

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30.06.2023	Group 31.03.2023 (Restated) RM'000	01.04.2022 (Restated) RM'000	Company 30.06.2023 RM'000	31.03.2023 RM'000
ASSETS						
Cash and short-term funds	A8	8,576,804	8,521,940	13,221,099	463,083	208,565
Securities purchased under resale agreements		20,905	-	-	-	-
Deposits and placements with banks and other financial institutions	A9	232,130	176,604	1,301,449	-	-
Derivative financial assets	A30	1,513,663	921,109	821,373	-	-
Financial assets at fair value through profit or loss	A10	11,332,237	12,770,907	7,216,560	1,168	1,158
Financial investments at fair value through other comprehensive income ("FVOCI")	A11	25,317,425	25,610,733	18,756,757	-	-
Financial investments at amortised cost	A12	11,888,111	13,469,703	9,037,766	-	-
Loans, advances and financing	A13	126,900,524	128,242,605	118,065,685	-	-
Statutory deposits with Bank Negara Malaysia		2,484,119	2,446,547	376,523	-	-
Deferred tax assets		177,998	220,655	218,551	-	-
Investments in subsidiaries and other investments		-	-	-	10,852,185	10,852,185
Investments in associates and joint ventures	A14	1,493,274	1,522,898	529,592	-	-
Other assets	A15	3,301,224	2,626,036	2,885,319	4,586	4,005
Reinsurance assets and other insurance receivables		-	-	580,705	-	-
Property and equipment		155,276	161,778	180,968	18	20
Right-of-use assets		210,804	229,770	189,372	-	-
Intangible assets		510,336	510,644	1,399,912	-	-
Assets held for sale		-	-	2,324	-	-
TOTAL ASSETS		194,114,830	197,431,929	174,783,955	11,321,040	11,065,933
LIABILITIES AND EQUITY						
Deposits from customers	A16	130,265,365	130,315,080	122,592,850	-	-
Investment accounts of customers		15,226	16,474	377,861	-	-
Deposits and placements of banks and other financial institutions	A17	10,732,965	11,462,245	9,894,585	-	-
Securities sold under repurchase agreements		13,387,571	16,466,674	1,582,717	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		8,920,032	9,915,040	8,375,023	-	-
Derivative financial liabilities	A30	1,324,878	964,319	803,563	-	-
Term funding		2,055,368	2,172,333	1,880,097	-	-
Debt capital		5,395,000	4,395,000	4,395,000	-	-
Deferred tax liabilities		-	-	8,093	-	-
Other liabilities	A18	3,531,183	3,697,557	4,302,862	19,782	23,117
Insurance contract liabilities and other insurance payables		-	-	2,687,361	-	-
Total Liabilities		175,627,588	179,404,722	156,900,012	19,782	23,117
Share capital		6,376,240	6,376,240	6,776,240	6,372,870	6,372,870
Treasury shares		(30,608)	(28,579)	(11,041)	(30,608)	(28,579)
Reserves		12,140,698	11,678,682	9,919,643	4,958,996	4,698,525
Equity attributable to equity holders of the Company		18,486,330	18,026,343	16,684,842	11,301,258	11,042,816
Non-controlling interests		912	864	1,199,101	-	-
Total Equity		18,487,242	18,027,207	17,883,943	11,301,258	11,042,816
TOTAL LIABILITIES AND EQUITY		194,114,830	197,431,929	174,783,955	11,321,040	11,065,933
COMMITMENTS AND CONTINGENCIES	A29	129,971,558	124,872,952	122,661,380	-	-
NET ASSETS PER SHARE (RM)		5.59	5.45	5.04	3.42	3.34

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2023.

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2023 RM'000	30.06.2022 (Restated) RM'000	30.06.2023 RM'000	30.06.2022 (Restated) RM'000
Continuing operations:					
Interest income	A19	1,476,890	1,043,066	1,476,890	1,043,066
Interest expense	A20	(956,508)	(476,647)	(956,508)	(476,647)
Net interest income		520,382	566,419	520,382	566,419
Net income from Islamic banking		371,212	282,806	371,212	282,806
Other operating income	A21	249,354	191,760	249,354	191,760
Share in results of associates and joint ventures		9,836	(5,960)	9,836	(5,960)
Net income		1,150,784	1,035,025	1,150,784	1,035,025
Other operating expenses	A22	(507,724)	(468,582)	(507,724)	(468,582)
Operating profit before impairment losses		643,060	566,443	643,060	566,443
Allowances for impairment on loans, advances and financing	A23	(166,100)	(60,062)	(166,100)	(60,062)
(Allowances for)/Writeback of impairment on:					
Financial investments	A24	(20,151)	(112)	(20,151)	(112)
Other financial assets	A24	(1,687)	599	(1,687)	599
Provision for commitments and contingencies - charge		(2,508)	(6,344)	(2,508)	(6,344)
Other recoveries, net		4	3	4	3
Profit before taxation and zakat from continuing operations		452,618	500,527	452,618	500,527
Taxation and zakat	B5	(100,268)	(113,954)	(100,268)	(113,954)
Profit after taxation and zakat from continuing operations		352,350	386,573	352,350	386,573
Discontinued operation:					
Profit before taxation from discontinued operation		51,115	44,601	51,115	44,601
Taxation	B5	-	(6,042)	-	(6,042)
Profit after taxation from discontinued operation		51,115	38,559	51,115	38,559
Profit for the financial period		403,465	425,132	403,465	425,132
Profit for the financial period attributable to:					
Equity holders of the Company		378,371	410,385	378,371	410,385
Non-controlling interests		25,094	14,747	25,094	14,747
Profit for the financial period		403,465	425,132	403,465	425,132
EARNINGS PER SHARE (SEN)					
Basic/Diluted	B10				
Continuing operations		10.65	11.68	10.65	11.68
Discontinued operation		0.79	0.72	0.79	0.72
		11.44	12.40	11.44	12.40

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 2023.

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022 (Restated)	30.06.2023	30.06.2022 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	403,465	425,132	403,465	425,132
Other comprehensive income/(loss):				
Continuing operations:				
Items that will not be reclassified subsequently to statement of profit or loss				
Financial investments at FVOCI				
- net unrealised gain/(loss) on changes in fair value	38,186	(6,530)	38,186	(6,530)
Tax effect relating to components of other comprehensive income				
- financial investments at FVOCI	-	(30)	-	(30)
	<u>38,186</u>	<u>(6,560)</u>	<u>38,186</u>	<u>(6,560)</u>
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation gain on foreign operations	15,336	12,581	15,336	12,581
Cash flow hedge				
- amortisation of fair value changes for terminated hedge	1,576	1,576	1,576	1,576
Financial investments at FVOCI				
- net unrealised gain/(loss) on changes in fair value	19,527	(214,216)	19,527	(214,216)
- net gain reclassified to profit or loss	(1,222)	(83)	(1,222)	(83)
- changes in expected credit losses ("ECL")	12,817	3,052	12,817	3,052
- foreign exchange differences	1	1	1	1
Tax effect relating to the components of other comprehensive (income)/loss				
- cash flow hedge	(379)	(378)	(379)	(378)
- financial investments at FVOCI	(4,349)	51,475	(4,349)	51,475
Share of reserve movements in equity accounted associates and joint ventures	111	850	111	850
	<u>43,418</u>	<u>(145,142)</u>	<u>43,418</u>	<u>(145,142)</u>
Other comprehensive income/(loss) for the financial period, net of tax from continuing operations	81,604	(151,702)	81,604	(151,702)
Total comprehensive income for the financial period	<u>485,069</u>	<u>273,430</u>	<u>485,069</u>	<u>273,430</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company				
Continuing operations	433,906	234,863	433,906	234,863
Discontinued operation	26,069	23,820	26,069	23,820
Non-controlling interests				
Continuing operations	48	8	48	8
Discontinued operation	25,046	14,739	25,046	14,739
	<u>485,069</u>	<u>273,430</u>	<u>485,069</u>	<u>273,430</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 2023.

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

Company	Note	Individual Quarter		Cumulative Quarter	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Interest income	A19	972	2,787	972	2,787
Other operating income	A21	266,822	94,437	266,822	94,437
Net income		<u>267,794</u>	<u>97,224</u>	<u>267,794</u>	<u>97,224</u>
Other operating expenses	A22	(9,125)	(4,847)	(9,125)	(4,847)
Profit before taxation		<u>258,669</u>	<u>92,377</u>	<u>258,669</u>	<u>92,377</u>
Taxation		<u>(239)</u>	<u>(645)</u>	<u>(239)</u>	<u>(645)</u>
Profit for the financial period representing total comprehensive income for the financial period		<u>258,430</u>	<u>91,732</u>	<u>258,430</u>	<u>91,732</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 2023.

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

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

Group	Attributable to Equity Holders of the Company											Total equity RM'000
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings		Total RM'000	Non-controlling interests RM'000	
							Non-participating funds RM'000	RM'000				
At 01.04.2022												
- As previously reported	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
- Effect of adoption of MFRS 17 (Note A34)	-	-	-	-	-	-	-	-	(74,950)	(74,950)	-	(74,950)
At 01.04.2022, as restated	6,776,240	102,920	499,227	(9,062)	98,871	36,472	(11,041)	45,715	9,145,500	16,684,842	1,199,101	17,883,943
Profit for the financial period	-	-	-	-	-	-	-	-	410,385	410,385	14,747	425,132
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	-	-	-	410,385	258,683	14,747	273,430
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)
At 30.06.2022	6,776,240	130,296	333,746	(7,864)	111,452	28,835	(12,447)	45,715	9,527,747	16,933,720	1,213,848	18,147,568

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(Incorporated in Malaysia)
Condensed Financial Statements

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

Group	Attributable to Equity Holders of the Company											Total equity RM'000
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings		Total RM'000	Non-controlling interests RM'000	
							Non-participating funds RM'000					
At 01.04.2023												
- As previously reported	6,376,240	211,707	511,309	(4,258)	112,212	26,425	(28,579)	45,715	10,884,274	18,135,045	864	18,135,909
- Effect of adoption of MFRS 17 (Note A34)	-	-	-	-	-	-	-	-	(108,702)	(108,702)	-	(108,702)
At 01.04.2023, as restated	6,376,240	211,707	511,309	(4,258)	112,212	26,425	(28,579)	45,715	10,775,572	18,026,343	864	18,027,207
Profit for the financial period	-	-	-	-	-	-	-	-	378,371	378,371	25,094	403,465
Other comprehensive income, net	-	-	65,071	1,197	15,336	-	-	-	-	81,604	-	81,604
Total comprehensive income for the financial period	-	-	65,071	1,197	15,336	-	-	-	378,371	459,975	25,094	485,069
Buy-back of shares	-	-	-	-	-	-	(2,029)	-	-	(2,029)	-	(2,029)
Share-based payment under ESS, net	-	-	-	-	-	2,041	-	-	-	2,041	-	2,041
Transfer from regulatory reserve	-	(38,459)	-	-	-	-	-	-	38,459	-	-	-
Arising from disposal of a subsidiary (Note A27)	-	-	-	-	-	-	-	-	-	-	(25,046)	(25,046)
Transactions with owners and other equity movements	-	(38,459)	-	-	-	2,041	(2,029)	-	38,459	12	(25,046)	(25,034)
At 30.06.2023	6,376,240	173,248	576,380	(3,061)	127,548	28,466	(30,608)	45,715	11,192,402	18,486,330	912	18,487,242

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

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2022	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)
At 30.06.2022	6,372,870	28,835	(12,447)	4,746,595	11,135,853

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2023	6,372,870	26,425	(28,579)	4,672,100	11,042,816
Profit for the financial period	-	-	-	258,430	258,430
Total comprehensive income for the financial period	-	-	-	258,430	258,430
Buy-back of shares	-	-	(2,029)	-	(2,029)
Share-based payment under ESS, net	-	2,041	-	-	2,041
Transactions with owners and other equity movements	-	2,041	(2,029)	-	12
At 30.06.2023	6,372,870	28,466	(30,608)	4,930,530	11,301,258

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 2023.

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

	Group		Company	
	30.06.2023	30.06.2022 (Restated)	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from operating activities</i>				
Profit before taxation and zakat				
Continuing operations	452,618	500,527	258,669	92,377
Discontinued operation	51,115	44,601	-	-
Profit before taxation and zakat including discontinued operation	503,733	545,128	258,669	92,377
Adjustments for:				
Net accretion of discount for securities	(82,781)	(5,389)	-	-
Allowance for ECL on loans, advances and financing, net	234,646	131,434	-	-
Dividend income	(1,810)	(1,810)	(263,878)	(94,210)
Net gain on revaluation of derivatives	(236,738)	(79,910)	-	-
Net loss on revaluation of financial assets at fair value through profit or loss	87,679	85,546	-	-
Net gain on sale of financial investments at fair value through other comprehensive income	(1,222)	(83)	-	-
Net (gain)/loss on sale of financial assets at fair value through profit or loss	(17,784)	2,476	-	-
Adjustment on the loss on disposal of subsidiary	(51,115)	-	-	-
Other non-operating and non-cash items	36,001	83,479	2	2
Operating profit/(loss) before working capital changes	470,609	760,871	(5,207)	(1,831)
<i>(Increase)/Decrease in operating assets:</i>				
Securities purchased under resale agreements	(20,905)	-	-	-
Deposits and placements with banks and other financial institutions	-	(132,284)	-	-
Financial assets at fair value through profit or loss	1,437,831	(2,709,505)	(10)	(6)
Loans, advances and financing	1,121,165	(302,887)	-	-
Statutory deposits with Bank Negara Malaysia	(37,572)	(89,775)	-	-
Other assets	(555,744)	(4,348)	34	10,696
Reinsurance assets and other insurance receivables	-	22,609	-	-
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers	(49,715)	(1,200,081)	-	-
Investment accounts of customers	(1,248)	(326,887)	-	-
Deposits and placements of banks and other financial institutions	(736,724)	2,081,928	-	-
Securities sold under repurchase agreements	(3,079,103)	3,629,395	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(995,009)	(725,006)	-	-
Term funding	(141,899)	8,243	-	-
Other liabilities	(126,594)	(225,536)	(1,294)	872
Insurance contract liabilities and other insurance payables	-	(38,136)	-	-
Cash (used in)/generated from operations	(2,714,908)	748,601	(6,477)	9,731
Taxation and zakat paid, net	(152,430)	(219,192)	(854)	(2,312)
Net cash (used in)/generated from operating activities	(2,867,338)	529,409	(7,331)	7,419

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023 (CONT'D.)

