

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

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	Group		Company	
		30.06.2022 RM'000	31.03.2022 RM'000	30.06.2022 RM'000	31.03.2022 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A8	11,435,076	13,221,099	713,456	717,660
Deposits and placements with banks and other financial institutions	A9	1,563,072	1,301,449	-	-
Derivative financial assets	A32	1,082,469	821,373	-	-
Financial assets at fair value through profit or loss	A10	9,849,181	7,216,560	1,134	1,128
Financial investments at fair value through other comprehensive income	A11	19,327,349	18,756,757	-	-
Financial investments at amortised cost	A12	10,368,116	9,037,766	-	-
Loans, advances and financing	A13	118,267,888	118,065,685	-	-
Statutory deposits with Bank Negara Malaysia		466,298	376,523	-	-
Deferred tax assets		231,522	218,551	-	-
Investments in subsidiaries and other investments		-	-	10,857,350	10,857,350
Investments in associates and joint ventures		604,706	604,542	-	-
Other assets	A14	3,017,616	2,885,319	95,506	11,615
Reinsurance assets and other insurance receivables	A15	560,091	580,705	-	-
Property and equipment		172,311	180,968	23	-
Right-of-use assets		214,467	189,372	-	-
Intangible assets		1,390,619	1,399,912	-	-
Assets held for sale		2,324	2,324	-	-
<b>TOTAL ASSETS</b>		<b>178,553,105</b>	<b>174,858,905</b>	<b>11,667,469</b>	<b>11,587,753</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A16	121,392,770	122,592,850	-	-
Investment accounts of customers		50,974	377,861	-	-
Deposits and placements of banks and other financial institutions	A17	11,985,147	9,894,585	-	-
Securities sold under repurchase agreements		5,212,113	1,582,717	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		7,650,016	8,375,023	-	-
Derivative financial liabilities	A32	984,750	803,563	-	-
Term funding		1,908,924	1,880,097	-	-
Debt capital		4,395,000	4,395,000	-	-
Deferred tax liabilities		7,399	8,093	-	-
Other liabilities	A18	4,085,456	4,302,862	531,616	533,827
Insurance contract liabilities and other insurance payables	A19	2,649,224	2,687,361	-	-
<b>Total Liabilities</b>		<b>160,321,773</b>	<b>156,900,012</b>	<b>531,616</b>	<b>533,827</b>
Share capital		6,776,240	6,776,240	6,372,870	6,372,870
Treasury shares		(12,447)	(11,041)	(12,447)	(11,041)
Reserves		10,253,691	9,994,593	4,775,430	4,692,097
Equity attributable to equity holders of the Company		17,017,484	16,759,792	11,135,853	11,053,926
Non-controlling interests		1,213,848	1,199,101	-	-
<b>Total Equity</b>		<b>18,231,332</b>	<b>17,958,893</b>	<b>11,135,853</b>	<b>11,053,926</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>178,553,105</b>	<b>174,858,905</b>	<b>11,667,469</b>	<b>11,587,753</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A31	<b>115,795,043</b>	<b>122,661,380</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>5.14</b>	<b>5.06</b>	<b>3.36</b>	<b>3.34</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2022.

**AMMB HOLDINGS BERHAD**  
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**(Incorporated in Malaysia)**  
**Condensed Financial Statements**

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2022	30.06.2021 (Restated)	30.06.2022	30.06.2021 (Restated)
		RM'000	RM'000	RM'000	RM'000
Interest income	A20	1,075,176	1,005,362	1,075,176	1,005,362
Interest expense	A21	(476,647)	(436,735)	(476,647)	(436,735)
Net interest income		598,529	568,627	598,529	568,627
Net income from Islamic banking		282,806	280,836	282,806	280,836
Income from insurance business		340,304	343,982	340,304	343,982
Insurance claims and commissions		(210,895)	(213,153)	(210,895)	(213,153)
Net income from insurance business	A22	129,409	130,829	129,409	130,829
Other operating income	A23	147,920	231,344	147,920	231,344
Share in results of associates and joint ventures		2,854	26,216	2,854	26,216
Net income		1,161,518	1,237,852	1,161,518	1,237,852
Other operating expenses	A24	(543,661)	(494,599)	(543,661)	(494,599)
Operating profit before impairment losses		617,857	743,253	617,857	743,253
Allowances for impairment on loans, advances and financing	A25	(60,062)	(188,891)	(60,062)	(188,891)
(Allowances for)/Writeback of impairment on:					
Financial investments	A26	(112)	(5,068)	(112)	(5,068)
Insurance receivables		1,996	219	1,996	219
Other financial assets	A26	599	(540)	599	(540)
Provision for commitments and contingencies - charge		(6,344)	(4,248)	(6,344)	(4,248)
Other recoveries/(write-offs), net		8	(68)	8	(68)
Impairment of investment in associate		-	(4,625)	-	(4,625)
Profit before taxation and zakat		553,942	540,032	553,942	540,032
Taxation and zakat	B5	(119,996)	(117,841)	(119,996)	(117,841)
<b>Profit for the financial period</b>		<b>433,946</b>	<b>422,191</b>	<b>433,946</b>	<b>422,191</b>
Attributable to:					
Equity holders of the Company		419,199	386,604	419,199	386,604
Non-controlling interests		14,747	35,587	14,747	35,587
<b>Profit for the financial period</b>		<b>433,946</b>	<b>422,191</b>	<b>433,946</b>	<b>422,191</b>
<b>EARNINGS PER SHARE (SEN)</b>	B10				
Basic/Diluted		12.66	11.86	12.66	11.86

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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Profit for the financial period	433,946	422,191	433,946	422,191
<b>Other comprehensive (loss)/income:</b>				
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>				
Remeasurement of defined benefit liability	-	(886)	-	(886)
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised (loss)/gain on changes in fair value	(6,530)	2,903	(6,530)	2,903
Tax effect relating to components of other comprehensive income				
- defined benefit liability	-	213	-	213
- financial investments at FVOCI	(30)	-	(30)	-
	<u>(6,560)</u>	<u>2,230</u>	<u>(6,560)</u>	<u>2,230</u>
<b>Items that may be reclassified subsequently to statement of profit or loss</b>				
Currency translation gain on foreign operations	12,581	504	12,581	504
Cash flow hedge				
- gain arising during the financial period	-	564	-	564
- amortisation of fair value changes for terminated hedges	1,576	2,771	1,576	2,771
Financial investments at FVOCI				
- net unrealised (loss)/gain on changes in fair value	(214,216)	49,068	(214,216)	49,068
- net gain reclassified to profit or loss	(83)	(1,549)	(83)	(1,549)
- changes in expected credit losses	3,052	8,707	3,052	8,707
- foreign exchange differences	1	-	1	-
Tax effect relating to the components of other comprehensive income				
- cash flow hedge	(378)	(800)	(378)	(800)
- financial investments at FVOCI	51,475	(9,373)	51,475	(9,373)
Share of reserve movements in equity accounted joint ventures	850	(2,761)	850	(2,761)
	<u>(145,142)</u>	<u>47,131</u>	<u>(145,142)</u>	<u>47,131</u>
Other comprehensive (loss)/income for the financial period, net of tax	<u>(151,702)</u>	<u>49,361</u>	<u>(151,702)</u>	<u>49,361</u>
Total comprehensive income for the financial period	<u>282,244</u>	<u>471,552</u>	<u>282,244</u>	<u>471,552</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	267,497	436,295	267,497	436,295
Non-controlling interests	14,747	35,257	14,747	35,257
	<u>282,244</u>	<u>471,552</u>	<u>282,244</u>	<u>471,552</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2022.

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**UNAUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Company	Note	Individual Quarter		Cumulative Quarter	
		30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Interest income	A20	2,787	8,345	2,787	8,345
Other operating income	A23	94,437	231	94,437	231
Net income		97,224	8,576	97,224	8,576
Other operating expenses	A24	(4,847)	(5,482)	(4,847)	(5,482)
Profit before taxation		92,377	3,094	92,377	3,094
Taxation		(645)	(960)	(645)	(960)
<b>Profit for the financial period representing total comprehensive income for the financial period</b>		<b>91,732</b>	<b>2,134</b>	<b>91,732</b>	<b>2,134</b>

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

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

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings			Non-controlling interests RM'000	Total equity RM'000
Non-participating funds RM'000										Total RM'000		
<b>At 01.04.2022</b>	6,776,240	102,920	499,227	(9,062)	98,871	36,472	(11,041)	45,715	9,220,450	16,759,792	1,199,101	17,958,893
Profit for the financial period	-	-	-	-	-	-	-	-	419,199	419,199	14,747	433,946
Other comprehensive (loss)/income, net	-	-	(165,481)	1,198	12,581	-	-	-	-	(151,702)	-	(151,702)
Total comprehensive (loss)/income for the financial period	-	-	(165,481)	1,198	12,581	-	-	-	419,199	267,497	14,747	282,244
Buy-back of shares	-	-	-	-	-	-	(11,598)	-	-	(11,598)	-	(11,598)
Share-based payment under ESS, net	-	-	-	-	-	1,793	-	-	-	1,793	-	1,793
ESS shares vested to employees	-	-	-	-	-	(9,430)	10,192	-	(762)	-	-	-
Transfer to regulatory reserve	-	27,376	-	-	-	-	-	-	(27,376)	-	-	-
Transactions with owners and other equity movements	-	27,376	-	-	-	(7,637)	(1,406)	-	(28,138)	(9,805)	-	(9,805)
<b>At 30.06.2022</b>	<b>6,776,240</b>	<b>130,296</b>	<b>333,746</b>	<b>(7,864)</b>	<b>111,452</b>	<b>28,835</b>	<b>(12,447)</b>	<b>45,715</b>	<b>9,611,511</b>	<b>17,017,484</b>	<b>1,213,848</b>	<b>18,231,332</b>

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 01.04.2021</b>	5,550,250	67,778	(20,970)	4,461,734	10,058,792
Profit for the financial period	-	-	-	2,134	2,134
Total comprehensive income for the financial period	-	-	-	2,134	2,134
Issue of ordinary share capital pursuant to:-					
- private placement	822,663	-	-	-	822,663
Buy-back of shares	-	-	(6,324)	-	(6,324)
Share-based payment under ESS, net	-	(2,946)	-	-	(2,946)
Transactions with owners and other equity movements	822,663	(2,946)	(6,324)	-	813,393
<b>At 30.06.2021</b>	<b>6,372,913</b>	<b>64,832</b>	<b>(27,294)</b>	<b>4,463,868</b>	<b>10,874,319</b>

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 01.04.2022</b>	6,372,870	36,472	(11,041)	4,655,625	11,053,926
Profit for the financial period	-	-	-	91,732	91,732
Total comprehensive income for the financial period	-	-	-	91,732	91,732
Buy-back of shares	-	-	(11,598)	-	(11,598)
Share-based payment under ESS, net	-	1,793	-	-	1,793
ESS shares vested to employees	-	(9,430)	10,192	(762)	-
Transactions with owners and other equity movements	-	(7,637)	(1,406)	(762)	(9,805)
<b>At 30.06.2022</b>	<b>6,372,870</b>	<b>28,835</b>	<b>(12,447)</b>	<b>4,746,595</b>	<b>11,135,853</b>

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**AMMB HOLDINGS BERHAD**

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**Condensed Financial Statements**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

	Group		Company	
	30.06.2022	30.06.2021 (Restated)	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	553,942	540,032	92,377	3,094
Adjustments for:				
Net accretion of discount for securities	(5,389)	(10,956)	-	-
Allowance for expected credit losses on loans, advances and financing, net	131,434	246,266	-	-
Dividend income	(1,810)	(2,650)	(94,210)	-
Net gain on revaluation of derivatives	(79,910)	(19,461)	-	-
Net loss on revaluation of financial assets at fair value through profit or loss	85,546	16,192	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(83)	(1,549)	-	-
Net loss/(gain) on sale of financial assets at fair value through profit or loss	2,476	(3,891)	-	-
Impairment loss on investment in associate	-	4,625	-	-
Other non-operating and non-cash items	74,665	35,781	2	-
Operating profit/(loss) before working capital changes	760,871	804,389	(1,831)	3,094
<i>(Increase)/Decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions	(132,284)	(30)	-	-
Financial assets at fair value through profit or loss	(2,709,505)	(2,565,162)	(6)	(6)
Loans, advances and financing	(302,887)	(873,679)	-	-
Statutory deposits with Bank Negara Malaysia	(89,775)	(55,861)	-	-
Other assets	(4,348)	216,375	10,696	1,832,019
Reinsurance assets and other insurance receivables	22,609	12,306	-	-
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers	(1,200,081)	(6,429,150)	-	-
Investment accounts of customers	(326,887)	(48,576)	-	-
Deposits and placements of banks and other financial institutions	2,081,928	879,026	-	-
Securities sold under repurchase agreements	3,629,395	348,878	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(725,006)	1,300,007	-	-
Term funding	8,243	42,523	-	-
Other liabilities	(226,303)	(510,849)	872	2,478
Insurance contract liabilities and other insurance payables	(38,136)	(80,677)	-	-
Cash generated from/(used in) operations	747,834	(6,960,480)	9,731	1,837,585
Taxation and zakat paid, net	(219,192)	(72,737)	(2,312)	(549)
Net cash generated from/(used in) operating activities	528,642	(7,033,217)	7,419	1,837,036
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	(11,598)	(6,324)	(11,598)	(6,324)
Dividend/Distribution income received	5,351	20,256	-	-
Subscription of shares in subsidiary	-	-	-	(450,000)
Proceeds from disposal of property and equipment	80	108	-	-
Purchase of financial investments	(2,134,139)	(2,552,860)	-	-
Purchase of property and equipment and intangible assets	(19,937)	(19,937)	(25)	-
Net cash used in investing activities	(2,160,243)	(2,558,757)	(11,623)	(456,324)



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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022 (CONT'D.)**

	Group		Company	
	30.06.2022	30.06.2021 (Restated)	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Repayment of lease liabilities	(25,370)	(21,632)	-	-
Proceeds from issuance of shares from private placement (net)	-	824,726	-	822,663
Net cash (used in)/generated from financing activities	<u>(25,370)</u>	<u>803,094</u>	<u>-</u>	<u>822,663</u>
Net (decrease)/increase in cash and cash equivalents	(1,656,971)	(8,788,880)	(4,204)	2,203,375
Cash and cash equivalents at beginning of the financial year	14,516,864	18,905,756	717,660	689,326
Effect of exchange rate changes	(117)	(292)	-	-
Cash and cash equivalents at end of the financial period	<u>12,859,776</u>	<u>10,116,584</u>	<u>713,456</u>	<u>2,892,701</u>

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

	Group		Company	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	11,435,076	10,102,712	713,456	2,892,701
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	<u>1,563,072</u>	<u>20,053</u>	<u>-</u>	<u>-</u>
	12,998,148	10,122,765	713,456	2,892,701
Less: Deposits with original maturity of more than three months	<u>(141,538)</u>	<u>(9,153)</u>	<u>-</u>	<u>-</u>
	12,856,610	10,113,612	713,456	2,892,701
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	<u>3,166</u>	<u>2,972</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>12,859,776</u>	<u>10,116,584</u>	<u>713,456</u>	<u>2,892,701</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2022.

