

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group		Company	
		31.12.2022 RM'000	31.03.2022 RM'000	31.12.2022 RM'000	31.03.2022 RM'000
ASSETS					
Cash and short-term funds	A8	7,231,711	13,221,099	207,936	717,660
Deposits and placements with banks and other financial institutions	A9	855,748	1,301,449	-	-
Derivative financial assets	A32	959,374	821,373	-	-
Financial assets at fair value through profit or loss	A10	7,864,607	7,216,560	1,150	1,128
Financial investments at fair value through other comprehensive income	A11	23,474,401	18,756,757	-	-
Financial investments at amortised cost	A12	12,743,532	9,037,766	-	-
Loans, advances and financing	A13	124,394,658	118,065,685	-	-
Statutory deposits with Bank Negara Malaysia		2,433,668	376,523	-	-
Deferred tax assets		232,552	218,551	-	-
Investments in subsidiaries and other investments		-	-	10,852,185	10,857,350
Investments in associates and joint ventures	A14	1,592,584	604,542	-	-
Other assets	A15	2,502,922	2,885,319	3,160	11,615
Reinsurance assets and other insurance receivables	A16	-	580,705	-	-
Property and equipment		165,723	180,968	22	-
Right-of-use assets		240,345	189,372	-	-
Intangible assets		513,247	1,399,912	-	-
Assets held for sale		-	2,324	-	-
TOTAL ASSETS		185,205,072	174,858,905	11,064,453	11,587,753
LIABILITIES AND EQUITY					
Deposits from customers	A17	124,337,343	122,592,850	-	-
Investment accounts of customers		19,763	377,861	-	-
Deposits and placements of banks and other financial institutions	A18	10,155,712	9,894,585	-	-
Securities sold under repurchase agreements		12,409,653	1,582,717	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		9,215,036	8,375,023	-	-
Derivative financial liabilities	A32	1,227,428	803,563	-	-
Term funding		2,185,223	1,880,097	-	-
Debt capital		4,570,000	4,395,000	-	-
Deferred tax liabilities		-	8,093	-	-
Other liabilities	A19	3,483,444	4,302,862	25,554	533,827
Insurance contract liabilities and other insurance payables	A20	-	2,687,361	-	-
Total Liabilities		167,603,602	156,900,012	25,554	533,827
Share capital		6,376,240	6,776,240	6,372,870	6,372,870
Treasury shares		(19,352)	(11,041)	(19,352)	(11,041)
Reserves		11,243,663	9,994,593	4,685,381	4,692,097
Equity attributable to equity holders of the Company		17,600,551	16,759,792	11,038,899	11,053,926
Non-controlling interests		919	1,199,101	-	-
Total Equity		17,601,470	17,958,893	11,038,899	11,053,926
TOTAL LIABILITIES AND EQUITY		185,205,072	174,858,905	11,064,453	11,587,753
COMMITMENTS AND CONTINGENCIES	A31	118,110,666	122,661,380	-	-
NET ASSETS PER SHARE (RM)		5.32	5.06	3.34	3.34

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

AMMB HOLDINGS BERHAD
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Condensed Financial Statements

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2022 RM'000	31.12.2021 (Restated) RM'000	31.12.2022 RM'000	31.12.2021 (Restated) RM'000
Continuing operations					
Interest income	A21	1,328,375	1,007,608	3,559,482	2,950,701
Interest expense	A22	(735,915)	(439,208)	(1,800,633)	(1,313,309)
Net interest income		592,460	568,400	1,758,849	1,637,392
Net income from Islamic banking		338,818	267,488	985,126	784,169
Other operating income	A23	279,808	223,247	675,606	669,319
Share in results of associates and joint ventures		20,001	3,111	34,718	34,862
Net income		1,231,087	1,062,246	3,454,299	3,125,742
Other operating expenses	A24	(497,265)	(445,833)	(1,438,370)	(1,300,322)
Operating profit before impairment losses		733,822	616,413	2,015,929	1,825,420
Allowances for impairment on loans, advances and financing	A25	(203,649)	(251,960)	(337,458)	(558,010)
(Allowances for)/Writeback of impairment on:					
Financial investments	A26	(14,935)	(48,669)	(15,133)	(103,712)
Other financial assets	A26	(1,270)	2,413	(2,207)	75
Provision for commitments and contingencies - writeback/(charge)		70,179	(40,090)	51,442	(48,217)
Other recoveries, net		513	58	522	75
Impairment of investment in associate		-	-	-	(4,625)
Profit before taxation and zakat from continuing operations		584,660	278,165	1,713,095	1,111,006
Taxation and zakat	B5	(131,930)	106,776	(387,327)	(81,243)
Profit after taxation and zakat from continuing operations		452,730	384,941	1,325,768	1,029,763
Discontinued operation:					
Profit from operations of discontinued general insurance (including estimated loss on disposal of RM53.9 million)		-	38,755	19,632	179,336
Impairment of Kurnia Brand, agent relationship and other assets		-	-	(115,981)	-
Profit/(Loss) before taxation from discontinued operation		-	38,755	(96,349)	179,336
Taxation	B5	-	(6,907)	18,879	(32,094)
Profit/(Loss) after taxation from discontinued operation		-	31,848	(77,470)	147,242
Profit for the financial period		452,730	416,789	1,248,298	1,177,005
Profit/(Loss) for the financial period attributable to:					
Equity holders of the Company		452,641	403,290	1,307,241	1,110,932
Non-controlling interests		89	13,499	(58,943)	66,073
Profit for the financial period		452,730	416,789	1,248,298	1,177,005
EARNINGS PER SHARE (SEN)					
Basic/Diluted	B10	13.67	12.18	39.48	33.71

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AMMB HOLDINGS BERHAD
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Condensed Financial Statements

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit for the financial period	452,730	416,789	1,248,298	1,177,005
Other comprehensive (loss)/income:				
Items that will not be reclassified subsequently to statement of profit or loss				
Remeasurement of defined benefit liability	-	-	-	(886)
Financial investments at fair value through other comprehensive income ("FVOCI")				
- net unrealised (loss)/gain on changes in fair value	-	(336)	7,769	3,148
Tax effect relating to components of other comprehensive income				
- defined benefit liability	-	-	-	213
- financial investments at FVOCI	-	38	-	-
	<u>-</u>	<u>(298)</u>	<u>7,769</u>	<u>2,475</u>
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation (loss)/gain on foreign operations	(15,053)	(1,285)	11,729	1,356
Cash flow hedge				
- gain arising during the financial period	-	435	-	1,595
- amortisation of fair value changes for terminated hedges	1,593	1,858	4,762	7,177
Financial investments at FVOCI				
- net unrealised gain/(loss) on changes in fair value	122,928	(84,912)	(146,772)	(143,985)
- net (gain)/loss reclassified to profit or loss	(63)	(1,056)	52	(4,657)
- changes in expected credit losses	3,349	4,634	4,954	19,192
- foreign exchange differences	(1)	(1)	1	1
Tax effect relating to the components of other comprehensive income				
- cash flow hedge	(383)	(550)	(1,143)	(2,105)
- financial investments at FVOCI	(29,606)	20,714	35,254	35,586
Share of reserve movements in equity accounted joint ventures	2,884	(91)	810	(3,428)
	<u>85,648</u>	<u>(60,254)</u>	<u>(90,353)</u>	<u>(89,268)</u>
Other comprehensive income/(loss) for the financial period, net of tax	85,648	(60,552)	(82,584)	(86,793)
Total comprehensive income for the financial period	<u>538,378</u>	<u>356,237</u>	<u>1,165,714</u>	<u>1,090,212</u>
Total comprehensive income/(loss) for the financial period attributable to:				
Equity holders of the Company				
Continuing operations	538,289	324,328	1,243,069	943,317
Discontinued operation	-	18,410	(18,412)	81,152
Non-controlling interests				
Continuing operations	89	61	115	326
Discontinued operation	-	13,438	(59,058)	65,417
	<u>538,378</u>	<u>356,237</u>	<u>1,165,714</u>	<u>1,090,212</u>

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

AMMB HOLDINGS BERHAD
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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022

Company	Note	Individual Quarter		Cumulative Quarter	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Interest income	A21	1,523	4,021	5,610	16,573
Other operating income	A23	3,909	50,457	403,571	193,726
Net income		5,432	54,478	409,181	210,299
Other operating expenses	A24	(10,753)	(4,516)	(23,247)	(12,312)
Transaction cost from disposal of subsidiary		-	-	(15,725)	-
(Loss)/Profit before taxation		(5,321)	49,962	370,209	197,987
Taxation		(376)	(889)	(1,338)	(3,810)
(Loss)/Profit for the financial period representing total comprehensive (loss)/income for the financial period		(5,697)	49,073	368,871	194,177

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings			Non-controlling interests RM'000	Total equity RM'000
Non-participating funds RM'000								RM'000	Total RM'000			
At 01.04.2021	5,951,557	-	708,790	(16,949)	94,992	67,778	(20,970)	45,715	7,809,864	14,640,777	949,582	15,590,359
Profit for the financial period	-	-	-	-	-	-	-	-	1,110,932	1,110,932	66,073	1,177,005
Other comprehensive (loss)/income, net	-	-	(94,143)	6,667	1,356	-	-	-	(343)	(86,463)	(330)	(86,793)
Total comprehensive (loss)/income for the financial period	-	-	(94,143)	6,667	1,356	-	-	-	1,110,589	1,024,469	65,743	1,090,212
Issue of ordinary share capital pursuant to:-												
- private placement	824,683	-	-	-	-	-	-	-	-	824,683	-	824,683
Buy-back of shares	-	-	-	-	-	-	(13,206)	-	-	(13,206)	-	(13,206)
Share-based payment under ESS, net	-	-	-	-	-	(10,801)	-	-	-	(10,801)	-	(10,801)
ESS shares vested to employees	-	-	-	-	-	(29,133)	26,741	-	2,392	-	-	-
Transfer to regulatory reserve	-	8,140	-	-	-	-	-	-	(8,140)	-	-	-
Transfer of net gain upon disposal of financial investments at fair value through other comprehensive income to retained earnings	-	-	(8,871)	-	-	-	-	-	8,871	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(98,000)	(98,000)
Transactions with owners and other equity movements	824,683	8,140	(8,871)	-	-	(39,934)	13,535	-	3,123	800,676	(98,000)	702,676
At 31.12.2021	6,776,240	8,140	605,776	(10,282)	96,348	27,844	(7,435)	45,715	8,923,576	16,465,922	917,325	17,383,247

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022

Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained Earnings		Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Non-participating funds RM'000								RM'000				
At 01.04.2022	6,776,240	102,920	499,227	(9,062)	98,871	36,472	(11,041)	45,715	9,220,450	16,759,792	1,199,101	17,958,893
Profit/(Loss) for the financial period	-	-	-	-	-	-	-	-	1,307,241	1,307,241	(58,943)	1,248,298
Other comprehensive (loss)/income, net	-	-	(97,932)	3,619	11,729	-	-	-	-	(82,584)	-	(82,584)
Total comprehensive (loss)/income for the financial period	-	-	(97,932)	3,619	11,729	-	-	-	1,307,241	1,224,657	(58,943)	1,165,714
Buy-back of shares	-	-	-	-	-	-	(34,517)	-	-	(34,517)	-	(34,517)
Share-based payment under ESS, net	-	-	-	-	-	13,027	-	-	763	13,790	-	13,790
ESS shares vested to employees	-	-	-	-	-	(26,414)	26,206	-	208	-	-	-
Transfer to regulatory reserve	-	83,694	-	-	-	-	-	-	(83,694)	-	-	-
Transfer to retained earnings arising from redemption of preference shares by a subsidiary	(400,000)	-	-	-	-	-	-	-	400,000	-	-	-
Arising from disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(61,415)	(61,415)
Reversal of dividend accrued - ESS shares	-	-	-	-	-	-	-	-	1,001	1,001	-	1,001
Capital reduction from a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,075,993)	(1,075,993)
Dividends paid	-	-	-	-	-	-	-	-	(364,172)	(364,172)	(1,831)	(366,003)
Transactions with owners and other equity movements	(400,000)	83,694	-	-	-	(13,387)	(8,311)	-	(45,894)	(383,898)	(1,139,239)	(1,523,137)
At 31.12.2022	6,376,240	186,614	401,295	(5,443)	110,600	23,085	(19,352)	45,715	10,481,797	17,600,551	919	17,601,470

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Condensed Financial Statements

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2021	5,550,250	67,778	(20,970)	4,461,734	10,058,792
Profit for the financial period	-	-	-	194,177	194,177
Total comprehensive income for the financial period	-	-	-	194,177	194,177
Issue of ordinary share capital pursuant to:-					
- private placement	822,620	-	-	-	822,620
Buy-back of shares	-	-	(13,206)	-	(13,206)
Share-based payment under ESS, net	-	(10,801)	-	-	(10,801)
ESS shares vested to employees	-	(29,133)	26,741	2,392	-
Transactions with owners and other equity movements	822,620	(39,934)	13,535	2,392	798,613
At 31.12.2021	6,372,870	27,844	(7,435)	4,658,303	11,051,582

