800,677
	6,785,147	4,203,254
Less: Allowances for ECL	(5,872)	(10,830)
Total	6,779,275	4,192,424

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
31.12.2021			
Balance at beginning of the financial period	2,281	8,549	10,830
Net allowances for/(writeback of) ECL	3,591	(8,549)	(4,958)
- Transfer to 12-month ECL (Stage 1)	1,444	(8,549)	(7,105)
New financial assets originated	148	-	148
Net remeasurement of allowances	2,002	-	2,002
Financial assets derecognised	(3)	-	(3)
Balance at end of the financial period	5,872	-	5,872

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
31.03.2021			
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	
	31.12.2021	31.03.2021
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	38,513,349	35,573,645
Revolving credit	10,532,931	10,902,951
Housing loans/financing	38,346,227	36,326,944
Hire purchase receivables	14,014,898	14,389,969
Card receivables	1,899,379	1,923,253
Overdraft	2,918,157	3,342,952
Claims on customers under acceptance credits	5,453,881	5,762,288
Trust receipts	2,892,628	2,116,982
Bills receivables	2,271,676	1,948,440
Staff loans	108,697	107,912
Others	2,355,544	2,363,172
Gross loans, advances and financing	<u>119,307,367</u>	<u>114,758,508</u>
Less: Allowances for ECL		
- Stage 1 - 12-month ECL	(394,300)	(433,435)
- Stage 2 - Lifetime ECL not credit impaired	(1,527,631)	(1,312,123)
- Stage 3 - Lifetime ECL credit impaired	(538,613)	(534,631)
	<u>(2,460,544)</u>	<u>(2,280,189)</u>
Net loans, advances and financing	<u>116,846,823</u>	<u>112,478,319</u>

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

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Domestic non-bank financial institutions	3,083,306	2,054,636
Domestic business enterprises:		
- Small and medium enterprises	24,723,306	22,818,626
- Others	26,108,260	27,178,350
Government and statutory bodies	164,690	347,837
Individuals	63,617,739	61,019,803
Other domestic entities	8,901	9,363
Foreign individuals and entities	1,601,165	1,329,893
	<u>119,307,367</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	
	31.12.2021	31.03.2021
	RM'000	RM'000
In Malaysia	118,461,347	114,099,850
Outside Malaysia	846,020	658,658
	119,307,367	114,758,508

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

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	311,240	296,835
- Hire purchase receivables	13,507,040	13,803,709
- Other loans/financing	10,938,244	11,065,170
Variable rate:		
- Base rate and lending/financing rate plus	64,032,333	61,398,823
- Cost plus	28,660,158	26,578,475
- Other variable rates	1,858,352	1,615,496
	119,307,367	114,758,508

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

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Agriculture	2,581,581	2,663,577
Mining and quarrying	2,671,838	2,939,335
Manufacturing	15,053,555	14,647,484
Electricity, gas and water	1,176,003	1,216,489
Construction	4,190,104	4,716,911
Wholesale and retail trade and hotels and restaurants	10,036,501	8,961,747
Transport, storage and communication	5,625,168	4,475,244
Finance and insurance	3,288,796	2,323,199
Real estate	7,139,133	7,723,535
Business activities	2,085,343	2,427,283
Education and health	1,245,653	1,022,470
Household of which:	64,191,702	61,615,459
Purchase of residential properties	38,716,483	36,627,886
Purchase of transport vehicles	12,726,734	13,076,102
Others	12,748,485	11,911,471
Others	21,990	25,775
	119,307,367	114,758,508

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

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

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Maturing within one year	28,750,249	28,972,749
Over one year to three years	6,632,714	6,664,869
Over three years to five years	12,475,247	10,913,840
Over five years	71,449,157	68,207,050
	<u>119,307,367</u>	<u>114,758,508</u>

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

	Group	
	31.12.2021	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	943,492	990,213
Reclassified as non-impaired	(165,121)	(146,545)
Recoveries	(306,971)	(468,049)
Amount written off	(633,054)	(454,469)
Foreign exchange differences	(476)	(3,463)
Balance at end of the financial period/year	<u>1,608,190</u>	<u>1,770,320</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.35%</u>	<u>1.54%</u>
Loan loss coverage (including regulatory reserve)	<u>164.42%</u>	<u>135.61%</u>

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

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
In Malaysia	1,585,409	1,739,359
Outside Malaysia	22,781	30,961
	<u>1,608,190</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	
	31.12.2021 RM'000	31.03.2021 RM'000
Agriculture	9,943	79,621
Mining and quarrying	189,469	37,955
Manufacturing	209,676	194,000
Electricity, gas and water	6,077	3,521
Construction	83,393	92,315
Wholesale and retail trade and hotels and restaurants	157,713	202,228
Transport, storage and communication	18,279	59,268
Finance and insurance	1,440	1,325
Real estate	274,639	312,785
Business activities	38,821	41,736
Education and health	5,635	6,548
Household of which:	613,105	739,018
Purchase of residential properties	463,903	530,993
Purchase of transport vehicles	50,403	67,717
Others	98,799	140,308
	1,608,190	1,770,320

(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	(39,089)	215,501	637,306	813,718
- Transfer to 12-month ECL (Stage 1)	10,217	(104,225)	(2,108)	(96,116)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(16,605)	145,997	(24,049)	105,343
- Transfer to Lifetime ECL credit impaired (Stage 3)	(922)	(17,230)	108,398	90,246
New financial assets originated	71,355	69,497	2,946	143,798
Net remeasurement of allowances	(36,977)	(7,208)	637,814	593,629
Modification of contractual cash flows of financial assets	294	5,864	(220)	5,938
Financial assets derecognised	(33,142)	(61,469)	(85,475)	(180,086)
Changes in model assumptions and methodologies	(33,309)	184,275	-	150,966
Foreign exchange differences	(46)	7	(270)	(309)
Amount written off	-	-	(633,054)	(633,054)
Balance at end of the financial period	394,300	1,527,631	538,613	2,460,544

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

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

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

A14. OTHER ASSETS

	Group		Company	
	31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
Trade receivables	181,083	550,395	-	-
Other receivables, deposits and prepayments	1,165,055	758,424	382	1,833,358
Interest/Profit receivable	380,206	380,919	-	-
Fee receivable	16,791	19,527	-	-
Amount due from agents, brokers and reinsurers	122,868	55,689	-	-
Foreclosed properties	2,632	2,615	-	-
Tax recoverable	116,390	128,289	-	-
Collateral pledged for derivative and securities transactions	359,307	552,339	-	-
	<u>2,344,332</u>	<u>2,448,197</u>	<u>382</u>	<u>1,833,358</u>
Less: Accumulated impairment losses	(6,904)	(6,761)	-	-
	<u>2,337,428</u>	<u>2,441,436</u>	<u>382</u>	<u>1,833,358</u>

A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		31.12.2021 RM'000	31.03.2021 RM'000
Reinsurance assets from general insurance business	(i)	463,513	379,792
Other insurance receivables	(ii)	62,375	52,892
		<u>525,888</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		75,494	65,737
Amount owing by reinsurance and cedants		5,725	5,887
Accumulated impairment losses		(18,844)	(18,732)
		<u>62,375</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		112	(6,023)
Balance at end of the financial period/year		<u>18,844</u>	<u>18,732</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Demand deposits	29,277,118	28,095,907
Savings deposits	8,132,406	7,662,383
Term/Investment deposits	87,300,554	84,784,896
	<u>124,710,078</u>	<u>120,543,186</u>

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

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Due within six months	70,686,021	70,498,403
Six months to one year	15,050,928	12,822,494
Over one year to three years	1,449,136	1,361,269
Over three years to five years	114,469	102,730
	<u>87,300,554</u>	<u>84,784,896</u>

The deposits are sourced from the following types of customers:

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Government and statutory bodies	4,730,415	5,574,666
Business enterprises	64,065,251	65,674,964
Individuals	46,078,117	40,855,153
Others	9,836,295	8,438,403
	<u>124,710,078</u>	<u>120,543,186</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Licensed banks	3,944,423	6,065,550
Licensed investment banks	450,789	550,534
Bank Negara Malaysia	1,235,839	1,046,960
Other financial institutions	2,349,096	2,257,843
	<u>7,980,147</u>	<u>9,920,887</u>

A18. OTHER LIABILITIES

	Group		Company	
	31.12.2021	31.03.2021	31.12.2021	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Trade payables	307,627	438,644	-	-
Other payables and accruals	1,530,296	1,307,554	11,624	42,134
Interest payable on deposits and borrowings	501,106	612,771	-	-
Lease deposits and advance rental	48,328	45,751	-	-
Provision for commitments and contingencies	2,552	10,239	-	-
Allowances for ECL on loan commitments and financial guarantees	175,511	120,510	-	-
Lease liabilities	204,097	273,471	-	-
Provision for reinstatement of leased properties	9,588	8,989	-	-
Amount due to subsidiaries	-	-	1,855	283
Settlement payable	515,000	2,830,000	515,000	2,830,000
Provision for taxation	53,465	23,790	2,602	5
Collateral received for derivative and securities transactions	161,077	145,035	-	-
Deferred income	71,427	74,977	-	-
	3,580,074	5,891,731	531,081	2,872,422

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

Group	Stage 1	Stage 2	Stage 3	Total
31.12.2021	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial period	30,429	37,348	52,733	120,510
Net allowances for ECL	8,215	45,288	1,524	55,027
- Transfer to 12-month ECL (Stage 1)	1,097	(8,196)	-	(7,099)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,080)	6,120	-	5,040
- Transfer to Lifetime ECL credit impaired (Stage 3)	(44)	(391)	435	-
New exposures originated	15,923	14,119	-	30,042
Net remeasurement of allowances	430	(6,732)	1,472	(4,830)
Exposures derecognised	(8,111)	(13,632)	(383)	(22,126)
Changes in model assumptions and methodologies	-	54,000	-	54,000
Foreign exchange differences	(15)	(11)	-	(26)
Balance at the end of the financial period	38,629	82,625	54,257	175,511

A18. OTHER LIABILITIES (CONT'D.)

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

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

A19. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.12.2021 RM'000	31.03.2021 RM'000
Insurance contract liabilities	(i)	2,569,488	2,422,975
Other insurance payables	(ii)	57,825	56,032
		<u>2,627,313</u>	<u>2,479,007</u>
(i) Insurance contract liabilities			
		31.12.2021	31.03.2021
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,569,488</u>	<u>(463,513)</u>
		31.03.2021	31.03.2021
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		Net contract liabilities RM'000	
General insurance business		<u>2,422,975</u>	<u>(379,792)</u>
(ii) Other insurance payables			
		31.12.2021	31.03.2021
		RM'000	RM'000
Amount due to agents and intermediaries		19,281	21,812
Amount due to reinsurers and cedants		38,544	34,220
		<u>57,825</u>	<u>56,032</u>

A20. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	20,747	12,505	50,242	48,392
Financial assets at fair value through profit or loss	50,334	53,879	153,849	215,279
Financial investments at fair value through				
other comprehensive income	113,397	111,124	341,007	360,258
Financial investments at amortised cost	37,082	33,544	97,411	100,406
Loans and advances*	812,246	791,470	2,390,234	2,408,178
Impaired loans and advances	643	770	2,044	3,699
Others	3,971	2,649	9,506	10,379
	<u>1,038,420</u>	<u>1,005,941</u>	<u>3,044,293</u>	<u>3,146,591</u>
Company				
Short-term funds and deposits and placements with				
banks and other financial institutions	4,021	1,508	16,573	4,339

* Included in the interest income of loans and advances of the Group is the net gain of RM30.9 million (31.12.2020: net loss of RM74.9 million) arising from government support measures implemented in response to COVID-19 pandemic.

A21. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Deposits from customers	318,148	366,272	959,500	1,273,782
Deposits and placements of banks and other				
financial institutions	19,752	17,217	63,335	71,622
Senior notes	67	-	67	7,422
Credit-Linked Notes	-	1,932	3,673	5,805
Securities sold under repurchase agreements	8,404	7,323	15,191	35,182
Recourse obligation on loans sold to Cagamas Berhad	52,685	27,164	150,269	107,188
Term loan	645	1,146	2,738	4,071
Debt Capital	37,281	32,976	111,437	98,568
Other structured products and others	2,226	8,859	7,099	23,771
	<u>439,208</u>	<u>462,889</u>	<u>1,313,309</u>	<u>1,627,411</u>

A22. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		335,184	362,376	1,009,181	1,061,877
		<u>335,184</u>	<u>362,376</u>	<u>1,009,181</u>	<u>1,061,877</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		38,401	32,091	99,604	100,878
General insurance claims		185,629	214,836	555,704	604,147
		<u>224,030</u>	<u>246,927</u>	<u>655,308</u>	<u>705,025</u>
Total income from insurance business, net		<u>111,154</u>	<u>115,449</u>	<u>353,873</u>	<u>356,852</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		441,588	398,931	1,125,154	1,189,726
- change in unearned premium provision		(72,521)	5,236	12,895	(11,889)
		<u>369,067</u>	<u>404,167</u>	<u>1,138,049</u>	<u>1,177,837</u>
Premium ceded					
- insurance contract		(49,400)	(41,406)	(125,953)	(114,926)
- change in unearned premium provision		15,517	(385)	(2,915)	(1,034)
		<u>(33,883)</u>	<u>(41,791)</u>	<u>(128,868)</u>	<u>(115,960)</u>
		<u>335,184</u>	<u>362,376</u>	<u>1,009,181</u>	<u>1,061,877</u>
(b) Insurance claims					
- gross benefits and claims paid		177,213	238,064	534,196	632,836
- claims ceded to reinsurers		(8,725)	(22,242)	(51,267)	(57,438)
- change in contract liabilities - insurance contract		127,935	12,832	159,410	45,280
- change in contract liabilities ceded to reinsurers					
- insurance contract		(110,794)	(13,818)	(86,635)	(16,531)
		<u>185,629</u>	<u>214,836</u>	<u>555,704</u>	<u>604,147</u>

¹ Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM11,434,000 (31 December 2020: RM11,730,000) eliminated upon consolidation.