## EXPLANATORY NOTES :

### A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia. These financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2022 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

#### A1.1 Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to published standards:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)
- Reference to the Conceptual Framework (Amendments to MFRS 3)
- Annual Improvements to MFRS Standards 2018-2020

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Group and of the Company. The Group and the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to published standards.

The nature of the amendments to published standards relevant to the Group and the Company are described below:

##### (a) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)

The amendments clarify that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset, and prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognised in profit or loss. The adoption of these amendments did not result in any impact to the financial statements of the Group and Company.

##### (b) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)

The amendments explain that, for the purpose of determining the unavoidable costs of meeting the entity's contractual obligations, the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an asset used to fulfil the contract). The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The adoption of these amendments did not result in any impact to the financial statements of the Group and Company.

## A1. BASIS OF PREPARATION (CONT'D.)

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

#### (c) Reference to the Conceptual Framework (Amendments to MFRS 3)

The amendments updated MFRS 3 *Business Combinations* to refer to the revised *Conceptual Framework for Financial Reporting* ("Conceptual Framework") in order to determine what constitutes an asset or a liability in a business combination. In addition, a new exception is added in MFRS 3 in connection with liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying MFRS 3 should instead refer to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* or IC Interpretation 21 *Levies*, rather than the Conceptual Framework. The adoption of these amendments did not result in any impact as there is no business combination or asset acquisition occurred during the financial quarter 30 June 2022.

#### (d) Annual Improvements to MFRS Standards 2018-2020

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

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

When a subsidiary adopts MFRS at a later date than its parent, MFRS 1 permits the subsidiary to measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to MFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The amendment expanded the above by allowing the subsidiary to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS. The adoption of these amendments did not result in any impact as there is no subsidiary of the Group that adopt MFRS later than the Company.

##### (ii) MFRS 9 *Financial Instruments*

The amendment clarified that costs or fees paid to third parties shall not be included in the 10% test for derecognition of financial liabilities. The adoption of these amendments did not result in any impact to the financial statements of the Group and Company.

##### (iii) MFRS 141 *Agriculture*

The amendment removed the requirement for entities to exclude cash flows for taxation when measuring fair value to align with the requirement in the standard to discount cash flows on a post-tax basis. The adoption of this amendment did not result in any impact as the Group is not in the agriculture business.

#### Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Amendments to MFRS 17	1 January 2023
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
- Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

## A1. BASIS OF PREPARATION (CONT'D.)

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

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

#### (a) New standard and amendments to published standards effective for financial year ending 31 March 2024

##### **MFRS 17 Insurance Contracts, Amendments to MFRS 17, and Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)**

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

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

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

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

MFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided MFRS 9 is also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable. An entity that first applies MFRS 17 and MFRS 9 at the same time is also permitted to apply a classification overlay on the comparative information about a financial asset as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset before to overcome potential accounting mismatches.

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

##### **Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)**

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted. The amendments are not expected to result in any impact as the Group and the Company present all assets and liabilities in the statements of financial position in order of liquidity.

## **A1. BASIS OF PREPARATION (CONT'D.)**

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

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

##### **Disclosure of Accounting Policies (Amendments to MFRS 101)**

The amendments require entities to disclose material accounting policies rather than significant accounting policies in the financial statements. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

An accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the users make based on those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Immaterial accounting policy information need not be disclosed.

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

##### **Definition of Accounting Estimates (Amendments to MFRS 108)**

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

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

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

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

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

The amendments are applied from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted. As the Group currently adopted the policy not to recognise deferred taxes on leases, additional deferred taxes on temporary differences associated with right-of-use assets, lease liabilities and decommissioning obligations would need to be recognised when the amendments become effective.

#### **(b) Standard effective on a date to be determined by MASB**

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

The amendments clarify that:

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

**A1. 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 the past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's and the Company's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2022.

**A2. AUDIT QUALIFICATION**

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2022.

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

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

There were no unusual items during the current financial quarter.

**A5. CHANGES IN ESTIMATES**

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

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

**(i) Share buy-back**

During the current financial quarter, the Company bought back from the open market, a total of 3,058,650 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM3.79 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM11.6 million and was financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

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

**A7. DIVIDENDS**

No dividends were paid in the current financial quarter.

**A8. CASH AND SHORT-TERM FUNDS**

	Group		Company	
	30.06.2022 RM'000	31.03.2022 RM'000	30.06.2022 RM'000	31.03.2022 RM'000
Cash and balances with banks and other financial institutions	1,931,566	1,502,255	713,456	717,660
Deposit and placements maturing within one month:				
Licensed banks	4,232,652	3,234,599	-	-
Bank Negara Malaysia	5,258,000	8,191,800	-	-
Other financial institutions	14,747	294,690	-	-
	9,505,399	11,721,089	-	-
	11,436,965	13,223,344	713,456	717,660
Less: Allowances for ECL	(1,889)	(2,245)	-	-
	11,435,076	13,221,099	713,456	717,660

Movements in allowances for ECL are as follows:

Group 30.06.2022	Stage 1	Stage 2	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	
Balance at beginning of the financial period	2,225	20	2,245
Net (writeback of)/allowances for ECL	(428)	12	(416)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	2,622	-	2,622
New financial assets originated	3,790	-	3,790
Financial assets derecognised	(6,766)	(1)	(6,767)
Net remeasurement of allowances	(74)	13	(61)
Foreign exchange differences	59	1	60
Balance at end of the financial period	1,856	33	1,889

Group 31.03.2022	Stage 1	Stage 2	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	
Balance at beginning of the financial year	2,310	21	2,331
Net writeback of ECL	(60)	-	(60)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	3,325	-	3,325
New financial assets originated	22,795	4	22,799
Financial assets derecognised	(26,374)	(2)	(26,376)
Net remeasurement of allowances	194	(2)	192
Foreign exchange differences	(25)	(1)	(26)
Balance at end of the financial year	2,225	20	2,245

**A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group	
	30.06.2022 RM'000	31.03.2022 RM'000
Deposits and placements maturity more than one month:		
Licensed banks	1,564,349	1,302,774
Less: Allowances for ECL	(1,277)	(1,325)
	1,563,072	1,301,449
Of which deposits and placements with original maturity of:		
Three months or less	1,422,811	1,293,520
More than three months	141,538	9,254
	1,564,349	1,302,774

**Movements in allowances for ECL are as follows:**

Group 30.06.2022	Stage 1 12-month ECL RM'000
Balance at beginning of the financial period	1,325
Net writeback of ECL	(48)
Transfer to cash and short-term funds (Note A8)	(2,622)
Net remeasurement of allowances	4
New financial assets originated	2,570
Balance at end of the financial period	1,277
Group 31.03.2022	Stage 1 12-month ECL RM'000
Balance at beginning of the financial year	42
Net allowance for ECL	1,283
Transfer to cash and short-term funds (Note A8)	(3,325)
Net remeasurement of allowances	35
New financial assets originated	4,573
Balance at end of the financial year	1,325



**A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Group		Company	
	30.06.2022 RM'000	31.03.2022 RM'000	30.06.2022 RM'000	31.03.2022 RM'000
<b>At Fair Value</b>				
<b>Money Market Instruments:</b>				
Malaysian Treasury Bills	198,062	100,625	-	-
Malaysian Islamic Treasury Bills	3,592,656	1,313,273	-	-
Malaysian Government Securities	360,180	258,277	-	-
Malaysian Government Investment Issues	879,211	401,406	-	-
Cagamas bonds	78,497	99,460	-	-
	<u>5,108,606</u>	<u>2,173,041</u>	<u>-</u>	<u>-</u>
<b>Quoted Securities:</b>				
In Malaysia:				
Shares	627,219	643,145	-	-
Unit trusts	149,052	178,219	1,134	1,128
Corporate bonds and sukuk	12,507	13,315	-	-
Outside Malaysia:				
Shares	489,973	481,104	-	-
	<u>1,278,751</u>	<u>1,315,783</u>	<u>1,134</u>	<u>1,128</u>
<b>Unquoted Securities:</b>				
In Malaysia:				
Shares	31	31	-	-
Corporate bonds and sukuk	3,461,793	3,727,705	-	-
	<u>3,461,824</u>	<u>3,727,736</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>9,849,181</u>	<u>7,216,560</u>	<u>1,134</u>	<u>1,128</u>

**A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysian Treasury Bills	262,246	-
Malaysian Government Securities	3,660,607	3,099,232
Malaysian Government Investment Issues	4,287,387	4,356,026
Negotiable Instruments of Deposit	300,004	450,001
Islamic Negotiable Instruments of Deposit	-	579,298
Malaysian Islamic Treasury Bills	493,770	-
Foreign Government Securities	13,494	13,619
	<u>9,017,508</u>	<u>8,498,176</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	667,798	674,456
Corporate bonds and sukuk	9,631,091	9,573,069
Outside Malaysia:		
Shares	761	633
Corporate bonds and sukuk	10,191	10,423
	<u>10,309,841</u>	<u>10,258,581</u>
<b>Total</b>	<b>19,327,349</b>	<b>18,756,757</b>

**Movements in allowances for ECL are as follows:**

Group	Stage 1	Stage 2	Total
30.06.2022	12-month	Lifetime	Total
	ECL	ECL	ECL
	RM'000	not credit	RM'000
	RM'000	impaired	RM'000
Balance at beginning of the financial period	10,494	9,842	20,336
Net (writeback of)/allowances for ECL	(1,182)	4,234	3,052
- Transfer to 12-month ECL (Stage 1)	4	(2,121)	(2,117)
New financial assets originated	1,513	-	1,513
Financial assets derecognised	(1,790)	-	(1,790)
Net remeasurement of allowances	(909)	6,355	5,446
Foreign exchange differences	1	-	1
Balance at end of the financial period	<u>9,313</u>	<u>14,076</u>	<u>23,389</u>

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

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

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>31.03.2022</b>	<b>12-month</b>	<b>Lifetime</b>	<b></b>
	<b>ECL</b>	<b>ECL</b>	<b></b>
	<b>RM'000</b>	<b>not credit</b>	<b>RM'000</b>
		<b>impaired</b>	<b>RM'000</b>
		<b>RM'000</b>	
Balance at beginning of the financial year	11,224	6,847	18,071
Net (writeback of)/allowances for ECL	(732)	2,995	2,263
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(893)	3,602	2,709
New financial assets originated	4,809	-	4,809
Financial assets derecognised	(4,010)	(607)	(4,617)
Net remeasurement of allowances	(638)	-	(638)
Foreign exchange differences	2	-	2
Balance at end of the financial year	<u>10,494</u>	<u>9,842</u>	<u>20,336</u>

**A12. FINANCIAL INVESTMENTS AT AMORTISED COST**

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
<b>At Amortised Cost</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Securities	1,327,525	907,429
Malaysian Government Investment Issues	3,156,457	2,261,515
	4,483,982	3,168,944
<b>Unquoted Securities:</b>		
In Malaysia:		
Corporate Bonds and sukuk	6,364,418	6,352,046
	10,848,400	9,520,990
Less: Allowances for ECL	(480,284)	(483,224)
Total	10,368,116	9,037,766

**Movements in allowances for ECL are as follows:**

Group	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
30.06.2022	ECL	ECL	ECL	RM'000
	RM'000	not credit	credit	RM'000
	RM'000	impaired	impaired	RM'000
Balance at beginning of the financial period	4,497	-	478,727	483,224
Net writeback of ECL	(649)	-	(2,291)	(2,940)
New financial assets originated	227	-	-	227
Net remeasurement of allowances	(287)	-	(2,291)	(2,578)
Financial assets derecognised	(589)	-	-	(589)
Balance at end of the financial period	3,848	-	476,436	480,284

Group	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
31.03.2022	ECL	ECL	ECL	RM'000
	RM'000	not credit	credit	RM'000
	RM'000	impaired	impaired	RM'000
Balance at beginning of the financial year	3,916	211,331	-	215,247
Net allowances for/(writeback of) ECL	581	(211,331)	478,727	267,977
- Transfer to 12-month ECL (Stage 1)	591	(8,549)	-	(7,958)
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(10,788)	478,727	467,939
New financial assets originated	385	-	-	385
Net remeasurement of allowances	(379)	-	-	(379)
Financial assets derecognised	(16)	-	-	(16)
Changes in model assumptions and methodologies	-	(191,994)	-	(191,994)
Balance at end of the financial year	4,497	-	478,727	483,224

