

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

Condensed Interim Financial Statements
For the Financial Period
1 April 2023 to
30 September 2023
(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	Group		Bank	
		30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
ASSETS					
Cash and short-term funds	A8	8,374,382	6,874,702	8,341,245	6,873,677
Deposits and placements with banks and other financial institutions	A9	1,976,097	1,084,465	1,976,097	1,084,465
Investment account placement	A10	1,384,132	1,537,252	1,384,132	1,537,252
Derivative financial assets		1,344,118	923,673	1,344,118	923,673
Financial assets at Fair Value Through Profit or Loss ("FVTPL")	A11	6,472,549	10,191,801	6,472,512	10,191,764
Financial investments at fair value through other comprehensive income	A12	18,830,580	20,306,352	18,830,580	20,306,352
Financial investments at amortised cost	A13	8,194,110	9,214,717	8,194,110	9,214,717
Loans and advances	A14	83,949,441	82,466,414	83,921,650	82,435,658
Statutory deposit with Bank Negara Malaysia		1,588,412	1,552,337	1,588,412	1,552,337
Deferred tax assets		137,063	164,294	137,063	164,294
Investment in subsidiaries		-	-	13,487	22,487
Investment in associates		18,133	18,395	19,617	19,617
Other assets	A15	2,634,477	1,948,382	2,632,867	1,946,952
Property and equipment		134,335	146,013	128,095	139,705
Right-of-use assets		215,946	224,596	216,775	225,632
Intangible assets		209,644	202,069	209,644	202,069
TOTAL ASSETS		135,463,419	136,855,462	135,410,404	136,840,651
LIABILITIES AND EQUITY					
Deposits from customers	A16	90,070,911	85,378,545	90,074,705	85,391,198
Deposits and placements of banks and other financial institutions	A17	7,627,618	8,661,694	7,639,346	8,701,757
Securities sold under repurchase agreements		9,980,605	16,466,674	9,980,605	16,466,674
Recourse obligation on loans sold to Cagamas Berhad		6,515,018	6,600,036	6,515,018	6,600,036
Derivative financial liabilities		1,245,643	966,427	1,245,643	966,427
Term funding		1,420,294	1,337,427	1,420,294	1,337,427
Debt capital		3,595,000	3,095,000	3,595,000	3,095,000
Other liabilities	A18	3,360,826	3,149,963	3,342,807	3,131,790
TOTAL LIABILITIES		123,815,915	125,655,766	123,813,418	125,690,309
Share capital		3,040,465	3,040,465	3,040,465	3,040,465
Reserves		8,606,874	8,159,086	8,556,521	8,109,877
Equity attributable to equity holder of the Bank		11,647,339	11,199,551	11,596,986	11,150,342
Non-controlling interests		165	145	-	-
TOTAL EQUITY		11,647,504	11,199,696	11,596,986	11,150,342
TOTAL LIABILITIES AND EQUITY		135,463,419	136,855,462	135,410,404	136,840,651
COMMITMENTS AND CONTINGENCIES	A33	128,111,649	115,723,975	128,170,598	115,768,995
NET ASSETS PER SHARE (RM)		12.26	11.79	12.21	11.74

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Group					
Interest income	A19	1,571,561	1,204,724	3,081,902	2,253,673
Interest expense	A20	(993,833)	(592,568)	(1,952,952)	(1,074,507)
Net interest income		577,728	612,156	1,128,950	1,179,166
Other operating income	A21	165,971	156,304	376,319	297,312
Share in results of an associate		(255)	229	(262)	470
Net income		743,444	768,689	1,505,007	1,476,948
Other operating expenses	A22	(306,316)	(337,310)	(636,302)	(676,461)
Operating profit		437,128	431,379	868,705	800,487
Allowance for impairment on loans and advances	A23	(35,227)	(62,078)	(168,095)	(64,696)
Writeback of/(provision for) commitments and contingencies (Allowance)/writeback of allowance for impairment on:		33,931	(11,930)	29,983	(16,977)
Financial investments	A24	(190)	(1,684)	(12,854)	816
Other financial assets	A25	2,739	(381)	272	214
Other recoveries		2,368	7	2,372	10
Profit before taxation		440,749	355,313	720,383	719,854
Taxation		(105,633)	(84,077)	(165,960)	(162,599)
Profit for the financial period		335,116	271,236	554,423	557,255
Attributable to:					
Equity holder of the Bank		335,096	271,236	554,403	557,255
Non-controlling interests		20	-	20	-
Profit for the financial period		335,116	271,236	554,423	557,255
Earnings per share (sen)					
Basic/Diluted	A26	35.28	28.55	58.36	58.66

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

Group	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit for the financial period	335,116	271,236	554,423	557,255
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to statement of profit or loss				
<u>Equity Instruments</u>				
Financial investments at fair value through other comprehensive income				
- net unrealised gain on changes in fair value	917	8,794	39,225	4,420
Tax effect	(220)	1,321	(220)	881
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on offshore operations	1,799	14,203	17,136	26,784
Cash flow hedge				
- amortisation of fair value changes of terminated hedge	1,593	1,593	3,169	3,169
Tax effect	(382)	(382)	(760)	(760)
<u>Debt instruments</u>				
Financial investments at fair value through other comprehensive income				
- net loss on changes in fair value	(21,358)	(44,123)	(6,448)	(210,105)
- net (gain)/loss reclassified to profit or loss	(7,154)	123	(7,024)	40
- changes in expected credit losses ("ECL")	(216)	1,479	9,410	(355)
- foreign exchange differences	-	(1)	1	(2)
Tax effect	6,843	10,560	3,233	50,416
Other comprehensive (loss)/income, net of tax	(18,178)	(6,433)	57,722	(125,512)
Total comprehensive income for the financial period, net of tax	316,938	264,803	612,145	431,743
Attributable to:				
Equity holder of the Bank	316,918	264,803	612,125	431,743
Non-controlling interests	20	-	20	-
	316,938	264,803	612,145	431,743

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank					
Interest income	A19	1,570,339	1,203,782	3,080,063	2,251,715
Interest expense	A20	(993,842)	(592,588)	(1,953,033)	(1,074,577)
Net interest income		576,497	611,194	1,127,030	1,177,138
Other operating income	A21	166,223	157,992	376,575	298,851
Net income		742,720	769,186	1,503,605	1,475,989
Other operating expenses	A22	(306,400)	(337,243)	(636,555)	(676,266)
Operating profit		436,320	431,943	867,050	799,723
Allowance for impairment on loans and advances	A23	(34,945)	(62,006)	(168,020)	(64,708)
Writeback of/(provision for) commitments and contingencies		33,942	(11,932)	29,966	(16,976)
(Allowance)/writeback of allowance for impairment on:					
Financial investments	A24	(190)	(1,684)	(12,854)	816
Other financial assets	A25	2,732	(386)	310	209
Other recoveries		2,368	7	2,372	10
Profit before taxation		440,227	355,942	718,824	719,074
Taxation		(105,437)	(83,812)	(165,550)	(162,024)
Profit for the financial period		334,790	272,130	553,274	557,050
Earnings per share (sen)					
Basic/Diluted	A26	35.24	28.65	58.24	58.64

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank				
Profit for the financial period	334,790	272,130	553,274	557,050
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to statement of profit or loss				
<u>Equity Instruments</u>				
Financial investments at fair value through other comprehensive income				
- net unrealised gain on changes in fair value	917	8,794	39,225	4,420
Tax effect	(220)	1,321	(220)	881
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on offshore operations	1,797	14,189	17,121	26,759
Cash flow hedge				
- amortisation of fair value changes of terminated hedge	1,593	1,593	3,169	3,169
Tax effect	(382)	(382)	(760)	(760)
<u>Debt instruments</u>				
Financial investments at fair value through other comprehensive income				
- net loss on changes in fair value	(21,358)	(44,123)	(6,448)	(210,105)
- net (gain)/loss reclassified to profit or loss	(7,154)	123	(7,024)	40
- changes in expected credit losses ("ECL")	(216)	1,479	9,410	(355)
- foreign exchange differences	-	(1)	1	(2)
Tax effect	6,843	10,560	3,233	50,416
Other comprehensive (loss)/income, net of tax	(18,180)	(6,447)	57,707	(125,537)
Total comprehensive income for the financial period, net of tax	316,610	265,683	610,981	431,513

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

Group	Attributable to equity holder of the Bank									
	Non-distributable						Distributable			
	Share capital RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2022	3,040,465	94,463	104,149	293,346	(9,062)	88,488	6,470,027	10,081,876	146	10,082,022
Profit for the financial period	-	-	-	-	-	-	557,255	557,255	-	557,255
Other comprehensive (loss)/income, net	-	-	-	(154,705)	2,409	26,784	-	(125,512)	-	(125,512)
Total comprehensive (loss)/income for the financial period	-	-	-	(154,705)	2,409	26,784	557,255	431,743	-	431,743
Transfer to regulatory reserve	-	55,465	-	-	-	-	(55,465)	-	-	-
Transaction with owner and other equity movements	-	55,465	-	-	-	-	(55,465)	-	-	-
At 30 September 2022	3,040,465	149,928	104,149	138,641	(6,653)	115,272	6,971,817	10,513,619	146	10,513,765

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

Group	Attributable to equity holder of the Bank									
	Non-distributable						Distributable			
	Share capital RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2023	3,040,465	201,229	104,149	299,138	(4,259)	101,830	7,456,999	11,199,551	145	11,199,696
Profit for the financial period	-	-	-	-	-	-	554,403	554,403	20	554,423
Other comprehensive income, net	-	-	-	38,177	2,409	17,136	-	57,722	-	57,722
Total comprehensive income for the financial period	-	-	-	38,177	2,409	17,136	554,403	612,125	20	612,145
Transfer to regulatory reserve	-	39,695	-	-	-	-	(39,695)	-	-	-
Dividends on ordinary shares: - final, financial year ended 31 March 2023	-	-	-	-	-	-	(164,337)	(164,337)	-	(164,337)
Transaction with owner and other equity movements	-	39,695	-	-	-	-	(204,032)	(164,337)	-	(164,337)
At 30 September 2023	3,040,465	240,924	104,149	337,315	(1,850)	118,966	7,807,370	11,647,339	165	11,647,504

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Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
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And Its Subsidiaries