A23. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Fee and commission income:				
Fees on loans and securities	53,852	29,934	124,079	83,317
Corporate advisory	1,290	2,608	12,598	7,933
Guarantee fees	11,487	12,269	34,437	36,707
Underwriting commission	241	129	782	129
Portfolio management fees	6,602	10,517	35,967	35,899
Unit trust fees, commission and charges	49,668	50,525	137,899	129,550
Property trust management fees	1,733	1,772	5,056	5,268
Brokerage fees and commission	9,710	17,937	34,378	51,141
Bancassurance commission	2,881	2,752	8,776	8,101
Wealth management fees	2,758	7,101	16,635	20,591
Remittances	5,770	5,432	16,723	13,606
Fees, service and commission charges	6,925	5,938	18,494	16,479
Others	8,763	6,786	21,011	16,630
	<u>161,680</u>	<u>153,700</u>	<u>466,835</u>	<u>425,351</u>
Investment and trading income:				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(2,106)	67,397	(3,437)	257,087
Net gain from sale of financial investments at fair value through other comprehensive income	1,055	398	4,061	17,014
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	(1,910)	(6,002)	640	109,655
Net gain on redemption of financial liabilities at fair value through profit or loss	313	-	313	-
Net gain on revaluation of financial liabilities at fair value through profit or loss	59	-	59	-
Net gain/(loss) on foreign exchange	7,717	(70,521)	81,470	(51,534)
Net gain/(loss) on derivatives	15,660	26,053	44,150	(29,517)
Gain on liquidation of a subsidiary	-	2,457	-	2,457
Dividend income from:				
Financial assets at fair value through profit or loss	13,418	14,954	19,359	22,979
Financial investments at fair value through other comprehensive income	-	-	3,706	3,779
Others	290	182	5,552	840
	<u>34,496</u>	<u>34,918</u>	<u>155,873</u>	<u>332,760</u>
Other income:				
Net gain on non-trading foreign exchange	409	633	742	1,190
Net (loss)/gain on disposal of property and equipment	(9)	586	-	601
Rental income	210	1,179	427	3,564
Profit from sale of goods and services	4,283	4,672	13,113	13,397
Gain on disposal of foreclosed properties	-	-	-	540
Others	1,031	1,582	964	4,631
	<u>5,924</u>	<u>8,652</u>	<u>15,246</u>	<u>23,923</u>
	<u>202,100</u>	<u>197,270</u>	<u>637,954</u>	<u>782,034</u>
Company				
Investment and trading income:				
Dividend income from:				
Subsidiaries	50,245	132,025	193,058	303,248
Financial assets at fair value through profit or loss	6	6	18	20
	<u>50,251</u>	<u>132,031</u>	<u>193,076</u>	<u>303,268</u>
Other income:				
Net gain on disposal of property and equipment	-	-	-	38
Others	206	268	650	922
	<u>206</u>	<u>268</u>	<u>650</u>	<u>960</u>
	<u>50,457</u>	<u>132,299</u>	<u>193,726</u>	<u>304,228</u>

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Personnel costs:				
Salaries, allowances and bonuses	249,954	240,656	738,437	707,532
Shares granted under ESS				
- charge/(writeback)	2,190	9,573	(9,952)	35,816
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	40,556	39,965	119,904	116,630
Social security cost	2,050	2,077	6,194	6,234
Other staff related expenses	33,037	47,521	86,542	115,610
	<u>327,787</u>	<u>339,792</u>	<u>941,125</u>	<u>981,822</u>
Establishment costs:				
Depreciation of property and equipment	15,571	17,430	48,855	53,547
Depreciation of right-of-use assets	20,027	21,485	61,135	62,093
Amortisation of intangible assets	23,605	24,994	84,088	74,189
Computerisation costs	56,021	48,478	134,921	129,552
Rental of premises	320	1,109	1,091	2,860
Cleaning, maintenance and security	8,935	6,213	23,105	20,968
Finance costs:				
- interest on lease liabilities	1,732	2,745	6,157	9,733
- provision for reinstatement of leased properties	26	33	83	110
Others	8,187	8,150	23,050	26,027
	<u>134,424</u>	<u>130,637</u>	<u>382,485</u>	<u>379,079</u>
Marketing and communication expenses:				
Sales commission	1,120	1,965	3,861	6,567
Advertising, promotional and other marketing activities	16,369	13,519	36,661	73,012
Telephone charges	5,775	5,140	16,095	16,916
Postage	2,582	3,455	8,393	10,083
Travelling and entertainment	1,272	2,115	3,622	5,935
Others	2,766	4,361	7,628	12,085
	<u>29,884</u>	<u>30,555</u>	<u>76,260</u>	<u>124,598</u>
Administration and general expenses:				
Professional services	18,093	14,733	54,318	53,103
Travelling	478	632	1,133	1,954
Insurance	1,319	1,055	4,811	3,712
Subscriptions and periodicals	2,102	2,055	7,024	6,736
Others	14,591	25,734	69,749	56,577
	<u>36,583</u>	<u>44,209</u>	<u>137,035</u>	<u>122,082</u>
Total	<u>528,678</u>	<u>545,193</u>	<u>1,536,905</u>	<u>1,607,581</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Establishment costs:				
Depreciation of property and equipment	1	20	1	96
Computerisation costs	57	66	213	196
	<u>58</u>	<u>86</u>	<u>214</u>	<u>292</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	-	7	1	8
Telephone charges	-	(1)	1	1
Travelling and entertainment	-	8	7	38
Others	-	-	1	-
	<u>-</u>	<u>14</u>	<u>10</u>	<u>47</u>
Administration and general expenses:				
Professional services	255	254	2,559	645
Travelling	7	3	19	3
Insurance	22	-	22	-
Subscriptions and periodicals	-	-	3	3
Others	1,013	1,415	(594)	4,093
	<u>1,297</u>	<u>1,672</u>	<u>2,009</u>	<u>4,744</u>
Service transfer pricing expense, net	3,161	4,036	10,079	12,091
Total	<u>4,516</u>	<u>5,808</u>	<u>12,312</u>	<u>17,174</u>

A25. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	343,173	350,758	813,718	947,705
Impaired loans, advances and financing recovered, net	(48,011)	(93,017)	(166,230)	(286,178)
	<u>295,162</u>	<u>257,741</u>	<u>647,488</u>	<u>661,527</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Financial investments				
Financial investments at fair value through other comprehensive income	4,634	2,216	19,192	(8,609)
Financial investments at amortised cost	833	4	(4,958)	(1,451)
	<u>5,467</u>	<u>2,220</u>	<u>14,234</u>	<u>(10,060)</u>
Other financial assets				
Cash and short-term funds	(1,713)	1,116	(529)	1,581
Deposits and placements with banks and other financial institutions	(1,001)	(663)	13	(104)
Other assets	301	(661)	441	(1,694)
	<u>(2,413)</u>	<u>(208)</u>	<u>(75)</u>	<u>(217)</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 31.12.2021	Wholesale banking						Group funding and others RM'000	Total RM'000	
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Treasury & Markets RM'000	Investment banking RM'000	Fund management RM'000			
Net interest and funding income	1,069,266	326,108	419,708	360,228	42,123	1,034	77,822	166,791	2,463,080
Insurance and other operating income	195,030	85,545	99,225	103,843	122,212	114,050	322,571	1,424	1,043,900
Share in results of associates and joint ventures	(786)	-	-	-	-	-	31,979	3,669	34,862
Net income	1,263,510	411,653	518,933	464,071	164,335	115,084	432,372	171,884	3,541,842
Other operating expenses	(627,964)	(107,716)	(130,199)	(59,012)	(78,570)	(50,390)	(236,644)	(246,410)	(1,536,905)
<i>of which:</i>									
<i>Depreciation of property and equipment</i>	(13,287)	(1,389)	(1,053)	(154)	(630)	(154)	(3,088)	(29,100)	(48,855)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(9,407)	(51,728)	(61,135)
<i>Amortisation of intangible assets</i>	(16,414)	(633)	(4,086)	(1,608)	(484)	(136)	(14,241)	(46,486)	(84,088)
Profit/(Loss) before impairment losses	635,546	303,937	388,734	405,059	85,765	64,694	195,728	(74,526)	2,004,937
(Allowances for)/Writeback of impairment on loans, advances and financing	(88,946)	(66,885)	(415,558)	-	10,108	-	-	(86,207)	(647,488)
(Allowances for)/Writeback of impairment on other assets	(61)	-	(1,938)	(13,753)	(393)	-	(112)	1,986	(14,271)
Provision for commitments and contingencies -writeback/(charge)	8,057	(6,557)	3,797	-	-	-	-	(53,514)	(48,217)
Other recoveries/(Write-offs), net	-	-	-	-	47	-	(68)	27	6
Impairment of investment in associate	-	-	-	-	-	-	-	(4,625)	(4,625)
Profit/(Loss) before taxation and zakat	554,596	230,495	(24,965)	391,306	95,527	64,694	195,548	(216,859)	1,290,342
Taxation and zakat	(131,766)	(52,146)	7,713	(81,889)	(21,680)	(13,262)	(29,391)	209,084	(113,337)
Profit/(Loss) for the financial period	422,830	178,349	(17,252)	309,417	73,847	51,432	166,157	(7,775)	1,177,005
Other information									
Total segment assets	67,734,210	17,864,474	30,909,247	54,762,968	2,398,264	119,278	5,894,615	(122,154)	179,560,902
Total segment liabilities	54,759,630	14,024,892	15,048,313	59,283,874	1,094,503	29,314	3,520,503	14,416,626	162,177,655
Cost to income ratio	49.7%	26.2%	25.1%	12.7%	47.8%	43.8%	54.7%	>100.0%	43.4%
Gross loans, advances and financing	67,517,947	18,070,068	32,011,051	-	1,799,259	-	419	(91,377)	119,307,367
Net loans, advances and financing	66,475,896	17,854,612	31,362,754	-	1,799,121	-	349	(645,909)	116,846,823
Impaired loans, advances and financing	756,868	260,193	590,991	-	138	-	-	-	1,608,190
Total deposits	54,099,727	13,863,775	14,848,846	51,321,046	759,564	-	-	(2,202,733)	132,690,225
Additions to:									
Property and equipment	5,443	252	400	348	774	307	2,428	9,081	19,033
Intangible assets	11,580	146	5,147	10,736	704	36	3,966	17,119	49,434