**A13. LOANS, ADVANCES AND FINANCING**

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Loans, advances and financing:		
Term loans/financing	39,335,148	38,801,821
Revolving credit	10,953,262	11,370,620
Housing loans/financing	39,544,655	39,031,362
Hire purchase receivables	13,605,562	13,854,097
Card receivables	1,925,639	1,903,171
Overdraft	2,977,082	3,222,656
Claims on customers under acceptance credits	6,526,454	6,485,259
Trust receipts	2,678,877	2,577,510
Bills receivables	2,303,879	2,473,103
Staff loans	107,110	106,105
Others	168,364	167,557
Gross loans, advances and financing	<u>120,126,032</u>	<u>119,993,261</u>
Less: Allowances for ECL		
- Stage 1 - 12-month ECL	(215,110)	(217,884)
- Stage 2 - Lifetime ECL not credit impaired	(1,155,267)	(1,159,616)
- Stage 3 - Lifetime ECL credit impaired	(487,767)	(550,076)
	<u>(1,858,144)</u>	<u>(1,927,576)</u>
Net loans, advances and financing	<u>118,267,888</u>	<u>118,065,685</u>

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

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	2,797,733	3,133,599
Domestic business enterprises:		
- Small and medium enterprises	25,176,543	24,919,016
- Others	24,938,743	25,613,034
Government and statutory bodies	483,233	163,603
Individuals	65,206,735	64,535,980
Other domestic entities	9,990	7,647
Foreign individuals and entities	1,513,055	1,620,382
	<u>120,126,032</u>	<u>119,993,261</u>

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

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

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
In Malaysia	119,199,325	119,099,088
Outside Malaysia	926,707	894,173
	120,126,032	119,993,261

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

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	317,240	314,482
- Hire purchase receivables	13,132,774	13,355,884
- Other loans/financing	10,495,966	10,907,556
Variable rate:		
- Base rate and lending/financing rate plus	66,546,062	65,265,205
- Cost plus	28,336,210	28,898,958
- Other variable rates	1,297,780	1,251,176
	120,126,032	119,993,261

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

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Agriculture	2,506,158	2,374,086
Mining and quarrying	2,129,723	2,130,214
Manufacturing	15,942,784	15,902,661
Electricity, gas and water	1,249,348	1,182,630
Construction	4,294,807	4,352,593
Wholesale and retail trade and hotels and restaurants	10,384,751	10,534,493
Transport, storage and communication	4,848,187	4,842,904
Finance and insurance	2,816,217	3,266,845
Real estate	6,732,982	6,616,194
Business activities	2,139,931	2,258,944
Education and health	1,278,827	1,409,736
Household of which:	65,777,564	65,096,931
Purchase of residential properties	39,898,633	39,390,816
Purchase of transport vehicles	12,374,054	12,575,408
Others	13,504,877	13,130,707
Others	24,753	25,030
	120,126,032	119,993,261

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

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

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	29,826,897	30,390,452
Over one year to three years	7,194,800	6,830,043
Over three years to five years	10,900,537	11,611,293
Over five years	72,203,798	71,161,473
	<u>120,126,032</u>	<u>119,993,261</u>

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

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Balance at beginning of the financial period/year	1,676,044	1,770,320
Additions during the financial period/year	702,613	1,357,323
Reclassified as non-impaired	(148,830)	(205,843)
Recoveries	(164,769)	(542,645)
Amount written off	(201,768)	(702,792)
Foreign exchange differences	425	(319)
Balance at end of the financial period/year	<u>1,863,715</u>	<u>1,676,044</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.55%</u>	<u>1.40%</u>
Loan loss coverage (including regulatory reserve)	<u>123.30%</u>	<u>139.24%</u>

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

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	1,863,715	1,666,873
Outside Malaysia	-	9,171
	<u>1,863,715</u>	<u>1,676,044</u>

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

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

	Group	
	30.06.2022 RM'000	31.03.2022 RM'000
Agriculture	7,802	8,834
Mining and quarrying	84,325	175,741
Manufacturing	203,441	226,687
Electricity, gas and water	5,178	4,639
Construction	149,942	112,676
Wholesale and retail trade and hotels and restaurants	197,661	170,049
Transport, storage and communication	19,586	18,518
Finance and insurance	1,535	1,494
Real estate	193,718	188,167
Business activities	47,719	37,595
Education and health	8,994	6,218
Household of which:	943,814	725,426
Purchase of residential properties	680,352	540,323
Purchase of transport vehicles	110,538	80,127
Others	152,924	104,976
	<u>1,863,715</u>	<u>1,676,044</u>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
30.06.2022				
Balance at beginning of the financial period	217,884	1,159,616	550,076	1,927,576
Net (writeback of)/allowances for ECL	(3,179)	(4,363)	138,976	131,434
- Transfer to 12-month ECL (Stage 1)	7,161	(55,364)	(2,445)	(50,648)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,381)	72,534	(19,359)	44,794
- Transfer to Lifetime ECL credit impaired (Stage 3)	(620)	(34,436)	89,462	54,406
New financial assets originated	26,099	27,911	1,108	55,118
Net remeasurement of allowances	(11,962)	(15,648)	94,768	67,158
Modification of contractual cash flows of financial assets	(153)	(1,217)	249	(1,121)
Financial assets derecognised	(22,680)	(28,181)	(24,812)	(75,673)
Changes in model assumptions and methodologies	7,357	30,038	5	37,400
Foreign exchange differences	405	14	483	902
Amount written off	-	-	(201,768)	(201,768)
Balance at end of the financial period	<u>215,110</u>	<u>1,155,267</u>	<u>487,767</u>	<u>1,858,144</u>



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

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

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>31.03.2022</b>	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b></b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	<b>Total</b>
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	431,800	1,109,340	534,631	2,075,771
Net (writeback of)/allowances for ECL	(214,035)	50,259	718,339	554,563
- Transfer to 12-month ECL (Stage 1)	10,638	(116,234)	(4,209)	(109,805)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(20,546)	165,613	(24,785)	120,282
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1,304)	(37,541)	99,054	60,209
New financial assets originated	56,300	71,735	5,707	133,742
Net remeasurement of allowances	(55,790)	24,165	741,532	709,907
Modification of contractual cash flows of financial assets	(1,750)	4,847	83	3,180
Financial assets derecognised	(39,585)	(72,934)	(99,043)	(211,562)
Changes in model assumptions and methodologies	(161,998)	10,608	-	(151,390)
Foreign exchange differences	119	17	(102)	34
Amount written off	-	-	(702,792)	(702,792)
Balance at end of the financial year	<u>217,884</u>	<u>1,159,616</u>	<u>550,076</u>	<u>1,927,576</u>

#### A14. OTHER ASSETS

	Group		Company	
	30.06.2022 RM'000	31.03.2022 RM'000	30.06.2022 RM'000	31.03.2022 RM'000
Trade receivables	311,832	432,591	-	-
Other receivables, deposits and prepayments	1,047,084	954,512	919	11,615
Interest/Profit receivable	407,294	456,844	-	-
Fee receivable	19,935	18,229	-	-
Amount due from agents, brokers and reinsurers	324,498	412,153	-	-
Foreclosed properties	2,634	2,634	-	-
Tax recoverable	296,389	168,371	377	-
Collateral pledged for derivative and securities transactions	614,444	446,809	-	-
Dividend receivable from a subsidiary	-	-	94,210	-
	<u>3,024,110</u>	<u>2,892,143</u>	<u>95,506</u>	<u>11,615</u>
Less: Accumulated impairment losses	(6,494)	(6,824)	-	-
	<u>3,017,616</u>	<u>2,885,319</u>	<u>95,506</u>	<u>11,615</u>

#### A15. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.06.2022 RM'000	31.03.2022 RM'000
Reinsurance assets from general insurance business	(i)	504,796	518,225
Other insurance receivables	(ii)	55,295	62,480
		<u>560,091</u>	<u>580,705</u>
(i) Movements in allowances for impairment are as follows:			
Balance at beginning of the financial period/year		926	2,075
Writeback for the financial period/year		-	(1,149)
Balance at end of the financial period/year		<u>926</u>	<u>926</u>
(ii) Other insurance receivables			
Due premiums including agents/brokers and co-insurers' balances		62,964	71,041
Amount owing by reinsurance and cedants		8,535	9,639
Accumulated impairment losses		(16,204)	(18,200)
		<u>55,295</u>	<u>62,480</u>
Movements in allowances for impairment are as follows:			
Balance at beginning of the financial period/year		18,200	18,732
Writeback for the financial period/year		(1,996)	(532)
Balance at end of the financial period/year		<u>16,204</u>	<u>18,200</u>

**A16. DEPOSITS FROM CUSTOMERS**

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	30,855,416	33,709,677
Savings deposits	8,698,226	9,397,684
Term/Investment deposits	81,789,128	79,485,489
Negotiable instruments of deposits	50,000	-
	<u>121,392,770</u>	<u>122,592,850</u>

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

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	64,755,865	62,120,020
Six months to one year	15,565,912	15,645,790
Over one year to three years	1,344,835	1,540,070
Over three years to five years	172,516	179,609
	<u>81,839,128</u>	<u>79,485,489</u>

The deposits are sourced from the following types of customers:

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	4,325,390	4,730,100
Business enterprises	65,377,183	61,314,620
Individuals	46,252,847	45,921,495
Others	5,437,350	10,626,635
	<u>121,392,770</u>	<u>122,592,850</u>

**A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>	
	<b>30.06.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	7,955,031	5,571,352
Licensed investment banks	452,997	651,726
Bank Negara Malaysia	1,295,646	1,270,123
Other financial institutions	2,281,473	2,401,384
	<u>11,985,147</u>	<u>9,894,585</u>

**A18. OTHER LIABILITIES**

	Group		Company	
	30.06.2022	31.03.2022	30.06.2022	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	560,667	761,368	-	-
Other payables and accruals	1,439,775	1,543,486	14,896	17,537
Interest payable on deposits and borrowings	505,209	561,674	-	-
Lease deposits and advance rental	47,671	47,830	-	-
Provision for commitments and contingencies	3,708	3,546	-	-
Allowances for ECL on loan/financing commitments and financial guarantees	309,477	303,197	-	-
Lease liabilities	217,340	191,465	-	-
Provision for reinstatement of leased properties	9,635	9,706	-	-
Amount due to subsidiaries	-	-	1,720	-
Settlement payable	515,000	515,000	515,000	515,000
Provision for taxation	52,483	61,532	-	1,290
Collateral received for derivative and securities transactions	344,999	229,098	-	-
Deferred income	79,492	74,960	-	-
	<u>4,085,456</u>	<u>4,302,862</u>	<u>531,616</u>	<u>533,827</u>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
30.06.2022	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial period	28,926	26,330	247,941	303,197
Net allowances for ECL	1,825	1,083	3,274	6,182
- Transfer to 12-month ECL (Stage 1)	692	(4,353)	-	(3,661)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(821)	4,198	-	3,377
- Transfer to Lifetime ECL credit impaired (Stage 3)	(11)	(298)	-	(309)
New exposures originated	6,666	5,473	-	12,139
Net remeasurement of allowances	(451)	(563)	3,274	2,260
Exposures derecognised	(4,250)	(3,374)	-	(7,624)
Foreign exchange differences	92	20	(14)	98
Balance at the end of the financial period	<u>30,843</u>	<u>27,433</u>	<u>251,201</u>	<u>309,477</u>

#### A18. OTHER LIABILITIES (CONT'D.)

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

Group 31.03.2022	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at beginning of the financial year	30,429	37,348	52,733	120,510
Net (writeback of)/allowances for ECL	(1,516)	(11,011)	195,208	182,681
- Transfer to 12-month ECL (Stage 1)	778	(8,874)	-	(8,096)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,709)	7,344	-	5,635
- Transfer to Lifetime ECL credit impaired (Stage 3)	(59)	(478)	190,455	189,918
New exposures originated	12,352	11,466	5,780	29,598
Net remeasurement of allowances	(3,837)	(6,337)	(1,019)	(11,193)
Exposures derecognised	(9,041)	(14,132)	(8)	(23,181)
Foreign exchange differences	13	(7)	-	6
Balance at the end of the financial year	<u>28,926</u>	<u>26,330</u>	<u>247,941</u>	<u>303,197</u>

#### A19. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.06.2022 RM'000	31.03.2022 RM'000
Insurance contract liabilities	(i)	2,595,955	2,625,284
Other insurance payables	(ii)	53,269	62,077
		<u>2,649,224</u>	<u>2,687,361</u>
 (i) Insurance contract liabilities			
		<b>30.06.2022</b>	
		<b>Gross contract liabilities</b>	<b>Reinsurance assets</b>
		<b>RM'000</b>	<b>RM'000</b>
General insurance business		<u>2,595,955</u>	<u>(504,796)</u>
			<u>2,091,159</u>
 (ii) Other insurance payables			
		<b>31.03.2022</b>	
		<b>Gross contract liabilities</b>	<b>Reinsurance assets</b>
		<b>RM'000</b>	<b>RM'000</b>
General insurance business		<u>2,625,284</u>	<u>(518,225)</u>
			<u>2,107,059</u>
		<b>30.06.2022</b>	<b>31.03.2022</b>
		<b>RM'000</b>	<b>RM'000</b>
Amount due to agents and intermediaries		19,328	19,136
Amount due to reinsurers and cedants		33,941	42,941
		<u>53,269</u>	<u>62,077</u>

## A20. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30.06.2022	30.06.2021 (Restated)	30.06.2022	30.06.2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Short-term funds and deposits and placements				
with banks and other financial institutions	24,249	15,485	24,249	15,485
Financial assets at fair value through profit or loss	47,688	53,145	47,688	53,145
Financial investments at fair value through				
other comprehensive income	110,863	113,293	110,863	113,293
Financial investments at amortised cost	67,148	40,453	67,148	40,453
Loans and advances*	818,613	779,581	818,613	779,581
Impaired loans and advances	883	624	883	624
Others	5,732	2,781	5,732	2,781
	<u>1,075,176</u>	<u>1,005,362</u>	<u>1,075,176</u>	<u>1,005,362</u>
<b>Company</b>				
Short-term funds and deposits and placements with				
banks and other financial institutions	<u>2,787</u>	<u>8,345</u>	<u>2,787</u>	<u>8,345</u>

\* Included in the interest income of loans and advances of the Group is the net loss of RM0.9 million (30.06.2021: net loss of RM0.2 million) arising from government support measures implemented in response to COVID-19 pandemic.

