

AmlInvestment Bank Berhad

Registration No. 197501002220 (23742-V)

(Incorporated in Malaysia)

And Its Subsidiaries

Condensed Interim Financial Statements

For the Financial Period

1 April 2023 to

30 June 2023

(In Ringgit Malaysia)

AmlInvestment Bank Berhad
Registration No. 197501002220 (23742-V)
(Incorporated in Malaysia)
and its subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Group		Bank	
		30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
ASSETS					
Cash and short-term funds	9	294,130	273,229	166,143	171,866
Deposits and placements with a bank	10	900,000	70,000	900,000	70,000
Derivative financial assets		1	-	1	-
Financial assets at fair value through other comprehensive income	11	33,163	33,466	33,163	33,466
Financial investments at amortised cost	12	75,000	75,000	75,000	75,000
Loans and advances	13	837,613	815,906	837,613	815,906
Statutory deposit with Bank Negara Malaysia ("BNM")		13,695	14,210	13,695	14,210
Deferred tax assets		7,538	8,127	4,336	5,534
Investment in subsidiaries		-	-	51,441	51,441
Other assets	14	481,778	432,738	467,464	409,899
Property and equipment		14,842	15,206	14,501	14,847
Right-of-use assets		2,591	2,759	2,591	2,759
Intangible assets		40,805	41,206	3,152	3,462
TOTAL ASSETS		2,701,156	1,781,847	2,569,100	1,668,390
LIABILITIES AND EQUITY					
Deposits and placements of a bank	15	1,800,000	850,000	1,800,000	850,000
Derivative financial liabilities		-	4	-	4
Other liabilities	16	393,713	373,488	371,790	349,230
TOTAL LIABILITIES		2,193,713	1,223,492	2,171,790	1,199,234
Share capital		330,000	330,000	330,000	330,000
Reserves		177,443	228,355	67,310	139,156
Equity attributable to equity holder of the Bank		507,443	558,355	397,310	469,156
TOTAL LIABILITIES AND EQUITY		2,701,156	1,781,847	2,569,100	1,668,390
COMMITMENTS AND CONTINGENCIES	25	222,226	233,651	222,226	233,651
NET ASSETS PER ORDINARY SHARE (RM)		1.62	1.78	1.27	1.49

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.

AmlInvestment Bank Berhad
Registration No. 197501002220 (23742-V)
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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

Group	Note	Individual Quarter		Cumulative Quarter	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Interest income	17	17,705	14,884	17,705	14,884
Interest expense	18	(9,572)	(5,122)	(9,572)	(5,122)
Net interest income		8,133	9,762	8,133	9,762
Other operating income	19	91,526	77,254	91,526	77,254
Direct costs	20	(15,303)	(15,702)	(15,303)	(15,702)
Net income		84,356	71,314	84,356	71,314
Other operating expenses	21	(51,870)	(45,595)	(51,870)	(45,595)
Operating profit		32,486	25,719	32,486	25,719
(Allowance)/writeback of allowance for impairment on other financial assets	22	(122)	192	(122)	192
Profit before taxation		32,364	25,911	32,364	25,911
Taxation		(7,928)	(5,500)	(7,928)	(5,500)
Profit for the financial period		24,436	20,411	24,436	20,411
Basic/diluted earnings per share (sen)	23	7.8	6.5	7.8	6.5

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.

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

Group	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the financial period	24,436	20,411	24,436	20,411
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss				
Equity instruments at fair value through other comprehensive income ("FVOCI")				
Net unrealised loss on changes in fair value	(192)	(166)	(192)	(166)
Item that may be reclassified subsequently to profit or loss				
Debt instruments at FVOCI				
Net unrealised loss on changes in fair value	(134)	(89)	(134)	(89)
Tax effect	32	21	32	21
	(102)	(68)	(102)	(68)
Other comprehensive loss for the financial period	(294)	(234)	(294)	(234)
Total comprehensive income for the period	24,142	20,177	24,142	20,177

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.

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

Bank	Note	Individual Quarter		Cumulative Quarter	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Interest income	17	17,218	14,463	17,218	14,463
Interest expense	18	(9,535)	(5,087)	(9,535)	(5,087)
Net interest income		7,683	9,376	7,683	9,376
Other operating income	19	40,123	34,064	40,123	34,064
Direct costs	20	(8,074)	(7,763)	(8,074)	(7,763)
Net income		39,732	35,677	39,732	35,677
Other operating expenses	21	(34,877)	(30,327)	(34,877)	(30,327)
Operating profit		4,855	5,350	4,855	5,350
(Allowance)/writeback of allowance for impairment on other financial assets	22	(123)	192	(123)	192
Profit before taxation		4,732	5,542	4,732	5,542
Taxation		(1,230)	(1,667)	(1,230)	(1,667)
Profit for the financial period		3,502	3,875	3,502	3,875

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.

