

AMBANK (M) BERHAD  
Registration No. 196901000166 (8515-D)  
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements  
31 March 2022

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

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**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report and the audited financial statements of AmBank (M) Berhad ("the Bank") and its subsidiaries ("the Group") for the financial year ended 31 March 2022.

**PRINCIPAL ACTIVITIES**

The principal activity of the Bank is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 17 to the financial statements.

There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

**FINANCIAL RESULTS**

	<b>Group</b> <b>RM'000</b>	<b>Bank</b> <b>RM'000</b>
Profit for the financial year	<u>1,013,622</u>	<u>1,017,662</u>
Attributable to:		
Equity holder of the Bank	1,013,622	1,017,662
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>1,013,622</u>	<u>1,017,662</u>

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those disclosed in the financial statements.

**ITEMS OF MATERIAL AND UNUSUAL NATURE**

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the continuous effects of the coronavirus ("COVID-19") pandemic as disclosed in Notes 8, 24 and 32 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

**DIVIDENDS**

No dividend has been paid by the Bank since the end of the previous financial year and the Directors do not propose any final dividend in respect of the current financial year ended 31 March 2022.

## **OUTLOOK FOR NEXT FINANCIAL YEAR**

Gross Domestic Product ("GDP") growth in Malaysia is expected to improve to between 5.3% to 6.3% for 2022 (2021: 3.1%) in line with its gradual transition from the pandemic phase of COVID-19 to the endemic phase of COVID-19 starting from 1 April 2022. Several key factors such as the Omicron variant being deemed less deadly, the easing of various restrictions imposed to curb the spread of COVID-19, the roll-out of booster doses for adults and vaccination for children, improving employment rates and the timely surge in domestic and global consumer spending due to pent-up demand are expected to contribute to a speedy recovery of the economy. These positive consumer sentiments are further bolstered by expansionary Government initiatives under Budget 2022. Overall, banking system loans are projected to expand around 4% to 5% in 2022, supported by improving business activities and consumer spending.

Nonetheless, the pace of growth may be moderated throughout the year with threats from new COVID-19 variants, geopolitical tension and impact of rising cost of living. Hence, the Group continues to be proactive and prudent in managing risks and asset quality, as evidenced by provisions taken to address asset quality overhang of specific oil and gas exposures, which will result in short-term uptick in credit costs.

On a more positive note, the Group's exposure to assisted loans has reduced considerably from the peak and pre-emptive management overlay that is already in place has provided sufficiently against vulnerable loans and sectors which may become impaired following the unwinding of repayment assistance schemes under the Perlindungan Rakyat dan Pemulihan Ekonomi ("PEMULIH") programme in the first half of financial year ("FY") 2022. Furthermore, the government's Financial Management and Resilience Program ("URUS") came to an end on 31 March 2022. However, the Group remains committed in providing repayment assistance and sustainable post-pandemic support, under the AmBank Remedial Programme, to customers who are still in need.

## **SIGNIFICANT EVENT**

There were no significant event during the financial year.

## **SIGNIFICANT SUBSEQUENT EVENT**

There were no material events subsequent to the reporting date that required disclosed or adjustment to the financial statements.

## **BUSINESS PLAN AND STRATEGY**

Since the unprecedented RM2.83 billion settlement with the Government of Malaysia in March 2021, the AMMB Holding Berhad ("AMMB") Group has overcome considerable adversity and came a long way to end its financial year on strong financial footing. The commendable financial performance delivered by the AMMB Group was achieved at a time when COVID-19 infections were high and economic activities were stunted by movement restriction orders. The display of financial resilience was the result of strong cost discipline and prudent risk management coupled with unwavering focus on the execution of the AMMB Group's FY2021 – FY2024 Focus 8 strategy, paving the path towards attaining an Return on Equity ("ROE") of at least 10%.

Now at its halfway mark, AMMB Group recalibrated its FY2021 – FY2024 Focus 8 strategy to adapt to new paradigm shifts in the increasingly dynamic banking industry landscape, especially in the area of digitalisation. This includes initiatives focusing on forging strategic partnerships, driving digital offerings and leveraging on data analytics to enhance customers' experience, as well as initiatives supporting the notion of climate change by extending our range of 'green product' offerings and raising environmental, social and governance ("ESG") awareness through sustainable practices.

## **ISSUANCE OF SHARES AND DEBENTURES**

The following are changes during the current financial year in connection with the debt and equity securities that were issued by the Bank:

### **Issuance of shares**

On 31 May 2021, the Bank increased its issued and paid-up ordinary share capital by RM450,000,001 by way of issuance of 46,680,498 new ordinary shares at an issue price of RM9.64 per ordinary share. The new ordinary shares issued during the current financial year rank pari passu in all respects with the existing ordinary shares of the Bank.

### **Issuance of debt securities**

On 30 December 2021, the Bank issued Tranche 8 - Series 1 and Series 2 of Senior Notes with total nominal amount of RM150.0 million and RM250.0 million respectively under its Senior Notes programme of RM7.0 billion. Tranche 8 - Series 1 bears interest rate at 2.94% per annum payable half-yearly with a tenure of 18 months and Tranche 8 - Series 2 bears interest at 3.14% per annum payable half-yearly with a tenure of 2 years.

On 8 March 2022, the Bank issued Tranche 8 with nominal amount of RM600.0 million under its RM4.0 billion Subordinated Notes Issuance Programme. The interest rate of this tranche is at 4.30% per annum payable with a tenure of 10 years (callable in 5<sup>th</sup> years).

### **Repayment of debt securities**

On its first call date of 15 March 2022, the Bank fully redeemed Tranche 2 of Subordinated Notes with nominal amount of RM500.0 million issued under its Subordinated Notes programme of RM4.0 billion.

Save as disclosed above and in Notes 26 and 27 to the financial statements, there were no issuance and/or repayments of shares or debentures during the financial year.

## **SHARE OPTIONS**

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Bank through the holding company, AMMB has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of RM200.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office within the AMMB Group including for the Bank. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The gross amount of insurance premium paid by AMMB for the Directors and Officers of AMMB and its subsidiaries for the current financial year was RM398,500 (2021: RM360,000).

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Bank inadequate to any substantial extent.

### **VALUATION METHODS**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Bank that has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Bank.

No contingent or other liability of the Group and of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Bank that would render any amount stated in the financial statements misleading.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

## DIRECTORS

The Directors of the Bank who served on the Board since the beginning of the current financial year to the date of this report are:

Voon Seng Chuan  
 Soo Kim Wai  
 Dato' Sri Abdul Hamidy Abdul Hafiz  
 Dr Veerinderjeet Singh a/l Tejwant Singh  
 U Chen Hock  
 Ng Chih Kaye  
 Foong Pik Yee (appointed on 26 September 2021)  
 Raymond Fam Chye Soon (retired on 26 September 2021)

The Directors of the Bank's subsidiaries who have served since the beginning of the current financial year to the date of this report are:

No.	Name of Subsidiary	Name of Director
1.	AmCard Services Berhad	Ling Fou-Tsong @ Jamie Ling Loo Boon Seng
2.	AmMortgage One Berhad	Loo Boon Seng Dato' Ng Mann Cheong Syed Ihsanputra bin Syed Mohd Fudzan (appointed on 24 February 2022) Oon Kin Seng (resigned on 24 February 2022)
3.	AmProperty Holdings Sdn Bhd	Lim Kien Hock Khoo Teck Beng
4.	Bougainvillaea Development Sdn Bhd	Lim Kien Hock Khoo Teck Beng
5.	MBf Information Services Sdn Bhd	Lim Kien Hock Khoo Teck Beng
6.	Teras Oak Pembangunan Sendirian Berhad	Lim Kien Hock Khoo Teck Beng
7.	AmLabuan Holdings (L) Ltd	Datuk Iswaraan a/l Suppiah
8.	MBf Trustees Berhad (under members' voluntary winding-up)	Lim Hock Aun Khoo Teck Beng
9.	Malco Properties Sdn Bhd (under members' voluntary winding-up)	Lim Kien Hock Khoo Teck Beng
10.	MBf Nominees (Tempatan) Sdn Bhd (under member's voluntary winding-up)	Lim Kien Hock Khoo Teck Beng
11.	Komuda Credit & Leasing Sdn Bhd (under member's voluntary winding-up)	Lim Hock Aun Arunasalam a/l Muthusamy

## **DIRECTORS' INTERESTS**

Under the Bank's Constitution, the Directors are not required to hold shares in the Bank.

None of the Directors in office at the end of the financial year had any interest in shares in the Bank and in the related corporations during and at the end of the financial year.

## **AMMB EXECUTIVES' SHARE SCHEME**

On 5 October 2018, the Board of Directors of AMMB approved the implementation of an Executives' Share Scheme ("ESS") for Eligible Executives of the AMMB Group (including Eligible Executives of the Bank).

The awards under the ESS are up to ten percent (10%) of the total number of issued shares of AMMB (excluding treasury shares) at any point of time for the duration of the ESS for Eligible Executives including Executive Directors. The ESS is implemented and administered by the Group Nomination and Remuneration Committee ("GNRC"). The effective date of the ESS is 5 October 2018 and would be in force for a period of ten (10) years to 4 October 2028.

The awards granted to such Eligible Executives only comprises shares. Shares to be made available under the ESS will only vest to Eligible Executives who have duly accepted the offers of awards under the ESS subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 36 to the financial statements and from related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest, other than for the related party transactions as shown in Note 43 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Bank is a party to whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

## **CORPORATE GOVERNANCE**

### **(a) Directors' Profiles**

The following are the profiles of the Directors of the Bank:

#### **MR VOON SENG CHUAN** **Independent Non-Executive Chairman**

Mr Voon Seng Chuan, a Malaysian, aged 63, was appointed to the Board of AmBank on 18 June 2015 as Independent Non-Executive Director. He assumed the Chairmanship of the Board on 1 January 2019.

Mr Voon also sits on the board of AMMB Holdings Berhad ("AMMB") and he is currently the Senior Independent Non-Executive Director of AMMB. Mr Voon is a Member of the Group Nomination and Remuneration Committee and Group Information Technology Committee of AMMB.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(a) Directors' Profile (Cont'd.)**

#### **MR VOON SENG CHUAN (Cont'd.) Independent Non-Executive Chairman (Cont'd.)**

Mr Voon has been part of the Information Technology ("IT") industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010.

In his 27 years of service with IBM, Mr Voon held a number of roles delivering all aspects of IT products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific.

From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Mr Voon responded to the Malaysian Government's call to transform the nation into an international shared services and outsourcing hub by leading IBM's investment in seven regional centres/ operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr Voon is currently an Independent Non-Executive Director of Mesiniaga Berhad (an IT company listed on the Main Market of Bursa Malaysia Securities Berhad). He is also a Member of the Board of Trustees of CVSKL Foundation.

Mr Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

#### **MR SOO KIM WAI Non-Independent Non-Executive Director**

Mr Soo Kim Wai, a Malaysian, aged 61, was appointed to the Board of AmBank on 2 January 2019 as Non-Independent Non-Executive Director. He is a Member of the Board Credit Committee of AmBank.

Mr Soo is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager, Finance and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985.

Mr Soo has been a Non-Independent Non-Executive Director of AMMB for 18 years and he is a Member of the Group Nomination and Remuneration Committee of AMMB. Mr Soo is currently the Non-Independent Non-Executive Chairman of AmREIT Managers Sdn Bhd, the Manager of AmFirst Real Estate Investment Trust and AmREIT Holdings Sdn Bhd. Apart from AMMB, his directorships in other public listed companies include RCE Capital Berhad and Amcorp Global Limited (a company listed on the Mainboard of Singapore Exchange Limited). Mr Soo also sits on the board of other private limited companies and foreign companies.

Mr Soo is a Member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also a Fellow of the Certified Practising Accountant ("CPA"), Australia and the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(a) Directors' Profile (Cont'd.)**

#### **DATO' SRI ABDUL HAMIDY ABDUL HAFIZ** **Independent Non-Executive Director**

Dato' Sri Abdul Hamidy Abdul Hafiz, a Malaysian, aged 65, was appointed to the Board of AmBank on 7 January 2016 as Independent Non-Executive Director. He is the Chairman of the Board Credit Committee of AmBank.

Dato' Sri Hamidy also sits on the board of a subsidiary of AMMB Holdings Berhad, namely AmBank Islamic Berhad ("AmBank Islamic") as the Independent Non-Executive Chairman and serves as the Chairman of the Board Credit Committee of AmBank Islamic.

Dato' Sri Hamidy is an experienced banker with over 30 years of extensive banking experience in the fields of Commercial and Finance Banking, Investment Banking and Islamic Banking. Dato' Sri Hamidy was previously the Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad and prior to that, Dato' Sri Hamidy was the Chairman of Danajamin Nasional Berhad. He was also previously the Managing Director/ Chief Executive Officer of Affin Bank Berhad, Chairman of the Association of Banks Malaysia, Managing Director of Pengurusan Danaharta Nasional Berhad and an Independent Non-Executive Director of Chubb Insurance Malaysia Berhad. Dato' Sri Hamidy also served as the Chairman of Corporate Debt Restructuring Committee ("CDRC") from 2009 until the end of February 2020.

Dato' Sri Hamidy is currently an Independent Non-Executive Director of Sime Darby Berhad. Besides directorship in companies, Dato' Sri Hamidy also serves as a member of the Appeals Committee of Bursa Malaysia Berhad.

Dato' Sri Hamidy holds a Bachelor's Degree and a Master in Business Administration from Ohio University, USA.

#### **DR VEERINDERJEET SINGH A/L TEJWANT SINGH** **Independent Non-Executive Director**

Dr Veerinderjeet Singh a/l Tejwant Singh, a Malaysian, aged 65, was appointed to the Board of AmBank on 1 June 2017 as Independent Non-Executive Director. He is the Chairman of the Audit and Examination Committee and a Member of the Risk Management Committee of AmBank.

Dr Veerinderjeet had served as a Tax Partner/ Executive Director at Arthur Andersen and Ernst & Young in Malaysia and had also served in the Malaysian Inland Revenue Department. He has over 35 years of experience in the tax profession as an Inland Revenue Officer, academician, consultant, author and tax observer.

Dr Veerinderjeet was a co-Founder and Chairman of Axcelasia Taxand Sdn Bhd, which is a member of the Taxand Global organisation of independent tax advisory firms in nearly 50 countries. In April 2020, the company was acquired by the Tricor Group and is now known as Tricor Taxand Sdn Bhd where Dr Veerinderjeet remains as a Director.

Dr Veerinderjeet currently serves as a council member of the Malaysian Institute of Certified Public Accountants ("MICPA") and was a Past President of MICPA. He was also a council member and Past President of the Malaysian Institute of Accountants ("MIA") and the Chartered Tax Institute of Malaysia ("CTIM"). Dr Veerinderjeet was appointed as ex-officio member of the Financial Reporting Foundation in conjunction with his presidency in MIA. He is also an Adjunct Professor at the School of Business, Monash University in Malaysia.

Dr Veerinderjeet is currently the Non-Executive Chairman of MARC Ratings Berhad and Tricor Services (Malaysia) Sdn Bhd. He also sits on the boards of Malaysian Rating Corporation Berhad, UMW Holdings Berhad and ICC Malaysia Berhad as an Independent Non-Executive Director. Prior to joining the Board of AmBank, he was on the board of the Bank of Nova Scotia Berhad. In addition, Dr Veerinderjeet also serves on the Board of Trustees of the International Bureau of Fiscal Documentation (a world renowned tax research body in the Netherlands). He is also a member of the ICC Global Tax Commission and has been appointed Vice Chair of the Commission from 1 June 2022 for a three year term.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(a) Directors' Profile (Cont'd.)**

#### **DR VEERINDERJEET SINGH A/L TEJWANT SINGH (CONT'D.) Independent Non-Executive Director (Cont'd.)**

As an accomplished author and tax observer, Dr Veerinderjeet has published books and numerous articles in local and international tax, law and accounting journals. Among the books he has authored are "Veerinder on Taxation", "Malaysian Taxation: Administrative and Technical Aspects", "Tax Compliance & Ethical Decision-Making: A Malaysian Perspective" and "Tax Thoughts on Today's Taxing Times". Dr Veerinderjeet has spoken at various local and international events on tax policy and tax reforms and also has a grasp of economic developments.

Dr Veerinderjeet received a first class honours degree in accounting from the University of Malaya and a Doctorate from the Universiti Putra Malaysia. Dr Veerinderjeet is a Member of MICPA, MIA and CTIM.

#### **MR U CHEN HOCK Independent Non-Executive Director**

Mr U Chen Hock, a Malaysian, aged 65, was appointed to the Board of AmBank on 3 July 2018 as Independent Non-Executive Director. He is the Chairman of the Risk Management Committee and a Member of the Audit and Examination Committee of AmBank.

Mr U is a career banker with more than 36 years of extensive experience in corporate, commercial, investment and consumer banking. He completed 30 years of his long banking career at a global banking group where he had assumed senior leadership roles in Malaysia, Taiwan and Hong Kong.

Mr U had also served as the Chief Executive Officer of an investment bank and an Executive Director of a major local banking group in Malaysia prior to his retirement in April 2017.

Mr U is currently an Independent Non-Executive Director of Tokio Marine Life Insurance Malaysia Bhd. He was Chairman of the Financial Planning Association of Malaysia for 2 terms between 2005 to 2007.

Mr U holds a Bachelor of Economics and Management (Honours) degree from the National University of Malaysia ("UKM"). He is a Certified Financial Planner ("CFP"), an accreditation awarded by the Financial Planning Standards Board, USA. Mr U had also attended numerous Senior Executive Leadership Programmes at INSEAD, London Business School, Duke Corporate Education and IMD during his long banking career.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(a) Directors' Profile (Cont'd.)**

#### **MR NG CHIH KAYE**

##### **Independent Non-Executive Director**

Mr Ng Chih Kaye, a Malaysian, aged 66, was appointed to the Board of AmBank on 2 January 2019 as Independent Non-Executive Director. He is a Member of the Board Credit Committee of AmBank.

Mr Ng began his career at a firm of Chartered Accountants in London and later at KPMG, Kuala Lumpur. He then served Malayan Banking Berhad (Maybank) for 25 years in the areas of internal audit, credit control and asset recovery until he retired as Executive Vice President in 2010.

Presently, Mr Ng is an examiner with the Asian Institute of Chartered Bankers ("AICB").

Mr Ng is currently an Independent Non-Executive Director of Shangri-La Hotels (Malaysia) Berhad. He also sits on the board of AmFunds Management Berhad (a subsidiary of AmInvestment Bank Berhad) as an Independent Non-Executive Director. Mr Ng was an Independent Non-Executive Director of Agrobank (Bank Pertanian Malaysia Berhad) for 6 years from 2011 to 2017.

Mr Ng is a Member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.

#### **MS FOONG PIK YEE**

##### **Independent Non-Executive Director**

Ms Foong Pik Yee, a Malaysian, aged 62, was appointed to the Board of AmBank on 26 September 2021 as Independent Non-Executive Director. She is a Member of the Audit and Examination Committee and Risk Management Committee of AmBank.

Ms Foong has over 40 years of experience in the banking sector and the accounting profession (audit and consultancy). Her experience in the banking sector was with international banks and a Malaysian public listed bank covering all aspects of general management, finance, risk management, sales and marketing, product management and operations. She had worked in Malaysia, Hong Kong, Singapore, Australia and Middle East.

Ms Foong returned to Malaysia under Talentcorp's Returning Expert Programme and was the Chief Financial Officer of Hong Leong Bank from January 2013 to June 2019 where she directed and oversaw all matters relating to finance covering financial accounting, statutory and management reporting, capital management, taxation, corporate finance and investor relations.

Ms Foong is currently an Independent Non-Executive Director of Prudential Assurance Malaysia Berhad, Paramount Corporation Berhad and QSR Brands (M) Holdings Bhd. Prior to joining the Board of AmBank, she was on the board of AmBank Islamic Berhad, a subsidiary of AMMB Holdings Berhad. Besides directorship in companies, Ms Foong also serves on the Industry Advisory Board of Monash University, Malaysia from 2016 to now. She is also a mentor in ICAEW's Women in Leadership programme and in the Malaysia Australia Business Council mentoring programme.

Ms Foong is a Chartered Accountant and Chartered Banker. She obtained her Bachelor of Commerce from the University of Melbourne, Australia and Master of Business Administration from Monash University, Australia.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(b) Directors' Training**

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board will attend a formal induction programme to familiarise themselves with the Bank's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and organised by the Group Learning and Development unit. The Company Secretary will also provide the new Directors with an information kit regarding disclosure obligations of a Director, Board Charter, Code of Ethics, Constitution of the Bank, Board Committees' Terms of Reference, Schedule of Matters Reserved for the Board, amongst others.