## A21. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits from customers	347,782	319,803	347,782	319,803
Deposits and placements of banks and other				
financial institutions	25,592	22,050	25,592	22,050
Senior notes	3,057	-	3,057	-
Credit-Linked Notes	-	1,954	-	1,954
Securities sold under repurchase agreements	12,943	5,300	12,943	5,300
Recourse obligation on loans sold to Cagamas Berhad	44,260	46,810	44,260	46,810
Term loan	1,957	1,057	1,957	1,057
Debt Capital	36,826	36,876	36,826	36,876
Other structured products and others	4,230	2,885	4,230	2,885
	<u>476,647</u>	<u>436,735</u>	<u>476,647</u>	<u>436,735</u>

**A22. NET INCOME FROM INSURANCE BUSINESS**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		340,304	343,982	340,304	343,982
		<u>340,304</u>	<u>343,982</u>	<u>340,304</u>	<u>343,982</u>
Insurance claims and commissions:	(b)				
Insurance commission <sup>1</sup>		30,833	28,576	30,833	28,576
General insurance claims		180,062	184,577	180,062	184,577
		<u>210,895</u>	<u>213,153</u>	<u>210,895</u>	<u>213,153</u>
Total income from insurance business, net		<u>129,409</u>	<u>130,829</u>	<u>129,409</u>	<u>130,829</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		364,151	317,390	364,151	317,390
- change in unearned premium provision		19,750	41,739	19,750	41,739
		<u>383,901</u>	<u>359,129</u>	<u>383,901</u>	<u>359,129</u>
Premium ceded					
- insurance contract		(41,583)	(39,104)	(41,583)	(39,104)
- change in unearned premium provision		(2,014)	23,957	(2,014)	23,957
		<u>(43,597)</u>	<u>(15,147)</u>	<u>(43,597)</u>	<u>(15,147)</u>
		<u>340,304</u>	<u>343,982</u>	<u>340,304</u>	<u>343,982</u>
(b) Insurance claims					
- gross benefits and claims paid		213,545	197,904	213,545	197,904
- claims ceded to reinsurers		(18,367)	(25,144)	(18,367)	(25,144)
- change in contract liabilities - insurance contract		(9,579)	(1,540)	(9,579)	(1,540)
- change in contract liabilities ceded to reinsurers					
- insurance contract		(5,537)	13,357	(5,537)	13,357
		<u>180,062</u>	<u>184,577</u>	<u>180,062</u>	<u>184,577</u>

<sup>1</sup> Net of bancassurance commission paid/payable to other subsidiaries of the Group of RM4,671,000 (30 June 2021: RM3,093,000) eliminated upon consolidation.

**A23. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
<b>Fee and commission income:</b>				
Fees on loans and securities	35,903	33,095	35,903	33,095
Corporate advisory	3,600	4,761	3,600	4,761
Guarantee fees	13,876	11,565	13,876	11,565
Underwriting commission	2,482	-	2,482	-
Portfolio management fees	10,248	18,698	10,248	18,698
Unit trust fees, commission and charges	36,472	44,194	36,472	44,194
Property trust management fees	1,664	1,648	1,664	1,648
Brokerage fees and commission	7,391	13,665	7,391	13,665
Bancassurance commission	2,592	2,644	2,592	2,644
Wealth management fees	3,419	7,806	3,419	7,806
Remittances	7,705	5,762	7,705	5,762
Fees, service and commission charges	9,197	6,022	9,197	6,022
Placement fees	600	1,283	600	1,283
Others	4,339	5,507	4,339	5,507
	<u>139,488</u>	<u>156,650</u>	<u>139,488</u>	<u>156,650</u>
<b>Investment and trading income:</b>				
Net (loss)/gain from sale of financial assets at fair value through profit or loss	(2,344)	2,556	(2,344)	2,556
Net gain from sale of financial investments at fair value through other comprehensive income	83	953	83	953
Net loss on revaluation of financial assets at fair value through profit or loss	(82,468)	(16,138)	(82,468)	(16,138)
Net gain on foreign exchange	161,975	27,240	161,975	27,240
Net (loss)/gain on derivatives	(80,961)	46,860	(80,961)	46,860
<b>Dividend income from:</b>				
Financial assets at fair value through profit or loss	3,669	2,864	3,669	2,864
Financial investments at fair value through other comprehensive income	1,810	2,650	1,810	2,650
Others	7	4,781	7	4,781
	<u>1,771</u>	<u>71,766</u>	<u>1,771</u>	<u>71,766</u>
<b>Other income:</b>				
Net gain on non-trading foreign exchange	171	192	171	192
Net gain on disposal of property and equipment	24	18	24	18
Rental income	60	84	60	84
Profit from sale of goods and services	4,062	4,483	4,062	4,483
Others	2,344	(1,849)	2,344	(1,849)
	<u>6,661</u>	<u>2,928</u>	<u>6,661</u>	<u>2,928</u>
	<u>147,920</u>	<u>231,344</u>	<u>147,920</u>	<u>231,344</u>



**A23. OTHER OPERATING INCOME (CONT'D.)**

Company	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	94,210	-	94,210	-
Financial assets at fair value through profit or loss	7	6	7	6
	<u>94,217</u>	<u>6</u>	<u>94,217</u>	<u>6</u>
Other income:				
Others	220	225	220	225
	<u>220</u>	<u>225</u>	<u>220</u>	<u>225</u>
	<u>94,437</u>	<u>231</u>	<u>94,437</u>	<u>231</u>

**A24. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Personnel costs:				
Salaries, allowances and bonuses	271,523	234,148	271,523	234,148
Shares granted under ESS				
- charge/(writeback)	1,859	(2,860)	1,859	(2,860)
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	43,011	38,015	43,011	38,015
Social security cost	2,046	2,080	2,046	2,080
Other staff related expenses	34,238	28,711	34,238	28,711
	<u>352,677</u>	<u>300,094</u>	<u>352,677</u>	<u>300,094</u>
Establishment costs:				
Depreciation of property and equipment	13,101	17,378	13,101	17,378
Depreciation of right-of-use assets	25,846	20,254	25,846	20,254
Amortisation of intangible assets	23,181	36,624	23,181	36,624
Computerisation costs	50,366	26,989	50,366	26,989
Rental of premises	(5,441)	595	(5,441)	595
Cleaning, maintenance and security	7,618	7,169	7,618	7,169
Finance costs:				
- interest on lease liabilities	1,873	2,351	1,873	2,351
- provision for reinstatement of leased properties	23	29	23	29
Others	8,609	7,835	8,609	7,835
	<u>125,176</u>	<u>119,224</u>	<u>125,176</u>	<u>119,224</u>
Marketing and communication expenses:				
Sales commission	813	1,566	813	1,566
Advertising, promotional and other marketing activities	12,671	8,445	12,671	8,445
Telephone charges	5,619	4,781	5,619	4,781
Postage	2,382	2,795	2,382	2,795
Travelling and entertainment	2,000	1,599	2,000	1,599
Others	1,968	2,623	1,968	2,623
	<u>25,453</u>	<u>21,809</u>	<u>25,453</u>	<u>21,809</u>

**A24. OTHER OPERATING EXPENSES (CONT'D.)**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Administration and general expenses:				
Professional services	15,780	20,006	15,780	20,006
Travelling	690	402	690	402
Insurance	3,479	1,505	3,479	1,505
Subscriptions and periodicals	1,841	2,805	1,841	2,805
Others	18,565	28,754	18,565	28,754
	<u>40,355</u>	<u>53,472</u>	<u>40,355</u>	<u>53,472</u>
Total	<u>543,661</u>	<u>494,599</u>	<u>543,661</u>	<u>494,599</u>

Company	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Establishment costs:				
Depreciation of property and equipment	2	-	2	-
Computerisation costs	124	97	124	97
	<u>126</u>	<u>97</u>	<u>126</u>	<u>97</u>
Marketing and communication expenses:				
Travelling and entertainment	7	7	7	7
	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Administration and general expenses:				
Professional services	359	789	359	789
Travelling	4	5	4	5
Insurance	1	-	1	-
Others	1,056	921	1,056	921
	<u>1,420</u>	<u>1,715</u>	<u>1,420</u>	<u>1,715</u>
Service transfer pricing expense, net	3,294	3,663	3,294	3,663
Total	<u>4,847</u>	<u>5,482</u>	<u>4,847</u>	<u>5,482</u>

**A25. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 (Restated) RM'000	30.06.2022 RM'000	30.06.2021 (Restated) RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	131,434	246,266	131,434	246,266
Impaired loans, advances and financing recovered, net	<u>(71,372)</u>	<u>(57,375)</u>	<u>(71,372)</u>	<u>(57,375)</u>
	<u>60,062</u>	<u>188,891</u>	<u>60,062</u>	<u>188,891</u>

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

	Individual Quarter		Cumulative Quarter	
	30.06.2022	30.06.2021 (Restated)	30.06.2022	30.06.2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Financial investments</b>				
Financial investments at fair value through other comprehensive income	3,052	8,707	3,052	8,707
Financial investments at amortised cost	(2,940)	(3,639)	(2,940)	(3,639)
	<u>112</u>	<u>5,068</u>	<u>112</u>	<u>5,068</u>
<b>Other financial assets</b>				
Cash and short-term funds	(416)	642	(416)	642
Deposits and placements with banks and other financial institutions	(48)	(42)	(48)	(42)
Other assets	(135)	(60)	(135)	(60)
	<u>(599)</u>	<u>540</u>	<u>(599)</u>	<u>540</u>

## A27. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the Chief Operating Decision-Maker in order to allocate resources to a segment and to assess its performance. The Group comprises the following main business segments:

- (a) **Retail Banking**  
Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.
- (b) **Business Banking**  
Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans and Project Financing.
- (c) **Wholesale Banking**  
Wholesale Banking comprises Corporate Banking and Group Treasury and Markets.
  - (i) Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
  - (ii) Group Treasury and Markets includes proprietary trading as well as provides full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants. It also offers customised investment solutions for customers.
- (d) **Investment Banking**  
Investment Banking provides a full range of integrated solutions and services, which include corporate finance M&A advisory, equity and debt capital markets, private banking and stockbroking services.
- (e) **Fund Management**  
Fund Management manages a broad range of investment mandates and unit trust funds across the risk-return spectrum for individuals, corporates and institutions, and provides fund distribution support services for institutional distributors. Fund Management also manages Private Retirement Schemes and Exchange Traded Funds.
- (f) **Insurance**  
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (g) **Group Funding and Others**  
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

### Measurement of segment performance

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

Note:

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

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.06.2022	Wholesale banking							Group funding and others RM'000	Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Treasury and Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000		
External net income	554,166	177,550	267,862	81,997	45,603	36,347	119,286	(121,293)	1,161,518
Intersegments net income	(108,217)	(21,781)	(97,062)	78,347	(7,159)	-	(4,671)	160,543	-
	445,949	155,769	170,800	160,344	38,444	36,347	114,615	39,250	1,161,518
Net interest and funding income	381,024	122,403	140,154	138,968	12,652	381	32,225	35,454	863,261
Insurance and other operating income	64,685	33,365	30,646	21,376	25,792	35,966	80,884	2,689	295,403
Share in results of associates and joint ventures	241	-	-	-	-	-	1,506	1,107	2,854
Net income	445,950	155,768	170,800	160,344	38,444	36,347	114,615	39,250	1,161,518
Other operating expenses	(215,751)	(46,075)	(42,152)	(17,356)	(27,914)	(16,020)	(78,992)	(99,401)	(543,661)
of which:									
Depreciation of property and equipment	(4,148)	(448)	(317)	(114)	(186)	(50)	(938)	(6,900)	(13,101)
Depreciation of right-of-use assets	-	-	-	-	-	-	(3,013)	(22,833)	(25,846)
Amortisation of intangible assets	(5,492)	(242)	(1,428)	(1,501)	(141)	(74)	(4,568)	(9,735)	(23,181)
Profit/(Loss) before impairment losses (Allowances for)/Writeback of impairment on loans, advances and financing	230,199	109,693	128,648	142,988	10,530	20,327	35,623	(60,151)	617,857
(Allowances for)/Writeback of impairment on other assets	(35,216)	(17,270)	21,955	-	55	-	-	(29,586)	(60,062)
Provision for commitments and contingencies - charge	(45)	-	2,653	(2,111)	192	-	1,996	(202)	2,483
Other recoveries, net	(2,467)	(1,963)	(1,750)	-	-	-	-	(164)	(6,344)
	-	-	-	-	-	-	5	3	8
Profit/(Loss) before taxation and zakat	192,471	90,460	151,506	140,877	10,777	20,327	37,624	(90,100)	553,942
Taxation and zakat	(46,135)	(21,412)	(35,128)	(30,398)	(2,308)	(3,831)	(6,039)	25,255	(119,996)
Profit/(Loss) for the financial period	146,336	69,048	116,378	110,479	8,469	16,496	31,585	(64,845)	433,946
Other information									
Total segment assets	69,047,594	18,868,228	31,265,540	50,390,444	2,577,630	151,488	5,999,283	252,898	178,553,105
Total segment liabilities	55,792,976	14,298,350	14,491,885	57,869,269	1,516,105	31,032	3,010,006	13,312,150	160,321,773
Cost to income ratio	48.4%	29.6%	24.7%	10.8%	72.6%	44.1%	68.9%	>100.0%	46.8%
Gross loans, advances and financing	69,023,568	19,052,577	30,214,579	-	1,914,586	-	369	(79,647)	120,126,032
Net loans, advances and financing	67,897,675	18,857,266	29,735,115	-	1,914,586	-	300	(137,054)	118,267,888
Impaired loans, advances and financing	1,179,683	279,479	404,553	-	-	-	-	-	1,863,715
Total deposits	55,093,486	14,160,713	14,087,059	50,721,853	940,145	-	-	(1,625,339)	133,377,917
Additions to:									
Property and equipment	2,193	42	66	17	65	32	212	1,691	4,318
Intangible assets	5,719	302	332	26	253	635	2,221	6,898	16,386