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

	Attributable to equity holder of the Bank						Total equity RM'000
	Non-distributable				Distributable		
Bank	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	Retained earnings RM'000	
At 1 April 2022	3,040,465	94,463	293,346	(9,062)	92,301	6,524,068	10,035,581
Profit for the financial period	-	-	-	-	-	557,050	557,050
Other comprehensive (loss)/income, net	-	-	(154,705)	2,409	26,759	-	(125,537)
Total comprehensive (loss)/income for the financial period	-	-	(154,705)	2,409	26,759	557,050	431,513
Transfer to regulatory reserve	-	55,465	-	-	-	(55,465)	-
Transaction with owner and other equity movements	-	55,465	-	-	-	(55,465)	-
At 30 September 2022	3,040,465	149,928	138,641	(6,653)	119,060	7,025,653	10,467,094

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

	Attributable to equity holder of the Bank						Total equity RM'000
	Non-distributable				Distributable		
Bank	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	Retained earnings RM'000	
At 1 April 2023	3,040,465	201,229	299,138	(4,259)	105,630	7,508,139	11,150,342
Profit for the financial period	-	-	-	-	-	553,274	553,274
Other comprehensive income, net	-	-	38,177	2,409	17,121	-	57,707
Total comprehensive income for the financial period	-	-	38,177	2,409	17,121	553,274	610,981
Transfer to regulatory reserve	-	39,695	-	-	-	(39,695)	-
Dividends on ordinary shares: - final, financial year ended 31 March 2023	-	-	-	-	-	(164,337)	(164,337)
Transaction with owner and other equity movements	-	39,695	-	-	-	(204,032)	(164,337)
At 30 September 2023	3,040,465	240,924	337,315	(1,850)	122,751	7,857,381	11,596,986

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

	Group		Bank	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit before taxation	720,383	719,854	718,824	719,074
Adjustments for non-operating and non-cash items	145,678	209,870	145,620	208,880
Operating profit before working capital changes	866,061	929,724	864,444	927,954
Changes in working capital:				
Net change in operating assets	626,483	(4,737,241)	623,569	(4,739,392)
Net change in operating liabilities	(2,619,872)	5,689,398	(2,657,024)	5,677,576
Tax paid	(139,675)	(195,849)	(138,750)	(194,330)
Net cash (used in)/generated from operating activities	(1,267,003)	1,686,032	(1,307,761)	1,671,808
Net cash generated from/(used in) investing activities	2,484,089	(6,910,675)	2,492,982	(6,900,675)
Net cash generated from/(used in) financing activities	299,391	(40,791)	299,144	(41,037)
Net increase/(decrease) in cash and cash equivalents	1,516,477	(5,265,434)	1,484,365	(5,269,904)
Cash and cash equivalents at beginning of the financial period	7,053,121	11,139,096	7,052,096	11,119,681
Effect of exchange rate changes	441	(180)	441	(180)
Cash and cash equivalents at end of financial period	8,570,039	5,873,482	8,536,902	5,849,597
Cash and cash equivalents comprise:				
Cash and short-term funds	8,374,382	5,393,975	8,341,245	5,370,090
Deposits and placements with banks and other financial institutions	1,976,097	1,382,805	1,976,097	1,382,805
	10,350,479	6,776,780	10,317,342	6,752,895
Less: Deposits and placements with original maturity of more than 3 months	(1,782,327)	(905,620)	(1,782,327)	(905,620)
	8,568,152	5,871,160	8,535,015	5,847,275
Allowances for expected credit loss ("ECL") for cash and cash equivalents at end of the financial period	1,887	2,322	1,887	2,322
	8,570,039	5,873,482	8,536,902	5,849,597

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2023.

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.

- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)
- International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)

The adoption of the relevant amendments to published standards did not have any material impact on the financial statements of the Group and of the Bank. The Group and the Bank 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 Bank are described below:

(a) Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101 *Presentation of Financial Statements*)

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 adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank.

(b) Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)

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 adoption of these amendments did not result in any material impact to the financial statements of the Group and the Bank.

(c) Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)

The amendments redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty" and provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates.

The amendments further clarified 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 adoption of these amendments did not result in any material impact to the financial statements of the Group and the Bank.

AmBank (M) Berhad
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And Its Subsidiaries

A1. BASIS OF PREPARATION (CONT'D.)

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

The nature of the amendments to published standards relevant to the Group and the Bank are described below: (cont'd.)

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

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 adoption of these amendments did not result in any material impact to the financial statements of the Group and the Bank.

(e) International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)

The amendments introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank as the Group's activities are principally conducted in Malaysia.

Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
- Non-current Liabilities with Covenants (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
- Supplier Finance Arrangements (Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2024
- Lack of Exchangeability (Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>)	1 January 2025
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i>)	To be determined by MASB

The nature of the amendments to published standards that are issued and relevant to the Group and the Bank but not yet effective are described below. The Group and the Bank are currently assessing the financial effects of their adoption.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

(a) Amendments to published standards effective for financial year ending 31 March 2025

Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)

The amendments clarified that, in subsequently measuring the lease liability, seller-lessee determines lease payments and revised leased payments in a way that does not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)

The amendments clarified that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)

The amendments introduced new disclosure requirements for supplier finance arrangements which include terms and conditions of supplier financing arrangements, the amounts of the liabilities that are the subject of such agreements, the range of payment due dates and information on liquidity risk.

(b) Amendments to published standards effective for financial year ending 31 March 2026

Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)

The amendments clarified when a currency is exchangeable into another currency and how an entity estimates a spot rate when a currency lacks exchangeability. New disclosure requirements include the nature and financial impacts of the currency not being exchangeable, spot exchange rate used, estimation process and risks to the entity when the currency is not exchangeable.

(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 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)

The amendments clarified that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between entity 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.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A1. BASIS OF PREPARATION (CONT'D.)

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 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 Bank's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2023.

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2023 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank 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

Other than as disclosed in Note A1, there were no unusual items during the current financial quarter and period affecting the financial results of the Group and the Bank.

A5. CHANGES IN ESTIMATES

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

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

On 27 June 2023, the Bank issued Tranche 11 with nominal amount of RM500.0 million under its RM4.0 billion Subordinated Notes Issuance Programme. The interest rate of this tranche is at 4.59% per annum payable half-yearly with a tenure of 10 years (callable in the 5th years).

On 30 June 2023, the Bank redeemed Tranche 8 - Series 1 of its Senior Notes with nominal value of RM150.0 million issued under its RM7.0 billion nominal value Senior Notes Programme.

Save as disclosed above, there were no new issuance for equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Group and the Bank during the financial quarter and period.

A7. DIVIDENDS

During the financial quarter, the final single-tier cash dividend of 17.30 sen per ordinary share on 949,927,564 ordinary shares amounting to approximately RM164,337,469 in respect of the financial year ended 31 March 2023 was paid on 16 June 2023.

The Directors proposed the payment of an interim single-tier dividend of 5.8 sen per ordinary share on 949,927,564 ordinary shares amounting to approximately RM55.1 million in respect of the current financial year ending 31 March 2024.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A8. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Cash and bank balances	2,469,070	2,437,035	2,435,933	2,436,010
Deposit placements maturing within one month:				
Licensed banks	2,127,144	3,009,415	2,127,144	3,009,415
Bank Negara Malaysia	3,780,000	1,430,000	3,780,000	1,430,000
	5,907,144	4,439,415	5,907,144	4,439,415
Total cash and bank balances and deposit placements	8,376,214	6,876,450	8,343,077	6,875,425
Less: Allowances for ECL	(1,832)	(1,748)	(1,832)	(1,748)
	8,374,382	6,874,702	8,341,245	6,873,677

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1	Stage 2	Total
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	
30 September 2023			
Balance at beginning of the financial period	1,448	300	1,748
Net allowance for/(writeback of) ECL:	160	(90)	70
Transfer to Stage 1	1	(273)	(272)
New financial assets originated	9,138	447	9,585
Financial assets derecognised	(11,232)	(269)	(11,501)
Transfer from deposits and placements with banks and other financial institution (Note A9)	2,052	-	2,052
Net remeasurement of allowances	201	5	206
Foreign exchange differences	13	1	14
Balance at end of the financial period	1,621	211	1,832

Group and Bank	Stage 1	Stage 2	Total
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	
31 March 2023			
Balance at beginning of the financial year	2,072	21	2,093
Net (writeback of)/allowance for ECL:	(715)	341	(374)
Transfer to Stage 1	5	(24)	(19)
New financial assets originated	16,914	685	17,599
Financial assets derecognised	(23,664)	(585)	(24,249)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	6,204	35	6,239
Net remeasurement of allowances	(174)	230	56
Foreign exchange differences	91	(62)	29
Balance at end of the financial year	1,448	300	1,748

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	30 September 2023 RM'000	31 March 2023 RM'000
Licensed banks	93,825	176,671
Licensed islamic bank (a related company)	82,327	107,860
Licensed investment bank (a related company)	1,800,000	800,000
	<u>1,976,152</u>	<u>1,084,531</u>
Less: Allowances for ECL	(55)	(66)
	<u>1,976,097</u>	<u>1,084,465</u>

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
	30 September 2023	
Balance at beginning of the financial period	66	66
Net writeback of ECL:	(11)	(11)
New financial assets originated	1,879	1,879
Transfer to cash and short term funds (Note A8)	(2,052)	(2,052)
Net remeasurement of allowances	162	162
Balance at end of the financial period	<u>55</u>	<u>55</u>

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
	31 March 2023		
Balance at beginning of the financial year	1,325	-	1,325
Net writeback of ECL:	(1,259)	-	(1,259)
New financial assets originated	5,042	35	5,077
Transfer to cash and short-term funds (Note A8)	(6,204)	(35)	(6,239)
Net remeasurement of allowances	(97)	-	(97)
Balance at end of the financial year	<u>66</u>	<u>-</u>	<u>66</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A10. INVESTMENT ACCOUNT PLACEMENT

	Group and Bank	
	30 September 2023 RM'000	31 March 2023 RM'000
Licensed Islamic bank	1,385,687	1,538,521
Less: Allowances for ECL	(1,555)	(1,269)
	1,384,132	1,537,252

This represent investment placed under Restricted Investment Account ("RA") arrangement with AmBank Islamic Berhad ("AmBank Islamic"). The contract is based on the Shariah concept of Mudarabah between two parties, that is, the investor ("the Bank") and the entrepreneur ("AmBank Islamic") to finance a business venture whereby the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor. The investment assets financed under this arrangement are financing and advances extended by AmBank Islamic to external customers. As the losses are borne solely by the investor, the related ECL allowance for financing and advances extended by AmBank Islamic is recorded by the Bank.

As at 30 September 2023, the gross exposure (inclusive interest receivable disclosed in other assets) relating to the RA financing for the Group and the Bank amounted to RM1,389.2 million (31 March 2023: RM1,541.9 million). No stage 2 and 3 ECL is provided for the RA financing as at 30 September 2023 and 31 March 2023.