	Group		Company	
	30.06.2023	30.06.2022 (Restated)	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	(2,029)	(11,598)	(2,029)	(11,598)
Dividend/Distribution income received	41,381	5,351	263,878	-
Proceeds from disposal of property and equipment	7	80	-	-
Disposal/(Purchase) of financial investments	1,993,845	(2,134,139)	-	-
Purchase of property and equipment and intangible assets	(35,498)	(20,704)	-	(25)
Net cash generated from/(used in) investing activities	<u>1,997,706</u>	<u>(2,161,010)</u>	<u>261,849</u>	<u>(11,623)</u>
<i>Cash flows from financing activities</i>				
Repayment of lease liabilities	(18,270)	(25,370)	-	-
Proceeds from issuance of Subordinated Notes/Sukuk, net	1,000,000	-	-	-
Net cash generated from/(used in) financing activities	<u>981,730</u>	<u>(25,370)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	112,098	(1,656,971)	254,518	(4,204)
Cash and cash equivalents at beginning of the financial year	8,700,367	14,516,864	208,565	717,660
Effect of exchange rate changes	276	(117)	-	-
Cash and cash equivalents at end of the financial period	<u>8,812,741</u>	<u>12,859,776</u>	<u>463,083</u>	<u>713,456</u>

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

	Group		Company	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	8,576,804	11,435,076	463,083	713,456
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	<u>232,130</u>	<u>1,563,072</u>	<u>-</u>	<u>-</u>
	8,808,934	12,998,148	463,083	713,456
Less: Deposits with original maturity of more than three months	<u>-</u>	<u>(141,538)</u>	<u>-</u>	<u>-</u>
	8,808,934	12,856,610	463,083	713,456
Add:				
Allowances for ECL for cash and cash equivalents	3,807	3,166	-	-
Cash and cash equivalents	<u>8,812,741</u>	<u>12,859,776</u>	<u>463,083</u>	<u>713,456</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 2023.

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 2023 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:

- MFRS 17 *Insurance Contracts*
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 *Insurance Contracts*)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)
- International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Group and of the Company except for the adoption of MFRS 17 as disclosed below. The Group and the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other amendments to published standards.

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

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

MFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure which replaced MFRS 4 *Insurance Contracts*. Comparative information have been restated, applying the transitional provisions of MFRS 17. The impact arising from the adoption of MFRS 17 are as follows:

(i) Recognition and measurement

MFRS 17 requires the Group to identify portfolios of insurance/takaful contracts and reinsurance/retakaful contracts, which comprise contracts subject to similar risks and are managed together. Insurance/takaful contracts are divided into:

- (a) a group of contracts that are onerous at initial recognition, if any;
- (b) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- (c) a group of the remaining contracts in the portfolio, if any.

Embedded derivatives and distinct investment and service components are unbundled and accounted for separately in accordance with the related MFRSs.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 17 Insurance Contracts and Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts) (Cont'd.)

(i) Recognition and measurement (Cont'd.)

The Group recognises insurance/takaful acquisition cash flows paid as an asset before the related group of insurance/takaful contracts are recognised. The asset for insurance/takaful acquisition cash flows are derecognised when the insurance/takaful acquisition cash flows are included in the measurement of the related group of insurance/takaful contracts.

The Group applies the following measurement models in measuring insurance/takaful contracts:

(a) General measurement model

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.

(b) Premium allocation approach

A simplified premium allocation approach is permitted for the liability for 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.

(c) Variable-fee approach

For contracts with direct participation features.

Insurance revenue which depicts the provision of services arising from the group of insurance/takaful contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services are recognised in profit or loss. Insurance service expenses are recognised in profit or loss when incurred. The resulting insurance service result is distinguished from the insurance finance income and expense.

If a group of contracts is expected to be onerous over the remaining coverage period, the Group recognises the loss immediately. A loss component of the liability for remaining coverage for such onerous group depicting the losses recognised is established by the Group.

(ii) Transition

A full retrospective application is required. However, an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable. AmMetLife Insurance Berhad and AmMetLife Takaful Berhad, the joint ventures of the Group that first applies MFRS 17 and MFRS 9 at the same time are 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 financial impacts of the adoption of MFRS 17 on the financial statements of the Group are as disclosed in Note A34.

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

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Company.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

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

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

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

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

The amendments further clarified that effects of a change in an input or measurement technique used to develop an accounting estimate (for example, expected credit losses, fair value of an asset or liability, and depreciation for property and equipment) is a change in accounting estimate, if they do not arise from prior period errors. The adoption of these amendments did not result in any material impact to the financial statements of the Group and the Company.

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

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

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

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

Standards issued but not yet effective

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

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

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

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

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

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

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

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

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)

The amendments clarify that:

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

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 2023 except for estimated loss on disposal of a subsidiary as disclosed in Note A27.

A2. AUDIT QUALIFICATION

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

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 ended 30 June 2023 other than the impact of adoption of MFRS 17 as disclosed in Note A34.

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 561,950 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM3.61 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM2,029,247 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.

(ii) Issuance of debt securities

(1) On 27 June 2023, AmBank (M) Berhad ("AmBank") issued Tranche 11 with nominal value of RM500.0 million under its RM4.0 billion Subordinated Notes programme. The interest rate of this tranche is at 4.59% per annum, payable semi-annually with a tenure of 10 years (callable in the 5th years).

(2) On 27 June 2023, AmBank Islamic Berhad ("AmBank Islamic") issued Tranche 11 with nominal value of RM500.0 million under its RM3.0 billion Subordinated Sukuk Murabahah ("Sukuk Murabahah") programme. The profit rate of this tranche is at 4.53% per annum, payable semi-annually with a tenure of 10 years (non-callable 5 years).

(iii) Redemption of debt securities

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

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 PAID

No dividend has been paid during the current financial quarter.

A8. CASH AND SHORT-TERM FUNDS

	Group		Company	
	30.06.2023 RM'000	31.03.2023 RM'000	30.06.2023 RM'000	31.03.2023 RM'000
Cash and balances with banks and other financial institutions	2,218,877	2,530,187	463,083	208,565
Deposit and placements maturing within one month:				
Licensed banks	2,854,308	2,518,377	-	-
Bank Negara Malaysia	3,491,170	3,460,000	-	-
Other financial institutions	15,236	15,133	-	-
	6,360,714	5,993,510	-	-
	8,579,591	8,523,697	463,083	208,565
Less: Allowances for ECL	(2,787)	(1,757)	-	-
	8,576,804	8,521,940	463,083	208,565

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL not credit impaired	
30.06.2023	RM'000	RM'000	RM'000
Balance at beginning of the financial period	1,456	301	1,757
Net allowances for/(writeback of) ECL	1,283	(282)	1,001
Transfer to 12-month ECL (Stage 1)	1	(273)	(272)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	465	-	465
New financial assets originated	4,473	-	4,473
Financial assets derecognised	(3,903)	-	(3,903)
Net remeasurement of allowances	247	(9)	238
Foreign exchange differences	28	1	29
Balance at end of the financial period	2,767	20	2,787

Group	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL not credit impaired	
31.03.2023	RM'000	RM'000	RM'000
Balance at beginning of the financial year	2,225	20	2,245
Net (writeback of)/allowances for ECL	(858)	341	(517)
Transfer to 12-month ECL (Stage 1)	5	(24)	(19)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	6,204	35	6,239
New financial assets originated	16,914	685	17,599
Financial assets derecognised	(23,807)	(585)	(24,392)
Net remeasurement of allowances	(174)	230	56
Foreign exchange differences	89	(60)	29
Balance at end of the financial year	1,456	301	1,757

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
Deposits and placements maturity more than one month:		
Licensed banks	233,150	176,670
Less: Allowances for ECL	(1,020)	(66)
	<u>232,130</u>	<u>176,604</u>
Of which deposits and placements with original maturity of:		
Three months or less	<u>233,150</u>	<u>176,670</u>

Movements in allowances for ECL are as follows:

Group	Stage 1
30.06.2023	12-month
	ECL
	RM'000
Balance at beginning of the financial period	66
Net allowances for ECL	954
Transfer to cash and short-term funds (Note A8)	(465)
Net remeasurement of allowances	160
New financial assets originated	1,259
Balance at end of the financial period	<u>1,020</u>

Group	Stage 1	Stage 2	Total
31.03.2023	12-month	Lifetime ECL	Total
	ECL	not credit	Total
	RM'000	impaired	RM'000
	RM'000	RM'000	RM'000
Balance at beginning of the financial year	1,325	-	1,325
Net writeback of ECL	(1,259)	-	(1,259)
Transfer to cash and short-term funds (Note A8)	(6,204)	(35)	(6,239)
Net remeasurement of allowances	(97)	-	(97)
New financial assets originated	5,042	35	5,077
Balance at end of the financial year	<u>66</u>	<u>-</u>	<u>66</u>

A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	30.06.2023 RM'000	31.03.2023 RM'000	30.06.2023 RM'000	31.03.2023 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	659,984	2,766,826	-	-
Malaysian Islamic Treasury Bills	3,288,080	3,644,507	-	-
Malaysian Government Securities	1,949,974	582,357	-	-
Malaysian Government Investment Issues	1,185,842	287,727	-	-
Bank Negara Monetary Notes	1,546,916	2,887,770	-	-
	<u>8,630,796</u>	<u>10,169,187</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	616,166	627,690	-	-
Unit trusts	22,664	22,854	1,168	1,158
Corporate bonds and sukuk	10,234	10,236	-	-
Outside Malaysia:				
Shares	420,729	446,560	-	-
	<u>1,069,793</u>	<u>1,107,340</u>	<u>1,168</u>	<u>1,158</u>
Unquoted Securities:				
In Malaysia:				
Shares	33	33	-	-
Corporate bonds and sukuk	1,631,615	1,494,347	-	-
	<u>1,631,648</u>	<u>1,494,380</u>	<u>-</u>	<u>-</u>
Total	<u>11,332,237</u>	<u>12,770,907</u>	<u>1,168</u>	<u>1,158</u>

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	199,740	466,728
Malaysian Government Securities	4,195,468	4,273,588
Malaysian Government Investment Issues	5,033,157	5,083,442
Bank Negara Monetary Notes	497,790	494,320
Islamic Negotiable Instruments of Deposit	398,637	-
Malaysian Islamic Treasury Bills	1,530,927	2,218,495
Foreign Government Investment Issues	13,893	13,309
	<u>11,869,612</u>	<u>12,549,882</u>
Unquoted Securities:		
In Malaysia:		
Shares	720,229	682,097
Corporate bonds and sukuk	12,726,769	12,367,702
Outside Malaysia:		
Shares	815	761
Corporate bonds and sukuk	-	10,291
	<u>13,447,813</u>	<u>13,060,851</u>
Total	<u>25,317,425</u>	<u>25,610,733</u>

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Total
	12-month	Lifetime	
30.06.2023	ECL	ECL	ECL
	RM'000	not credit impaired RM'000	RM'000
Balance at beginning of the financial period	10,282	3,024	13,306
Net allowances for ECL	11,146	1,671	12,817
New financial assets originated	4,791	-	4,791
Financial assets derecognised	(3,216)	-	(3,216)
Net remeasurement of allowances	9,571	1,671	11,242
Foreign exchange differences	1	-	1
Balance at end of the financial period	<u>21,429</u>	<u>4,695</u>	<u>26,124</u>

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

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

Group	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL not credit impaired	
31.03.2023	RM'000	RM'000	RM'000
Balance at beginning of the financial year	10,494	9,842	20,336
Net writeback of ECL	(224)	(6,817)	(7,041)
Transfer to 12-month ECL (Stage 1)	596	(8,650)	(8,054)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,595)	3,410	1,815
New financial assets originated	10,871	-	10,871
Financial assets derecognised	(7,209)	(2,996)	(10,205)
Net remeasurement of allowances	(2,887)	1,419	(1,468)
Foreign exchange differences	12	(1)	11
Balance at end of the financial year	10,282	3,024	13,306

A12. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Securities	1,149,051	1,346,712
Malaysian Government Investment Issues	2,683,386	4,107,989
	3,832,437	5,454,701
Unquoted Securities:		
In Malaysia:		
Corporate bonds and sukuk	8,562,781	8,514,775
	12,395,218	13,969,476
Less: Allowances for ECL	(507,107)	(499,773)
Total	11,888,111	13,469,703

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 3	Total
	12-month	Lifetime	
30.06.2023	ECL	ECL	RM'000
	RM'000	credit	RM'000
	RM'000	impaired	RM'000
Balance at beginning of the financial period	6,927	492,846	499,773
Net allowances for ECL	3,743	3,591	7,334
New financial assets originated	3,883	-	3,883
Net remeasurement of allowances	2,334	3,591	5,925
Financial assets derecognised	(2,474)	-	(2,474)
Balance at end of the financial period	10,670	496,437	507,107

Group	Stage 1	Stage 3	Total
	12-month	Lifetime	
31.03.2023	ECL	ECL	RM'000
	RM'000	credit	RM'000
	RM'000	impaired	RM'000
Balance at beginning of the financial year	4,497	478,727	483,224
Net allowances for ECL	2,430	14,119	16,549
New financial assets originated	3,792	-	3,792
Net remeasurement of allowances	(457)	14,119	13,662
Financial assets derecognised	(905)	-	(905)
Balance at end of the financial year	6,927	492,846	499,773