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.06.2021 (Restated)	Wholesale banking							Group funding and others RM'000	Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Treasury and Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000		
External net income	552,104	168,774	255,292	76,561	60,518	42,591	190,566	(108,554)	1,237,852
Intersegments net income	(128,372)	(27,834)	(92,765)	74,611	(6,507)	-	(3,093)	183,960	-
	<u>423,732</u>	<u>140,940</u>	<u>162,527</u>	<u>151,172</u>	<u>54,011</u>	<u>42,591</u>	<u>187,473</u>	<u>75,406</u>	<u>1,237,852</u>
Net interest and funding income	356,947	111,223	135,273	105,772	11,424	344	26,598	70,585	818,166
Insurance and other operating income	67,303	29,717	27,254	45,400	42,587	42,248	135,444	3,517	393,470
Share in results of associates and joint ventures	(518)	-	-	-	-	-	25,430	1,304	26,216
Net income	<u>423,732</u>	<u>140,940</u>	<u>162,527</u>	<u>151,172</u>	<u>54,011</u>	<u>42,592</u>	<u>187,472</u>	<u>75,406</u>	<u>1,237,852</u>
Other operating expenses	(204,060)	(34,251)	(44,046)	(19,134)	(23,532)	(17,076)	(73,773)	(78,727)	(494,599)
of which:									
Depreciation of property and equipment	(4,571)	(459)	(399)	(43)	(190)	(52)	(1,030)	(10,634)	(17,378)
Depreciation of right-of-use assets	-	-	-	-	-	-	(3,231)	(17,023)	(20,254)
Amortisation of intangible assets	(4,867)	(209)	(1,662)	(316)	(165)	(47)	(4,736)	(24,622)	(36,624)
Profit/(Loss) before impairment losses (Allowances for)/Writeback of impairment on loans, advances and financing	219,672	106,689	118,481	132,038	30,479	25,516	113,699	(3,321)	743,253
(Allowances for)/Writeback of impairment on other assets	(43,869)	(18,919)	(54,720)	-	1,752	-	-	(73,135)	(188,891)
Provision for commitments and contingencies - writeback/(charge)	(51)	-	(5,543)	(5,630)	5	-	219	5,611	(5,389)
Other (write-offs)/recoveries, net	1,428	(3,482)	(2,208)	-	-	-	-	14	(4,248)
Impairment of investment in associate	-	-	-	-	-	-	(73)	5	(68)
Profit/(Loss) before taxation and zakat	<u>177,180</u>	<u>84,288</u>	<u>56,010</u>	<u>126,408</u>	<u>32,236</u>	<u>25,516</u>	<u>113,845</u>	<u>(75,451)</u>	<u>540,032</u>
Taxation and zakat	(42,648)	(17,802)	(13,052)	(26,577)	(7,301)	(5,341)	(15,881)	10,761	(117,841)
Profit/(Loss) for the financial period	<u>134,532</u>	<u>66,486</u>	<u>42,958</u>	<u>99,831</u>	<u>24,935</u>	<u>20,175</u>	<u>97,964</u>	<u>(64,690)</u>	<u>422,191</u>
Other information									
Total segment assets	65,056,641	17,174,624	27,961,879	45,135,430	2,463,477	162,089	5,776,959	3,027,092	166,758,191
Total segment liabilities	50,751,405	12,794,612	11,819,471	53,287,422	903,016	35,782	3,270,373	17,018,743	149,880,824
Cost to income ratio	48.2%	24.3%	27.1%	12.7%	43.6%	40.1%	39.4%	>100.0%	40.0%
Gross loans, advances and financing	65,215,252	17,328,775	29,149,069	-	1,864,594	-	497	(105,596)	113,452,591
Net loans, advances and financing	64,084,484	17,161,052	28,630,604	-	1,864,294	-	428	(455,067)	111,285,795
Impaired loans, advances and financing	872,282	328,716	606,977	-	300	-	-	-	1,808,275
Total deposits	50,235,886	12,647,960	11,613,623	50,164,202	653,298	-	-	(394,264)	124,920,705
Additions to:									
Property and equipment	964	23	144	139	267	33	846	1,995	4,411
Intangible assets	2,828	11	745	3,524	319	2	1,428	6,669	15,526

## A28. VALUATION OF PROPERTY AND EQUIPMENT

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

## A29. SIGNIFICANT EVENTS DURING THE REPORTING YEAR

### Proposed disposal of AmGeneral Insurance Berhad to Liberty Insurance Berhad

AmGeneral Holdings Berhad ("AGHB"), a 51%-owned subsidiary of the Company entered into an Implementation Agreement with Liberty Insurance Bhd ("LIB") in July 2021, for the sale of its wholly-owned subsidiary, AmGeneral Insurance Bhd ("AGIB") for a combined cash and shares consideration ("Disposal Consideration") of RM1,351 million and RM939 million respectively.

The approval from Minister of Finance for the sale of AGIB to LIB ("Proposed Disposal") was obtained on 27 June 2022, and on 1 July 2022, the following key transaction agreements were entered into:

- (i) Sale and Purchase Agreement ("SPA") entered between the AGHB and LIB relating to the sale and purchase of the entire issued and paid-up share capital of AGIB.
- (ii) Agreement ("Letter Agreement") entered between AMAB Holdings Sdn Bhd ("AMAB"), AGHB, the Company and IAG International Pty Limited ("IAG") relating to the exercise of rights and performance of obligations in connection with the SPA.
- (iii) Agreement ("SHA") entered between AGHB and, Liberty Mutual Insurance Company and Liberty Mutual Group Inc (collectively referred as "LMIC") to regulate the relationship between AGIB and LMIC as shareholders of LIB for the purpose of carrying on general insurance business and making provision for the management and operations of LIB/AGIB and the conduct of the affairs of LIB/AGIB.
- (iv) Agreement ("BA") entered between AGIB and LIB with the Company, AmBank (M) Berhad and AmBank Islamic Berhad on the distribution of general and non-life insurance products.

Under the Proposed Selective Capital Reduction ("SCR"), AGHB will undertake a SCR and capital repayment in respect of IAG's 49% shareholding in AGHB comprising of 93,100,000 ordinary shares. IAG will receive a total capital repayment amount of RM1,075,993,000 and will cease to be a shareholder of AGHB.

On 4 July 2022, AGHB filed the petition to the High Court of Malaya, Kuala Lumpur in relation to the Proposed SCR and an order confirming the Proposed SCR was granted on 7 July 2022.

The Proposed Disposal was completed on 28 July 2022 in accordance with the terms of the SPA and the supplemental letter entered into between AGHB and LIB dated 12 July 2022.

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

### Dissolution of subsidiary

Komuda Credit & Leasing Sdn Bhd had commenced members' voluntary winding-up on 31 July 2013 was dissolved on 7 July 2022.

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

### A31. COMMITMENTS AND CONTINGENCIES

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

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

	Group	
	30.06.2022	31.03.2022
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	18,046,695	17,485,076
over one year	2,904,425	2,516,528
Unutilised credit card lines	5,222,974	5,126,496
Forward asset purchases	269,764	60,257
	<u>26,443,858</u>	<u>25,188,357</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	2,929,451	2,972,783
Transaction related contingent items	4,278,394	4,295,291
Obligations under underwriting agreements	120,000	130,000
Short-term self-liquidating trade-related contingencies	1,132,531	604,427
	<u>8,460,376</u>	<u>8,002,501</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	38,202,550	39,195,917
One year or less	11,524,449	12,051,408
Over one year to five years	21,879,938	20,836,522
Over five years	4,798,163	6,307,987
Foreign exchange related contracts:	41,052,929	48,628,852
One year or less	32,240,980	40,258,048
Over one year to five years	6,832,852	6,154,545
Over five years	1,979,097	2,216,259
Equity and commodity related contracts:	1,635,330	1,645,753
One year or less	1,559,022	1,570,386
Over one year to five years	76,308	75,367
	<u>80,890,809</u>	<u>89,470,522</u>
	<u>115,795,043</u>	<u>122,661,380</u>



### A31. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

- (a) The Company has given an unsecured guarantee amounting to RM50.0 million (31 March 2022: RM50.0 million) on behalf of AmlInvestment Bank Berhad ("AmlInvestment Bank"), for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc., Morgan Stanley & Co. LLC and Morgan Stanley Capital Group Inc in respect of their respective futures trading activity with AmlInvestment Bank.
- (b) The Malaysia Competition Commission ("MyCC")'s Proposed Decision against Persatuan Insurans Am Malaysia ("PIAM") and its 22 members (including AGIB, a subsidiary).

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

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

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

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

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

Judicial Review was heard on 20 October 2021 and the High Court allowed MyCC's application to set aside the leave and stay order granted by the High Court. AGIB has lodged an appeal to the Court of Appeal accordingly within the stipulated timeline. The matter is fixed for Case Management on 8 September 2022. The High Court have yet to provide the grounds on their decision in allowing MyCC's application to set aside the leave and stay order granted by the High Court.

AGIB has lodged an appeal to the Court of Appeal accordingly within the stipulated timeline. Further to this, COMPAT proceedings for oral submission by counsel representing PIAM, our counsel and all other Insurers' counsel were concluded on 12, 15, 16, 19 and 26 November 2021. COMPAT has fixed new dates for MyCC to conclude their oral submissions and counsel for the insurers to present their submissions in reply.

On 17 and 21 March 2022, MyCC appeared before COMPAT for MyCC's submissions in reply whereby MyCC raised some new points but did not address several main points that was brought up by AGIB's counsel. The submission in reply by other counsels commenced on 24 March 2022. On 21 April 2022, AGIB's counsel appeared before the COMPAT panel and proceeded with their oral submissions in reply. AGIB's counsel addressed the Court on and rebutted the points/cases referred to by MyCC. MyCC also made an application to put in further reply submissions to the reply submissions of AGIB's counsel. On 22 April 2022, AGIB's counsel appeared before the COMPAT panel who heard their oral submissions in full. The COMPAT panel then deliberated on the application for further submissions by MyCC and decided not to allow further submissions. The COMPAT panel thereafter indicated that the judgement would likely be provided at the end of August 2022.

### A32. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	30.06.2022			31.03.2022		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
Interest/Profit rate related contracts:	37,852,550	394,545	276,467	38,845,917	424,297	345,542
- One year or less	11,524,449	27,085	30,777	12,051,408	54,274	49,463
- Over one year to three years	16,881,898	131,345	109,417	15,851,862	125,730	119,451
- Over three years	9,446,203	236,115	136,273	10,942,647	244,293	176,628
Foreign exchange related contracts:	41,052,929	643,235	649,931	48,628,852	341,606	372,353
- One year or less	32,240,980	345,584	252,092	40,258,048	124,735	105,866
- Over one year to three years	5,078,265	181,031	210,145	5,031,525	142,909	144,524
- Over three years	3,733,684	116,620	187,694	3,339,279	73,962	121,963
Equity and commodity related contracts:	1,635,330	44,689	52,776	1,645,753	55,470	74,386
- One year or less	1,559,022	35,491	43,543	1,570,386	47,256	66,123
- Over one year to three years	76,308	9,198	9,233	75,367	8,214	8,263
	80,540,809	1,082,469	979,174	89,120,522	821,373	792,281
<b>Hedging derivatives</b>						
Interest/Profit rate related contracts:						
Interest/Profit rate swaps:						
Fair value hedge	350,000	-	5,576	350,000	-	11,282
- Over one year to three years	350,000	-	5,576	350,000	-	11,282
Total	80,890,809	1,082,469	984,750	89,470,522	821,373	803,563

### A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

#### Determination of fair value and fair value hierarchy

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

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

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

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

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

About 2.2% (31 March 2022: 2.5%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30.06.2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Derivative financial assets	-	1,082,469	-	1,082,469
Financial assets at fair value through profit or loss				
- Money market securities	-	5,108,606	-	5,108,606
- Shares	1,117,192	-	31	1,117,223
- Unit trusts	146,784	2,268	-	149,052
- Quoted corporate bonds and sukuk	-	12,507	-	12,507
- Unquoted corporate bonds and sukuk	-	3,461,793	-	3,461,793
Financial investments at fair value through other comprehensive income				
- Money market securities	-	9,017,508	-	9,017,508
- Shares	-	-	668,559	668,559
- Unquoted corporate bonds and sukuk	-	9,641,282	-	9,641,282
	<u>1,263,976</u>	<u>28,326,433</u>	<u>668,590</u>	<u>30,258,999</u>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	<u>14,141</u>	<u>970,609</u>	<u>-</u>	<u>984,750</u>

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

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

<b>Company</b> <b>30.06.2022</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,134	-	1,134
<b>Group</b> <b>31.03.2022</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial assets measured at fair value</b>				
Derivative financial assets				
	2,090	819,283	-	821,373
Financial assets at fair value through profit or loss				
- Money market securities	-	2,173,041	-	2,173,041
- Shares	1,124,249	-	31	1,124,280
- Unit trusts	177,091	1,128	-	178,219
- Quoted corporate bonds and sukuk	-	13,315	-	13,315
- Unquoted corporate bonds and sukuk	-	3,727,705	-	3,727,705
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,498,176	-	8,498,176
- Shares	-	-	675,089	675,089
- Unquoted corporate bonds and sukuk	-	9,583,492	-	9,583,492
	<u>1,303,430</u>	<u>24,816,140</u>	<u>675,120</u>	<u>26,794,690</u>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities				
	<u>26,965</u>	<u>776,598</u>	<u>-</u>	<u>803,563</u>
<b>Company</b> <b>31.03.2022</b>				
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,128	-	1,128

