

Registration No. 199401009897 (295576-U)

**AmBank Islamic Berhad**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**For the Financial Period**  
**1 April 2023 to**  
**31 December 2023**  
(In Ringgit Malaysia)

Registration No. 199401009897 (295576-U)

AmBank Islamic Berhad

(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

		<b>31 December 2023</b>	<b>31 March 2023</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	A8	2,724,008	2,113,367
Derivative financial assets		31,082	36,363
Financial assets at fair value through profit or loss	A9	1,820,660	2,576,789
Financial investments at fair value through other comprehensive income	A10	6,868,004	6,522,124
Financial investments at amortised cost	A11	4,005,688	4,179,986
Financing and advances	A12	44,881,438	44,961,875
Statutory deposit with Bank Negara Malaysia		920,000	880,000
Deferred tax asset		53,847	62,072
Other assets	A13	328,066	497,799
Property and equipment		342	324
Right-of-use assets		2,057	2,284
Intangible assets		237	298
<b>TOTAL ASSETS</b>		<b>61,635,429</b>	<b>61,833,281</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A14	46,308,095	45,252,510
Investment accounts of customers	A15	14,863	16,474
Deposits and placements of banks and other financial institutions	A16	3,267,642	4,763,220
Investment account due to a licensed bank	A17	1,373,156	1,538,521
Recourse obligation on financing sold to Cagamas Berhad		3,315,008	3,315,004
Derivative financial liabilities		30,291	36,814
Term funding		834,959	834,907
Subordinated Sukuk		1,300,000	1,300,000
Other liabilities	A18	561,653	371,117
Provision for zakat		6,863	4,172
<b>TOTAL LIABILITIES</b>		<b>57,012,530</b>	<b>57,432,739</b>
Share capital		1,387,107	1,387,107
Reserves		3,235,792	3,013,435
<b>Equity attributable to equity holder of the Bank</b>		<b>4,622,899</b>	<b>4,400,542</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>61,635,429</b>	<b>61,833,281</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A35	<b>14,837,646</b>	<b>14,038,732</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>9.35</b>	<b>8.90</b>

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

**UNAUDITED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2023**

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Income derived from investment of depositors' funds	A19	667,058	594,625	1,988,433	1,563,960
Income derived from investment of investment account funds	A20	16,540	15,909	48,487	45,226
Income derived from investment of shareholder's funds	A21	62,989	54,655	182,988	147,539
Allowance for impairment on financing and advances - net	A22	(117,822)	(52,550)	(171,854)	(122,012)
Allowance for impairment on financial investments	A23	(13)	(9,211)	(8,164)	(11,431)
Writeback of allowance/(Allowance) for impairment on other financial assets	A24	2	(2)	(5)	134
Allowance for impairment on non-financial assets		(39)	-	(39)	-
Writeback of provision/(Provision) for commitments and contingencies	A25	48	(5,991)	6,925	(7,751)
<b>Total distributable income</b>		<b>628,763</b>	<b>597,435</b>	<b>2,046,771</b>	<b>1,615,665</b>
Income attributable to the depositors and others	A26	(417,979)	(299,069)	(1,234,396)	(733,190)
Income attributable to the investment account holders	A27	(14,787)	(14,187)	(43,349)	(39,550)
<b>Total net income</b>		<b>195,997</b>	<b>284,179</b>	<b>769,026</b>	<b>842,925</b>
Other operating expenses	A28	(118,727)	(80,724)	(357,356)	(240,560)
Finance cost		(22,655)	(22,228)	(72,301)	(66,444)
<b>Profit before zakat and taxation</b>		<b>54,615</b>	<b>181,227</b>	<b>339,369</b>	<b>535,921</b>
Zakat		(1,017)	(1,454)	(2,691)	(2,808)
Taxation		(8,012)	(40,895)	(71,665)	(121,170)
<b>Profit for the financial period</b>		<b>45,586</b>	<b>138,878</b>	<b>265,013</b>	<b>411,943</b>
<b>Basic/Diluted earnings per share (sen)</b>	A29	<b>9.22</b>	<b>28.09</b>	<b>53.61</b>	<b>83.33</b>

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

Registration No. 199401009897 (295576-U)

AmBank Islamic Berhad

(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2023**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Profit for the financial period	45,586	138,878	265,013	411,943
Other comprehensive income/(loss):				
<b>Items that may be reclassified subsequently to statement of profit or loss:</b>				
Financial investments at fair value through other comprehensive income:				
Net unrealised gain/(loss) on changes in fair value	29,168	24,296	27,071	(35,918)
Changes in expected credit loss	(137)	1,533	3,693	4,699
Net (gain)/loss reclassified to statement of profit or loss	-	-	(1,542)	75
Income tax effect	(7,000)	(5,831)	(6,127)	8,602
Other comprehensive income/(loss) for the period, net of tax	22,031	19,998	23,095	(22,542)
Total comprehensive income for the financial period	67,617	158,876	288,108	389,401

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2023**

	Attributable to Equity Holder of the Bank				Total equity RM'000
	Non-distributable		Distributable		
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2022</b>	1,387,107	-	(3,893)	2,490,692	3,873,906
Profit for the financial period	-	-	-	411,943	411,943
Other comprehensive loss, net of tax	-	-	(22,542)	-	(22,542)
Total comprehensive(loss)/income for the financial period	-	-	(22,542)	411,943	389,401
Transfer to regulatory reserve	-	39,032	-	(39,032)	-
Transactions with owner and other equity movements	-	39,032	-	(39,032)	-
<b>At 31 December 2022</b>	<b>1,387,107</b>	<b>39,032</b>	<b>(26,435)</b>	<b>2,863,603</b>	<b>4,263,307</b>
<b>At 1 April 2023</b>	1,387,107	-	(9,188)	3,022,623	4,400,542
Profit for the financial period	-	-	-	265,013	265,013
Other comprehensive income, net of tax	-	-	23,095	-	23,095
Total comprehensive income for the financial period	-	-	23,095	265,013	288,108
Transfer to regulatory reserve	-	511	-	(511)	-
Dividend on ordinary shares:					
- interim, financial year ending 31 March 2024	-	-	-	(65,751)	(65,751)
Other equity movements	-	511	-	(66,262)	(65,751)
<b>At 31 December 2023</b>	<b>1,387,107</b>	<b>511</b>	<b>13,907</b>	<b>3,221,374</b>	<b>4,622,899</b>