A13. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
At Amortised Cost		
Loans, advances and financing:		
Term loans/financing	43,678,516	43,398,222
Revolving credit	11,240,200	12,350,195
Housing loans/financing	42,356,573	41,736,571
Hire purchase receivables	14,977,476	14,483,326
Card receivables	2,132,914	2,099,858
Overdrafts	3,027,677	3,285,631
Claims on customers under acceptance credits	6,234,316	7,121,490
Trust receipts	2,372,479	2,554,759
Bills receivables	2,675,792	2,947,175
Staff loans	102,664	102,547
Others	171,898	146,997
Gross loans, advances and financing	<u>128,970,505</u>	<u>130,226,771</u>
Less: Allowances for ECL		
- Stage 1 - 12-month ECL	(276,409)	(236,612)
- Stage 2 - Lifetime ECL not credit impaired	(1,133,962)	(1,160,966)
- Stage 3 - Lifetime ECL credit impaired	(659,610)	(586,588)
	<u>(2,069,981)</u>	<u>(1,984,166)</u>
Net loans, advances and financing	<u>126,900,524</u>	<u>128,242,605</u>

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

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
Domestic non-bank financial institutions	2,926,486	3,316,997
Domestic business enterprises:		
- Small and medium enterprises	26,954,827	26,680,264
- Others	25,317,750	27,188,177
Government and statutory bodies	2,651,920	2,638,909
Individuals	69,283,943	68,456,302
Other domestic entities	8,751	8,848
Foreign individuals and entities	1,826,828	1,937,274
	<u>128,970,505</u>	<u>130,226,771</u>

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

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
In Malaysia	128,702,641	129,943,758
Outside Malaysia	267,864	283,013
	128,970,505	130,226,771

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Fixed rate:		
- Housing loans/financing	236,319	616,368
- Hire purchase receivables	14,588,011	14,085,713
- Other loans/financing	12,822,657	13,554,457
Variable rate:		
- Base rate and lending/financing rate plus	69,762,219	69,490,820
- Cost plus	30,416,121	31,331,647
- Other variable rates	1,145,178	1,147,766
	128,970,505	130,226,771

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Agriculture	2,951,754	3,056,513
Mining and quarrying	2,183,113	2,166,074
Manufacturing	14,370,749	15,768,934
Electricity, gas and water	1,384,099	1,522,997
Construction	4,537,223	4,471,263
Wholesale and retail trade and hotels and restaurants	12,243,821	12,165,060
Transport, storage and communication	5,240,287	5,183,071
Finance and insurance	4,692,684	5,119,567
Real estate	7,602,230	7,737,253
Business activities	2,401,627	2,457,545
Education and health	1,448,687	1,537,580
Household of which:	69,860,251	69,035,564
Purchase of residential properties	42,670,832	42,054,000
Purchase of transport vehicles	13,632,441	13,161,422
Others	13,556,978	13,820,142
Others	53,980	5,350
	128,970,505	130,226,771

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

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Maturing within one year	31,009,856	33,676,035
Over one year to three years	6,807,829	6,892,129
Over three years to five years	11,656,783	12,039,646
Over five years	79,496,037	77,618,961
	128,970,505	130,226,771

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Gross		
Balance at beginning of the financial period/year	1,896,447	1,676,044
Additions during the financial period/year	817,052	1,961,165
Reclassified as non-impaired	(180,508)	(199,101)
Recoveries	(244,199)	(865,651)
Amount written off	(149,765)	(676,386)
Foreign exchange differences	430	376
Balance at end of the financial period/year	2,139,457	1,896,447
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.66%	1.46%
Loan/Financing loss coverage (including regulatory reserve)	115.57%	127.67%

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
In Malaysia	2,139,457	1,896,447

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

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Agriculture	7,379	7,152
Mining and quarrying	58,281	43,082
Manufacturing	271,454	214,954
Electricity, gas and water	47,721	47,366
Construction	177,935	172,476
Wholesale and retail trade and hotels and restaurants	238,658	213,270
Transport, storage and communication	24,884	23,594
Finance and insurance	8,661	11,201
Real estate	33,904	11,413
Business activities	50,334	44,095
Education and health	23,493	11,863
Household of which:	1,196,753	1,095,981
Purchase of residential properties	915,882	841,786
Purchase of transport vehicles	117,927	115,068
Others	162,944	139,127
	<u>2,139,457</u>	<u>1,896,447</u>

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

Group 30.06.2023	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 period	236,612	1,160,966	586,588
Net allowances for/(writeback of) ECL	39,408	(27,014)	222,252	234,646
Transfer to 12-month ECL (Stage 1)	7,380	(52,806)	(1,727)	(47,153)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,276)	111,260	(27,857)	73,127
Transfer to Lifetime ECL credit impaired (Stage 3)	(673)	(37,878)	122,387	83,836
New financial assets originated	44,849	21,058	154	66,061
Net remeasurement of allowances	29,836	(65,995)	174,604	138,445
Modification of contractual cash flows of financial assets	119	(886)	(473)	(1,240)
Financial assets derecognised	(23,212)	(16,795)	(51,079)	(91,086)
Changes in model assumptions and methodologies	(8,615)	15,028	6,243	12,656
Foreign exchange differences	389	10	535	934
Amount written off	-	-	(149,765)	(149,765)
Balance at end of the financial period	<u>276,409</u>	<u>1,133,962</u>	<u>659,610</u>	<u>2,069,981</u>

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

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

Group 31.03.2023	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial year	217,884	1,159,616	550,076	1,927,576
Net allowances for ECL	18,382	1,378	712,426	732,186
Transfer to 12-month ECL (Stage 1)	14,137	(158,939)	(5,763)	(150,565)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(15,556)	174,054	(22,465)	136,033
Transfer to Lifetime ECL credit impaired (Stage 3)	(1,463)	(35,213)	290,890	254,214
New financial assets originated	65,456	87,732	10,888	164,076
Net remeasurement of allowances	10,549	29,078	475,977	515,604
Modification of contractual cash flows of financial assets	(144)	2,213	2,027	4,096
Financial assets derecognised	(38,131)	(108,258)	(75,940)	(222,329)
Changes in model assumptions and methodologies	(16,466)	10,711	36,812	31,057
Foreign exchange differences	415	(28)	472	859
Amount written off	-	-	(676,386)	(676,386)
Derecognition - disposal of subsidiary	(69)	-	-	(69)
Balance at end of the financial year	236,612	1,160,966	586,588	1,984,166

A14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group	
	30.06.2023 RM'000	31.03.2023 (Restated) RM'000
Unquoted shares:		
At cost at the beginning of the financial period/year	1,627,316	669,169
Acquisition	-	958,147
At cost at the end of the financial period/year	1,627,316	1,627,316
Share of post acquisition reserves	18,402	48,026
	1,645,718	1,675,342
Less: Impairment loss	(152,444)	(152,444)
Balance at end of the financial period/year	1,493,274	1,522,898

A15. OTHER ASSETS

	Group		Company	
	30.06.2023 RM'000	31.03.2023 RM'000	30.06.2023 RM'000	31.03.2023 RM'000
Trade receivables	285,007	271,463	-	-
Other receivables, deposits and prepayments	960,369	1,021,772	205	134
Interest/Profit receivable	528,295	508,106	-	-
Fee receivable	25,427	23,177	-	-
Amount due from associates and joint ventures	18,801	17,915	1,416	1,521
Amount due from agents, brokers and reinsurers	128,396	102,061	-	-
Foreclosed properties	2,577	2,644	-	-
Tax recoverable	313,974	220,584	2,965	2,350
Collateral pledged for derivative and securities transactions	1,046,393	467,034	-	-
	<u>3,309,239</u>	<u>2,634,756</u>	<u>4,586</u>	<u>4,005</u>
Less: Accumulated impairment losses	(8,015)	(8,720)	-	-
	<u>3,301,224</u>	<u>2,626,036</u>	<u>4,586</u>	<u>4,005</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Demand deposits	31,352,043	38,135,787
Savings deposits	8,231,282	10,664,158
Term/Investment deposits	90,682,040	81,515,135
	<u>130,265,365</u>	<u>130,315,080</u>

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Due within six months	71,475,352	65,635,656
Six months to one year	18,202,573	13,133,341
Over one year to three years	928,558	2,660,643
Over three years to five years	75,557	85,495
	<u>90,682,040</u>	<u>81,515,135</u>

The deposits are sourced from the following types of customers:

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Government and statutory bodies	5,306,921	6,588,571
Business enterprises	68,958,238	63,994,960
Individuals	50,227,557	52,302,587
Others	5,772,649	7,428,962
	<u>130,265,365</u>	<u>130,315,080</u>

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Licensed banks	5,627,497	6,793,325
Licensed investment banks	1,135,095	939,128
Bank Negara Malaysia	1,434,900	1,390,807
Other financial institutions	2,535,473	2,338,985
	<u>10,732,965</u>	<u>11,462,245</u>

A18. OTHER LIABILITIES

	Group		Company	
	30.06.2023	31.03.2023	30.06.2023	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Trade payables	311,259	295,500	-	-
Other payables and accruals	1,252,363	1,366,483	16,485	18,625
Interest payable on deposits and borrowings	996,432	908,679	-	-
Lease deposits and advance rental	52,302	51,798	-	-
Provision for commitments and contingencies	2,412	3,677	-	-
Allowances for ECL on loan/financing commitments and financial guarantees	229,286	225,385	-	-
Lease liabilities	215,577	233,845	-	-
Provision for reinstatement of leased properties	6,612	6,908	-	-
Amount due to subsidiaries	-	-	3,297	4,492
Provision for taxation	21,280	18,568	-	-
Collateral received for derivative and securities transactions	422,415	510,844	-	-
Deferred income	21,245	75,870	-	-
	3,531,183	3,697,557	19,782	23,117

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	
30.06.2023	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial period	42,638	33,816	148,931	225,385
Net allowances for/(writeback of) ECL	7,094	(1,580)	(1,741)	3,773
Transfer to 12-month ECL (Stage 1)	883	(6,559)	-	(5,676)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(818)	5,330	-	4,512
Transfer to Lifetime ECL credit impaired (Stage 3)	(9)	(550)	237	(322)
New exposures originated	11,882	5,050	-	16,932
Net remeasurement of allowances	625	(2,613)	(1,943)	(3,931)
Exposures derecognised	(5,469)	(2,238)	(35)	(7,742)
Foreign exchange differences	119	8	1	128
Balance at end of the financial period	49,851	32,244	147,191	229,286

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
31.03.2022	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	28,926	26,330	247,941	303,197
Net allowances for/(writeback of) ECL	13,579	7,475	(98,991)	(77,937)
Transfer to 12-month ECL (Stage 1)	1,166	(6,535)	-	(5,369)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,371)	10,077	-	8,706
Transfer to Lifetime ECL credit impaired (Stage 3)	(42)	(485)	3,899	3,372
New exposures originated	19,523	16,470	7,943	43,936
Net remeasurement of allowances	3,043	(4,038)	(110,421)	(111,416)
Exposures derecognised	(8,740)	(8,014)	(412)	(17,166)
Foreign exchange differences	133	11	(19)	125
Balance at end of the financial year	42,638	33,816	148,931	225,385

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	58,964	22,280	58,964	22,280
Financial assets at fair value through profit or loss	72,798	17,550	72,798	17,550
Financial investments at fair value through				
other comprehensive income	164,725	110,863	164,725	110,863
Financial investments at amortised cost	95,231	67,148	95,231	67,148
Loans and advances*	1,075,111	818,610	1,075,111	818,610
Impaired loans and advances	1,901	883	1,901	883
Others	8,160	5,732	8,160	5,732
	<u>1,476,890</u>	<u>1,043,066</u>	<u>1,476,890</u>	<u>1,043,066</u>
Company				
Short-term funds and deposits and placements with				
banks and other financial institutions	972	2,787	972	2,787

* Included in the interest income of loans and advances of the Group is the net loss of RM9.0 million (30.06.2022: net loss of RM0.9 million) arising from government support measures implemented in response to COVID-19 pandemic.