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

#### Movements in Level 3 financial instruments measured at fair value

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

#### Group

	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Total RM'000
<b>30.06.2022</b>			
Balance at beginning of the financial period	31	675,089	675,120
Total loss recognised in other comprehensive income under fair value reserve	-	(6,530)	(6,530)
Balance at end of the financial period	<u>31</u>	<u>668,559</u>	<u>668,590</u>
<b>31.03.2022</b>			
Balance at beginning of the financial year	34	686,792	686,826
Loss on revaluation of financial assets at FVTPL taken up in statement of profit or loss	(3)	-	(3)
Total gains recognised in other comprehensive income under fair value reserve	-	3,148	3,148
Additions	-	6	6
Disposals	-	(14,857)	(14,857)
Balance at end of the financial year	<u>31</u>	<u>675,089</u>	<u>675,120</u>

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

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

Group	30.06.2022 RM'000	31.03.2022 RM'000
<b>Financial assets at FVTPL:</b>		
Total loss included in:		
- investment and trading income in statement of profit or loss	-	(3)
<b>Financial investments at FVOCI:</b>		
Total (loss)/gains included in:		
- fair value reserve in statement of comprehensive income	(6,530)	3,148

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

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

#### A34. CAPITAL ADEQUACY

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

	30.06.2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
CET1 Capital Ratio	11.971%	12.201%	28.652%	12.377%
Tier 1 Capital Ratio	11.971%	12.201%	28.652%	12.378%
Total Capital Ratio	16.648%	17.068%	29.420%	15.640%
	31.03.2022			
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Tier 1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Total Capital Ratio	16.109%	17.292%	34.077%	15.456%
After deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Tier 1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Total Capital Ratio	16.109%	17.292%	26.456%	15.315%

Notes:

- (1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios computed as at 30 June 2022 and 31 March 2022 had applied transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries are as follows:

	30.06.2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
CET1 Capital Ratio	11.615%	11.628%	28.651%	11.963%
Tier 1 Capital Ratio	11.615%	11.628%	28.651%	11.963%
Total Capital Ratio	16.494%	16.701%	29.420%	15.480%
	31.03.2022			
Before deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Tier 1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Total Capital Ratio	15.967%	16.948%	34.077%	15.324%
After deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Tier 1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Total Capital Ratio	15.967%	16.948%	26.456%	15.184%

#### A34. CAPITAL ADEQUACY (CONT'D.)

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

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

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

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

	30.06.2022			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
<b>CET1 Capital</b>				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	6,781,724	2,590,984	44,992	9,442,595
Fair value reserve	160,488	(35,504)	1,469	319,428
Foreign exchange translation reserve	104,871	-	-	111,452
Treasury shares	-	-	-	(12,447)
Regulatory reserve	121,727	-	8,569	130,296
Cash flow hedging deficit	(7,864)	-	-	(7,864)
Other remaining disclosed reserves	-	-	-	28,835
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(213,990)	(427)	(2,173)	(218,170)
Deferred tax assets	(164,126)	(71,625)	(3,971)	(232,151)
55% of cumulative gains in fair value reserve	(88,269)	-	(808)	(175,686)
Cash flow hedging deficit	7,864	-	-	7,864
Regulatory reserve	(121,727)	-	(8,569)	(130,296)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,352)	(98)	-	(1,372)
Other CET1 regulatory adjustments specified by BNM	294,532	190,766	5	485,199
<b>CET1 Capital</b>	<b>9,905,855</b>	<b>4,061,203</b>	<b>319,705</b>	<b>14,486,431</b>

**A34. CAPITAL ADEQUACY (CONT'D.)**

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

	30.06.2022			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<b><u>Additional Tier 1 Capital</u></b>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	428
<b>Tier 1 Capital</b>	<b>9,905,855</b>	<b>4,061,203</b>	<b>319,705</b>	<b>14,486,859</b>
<b><u>Tier 2 Capital</u></b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,714,442
General provisions*	775,523	320,111	8,574	1,104,089
<b>Tier 2 Capital</b>	<b>3,870,523</b>	<b>1,620,111</b>	<b>8,574</b>	<b>3,818,531</b>
<b>Total Capital</b>	<b>13,776,378</b>	<b>5,681,314</b>	<b>328,279</b>	<b>18,305,390</b>

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

Credit RWA	75,382,868	32,692,702	756,222	106,098,227
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,596,909)	-	(35,194)
Total Credit RWA	75,382,868	31,095,793	756,222	106,063,033
Market RWA	1,642,291	394,788	21,042	2,885,942
Operational RWA	4,870,431	1,795,753	338,575	7,235,422
Large exposure risk RWA for equity holdings	854,818	-	-	855,740
<b>Total RWA</b>	<b>82,750,408</b>	<b>33,286,334</b>	<b>1,115,839</b>	<b>117,040,137</b>



**A34. CAPITAL ADEQUACY (CONT'D.)**

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

	31.03.2022			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
<b><u>CET1 Capital</u></b>				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	6,524,068	2,490,692	139,315	9,251,065
Fair value reserve	293,346	(3,893)	1,703	485,759
Foreign exchange translation reserve	92,301	-	-	98,871
Treasury shares	-	-	-	(11,041)
Regulatory reserve	94,463	-	8,457	102,920
Cash flow hedging deficit	(9,062)	-	-	(9,062)
Other remaining disclosed reserves	-	-	-	36,472
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(221,538)	(495)	(2,063)	(225,116)
Deferred tax assets	(158,227)	(61,249)	(5,446)	(216,855)
55% of cumulative gains in fair value reserve	(161,340)	-	(937)	(267,168)
Cash flow hedging deficit	9,062	-	-	9,062
Regulatory reserve	(94,463)	-	(8,457)	(102,920)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(648)	(92)	-	(681)
Other CET1 regulatory adjustments specified by BNM	413,471	235,578	1	649,031
<b>CET1 Capital</b>	<b>9,813,410</b>	<b>4,047,648</b>	<b>412,764</b>	<b>14,539,085</b>
<b><u>Additional Tier 1 Capital</u></b>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	431
<b>Tier 1 Capital</b>	<b>9,813,410</b>	<b>4,047,648</b>	<b>412,764</b>	<b>14,539,516</b>
<b><u>Tier 2 Capital</u></b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,752,328
General provisions*	650,081	256,523	8,460	914,980
<b>Tier 2 Capital</b>	<b>3,745,081</b>	<b>1,556,523</b>	<b>8,460</b>	<b>3,667,308</b>
<b>Total Capital</b>	<b>13,558,491</b>	<b>5,604,171</b>	<b>421,224</b>	<b>18,206,824</b>
The breakdown of the risk-weighted assets ("RWA") in various categories of risk are as follows:				
Credit RWA	75,535,958	32,508,336	891,418	106,092,293
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(2,075,074)	-	(361,288)
Total Credit RWA	75,535,958	30,433,262	891,418	105,731,005
Market RWA	2,859,665	215,113	17,652	3,973,469
Operational RWA	4,792,198	1,760,237	327,009	7,114,901
Large exposure risk RWA for equity holdings	980,771	-	-	981,925
<b>Total RWA</b>	<b>84,168,592</b>	<b>32,408,612</b>	<b>1,236,079</b>	<b>117,801,300</b>

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

### A35. INSURANCE BUSINESS

#### AmGeneral Holdings Berhad and its subsidiary

#### (I) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	General insurance fund		Shareholders' fund and Others		Total*	
	30.06.2022 RM'000	31.03.2022 RM'000	30.06.2022 RM'000	31.03.2022 RM'000	30.06.2022 RM'000	31.03.2022 RM'000
<b>ASSETS</b>						
Cash and short-term funds	176,767	201,231	198,696	104,449	375,463	305,680
Deposits and placements with banks and other financial institutions	21,461	20,096	-	-	21,461	20,096
Financial assets at fair value through profit or loss	2,466,085	2,435,614	4,463,059	4,532,591	3,466,310	3,551,434
Loans and advances	300	323	-	-	300	323
Deferred tax assets	49,878	44,264	32	-	49,910	44,264
Investment in a subsidiary	-	-	1,708,733	1,708,733	-	-
Other assets	1,365,208	1,368,669	69,657	62,994	118,554	114,944
Reinsurance assets and other insurance receivables	560,091	580,705	-	-	560,091	580,705
Property and equipment	11,922	12,681	(59)	(59)	11,863	12,622
Right-of-use assets	9,447	13,748	-	-	9,447	13,748
Intangible assets	36,267	37,608	53,764	54,769	868,957	871,304
Asset held for sale	1,562	1,562	762	762	2,324	2,324
<b>TOTAL ASSETS</b>	<b>4,698,988</b>	<b>4,716,501</b>	<b>6,494,644</b>	<b>6,464,239</b>	<b>5,484,680</b>	<b>5,517,444</b>
<b>LIABILITIES AND EQUITY</b>						
Deferred tax liabilities	-	-	31,285	31,539	31,285	31,539
Other liabilities	325,450	349,729	1,319,919	1,320,498	329,497	353,949
Insurance contract liabilities and other insurance payables	2,649,224	2,687,361	-	-	2,649,224	2,687,361
<b>Total Liabilities</b>	<b>2,974,674</b>	<b>3,037,090</b>	<b>1,351,204</b>	<b>1,352,037</b>	<b>3,010,006</b>	<b>3,072,849</b>
Share capital**	-	-	6,297,569	6,212,949	2,121,931	2,121,931
Reserves	1,724,314	1,679,411	(1,154,129)	(1,100,747)	352,743	322,664
Equity attributable to equity holders of the Company	1,724,314	1,679,411	5,143,440	5,112,202	2,474,674	2,444,595
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,698,988</b>	<b>4,716,501</b>	<b>6,494,644</b>	<b>6,464,239</b>	<b>5,484,680</b>	<b>5,517,444</b>

\* After elimination on consolidation

\*\* Comprising:

Ordinary share capital	1,721,931	1,721,931
Transfer from retained earnings arising from redemption of preference shares	400,000	400,000
	<b>2,121,931</b>	<b>2,121,931</b>

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

**A35. INSURANCE BUSINESS (CONT'D.)**

**AmGeneral Holdings Berhad and its subsidiary**

**(II) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	General insurance fund		Shareholders' fund and Others		Total*	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Interest income	853	446	31,372	31,598	32,225	32,044
Interest expense	-	-	-	(5,446)	-	(5,446)
Net interest income	853	446	31,372	26,152	32,225	26,598
Income from insurance business	340,304	343,982	-	-	340,304	343,982
Insurance claims and commissions**	(215,566)	(216,246)	-	-	(215,566)	(216,246)
Net income from insurance business	124,738	127,736	-	-	124,738	127,736
Other operating income	(23)	20,717	(52,625)	28,648	(43,854)	7,708
Net income	125,568	148,899	(21,253)	54,800	113,109	162,042
Other operating expenses	(76,356)	(71,148)	(2,636)	(2,625)	(78,992)	(73,773)
Operating profit/(loss)	49,212	77,751	(23,889)	52,175	34,117	88,269
Writeback of impairment:						
Reinsurance assets and insurance receivables	1,996	219	-	-	1,996	219
Other recoveries/ (write-offs), net	5	(73)	-	-	5	(73)
Profit/(Loss) before taxation	51,213	77,897	(23,889)	52,175	36,118	88,415
Taxation	(6,310)	(17,056)	271	1,175	(6,039)	(15,881)
<b>Profit/(Loss) for the financial period</b>	<b>44,903</b>	<b>60,841</b>	<b>(23,618)</b>	<b>53,350</b>	<b>30,079</b>	<b>72,534</b>

\* After elimination on consolidation

\*\* Includes commission paid/payable to related companies of the Group of RM4,671,000 (30 June 2021: RM3,093,000)

**A36. OPERATIONS OF ISLAMIC BANKING**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	Note	Group	
		30.06.2022 RM'000	31.03.2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds		4,269,306	3,599,095
Derivative financial assets		54,170	51,661
Financial assets at fair value through profit or loss		2,206,531	986,968
Financial investments at fair value through other comprehensive income		4,204,136	4,450,620
Financial investments at amortised cost		3,467,653	3,033,252
Financing and advances	(a)	39,326,101	38,653,868
Statutory deposit with Bank Negara Malaysia		196,000	167,000
Deferred tax assets		71,548	61,176
Other assets		324,807	286,825
Property and equipment		344	363
Right-of-use assets		2,222	2,066
Intangible assets		427	495
<b>TOTAL ASSETS</b>		<b>54,123,245</b>	<b>51,293,389</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	(b)	40,480,356	37,590,250
Investment accounts of customers	(c)	50,974	377,861
Deposits and placements of banks and other financial institutions		3,699,375	3,634,435
Obligations on securities sold under repurchase agreements		438,772	-
Investment account due to a licensed bank	(d)	1,558,876	1,710,663
Recourse obligation on financing sold to Cagamas Berhad		1,500,003	1,500,000
Derivative financial liabilities		56,666	60,038
Term funding		834,854	834,836
Subordinated Sukuk		1,300,000	1,300,000
Other liabilities	(e)	260,782	411,400
<b>TOTAL LIABILITIES</b>		<b>50,180,658</b>	<b>47,419,483</b>
Share capital/Capital funds		1,387,107	1,387,107
Reserves		2,555,480	2,486,799
<b>TOTAL ISLAMIC BANKING FUNDS</b>		<b>3,942,587</b>	<b>3,873,906</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>54,123,245</b>	<b>51,293,389</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>16,863,971</b>	<b>14,702,448</b>

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2022	30.06.2021 (Restated) (Note A37)	30.06.2022	30.06.2021 (Restated) (Note A37)
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1	431,817	429,408	431,817	429,408
Income derived from investment of investment account funds		14,956	10,354	14,956	10,354
Income derived from Islamic Banking Funds	1	43,071	44,071	43,071	44,071
Allowances for impairment on financing and advances - net		(57,776)	(91,430)	(57,776)	(91,430)
(Allowances for)/Writeback of impairment on:					
- Financial investments		(2,746)	(1,306)	(2,746)	(1,306)
- Other financial assets		147	49	147	49
Provision for commitments and contingencies - charge		(1,297)	(708)	(1,297)	(708)
Total distributable income		428,172	390,438	428,172	390,438
Income attributable to the depositors and others	2	(186,956)	(190,813)	(186,956)	(190,813)
Income attributable to the investment account holders		(12,608)	(9,093)	(12,608)	(9,093)
Total net income		228,608	190,532	228,608	190,532
Operating expenses		(77,273)	(72,481)	(77,273)	(72,481)
Finance costs		(21,988)	(24,341)	(21,988)	(24,341)
Profit before taxation and zakat		129,347	93,710	129,347	93,710
Taxation and zakat		(29,055)	(20,717)	(29,055)	(20,717)
Profit for the financial period		100,292	72,993	100,292	72,993

Note:

1 Included the net loss of RM210,000 (30 June 2021: RM3,301,000) from measures implemented in response to COVID-19 pandemic.