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
30 September 2023		
Balance at beginning of the financial period	1,269	1,269
Net allowance for ECL:	286	286
Net remeasurement of allowances	286	286
Balance at end of the financial period	1,555	1,555

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
31 March 2023		
Balance at beginning of the financial year	2,179	2,179
Net writeback of ECL:	(910)	(910)
Net remeasurement of allowances	(910)	(910)
Balance at end of the financial year	1,269	1,269

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	1,182,556	2,163,416	1,182,556	2,163,416
Malaysian Treasury Bills	1,785,203	5,057,052	1,785,203	5,057,052
Malaysian Government Investment Issues	363,665	287,727	363,665	287,727
Malaysian Government Securities	1,281,606	582,357	1,281,606	582,357
	<u>4,613,030</u>	<u>8,090,552</u>	<u>4,613,030</u>	<u>8,090,552</u>
Quoted securities:				
<i>In Malaysia:</i>				
Shares	788,358	627,691	788,358	627,691
Unit trusts	13,759	20,537	13,759	20,537
Sukuk	10,176	10,236	10,176	10,236
	<u>812,293</u>	<u>658,464</u>	<u>812,293</u>	<u>658,464</u>
<i>Outside Malaysia:</i>				
Shares	<u>422,600</u>	<u>446,560</u>	<u>422,596</u>	<u>446,556</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	33	33	-	-
Corporate bonds and sukuk	624,593	996,192	624,593	996,192
	<u>624,626</u>	<u>996,225</u>	<u>624,593</u>	<u>996,192</u>
	<u>6,472,549</u>	<u>10,191,801</u>	<u>6,472,512</u>	<u>10,191,764</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	-	247,160	-	247,160
Malaysian Government Investment Issues	3,362,554	3,430,007	3,362,554	3,430,007
Malaysian Government Securities	4,355,167	4,243,108	4,355,167	4,243,108
Foreign Government Investment Issues	13,573	13,309	13,573	13,309
Malaysian Treasury Bills	209,595	1,625,810	209,595	1,625,810
Negotiable Instruments of Deposit	-	1,193,273	-	1,193,273
	<u>7,940,889</u>	<u>10,752,667</u>	<u>7,940,889</u>	<u>10,752,667</u>
Quoted securities:				
<i>In Malaysia:</i>				
Unit trusts	61,469	60,551	61,469	60,551
	<u>61,469</u>	<u>60,551</u>	<u>61,469</u>	<u>60,551</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bonds and sukuk	10,112,656	8,805,585	10,112,656	8,805,585
Shares	714,780	676,523	714,780	676,523
	<u>10,827,436</u>	<u>9,482,108</u>	<u>10,827,436</u>	<u>9,482,108</u>
<i>Outside Malaysia:</i>				
Sukuk	-	10,291	-	10,291
Shares	786	735	786	735
	<u>786</u>	<u>11,026</u>	<u>786</u>	<u>11,026</u>
	<u>18,830,580</u>	<u>20,306,352</u>	<u>18,830,580</u>	<u>20,306,352</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1	Stage 2	Total
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	
30 September 2023			
Balance at beginning of the financial period	8,562	1,979	10,541
Net allowance for ECL:	8,587	823	9,410
New financial assets originated	6,595	-	6,595
Financial assets derecognised	(4,570)	-	(4,570)
Net remeasurement of allowances	6,562	823	7,385
Foreign exchange differences	1	-	1
Balance at end of the financial period	17,150	2,802	19,952

Group and Bank	Stage 1	Stage 2	Total
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	
31 March 2023			
Balance at beginning of the financial year	8,038	3,602	11,640
Net allowances for/(writeback of) ECL:	512	(1,623)	(1,111)
- Transfer to Stage 1	153	(2,411)	(2,258)
- Transfer to Stage 2	(1,106)	2,365	1,259
New financial assets originated	9,852	-	9,852
Financial assets derecognised	(6,467)	(2,996)	(9,463)
Net remeasurement of allowances	(1,920)	1,419	(501)
Foreign exchange differences	12	-	12
Balance at end of the financial year	8,562	1,979	10,541

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A13. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	30 September 2023	31 March 2023
	RM'000	RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Investment Issues	1,576,637	2,459,308
Malaysian Government Securities	1,139,590	1,346,712
	<u>2,716,227</u>	<u>3,806,020</u>
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bonds and sukuk	5,521,368	5,448,738
	<u>8,237,595</u>	<u>9,254,758</u>
Less: Allowances for ECL	(43,485)	(40,041)
	<u>8,194,110</u>	<u>9,214,717</u>

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1	Stage 3	Total
	12-Month ECL	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000
30 September 2023			
Balance at beginning of the financial period	4,758	35,283	40,041
Net allowance for ECL:	3,145	299	3,444
New financial assets originated	2,366	-	2,366
Net remeasurement of allowances	1,822	299	2,121
Financial assets derecognised	(1,043)	-	(1,043)
Balance at end of the financial period	<u>7,903</u>	<u>35,582</u>	<u>43,485</u>
31 March 2023			
Balance at beginning of the financial year	3,314	34,272	37,586
Net allowances for ECL:	1,444	1,011	2,455
New financial assets originated	2,811	-	2,811
Net remeasurement of allowances	(473)	1,011	538
Financial assets derecognised	(894)	-	(894)
Balance at end of the financial year	<u>4,758</u>	<u>35,283</u>	<u>40,041</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A14. LOANS AND ADVANCES

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
At amortised cost:				
Overdraft	1,914,737	2,156,953	1,914,737	2,156,953
Term loans	26,778,132	25,688,680	26,778,132	25,688,680
Housing loan receivables	29,720,800	28,985,834	29,349,657	28,598,522
Hire purchase receivables	9,771,408	9,535,473	9,771,408	9,535,473
Bills receivables	2,431,089	2,223,438	2,431,089	2,223,438
Trust receipts	2,243,550	2,074,012	2,243,550	2,074,012
Claims on customers under acceptance credits	4,211,873	4,604,485	4,211,873	4,604,485
Card receivables	1,663,272	1,600,986	1,663,272	1,600,986
Revolving credits	6,229,753	6,684,854	6,572,684	7,041,064
Staff loans	84,063	81,377	84,063	81,377
Others	157,809	134,228	157,809	134,228
Gross loans and advances	85,206,486	83,770,320	85,178,274	83,739,218
Allowances for ECL:				
- Stage 1 - 12 months ECL	(183,719)	(160,839)	(183,811)	(160,826)
- Stage 2 - Lifetime ECL not credit impaired	(656,521)	(719,574)	(656,483)	(719,487)
- Stage 3 - Lifetime ECL credit impaired	(416,805)	(423,493)	(416,330)	(423,247)
Net loans and advances	83,949,441	82,466,414	83,921,650	82,435,658

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Domestic non-bank financial institutions	1,278,468	1,053,846	1,278,468	1,410,056
Domestic business enterprises				
- Small medium enterprises	20,418,229	19,814,532	20,418,229	19,814,532
- Others	18,413,803	18,233,263	18,413,803	18,233,263
Government and statutory bodies	36,401	43,059	36,401	43,059
Individuals	43,808,930	43,187,593	43,780,718	42,800,281
Other domestic entities	8,161	8,730	8,161	8,730
Foreign individuals and entities	1,242,494	1,429,297	1,242,494	1,429,297
Gross loans and advances	85,206,486	83,770,320	85,178,274	83,739,218

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
In Malaysia	85,014,899	83,487,307	84,986,687	83,456,205
Outside Malaysia	191,587	283,013	191,587	283,013
	<u>85,206,486</u>	<u>83,770,320</u>	<u>85,178,274</u>	<u>83,739,218</u>

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Fixed rate				
- Housing loans	70,079	451,584	70,079	64,272
- Hire purchase receivables	9,482,381	9,202,544	9,482,381	9,202,544
- Other fixed rate loans	6,978,733	7,217,452	6,978,733	7,217,452
Variable rate				
- Base rate and base lending rate plus	47,084,495	46,088,162	47,056,283	46,088,162
- Cost plus	20,622,124	19,809,770	20,622,124	20,165,980
- Other variable rates	968,674	1,000,808	968,674	1,000,808
	<u>85,206,486</u>	<u>83,770,320</u>	<u>85,178,274</u>	<u>83,739,218</u>

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Agriculture	1,338,407	1,196,390	1,338,407	1,196,390
Mining and quarrying	1,524,031	1,536,699	1,524,031	1,536,699
Manufacturing	10,895,595	10,909,186	10,895,595	10,909,186
Electricity, gas and water	851,884	984,557	851,884	984,557
Construction	3,579,544	3,499,629	3,579,544	3,499,629
Wholesale and retail trade and hotel and restaurants	9,293,840	8,885,936	9,293,840	8,885,936
Transport, storage and communication	3,517,574	3,474,022	3,517,574	3,474,022
Finance and insurance	1,054,444	1,321,740	1,397,374	1,677,950
Real estate	5,852,506	5,416,597	5,852,506	5,416,597
Business activities	1,628,671	1,750,699	1,628,671	1,750,699
Education and health	970,241	1,086,144	970,241	1,086,144
Household of which:	44,643,354	43,703,372	44,272,212	43,316,060
- purchase of residential properties	29,960,143	29,236,771	29,589,001	28,849,459
- purchase of transport vehicles	8,740,634	8,552,962	8,740,634	8,552,962
- others	5,942,577	5,913,639	5,942,577	5,913,639
Others	56,395	5,349	56,395	5,349
	<u>85,206,486</u>	<u>83,770,320</u>	<u>85,178,274</u>	<u>83,739,218</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Maturing within one year	20,031,005	20,735,269	20,371,048	21,088,410
Over one year to three years	5,560,953	5,362,794	5,555,670	5,356,972
Over three years to five years	8,271,693	9,504,168	8,264,599	9,496,464
Over five years	51,342,835	48,168,089	50,986,957	47,797,372
	<u>85,206,486</u>	<u>83,770,320</u>	<u>85,178,274</u>	<u>83,739,218</u>

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Balance at beginning of the financial period/year	1,375,292	1,047,502	1,374,240	1,046,185
Additions during the financial period/year	858,762	1,141,705	857,149	1,141,134
Reclassified as non-impaired	(163,085)	(161,738)	(162,928)	(161,143)
Recoveries	(206,834)	(285,277)	(206,825)	(285,036)
Amount written off	(298,275)	(367,276)	(298,275)	(367,276)
Foreign exchange differences	482	376	482	376
Balance at end of the financial period/year	<u>1,566,342</u>	<u>1,375,292</u>	<u>1,563,843</u>	<u>1,374,240</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.84%</u>	<u>1.64%</u>	<u>1.84%</u>	<u>1.64%</u>
Loan loss coverage (Including regulatory reserve)	<u>106.1%</u>	<u>123.5%</u>	<u>106.2%</u>	<u>123.6%</u>

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
In Malaysia	<u>1,566,342</u>	<u>1,375,292</u>	<u>1,563,843</u>	<u>1,374,240</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Agriculture	6,441	6,539	6,441	6,539
Mining and quarrying	18,350	4,397	18,350	4,397
Manufacturing	235,990	164,355	235,990	164,355
Electricity, gas and water	50,049	47,199	50,049	47,199
Construction	148,916	152,544	148,916	152,544
Wholesale and retail trade and hotel and restaurants	214,086	143,014	214,086	143,014
Transport, storage and communication	21,473	19,777	21,473	19,777
Finance and insurance	8,451	11,201	8,451	11,201
Real estate	16,415	10,915	16,415	10,915
Business activities	42,435	41,238	42,435	41,238
Education and health	21,209	10,217	21,209	10,217
Household of which:	782,527	763,896	780,028	762,844
- purchase of residential properties	593,556	581,738	591,057	580,686
- purchase of transport vehicles	83,000	85,358	83,000	85,358
- others	105,971	96,800	105,971	96,800
	<u>1,566,342</u>	<u>1,375,292</u>	<u>1,563,843</u>	<u>1,374,240</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A14. LOANS AND ADVANCES (CONT'D.)

