

Registration No. 199401009897 (295576-U)

AmBank Islamic Berhad
(Incorporated in Malaysia)

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

Registration No. 199401009897 (295576-U)

AmBank Islamic Berhad
(Incorporated in Malaysia)

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

		30 June 2023 RM'000	31 March 2023 RM'000
ASSETS			
Cash and short-term funds	A8	3,466,660	2,113,367
Derivative financial assets		69,133	36,363
Financial assets at fair value through profit or loss	A9	1,688,632	2,576,789
Financial investments at fair value through other comprehensive income	A10	6,625,745	6,522,124
Financial investments at amortised cost	A11	3,582,425	4,179,986
Financing and advances	A12	44,321,948	44,961,875
Statutory deposit with Bank Negara Malaysia		840,000	880,000
Deferred tax asset		59,913	62,072
Other assets	A13	330,031	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 EQUITY			
Deposits from customers	A14	45,364,733	45,252,510
Investment accounts of customers	A15	15,226	16,474
Deposits and placements of banks and other financial institutions	A16	3,287,726	4,763,220
Investment account due to a licensed bank	A17	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	A18	841,353	371,117
Provision for zakat		4,810	4,172
TOTAL LIABILITIES		56,474,077	57,432,739
Share capital		1,387,107	1,387,107
Reserves		3,126,122	3,013,435
Equity attributable to equity holder of the Bank		4,513,229	4,400,542
TOTAL LIABILITIES AND EQUITY		60,987,306	61,833,281
COMMITMENTS AND CONTINGENCIES	A35	15,083,152	14,038,732
NET ASSETS PER SHARE (RM)		9.13	8.90

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 PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income derived from investment of depositors' funds	A19	660,994	431,817	660,994	431,817
Income derived from investment of investment account funds	A20	15,471	14,956	15,471	14,956
Income derived from investment of shareholder's funds	A21	59,151	43,071	59,151	43,071
Allowance for impairment on financing and advances - net	A22	(32,310)	(57,776)	(32,310)	(57,776)
Allowance for impairment on financial investments	A23	(7,248)	(2,746)	(7,248)	(2,746)
(Allowance)/Writeback of allowance for impairment on other financial assets	A24	(19)	147	(19)	147
Writeback of provision/(Provision) for commitments and contingencies	A25	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	A26	(404,991)	(186,956)	(404,991)	(186,956)
Income attributable to the investment account holders	A27	(13,827)	(12,608)	(13,827)	(12,608)
Total net income		278,662	228,608	278,662	228,608
Other operating expenses	A28	(117,777)	(77,273)	(117,777)	(77,273)
Finance cost		(21,974)	(21,988)	(21,974)	(21,988)
Profit before zakat and taxation		138,911	129,347	138,911	129,347
Zakat		(638)	(470)	(638)	(470)
Taxation		(30,980)	(28,585)	(30,980)	(28,585)
Profit for the financial period		107,293	100,292	107,293	100,292
Basic/Diluted earnings per share (sen)	A29	21.70	20.29	21.70	20.29

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 30 JUNE 2023**

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the financial period	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 fair value through other comprehensive income:				
Net unrealised gain/(loss) on changes in fair value	4,567	(48,197)	4,567	(48,197)
Changes in expected credit loss	2,951	5,019	2,951	5,019
Net gain reclassified to statement of profit or loss	(1,353)	-	(1,353)	-
Income tax effect	(771)	11,567	(771)	11,567
Other comprehensive income/(loss) for the 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

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

	Attributable to Equity Holder of the Bank			Total equity RM'000
	Share capital 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 of tax	-	(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 of tax	-	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

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 30 JUNE 2023**

	30 June 2023 RM'000	30 June 2022 RM'000
Profit before zakat and taxation	138,911	129,347
Adjustments for non-operating and non-cash items	39,584	74,037
Operating profit before working capital changes	<u>178,495</u>	<u>203,384</u>
Changes in working capital:		
Net change in operating assets	1,707,029	(2,022,391)
Net change in operating liabilities	(1,489,562)	2,761,508
Taxation paid	(45,610)	(33,937)
Net cash generated from operating activities	<u>350,352</u>	<u>908,564</u>
Net cash generated from/(used in) investing activities	503,046	(238,420)
Net cash generated from/(used in) financing activities	499,915	(80)
Net increase in cash and cash equivalents	<u>1,353,313</u>	<u>670,064</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>3,466,688</u></u>	<u><u>4,269,310</u></u>
Cash and cash equivalents comprise:		
Cash and short-term funds	3,466,660	4,269,306
Allowances for expected credit loss for cash and cash equivalents at end of the financial period	28	4
	<u><u>3,466,688</u></u>	<u><u>4,269,310</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
- 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.)