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

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2023**

	<b>31 December 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Profit before zakat and taxation	339,369	535,921
Adjustments for non-operating and non-cash items	163,973	165,559
Operating profit before working capital changes	<u>503,342</u>	<u>701,480</u>
Changes in working capital:		
Net change in operating assets	758,632	(6,199,285)
Net change in operating liabilities	(416,237)	5,649,820
Taxation paid	(45,610)	(33,937)
Net cash generated from operating activities	<u>800,127</u>	<u>118,078</u>
Net cash used in investing activities	(123,473)	(2,702,497)
Net cash used in financing activities	(66,007)	(379)
Net increase/(decrease) in cash and cash equivalents	<u>610,647</u>	<u>(2,584,798)</u>
Cash and cash equivalents at beginning of the financial period	<u>2,113,375</u>	<u>3,599,246</u>
Cash and cash equivalents at end of the financial period	<u><u>2,724,022</u></u>	<u><u>1,014,448</u></u>
Cash and cash equivalents comprise:		
Cash and short-term funds	2,724,008	1,014,431
Allowances for expected credit loss for cash and cash equivalents at end of the financial period	14	17
	<u><u>2,724,022</u></u>	<u><u>1,014,448</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the 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 complies with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

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

#### A1.1 Significant Accounting Policies

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

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

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

The nature of the amendments to published standards relevant to the Bank are described below:

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

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

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

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

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

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

**(b) Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*) (Cont'd.)**

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 Bank.

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

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

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

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

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

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

The amendments introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules. The adoption of these amendments did not result in any impact to the financial statements of the Bank.



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

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

**Standards issued but not yet effective**

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

The nature of the amendments to published standards that are issued and relevant to the Bank but not yet effective are described below. The Bank is 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.

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

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

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

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

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

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

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

**A2. AUDIT QUALIFICATION**

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

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The operations of the Bank were not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

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

There were no unusual items during the current financial quarter and period affecting the financial results of the Bank.

#### **A5. CHANGES IN ESTIMATES**

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

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

##### **Issuance of Sukuk**

On 27 June 2023, the Bank 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 and have a tenure of 10 years (non-callable 5 years).

##### **Repayment of Sukuk**

On 18 October 2023, the Bank redeemed Tranche 7 of the Sukuk Murabahah on its first call date with nominal value amounting to RM500.0 million.

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

#### **A7. DIVIDENDS**

During the financial period, an interim single-tier dividend of 13.30 sen per ordinary share on 494,368,541 ordinary shares amounting to approximately RM65,751,016 in respect of current financial period was paid on 18 December 2023.

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

	Note	31 December 2023 RM'000	31 March 2023 RM'000
Cash and bank balances		74,022	83,375
Less: Allowances for Expected Credit Loss ("ECL")	(a)	<u>(14)</u>	<u>(8)</u>
		<u>74,008</u>	<u>83,367</u>
Deposits and placements maturing within one month with original maturity of three months or less:			
Bank Negara Malaysia		<u>2,650,000</u>	<u>2,030,000</u>
		<u>2,650,000</u>	<u>2,030,000</u>
		<u>2,724,008</u>	<u>2,113,367</u>

(a) The movements in allowances for ECL are as follow:

	Stage 1 12-Month ECL RM'000
<b>31 December 2023</b>	
Balance at beginning of the financial period	8
Net allowance of ECL:	5
Net remeasurement of allowances	<u>5</u>
Foreign exchange differences	1
Balance at end of the financial period	<u>14</u>
<b>31 March 2023</b>	
Balance at beginning of the financial year	151
Net writeback of ECL:	(143)
Financial assets derecognised	<u>(143)</u>
Balance at end of the financial year	<u>8</u>

**A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Bank Negara Monetary Notes	349,654	724,354
Malaysian Islamic Treasury bills	952,545	1,354,281
Malaysian Government Investment Issues	284,119	-
	<u>1,586,318</u>	<u>2,078,635</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	234,342	498,154
	<u>1,820,660</u>	<u>2,576,789</u>

**A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Bank Negara Monetary Notes	-	247,160
Malaysian Government Investment Issues	2,721,096	1,653,434
Malaysian Islamic Treasury Bills	-	1,059,413
	<u>2,721,096</u>	<u>2,960,007</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	4,146,908	3,562,117
	<u>6,868,004</u>	<u>6,522,124</u>

**A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)**

The Bank had undertaken a fair value hedge on the profit rate risk of unquoted sukuk of RM350.0 million using profit rate swap with AmBank (M) Berhad ("AmBank"). The (loss)/gain arising from the fair value hedge during the current financial period/year is as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Relating to hedged item	(1,884)	(7,973)
Relating to hedging instrument	1,715	8,017
	<u>(169)</u>	<u>44</u>

The fair value changes on the hedge item is taken up under fair value reserve and the hedging gain or loss on the hedged item is reclassified to profit or loss.

Movements in allowances for ECL are as follows:

	<b>Stage 1 12-Month ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Total RM'000</b>
<b>31 December 2023</b>			
Balance at beginning of the financial period	2,404	1,045	3,449
Net allowances for ECL:	3,144	549	3,693
New financial assets originated	2,363	33	2,396
Financial assets derecognised	(653)	-	(653)
Net remeasurement of allowances	1,434	516	1,950
Balance at end of the financial period	<u>5,548</u>	<u>1,594</u>	<u>7,142</u>
<b>31 March 2023</b>			
Balance at beginning of the financial year	2,497	6,239	8,736
Net writeback of ECL:	(93)	(5,194)	(5,287)
- Transfer to Stage 1	443	(6,239)	(5,796)
- Transfer to Stage 2	(489)	1,045	556
New financial assets originated	1,019	-	1,019
Financial assets derecognised	(743)	-	(743)
Net remeasurement of allowances	(323)	-	(323)
Balance at end of the financial year	<u>2,404</u>	<u>1,045</u>	<u>3,449</u>

**A11. FINANCIAL INVESTMENTS AT AMORTISED COST**

	Note	31 December 2023 RM'000	31 March 2023 RM'000
<b>At amortised cost:</b>			
Money Market Instruments:			
Malaysian Government Investment Issues		1,057,030	1,648,681
Unquoted Securities:			
In Malaysia:			
Sukuk		3,412,861	2,991,037
Less: Allowances for ECL	(a)	(464,203)	(459,732)
		<u>4,005,688</u>	<u>4,179,986</u>

(a) The movements in allowances for ECL are as follows:

	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL Credit Impaired RM'000	Total RM'000
<b>31 December 2023</b>			
Balance at beginning of the financial period	2,169	457,563	459,732
Net allowance of ECL:	238	4,233	4,471
New financial assets originated	1,725	-	1,725
Financial asset derecognised	(1,446)	-	(1,446)
Net remeasurement of allowances	(41)	4,233	4,192
Balance at end of the financial period	<u>2,407</u>	<u>461,796</u>	<u>464,203</u>
<b>31 March 2023</b>			
Balance at beginning of the financial year	1,182	444,455	445,637
Net allowances for ECL:	987	13,108	14,095
New financial assets originated	981	-	981
Financial asset derecognised	(11)	-	(11)
Net remeasurement of allowances	17	13,108	13,125
Balance at end of the financial year	<u>2,169</u>	<u>457,563</u>	<u>459,732</u>

**A12. FINANCING AND ADVANCES**

A12a. Financing and advances by type and Shariah contracts are as follows:

**31 December 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
<b>At amortised cost:</b>							
Cash lines	-	562,845	-	-	459,538	-	1,022,383
Term financing	295,554	15,612,348	7,048	-	481,066	-	16,396,016
Revolving credit	2,005	4,367,094	-	-	593,275	-	4,962,374
Housing financing	2,287,371	11,411,147	37,436	-	-	-	13,735,954
Hire purchase receivables	3	-	-	5,449,647	-	-	5,449,650
Bills receivables	-	767,421	-	-	-	91,605	859,026
Credit card receivables	-	-	-	-	-	546,387	546,387
Trust receipts	-	363,722	-	-	-	-	363,722
Staff financing	-	22,539	-	-	-	-	22,539
Claims on customers under acceptance credits	-	1,878,421	-	-	-	291,064	2,169,485
Others	-	-	-	-	-	10,398	10,398
Gross financing and advances*	<u>2,584,933</u>	<u>34,985,537</u>	<u>44,484</u>	<u>5,449,647</u>	<u>1,533,879</u>	<u>939,454</u>	<u>45,537,934</u>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(93,148)
- Stage 2 - Lifetime ECL not credit impaired							(400,474)
- Stage 3 - Lifetime ECL credit impaired							<u>(162,874)</u>
Net financing and advances							<u>44,881,438</u>



**A12. FINANCING AND ADVANCES (CONT'D.)**

A12a. Financing and advances by type and Shariah contracts are as follows (Cont'd.):

**31 March 2023**

	<b>Bai' Bithaman</b>			<b>Musharakah</b>	<b>Al-Ijarah</b>			
	<b>Ajil</b>	<b>Murabahah</b>		<b>Mutanaqisah</b>	<b>Thummah Al</b>	<b>Bai' Inah</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>-Bai' ("AITAB")</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
					<b>RM'000</b>			
<b>At amortised cost:</b>								
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
Staff financing	-	20,731		-	-	-	-	20,731
Claims on customers under acceptance credits	-	2,235,072		-	-	-	281,933	2,517,005
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>
Less: Allowance for ECL (Note A12(j))								
- 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") arrangement between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM1,377.3 million (31 March 2023: RM1,542.3 million). 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 allowance for impairment arising from the RA financing. Further details of the RA are disclosed in Note A17.

**A12. FINANCING AND ADVANCES (CONT'D.)**

A12b. Gross financing and advances analysed by type of customer are as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Domestic non-bank financial institutions	1,982,633	2,263,471
Domestic business enterprises		
- Small medium enterprises ("SME")	6,777,203	6,830,614
- Others	8,131,749	8,942,573
Government and statutory bodies	2,406,045	2,595,851
Individuals	25,285,871	24,506,155
Other domestic entities	74	118
Foreign individuals and entities	954,359	502,082
	<u>45,537,934</u>	<u>45,640,864</u>

A12c. All financing and advances reside in Malaysia.

A12d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Fixed rate		
- Housing financing	165,794	164,784
- Hire purchase receivables	5,371,829	4,883,169
- Other financing	5,428,482	5,527,511
Variable rate		
- Base rate and base financing rate plus	23,496,021	23,402,540
- Cost plus	10,945,700	11,515,903
- Other variable rates	130,108	146,957
	<u>45,537,934</u>	<u>45,640,864</u>

**A12. FINANCING AND ADVANCES (CONT'D.)**

A12e. Gross financing and advances analysed by sector are as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Agriculture	1,615,856	1,859,755
Mining and quarrying	1,016,242	629,375
Manufacturing	4,075,827	4,859,748
Electricity, gas and water	648,007	538,441
Construction	887,778	969,620
Wholesale and retail trade and hotel and restaurants	3,383,697	3,272,133
Transport, storage and communication	1,816,240	1,695,582
Finance and insurance	3,522,727	3,798,148
Real estate	1,752,106	2,319,010
Business activities	1,147,478	699,713
Education and health	345,648	441,731
Household of which:	25,326,328	24,557,608
- Purchase of residential properties	13,806,668	12,816,791
- Purchase of transport vehicles	5,084,852	4,608,460
- Others	6,434,808	7,132,357
	<u>45,537,934</u>	<u>45,640,864</u>

A12f. Gross financing and advances analysed by residual contractual maturity are as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Maturing within one year	10,679,922	12,125,562
Over one year to three years	1,400,067	1,529,251
Over three years to five years	3,127,636	2,535,398
Over five years	30,330,309	29,450,653
	<u>45,537,934</u>	<u>45,640,864</u>

**A12. FINANCING AND ADVANCES (CONT'D.)**

A12g. Movements in impaired financing and advances are as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Balance at beginning of the financial period/year	521,155	628,542
Additions during the period/year	704,512	819,460
Reclassified as non-impaired	(83,788)	(37,363)
Recoveries	(327,103)	(580,374)
Amount written off	(212,727)	(309,110)
Balance at end of the financial period/year	<u>602,049</u>	<u>521,155</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.32%</u>	<u>1.14%</u>
Financing loss coverage (including regulatory reserve)	<u>113.3%</u>	<u>136.5%</u>

A12h. All impaired financing and advances reside in Malaysia.