A20. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Deposits from customers	638,001	347,782	638,001	347,782
Deposits and placements of banks and other				
financial institutions	82,443	25,592	82,443	25,592
Senior notes	3,045	3,057	3,045	3,057
Securities sold under repurchase agreements	126,783	12,943	126,783	12,943
Recourse obligation on loans sold to Cagamas Berhad	51,302	44,260	51,302	44,260
Term loan	6,835	1,957	6,835	1,957
Debt capital	36,923	36,826	36,923	36,826
Other structured products and others	11,176	4,230	11,176	4,230
	<u>956,508</u>	<u>476,647</u>	<u>956,508</u>	<u>476,647</u>

A21. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Fee and commission income:				
Fees on loans and securities	36,102	35,903	36,102	35,903
Corporate advisory	5,490	3,600	5,490	3,600
Guarantee fees	12,113	13,876	12,113	13,876
Underwriting commission	-	2,482	-	2,482
Portfolio management fees	18,114	10,248	18,114	10,248
Unit trust fees, commission and charges	39,398	36,472	39,398	36,472
Property trust management fees	1,638	1,664	1,638	1,664
Brokerage fees and commission	7,467	7,391	7,467	7,391
Bancassurance commission	8,471	2,592	8,471	2,592
Wealth management fees	1,667	3,419	1,667	3,419
Remittances	6,521	7,705	6,521	7,705
Fees, service and commission charges	6,146	9,197	6,146	9,197
Placement fees	1,562	600	1,562	600
Others	11,117	4,339	11,117	4,339
	<u>155,806</u>	<u>139,488</u>	<u>155,806</u>	<u>139,488</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets at fair value through profit or loss	18,039	(2,462)	18,039	(2,462)
Net (loss)/gain from sale of financial investments at fair value through other comprehensive income	(130)	83	(130)	83
Net gain on redemption of financial investments at amortised cost	34,854	-	34,854	-
Net loss on revaluation of financial assets at fair value through profit or loss	(85,689)	(37,372)	(85,689)	(37,372)
Net gain on foreign exchange	136,340	161,952	136,340	161,952
Net loss on derivatives	(24,115)	(80,961)	(24,115)	(80,961)
Dividend income from:				
Financial assets at fair value through profit or loss	1,809	2,659	1,809	2,659
Financial investments at fair value through other comprehensive income	1,810	1,810	1,810	1,810
Others	287	7	287	7
	<u>83,205</u>	<u>45,716</u>	<u>83,205</u>	<u>45,716</u>
Other income:				
Net (loss)/gain on non-trading foreign exchange	(32)	171	(32)	171
Net gain on disposal of property and equipment	7	15	7	15
Rental income	247	52	247	52
Profit from sale of goods and services	4,065	4,062	4,065	4,062
Others	6,056	2,256	6,056	2,256
	<u>10,343</u>	<u>6,556</u>	<u>10,343</u>	<u>6,556</u>
	<u>249,354</u>	<u>191,760</u>	<u>249,354</u>	<u>191,760</u>

A21. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	263,878	94,210	263,878	94,210
Financial assets at fair value through profit or loss	9	7	9	7
	<u>263,887</u>	<u>94,217</u>	<u>263,887</u>	<u>94,217</u>
Other income:				
Others	2,935	220	2,935	220
	<u>2,935</u>	<u>220</u>	<u>2,935</u>	<u>220</u>
	<u>266,822</u>	<u>94,437</u>	<u>266,822</u>	<u>94,437</u>

A22. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Personnel costs:				
Salaries, allowances and bonuses	262,636	240,044	262,636	240,044
Shares granted under ESS - charge	2,324	1,779	2,324	1,779
Contributions to Employees' Provident Fund ("EPF")/private retirement schemes	42,519	38,269	42,519	38,269
Social security cost	2,165	1,764	2,165	1,764
Other staff related expenses	26,303	30,510	26,303	30,510
	<u>335,947</u>	<u>312,366</u>	<u>335,947</u>	<u>312,366</u>
Establishment costs:				
Depreciation of property and equipment	12,352	12,163	12,352	12,163
Depreciation of right-of-use assets	16,746	22,833	16,746	22,833
Amortisation of intangible assets	17,646	18,613	17,646	18,613
Computerisation costs	51,893	44,937	51,893	44,937
Cleaning, maintenance and security	7,288	6,571	7,288	6,571
Finance costs:				
- interest on lease liabilities	1,629	1,758	1,629	1,758
- provision for reinstatement of leased properties	16	23	16	23
Others	9,688	2,782	9,688	2,782
	<u>117,258</u>	<u>109,680</u>	<u>117,258</u>	<u>109,680</u>
Marketing and communication expenses:				
Sales commission	658	813	658	813
Advertising, promotional and other marketing activities	4,822	3,397	4,822	3,397
Telephone charges	3,710	5,134	3,710	5,134
Postage	2,364	2,316	2,364	2,316
Travelling and entertainment	1,634	1,034	1,634	1,034
Others	2,827	1,859	2,827	1,859
	<u>16,015</u>	<u>14,553</u>	<u>16,015</u>	<u>14,553</u>

A22. OTHER OPERATING EXPENSES (CONT'D.)

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Administration and general expenses:				
Professional services	18,851	13,818	18,851	13,818
Travelling	638	552	638	552
Insurance	2,347	3,431	2,347	3,431
Subscriptions and periodicals	3,409	1,817	3,409	1,817
Others	13,259	12,365	13,259	12,365
	<u>38,504</u>	<u>31,983</u>	<u>38,504</u>	<u>31,983</u>
Total	<u>507,724</u>	<u>468,582</u>	<u>507,724</u>	<u>468,582</u>

Company	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Establishment costs:				
Depreciation of property and equipment	2	2	2	2
Computerisation costs	4	124	4	124
Others	92	-	92	-
	<u>98</u>	<u>126</u>	<u>98</u>	<u>126</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	23	-	23	-
Travelling and entertainment	-	7	-	7
	<u>23</u>	<u>7</u>	<u>23</u>	<u>7</u>
Administration and general expenses:				
Professional services	195	359	195	359
Travelling	4	4	4	4
Insurance	-	1	-	1
Others	911	1,056	911	1,056
	<u>1,110</u>	<u>1,420</u>	<u>1,110</u>	<u>1,420</u>
Service transfer pricing expense, net	7,894	3,294	7,894	3,294
Total	<u>9,125</u>	<u>4,847</u>	<u>9,125</u>	<u>4,847</u>

A23. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Group	RM'000	RM'000	RM'000	RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	234,646	131,434	234,646	131,434
Impaired loans, advances and financing recovered, net	(68,546)	(71,372)	(68,546)	(71,372)
	<u>166,100</u>	<u>60,062</u>	<u>166,100</u>	<u>60,062</u>

A24. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Group	RM'000	RM'000	RM'000	RM'000
Financial investments				
Financial investments at fair value through other comprehensive income	12,817	3,052	12,817	3,052
Financial investments at amortised cost	7,334	(2,940)	7,334	(2,940)
	<u>20,151</u>	<u>112</u>	<u>20,151</u>	<u>112</u>
Other financial assets				
Cash and short-term funds	1,001	(416)	1,001	(416)
Deposits and placements with banks and other financial institutions	954	(48)	954	(48)
Other assets	(268)	(135)	(268)	(135)
	<u>1,687</u>	<u>(599)</u>	<u>1,687</u>	<u>(599)</u>

A25. BUSINESS SEGMENT ANALYSIS

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

- (a) **Retail Banking**
Retail Banking provides everyday banking solutions to individuals and small and medium-sized enterprises ("SMEs") customers, covering both conventional and Islamic financial products and services which includes auto finance, mortgage, personal loan, credit cards, small business loans, wealth management, bancassurance, remittance, merchant business solutions and deposits.
- (b) **Business Banking**
Business Banking ("BB") focuses on the Small, Medium and Large 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, Transaction Banking and Group Treasury and Markets.
 - (i) **Corporate and Transaction Banking**
Corporate Banking offers a full range of products and services, including corporate lending, investment banking advisory, trade finance, offshore banking and cash management solutions to wholesale banking clients.

Transaction Banking delivers tailor-made digital and cash management solutions, as well as trade financing and remittance services, to corporate and SME clients.
 - (ii) **Group Treasury and Markets**
Group Treasury and Markets manages liquidity for the banking group and offers financial market and hedging solutions across all asset classes to a broad range of clients. The sales and trading activities cover fixed income, interest rates, foreign exchange, money market, equity derivatives, commodities and other derivatives.
- (d) **Investment Banking**
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, from continuing operations**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household through our associates with effective August 2022. 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.
- (h) **Insurance, from discontinued operation**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household.

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.

Notes:

- (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.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Continuing Operations								Discontinued Operation		
	Wholesale banking								Total RM'000	Insurance RM'000	Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate and Transaction banking RM'000	Group Treasury and Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000	Group funding and others RM'000			
For the financial period ended 30.06.2023											
External net income	569,458	387,654	257,244	(14,879)	59,578	45,280	9,240	(162,791)	1,150,784	51,115	1,201,899
Intersegments net income	(104,261)	(118,486)	(123,242)	214,712	(14,118)	-	-	145,395	-	-	-
	<u>465,197</u>	<u>269,168</u>	<u>134,002</u>	<u>199,833</u>	<u>45,460</u>	<u>45,280</u>	<u>9,240</u>	<u>(17,396)</u>	<u>1,150,784</u>	<u>51,115</u>	<u>1,201,899</u>
Net interest and funding income	406,045	206,326	112,131	96,049	11,994	444	63	(24,313)	808,739	-	808,739
Insurance and other operating income	59,159	62,842	21,871	103,784	33,466	44,836	(11)	6,262	332,209	51,115	383,324
Share in results of associates and joint ventures	(7)	-	-	-	-	-	9,188	655	9,836	-	9,836
Net income	<u>465,197</u>	<u>269,168</u>	<u>134,002</u>	<u>199,833</u>	<u>45,460</u>	<u>45,280</u>	<u>9,240</u>	<u>(17,396)</u>	<u>1,150,784</u>	<u>51,115</u>	<u>1,201,899</u>
Other operating expenses	(274,244)	(81,044)	(48,018)	(27,155)	(34,793)	(17,685)	-	(24,785)	(507,724)	-	(507,724)
of which:											
Depreciation of property and equipment	(3,894)	(420)	(285)	(123)	(190)	(38)	-	(7,402)	(12,352)	-	(12,352)
Depreciation of right-of-use assets	-	-	-	-	-	-	-	(16,746)	(16,746)	-	(16,746)
Amortisation of intangible assets	(4,862)	(282)	(1,503)	(1,515)	(261)	(95)	-	(9,128)	(17,646)	-	(17,646)
Profit/(Loss) before impairment losses	<u>190,953</u>	<u>188,124</u>	<u>85,984</u>	<u>172,678</u>	<u>10,667</u>	<u>27,595</u>	<u>9,240</u>	<u>(42,181)</u>	<u>643,060</u>	<u>51,115</u>	<u>694,175</u>
(Allowances for)/Writeback of impairment on loans, advances and financing	(128,362)	(106,631)	69,598	-	10	-	-	(715)	(166,100)	-	(166,100)
Writeback of/(Allowances for) impairment on other assets	24	(498)	(6,876)	(15,003)	(122)	2	-	635	(21,838)	-	(21,838)
Provision for commitments and contingencies -writeback/(charge)	1,263	(6,449)	1,386	-	-	-	-	1,292	(2,508)	-	(2,508)
Other recoveries, net	-	-	-	-	-	-	-	4	4	-	4
Profit/(Loss) before taxation and zakat	<u>63,878</u>	<u>74,546</u>	<u>150,092</u>	<u>157,675</u>	<u>10,555</u>	<u>27,597</u>	<u>9,240</u>	<u>(40,965)</u>	<u>452,618</u>	<u>51,115</u>	<u>503,733</u>
Taxation and zakat	(15,333)	(17,462)	(35,799)	(34,597)	(2,254)	(6,689)	(50)	11,916	(100,268)	-	(100,268)
Profit/(Loss) for the financial period	<u>48,545</u>	<u>57,084</u>	<u>114,293</u>	<u>123,078</u>	<u>8,301</u>	<u>20,908</u>	<u>9,190</u>	<u>(29,049)</u>	<u>352,350</u>	<u>51,115</u>	<u>403,465</u>
Other information											
Total segment assets	73,139,263	33,812,018	22,590,596	62,257,800	2,877,794	156,681	1,428,431	(2,147,753)	194,114,830	-	194,114,830
Total segment liabilities	61,149,929	22,488,220	10,910,486	66,634,056	1,375,173	33,320	2,763	13,033,641	175,627,588	-	175,627,588
Cost-to-income ratio	59.0%	30.1%	35.8%	13.6%	76.5%	39.1%	0.0%	>100.0%	44.1%	-	42.2%
Gross loans, advances and financing	73,264,793	33,219,691	20,446,243	-	2,389,434	-	-	(349,656)	128,970,505	-	128,970,505
Net loans, advances and financing	72,087,814	32,724,845	20,049,812	-	2,389,434	-	-	(351,381)	126,900,524	-	126,900,524
Impaired loans, advances and financing	1,439,711	529,706	170,040	-	-	-	-	-	2,139,457	-	2,139,457
Total deposits	60,287,271	22,217,060	10,637,225	50,330,096	1,037,757	-	-	(3,511,079)	140,998,330	-	140,998,330
Additions to:											
Property and equipment	5,411	187	297	113	41	20	-	6,472	12,541	-	12,541
Intangible assets	10,398	52	1,654	759	165	3	-	9,926	22,957	-	22,957