A1.2 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.

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

Other than as disclosed in Note A1, there were no unusual items during the current financial quarter 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.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY

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).

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.

A7. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial period ended 30 June 2023 and no dividends were paid in the current financial quarter.

A8. CASH AND SHORT-TERM FUNDS

	Note	30 June 2023 RM'000	31 March 2023 RM'000
Cash and bank balances		148,518	83,375
Less: Allowances for Expected Credit Loss ("ECL")	(a)	(28)	(8)
		<u>148,490</u>	<u>83,367</u>
Deposits and placements maturing within one month with original maturity of three months or less:			
Bank Negara Malaysia		<u>3,318,170</u>	<u>2,030,000</u>
		<u>3,318,170</u>	<u>2,030,000</u>
		<u>3,466,660</u>	<u>2,113,367</u>

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

	Stage 1 12-Month ECL RM'000
30 June 2023	
Balance at beginning of the financial period	8
Net allowance of ECL:	19
Net remeasurement of allowances	<u>19</u>
Foreign exchange differences	1
Balance at end of the financial period	<u>28</u>
31 March 2023	
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

	30 June 2023 RM'000	31 March 2023 RM'000
At fair value:		
Money Market Instruments:		
Bank Negara Monetary Notes	484,116	724,354
Malaysian Islamic Treasury bills	632,553	1,354,281
Malaysian Government Investment Issues	110,504	-
	<u>1,227,173</u>	<u>2,078,635</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	461,459	498,154
	<u>1,688,632</u>	<u>2,576,789</u>

A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 RM'000	31 March 2023 RM'000
At fair value:		
Money Market Instruments:		
Bank Negara Monetary Notes	248,895	247,160
Malaysian Government Investment Issues	1,601,167	1,653,434
Malaysian Islamic Treasury Bills	765,464	1,059,413
Islamic Negotiable Instruments of Deposit	398,637	-
	<u>3,014,163</u>	<u>2,960,007</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	3,611,582	3,562,117
	<u>6,625,745</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:

	30 June 2023 RM'000	31 March 2023 RM'000
Relating to hedged item	(1,126)	(7,973)
Relating to hedging instrument	923	8,017
	<u>(203)</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:

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
30 June 2023			
Balance at beginning of the financial period	2,404	1,045	3,449
Net allowances for ECL:	2,443	508	2,951
New financial assets originated	1,083	-	1,083
Financial assets derecognised	(308)	-	(308)
Net remeasurement of allowances	1,668	508	2,176
Balance at end of the financial period	<u>4,847</u>	<u>1,553</u>	<u>6,400</u>
31 March 2023			
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	30 June 2023 RM'000	31 March 2023 RM'000
At amortised cost:			
Money Market Instruments:			
Malaysian Government Investment Issues		1,056,833	1,648,681
Unquoted Securities:			
In Malaysia:			
Sukuk		2,989,621	2,991,037
Less: Allowances for ECL	(a)	(464,029)	(459,732)
		3,582,425	4,179,986

(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
30 June 2023			
Balance at beginning of the financial period	2,169	457,563	459,732
Net allowance of ECL:	963	3,334	4,297
New financial assets originated	1,777	-	1,777
Financial asset derecognised	(1,446)	-	(1,446)
Net remeasurement of allowances	632	3,334	3,966
Balance at end of the financial period	3,132	460,897	464,029
31 March 2023			
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	2,169	457,563	459,732

A12. FINANCING AND ADVANCES

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

30 June 2023

	Bai' Bithaman Ajl 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	-	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
Staff financing	-	20,720	-	-	-	-	20,720
Claims on customers under acceptance credits	-	1,826,534	-	-	-	256,354	2,082,888
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>
Less: Allowance for ECL (Note A12(j))							
- Stage 1 - 12 months ECL							(82,411)
- Stage 2 - Lifetime ECL not credit impaired							(440,364)
- Stage 3 - Lifetime ECL credit impaired							(170,533)
Net financing and advances							<u>44,321,948</u>

A12. FINANCING AND ADVANCES (CONT'D.)