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by International Centre for Leadership In Finance ("ICLIF"), all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Bank. The Directors also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the AMMB Group's strategic direction. In addition, the Directors are constantly updated on information relating to the AMMB Group's development and industry development through discussion at Board meetings with the Senior Management team.

### **(c) Board Responsibility and Oversight**

The Board of Directors ("the Board") remains fully committed in ensuring that the principles and recommendations in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the recommendations in corporate governance as set out in the Malaysian Code on Corporate Governance.

The Board supervises the management of the Bank's businesses, policies and affairs with the goal of long term sustainability of the Group. The Board meets eleven (11) times in the year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, corporate and business developments, human resource (subject to matters reserved for shareholders' meetings by law), promote sustainability in the Group's and the Bank's business strategies and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises seven (7) Directors with wide skills and experience, six (6) of whom are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

**CORPORATE GOVERNANCE (CONT'D.)****(d) Committees of the Board**

The Board delegates certain responsibilities to the Board Committees. The Board Committees together with the Committees established at AMMB Group level, which were created to assist the Board in certain areas of deliberations, are:

1. Audit and Examination Committee (at Bank level);
2. Risk Management Committee (at Bank level);
3. Board Credit Committee (at Bank level);
4. Group Nomination and Remuneration Committee (at AMMB Group level); and
5. Group Information Technology Committee (at AMMB Group level).

The roles and responsibilities of each Committee are set out under their respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:

Number of meetings attended in Financial Year 2022 ("FY2022")				
	Board of Directors	Audit and Examination Committee	Risk Management Committee	Board Credit Committee
Voon Seng Chuan	11/11 (Chairman)	N/A	N/A	N/A
Soo Kim Wai	11/11	N/A	N/A	22/22
Dato' Sri Abdul Hamidy Abdul Hafiz	11/11	N/A	N/A	22/22 (Chairman)
Dr Veerinderjeet Singh a/l Tejwant Singh	11/11	9/9 (Chairman) <sup>a</sup>	7/7	N/A
U Chen Hock	11/11	9/9	7/7 (Chairman)	N/A
Ng Chih Kaye	11/11	N/A	N/A	22/22
Foong Pik Yee (appointed on 26 September 2021)	5/5	5/5 <sup>b</sup>	4/4 <sup>b</sup>	N/A
Raymond Fam Chye Soon (retired on 26 September 2021)	6/6	4/4 <sup>c</sup>	3/3 <sup>d</sup>	N/A
Number of meetings held in FY2022	11	9	7	22

- a. Appointed as Chairman on 26 September 2021
- b. Appointed as member on 26 September 2021
- c. Ceased as Chairman on 26 September 2021 following retirement as Director
- d. Ceased as member on 26 September 2021 following retirement as Director

**Note:**

1. All attendances reflect the number of meetings attended during the respective Directors' tenure of service.
2. N/A represents non-Committee member.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(d) Committees of the Board (Cont'd.)**

#### **Audit and Examination Committee**

The Board has appointed the Committee to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Bank's assets and stakeholders' interest. The Committee comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee met nine (9) times during the financial year ended 31 March 2022 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The Committee also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in their audit reports. The financial statements were reviewed by the Committee prior to their submission to the Board of the Bank for adoption.

In addition, the Committee has reviewed the procedures set up by the Bank to identify and report, and where necessary, seeks approval for related party transactions enter by the Bank with related party and, with the assistance of the internal auditors, reviewed related party transactions to ensure such transactions were carried out at arms-length.

The minutes of the Committee meetings are formally tabled to the Board for notation and action, where necessary.

#### **Internal Audit Function**

The Internal Audit function is established at AMMB Group level, headed by the Group Chief Internal Auditor.

The Group Chief Internal Auditor reports to the Committee. Group Internal Audit assists the Committee in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The Committee approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the Committee and significant findings are discussed during the Committee meeting. The Group Chief Internal Auditor attends the Committee meeting by invitation. The Committee also holds separate meetings with the Group Chief Internal Auditor and the external auditors whenever necessary.

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

Group Internal Audit prioritises its efforts in performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of banking activities. The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

#### **Risk Management Committee**

Risk management is an integral part of the Bank's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the Risk Appetite Framework and sets the broad risk tolerance level and activities after considering the risk bearing capacity and readiness of the Bank.

The Risk Management Committee exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, funding, operational, legal, regulatory capital, strategic, reputation, *shariah*, information technology and cyber risks impacting the Bank.

The Committee is independent from the Management and comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk and compliance management processes are in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank's ability to accommodate risks under normal and stress scenarios.

There were seven (7) meetings held during the financial year ended 31 March 2022.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(d) Committees of the Board (Cont'd.)**

#### **Risk Management Functions**

The AMMB Group Risk Management is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the AMMB Group. The AMMB Group Risk Management encompasses Wholesale Credit Risk, Business Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Technology Risk and Governance and Provisioning (which is responsible for the development of credit models).

AMMB Group Risk Management takes its lead from the AMMB Group's Board's approved Risk Appetite Framework that forms the foundation of the AMMB Group to set its risk/reward profile. The framework is reviewed and approved annually by the Board taking into account the AMMB Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is also periodically reviewed throughout the financial year by the executive management and subsequently the Board to consider any fine tuning/enhancements base on the prevailing economic condition or situation that may affect the operating environment which the Group operates in.

AMMB Group manages its technology risk (including cyber security risk) guided by the Group's Technology Risk Management Framework and Cyber Resilience Policy, which sets out the structure and direction in safeguarding and protecting AMMB Group's technology and systems against internal and external risks and threats. It is our objective to ensure that these guiding frameworks and policies are continuously enhanced and robustly tested to safeguard AMMB Group's and our customers' data from potential cyber-attacks.

#### **Board Credit Committee**

The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Board has established the Committee to assist in ensuring the credit facilities and commitments, and connected party credit transactions are approved in accordance with policies approved by the Board.

There were twenty-two (22) meetings held during the financial year ended 31 March 2022.

#### **Group Nomination and Remuneration Committee**

The Board delegated the nomination and remuneration functions to the Committee which is established at AMMB Group level. The Committee comprises five (5) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Bank is represented by Mr Voon Seng Chuan in the Committee. The Committee is responsible for, among others, the following:

- regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Bank with regard to any changes that are deemed necessary;
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive Directors should bring to the Board;
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board;
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved; and
- to implement Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of AMMB.

The Committee met ten (10) times during the financial year ended 31 March 2022.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(d) Committees of the Board (Cont'd.)**

#### **Group Information Technology Committee ("GITC")**

The Committee is established at AMMB Group level. The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee is responsible for providing governance for Information Technology ("IT") and to ensure that the overall strategic IT direction is aligned with the AMMB Group's business objectives and strategy. The key responsibilities of the Committee include, amongst others, the following functions:

- to provide strategic direction for IT, digital and cybersecurity development within the AMMB Group and ensuring that IT, cybersecurity, digitalisation and technology-related innovation strategic plans are aligned and integrated with the AMMB Group's business objectives and strategy, and cover a period of at least three (3) years;
- to ensure the establishment of AMMB Group-wide IT policies, procedures and frameworks including IT security and IT risk management and e-banking services to ensure the effectiveness of internal control systems and the reliability of the management information systems;
- to approve and provide oversight of the AMMB Group's long term IT, digital and strategic plans, budgets and implementation, at least once every three (3) years;
- to ensure the Senior Management regularly provides status updates on both key performance indicators and forward-looking risk indicators, together with sufficient information on key technology risks and critical technology operations;
- to oversee the adequacy and utilisation of the AMMB Group's IT resources including computer hardware, software, personnel who involved in the development, modification and maintenance of computer programs and related standard procedures;
- to advise the Board on matters within the scope of GITC, as well as any major IT related issues that merit the attention of the Board;
- to review and recommend any deviation from Bank Negara Malaysia technology-related policies and guidelines after having carefully considered a robust assessment of related risks;
- to review IT, digital and cybersecurity planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives; and
- to be responsible for overall oversight function on IT matters including ex-ante risk assessments on e-banking services.

The Committee met seven (7) times during the financial year ended 31 March 2022.

## MANAGEMENT INFORMATION

The Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Bank, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on AMMB Group policies.

## HOLDING COMPANY

The Directors regard AMMB Holdings Berhad, which is incorporated in Malaysia, as the holding company.

## RATING BY EXTERNAL AGENCIES

The Bank continues to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad.

Details of the Bank's ratings are as follows:

<u>Rating agency</u>	<u>Date accorded</u>	<u>Rating Classification</u>	<u>Ratings</u>
Moody's Investors Service	18 August 2021	Long-term Bank deposits (Foreign) rating Short-term Bank deposits (Foreign) rating Outlook	A3 P-2 Negative
S&P Global Ratings	21 January 2022	Long-term foreign currency rating Short-term foreign currency rating Outlook	BBB+ A-2 Negative
RAM Rating Services Berhad ("RAM Rating")	11 January 2022	Long-term financial institution rating Short-term financial institution rating Outlook	AA3 P1 Stable
Fitch Ratings	29 November 2021	Long-term foreign currency rating Short-term foreign currency rating Outlook	BBB- F3 Stable

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**AUDITORS AND AUDITORS' REMUNERATION**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office. Auditors' remuneration is disclosed in Note 35 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.



**VOON SENG CHUAN**  
Director



**DR VEERINDERJEET SINGH A/L TEJWANT SINGH**  
Director

Kuala Lumpur, Malaysia  
30 May 2022

**AMBANK (M) BERHAD**  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARIES

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, **VOON SENG CHUAN** and **DR VEERINDERJEET SINGH A/L TEJWANT SINGH**, being two of the Directors of **AMBANK (M) BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 24 to 220 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.



**VOON SENG CHUAN**  
Director



**DR VEERINDERJEET SINGH A/L TEJWANT SINGH**  
Director

Kuala Lumpur, Malaysia  
30 May 2022

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, **LING FOU-TSONG @ JAMIE LING**, being the Officer primarily responsible for the financial management of **AMBANK (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 220 are, in my opinion correct, and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **LING FOU-TSONG @ JAMIE LING** at Kuala Lumpur in the state of Wilayah Persekutuan this 30 May 2022



**LING FOU-TSONG @ JAMIE LING**

Before me,



COMMISSIONER FOR OATHS

Lodged on behalf by:

Address: 22nd Floor, Bangunan AmBank Group,  
No. 55 Jalan Raja Chulan,  
50200 Kuala Lumpur

Telephone Number: 03-20362633

Lot 333, 3rd Floor  
Wisma New Asia  
Jalan Raja Chulan  
50200 Kuala Lumpur

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of  
AmBank (M) Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of AmBank (M) Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Bank, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 24 to 220.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Bank in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Registration No. 196901000166 (8515-D)

**Independent auditors' report to the member of  
AmBank (M) Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Information other than the financial statements and auditors' report thereon*

The directors of the Bank are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial statements*

The directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Registration No. 196901000166 (8515-D)

**Independent auditors' report to the member of  
AmBank (M) Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of  
AmBank (M) Berhad (cont'd.)  
(Incorporated in Malaysia)

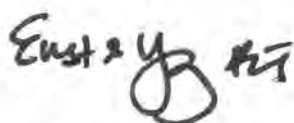
*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
30 May 2022



Ahmad Qadri bin Jahubar Sathik  
No. 03254/05/2024 J  
Chartered Accountant

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022**

		Group		Bank	
		2022	2021	2022	2021
			(Restated)		(Restated)
			(Note 53)		(Note 53)
	Note	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds	6	9,894,325	9,621,295	9,874,911	9,613,134
Deposits and placements with banks and other financial institutions	8	2,184,788	457,124	2,184,788	457,124
Investment account placement	9	1,708,484	716,091	1,708,484	716,091
Derivative financial assets	10	832,821	1,313,003	832,821	1,313,003
Financial assets at fair value through profit or loss	11	2,675,904	3,789,592	2,675,869	3,789,554
Financial investments at fair value through other comprehensive income	12	14,339,584	13,763,607	14,339,584	13,763,607
Financial investments at amortised cost	13	5,929,515	3,751,441	5,929,515	3,751,441
Loans and advances	14	78,817,487	75,512,257	78,784,319	75,471,775
Statutory deposit with Bank Negara Malaysia	15	200,000	305,773	200,000	305,773
Deferred tax assets	16	139,318	74,858	139,318	74,858
Investment in subsidiaries	17	-	-	30,964	31,492
Investment in associates	18	15,597	31,305	19,617	32,300
Other assets	19	1,819,943	1,569,947	1,820,212	1,567,042
Right-of-use assets	20	172,789	223,268	174,238	224,856
Property and equipment	21	151,787	184,473	133,683	165,843
Intangible assets	22	221,538	254,134	221,538	254,134
<b>TOTAL ASSETS</b>		<b>119,103,880</b>	<b>111,568,168</b>	<b>119,069,861</b>	<b>111,532,027</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	23	85,856,896	79,629,964	85,870,989	79,645,732
Deposits and placements of banks and other financial institutions	24	7,377,743	7,104,827	7,387,387	7,115,032
Securities sold under repurchase agreements	7	1,582,717	810,171	1,582,717	810,171
Recourse obligation on loans sold to Cagamas Berhad	25	6,875,023	6,475,018	6,875,023	6,475,018
Derivative financial liabilities	10	806,634	1,273,529	806,634	1,273,529
Term funding	26	1,045,260	715,103	1,045,260	715,103
Debt capital	27	3,095,000	2,995,000	3,095,000	2,995,000
Other liabilities	28	2,382,585	3,802,608	2,371,270	3,790,933
<b>TOTAL LIABILITIES</b>		<b>109,021,858</b>	<b>102,806,220</b>	<b>109,034,280</b>	<b>102,820,518</b>
Share capital	29	3,040,465	2,590,465	3,040,465	2,590,465
Reserves	30	7,041,411	6,171,337	6,995,116	6,121,044
<b>Equity attributable to equity holder of the Bank</b>		<b>10,081,876</b>	<b>8,761,802</b>	<b>10,035,581</b>	<b>8,711,509</b>
Non-controlling interests	31	146	146	-	-
<b>TOTAL EQUITY</b>		<b>10,082,022</b>	<b>8,761,948</b>	<b>10,035,581</b>	<b>8,711,509</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>119,103,880</b>	<b>111,568,168</b>	<b>119,069,861</b>	<b>111,532,027</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	46	<b>113,360,229</b>	<b>128,117,074</b>	<b>113,437,579</b>	<b>128,182,124</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>10.61</b>	<b>9.70</b>	<b>10.56</b>	<b>9.64</b>

The accompanying notes form an integral part of the financial statements.

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**STATEMENTS OF PROFIT OR LOSS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	Group		Bank	
		2022 RM'000	2021 (Restated) (Note 53) RM'000	2022 RM'000	2021 (Restated) (Note 53) RM'000
Interest income	32	3,940,247	4,008,681	3,935,654	4,003,627
Interest expense	33	(1,784,418)	(2,061,934)	(1,784,621)	(2,062,134)
Net interest income		2,155,829	1,946,747	2,151,033	1,941,493
Other operating income	34	540,756	717,252	559,949	717,867
Share in results of an associate	18	(708)	(1,319)	-	-
Net income		2,695,877	2,662,680	2,710,982	2,659,360
Other operating expenses	35	(1,300,780)	(1,282,516)	(1,300,101)	(1,282,688)
Operating profit		1,395,097	1,380,164	1,410,881	1,376,672
Allowance for impairment on loans and advances	37	(72,066)	(589,570)	(72,059)	(592,480)
Provision for commitments and contingencies	28(c)&(d)	(174,204)	(47,860)	(174,213)	(47,873)
Impairment (loss)/writeback on:					
Financial investments	38	(14,279)	(17,138)	(14,279)	(17,134)
Other financial assets	39	(1,273)	569	(1,270)	575
Associate	18	-	-	(12,683)	(2)
Subsidiary		-	-	(528)	-
Other recoveries, net		171	8,116	171	8,116
Apportionment of settlement cost	54	-	(2,535,000)	-	(2,535,000)
Profit/(loss) before taxation		1,133,446	(1,800,719)	1,136,020	(1,807,126)
Taxation	40	(119,824)	(162,574)	(118,358)	(160,339)
<b>Profit/(loss) for the financial year</b>		<b>1,013,622</b>	<b>(1,963,293)</b>	<b>1,017,662</b>	<b>(1,967,465)</b>
Attributable to:					
Equity holder of the Bank		1,013,622	(1,963,285)	1,017,662	(1,967,465)
Non-controlling interests	31	-	(8)	-	-
Profit/(loss) for the financial year		1,013,622	(1,963,293)	1,017,662	(1,967,465)
<b>Earnings/(loss) per share (sen)</b>					
Basic/diluted	41	107.57	(234.50)		

The accompanying notes form an integral part of the financial statements.

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) for the financial year		1,013,622	(1,963,293)	1,017,662	(1,967,465)
<b>Other comprehensive income/(loss):</b>					
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>					
<u>Equity instruments</u>					
Financial investments at fair value through other comprehensive income					
- net changes in fair value		(5,250)	96,474	(5,250)	96,474
Tax effect	16	1,982	(883)	1,982	(883)
<b>Items that may be reclassified subsequently to statement of profit or loss</b>					
Currency translation on offshore operations		3,900	(11,178)	3,858	(11,144)
Cash flow hedge					
- gain arising during the financial year	10(v)	1,654	5,615	1,654	5,615
- amortisation of fair value changes of terminated hedge		8,724	9,130	8,724	9,130
Tax effect	16	(2,491)	(3,539)	(2,491)	(3,539)
<u>Debt instruments</u>					
Financial investments at fair value through other comprehensive income					
- net unrealised (loss)/gain on changes in fair value		(198,928)	19,266	(198,928)	19,119
- net gain reclassified to statements of profit or loss		(4,218)	(23,492)	(4,218)	(23,492)
- expected credit loss	12(b)	2,322	(3,553)	2,322	(3,557)
- foreign exchange differences		2	(5)	2	(5)
Tax effect	16	48,755	1,014	48,755	1,049
Other comprehensive (loss)/income, net of tax		(143,548)	88,849	(143,590)	88,767
<b>Total comprehensive income/(loss) for the financial year, net of tax</b>		<b>870,074</b>	<b>(1,874,444)</b>	<b>874,072</b>	<b>(1,878,698)</b>
Attributable to:					
Equity holder of the Bank		870,074	(1,874,436)	874,072	(1,878,698)
Non-controlling interests	31	-	(8)	-	-
		<b>870,074</b>	<b>(1,874,444)</b>	<b>874,072</b>	<b>(1,878,698)</b>

The accompanying notes form an integral part of the financial statements.

**AMBANK (M) BERHAD**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

Group	Note	Attributable to equity holder of the Bank									Total equity RM'000
		Non-distributable						Distributable			
		Share capital RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable equity holder RM'000	Non-controlling interests RM'000	
<b>At 1 April 2020</b>		1,940,465	311,003	104,149	368,731	(28,155)	95,766	7,326,502	10,118,461	154	10,118,615
Loss for the financial year		-	-	-	-	-	-	(1,963,285)	(1,963,285)	(8)	(1,963,293)
Other comprehensive income/(loss)		-	-	-	88,821	11,206	(11,178)	-	88,849	-	88,849
Total comprehensive income/(loss) for the financial year		-	-	-	88,821	11,206	(11,178)	(1,963,285)	(1,874,436)	(8)	(1,874,444)
Issuance of ordinary shares	29	650,000	-	-	-	-	-	-	650,000	-	650,000
Transfer from regulatory reserve*		-	(311,003)	-	-	-	-	311,003	-	-	-
Dividends on ordinary shares	42	-	-	-	-	-	-	(132,223)	(132,223)	-	(132,223)
Transactions with owner and other equity movements		650,000	(311,003)	-	-	-	-	178,780	517,777	-	517,777
<b>At 31 March 2021</b>		<b>2,590,465</b>	<b>-</b>	<b>104,149</b>	<b>457,552</b>	<b>(16,949)</b>	<b>84,588</b>	<b>5,541,997</b>	<b>8,761,802</b>	<b>146</b>	<b>8,761,948</b>

\* Bank Negara Malaysia ("BNM") had in March 2020 implemented additional measures in response to COVID-19 pandemic. These measures, amongst others, aim to ensure that the financial intermediation function of the financial sector remains intact and banking institutions remain focused on supporting the economy during these exceptional circumstances. As at 31 March 2021, no regulatory reserve was held against expected losses, one of the drawdown of prudential buffers as allowed by BNM.

The accompanying notes form an integral part of the financial statements.