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Continuing Operations								Discontinued Operation		
	Wholesale banking				Investment banking	Fund management	Insurance	Group funding and others	Total	Insurance	Total
	Retail banking	Business banking	Corporate and Transaction banking	Group Treasury and Markets							
For the financial period ended 30.06.2022 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External net income	554,166	288,553	143,709	95,147	45,603	36,347	(7,212)	(121,288)	1,035,025	117,679	1,152,704
Intersegments net income	(108,216)	(51,260)	(42,878)	53,642	(7,159)	-	(4,672)	160,543	-	-	-
	<u>445,950</u>	<u>237,293</u>	<u>100,831</u>	<u>148,789</u>	<u>38,444</u>	<u>36,347</u>	<u>(11,884)</u>	<u>39,255</u>	<u>1,035,025</u>	<u>117,679</u>	<u>1,152,704</u>
Net interest and funding income	381,024	182,590	84,703	134,233	12,652	381	115	35,454	831,152	32,110	863,262
Insurance and other operating income	64,685	54,703	16,128	14,556	25,792	35,966	(4,686)	2,689	209,833	85,569	295,402
Share in results of associates and joint ventures	241	-	-	-	-	-	(7,313)	1,112	(5,960)	-	(5,960)
Net income	<u>445,950</u>	<u>237,293</u>	<u>100,831</u>	<u>148,789</u>	<u>38,444</u>	<u>36,347</u>	<u>(11,884)</u>	<u>39,255</u>	<u>1,035,025</u>	<u>117,679</u>	<u>1,152,704</u>
Other operating expenses	(244,279)	(71,560)	(43,071)	(24,389)	(30,612)	(16,020)	(3,913)	(34,738)	(468,582)	(75,079)	(543,661)
<i>of which:</i>											
<i>Depreciation of property and equipment</i>	(4,148)	(466)	(299)	(114)	(186)	(50)	-	(6,900)	(12,163)	(938)	(13,101)
<i>Depreciation of right-of-use assets</i>	-	-	-	-	-	-	-	(22,833)	(22,833)	(3,013)	(25,846)
<i>Amortisation of intangible assets</i>	(5,492)	(253)	(1,417)	(1,501)	(141)	(74)	-	(9,735)	(18,613)	(4,568)	(23,181)
Profit/(Loss) before impairment losses	201,671	165,733	57,760	124,400	7,832	20,327	(15,797)	4,517	566,443	42,600	609,043
(Allowances for)/Writeback of impairment on loans, advances and financing	(35,216)	(9,547)	14,232	-	55	-	-	(29,586)	(60,062)	-	(60,062)
(Allowances for)/Writeback of impairment on other assets	(45)	146	2,508	(2,111)	192	-	-	(203)	487	1,996	2,483
Provision for commitments and contingencies -charge	(2,467)	(1,686)	(2,027)	-	-	-	-	(164)	(6,344)	-	(6,344)
Other recoveries, net	-	-	-	-	-	-	-	3	3	5	8
Profit/(Loss) before taxation and zakat	<u>163,943</u>	<u>154,646</u>	<u>72,473</u>	<u>122,289</u>	<u>8,079</u>	<u>20,327</u>	<u>(15,797)</u>	<u>(25,433)</u>	<u>500,527</u>	<u>44,601</u>	<u>545,128</u>
Taxation and zakat	(39,288)	(36,555)	(16,279)	(26,079)	(1,660)	(3,831)	4	9,734	(113,954)	(6,042)	(119,996)
Profit/(Loss) for the financial period	<u>124,655</u>	<u>118,091</u>	<u>56,194</u>	<u>96,210</u>	<u>6,419</u>	<u>16,496</u>	<u>(15,793)</u>	<u>(15,699)</u>	<u>386,573</u>	<u>38,559</u>	<u>425,132</u>
Other information											
Total segment assets	69,030,561	31,748,989	18,897,394	50,390,436	2,577,630	151,003	2,170,581	(242,151)	174,724,443	3,744,898	178,469,341
Total segment liabilities	55,792,969	22,239,961	11,345,434	53,586,715	1,516,104	30,546	3,006	12,800,038	157,314,773	3,007,000	160,321,773
Cost-to-income ratio	54.8%	30.2%	42.7%	16.4%	79.6%	44.1%	<100.0%	>100.0%	45.3%	63.8%	47.2%
Gross loans, advances and financing	69,023,568	31,482,602	17,784,554	-	1,914,586	-	-	(79,647)	120,125,663	369	120,126,032
Net loans, advances and financing	67,897,675	31,173,777	17,418,604	-	1,914,586	-	-	(137,054)	118,267,588	300	118,267,888
Impaired loans, advances and financing	1,179,684	377,822	306,209	-	-	-	-	-	1,863,715	-	1,863,715
Total deposits	55,093,486	22,057,791	10,985,004	46,441,830	940,145	-	-	(2,140,339)	133,377,917	-	133,377,917
Additions to:											
Property and equipment	2,193	45	63	17	65	32	-	1,691	4,106	212	4,318
Intangible assets	5,719	306	328	26	253	635	-	6,898	14,165	2,221	16,386

A26. VALUATION OF PROPERTY AND EQUIPMENT

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

A27. SIGNIFICANT EVENT DURING THE REPORTING YEAR

Disposal of AmGeneral Insurance Berhad to Liberty Insurance Berhad

Following from the completion of disposal of AmGeneral Insurance Berhad ("AGIB") to Liberty Insurance Berhad ("LIB") on 28 July 2022, both AGIB and LIB entered into a supplemental agreement dated 30 June 2023 to finalise adjustment to the sales consideration. The finalised sales consideration amounted to RM2,347.9 million, satisfied via a combination of cash and shares in LIB.

As a result of the finalisation of sales consideration, the overall loss from the disposal of AGIB was revised from RM53.9 million recognised in FY2023 to loss of RM2.8 million as shown below.

	Group	
	RM'000	RM'000
Cash and short-term funds		187,774
Deposits and placements with banks and other financial institutions		21,486
Financial assets at fair value through profit or loss		3,695,277
Loans, advances and financing		292
Deferred tax assets		46,427
Other assets		81,628
Reinsurance assets and other insurance receivables		567,502
Property and equipment		11,582
Right-of-use assets		8,003
Intangible assets (excluding goodwill)		35,657
Assets held for sale		1,562
Other liabilities		(333,765)
Insurance contract liabilities and other insurance payables		(2,647,451)
Net assets disposed		1,675,974
Attributable goodwill recognised in income statement		717,070
Disposal cost incurred		15,715
Agreed ceded amount from IAG International Pty Limited ("IAG")		(58,100)
Total final sales considerations:		
Agreed proceeds settled by cash	(1,351,000)	
Agreed proceeds settled by shares in LIB	(939,000)	
Adjustment to disposal proceeds settled by cash	(38,734)	
Adjustment - settled by shares in LIB	(19,147)	(2,347,881)
Overall net loss on disposal to the Group		2,778
Estimated net loss on disposal to the Group recognised in FY2023		53,893
Net gain on disposal to the Group recognised for the financial period 30 June 2023		(51,115)
Net gain on the disposal of AGIB, attributable to equity holders of the Company		(19,448)
- Estimated net loss recognised in FY2023	6,621	
- Net gain recognised for the financial period 30 June 2023	(26,069)	
Net loss on the disposal of AGIB, attributable to IAG		22,226
- Estimated net loss recognised in FY2023	47,272	
- Net gain recognised for the financial period 30 June 2023	(25,046)	
Overall net loss on disposal to the Group		2,778

A28. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

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

A29. 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	
	30.06.2023	31.03.2023
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	20,976,366	17,852,995
over one year	3,870,697	3,654,631
Unutilised credit card lines	5,792,309	5,682,369
Forward asset purchases	1,021,705	174,223
	<u>31,661,077</u>	<u>27,364,218</u>
Contingent Liabilities		
Direct credit substitutes	2,894,742	3,190,357
Transaction-related contingent items	4,202,678	4,472,380
Obligations under on-going underwriting agreements	2,080,000	210,000
Short-term self-liquidating trade-related contingencies	482,579	750,231
	<u>9,659,999</u>	<u>8,622,968</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	34,667,154	34,897,432
One year or less	11,517,743	12,307,294
Over one year to five years	19,301,507	18,662,670
Over five years	3,847,904	3,927,468
Foreign exchange related contracts:	52,408,940	52,555,959
One year or less	45,251,328	45,087,669
Over one year to five years	5,496,352	5,828,508
Over five years	1,661,260	1,639,782
Equity and commodity related contracts:	1,574,388	1,432,375
One year or less	1,368,595	1,352,573
Over one year to five years	205,793	79,802
	<u>88,650,482</u>	<u>88,885,766</u>
	<u>129,971,558</u>	<u>124,872,952</u>

Other commitments and contingencies:

As at 31 March 2023, the Company has given an unsecured guarantee amounting to 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.

As at 30 June 2023, the Company did not renew the unsecured guarantee.

A30. 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	30.06.2023			31.03.2023		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest/Profit rate related contracts:	34,317,154	464,406	232,207	34,547,432	398,874	213,434
- One year or less	11,517,743	36,086	29,904	12,307,294	24,561	18,527
- Over one year to three years	9,768,546	127,474	52,034	9,901,808	123,928	59,679
- Over three years	13,030,865	300,846	150,269	12,338,330	250,385	135,228
Foreign exchange related contracts:	52,408,940	1,031,896	1,071,899	52,555,959	503,261	723,723
- One year or less	45,251,328	763,987	612,153	45,087,669	293,947	368,421
- Over one year to three years	3,788,134	169,778	228,679	4,074,334	120,828	156,028
- Over three years	3,369,478	98,131	231,067	3,393,956	88,486	199,274
Equity and commodity related contracts:	1,574,388	17,361	18,431	1,432,375	18,974	23,897
- One year or less	1,368,595	10,138	11,195	1,352,573	12,452	17,353
- Over one year to three years	205,793	7,223	7,236	79,802	6,522	6,544
	88,300,482	1,513,663	1,322,537	88,535,766	921,109	961,054
Hedging derivatives						
Interest/Profit rate related contracts:						
Interest/Profit rate swaps:						
Fair value hedge	350,000	-	2,341	350,000	-	3,265
- Over one year to three years	350,000	-	2,341	350,000	-	3,265
Total	88,650,482	1,513,663	1,324,878	88,885,766	921,109	964,319

A31. 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 1.9% (31 March 2023: 1.7%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

Group	Level 1	Level 2	Level 3	Total
30.06.2023	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Derivative financial assets	2,252	1,511,411	-	1,513,663
Financial assets at fair value through profit or loss				
- Money market securities	-	8,630,796	-	8,630,796
- Shares	1,036,895	-	33	1,036,928
- Unit trusts	21,496	1,168	-	22,664
- Quoted corporate bonds and sukuk	-	10,234	-	10,234
- Unquoted corporate bonds and sukuk	-	1,631,615	-	1,631,615
Financial investments at fair value through other comprehensive income				
- Money market securities	-	11,869,612	-	11,869,612
- Shares	-	-	721,044	721,044
- Unquoted corporate bonds and sukuk	-	12,726,769	-	12,726,769
	<u>1,060,643</u>	<u>36,381,605</u>	<u>721,077</u>	<u>38,163,325</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	<u>9,951</u>	<u>1,314,927</u>	<u>-</u>	<u>1,324,878</u>

A31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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

Company 30.06.2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,168	-	1,168
Group 31.03.2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Derivative financial assets				
	60	921,049	-	921,109
Financial assets at fair value through profit or loss				
- Money market securities	-	10,169,187	-	10,169,187
- Shares	1,074,250	-	33	1,074,283
- Unit trusts	21,696	1,158	-	22,854
- Quoted corporate bonds and sukuk	-	10,236	-	10,236
- Unquoted corporate bonds and sukuk	-	1,494,347	-	1,494,347
Financial investments at fair value through other comprehensive income				
- Money market securities	-	12,549,882	-	12,549,882
- Shares	-	-	682,858	682,858
- Unquoted corporate bonds and sukuk	-	12,377,993	-	12,377,993
	<u>1,096,006</u>	<u>37,523,852</u>	<u>682,891</u>	<u>39,302,749</u>
Financial liabilities measured at fair value				
Derivative financial liabilities				
	<u>10,290</u>	<u>954,029</u>	<u>-</u>	<u>964,319</u>
Company 31.03.2023				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,158	-	1,158

A31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

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

Group	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Total RM'000
30.06.2023			
Balance at beginning of the financial period	33	682,858	682,891
Total gains recognised in other comprehensive income under fair value reserve	-	38,186	38,186
Balance at end of the financial period	<u>33</u>	<u>721,044</u>	<u>721,077</u>
31.03.2023			
Balance at beginning of the financial year	31	675,089	675,120
Gain on revaluation of financial assets at FVTPL taken up in statement of profit or loss	2	-	2
Total gains recognised in other comprehensive income under fair value reserve	-	7,769	7,769
Balance at end of the financial year	<u>33</u>	<u>682,858</u>	<u>682,891</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	30.06.2023 RM'000	31.03.2023 RM'000
Financial assets at FVTPL:		
Total gain included in:		
- investment and trading income in statement of profit or loss	-	2
Financial investments at FVOCI:		
Total gains included in:		
- fair value reserve in statement of comprehensive income	38,186	7,769

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.

A32. CAPITAL ADEQUACY

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

	30.06.2023			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
Under transitional arrangements, refer Note (1) below				
CET1 Capital Ratio	12.385%	12.872%	25.752%	12.882%
Tier 1 Capital Ratio	12.385%	12.872%	25.752%	12.882%
Total Capital Ratio	17.583%	19.041%	26.595%	16.520%

	31.03.2023			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	12.318%	12.616%	43.205%	12.844%
Tier 1 Capital Ratio	12.318%	12.616%	43.205%	12.845%
Total Capital Ratio	16.867%	17.127%	43.993%	15.983%
After deducting proposed dividends:				
CET1 Capital Ratio	12.129%	12.616%	35.067%	12.515%
Tier 1 Capital Ratio	12.129%	12.616%	35.067%	12.515%
Total Capital Ratio	16.677%	17.127%	35.856%	15.653%

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 of the Group and the banking subsidiaries had been computed applying 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 as at 30 June 2023 and 31 March 2023 are as follows:

	30.06.2023			Group
	AmBank	AmBank Islamic	AmInvestment Bank	
CET1 Capital Ratio	12.140%	12.458%	25.752%	12.588%
Tier 1 Capital Ratio	12.140%	12.458%	25.752%	12.588%
Total Capital Ratio	17.409%	18.663%	26.595%	16.334%
	31.03.2023			
Before deducting proposed dividends:				
CET1 Capital Ratio	11.972%	12.026%	43.205%	12.430%
Tier 1 Capital Ratio	11.972%	12.026%	43.205%	12.430%
Total Capital Ratio	16.675%	16.801%	43.993%	15.800%
After deducting proposed dividends:				
CET1 Capital Ratio	11.783%	12.026%	35.067%	12.100%
Tier 1 Capital Ratio	11.783%	12.026%	35.067%	12.101%
Total Capital Ratio	16.486%	16.801%	35.856%	15.471%

A32. 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.
- (3) Pursuant to BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), financial institution is required to maintain minimum CET1 Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. In addition, a financial institution is also required to maintain capital buffers which comprise the sum of the following:
- a Capital Conservation Buffer ("CCB") of 2.5%;
 - a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the financial institution has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and
 - 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:

	30.06.2023			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
CET1 Capital				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	7,600,886	3,129,916	51,224	10,730,847
Fair value reserve	358,503	(3,794)	1,965	557,777
Foreign exchange translation reserve	120,954	-	-	127,548
Treasury shares	-	-	-	(30,608)
Regulatory reserve	162,629	-	10,619	173,248
Cash flow hedging deficit	(3,061)	-	-	(3,061)
Other remaining disclosed reserves	-	-	-	28,466
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(202,189)	(274)	(3,152)	(206,844)
Deferred tax assets	(149,024)	(59,954)	(4,649)	(203,001)
55% of cumulative gains in fair value reserve	(197,177)	-	(1,081)	(306,777)
Cash flow hedging deficit	3,061	-	-	3,061
Regulatory reserve	(162,629)	-	(10,619)	(173,248)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(11)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,873)	(134)	-	(1,967)
Other CET1 regulatory adjustments specified by BNM	212,588	148,204	4	360,508
CET1 Capital	10,783,122	4,601,071	324,502	15,794,697

A32. 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.)