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

31 March 2023

	Bai' Bithaman Ajl 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
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 RM1,390.2 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:

	30 June 2023 RM'000	31 March 2023 RM'000
Domestic non-bank financial institutions	1,996,538	2,263,471
Domestic business enterprises		
- Small medium enterprises ("SME")	6,736,908	6,830,614
- Others	8,354,815	8,942,573
Government and statutory bodies	2,612,192	2,595,851
Individuals	24,795,613	24,506,155
Other domestic entities	86	118
Foreign individuals and entities	519,104	502,082
	<u>45,015,256</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:

	30 June 2023 RM'000	31 March 2023 RM'000
Fixed rate		
- Housing financing	168,406	164,784
- Hire purchase receivables	5,160,518	4,883,169
- Other financing	5,166,257	5,527,511
Variable rate		
- Base rate and base financing rate plus	23,157,048	23,402,540
- Cost plus	11,215,160	11,515,903
- Other variable rates	147,867	146,957
	<u>45,015,256</u>	<u>45,640,864</u>

A12. FINANCING AND ADVANCES (CONT'D.)

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

	30 June 2023 RM'000	31 March 2023 RM'000
Agriculture	1,878,553	1,859,755
Mining and quarrying	631,618	629,375
Manufacturing	4,206,075	4,859,748
Electricity, gas and water	555,886	538,441
Construction	1,054,493	969,620
Wholesale and retail trade and hotel and restaurants	3,257,699	3,272,133
Transport, storage and communication	1,713,218	1,695,582
Finance and insurance	3,634,483	3,798,148
Real estate	2,041,032	2,319,010
Business activities	832,264	699,713
Education and health	371,070	441,731
Household of which:	24,838,865	24,557,608
- Purchase of residential properties	13,136,266	12,816,791
- Purchase of transport vehicles	4,883,360	4,608,460
- Others	6,819,239	7,132,357
	<u>45,015,256</u>	<u>45,640,864</u>

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

	30 June 2023 RM'000	31 March 2023 RM'000
Maturing within one year	10,977,125	12,125,562
Over one year to three years	1,523,151	1,529,251
Over three years to five years	2,564,213	2,535,398
Over five years	29,950,767	29,450,653
	<u>45,015,256</u>	<u>45,640,864</u>

A12. FINANCING AND ADVANCES (CONT'D.)

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

	30 June 2023 RM'000	31 March 2023 RM'000
Balance at beginning of the financial period/year	521,155	628,542
Additions during the period/year	311,993	819,460
Reclassified as non-impaired	(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 gross financing and advances	<u>1.29%</u>	<u>1.14%</u>
Financing loss coverage	<u>124.8%</u>	<u>136.5%</u>

A12h. All impaired financing and advances reside in Malaysia.

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

	30 June 2023 RM'000	31 March 2023 RM'000
Agriculture	943	614
Mining and quarrying	38,825	38,685
Manufacturing	54,293	50,598
Electricity, gas and water	173	167
Construction	18,697	19,933
Wholesale and retail trade and hotel and restaurants	68,503	70,256
Transport, storage and communication	3,264	3,817
Real estate	23,443	498
Business activities	4,148	2,857
Education and health	1,304	1,645
Household of which:	366,663	332,085
- Purchase of residential properties	286,963	260,048
- Purchase of transport vehicles	31,962	29,710
- Others	47,738	42,327
	<u>580,256</u>	<u>521,155</u>

A12. FINANCING AND ADVANCES (CONT'D.)

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	Not Credit	Credit	
	RM'000	Impaired	Impaired	Total
		RM'000	RM'000	RM'000
30 June 2023				
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 Stage 1	1,905	(14,757)	(382)	(13,234)
- Transfer to Stage 2	(3,073)	37,807	(8,808)	25,926
- Transfer to 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 to 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	82,411	440,364	170,533	693,308
31 March 2023				
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	74,502	441,391	163,096	678,989

A13. OTHER ASSETS

		30 June 2023 RM'000	31 March 2023 RM'000
	Note		
Other receivables, deposits and prepayments		92,909	90,832
Amount due from a related company	(a)	-	206,712
Profit receivable		108,367	96,058
Tax recoverable		21,972	5,955
Deferred charges		106,783	98,242
		<u>330,031</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