**AMBANK (M) BERHAD**  
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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONT'D.)**

Group	Note	Attributable to equity holder of the Bank									Total equity RM'000
		Non-distributable					Distributable				
		Share capital RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable equity holder RM'000	Non-controlling interests RM'000	
<b>At 1 April 2021</b>		2,590,465	-	104,149	457,552	(16,949)	84,588	5,541,997	8,761,802	146	8,761,948
Profit for the financial year		-	-	-	-	-	-	1,013,622	1,013,622	-	1,013,622
Other comprehensive (loss)/income		-	-	-	(155,335)	7,887	3,900	-	(143,548)	-	(143,548)
Total comprehensive (loss)/income for the financial year		-	-	-	(155,335)	7,887	3,900	1,013,622	870,074	-	870,074
Transfer of net gain on disposal of financial investments at fair value through other comprehensive income to retained earnings	12(a)	-	-	-	(8,871)	-	-	8,871	-	-	-
Transfer to regulatory reserve		-	94,463	-	-	-	-	(94,463)	-	-	-
Issuance of ordinary shares	29	450,000	-	-	-	-	-	-	450,000	-	450,000
Transactions with owner and other equity movements		450,000	94,463	-	(8,871)	-	-	(85,592)	450,000	-	450,000
<b>At 31 March 2022</b>		<b>3,040,465</b>	<b>94,463</b>	<b>104,149</b>	<b>293,346</b>	<b>(9,062)</b>	<b>88,488</b>	<b>6,470,027</b>	<b>10,081,876</b>	<b>146</b>	<b>10,082,022</b>

The accompanying notes form an integral part of the financial statements.

**AMBANK (M) BERHAD**  
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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONT'D.)**

Bank	Note	Attributable to equity holder of the Bank					Retained earnings RM'000	Total equity RM'000
		Non-distributable		Distributable				
		Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000		
<b>At 1 April 2020</b>		1,940,465	311,003	368,847	(28,155)	99,587	7,380,683	10,072,430
Loss for the financial year		-	-	-	-	-	(1,967,465)	(1,967,465)
Other comprehensive income/(loss)		-	-	88,705	11,206	(11,144)	-	88,767
Total comprehensive income/(loss) for the financial year		-	-	88,705	11,206	(11,144)	(1,967,465)	(1,878,698)
Issuance of ordinary shares	29	650,000	-	-	-	-	-	650,000
Transfer from regulatory reserve*		-	(311,003)	-	-	-	311,003	-
Dividends on ordinary shares	42	-	-	-	-	-	(132,223)	(132,223)
Transactions with owner and other equity movements		650,000	(311,003)	-	-	-	178,780	517,777
<b>At 31 March 2021</b>		<b>2,590,465</b>	<b>-</b>	<b>457,552</b>	<b>(16,949)</b>	<b>88,443</b>	<b>5,591,998</b>	<b>8,711,509</b>

\* Bank Negara Malaysia ("BNM") had in March 2020 implemented additional measures in response to COVID-19 pandemic. These measures, amongst others, aim to ensure that the financial intermediation function of the financial sector remains intact and banking institutions remain focused on supporting the economy during these exceptional circumstances. As at 31 March 2021, no regulatory reserve was held against expected losses, one of the drawdown of prudential buffers as allowed by BNM.

The accompanying notes form an integral part of the financial statements.

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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONT'D.)**

Bank	Note	Attributable to equity holder of the Bank						Total equity RM'000
		Non-distributable				Distributable		
		Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2021</b>		2,590,465	-	457,552	(16,949)	88,443	5,591,998	8,711,509
Profit for the financial year		-	-	-	-	-	1,017,662	1,017,662
Other comprehensive (loss)/income		-	-	(155,335)	7,887	3,858	-	(143,590)
Total comprehensive (loss)/income for the financial year		-	-	(155,335)	7,887	3,858	1,017,662	874,072
Transfer of net gain on disposal of financial investments at fair value through other comprehensive income to retained earnings	12(a)	-	-	(8,871)	-	-	8,871	-
Transfer to regulatory reserve		-	94,463	-	-	-	(94,463)	-
Issuance of ordinary shares	29	450,000	-	-	-	-	-	450,000
Transactions with owner and other equity movements		450,000	94,463	(8,871)	-	-	(85,592)	450,000
<b>At 31 March 2022</b>		<b>3,040,465</b>	<b>94,463</b>	<b>293,346</b>	<b>(9,062)</b>	<b>92,301</b>	<b>6,524,068</b>	<b>10,035,581</b>

The accompanying notes form an integral part of the financial statements.

**AMBANK (M) BERHAD**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	Group		Bank	
		2022 RM'000	2021 (Restated) (Note 53) RM'000	2022 RM'000	2021 (Restated) (Note 53) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before taxation		1,133,446	(1,800,719)	1,136,020	(1,807,126)
Adjustments for:					
Accretion of discount less amortisation of premium		(15,539)	(28,058)	(15,539)	(28,058)
Amortisation of fair value loss on terminated hedge		8,724	9,130	8,724	9,130
Amortisation of intangible assets	22 & 35	87,034	80,173	87,034	80,173
Amortisation of issuance costs and premium for term funding	26	3,401	5,761	3,401	5,761
Depreciation of property and equipment	21 & 35	56,646	61,423	56,119	60,894
Depreciation of right-of-use assets	20 & 35	66,403	70,244	66,542	70,959
Finance cost for lease liabilities	28(a) & 35	6,642	8,265	6,671	8,389
Finance cost for provision for reinstatement for leased properties	28(b) & 35	102	133	102	133
Gain on disposal of foreclosed properties	34	-	(540)	-	(540)
Gain on disposal of property and equipment	34	(73)	(99)	(73)	485
Distribution income from financial investments at fair value through other comprehensive income	34	(8,359)	(8,588)	(8,359)	(8,588)
Dividend income from subsidiaries	34	-	-	(4,958)	(1,150)
Dividend income from associate	34	-	-	(15,000)	-
Impairment loss on financial investments	38	14,279	17,138	14,279	17,134
Impairment loss/(writeback) of other financial assets	39	1,273	(569)	1,270	(575)
Impairment loss on an associate	18	-	-	12,683	2
Impairment loss on subsidiary	17	-	-	528	-
Loans and advances - allowances, net of writeback	37	218,509	838,509	218,502	838,335
Net adjustment on COVID-19 relief measures		(84,592)	(29,187)	(84,592)	(29,187)
Net loss on revaluation of derivatives		14,941	107,537	14,941	107,537
Net gain on revaluation of financial assets at fair value through profit or loss	34	(604)	(75,127)	(607)	(75,123)
Net gain on sale of financial assets at fair value through profit or loss	34	(3,172)	(250,240)	(3,172)	(250,240)
Net gain on sale of financial assets at fair value through other comprehensive income	34	(4,218)	(23,492)	(4,218)	(23,492)
Net gain on redemption of financial assets at amortised cost	34	-	(3,413)	-	(3,413)
Remeasurement of right-of-use assets	20	(6,240)	(6,648)	(6,240)	(6,648)
Remeasurement of lease liabilities	28(a)	6,240	6,726	6,240	6,726
Remeasurement of provision for reinstatement	28(b)	-	6	-	6

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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONT'D.)**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)</b>					
Gain on termination of lease arrangement		(54)	-	(54)	-
Property and equipment written off	21 & 35	39	84	39	84
Intangible assets written off	22 & 35	5	-	5	-
Reversal of provision for reinstatement cost of leased properties	28(b)	-	(1,918)	-	(1,918)
Share of results of an associate	18(e)	708	1,319	-	-
Scheme shares and options granted under AMMB ESS - charge	35	(392)	29,913	(392)	29,913
Unrealised foreign exchange loss/(gain) on term funding		6,897	(16,935)	6,897	(16,935)
Provision for commitments and contingencies	28(c) & (d)	174,204	47,860	174,213	47,873
<b>Operating profit/(loss) before working capital changes</b>		<b>1,676,250</b>	<b>(961,312)</b>	<b>1,671,006</b>	<b>(969,459)</b>
<b>(Increase)/decrease in operating assets:</b>					
Deposits and placements with banks and other financial institutions		(899,500)	(77,149)	(899,500)	(77,149)
Investment account placement		(992,629)	(28)	(992,629)	(28)
Financial assets at fair value through profit or loss		1,151,846	3,892,598	1,151,846	3,892,598
Loans and advances		(3,454,993)	(2,810,926)	(3,462,300)	(2,819,407)
Statutory deposit with Bank Negara Malaysia		105,773	33,583	105,773	33,583
Other assets		(248,429)	430,881	(248,971)	430,759
<b>Increase/(decrease) in operating liabilities:</b>					
Deposits from customers		6,226,932	821,597	6,225,257	825,246
Deposits and placements of banks and other financial institutions		304,103	385,839	303,542	386,431
Securities sold under repurchase agreements		772,546	(5,542,538)	772,546	(5,542,538)
Recourse obligation of loans sold to Cagamas Berhad		400,005	2,334,995	400,005	2,334,995
Term funding	26	319,859	(740,766)	319,859	(740,766)
Other liabilities		(1,531,983)	1,233,944	(1,531,564)	1,234,223
<b>Cash generated from/(used in) operating activities</b>		<b>3,829,780</b>	<b>(999,282)</b>	<b>3,814,870</b>	<b>(1,011,512)</b>
Net taxation paid		(135,382)	(228,881)	(136,522)	(227,323)
<b>Net cash generated from/(used in) operating activities</b>		<b>3,694,398</b>	<b>(1,228,163)</b>	<b>3,678,348</b>	<b>(1,238,835)</b>

**AMBANK (M) BERHAD**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONT'D.)**

		Group		Bank	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received from subsidiaries	34	-	-	4,958	1,150
Distribution income received from financial investments at fair value through other comprehensive income	34	8,359	8,588	8,359	8,588
Dividend received from an associate		15,000	-	15,000	-
Net (purchase)/redemption of financial investments at fair value through other comprehensive income		(806,421)	1,226,702	(806,421)	1,234,401
Purchase of financial investments at amortised cost		(2,182,609)	(723,125)	(2,182,609)	(723,125)
Proceeds from disposal of property and equipment		352	1,355	352	590
Purchase of intangible assets	22	(66,283)	(79,936)	(66,283)	(79,936)
Additions through purchase of property and equipment and transfer from related companies	21	(20,938)	(34,246)	(20,938)	(34,246)
<b>Net cash (used in)/generated from investing activities</b>		<b>(3,052,540)</b>	<b>399,338</b>	<b>(3,047,582)</b>	<b>407,422</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	42	-	(132,223)	-	(132,223)
Issuance of share capital	29	450,000	650,000	450,000	650,000
Payment of lease liabilities	28(a)	(73,648)	(76,618)	(73,809)	(77,407)
Net proceeds from issuance of Subordinated Notes	27(a)	100,000	400,000	100,000	400,000
<b>Net cash generated from financing activities</b>		<b>476,352</b>	<b>841,159</b>	<b>476,191</b>	<b>840,370</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,118,210</b>	<b>12,334</b>	<b>1,106,957</b>	<b>8,957</b>
<b>CASH AND CASH EQUIVALENTS</b>					
<b>AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>10,021,441</b>	<b>10,008,917</b>	<b>10,013,280</b>	<b>10,004,133</b>
Effect of exchange rate changes		(555)	190	(555)	190
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		<b>11,139,096</b>	<b>10,021,441</b>	<b>11,119,682</b>	<b>10,013,280</b>

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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONT'D.)**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and cash equivalents comprise:					
Cash and short-term funds	6	9,894,325	9,621,295	9,874,911	9,613,134
Deposits and placements with banks and other financial institutions	8	<u>2,184,788</u>	<u>457,124</u>	<u>2,184,788</u>	<u>457,124</u>
		12,079,113	10,078,419	12,059,699	10,070,258
Less: Deposits with original maturity more than 3 months	6 & 8	<u>(943,435)</u>	<u>(59,276)</u>	<u>(943,435)</u>	<u>(59,276)</u>
		11,135,678	10,019,143	11,116,264	10,010,982
Add back:					
Allowances for expected credit loss ("ECL") for cash and cash equivalents at end of the financial year	6 & 8	3,418	2,298	3,418	2,298
		<u>11,139,096</u>	<u>10,021,441</u>	<u>11,119,682</u>	<u>10,013,280</u>

The accompanying notes form an integral part of the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**1. CORPORATE INFORMATION**

The principal activity of AmBank (M) Berhad ("the Bank") is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 17.

There have been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 22<sup>nd</sup> Floor, Bangunan AmBank Group, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal places of business for the Retail Banking, Business Banking and Wholesale Banking Divisions are located at Menara AmBank, Jalan Yap Kwan Seng, 50450 Kuala Lumpur and Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Bank is a wholly-owned subsidiary of AMMB Holdings Berhad ("AMMB"), a company incorporated in Malaysia. AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Bank and its subsidiaries ("the Group") and the separate financial statements of the Bank have been approved and authorised for issue by the Board of Directors on 27 April 2022.

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

In the preparation of these financial statements, the management of the Group and the Bank have made an assessment of the ability of the Group and the Bank to continue as a going concern. From the assessment, the management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern, hence these financial statements have been prepared on a going concern basis.

**2.2 Statement of compliance**

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

**2.3 Presentation of financial statements**

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The statements of financial position are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date ("current") and more than 12 months after the reporting date ("non-current") is presented in Note 47.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 March 2022.

Subsidiaries are entities (including structured entities) over which the Group has control.

The Group controls an investee if and only if, the Group has:

- power over the investee (i.e. that its existing rights give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, control is established when the Group holds a majority of the voting rights of an investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the size of the Group's voting rights and potential voting rights relative to the size and dispersion of voting rights and potential rights held by the other vote holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and cash flows of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity owners of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as transaction with equity owners of the Group. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises any consideration received at its fair value;
- recognises any investment retained at its fair value;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies

#### 2.5a Business combinations and goodwill

Business combinations, other than business combinations between entities under common control, are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the acquisition date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. For financial liabilities, this includes the separation of embedded derivatives in host contracts by the acquiree.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial asset or a financial liability is recognised in accordance with MFRS 9 *Financial Instruments* ("MFRS 9") in profit or loss. If the contingent consideration is not within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary, the difference is recognised directly in profit or loss as a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with MFRS 8 *Operating Segments* ("MFRS 8").

## **2. ACCOUNTING POLICIES (CONT'D.)**

### **2.5 Summary of significant accounting policies (Cont'd.)**

#### **2.5a Business combinations and goodwill (Cont'd.)**

Where goodwill has been allocated to a CGU (or a group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

The Group applies merger accounting to account for business combinations between entities under common control. Under merger accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate common control shareholder and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The comparative information is restated to reflect the combined results of both entities.

#### **2.5b Investment in subsidiaries**

In the Bank's separate financial statements, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amounts are recognised in profit or loss.

#### **2.5c Investment in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statements of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of the associates is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the associates.

## **2. ACCOUNTING POLICIES (CONT'D.)**

### **2.5 Summary of significant accounting policies (Cont'd.)**

#### **2.5c Investment in associates (Cont'd.)**

When the Group's share of losses in an associate equals or exceeds its interests in the investee, including any long-term interests that, in substance, form part of the Group's net investment in the investee, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises the loss as "impairment loss on associates" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Bank's separate financial statements, investment in associates are stated at cost less accumulated impairment losses. On disposal of such investment, the difference between the net disposal proceeds and its carrying amounts is recognised in profit or loss.

#### **2.5d Transactions with non-controlling interests**

Non-controlling interests represent the portion of equity in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. In such circumstances, the carrying amounts of the non-controlling interests shall be adjusted to reflect the changes in relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the Group.

#### **2.5e Foreign currencies**

##### **(i) Functional and presentation currency**

The individual financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements and the Bank's separate financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5e Foreign currencies (Cont'd.)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot exchange rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(iii) Foreign subsidiaries and operations

On consolidation, the assets and liabilities of foreign subsidiaries and operations are translated into RM at the exchange rates prevailing at the reporting date and their profit or loss items are translated at the average exchange rates for the financial year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign subsidiary or operation, the component of OCI relating to that particular foreign subsidiary or operation is reclassified to profit or loss.

#### 2.5f Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Work-in-progress which are not yet available for use are not depreciated. Depreciation of other property and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5f Property and equipment (Cont'd.)

The annual depreciation rates for the various classes of property and equipment are as follows:

Leasehold land	2% or remaining lease period (whichever is shorter)
Buildings	2% or over the term of short term lease (whichever is shorter)
Leasehold improvements	15% to 20%
Motor vehicles	20%
Computer equipment	12.5% to 33.3%
Office equipment, furniture and fittings	15% to 50%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if the expectations differ from previous estimates.

#### 2.5g Leases

The determination of whether an arrangement is, or contains, a lease is based on whether the arrangement conveys a right to control the use of the asset, even if that right is not explicitly specified in an arrangement.

##### (i) The Group and the Bank as a lessee

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group and the Bank.

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5g Leases (Cont'd.)

##### (i) The Group and the Bank as a lessee (Cont'd.)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any). Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Unless the Group and the Bank are reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group and the Bank are reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of the assets, as follows:

Premises	50 years or over the term of short term lease
Computer equipment	3 to 8 years

Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases, i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value, i.e. those with a value of RM20,000 or less when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### (ii) The Group and the Bank as a lessor

Leases in which the Group and the Bank do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognised over the term of the lease on a straight-line basis. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5h Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

##### (i) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 years to 10 years. During the period of development, the asset is tested for impairment annually.

#### 2.5i Financial instruments - initial recognition and measurement

##### (i) Initial recognition

Financial assets and financial liabilities are recognised when the Group and the Bank become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets. The Group and the Bank apply trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5i Financial instruments - initial recognition and measurement (Cont'd.)

(ii) Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Group and the Bank immediately recognise the difference between the transaction price and fair value (a "Day 1" profit or loss) provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and the fair value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

#### 2.5j Financial assets – classification and subsequent measurement

The Group and the Bank classify its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVTPL").

The classification requirements for debt and equity instruments are described below:

(i) **Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

***Business model***

The business model reflects how the Group and the Bank manage the financial assets in order to generate cash flows. That is, whether the Group's and the Bank's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Group and the Bank in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5j Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

##### (i) Debt instruments (Cont'd.)

###### ***Cash flow characteristics***

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets' contractual cash flows represent solely payment of principal and interest ("SPPI"). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, the Group and the Bank classify the debt instruments into one of the following three measurement categories:

###### **Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the methodology described in Note 2.5p. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included in "interest income" in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in "impairment losses on financial investments" for bonds, "impairment losses on loans and advances" for loans and advances or "doubtful receivables" for losses other than bonds, loans and advances.

###### **FVOCI**

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through OCI, except for the recognition of impairment losses (measured using the methodology described in Note 2.5p), interest income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Interest earned whilst holding the assets are reported as "interest income" using the effective interest method. The losses arising from impairment are reclassified from OCI to profit or loss in "impairment losses on financial investments". When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss and recognised in "other operating income".

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5j Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

##### (i) Debt instruments (Cont'd.)

Based on these factors, the Group and the Bank classify the debt instruments into one of the following three measurement categories (Cont'd.):

##### **FVTPL**

Financial assets that do not meet the criteria for amortised cost or FVOCI, including financial assets held-for-trading and derivatives, are measured at FVTPL. A gain or loss on an asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented within "investment and trading income". Interest earned whilst holding the assets are reported as "interest income" using the effective interest method.

In addition, financial assets that meet the criteria for amortised cost or FVOCI may be irrevocably designated by management as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument by instrument basis. Any change in fair value is recognised in profit or loss and presented within "investment and trading income". Interest earned is recognised in "interest income" using the effective interest method.

##### (ii) Reclassification of debt investments

The Group and the Bank reclassify debt investments when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the financial year.

##### (iii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Bank subsequently measure all equity investments at FVTPL, except where the management has elected at initial recognition to irrevocably designate an equity investment that is not held for trading at FVOCI. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividends earned whilst holding the equity investment are recognised in profit or loss as "other operating income" when the right to the payment has been established.

Gains and losses on equity investments at FVTPL, including dividends earned, are included in "investment and trading income" in profit or loss.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5k Financial liabilities – classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- financial liabilities at FVTPL; and
- financial guarantee contracts and loan commitments (see Note 2.5y).

##### (i) Amortised cost

Financial liabilities issued by the Group and the Bank, that are not designated at FVTPL, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group and the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

##### (ii) FVTPL

This classification is applied to derivatives, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in OCI (being the amount of change in the fair value of the financial liability that is attributable to changes in credit risk of that liability) and partially in profit or loss (i.e. the remaining amount of change in fair value of the liability). This is unless such presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5I Derecognition of financial instruments

##### (i) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Bank have transferred rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
  - the Group and the Bank have transferred substantially all the risks and rewards of the asset; or
  - the Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Bank have transferred rights to receive cash flows from an asset or have entered into a pass-through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Bank's continuing involvement in the asset. In that case, the Group and the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

##### (ii) Modification of loans and advances

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan.
- significant extension of the loan term when the borrower is not in financial difficulty.
- significant change in the interest rate.
- change in the currency the loan is denominated in.
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a "new" asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the borrower being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5I Derecognition of financial instruments (Cont'd.)