	30.06.2023			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	452
Tier 1 Capital	10,783,122	4,601,071	324,502	15,795,149
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,595,000	1,800,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	3,115,094
General provisions*	930,836	404,727	10,626	1,345,816
Tier 2 Capital	4,525,836	2,204,727	10,626	4,460,910
Total Capital	15,308,958	6,805,798	335,128	20,256,059

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

Credit RWA	79,350,298	34,843,790	908,680	111,996,823
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,392,605)	-	(2,435)
Total Credit RWA	79,350,298	33,451,185	908,680	111,994,388
Market RWA	2,443,018	279,563	5,261	2,709,953
Operational RWA	5,275,270	2,012,959	346,165	7,909,898
Total RWA	87,068,586	35,743,707	1,260,106	122,614,239

A32. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.2023			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
<u>CET1 Capital</u>				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	7,508,139	3,022,623	126,419	10,757,582
Fair value reserve	299,138	(9,188)	2,259	492,817
Foreign exchange translation reserve	105,630	-	-	112,212
Treasury shares	-	-	-	(28,579)
Regulatory reserve	201,229	-	10,478	211,707
Cash flow hedging deficit	(4,259)	-	-	(4,258)
Other remaining disclosed reserves	-	-	-	26,425
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(202,069)	(298)	(3,462)	(207,152)
Deferred tax assets	(182,451)	(62,097)	(5,664)	(238,931)
55% of cumulative gains in fair value reserve	(164,526)	-	(1,243)	(271,049)
Cash flow hedging deficit	4,259	-	-	4,258
Regulatory reserve	(201,229)	-	(10,478)	(211,707)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(11)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(2,756)	(75)	-	(2,727)
Other CET1 regulatory adjustments specified by BNM	300,721	212,690	1	513,022
CET1 Capital	10,702,280	4,550,762	398,501	15,892,368
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	455
Tier 1 Capital	10,702,280	4,550,762	398,501	15,892,823
<u>Tier 2 Capital</u>				
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	-	-	-	2,688,226
General provisions*	857,088	327,419	7,276	1,194,774
Tier 2 Capital	3,952,088	1,627,419	7,276	3,883,000
Total Capital	14,654,368	6,178,181	405,777	19,775,823
The breakdown of the risk-weighted assets ("RWA") in various categories of risk are as follows:				
Credit RWA	79,287,050	35,344,046	582,070	112,344,226
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,545,037)	-	(2,740)
Total Credit RWA	79,287,050	33,799,009	582,070	112,341,486
Market RWA	1,624,350	304,677	6,231	2,841,539
Operational RWA	5,186,909	1,969,050	334,056	7,762,466
Large exposure risk RWA for equity holdings	785,485	-	-	785,485
Total RWA	86,883,794	36,072,736	922,357	123,730,976

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

A33. DISCONTINUED OPERATION

As disclosed in Note A27, the results of AGIB for the period up to disposal date have been presented separately in the income statements as "Profit after taxation from discontinued operation".

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

	Note	Group			
		Individual Quarter		Cumulative Quarter	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
Interest income		-	32,110	-	32,110
Income from insurance business		-	340,304	-	340,304
Insurance claims and commissions		-	(210,895)	-	(210,895)
Net income from insurance business		-	129,409	-	129,409
Other operating loss	(i)	-	(43,840)	-	(43,840)
Gain on disposal of subsidiary	A27	51,115	-	51,115	-
Net income		51,115	117,679	51,115	117,679
Other operating expenses	(ii)	-	(75,079)	-	(75,079)
Operating profit		51,115	42,600	51,115	42,600
Writeback of impairment on insurance receivables		-	1,996	-	1,996
Other recoveries, net		-	5	-	5
Profit before taxation from discontinued operation		51,115	44,601	51,115	44,601
Taxation		-	(6,042)	-	(6,042)
Profit for the period from discontinued operation		51,115	38,559	51,115	38,559
Attributable to:					
Equity holders of the Company		26,069	23,820	26,069	23,820
Non-controlling interests		25,046	14,739	25,046	14,739
		51,115	38,559	51,115	38,559

(i) Other operating loss

	Group			
	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Investment and trading income:				
Net gain from sale of financial assets				
at fair value through profit or loss	-	118	-	118
Net loss on revaluation of financial assets				
at fair value through profit or loss	-	(45,096)	-	(45,096)
Gain on foreign exchange	-	23	-	23
Dividend income from financial assets at				
fair value through profit or loss	-	1,010	-	1,010
	-	(43,945)	-	(43,945)
Other income:				
Net gain on disposal of property and equipment	-	9	-	9
Rental income	-	8	-	8
Others	-	88	-	88
	-	105	-	105
	-	(43,840)	-	(43,840)

A33. DISCONTINUED OPERATION (CONT'D.)

(ii) Other Operating Expenses

	Group			
	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	-	31,479	-	31,479
Shares granted under ESS - charge	-	80	-	80
Contributions to Employees' Provident Fund ("EPF")/ private retirement schemes	-	4,742	-	4,742
Social security cost	-	282	-	282
Other staff related expenses	-	3,728	-	3,728
	<u>-</u>	<u>40,311</u>	<u>-</u>	<u>40,311</u>
Establishment costs:				
Depreciation of property and equipment	-	938	-	938
Depreciation of right-of-use assets	-	3,013	-	3,013
Amortisation of intangible assets	-	4,568	-	4,568
Computerisation costs	-	5,429	-	5,429
Cleaning, maintenance and security	-	1,047	-	1,047
Finance costs:				
- interest on lease liabilities	-	115	-	115
Others	-	386	-	386
	<u>-</u>	<u>15,496</u>	<u>-</u>	<u>15,496</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	-	9,274	-	9,274
Telephone charges	-	485	-	485
Postage	-	66	-	66
Travelling and entertainment	-	966	-	966
Others	-	109	-	109
	<u>-</u>	<u>10,900</u>	<u>-</u>	<u>10,900</u>
Administration and general expenses:				
Professional services	-	1,962	-	1,962
Travelling	-	138	-	138
Insurance	-	48	-	48
Subscriptions and periodicals	-	24	-	24
Others	-	6,200	-	6,200
	<u>-</u>	<u>8,372</u>	<u>-</u>	<u>8,372</u>
Total	<u>-</u>	<u>75,079</u>	<u>-</u>	<u>75,079</u>

Statement of cash flows disclosures

Net cash flows incurred by AGIB are as follows:

	Group	
	30.06.2023	30.06.2022
	RM'000	RM'000
Operating activities	-	76,608
Investing activities	-	(2,404)
Financing activities	-	(3,105)
Net increase in cash and cash equivalents	<u>-</u>	<u>71,099</u>

A34. FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 17 INSURANCE CONTRACTS

- (i) The adoption of MFRS 17 resulted in the following financial effects to the statements of financial position of the Group.

Statements of Financial Position

Group	31.03.2022 As previously reported RM'000	Effects of MFRS 17 adoption RM'000	01.04.2022 As restated RM'000
ASSETS			
Cash and short-term funds	13,221,099	-	13,221,099
Deposits and placements with banks and other financial institutions	1,301,449	-	1,301,449
Derivative financial assets	821,373	-	821,373
Financial assets at fair value through profit or loss	7,216,560	-	7,216,560
Financial investments at fair value through other comprehensive income	18,756,757	-	18,756,757
Financial investments at amortised cost	9,037,766	-	9,037,766
Loans, advances and financing	118,065,685	-	118,065,685
Statutory deposits with Bank Negara Malaysia	376,523	-	376,523
Deferred tax assets	218,551	-	218,551
Investments in associates and joint ventures	604,542	(74,950)	529,592
Other assets	2,885,319	-	2,885,319
Reinsurance assets and other insurance receivables	580,705	-	580,705
Property and equipment	180,968	-	180,968
Right-of-use assets	189,372	-	189,372
Intangible assets	1,399,912	-	1,399,912
Assets held for sale	2,324	-	2,324
TOTAL ASSETS	174,858,905	(74,950)	174,783,955
LIABILITIES AND EQUITY			
Deposits from customers	122,592,850	-	122,592,850
Investment accounts of customers	377,861	-	377,861
Deposits and placements of banks and other financial institutions	9,894,585	-	9,894,585
Securities sold under repurchase agreements	1,582,717	-	1,582,717
Recourse obligation on loans and financing sold to Cagamas Berhad	8,375,023	-	8,375,023
Derivative financial liabilities	803,563	-	803,563
Term funding	1,880,097	-	1,880,097
Debt capital	4,395,000	-	4,395,000
Deferred tax liabilities	8,093	-	8,093
Other liabilities	4,302,862	-	4,302,862
Insurance contract liabilities and other insurance payables	2,687,361	-	2,687,361
Total Liabilities	156,900,012	-	156,900,012
Share capital	6,776,240	-	6,776,240
Treasury shares	(11,041)	-	(11,041)
Reserves	9,994,593	(74,950)	9,919,643
Equity attributable to equity holders of the Company	16,759,792	(74,950)	16,684,842
Non-controlling interests	1,199,101	-	1,199,101
Total Equity	17,958,893	(74,950)	17,883,943
TOTAL LIABILITIES AND EQUITY	174,858,905	(74,950)	174,783,955

A34. FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 17 INSURANCE CONTRACTS (CONT'D.)

- (i) The adoption of MFRS 17 resulted in the following financial effects to the statements of financial position of the Group.
(Cont'd.)

Statements of Financial Position (Cont'd.)

Group	31.03.2023 As previously reported RM'000	Effects of MFRS 17 adoption RM'000	31.03.2023 As restated RM'000
ASSETS			
Cash and short-term funds	8,521,940	-	8,521,940
Deposits and placements with banks and other financial institutions	176,604	-	176,604
Derivative financial assets	921,109	-	921,109
Financial assets at fair value through profit or loss	12,770,907	-	12,770,907
Financial investments at fair value through other comprehensive income	25,610,733	-	25,610,733
Financial investments at amortised cost	13,469,703	-	13,469,703
Loans, advances and financing	128,242,605	-	128,242,605
Statutory deposits with Bank Negara Malaysia	2,446,547	-	2,446,547
Deferred tax assets	220,655	-	220,655
Investments in associates and joint ventures	1,631,600	(108,702)	1,522,898
Other assets	2,626,036	-	2,626,036
Property and equipment	161,778	-	161,778
Right-of-use assets	229,770	-	229,770
Intangible assets	510,644	-	510,644
TOTAL ASSETS	197,540,631	(108,702)	197,431,929
LIABILITIES AND EQUITY			
Deposits from customers	130,315,080	-	130,315,080
Investment accounts of customers	16,474	-	16,474
Deposits and placements of banks and other financial institutions	11,462,245	-	11,462,245
Securities sold under repurchase agreements	16,466,674	-	16,466,674
Recourse obligation on loans and financing sold to Cagamas Berhad	9,915,040	-	9,915,040
Derivative financial liabilities	964,319	-	964,319
Term funding	2,172,333	-	2,172,333
Debt capital	4,395,000	-	4,395,000
Other liabilities	3,697,557	-	3,697,557
Total Liabilities	179,404,722	-	179,404,722
Share capital	6,376,240	-	6,376,240
Treasury shares	(28,579)	-	(28,579)
Reserves	11,787,384	(108,702)	11,678,682
Equity attributable to equity holders of the Company	18,135,045	(108,702)	18,026,343
Non-controlling interests	864	-	864
Total Equity	18,135,909	(108,702)	18,027,207
TOTAL LIABILITIES AND EQUITY	197,540,631	(108,702)	197,431,929

A34. FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 17 INSURANCE CONTRACTS (CONT'D.)

(ii) The adoption of MFRS 17 resulted in the following financial effects to the statement of profit or loss of the Group.