A12i. Impaired financing and advances by sector are as follows:

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Agriculture	623	614
Mining and quarrying	33,714	38,685
Manufacturing	43,583	50,598
Electricity, gas and water	220	167
Construction	16,454	19,933
Wholesale and retail trade and hotel and restaurants	96,553	70,256
Transport, storage and communication	5,099	3,817
Real estate	22,441	498
Business activities	6,152	2,857
Education and health	625	1,645
Household of which:	376,585	332,085
- Purchase of residential properties	307,963	260,048
- Purchase of transport vehicles	29,828	29,710
- Others	38,794	42,327
	<u>602,049</u>	<u>521,155</u>

**A12. FINANCING AND ADVANCES (CONT'D.)**

A12j. The movements in the allowances for ECL are as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>Not Credit</b>	<b>Credit</b>	
	<b>RM'000</b>	<b>Impaired</b>	<b>Impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2023</b>				
Balance at beginning of the financial period	74,502	441,391	163,096	678,989
Net allowances for/(writeback of) ECL:	18,642	21,967	212,505	253,114
- Transfer to Stage 1	2,826	(24,721)	(482)	(22,377)
- Transfer to Stage 2	(4,542)	63,030	(13,455)	45,033
- Transfer to Stage 3	(394)	(16,675)	56,589	39,520
New financial assets originated	26,966	15,933	3,463	46,362
Net remeasurement of allowances	5,157	15,544	201,859	222,560
Changes to model assumptions and methodologies	(398)	10,922	-	10,524
Modification of contractual cash flows of financial assets	83	(4,169)	(83)	(4,169)
Financial assets derecognised	(11,056)	(37,897)	(35,386)	(84,339)
Transfer to other assets	-	(62,900)	-	(62,900)
Foreign exchange differences	4	16	-	20
Amount written-off	-	-	(212,727)	(212,727)
Balance at end of the financial period	<u>93,148</u>	<u>400,474</u>	<u>162,874</u>	<u>656,496</u>
<b>31 March 2023</b>				
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 Stage 1	3,671	(34,652)	(910)	(31,891)
- Transfer to Stage 2	(5,140)	57,705	(5,615)	46,950
- Transfer to 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 to 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	<u>74,502</u>	<u>441,391</u>	<u>163,096</u>	<u>678,989</u>

**A13. OTHER ASSETS**

		<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Other receivables, deposits and prepayments		151,508	90,832
Amount due from a related company	(a)	-	206,712
Profit receivable		132,321	96,058
Tax recoverable		-	5,955
Deferred charges		107,137	98,242
		<u>390,966</u>	<u>497,799</u>
Less: Accumulated impairment losses		(62,900)	-
		<u>328,066</u>	<u>497,799</u>

(a) Amount due from a related company, which related to banking operations, are unsecured, non-profit bearing and are repayable on demand.

**A14. DEPOSITS FROM CUSTOMERS**

		<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
(i) By type of deposit:			
Savings deposit:			
Commodity Murabahah		3,741,375	4,664,808
Qard		40,781	159,012
Demand deposit:			
Commodity Murabahah		11,666,507	11,178,667
Qard		67,442	1,782,776
Term deposits:			
Commodity Murabahah		30,657,481	27,373,974
Qard		134,509	93,273
Total		<u>46,308,095</u>	<u>45,252,510</u>
(ii) The deposits are sourced from the following types of customers:			
Government and statutory bodies		5,043,660	5,719,815
Business enterprises		26,612,444	25,081,487
Individuals		13,782,347	13,361,210
Others		869,644	1,089,998
		<u>46,308,095</u>	<u>45,252,510</u>
(iii) The maturity structure of all term deposits is as follows:			
Due within six months		26,074,745	23,623,778
Over six months to one year		4,457,655	3,148,741
Over one year to three years		238,585	662,291
Over three years to five years		21,005	32,437
		<u>30,791,990</u>	<u>27,467,247</u>

**A15. INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Unrestricted investment account:		
Without maturity		
- Wakalah	13,224	13,734
With maturity		
- Mudarabah	1,639	2,740
	<u>14,863</u>	<u>16,474</u>

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

Business enterprises	47	34
Individuals	14,816	16,440
	<u>14,863</u>	<u>16,474</u>

	<b>Wakalah RM'000</b>	<b>Mudarabah RM'000</b>
Investment assets:		
<b>31 December 2023</b>		
Interbank placement	13,224	-
House financing	-	1,639
Total investment	<u>13,224</u>	<u>1,639</u>
<b>31 March 2023</b>		
Interbank placement	13,734	-
House financing	-	2,740
Total investment	<u>13,734</u>	<u>2,740</u>

**A15. INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)**

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 (%)
<b>31 December 2023</b>			
Maturity :			
- less than 3 months	46.69	0.22	2.91
- between 3 months to 12 months	49.99	2.48	-
<b>31 March 2023</b>			
Maturity :			
- less than 3 months	55.13	1.71	2.37
- between 3 months to 12 months	54.62	2.24	-

**A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<u>Non-Mudarabah</u>		
Licensed Islamic banks	-	298,767
Licensed banks	1,484,397	2,620,016
Licensed investment banks	59,534	375,519
Other financial institutions	1,593,824	1,386,726
Bank Negara Malaysia	129,887	82,192
Total	3,267,642	4,763,220

**A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK**

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,373,156	1,538,521
Investment asset:		
Financing	1,373,156	1,538,521



**A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK (CONT'D.)**

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

	Investment account holder			
	31 December 2023	31 March 2023	31 December 2023	31 March 2023
	Average profit sharing ratio (%)	Average profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:				
- over 2 years to 5 years	90	90	3.85	3.19
- more than 5 years	90	90	4.21	3.39

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

As at 31 December 2023, ECL allowance for the investment asset borne by AmBank amounted to RM2.1 million (31 March 2023: RM1.3 million).

As at 31 December 2023, the remaining tenure of the RA contracts is for a period of 3 to 6 years (31 March 2023: 4 to 7 years).

**A18. OTHER LIABILITIES**

	Note	31 December 2023 RM'000	31 March 2023 RM'000
Profit payable		289,360	243,881
Other creditors and accruals		69,854	64,904
Lease liabilities		2,135	2,347
Provision for reinstatement for leased properties		85	84
Deferred income		14,266	15,502
Advance rental		11,643	12,081
Amount due to related companies	(a)	130,898	18
Allowances for ECL on financing commitments and financial guarantees	(b)	25,409	32,300
Provision for taxation		18,003	-
		<u>561,653</u>	<u>371,117</u>

(a) Amount due to related companies, which related to banking operations, is unsecured, non-profit bearing and repayable on demand.