		30 June 2023 RM'000	31 March 2023 RM'000
(i) By type of deposit:			
Savings deposit:			
Commodity Murabahah		3,570,465	4,664,808
Qard		111,190	159,012
Demand deposit:			
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
Total		<u>45,364,733</u>	<u>45,252,510</u>
(ii) The deposits are sourced from the following types of customers:			
Government and statutory bodies		4,281,021	5,719,815
Business enterprises		25,285,099	25,081,487
Individuals		14,540,619	13,361,210
Others		1,257,994	1,089,998
		<u>45,364,733</u>	<u>45,252,510</u>
(iii) The maturity structure of all term deposits is as follows:			
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
		<u>31,741,160</u>	<u>27,467,247</u>

A15. INVESTMENT ACCOUNTS OF CUSTOMERS

	30 June 2023 RM'000	31 March 2023 RM'000
Unrestricted investment account:		
Without maturity		
- Wakalah	12,791	13,734
With maturity		
- Mudarabah	2,435	2,740
	<u>15,226</u>	<u>16,474</u>

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

Business enterprises	30	34
Individuals	15,196	16,440
	<u>15,226</u>	<u>16,474</u>

	Wakalah RM'000	Mudarabah RM'000
Investment assets:		
30 June 2023		
Interbank placement	12,791	-
House financing	-	2,435
Total investment	<u>12,791</u>	<u>2,435</u>
31 March 2023		
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 (%)
30 June 2023			
Maturity :			
- less than 3 months	45.90	0.22	2.86
- between 3 months to 12 months	50.01	2.43	-
31 March 2023			
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

	30 June 2023 RM'000	31 March 2023 RM'000
<u>Non-Mudarabah</u>		
Licensed Islamic banks	199,874	298,767
Licensed banks	1,313,529	2,620,016
Licensed investment banks	230,032	375,519
Other financial institutions	1,447,560	1,386,726
Bank Negara Malaysia	96,731	82,192
Total	<u>3,287,726</u>	<u>4,763,220</u>

A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK

	30 June 2023 RM'000	31 March 2023 RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	<u>1,386,734</u>	<u>1,538,521</u>
Investment asset:		
Financing	<u>1,386,734</u>	<u>1,538,521</u>

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			
	30 June 2023	31 March 2023	30 June 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	3.52	3.19
- more than 5 years	90	90	3.95	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 30 June 2023, ECL allowance for the investment asset borne by AmBank amounted to RM2.2 million (31 March 2022: RM1.3 million).

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).

A18. OTHER LIABILITIES

	Note	30 June 2023 RM'000	31 March 2023 RM'000
Profit payable		294,192	243,881
Other creditors and accruals		54,479	64,904
Lease liabilities		2,277	2,347
Provision for reinstatement for leased properties		84	84
Deferred income		14,660	15,502
Advance rental		12,163	12,081
Amount due to related companies	(a)	432,631	18
Allowances for ECL on financing commitments and financial guarantees	(b)	30,867	32,300
		<u>841,353</u>	<u>371,117</u>

(a) Amount due to related companies, which related to banking operations, are unsecured, non-profit bearing and are 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
30 June 2023				
Balance at beginning of the financial period	11,580	7,010	13,710	32,300
Net allowances/(writeback of allowance) for ECL:	1,688	311	(3,440)	(1,441)
- Transfer to Stage 1	229	(1,731)	-	(1,502)
- Transfer to Stage 2	(236)	1,831	-	1,595
- Transfer to Stage 3	(1)	(236)	237	-
New exposures originated	2,917	1,073	-	3,990
Net remeasurement of allowances	65	(156)	(3,677)	(3,768)
Financial exposures derecognised	(1,286)	(470)	-	(1,756)
Foreign exchange differences	6	2	-	8
Balance at end of the financial period	<u>13,274</u>	<u>7,323</u>	<u>10,270</u>	<u>30,867</u>
31 March 2023				
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	<u>11,580</u>	<u>7,010</u>	<u>13,710</u>	<u>32,300</u>