Company	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.2022	6,372,870	36,472	(11,041)	4,655,625	11,053,926
Profit for the financial period	-	-	-	368,871	368,871
Total comprehensive income for the financial period	-	-	-	368,871	368,871
Buy-back of shares	-	-	(34,517)	-	(34,517)
Share-based payment under ESS, net	-	13,027	-	763	13,790
ESS shares vested to employees	-	(26,414)	26,206	208	-
Reversal of dividend accrued - ESS shares	-	-	-	1,001	1,001
Dividends paid	-	-	-	(364,172)	(364,172)
Transactions with owners and other equity movements	-	(13,387)	(8,311)	(362,200)	(383,898)
At 31.12.2022	6,372,870	23,085	(19,352)	4,662,296	11,038,899

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AMMB HOLDINGS BERHAD

Registration No. 199101012723 (223035-V)

(Incorporated in Malaysia)

Condensed Financial Statements

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

	Group		Company	
	31.12.2022	31.12.2021 (Restated)	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from operating activities</i>				
Profit/(Loss) before taxation and zakat				
Continuing operations	1,713,095	1,111,006	370,209	197,987
Discontinued operation	(96,349)	179,336	-	-
Profit before taxation and zakat including discontinued operation	1,616,746	1,290,342	370,209	197,987
Adjustments for:				
Net accretion of discount for securities	(98,696)	(38,971)	-	-
Allowance for expected credit losses on loans, advances and financing, net	559,827	724,240	-	-
Dividend income	(2,639)	(3,706)	(396,947)	(193,058)
Net loss on revaluation of derivatives	285,864	1,961	-	-
Net loss/(gain) on revaluation of financial assets at fair value through profit or loss	44,819	(321)	-	-
Net loss/(gain) on sale of financial investments at fair value through other comprehensive income	52	(4,657)	-	-
Net (gain)/loss on sale of financial assets at fair value through profit or loss	(15,987)	3,922	-	-
Impairment loss on investment in associate	-	4,625	-	-
Impairment of Kurnia Brand, agent relationship and other asset	115,981	-	-	-
Estimated loss on disposal of subsidiary	53,893	-	-	-
Other non-operating and non-cash items	91,626	255,370	6	1
Operating profit/(loss) before working capital changes	2,651,486	2,232,805	(26,732)	4,930
<i>Decrease/(Increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	9,254	9,122	-	-
Financial assets at fair value through profit or loss	(4,302,087)	(1,627,149)	(22)	(18)
Loans, advances and financing	(6,809,927)	(4,989,452)	-	-
Statutory deposits with Bank Negara Malaysia	(2,057,145)	(14,468)	-	-
Other assets	293,233	90,652	10,037	1,835,368
Reinsurance assets and other insurance receivables	15,939	(93,316)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	1,744,493	4,166,892	-	-
Investment accounts of customers	(358,098)	104,207	-	-
Deposits and placements of banks and other financial institutions	234,855	(1,963,650)	-	-
Securities sold under repurchase agreements	10,826,936	5,385,065	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	840,013	2,100,013	-	-
Term funding	285,674	346,541	-	-
Other liabilities	(546,092)	(2,317,929)	(492,193)	(2,357,131)
Insurance contract liabilities and other insurance payables	(39,909)	148,306	-	-
Cash generated from/(used in) operations	2,788,625	3,577,639	(508,910)	(516,851)
Taxation and zakat paid, net	(339,472)	(84,738)	(4,209)	(1,213)
Net cash generated from/(used in) operating activities	2,449,153	3,492,901	(513,119)	(518,064)

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Condensed Financial Statements**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022 (CONT'D.)**

	Group		Company	
	31.12.2022	31.12.2021 (Restated)	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from investing activities</i>				
Purchase of treasury shares	(34,517)	(13,206)	(34,517)	(13,206)
Dividend/Distribution income received	8,272	23,312	396,947	193,058
Subscription of shares in subsidiary	-	-	-	(450,000)
Net cash inflow from disposal of subsidiary	1,126,025	-	-	-
Proceeds from disposal of property and equipment	107	163	-	-
Purchase of financial investments	(8,553,049)	(4,183,859)	-	-
Purchase of property and equipment and intangible assets	(83,418)	(68,467)	(28)	-
Proceeds from capital reduction in a subsidiary	-	-	5,165	-
Net cash (used in)/generated from investing activities	<u>(7,536,580)</u>	<u>(4,242,057)</u>	<u>367,567</u>	<u>(270,148)</u>
<i>Cash flows from financing activities</i>				
Dividends paid by the Company to its shareholders	(364,172)	-	(364,172)	-
Repayment of lease liabilities	(71,316)	(65,658)	-	-
Dividends paid to non-controlling interests by subsidiaries	(1,831)	(98,000)	-	-
Net drawdown/(repayment) of debt capital	175,000	(10,000)	-	-
Return of capital to non-controlling interest	(1,075,993)	-	-	-
Proceeds from issuance of shares from private placement (net)	-	824,683	-	822,620
Net cash (used in)/generated from financing activities	<u>(1,338,312)</u>	<u>651,025</u>	<u>(364,172)</u>	<u>822,620</u>
Net (decrease)/increase in cash and cash equivalents	(6,425,739)	(98,131)	(509,724)	34,408
Cash and cash equivalents at beginning of the financial year	14,516,864	18,905,756	717,660	689,326
Effect of exchange rate changes	18	(1,672)	-	-
Cash and cash equivalents at end of the financial period	<u>8,091,143</u>	<u>18,805,953</u>	<u>207,936</u>	<u>723,734</u>

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

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	7,231,711	18,742,320	207,936	723,734
Deposits and placements with banks and other financial institutions (with original maturity of three months and less)	855,748	61,810	-	-
	<u>8,087,459</u>	<u>18,804,130</u>	<u>207,936</u>	<u>723,734</u>
Add:				
Allowances for expected credit loss ("ECL") for cash and cash equivalents	3,684	1,823	-	-
Cash and cash equivalents	<u>8,091,143</u>	<u>18,805,953</u>	<u>207,936</u>	<u>723,734</u>

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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

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

A1.1 Significant Accounting Policies

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

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

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

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

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

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

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

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

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

The amendments updated MFRS 3 *Business Combinations* to refer to the revised *Conceptual Framework for Financial Reporting* ("Conceptual Framework") in order to determine what constitutes an asset or a liability in a business combination. In addition, a new exception is added in MFRS 3 in connection with liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying MFRS 3 should instead refer to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* or IC Interpretation 21 *Levies*, rather than the Conceptual Framework. The adoption of these amendments did not result in any impact as there is no business combination or asset acquisition occurred during the financial period 31 December 2022.

A1. BASIS OF PREPARATION (CONT'D.)

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

(d) Annual Improvements to MFRS Standards 2018-2020

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

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

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

(ii) MFRS 9 *Financial Instruments*

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

(iii) MFRS 141 *Agriculture*

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

Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
- 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)	1 January 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

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

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

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

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

The amendments are expected to result impact to the financial statements of the Group and Company.

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

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

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

(b) New standard and 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 it retains.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

Non-current Liabilities with Covenants (Amendments to MFRS 101)

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.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

The amendments clarify that:

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

A1.2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on the past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

(i) Income Taxes

During the previous financial year, AmBank (M) Berhad ("AmBank") and AmInvestment Bank Berhad ("AmInvestment Bank") have claimed tax deduction on the settlement of RM2.83 billion with Ministry of Finance Malaysia and its related expenses of RM21.0 million ("settlement sum") in the Year of Assessment ("YA") 2021 tax returns. The claim was made based on legal opinion received and accordingly, AmBank and AmInvestment Bank recognised a portion of tax deduction amounting to RM220.5 million and RM14.1 million respectively as tax recoverable.

On 7 September 2022, the Inland Revenue Board ("IRB") formally replied on their differing view on the tax deductibility of the settlement sum.

The management believes there are merits to claim for the tax deduction on the settlement sum based on the legal opinion. Accordingly, the Group has formally replied to IRB their decision and has had several discussions with IRB to provide additional clarifications/documents to IRB.

On 23 November 2022, IRB advised that YA 2022 will be the first YA to claim tax deduction on the settlement sum to coincide with the settlement agreement dated on 5 May 2021. IRB has also agreed to reassess on the deductibility of settlement sum from YA 2022.

On 16 December 2022, both AmBank and AmInvestment Bank have received YA 2021 Notice of Assessment ("Form J") with no penalty from IRB. Accordingly, AmBank and AmInvestment Bank have reinstated their statement of profit or loss for the financial period ended 31 December 2022 for the tax payable of RM221 million and RM13.6 million respectively.

While waiting for a reply from IRB on the tax deductibility on the settlement sum, both AmBank and AmInvestment Bank have filed their YA 2022's tax return with no deduction made on the settlement sum. Subsequent to the filing of tax returns, they have lodged an appeal via Forms Q on 14 December 2022 for the YA 2022 to preserve their right on the deduction for settlement sum and have partially recognised the same tax recoverable amount on the settlement sum as per YA 2021. Accordingly, the net tax impact to the statement of profit or loss for the financial period ended 31 December 2022 for the Group is NIL.

The Group will continuously reassess the tax recoverable recognised and the unutilised tax loss arose from the remaining tax deduction based on the developments of the discussion with IRB.

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant Accounting Judgements, Estimates and Assumptions (Cont'd.)

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

(ii) Disposal of subsidiary

In arriving to the estimated loss on disposal of RM53.9 million, the Group has used management accounts as of the disposal date which includes an estimated actuarial loss of RM186.0 million based on the draft Independent Reserve Review report ("IRR") conducted by an independent actuary. As at the reporting date, the IRR and the Completion Accounts (collectively known as the "Report") for the disposal has yet to be finalised. Any further adjustments required will be revisited upon completion of the Report. For further details refer to Note A29.

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

A5. CHANGES IN ESTIMATES

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

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

(i) **Share buy-back**

During the current financial period, the Company bought back from the open market, a total of 8,633,150 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM4.00 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM34,516,635 and was financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

(ii) **Issuance of debt securities**

On 12 October 2022, AmBank (M) Berhad ("AmBank") issued Tranche 9 with nominal value of RM745.0 million under its RM4.0 billion Subordinated Notes programme. The interest rate of this tranche is at 5.20% per annum, payable semi-annually with a tenure of 10 years (callable in the 5th year).

(iii) **Redemption of debt securities**

On its first call date of 17 October 2022, AmBank fully redeemed Tranche 3 of Subordinated Notes with nominal amount of RM570.0 million issued under its Subordinated Notes programme of RM4.0 billion.

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

A7. DIVIDENDS PAID

- (a) The final single-tier dividend of 5.0 sen per share for the financial year ended 31 March 2022 which amounted to approximately RM165,606,270 was paid on 6 July 2022 to shareholders whose names appear in the record of Depositors as at 21 June 2022.
- (b) The interim single-tier dividend of 6.0 sen per share for the financial year ending 31 March 2023 which amounted to approximately RM198,565,437 was paid on 28 December 2022 to shareholders whose names appear in the record of Depositors as at 15 December 2022.

A8. CASH AND SHORT-TERM FUNDS

	Group		Company	
	31.12.2022 RM'000	31.03.2022 RM'000	31.12.2022 RM'000	31.03.2022 RM'000
Cash and balances with banks and other financial institutions	2,867,112	1,502,255	207,936	717,660
Deposit and placements maturing within one month:				
Licensed banks	2,981,133	3,234,599	-	-
Bank Negara Malaysia	1,371,800	8,191,800	-	-
Other financial institutions	14,902	294,690	-	-
	4,367,835	11,721,089	-	-
	7,234,947	13,223,344	207,936	717,660
Less: Allowances for ECL	(3,236)	(2,245)	-	-
	7,231,711	13,221,099	207,936	717,660

Movements in allowances for ECL are as follows:

Group 31.12.2022	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial period	2,225	20	2,245
Net allowances for ECL	396	598	994
Transfer to 12-month ECL (Stage 1)	5	(24)	(19)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	5,083	-	5,083
New financial assets originated	13,421	627	14,048
Financial assets derecognised	(18,251)	(4)	(18,255)
Net remeasurement of allowances	138	(1)	137
Foreign exchange differences	59	(62)	(3)
Balance at end of the financial period	2,680	556	3,236

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

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Deposits and placements maturity more than one month:		
Licensed banks	856,196	1,302,774
Less: Allowances for ECL	(448)	(1,325)
	855,748	1,301,449
Of which deposits and placements with original maturity of:		
Three months or less	856,196	1,293,520
More than three months	-	9,254
	856,196	1,302,774

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	
31.12.2022			
Balance at beginning of the financial period	1,325	-	1,325
Net (writeback of)/allowances for ECL	(889)	12	(877)
Transfer to cash and short-term funds (Note A8)	(5,083)	-	(5,083)
Net remeasurement of allowances	51	-	51
New financial assets originated	4,143	12	4,155
Balance at end of the financial period	436	12	448
31.03.2022			
Balance at beginning of the financial year			42
Net allowance for ECL			1,283
Transfer to cash and short-term funds (Note A8)			(3,325)
Net remeasurement of allowances			35
New financial assets originated			4,573
Balance at end of the financial year			1,325

A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31.12.2022 RM'000	31.03.2022 RM'000	31.12.2022 RM'000	31.03.2022 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	2,067,513	100,625	-	-
Malaysian Islamic Treasury Bills	1,496,682	1,313,273	-	-
Malaysian Government Securities	1,469,838	258,277	-	-
Malaysian Government Investment Issues	521,716	401,406	-	-
Cagamas bonds	-	99,460	-	-
	<u>5,555,749</u>	<u>2,173,041</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	605,142	643,145	-	-
Unit trusts	43,064	178,219	1,150	1,128
Corporate bonds and sukuk *	13,055	13,315	-	-
Outside Malaysia:				
Shares	435,069	481,104	-	-
	<u>1,096,330</u>	<u>1,315,783</u>	<u>1,150</u>	<u>1,128</u>
Unquoted Securities:				
In Malaysia:				
Shares	31	31	-	-
Corporate bonds and sukuk *	1,212,497	3,727,705	-	-
	<u>1,212,528</u>	<u>3,727,736</u>	<u>-</u>	<u>-</u>
Total	<u>7,864,607</u>	<u>7,216,560</u>	<u>1,150</u>	<u>1,128</u>

* The significant decrease is mainly due to the derecognition of investments as a result of the disposal of a subsidiary.