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

(b) The movements in allowances for ECL are as follows:

	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
<b>31 December 2023</b>				
Balance at beginning of the financial period	11,580	7,010	13,710	32,300
Net allowances for/(writeback of) ECL:	2,832	560	(10,317)	(6,925)
- Transfer to Stage 1	241	(2,501)	-	(2,260)
- Transfer to Stage 2	(369)	2,133	-	1,764
- Transfer to Stage 3	(23)	(321)	345	1
New exposures originated	5,330	3,169	-	8,499
Net remeasurement of allowances	168	(755)	(10,662)	(11,249)
Financial exposures derecognised	(2,515)	(1,165)	-	(3,680)
Foreign exchange differences	32	2	-	34
Balance at end of the financial period	14,444	7,572	3,393	25,409
<b>31 March 2023</b>				
Balance at beginning of the financial year	8,454	10,567	5,787	24,808
Net allowances for/(writeback of) ECL:	3,115	(3,564)	7,923	7,474
- Transfer to Stage 1	339	(1,981)	-	(1,642)
- Transfer to Stage 2	(477)	2,290	-	1,813
- Transfer to Stage 3	(14)	(181)	197	2
New exposures originated	5,299	2,609	7,943	15,851
Net remeasurement of allowances	336	(3,706)	(197)	(3,567)
Financial exposures derecognised	(2,368)	(2,595)	(20)	(4,983)
Foreign exchange differences	11	7	-	18
Balance at end of the financial year	11,580	7,010	13,710	32,300

**A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	510,620	465,895	1,511,574	1,213,553
- Financing income on impaired financing	316	206	814	803
Financial assets at fair value through profit or loss	17,831	5,461	50,206	22,778
Financial investments at fair value through other comprehensive income	64,149	51,910	184,547	127,931
Financial investments at amortised cost	39,931	40,193	117,786	109,657
Deposits and placements with banks and other financial institutions	11,732	11,150	42,793	36,478
Total finance income and hibah	<u>644,579</u>	<u>574,815</u>	<u>1,907,720</u>	<u>1,511,200</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Fees on financing, advances and securities	10,740	10,070	37,599	37,493
- Guarantee fees	3,400	4,505	11,575	12,043
- Remittances	49	28	113	75
- Service charges and fees	1,118	1,033	3,045	2,727
- Others	2,088	1,495	5,248	4,302
Foreign exchange gain/(loss)	2,386	3,172	(3,002)	978
Gain from disposal of financial assets at fair value through profit or loss	3,001	532	2,977	829
Gain/(Loss) on revaluation of financial assets at fair value through profit or loss	350	292	(1,404)	211
(Loss)/Gain from disposal of financial investments at fair value through other comprehensive income	(1)	-	1,422	(69)
(Loss)/Gain from redemption of financial investments at amortised cost	(22)	-	25,783	-
Net loss on derivatives	(652)	(1,211)	(2,643)	(5,854)
Others	22	(106)	-	25
Total other operating income	<u>22,479</u>	<u>19,810</u>	<u>80,713</u>	<u>52,760</u>
Total	<u>667,058</u>	<u>594,625</u>	<u>1,988,433</u>	<u>1,563,960</u>

\* Included the day-1 modification loss of RM2.8 million (31 December 2022: net gain from unwinding of day-1 modification loss of RM124,000) arising from government support measures implemented in response to COVID-19 pandemic.

**A20. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Income derived from investment of:				
- Restricted investment account	16,417	15,708	48,116	42,334
- Unrestricted investment accounts	123	201	371	2,892
	<u>16,540</u>	<u>15,909</u>	<u>48,487</u>	<u>45,226</u>

**Income derived from investment of restricted investment account**

Finance income and hibah:

Financing and advances

- Financing income	<u>16,417</u>	<u>15,708</u>	<u>48,116</u>	<u>42,334</u>
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**Income derived from investment of unrestricted investment accounts**

Finance income and hibah:

Financing and advances

- Financing income	24	97	84	2,618
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Deposits and placements with  
banks and other financial  
institutions

	99	104	287	274
Total finance income and hibah	<u>123</u>	<u>201</u>	<u>371</u>	<u>2,892</u>

**A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	43,965	38,822	127,484	102,389
- Financing income on impaired financing	28	17	69	68
Financial assets at fair value through profit or loss	1,533	450	4,234	1,922
Financial investments at fair value through other comprehensive income	5,518	4,329	15,564	10,793
Financial investments at amortised cost	3,438	3,346	9,934	9,252
Deposits and placements with banks and other financial institutions	1,017	925	3,609	3,078
Total finance income and hibah	<u>55,499</u>	<u>47,889</u>	<u>160,894</u>	<u>127,502</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	3,497	3,680	9,846	11,286
- Fees on financing, advances and securities	933	836	3,180	3,174
- Guarantee fees	294	375	976	1,016
- Remittances	38	38	112	108
- Service charges and fees	1,093	1,037	2,699	2,396
- Others	1,190	571	3,329	2,385
Foreign exchange gain/(loss)	196	268	(253)	82
Gain from disposal of financial assets at fair value through profit or loss	253	45	251	70
Gain/(Loss) on revaluation of financial assets at fair value through profit or loss	28	25	(118)	18
Gain/(Loss) from disposal of financial investments at fair value through other comprehensive income	1	-	120	(6)
Gain from redemption of financial investments at amortised cost	22	-	2,175	-
Net loss on derivatives	(57)	(100)	(223)	(494)
Others	2	(9)	-	2
Total other operating income	<u>7,490</u>	<u>6,766</u>	<u>22,094</u>	<u>20,037</u>
Total	<u>62,989</u>	<u>54,655</u>	<u>182,988</u>	<u>147,539</u>

\* Included the day-1 modification loss of RM239,000 (31 December 2022: net gain from unwinding of day-1 modification loss of RM11,000) arising from government support measures implemented in response to COVID-19 pandemic.

**A22. ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES - NET**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Allowance for impairment on financing and advances	148,021	71,226	253,114	208,694
Impaired financing and advances recovered, net	(30,199)	(18,676)	(81,260)	(86,682)
<b>Total</b>	<b>117,822</b>	<b>52,550</b>	<b>171,854</b>	<b>122,012</b>

**A23. ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INVESTMENTS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Financial investments at amortised cost - sukuk	150	7,678	4,471	6,732
Financial investments at fair value through other comprehensive income - sukuk	(137)	1,533	3,693	4,699
<b>Total</b>	<b>13</b>	<b>9,211</b>	<b>8,164</b>	<b>11,431</b>

**A24. (WRITEBACK OF ALLOWANCE)/ALLOWANCE FOR IMPAIRMENT ON OTHER FINANCIAL ASSETS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Cash and short-term funds	(2)	2	5	(134)

**A25. (WRITEBACK OF PROVISION)/PROVISION FOR COMMITMENTS AND CONTINGENCIES**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
(Writeback of provision)/provision for commitments and contingencies - financing commitments and financial guarantee contracts	(48)	5,991	(6,925)	7,751

**A26. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	356,238	238,401	1,037,558	598,666
Deposits and placements of banks and other financial institutions	29,445	39,803	104,610	88,613
	<u>385,683</u>	<u>278,204</u>	<u>1,142,168</u>	<u>687,279</u>
Others	32,296	20,865	92,228	45,911
Total	<u>417,979</u>	<u>299,069</u>	<u>1,234,396</u>	<u>733,190</u>