(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	
30 September 2023				
Balance at beginning of the financial period	160,839	719,574	423,493	1,303,906
Net allowance/(writeback) for ECL:	22,447	(63,059)	291,021	250,409
- Transfer to Stage 1	7,579	(55,840)	(2,199)	(50,460)
- Transfer to Stage 2	(9,450)	101,792	(25,534)	66,808
- Transfer to Stage 3	(827)	(27,538)	110,867	82,502
New financial assets originated	44,912	33,893	2,244	81,049
Net remeasurement of allowances	8,710	(65,802)	216,374	159,282
Modification of contractual cash flows of financial assets	79	(1,528)	294	(1,155)
Financial assets derecognised	(23,799)	(24,535)	(59,445)	(107,779)
Changes to model assumptions and methodologies	(4,757)	(23,501)	48,420	20,162
Foreign exchange differences	433	6	566	1,005
Amount written-off	-	-	(298,275)	(298,275)
Balance at end of the financial period	183,719	656,521	416,805	1,257,045
31 March 2023				
Balance at beginning of the financial year	154,044	758,197	319,503	1,231,744
Net allowances for/(writeback of) ECL:	6,413	(38,586)	470,793	438,620
- Transfer to Stage 1	10,466	(124,287)	(4,853)	(118,674)
- Transfer to Stage 2	(10,416)	116,349	(16,850)	89,083
- Transfer to Stage 3	(1,020)	(25,135)	174,011	147,856
New financial assets originated	42,982	53,894	6,981	103,857
Net remeasurement of allowances	890	42,961	332,873	376,724
Modification of contractual cash flows of financial assets	-	(66)	1,651	1,585
Financial assets derecognised	(28,084)	(81,891)	(59,837)	(169,812)
Changes to model assumptions and methodologies	(8,405)	(20,411)	36,817	8,001
Foreign exchange differences	382	(37)	473	818
Amount written-off	-	-	(367,276)	(367,276)
Balance at end of the financial year	160,839	719,574	423,493	1,303,906

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A14. LOANS AND ADVANCES (CONT'D.)

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

Bank	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
30 September 2023				
Balance at beginning of the financial period	160,826	719,487	423,247	1,303,560
Net allowance/(writeback) for ECL:	22,552	(63,010)	290,792	250,334
- Transfer to Stage 1	7,576	(55,815)	(2,422)	(50,661)
- Transfer to Stage 2	(9,450)	101,792	(25,534)	66,808
- Transfer to Stage 3	(826)	(27,514)	110,843	82,503
New financial assets originated	45,009	33,893	2,244	81,146
Net remeasurement of allowances	8,715	(65,802)	216,365	159,278
Modification of contractual cash flows of financial assets	79	(1,528)	294	(1,155)
Financial assets derecognised	(23,794)	(24,535)	(59,418)	(107,747)
Changes to model assumptions and methodologies	(4,757)	(23,501)	48,420	20,162
Foreign exchange differences	433	6	566	1,005
Amount written-off	-	-	(298,275)	(298,275)
Balance at end of the financial period	<u>183,811</u>	<u>656,483</u>	<u>416,330</u>	<u>1,256,624</u>
31 March 2023				
Balance at beginning of the financial year	154,074	758,182	319,223	1,231,479
Net allowances for/(writeback of) ECL:	6,370	(38,657)	470,827	438,540
- Transfer to Stage 1	10,468	(124,281)	(4,681)	(118,494)
- Transfer to Stage 2	(10,416)	116,328	(16,843)	89,069
- Transfer to Stage 3	(1,020)	(25,131)	173,862	147,711
New financial assets originated	42,982	53,894	6,981	103,857
Net remeasurement of allowances	1,071	42,960	332,877	376,908
Modification of contractual cash flows of financial assets	-	(66)	1,651	1,585
Financial assets derecognised	(28,310)	(81,950)	(59,837)	(170,097)
Changes to model assumptions and methodologies	(8,405)	(20,411)	36,817	8,001
Foreign exchange differences	382	(38)	473	817
Amount written-off	-	-	(367,276)	(367,276)
Balance at end of the financial year	<u>160,826</u>	<u>719,487</u>	<u>423,247</u>	<u>1,303,560</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A15. OTHER ASSETS

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Other receivables, deposits and prepayments	1,018,776	734,680	1,017,337	733,229
Interest receivable	428,567	428,273	428,567	428,274
Amount due from related companies	32,170	35,123	32,329	35,268
Collateral pledged for derivative and securities transactions	857,956	467,034	857,956	467,034
Foreclosed properties	2,579	2,644	2,271	2,337
Deferred charges	121,164	111,338	121,164	111,338
Tax recoverable	176,107	172,744	175,593	172,471
	<u>2,637,319</u>	<u>1,951,836</u>	<u>2,635,217</u>	<u>1,949,951</u>
Less: Accumulated impairment losses	(2,842)	(3,454)	(2,350)	(2,999)
	<u>2,634,477</u>	<u>1,948,382</u>	<u>2,632,867</u>	<u>1,946,952</u>

Amounts due from related companies are unsecured, non-interest bearing and are repayable on demand.

A16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Demand deposits	24,957,277	25,489,922	24,960,246	25,501,758
Savings deposits	4,618,104	5,840,339	4,618,104	5,840,339
Term/Investment deposits	60,495,530	54,048,284	60,496,355	54,049,101
	<u>90,070,911</u>	<u>85,378,545</u>	<u>90,074,705</u>	<u>85,391,198</u>

(i) The deposits are sourced from the following type of customers:

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Government and other statutory bodies	1,238,959	868,756	1,238,959	868,756
Business enterprises	42,787,841	39,229,447	42,791,635	39,242,100
Individuals	38,592,463	38,941,377	38,592,463	38,941,377
Others	7,451,648	6,338,965	7,451,648	6,338,965
	<u>90,070,911</u>	<u>85,378,545</u>	<u>90,074,705</u>	<u>85,391,198</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A16. DEPOSITS FROM CUSTOMERS (CONT'D.)

(ii) The maturity structure of term/investment deposits is as follows:

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Due within six months	45,139,646	42,012,274	45,140,471	42,013,091
Over six months to one year	14,910,410	9,984,599	14,910,410	9,984,599
Over one year to three years	398,166	1,998,352	398,166	1,998,352
Over three years to five years	47,308	53,059	47,308	53,059
	<u>60,495,530</u>	<u>54,048,284</u>	<u>60,496,355</u>	<u>54,049,101</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Licensed banks	3,288,097	5,617,181	3,288,097	5,617,181
Licensed investment banks	1,678,917	782,226	1,678,917	782,226
Other financial institutions	1,283,081	953,673	1,294,809	993,736
Bank Negara Malaysia	1,377,523	1,308,614	1,377,523	1,308,614
	<u>7,627,618</u>	<u>8,661,694</u>	<u>7,639,346</u>	<u>8,701,757</u>

A18. OTHER LIABILITIES

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Other payables and accruals	1,038,186	1,229,782	1,018,987	1,210,739
Lease liabilities	221,289	228,707	222,224	229,836
Provision for reinstatement for leased properties	6,237	6,207	6,237	6,207
Interest payable	819,796	674,008	819,796	674,008
Amount due to holding company and other related companies	615,271	206,711	615,485	206,712
Collateral received for derivative and securities transactions	397,963	510,844	397,963	510,844
Lease deposits and advance rentals	40,735	39,718	40,735	39,718
Provision for commitments and contingencies	3,079	3,502	3,079	3,502
Allowances for ECL on loan commitments and financial guarantees (Note (a))	163,666	193,085	163,702	193,105
Provision for taxation	1,344	1,119	1,339	839
Deferred income	53,260	56,280	53,260	56,280
	<u>3,360,826</u>	<u>3,149,963</u>	<u>3,342,807</u>	<u>3,131,790</u>

Amounts due to holding company and other related companies relate to normal operating activities which are unsecured, non-interest bearing and repayable on demand.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A18. OTHER LIABILITIES (CONT'D.)

(a) Movements in allowance for ECL on commitments and financial guarantees 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	
30 September 2023				
Balance at beginning of the financial period	31,057	26,808	135,220	193,085
Net allowances/(writeback) for ECL:	288	(5,340)	(24,506)	(29,558)
- Transfer to Stage 1	760	(6,922)	-	(6,162)
- Transfer to Stage 2	(784)	4,544	-	3,760
- Transfer to Stage 3	(26)	(406)	-	(432)
New exposure originated	9,696	6,167	-	15,863
Net remeasurement of allowances	(3,866)	(6,105)	(24,439)	(34,410)
Financial exposure derecognised/withdrawn	(5,492)	(2,618)	(67)	(8,177)
Foreign exchange differences	140	(3)	2	139
Balance at end of the financial period	31,485	21,465	110,716	163,666
31 March 2023				
Balance at beginning of the financial year	20,472	15,763	242,154	278,389
Net allowances for/(writeback of) ECL:	10,465	11,040	(106,915)	(85,410)
- Transfer to Stage 1	827	(4,554)	-	(3,727)
- Transfer to Stage 2	(894)	7,787	-	6,893
- Transfer to Stage 3	(28)	(304)	3,702	3,370
New exposure originated	14,224	13,861	-	28,085
Net remeasurement of allowances	2,708	(331)	(110,225)	(107,848)
Financial exposure derecognised/withdrawn	(6,372)	(5,419)	(392)	(12,183)
Foreign exchange differences	120	5	(19)	106
Balance at end of the financial year	31,057	26,808	135,220	193,085

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A18. OTHER LIABILITIES (CONT'D.)