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	462,491	-
Malaysian Government Securities	3,707,362	3,099,232
Malaysian Government Investment Issues	4,392,809	4,356,026
Bank Negara Monetary Notes	489,815	-
Negotiable Instruments of Deposit	-	450,001
Islamic Negotiable Instruments of Deposit	199,669	579,298
Malaysian Islamic Treasury Bills	2,197,825	-
Foreign Government Securities	13,078	13,619
	<u>11,463,049</u>	<u>8,498,176</u>
Unquoted Securities:		
In Malaysia:		
Shares	682,097	674,456
Corporate bonds and sukuk	11,318,288	9,573,069
Outside Malaysia:		
Shares	761	633
Corporate bonds and sukuk	10,206	10,423
	<u>12,011,352</u>	<u>10,258,581</u>
Total	<u>23,474,401</u>	<u>18,756,757</u>

Movements in allowances for ECL are as follows:

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
Balance at beginning of the financial period	10,494	9,842	20,336
Net allowances for ECL	3,894	1,060	4,954
Transfer to 12-month ECL (Stage 1)	4	(2,082)	(2,078)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(132)	683	551
New financial assets originated	5,931	-	5,931
Financial assets derecognised	(2,209)	(1,521)	(3,730)
Net remeasurement of allowances	300	3,980	4,280
Foreign exchange differences	2	(1)	1
Balance at end of the financial period	<u>14,390</u>	<u>10,901</u>	<u>25,291</u>

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

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

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

A12. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Malaysian Government Securities	1,346,573	907,429
Malaysian Government Investment Issues	4,107,833	2,261,515
	<u>5,454,406</u>	<u>3,168,944</u>
Unquoted Securities:		
In Malaysia:		
Corporate Bonds and sukuk	7,782,529	6,352,046
	<u>13,236,935</u>	<u>9,520,990</u>
Less: Allowances for ECL	(493,403)	(483,224)
Total	<u>12,743,532</u>	<u>9,037,766</u>

Movements in allowances for ECL are as follows:

Group	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
31.12.2022	ECL	ECL	ECL	
	RM'000	not credit	credit	RM'000
		impaired	impaired	RM'000
Balance at beginning of the financial period	4,497	-	478,727	483,224
Net allowances for ECL	3,883	-	6,296	10,179
New financial assets originated	3,519	-	-	3,519
Net remeasurement of allowances	1,269	-	6,296	7,565
Financial assets derecognised	(905)	-	-	(905)
Balance at end of the financial period	<u>8,380</u>	<u>-</u>	<u>485,023</u>	<u>493,403</u>

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

A13. LOANS, ADVANCES AND FINANCING

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans/financing	43,291,489	38,801,821
Revolving credit	11,401,845	11,370,620
Housing loans/financing	40,926,437	39,031,362
Hire purchase receivables	14,057,782	13,854,097
Card receivables	2,092,004	1,903,171
Overdraft	3,080,227	3,222,656
Claims on customers under acceptance credits	6,228,910	6,485,259
Trust receipts	2,351,146	2,577,510
Bills receivables	2,664,781	2,473,103
Staff loans	100,611	106,105
Others	143,099	167,557
Gross loans, advances and financing	<u>126,338,331</u>	<u>119,993,261</u>
Less: Allowances for ECL		
- Stage 1 - 12-month ECL	(264,132)	(217,884)
- Stage 2 - Lifetime ECL not credit impaired	(1,135,369)	(1,159,616)
- Stage 3 - Lifetime ECL credit impaired	(544,172)	(550,076)
	<u>(1,943,673)</u>	<u>(1,927,576)</u>
Net loans, advances and financing	<u>124,394,658</u>	<u>118,065,685</u>

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Domestic non-bank financial institutions	3,027,265	3,133,599
Domestic business enterprises:		
- Small and medium enterprises	26,003,300	24,919,016
- Others	24,973,066	25,613,034
Government and statutory bodies	2,665,809	163,603
Individuals	67,792,019	64,535,980
Other domestic entities	9,090	7,647
Foreign individuals and entities	1,867,782	1,620,382
	<u>126,338,331</u>	<u>119,993,261</u>

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

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
In Malaysia	126,074,245	119,099,088
Outside Malaysia	264,086	894,173
	<u>126,338,331</u>	<u>119,993,261</u>

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Fixed rate:		
- Housing loans/financing	488,951	314,482
- Hire purchase receivables	13,642,883	13,355,884
- Other loans/financing	12,589,438	10,907,556
Variable rate:		
- Base rate and lending/financing rate plus	68,572,606	65,265,205
- Cost plus	30,027,673	28,898,958
- Other variable rates	1,016,780	1,251,176
	<u>126,338,331</u>	<u>119,993,261</u>

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Agriculture	3,046,942	2,374,086
Mining and quarrying	2,150,132	2,130,214
Manufacturing	14,967,012	15,902,661
Electricity, gas and water	1,398,644	1,182,630
Construction	4,295,450	4,352,593
Wholesale and retail trade and hotels and restaurants	10,914,976	10,534,493
Transport, storage and communication	5,084,017	4,842,904
Finance and insurance	4,889,080	3,266,845
Real estate	7,428,592	6,616,194
Business activities	2,338,955	2,258,944
Education and health	1,476,076	1,409,736
Household of which:	68,342,408	65,096,931
Purchase of residential properties	41,255,113	39,390,816
Purchase of transport vehicles	12,772,958	12,575,408
Others	14,314,337	13,130,707
Others	6,047	25,030
	<u>126,338,331</u>	<u>119,993,261</u>

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

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Maturing within one year	30,690,359	30,390,452
Over one year to three years	6,973,426	6,830,043
Over three years to five years	11,972,915	11,611,293
Over five years	76,701,631	71,161,473
	<u>126,338,331</u>	<u>119,993,261</u>

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Gross		
Balance at beginning of the financial period/year	1,676,044	1,770,320
Additions during the financial period/year	1,648,391	1,357,323
Reclassified as non-impaired	(186,399)	(205,843)
Recoveries	(553,414)	(542,645)
Amount written off	(544,440)	(702,792)
Foreign exchange differences	330	(319)
Balance at end of the financial period/year	<u>2,040,512</u>	<u>1,676,044</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.62%</u>	<u>1.40%</u>
Loan loss coverage (including regulatory reserve)	<u>116.71%</u>	<u>139.24%</u>

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
In Malaysia	2,040,512	1,666,873
Outside Malaysia	-	9,171
	<u>2,040,512</u>	<u>1,676,044</u>

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

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

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Agriculture	8,311	8,834
Mining and quarrying	44,048	175,741
Manufacturing	240,895	226,687
Electricity, gas and water	46,439	4,639
Construction	153,499	112,676
Wholesale and retail trade and hotels and restaurants	188,352	170,049
Transport, storage and communication	25,675	18,518
Finance and insurance	10,451	1,494
Real estate	174,915	188,167
Business activities	50,955	37,595
Education and health	10,165	6,218
Household of which:	1,086,807	725,426
Purchase of residential properties	811,010	540,323
Purchase of transport vehicles	117,593	80,127
Others	158,204	104,976
	<u>2,040,512</u>	<u>1,676,044</u>

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

Group 31.12.2022	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
	Balance at beginning of the financial period	217,884	1,159,616	550,076
Net allowances for/(writeback of) ECL	45,960	(24,244)	538,111	559,827
Transfer to 12-month ECL (Stage 1)	13,654	(148,484)	(4,501)	(139,331)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(14,244)	155,301	(23,033)	118,024
Transfer to Lifetime ECL credit impaired (Stage 3)	(1,380)	(37,421)	231,095	192,294
New financial assets originated	67,912	85,253	27,763	180,928
Net remeasurement of allowances	9,926	(26,918)	367,074	350,082
Modification of contractual cash flows of financial assets	232	(474)	1,910	1,668
Financial assets derecognised	(37,497)	(77,717)	(62,202)	(177,416)
Changes in model assumptions and methodologies	7,357	26,216	5	33,578
Foreign exchange differences	357	(3)	425	779
Amount written off	-	-	(544,440)	(544,440)
Disposal of subsidiary	(69)	-	-	(69)
Balance at end of the financial period	<u>264,132</u>	<u>1,135,369</u>	<u>544,172</u>	<u>1,943,673</u>

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

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

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

A14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Unquoted shares:		
At cost at the beginning of the financial period/year	669,169	669,169
Addition	958,147	-
At cost at the end of the financial period/year	1,627,316	669,169
Share of post acquisition reserves	117,712	87,817
	1,745,028	756,986
Less: Impairment loss	(152,444)	(152,444)
	1,592,584	604,542

Increase in cost of investment in associates and joint ventures represent 30% stake in Liberty Insurance Berhad. For further details, please refer to Note A29.

A15. OTHER ASSETS

	Group		Company	
	31.12.2022 RM'000	31.03.2022 RM'000	31.12.2022 RM'000	31.03.2022 RM'000
Trade receivables	295,106	432,591	-	-
Other receivables, deposits and prepayments	859,501	944,628	256	11,410
Interest/Profit receivable	453,178	456,844	-	-
Fee receivable	22,656	18,229	-	-
Amount due from associates and joint ventures	15,813	9,884	1,323	205
Amount due from agents, brokers and reinsurers	153,412	412,153	-	-
Foreclosed properties	2,642	2,634	-	-
Tax recoverable	161,810	168,371	1,581	-
Collateral pledged for derivative and securities transactions	547,152	446,809	-	-
	<u>2,511,270</u>	<u>2,892,143</u>	<u>3,160</u>	<u>11,615</u>
Less: Accumulated impairment losses	(8,348)	(6,824)	-	-
	<u>2,502,922</u>	<u>2,885,319</u>	<u>3,160</u>	<u>11,615</u>

A16. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		31.12.2022 RM'000	31.03.2022 RM'000
Reinsurance assets from general insurance business	(i)	-	518,225
Other insurance receivables	(ii)	-	62,480
		<u>-</u>	<u>580,705</u>
(i) Movements in allowances for impairment are as follows:			
Balance at beginning of the financial period/year		926	2,075
Writeback for the financial period/year		-	(1,149)
Disposal of subsidiary		(926)	-
Balance at end of the financial period/year		<u>-</u>	<u>926</u>
(ii) Other insurance receivables			
Due premiums including agents/brokers and co-insurers' balances		-	71,041
Amount owing by reinsurance and cedants		-	9,639
Accumulated impairment losses		-	(18,200)
		<u>-</u>	<u>62,480</u>
Movements in allowances for impairment are as follows:			
Balance at beginning of the financial period/year		18,200	18,732
Writeback for the financial period/year		(2,736)	(532)
Disposal of subsidiary		(15,464)	-
Balance at end of the financial period/year		<u>-</u>	<u>18,200</u>

As at 31 December 2022, reinsurance assets and other insurance receivables is at RM Nil due to derecognition of the balance as a result of the disposal of a subsidiary.

A17. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Demand deposits	31,647,806	33,709,677
Savings deposits	8,334,594	9,397,684
Term/Investment deposits	84,354,943	79,485,489
	<u>124,337,343</u>	<u>122,592,850</u>

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

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Due within six months	68,046,913	62,120,020
Six months to one year	13,658,386	15,645,790
Over one year to three years	2,528,879	1,540,070
Over three years to five years	120,765	179,609
	<u>84,354,943</u>	<u>79,485,489</u>

The deposits are sourced from the following types of customers:

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Government and statutory bodies	5,247,925	4,730,100
Business enterprises	63,077,571	61,314,620
Individuals	49,293,486	45,921,495
Others	6,718,361	10,626,635
	<u>124,337,343</u>	<u>122,592,850</u>

A18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Licensed banks	5,458,135	5,571,352
Licensed investment banks	562,381	651,726
Bank Negara Malaysia	1,356,371	1,270,123
Other financial institutions	2,778,825	2,401,384
	<u>10,155,712</u>	<u>9,894,585</u>

A19. OTHER LIABILITIES

	Group		Company	
	31.12.2022	31.03.2022	31.12.2022	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	372,719	761,368	-	-
Other payables and accruals	1,182,204	1,543,486	21,550	17,537
Interest payable on deposits and borrowings	730,331	561,674	-	-
Lease deposits and advance rental	49,843	47,830	-	-
Provision for commitments and contingencies	4,259	3,546	-	-
Allowances for ECL on loan/financing commitments and financial guarantees	251,154	303,197	-	-
Lease liabilities	243,992	191,465	-	-
Provision for reinstatement of leased properties	6,577	9,706	-	-
Amount due to subsidiaries	-	-	4,004	-
Settlement payable	-	515,000	-	515,000
Provision for taxation	79,143	61,532	-	1,290
Collateral received for derivative and securities transactions	488,762	229,098	-	-
Deferred income	74,460	74,960	-	-
	<u>3,483,444</u>	<u>4,302,862</u>	<u>25,554</u>	<u>533,827</u>

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

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
31.12.2022	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial period	28,926	26,330	247,941	303,197
Net allowances for/(writeback of) ECL	15,687	7,112	(74,954)	(52,155)
Transfer to 12-month ECL (Stage 1)	987	(6,308)	-	(5,321)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,320)	10,652	-	9,332
Transfer to Lifetime ECL credit impaired (Stage 3)	(42)	(571)	4,051	3,438
New exposures originated	19,696	14,012	8,284	41,992
Net remeasurement of allowances	3,899	(3,844)	(87,234)	(87,179)
Exposures derecognised	(7,533)	(6,829)	(55)	(14,417)
Foreign exchange differences	119	11	(18)	112
Balance at the end of the financial period	<u>44,732</u>	<u>33,453</u>	<u>172,969</u>	<u>251,154</u>

A19. OTHER LIABILITIES (CONT'D.)