A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	493,143	335,760	493,143	335,760
- Financing income on impaired financing	185	372	185	372
Financial assets at fair value through profit or loss	16,583	8,891	16,583	8,891
Financial investments at fair value through other comprehensive income	56,674	34,079	56,674	34,079
Financial investments at amortised cost	41,109	32,908	41,109	32,908
Deposits and placements with banks and other financial institutions	13,640	8,808	13,640	8,808
Total finance income and hibah	<u>621,334</u>	<u>420,818</u>	<u>621,334</u>	<u>420,818</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Fees on financing, advances and securities	13,990	10,819	13,990	10,819
- Guarantee fees	3,696	3,893	3,696	3,893
- Remittances	30	22	30	22
- Service charges and fees	884	772	884	772
- Others	1,565	1,297	1,565	1,297
Foreign exchange	(4,621)	(669)	(4,621)	(669)
Loss from disposal of financial assets at fair value through profit or loss	(235)	(121)	(235)	(121)
Loss on revaluation of financial assets at fair value through profit or loss	(1,838)	(2,828)	(1,838)	(2,828)
Gain from disposal of financial investments at fair value through other comprehensive income	1,249	-	1,249	-
Gain from disposal of financial investments at amortised cost	25,828	-	25,828	-
Net loss on derivatives	(952)	(2,170)	(952)	(2,170)
Others	64	(16)	64	(16)
Total other operating income	<u>39,660</u>	<u>10,999</u>	<u>39,660</u>	<u>10,999</u>
Total	<u>660,994</u>	<u>431,817</u>	<u>660,994</u>	<u>431,817</u>

* Included the day-1 modification loss of RM507,000 (30 June 2022: day-1 modification loss of RM193,000) 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	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income derived from investment of:				
- Restricted investment account	15,345	12,605	15,345	12,605
- Unrestricted investment accounts	126	2,351	126	2,351
	<u>15,471</u>	<u>14,956</u>	<u>15,471</u>	<u>14,956</u>

Income derived from investment of restricted investment account

Finance income and hibah:

Financing and advances				
- Financing income	<u>15,345</u>	<u>12,605</u>	<u>15,345</u>	<u>12,605</u>

Income derived from investment of unrestricted investment accounts

Finance income and hibah:

Financing and advances				
- Financing income	31	2,273	31	2,273
Deposits and placements with banks and other financial institutions	95	78	95	78
Total finance income and hibah	<u>126</u>	<u>2,351</u>	<u>126</u>	<u>2,351</u>

A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income*	40,670	29,711	40,670	29,711
- Financing income on impaired financing	15	33	15	33
Financial assets at fair value through profit or loss	1,368	787	1,368	787
Financial investments at fair value through other comprehensive income	4,674	3,016	4,674	3,016
Financial investments at amortised cost	3,390	2,912	3,390	2,912
Deposits and placements with banks and other financial institutions	1,125	779	1,125	779
Total finance income and hibah	<u>51,242</u>	<u>37,238</u>	<u>51,242</u>	<u>37,238</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	3,024	3,639	3,024	3,639
- Fees on financing, advances and securities	1,157	961	1,157	961
- Guarantee fees	305	344	305	344
- Remittances	36	(471)	36	(471)
- Service charges and fees	930	807	930	807
- Others	850	1,066	850	1,066
Foreign exchange	(381)	(59)	(381)	(59)
Loss from disposal of financial assets at fair value through profit or loss	(19)	(11)	(19)	(11)
Loss on revaluation of financial assets at fair value through profit or loss	(152)	(250)	(152)	(250)
Gain from disposal of financial investments at fair value through other comprehensive income	103	-	103	-
Gain from disposal of financial investments at amortised cost	2,130	-	2,130	-
Net loss on derivatives	(79)	(192)	(79)	(192)
Others	5	(1)	5	(1)
Total other operating income	<u>7,909</u>	<u>5,833</u>	<u>7,909</u>	<u>5,833</u>
Total	<u>59,151</u>	<u>43,071</u>	<u>59,151</u>	<u>43,071</u>

* Included the day-1 modification loss of RM42,000 (30 June 2022: day-1 modification loss of RM17,000) 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	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Allowance for impairment on financing and advances	61,823	84,146	61,823	84,146
Impaired financing and advances recovered, net	(29,513)	(26,370)	(29,513)	(26,370)
Total	<u>32,310</u>	<u>57,776</u>	<u>32,310</u>	<u>57,776</u>

A23. ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Financial investments at amortised cost - sukuk	4,297	(2,273)	4,297	(2,273)
Financial investments at fair value through other comprehensive income - sukuk	2,951	5,019	2,951	5,019
Total	<u>7,248</u>	<u>2,746</u>	<u>7,248</u>	<u>2,746</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash and short-term funds	19	(147)	19	(147)

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

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(Writeback of provision)/provision for commitments and contingencies - financing commitments and financial guarantee contracts	(1,441)	1,297	(1,441)	1,297