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

Bank	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
30 September 2023				
Balance at beginning of the financial period	31,077	26,808	135,220	193,105
Net allowances/(writeback) for ECL:	304	(5,340)	(24,506)	(29,542)
- Transfer to Stage 1	760	(6,922)	-	(6,162)
- Transfer to Stage 2	(784)	4,544	-	3,760
- Transfer to Stage 3	(26)	(406)	-	(432)
New financial instruments originated	9,696	6,167	-	15,863
Net remeasurement of allowances	(3,850)	(6,105)	(24,439)	(34,394)
Financial exposure derecognised/withdrawn	(5,492)	(2,618)	(67)	(8,177)
Foreign exchange differences	140	(3)	2	139
Balance at end of the financial period	31,521	21,465	110,716	163,702

Bank	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
31 March 2023				
Balance at beginning of the financial year	20,518	15,763	242,154	278,435
Net allowances for/(writeback of) ECL:	10,439	11,040	(106,915)	(85,436)
- Transfer to Stage 1	827	(4,554)	-	(3,727)
- Transfer to Stage 2	(894)	7,787	-	6,893
- Transfer to Stage 3	(28)	(304)	3,702	3,370
New exposure originated	14,224	13,861	-	28,085
Net remeasurement of allowances	2,682	(331)	(110,225)	(107,874)
Financial exposure derecognised/withdrawn	(6,372)	(5,419)	(392)	(12,183)
Foreign exchange differences	120	5	(19)	106
Balance at end of the financial year	31,077	26,808	135,220	193,105

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A19. INTEREST INCOME

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Group					
Short-term funds and deposits and placements with financial institutions	(a)	109,645	40,453	194,794	67,086
Financial assets at fair value through profit or loss		61,887	33,956	134,685	51,507
Financial investments at fair value through other comprehensive income		167,308	134,020	338,534	245,135
Financial investments at amortised cost		86,686	77,450	181,137	143,818
Loans and advances	(b)	1,118,175	899,808	2,181,484	1,709,416
Investment account placement		14,719	12,619	28,529	23,963
Impaired loans and advances		2,604	864	4,505	1,747
Others		10,537	5,554	18,234	11,001
		<u>1,571,561</u>	<u>1,204,724</u>	<u>3,081,902</u>	<u>2,253,673</u>
Bank					
Short-term funds and deposits and placements with financial institutions	(a)	109,443	40,345	194,446	66,904
Financial assets at fair value through profit or loss		61,887	33,956	134,685	51,507
Financial investments at fair value through other comprehensive income		167,308	134,020	338,534	245,135
Financial investments at amortised cost		86,686	77,450	181,137	143,818
Loans and advances	(b)	1,117,155	898,974	2,179,993	1,707,640
Investment account placement		14,719	12,619	28,529	23,963
Impaired loans and advances		2,604	864	4,505	1,747
Others		10,537	5,554	18,234	11,001
		<u>1,570,339</u>	<u>1,203,782</u>	<u>3,080,063</u>	<u>2,251,715</u>

Note:

- (a) Included in the interest income on short term funds and deposits placements with financial institution is the fair value gain of RM11.8 million (September 2022: RM Nil) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial quarter of loss of RM0.1 million (September 2022: gain of RM2.2 million). There was no fair value loss recognised in the current financial quarter.
- (b) Included in the interest income of loans and advances of the Group and of the Bank are the net loss of RM9.4 million (September 2022: loss of RM3.1 million) arising from government support measures implemented in response to COVID-19 pandemic.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Group				
Deposits from customers	691,310	409,296	1,329,860	758,227
Deposits and placements of banks and other financial institutions	77,991	47,373	162,128	75,319
Securities sold under repurchase agreements	99,007	40,365	225,790	53,308
Recourse obligation on loans sold to Cagamas Berhad	59,933	45,892	111,236	90,152
Term funding	18,154	11,416	35,529	21,930
Debt capital	42,860	37,230	79,783	74,056
Others	4,578	996	8,626	1,515
	<u>993,833</u>	<u>592,568</u>	<u>1,952,952</u>	<u>1,074,507</u>
Bank				
Deposits from customers	691,319	409,316	1,329,877	758,297
Deposits and placements of banks and other financial institutions	77,991	47,373	162,192	75,319
Securities sold under repurchase agreements	99,007	40,365	225,790	53,308
Recourse obligation on loans sold to Cagamas Berhad	59,933	45,892	111,236	90,152
Term funding	18,154	11,416	35,529	21,930
Debt capital	42,860	37,230	79,783	74,056
Others	4,578	996	8,626	1,515
	<u>993,842</u>	<u>592,588</u>	<u>1,953,033</u>	<u>1,074,577</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A21. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Fee and commission income:				
Bancassurance commission	10,092	8,424	18,563	15,610
Brokerage fees, commission and rebates	385	386	649	772
Fees on loans, advances and securities	36,080	28,643	62,655	63,416
Fees, service and commission charges	6,574	7,977	12,678	17,174
Unit trust fees, commission and charges	12,256	8,323	21,627	15,767
Guarantee fees	13,695	10,703	25,808	24,579
Remittances	6,480	6,408	13,001	14,113
Other fee and commission	(4,657)	4,180	5,506	7,322
	<u>80,905</u>	<u>75,044</u>	<u>160,487</u>	<u>158,753</u>
Investment and trading income:				
Foreign exchange gain	41,161	105,697	208,419	266,502
Gross dividend income/distribution from:				
Financial assets at fair value through profit or loss	1,327	1,315	3,116	3,930
Financial investments at fair value through other comprehensive income	603	-	5,275	1,810
Net gain/(loss) on sale of:				
Financial assets at fair value through profit or loss	62	(11,312)	18,111	(13,774)
Financial investments at fair value through other comprehensive income	7,154	(123)	7,024	(40)
Net gain on redemption of financial assets at amortised cost	1,335	-	36,190	-
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	39,699	13,272	(45,990)	(24,054)
Net loss on derivatives	(13,625)	(35,429)	(33,100)	(115,438)
Others	3	641	291	4,189
	<u>77,719</u>	<u>74,061</u>	<u>199,336</u>	<u>123,125</u>
Other income:				
Net gain on disposal of property and equipment	108	6	114	51
Net loss on non trading foreign exchange	(211)	(291)	(242)	(112)
Profit from sale of goods and services	4,071	4,127	8,136	8,189
Rental income	1,926	1,970	3,966	3,925
Others	1,453	1,387	4,522	3,381
	<u>7,347</u>	<u>7,199</u>	<u>16,496</u>	<u>15,434</u>
	<u>165,971</u>	<u>156,304</u>	<u>376,319</u>	<u>297,312</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A21. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank				
Fee and commission income:				
Bancassurance commission	10,092	8,424	18,563	15,610
Brokerage fees, commission and rebates	385	386	649	772
Fees on loans, advances and securities	36,080	28,643	62,655	63,416
Fees, service and commission charges	6,934	7,822	13,403	16,871
Unit trust fees, commission and charges	12,256	8,323	21,627	15,767
Guarantee fees	13,695	10,703	25,808	24,579
Remittances	6,480	6,408	13,001	14,113
Other fee and commission	(4,657)	4,180	5,506	7,322
	<u>81,265</u>	<u>74,889</u>	<u>161,212</u>	<u>158,450</u>
Investment and trading income:				
Foreign exchange gain	41,163	105,699	208,422	266,476
Gross dividend income/distribution from:				
Financial assets at fair value through profit or loss	1,327	1,315	3,116	3,930
Financial investments at fair value through other comprehensive income	603	-	5,275	1,810
Net gain/(loss) on sale of:				
Financial assets at fair value through profit or loss	62	(11,312)	18,111	(13,774)
Financial investments at fair value through other comprehensive income	7,154	(123)	7,024	(40)
Net gain on redemption of financial assets at amortised cost	1,335	-	36,190	-
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	39,699	13,272	(45,990)	(24,054)
Net loss on derivatives	(13,625)	(35,429)	(33,100)	(115,438)
Others	3	2,216	291	5,764
	<u>77,721</u>	<u>75,638</u>	<u>199,339</u>	<u>124,674</u>
Other income:				
Net gain on disposal of property and equipment	-	6	7	51
Net loss on non trading foreign exchange	(211)	(292)	(242)	(113)
Profit from sale of goods and services	4,071	4,127	8,136	8,189
Rental income	2,000	2,134	4,104	4,153
Others	1,377	1,490	4,019	3,447
	<u>7,237</u>	<u>7,465</u>	<u>16,024</u>	<u>15,727</u>
	<u>166,223</u>	<u>157,992</u>	<u>376,575</u>	<u>298,851</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A22. OTHER OPERATING EXPENSES

Group	Note	Individual Quarter		Cumulative Quarter	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Personnel costs:					
Medical		6,738	5,443	12,902	9,551
Insurance		6,043	7,101	11,547	13,776
Contributions to Employees' Provident Fund/ Private Retirement Schemes ("PRS")		33,077	31,672	70,607	65,648
Salaries, bonuses, allowances and incentives		212,936	205,205	453,212	426,709
Share granted under AMMB Executives' Share Scheme ("ESS") - charge		6,996	7,885	8,730	9,457
Social security costs		1,992	1,713	3,975	3,329
Recruitment costs		976	5,264	1,658	8,552
Training		5,929	2,559	6,982	6,047
Others		(633)	2,220	1,835	4,012
		<u>274,054</u>	<u>269,062</u>	<u>571,448</u>	<u>547,081</u>
Establishment costs:					
Amortisation of intangible assets		18,243	18,720	35,468	37,024
Cleaning, maintenance and security		6,720	7,460	13,363	13,558
Computerisation cost		56,936	51,245	105,963	93,780
Depreciation of property and equipment		12,103	12,095	23,972	23,755
Depreciation of right-of-use assets		17,687	15,835	34,635	38,910
Rental of premises		620	1,983	1,564	(3,435)
Finance cost:					
- Lease liabilities		1,284	1,382	2,870	3,110
- Provision for reinstatement for leased properties		15	20	30	42
Others		6,758	8,226	15,393	16,262
		<u>120,366</u>	<u>116,966</u>	<u>233,258</u>	<u>223,006</u>
Marketing and communication expenses:					
Advertising, marketing and communication		14,008	13,208	25,567	24,150
Commission		142	639	793	1,438
Others		1,476	1,094	2,877	1,946
		<u>15,626</u>	<u>14,941</u>	<u>29,237</u>	<u>27,534</u>
Administration and general expenses:					
Bank charges		3,113	2,564	6,236	4,911
Insurance		2,658	1,965	4,905	5,375
Professional services		10,191	10,842	24,889	20,727
Travelling		359	533	887	948
Subscriptions and periodicals		182	265	1,351	280
Others		6,284	5,150	11,828	11,551
		<u>22,787</u>	<u>21,319</u>	<u>50,096</u>	<u>43,792</u>
Service transfer pricing recovery - net	(a)	(126,517)	(84,978)	(247,737)	(164,952)
		<u>306,316</u>	<u>337,310</u>	<u>636,302</u>	<u>676,461</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A22. OTHER OPERATING EXPENSES (CONT'D.)