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

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

A20. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.12.2022 RM'000	31.03.2022 RM'000
Insurance contract liabilities	(i)	-	2,625,284
Other insurance payables	(ii)	-	62,077
		<u>-</u>	<u>2,687,361</u>
 (i) Insurance contract liabilities			
		31.12.2022	
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		-	-
		<u>-</u>	<u>-</u>
		31.03.2022	
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		2,625,284	(518,225)
		<u>2,625,284</u>	<u>(518,225)</u>
		-	-
		<u>-</u>	<u>-</u>
 (ii) Other insurance payables			
		31.12.2022	31.03.2022
		RM'000	RM'000
		-	19,136
		-	42,941
		<u>-</u>	<u>62,077</u>

As at 31 December 2022, insurance contract liabilities and other insurance payables is at RM Nil due to derecognition of the balance as a result of the disposal of a subsidiary.

A21. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021 (Restated)	31.12.2022	31.12.2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits and placements				
with banks and other financial institutions	56,371	19,418	109,696	46,667
Financial assets at fair value through profit or loss	36,315	20,854	87,822	63,844
Financial investments at fair value through				
other comprehensive income	142,130	113,397	381,919	341,007
Financial investments at amortised cost	88,160	47,559	233,545	128,720
Loans and advances*	993,331	801,766	2,721,086	2,358,913
Impaired loans and advances	1,280	643	3,027	2,044
Others	10,788	3,971	22,387	9,506
	<u>1,328,375</u>	<u>1,007,608</u>	<u>3,559,482</u>	<u>2,950,701</u>
Company				
Short-term funds and deposits and placements with				
banks and other financial institutions	1,523	4,021	5,610	16,573

* Included in the interest income of loans and advances of the Group is the net loss of RM3.86 million (31.12.2021: net gain of RM30.9 million) arising from government support measures implemented in response to COVID-19 pandemic.

A22. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	481,917	318,148	1,238,095	959,500
Deposits and placements of banks and other				
financial institutions	56,023	19,752	127,003	63,335
Senior notes	3,090	67	9,237	67
Credit-Linked Notes	-	-	-	3,673
Securities sold under repurchase agreements	82,670	8,404	135,978	15,191
Recourse obligation on loans sold to Cagamas Berhad	57,145	52,685	147,297	150,269
Term loan	5,496	645	10,869	2,738
Debt Capital	40,012	37,281	114,068	111,437
Other structured products and others	9,562	2,226	18,086	7,099
	<u>735,915</u>	<u>439,208</u>	<u>1,800,633</u>	<u>1,313,309</u>

A23. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Fee and commission income:				
Fees on loans and securities	44,208	53,853	113,223	123,516
Corporate advisory	8,173	1,290	15,162	12,598
Guarantee fees	13,518	11,487	38,097	34,437
Underwriting commission	59	241	2,701	782
Portfolio management fees	11,349	6,602	31,866	35,967
Unit trust fees, commission and charges	38,255	49,668	112,891	137,899
Property trust management fees	1,664	1,733	5,018	5,056
Brokerage fees and commission	7,671	9,710	21,474	34,378
Bancassurance commission	9,447	7,547	25,141	20,210
Wealth management fees	3,559	2,758	12,169	16,635
Remittances	6,887	5,770	21,000	16,723
Fees, service and commission charges	8,176	6,925	25,350	18,494
Placement fees	2,378	3,833	2,978	6,370
Others	7,474	4,929	16,733	15,204
	<u>162,818</u>	<u>166,346</u>	<u>443,803</u>	<u>478,269</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets at fair value through profit or loss	28,453	(1,174)	14,682	(5,699)
Net gain from sale of financial investments at fair value through other comprehensive income	63	1,055	23	4,061
Net gain/(loss) on revaluation of financial assets at fair value through profit or loss	6,858	15,341	(17,250)	25,895
Net gain on redemption of financial liabilities at fair value through profit or loss	-	313	-	313
Net gain on revaluation of financial liabilities at fair value through profit or loss	-	59	-	59
Net (loss)/gain on foreign exchange	(60,076)	7,718	184,514	81,469
Net gain on derivatives	114,448	15,660	1,512	44,150
Dividend income from:				
Financial assets at fair value through profit or loss	16,856	12,163	20,876	15,634
Financial investments at fair value through other comprehensive income	603	-	2,639	3,706
Others	(436)	290	213	5,552
	<u>106,769</u>	<u>51,425</u>	<u>207,209</u>	<u>175,140</u>
Other income:				
Net gain on non-trading foreign exchange	308	409	187	742
Net gain/(loss) on disposal of property and equipment	23	(9)	42	-
Rental income	97	210	213	351
Profit from sale of goods and services	4,161	4,283	12,350	13,113
Others	5,632	583	11,802	1,704
	<u>10,221</u>	<u>5,476</u>	<u>24,594</u>	<u>15,910</u>
	<u>279,808</u>	<u>223,247</u>	<u>675,606</u>	<u>669,319</u>

A23. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	-	50,245	396,947	193,058
Financial assets at fair value through profit or loss	8	6	22	18
	<u>8</u>	<u>50,251</u>	<u>396,969</u>	<u>193,076</u>
Other income:				
Others	3,901	206	6,602	650
	<u>3,901</u>	<u>206</u>	<u>6,602</u>	<u>650</u>
	<u>3,909</u>	<u>50,457</u>	<u>403,571</u>	<u>193,726</u>

A24. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Personnel costs:				
Salaries, allowances and bonuses	247,703	217,770	716,164	642,773
Shares granted under ESS				
- charge/(writeback)	3,360	2,057	14,364	(9,249)
Contributions to Employees' Provident Fund ("EPF")/Private Retirement Schemes	39,211	35,240	113,671	104,934
Social security cost	2,103	1,766	5,741	5,333
Other staff related expenses	30,320	29,654	91,485	77,705
	<u>322,697</u>	<u>286,487</u>	<u>941,425</u>	<u>821,496</u>
Establishment costs:				
Depreciation of property and equipment	14,230	14,547	38,981	45,767
Depreciation of right-of-use assets	17,467	16,978	55,893	51,728
Amortisation of intangible assets	20,905	18,854	58,581	69,847
Computerisation costs	45,426	49,373	145,438	115,281
Rental of premises	289	321	(3,282)	1,103
Cleaning, maintenance and security	9,244	7,289	23,606	19,820
Finance costs:				
- interest on lease liabilities	1,751	1,561	4,923	5,252
- provision for reinstatement of leased properties	20	26	64	83
Others	9,030	7,667	25,759	21,653
	<u>118,362</u>	<u>116,616</u>	<u>349,963</u>	<u>330,534</u>
Marketing and communication expenses:				
Sales commission	206	1,120	1,672	3,861
Advertising, promotional and other marketing activities	4,595	6,196	13,841	9,509
Telephone charges	4,784	5,223	14,646	14,498
Postage	3,075	2,487	7,729	8,184
Travelling and entertainment	1,548	617	3,904	1,789
Others	2,563	2,561	7,008	6,660
	<u>16,771</u>	<u>18,204</u>	<u>48,800</u>	<u>44,501</u>

A24. OTHER OPERATING EXPENSES (CONT'D.)

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Administration and general expenses:				
Professional services	14,744	16,617	43,905	49,801
Travelling	634	353	1,840	856
Insurance	1,938	1,271	7,366	4,666
Subscriptions and periodicals	2,222	2,071	6,207	6,908
Others	19,897	4,214	38,864	41,560
	<u>39,435</u>	<u>24,526</u>	<u>98,182</u>	<u>103,791</u>
Total	<u>497,265</u>	<u>445,833</u>	<u>1,438,370</u>	<u>1,300,322</u>

Company	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Establishment costs:				
Depreciation of property and equipment	2	1	6	1
Computerisation costs	62	57	247	213
Others	25	-	44	-
	<u>89</u>	<u>58</u>	<u>297</u>	<u>214</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	46	-	84	1
Telephone charges	-	-	1	1
Travelling and entertainment	7	-	22	7
Others	1	-	1	1
	<u>54</u>	<u>-</u>	<u>108</u>	<u>10</u>
Administration and general expenses:				
Professional services	387	255	1,223	2,559
Travelling	-	7	7	19
Insurance	-	22	1	22
Subscriptions and periodicals	3	-	3	3
Others	939	1,013	2,993	(594)
	<u>1,329</u>	<u>1,297</u>	<u>4,227</u>	<u>2,009</u>
Service transfer pricing expense, net	9,281	3,161	18,615	10,079
Total	<u>10,753</u>	<u>4,516</u>	<u>23,247</u>	<u>12,312</u>

A25. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 (Restated) RM'000	31.12.2022 RM'000	31.12.2021 (Restated) RM'000
Impairment on loans, advances and financing:				
Allowances for ECL	271,629	299,971	559,827	724,240
Impaired loans, advances and financing recovered, net	(67,980)	(48,011)	(222,369)	(166,230)
	<u>203,649</u>	<u>251,960</u>	<u>337,458</u>	<u>558,010</u>

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

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021 (Restated)	31.12.2022	31.12.2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Financial investments				
Financial investments at fair value through other comprehensive income	3,349	4,634	4,954	19,192
Financial investments at amortised cost	11,586	44,035	10,179	84,520
	<u>14,935</u>	<u>48,669</u>	<u>15,133</u>	<u>103,712</u>
Other financial assets				
Cash and short-term funds	1,214	(1,713)	994	(529)
Deposits and placements with banks and other financial institutions	228	(1,001)	(877)	13
Other assets	(172)	301	2,090	441
	<u>1,270</u>	<u>(2,413)</u>	<u>2,207</u>	<u>(75)</u>

A27. BUSINESS SEGMENT ANALYSIS

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

- (a) **Retail Banking**
Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.
- (b) **Business Banking**
Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans and Project Financing.
- (c) **Wholesale Banking**
Wholesale Banking comprises Corporate Banking and Group Treasury and Markets.
 - (i) Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
 - (ii) Group Treasury and Markets includes proprietary trading as well as provides full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants. It also offers customised investment solutions for customers.
- (d) **Investment Banking**
Investment Banking provides a full range of integrated solutions and services, which include corporate finance M&A advisory, equity and debt capital markets, private banking and stockbroking services.
- (e) **Fund Management**
Fund Management manages a broad range of investment mandates and unit trust funds across the risk-return spectrum for individuals, corporates and institutions, and provides fund distribution support services for institutional distributors. Fund Management also manages Private Retirement Schemes and Exchange Traded Funds.
- (f) **Insurance, from continuing business**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household through our associates with effective August 2022. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (g) **Group Funding and Others**
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.
- (h) **Insurance, from discontinued operation**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household.

Measurement of segment performance

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

Note:

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

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Continuing Operations								Discontinued Operation		
	Retail banking	Business banking	Corporate banking	Treasury and Markets	Investment banking	Fund management	Insurance	Group funding and others	Total	Insurance	Total
For the financial period ended 31.12.2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External net income	1,789,571	591,272	982,318	182,558	153,535	111,767	31,287	(394,293)	3,448,015	129,543	3,577,558
Intersegments net income	(365,773)	(85,231)	(387,337)	336,607	(27,159)	-	-	535,177	6,284	(6,284)	-
	<u>1,423,798</u>	<u>506,041</u>	<u>594,981</u>	<u>519,165</u>	<u>126,376</u>	<u>111,767</u>	<u>31,287</u>	<u>140,884</u>	<u>3,454,299</u>	<u>123,259</u>	<u>3,577,558</u>
Net interest and funding income	1,241,755	398,712	486,523	383,900	37,065	1,211	173	124,880	2,674,219	42,389	2,716,608
Insurance and other operating income	180,641	107,329	108,458	135,265	89,311	110,556	20	13,782	745,362	80,870	826,232
Share in results of associates and joint ventures	1,402	-	-	-	-	-	31,094	2,222	34,718	-	34,718
Net income	<u>1,423,798</u>	<u>506,041</u>	<u>594,981</u>	<u>519,165</u>	<u>126,376</u>	<u>111,767</u>	<u>31,287</u>	<u>140,884</u>	<u>3,454,299</u>	<u>123,259</u>	<u>3,577,558</u>
Other operating expenses	(668,539)	(150,355)	(132,942)	(56,588)	(91,237)	(50,494)	(67)	(288,148)	(1,438,370)	(106,369)	(1,544,739)
of which:											
Depreciation of property and equipment	(11,964)	(1,279)	(946)	(346)	(563)	(130)	-	(23,753)	(38,981)	(1,237)	(40,218)
Depreciation of right-of-use assets	-	-	-	-	-	-	-	(55,893)	(55,893)	(4,009)	(59,902)
Amortisation of intangible assets	(16,297)	(775)	(4,249)	(4,564)	(416)	(282)	-	(31,998)	(58,581)	(6,065)	(64,646)
Profit/(Loss) before impairment losses	<u>755,259</u>	<u>355,686</u>	<u>462,039</u>	<u>462,577</u>	<u>35,139</u>	<u>61,273</u>	<u>31,220</u>	<u>(147,264)</u>	<u>2,015,929</u>	<u>16,890</u>	<u>2,032,819</u>
(Allowances for)/Writeback of impairment on loans, advances and financing	(234,366)	(107,429)	(21,803)	-	153	-	-	25,987	(337,458)	-	(337,458)
(Allowances for)/Writeback of impairment on other assets	(69)	-	(11,338)	(7,094)	(786)	-	-	1,947	(17,340)	(113,245)	(130,585)
Provision for commitments and contingencies - (charge)/writeback	(9,516)	(25,175)	86,790	-	-	-	-	(657)	51,442	-	51,442
Other recoveries, net	-	-	-	508	-	-	-	14	522	6	528
Profit/(Loss) before taxation and zakat	<u>511,308</u>	<u>223,082</u>	<u>515,688</u>	<u>455,991</u>	<u>34,506</u>	<u>61,273</u>	<u>31,220</u>	<u>(119,973)</u>	<u>1,713,095</u>	<u>(96,349)</u>	<u>1,616,746</u>
Taxation and zakat	(122,385)	(54,401)	(120,585)	(99,657)	(7,425)	(11,763)	(8)	28,897	(387,327)	18,879	(368,448)
Profit/(Loss) for the financial period	<u>388,923</u>	<u>168,681</u>	<u>395,103</u>	<u>356,334</u>	<u>27,081</u>	<u>49,510</u>	<u>31,212</u>	<u>(91,076)</u>	<u>1,325,768</u>	<u>(77,470)</u>	<u>1,248,298</u>
Other information											
Total segment assets	71,749,596	19,802,120	34,867,030	57,251,559	2,670,491	114,813	1,504,489	(2,755,026)	185,205,072	-	185,205,072
Total segment liabilities	59,429,390	15,381,538	15,577,946	64,334,865	1,182,794	27,343	18,557	11,651,169	167,603,602	-	167,603,602
Cost to income ratio	47.0%	29.7%	22.3%	10.9%	72.2%	45.2%	0.2%	>100.0%	41.6%	86.3%	43.2%
Gross loans, advances and financing	71,672,047	20,068,189	32,686,284	-	2,158,340	-	-	(246,529)	126,338,331	-	126,338,331
Net loans, advances and financing	70,507,270	19,794,301	32,183,111	-	2,158,340	-	-	(248,364)	124,394,658	-	124,394,658
Impaired loans, advances and financing	1,343,589	331,130	365,793	-	-	-	-	-	2,040,512	-	2,040,512
Total deposits	58,568,617	15,134,105	15,264,976	49,081,851	933,265	-	-	(4,489,759)	134,493,055	-	134,493,055
Additions to:											
Property and equipment	6,349	523	209	63	323	76	-	29,346	36,889	230	37,119
Intangible assets	13,796	266	2,851	20	1,138	668	-	27,790	46,529	2,765	49,294

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Continuing Operations								Discontinued Operation		
	Retail banking	Business banking	Corporate banking	Group Treasury and Markets	Investment banking	Fund management	Insurance	Group funding and others	Total	Insurance	Total
For the financial period ended 31.12.2021 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External net income	1,620,083	491,288	794,994	240,639	176,260	115,084	16,272	(340,312)	3,114,308	427,533	3,541,841
Intersegments net income	(356,573)	(79,635)	(276,061)	223,432	(21,648)	-	-	521,919	11,434	(11,434)	-
	<u>1,263,510</u>	<u>411,653</u>	<u>518,933</u>	<u>464,071</u>	<u>154,612</u>	<u>115,084</u>	<u>16,272</u>	<u>181,607</u>	<u>3,125,742</u>	<u>416,099</u>	<u>3,541,841</u>
Net interest and funding income	1,069,266	326,108	419,708	360,228	32,400	1,034	(15,771)	176,514	2,369,487	93,592	2,463,079
Insurance and other operating income	195,030	85,545	99,225	103,843	122,212	114,050	64	1,424	721,393	322,507	1,043,900
Share in results of associates and joint ventures	(786)	-	-	-	-	-	31,979	3,669	34,862	-	34,862
Net income	<u>1,263,510</u>	<u>411,653</u>	<u>518,933</u>	<u>464,071</u>	<u>154,612</u>	<u>115,084</u>	<u>16,272</u>	<u>181,607</u>	<u>3,125,742</u>	<u>416,099</u>	<u>3,541,841</u>
Other operating expenses	(627,964)	(107,716)	(130,199)	(59,012)	(78,570)	(50,390)	(61)	(246,410)	(1,300,322)	(236,583)	(1,536,905)
of which:											
Depreciation of property and equipment	(13,287)	(1,389)	(1,053)	(154)	(630)	(154)	-	(29,100)	(45,767)	(3,088)	(48,855)
Depreciation of right-of-use assets	-	-	-	-	-	-	-	(51,728)	(51,728)	(9,407)	(61,135)
Amortisation of intangible assets	(16,414)	(633)	(4,086)	(1,608)	(484)	(136)	-	(46,486)	(69,847)	(14,241)	(84,088)
Profit/(Loss) before impairment losses	<u>635,546</u>	<u>303,937</u>	<u>388,734</u>	<u>405,059</u>	<u>76,042</u>	<u>64,694</u>	<u>16,211</u>	<u>(64,803)</u>	<u>1,825,420</u>	<u>179,516</u>	<u>2,004,936</u>
(Allowances for)/Writeback of impairment on loans, advances and financing	(88,946)	(66,885)	(406,275)	-	10,108	-	-	(6,012)	(558,010)	-	(558,010)
Allowances for impairment on other assets	(61)	-	(11,221)	(13,753)	(393)	-	-	(78,209)	(103,637)	(112)	(103,749)
Provision for commitments and contingencies - writeback/(charge)	8,057	(6,557)	3,797	-	-	-	-	(53,514)	(48,217)	-	(48,217)
Other recoveries/(write-offs), net	-	-	-	-	47	-	-	28	75	(68)	7
Impairment of investment in associate	-	-	-	-	-	-	-	(4,625)	(4,625)	-	(4,625)
Profit/(Loss) before taxation and zakat	<u>554,596</u>	<u>230,495</u>	<u>(24,965)</u>	<u>391,306</u>	<u>85,804</u>	<u>64,694</u>	<u>16,211</u>	<u>(207,135)</u>	<u>1,111,006</u>	<u>179,336</u>	<u>1,290,342</u>
Taxation and zakat	(131,766)	(52,146)	7,713	(81,889)	(19,346)	(13,262)	2,704	206,749	(81,243)	(32,094)	(113,337)
Profit/(Loss) for the financial period	<u>422,830</u>	<u>178,349</u>	<u>(17,252)</u>	<u>309,417</u>	<u>66,458</u>	<u>51,432</u>	<u>18,915</u>	<u>(386)</u>	<u>1,029,763</u>	<u>147,242</u>	<u>1,177,005</u>
Other information											
Total segment assets	67,734,210	17,864,474	30,909,247	54,762,968	2,398,264	119,278	536,242	(122,154)	174,202,529	5,358,373	179,560,902
Total segment liabilities	54,759,630	14,024,892	15,048,313	59,283,874	1,094,503	29,314	528,308	14,416,626	159,185,460	2,992,195	162,177,655
Cost to income ratio	49.7%	26.2%	25.1%	12.7%	50.8%	43.8%	0.4%	>100.0%	41.6%	56.9%	43.4%
Gross loans, advances and financing	67,517,947	18,070,068	29,827,228	-	1,799,259	-	-	(91,378)	117,123,124	419	117,123,543
Net loans, advances and financing	66,475,896	17,854,612	29,200,637	-	1,799,121	-	-	(373,720)	114,956,546	349	114,956,895
Impaired loans, advances and financing	756,868	260,193	590,991	-	138	-	-	-	1,608,190	-	1,608,190
Total deposits	54,099,727	13,863,775	14,848,846	51,321,046	759,564	-	-	(2,202,733)	132,690,225	-	132,690,225
Additions to:											
Property and equipment	5,443	252	400	348	774	307	-	9,081	16,605	2,428	19,033
Intangible assets	11,580	247	5,046	10,736	704	36	-	17,119	45,468	3,966	49,434

A28. VALUATION OF PROPERTY AND EQUIPMENT

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

A29. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

Disposal of AmGeneral Insurance Berhad to Liberty Insurance Berhad

On 19 July 2021, AmGeneral Holdings Berhad ("AGHB"), a 51%-owned subsidiary of the Company entered into an Implementation Agreement with Liberty Insurance Berhad ("LIB") whereby AGHB will dispose its wholly-owned subsidiary, AmGeneral Insurance Berhad ("AGIB"), to LIB for approximately RM2,290 million (subject to adjustments), to be satisfied via a combination of cash and shares in LIB.

Upon receiving the approval from the Higher Court of Malaysia on 7 July 2022, AGHB undertook selective capital reduction ("SCR") and capital repayment in respect of IAG International Pty Limited's 49% shareholding in AGHB comprising of 93,100,000 ordinary shares. IAG received a total capital repayment amount of RM1,076 million and ceased to be a shareholder of AGHB.

The disposal completed on 28 July 2022 and has resulted in an estimated loss of RM53.9 million to the Group as shown below:

	Group	
	RM'000	RM'000
Cash and short-term funds		187,774
Deposits and placements with banks and other financial institutions		21,486
Financial assets at fair value through profit or loss		3,695,277
Loans, advances and financing		292
Deferred tax assets		46,427
Other assets		81,628
Reinsurance assets and other insurance receivables		567,502
Property and equipment		11,641
Right-of-use assets		8,003
Intangible assets (excluding goodwill)		35,657
Assets held for sale		1,562
Other liabilities		(333,824)
Insurance contract liabilities and other insurance payables		(2,647,451)
Net assets disposed		1,675,974
Attributable goodwill recognised in income statement		717,070
Disposal cost incurred		15,715
Agreed ceded amount from IAG International Pty Limited ("IAG")		(58,100)
Total estimated sales considerations:		
Agreed proceeds settled by cash	(1,351,000)	
Agreed proceeds settled by shares in LIB	(939,000)	
Estimated adjustment to disposal proceeds settled by cash	12,381	
Estimated adjustment - settled by shares in LIB	(19,147)	(2,296,766)
Estimated net loss on disposal to the Group		53,893
Estimated net loss on the disposal of AGIB, attributable to equity holders of the Company		6,621
Estimated net loss on the disposal of AGIB, attributable to IAG		47,272
Estimated net loss on disposal to the Group		53,893

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

(a) Dissolution of subsidiary

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

(b) AmGeneral Insurance Berhad ceased to be subsidiary of AmGeneral Holdings Berhad with effect from 28 July 2022 following the completion of disposal as further disclosed in Note A29.

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

A31. COMMITMENTS AND CONTINGENCIES

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

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

	Group	
	31.12.2022	31.03.2022
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	19,189,267	17,485,076
over one year	3,494,438	2,516,528
Unutilised credit card lines	5,479,508	5,126,496
Forward asset purchases	672,302	60,257
	<u>28,835,515</u>	<u>25,188,357</u>
Contingent Liabilities		
Direct credit substitutes	2,997,087	2,972,783
Transaction related contingent items	4,267,427	4,295,291
Obligations under underwriting agreements	174,737	130,000
Short-term self-liquidating trade-related contingencies	895,587	604,427
	<u>8,334,838</u>	<u>8,002,501</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	35,225,280	39,195,917
One year or less	12,180,898	12,051,408
Over one year to five years	19,193,168	20,836,522
Over five years	3,851,214	6,307,987
Foreign exchange related contracts:	44,312,024	48,628,852
One year or less	36,523,974	40,258,048
Over one year to five years	6,131,577	6,154,545
Over five years	1,656,473	2,216,259
Equity and commodity related contracts:	1,403,009	1,645,753
One year or less	1,324,498	1,570,386
Over one year to five years	78,511	75,367
	<u>80,940,313</u>	<u>89,470,522</u>
	<u>118,110,666</u>	<u>122,661,380</u>

A31. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

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

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

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

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

AGIB has submitted:

- (a) Notice of Appeal to MyCC pursuant to Section 51 of the CA 2010 on 13 October 2020
- (b) Application for Stay to the Competition Appeal Tribunal ("COMPAT") pursuant to Section 53 of the CA 2010 on 23 October 2020
- (c) Application for a Judicial Review at the Malaysian High Court on 24 December 2020

On 23 March 2021, the COMPAT panel unanimously decided to grant a stay of the financial penalties pending the disposal of the appeal.

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

Judicial Review was heard on 20 October 2021 and the High Court allowed MyCC's application to set aside the leave and stay order granted by the High Court. Subsequently, AGIB lodged an appeal to the Court of Appeal on 18 November 2021 to preserve its rights.

On 2 September 2022, the COMPAT had unanimously allowed the PIAM's appeal and MyCC's decision was being set aside. As such, AGIB withdrew its appeal on the Judicial Review to the Court of Appeal after decision by COMPAT.

The affidavit was filed with the High Court of Kuala Lumpur on 3 January 2023 and hearing date has set on 8 May 2023 for AGIB to submit objection to MyCC's application for leave to file judicial review against AGIB.