**A27. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<u>Unrestricted investment accounts</u>				
Customers	12	50	45	1,450
<u>Restricted investment account</u>				
Licensed bank	14,775	14,137	43,304	38,100
	<u>14,787</u>	<u>14,187</u>	<u>43,349</u>	<u>39,550</u>

**A28. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Personnel costs:				
Salaries, allowances, bonuses and incentives	4,901	4,657	15,696	13,757
Share granted under AMMB Executives' Share Scheme ("ESS") - charge	113	161	488	537
Contributions to Employees' Provident Fund/Private Retirement Scheme	743	732	2,391	2,173
Social security cost	23	23	70	63
Others	504	758	1,420	1,851
	<u>6,284</u>	<u>6,331</u>	<u>20,065</u>	<u>18,381</u>
Establishment costs:				
Amortisation of intangible assets	16	87	71	265
Cleaning, maintenance and security	24	22	62	45
Computerisation costs	253	245	818	722
Depreciation of property and equipment	18	27	64	90
Depreciation of right-of-use assets	76	195	227	337
Rental of premises	137	40	409	374
Finance cost:				
- Lease liabilities	14	42	45	73
- Provision for reinstatement for leased properties	-	-	1	1
Others	6	4	17	14
	<u>544</u>	<u>662</u>	<u>1,714</u>	<u>1,921</u>
Marketing and communication expenses:				
Advertising, marketing and communication	1,643	1,484	4,523	4,160
Others	29	35	82	57
	<u>1,672</u>	<u>1,519</u>	<u>4,605</u>	<u>4,217</u>
Administration and general expenses:				
Professional services	1,014	646	2,763	1,751
Others	2,575	4,292	7,317	8,857
	<u>3,589</u>	<u>4,938</u>	<u>10,080</u>	<u>10,608</u>
Service transfer pricing expense, net (Note 1)	<u>106,638</u>	<u>67,274</u>	<u>320,892</u>	<u>205,433</u>
	<u>118,727</u>	<u>80,724</u>	<u>357,356</u>	<u>240,560</u>

Note 1

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



**A29. BASIC EARNINGS PER SHARE**

**Basic/Diluted**

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

	Individual Quarter		Cumulative Quarter	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit/(loss) attributable to equity holder of the Bank (RM'000)	45,586	138,878	265,013	411,943
Number of ordinary shares at beginning and end of the financial period representing the weighted average number of ordinary shares in issue ('000)	494,369	494,369	494,369	494,369
Basic/Diluted earnings per share (sen)	<b>9.22</b>	<b>28.09</b>	<b>53.61</b>	<b>83.33</b>

### **A30. BUSINESS SEGMENT ANALYSIS**

Segment information is presented in respect of the Bank'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 Bank comprises the following main business segments:

(a) Retail Banking

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal financing, credit cards, small business financing, priority banking services, wealth management, remittance services 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 Financing and Project Financing.

(c) Wholesale Banking

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

- (i) 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;
- (ii) Transaction Banking delivers tailor-made digital and cash management solutions, as well as trade financing and remittance services, to corporate and SME clients;
- (iii) 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.

**A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

The Bank comprises the following main business segments (cont'd.):

(d) Investment Banking

Investment Banking offer Islamic advisory services and a wide range of Shariah-compliant financial and investment solutions that include sukuk origination, Islamic equity or equity related capital markets offerings, Islamic structured finance.

(e) Group Funding and Others

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

Measurement of Segment Performance

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

Note:

- (i) The Chief Operating Decision Maker relies primarily on the net finance 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 Bank's activities are principally conducted in Malaysia.
- (iii) The comparatives have been restated with current business realignment.

**A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

For the financial period ended 31 December 2023

	Retail Banking RM'000	Business Banking RM'000	Wholesale banking		Investment Banking RM'000	Group Funding and Others RM'000	Total RM'000
			Corporate Banking RM'000	Group Treasury and Market RM'000			
External net income	615,845	371,168	297,827	(192,162)	939	(223,755)	869,862
Intersegments net income	(186,060)	(167,340)	(172,945)	285,743	(5)	240,607	-
Net income	429,785	203,828	124,882	93,581	934	16,852	869,862
Net finance income	401,151	170,452	114,876	68,729	62	16,577	771,847
Other operating income/(loss)	28,634	33,376	10,006	24,852	871	276	98,015
Net income	429,785	203,828	124,882	93,581	933	16,853	869,862
Other operating expenses of which:	(237,276)	(59,267)	(42,853)	(11,951)	-	(6,009)	(357,356)
<i>Depreciation of property and equipment</i>	(1)	-	-	-	-	(63)	(64)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(227)	(227)
<i>Amortisation of intangible assets</i>	(4)	(2)	-	-	-	(65)	(71)
Profit before impairment losses	192,509	144,561	82,029	81,630	933	10,844	512,506
(Allowance)/Writeback of allowance for impairment on financing and advances	(110,073)	(42,020)	62,414	-	-	(82,175)	(171,854)
Writeback of allowance/(Allowance) for impairment on financial investments	-	61	(4,483)	(3,742)	-	-	(8,164)
Allowance for impairment on other financial assets	-	-	-	(5)	-	-	(5)
Allowance for Impairment on non-financial assets	-	-	-	-	-	(39)	(39)
Writeback of provision for commitments and contingencies	2,120	4,099	706	-	-	-	6,925
Profit/(Loss) before zakat and taxation	84,556	106,701	140,666	77,883	933	(71,370)	339,369
Zakat and taxation	(20,293)	(25,608)	(33,760)	(9,120)	(224)	14,649	(74,356)
Profit/(Loss) for the financial period	64,263	81,093	106,906	68,763	709	(56,721)	265,013
<b>Other information</b>							
Total segment assets	25,386,302	11,984,826	9,033,446	15,160,213	-	70,642	61,635,429
Total segment liabilities	17,978,439	7,329,199	4,285,108	20,325,334	1,456	7,092,994	57,012,530
Cost to income ratio	55.2%	29.1%	34.3%	12.8%	0.0%	35.7%	41.1%
Gross financing and advances	25,626,253	11,345,718	8,568,244	-	-	(2,281)	45,537,934
Net financing and advances	25,277,861	11,218,086	8,454,755	-	-	(69,264)	44,881,438
Impaired financing and advances	391,372	168,489	42,188	-	-	-	602,049
Total deposits	17,838,293	7,257,060	4,254,282	20,142,925	-	83,177	49,575,737
Additions to :							
Property and Equipment	-	-	-	-	-	82	82
Intangible assets	12	-	-	-	-	38	50