##### (iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. The difference in the respective carrying amount of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial liability and are amortised over the remaining term of the modified financial liability.

#### 2.5m Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Group and the Bank retain substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest, as a liability within "securities sold under repurchase agreements", reflecting the transaction's economic substance as a loan to the Group and the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Group and the Bank reclassify those securities in the statement of financial position to "financial assets at FVTPL pledged as collateral" or to "financial investments at FVOCI pledged as collateral", as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest is recorded in the statement of financial position, within "securities purchased under resale agreements", reflecting the transaction's economic substance as a loan by the Group and the Bank. The difference between the purchase and resale prices is recorded in "net interest income" and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "financial liabilities at FVTPL" and measured at fair value with any gains or losses included in "investment and trading income".

#### 2.5n Securities borrowing and lending

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "investment and trading income".

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5o Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at FVTPL, financial investments at FVOCI and derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group and to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets or liabilities that are recognised at fair value in the financial statements on a recurring basis, the Group and the Bank 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.

The fair value hierarchies of financial instruments that are measured at fair value are disclosed in Note 50.

The fair value hierarchies of financial assets, financial liabilities and non-financial assets that are not measured at fair value, but for which fair value is disclosed, are also disclosed in Note 50.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5p Financial instruments - expected credit losses

The Group and the Bank assess on a forward-looking basis the expected credit losses ("ECL") associated with debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued in profit or loss on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring or a change in forward looking adjustments after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

The methodology applied in measuring ECL is explained in Note 49.2.

Loans together with the associated allowance are written off when all practical recovery efforts has been exhausted and there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the Group and the Bank. The Group and the Bank may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

#### (i) Rescheduled and restructured loans

Where possible, the Group and the Bank seek to reschedule or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EIR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured loans for a certain period to ensure all terms are adhered to and that future payments are likely to occur before reclassification back to performing status.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5p Financial instruments - expected credit losses (Cont'd.)

(ii) Collateral valuation

The Group and the Bank seek to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's and the Bank's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group and the Bank use active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See Note 49.2 for further analysis of collateral).

(iii) Collateral repossessed

The Group's and the Bank's policy is to determine whether a repossessed asset is best used for internal operations or should be sold. Repossessed financial assets determined to be useful for the internal operations are classified based on their characteristics, business model and the cash flow characteristics, and are measured at their fair value in the same manner as described in Note 2.5o. Repossessed non-financial assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value and the carrying value of the original secured asset. Repossessed assets that are determined better to be sold are immediately transferred to assets held for sale if the sale is deemed highly probable within a short period following the repossession, whereby financial assets are measured at their fair value whereas non-financial assets are measured at the lower of fair value less cost to sell at the repossession date and the carrying value of the original secured asset.

#### 2.5q Hedge accounting

The Group and the Bank make use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Group and the Bank apply hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group and the Bank formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Hedge ineffectiveness is recognised in profit or loss. For situations where the hedged item is a forecast transaction, the Group and the Bank also assess whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5q Hedge accounting (Cont'd.)

(i) Fair value hedges

The change in the fair value of a hedging derivative is recognised in “investment and trading income” in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in “investment and trading income” in the statement of profit or loss.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the “cash flow hedge reserve”, while any ineffective portion is recognised immediately in “investment and trading income” in the statement of profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iii) Hedges of a net investment

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

#### 2.5r Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5s Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Bank estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### 2.5t Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts. The policy for the measurement of foreclosed properties is in accordance with Note 2.5p(iii) on collateral repossessed.

#### 2.5u Cash and cash equivalents

Cash and short-term funds in the statements of financial position comprise cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of less than 3 months, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5v Assets held for sale

The Group and the Bank classify assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the sale is probable and the assets are available for immediate sale in their present condition, management has committed to the sale and the sale is expected to have been completed within one year from the date of the classification. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in profit or loss.

#### 2.5w Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

#### 2.5x Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured with sufficient reliability. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Bank are also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Bank. The Group and the Bank do not recognise contingent assets in the financial statements but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5y Financial guarantee contracts and loans commitments

Financial guarantee contracts issued by the Group and the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance (calculated as described in Note 2.5p) and the premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Loan commitments provided by the Group and the Bank are measured at the amount of the loss allowance (calculated as described in Note 2.5p).

#### 2.5z Recognition of income and expenses

Operating revenue of the Group and of the Bank comprises all types of revenue derived from commercial banking and non-financial services rendered by the subsidiaries.

Operating revenue of the Bank comprises gross interest income, fee and commission earned and other income derived from commercial banking operations.

#### Recognition of income and expenses relating to financial instruments

##### (i) Interest income and similar income and expense

For all interest-bearing financial assets and financial liabilities measured at amortised cost, interest bearing financial investments at FVOCI and financial assets and financial liabilities at FVTPL, interest income or expense is calculated using the effective interest method ("EIR"). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group and the Bank revise its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group and the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan.

##### (ii) Dividend income

Revenue is recognised when the Group's and the Bank's right to receive the payment is established, it is probable that the economic benefits will flow to the Group and the Bank and the amount of payment can be reliably measured. The conditions are generally met when shareholders approve the dividend.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5z Recognition of income and expenses (Cont'd.)

##### Recognition of income and expenses relating to financial instruments (Cont'd.)

(iii) Investment and trading income

Results arising from trading activities include all gains and losses from changes in fair value and dividends from financial assets at FVTPL. This includes any ineffectiveness recorded in hedging transactions.

##### Recognition of revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Bank transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Bank and its customer have approved the contract and intend to perform their respective obligations, the Group's and the Bank's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Bank will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Group and the Bank assess the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.

Revenue is measured at the amount of consideration to which the Group and the Bank expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies, the Group and the Bank estimate the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Bank determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Revenue is recognised over time if the control over the goods or services is transferred over time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The following specific recognition criteria must be met before revenue is recognised:

(i) Fee and commission income

The Group and the Bank earn fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

##### Fee income earned from services that are provided over a period of time

Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include loan arrangement, commission income, custody and other management and advisory fees. Loan commitment fees for loans that are unlikely to be drawn down are recognised over the commitment period on a straight-line basis.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5z Recognition of income and expenses (Cont'd.)

##### Recognition of revenue from contracts with customers (Cont'd.)

- (i) Fee and commission income (Cont'd.)

###### **Fee income from providing transaction services**

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria. Commission income from the sale of unit trusts is recognised upon allotment of units, calculated as a percentage of sales value.

- (ii) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which the award credits are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the transaction on a relative stand-alone selling price basis. If stand-alone selling price of the other component is uncertain, the Group and the Bank estimate the stand-alone selling price by reference to the total transaction price less the fair value of the award credits. Revenue from the award credits is recognised when the award credits are redeemed or expired. The amount of revenue recognised when the award credits are redeemed is based on the number of award credits redeemed relative to the total number expected to be redeemed.

#### 2.5aa Employee benefits

- (i) Short-term benefits

Wages, salaries, bonuses and social security contributions that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Bank and are measured at the amounts paid or expected to be paid when the liabilities are settled. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

- (ii) Defined contribution pension plan

The Group and the Bank make contributions to the Employee Provident Fund ("EPF"), as well as defined contribution private retirement schemes in Malaysia. Such contributions are recognised as an expense in profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

- (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits when the Group and the Bank are demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5aa Employee benefits (Cont'd.)

(iv) Share-based payment transactions

The holding company, AMMB, operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the AMMB Group based on the financial and performance criteria and such conditions as it may deem fit.

The cost of equity-settled transactions is recognised by the Group and the Bank, together with a corresponding increase in the amount payable to, or the amount receivable from, AMMB over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. Profit or loss expense or credit for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised from the beginning to the end of that period.

#### 2.5ab Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved between the end of the reporting year and the date the financial statements are authorised for issue are disclosed as an event after the reporting year.

#### 2.5ac Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss. Current taxes relating to items recognised in OCI or directly in equity is recognised in OCI or equity respectively.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5ac Taxes (Cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.5 Summary of significant accounting policies (Cont'd.)

#### 2.5ac Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

#### 2.5ad Earnings Per Share ("EPS")

The Group presents basic and diluted (where applicable) EPS data for its ordinary shares in Note 41. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### 2.5ae Segment reporting

Segment reporting in the financial statements are presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Operating segments are distinguishable components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Reportable segments are operating segments or aggregations of operating segments of similar economic characteristics that meet specific aggregation criteria.

The Group's segmental reporting is based on the following five operating segments: retail banking, business banking, wholesale banking, investment banking and group funding and others, as disclosed in Note 52.

#### 2.5af Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Changes in the fair value of the ordinary shares are not recognised in the financial statements.

#### 2.5ag Government grant

A government grant is recognised only when there is a reasonable assurance that the grant will be received and all attached conditions will be met. It is measured at its fair value and is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The benefit of a government loan at a below-market rate of interest, measured as the difference between the fair value of the loan and proceeds received, is similarly treated as a government grant.

### 3. CHANGES IN ACCOUNTING POLICIES

#### 3.1 Adoption of Amendments and Annual Improvement to Standards

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

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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

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

##### 3.1a Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The amendments address issues that arise from the implementation of interest rate benchmark reforms, focusing on issues that affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR").

The amendments, among others, include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. In applying the practical expedient, an entity is required to first identify and account for modifications to the instrument by updating the effective interest rate without adjusting the carrying amount. As a result, no immediate gain or loss is recognised.

In addition, formal designation of a hedging relationship shall be amended to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform without discontinuing the existing hedging relationship or designation of a new hedging relationship.

In view of the practical expedient and temporary exceptions provided in these amendments, the discontinuation of London Interbank Offer Rate ("LIBOR") and the transition to alternative RFRs has not resulted in any significant financial impact to the Group.

At the date of the financial statements there are still some contracts which have yet to transition to alternative RFRs relating to USD LIBOR, which the exposure of these contracts are detailed in Note 49.4.

### 3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### 3.2 Standards issued but not yet effective

The following are new standard and amendments to published standards issued but not yet effective up to the date of issuance of the Group's and of the Bank's financial statements. The Group and the Bank intend to adopt the relevant standards and amendments to published standards when they become effective.

Description	Effective for annual periods beginning on or after
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
- Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
- Annual Improvements to MFRS Standards 2018-2020	1 January 2022
- MFRS 17 <i>Insurance Contracts</i>	1 January 2023
- Amendments to MFRS 17	1 January 2023
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17)	1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
- Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
- Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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 Bank are assessing the financial effects of their adoption except for MFRS 17 which is not relevant as the Group and the Bank do not issue any insurance contract or investment contract with discretionary participation features.

#### 3.2a Amendments to published standards effective for financial year ending 31 March 2023

##### **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 amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2022 but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Early adoption is permitted.

##### **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.

### 3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### 3.2 Standards issued but not yet effective

##### 3.2a Amendments to published standards effective for financial year ending 31 March 2023 (Cont'd.)

###### **Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137) (Cont'd.)**

The amendments are applied from annual reporting period beginning on or after 1 January 2022 to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments without restatement of comparative information. The cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Early adoption is permitted.

###### **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 amendments are applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

###### **Annual Improvements to MFRS Standards 2018-2020**

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments affecting 4 MFRSs, 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 amendment to MFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same MFRS 1 exemption.

###### **(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.

###### **(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.

### 3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

##### 3.2b Amendments to published standards effective for financial year ending 31 March 2024

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

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

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

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

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

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

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

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

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

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

### 3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

##### 3.2b Amendments to published standards effective for financial year ending 31 March 2024 (Cont'd.)

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

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

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

##### 3.2c 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.

### 4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENT

#### **Additional Measures from Bank Negara Malaysia ("BNM") to Assist Borrowers Affected by the COVID-19 Pandemic**

During the current financial year, BNM had announced the extension of additional relief measures to assist borrowers affected by COVID-19 pandemic in line with the Government economic stimulus package. The additional relief measures include the following:

#### **The Supplementary Strategic Programme to Empower the People and Economy (Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan "PEMERKASA Plus")**

The targeted repayment assistance initiative under PEMERKASA Plus financial aid package were announced by the Government on 31 May 2021. The package is focused to borrowers who have experienced loss of employment, B40 who are recipients of the Bantuan Sara Hidup ("BSH") or Bantuan Prihatin Rakyat ("BPR") and any microenterprise (with approved loan facilities of less than RM150,000) as well as small and medium-sized enterprises ("SMEs") and microenterprises that are not allowed to operate during the Movement Control Order ("MCO") (locked-down sectors), with the choice of a payment deferment for 3-months or a reduction of monthly instalments by 50% for a period of 6-months. In addition, all individual loan borrowers who have suffered a reduction in income will be offered a lower monthly instalment payment plan, which corresponds with the reduction in their income.

#### **National People's Well-Being and Economic Recovery Package (Perlindungan Rakyat and Pemulihan Ekonomi "PEMULIH")**

In line with the announcement of Pakej Perlindungan Rakyat dan Ekonomi ("PEMULIH") by the Government on 28 June 2021, repayment assistance of payment deferment for a period of six-months or 50% reduction in the monthly instalment payment for a period of six-month are being offered to all eligible individuals, microenterprises and any SME whose financial condition has been adversely affected by the pandemic.

#### 4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENT (CONT'D.)

##### **Additional Measures from Bank Negara Malaysia (“BNM”) to Assist Borrowers Affected by the COVID-19 Pandemic (Cont'd.)**

##### **Financial Management and Resilience Programme (Program Pengurusan dan Ketahanan Kewangan “URUS”)**

Further to announcement made by BNM and banking industry (represented collectively by The Association of Banks in Malaysia (“ABM”), Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”) and Association of Development Finance Institutions of Malaysia (“ADFIM”)) on 14 October 2021, the Group and the Bank had offered the URUS for eligible individual borrowers of the following criteria:

- (a) from B50 income segment (borrowers with gross household income of RM5,880 or lower, based on the definition by the Department of Statistics of Malaysia;
- (b) experienced either loss of employment or reduction of income at least 50%;
- (c) under an existing repayment assistance programme (e.g. Targeted Repayment Assistance, PEMERKASA Plus, PEMULIH, the Bank’s own rescheduling and restructuring) as at 30 September 2021; and
- (d) whose loan is still performing (not in arrears exceeding 90 days) as at the date of application by borrower.

Under URUS, Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) provides the borrower with a personalised financial plan that is developed holistically, taking into account the borrower’s financial circumstances and ability to afford repayment of all financing obligations.

The repayment assistance does not automatically result in a stage transfer under MFRS 9 in the absence of other factors indication evidence of significant increase in credit risk (“SICR”). Judgment and more holistic assessment of all relevant indicators and information, such as historical repayment and delinquency trend pre-COVID-19 pandemic, are applied in determining SICR. In addition, the loan that is approved under repayment assistance is exempted to be reported as rescheduling and restructuring (“R&R”) in the Central Credit Reference Information System (“CCRIS”). Nevertheless, the Group and the Bank are required to report the credit-impaired status consistently with the accounting classification.

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgments, estimates and assumptions are continually evaluated and are based on 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 accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

### 5.1 Measurement of ECL allowances (Notes 6, 8, 9, 12, 13, 14, 19, 28, 37, 38 and 39)

The measurement of the ECL allowances for financial assets measured at amortised cost and FVOCI and loan commitments and financial guarantee contracts requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 49.2.

Components of ECL models that involve significant judgment includes:

- determining criteria for significant increase in credit risk in the qualitative assessment and the impact of the instrument being measured at life time ECL basis due to significant increase in credit risk;
- choosing appropriate models and assumptions including the various formulas and choice of inputs for the measurement of ECL;
- establishing the forward-looking macroeconomic scenarios and the associated probability weightings, which are used in forward-looking ECL measurement; for the current financial year, forward looking macroeconomic information and assumptions relating to the COVID-19 pandemic have been considered in these scenarios;
- establishing groups of similar financial assets for the purposes of measuring ECL; and
- application of the Group's internal credit grading model which assigns Probability of Default ("PD") to the individual grades.

Under the government support measures to assist borrowers adversely impacted by the COVID-19 pandemic, the moratorium on repayment/payment of loans does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. Effective 1 October 2020, with the extension of repayment assistance, this should not automatically result in a stage transfer under MFRS 9 in the absence of other factors indicating evidence of significant increase in credit risk ("SICR"). The Group and the Bank are applying experienced credit judgment to assess SICR and is applying forward-looking overlay adjustments on ECL estimates to account for heightened uncertainty for those customers under extended repayment assistance.

### 5.2 Lease term of agreements with renewal options (Note 20)

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group and the Bank have the option, under some of its leases to lease the assets for additional terms of three to twelve years. The extension options held are exercisable only by the Group or the Bank and not by the respective lessor. In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include historical lease durations and the costs and business disruption required to replace the leased asset. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Group and the Bank included the renewal period as part of the lease term for most of its leases of premises due to the significance of these assets to its operations.

## **5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)**

### **5.3 Deferred tax assets and income taxes (Notes 16, 19, 28 and 40)**

The Group's and the Bank's income tax expense, deferred tax assets and liabilities reflect management's best estimate of current and future taxes to be paid.

Deferred tax assets are recognised in respect of unabsorbed capital allowances and other temporary differences to the extent that it is probable that future taxable profit will be available against which the unabsorbed capital allowances and other temporary differences can be utilised. Management judgment is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Significant judgment is required in estimating the provision for income taxes. Such estimate involves dealing with uncertainties in the application on the tax treatment of certain income or expenses that requires interpretation of the provisions in the income tax act of the relevant tax authorities. Liabilities for taxation are recognised based on estimates as to whether the payment of additional tax is probable. Management may seek experts' advice for such complex areas. As there is significant judgment and estimation uncertainty involved in determining provision for income taxes, the actual tax liability payable to the relevant tax authorities for the relevant year of assessment may be materially different from the amounts that were initially recorded; and such differences, if any, will be reflected as adjustments of over or under provisions of income tax and deferred tax provision in the period in which the estimate is revised or when the final tax liability is established.

In the current financial year, based on legal opinion received, the Bank claimed tax deduction on the full and final settlement of RM2.535 billion with Ministry of Finance Malaysia and its related expenses of RM19 million in their tax returns for the Year Assessment ("YA") 2021. Accordingly, the Bank recognised a portion of tax deduction amounting to RM 220.5 million as tax recoverable while the unutilised tax loss arose from the remaining tax deduction will be reassessed throughout the discussion between the AMMB Group and Inland Revenue Board.

### **5.4 Fair value measurements of financial instruments (Notes 10, 11, 12, 34 and 50)**

When the fair value of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required to establish fair values. Judgments include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

### **5.5 Development costs (Note 22)**

Costs incurred in the development and implementation of software systems for the Group are capitalised as development costs if specific criteria are met. In determining whether the costs are capitalisable, management applies judgment to ascertain the technical feasibility of completing the intangible asset, which is usually evidenced by the achievement of defined milestone according to an established project management model.

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	1,354,847	1,737,878	1,353,622	1,736,057
Deposits and placements maturing within one month:				
Licensed banks	3,139,771	3,385,673	3,121,582	3,379,333
Bank Negara Malaysia	5,401,800	4,500,000	5,401,800	4,500,000
	<u>8,541,571</u>	<u>7,885,673</u>	<u>8,523,382</u>	<u>7,879,333</u>
Total cash and bank balances and deposits and placements	9,896,418	9,623,551	9,877,004	9,615,390
Less: Allowances for ECL	(2,093)	(2,256)	(2,093)	(2,256)
	<u>9,894,325</u>	<u>9,621,295</u>	<u>9,874,911</u>	<u>9,613,134</u>
Deposits and placements with original maturity of:				
Three months or less	8,501,571	7,885,673	8,483,382	7,879,333
More than three months	40,000	-	40,000	-
	<u>8,541,571</u>	<u>7,885,673</u>	<u>8,523,382</u>	<u>7,879,333</u>

Movements in allowances for ECL are as follows:

	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
<b>Group and Bank</b>			
<b>2022</b>			
Balance at beginning of the financial year	2,234	22	2,256
Net writeback of ECL (Note 39):	(135)	-	(135)
New financial assets originated	22,653	4	22,657
Financial assets derecognised	(26,313)	(2)	(26,315)
Transfer from deposits and placements with banks and other financial institutions (Note 8)	3,325	-	3,325
Net remeasurement of allowances	200	(2)	198
Foreign exchange differences	(27)	(1)	(28)
Balance at end of the financial year	<u>2,072</u>	<u>21</u>	<u>2,093</u>
<b>2021</b>			
Balance at beginning of the financial year	804	29	833
Net allowances for/(writeback of) ECL (Note 39):	1,452	(7)	1,445
New financial assets originated	702	-	702
Financial assets derecognised	(3,236)	-	(3,236)
Transfer from deposits and placements with banks and other financial institutions (Note 8)	4,598	-	4,598
Net remeasurement of allowances	(550)	(7)	(557)
Changes in model assumptions and methodologies	(62)	-	(62)
Foreign exchange differences	(22)	-	(22)
Balance at end of the financial year	<u>2,234</u>	<u>22</u>	<u>2,256</u>

The decrease in allowances for ECL for the current financial year mainly due to decrease in the Group's and the Bank's foreign currencies placements at the end of the financial year which had correspondingly resulted in decrease of an allowance for ECL in Stage 1.