Statement of profit or loss

Individual and cumulative quarter	30.6.2022	Effects of	30.6.2022
Group	As previously reported	MFRS 17 adoption	As restated
	RM'000	RM'000	RM'000
Continuing operations:			
Interest income	1,043,066	-	1,043,066
Interest expense	(476,647)	-	(476,647)
Net interest income	566,419	-	566,419
Net income from Islamic banking	282,806	-	282,806
Other operating income	191,760	-	191,760
Share in results of associates and joint ventures	2,854	(8,814)	(5,960)
Net income	1,043,839	(8,814)	1,035,025
Other operating expenses	(468,582)	-	(468,582)
Operating profit before impairment losses	575,257	(8,814)	566,443
Allowances for impairment on loans, advances and financing (Allowances for)/Writeback of impairment on:	(60,062)	-	(60,062)
Financial investments	(112)	-	(112)
Other financial assets	599	-	599
Provision for commitments and contingencies - charge	(6,344)	-	(6,344)
Other recoveries, net	3	-	3
Profit before taxation and zakat from continuing operations	509,341	(8,814)	500,527
Taxation and zakat	(113,954)	-	(113,954)
Profit after taxation and zakat from continuing operations	395,387	(8,814)	386,573
Discontinued operation:			
Profit before taxation from discontinued operation	44,601	-	44,601
Taxation	(6,042)	-	(6,042)
Profit after taxation from discontinued operation	38,559	-	38,559
Profit for the financial period	433,946	(8,814)	425,132
Profit for the financial period attributable to:			
Equity holders of the Company	419,199	(8,814)	410,385
Non-controlling interests	14,747	-	14,747
Profit for the financial period	433,946	(8,814)	425,132
EARNINGS PER SHARE (SEN)			
Basic/Diluted			
Continuing operations	11.94	(0.26)	11.68
Discontinued operation	0.72	-	0.72
	12.66	(0.26)	12.40

A35. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	Group	
		30.06.2023 RM'000	31.03.2023 RM'000
ASSETS			
Cash and short-term funds		3,466,660	2,113,367
Derivative financial assets		69,133	36,363
Financial assets at fair value through profit or loss		1,688,632	2,576,789
Financial investments at fair value through other comprehensive income		6,625,745	6,522,124
Financial investments at amortised cost		3,582,425	4,179,986
Financing and advances	(a)	44,321,948	44,961,875
Statutory deposit with Bank Negara Malaysia		840,000	880,000
Deferred tax assets		59,914	62,072
Other assets		330,030	497,799
Property and equipment		337	324
Right-of-use assets		2,208	2,284
Intangible assets		274	298
TOTAL ASSETS		60,987,306	61,833,281
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	45,364,733	45,252,510
Investment accounts of customers	(c)	15,226	16,474
Deposits and placements of banks and other financial institutions		3,287,726	4,763,220
Investment account due to a licensed bank	(d)	1,386,734	1,538,521
Recourse obligation on financing sold to Cagamas Berhad		2,870,002	3,315,004
Derivative financial liabilities		68,569	36,814
Term funding		834,924	834,907
Subordinated Sukuk		1,800,000	1,300,000
Other liabilities	(e)	846,163	375,289
TOTAL LIABILITIES		56,474,077	57,432,739
Share capital/Capital funds		1,387,107	1,387,107
Reserves		3,126,122	3,013,435
TOTAL ISLAMIC BANKING FUNDS		4,513,229	4,400,542
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		60,987,306	61,833,281
COMMITMENTS AND CONTINGENCIES		15,083,152	14,038,732

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Income derived from investment of depositors' funds	1	660,994	431,817	660,994	431,817
Income derived from investment of investment account funds		15,471	14,956	15,471	14,956
Income derived from Islamic Banking Funds	1	59,151	43,071	59,151	43,071
Allowances for impairment on financing and advances - net		(32,310)	(57,776)	(32,310)	(57,776)
(Allowances for)/Writeback of impairment on:					
- Financial investments		(7,248)	(2,746)	(7,248)	(2,746)
- Other financial assets		(19)	147	(19)	147
Provision for commitments and contingencies - writeback/(charge)		1,441	(1,297)	1,441	(1,297)
Total distributable income		697,480	428,172	697,480	428,172
Income attributable to the depositors and others	2	(404,991)	(186,956)	(404,991)	(186,956)
Income attributable to the investment account holders		(13,827)	(12,608)	(13,827)	(12,608)
Total net income		278,662	228,608	278,662	228,608
Other operating expenses		(117,777)	(77,273)	(117,777)	(77,273)
Finance costs		(21,974)	(21,988)	(21,974)	(21,988)
Profit before taxation and zakat		138,911	129,347	138,911	129,347
Taxation and zakat		(31,618)	(29,055)	(31,618)	(29,055)
Profit for the financial period		107,293	100,292	107,293	100,292

Note:

1 Included the net loss of RM549,000 (30 June 2022: net loss of RM210,000) from measures implemented in response to COVID-19 pandemic.

2 Included a fair value loss of RM11,782,000 (30 June 2022: RM Nil) recognised by AmBank Islamic Berhad from funding obtained from a related company. The funding was obtained for the purposes of providing Special Relief Facility ("SRF") financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic.

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit for the financial period	107,293	100,292	107,293	100,292
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to statement of profit or loss				
Financial investments at FVOCI:				
- net unrealised gain/(loss) for changes in fair value	4,567	(48,197)	4,567	(48,197)
- changes in ECL	2,951	5,019	2,951	5,019
- net gain reclassified to profit or loss	(1,353)	-	(1,353)	-
- tax effect	(771)	11,567	(771)	11,567
Other comprehensive gain/(loss) for the financial period net of tax	5,394	(31,611)	5,394	(31,611)
Total comprehensive income for the financial period	112,687	68,681	112,687	68,681

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Share capital/ Capital funds RM'000	Non- Distributable		Total equity RM'000
		Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2022	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
At 30 June 2022	1,387,107	(35,504)	2,590,984	3,942,587
At 1 April 2023	1,387,107	(9,188)	3,022,623	4,400,542
Profit for the financial period	-	-	107,293	107,293
Other comprehensive income, net	-	5,394	-	5,394
Total comprehensive income for the financial period	-	5,394	107,293	112,687
At 30 June 2023	1,387,107	(3,794)	3,129,916	4,513,229

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances

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

Group	Bai' Bithaman		Musharakah	Al-Ijarah Thummah		Bai' Inah	Others	Total
30.06.2023	Ajil	Murabahah	Mutanaqisah	Al-Bai' (AITAB)		RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
At amortised cost								
Cash lines	-	551,311	-	-		474,605	-	1,025,916
Term financing	329,260	15,463,798	7,252	-		590,648	-	16,390,958
Revolving credit	2,003	4,725,097	-	-		842,883	-	5,569,983
Housing financing	2,381,226	10,649,861	38,481	-		-	-	13,069,568
Hire purchase receivables	3	-	-	5,226,878		-	-	5,226,881
Bills receivables	-	645,747	-	-		-	97,980	743,727
Credit card receivables	-	-	-	-		-	511,457	511,457
Trust receipts	-	360,579	-	-		-	-	360,579
Claims on customers under acceptance credits	-	1,826,534	-	-		-	256,354	2,082,888
Staff financing	-	20,720	-	-		-	-	20,720
Others	-	-	-	-		-	12,579	12,579
Gross financing and advances*	<u>2,712,492</u>	<u>34,243,647</u>	<u>45,733</u>	<u>5,226,878</u>		<u>1,908,136</u>	<u>878,370</u>	<u>45,015,256</u>
Allowances for impairment on financing and advances								
- Stage 1 - 12-months ECL								(82,411)
- Stage 2 - Lifetime ECL not credit impaired								(440,364)
- Stage 3 - Lifetime ECL credit impaired								<u>(170,533)</u>
Net financing and advances								<u>44,321,948</u>

A35. 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 31.03.2023	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
At amortised cost							
Cash lines	-	594,352	-	-	534,646	-	1,128,998
Term financing	347,700	15,538,398	7,327	-	650,409	-	16,543,834
Revolving credit	22,037	4,943,902	-	-	1,049,641	-	6,015,580
Housing financing	2,418,525	10,293,397	38,815	-	-	-	12,750,737
Hire purchase receivables	3	-	-	4,947,850	-	-	4,947,853
Bills receivables	-	620,200	-	-	-	103,537	723,737
Credit card receivables	-	-	-	-	-	498,872	498,872
Trust receipts	-	480,747	-	-	-	-	480,747
Claims on customers under acceptance credits	-	2,235,072	-	-	-	281,933	2,517,005
Staff financing	-	20,731	-	-	-	-	20,731
Others	-	-	-	-	-	12,770	12,770
Gross financing and advances*	<u>2,788,265</u>	<u>34,726,799</u>	<u>46,142</u>	<u>4,947,850</u>	<u>2,234,696</u>	<u>897,112</u>	<u>45,640,864</u>
Allowances for impairment on financing and advances							
- Stage 1 - 12-months ECL							(74,502)
- Stage 2 - Lifetime ECL not credit impaired							(441,391)
- Stage 3 - Lifetime ECL credit impaired							(163,096)
Net financing and advances							<u>44,961,875</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 shall account for all allowances for impairment arising from the RA financing.

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Balance at beginning of the financial period/year	521,155	628,542
Additions during the financial period/year	311,993	819,460
Reclassified to non-impaired financing	(58,141)	(37,363)
Recoveries	(147,202)	(580,374)
Amount written off	(47,549)	(309,110)
Balance at end of the financial period/year	<u>580,256</u>	<u>521,155</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.29%</u>	<u>1.14%</u>
Financing loss coverage	<u>124.8%</u>	<u>136.5%</u>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
30.06.2023	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial period	74,502	441,391	163,096	678,989
Net allowances for/(writeback of) ECL	7,870	(1,033)	54,986	61,823
Transfer to 12-month ECL (Stage 1)	1,905	(14,757)	(382)	(13,234)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,073)	37,807	(8,808)	25,926
Transfer to Lifetime ECL credit impaired (Stage 3)	(84)	(12,490)	25,397	12,823
New financial assets originated	13,739	5,823	37	19,599
Net remeasurement of allowances	8,304	(25,269)	56,082	39,117
Changes in model assumptions and methodologies	(5,225)	18,673	(2)	13,446
Modification of contractual cash flows of financial assets	82	(4,260)	(307)	(4,485)
Financial assets derecognised	(7,778)	(6,560)	(17,031)	(31,369)
Foreign exchange differences	39	6	-	45
Amount written off	-	-	(47,549)	(47,549)
Balance at end of the financial period	<u>82,411</u>	<u>440,364</u>	<u>170,533</u>	<u>693,308</u>

Note:

1 As at 30 June 2023, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,390.2 million (31 March 2023: RM1,542.3 million). ECL allowance for the RA financing which amounted to RM2.2 million (31 March 2023: RM1.3 million) is taken up by AmBank.

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

Group 31.03.2023	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial year	61,592	401,419	230,573	693,584
Net allowances for ECL	12,876	39,964	241,633	294,473
Transfer to 12-month ECL (Stage 1)	3,671	(34,652)	(910)	(31,891)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(5,140)	57,705	(5,615)	46,950
Transfer to Lifetime ECL credit impaired (Stage 3)	(443)	(10,078)	116,879	106,358
New financial assets originated	22,474	33,838	3,907	60,219
Net remeasurement of allowances	10,566	(13,883)	143,104	139,787
Changes in model assumptions and methodologies	(8,061)	31,122	(5)	23,056
Modification of contractual cash flows of financial assets	(144)	2,279	376	2,511
Financial assets derecognised	(10,047)	(26,367)	(16,103)	(52,517)
Foreign exchange differences	34	8	-	42
Amount written off	-	-	(309,110)	(309,110)
Balance at end of the financial year	Note 1 74,502	441,391	163,096	678,989

(b) Deposits From Customers

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
By type of deposit:		
Savings deposits		
Commodity Murabahah	3,570,465	4,664,808
Qard	111,190	159,012
Demand deposits		
Commodity Murabahah	9,426,949	11,178,667
Qard	514,969	1,782,776
Term deposits		
Commodity Murabahah	31,083,369	27,373,974
Qard	657,791	93,273
	<u>45,364,733</u>	<u>45,252,510</u>

The deposits are sourced from the following types of customers:

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Business enterprises	25,285,099	25,081,487
Government and statutory bodies	4,281,021	5,719,815
Individuals	14,540,619	13,361,210
Others	1,257,994	1,089,998
	<u>45,364,733</u>	<u>45,252,510</u>

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

The maturity structure of term deposits are as follows:

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Due within six months	25,205,608	23,623,778
Over six months to one year	6,281,959	3,148,741
Over one year to three years	228,575	662,291
Over three years to five years	25,018	32,437
	31,741,160	27,467,247

(c) Investment Accounts Of Customers

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	12,791	13,734
With maturity		
- Mudarabah	2,435	2,740
	15,226	16,474

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

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Business enterprises	30	34
Individuals	15,196	16,440
	15,226	16,474

	Group	
	30.06.2023 RM'000	31.03.2023 RM'000
Investment asset:		
Interbank placement (Wakalah)	12,791	13,734
Housing financing (Mudarabah)	2,435	2,740
Total investment	15,226	16,474

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

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
30.06.2023			
Maturity			
less than 3 months	45.90	0.22	2.86
over 3 months to 1 year	50.01	2.43	-
31.03.2023			
Maturity			
less than 3 months	55.13	1.71	2.37
over 3 months to 1 year	54.62	2.24	-

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,386,734	1,538,521
Investment asset:		
Financing	1,386,734	1,538,521
Total investment	1,386,734	1,538,521

The RA contract 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 2023, the remaining tenure of the RA contracts is for a period of 4 to 7 years (31 March 2023: 4 to 7 years).

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

	Investment account holder			
	30.06.2023		31.03.2023	
	Average profit sharing ratio	Average rate of return	Average profit sharing ratio	Average rate of return
	(%)	(%)	(%)	(%)
Maturity:				
over 2 years to 5 years	90	3.52	90	3.19
more than 5 years	90	3.95	90	3.39

(e) Other Liabilities

	Group	
	30.06.2023	31.03.2023
	RM'000	RM'000
Other payables and accruals	781,302	308,803
Deferred income	14,660	15,502
Lease liabilities	2,277	2,347
Provision for reinstatement of leased properties	84	84
Provision for zakat	4,810	4,172
Allowances for ECL on financing commitments and financial guarantees	30,867	32,300
Advance rentals	12,163	12,081
	846,163	375,289

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 period to date

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	30.06.2023	30.06.2022 (Restated)	Amount		30.06.2023	30.06.2022 (Restated)	Amount	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Operating profit before impairment losses, from continuing operations	643,060	566,443	76,617	13.5	643,060	566,443	76,617	13.5
Profit before taxation and zakat from continuing operations	452,618	500,527	(47,909)	(9.6)	452,618	500,527	(47,909)	(9.6)
Profit before taxation from discontinued operation	51,115	44,601	6,514	14.6	51,115	44,601	6,514	14.6
Profit for the financial period	403,465	425,132	(21,667)	(5.1)	403,465	425,132	(21,667)	(5.1)
Profit attributable to equity holders of the Company	378,371	410,385	(32,014)	(7.8)	378,371	410,385	(32,014)	(7.8)

Financial year to date - cumulative period ended 30 June 2023 compared to 30 June 2022

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. Non-interest income increased compared to same period last year.