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

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the financial period	3,502	3,875	3,502	3,875
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss				
Equity instruments at fair value through other comprehensive income ("FVOCI")				
Net unrealised loss on changes in fair value	(192)	(166)	(192)	(166)
Item that may be reclassified subsequently to profit or loss				
Debt instruments at FVOCI				
Net unrealised loss on changes in fair value	(134)	(89)	(134)	(89)
Tax effect	32	21	32	21
	(102)	(68)	(102)	(68)
Other comprehensive loss for the financial period	(294)	(234)	(294)	(234)
Total comprehensive income for the period	3,208	3,641	3,208	3,641

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.

AInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	←-----Attributable to equity holder of the Bank----->						
	Non-distributable					Distributable	
Group	Share capital RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2022	330,000	2,815	8,457	82,115	1,703	144,979	570,069
Profit for the financial period	-	-	-	-	-	20,411	20,411
Other comprehensive loss	-	-	-	-	(234)	-	(234)
Total comprehensive (loss)/income for the period	-	-	-	-	(234)	20,411	20,177
Transfer to regulatory reserve	-	-	112	-	-	(112)	-
Dividends	-	-	-	-	-	(94,211)	(94,211)
Transactions with owner and other equity movements	-	-	112	-	-	(94,323)	(94,211)
At 30 June 2022	330,000	2,815	8,569	82,115	1,469	71,067	496,035
At 1 April 2023	330,000	2,815	10,478	82,115	2,259	130,688	558,355
Profit for the financial period	-	-	-	-	-	24,436	24,436
Other comprehensive loss	-	-	-	-	(294)	-	(294)
Total comprehensive (loss)/income for the period	-	-	-	-	(294)	24,436	24,142
Transfer to regulatory reserve	-	-	141	-	-	(141)	-
Dividends	-	-	-	-	-	(75,054)	(75,054)
Transactions with owner and other equity movements	-	-	141	-	-	(75,195)	(75,054)
At 30 June 2023	330,000	2,815	10,619	82,115	1,965	79,929	507,443

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.

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

Bank	<-----Attributable to equity holder of the Bank----->				
	Non-distributable			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2022	330,000	8,457	1,703	139,315	479,475
Profit for the financial period	-	-	-	3,875	3,875
Other comprehensive loss	-	-	(234)	-	(234)
Total comprehensive (loss)/income for the period	-	-	(234)	3,875	3,641
Transfer to regulatory reserve	-	112	-	(112)	-
Dividends	-	-	-	(94,211)	(94,211)
Transactions with owner and other equity movements	-	112	-	(94,323)	(94,211)
At 30 June 2022	330,000	8,569	1,469	48,867	388,905
At 1 April 2023	330,000	10,478	2,259	126,419	469,156
Profit for the financial period	-	-	-	3,502	3,502
Other comprehensive loss	-	-	(294)	-	(294)
Total comprehensive (loss)/income for the period	-	-	(294)	3,502	3,208
Transfer to regulatory reserve	-	141	-	(141)	-
Dividends	-	-	-	(75,054)	(75,054)
Transactions with owner and other equity movements	-	141	-	(75,195)	(75,054)
At 30 June 2023	330,000	10,619	1,965	54,726	397,310

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.

AmlInvestment Bank Berhad
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit before taxation	32,364	25,911	4,732	5,542
Adjustments for non-operating and non cash items	622	(47)	665	21
Operating profit before working capital changes	32,986	25,864	5,397	5,563
Change in operating assets	(968,073)	198,808	(974,007)	186,605
Change in operating liabilities	970,376	(120,661)	972,713	(112,703)
Cash generated from operations	35,289	104,011	4,103	79,465
Tax paid	(8,867)	(11,738)	(4,329)	(6,209)
Net cash generated from/(used in) operating activities	26,422	92,273	(226)	73,256
Net cash used in investing activities	(286)	(938)	(262)	(270)
Net cash used in financing activities	(75,234)	(170)	(75,234)	(170)
Net (decrease)/increase in cash and cash equivalents	(49,098)	91,165	(75,722)	72,816
Cash and cash equivalents at beginning of the financial period	343,229	278,842	241,866	176,597
Cash and cash equivalents at end of the financial period (Note 1)	294,131	370,007	166,144	249,413
Note 1:				
Cash and short term funds	294,130	370,005	166,143	249,411
Add:				
Allowances for expected credit losses	1	2	1	2
Cash and cash equivalents at end of the financial period	294,131	370,007	166,144	249,413

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.

EXPLANATORY NOTES :

1. 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”). These financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

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

1.1 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 these 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:

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.

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.

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.

1. BASIS OF PREPARATION (CONT'D.)

1.1 Significant Accounting Policies (Cont'd.)

Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*) (Cont'd.)

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.

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.

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.

1.2 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
- 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 new amendments to published standards that are issued but not yet effective are described below. The Group and the Bank are assessing the financial effects of their adoption.