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank					
Personnel costs:					
Medical		6,738	5,443	12,902	9,551
Insurance		6,043	7,101	11,547	13,776
Contributions to Employees' Provident Fund/ PRS		33,077	31,672	70,607	65,648
Salaries, bonuses, allowances and incentives		212,936	205,205	453,212	426,709
Share granted under AMMB ESS					
- charge		6,996	7,885	8,730	9,457
Social security costs		1,992	1,713	3,975	3,329
Recruitment costs		976	5,264	1,658	8,552
Training		5,929	2,559	6,982	6,047
Others		(633)	2,220	1,835	4,012
		<u>274,054</u>	<u>269,062</u>	<u>571,448</u>	<u>547,081</u>
Establishment costs:					
Amortisation of intangible assets		18,243	18,720	35,468	37,024
Cleaning, maintenance and security		6,687	7,314	13,292	13,297
Computerisation cost		56,936	51,245	105,963	93,780
Depreciation of property and equipment		12,069	11,992	23,904	23,536
Depreciation of right-of-use assets		17,789	15,939	34,841	39,117
Rental of premises		741	2,105	1,807	(3,191)
Finance cost:					
- Lease liabilities		1,310	1,412	2,923	3,169
- Provision for reinstatement for leased properties		15	20	30	42
Others		6,757	8,171	15,393	16,182
		<u>120,547</u>	<u>116,918</u>	<u>233,621</u>	<u>222,956</u>
Marketing and communication expenses:					
Advertising, marketing and communication		14,008	13,207	25,567	24,149
Commission		142	639	793	1,438
Others		1,476	1,094	2,877	1,946
		<u>15,626</u>	<u>14,940</u>	<u>29,237</u>	<u>27,533</u>
Administration and general expenses:					
Bank charges		3,113	2,564	6,236	4,911
Insurance		2,597	1,990	4,844	5,292
Professional services		10,155	10,821	24,841	20,689
Travelling		359	533	887	948
Subscriptions and periodicals		182	264	1,351	279
Others		6,284	5,129	11,827	11,529
		<u>22,690</u>	<u>21,301</u>	<u>49,986</u>	<u>43,648</u>
Service transfer pricing recovery - net	(a)	(126,517)	(84,978)	(247,737)	(164,952)
		<u>306,400</u>	<u>337,243</u>	<u>636,555</u>	<u>676,266</u>

Note:

(a) Higher service transfer pricing ("STP") recovery mainly from the revision in allocation methodology of STP recovery.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A23. ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Group				
Allowance for impairment on loans and advances	78,507	103,461	250,409	151,080
Impaired loans and advances recovered, net	(43,280)	(41,383)	(82,314)	(86,384)
	<u>35,227</u>	<u>62,078</u>	<u>168,095</u>	<u>64,696</u>
Bank				
Allowance for impairment on loans and advances	78,225	103,389	250,334	151,092
Impaired loans and advances recovered, net	(43,280)	(41,383)	(82,314)	(86,384)
	<u>34,945</u>	<u>62,006</u>	<u>168,020</u>	<u>64,708</u>

A24. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Group and Bank				
Financial investments at fair value through other comprehensive income	(216)	1,479	9,410	(355)
Financial investments at amortised cost	406	205	3,444	(461)
	<u>190</u>	<u>1,684</u>	<u>12,854</u>	<u>(816)</u>

A25. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON OTHER FINANCIAL ASSETS

	Individual Quarter		Cumulative Quarter	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Group				
Cash and short-term funds	(912)	185	70	(84)
Deposits and placements with banks and other financial institutions	(965)	(1,057)	(11)	(1,105)
Investment account placement	(635)	(18)	286	(352)
Other assets	(227)	1,271	(617)	1,327
	<u>(2,739)</u>	<u>381</u>	<u>(272)</u>	<u>(214)</u>
Bank				
Cash and short-term funds	(912)	185	70	(84)
Deposits and placements with banks and other financial institutions	(965)	(1,057)	(11)	(1,105)
Investment account placement	(635)	(18)	286	(352)
Other assets	(220)	1,276	(655)	1,332
	<u>(2,732)</u>	<u>386</u>	<u>(310)</u>	<u>(209)</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A26. EARNINGS PER SHARE ("EPS")

Basic/Diluted

The basic/diluted earnings per share is calculated by dividing the net profit attributable to equity holder of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Group				
Net profit attributable to equity holder of the Bank (RM'000)	335,096	271,236	554,403	557,255
Number of ordinary shares at beginning and end of the financial period representing weighted average number of ordinary shares in issue ('000)	949,927	949,927	949,927	949,927
Basic/diluted earnings per share (sen)	35.28	28.55	58.36	58.66
Bank				
Net profit attributable to equity holder of the Bank (RM'000)	334,790	272,130	553,274	557,050
Number of ordinary shares at beginning and end of the financial period representing weighted average number of ordinary shares in issue ('000)	949,927	949,927	949,927	949,927
Basic/diluted earnings per share (sen)	35.24	28.65	58.24	58.64

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 provides everyday banking solutions to individuals and small and medium-sized enterprises ("SMEs") customers, covering both conventional and Islamic financial products and services which includes auto finance, mortgage, personal loan, credit cards, small business loans, wealth management, bancassurance, remittance, merchant business solutions 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.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

The Group comprises the following main business segments (Cont'd.):

(c) Wholesale Banking

Wholesale Banking comprises Corporate Banking, Transaction Banking and Group Treasury and Markets.

(i) Corporate and Transaction Banking

Corporate Banking offers a full range of products and services, including corporate lending, investment banking advisory, trade finance, offshore banking and cash management solutions to wholesale banking clients.

Transaction Banking delivers tailor-made digital and cash management solutions, as well as trade financing and remittance services, to corporate and SME clients.

(ii) Group Treasury and Markets

Group Treasury and Markets manages liquidity for the banking group and offers financial market and hedging solutions across all asset classes to a broad range of clients. The sales and trading activities cover fixed income, interest rates, foreign exchange, money market, equity derivatives, commodities and other derivatives.

(d) Investment Banking

Under the Investment Banking division of AmBank, the core products are capital markets group, private banking and equity markets.

Capital Markets focuses on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which include corporate bond issuances, loan syndication, structured finance, capital and project advisory services and primary syndication and underwriting services. Private Banking primarily services high net worth clients and offers financing and deposit products. Equity markets offers margin financing to retail and corporate clients.

(e) Group Funding and Others

Group Funding and Others comprise 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 costs, funding income and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on aggregation.

Note:

- (i) The 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.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 September 2023	Wholesale Banking							Total RM'000
	Retail Banking RM'000	Business Banking RM'000	Corporate and Transaction Banking RM'000	Group Treasury and Markets RM'000	Investment Banking RM'000	Group Funding and Others RM'000		
External net income	759,408	535,527	330,873	48,758	26,449	(196,008)	1,505,007	
Intersegments net income	(83,756)	(118,511)	(140,357)	192,878	(9,245)	158,991	-	
Net income	675,652	417,016	190,516	241,636	17,204	(37,017)	1,505,007	
Net interest income	561,559	309,395	164,021	125,931	14,316	(46,272)	1,128,950	
Other operating income	114,355	107,621	26,495	115,705	2,888	9,255	376,319	
Share in results of an associate	(262)	-	-	-	-	-	(262)	
Net income	675,652	417,016	190,516	241,636	17,204	(37,017)	1,505,007	
Other operating expenses	(387,138)	(131,157)	(69,269)	(47,220)	(4,154)	2,636	(636,302)	
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(7,889)	(825)	(567)	(242)	(6)	(14,443)	(23,972)	
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	(34,635)	(34,635)	
<i>Amortisation of intangible assets</i>	(10,169)	(571)	(3,119)	(3,047)	-	(18,562)	(35,468)	
Profit/(loss) before impairment losses (Allowance)/writeback of allowance for impairment on loans and advances	288,514	285,859	121,247	194,416	13,050	(34,381)	868,705	
Writeback of provision for commitments and contingencies	(142,474)	(91,631)	65,903	-	10	97	(168,095)	
Writeback of allowance/(allowance) for impairment on financial investment and other financial assets	3,554	11,319	14,669	-	-	441	29,983	
Other recoveries	243	(267)	(2,790)	(9,730)	-	(38)	(12,582)	
Profit/(loss) before taxation	26	2,330	-	-	-	16	2,372	
Taxation	149,863	207,610	199,029	184,686	13,060	(33,865)	720,383	
Profit/(loss) for the financial period	(36,030)	(48,797)	(47,424)	(42,383)	(2,549)	11,223	(165,960)	
	113,833	158,813	151,605	142,303	10,511	(22,642)	554,423	
Other information								
Total segment assets	49,013,663	24,034,560	13,694,868	44,298,565	1,543,688	2,878,075	135,463,419	
Total segment liabilities	46,575,767	18,306,449	7,988,482	36,749,413	1,215,085	12,980,719	123,815,915	
Cost to income ratio	57.3%	31.5%	36.4%	19.5%	24.1%	7.1%	42.3%	
Gross loans and advances	48,555,842	23,948,116	11,532,513	-	1,517,340	(347,325)	85,206,486	
Net loans and advances	47,761,103	23,651,070	11,366,896	-	1,517,340	(346,968)	83,949,441	
Impaired loans and advances	1,016,113	423,285	126,944	-	-	-	1,566,342	
Total deposits	45,726,592	18,097,778	7,791,047	23,973,080	1,199,214	910,818	97,698,529	
Additions to:								
Property and equipment	8,836	587	576	108	223	997	11,327	
Intangible assets	22,876	212	1,464	2,900	70	15,036	42,558	