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 31.12.2020 (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	982,116	277,340	400,694	372,548	33,068	811	89,258	(23,401)	2,132,434
Insurance and other operating income	198,650	88,213	77,470	253,123	110,831	102,363	421,341	1,741	1,253,732
Share in results of associates and joint ventures	(1,191)	-	-	-	-	-	32,914	5,230	36,953
Net income/(expense)	1,179,575	365,553	478,164	625,671	143,899	103,174	543,513	(16,430)	3,423,119
Other operating expenses	(639,229)	(112,989)	(139,266)	(64,098)	(83,324)	(49,204)	(289,417)	(230,054)	(1,607,581)
<i>of which:</i>									
<i>Depreciation of property and equipment</i>	(15,957)	(1,417)	(1,320)	(109)	(696)	(170)	(4,889)	(28,989)	(53,547)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(8,875)	(53,218)	(62,093)
<i>Amortisation of intangible assets</i>	(17,079)	(641)	(5,472)	(1,034)	(466)	(138)	(14,254)	(35,105)	(74,189)
Profit/(Loss) before impairment losses (Allowances for)/Writeback of impairment on loans, advances and financing	540,346	252,564	338,898	561,573	60,575	53,970	254,096	(246,484)	1,815,538
Writeback of/(Allowances for) impairment on other assets	(195,835)	(25,294)	(146,636)	-	3,226	-	-	(296,988)	(661,527)
Provision for commitments and contingencies - writeback/(charge)	416	-	742	(808)	493	(143)	3,096	9,577	13,373
Other recoveries/(write-offs), net	7,177	(4,134)	(13,416)	-	-	-	-	16,370	5,997
Profit/(Loss) before taxation and zakat	-	-	-	-	11	-	(2,467)	93	(2,363)
Taxation and zakat	352,104	223,136	179,588	560,765	64,305	53,827	254,725	(517,432)	1,171,018
Profit/(Loss) for the financial period	(84,763)	(51,323)	(41,708)	(125,759)	(13,964)	(10,842)	(36,476)	151,274	(213,561)
Other information	267,341	171,813	137,880	435,006	50,341	42,985	218,249	(366,158)	957,457
Total segment assets	63,763,055	16,497,658	29,757,417	53,753,317	2,279,318	119,258	5,881,721	463,204	172,514,948
Total segment liabilities	48,365,742	11,891,431	13,551,055	64,082,609	1,105,508	27,869	3,428,450	9,511,936	151,964,600
Cost to income ratio	54.2%	30.9%	29.1%	10.2%	57.9%	47.7%	53.2%	<100.0%	47.0%
Gross loans, advances and financing	63,610,139	16,626,220	30,063,390	-	1,699,882	-	568	(102,050)	111,898,149
Net loans, advances and financing	62,710,268	16,484,034	29,670,681	-	1,699,427	-	499	(545,461)	110,019,448
Impaired loans, advances and financing	1,089,769	263,117	582,318	-	455	-	-	-	1,935,659
Total deposits	47,700,094	11,769,288	13,345,950	56,680,747	699,580	-	-	(2,472,719)	127,722,940
Additions to:									
Property and equipment	14,651	112	96	1,388	558	70	2,617	8,779	28,271
Intangible assets	18,864	151	3,534	8,145	803	182	8,271	29,425	69,375

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) Proposed disposal of AmGeneral Insurance Berhad to Liberty Insurance Berhad

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.

(ii) Continuous financial assistance for customers affected by the pandemic and floods

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

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

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

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

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	
	31.12.2021	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	18,686,814	17,722,506
over one year	2,376,497	2,018,731
Unutilised credit card lines	5,056,052	5,151,236
Forward asset purchases	9,966	894,498
	<u>26,129,329</u>	<u>25,786,971</u>
Contingent Liabilities		
Direct credit substitutes	2,400,196	2,113,258
Transaction related contingent items	4,319,792	4,303,726
Obligations under an on-going underwriting agreement	12,030	-
Short-term self-liquidating trade-related contingencies	710,071	694,409
	<u>7,442,089</u>	<u>7,111,393</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	41,029,433	45,754,858
One year or less	12,713,479	13,551,363
Over one year to five years	22,041,432	27,165,318
Over five years	6,274,522	5,038,177
Foreign exchange related contracts:	39,751,285	56,479,420
One year or less	31,895,872	47,993,667
Over one year to five years	5,902,066	7,097,188
Over five years	1,953,347	1,388,565
Credit related contracts:	-	347,950
One year or less	-	347,950
Equity and commodity related contracts:	1,677,554	1,519,073
One year or less	1,604,874	1,434,391
Over one year to five years	72,680	84,682
	<u>82,458,272</u>	<u>104,101,301</u>
	<u>116,029,690</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.

AmGeneral has lodged an appeal to the Court of Appeal accordingly within the stipulated timeline. Further to this, COMPACT proceedings for oral submission by counsel representing PIAM, our counsel and all other Insurers' counsel were concluded from 12, 15, 16, 19 and 26 November 2021. COMPAT has fixed new dates for MyCC to conclude their oral submissions and counsel for the insurers to present their submissions in reply. The oral submissions will continue next year with dates fixed for March and April 2022.

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

A32. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	31.12.2021			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:	44,105,344	466,056	479,099	45,289,858	624,513	674,371
- One year or less	14,814,504	68,193	71,788	13,436,363	39,872	54,341
- Over one year to three years	17,662,330	159,763	178,238	19,130,217	240,773	288,511
- Over three years	11,628,510	238,100	229,073	12,723,278	343,868	331,519
Foreign exchange related contracts:	36,260,374	397,287	314,500	56,479,420	642,697	536,032
- One year or less	29,729,848	185,717	145,295	47,993,667	317,249	304,083
- Over one year to three years	3,348,813	133,893	89,754	4,282,828	125,489	81,846
- Over three years	3,181,713	77,677	79,451	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:	1,677,554	42,927	53,807	1,519,073	22,633	36,508
- One year or less	1,604,874	35,643	46,523	1,434,391	17,412	31,434
- Over one year to three years	72,680	7,284	7,284	14,350	410	263
- Over three years	-	-	-	70,332	4,811	4,811
	<u>82,043,272</u>	<u>906,270</u>	<u>847,406</u>	<u>103,636,301</u>	<u>1,291,190</u>	<u>1,247,821</u>
Hedging derivatives						
Interest rate related contracts:						
Interest rate swaps:						
Cash flow hedge	65,000	-	59	115,000	-	1,654
- One year or less	65,000	-	59	115,000	-	1,654
Fair value hedge	350,000	-	14,564	350,000	-	20,334
- Over one year to three years	350,000	-	14,564	-	-	-
- Over three years	-	-	-	350,000	-	20,334
Total	<u>82,458,272</u>	<u>906,270</u>	<u>862,029</u>	<u>104,101,301</u>	<u>1,291,190</u>	<u>1,269,809</u>