Funding costs increased attributable to higher interest expense on deposits from customers and securities sold under repurchase agreements.

Fee based income recorded an increase of RM19.3 million mainly due to higher portfolio management fees, bancassurance commission and other fees offset by higher credit card cost. Market based income increased from higher gains from sale of securities and lower loss from derivatives.

The Group's associates and joint ventures recorded higher profits as reflected in the share of profits of RM9.8 million compared to share of loss of RM6.0 million in prior year same period. Higher share of profits was mainly due to the effect of adoption of MFRS 17 by the insurance entities.

Total operating expenses decreased by 6.6% compared to same period last year. The Group's cost-to-income ratio had improved to 42.2% from 47.2% a year ago.

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

Profit before taxation and zakat from continuing operations for the current financial period was lower compared to a year ago at RM452.6 million, a decrease of RM47.9 million (9.6%).

As for discontinued operation, the profit before taxation for the current financial period was higher at RM51.1m. This was gain on disposal of general insurance as a result of the finalisation of sales consideration.

Profit for the financial period decreased by RM21.7 million to RM403.5 million compared to same period last year.

Commentary on key components of financial position

The Group's core interest bearing assets namely loans, advances and financing lower in gross balances by RM1.2 billion from 31 March 2023 to RM129.0 billion. The Group's impaired loans ratio was at 1.66%.

Deposits from customers was slightly lower compared to 31 March 2023 at RM130.3 billion. Low cost deposits which constituted 30.4% of total deposits from customers decreased compared to 37.4% as at 31 March 2023.

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 remains strong at 16.52% at the end of the reporting period.

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

Divisional performance

Retail Banking (Year to date ("YTD") FY2024: RM63.9 million vs YTD FY2023: RM163.9 million)

Profit before taxation ("PBT") decreased by RM100.0 million mainly from higher other operating expenses and net impairment, partially offset by higher net income.

Net income increased by 4.3% mainly from higher business volume and margin, partially offset by lower fee income from Cards. Higher other operating expenses mainly due to higher personnel costs and service transfer pricing ("STP") expenses. Higher net impairment mainly from provision on loans, advances and financing, partly offset by writeback for commitments and contingencies.

Retail deposits increased by RM5.2 billion to RM60.3 billion mainly from term deposits. Gross loans, advances and financing grew by RM4.2 billion to close at RM73.3 billion mainly attributed by Mortgages, Auto Finance and Retail Small and Medium Enterprise ("SME").

Business Banking (YTD FY2024: RM74.5 million vs YTD FY2023: RM154.6 million)

PBT decreased by RM80.1 million mainly due to higher other operating expenses and net impairment, offset by higher net income.

Higher net income mainly from higher net finance income due to higher business volume and margin, coupled with higher other income from loan related fees and forex income. Higher other operating expenses mainly from higher personnel costs and STP expenses. Higher net impairment arising from higher provision on loans, advances and financing, coupled with higher provision for commitments and contingencies.

Business Banking deposits increased by RM0.2 billion to RM22.2 billion mainly from current accounts, partly offset by lower term deposits. Gross loans, advances and financing grew by RM1.7 billion to close at RM33.2 billion.

Corporate and Transaction Banking (YTD FY2024: RM150.1 million vs YTD FY2023: RM72.5 million)

PBT increased by RM77.6 million mainly due to higher net income and higher writeback of net impairment, partially offset by higher other operating expenses.

Net income increased by 32.9% due to higher net finance income from higher margin and business volume. Higher writeback of net impairment mainly from provision on loans, advances and financing, and provision for commitments and contingencies.

Corporate and transaction banking gross loans, advances and financing increased by RM2.7 billion to close at RM20.4 billion, while deposits decreased by RM0.3 billion to close at RM10.6 billion.

Group Treasury and Markets (YTD FY2024: RM157.7 million vs YTD FY2023: RM122.3 million)

PBT increased by RM35.4 million mainly from higher net income, partly offset by higher higher other operating expenses and higher net impairment.

Net income increased by 34.3% mainly due to gain from derivatives, coupled with higher volume impact, partially offset by lower margin.

Investment Banking (YTD FY2024: RM10.6 million vs YTD FY2023: RM8.1 million)

PBT increased by RM2.5 million from higher net income, partially offset by higher other operating expenses and higher net impairment.

Net income increased by RM7.0 million from higher arrangement fees.

Fund Management (YTD FY2024: RM27.6 million vs YTD FY2023: RM20.3 million)

PBT increased by RM7.3 million mainly from higher fee income, partly offset by higher other operating expenses.

Insurance (from continuing operations) (YTD FY2024: Profit of RM9.2 million vs YTD FY2023: Loss of RM15.8 million)

PBT increased by RM25.0 million mainly lower other operating expenses and higher income from share of associates and joint ventures.

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

Divisional performance (Cont'd.)

Group Funding and Others (YTD FY2024: Loss of RM41.0 million vs YTD FY2023: Loss of RM25.4 million)

Higher loss before taxation mainly from lower net income, partly offset by lower other operating expenses and lower allowance for impairment of loans, advances and financing.

Insurance (from discontinued operation) (YTD FY2024: RM51.1 million vs YTD FY2023: RM44.6 million)

PBT from discontinued operation of general insurance include RM51.1 million gain on adjustment on the loss of disposal of subsidiary previously recognised as disclosed in Note A27.

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	
	30.06.2023	31.03.2023 (Restated)	Amount	
	RM'000	RM'000	RM'000	%
Operating profit before impairment losses, from continuing operations	643,060	596,593	46,467	7.8
Profit before taxation and zakat from continuing operations	452,618	545,789	(93,171)	(17.1)
Profit before taxation from discontinued operation	51,115	-	51,115	100.0
Profit for the financial quarter	403,465	420,053	(16,588)	(3.9)
Profit attributable to equity holders of the Company	378,371	419,958	(41,587)	(9.9)

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

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

Overall other operating income increased for this quarter compared to preceding quarter due to higher gain on foreign exchange and higher gains from disposal of securities partially offset by lower gains from revaluation of securities.

Total operating expenses decreased by 8.6% compared to preceding quarter mainly due to lower personnel and establishment expenses.

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

Against the preceding quarter, profit before taxation and zakat from continuing operations for the current quarter is lower at RM452.6 million, a decrease of RM93.2 million (17.1%).

As for discontinued operation, the profit before taxation for the current quarter was RM51.1m. This was gain on disposal of general insurance as a result of the finalisation of sales consideration.

Profit for the financial quarter decreased by RM16.6 million to RM403.5 million compared to preceding quarter.

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END

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

We expect the economic situation for the remainder of the year until the early part of 2024 will continue to remain challenging, as most economies are still adjusting to the high interest rates environment implemented by most central banks. Globally, the outlook on the manufacturing sector remains pessimistic, reflected in the latest Global Purchasing Manager's Index ("PMI") that has been under the contractionary level since March 2023. In the United States, the Federal Reserve's ("Fed") fight against inflation seems successful as inflation and core inflation are receding. However, interest rates are likely to stay elevated at least until the mid of 2024 as tight labour market means that inflation is likely to continue to decline at slower pace. In the United Kingdom and Europe Area, a similar battle where the central banks of these economies need to balance between steep interest rate hikes and economic growth. In China, economic performance has been disappointing throughout the year, where the latest second quarter of 2023 Gross Domestic Product ("GDP") grew by 6.3%, below of market's expectation of 7.2%.

We anticipate continued support for growth from domestic demand this year. Wage growth in both the services and manufacturing sectors appears to have peaked, and employment growth has slowed to 2.3% in July 2023. However, the vacancy-to-unemployment ratio remains higher than pre-pandemic levels, suggesting room for improvement in private spending. Furthermore, tourism and related sectors are improving. As for the external front, global economic pessimism is expected to lead to slower trading activities. The impact of higher interest rates has notably affected the tech sector. We now expect the Malaysia's economy to grow by 4.0% in 2023.

In the Malaysia's banking industry, the overall outstanding loans grew at a slower pace by 4.4% year-on-year ("YoY") in June 2023 (May 2023: 4.8%). While the non-household segment loans expanded slower at 3.0%, household loans remained healthy at 5.3%. As the economy is expected to soften in 2023, we expect relatively subdued loan growth in the range of 4.0% to 5.0% for 2023 given that loan growth typically tracks GDP growth. The overall banking system remains healthy underpinned by strong liquidity. This is reflected by the liquidity coverage ratio which was at 155.3% in June 2023 (May 2023: 151.0%). The funding profile was also well-diversified with June 2023's loan-to-fund ratio and loan-to-fund-and-equity ratio at 81.6% and 70.9%, respectively (May 2023: 81.8% and 71.0%, respectively).

On the Overnight Policy Rate ("OPR"), with core inflation being modest so far due to slower hiring activities and the lag effect from the 125 bps cumulative rate hikes, we do not see any urgency for the interest rates to be increased higher from this point forward. Based on the latest data, core inflation reading was at 3.1% in June 2023, continuing its downward trend after peaking at 4.2% in November 2022. Services inflation is also on a downward trend, declining to 3.9% YoY (April 2023: 3.6% YoY). We are now looking at the lower inflation forecast of 2.7 to 3.2%. Due to these factors, the OPR is likely to stay at 3.00% for the remainder of 2023. Nevertheless, future rate hikes should not be fully discounted although it is not our baseline view. One indicator to watch is the oil price, which is trading at around USD86/barrel, which has been on its upward trend since late-June 2023.

AmBank Group continued to show resilience in its first quarter of financial year ("FY") 2024 financial performance despite being affected by the expected net interest margin ("NIM") compression arising from fierce deposit competition in FY2023. The Group, however, is encouraged by the expansion of the Malaysian economy observed in calendar year 2023 so far and remains optimistic on its FY2024 prospects. The Group's focus will continue to be on growing revenue and maintaining cost discipline. At the same time, the Group will continue to strengthen its capital base and ensure liquidity levels remain healthy while closely monitoring asset quality to reduce balance sheet related risk.

The Group is now at the final stretch of its FY2021 to FY2024 Focus 8 strategy journey and remains committed as ever to seeing it through to a successful completion. Looking forward, we will focus efforts on three primary growth accelerators: SME empowerment, advancement of Environmental, Social and Governance ("ESG") initiatives and digital innovation to continue sustainable value creation for our shareholders and stakeholders. As repayment assistance programmes gradually expire this calendar year, the Group will continue to have dialogues with customers who are still in financial difficulty and offer suitable financial assistance programmes to those who qualify.

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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<u>Continuing operations</u>				
Estimated current tax payable	65,034	70,216	65,034	70,216
Deferred tax	37,930	43,268	37,930	43,268
	<u>102,964</u>	<u>113,484</u>	<u>102,964</u>	<u>113,484</u>
Over provision of current taxation in respect of prior years	(3,334)	(1)	(3,334)	(1)
Taxation	<u>99,630</u>	<u>113,483</u>	<u>99,630</u>	<u>113,483</u>
Zakat	638	471	638	471
Taxation and zakat	<u>100,268</u>	<u>113,954</u>	<u>100,268</u>	<u>113,954</u>
<u>Discontinued operation</u>				
Estimated current tax payable	-	11,903	-	11,903
Deferred tax	-	(5,868)	-	(5,868)
	-	<u>6,035</u>	-	<u>6,035</u>
Under provision of current taxation in respect of prior years	-	7	-	7
Taxation	<u>-</u>	<u>6,042</u>	<u>-</u>	<u>6,042</u>

The total tax charge of the Group for the financial period ended 30 June 2023 and 30 June 2022 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax and expenses not deductible.

B6. BORROWINGS AND DEBT SECURITIES

Group

	Long term*		Short term*		Total	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
30.06.2023						
Unsecured						
Term funding	100,000	1,165,330 #	-	890,038	100,000	2,055,368
Debt capital	-	4,395,000	-	1,000,000	-	5,395,000
30.06.2022						
Unsecured						
Term funding	100,000	1,674,222 #	-	234,702	100,000	1,908,924
Debt capital	-	4,395,000	-	-	-	4,395,000

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 2023 and 30 June 2022, 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 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
October 2022 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	745,000	5.20	-
October 2022 - Redemption	AmBank	Subordinated Note Tier 2 - 10 years	570,000	4.90	27,930
February 2023 - Redemption	AmBank	Subordinated Note Tier 2 - 10 years	175,000	5.23	9,153
February 2023 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	150,000	5.23	7,845
March 2023 - Redemption	AmBank	Subordinated Note Tier 2 - 10 years	350,000	5.23	18,305
March 2023 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	350,000	4.58	-
March 2023 - Issuance	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	150,000	4.53	-

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

Detailed explanations on the material changes to the borrowings (excluding structured deposits and term loans) 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
June 2023 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	500,000	4.59	-
June 2023 - Issuance	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	500,000	4.53	-
June 2023 - Redemption	AmBank	Senior Notes Series 1 - 1.5 years	150,000	2.94	4,410

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.

B8. DIVIDENDS

There is no dividend proposed for the current financial quarter.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A30.

B10. EARNINGS PER SHARE (SEN)

(a) Basic/Diluted earnings per share

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	
	30.06.2023	30.06.2022 (Restated)	30.06.2023	30.06.2022 (Restated)
Net profit attributable to equity holders of the Company (RM'000)				
Continuing operations	352,302	386,565	352,302	386,565
Discontinued operation	26,069	23,820	26,069	23,820
	<u>378,371</u>	<u>410,385</u>	<u>378,371</u>	<u>410,385</u>
Weighted average number of ordinary shares in issue ('000)	<u>3,306,707</u>	<u>3,310,441</u>	<u>3,306,707</u>	<u>3,310,441</u>
Basic/Diluted earnings per share (sen)				
Continuing operations	10.65	11.68	10.65	11.68
Discontinued operation	0.79	0.72	0.79	0.72
	<u>11.44</u>	<u>12.40</u>	<u>11.44</u>	<u>12.40</u>