A26. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	324,711	158,469	324,711	158,469
Deposits and placements of banks and other financial institutions	51,651	18,085	51,651	18,085
	<u>376,362</u>	<u>176,554</u>	<u>376,362</u>	<u>176,554</u>
Others	28,629	10,402	28,629	10,402
Total	<u>404,991</u>	<u>186,956</u>	<u>404,991</u>	<u>186,956</u>

A27. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Unrestricted investment accounts</u>				
Customers	16	1,264	16	1,264
<u>Restricted investment account</u>				
Licensed bank	13,811	11,344	13,811	11,344
	<u>13,827</u>	<u>12,608</u>	<u>13,827</u>	<u>12,608</u>

A28. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Personnel costs:				
Salaries, allowances, bonuses and incentives	5,071	4,286	5,071	4,286
Share granted under AMMB Executives' Share Scheme ("ESS") - charge	76	72	76	72
Contributions to Employees' Provident Fund/Private Retirement Scheme	755	684	755	684
Social security cost	23	19	23	19
Others	396	529	396	529
	<u>6,321</u>	<u>5,590</u>	<u>6,321</u>	<u>5,590</u>
Establishment costs:				
Amortisation of intangible assets	32	89	32	89
Cleaning, maintenance and security	22	11	22	11
Computerisation costs	336	281	336	281
Depreciation of property and equipment	29	32	29	32
Depreciation of right-of-use assets	76	71	76	71
Rental of premises	136	208	136	208
Finance cost:				
- Lease liabilities	15	15	15	15
- Provision for reinstatement for leased properties	1	1	1	1
Others	6	4	6	4
	<u>653</u>	<u>712</u>	<u>653</u>	<u>712</u>
Marketing and communication expenses:				
Advertising, marketing and communication	1,587	1,199	1,587	1,199
Others	25	8	25	8
	<u>1,612</u>	<u>1,207</u>	<u>1,612</u>	<u>1,207</u>
Administration and general expenses:				
Professional services	728	503	728	503
Others	2,346	2,354	2,346	2,354
	<u>3,074</u>	<u>2,857</u>	<u>3,074</u>	<u>2,857</u>
Service transfer pricing expense, net (Note 1)				
	<u>106,117</u>	<u>66,907</u>	<u>106,117</u>	<u>66,907</u>
	<u>117,777</u>	<u>77,273</u>	<u>117,777</u>	<u>77,273</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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit/(loss) attributable to equity holder of the Bank (RM'000)	<u>107,293</u>	<u>100,292</u>	<u>107,293</u>	<u>100,292</u>
Number of ordinary shares at beginning and end of the financial period representing the weighted average number of ordinary shares in issue ('000)	<u>494,369</u>	<u>494,369</u>	<u>494,369</u>	<u>494,369</u>
Basic/Diluted earnings per share (sen)	<u>21.70</u>	<u>20.29</u>	<u>21.70</u>	<u>20.29</u>

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 30 June 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	195,415	129,577	98,436	(52,805)	308	(76,107)	294,824
Intersegments net income	(56,890)	(59,262)	(56,177)	97,775	(10)	74,564	-
Net income	138,525	70,315	42,259	44,970	298	(1,543)	294,824
Net finance income	130,072	56,288	39,475	24,098	22	(1,435)	248,520
Other operating income/(loss)	8,453	14,027	2,784	20,872	277	(109)	46,304
Net income	138,525	70,315	42,259	44,970	299	(1,544)	294,824
Other operating expenses of which:	(79,954)	(19,685)	(14,415)	(3,977)	-	254	(117,777)
<i>Depreciation of property and equipment</i>	-	-	-	-	-	(29)	(29)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(76)	(76)
<i>Amortisation of intangible assets</i>	(1)	(1)	-	-	-	(30)	(32)
Profit/(loss) before impairment losses	58,571	50,630	27,844	40,993	299	(1,290)	177,047
(Allowance)/Writeback of impairment on financing and advances	(36,765)	(22,239)	26,694	-	-	-	(32,310)
Allowance for impairment on financial investments	-	(331)	(3,907)	(3,010)	-	-	(7,248)
Allowance for impairment on other financial assets	-	-	-	(19)	-	-	(19)
Writeback of provision/(Provision) for commitments and contingencies	237	(647)	1,851	-	-	-	1,441
Profit/(Loss) before zakat and taxation	22,043	27,413	52,482	37,964	299	(1,290)	138,911
Zakat and taxation	(5,290)	(6,579)	(12,596)	(6,746)	(72)	(335)	(31,618)
Profit/(Loss) for the financial period	16,753	20,834	39,886	31,218	227	(1,625)	107,293
Other information							
Total segment assets	24,915,878	11,436,679	9,001,487	15,464,964	-	168,298	60,987,306
Total segment liabilities	18,528,814	5,868,534	3,495,853	21,144,772	1,477	7,434,627	56,474,077
Cost to income ratio	57.7%	28.0%	34.1%	8.8%	0.0%	16.5%	39.9%
Gross financing and advances	25,146,095	10,845,331	9,026,481	-	-	(2,651)	45,015,256
Net financing and advances	24,807,717	10,699,508	8,817,374	-	-	(2,651)	44,321,948
Impaired financing and advances	383,049	149,107	48,100	-	-	-	580,256
Total deposits	18,375,128	5,810,336	3,470,289	20,915,217	-	81,489	48,652,459
Additions to :							
Property and Equipment	-	-	-	-	-	42	42
Intangible assets	-	-	-	-	-	8	8