A32. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	31.12.2022			31.03.2022		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest/Profit rate related contracts:	34,875,280	458,199	249,606	38,845,917	424,297	345,542
- One year or less	12,180,898	29,491	23,961	12,051,408	54,274	49,463
- Over one year to three years	11,275,500	142,025	71,292	15,851,862	125,730	119,451
- Over three years	11,418,882	286,683	154,353	10,942,647	244,293	176,628
Foreign exchange related contracts:	44,312,024	480,646	945,359	48,628,852	341,606	372,353
- One year or less	36,523,974	274,053	553,957	40,258,048	124,735	105,866
- Over one year to three years	4,406,074	120,005	182,683	5,031,525	142,909	144,524
- Over three years	3,381,976	86,588	208,719	3,339,279	73,962	121,963
Equity and commodity related contracts:	1,403,009	20,529	28,898	1,645,753	55,470	74,386
- One year or less	1,324,498	14,904	23,245	1,570,386	47,256	66,123
- Over one year to three years	78,511	5,625	5,653	75,367	8,214	8,263
	<u>80,590,313</u>	<u>959,374</u>	<u>1,223,863</u>	<u>89,120,522</u>	<u>821,373</u>	<u>792,281</u>
Hedging derivatives						
Interest/Profit rate related contracts:						
Interest/Profit rate swaps:						
Fair value hedge	350,000	-	3,565	350,000	-	11,282
- Over one year to three years	350,000	-	3,565	350,000	-	11,282
Total	<u>80,940,313</u>	<u>959,374</u>	<u>1,227,428</u>	<u>89,470,522</u>	<u>821,373</u>	<u>803,563</u>

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

About 2.1% (31 March 2022: 2.5%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

Group 31.12.2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Derivative financial assets	9	959,365	-	959,374
Financial assets at fair value through profit or loss				
- Money market securities	-	5,555,749	-	5,555,749
- Shares	1,040,211	-	31	1,040,242
- Unit trusts	40,765	2,299	-	43,064
- Quoted corporate bonds and sukuk	-	13,055	-	13,055
- Unquoted corporate bonds and sukuk	-	1,212,497	-	1,212,497
Financial investments at fair value through other comprehensive income				
- Money market securities	-	11,463,049	-	11,463,049
- Shares	-	-	682,858	682,858
- Unquoted corporate bonds and sukuk	-	11,328,494	-	11,328,494
	<u>1,080,985</u>	<u>30,534,508</u>	<u>682,889</u>	<u>32,298,382</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	<u>12,501</u>	<u>1,214,927</u>	<u>-</u>	<u>1,227,428</u>

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

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

Company 31.12.2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,150	-	1,150
Group 31.03.2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Derivative financial assets				
	2,090	819,283	-	821,373
Financial assets at fair value through profit or loss				
- Money market securities	-	2,173,041	-	2,173,041
- Shares	1,124,249	-	31	1,124,280
- Unit trusts	177,091	1,128	-	178,219
- Quoted corporate bonds and sukuk	-	13,315	-	13,315
- Unquoted corporate bonds and sukuk	-	3,727,705	-	3,727,705
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,498,176	-	8,498,176
- Shares	-	-	675,089	675,089
- Unquoted corporate bonds and sukuk	-	9,583,492	-	9,583,492
	<u>1,303,430</u>	<u>24,816,140</u>	<u>675,120</u>	<u>26,794,690</u>
Financial liabilities measured at fair value				
Derivative financial liabilities				
	<u>26,965</u>	<u>776,598</u>	<u>-</u>	<u>803,563</u>
Company 31.03.2022				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,128	-	1,128

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

Movements in Level 3 financial instruments measured at fair value

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

Group	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Total RM'000
31.12.2022			
Balance at beginning of the financial period	31	675,089	675,120
Total gains recognised in other comprehensive income under fair value reserve	-	7,769	7,769
Balance at end of the financial period	<u>31</u>	<u>682,858</u>	<u>682,889</u>
31.03.2022			
Balance at beginning of the financial year	34	686,792	686,826
Loss on revaluation of financial assets at FVTPL taken up in statement of profit or loss	(3)	-	(3)
Total gains recognised in other comprehensive income under fair value reserve	-	3,148	3,148
Additions	-	6	6
Disposals	-	(14,857)	(14,857)
Balance at end of the financial year	<u>31</u>	<u>675,089</u>	<u>675,120</u>

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

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

Group	31.12.2022 RM'000	31.03.2022 RM'000
Financial assets at FVTPL:		
Total loss included in:		
- investment and trading income in statement of profit or loss	-	(3)
Financial investments at FVOCI:		
Total gains included in:		
- fair value reserve in statement of comprehensive income	7,769	3,148

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

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

A34. CAPITAL ADEQUACY

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

	31.12.2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
CET1 Capital Ratio	12.270%	12.498%	36.476%	12.734%
Tier 1 Capital Ratio	12.270%	12.498%	36.476%	12.735%
Total Capital Ratio	17.038%	17.268%	37.296%	15.982%
31.03.2022				
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Tier 1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Total Capital Ratio	16.109%	17.292%	34.077%	15.456%
After deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Tier 1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Total Capital Ratio	16.109%	17.292%	26.456%	15.315%

Notes:

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

	31.12.2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
CET1 Capital Ratio	11.876%	11.945%	36.475%	12.299%
Tier 1 Capital Ratio	11.876%	11.945%	36.475%	12.299%
Total Capital Ratio	16.835%	16.856%	37.296%	15.775%
31.03.2022				
Before deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Tier 1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Total Capital Ratio	15.967%	16.948%	34.077%	15.324%
After deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Tier 1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Total Capital Ratio	15.967%	16.948%	26.456%	15.184%

A34. CAPITAL ADEQUACY (CONT'D.)

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

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

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

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

	31.12.2022			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
CET1 Capital				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	7,309,604	2,863,603	123,626	10,332,964
Fair value reserve	215,413	(26,435)	1,956	387,017
Foreign exchange translation reserve	104,020	-	-	110,600
Treasury shares	-	-	-	(19,352)
Regulatory reserve	137,885	39,032	9,697	186,614
Cash flow hedging deficit	(5,443)	-	-	(5,443)
Other remaining disclosed reserves	-	-	-	23,085
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(204,780)	(311)	(3,248)	(209,755)
Deferred tax assets	(192,668)	(67,593)	(3,941)	(253,558)
55% of cumulative gains in fair value reserve	(118,477)	-	(1,076)	(212,859)
Cash flow hedging deficit	5,443	-	-	5,443
Regulatory reserve	(137,885)	(39,032)	(9,697)	(186,614)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(11)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,619)	(153)	-	(1,622)
Other CET1 regulatory adjustments specified by BNM	336,562	192,221	3	527,240
CET1 Capital	10,488,509	4,348,439	397,511	15,422,508

A34. CAPITAL ADEQUACY (CONT'D.)

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

	31.12.2022			Group RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>Additional Tier 1 Capital</u>				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	421
Tier 1 Capital	10,488,509	4,348,439	397,511	15,422,929
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,270,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,758,633
General provisions*	805,691	359,628	8,944	1,174,421
Tier 2 Capital	4,075,691	1,659,628	8,944	3,933,054
Total Capital	14,564,200	6,008,067	406,455	19,355,983

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

Credit RWA	77,548,199	34,254,562	715,550	109,116,603
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,553,966)	-	(4,500)
Total Credit RWA	77,548,199	32,700,596	715,550	109,112,103
Market RWA	1,843,810	158,788	35,708	3,377,203
Operational RWA	5,082,871	1,934,251	338,541	7,610,085
Large exposure risk RWA for equity holdings	1,008,154	-	-	1,009,076
Total RWA	85,483,034	34,793,635	1,089,799	121,108,467

A34. CAPITAL ADEQUACY (CONT'D.)

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

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

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

A35. DISCONTINUED OPERATION

The results of AGIB for the financial period 31 December 2022 have been presented separately in the income statements as "Profit after taxation from discontinued operation".

Corresponding reclassifications have been made to the prior year's income statements to allow for fair comparison of operational performance of AGIB.

Income statements disclosures

The results of AGIB for the period ended 31 December are as follows:

	Note	Group			
		Individual Quarter		Cumulative Quarter	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
Interest income		-	30,812	42,389	93,592
Income from insurance business		-	335,184	457,976	1,009,181
Insurance claims and commissions		-	(224,030)	(290,902)	(655,308)
Net income from insurance business		-	111,154	167,074	353,873
Other operating loss	(i)	-	(21,148)	(32,311)	(31,366)
Estimated loss on disposal of subsidiary		-	-	(53,893)	-
Net income		-	120,818	123,259	416,099
Other operating expenses	(ii)	-	(82,845)	(106,369)	(236,583)
Operating profit		-	37,973	16,890	179,516
Writeback of/(Allowances for) impairment on insurance receivables		-	768	2,736	(112)
Other recoveries/(write-offs), net		-	14	6	(68)
Impairment of Kurnia Brand, agent relationship and other assets		-	-	(115,981)	-
Profit/(Loss) before taxation from discontinued operations		-	38,755	(96,349)	179,336
Taxation		-	(6,907)	18,879	(32,094)
Profit/(Loss) for the period from discontinued operations		-	31,848	(77,470)	147,242
Attributable to:					
Equity holders of the Company		-	18,410	(18,412)	81,495
Non-controlling interests		-	13,438	(59,058)	65,747
		-	31,848	(77,470)	147,242

(i) Other operating loss

	Group				
	Individual Quarter		Cumulative Quarter		
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	
	RM'000	RM'000	RM'000	RM'000	
Fee and commission income:					
Bancassurance commission		-	(4,666)	(6,284)	(11,434)
Investment and trading income:					
Net (loss)/gain from sale of financial assets at fair value through profit or loss		-	(932)	405	2,262
Net loss on revaluation of financial assets at fair value through profit or loss		-	(17,251)	(27,798)	(25,256)
(Loss)/Gain on foreign exchange		-	(1)	27	1
Dividend income from financial assets at fair value through profit or loss		-	1,255	1,138	3,725
		-	(16,929)	(26,228)	(19,268)
Other income:					
Net gain on disposal of property and equipment		-	-	9	-
Rental income		-	-	9	76
Others		-	447	183	(740)
		-	447	201	(664)
		-	(21,148)	(32,311)	(31,366)

A35. DISCONTINUED OPERATIONS (CONT'D.)

(ii) Other Operating Expenses

	Group			
	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	-	32,184	41,033	95,664
Shares granted under ESS - charge/(writeback)	-	133	109	(703)
Contributions to Employees' Provident Fund ("EPF")/ Private Retirement Schemes	-	5,316	6,343	14,970
Social security cost	-	284	377	861
Other staff related expenses	-	3,383	6,153	8,837
	<u>-</u>	<u>41,300</u>	<u>54,015</u>	<u>119,629</u>
Establishment costs:				
Depreciation of property and equipment	-	1,024	1,237	3,088
Depreciation of right-of-use assets	-	3,049	4,009	9,407
Amortisation of intangible assets	-	4,751	6,065	14,241
Computerisation costs	-	6,649	7,731	19,640
Rental of premises	-	(1)	(2)	(12)
Cleaning, maintenance and security	-	1,646	1,638	3,285
Finance costs:				
- interest on lease liabilities	-	171	144	905
Others	-	519	523	1,397
	<u>-</u>	<u>17,808</u>	<u>21,345</u>	<u>51,951</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	-	10,172	13,005	27,152
Telephone charges	-	552	650	1,597
Postage	-	95	93	209
Travelling and entertainment	-	657	1,361	1,836
Others	-	204	153	965
	<u>-</u>	<u>11,680</u>	<u>15,262</u>	<u>31,759</u>
Administration and general expenses:				
Professional services	-	1,475	2,887	4,517
Travelling	-	125	173	277
Insurance	-	48	60	145
Subscriptions and periodicals	-	31	26	116
Others	-	6,616	7,488	17,788
	<u>-</u>	<u>8,295</u>	<u>10,634</u>	<u>22,843</u>
Service transfer pricing expense, net	-	3,762	5,113	10,401
Total	<u>-</u>	<u>82,845</u>	<u>106,369</u>	<u>236,583</u>

Statements of cash flows disclosures

The cash flows attributable to AGIB for the period ended 31 December are as follows:

	Group	
	31.12.2022	31.12.2021
	RM'000	RM'000
Operating activities	97,806	101,502
Investing activities	(2,968)	(6,390)
Financing activities	(4,140)	(9,850)
Net increase in cash and cash equivalents for the financial period	<u>90,698</u>	<u>85,262</u>

A36. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2022**

	Note	Group	
		31.12.2022 RM'000	31.03.2022 RM'000
ASSETS			
Cash and short-term funds		1,014,431	3,599,095
Derivative financial assets		48,804	51,661
Financial assets at fair value through profit or loss		881,366	986,968
Financial investments at fair value through other comprehensive income		6,154,415	4,450,620
Financial investments at amortised cost		4,004,290	3,033,252
Financing and advances	(a)	43,976,048	38,653,868
Statutory deposit with Bank Negara Malaysia		856,000	167,000
Deferred tax assets		67,559	61,176
Other assets		330,624	286,825
Property and equipment		311	363
Right-of-use assets		2,184	2,066
Intangible assets		311	495
TOTAL ASSETS		57,336,343	51,293,389
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(b)	41,171,301	37,590,250
Investment accounts of customers	(c)	19,763	377,861
Deposits and placements of banks and other financial institutions		5,265,994	3,634,435
Securities sold under repurchase agreements		263,512	-
Investment account due to a licensed bank	(d)	1,545,307	1,710,663
Recourse obligation on financing sold to Cagamas Berhad		2,115,004	1,500,000
Derivative financial liabilities		49,704	60,038
Term funding		834,889	834,836
Subordinated Sukuk		1,300,000	1,300,000
Other liabilities	(e)	507,562	411,400
TOTAL LIABILITIES		53,073,036	47,419,483
Share capital/Capital funds		1,387,107	1,387,107
Reserves		2,876,200	2,486,799
TOTAL ISLAMIC BANKING FUNDS		4,263,307	3,873,906
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		57,336,343	51,293,389
COMMITMENTS AND CONTINGENCIES		14,334,765	14,702,448