**7. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

The amount represents the liabilities in correspondence to the cash received from the sale of securities under repurchase agreements, whereby the securities are not derecognised as the Group and the Bank retain substantially all of the risks and rewards of ownership of the securities.

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

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	1,282,678	82,890
Licensed Islamic bank (a related company)	103,435	59,276
Licensed investment bank	800,000	315,000
	<u>2,186,113</u>	<u>457,166</u>
Less: Allowances for ECL	(1,325)	(42)
	<u>2,184,788</u>	<u>457,124</u>
Deposits and placements with original maturity of:		
More than three months	903,435	59,276
	<u>903,435</u>	<u>59,276</u>

Deposits and placements with licensed Islamic bank, represents net interbank placements from the Group and the Bank to a related company, AmBank Islamic Berhad ("AmBank Islamic") at below market rate with six-year (6) to eight and half year (8.5) maturities (2021: six-year (6) to eight and half year (8.5) maturities). Total additional placements of RM60.0 million to AmBank Islamic made during the current financial year (2021: RM77.2 million) were part of the funds received by the Group and the Bank under government financing scheme for COVID-19 relief measures, for the purpose of lending to SME at below market rate.

As a result, RM18.9 million (2021: RM19.0 million) of fair value loss arising from the difference between the concession rates received and market rates and total unwinding amount of RM3.6 million (2021: RM1.1 million) was recognised as net of interest income on short term funds and deposits with financial institutions in the current year as disclosed in Note 32.

Movements in allowances for ECL are as follows:

<b>Group and Bank</b>	<b>Stage 1</b>
<b>2022</b>	<b>12-Month</b>
	<b>ECL</b>
	<b>RM'000</b>
Balance at beginning of the financial year	42
Net allowance for ECL (Note 39):	1,283
New financial assets originated	4,573
Transfer to cash and short-term funds (Note 6)	(3,325)
Net remeasurement of allowances	35
Balance at end of the financial year	<u>1,325</u>
<b>2021</b>	
Balance at beginning of the financial year	485
Net writeback of ECL (Note 39):	(443)
New financial assets originated	4,526
Transfer to cash and short-term funds (Note 6)	(4,598)
Net remeasurement of allowances	4
Changes in model assumptions and methodologies	(375)
Balance at end of the financial year	<u>42</u>

The increase in allowances for ECL for the current financial year is mainly due to increase in the Group's and the Bank's foreign currencies placements at the end of the financial year offset by transfer to cash and short-term fund which had correspondingly resulted in increase of an allowance for ECL in Stage 1.

**9. INVESTMENT ACCOUNT PLACEMENT**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed Islamic bank	1,710,663	718,034
Less: Allowances for ECL	(2,179)	(1,943)
	<u>1,708,484</u>	<u>716,091</u>

This represents investment placed under Restricted Investment Account ("RA") arrangement with AmBank Islamic. The contract is based on the Shariah concept of Mudarabah between two parties, that is, the investor ("the Bank") and the entrepreneur ("AmBank Islamic") to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor. The investment assets financed under this arrangement are financing and advances extended by AmBank Islamic to its external customers. As losses are borne solely by the investor, the related ECL allowance for financing and advances extended by AmBank Islamic is recorded by the Bank.

On 11 May 2021, the Bank entered into a new RA contract for the total sum of RM1.0 billion with AmBank Islamic.

As at 31 March 2022, the gross exposure relating to the RA financing for the Group and the Bank amounted to RM1,713.8 million (31 March 2021: RM719.5 million). No stage 3 ECL is provided for the RA financing as at 31 March 2022 and 31 March 2021.

Movements in allowances for ECL are as follows:

<b>Group and Bank</b>	<b>Stage 1</b>	<b>Total</b>
	<b>12-Month</b>	
<b>2022</b>	<b>ECL</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	1,943	1,943
Net allowance for ECL (Note 39):	236	236
New financial assets originated	1,024	1,024
Net remeasurement of allowances	(788)	(788)
Balance at end of the financial year	<u>2,179</u>	<u>2,179</u>
<b>2021</b>		
Balance at beginning of the financial year	2,284	2,284
Net writeback of ECL (Note 39):	(341)	(341)
Net remeasurement of allowances	433	433
Changes in model assumptions and methodologies	(774)	(774)
Balance at end of the financial year	<u>1,943</u>	<u>1,943</u>

The increase in allowances of ECL during the current financial year for the Group and the Bank are mainly contributed by the new RA contract entered and offset by net remeasurement of allowances.

**10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group and Bank	2022			2021		
	Contract/ Notional amount RM'000	Fair value assets RM'000	Fair value liabilities RM'000	Contract/ Notional amount RM'000	Fair value assets RM'000	Fair value liabilities RM'000
<b>Trading Derivatives</b>						
Interest rate related contracts:						
- One year or less	12,051,407	54,274	49,463	13,436,363	39,872	54,341
- Over one year to three years	16,551,862	137,012	130,733	19,130,220	240,773	288,511
- Over three years	10,942,648	244,293	176,628	13,423,278	364,202	351,854
Foreign exchange related contracts:						
- One year or less	41,939,583	156,603	138,248	49,723,177	336,553	324,034
- Over one year to three years	3,654,224	112,816	116,211	3,337,054	113,305	70,529
- Over three years	3,134,050	72,353	120,965	3,646,316	194,317	145,188
Credit related contracts:						
- One year or less	-	-	-	347,950	1,347	910
Equity and commodity related contracts:						
- One year or less	1,570,386	47,256	66,123	1,434,390	17,412	31,434
- Over one year to three years	75,367	8,214	8,263	14,350	411	263
- Over three years	-	-	-	70,332	4,811	4,811
<b>Hedging Derivatives</b>						
Interest rate related contracts:						
Cash flow hedge:						
- One year or less	-	-	-	115,000	-	1,654
<b>Total</b>	<b>89,919,527</b>	<b>832,821</b>	<b>806,634</b>	<b>104,678,430</b>	<b>1,313,003</b>	<b>1,273,529</b>

## 10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

### Derivative Financial Instruments and Hedge Accounting

(i) Cash flow hedge

Interest rate risk

The Group's and the Bank's cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest bearing assets and incurring liabilities. This hedging strategy is applied towards treasury fixed deposits and short-term treasury deposits. The amounts and timing of future principal repayment and interest cash flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early repayment for loans and withdrawal for deposits. The aggregate principal repayment and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity in the cash flow hedge reserve and are transferred to profit or loss when the forecast cash flows affect the profit or loss.

The effectiveness of this hedge is assessed by comparing the changes in fair value of the interest rate swap with changes in fair value of the hedged debt attributable to the hedged risk (changes in interest rates), using the hypothetical derivative method.

The Group and the Bank establish the hedging ratio by matching the notional of the derivative with the principal of the specific debt instrument being hedged. The main source of ineffectiveness is differences in timing of cash flows between debt instruments and interest rate swaps.

As at 31 March 2022, all underlying hedged cash flows had been fully recognised in the profit or loss. As at 31 March 2021, all underlying hedged cash flows were expected to be recognised in the profit or loss in the period in which they occur which is anticipated to take place within 1 year.

All gains and losses associated with the ineffective portion of the hedging derivatives are recognised immediately in profit or loss. No ineffectiveness amount recognised by the Group and the Bank in profit or loss during the current and previous financial years in respect of cash flow hedges.

Pursuant to a review of the Bank's hedging strategy, the Bank had:

- a) unwound certain cash flow hedges on its variable rate housing loan portfolio using interest rate swaps with a total notional value of RM2.1 billion in financial year ended 31 March 2018.
- b) discontinued its cash flow hedges on its variable rate short-term treasury deposits and fixed deposits portfolio using interest rate swaps with a total notional value of RM1.4 billion in financial year ended 31 March 2020.

Hence, the total unamortised fair value balances in the cash flow hedging reserve are to be amortised to the profit or loss over the remaining life of the hedge instruments. Total fair value loss amortised during the current financial year was RM8,724,000 (2021: loss of RM9,130,000).

**10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)****Derivative Financial Instruments and Hedge Accounting (Cont'd.)**

(ii) The following table sets out the maturity profile and average price/rate of the hedging instruments used in the Group's and the Bank's non-dynamic hedging strategies:

	<b>Maturity</b>				
	<b>Up to 1 month RM'000</b>	<b>&gt; 1 month to 3 months RM'000</b>	<b>&gt; 3 months to 1 year RM'000</b>	<b>&gt; 1 year to 5 years RM'000</b>	<b>More than 5 years RM'000</b>
<b>Group and Bank</b>					
<b>2022</b>					
Cash flow hedge					
- Interest rate risk					
<u>Interest rate swap</u>					
Notional	-	-	-	-	-
Average fixed interest rate	-	-	-	-	-
<b>2021</b>					
Cash flow hedge					
- Interest rate risk					
<u>Interest rate swap</u>					
Notional	-	-	115,000	-	-
Average fixed interest rate	-	-	4.02%	-	-

(iii) The following table contains details of the hedging instruments used in the Group's and the Bank's hedging strategies:

	<b>Notional RM'000</b>	<b>Carrying amount of</b>		<b>Changes in fair value used for calculating hedge ineffectiveness during the year RM'000</b>
		<b>Derivative Financial Assets RM'000</b>	<b>Derivative Financial Liabilities RM'000</b>	
<b>Group and Bank</b>				
<b>2022</b>				
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	-	-	-	1,654
<b>2021</b>				
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	115,000	-	(1,654)	5,615

**10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)**

**Derivative Financial Instruments and Hedge Accounting (Cont'd.)**

(iv) The following table contains details of the hedged item covered by the Group's and the Bank's hedging strategies:

	Carrying amount of		Statement of	Changes in	Continuing	Discontinued
	Assets	Liabilities	financial	fair value	hedge	hedge
	RM'000	RM'000	position	used for	RM'000	RM'000
			line item	calculating		
				the year		
				RM'000		
<b>Group and Bank</b>						
<b>2022</b>						
<b>Cash flow hedge</b>						
Interest rate risk						
- Deposits	-	-	-	(1,654)	-	-
<b>2021</b>						
<b>Cash flow hedge</b>						
Interest rate risk						
- Deposits	-	(115,000)	Deposits from customers	(5,615)	(1,654)	-

**10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)**

**Derivative Financial Instruments and Hedge Accounting (Cont'd.)**

(v) The following table contains information regarding the effectiveness of the hedging relationships designated by the Group and the Bank, as well as the impact on profit or loss and other comprehensive income:

	Gain recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Statement of profit or loss/other comprehensive income line item that includes hedge ineffectiveness	Amounts reclassified from reserves to profit or loss as:		
				Hedged cash flows will no longer occur RM'000	Hedged item affecting profit or loss RM'000	Profit or loss line item that includes reclassified amount RM'000
<b>2022</b>						
<b>Cash flow hedges</b>						
Interest rate risk						
- Deposits	1,654	-	Other operating income	-	-	-
<b>2021</b>						
<b>Cash flow hedges</b>						
Interest rate risk						
- Deposits	5,615	-	Other operating income	-	-	-

(vi) The following table shows a reconciliation of cash flow hedging deficit and an analysis of other comprehensive income in relation to hedge accounting:

	2022 RM'000	2021 RM'000
<b>Group and Bank</b>		
<b>Cash flow hedges</b>		
Interest rate risk:		
Balance at beginning of the financial year	(16,949)	(28,155)
Effective portion of changes in fair value of interest rate swaps	1,654	5,615
Amortisation of fair value	8,724	9,130
Taxation	(2,491)	(3,539)
<b>Balance at end of the financial year</b>	<b>(9,062)</b>	<b>(16,949)</b>

**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At fair value</b>					
Money market instruments:					
Islamic Treasury Bills		676,964	1,017,221	676,964	1,017,221
Malaysian Government Investment Issues		60,920	340,242	60,920	340,242
Malaysian Government Securities		258,277	223,502	258,277	223,502
Malaysian Treasury Bills		100,625	555,998	100,625	555,998
		<u>1,096,786</u>	<u>2,136,963</u>	<u>1,096,786</u>	<u>2,136,963</u>
Quoted securities:					
<i>In Malaysia:</i>					
Shares	(a)	566,314	502,789	566,314	502,789
Unit trusts		12,466	20,078	12,466	20,078
Sukuk		13,315	37,538	13,315	37,538
		<u>592,095</u>	<u>560,405</u>	<u>592,095</u>	<u>560,405</u>
<i>Outside Malaysia:</i>					
Shares	(a)	481,104	542,202	481,100	542,198
Unquoted securities:					
<i>In Malaysia:</i>					
Shares		31	34	-	-
Corporate bonds and sukuk		505,888	549,988	505,888	549,988
		<u>505,919</u>	<u>550,022</u>	<u>505,888</u>	<u>549,988</u>
		<u>2,675,904</u>	<u>3,789,592</u>	<u>2,675,869</u>	<u>3,789,554</u>

Note (a): Shares held for purposes of derivative transactions.

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At fair value</b>				
Money market instruments:				
Malaysian Government Investment Issues ("MGII")	2,931,442	2,451,416	2,931,442	2,451,416
Malaysian Government Securities ("MGS")	3,099,232	3,360,666	3,099,232	3,360,666
Foreign Government Issues	13,619	74,045	13,619	74,045
Negotiable Instruments of Deposit	450,001	50,031	450,001	50,031
	<u>6,494,294</u>	<u>5,936,158</u>	<u>6,494,294</u>	<u>5,936,158</u>
Quoted securities:				
<i>In Malaysia:</i>				
Unit trusts	69,726	77,983	69,726	77,983
	<u>69,726</u>	<u>77,983</u>	<u>69,726</u>	<u>77,983</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bonds and sukuk	7,095,973	7,021,969	7,095,973	7,021,969
Shares	668,557	680,841	668,557	680,841
	<u>7,764,530</u>	<u>7,702,810</u>	<u>7,764,530</u>	<u>7,702,810</u>
<i>Outside Malaysia:</i>				
Corporate bonds and sukuk	10,423	46,144	10,423	46,144
Shares	611	512	611	512
	<u>11,034</u>	<u>46,656</u>	<u>11,034</u>	<u>46,656</u>
	<u>14,339,584</u>	<u>13,763,607</u>	<u>14,339,584</u>	<u>13,763,607</u>

BNM had issued a policy document *Statutory Reserve Requirements* on 27 March 2020 whereby licensed banking institutions as Principal Dealer and Islamic Principal Dealer, are given flexibility to recognise holdings of MGS and MGII of up to RM1.0 billion as part of their balances in Statutory Reserve Account ("SRA") with BNM. The above flexibility accorded by BNM is up to 31 March 2021. Subsequently, on 15 May 2020, BNM had issued a revised version of the same policy document whereby effective 16 May 2020, the SRA balances can be held entirely in MGS and MGII and this flexibility to all banking institutions is available until 31 May 2021 which is subsequently extended to 31 December 2022 as announced by BNM on 20 January 2021.

As at 31 March 2022, the Group and the Bank had recognised a total carrying amount of RM1.27 billion (RM1.23 billion in nominal value) (2021: RM1.30 billion (RM1.23 billion in nominal value)) of MGS and MGII for statutory reserve requirement purposes.

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

- (a) Equity investments at fair value through other comprehensive income comprise the following individual investments:

	Group and Bank			
	2022		2021	
	Carrying value RM'000	Dividend income RM'000	Carrying value RM'000	Dividend income RM'000
Quoted securities in Malaysia:				
Unit trusts				
AmFIRST Real Estate Investment Trust	69,726	4,606	77,983	5,303
Unquoted securities in Malaysia:				
Shares				
ABM Investments Sdn Bhd	1	-	1	34
Cagamas Holdings Berhad	406,878	2,413	408,303	2,413
Credit Guarantee Corporation Malaysia Berhad	89,834	-	86,519	-
Financial Park (Labuan) Sdn Bhd	82,185	1,000	82,013	600
Payments Network Malaysia Sdn Bhd	89,659	-	89,147	-
RAM Holdings Berhad	-	340	14,858	238
	<u>668,557</u>	<u>3,753</u>	<u>680,841</u>	<u>3,285</u>
Unquoted securities outside Malaysia:				
Shares				
S.W.I.F.T. SCRL	611	-	512	-

The Group and the Bank elected to present in other comprehensive income for changes in the fair value of the above equity investments because these equity investments are held for long-term strategic or socio-economic purposes instead of for selling in the near term or for short-term profit taking.

The Bank owns 26.7% of AmFIRST Real Estate Investment Trust ("AmFirst REIT"). However, the Bank has restricted voting power as stated in the Trust Deed. As such, the Bank is deemed to have no significant influence and the investment is recognised as financial investments at fair value through other comprehensive income.

During the current financial year, the Group and the Bank disposed its entire investment in RAM Holdings Berhad due to favourable offer received and to monetise the non-core investment. The net gain from the disposal of RM8.9 million are not recycled to profit or loss, was transferred from fair value reserve to retained earnings.

Other than the above, there have been no new acquisition or disposal of equity investments at fair value through other comprehensive income during the current and previous financial years.

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

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

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
	<b>12-Month</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2022</b>			
Balance at beginning of the financial year	9,297	19	9,316
Net (writeback of)/allowances for ECL (Note 38):	(1,261)	3,583	2,322
- Transfer to Stage 2	(893)	3,602	2,709
New financial assets originated	3,316	-	3,316
Financial assets derecognised	(3,111)	(19)	(3,130)
Net remeasurement of allowances	(573)	-	(573)
Foreign exchange differences	2	-	2
Balance at end of the financial year	<u>8,038</u>	<u>3,602</u>	<u>11,640</u>
<b>2021</b>			
Balance at beginning of the financial year	12,101	774	12,875
Net writeback of ECL (Note 38):	(2,798)	(755)	(3,553)
- Transfer to Stage 1	150	(557)	(407)
- Transfer to Stage 2	(11)	19	8
New financial assets originated	4,232	-	4,232
Financial assets derecognised	(3,981)	-	(3,981)
Net remeasurement of allowances	(91)	-	(91)
Changes in model assumptions and methodologies	(3,097)	(217)	(3,314)
Foreign exchange differences	(6)	-	(6)
Balance at end of the financial year	<u>9,297</u>	<u>19</u>	<u>9,316</u>

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

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

	<b>Stage 1</b>	<b>Stage 2</b>	
	<b>12-Month</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>			
<b>2022</b>			
Balance at beginning of the financial year	9,297	19	9,316
Net (writeback of)/allowances for ECL (Note 38):	(1,261)	3,583	2,322
- Transfer to Stage 2	(893)	3,602	2,709
New financial assets originated	3,316	-	3,316
Financial assets derecognised	(3,111)	(19)	(3,130)
Net remeasurement of allowances	(573)	-	(573)
Foreign exchange differences	2	-	2
Balance at end of the financial year	<u>8,038</u>	<u>3,602</u>	<u>11,640</u>
<b>2021</b>			
Balance at beginning of the financial year	12,105	774	12,879
Net writeback of ECL (Note 38):	(2,802)	(755)	(3,557)
- Transfer to Stage 1	150	(557)	(407)
- Transfer to Stage 2	(11)	19	8
New financial assets originated	4,232	-	4,232
Financial assets derecognised	(3,981)	-	(3,981)
Net remeasurement of allowances	(95)	-	(95)
Changes in model assumptions and methodologies	(3,097)	(217)	(3,314)
Foreign exchange differences	(6)	-	(6)
Balance at end of the financial year	<u>9,297</u>	<u>19</u>	<u>9,316</u>

The movements in allowances for ECL during the current financial year for the Group and the Bank are mainly contributed by the transfer to stage 2 due to deterioration in credit quality and new purchases made during the financial year; offset by financial assets derecognised and changes in net remeasurement.