**A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

For the financial period ended 31 December 2022  
(Restated)

	Retail Banking RM'000	Business Banking RM'000	Wholesale banking		Investment Banking RM'000	Group Funding and Others RM'000	Total RM'000
			Corporate Banking RM'000	Group Treasury and Market RM'000			
External net income	640,205	314,075	233,103	(125,513)	664	(144,993)	917,541
Intersegments net income	(215,301)	(119,777)	(117,750)	238,585	(14)	214,257	-
Net income	424,904	194,298	115,353	113,072	650	69,264	917,541
Net finance income	395,917	166,942	99,165	113,714	42	68,551	844,331
Other operating income	28,987	27,355	16,189	(642)	608	713	73,210
Net finance income	424,904	194,297	115,354	113,072	650	69,264	917,541
Other operating expenses of which:	(222,423)	(51,593)	(38,289)	(11,172)	-	82,917	(240,560)
<i>Depreciation of property and equipment</i>	(1)	-	-	-	-	(89)	(90)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(337)	(337)
<i>Amortisation of intangible assets</i>	(3)	(3)	-	-	-	(259)	(265)
Profit before impairment losses and provision	202,481	142,704	77,065	101,900	650	152,181	676,981
(Allowance)/Writeback of allowance for impairment on financing and advances	(87,302)	(45,619)	(10,815)	-	-	21,724	(122,012)
Allowance for impairment on financial investments	-	(852)	(5,845)	(4,734)	-	-	(11,431)
Writeback of allowance for impairment on other financial assets	-	-	-	134	-	-	134
(Provision)/Writeback of provision for commitments and contingencies	(2,887)	(10,697)	5,833	-	-	-	(7,751)
Profit before zakat and taxation	112,292	85,536	66,238	97,300	650	173,905	535,921
Zakat and taxation	(26,950)	(20,529)	(15,897)	(16,220)	(156)	(44,226)	(123,978)
Profit for the financial period	85,342	65,007	50,341	81,080	494	129,679	411,943
<b>Other information</b>							
Total segment assets	24,601,424	11,150,550	9,048,508	12,362,871	8,339	164,651	57,336,343
Total segment liabilities	15,840,147	5,418,311	2,746,941	22,987,357	887	6,079,393	53,073,036
Cost to income ratio	52.3%	26.6%	33.2%	9.9%	0.0%	>-100%	26.2%
Gross financing and advances	24,823,345	10,669,753	9,119,655	-	-	(3,037)	44,609,716
Net financing and advances	24,503,439	10,546,323	8,929,323	-	-	(3,037)	43,976,048
Impaired financing and advances	342,990	130,886	197,419	-	-	-	671,295
Total deposits	15,721,369	5,362,853	2,711,254	22,535,082	-	106,737	46,437,295
Additions to :							
Property and Equipment	-	-	-	-	-	32	32
Intangible assets	-	-	-	-	-	82	82

**A31. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

The Bank reported a lower profit before zakat and taxation of RM339.4 million for the financial period ended 31 December 2023 compared to the corresponding period ended 31 December 2022 of RM535.9 million. The lower profit was mainly due to higher other operating expenses of RM116.8 million, lower net finance income of RM72.5 million and higher net allowance for impairment on financing and advances of RM49.9 million, offset by higher other operating income of RM24.8 million, writeback of ECL on financing commitments and financial guarantee contracts of RM14.7 million and lower ECL of financial investments of RM3.2 million.

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

**A32. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2024**

During the final quarter of 2023, Malaysia's economy expanded by 3.0% year-on-year ("yoy") at a slower pace compared to the previous quarter's 3.3%. This translates into a full year 2023 growth of 3.7% yoy, falling short of the Department of Statistics Malaysia ("DOSM")'s advance estimate of 3.4% yoy quarterly growth and 3.8% yoy annual growth. The full-year performance also came in lower than the government's target of 4.0% to 5.0%. The slower growth was a result of a high base effect from 2022, exacerbated by the soft external demand among Malaysia's major trading partners. Nonetheless, sectoral-wise, we saw that the services sector continued to expand at a healthy pace of 4.2% yoy in that quarter. Besides, the mining & quarrying sector posted decent growth of 3.8% yoy, recovering from a 0.1% yoy decline in the prior quarter.

The prospects for global economic conditions in 2024 appear to be mixed. Despite the prolonged high interest rate environment, the International Monetary Fund expects the global economy to grow by 3.1% (projection revised higher from 2.9%), which is the same as 2023's estimate. Globally, the outlook on the manufacturing sector has slightly improved as the latest Global Manufacturing Purchasing Manager's Index ("PMI") has reached a growth threshold of 50, the first time it has done that since August 2022. Furthermore, inflation in most major economies continues to show a downward trend after it peaked in 2022. In the United States, the Federal Reserve's ("Fed") fight against inflation seems well underway as inflation and core inflation are receding, albeit remaining elevated and above the central bank's target of 2%. Conversely, the World Bank anticipates global growth to slow to 2.4% in 2024 from an estimated 2.6% in 2023 as concerns regarding the full effects of unprecedentedly tight monetary policy on local economies and slump in global trade remain. Nonetheless, we continue to expect the Federal Funds Rate to remain high at the moment. Similarly, rates are likely to remain high in the United Kingdom and the Eurozone, with signs of softer economic activity amid a tight monetary environment already becoming apparent in that economy.

We anticipate continued support for growth from domestic demand and recovery in the external trade for 2024. Despite the already moderating private consumption, tourism and related sectors are still improving and have yet to reach their pre-pandemic levels. Furthermore, exports may recover in 2024 as the global technology cycle may have bottomed out and is underway for robust growth. Market indicators suggest that the semiconductor industry reached its low point at the end of first half year 2023 and has since embarked on a path to recovery, offering positive prospects for 2024. Malaysia's leading index and S&P Manufacturing PMI are slowly on an uptrend. Overall, Malaysia's economy is anticipated to grow by 4.5% in 2024.