A30. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 June 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	190,109	94,430	48,712	(20,293)	32	(44,698)	268,292
Intersegments net income	(64,404)	(34,186)	(18,603)	54,808	(3)	62,388	-
Net income	125,705	60,244	30,109	34,515	29	17,690	268,292
Net finance income	115,540	51,893	26,951	39,055	5	17,511	250,955
Other operating income	10,165	8,351	3,158	(4,540)	24	179	17,337
Net finance income	125,705	60,244	30,109	34,515	29	17,690	268,292
Other operating expenses of which:	(73,946)	(16,112)	(13,220)	(3,773)	-	29,778	(77,273)
<i>Depreciation of property and equipment</i>	-	-	-	-	-	(32)	(32)
<i>Depreciation of right-of-use-assets</i>	-	-	-	-	-	(71)	(71)
<i>Amortisation of intangible assets</i>	(1)	(1)	-	-	-	(87)	(89)
Profit before impairment losses and provision	51,759	44,132	16,889	30,742	29	47,468	191,019
Allowance for impairment on financing and advances	(22,026)	(15,366)	(2,844)	-	-	(17,540)	(57,776)
Writeback of allowance/(Allowance) for impairment on financial investments	-	143	2,128	(5,017)	-	-	(2,746)
Writeback of allowance for impairment on other financial assets	-	-	-	147	-	-	147
(Provision)/Writeback of provision for commitments and contingencies	(1,093)	(618)	414	-	-	-	(1,297)
Profit before zakat and taxation	28,640	28,291	16,587	25,872	29	29,928	129,347
Zakat and taxation	(6,874)	(6,790)	(3,981)	(3,842)	(7)	(7,561)	(29,055)
Profit for the financial period	21,766	21,501	12,606	22,030	22	22,367	100,292
Other information							
Total segment assets	23,014,214	10,714,010	6,403,924	13,823,322	-	167,775	54,123,245
Total segment liabilities	13,926,685	5,607,326	3,248,408	22,092,692	757	5,304,790	50,180,658
Cost to income ratio	58.8%	26.7%	43.9%	10.9%	0.0%	>-100%	28.8%
Gross financing and advances	23,217,875	10,247,417	6,505,487	-	-	(3,440)	39,967,339
Net financing and advances	22,921,543	10,148,325	6,298,937	-	-	(42,704)	39,326,101
Impaired financing and advances	272,594	138,892	232,767	-	-	-	644,253
Total deposits	13,847,794	5,571,145	3,206,164	21,450,108	-	104,520	44,179,731
Additions to :							
Property and Equipment	-	-	-	-	-	8	8
Intangible assets	-	-	-	-	-	21	21

A31. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

The Bank reported a higher profit before zakat and taxation of RM138.9 million for the financial period ended 30 June 2023 compared to the corresponding period ended 30 June 2022 of RM129.3 million. The higher profit was mainly due to higher other operating income of RM29.0 million, lower net allowance for impairment on financing and advances of RM25.5 million and lower ECL on financing commitments and financial guarantee contracts of RM2.7 million offset by higher other operating expenses of RM40.5 million, higher ECL of financial investments and other financial assets of RM4.7 million and lower net finance income of RM2.4 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

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 financing expanded slower at 3.0%, household financing remained healthy at 5.3%. As the economy is expected to soften in 2023, we expect relatively subdued financing growth in the range of 4.0% to 5.0% for 2023 given that financing 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 financing-to-fund ratio and financing-to-fund-and-equity ratio at 81.6% and 70.9%, respectively (May 2023: 81.8% and 71.0%, respectively).