**13. FINANCIAL INVESTMENTS AT AMORTISED COST**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>(Restated) RM'000</b>
<b>At amortised cost</b>		
Money market instruments:		
Malaysian Government Investment Issues	980,886	111,718
Malaysian Government Securities	907,429	-
	<u>1,888,315</u>	<u>111,718</u>
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bonds and sukuk	4,078,786	3,665,352
	<u>5,967,101</u>	<u>3,777,070</u>
Less: Allowances for ECL	(37,586)	(25,629)
	<u>5,929,515</u>	<u>3,751,441</u>

Movements in allowances for ECL are as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-Month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
<b>Group and Bank</b>				
<b>2022</b>				
Balance at beginning of the financial year	2,939	22,690	-	25,629
Net allowances for/(writeback of) ECL (Note 38):	375	(22,690)	34,272	11,957
- Transfer to Stage 1	209	(8,124)	-	(7,915)
- Transfer to Stage 3	-	(772)	34,272	33,500
New financial assets originated	135	-	-	135
Net remeasurement of allowances	34	-	-	34
Financial assets derecognised	(3)	-	-	(3)
Changes in model assumptions and methodologies	-	(13,794)	-	(13,794)
Balance at end of the financial year	<u>3,314</u>	<u>-</u>	<u>34,272</u>	<u>37,586</u>
<b>2021</b>				
Balance at beginning of the financial year, as previously stated	4,631	-	-	4,631
Reclassification from loan and advances (Notes 14 and 53)	307	-	-	307
Balance at beginning of the financial year, as restated	4,938	-	-	4,938
Net (writeback of)/allowances for ECL (Note 38):	(1,999)	22,690	-	20,691
- Transfer to Stage 2	(1,605)	8,124	-	6,519
New financial assets originated	416	772	-	1,188
Net remeasurement of allowances	530	-	-	530
Financial assets derecognised	(180)	-	-	(180)
Changes in model assumptions and methodologies	(1,160)	13,794	-	12,634
Balance at end of the financial year	<u>2,939</u>	<u>22,690</u>	<u>-</u>	<u>25,629</u>

The movements in allowances for ECL during the current financial year for the Group and the Bank are mainly contributed by the following:

- reversal of ECL Stage 2 mainly due to reversal of forward looking ("FL") ECL overlay provided in the previous financial year of RM13,794,000 and ECL transfer to Stage 1 and Stage 3 of RM8,896,000.
- increase in ECL Stage 3 due to provision made for a sukuk that turned impaired during the financial year.

**14. LOANS AND ADVANCES**

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>				
Overdrafts	2,029,703	2,144,241	2,029,703	2,144,241
Term loans	23,981,311	21,884,723	23,981,311	21,884,723
Housing loan receivables	27,857,289	27,000,657	27,750,900	26,874,589
Hire purchase receivables	9,598,644	10,386,105	9,598,644	10,386,105
Bills receivables	1,802,396	1,614,623	1,802,396	1,614,623
Trust receipts	2,196,281	1,833,375	2,196,281	1,833,375
Claims on customers under acceptance credits	4,346,521	3,654,294	4,346,521	3,654,294
Card receivables	1,455,413	1,470,197	1,455,413	1,470,197
Revolving credits	6,535,875	6,597,314	6,608,831	6,682,642
Staff loans	87,344	94,307	87,344	94,307
Others	158,454	259,608	158,454	259,608
<b>Gross loans and advances</b>	<b>80,049,231</b>	<b>76,939,444</b>	<b>80,015,798</b>	<b>76,898,704</b>
Less: Allowances for ECL (Note 14(i)):				
- Stage 1 - 12 month ECL	(154,044)	(286,308)	(154,074)	(286,338)
- Stage 2 - Lifetime ECL not credit-impaired	(758,197)	(707,881)	(758,182)	(707,855)
- Stage 3 - Lifetime ECL credit-impaired	(319,503)	(432,998)	(319,223)	(432,736)
<b>Net loans and advances</b>	<b>78,817,487</b>	<b>75,512,257</b>	<b>78,784,319</b>	<b>75,471,775</b>

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

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	1,045,624	916,542	1,118,579	1,001,870
Domestic business enterprises				
- Small and medium enterprises	17,804,425	16,146,551	17,804,425	16,146,551
- Others	17,768,448	16,787,385	17,768,448	16,787,385
Government and statutory bodies	60,790	43,610	60,790	43,610
Individuals	41,794,021	41,760,312	41,687,633	41,634,244
Other domestic entities	6,850	8,696	6,850	8,696
Foreign individuals and entities	1,569,073	1,276,348	1,569,073	1,276,348
	<b>80,049,231</b>	<b>76,939,444</b>	<b>80,015,798</b>	<b>76,898,704</b>

**14. LOANS AND ADVANCES (CONT'D.)**

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

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
In Malaysia	79,155,058	76,280,785	79,121,625	76,240,045
Outside Malaysia	894,173	658,659	894,173	658,659
	<u>80,049,231</u>	<u>76,939,444</u>	<u>80,015,798</u>	<u>76,898,704</u>

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	154,240	147,019	47,851	20,951
- Hire purchase receivables	9,155,918	9,860,878	9,155,918	9,860,878
- Other fixed rate loans	6,799,568	6,075,386	6,799,568	6,075,386
Variable rate				
- Base rate and base lending rate plus	43,732,877	43,000,326	43,732,877	43,000,326
- Cost plus	19,095,010	17,126,072	19,167,966	17,211,400
- Other variable rates	1,111,618	729,763	1,111,618	729,763
	<u>80,049,231</u>	<u>76,939,444</u>	<u>80,015,798</u>	<u>76,898,704</u>

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

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Agriculture	1,455,342	1,427,044	1,455,342	1,427,044
Mining and quarrying	1,772,651	1,613,202	1,772,651	1,613,202
Manufacturing	11,084,348	10,179,039	11,084,348	10,179,039
Electricity, gas and water	909,608	943,705	909,608	943,705
Construction	3,295,894	3,497,800	3,295,894	3,497,800
Wholesale and retail trade and hotels and restaurants	7,578,695	6,347,026	7,578,695	6,347,026
Transport, storage and communication	3,340,069	1,751,917	3,340,069	1,751,917
Finance and insurance	1,163,013	1,072,002	1,235,969	1,157,330
Real estate	4,431,674	5,126,390	4,431,674	5,126,390
Business activities	1,666,498	1,879,597	1,666,498	1,879,597
Education and health	1,022,743	773,523	1,022,743	773,523
Household of which:	42,303,665	42,302,424	42,197,276	42,176,356
- Purchase of residential properties	28,148,654	27,247,834	28,042,265	27,121,766
- Purchase of transport vehicles	8,659,412	9,434,502	8,659,412	9,434,502
- Others	5,495,599	5,620,088	5,495,599	5,620,088
Others	25,031	25,775	25,031	25,775
	<u>80,049,231</u>	<u>76,939,444</u>	<u>80,015,798</u>	<u>76,898,704</u>

**14. LOANS AND ADVANCES (CONT'D.)**

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

	Group		Bank	
	2022	2021	2022	2021
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Maturing within one year	19,457,299	18,746,808	19,526,853	18,827,932
Over one year to three years	4,746,704	4,348,612	4,740,692	4,341,870
Over three years to five years	9,568,951	8,134,297	9,560,548	8,123,539
Over five years	46,276,277	45,709,727	46,187,705	45,605,363
	<u>80,049,231</u>	<u>76,939,444</u>	<u>80,015,798</u>	<u>76,898,704</u>

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

	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	1,157,246	1,235,479	1,156,027	1,234,994
Impaired during the financial year	638,568	605,053	638,204	604,125
Reclassified as performing	(128,657)	(126,931)	(128,512)	(126,740)
Recoveries	(205,367)	(246,422)	(205,246)	(246,419)
Amount written off	(413,969)	(306,470)	(413,969)	(306,470)
Foreign exchange differences	(319)	(3,463)	(319)	(3,463)
Balance at end of the financial year	<u>1,047,502</u>	<u>1,157,246</u>	<u>1,046,185</u>	<u>1,156,027</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.31%</u>	<u>1.50%</u>	<u>1.31%</u>	<u>1.50%</u>
Loan loss coverage (including regulatory reserve)	<u>153.2%</u>	<u>132.4%</u>	<u>153.4%</u>	<u>132.5%</u>

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

	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
In Malaysia	1,038,331	1,126,285	1,037,014	1,125,066
Outside Malaysia	9,171	30,961	9,171	30,961
	<u>1,047,502</u>	<u>1,157,246</u>	<u>1,046,185</u>	<u>1,156,027</u>

**14. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture	8,832	34,709	8,832	34,709
Mining and quarrying	13,093	35,670	13,093	35,670
Manufacturing	174,821	163,101	174,821	163,101
Electricity, gas and water	4,639	3,421	4,639	3,421
Construction	96,951	88,021	96,951	88,021
Wholesale and retail trade and hotels and restaurants	106,915	131,170	106,915	131,170
Transport, storage and communication	14,852	18,988	14,852	18,988
Finance and insurance	1,493	1,324	1,493	1,324
Real estate	22,237	69,651	22,237	69,651
Business activities	37,207	36,569	37,207	36,569
Education and health	6,217	5,526	6,217	5,526
Household of which:	560,245	569,096	558,928	567,877
- Purchase of residential properties	420,936	412,206	419,619	410,987
- Purchase of transport vehicles	59,989	51,100	59,989	51,100
- Others	79,320	105,790	79,320	105,790
	<b>1,047,502</b>	<b>1,157,246</b>	<b>1,046,185</b>	<b>1,156,027</b>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
<b>2022</b>				
<b>Group</b>				
Balance at beginning of the financial year	286,308	707,881	432,998	1,427,187
Net (writeback of)/allowances for ECL (Note 37):	(132,369)	50,301	300,577	218,509
- Transfer to Stage 1	8,013	(87,575)	(3,139)	(82,701)
- Transfer to Stage 2	(15,965)	128,595	(17,001)	95,629
- Transfer to Stage 3	(762)	(19,071)	76,875	57,042
New financial assets originated	35,000	54,786	4,428	94,214
Net remeasurement of allowances	(17,347)	(2,308)	314,749	295,094
Modification of contractual cash flows of financial assets	(1,376)	1,599	567	790
Financial assets derecognised	(25,092)	(50,295)	(75,902)	(151,289)
Changes in model assumptions and methodologies	(114,840)	24,570	-	(90,270)
Foreign exchange differences	105	15	(103)	17
Amount written-off	-	-	(413,969)	(413,969)
Balance at end of the financial year	<b>154,044</b>	<b>758,197</b>	<b>319,503</b>	<b>1,231,744</b>

**14. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>				
<b>Group</b>				
Balance at beginning of the financial year, as previously stated	179,447	371,842	345,759	897,048
Reclassification to financial investments at amortised cost (Notes 13 and 53)	(307)	-	-	(307)
Balance at beginning of the financial year, as restated	179,140	371,842	345,759	896,741
Net allowances for ECL (Note 37):	107,377	336,136	394,996	838,509
- Transfer to Stage 1	9,298	(55,101)	(2,078)	(47,881)
- Transfer to Stage 2	(21,940)	151,117	(14,072)	115,105
- Transfer to Stage 3	(946)	(17,132)	170,867	152,789
New financial assets originated	39,231	94,354	9,532	143,117
Net remeasurement of allowances	1,643	32,125	309,492	343,260
Modification of contractual cash flows of financial assets	376	1,339	(4,396)	(2,681)
Financial assets derecognised	(27,577)	(39,329)	(74,013)	(140,919)
Changes in model assumptions and methodologies	107,292	168,763	(336)	275,719
Foreign exchange differences	(209)	(97)	(1,287)	(1,593)
Amount written-off	-	-	(306,470)	(306,470)
Balance at end of the financial year	286,308	707,881	432,998	1,427,187

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2022</b>				
<b>Bank</b>				
Balance at beginning of the financial year	286,338	707,855	432,736	1,426,929
Net (writeback of)/allowances for ECL (Note 37):	(132,369)	50,312	300,559	218,502
- Transfer to Stage 1	8,012	(87,556)	(3,139)	(82,683)
- Transfer to Stage 2	(15,964)	128,583	(16,984)	95,635
- Transfer to Stage 3	(762)	(19,071)	76,822	56,989
New financial assets originated	35,000	54,786	4,428	94,214
Net remeasurement of allowances	(17,351)	(2,306)	314,748	295,091
Modification of contractual cash flows of financial assets	(1,376)	1,599	567	790
Financial assets derecognised	(25,088)	(50,293)	(75,883)	(151,264)
Changes in model assumptions and methodologies	(114,840)	24,570	-	(90,270)
Foreign exchange differences	105	15	(103)	17
Amount written-off	-	-	(413,969)	(413,969)
Balance at end of the financial year	154,074	758,182	319,223	1,231,479

**14. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>				
<b>Bank</b>				
Balance at beginning of the financial year, as previously stated	179,464	371,822	345,677	896,963
Reclassification to financial investments at amortised cost (Notes 13 and 53)	(307)	-	-	(307)
Balance at beginning of the financial year, as restated	179,157	371,822	345,677	896,656
Net allowances for ECL (Note 37):	107,390	336,130	394,815	838,335
- Transfer to Stage 1	9,298	(55,100)	(2,078)	(47,880)
- Transfer to Stage 2	(21,940)	151,099	(14,043)	115,116
- Transfer to Stage 3	(945)	(17,122)	170,663	152,596
New financial assets originated	39,231	94,354	9,532	143,117
Net remeasurement of allowances	1,652	32,125	309,484	343,261
Modification of contractual cash flows of financial assets	376	1,339	(4,396)	(2,681)
Financial assets derecognised	(27,574)	(39,328)	(74,011)	(140,913)
Changes in model assumptions and methodologies	107,292	168,763	(336)	275,719
Foreign exchange differences	(209)	(97)	(1,286)	(1,592)
Amount written-off	-	-	(306,470)	(306,470)
Balance at end of the financial year	<u>286,338</u>	<u>707,855</u>	<u>432,736</u>	<u>1,426,929</u>

Overall, the total allowances for impairment on loans and advances for the Bank decreased by RM195,450,000 due to the following:

- a) 12-month ECL (Stage 1) – decrease of RM132,264,000 mainly due to the impacts from the change in model assumptions and methodologies and derecognised loans and advances; partially offset by the impact from newly originated loans and advances.
- b) Lifetime ECL not credit-impaired (Stage 2) – increase of RM50,327,000 mainly due to the impacts from the migration of loans and advances to Stage 2, newly originated loans and advances and the change in model assumptions and methodologies; partially offset by the impact from the migration of loans and advances to Stage 1 and derecognised financial assets.
- c) Lifetime ECL credit-impaired (Stage 3) – decrease by RM113,513,000 mainly due to the impacts from written-off loans and advances; partially offset by the impacts from the change in credit risk and the migration of loans and advances to Stage 3 due to deterioration in credit quality.

**15. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA**

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities. The Statutory Reserve Requirement ("SRR") rate for banking industries is 2.0% of eligible liabilities.

**16. DEFERRED TAX ASSETS**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	74,858	21,896	74,858	21,861
Recognised in statements of profit or loss (Note 40)	16,214	56,370	16,214	56,370
Recognised in other comprehensive income	48,246	(3,408)	48,246	(3,373)
Balance at end of the financial year	<u>139,318</u>	<u>74,858</u>	<u>139,318</u>	<u>74,858</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statements of financial position, after appropriate offsetting:

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	<u>139,318</u>	<u>74,858</u>	<u>139,318</u>	<u>74,858</u>

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

Deferred tax assets	195,645	164,373	195,645	164,373
Deferred tax liabilities	(56,327)	(89,515)	(56,327)	(89,515)
	<u>139,318</u>	<u>74,858</u>	<u>139,318</u>	<u>74,858</u>

**16. DEFERRED TAX ASSETS (CONT'D.)**

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

<b>Group</b>	<b>Balance at beginning of the financial year RM'000</b>	<b>Recognised in statement of profit or loss RM'000</b>	<b>Recognised in other comprehensive income RM'000</b>	<b>Balance at end of the financial year RM'000</b>
<b>Deferred tax assets</b>				
<b>2022</b>				
Provision for expenses	50,647	18,576	-	69,223
Provision for commitments and contingencies	859	(49)	-	810
Allowances for ECL	72,175	4,289	-	76,464
Cash flow hedging deficit	5,352	-	(2,491)	2,861
Fair value reserve	-	-	24,026	24,026
Other temporary differences	35,340	(13,079)	-	22,261
	<u>164,373</u>	<u>9,737</u>	<u>21,535</u>	<u>195,645</u>
<b>2021</b>				
Provision for expenses	60,467	(9,820)	-	50,647
Provision for commitments and contingencies	3,624	(2,765)	-	859
Allowances for ECL	2,232	69,943	-	72,175
Cash flow hedging deficit	8,891	-	(3,539)	5,352
Other temporary differences	20,687	14,653	-	35,340
	<u>95,901</u>	<u>72,011</u>	<u>(3,539)</u>	<u>164,373</u>
<b>Deferred tax liabilities</b>				
<b>2022</b>				
Deferred charges	(28,221)	2,649	-	(25,572)
Excess of capital allowance over depreciation and amortisation	(34,583)	3,828	-	(30,755)
Fair value reserve	(26,711)	-	26,711	-
	<u>(89,515)</u>	<u>6,477</u>	<u>26,711</u>	<u>(56,327)</u>
<b>2021</b>				
Deferred charges	(25,631)	(2,590)	-	(28,221)
Excess of capital allowance over depreciation and amortisation	(21,532)	(13,051)	-	(34,583)
Fair value reserve	(26,842)	-	131	(26,711)
	<u>(74,005)</u>	<u>(15,641)</u>	<u>131</u>	<u>(89,515)</u>

**16. DEFERRED TAX ASSETS (CONT'D.)**

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows (Cont'd.):

	Balance at beginning of the financial year RM'000	Recognised in statement of profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
<b>Bank</b>				
<b>Deferred tax assets</b>				
<b>2022</b>				
Provision for expenses	50,647	18,576	-	69,223
Provision for commitments and contingencies	859	(49)	-	810
Allowances for ECL	72,175	4,289	-	76,464
Cash flow hedging deficit	5,352	-	(2,491)	2,861
Fair value reserve	-	-	24,026	24,026
Other temporary differences	35,340	(13,079)	-	22,261
	<u>164,373</u>	<u>9,737</u>	<u>21,535</u>	<u>195,645</u>
<b>2021</b>				
Provision for expenses	60,467	(9,820)	-	50,647
Provision for commitments and contingencies	3,624	(2,765)	-	859
Allowances for ECL	2,232	69,943	-	72,175
Cash flow hedging deficit	8,891	-	(3,539)	5,352
Other temporary differences	20,687	14,653	-	35,340
	<u>95,901</u>	<u>72,011</u>	<u>(3,539)</u>	<u>164,373</u>
<b>Deferred tax liabilities</b>				
<b>2022</b>				
Deferred charges	(28,221)	2,649	-	(25,572)
Excess of capital allowance over depreciation and amortisation	(34,583)	3,828	-	(30,755)
Fair value reserve	(26,711)	-	26,711	-
	<u>(89,515)</u>	<u>6,477</u>	<u>26,711</u>	<u>(56,327)</u>
<b>2021</b>				
Deferred charges	(25,631)	(2,590)	-	(28,221)
Excess of capital allowance over depreciation and amortisation	(21,532)	(13,051)	-	(34,583)
Fair value reserve	(26,877)	-	166	(26,711)
	<u>(74,040)</u>	<u>(15,641)</u>	<u>166</u>	<u>(89,515)</u>

As at 31 March 2022, the Group and the Bank respectively, have unabsorbed capital allowances of approximately RM450,606,000 and RM164,637,000 (2021: RM450,616,000 and RM164,647,000 for the Group and the Bank respectively) that are available for offset against future taxable profit of leasing business. The Group's unabsorbed capital allowances that are available for offset against future taxable profit of non-leasing business for current financial year is RM474,000 (2021: Nil). Deferred tax assets are not recognised due to uncertainty in timing of their recoverability.