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.

1. BASIS OF PREPARATION (CONT'D.)

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

Amendments to published standards effective for financial year ending 31 March 2025 (Cont'd.)

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.

1.3 Significant Accounting judgements, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on 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 and 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.

2. AUDIT QUALIFICATION

There was no audit qualification in the audited annual financial statements for the year ended 31 March 2023.

3. 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.

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

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

5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter and period ended 30 June 2023.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Group and the Bank have not issued any new shares or debentures during the financial quarter and period.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Group and the Bank during the financial quarter and period.

7. DIVIDENDS

The final single-tier dividend of 23.90 sen per ordinary share on 314,035,088 ordinary shares was declared on 26 April 2023 amounting to RM75,054,386 in respect of financial year ended 31 March 2023 and was paid by the Bank on 16 June 2023.

The directors do not recommend the payment of any dividend in respect of the current financial period ended 30 June 2023.

9. CASH AND SHORT TERM FUNDS

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Cash and bank balances	95,485	91,705	68,304	65,097
Deposit placements maturing within one month:				
Licensed banks	149,656	165,755	48,850	91,000
Bank Negara Malaysia	33,000	-	33,000	-
Other financial institutions	15,990	15,769	15,990	15,769
	<u>294,131</u>	<u>273,229</u>	<u>166,144</u>	<u>171,866</u>
Less: Allowances for ECL				
- Stage 1 -12-month ECL	(1)	-	(1)	-
	<u>294,130</u>	<u>273,229</u>	<u>166,143</u>	<u>171,866</u>

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
At 30 June 2023			
Balance at beginning of the financial period	-	-	-
Net remeasurement of allowances	1	-	1
Balance at end of the financial period	<u>1</u>	<u>-</u>	<u>1</u>
At 31 March 2023			
Balance at beginning of the financial year	2	-	2
Net remeasurement of allowances	(2)	-	(2)
Balance at end of the financial year	<u>-</u>	<u>-</u>	<u>-</u>

10. DEPOSITS AND PLACEMENTS WITH A BANK

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Licensed bank, a related company	900,000	70,000
	<u>900,000</u>	<u>70,000</u>
Of which deposit and placements with original maturity of:		
Three months or less	-	70,000
More than three months	900,000	-
	<u>900,000</u>	<u>70,000</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
At Fair value		
Money Market Instruments:		
Malaysian Government Securities	30,369	30,480
Unquoted Securities:		
In Malaysia:		
Shares	2,766	2,960
Outside Malaysia:		
Shares	28	26
	<u>33,163</u>	<u>33,466</u>

12. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
At Amortised Cost:		
Unquoted Securities in Malaysia:		
Sukuk	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

13. LOANS AND ADVANCES

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
At Amortised Cost		
Share margin financing	831,022	809,495
Revolving credits	6,171	5,974
Staff loans	421	438
Gross loans and advances	<u>837,614</u>	<u>815,907</u>
Less: Allowance for impairment on loans and advances		
Allowances for ECL		
Stage 1 - 12 months expected credit loss ("ECL")	(1)	(1)
Net loans and advances	<u>837,613</u>	<u>815,906</u>

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

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Domestic business enterprises:		
Small medium enterprises	35,827	35,119
Others	3,874	12,339
Individuals	791,838	762,555
Foreign individuals and entities	6,075	5,894
	<u>837,614</u>	<u>815,907</u>

(b) All loans and advances reside in Malaysia.

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

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Fixed rate		
Other fixed rate loans	831,022	809,495
	<u>831,022</u>	<u>809,495</u>
Variable rate:		
Base rate and base lending rate plus	421	438
Cost-plus	6,171	5,974
	<u>6,592</u>	<u>6,412</u>
	<u>837,614</u>	<u>815,907</u>

13. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Agriculture	359	368
Manufacturing	1	-
Construction	2,013	2,014
Wholesale and retail trade and hotels and restaurant	5,682	6,990
Transport, storage and communication	13,959	13,467
Real estate	957	1,646
Business activities	6,982	7,134
Education and health	9,748	9,705
Household, of which:		
Purchase of residential properties	421	438
Purchase of securities	797,492	774,145
	<u>837,614</u>	<u>815,907</u>

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

	Group and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Maturing within one year	837,244	815,525
Over one year to three years	78	83
Over three years to five years	80	81
Over five years	212	218
	<u>837,614</u>	<u>815,907</u>

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

Group and Bank	Stage 1
At 30 June 2023	12-Month
	ECL
	RM'000
Balance at the beginning/end of the financial period	<u>1</u>
At 31 March 2023	
Balance at beginning/end of the financial year	<u>1</u>

14. OTHER ASSETS

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Trade receivables	285,007	271,463	274,126	258,546
Other receivables, deposits and prepayments	33,030	29,355	17,966	15,090
Interest receivable	2,408	960	2,408	960
Tax recoverable	43,445	39,111	43,364	39,035
Margin deposits	120,456	95,400	120,456	95,400
Amount due from:				
Subsidiaries	-	-	11,406	3,679
Other related companies	1,142	472	1,143	472
	<u>485,488</u>	<u>436,761</u>	<u>470,869</u>	<u>413,182</u>
Less:				
Allowances for impairment	(3,710)	(4,023)	(3,405)	(3,283)
	<u>481,778</u>	<u>432,738</u>	<u>467,464</u>	<u>409,899</u>

15. DEPOSITS AND PLACEMENTS OF A BANK

The deposit placed with the Bank is by a related company.