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

About 2.2% (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
31.12.2021	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Derivative financial assets	182	906,088	-	906,270
Financial assets at fair value through profit or loss				
- Money market securities	-	5,921,243	-	5,921,243
- Shares	1,139,010	-	34	1,139,044
- Unit trusts	175,956	2,243	-	178,199
- Quoted corporate bonds and sukuk	-	13,430	-	13,430
- Unquoted corporate bonds and sukuk	-	3,975,248	-	3,975,248
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,075,929	-	8,075,929
- Shares	-	-	675,089	675,089
- Unquoted corporate bonds and sukuk	-	10,370,851	-	10,370,851
	<u>1,315,148</u>	<u>29,265,032</u>	<u>675,123</u>	<u>31,255,303</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	18,904	843,125	-	862,029
Financial liabilities at fair value through profit or loss				
- Shares	3,505	-	-	3,505
	<u>22,409</u>	<u>843,125</u>	<u>-</u>	<u>865,534</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 31.12.2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,122	-	1,122
	-	1,122	-	1,122
Group 31.03.2021				
Financial assets measured at fair value				
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
	<u>1,279,315</u>	<u>26,673,221</u>	<u>686,826</u>	<u>28,639,362</u>
Financial liabilities measured at fair value				
Derivative financial liabilities				
	21,242	1,248,567	-	1,269,809
Company 31.03.2021				
Financial assets measured at fair value				
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
31.12.2021			
Balance at beginning of the financial period	34	686,792	686,826
Total gains recognised in other comprehensive income under fair value reserve	-	3,148	3,148
Additions	-	6	6
Disposals	-	(14,857)	(14,857)
Balance at end of the financial period	<u>34</u>	<u>675,089</u>	<u>675,123</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	31.12.2021 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	3,148	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:

	31.12.2021			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
Under transitional arrangements, refer Note (1) below				
CET1 Capital Ratio	12.289%	13.392%	41.045%	13.034%
Tier 1 Capital Ratio	12.289%	13.392%	41.045%	13.034%
Total Capital Ratio	16.659%	18.173%	41.836%	15.954%
	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 31 December 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:

	31.12.2021			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
CET1 Capital Ratio	11.458%	11.535%	41.045%	11.917%
Tier 1 Capital Ratio	11.458%	11.535%	41.045%	11.918%
Total Capital Ratio	16.268%	16.690%	41.835%	15.437%
	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:

	31.12.2021			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
CET1 Capital				
Ordinary share capital ^{Note 1}	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	6,372,303	2,414,757	113,870	8,929,586
Fair value reserve	378,029	18,548	1,693	591,481
Foreign exchange translation reserve	89,805	-	-	96,348
Treasury shares	-	-	-	(7,435)
Regulatory reserve	-	-	8,140	8,140
Cash flow hedging deficit	(10,282)	-	-	(10,282)
Other remaining disclosed reserves	-	-	-	27,844
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(223,400)	(490)	(2,074)	(226,357)
Deferred tax assets	(131,704)	(77,912)	(4,443)	(205,352)
55% of cumulative gains in fair value reserve	(207,916)	(10,201)	(931)	(325,315)
Cash flow hedging deficit	10,282	-	-	10,282
Regulatory reserve	-	-	(8,140)	(8,140)
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	(599)	(70)	-	(644)
Other CET1 regulatory adjustments specified by BNM	675,463	600,679	2	1,276,015
CET1 Capital	9,983,958	4,332,418	388,308	14,894,919

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.)

	31.12.2021			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	-	-	-	434
Tier 1 Capital	9,983,958	4,332,418	388,308	14,895,353
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,995,000	1,290,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,516,639
General provisions*	555,618	256,523	7,479	820,200
Tier 2 Capital	3,550,618	1,546,523	7,479	3,336,839
Total Capital	13,534,576	5,878,941	395,787	18,232,192

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

Credit RWA	73,066,540	32,101,927	598,310	102,561,671
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,909,148)	-	(184,224)
Total Credit RWA	73,066,540	30,192,779	598,310	102,377,447
Market RWA	2,436,790	431,334	35,903	3,883,459
Operational RWA	4,722,543	1,726,229	311,840	7,000,633
Large exposure risk RWA for equity holdings	1,016,695	-	-	1,017,848
Total RWA	81,242,568	32,350,342	946,053	114,279,387

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. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	General insurance fund		Shareholders' fund and Others		Total*	
	31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
ASSETS						
Cash and short-term funds	176,123	137,680	168,536	128,127	344,659	265,807
Deposits and placements with banks and other financial institutions	20,215	20,180	-	-	20,215	20,180
Financial assets at fair value through profit or loss	2,405,764	2,397,597	4,443,465	4,511,146	3,462,964	3,498,507
Loans and advances	349	456	-	-	349	456
Deferred tax assets	23,005	23,005	-	-	23,005	23,005
Investment in a subsidiary	-	-	1,708,733	1,708,733	-	-
Other assets	1,368,903	1,193,820	54,653	59,000	106,992	112,954
Reinsurance assets and other insurance receivables	525,888	432,684	-	-	525,888	432,684
Property and equipment	13,027	13,764	(59)	(59)	12,968	13,705
Right-of-use assets	16,902	45,682	-	-	16,902	45,682
Intangible assets	38,265	45,502	55,764	58,803	872,955	883,231
Asset held for sale	1,562	1,562	762	762	2,324	2,324
TOTAL ASSETS	4,590,003	4,311,932	6,431,854	6,466,512	5,389,221	5,298,535
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	497,509	487,170	497,509	487,170
Deferred tax liabilities	-	-	56,022	59,631	56,022	59,631
Other liabilities	332,013	329,495	1,323,770	1,147,445	339,659	337,514
Insurance contract liabilities and other insurance payables	2,627,313	2,479,007	-	-	2,627,313	2,479,007
Total Liabilities	2,959,326	2,808,502	1,877,301	1,694,246	3,520,503	3,363,322
Share capital**	-	-	5,641,945	5,642,440	1,599,148	1,599,148
Reserves	1,630,677	1,503,430	(1,087,392)	(870,174)	269,570	336,065
Equity attributable to equity holders of the Company	1,630,677	1,503,430	4,554,553	4,772,266	1,868,718	1,935,213
TOTAL LIABILITIES AND EQUITY	4,590,003	4,311,932	6,431,854	6,466,512	5,389,221	5,298,535

* After elimination on consolidation

** Comprising:

Ordinary share capital	1,030,000	1,030,000
Preference share capital	169,148	169,148
Transfer from Retained Earnings arising from redemption of preference shares	400,000	400,000
	1,599,148	1,599,148

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

A35. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021

Group	General insurance fund		Shareholders' fund and Others		Total*	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest income	1,557	1,737	92,604	103,350	94,161	105,087
Interest expense	-	-	(16,339)	(15,829)	(16,339)	(15,829)
Net interest income	1,557	1,737	76,265	87,521	77,822	89,258
Income from insurance business	1,009,181	1,061,877	-	-	1,009,181	1,061,877
Insurance claims and commissions**	(666,742)	(716,755)	-	-	(666,742)	(716,755)
Net income from insurance business	342,439	345,122	-	-	342,439	345,122
Other operating income	46,069	94,535	200,138	350,334	(19,868)	76,219
Net income	390,065	441,394	276,403	437,855	400,393	510,599
Other operating expenses	(229,073)	(281,844)	(7,571)	(7,573)	(236,644)	(289,417)
Operating profit	160,992	159,550	268,832	430,282	163,749	221,182
(Allowances for)/Writeback of impairment:						
Reinsurance assets and insurance receivables	(112)	3,096	-	-	(112)	3,096
Other write-offs, net	(68)	(2,467)	-	-	(68)	(2,467)
Profit before taxation	160,812	160,179	268,832	430,282	163,569	221,811
Taxation	(32,893)	(40,620)	3,502	4,144	(29,391)	(36,476)
Profit for the financial period	127,919	119,559	272,334	434,426	134,178	185,335