**17. INVESTMENT IN SUBSIDIARIES**

	<b>Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	98,796	98,796
Less: Accumulated impairment losses	(67,832)	(67,304)
	<u>30,964</u>	<u>31,492</u>

The movements in accumulated impairment losses for the Bank are as follows:

	<b>Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	67,304	67,304
Impairment loss during the financial year	528	-
Balance at end of the financial year	<u>67,832</u>	<u>67,304</u>

All subsidiaries are incorporated in Malaysia.

a) Details of the subsidiaries are as follows:

<b>Name of subsidiary</b>	<b>Principal activities</b>	<b>Effective equity interest</b>	
		<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>
AmCard Services Berhad	Outsourcing servicer for mortgage related services	100.0	100.0
AmPremier Capital Berhad (Note c)	Dormant	-	100.0
AmMortgage One Berhad	Securitisation of mortgage loans	100.0	100.0
AmProperty Holdings Sdn Bhd	Property investment	100.0	100.0
Bougainvillea Development Sdn Bhd	Property investment	100.0	100.0
MBf Information Services Sdn Bhd	Property investment	100.0	100.0
MBf Trustees Berhad *#	Dormant	60.0	60.0
MBf Nominees (Tempatan) Sdn Bhd #	Dormant	100.0	100.0
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.0	100.0
Komuda Credit & Leasing Sdn Bhd #	Dormant	100.0	100.0
Malco Properties Sdn Bhd #	Dormant	81.5	81.5
AmLabuan Holdings (L) Ltd @	Investment holding	100.0	100.0

\* The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank, MBf Information Services Sdn Bhd and MBf Nominees (Tempatan) Sdn Bhd (see Note 18).

@ Incorporated under the Labuan Companies Act 1990.

# Subsidiaries under member's voluntary liquidation.

b) There are no restrictions on transfer of funds, for example paying dividends or repaying loans and advances by the subsidiaries. The ability of the subsidiaries to pay dividends or make advances to the Bank depends on their financial and operating performance.

c) Dissolution of a wholly-owned dormant subsidiary

The Bank's wholly-owned subsidiary, AmPremier Capital Berhad, has been dissolved by way of member's voluntary liquidation pursuant to Section 439(1)(b) of the Companies Act 2016 on 1 March 2022. As the subsidiary was dormant, there was no significant impact on the Group's statement of comprehensive income or statement of financial position arising from the dissolution.

d) The subsidiaries which are not wholly-owned are not material individually or in aggregate to the financial position or performance of the Group. Hence the disclosure requirements under MFRS 12 *Disclosure of Interests in Other Entities* paragraph 12 are not presented.

**18. INVESTMENT IN ASSOCIATES**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost:				
Balance at beginning of the financial year	32,280	32,280	32,330	32,330
Less: Accumulated impairment losses	-	-	(12,713)	(30)
	<u>32,280</u>	<u>32,280</u>	<u>19,617</u>	<u>32,300</u>
Share of post acquisition reserves	(16,683)	(975)	-	-
Balance at end of the financial year	<u>15,597</u>	<u>31,305</u>	<u>19,617</u>	<u>32,300</u>

The movements in accumulated impairment losses for the Bank are as follows:

	<b>Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	30	28
Impairment loss during the financial year	12,683	2
Balance at end of the financial year	<u>12,713</u>	<u>30</u>

(a) Details of the associates, which are incorporated and with principal place of business in Malaysia, are as follows:

<b>Name of associate</b>	<b>Principal activity</b>	<b>Bank</b>	
		<b>Effective equity interest</b>	
		<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>
MBf Trustees Berhad <sup>1</sup>	Dormant	20.0	20.0
Bonuskad Loyalty Sdn Bhd ("Bonuskad") <sup>2</sup>	Managing customer loyalty schemes	33.3	33.3

<sup>1</sup> The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank. MBf Trustees Berhad is currently under members' voluntary liquidation (see Note 17).

<sup>2</sup> The financial year end of Bonuskad is 31 December 2021 and for the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions up to the Bank's financial reporting date.

During the current financial year, the Bank recognised impairment loss for investment in Bonuskad of RM12,683,000 (2021: Nil).

The investment is reviewed for impairment annually and when there are indications of impairment. The recoverable amount used in the impairment assessment is based on value-in-use ("VIU"). This VIU uses pre-tax cash flows projection based on the financial budget approved by the Board of Directors of the associate for 31 December 2022. The estimated cash flows beyond the period covered by the financial budgets are estimated using a growth rate and terminal growth rate of 3%. The discount rate applied is 10.00% which is based on the Group's and the Bank's estimated return of its investment in the associate.

**18. INVESTMENT IN ASSOCIATES (CONT'D.)**

(b) The following table summarises the information of the associate at the Group:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	61,676	58,414
Loss after tax from continuing operations/Total comprehensive loss	<u>(2,123)</u>	<u>(3,960)</u>
Total assets	157,450	197,087
Total liabilities	<u>(100,208)</u>	<u>(91,740)</u>
Net assets	<u>57,242</u>	<u>105,347</u>

(c) The above (loss)/profit after tax from continuing operations/total comprehensive loss for the associate include the following:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	2,504	5,286
Fee and other operating income	19,041	18,290
Depreciation of property and equipment	(2,809)	(1,347)
Taxation	<u>294</u>	<u>(1,264)</u>

(d) The above amounts of assets and liabilities for the associate include the following:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents	777	168,390
Current financial liabilities (excluding trade, other payables and provisions)	<u>(7,427)</u>	<u>(7,398)</u>

(e) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Proportion of net assets at date of recognition	33.3%	33.3%
Balance at beginning of the financial year	31,305	32,624
Dividend received	(15,000)	-
Share of net results for the financial year	<u>(708)</u>	<u>(1,319)</u>
Carrying amount at the end of the financial year	<u>15,597</u>	<u>31,305</u>

**19. OTHER ASSETS**

	Note	Group		Bank	
		2022 RM'000	2021 (Restated) RM'000	2022 RM'000	2021 (Restated) RM'000
Other receivables, deposits and prepayments	(a)	585,561	400,167	583,880	398,573
Interest receivable	(a)	356,902	309,247	356,902	309,244
Amount due from subsidiaries and related companies	(b)	211,743	79,405	213,715	80,750
Collateral pledged for derivative transactions	51	446,809	552,339	446,809	552,339
Foreclosed properties	(c)	2,635	2,615	2,327	2,308
Deferred charges		106,545	117,584	106,545	117,584
Tax recoverable		111,722	110,658	111,534	107,841
		<u>1,821,917</u>	<u>1,572,015</u>	<u>1,821,712</u>	<u>1,568,639</u>
Less: Accumulated impairment losses		<u>(1,974)</u>	<u>(2,068)</u>	<u>(1,500)</u>	<u>(1,597)</u>
		<u>1,819,943</u>	<u>1,569,947</u>	<u>1,820,212</u>	<u>1,567,042</u>

- (a) As at 31 March 2022, the impairment losses for other receivables, deposits and prepayments of the Group and of the Bank are RM1,817,000 (2021: RM1,911,000) and RM1,500,000 (2021: RM1,597,000) respectively.

The movements of Lifetime ECL/allowances for impairment losses for other assets using simplified approach are as follows:

- (i) The movements in accumulated impairment losses of other receivables, deposits and prepayments are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance at beginning of the financial year	1,911	3,273	1,597	2,965
Writeback of impairment loss during the financial year, net	(111)	(1,230)	(114)	(1,236)
Amount written off	-	(129)	-	(129)
Foreign exchange differences	17	(3)	17	(3)
Balance at end of the financial year	<u>1,817</u>	<u>1,911</u>	<u>1,500</u>	<u>1,597</u>

- (b) Amounts due from subsidiaries and related companies are unsecured, non-interest bearing and are repayable on demand.

- (c) The accumulated impairment losses on foreclosed properties is as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance at beginning and end of the financial year	<u>157</u>	<u>157</u>	<u>-</u>	<u>-</u>

**20. RIGHT-OF-USE ASSETS**

<b>Group</b>	<b>Premises</b>	<b>Computer</b>	<b>Total</b>
<b>2022</b>	<b>RM'000</b>	<b>equipment</b>	<b>RM'000</b>
<b>2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
Balance at beginning of the financial year	350,727	8,858	359,585
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Termination	(1,901)	-	(1,901)
Balance at end of the financial year	<u>366,180</u>	<u>8,858</u>	<u>375,038</u>
<b>Accumulated depreciation</b>			
Balance at beginning of the financial year	132,700	3,617	136,317
Depreciation for the financial year (Note 35)	64,214	2,189	66,403
Termination	(471)	-	(471)
Balance at end of the financial year	<u>196,443</u>	<u>5,806</u>	<u>202,249</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>169,737</u>	<u>3,052</u>	<u>172,789</u>
<b>2021</b>			
<b>Cost</b>			
Balance at beginning of the financial year	327,331	3,136	330,467
Additions	16,748	5,722	22,470
Remeasurements	6,648	-	6,648
Balance at end of the financial year	<u>350,727</u>	<u>8,858</u>	<u>359,585</u>
<b>Accumulated depreciation</b>			
Balance at beginning of the financial year	65,028	1,045	66,073
Depreciation for the financial year (Note 35)	<u>67,672</u>	<u>2,572</u>	<u>70,244</u>
Balance at end of the financial year	<u>132,700</u>	<u>3,617</u>	<u>136,317</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>218,027</u>	<u>5,241</u>	<u>223,268</u>

**20. RIGHT-OF-USE ASSETS (CONT'D.)**

	<b>Premises RM'000</b>	<b>Computer equipment RM'000</b>	<b>Total RM'000</b>
<b>Bank</b>			
<b>2022</b>			
<b>Cost</b>			
Balance at beginning of the financial year	353,030	8,858	361,888
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Termination	(1,901)	-	(1,901)
Balance at end of the financial year	<u>368,483</u>	<u>8,858</u>	<u>377,341</u>
<b>Accumulated depreciation</b>			
Balance at beginning of the financial year	133,415	3,617	137,032
Depreciation for the financial year (Note 35)	64,353	2,189	66,542
Termination	(471)	-	(471)
Balance at end of the financial year	<u>197,297</u>	<u>5,806</u>	<u>203,103</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>171,186</u>	<u>3,052</u>	<u>174,238</u>
<b>2021</b>			
<b>Cost</b>			
Balance at beginning of the financial year	327,331	3,136	330,467
Additions	19,051	5,722	24,773
Remeasurements	6,648	-	6,648
Balance at end of the financial year	<u>353,030</u>	<u>8,858</u>	<u>361,888</u>
<b>Accumulated depreciation</b>			
Balance at beginning of the financial year	65,028	1,045	66,073
Depreciation for the financial year (Note 35)	68,387	2,572	70,959
Balance at end of the financial year	<u>133,415</u>	<u>3,617</u>	<u>137,032</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>219,615</u>	<u>5,241</u>	<u>224,856</u>

As at 31 March 2022, the carrying amount of the right-of-use assets of the Group and of the Bank includes estimated cost for reinstatement amounted to RM2.6 million (2021: RM3.4 million).

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 28(a).

The Group and the Bank has entered into commercial leases for premises and computer equipment, all of which do not contain any variable payment terms or residual payment guarantees. The Group and the Bank are not subjected to any covenants or restrictions by entering into the leases.

The leases are typically made for fixed period of three years, but some of the leases for premises may have extension options of between three and twelve years. These options, which are exercisable only by the Group and the Bank and not by the respective lessor, are negotiated by management to provide operational flexibility in managing the assets used in the operations of the Group and of the Bank. Management exercises significant judgment in determining whether these extension options are reasonably certain to be exercised (refer to Note 5.2). For most of the leases of premises, the periods covered by the extension options are included as part of the lease terms due to the significance of these assets to the Group and the Bank. As such, substantially all of the future cash outflows that the Group and the Bank are exposed in relation to leases, have been reflected in the measurement of lease liabilities.

## 21. PROPERTY AND EQUIPMENT

2022 Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve- ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
<b>Cost</b>										
Balance at beginning of the financial year	8,897	4,977	321	36,183	199,023	164,261	598,400	4,838	6,966	1,023,866
Additions	-	-	-	-	2,513	2,110	12,821	-	3,607	21,051
Transfer (to)/from related companies, net	-	-	-	-	-	-	(8)	139	(106)	25
Disposals	-	-	-	-	-	(907)	(3,294)	(923)	-	(5,124)
Written off	-	-	-	-	(2)	(3,084)	(1,716)	-	-	(4,802)
Transfer from intangible assets (Note 22)	-	-	-	-	-	-	-	-	3,837	3,837
Reclassification/adjustments	-	-	-	-	854	19	8,926	-	(10,297)	(498)
Foreign exchange differences	-	-	-	-	-	27	5	2	-	34
Balance at end of the financial year	8,897	4,977	321	36,183	202,388	162,426	615,134	4,056	4,007	1,038,389
<b>Accumulated depreciation</b>										
Balance at beginning of the financial year	-	2,145	250	18,264	176,993	152,871	484,250	3,480	-	838,253
Depreciation for the financial year (Note 35)	-	91	7	708	9,753	4,758	41,179	150	-	56,646
Transfer (to)/from related companies, net	-	-	-	-	-	-	(1)	139	-	138
Disposals	-	-	-	-	-	(906)	(3,293)	(646)	-	(4,845)
Written off	-	-	-	-	(1)	(3,065)	(1,697)	-	-	(4,763)
Foreign exchange differences	-	-	-	-	-	27	4	2	-	33
Balance at end of the financial year	-	2,236	257	18,972	186,745	153,685	520,442	3,125	-	885,462
<b>Accumulated impairment losses</b>										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
<b>Carrying amount</b>										
Balance at end of the financial year	8,897	2,487	64	16,325	15,643	8,741	94,692	931	4,007	151,787

## 21. PROPERTY AND EQUIPMENT (CONT'D.)

2021 Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve- ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
<b>Cost</b>										
Balance at beginning of the financial year	8,989	4,977	321	36,368	193,203	165,301	581,261	4,077	24,187	1,018,684
Additions	-	-	-	-	6,211	2,533	14,752	375	10,312	34,183
Transfer from related companies, net	-	-	-	-	-	53	2	393	-	448
Disposals	(92)	-	-	(185)	-	(2,465)	(18,971)	-	-	(21,713)
Written off	-	-	-	-	-	(1,132)	-	-	-	(1,132)
Transfer from intangible assets (Note 22)	-	-	-	-	-	-	-	-	281	281
Reclassification/adjustments	-	-	-	-	(391)	40	21,370	-	(27,814)	(6,795)
Foreign exchange differences	-	-	-	-	-	(69)	(14)	(7)	-	(90)
Balance at end of the financial year	<u>8,897</u>	<u>4,977</u>	<u>321</u>	<u>36,183</u>	<u>199,023</u>	<u>164,261</u>	<u>598,400</u>	<u>4,838</u>	<u>6,966</u>	<u>1,023,866</u>
<b>Accumulated depreciation</b>										
Balance at beginning of the financial year	-	2,054	242	17,652	167,219	148,568	459,331	2,974	-	798,040
Depreciation for the financial year (Note 35)	-	91	8	708	9,774	7,828	42,831	183	-	61,423
Transfer from related companies, net	-	-	-	-	-	53	2	330	-	385
Disposals	-	-	-	(96)	-	(2,461)	(17,900)	-	-	(20,457)
Written off	-	-	-	-	-	(1,048)	-	-	-	(1,048)
Foreign exchange differences	-	-	-	-	-	(69)	(14)	(7)	-	(90)
Balance at end of the financial year	<u>-</u>	<u>2,145</u>	<u>250</u>	<u>18,264</u>	<u>176,993</u>	<u>152,871</u>	<u>484,250</u>	<u>3,480</u>	<u>-</u>	<u>838,253</u>
<b>Accumulated impairment losses</b>										
Balance at beginning and end of the financial year	<u>-</u>	<u>254</u>	<u>-</u>	<u>886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140</u>
<b>Carrying amount</b>										
Balance at end of the financial year	<u>8,897</u>	<u>2,578</u>	<u>71</u>	<u>17,033</u>	<u>22,030</u>	<u>11,390</u>	<u>114,150</u>	<u>1,358</u>	<u>6,966</u>	<u>184,473</u>

## 21. PROPERTY AND EQUIPMENT (CONT'D.)

<b>2022</b>	<b>Freehold</b>	<b>Long term</b>	<b>Short term</b>		<b>Leasehold</b>	<b>Office</b>				
<b>Bank</b>	<b>land</b>	<b>leasehold</b>	<b>leasehold</b>	<b>Buildings</b>	<b>improve-</b>	<b>furniture</b>	<b>Computer</b>	<b>Motor</b>	<b>Work-in-</b>	<b>Total</b>
	<b>RM'000</b>	<b>land</b>	<b>land</b>	<b>RM'000</b>	<b>ments</b>	<b>and</b>	<b>equipment</b>	<b>vehicles</b>	<b>progress</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>fittings</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>										
Balance at beginning of the financial year	90	3,806	303	16,663	198,337	162,522	598,066	4,672	6,965	991,424
Additions	-	-	-	-	2,513	2,110	12,821	-	3,607	21,051
Transfer (to)/from related companies, net	-	-	-	-	-	-	(8)	139	(106)	25
Disposals	-	-	-	-	-	(907)	(3,294)	(923)	-	(5,124)
Written off	-	-	-	-	(2)	(3,084)	(1,683)	-	-	(4,769)
Transfer from intangible assets (Note 22)	-	-	-	-	-	-	-	-	3,837	3,837
Reclassification/adjustments	-	-	-	-	854	19	8,925	-	(10,296)	(498)
Balance at end of the financial year	90	3,806	303	16,663	201,702	160,660	614,827	3,888	4,007	1,005,946
<b>Accumulated depreciation</b>										
Balance at beginning of the financial year	-	1,747	196	7,658	176,477	151,136	483,913	3,314	-	824,441
Depreciation for the financial year (Note 35)	-	76	3	330	9,623	4,757	41,180	150	-	56,119
Transfer (to)/from related companies, net	-	-	-	-	-	-	(1)	139	-	138
Disposals	-	-	-	-	-	(906)	(3,293)	(646)	-	(4,845)
Written off	-	-	-	-	(1)	(3,065)	(1,664)	-	-	(4,730)
Balance at end of the financial year	-	1,823	199	7,988	186,099	151,922	520,135	2,957	-	871,123
<b>Accumulated impairment losses</b>										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
<b>Carrying amount</b>										
Balance at end of the financial year	90	1,729	104	7,789	15,603	8,738	94,692	931	4,007	133,683

**21. PROPERTY AND EQUIPMENT (CONT'D.)**

<b>2021 Bank</b>	<b>Freehold land RM'000</b>	<b>Long term leasehold land RM'000</b>	<b>Short term leasehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Leasehold improve- ments RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Computer equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>										
Balance at beginning of the financial year	90	3,806	303	16,663	192,517	163,493	580,913	3,904	24,186	985,875
Additions	-	-	-	-	6,211	2,533	14,752	375	10,312	34,183
Transfer from related companies, net	-	-	-	-	-	53	2	393	-	448
Disposals	-	-	-	-	-	(2,465)	(18,971)	-	-	(21,436)
Written off	-	-	-	-	-	(1,132)	-	-	-	(1,132)
Transfer from intangible assets (Note 22)	-	-	-	-	-	-	-	-	281	281
Reclassification/adjustments	-	-	-	-	(391)	40	21,370	-	(27,814)	(6,795)
Balance at end of the financial year	90	3,806	303	16,663	198,337	162,522	598,066	4,672	6,965	991,424
<b>Accumulated depreciation</b>										
Balance at beginning of the financial year	-	1,671	193	7,328	166,833	146,765	458,980	2,801	-	784,571
Depreciation for the financial year (Note 35)	-	76	3	330	9,644	7,827	42,831	183	-	60,894
Transfer from related companies, net	-	-	-	-	-	53	2	330	-	385
Disposals	-	-	-	-	-	(2,461)	(17,900)	-	-	(20,361)
Written off	-	-	-	-	-	(1,048)	-	-	-	(1,048)
Balance at end of the financial year	-	1,747	196	7,658	176,477	151,136	483,913	3,314	-	824,441
<b>Accumulated impairment losses</b>										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
<b>Carrying amount</b>										
Balance at end of the financial year	90	1,805	107	8,119	21,860	11,386	114,153	1,358	6,965	165,843

**22. INTANGIBLE ASSETS**

<b>Group</b>	<b>Computer software RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>2022</b>			
<b>Cost</b>			
Balance at beginning of the financial year	1,095,876	42,122	1,137,998
Additions	17,753	48,530	66,283
Transfer to related companies, net	(2)	-	(2)
Transfer to property and equipment (Note 21)	-	(3,837)	(3,837)
Written off	(77)	-	(77)
Reclassification/adjustments	39,568	(47,432)	(7,864)
Foreign exchange differences	1	-	1
Balance at end of the financial year	<u>1,153,119</u>	<u>39,383</u>	<u>1,192,502</u>
<b>Accumulated amortisation</b>			
Balance at beginning of the financial year	883,864	-	883,864
Amortisation for the financial year (Note 35)	87,034	-	87,034
Transfer to related companies, net	(2)	-	(2)
Written off	(72)	-	(72)
Reclassification/adjustments	139	-	139
Foreign exchange differences	1	-	1
Balance at end of the financial year	<u>970,964</u>	<u>-</u>	<u>970,964</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>182,155</u>	<u>39,383</u>	<u>221,538</u>
<b>2021</b>			
<b>Cost</b>			
Balance at beginning of the financial year	1,007,400	61,773	1,069,173
Additions	24,847	55,089	79,936
Transfer to property and equipment (Note 21)	-	(281)	(281)
Reclassification/adjustments	63,631	(74,459)	(10,828)
Foreign exchange differences	(2)	-	(2)
Balance at end of the financial year	<u>1,095,876</u>	<u>42,122</u>	<u>1,137,998</u>
<b>Accumulated amortisation</b>			
Balance at beginning of the financial year	804,681	-	804,681
Amortisation for the financial year (Note 35)	80,173	-	80,173
Reclassification/adjustments	(988)	-	(988)
Foreign exchange differences	(2)	-	(2)
Balance at end of the financial year	<u>883,864</u>	<u>-</u>	<u>883,864</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>212,012</u>	<u>42,122</u>	<u>254,134</u>