16. OTHER LIABILITIES

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Trade payables	309,782	294,138	309,782	294,138
Other payables and accruals	49,454	53,875	32,592	33,928
Interest payable	16,934	7,988	16,934	7,988
Provision for commitments and contingencies	173	173	173	173
Lease liabilities	2,707	2,864	2,707	2,864
Provision for reinstatement of leased properties	305	304	305	304
Amount due to related companies	14,358	14,146	9,297	9,835
	<u>393,713</u>	<u>373,488</u>	<u>371,790</u>	<u>349,230</u>

17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash and short-term funds	4,271	5,082	4,271	5,082
Financial investments at fair value through other comprehensive income	315	137	315	137
Financial investments at amortised cost	780	780	780	780
Loans and advances	11,995	8,601	11,995	8,601
Others	344	284	344	284
	17,705	14,884	17,705	14,884

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash and short-term funds	3,784	4,661	3,784	4,661
Financial investments at fair value through other comprehensive income	315	137	315	137
Financial investments at amortised cost	780	780	780	780
Loans and advances	11,995	8,601	11,995	8,601
Others	344	284	344	284
	17,218	14,463	17,218	14,463

18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Deposits and placements of a bank	9,361	4,918	9,361	4,918
Others	211	204	211	204
	9,572	5,122	9,572	5,122

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Deposits and placements of a bank	9,361	4,918	9,361	4,918
Others	174	169	174	169
	9,535	5,087	9,535	5,087

19. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Fee and commission income:				
Fee and commission income that are provided over time:				
Corporate advisory	4,665	3,450	4,665	3,450
Fees on loans and securities				
Agency fees	804	802	804	802
Other loans and securities related fees	1,216	853	1,216	853
Portfolio management fees	15,985	6,304	15,985	6,304
Unit trust management fees	34,637	33,950	34,637	33,950
Wealth management fees	2,311	4,164	2,311	4,164
Fee and commission income from providing transaction services:				
Brokerage fees and commission	14,609	14,002	14,609	14,002
Corporate advisory	825	150	825	150
Fees on loans and securities				
Arrangement and upfront fees	6,358	572	6,358	573
Other loans and securities related fees	1,196	187	1,196	186
Portfolio management fees	2,154	3,965	2,154	3,965
Underwriting commission	-	2,332	-	2,332
Unit trust service charges	2,620	3,016	2,620	3,016
Placement fees	1,562	600	1,562	600
Other fee and commission income	958	1,310	958	1,310
	<u>89,900</u>	<u>75,657</u>	<u>89,900</u>	<u>75,657</u>
Investment and trading income:				
Net foreign exchange gain	992	1,008	992	1,008
	<u>992</u>	<u>1,008</u>	<u>992</u>	<u>1,008</u>
Other income:				
Net loss on disposal of property and equipment	-	(30)	-	(30)
Non-trading foreign exchange loss	(1)	(8)	(1)	(8)
Rental income	587	587	587	587
Others	48	40	48	40
	<u>634</u>	<u>589</u>	<u>634</u>	<u>589</u>
	<u>91,526</u>	<u>77,254</u>	<u>91,526</u>	<u>77,254</u>

19. OTHER OPERATING INCOME (CONT'D.)

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Fee and commission income:				
Fee and commission income that are provided over time:				
Corporate advisory	4,665	3,450	4,665	3,450
Fees on loans and securities				
Agency fees	804	802	804	802
Other loans and securities related fees	1,216	853	1,216	853
Portfolio management fees	236	306	236	306
Wealth management fees	4,095	3,929	4,095	3,929
Fee and commission income from providing transaction services:				
Brokerage fees and commission	14,609	14,002	14,609	14,002
Corporate advisory	825	150	825	150
Fees on loans and securities				
Arrangement and upfront fees	6,358	572	6,358	573
Other loans and securities related fees	1,196	187	1,196	186
Underwriting commission	-	2,332	-	2,332
Wealth management fees	2,158	3,982	2,158	3,982
Placement fees	1,562	600	1,562	600
Other fee and commission income	1,077	1,488	1,077	1,488
	38,801	32,653	38,801	32,653
Investment and trading income:				
Net foreign exchange gain	690	821	690	821
	690	821	690	821
Other income:				
Net loss on disposal of property and equipment	-	(30)	-	(30)
Rental income	589	589	589	589
Others	43	31	43	31
	632	590	632	590
	40,123	34,064	40,123	34,064

20. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Brokerage commission	5,413	4,536	5,413	4,536
Unit trust commission	7,229	7,939	7,229	7,939
Others	2,661	3,227	2,661	3,227
	15,303	15,702	15,303	15,702
Bank				
Brokerage commission	5,413	4,536	5,413	4,536
Others	2,661	3,227	2,661	3,227
	8,074	7,763	8,074	7,763

21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Personnel costs				
- Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	4,035	3,408	4,035	3,408
- Salaries, allowances and bonuses	24,846	21,612	24,846	21,612
- Share granted under AMMB Executives' Share Scheme ("ESS") - charge	502	124	502	124
- Social security costs	154	125	154	125
- Others	1,670	2,255	1,670	2,255
	<u>31,207</u>	<u>27,524</u>	<u>31,207</u>	<u>27,524</u>
Establishment costs				
- Amortisation of intangible assets	388	218	388	218
- Cleaning, maintenance and security	620	460	620	460
- Computerisation costs	2,519	1,996	2,519	1,996
- Depreciation of property and equipment	435	448	435	448
- Depreciation of right-of-use asset	168	159	168	159
- Finance costs:				
- interest on lease liability	22	26	22	26
- provision for reinstatement of leased properties	1	1	1	1
- Rental of premises	1,545	1,725	1,545	1,725
- Others	169	182	169	182
	<u>5,867</u>	<u>5,215</u>	<u>5,867</u>	<u>5,215</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	143	104	143	104
- Sales commission	7	5	7	5
- Travelling and entertainment	207	155	207	155
- Communication expenses	259	331	259	331
- Others	144	135	144	135
	<u>760</u>	<u>730</u>	<u>760</u>	<u>730</u>
Administration and general expenses				
- Professional fees	3,206	3,059	3,206	3,059
- Travelling	79	106	79	106
- Others	3,620	3,179	3,620	3,179
	<u>6,905</u>	<u>6,344</u>	<u>6,905</u>	<u>6,344</u>
Service transfer pricing - expense, net	7,131	5,782	7,131	5,782
	<u>51,870</u>	<u>45,595</u>	<u>51,870</u>	<u>45,595</u>

21. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Personnel costs				
- Contributions to EPF/Private Retirement Schemes	2,724	2,276	2,724	2,276
- Salaries, allowances and bonuses	16,741	14,495	16,741	14,495
- Share granted under AMMB ESS - charge	375	136	375	136
- Social security costs	100	82	100	82
- Others	1,068	1,813	1,068	1,813
	<u>21,008</u>	<u>18,802</u>	<u>21,008</u>	<u>18,802</u>
Establishment costs				
- Amortisation of intangible assets	292	144	292	144
- Cleaning, maintenance and security	589	439	589	439
- Computerisation costs	2,301	1,970	2,301	1,970
- Depreciation of property and equipment	397	398	397	398
- Depreciation of right-of-use asset	168	159	168	159
- Finance costs:				
- interest on lease liability	22	27	20	27
- provision for reinstatement of leased properties	1	-	3	-
- Rental of premises	1,225	1,303	1,225	1,303
- Others	154	164	154	164
	<u>5,149</u>	<u>4,604</u>	<u>5,149</u>	<u>4,604</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	57	37	57	37
- Sales commission	7	5	7	5
- Travelling and entertainment	180	147	180	147
- Communication expenses	190	243	190	243
- Others	139	83	139	83
	<u>573</u>	<u>515</u>	<u>573</u>	<u>515</u>
Administration and general expenses				
- Professional fees	484	349	484	349
- Travelling	74	102	74	102
- Others	1,547	1,450	1,547	1,450
	<u>2,105</u>	<u>1,901</u>	<u>2,105</u>	<u>1,901</u>
Service transfer pricing - expense, net	<u>6,042</u>	<u>4,505</u>	<u>6,042</u>	<u>4,505</u>
	<u>34,877</u>	<u>30,327</u>	<u>34,877</u>	<u>30,327</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Cash and short term funds	(1)	-	(1)	-
Other assets	(121)	192	(121)	192
	<u>(122)</u>	<u>192</u>	<u>(122)</u>	<u>192</u>
Bank				
Cash and short term funds	(1)	-	(1)	-
Other assets	(122)	192	(122)	192
	<u>(123)</u>	<u>192</u>	<u>(123)</u>	<u>192</u>

23. BASIC/DILUTED EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Group				
Net profit attributable to shareholder of the Group (RM'000)	<u>24,436</u>	<u>20,411</u>	<u>24,436</u>	<u>20,411</u>
Weighted average number of ordinary shares in issue ('000)	<u>314,035</u>	<u>314,035</u>	<u>314,035</u>	<u>314,035</u>
Basic/diluted earnings per share (sen)	<u>7.8</u>	<u>6.5</u>	<u>7.8</u>	<u>6.5</u>