* After elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM11,434,000 (31 December 2020: RM11,730,000)

A36. OPERATIONS OF ISLAMIC BANKING

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

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group	
		31.12.2021 RM'000	31.03.2021 RM'000
ASSETS			
Cash and short-term funds		6,098,883	9,398,989
Derivative financial assets		41,258	49,667
Financial assets at fair value through profit or loss		2,527,576	2,271,667
Financial investments at fair value through other comprehensive income		4,340,729	4,095,135
Financial investments at amortised cost		2,271,989	1,392,155
Financing and advances	(a)	38,185,946	35,389,517
Statutory deposit with Bank Negara Malaysia		140,000	113,000
Deferred tax assets		77,830	63,074
Other assets		938,083	342,261
Property and equipment		387	440
Right-of-use assets		2,138	2,351
Intangible assets		490	718
TOTAL ASSETS		54,625,309	53,118,974
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	43,102,834	41,732,511
Investment accounts of customers	(c)	199,041	94,834
Deposits and placements of banks and other financial institutions		1,864,268	3,177,611
Investment account due to a licensed bank	(d)	1,717,449	718,034
Recourse obligation on financing sold to Cagamas Berhad		1,300,000	800,000
Derivative financial liabilities		53,543	67,751
Term funding		1,034,819	1,034,766
Subordinated Sukuk		1,290,000	1,300,000
Deferred tax liabilities		-	1,578
Other liabilities	(e)	242,943	296,010
TOTAL LIABILITIES		50,804,897	49,223,095
Share capital/Capital funds		1,387,107	1,417,107
Reserves		2,433,305	2,478,772
TOTAL ISLAMIC BANKING FUNDS		3,820,412	3,895,879
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		54,625,309	53,118,974
COMMITMENTS AND CONTINGENCIES		14,091,649	14,742,101

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Income derived from investment of depositors' funds	1	435,073	409,388	1,275,792	1,214,459
Income derived from investment of investment account funds		16,060	8,550	40,808	25,158
Income derived from Islamic Banking Funds	1	42,380	46,298	126,374	134,255
Allowance on financing and advances - net (Allowance for)/Writeback of impairment on:		(231,697)	(117,343)	(407,665)	(286,049)
- Financial investments		(1,443)	(1,405)	(4,817)	4,536
- Other financial assets		33	(9)	64	3
(Provision for)/Writeback of commitments and contingencies		(1,671)	1,058	(6,536)	3,399
Total distributable income		<u>258,735</u>	<u>346,537</u>	<u>1,024,020</u>	<u>1,095,761</u>
Income attributable to the depositors and others	2	(184,420)	(179,460)	(556,942)	(602,212)
Income attributable to the investment account holders		<u>(13,357)</u>	<u>(6,685)</u>	<u>(34,903)</u>	<u>(20,862)</u>
Total net income		60,958	160,392	432,175	472,687
Operating expenses		(70,345)	(74,421)	(212,719)	(222,078)
Finance costs		<u>(24,555)</u>	<u>(25,141)</u>	<u>(73,521)</u>	<u>(74,620)</u>
(Loss)/Profit before taxation and zakat		(33,942)	60,830	145,935	175,989
Taxation and zakat		<u>5,848</u>	<u>(12,081)</u>	<u>(33,476)</u>	<u>(12,874)</u>
(Loss)/Profit for the financial period		<u>(28,094)</u>	<u>48,749</u>	<u>112,459</u>	<u>163,115</u>

Note:

1 Included the net loss of RM17,471,000 (31.12.2020: RM62,571,000) from measures implemented in response to COVID-19 pandemic.

2 Included a fair value gain of RM18,872,000 (31 December 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 31 DECEMBER 2021**

Group	Individual Quarter		Cumulative Quarter	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
(Loss)/Profit for the financial period	<u>(28,094)</u>	<u>48,749</u>	<u>112,459</u>	<u>163,115</u>

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 (loss)/gain on changes in fair value	(22,696)	(13,026)	(39,350)	80,585
- changes in expected credit loss	1,424	1,422	5,105	(4,433)
- net gain reclassified to profit or loss	-	(664)	(596)	(1,897)
- tax effect	<u>5,447</u>	<u>3,286</u>	<u>9,417</u>	<u>(18,885)</u>
Other comprehensive (loss)/income for the financial period, net of tax	<u>(15,825)</u>	<u>(8,982)</u>	<u>(25,424)</u>	<u>55,370</u>
Total comprehensive (loss)/income for the financial period	<u>(43,919)</u>	<u>39,767</u>	<u>87,035</u>	<u>218,485</u>

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

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

Group	Share capital/ Capital funds RM'000	Non-Distributable		Distributable	Total Equity 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	-	-	-	163,115	163,115
Other comprehensive income, net	-	-	55,370	-	55,370
Total comprehensive income for the financial period	-	-	55,370	163,115	218,485
Transfer to retained earnings	-	(71,612)	-	71,612	-
At 31 December 2020	1,417,107	-	111,619	2,469,753	3,998,479
At 1 April 2021	1,417,107	-	43,972	2,434,800	3,895,879
Profit for the financial period	-	-	-	112,459	112,459
Other comprehensive income, net	-	-	(25,424)	-	(25,424)
Total comprehensive (loss)/income for the financial period	-	-	(25,424)	112,459	87,035
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 31 December 2021	1,387,107	-	18,548	2,414,757	3,820,412

* Relates to Islamic Banking of AmInvestment Bank.

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

(a) Financing and Advances

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

Group 31.12.2021	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	-	494,845	-	-	511,945	-	1,006,790
Term financing	455,958	12,429,982	8,864	-	1,256,659	25,205	14,176,668
Revolving credit	32,042	3,660,257	-	-	975,974	-	4,668,273
Housing financing	2,627,732	8,037,553	43,710	-	-	-	10,708,995
Hire purchase receivables	3	-	-	4,188,381	-	-	4,188,384
Bills receivables	-	643,669	-	-	-	53,626	697,295
Credit card receivables	-	-	-	-	-	444,846	444,846
Trust receipts	-	411,152	-	-	-	-	411,152
Claims on customers under acceptance credits	-	1,664,995	-	-	-	135,214	1,800,209
Staff financing	-	17,680	-	-	-	-	17,680
Others	-	1,104,640	-	-	-	-	1,104,640
Gross financing and advances*	3,115,735	28,464,773	52,574	4,188,381	2,744,578	658,891	39,224,932
Allowance for impairment on financing and advances							
- Stage 1 - 12-months ECL							(116,479)
- Stage 2 - Lifetime ECL not credit impaired							(706,593)
- Stage 3 - Lifetime ECL credit impaired							(215,914)
Net financing and advances							<u>38,185,946</u>

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

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

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

Group 31.03.2021	Bai' Bithaman	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai' Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai' (AITAB) RM'000			
At amortised cost:							
Cash lines	-	586,926	-	-	612,527	-	1,199,453
Term financing	503,991	11,078,280	8,925	-	1,467,826	40,320	13,099,342
Revolving credit	42,065	3,217,574	-	-	1,123,575	-	4,383,214
Housing financing	2,736,494	6,544,595	45,197	-	-	-	9,326,286
Hire purchase receivables	4	-	-	4,003,861	-	-	4,003,865
Bills receivables	-	310,200	-	-	-	23,618	333,818
Credit card receivables	-	-	-	-	-	453,056	453,056
Trust receipts	-	283,607	-	-	-	-	283,607
Claims on customers under acceptance credits	-	1,848,952	-	-	-	259,041	2,107,993
Staff financing	-	12,454	-	-	-	-	12,454
Others	-	984,774	-	-	-	37,330	1,022,104
Gross financing and advances*	3,282,554	24,867,362	54,122	4,003,861	3,203,928	813,365	36,225,192
Allowance for impairment on financing and advances							
- Stage 1 - 12-months ECL							(144,366)
- Stage 2 - Lifetime ECL not credit impaired							(589,675)
- Stage 3 - Lifetime ECL credit impaired							(101,634)
Net financing and advances							<u>35,389,517</u>

* Included in financing and advances are exposures to the Restricted Investment Account ("RA") arrangements between AmBank Islamic and AmBank. Under the RA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RA financing and it had accounted for all allowances for impairment arising from the RA financing.