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 September 2022 (Restated)	Wholesale Banking						Total RM'000
	Retail Banking RM'000	Business Banking RM'000	Corporate Banking RM'000	Group Treasury and Markets RM'000	Investment Banking RM'000	Group Funding and Others RM'000	
External net income	751,305	413,488	203,514	249,594	19,926	(160,879)	1,476,948
Intersegments net income	(97,733)	(40,222)	(48,862)	(7,663)	(6,480)	200,960	-
Net income	653,572	373,266	154,652	241,931	13,446	40,081	1,476,948
Net interest income	551,883	277,410	127,538	179,922	12,311	30,102	1,179,166
Other operating income	101,219	95,856	27,115	62,009	1,134	9,979	297,312
Share in results of an associate	470	-	-	-	-	-	470
Net income	653,572	373,266	154,653	241,931	13,445	40,081	1,476,948
Other operating expenses	(358,455)	(118,478)	(61,719)	(42,874)	(3,336)	(91,599)	(676,461)
<i>of which:</i>							
<i>Depreciation of property and equipment</i>	(7,976)	(903)	(582)	(229)	(3)	(14,062)	(23,755)
<i>Depreciation of right-of-use</i>	-	-	-	-	-	(38,910)	(38,910)
<i>Amortisation of intangible assets</i>	(11,016)	(539)	(2,813)	(3,027)	-	(19,629)	(37,024)
Profit/(loss) before impairment losses	295,117	254,788	92,934	199,057	10,109	(51,518)	800,487
(Allowance)/writeback of allowance for impairment on loans and advances	(89,901)	(636)	38,048	-	152	(12,359)	(64,696)
(Provision)/writeback of provision for commitments and contingencies	(6,373)	(5,017)	(5,598)	-	-	11	(16,977)
(Allowance)/writeback of allowance for impairment on financial investment and other financial assets	(81)	(1,339)	307	2,138	-	5	1,030
Other recoveries	-	-	-	-	-	10	10
Profit/(loss) before taxation	198,762	247,796	125,691	201,195	10,261	(63,851)	719,854
Taxation	(47,590)	(58,486)	(27,767)	(46,672)	(1,881)	19,797	(162,599)
Profit/(loss) for the financial period	151,172	189,310	97,924	154,523	8,380	(44,054)	557,255
Other information							
Total segment assets	46,266,573	21,417,555	12,221,381	41,287,369	1,371,400	3,359,353	125,923,631
Total segment liabilities	42,914,074	17,527,417	8,447,090	32,030,650	857,512	13,633,123	115,409,866
Cost to income ratio	54.8%	31.7%	39.9%	17.7%	24.8%	>100.0%	45.8%
Gross loans and advances	46,165,674	21,614,692	11,007,101	-	1,365,664	(73,322)	80,079,809
Net loans and advances	45,299,285	21,409,589	10,867,887	-	1,365,664	(89,602)	78,852,823
Impaired loans and advances	979,132	229,300	69,113	-	-	-	1,277,545
Total deposits	42,191,517	17,357,443	8,087,174	21,315,561	840,575	897,925	90,690,195
Additions to:							
Property and equipment	4,242	119	139	26	116	4,492	9,134
Intangible assets	8,769	229	2,393	49	35	8,763	20,238

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A28. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2023

The Group registered a profit before taxation ("pre-tax profit") of RM720.4 million for the financial period ended 30 September 2023, representing an increase of RM0.5 million or 0.1% compared to the pre-tax profit for the corresponding period last year.

The increase in Group's profit before taxation for the period is attributable to higher other operating income of RM79.0 million, higher writeback of commitments and contingencies of RM47.0 million, lower other operating expenses of RM40.2 million and higher other recoveries of RM2.4 million compared to the corresponding period last year.

The increase was partly offset by higher allowance for impairment on loans and advances, lower net interest income and higher allowance for impairment on financial investments.

The Group's impaired loans and advances ratio stood at 1.84% end September 2023. Loan loss coverage ratio including regulatory reserve is well above 100% at 106.1%.

The Group and the Bank remained well capitalised with risk weighted capital adequacy ratios of 17.948% and 17.809% respectively.

In the opinion of the Directors, the results of operations of the Group and the Bank for the financial period have not been substantially affected by any items, transaction or event of a material and unusual nature.

A29. PROSPECTS FOR FINANCIAL YEAR ("FY") ENDING 31 MARCH 2024

During third quarter of 2023, Malaysia's economy expanded by 3.3% year-on-year ("yoy"), faster pace compared to the previous quarter's 2.9% based on Department of Statistic Malaysia ("DOSM")'s preliminary estimates showed. The faster growth can be attributed to the strong expansion in the services sector, which rose by 5.1% yoy, alongside the construction sector's growth (+5.8% yoy) and recovery in the agriculture sector (+0.8% yoy). On the flipside, both manufacturing and mining and quarrying sectors declined marginally by 0.1% yoy.

We expect the global economic condition for the remainder of the year until the early part of 2024 will continue to be subdued, as most economies are still adjusting to the high interest rates environment implemented by most central banks. Globally, the outlook on the manufacturing sector remains pessimistic, reflected in the latest Global Purchasing Manager's Index ("PMI") that has been under the contractionary level since March 2023. In the United States, the Federal Reserve's ("Fed") fight against inflation seems successful as inflation and core inflation are receding. However, it comes with a price as interest rates are likely to stay elevated at above until the end of 2024. Similarly, rates are likely to remain high in the United Kingdom and Eurozone and signs of softer economic activity have already become apparent in those economy. The upside risk to inflation is seen coming from the recent rise in global oil prices and if the situation persists as we step into 2024 later, consumer purchasing would be eroded further. In China, signs of stabilising economy emerge as the recent third quarter of 2023 Gross Domestic Product ("GDP") posted a 4.9% yoy growth, beating market forecast of 4.4% yoy.

We anticipate continued support for growth from domestic demand this year. Wage growth in both the services and manufacturing sectors appears to have peaked, and employment growth has slowed to 2.0% in September 2023. However, the vacancy-to-unemployment ratio remains higher than pre-pandemic levels, suggesting room for improvement in private spending. Furthermore, tourism and related sectors are still improving and have yet to reach its pre-pandemic level. On the downside, subdued global trading activities is expected to persist and constraint Malaysia's economic growth. We now expect the domestic economy to grow by 4.0% in 2023 and 4.5% in 2024 but balance of risks is tilted towards the downside.

On another note, the government released New Industrial Master Plan 2030 ("NIMP 2030") recently which aims to transform industries to the next level in accordance with emerging global trends i.e., capitalising the changing geopolitical landscape, digitalisation and environmental, social, and governance ("ESG") compliances. At the same time, the government also tabled the new 12th Malaysia Plan in which the GDP growth target was revised to 5.0% to 6.0% per annum, compared to previous target of 4.5% to 5.5%. Also, in its recent Budget 2024 tabling, the government set out RM393.8 billion spending for next year. The Budget reflects the government's commitment in consolidating its fiscal position, supporting the People through subsidies and assistance, and embracing ESG into its sustainable economic plan.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A29. PROSPECTS FOR FINANCIAL YEAR ("FY") ENDING 31 MARCH 2024 (CONT'D.)

In the Malaysia's banking industry, the overall outstanding loans expanded by 4.3% in September 2023. While the non-household segment loans expanded slower at 2.6%, household loans remained healthy at 5.6%. As the economy is expected to soften in 2023, we expect relatively subdued loan growth in the range of 4.0% to 5.0% for 2023 given that loan growth typically tracks GDP growth. The overall banking system remains healthy underpinned by strong liquidity. This is reflected by the liquidity coverage ratio which was at 151.5% in September 2023 (August 2023: 150.3%). The funding profile was also well-diversified with September 2023's loan-to-fund ratio and loan-to-fund-and-equity ratio at 82.5% and 71.9%, respectively (August 2023: 82.3% and 71.6%, respectively).

On the Overnight Policy Rate ("OPR"), with core inflation being modest so far due to slower hiring activities and the lag effect from the 125 bps cumulative rate hikes, we expect the OPR to stay at 3.00% until the end of 2024. Given that core inflation easing further to 2.5% in September 2023 coupled with contraction in exports, there is no immediate pressure to alter the policy rate. Nevertheless, the upside risk to inflation is expected to come from subsidiary rationalisation which is currently in the pipeline. Should the situation later translate into persistently high inflation, then there is a case to revisit our current OPR call.

AmBank Group showed resilience by delivering a strong set of Q2FY24 financial results despite navigating a challenging environment of weaker-than-expected external demand, declining commodity production, elevated core inflation and persisting high interest rates. The Group continues to be optimistic about its FY24 prospects, placing confidence in unwavering domestic demand, improving employment rate and wage structure as well as the continued revival of local tourism.

FY24 is the final year of the Group's FY21 - FY24 Focus 8 strategy and we are as committed as ever to bring this journey to a successful conclusion. The Group's focus remains trained on growing revenue, maintaining cost discipline, strengthening capital base, ensuring healthy liquidity levels and careful monitoring of asset quality.

Looking into the near future, the Group views these areas as its key growth accelerators: SME empowerment, advancement of ESG initiatives and digital innovation to continue sustainable value creation for shareholders and stakeholders.

A30. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

A31. EVENT SUBSEQUENT TO REPORTING DATE

Subsequent to the approval of the condensed financial statements for the period ended 30 September 2023 by the Board of Directors, the Bank has mutually agreed with Lembaga Hasil Dalam Negeri Malaysia on the tax treatment of exceptional expenses incurred in the financial year ended 31 March 2021. As a result, the total tax deduction for the Bank amounting to RM701.4 million. As at 30 September 2023, the Bank had recognised a portion of tax deduction amounting to RM220.5 million as tax recoverable. The remaining tax deduction of RM480.9 million will be recognised in the upcoming quarter.

A32. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

There were no material changes in the composition of the Group and the Bank for the current financial quarter and period.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A33. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The principal amounts of the commitments and contingencies and notional contracted amounts of derivatives of the Group and the Bank are as follows:

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,961,280	12,845,730	13,020,179	12,890,700
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,866,688	2,606,963	2,866,688	2,606,963
Unutilised credit card lines	4,086,198	3,976,830	4,086,198	3,976,830
Forward asset purchase	620,010	174,223	620,010	174,223
Others	-	-	50	50
	<u>20,534,176</u>	<u>19,603,746</u>	<u>20,593,125</u>	<u>19,648,766</u>
Contingencies				
Direct credit substitutes	2,514,179	2,583,594	2,514,179	2,583,594
Transaction related contingent items	3,382,405	3,519,830	3,382,405	3,519,830
Short term self liquidating trade related contingencies	540,024	662,922	540,024	662,922
Obligations under on-going underwriting agreements	-	60,000	-	60,000
	<u>6,436,608</u>	<u>6,826,346</u>	<u>6,436,608</u>	<u>6,826,346</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	56,695,746	46,163,847	56,695,746	46,163,847
- Over one year to five years	3,779,465	4,810,447	3,779,465	4,810,447
- Over five years	1,835,518	1,639,781	1,835,518	1,639,781
Interest rate related contracts				
- One year or less	13,769,146	12,307,294	13,769,146	12,307,294
- Over one year to five years	18,854,502	19,012,669	18,854,502	19,012,669
- Over five years	4,266,237	3,927,470	4,266,237	3,927,470
Equity and commodity related contracts				
- One year or less	1,761,743	1,352,573	1,761,743	1,352,573
- Over one year to five years	178,508	79,802	178,508	79,802
	<u>101,140,865</u>	<u>89,293,883</u>	<u>101,140,865</u>	<u>89,293,883</u>
Total	<u>128,111,649</u>	<u>115,723,975</u>	<u>128,170,598</u>	<u>115,768,995</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

Financial assets and liabilities measured using valuation techniques 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 Bank. Therefore, unobservable inputs reflect the Group's and the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Bank's own data, as well as financial information of the counterparties. Equity instruments at FVOCI was revalued using net assets method.