24. 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 segment and to assess its performance. The division forms the basis on which the Group reports its segment information.

i. The Group comprises the following main business segments:

(a) Investment banking

The Investment Banking division of the Group offers a full range of investment banking solutions and services, encompassing the following business segments:

- (i) Equity Markets – provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities and futures both online and offline.
- (ii) Fund Management – comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AMMB Group.
- (iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.
- (v) Debt Markets – provides debt financing solutions to clients through a wide array of products which include conventional corporate bonds and Islamic sukuk, loan syndication, capital and project advisory as well as structured finance and securitization deals.
- (vi) Others – other Investment Banking supporting function within the Group.

(b) Group Funding and Others

Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

ii. Measurement of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses 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 fee 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 to conform with current business realignment.

24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 June 2023 Group	Investment Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Debt Markets RM'000	Others RM'000		
External net income	24,246	45,280	6,037	4,698	10,022	-	(5,927)	84,356
Intersegments net income	(8,845)	-	(40)	8	(57)	28	8,906	-
Net income	15,401	45,280	5,997	4,706	9,965	28	2,979	84,356
Net interest income/(expense)	4,891	444	23	8	(57)	28	2,796	8,133
Other operating income, net of direct costs	10,510	44,836	5,974	4,698	10,022	-	183	76,223
Net income	15,401	45,280	5,997	4,706	9,965	28	2,979	84,356
Other operating expenses	(8,739)	(17,685)	(5,846)	(4,631)	(3,307)	(6,527)	(5,135)	(51,870)
of which:								
<i>Depreciation of property and equipment</i>	(131)	(38)	(25)	(12)	(6)	(13)	(210)	(435)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(168)	(168)
<i>Amortisation of intangible assets</i>	(90)	(95)	(17)	(304)	(1)	151	(32)	(388)
Operating profit/(loss)	6,662	27,595	151	75	6,658	(6,499)	(2,156)	32,486
Net writeback of allowance/(allowance) for other financial assets	1	2	-	237	(360)	-	(2)	(122)
Profit/(loss) before taxation	6,663	27,597	151	312	6,298	(6,499)	(2,158)	32,364
Taxation	(1,599)	(6,689)	(36)	(75)	(1,512)	1,561	422	(7,928)
Profit/(loss) for the period	5,064	20,908	115	237	4,786	(4,938)	(1,736)	24,436
Other information:								
Total segment assets	1,288,398	156,374	7,732	4,871	6,370	224	1,237,187	2,701,156
Total segment liabilities	313,748	33,074	1,240	2,168	3,349	2,646	1,837,488	2,193,713
Cost to income ratio	56.7%	39.1%	97.5%	98.4%	33.2%	>100%	>100%	61.5%
Gross loans and advances	831,022	-	6,171	-	-	-	421	837,614
Net loans and advances	831,022	-	6,171	-	-	-	420	837,613
Total deposits and placements	-	-	-	-	-	-	1,800,000	1,800,000
Additions to:								
Property and equipment	33	20	3	1	-	-	24	81
Intangible assets	111	3	-	-	-	54	36	204

24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 June 2022 Group	Investment Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Debt Markets RM'000	Others RM'000		
External net income	21,198	36,348	7,640	5,351	1,640	5	(868)	71,314
Intersegments net income	(3,928)	-	(39)	5	(27)	7	3,982	-
Net income	17,270	36,348	7,601	5,356	1,613	12	3,114	71,314
Net interest income	6,922	381	23	4	(27)	8	2,451	9,762
Other operating income, net of direct costs	10,348	35,967	7,578	5,352	1,640	4	663	61,552
Net income	17,270	36,348	7,601	5,356	1,613	12	3,114	71,314
Other operating expenses	(11,919)	(16,020)	(5,620)	(3,192)	(2,653)	(2,445)	(3,746)	(45,595)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(126)	(50)	(25)	(13)	(9)	(12)	(214)	(449)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	(159)	(159)
<i>Amortisation of intangible assets</i>	(104)	(74)	(22)	(2)	(1)	(12)	(3)	(218)
Operating profit/(loss)	5,351	20,328	1,981	2,164	(1,040)	(2,433)	(632)	25,719
Net writeback of allowance for other financial assets	64	-	-	128	-	-	-	192
Profit/(loss) before taxation	5,415	20,328	1,981	2,292	(1,040)	(2,433)	(632)	25,911
Taxation	(1,299)	(3,831)	(475)	(550)	250	583	(178)	(5,500)
Profit/(loss) for the period	4,116	16,497	1,506	1,742	(790)	(1,850)	(810)	20,411
Other information:								
Total segment assets	1,271,281	151,276	9,638	3,090	1,126	786	714,706	2,151,903
Total segment liabilities	563,407	30,886	1,903	(341)	2,628	508	1,056,877	1,655,868
Cost to income ratio	69.0%	44.1%	73.9%	59.6%	>100%	>100%	>100%	63.9%
Gross loans and advances	615,870	-	7,332	-	-	-	488	623,690
Net loans and advances	615,870	-	7,332	-	-	-	487	623,689
Total deposits and placements	-	-	-	-	-	-	930,000	930,000
Additions to:								
Property and equipment	50	667	2	5	-	8	10	742
Intangible assets	90	-	-	-	-	8	156	254