2 Included a fair value gain of RM8,966,000 recognised by AmBank Islamic Berhad in financial period ended 30 June 2021 from funding obtained from a related company. The funding was obtained for the purposes of providing Special Relief Facility ("SRF") financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	100,292	72,993	100,292	72,993
Other comprehensive income:				
<b>Items that may be reclassified subsequently to statement of profit or loss</b>				
Financial investments at fair value through other comprehensive income:				
- net unrealised (loss)/gain for changes in fair value	(48,197)	12,989	(48,197)	12,989
- changes in expected credit loss	5,019	2,070	5,019	2,070
- net gain reclassified to profit or loss	-	(596)	-	(596)
- tax effect	11,567	(3,144)	11,567	(3,144)
Other comprehensive (loss)/income for the financial period net of tax	(31,611)	11,319	(31,611)	11,319
Total comprehensive income for the financial period	68,681	84,312	68,681	84,312

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2022**

Group	Share capital/ Capital funds RM'000	Non- Distributable		Total Equity RM'000
		Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2021</b>	1,417,107	43,972	2,434,800	3,895,879
Profit for the financial period	-	-	72,993	72,993
Other comprehensive loss, net	-	11,319	-	11,319
Transfer to conventional fund*	(30,000)	-	(95,424)	(125,424)
Total comprehensive (loss)/income for the financial period	(30,000)	11,319	(22,431)	(41,112)
<b>At 30 June 2021</b>	<b>1,387,107</b>	<b>55,291</b>	<b>2,412,369</b>	<b>3,854,767</b>
<b>At 1 April 2022</b>	1,387,107	(3,893)	2,490,692	3,873,906
Profit for the financial period	-	-	100,292	100,292
Other comprehensive loss, net	-	(31,611)	-	(31,611)
Total comprehensive (loss)/income for the financial period	-	(31,611)	100,292	68,681
<b>At 30 June 2022</b>	<b>1,387,107</b>	<b>(35,504)</b>	<b>2,590,984</b>	<b>3,942,587</b>

\* Upon notification to BNM, with effect from 15 June 2021, the Group is no longer required to disclose its Islamic Banking of AmInvestment Bank relating to stock broking and capital market activities undertaken in compliance with Shariah principles that are regulated by the Securities Commission and Bursa Malaysia Berhad.

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

**(a) Financing and Advances**

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

Group 30.06.2022	Bai' Bithaman	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai' Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai' (AITAB) RM'000			
<b>At amortised cost:</b>							
Cash lines	-	553,811	-	-	477,975	-	1,031,786
Term financing	420,536	13,015,437	8,682	-	995,630	15,122	14,455,407
Revolving credit	22,037	3,845,510	-	-	983,840	-	4,851,387
Housing financing	2,541,202	8,976,114	43,072	-	-	-	11,560,388
Hire purchase receivables	3	-	-	4,289,623	-	-	4,289,626
Bills receivables	-	581,038	-	-	-	52,663	633,701
Credit card receivables	-	-	-	-	-	449,530	449,530
Trust receipts	-	471,813	-	-	-	-	471,813
Claims on customers under acceptance credits	-	1,876,934	-	-	-	312,413	2,189,347
Staff financing	-	20,047	-	-	-	-	20,047
Others	-	-	-	-	-	14,307	14,307
Gross financing and advances*	2,983,778	29,340,704	51,754	4,289,623	2,457,445	844,035	39,967,339
Allowance for impairment on financing and advances							
- Stage 1 - 12-months ECL							(63,288)
- Stage 2 - Lifetime ECL not credit impaired							(412,468)
- Stage 3 - Lifetime ECL credit impaired							(165,482)
Net financing and advances							<u>39,326,101</u>

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

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

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

Group 31.03.2022	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
<b>At amortised cost:</b>							
Cash lines	-	617,679	-	-	578,646	-	1,196,325
Term financing	439,860	12,596,186	8,806	-	1,091,129	20,160	14,156,141
Revolving credit	27,065	3,744,672	-	-	1,128,326	-	4,900,063
Housing financing	2,589,646	8,540,970	43,458	-	-	-	11,174,074
Hire purchase receivables	3	-	-	4,255,450	-	-	4,255,453
Bills receivables	-	630,366	-	-	-	40,342	670,708
Credit card receivables	-	-	-	-	-	447,758	447,758
Trust receipts	-	381,229	-	-	-	-	381,229
Claims on customers under acceptance credits	-	1,784,824	-	-	-	353,913	2,138,737
Staff financing	-	17,862	-	-	-	-	17,862
Others	-	-	-	-	-	9,102	9,102
Gross financing and advances*	3,056,574	28,313,788	52,264	4,255,450	2,798,101	871,275	39,347,452
Allowance for impairment on financing and advances							
- Stage 1 - 12-months ECL							(61,592)
- Stage 2 - Lifetime ECL not credit impaired							(401,419)
- Stage 3 - Lifetime ECL credit impaired							(230,573)
Net financing and advances							<u>38,653,868</u>

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



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

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

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

	Group	
	30.06.2022 RM'000	31.03.2022 RM'000
Balance at beginning of the financial period/year	628,542	613,074
Additions during the financial period/year	293,469	718,754
Reclassified to non-impaired financing	(26,814)	(77,186)
Recoveries	(114,403)	(337,277)
Amount written off	(136,541)	(288,823)
Balance at end of the financial period/year	<u>644,253</u>	<u>628,542</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.61%</u>	<u>1.60%</u>
Financing loss coverage (including regulatory reserve)	<u>103.6%</u>	<u>114.3%</u>

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

Group 30.06.2022	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial period	61,592	401,419	230,573	693,584
Net allowances for ECL	1,661	11,035	71,450	84,146
- Transfer to 12-month ECL (Stage 1)	1,775	(13,259)	(472)	(11,956)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,947)	25,143	(4,504)	17,692
- Transfer to Lifetime ECL credit impaired (Stage 3)	(234)	(10,739)	26,924	15,951
New financial assets originated	8,975	8,388	3	17,366
Net remeasurement of allowances	(6,338)	(4,109)	56,119	45,672
Changes in model assumptions and methodologies	7,357	17,541	5	24,903
Modification of contractual cash flows of financial assets	(153)	(1,217)	249	(1,121)
Financial assets derecognised	(6,774)	(10,713)	(6,874)	(24,361)
Foreign exchange differences	35	14	-	49
Amount written off	-	-	(136,541)	(136,541)
Balance at end of the financial period	<u>63,288</u>	<u>412,468</u>	<u>165,482</u>	<u>641,238</u>

Note:

1 As at 30 June 2022, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,561.7 million (31 March 2022: RM1,713.8 million). ECL allowance for the RA financing which amounted to RM1.8 million (31 March 2022: RM2.2 million) is taken up by AmBank.

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

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

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

Group 31.03.2022	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial year	143,487	401,459	101,634	646,580
Net (writeback of)/allowances for ECL	(81,909)	(42)	417,762	335,811
- Transfer to 12-month ECL (Stage 1)	2,625	(28,659)	(1,070)	(27,104)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,581)	37,018	(7,784)	24,653
- Transfer to Lifetime ECL credit impaired (Stage 3)	(542)	(18,470)	22,179	3,167
New financial assets originated	20,276	16,949	1,279	38,504
Net remeasurement of allowances	(37,662)	26,473	426,783	415,594
Changes in model assumptions and methodologies	(47,158)	(13,962)	-	(61,120)
Modification of contractual cash flows of financial assets	(374)	3,248	(484)	2,390
Financial assets derecognised	(14,493)	(22,639)	(23,141)	(60,273)
Foreign exchange differences	14	2	-	16
Amount written off	-	-	(288,823)	(288,823)
Balance at end of the financial year	61,592	401,419	230,573	693,584

**(b) Deposits From Customers**

	Group	
	30.06.2022 RM'000	31.03.2022 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	3,703,864	3,850,631
<i>Qard</i>	116,385	146,823
Demand deposits		
<i>Commodity Murabahah</i>	8,781,815	9,587,153
<i>Qard</i>	555,758	861,168
Term deposits		
<i>Commodity Murabahah</i>	26,906,749	22,994,199
<i>Qard</i>	415,785	150,276
	<u>40,480,356</u>	<u>37,590,250</u>

The deposits are sourced from the following types of customers:

	Group	
	30.06.2022 RM'000	31.03.2022 RM'000
Business enterprises	26,403,017	22,820,946
Government and statutory bodies	2,667,003	3,180,849
Individuals	10,543,934	10,600,240
Others	866,402	988,215
	<u>40,480,356</u>	<u>37,590,250</u>

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

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

The maturity structure of term deposits are as follows:

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Due within six months	22,936,653	18,084,514
Over six months to one year	4,047,080	4,774,000
Over one year to three years	267,132	214,910
Over three years to five years	71,669	71,051
	<u>27,322,534</u>	<u>23,144,475</u>

**(c) Investment Accounts Of Customers**

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	15,780	16,573
With maturity		
- Mudarabah	35,194	361,288
	<u>50,974</u>	<u>377,861</u>

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

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Business enterprises	28,525	354,618
Individuals	22,449	23,243
	<u>50,974</u>	<u>377,861</u>

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Investment asset:		
Interbank placement (Wakalah)	15,780	16,573
Housing financing (Mudarabah)	35,194	361,288
Total investment	<u>50,974</u>	<u>377,861</u>

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

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
<b>30.06.2022</b>			
Maturity			
less than 3 months	55.63	2.06	1.88
over 3 months to 1 year	55.00	2.20	-
<b>31.03.2022</b>			
Maturity			
less than 3 months	53.12	1.92	1.75
over 3 months to 1 year	54.01	2.16	-

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

**(d) Investment Account Due to A Licensed Bank**

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,558,876	1,710,663
Investment asset:		
Financing	1,558,876	1,710,663
<b>Total investment</b>	<b>1,558,876</b>	<b>1,710,663</b>

The RA is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by AmBank Islamic as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider. The capital provider for the RA contracts is AmBank, a related company.

As at 30 June 2022, the remaining tenure of the RA contracts is for a period ranging between 5 months to 8 years (31 March 2022: 8 months to 8 years).

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

	30.06.2022		31.03.2022	
	Profit sharing ratio (%)	Average rate of return (%)	Profit sharing ratio (%)	Average rate of return (%)
Maturity:				
over 2 years to 5 years	90	2.69	90	2.64
more than 5 years	90	2.84	90	2.80

**(e) Other Liabilities**

	Group	
	30.06.2022	31.03.2022
	RM'000	RM'000
Other payables and accruals	196,271	354,912
Deferred income	21,803	16,022
Lease liabilities	2,256	2,092
Provision for reinstatement of leased properties	83	82
Provision for zakat	2,600	2,130
Allowances for ECL on financing commitments and financial guarantees	26,112	24,808
Advance rental	11,657	11,354
	<b>260,782</b>	<b>411,400</b>

### A37. RESTATEMENT OF COMPARATIVE INFORMATION

In March 2022, the Group conducted a review on the classification of its unrated bonds and sukuk and reclassified the instruments from loans, advances and financing to financial investments at amortised cost to align the presentation of its debt securities as financial investments. The reclassification resulted in changes to the comparative financial information to conform with current period's presentation, which resulted in the following financial effects to the statements of the Group:

Group	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<b>As at 30 June 2021</b>			
<b>(i) Reconciliation of statement of profit or loss</b>			
<b>Individual Quarter</b>			
Allowances for impairment on loans, advances and financing	188,953	(62)	188,891
Allowances for impairment on financial investments	5,006	62	5,068
<b>Cumulative Quarter</b>			
Allowances for impairment on loans, advances and financing	188,953	(62)	188,891
Allowances for impairment on financial investments	5,006	62	5,068
<b>(ii) Reconciliation of statements of cash flows</b>			
Cash flows from operating activities:			
Add adjustments for:			
Allowance for expected credit losses on loans, advances and financing, net	246,328	(62)	246,266
Other non-operating and non-cash items	35,719	62	35,781
(Increase)/Decrease in operating assets:			
Loans, advances and financing	(924,126)	50,447	(873,679)
Other assets	216,648	(273)	216,375
Cash flows from investing activities:			
Purchase of financial investments	(2,502,686)	(50,174)	(2,552,860)

#### Islamic Banking Business

**As at 30 June 2021**

#### (i) Reconciliation of statement of profit or loss

##### Individual Quarter

Allowances for impairment on financing and advances	90,870	560	91,430
Allowances for impairment on financial investments	1,866	(560)	1,306

##### Cumulative Quarter

Allowances for impairment on financing and advances	90,870	560	91,430
Allowances for impairment on financial investments	1,866	(560)	1,306

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

**B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP**

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

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	30.06.2022 RM'000	30.06.2021 RM'000	Amount RM'000	%	30.06.2022 RM'000	30.06.2021 RM'000	Amount RM'000	%
Operating profit before impairment losses	617,857	743,253	(125,396)	(16.9)	617,857	743,253	(125,396)	(16.9)
Profit before taxation and zakat	553,942	540,032	13,910	2.6	553,942	540,032	13,910	2.6
Profit for the financial period	433,946	422,191	11,755	2.8	433,946	422,191	11,755	2.8
Profit attributable to equity holders of the Company	419,199	386,604	32,595	8.4	419,199	386,604	32,595	8.4

**Financial year to date - Cumulative period ended 30 June 2022 compared to 30 June 2021**

For the financial period under review, the Group's fund based income from interest bearing assets increased mainly from interest on customer lending and interest on fixed income securities offset by decreased in interest on deposit. Non-interest income decreased compared to same period last year.