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

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

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

	Group	
	31.12.2021 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	531,622	385,160
Reclassified to non-impaired financing	(73,068)	(19,613)
Recoveries	(140,228)	(221,495)
Amount written off	(263,670)	(146,328)
Balance at end of the financial period/year	<u>667,730</u>	<u>613,074</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.70%</u>	<u>1.69%</u>
Financing loss coverage (including regulatory reserve)	<u>158.9%</u>	<u>138.9%</u>

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

Group 31.12.2021	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	(27,886)	116,918	377,950	466,982
- Transfer to 12-month ECL (Stage 1)	2,857	(26,563)	(386)	(24,092)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,524)	27,058	(7,351)	16,183
- Transfer to Lifetime ECL credit impaired (Stage 3)	(462)	(4,156)	14,551	9,933
New financial assets originated	20,333	19,855	356	40,544
Net remeasurement of allowances	(30,089)	18,260	391,742	379,913
Changes in model assumptions and methodologies	(7,256)	98,609	-	91,353
Modification of contractual cash flows of financial assets	245	3,247	(482)	3,010
Financial assets derecognised	(9,990)	(19,392)	(20,480)	(49,862)
Foreign exchange differences	(1)	-	-	(1)
Amount written-off	-	-	(263,670)	(263,670)
Balance at end of the financial period	<u>116,479</u>	<u>706,593</u>	<u>215,914</u>	<u>1,038,986</u>

Note:

1 As at 31 December 2021, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,724.9 million (31 March 2021: RM719.5 million). ECL allowance for the RA financing which amounted to RM3.9 million (31 March 2021: RM1.9 million) is taken up by AmBank.

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

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

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

Group 31.03.2021	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial year	101,638	167,791	97,049	366,478
Net allowances for ECL	42,708	421,885	150,913	615,506
- Transfer to 12-month ECL (Stage 1)	3,805	(19,740)	(329)	(16,264)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,809)	80,382	(4,956)	64,617
- Transfer to Lifetime ECL credit impaired (Stage 3)	(518)	(6,739)	31,853	24,596
New financial assets originated	25,433	76,124	1,849	103,406
Net remeasurement of allowances	42,220	148,916	149,374	340,510
Changes in model assumptions and methodologies	(5,364)	159,869	-	154,505
Modification of contractual cash flows of financial assets	36	1,424	(29)	1,431
Financial assets derecognised	(12,095)	(18,351)	(26,849)	(57,295)
Foreign exchange differences	20	(1)	-	19
Amount written-off	-	-	(146,328)	(146,328)
Balance at end of the financial year	144,366	589,675	101,634	835,675

(b) Deposits From Customers

	Group	
	31.12.2021 RM'000	31.03.2021 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	3,436,725	3,169,111
<i>Qard</i>	87,383	83,621
Demand deposits		
<i>Commodity Murabahah</i>	8,817,060	9,012,721
<i>Qard</i>	686,824	443,683
Term deposits		
<i>Commodity Murabahah</i>	29,959,071	28,786,399
<i>Qard</i>	115,771	236,976
	<u>43,102,834</u>	<u>41,732,511</u>

The deposits are sourced from the following types of customers:

	Group	
	31.12.2021 RM'000	31.03.2021 RM'000
Business enterprises	27,583,105	27,148,886
Government and statutory bodies	3,570,085	4,429,701
Individuals	11,061,708	9,164,941
Others	887,936	988,983
	<u>43,102,834</u>	<u>41,732,511</u>

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

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

The maturity structure of term deposits are as follows:

	Group	
	31.12.2021 RM'000	31.03.2021 RM'000
Due within six months	24,902,779	24,293,982
Over six months to one year	4,958,776	4,104,731
Over one year to three years	206,058	614,839
Over three years to five years	7,229	9,823
	30,074,842	29,023,375

(c) Investment Accounts Of Customers

	Group	
	31.12.2021 RM'000	31.03.2021 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	14,817	18,342
With maturity		
- Mudarabah	184,224	76,492
	199,041	94,834

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

	Group	
	31.12.2021 RM'000	31.03.2021 RM'000
Business enterprises	177,015	68,200
Individuals	22,026	26,634
	199,041	94,834

	Group	
	31.12.2021 RM'000	31.03.2021 RM'000
Investment asset:		
Interbank placement (Wakalah)	14,817	18,342
Housing financing (Mudarabah)	184,224	76,492
Total investment	199,041	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 (%)
31.12.2021			
Maturity			
less than 3 months	52.64	1.87	1.75
over 3 months to 1 year	53.29	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	-

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

(d) Investment Account Due to A Licensed Bank

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,717,449	718,034
Investment asset:		
Financing	1,717,449	718,034
Total investment	1,717,449	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, AmBank Islamic entered into a new contract with AmBank for the sum of RM1.0 billion. This contract is for a period of 7 years.

As at 31 December 2021, the tenure of the RA contracts is for a period ranging between 11 months to 8 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:

	31.12.2021		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	2.81	90	3.91

(e) Other Liabilities

	Group	
	31.12.2021	31.03.2021
	RM'000	RM'000
Other payables and accruals	186,756	234,456
Deferred income	16,620	18,997
Lease liabilities	2,156	2,341
Provision for reinstatement of leased properties	82	81
Provision for zakat and taxation	3,383	13,268
Provision for commitments and contingencies	123	300
Allowances for ECL on financing commitments and financial guarantees	22,366	15,831
Security deposit and advance payment for financing and advances	11,457	10,736
	242,943	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	
	31.12.2021 RM'000	31.12.2020 RM'000	Amount RM'000	%	31.12.2021 RM'000	31.12.2020 RM'000	Amount RM'000	%
Operating profit before impairment losses	654,387	630,729	23,658	3.8	2,004,937	1,815,538	189,399	10.4
Impairment of investment in associate	-	-	-	-	(4,625)	-	(4,625)	>(100.0)
Profit before taxation and zakat	316,920	368,614	(51,694)	(14.0)	1,290,342	1,171,018	119,324	10.2
Profit for the financial period	416,789	283,004	133,785	47.3	1,177,005	957,457	219,548	22.9
Profit attributable to equity holders of the Company	403,290	263,832	139,458	52.9	1,110,932	866,315	244,617	28.2

Financial year to date - Cumulative period ended 31 December 2021 compared to 31 December 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 offset by increased in interest on customer lending. Non-interest income decreased compared to prior year same period.

Funding costs decreased attributable to lower interest expense on deposits from customers.

Fee based income recorded an increase of RM44.4 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 decreased mainly due to lower net earned premium offset by lower insurance claims and commission paid.

The Group's associates and joint ventures recorded lower profits as reflected in the share of profits of RM34.9 million compared to share of profits of RM37.0 million in prior year same period. The Group's share of profits was mainly due to the insurance-based joint ventures which recorded lower investment income offset by lower reserving and higher net earned premium.