25. 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 and Bank	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	221,689	232,402
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	537	1,249
	<u>222,226</u>	<u>233,651</u>

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

8.4% (31 March 2023 : 8.9%) 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.

There was no transfer between Level 1 and Level 2 during the current financial quarter and previous financial year for the Group and the Bank.

26. 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.

30 June 2023	< ----- Group and Bank ----- >			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value				
Derivative financial assets	1	-	-	1
Financial investments at fair value through other comprehensive income				
- Money market securities	-	30,369	-	30,369
- Unquoted shares	-	-	2,794	2,794
	<u>1</u>	<u>30,369</u>	<u>2,794</u>	<u>33,164</u>

31 March 2023	< ----- Group and Bank ----- >			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value				
Financial investments at fair value through other comprehensive income				
- Money market securities	-	30,480	-	30,480
- Unquoted shares	-	-	2,986	2,986
	<u>-</u>	<u>30,480</u>	<u>2,986</u>	<u>33,466</u>
Liability measured at fair value				
Derivative financial liabilities	4	-	-	4

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

Movements In Level 3 financial instruments measured at fair value

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

	Equity instruments at fair value through other comprehensive income	
	30 June	31 March
	2023	2023
	RM'000	RM'000
Group and Bank		
At beginning of the financial period/year	2,986	3,152
Unrealised loss on changes in fair value taken up in statement of comprehensive income	(192)	(166)
At end of the financial period/year	2,794	2,986

Total loss or gain included in the statement of comprehensive income for financial instruments held at the end of reporting period/year:

30 June	31 March
2023	2023
RM'000	RM'000

Financial investments at fair value through other comprehensive income

Unrealised loss in fair value reserve	(192)	(166)
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There were no transfers between Level 2 and Level 3 financial instruments 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 assumptions.

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

27. CAPITAL ADEQUACY

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

Under transitional arrangement (Note (i))	Group	Bank
As at 30 June 2023		
Common Equity Tier 1 ("CET1") Capital Ratio	27.064%	25.752%
Tier 1 Capital Ratio	27.064%	25.752%
Total Capital Ratio	27.745%	26.595%
As at 31 March 2023		
Before deducting proposed dividends:		
CET1 Capital Ratio	40.806%	43.205%
Tier 1 Capital Ratio	40.806%	43.205%
Total Capital Ratio	41.427%	43.993%
After deducting proposed dividends:		
CET1 Capital Ratio	34.646%	35.067%
Tier 1 Capital Ratio	34.646%	35.067%
Total Capital Ratio	35.267%	35.856%

Notes:

- (i) The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II – Risk Weighted Assets) issued on 3 May 2019. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, the capital ratios had been computed by applying transitional arrangements. Under the transitional arrangements, the Group and the Bank are allowed to add back the amount of loss allowance for non credit impaired exposure (ie: stage 1 and stage 2 provision) to CET1 Capital. Had the transitional arrangements not been applied, the impact to the capital ratios of the Group and the Bank is not material.

- (ii) Pursuant to the BNM's guidelines on Capital Adequacy Framework (Capital Components) issued, a financial institution is required to hold and maintain, at all times, minimum capital adequacy ratios at 4.5% for CET1 Capital, 6.0% for Tier 1 Capital and 8.0% for Total Capital Ratio. In addition, a financial institution is also required to hold and maintain capital buffers in the form of CET1 Capital above the minimum CET1 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 banking institution 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 for exposures in Malaysia; and
 - (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("DSIB").

27. CAPITAL ADEQUACY (CONT'D.)

(b) The components of CET1, Tier 2 Capital and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
CET1 Capital				
Share capital	330,000	330,000	330,000	330,000
Retained earnings	55,493	130,688	51,224	126,419
Fair value reserve	1,965	2,259	1,965	2,259
Regulatory reserve	10,619	10,478	10,619	10,478
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	82,115	-	-
Less : Regulatory adjustments applied on CET 1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangible assets	(4,363)	(4,764)	(3,152)	(3,462)
Deferred tax assets	(7,850)	(8,257)	(4,649)	(5,664)
55% of Fair value reserve	(1,081)	(1,243)	(1,081)	(1,243)
Regulatory reserve	(10,619)	(10,478)	(10,619)	(10,478)
Investments in capital instruments of unconsolidated financial entities	-	-	(49,809)	(49,809)
Other CET1 regulatory adjustments specified by the BNM	4	1	4	1
CET1 Capital/Tier 1 Capital	422,656	497,172	324,502	398,501
Tier 2 Capital				
General provisions*	10,626	7,564	10,626	7,276
Tier 2 Capital	10,626	7,564	10,626	7,276
Total Capital	433,282	504,736	335,128	405,777