Funding costs increased attributable to higher interest expense on deposits from customers.

Fee based income recorded a decrease of RM17.9 million mainly due to lower commission from unit trust and lower net brokerage fees. Market based income decreased from higher loss on derivatives, lower gains on sale of securities and revaluation on trading securities offset by higher gain from trading in foreign exchange.

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

The Group's associates and joint ventures recorded lower profits as reflected in the share of profits of RM2.9 million compared to RM26.2 million in prior year same period. The Group's share of profits was mainly due to the insurance-based joint ventures which recorded higher claims and lower investment income offset by lower reserving and higher net earned premium.

Total operating expenses increased by 9.9% compared to same period last year. The increase was mainly due to higher personnel and establishment expenses partly offset by lower in administration expenses. The Group's cost-to-income ratio had deteriorated to 46.8% from 40.0% a year ago.

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

Profit before taxation and zakat for the current financial period was higher compared to a year ago at RM553.9 million, an increase of RM13.9 million (2.6%). Profit for the financial period increased by RM11.7 million to RM433.9 million compared to same period last year.

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

### **Commentary on key components of financial position**

The Group's core interest bearing assets namely loans, advances and financing recorded a growth in gross balances by RM0.1 billion from 31 March 2022 to RM120.1 billion. The Group's impaired loans ratio was at 1.55%.

Deposits from customers was lower compared to 31 March 2022 at RM121.4 billion. Low cost deposits which constituted 32.6% of total deposits from customers decreased compared to 35.2% as at 31 March 2022.

### **Liquidity and capital strength**

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's capital adequacy ratio is strong at 15.64% at the end of the reporting period.

### **Divisional performance**

#### **Retail Banking (Year to date ("YTD") FY2023: RM192.5 million vs FY2022: RM177.2 million)**

Profit before tax ("PBT") increased by RM15.3 million mainly driven by higher net income and lower net impairment, partially offset by higher other operating expenses.

Net income increased by RM22.2 million mainly from higher volume and margin impact, partially offset by lower fee income from Wealth. Higher other operating expenses mainly due to higher computerisation costs, marketing spend and higher service transfer pricing ("STP") expenses. Lower net impairment mainly from provision on loans, advances and financing, partially offset by higher provision for commitments and contingencies.

Retail deposits increased by RM4.9 billion to RM55.1 billion from all deposits type. Gross loans, advances and financing grew by RM3.8 billion to close at RM69.0 billion mainly attributed by Mortgages and Personal Financing, offset by Auto Finance.

#### **Business Banking (YTD FY2023: RM90.5 million vs YTD FY2022: RM84.3 million)**

PBT increased by RM6.2 million mainly from higher net income and lower net impairment, partially offset by higher other operating expenses.

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

Business Banking deposits increased by RM1.5 billion to RM14.2 billion from both current accounts and fixed deposits, while gross loans, advances and financing grew by RM1.7 billion to close at RM19.1 billion.

#### **Corporate Banking (YTD FY2023: RM151.5 million vs YTD FY2022: RM56.0 million)**

PBT increased by RM95.5 million mainly due to higher net income, lower other operating expenses and lower net impairment.

Net income increased by 5.1% due to higher volume. Lower net impairment mainly writeback from provision on loans, advances and financing.

Corporate Banking gross loans, advances and financing increased by RM1.1 billion to close at RM30.2 billion, while deposits increased by RM2.5 billion to close at RM14.1 billion.

#### **Group Treasury and Markets (YTD FY2023: RM140.9 million vs YTD FY2022: RM126.4 million)**

PBT increased by RM14.5 million mainly from higher net income, lower other operating expenses and lower net impairment.

Net income increased by RM9.2 million mainly due to higher margin, partially offset by lower gain from fixed income trading.

#### **Investment Banking (YTD FY2023: RM10.8 million vs YTD FY2022: RM32.2 million)**

PBT decreased by RM21.4 million from lower net income, higher other operating expenses and lower writeback of net impairment mainly due to lower recoveries.

Net income decreased by RM15.6 million from lower number of sizeable deals and brokerage fees.

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

**Divisional performance (Cont'd.)**

**Fund Management (YTD FY2023: RM20.3 million vs YTD FY2022: RM25.5 million)**

PBT decreased by RM5.2 million mainly from lower management fees, partially offset by lower other operating expenses.

**Insurance (YTD FY2023: RM37.6 million vs YTD FY2022: RM113.8 million)**

Insurance PBT decreased by RM76.2 million mainly from lower net income and higher other operating expenses lower, partially offset by higher writeback of net impairment.

**Group Funding and Others (YTD FY2023: Loss of RM90.1 million vs YTD FY2022: Loss of RM75.5 million)**

Higher loss before tax mainly from lower net income and higher other operating expenses, partially offset by lower net impairment.

**B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

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

	Group			
	Individual Quarter		Changes	
	30.06.2022	31.03.2022	Amount	
	RM'000	RM'000	RM'000	%
Operating profit before impairment losses	617,857	565,851	52,006	9.2
Profit before taxation and zakat	553,942	514,403	39,539	7.7
Profit for the financial quarter	433,946	417,934	16,012	3.8
Profit attributable to equity holders of the Company	419,199	391,750	27,449	7.0

**Current quarter compared to immediate preceding quarter**

For the financial quarter under review, the Group's fund based income from interest bearing assets increased mainly from interest on customer lending. Non-interest income decreased compared to last quarter.

Funding costs increased attributable to higher interest on deposits and placements from banks and other financial institutions.

Overall other operating income decreased for this quarter compared to preceding quarter due to lower gains from sale of securities.

Total operating expenses decreased by 2.4% compared to preceding quarter mainly due to decrease in personnel, marketing and establishment expenses offset by higher administration expenses.

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

Against the preceding quarter, profit before taxation and zakat for the current quarter is higher at RM553.9 million, an increase of RM39.5 million (7.7%). Profit for the quarter increased by RM16.0 million to RM433.9 million compared to preceding quarter.



### B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END

Malaysia's gross domestic product ("GDP") improved further in the second quarter of 2022. While the market was expecting a 6.7% year-on-year ("YoY") growth, the actual GDP grew by 8.9% YoY after expanding 5.0% YoY in the previous quarter. This brings the average first half 2022 GDP to 6.9% YoY. Looking at the monthly economic performance, the economy expanded by 5.6% YoY in April 2022, 5.0% YoY in May 2022 and 16.5% YoY in June 2022, signalling robust improvement. The better performance in the second quarter of 2022 was due to the full reopening across all sectors in the economy, the high vaccination and booster rates, and also the opening of international borders in April 2022.

Following the strong first half 2022 performance, we now expect second half 2022 GDP to also perform well. Besides the low base, we foresee the economy to continue benefiting from strong export earnings backed by firm commodity prices, a still healthy global semiconductor environment, resource-based exports, and Foreign Direct Investment inflows. Also, domestic activities, primarily private expenditure, a pick-up in tourism activities, and improving employment will continue to lend support to the overall economic performance.

However, the upside to the economy is being contained by shortages of entry-level foreign workers and talents, on top of supply chain disruptions and high input costs. Besides domestic challenges, the Malaysian economy is still vulnerable to external shocks such as slower-than-expected economic growth, and some knock-on impact from the ongoing geopolitical risk. On that note, we have revised upwards our projection. Our base case GDP growth target for 2022 is now 6.4% with the upside at 6.7% and downside of 5.9%.

Malaysia's inflation is starting to gain some steam, accelerating from 2.3% in January 2022 to 3.4% in June 2022. This brings the average of inflation for the first half of 2022 to 2.5% (2.3% January to June 2021). Upwards pressure remains from cost-push dynamics induced by higher commodity prices and a weaker ringgit, which had fed into the inflation reading. Also, we may see low base effects in July, August, and September of 2022 readings as the local economy suffered the reintroduction of MCO 3.0 in 2021.

In addition, the notion of demand-pull inflation is starting to pick up. Unemployment has dipped to 3.8% in June 2022, the lowest level since the pandemic started, while core inflation has reached 3.0% YoY, the highest since 2016. This is further bolstered by other spending indicators such as credit card spending (jumped 49.9%) and debit card spending (surged 105.5%), and double-digit growth in retail spending at 31.3%. For the year 2022, we expect the annual inflation rate to hover around 2.8% to 3.0% with an upside surprise of 3.3%.

Meanwhile, the overall banking system loans grew 5.6% YoY in June 2022 and marking the new 3-year high. Household loans increase faster by 5.9% YoY, while non-household loans climbed 5.3% YoY supported by working capital loans. Overall, we envisaged the industry's loan growth to reach 5.0% to 6.0% for the full year of 2022.

The overall banking system remains healthy in 2022 underpinned by strong liquidity. Despite some dips, the liquidity coverage ratio stayed above the 100% regulatory requirement in June 2022 at 148.4%. Correspondingly, the sector's funding profile was well-diversified with June 2022's loan-to-fund ratio and loan-to-fund-and-equity ratio at 81.8% and 71.1% respectively.

Meanwhile, BNM has made its first rate hike move this year in May 2022, beating the market's expectation, on the back of a firming labour market and recovering domestic economy. In the subsequent Monetary Policy Committee meeting in July, BNM raised the overnight policy rate ("OPR") by another 25 basis points ("bps") to 2.25%. The hike was due to Malaysia's positive growth outlook coming from firm domestic demand, improving labour market, and transition into endemicity. Expectations are that the OPR will continue trending upwards and likely to stabilise at 2.50% to 2.75% in 2022 and settle at 3.25% in 2023. On that note, we have baked in another 25bps OPR rate hike in September 2022 with a probability of 40% for another 25bps in November 2022 supported by healthy potential incoming data that reflects a pick-up in demand pressures.

AmBank Group started its FY23 stronger on the back of positive economic momentum across all sectors. The Group remains committed in growing revenue, rebuilding capital and shoring up liquidity levels while closely monitoring asset quality and exerting cost discipline. At the same time, the Group continues to extend financial assistance to customers who are still in need. The Group's ongoing efforts remain focused on creating sustainable long-term value for all its stakeholders.

While there remain uncertainties and near-term volatilities amid growing concerns of global recession as well as the conflict in Ukraine, AmBank Group continues to forge ahead with the execution of its Focus 8 strategy. The Group's key focus in FY23 include accelerating its digital transformation, forming strategic partnerships and embedding Environmental, Social and Governance ("ESG") considerations into its strategies, business and operations. These areas, once enhanced, will allow the Group to deliver more competitive integrated value propositions to its customers.

**B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE**

This is not applicable to the Group.

**B5. TAXATION AND ZAKAT**

Group	Individual Quarter		Cumulative Quarter	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Estimated current tax payable	82,119	114,449	82,119	114,449
Deferred tax	37,400	1,292	37,400	1,292
	<u>119,519</u>	<u>115,741</u>	<u>119,519</u>	<u>115,741</u>
Under provision of current taxation in respect of prior years	6	1,135	6	1,135
Taxation	<u>119,525</u>	<u>116,876</u>	<u>119,525</u>	<u>116,876</u>
Zakat	471	965	471	965
Taxation and zakat	<u>119,996</u>	<u>117,841</u>	<u>119,996</u>	<u>117,841</u>

The total tax charge of the Group for the financial period ended 30 June 2022 and 30 June 2021 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

**B6. BORROWINGS AND DEBT SECURITIES**

Group	Long term*		Short term*		Total	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
	<b>30.06.2022</b>					
<b>Unsecured</b>						
Term funding	100,000	1,674,222 #	-	234,702	100,000	1,908,924
Debt capital	-	4,395,000	-	-	-	4,395,000
<b>30.06.2021</b>						
<b>Unsecured</b>						
Term funding	100,000	1,034,784 #	-	759,871	100,000	1,794,655
Debt capital	-	4,295,000	-	-	-	4,295,000

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

# As at 30 June 2022 and 30 June 2021, USD100 million term loan drawdown to be utilised for diversifying the sources of funding the growth of the USD balance sheet.

\* remaining contractual maturity

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

Month of Issuance/ Redemption	Entity	Note/ Sukuk type and tenure	Nominal value RM'000	Weighted average interest/ profit rate %	Net interest/ profit savings per annum for redemption RM'000
December 2021 - Issuance	AmBank	Senior Notes Series 1 - 1.5 years	150,000	2.94	-
December 2021 - Issuance	AmBank	Senior Notes Series 2 - 2 years	250,000	3.14	-
December 2021 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	10,000	5.50	550
March 2022 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	600,000	4.30	-
March 2022 - Redemption	AmBank	Subordinated Note Tier 2 - 10 years	500,000	5.20	26,000
March 2022 - Issuance	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	250,000	4.25	-
March 2022 - Redemption	AmBank Islamic	Senior Sukuk Musharakah - 2 years	200,000	3.55	7,100

#### B6. BORROWINGS AND DEBT SECURITIES (CONT'D.)

Detailed explanations on the material changes to the borrowings and debt securities as at the current year to-date compared with the corresponding period in the immediate preceding year: (Cont'd.)

Month of Issuance/ Redemption	Entity	Note/ Sukuk type and tenure	Nominal value RM'000	Weighted average interest/ profit rate %	Net interest/ profit savings per annum for redemption RM'000
March 2022 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	240,000	5.20	12,480

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

#### B7. MATERIAL LITIGATION

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

#### B8. DIVIDENDS

There is no dividend proposed for the current financial quarter.

#### B9. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A32.

#### B10. EARNINGS PER SHARE (SEN)

##### (a) Basic/Diluted earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net profit attributable to equity holders of the Company (RM'000)	419,199	386,604	419,199	386,604
Weighted average number of ordinary shares in issue ('000)	3,310,441	3,260,027	3,310,441	3,260,027
Basic/diluted earnings per share (Sen)	12.66	11.86	12.66	11.86