**A32. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2024 (CONT'D.)**

In Malaysia's banking industry, the overall outstanding financing expanded by 5.3% in December 2023. While the non-household segment financing expanded slower at 4.5%, household financing remained healthy at 5.8%. As the economy is expected to moderate in 2024, we expect relatively subdued financing growth in the range of 4.0% to 5.0% for the year. The overall banking system remains healthy, underpinned by strong liquidity. This is reflected by the liquidity coverage ratio, registering at 160.9% in December 2023 (November 2023: 149.7%). The funding profile was also well-diversified, with December 2023's financing-to-fund ratio and financing-to-fund-and-equity ratio at 81.9% and 71.6%, respectively (November 2023: 82.4% and 72.0%, 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 expect the OPR to stay at 3.00% until the end of 2024. Inflation is expected to be between 2.5% and 3.5% in 2024. Nevertheless, the upside risk to inflation is expected to come from subsidy rationalisation affecting fuel, which is expected to be implemented as early as second quarter of 2024. Should the situation later translate into persistently high inflation, or private consumption continues to moderate in the first half of 2024, then there is a case to revisit our current OPR call.

AMMB Group demonstrated financial resilience in its third quarter of financial year 2024, boosted by the one-off tax credit. The AMMB Group also benefitted from the Malaysian economy's continued growth in the last quarter of 2023, which was due to the continued expansion in household spending, stronger growth of inbound tourism and higher investment growth.

The AMMB Group maintains an optimistic stance on its financial year 2024 prospects, supported by resilient domestic demand and the expected recovery in external demand. In addition, pragmatic implementation of Budget 2024 will provide additional impetus to economic activity.

The AMMB Group remains committed in ensuring its financial year 2021 to financial year 2024 Focus 8 strategy ends on a high note by focusing on driving sustainable revenue growth, maintaining cost discipline, improving asset quality, ensuring healthy liquidity position and strengthening capital levels further.

The AMMB Group will also focus efforts on three primary growth accelerators to remain competitive with its peers: SME empowerment, advancement of Environmental, Social and Governance ("ESG") initiatives and digital innovation to create sustainable value for shareholders and stakeholders.

**A33. VALUATION OF PROPERTY AND EQUIPMENT**

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

**A34. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

There was no significant event during the current financial quarter.

### A35. COMMITMENTS AND CONTINGENCIES

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

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

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,658,338	5,029,138
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	981,056	1,047,668
Unutilised credit card lines	1,703,750	1,705,540
Forward asset purchase	40,726	-
	<u>9,383,870</u>	<u>7,782,346</u>
<b>Contingencies</b>		
Direct credit substitutes	515,495	723,168
Transaction related contingent items	1,312,699	970,420
Short-term self liquidating trade-related contingencies	127,857	87,309
Obligations under on-going underwriting agreements	-	150,000
	<u>1,956,051</u>	<u>1,930,897</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts		
- One year or less	2,699,518	2,882,476
- Over one year to five years	370,332	1,018,061
Profit rate related contracts		
- One year or less	350,000	-
- Over one year to five years	-	350,000
Commodity related contracts		
- One year or less	77,875	-
- Over one year to five years	-	74,952
	<u>3,497,725</u>	<u>4,325,489</u>
<b>Total</b>	<u>14,837,646</u>	<u>14,038,732</u>



### **A36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

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

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

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

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Bank determines 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 Bank'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 Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Bank's own data, as well as financial information of the counterparties. The Bank does not have any financial assets or liabilities measured at level 3 as at the end of the reporting period and 31 March 2023.

**A36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)**

a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>31 December 2023</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	31,082	-	31,082
Financial assets at fair value through profit or loss				
- Money market securities	-	1,586,318	-	1,586,318
- Unquoted sukuk	-	234,342	-	234,342
Financial investments at fair value through other comprehensive income				
- Money market securities	-	2,721,096	-	2,721,096
- Unquoted sukuk	-	4,146,908	-	4,146,908
	-	8,719,746	-	8,719,746
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	30,291	-	30,291
	-	30,291	-	30,291
<b>31 March 2023</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	36,363	-	36,363
Financial assets at fair value through profit or loss				
- Money market securities	-	2,078,635	-	2,078,635
- Unquoted sukuk	-	498,154	-	498,154
Financial investments at fair value through other comprehensive income				
- Money market securities	-	2,960,007	-	2,960,007
- Unquoted sukuk	-	3,562,117	-	3,562,117
	-	9,135,276	-	9,135,276
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	36,814	-	36,814
	-	36,814	-	36,814

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

**A37. CAPITAL ADEQUACY**

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

	<b>31 December 2023</b>	<b>31 March 2023</b>
<b>Under transitional arrangement (Note(i))</b>		
Common Equity Tier 1 ("CET 1") Capital Ratio	12.829%	12.616%
Tier 1 Capital ratio	12.829%	12.616%
Total Capital ratio	17.505%	17.127%

Notes:

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

	<b>31 December 2023</b>	<b>31 March 2023</b>
Common Equity Tier 1 Capital Ratio	12.379%	12.026%
Tier 1 Capital Ratio	12.379%	12.026%
Total Capital Ratio	17.076%	16.801%

- (ii) Pursuant to BNM's Capital Adequacy Framework for Islamic Banks (Capital Components), financial institutions are required to maintain minimum Common Equity Tier 1 ("CET1") Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. The Bank is also required to maintain the following capital buffers:
- (a) a Capital Conservation Buffer ("CCB") of 2.5%;
  - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures; and
  - (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

**A37. CAPITAL ADEQUACY (CONT'D.)**

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

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<b>CET 1 Capital</b>		
Ordinary shares	1,387,107	1,387,107
Retained earnings	3,221,374	3,022,623
Fair value reserve	13,907	(9,188)
Regulatory reserve	511	-
Less : Regulatory adjustments applied on CET 1 Capital		
- Intangible assets	(237)	(298)
- Deferred tax assets	(53,877)	(62,097)
- 55% of cumulative gain of FVOCI financial instruments	(7,649)	-
- Regulatory reserve	(511)	-
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(35)	(75)
- Other CET 1 regulatory adjustment specified by BNM	165,789	212,690
<b>CET 1 Capital/ Tier 1 Capital</b>	<u>4,726,379</u>	<u>4,550,762</u>
<b>Tier 2 Capital</b>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,300,000	1,300,000
General provisions*	422,823	327,419
<b>Tier 2 Capital</b>	<u>1,722,823</u>	<u>1,627,419</u>
<b>Total Capital</b>	<u>6,449,202</u>	<u>6,178,181</u>

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

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
Credit RWA	35,806,284	35,344,046
Less : Credit RWA absorbed by Investment Account	(1,378,905)	(1,545,037)
Total Credit RWA	<u>34,427,379</u>	<u>33,799,009</u>
Market RWA	336,067	304,677
Operational RWA	2,078,014	1,969,050
<b>Total Risk Weighted Assets</b>	<u>36,841,460</u>	<u>36,072,736</u>

\* Consists of stage 1 and stage 2 loss allowances.