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2022	31.12.2021 (Restated) (Note A37)	31.12.2022	31.12.2021 (Restated) (Note A37)
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1	594,625	435,073	1,563,960	1,275,792
Income derived from investment of investment account funds		15,909	16,060	45,226	40,808
Income derived from Islamic Banking Funds	1	54,655	42,380	147,539	126,374
Allowances for impairment on financing and advances - net		(52,550)	(191,343)	(122,012)	(324,798)
(Allowances for)/Writeback of impairment on:					
- Financial investments		(9,211)	(41,797)	(11,431)	(87,684)
- Other financial assets		(2)	33	134	64
Provision for commitments and contingencies - charge		(5,991)	(1,671)	(7,751)	(6,536)
Total distributable income		597,435	258,735	1,615,665	1,024,020
Income attributable to the depositors and others	2	(299,069)	(184,420)	(733,190)	(556,942)
Income attributable to the investment account holders		(14,187)	(13,357)	(39,550)	(34,903)
Total net income		284,179	60,958	842,925	432,175
Operating expenses		(80,724)	(70,345)	(240,560)	(212,719)
Finance costs		(22,228)	(24,555)	(66,444)	(73,521)
Profit/(Loss) before taxation and zakat		181,227	(33,942)	535,921	145,935
Taxation and zakat		(42,349)	5,848	(123,978)	(33,476)
Profit/(Loss) for the financial period		138,878	(28,094)	411,943	112,459

Note:

1 Included the net gain of RM135,000 (31 December 2021: net loss of RM17,471,000) from measures implemented in response to COVID-19 pandemic.

2 Included a fair value gain of RM18,872,000 recognised by AmBank Islamic Berhad in financial period ended 31 December 2021 from funding obtained from a related company. The funding was obtained for the purposes of providing Special Relief Facility ("SRF") financing at concessionary rate to assist SME businesses adversely impacted by the COVID-19 pandemic.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial period	138,878	(28,094)	411,943	112,459
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) for changes in fair value	24,296	(22,696)	(35,918)	(39,350)
- changes in expected credit loss	1,533	1,424	4,699	5,105
- net loss/(gain) reclassified to profit or loss	-	-	75	(596)
- tax effect	(5,831)	5,447	8,602	9,417
Other comprehensive gain/(loss) for the financial period net of tax	19,998	(15,825)	(22,542)	(25,424)
Total comprehensive income/(loss) for the financial period	158,876	(43,919)	389,401	87,035

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

Group	Share capital/ Capital funds RM'000	Non-Distributable		Distributable	Total Equity RM'000
		Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2021	1,417,107	-	43,972	2,434,800	3,895,879
Profit for the financial period	-	-	-	112,459	112,459
Other comprehensive loss, net	-	-	(25,424)	-	(25,424)
Total comprehensive (loss)/income for the financial period	-	-	(25,424)	112,459	87,035
Transfer to conventional fund*	(30,000)	-	-	(95,424)	(125,424)
Dividend on ordinary shares: - final, financial year ended 31 March 2021	-	-	-	(37,078)	(37,078)
	(30,000)	-	-	(132,502)	(162,502)
At 31 December 2021	1,387,107	-	18,548	2,414,757	3,820,412
At 1 April 2022	1,387,107	-	(3,893)	2,490,692	3,873,906
Profit for the financial period	-	-	-	411,943	411,943
Other comprehensive loss, net	-	-	(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)	-
	-	39,032	-	(39,032)	-
At 31 December 2022	1,387,107	39,032	(26,435)	2,863,603	4,263,307

* Relates to Islamic Banking of AmInvestment Bank.

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

(a) Financing and Advances

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

Group 31.12.2022	Bai' Bithaman Ajlil 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	-	526,694	-	-	525,085	-	1,051,779
Term financing	364,091	16,017,036	8,481	-	860,454	5,054	17,255,116
Revolving credit	22,039	4,577,197	-	-	913,555	-	5,512,791
Housing financing	2,462,702	9,864,519	41,587	-	-	-	12,368,808
Hire purchase receivables	3	-	-	4,693,985	-	-	4,693,988
Bills receivables	-	507,552	-	-	-	101,851	609,403
Credit card receivables	-	-	-	-	-	492,049	492,049
Trust receipts	-	447,266	-	-	-	-	447,266
Claims on customers under acceptance credits	-	1,839,770	-	-	-	310,275	2,150,045
Staff financing	-	19,935	-	-	-	-	19,935
Others	-	-	-	-	-	8,536	8,536
Gross financing and advances*	2,848,835	33,799,969	50,068	4,693,985	2,299,094	917,765	44,609,716
Allowance for impairment on financing and advances							
- Stage 1 - 12-months ECL							(77,653)
- Stage 2 - Lifetime ECL not credit impaired							(401,118)
- Stage 3 - Lifetime ECL credit impaired							(154,897)
Net financing and advances							<u>43,976,048</u>

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

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

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

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

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

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

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

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

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Balance at beginning of the financial period/year	628,542	613,074
Additions during the financial period/year	699,887	718,754
Reclassified to non-impaired financing	(34,880)	(77,186)
Recoveries	(353,608)	(337,277)
Amount written off	(268,646)	(288,823)
Balance at end of the financial period/year	<u>671,295</u>	<u>628,542</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.50%</u>	<u>1.60%</u>
Financing loss coverage (including regulatory reserve)	<u>105.1%</u>	<u>114.3%</u>

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

Group 31.12.2022	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Balance at beginning of the financial period	61,592	401,419	230,573	693,584
Net allowances for/(writeback of) ECL	16,030	(306)	192,970	208,694
Transfer to 12-month ECL (Stage 1)	3,564	(34,214)	(677)	(31,327)
Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,816)	48,931	(5,688)	38,427
Transfer to Lifetime ECL credit impaired (Stage 3)	(400)	(10,901)	57,273	45,972
New financial assets originated	22,393	34,328	22,570	79,291
Net remeasurement of allowances	(988)	(6,386)	133,246	125,872
Changes in model assumptions and methodologies	7,357	(10,159)	5	(2,797)
Modification of contractual cash flows of financial assets	232	(408)	259	83
Financial assets derecognised	(11,312)	(21,497)	(14,018)	(46,827)
Foreign exchange differences	31	5	-	36
Amount written off	-	-	(268,646)	(268,646)
Balance at end of the financial period	<u>77,653</u>	<u>401,118</u>	<u>154,897</u>	<u>633,668</u>

Note:

1 As at 31 December 2022, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,549.5 million (31 March 2022: RM1,713.8 million). ECL allowance for the RA financing which amounted to RM2.1 million (31 March 2022: RM2.2 million) is taken up by AmBank.

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

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

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

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

(b) Deposits From Customers

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
By type of deposit:		
Savings deposits		
<i>Commodity Murabahah</i>	3,588,871	3,850,631
<i>Qard</i>	45,420	146,823
Demand deposits		
<i>Commodity Murabahah</i>	8,793,226	9,587,153
<i>Qard</i>	53,450	861,168
Term deposits		
<i>Commodity Murabahah</i>	28,097,002	22,994,199
<i>Qard</i>	593,332	150,276
	<u>41,171,301</u>	<u>37,590,250</u>

The deposits are sourced from the following types of customers:

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Business enterprises	24,345,629	22,820,946
Government and statutory bodies	3,774,638	3,180,849
Individuals	12,155,472	10,600,240
Others	895,562	988,215
	<u>41,171,301</u>	<u>37,590,250</u>

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

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

The maturity structure of term deposits are as follows:

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Due within six months	23,554,387	18,084,514
Over six months to one year	4,431,310	4,774,000
Over one year to three years	660,556	214,910
Over three years to five years	44,081	71,051
	28,690,334	23,144,475

(c) Investment Accounts Of Customers

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	15,263	16,573
With maturity		
- Mudarabah	4,500	361,288
	19,763	377,861

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

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Business enterprises	88	354,618
Individuals	19,675	23,243
	19,763	377,861

	Group	
	31.12.2022 RM'000	31.03.2022 RM'000
Investment asset:		
Interbank placement (Wakalah)	15,263	16,573
Housing financing (Mudarabah)	4,500	361,288
Total investment	19,763	377,861

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 (%)
31.12.2022			
Maturity			
less than 3 months	55.23	1.80	2.27
over 3 months to 1 year	54.83	2.23	-
31.03.2022			
Maturity			
less than 3 months	53.12	1.92	1.75
over 3 months to 1 year	54.01	2.16	-

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

(d) Investment Account Due to A Licensed Bank

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
<u>Restricted investment account ("RA")</u>		
- Mudarabah Muqayyadah	1,545,307	1,710,663
Investment asset:		
Financing	1,545,307	1,710,663
Total investment	1,545,307	1,710,663

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

As at 31 December 2022, the remaining tenure of the RA contracts is for a period of 9 days to 7 years (31 March 2022: 8 months to 8 years).

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

	Investment account holder			
	31.12.2022		31.03.2022	
	Average Profit sharing ratio (%)	Average rate of return (%)	Average Profit sharing ratio (%)	Average rate of return (%)
Maturity:				
over 2 years to 5 years	90	3.10	90	2.64
more than 5 years	90	3.25	90	2.80

(e) Other Liabilities

	Group	
	31.12.2022	31.03.2022
	RM'000	RM'000
Other payables and accruals	384,080	354,912
Deferred income	15,729	16,022
Lease liabilities	2,240	2,092
Provision for reinstatement of leased properties	84	82
Provision for taxation and zakat	61,035	2,130
Allowances for ECL on financing commitments and financial guarantees	32,576	24,808
Advance rental	11,818	11,354
	507,562	411,400

A37. RESTATEMENT OF COMPARATIVE INFORMATION

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

Group	As previously reported RM'000	Reclassification RM'000	As restated RM'000
As at 31 December 2021			
(i) Reconciliation of statement of profit or loss			
Individual Quarter			
Allowances for impairment on loans, advances and financing	295,162	(43,202)	251,960
Allowances for impairment on financial investments	5,467	43,202	48,669
Cumulative Quarter			
Allowances for impairment on loans, advances and financing	647,488	(89,478)	558,010
Allowances for impairment on financial investments	14,234	89,478	103,712
(ii) Reconciliation of statements of cash flows			
Cash flows from operating activities:			
Add adjustments for:			
Allowance for expected credit losses on loans, advances and financing, net	813,718	(89,478)	724,240
Other non-operating and non-cash items	165,892	89,478	255,370
(Increase)/Decrease in operating assets:			
Loans, advances and financing	(5,107,042)	117,590	(4,989,452)
Other assets	90,821	(169)	90,652
Cash flows from investing activities:			
Purchase of financial investments	(4,066,438)	(117,421)	(4,183,859)
Islamic Banking Business			
As at 31 December 2021			
(i) Reconciliation of statement of profit or loss			
Individual Quarter			
Allowances for impairment on financing and advances	231,697	(40,354)	191,343
Allowances for impairment on financial investments	1,443	40,354	41,797
Cumulative Quarter			
Allowances for impairment on financing and advances	407,665	(82,867)	324,798
Allowances for impairment on financial investments	4,817	82,867	87,684

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

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

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

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	31.12.2022 RM'000	31.12.2021 RM'000	Amount RM'000	%	31.12.2022 RM'000	31.12.2021 RM'000	Amount RM'000	%
Operating profit before impairment losses, from continuing operations	733,822	616,413	117,409	19.0	2,015,929	1,825,420	190,509	10.4
Profit before taxation and zakat from continuing operations	584,660	278,165	306,495	110.2	1,713,095	1,111,006	602,089	54.2
Profit/(Loss) before taxation from discontinued operation	-	38,755	(38,755)	(100.0)	(96,349)	179,336	(275,685)	(>100.0)
Profit for the financial period	452,730	416,789	35,941	8.6	1,248,298	1,177,005	71,293	6.1
Profit attributable to equity holders of the Company	452,641	403,290	49,351	12.2	1,307,241	1,110,932	196,309	17.7

Financial year to date - Cumulative period ended 31 December 2022 compared to 31 December 2021

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

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

Fee based income recorded a decrease of RM22.7 million mainly due to lower commission from unit trust, lower net brokerage fees, lower other fee income offset by higher fees on loans and securities. Market based income increased from higher gains from trading in foreign exchange and higher gains on sale of securities offset by lower gains from derivatives and lower net gain on revaluation of trading securities.

The Group's associates and joint ventures recorded slightly lower profits as reflected in the share of profits of RM34.7 million compared to RM34.9 million in prior year same period. The Group's share of profits was mainly due to the insurance-based joint ventures which recorded higher claims and lower investment income offset by lower reserving and higher net earned premium.

Total operating expenses increased by 10.6% compared to same period last year. The increase was mainly due to higher personnel, establishment and promotion and marketing expenses partly offset by lower in administration expenses. The Group's cost-to-income ratio maintained at 41.6%.