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

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

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Credit RWA	928,460	605,137	908,680	582,070
Market RWA	13,754	13,661	5,261	6,231
Operational RWA	619,462	599,570	346,165	334,056
Total RWA	1,561,676	1,218,368	1,260,106	922,357

29. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2023

The Group's profit before taxation for the three months ended 30 June 2023 of RM32.4 million was higher mainly due to higher portfolio management fees, arrangement and upfront fees, corporate advisory fees, other loan and securities related fees offset by lower underwriting commission and wealth management fees and higher personnel and service transfer pricing expenses.

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

30. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2024 ("FY24")

Malaysia's economy expanded by 2.9% in the second quarter of 2023, a slower pace compared to the previous quarter's 5.6% growth. The slowdown was due to a combination of slowing external trade and slower-than-expected domestic demand growth. The manufacturing sector, a significant contributor to the economy, also grew marginally by 0.1%. However, domestic-oriented sectors such as services and private consumption continued to support growth. In comparison with other ASEAN peers, Malaysia's growth was lower than Indonesia's (5.2%) and the Philippines' (4.3%), while Singapore had the slowest growth at 0.5%.

We expect the economic situation for the remainder of the year until the early part of 2024 will continue to remain challenging, 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, interest rates are likely to stay elevated at least until the mid of 2024 as tight labour market means that inflation is likely to continue to decline at slower pace. In the United Kingdom and Europe Area, a similar battle where the central banks of these economies need to balance between steep interest rate hikes and economic growth. In China, economic performance has been disappointing throughout the year, where the latest second quarter of 2023 Gross Domestic Product ("GDP") grew by 6.3%, below of market's expectation of 7.2%.

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 2.3% in July 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 improving. As for the external front, global economic pessimism is expected to lead to slower trading activities. The impact of higher interest rates has notably affected the tech sector. We now expect the Malaysia's economy to grow by 4.0% in 2023.

In the Malaysia's banking industry, the overall outstanding loans grew at a slower pace by 4.4% year-on-year ("yoy") in June 2023 (May 2023: 4.8%). While the non-household segment loans expanded slower at 3.0%, household loans remained healthy at 5.3%. 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 155.3% in June 2023 (May 2023: 151.0%). The funding profile was also well-diversified with June 2023's loan-to-fund ratio and loan-to-fund-and-equity ratio at 81.6% and 70.9%, respectively (May 2023: 81.8% and 71.0%, 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 do not see any urgency for the interest rates to be increased higher from this point forward. Based on the latest data, core inflation reading was at 3.1% in June 2023, continuing its downward trend after peaking at 4.2% in November 2022. Services inflation is also on a downward trend, declining to 3.9% yoy (April 2023: 3.6% yoy). We are now looking at the lower inflation forecast of 2.7 to 3.2%. Due to these factors, the OPR is likely to stay at 3.00% for the remainder of 2023. Nevertheless, future rate hikes should not be fully discounted although it is not our baseline view. One indicator to watch is the oil price, which is trading at around USD86/barrel, which has been on its upward trend since late-June 2023.

The Group's growth for the remainder of FY24 is expected to be moderate with the weakening of the Ringgit and the interest rate hike. The volatility seen in the beginning of FY24 against the global liquidity squeeze triggered by the global banking crisis is expected to stabilize in second half of FY24.

On the back of this, the Malaysian financial capital markets are expected to remain positive in FY24. Activities across Corporate Finance, Debt Markets, Equity Capital and Mergers & Acquisitions are expected to pick up pace, supported by a recovery in economic activities. Government has implemented a number of measures to support businesses to create a more favourable environment for businesses to access financing, which will also see more demand for capital market services.

30. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2024 ("FY24") (CONT'D.)

With an encouraging performance for the first quarter of FY24, Funds Management is expected to continue this trajectory mainly driven by institutional and corporate flows. In line with the group's commitment in sustainability, we will continue to launch Environmental, Social and Governance ("ESG") - related funds as well as advising our clients to issue Sustainability sukuk.

On Equity market, we expect Bursa volume and value continue to be lacklustre for the remainder of the year hence growth in brokerage income will continue to be challenging. Our focus continues to be growing our margin loans portfolio in order to improve net interest income.

Despite the headwinds, the Group expects to show resilience of its performance as it continues to push growth in its revenue whilst practicing cost discipline.

31. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

32. EVENTS SUBSEQUENT TO REPORTING DATE

There were no other significant events subsequent to the reporting date that require disclosure or adjustment in the condensed interim financial statements.