About 2.7% of the Group's and the Bank's (31 March 2023: 2.2% of the Group's and the Bank'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.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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

	Group				Bank			
	Valuation technique			Total RM'000	Valuation technique			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 September 2023								
Financial assets measured at fair value								
Derivative financial assets	310	1,343,808	-	1,344,118	310	1,343,808	-	1,344,118
Financial assets at fair value through profit or loss								
- Money market securities	-	4,613,030	-	4,613,030	-	4,613,030	-	4,613,030
- Quoted shares	1,210,958	-	-	1,210,958	1,210,954	-	-	1,210,954
- Unquoted shares	-	-	33	33	-	-	-	-
- Quoted unit trust	13,759	-	-	13,759	13,759	-	-	13,759
- Quoted sukuk	-	10,176	-	10,176	-	10,176	-	10,176
- Unquoted corporate bonds and sukuk	-	624,593	-	624,593	-	624,593	-	624,593
Financial investments at fair value through other comprehensive income								
- Money market securities	-	7,940,889	-	7,940,889	-	7,940,889	-	7,940,889
- Unquoted shares	-	-	715,566	715,566	-	-	715,566	715,566
- Quoted unit trust	61,469	-	-	61,469	61,469	-	-	61,469
- Unquoted corporate bonds and sukuk	-	10,112,656	-	10,112,656	-	10,112,656	-	10,112,656
	<u>1,286,496</u>	<u>24,645,152</u>	<u>715,599</u>	<u>26,647,247</u>	<u>1,286,492</u>	<u>24,645,152</u>	<u>715,566</u>	<u>26,647,210</u>
Financial liabilities measured at fair value								
Derivative financial liabilities	<u>36,165</u>	<u>1,209,478</u>	<u>-</u>	<u>1,245,643</u>	<u>36,165</u>	<u>1,209,478</u>	<u>-</u>	<u>1,245,643</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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

	Group				Bank			
	Valuation technique			Total RM'000	Valuation technique			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 March 2023								
Financial assets measured at fair value								
Derivative financial assets	60	923,613	-	923,673	60	923,613	-	923,673
Financial assets at fair value through profit or loss								
- Money market securities	-	8,090,552	-	8,090,552	-	8,090,552	-	8,090,552
- Quoted shares	1,074,251	-	-	1,074,251	1,074,247	-	-	1,074,247
- Unquoted shares	-	-	33	33	-	-	-	-
- Quoted unit trust	20,537	-	-	20,537	20,537	-	-	20,537
- Quoted sukuk	-	10,236	-	10,236	-	10,236	-	10,236
- Unquoted corporate bonds and sukuk	-	996,192	-	996,192	-	996,192	-	996,192
Financial investments at fair value through other comprehensive income								
- Money market securities	-	10,752,667	-	10,752,667	-	10,752,667	-	10,752,667
- Unquoted shares	-	-	677,258	677,258	-	-	677,258	677,258
- Quoted unit trust	60,551	-	-	60,551	60,551	-	-	60,551
- Unquoted corporate bonds and sukuk	-	8,815,876	-	8,815,876	-	8,815,876	-	8,815,876
	<u>1,155,399</u>	<u>29,589,136</u>	<u>677,291</u>	<u>31,421,826</u>	<u>1,155,395</u>	<u>29,589,136</u>	<u>677,258</u>	<u>31,421,789</u>
Financial liabilities measured at fair value								
Derivative financial liabilities	<u>10,286</u>	<u>956,141</u>	<u>-</u>	<u>966,427</u>	<u>10,286</u>	<u>956,141</u>	<u>-</u>	<u>966,427</u>

There were no transfers between Level 1 and Level 2 during the current financial period and previous financial year for the Group and the Bank.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A34. 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 tables show the reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

Group	Equity instruments at FVTPL RM'000	Equity instruments at FVOCI RM'000	Total RM'000
At 1 April 2023	33	677,258	677,291
Gain on revaluation of financial assets taken up in statements of profit or loss and other comprehensive income	-	38,308	38,308
At 30 September 2023	<u>33</u>	<u>715,566</u>	<u>715,599</u>

	Equity instruments at FVTPL RM'000	Equity instruments at FVOCI RM'000	Total RM'000
At 1 April 2022	31	669,168	669,199
Gain on revaluation of financial assets taken up in statements of profit or loss and other comprehensive income	2	8,090	8,092
At 31 March 2023	<u>33</u>	<u>677,258</u>	<u>677,291</u>

Bank	Equity instruments at FVOCI RM'000	Total RM'000
At 1 April 2023	677,258	677,258
Gain on revaluation of financial assets taken up in statement of other comprehensive income	38,308	38,308
At 30 September 2023	<u>715,566</u>	<u>715,566</u>

	Equity instruments at FVOCI RM'000	Total RM'000
At 1 April 2022	669,168	669,168
Gain on revaluation of financial assets taken up in statement of other comprehensive income	8,090	8,090
At 31 March 2023	<u>677,258</u>	<u>677,258</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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

	Group		Bank	
	30 September	31 March	30 September	31 March
	2023	2023	2023	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Total loss included in:				
- profit or loss	-	2	-	-
Financial investments at FVOCI				
Total gain included in:				
- other comprehensive income	38,308	8,090	38,308	8,090

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

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

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.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A35. CAPITAL ADEQUACY

- (a) The capital adequacy ratios of the Group and the Bank are as follows:

Under transitional arrangement (Note (i))	30 September 2023		31 March 2023	
	Group	Bank	Group	Bank
Before deducting proposed dividends:				
CET 1 Capital Ratio	12.688%	12.573%	12.450%	12.318%
Tier 1 Capital Ratio	12.688%	12.573%	12.450%	12.318%
Total Capital Ratio	17.948%	17.809%	17.026%	16.867%
After deducting proposed dividends:				
CET 1 Capital Ratio	12.624%	12.510%	12.259%	12.129%
Tier 1 Capital Ratio	12.624%	12.510%	12.259%	12.129%
Total Capital Ratio	17.884%	17.746%	16.835%	16.677%

Notes:

- (i) Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, capital ratios of the Group and of the Bank had been computed applying transitional arrangement on provision for ECL. Had the transitional arrangement not been applied, the capital ratios of the Group and of the Bank as at 30 June 2023 and 31 March 2023 are as follow:

	30 September 2023		31 March 2023	
	Group	Bank	Group	Bank
Before deducting proposed dividends:				
CET 1 Capital Ratio	12.475%	12.362%	12.101%	11.972%
Tier 1 Capital Ratio	12.475%	12.362%	12.101%	11.972%
Total Capital Ratio	17.759%	17.627%	16.825%	16.675%
After deducting proposed dividends:				
CET 1 Capital Ratio	12.412%	12.299%	11.911%	11.783%
Tier 1 Capital Ratio	12.412%	12.299%	11.911%	11.783%
Total Capital Ratio	17.696%	17.564%	16.635%	16.486%

- (ii) Pursuant to the above BNM's guideline on Capital Adequacy Framework (Capital Components), the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8.0% for total capital ratio. In addition, banking institutions are also required to maintain capital buffers in form of CET 1 capital above the minimum CET 1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall 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 Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and
- (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A35. CAPITAL ADEQUACY (CONT'D.)

(b) The components of CET 1, Additional Tier 1, Tier 2 and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
CET 1 Capital				
Share Capital	3,040,465	3,040,465	3,040,465	3,040,465
Retained earnings	7,806,368	7,456,999	7,857,381	7,508,139
Fair value reserve	337,315	299,138	337,315	299,138
Foreign currency translation reserve	118,966	101,830	122,751	105,630
Regulatory reserve	240,924	201,229	240,924	201,229
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(1,850)	(4,259)	(1,850)	(4,259)
Less: Regulatory adjustments applied on CET 1 Capital				
- Intangible assets	(209,644)	(202,069)	(209,644)	(202,069)
- Deferred tax assets	(158,350)	(182,451)	(158,350)	(182,451)
- 55% of cumulative fair value gains in fair value reserve	(185,523)	(164,526)	(185,523)	(164,526)
- Cash flow hedging deficit	1,850	4,259	1,850	4,259
- Regulatory reserve	(240,924)	(201,229)	(240,924)	(201,229)
- Investment in ordinary shares of unconsolidated financial entities	-	-	(11)	(11)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,243)	(2,756)	(1,243)	(2,756)
- Other CET1 regulatory adjustments specified by the BNM	184,457	300,815	184,480	300,721
Total CET 1 Capital	11,036,960	10,751,594	10,987,621	10,702,280
Additional Tier 1 Capital				
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	5	2	-	-
Total Tier 1 Capital	11,036,965	10,751,596	10,987,621	10,702,280
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,595,000	3,095,000	3,595,000	3,095,000
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provisions*	980,956	857,075	981,022	857,088
Total Tier 2 capital	4,575,957	3,952,076	4,576,022	3,952,088
Total Capital	15,612,922	14,703,672	15,563,643	14,654,368

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Credit RWA	80,092,402	78,754,012	80,503,261	79,287,050
Market RWA	1,576,324	1,624,390	1,576,287	1,624,350
Operational RWA	5,321,948	5,197,465	5,312,071	5,186,909
Large exposure risk RWA for equity holdings	-	785,485	-	785,485
Total RWA	86,990,674	86,361,352	87,391,619	86,883,794

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

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A36. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group		Bank	
	30 September 2023	31 March 2023	30 September 2023	31 March 2023
Outstanding credit exposures with connected parties (RM'000)	1,870,600	3,059,294	2,225,310	3,424,498
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	1.74	2.74	2.07	3.07
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	1.28	0.01	1.07	0.01

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.