Total operating expenses decreased by 4.4% compared to same period last year. The decrease was mainly due to decrease in marketing and personnel expenses partly offset by higher administration and establishment expenses. The Group's cost to income ratio had improved to 43.4% from 47.0% a year ago.

Credit costs recorded a higher charge for this financial period attributable to lower recoveries from loans, advances and financing, higher provision for commitments and contingencies and higher allowances for impairment on financial investments offset by lower allowances for impairment on loans, advances and financing.

Profit before taxation and zakat for the current financial period was higher compared to a year ago at RM1,290.3 million, an increase of RM119.3 million (10.2%). Profit for the financial period increased by RM219.5 million to RM1,177.0 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 RM4.5 billion from 31 March 2021 to RM119.3 billion. The Group's impaired loans ratio was at 1.35%.

Deposits from customers was higher compared to 31 March 2021 at RM124.7 billion. Low cost deposits which constituted 30.0% 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 15.95% at the end of the reporting period.

Divisional performance

Retail Banking (Year to date ("YTD") FY2022: RM554.6 million vs YTD FY2021: RM352.1 million)

Profit before tax ("PBT") increased by RM202.5 million mainly driven by higher net income, lower other operating expenses and lower net impairment.

Net income increased by RM83.9 million mainly from higher net finance income due to higher volume and margin impact, partly offset by lower fee income from Wealth. Lower other operating expenses mainly due to lower marketing spend, depreciation costs and lower service transfer pricing ("STP") expenses. Lower net impairment mainly from provision on loans, advances and financing, coupled with provision for commitments and contingencies.

Retail deposits increased by RM6.4 billion (13.4%) to RM54.1 billion from all deposits type. Gross loans, advances and financing grew by RM3.9 billion (6.1%) to close at RM67.5 billion mainly attributed by Mortgages, Personal Financing and Retail SME, offset by Auto Finance.

Business Banking (YTD FY2022: RM230.5 million vs YTD FY2021: RM223.1 million)

PBT increased by RM7.5 million mainly from higher net income and lower other operating expenses, partly offset by higher net impairment.

Higher net income due to higher net finance 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 RM2.1 billion to RM13.9 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.4 billion (8.7%) to close at RM18.1 billion.

Corporate Banking (YTD FY2022: Loss of RM25.0 million vs YTD FY2021: Profit of RM179.6 million)

PBT decreased by RM204.5 million mainly due to higher net impairment, partly offset by higher net income and lower other operating expenses.

Net income increased by 8.5% due to higher net finance income from higher margin and volume, coupled with higher loan related fees income. Higher net impairment mainly from impairment on loans, advances and financing, partly offset by lower provision for commitments and contingencies.

Corporate Banking gross loans, advances and financing increased by RM1.9 billion to close at RM32.0 billion, while deposits increased by RM1.5 billion to close at RM14.8 billion.

Group Treasury and Markets (YTD FY2022: RM391.3 million vs YTD FY2021: RM560.8 million)

PBT decreased by RM169.5 million mainly from lower net income and higher net impairment, partially offset by lower other operating expenses.

Net income decreased by 25.8% due to lower other income mainly lower gain from fixed income trading and equity derivatives, 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: RM95.5 million vs YTD FY2021: RM64.3 million)

PBT increased by RM31.2 million mainly due to higher other income from higher advisory fees and lower other operating expenses, coupled with higher writeback of net impairment from higher recoveries.

Fund Management (YTD FY2022: RM64.7 million vs YTD FY2021: RM53.8 million)

PBT increased by RM10.9 million mainly from higher management fees, partly offset by higher other operating expenses.

Insurance (YTD FY2022: RM195.5 million vs YTD FY2021: RM254.7 million)

Insurance PBT decreased by RM59.2 million mainly from lower net income and higher net impairment, partially offset by lower other operating expenses.

Group Funding & Others (YTD FY2022: Loss of RM216.9 million vs YTD FY2021: Loss of RM517.4 million)

Lower loss before tax mainly due to higher loss in FY2021 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	
	31.12.2021	30.09.2021	Amount	
	RM'000	RM'000	RM'000	%
Operating profit before impairment losses	654,387	607,297	47,090	7.8
Profit before taxation and zakat	316,920	433,390	(116,470)	(26.9)
Profit for the financial quarter	416,789	338,025	78,764	23.3
Profit attributable to equity holders of the Company	403,290	321,038	82,252	25.6

Current quarter compared to immediate preceding quarter

For the financial quarter under review, the Group's fund based income from interest bearing assets increased mainly from interest on customer lending and interest on deposits. Interest income from customer lending grew mainly due to increase in term loans and hire purchase financing. Non-interest income increased compared to last quarter.

Funding costs increased attributable to higher interest on deposits from customers and recourse obligation on loans and financing sold to Cagamas Berhad.

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

Total operating expenses increased by 2.9% compared to preceding quarter mainly due to increase in personnel, establishment and marketing expenses offset by lower administration expenses.

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

Against the preceding quarter, profit before taxation and zakat for the current quarter is lower at RM316.9 million, a decrease of RM116.5 million (26.9%). Profit for the quarter increased by RM78.8 million to RM416.8 million compared to preceding quarter.

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END

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

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

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

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

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

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

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

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

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

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

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

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

Operationally, we remain steadfast in the execution of our FY21 - FY24 Focus 8 strategy, which is underpinned by strategic initiatives to drive operational efficiencies and sustainable business growth. We are accelerating ESG integration into the Group's business practices via capacity building to enhance ways of capturing our customers' ESG compliance while navigating the reporting challenge of complying with BNM's Climate Change Principle-based Taxonomy Guideline.

Driving current account and savings account growth and capital-light revenues across its channels, focusing on targeted segments such as SME and Mid-Corporate, remain on the Group's list of key agendas. The Group also continues to prioritize 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 bringing value to all stakeholders.

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	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Estimated current tax payable	138,497	139,744	362,326	285,165
Deferred tax	(4,142)	(60,247)	(17,145)	(78,970)
	<u>134,355</u>	<u>79,497</u>	<u>345,181</u>	<u>206,195</u>
(Over)/Under provision of current taxation in respect of prior years	(235,409)	5,921	(234,274)	6,076
Taxation	<u>(101,054)</u>	<u>85,418</u>	<u>110,907</u>	<u>212,271</u>
Zakat	1,185	192	2,430	1,290
Taxation and zakat	<u>(99,869)</u>	<u>85,610</u>	<u>113,337</u>	<u>213,561</u>

The total tax charge of the Group for the financial period ended 31 December 2021 reflects an effective tax rate which is lower than the statutory tax rate mainly due to reversal of over provision of income tax in respect of prior years and income not subject to tax and slightly offset by the effect of additional tax resultant from the introduction of Cukai Makmur.

The total tax charge of the Group for the financial period ended 31 December 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
	31.12.2021					
Unsecured						
Term funding	100,000	1,434,820 #	-	662,552	100,000	2,097,372
Debt capital	-	3,215,000	-	1,070,000	-	4,285,000
31.12.2020						
Unsecured						
Term funding	100,000	1,041,677 #	-	666,160	100,000	1,707,837
Debt capital	-	3,895,000	-	-	-	3,895,000

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 31 December 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
March 2021 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	400,000	4.18	-
December 2021 - Issuance	AmBank	Senior Notes Series 1 - 1.5 years	150,000	2.94	-
December 2021 - Issuance	AmBank	Senior Notes Series 2 - 2 years	250,000	3.14	-
December 2021 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	10,000	5.50	550

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. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A32.

B9. 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net profit attributable to equity holders of the Company (RM'000)	403,290	263,832	1,110,932	866,315
Weighted average number of ordinary shares in issue ('000)	3,312,173	3,009,531	3,295,672	3,009,060
Basic/diluted earnings per share (Sen)	12.18	8.77	33.71	28.79