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

Profit before taxation and zakat from continuing operations for the current financial period was higher compared to a year ago at RM1,713.1 million, an increase of RM602.1 million (54.2%).

As for discontinued operation, the profit before taxation for the period reduced by RM275.7 million mainly due to the impairment of Kurnia Brand, agent relationship and other assets of RM116.0 million, estimated loss on disposal of general insurance of RM53.9 million as well as loss of general insurance income for the month of August 2022 to December 2022 as a result of disposal of insurance subsidiary.

Profit for the financial period increased by RM71.3 million to RM1,248.3 million compared to same period last year.

Commentary on key components of financial position

The Group's core interest bearing assets namely loans, advances and financing recorded a growth in gross balances by RM6.3 billion from 31 March 2022 to RM126.3 billion. The Group's impaired loans ratio was at 1.62%.

Deposits from customers was higher compared to 31 March 2022 at RM124.3 billion. Low cost deposits which constituted 32.2% of total deposits from customers decreased compared to 35.2% as at 31 March 2022.

Liquidity and capital strength

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's capital adequacy ratio is strong at 15.98% at the end of the reporting period.

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

Divisional performance

Retail Banking (Year to date ("YTD") FY2023: RM511.3 million vs FY2022: RM554.6 million)

Profit before tax ("PBT") decreased by RM43.3 million mainly from higher other operating expenses and net impairment partially offset by higher net income.

Net income increased by 12.7% mainly from higher volume and margin impact partially offset by lower fee income from Wealth. Higher other operating expenses mainly due to higher personnel costs. Higher net impairment mainly from provision on loans, advances and financing, coupled with higher provision for commitments and contingencies.

Retail deposits increased by RM4.5 billion to RM58.6 billion from all deposits type. Gross loans, advances and financing grew by RM4.2 billion to close at RM71.7 billion mainly attributed by Mortgages, Personal Financing and Retail SME.

Business Banking (YTD FY2023: RM223.1 million vs YTD FY2022: RM230.5 million)

PBT decreased by RM7.4 million mainly due to higher other operating expenses and net impairment offset by higher net income.

Higher net income mainly from higher net finance income due to higher business volume and margin impact coupled with higher other income from loan related fees, bank guarantees and commission on bancassurance. Higher other operating expenses mainly from higher personnel costs and service transfer pricing ("STP") expenses. Higher net impairment arising from higher provision on loans, advances and financing coupled with higher provision for commitments and contingencies.

Business Banking deposits increased by RM1.3 billion to RM15.1 billion mainly from current accounts while gross loans, advances and financing grew by RM2.0 billion to close at RM20.1 billion.

Corporate Banking (YTD FY2023: Profit of RM515.7 million vs YTD FY2022: Loss of RM25.0 million)

PBT increased by RM540.7 million mainly due to higher net income and lower net impairment.

Net income increased by 14.7% due to higher net finance income from higher margin and volume coupled with higher loan related fees income. Lower net impairment mainly lower provision on loans, advances and financing coupled with writeback from provision for commitments and contingencies.

Corporate Banking gross loans, advances and financing increased by RM2.9 billion to close at RM32.7 billion while deposits increased by RM0.4 billion to close at RM15.3 billion.

Group Treasury and Markets (YTD FY2023: RM456.0 million vs YTD FY2022: RM391.3 million)

PBT increased by RM64.7 million mainly from higher net income, lower other operating expenses and lower net impairment.

Net income increased by 11.9% mainly due to higher volume coupled with higher gain from foreign exchange trading partially offset by lower margin impact.

Investment Banking (YTD FY2023: RM34.5 million vs YTD FY2022: RM85.8 million)

PBT decreased by RM51.3 million from lower net income, higher other operating expenses and higher net impairment mainly due to lower recoveries.

Net income decreased by RM28.2 million from lower number of sizeable deals and brokerage fees.

Fund Management (YTD FY2023: RM61.3 million vs YTD FY2022: RM64.7 million)

PBT decreased by RM3.4 million mainly from lower fee income and higher other operating expenses.

Insurance (from continuing business) (YTD FY2023: RM31.2 million vs YTD FY2022: RM16.2 million)

Insurance PBT increased by RM15.0 million mainly higher net finance income partly offset by lower income from share of associates and joint ventures due to lower investment income and higher claims.

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

Divisional performance (Cont'd.)

Group Funding & Others (YTD FY2023: Loss of RM120.0 million vs YTD FY2022: Loss of RM207.1 million)

Lower loss before tax mainly from writeback of net impairment partially offset by lower net income and higher other operating expenses.

Insurance (from discontinued operation) (YTD FY2023: Loss of RM96.3 million vs YTD FY2022: Profit of RM179.3 million)

Loss before tax for discontinued operation of general insurance include RM53.9 million estimated loss on disposal of subsidiary and RM116.0 million impairment of Kurnia Brand, agent relationship and other assets in FY2023.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

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

	Group			
	Individual Quarter		Changes	
	31.12.2022	30.09.2022	Amount	%
	RM'000	RM'000	RM'000	%
Operating profit before impairment losses, from continuing operations	733,822	698,302	35,520	5.1
Profit before taxation and zakat from continuing operations	584,660	610,545	(25,885)	(4.2)
Loss before taxation from discontinued operation	-	(132,401)	132,401	>100.0
Profit for the financial quarter	452,730	361,622	91,108	25.2
Profit attributable to equity holders of the Company	452,641	435,401	17,240	4.0

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

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

Overall other operating income increased for this quarter compared to preceding quarter due to higher gains from derivatives, dividend income from securities and higher gain on sale of securities offset by lower gain on foreign exchange.

Total operating expenses increased by 4.4% compared to preceding quarter mainly due to higher personnel and administration expenses offset by lower establishment expenses.

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

Against the preceding quarter, profit before taxation and zakat from continuing operations for the current quarter is lower at RM584.7 million, a decrease of RM25.9 million (4.2%).

Profit for the financial quarter increased by RM91.1 million to RM452.7 million compared to same quarter last year.

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR END

The economy has shown a strong post-COVID recovery in 2022 on the back of full reopening of international borders, higher private consumption, and favourable base effect. In addition to that, external trades also contributed positively to the economy in 2022 although global economic activities tapered towards the end of the year. Gross Domestic Products ("GDP") growth came in at 8.7% for the full year 2022, the strongest momentum since 1996.

For 2023, we see more external headwinds given the higher chance of a mild global recession as suggested by recent flow of economic data. Additionally, cumulative interest rate hikes that had taken place among most of the central banks to bring inflation lower are likely to cause slower GDP growth. On a positive note, the end of zero-COVID policy in China and strong job market in the United States ("US") are seen as the mitigating factors to prevent the global economy from serious slowdown. The US unemployment rate remained low at 3.4% in January 2023 while consumer balance sheets are somewhat robust as evidenced by lower debt service ratio. Against this backdrop, the US Federal Reserve is expected to deliver few more interest rate hikes to tame the inflation towards its 2.0% target. Despite that, we still see the possibility of a "soft-landing" scenario for the economy.

On the domestic front, we expect private consumption to continue to be supportive of economic growth albeit at more moderate pace with the unemployment rate converging further towards its pre-pandemic average. The tourism sector is anticipated to remain on recovery trajectory and the China reopening is an added impetus to the sector considering that tourists from China used to be around 12% of total tourist arrivals during the pre-pandemic period. Moreover, continuous realisation of investments as well as accommodative monetary policy locally should also bode well for the economy. Against this backdrop, we expected Malaysia's GDP to grow by 4.5% in 2023.

Due to the elevated food prices and weakened Ringgit, headline inflation came in at 3.3% in 2022 after a reading of 2.5% in the previous year. We expect headline inflation to be lower at 3.0% in 2023 due to the declining commodity prices since second half 2022 as well as easing global supply chain disruption. The risk of inflation rising beyond this target could come from persistent weakening in local currency or unexpected increase in global commodity prices.

In tandem with the healthy economic environment, outstanding loans in the banking industry grew 5.7% year-on-year in December 2022, faster than 5.5% in November (December 2021: 4.5%). Both the household and business segment loans posted a similar growth of 5.3% year-on-year. In view of higher interest rate and slower economic activity, we expect loan growth to be lower at around 4.0% to 5.0% for 2023.

The overall banking system remains healthy in 2022 underpinned by strong liquidity. This is reflected by the liquidity coverage ratio which ticked up to 154.0% in December 2022 (November 2022 was at 146.6%), the highest level since April 2022. The funding profile was well-diversified with December 2022's loan-to-fund ratio and loan-to-fund-and-equity ratio at 82.4% and 72.0%, respectively (November 2022 was at 82.2% and 71.7%, respectively).

On the monetary policy front, cumulative interest rate hikes in Malaysia have been gradual compared to the outcome seen across other major economies. The recent Monetary Policy Committee ("MPC") statement shows that the Bank Negara Malaysia ("BNM") is assessing the impact of the cumulative past Overnight Policy Rate ("OPR") adjustments. At this juncture, we still see the potential of 25 bps hike in the OPR to 3.00%, a level that is still accommodative and supportive of Malaysia's economic growth. Our rate hike expectation is largely due to relatively high core inflation which stood at 4.1% as at December 2022.

AmBank Group remains on track to deliver strong financial performance throughout FY23 as it benefits from the rising demand for financing, the up-trending of the OPR and lower provisions due to an improving economy.

The Group will continue to focus full effort on growing revenue, building capital and shoring up liquidity levels while closely monitoring asset quality and exercising cost discipline. At the same time, customers' needs are observed and prioritized as the Group delivers customized solutions to help customers adapt to the rapidly changing environment.

The execution of the Group's Focus 8 strategy continues in FY23 as the Group strives to deliver more integrated value propositions and create sustainable long-term value for all its shareholders and stakeholders. The Group's key focus areas in FY23 include accelerating its digital transformation, forming more strategic partnerships as well as embedding Environmental, Social and Governance ("ESG") considerations into all its strategies, businesses and operations.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<u>Continuing operations</u>				
Estimated current tax payable	157,906	131,333	385,749	330,734
Deferred tax	(26,910)	(3,885)	(708)	(16,589)
	<u>130,996</u>	<u>127,448</u>	<u>385,041</u>	<u>314,145</u>
Over provision of current taxation in respect of prior years	(520)	(235,409)	(522)	(235,332)
Taxation	<u>130,476</u>	<u>(107,961)</u>	<u>384,519</u>	<u>78,813</u>
Zakat	<u>1,454</u>	<u>1,185</u>	<u>2,808</u>	<u>2,430</u>
Taxation and zakat	<u>131,930</u>	<u>(106,776)</u>	<u>387,327</u>	<u>81,243</u>
<u>Discontinued operation</u>				
Estimated current tax payable	-	7,164	14,818	31,592
Deferred tax	-	(257)	(33,703)	(556)
	-	<u>6,907</u>	<u>(18,885)</u>	<u>31,036</u>
Under provision of current taxation in respect of prior years	-	-	6	1,058
Taxation	-	<u>6,907</u>	<u>(18,879)</u>	<u>32,094</u>

The total tax charge of the Group for the financial period ended 31 December 2022 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

The total tax charge of the Group from continuing operations for the financial period ended 31 December 2021 reflects an effective tax rate which is lower than the statutory tax rate mainly due to reversal of over provision of income tax in respect of prior years and income not subject to tax and slightly offset by the effect of additional tax resulted from the introduction of Cukai Makmur.

B6. BORROWINGS AND DEBT SECURITIES

Group	Long term*		Short term*		Total	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
	31.12.2022					
Unsecured						
Term funding	100,000	1,408,839 #	-	776,384	100,000	2,185,223
Debt capital	-	3,475,000	-	1,095,000	-	4,570,000
31.12.2021						
Unsecured						
Term funding	100,000	1,434,820 #	-	662,552	100,000	2,097,372
Debt capital	-	3,215,000	-	1,070,000	-	4,285,000

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

As at 31 December 2022 and 31 December 2021, USD100 million term loan drawdown to be utilised for diversifying the sources of funding the growth of the USD balance sheet.

* remaining contractual maturity

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

Month of Issuance/ Redemption	Entity	Note/ Sukuk type and tenure	Nominal value RM'000	Weighted average interest/ profit rate %	Net interest/ profit savings per annum for redemption RM'000
March 2022 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	600,000	4.30	-
March 2022 - Redemption	AmBank	Subordinated Note Tier 2 - 10 years	500,000	5.20	26,000
March 2022 - Issuance	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	250,000	4.25	-
March 2022 - Redemption	AmBank Islamic	Senior Sukuk Musharakah - 2 years	200,000	3.55	7,100
March 2022 - Redemption	AmBank Islamic	Subordinated Sukuk Murabahah - 10 years	240,000	5.20	12,480
October 2022 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	745,000	5.20	-
October 2022 - Redemption	AmBank	Subordinated Note Tier 2 - 10 years	570,000	4.90	27,930

B7. MATERIAL LITIGATION

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

B8. DIVIDENDS

There is no dividend proposed for the current financial quarter.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A32.

B10. EARNINGS PER SHARE (SEN)

(a) Basic/Diluted earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Net profit attributable to equity holders of the Company (RM'000)	452,641	403,290	1,307,241	1,110,932
Weighted average number of ordinary shares in issue ('000)	3,310,049	3,312,173	3,311,050	3,295,672
Basic/diluted earnings per share (Sen)	13.67	12.18	39.48	33.71