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

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 profit 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 profit margin ("NPM") compression arising from fierce deposit competition in FY 2023. The AmBank Group, however, is encouraged by the expansion of the Malaysian economy observed in calendar year 2023 so far and remains optimistic on its FY 2024 prospects. The AmBank Group's focus will continue to be on growing revenue and maintaining cost discipline. At the same time, the AmBank 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 AmBank Group is now at the final stretch of its FY 2021 to FY 2024 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 AmBank Group will continue to have dialogues with customers who are still in financial difficulty and offer suitable financial assistance programmes to those who qualify.

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 (CONT'D.)

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:

	30 June 2023 RM'000	31 March 2023 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,378,904	5,029,138
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,082,042	1,047,668
Unutilised credit card lines	1,740,320	1,705,540
Forward asset purchase	20,233	-
	<u>9,221,499</u>	<u>7,782,346</u>
Contingencies		
Direct credit substitutes	667,900	723,168
Transaction related contingent items	892,108	970,420
Short-term self liquidating trade-related contingencies	81,483	87,309
Obligations under on-going underwriting agreements	200,000	150,000
	<u>1,841,491</u>	<u>1,930,897</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	2,799,720	2,882,476
- Over one year to five years	791,311	1,018,061
Profit rate related contracts		
- Over one year to five years	350,000	350,000
Commodity related contracts		
- Over one year to five years	79,131	74,952
	<u>4,020,162</u>	<u>4,325,489</u>
Total	<u>15,083,152</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	
30 June 2023				
Assets measured at fair value				
Derivative financial assets	-	69,133	-	69,133
Financial assets at fair value through profit or loss				
- Money market securities	-	1,227,173	-	1,227,173
- Unquoted sukuk	-	461,459	-	461,459
Financial investments at fair value through other comprehensive income				
- Money market securities	-	3,014,163	-	3,014,163
- Unquoted sukuk	-	3,611,582	-	3,611,582
	-	8,383,510	-	8,383,510
Liabilities measured at fair value				
Derivative financial liabilities	-	68,569	-	68,569
	-	68,569	-	68,569
31 March 2023				
Assets measured at fair value				
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
Liabilities measured at fair value				
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:

	30 June 2023	31 March 2023
Under transitional arrangement (Note(i))		
Common Equity Tier 1 ("CET 1") Capital Ratio	12.872%	12.616%
Tier 1 Capital ratio	12.872%	12.616%
Total Capital ratio	19.041%	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 30 June 2023 and 31 March 2023 are as follow:

	30 June 2023	31 March 2023
Common Equity Tier 1 Capital Ratio	12.458%	12.026%
Tier 1 Capital Ratio	12.458%	12.026%
Total Capital Ratio	18.663%	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:

	30 June 2023 RM'000	31 March 2023 RM'000
CET 1 Capital		
Ordinary shares	1,387,107	1,387,107
Retained earnings	3,129,916	3,022,623
Fair value reserve	(3,794)	(9,188)
Less : Regulatory adjustments applied on CET 1 Capital		
- Intangible assets	(274)	(298)
- Deferred tax assets	(59,954)	(62,097)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(134)	(75)
- Other CET 1 regulatory adjustment specified by BNM	148,204	212,690
CET 1 Capital/ Tier 1 Capital	<u>4,601,071</u>	<u>4,550,762</u>
Tier 2 Capital		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,800,000	1,300,000
General provisions*	404,727	327,419
Tier 2 Capital	<u>2,204,727</u>	<u>1,627,419</u>
Total Capital	<u>6,805,798</u>	<u>6,178,181</u>

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

	30 June 2023 RM'000	31 March 2023 RM'000
Credit RWA	34,843,790	35,344,046
Less : Credit RWA absorbed by Investment Account	(1,392,605)	(1,545,037)
Total Credit RWA	<u>33,451,185</u>	<u>33,799,009</u>
Market RWA	279,563	304,677
Operational RWA	2,012,959	1,969,050
Total Risk Weighted Assets	<u>35,743,707</u>	<u>36,072,736</u>

* Consists of stage 1 and stage 2 loss allowances.