**22. INTANGIBLE ASSETS (CONT'D.)**

	<b>Computer software RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Bank</b>			
<b>2022</b>			
<b>Cost</b>			
Balance at beginning of the financial year	1,095,821	42,122	1,137,943
Additions	17,753	48,530	66,283
Transfer to related companies, net	(2)	-	(2)
Transfer to property and equipment (Note 21)	-	(3,837)	(3,837)
Written off	(77)	-	(77)
Reclassification/adjustments	39,568	(47,432)	(7,864)
Balance at end of the financial year	<u>1,153,063</u>	<u>39,383</u>	<u>1,192,446</u>
<b>Accumulated amortisation</b>			
Balance at beginning of the financial year	883,809	-	883,809
Amortisation for the financial year (Note 35)	87,034	-	87,034
Transfer to related companies, net	(2)	-	(2)
Written off	(72)	-	(72)
Reclassification/adjustments	139	-	139
Balance at end of the financial year	<u>970,908</u>	<u>-</u>	<u>970,908</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>182,155</u>	<u>39,383</u>	<u>221,538</u>
<b>2021</b>			
<b>Cost</b>			
Balance at beginning of the financial year	1,007,343	61,773	1,069,116
Additions	24,847	55,089	79,936
Transfer to property and equipment (Note 21)	-	(281)	(281)
Reclassification/adjustments	63,631	(74,459)	(10,828)
Balance at end of the financial year	<u>1,095,821</u>	<u>42,122</u>	<u>1,137,943</u>
<b>Accumulated amortisation</b>			
Balance at beginning of the financial year	804,624	-	804,624
Amortisation for the financial year (Note 35)	80,173	-	80,173
Reclassification/adjustments	(988)	-	(988)
Balance at end of the financial year	<u>883,809</u>	<u>-</u>	<u>883,809</u>
<b>Carrying amount</b>			
Balance at end of the financial year	<u>212,012</u>	<u>42,122</u>	<u>254,134</u>

### 23. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Demand deposits	24,114,121	19,457,287	24,126,407	19,467,738
Savings deposits	5,400,230	4,409,651	5,400,230	4,409,651
Term/investment deposits	56,342,545	55,763,026	56,344,352	55,768,343
	<u>85,856,896</u>	<u>79,629,964</u>	<u>85,870,989</u>	<u>79,645,732</u>

Included in deposits from customers of the Group and of the Bank are deposits of RM1,653,383,000 (2021: RM1,501,626,000 for the Group and the Bank) held as collateral for loans and advances.

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Government and other statutory bodies	1,549,251	1,144,965	1,549,251	1,144,965
Business enterprises	39,347,970	39,345,366	39,362,063	39,361,134
Individuals	35,321,255	31,690,212	35,321,255	31,690,212
Others	9,638,420	7,449,421	9,638,420	7,449,421
	<u>85,856,896</u>	<u>79,629,964</u>	<u>85,870,989</u>	<u>79,645,732</u>

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due within six months	44,037,037	46,205,925	44,038,844	46,211,242
Over six months to one year	10,871,790	8,717,762	10,871,790	8,717,762
Over one year to three years	1,325,160	746,431	1,325,160	746,431
Over three years to five years	108,558	92,908	108,558	92,908
	<u>56,342,545</u>	<u>55,763,026</u>	<u>56,344,352</u>	<u>55,768,343</u>

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

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks		4,146,076	4,629,469	4,146,076	4,629,469
Licensed investment banks		845,298	484,076	845,298	484,076
Other financial institutions		1,164,875	973,852	1,174,519	984,057
Bank Negara Malaysia	(a)	1,221,494	1,017,430	1,221,494	1,017,430
		<u>7,377,743</u>	<u>7,104,827</u>	<u>7,387,387</u>	<u>7,115,032</u>

- (a) Deposits and placements from Bank Negara Malaysia for the current financial year had included the amounts received by the Group and the Bank under government financing scheme amounting to RM1,100,590,000 (2021: RM903,590,000) respectively, as part of the support measures by the government in response to the COVID-19 pandemic for the purpose of lending to SME at below market rate with six-year (6) to eight and half year (8.5) maturities (2021: six-year (6) to eight and half year (8.5) maturities). The fair value gain arising from the Deposits from Bank Negara Malaysia with the Group and the Bank is applied to address the financial and accounting impact arising from lending at concession rates and is recognised in the profit or loss.

**25. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD**

Recourse obligation on loans sold to Cagamas Berhad represents the proceeds received from the sale of loans directly from the Bank to Cagamas Berhad with recourse. Under this arrangement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans, which are regarded as defective based on prudential criteria with recourse to the Bank.

**26. TERM FUNDING**

	Note	Group and Bank	
		2022 RM'000	2021 RM'000
Senior Notes	(a)	400,000	-
Credit-Linked Notes	(b)	-	147,691
Other borrowings	(c)	645,260	567,412
		<u>1,045,260</u>	<u>715,103</u>

**26. TERM FUNDING (CONT'D.)**

(a) Senior Notes comprise of the following:

Senior Notes

The movements in Senior Notes are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	-	700,000
Issuance	400,000	-
Repayment	-	(700,000)
Balance at end of the financial year	<u>400,000</u>	<u>-</u>

The Senior Notes issued by the Bank is under a Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value. The proceeds from the issuance of the Senior Notes are to be utilised for the Bank's general working capital requirements.

The SNP has a tenure of up to thirty (30) years from the date of first issuance under the programme. Under the SNP, the Bank may issue Senior Notes with a tenure of more than one (1) year and up to ten (10) years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of the Bank. Tranche 7 which amounted to RM700.0 million in nominal value was issued on 26 June 2018 with a tenor of 2 years. The interest rate of this tranche is 4.50% per annum, payable semi-annually. This tranche was fully redeemed on maturity date of 26 June 2020.

On 30 December 2021, the Bank issued Tranche 8 - Series 1 and Series 2 of Senior Notes with total nominal amount of RM150.0 million and RM250.0 million respectively under its Senior Notes programme of RM7.0 billion. Tranche 8 - Series 1 bears interest rate at 2.94% per annum payable half-yearly with a tenure of 18 months and Tranche 8 - Series 2 bears interest at 3.14% per annum payable half-yearly with a tenure of 2 years.

As at 31 March 2022, RAM Rating has assigned a long-term rating of AA3/Stable to the SNP.

## 26. TERM FUNDING (CONT'D.)

(b) The movements in Credit-Linked Notes ("CLN") are as follows:

	Group and Bank	
	2022	2021
	RM'000	RM'000
Balance at beginning of the financial year	147,691	142,989
Repayment	(150,000)	-
Amortisation of premium	2,309	4,702
Balance at end of the financial year	<u>-</u>	<u>147,691</u>

The CLN are structured investment products issued by the Bank and subscribed at nominal value. The nominal value of CLN issued amounted to RM150.0 million (2021: RM150.0 million). The CLNs carry a fixed interest rate at 2.0% per annum (2021: 2.0% per annum) matured on 14 September 2021.

(c) Other borrowings comprise of the following:

	Note	Group and Bank	
		2022	2021
		RM'000	RM'000
Structured deposit	(i)	226,459	153,664
Term loan	(ii)	418,801	413,748
		<u>645,260</u>	<u>567,412</u>

(i) Structured deposit

This includes non-principal guaranteed deposit placed by customers and structured products that are only principal guaranteed on maturity. The structured products include investment products with an embedded derivative, where the embedded derivative is normally linked to the performance of an underlying asset such as interest rates, equities, commodities and foreign currency rates. Upon maturity, the customer will receive either cash payment or pre-determined units of the underlying asset. The structured products will mature from 1 month to 12 months (2021: 1 month to 13 months).

The movements are as follows:

	Group and Bank	
	2022	2021
	RM'000	RM'000
Balance at beginning of the financial year	153,664	194,430
Net issuance/(repayment)	72,795	(40,766)
Balance at end of the financial year	<u>226,459</u>	<u>153,664</u>

**26. TERM FUNDING (CONT'D.)**

(c) Other borrowings comprise of the the following (Cont'd.):

(ii) Term loan

On 13 December 2019, the Bank drawdown a term loan of USD100.0 million from two joint lenders, Wells Fargo Bank, National Association and Commerzbank Aktiengesellschaft, Luxembourg Branch. This term loan is for a period of two years and interest is charged at 3-month LIBOR +0.6%. This loan is utilised for diversifying the sources of funding the growth of the USD balance sheet. This term loan has been fully repaid in full upon maturity on 13 December 2021.

On 22 December 2021, the Bank drawdown a new term loan of USD100.0 million from Wells Fargo Bank, National Association for similar purpose. This term loan is for a period of two years and interest is charged at 3-month LIBOR +0.55%, payable on quarterly basis.

The movements are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	413,748	429,624
Repayment during the financial year	(422,250)	-
Drawdown during the financial year	421,450	-
Amortisation of issuance expenses	1,092	1,059
Capitalisation of issuance expense	(2,136)	-
Foreign exchange differences	6,897	(16,935)
Balance at end of the financial year	<u>418,801</u>	<u>413,748</u>

**27. DEBT CAPITAL**

		<b>Group and Bank</b>	
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Subordinated notes	(a)	<u>3,095,000</u>	<u>2,995,000</u>
(a) Subordinated notes			

The movements in Subordinated notes are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	2,995,000	2,595,000
Issuance during the financial year	600,000	400,000
Repayment during the financial year	(500,000)	-
Balance at end of the financial year	<u>3,095,000</u>	<u>2,995,000</u>

During the financial year ended 31 March 2014, the Bank established a new Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the Bank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenure of at least five (5) years from the issue date, and is callable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. As at 31 March 2022, the Tier 2 Subordinated Notes have been assigned a credit rating of A1/Stable by RAM.

## 27. DEBT CAPITAL (CONT'D.)

### (a) Subordinated notes (Cont'd.)

The salient features of the Subordinated notes issued and outstanding are as follows:

- (i) Tranche 2 amounting to RM500.0 million was issued on 15 March 2017 with a tenure of 10 years (callable in 5th year). The interest rate is 5.20%, payable on a half-yearly basis. The Tranche 2 was fully redeemed on its first call date on 15 March 2022.
- (ii) Tranche 3 amounting to RM570.0 million was issued on 16 October 2017 with a tenure of 10 years (callable in 5th year). The interest rate is 4.90%, payable on a half-yearly basis.
- (iii) Tranche 4 amounting to RM175.0 million was issued on 23 February 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 5.23%, payable on a half-yearly basis.
- (iv) Tranche 5 amounting to RM350.0 million was issued on 14 March 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 5.23%, payable on a half-yearly basis.
- (v) Tranche 6 amounting to RM1.0 billion was issued on 15 November 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 4.98%, payable on a half-yearly basis.
- (vi) Tranche 7 amounting to RM400.0 million was issued on 30 March 2021 with a tenure of 10 years (callable in 5th year). The interest rate is 4.18%, payable on a half-yearly basis.
- (vii) Tranche 8 amounting to RM600.0 million was issued on 8 March 2022 with a tenure of 10 years (callable in 5th year). The interest rate is 4.30%, payable on a half-yearly basis.

The full amounts issued qualify as Tier 2 Capital for the purpose of capital adequacy ratio computation.

**28. OTHER LIABILITIES**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables and accruals		1,161,187	920,586	1,149,050	907,977
Lease liabilities	(a)	174,133	225,269	175,639	226,907
Provision for reinstatement of leased properties	(b)	6,130	6,028	6,130	6,028
Interest payable		429,512	478,996	429,512	478,998
Amount due to holding company and other related companies		8,291	1,832,629	8,291	1,832,629
Collateral received for derivative transactions	51	229,098	145,035	229,098	145,035
Lease deposits and advance rentals		36,476	35,015	36,476	35,015
Provision for commitments and contingencies	(c)	3,372	3,575	3,372	3,575
Allowances for ECL on loan commitments and financial guarantees	(d)	278,389	104,678	278,435	104,715
Provision for taxation		2,489	743	1,759	-
Deferred income		53,508	50,054	53,508	50,054
		<u>2,382,585</u>	<u>3,802,608</u>	<u>2,371,270</u>	<u>3,790,933</u>

Amounts due to holding company and other related companies are unsecured, non-interest bearing and repayable on demand.

(a) The movements for lease liabilities are as follows:

	Premises RM'000	Computer equipment RM'000	Total RM'000
<b>Group</b>			
<b>2022</b>			
Balance at beginning of the financial year	221,273	3,996	225,269
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Finance cost charged (Note 35)	6,566	76	6,642
Payment of lease liabilities	(69,576)	(4,072)	(73,648)
Termination	(1,484)	-	(1,484)
Balance at end of the financial year	<u>174,133</u>	<u>-</u>	<u>174,133</u>
<b>2021</b>			
Balance at beginning of the financial year	262,577	2,129	264,706
Additions	16,468	5,722	22,190
Remeasurements	6,726	-	6,726
Finance cost charged (Note 35)	8,010	255	8,265
Payment of lease liabilities	(72,508)	(4,110)	(76,618)
Balance at end of the financial year	<u>221,273</u>	<u>3,996</u>	<u>225,269</u>
<b>Bank</b>			
<b>2022</b>			
Balance at beginning of the financial year	222,911	3,996	226,907
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Finance cost charged (Note 35)	6,595	76	6,671
Payment of lease liabilities	(69,737)	(4,072)	(73,809)
Termination	(1,484)	-	(1,484)
Balance at end of the financial year	<u>175,639</u>	<u>-</u>	<u>175,639</u>
<b>2021</b>			
Balance at beginning of the financial year	262,577	2,129	264,706
Additions	18,771	5,722	24,493
Remeasurements	6,726	-	6,726
Finance cost charged (Note 35)	8,134	255	8,389
Payment of lease liabilities	(73,297)	(4,110)	(77,407)
Balance at end of the financial year	<u>222,911</u>	<u>3,996</u>	<u>226,907</u>

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

(a) The movements for lease liabilities are as follows (Cont'd.):

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Group and the Bank are committed.

Payment of lease liabilities to related parties during the financial year for the Group and the Bank were RM43.4 million and RM43.9 million respectively (2021:RM42.8 million and RM43.3 million for the Group and the Bank respectively).

The costs relating to leases for which the Group and the Bank applied the practical expedient described in Note 2.5g for the current financial year end amounted to RM1.7 million (2021: RM1.7 million) for low-value assets and RM4.5 million (2021: RM3.3 million) for short-term leases with contract term of less than 12 months.

Lease liabilities analysed by undiscounted contractual payments are as follows:

	<b>Buildings RM'000</b>	<b>Computer equipment RM'000</b>	<b>Total RM'000</b>
<b>Group</b>			
<b>2022</b>			
Up to 1 month	4,569	-	4,569
>1 month to 3 months	9,120	-	9,120
>3 months to 6 months	11,996	-	11,996
>6 months to 12 months	16,915	-	16,915
>1 year to 5 years	93,222	-	93,222
Over 5 years	56,045	-	56,045
	<u>191,867</u>	<u>-</u>	<u>191,867</u>
<b>2021</b>			
Up to 1 month	5,998	2,996	8,994
>1 month to 3 months	11,946	175	12,121
>3 months to 6 months	17,806	265	18,071
>6 months to 12 months	30,761	544	31,305
>1 year to 5 years	108,138	357	108,495
Over 5 years	68,704	-	68,704
	<u>243,353</u>	<u>4,337</u>	<u>247,690</u>
<b>Bank</b>			
<b>2022</b>			
Up to 1 month	4,610	-	4,610
>1 month to 3 months	9,202	-	9,202
>3 months to 6 months	12,118	-	12,118
>6 months to 12 months	17,158	-	17,158
>1 year to 5 years	95,169	-	95,169
Over 5 years	58,463	-	58,463
	<u>196,720</u>	<u>-</u>	<u>196,720</u>
<b>2021</b>			
Up to 1 month	6,039	2,996	9,035
>1 month to 3 months	12,028	175	12,203
>3 months to 6 months	17,929	265	18,194
>6 months to 12 months	31,006	544	31,550
>1 year to 5 years	110,105	357	110,462
Over 5 years	71,646	-	71,646
	<u>248,753</u>	<u>4,337</u>	<u>253,090</u>

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

(b) The movements in provision for reinstatement of leased properties are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	6,028	7,527
Additions	-	280
Remeasurement	-	6
Reversal of provision	-	(1,918)
Finance cost charged (Note 35)	102	133
Balance at end of the financial year	<u>6,130</u>	<u>6,028</u>

As at 31 March 2022, the Group has estimated that it is contingently liable to incur restoration costs of RM13.4 million (2021: RM13.4 million) upon termination of lease contracts for certain properties leased from a related party.

(c) The movement in provision for commitments and contingencies are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	3,575	15,318
Charge during the year	497	21
Reversal of provision under impaired loans and advances recovered*	(700)	(11,764)
Balance at end of the financial year	<u>3,372</u>	<u>3,575</u>

\* Arising from the disposal of non-performing loans in the financial year ended 31 March 2019, the Bank had set aside provision to cover the expenditure required to settle any put-back by the purchaser of the disposed non-performing loans. On 30 August 2019, the Bank has entered into a Supplemental Sales and Purchase Agreement ("Supplemental SPA") with the purchaser of non-performing loans, Aiqon Amanah Sdn Bhd. The Supplemental SPA for variation of terms and conditions of the original Sales and Purchase Agreement had included a limit of RM12.5 million to the Bank's liabilities for repurchase of loans. During the current financial year, the Bank had fully reversed the provision for estimated expenditure in respect of the Bank's obligations to repurchase loans of RM0.7 million (2021: RM11.8 million) due to expiry of the repurchase obligation.

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

- (d) Movements in allowances for ECL on loan commitments and financial guarantees which reflect the ECL model on impairment are as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
<b>2022</b>				
Balance at beginning of the financial year	21,416	30,544	52,718	104,678
Net (writeback of)/allowances for ECL:	(957)	(14,772)	189,436	173,707
- Transfer to Stage 1	593	(6,341)	-	(5,748)
- Transfer to Stage 2	(1,391)	5,622	-	4,231
- Transfer to Stage 3	(49)	(401)	190,368	189,918
New exposure originated	8,765	5,356	-	14,121
Net remeasurement of allowances	(2,023)	(6,263)	(932)	(9,218)
Financial exposure derecognised/withdrawn	(6,852)	(12,745)	-	(19,597)
Foreign exchange differences	13	(9)	-	4
Balance at end of the financial year	<u>20,472</u>	<u>15,763</u>	<u>242,154</u>	<u>278,389</u>
<b>2021</b>				
Balance at beginning of the financial year	30,823	25,938	174	56,935
Net (writeback of)/allowances for ECL:	(9,367)	4,662	52,544	47,839
- Transfer to Stage 1	1,076	(6,759)	-	(5,683)
- Transfer to Stage 2	(1,237)	4,891	-	3,654
- Transfer to Stage 3	(67)	(407)	52,352	51,878
New exposure originated	9,179	13,565	-	22,744
Net remeasurement of allowances	(1,979)	4,395	192	2,608
Financial exposure derecognised/withdrawn	(7,865)	(6,351)	-	(14,216)
Changes in model assumptions and methodologies	(8,474)	(4,672)	-	(13,146)
Foreign exchange differences	(40)	(56)	-	(96)
Balance at end of the financial year	<u>21,416</u>	<u>30,544</u>	<u>52,718</u>	<u>104,678</u>

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

- (d) Movements in allowances for ECL on loan commitments and financial guarantees which reflect the ECL model on impairment are as follows (Cont'd.):

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
<b>2022</b>				
Balance at beginning of the financial year	21,453	30,544	52,718	104,715
Net (writeback of)/allowances for ECL:	(948)	(14,772)	189,436	173,716
- Transfer to Stage 1	593	(6,341)	-	(5,748)
- Transfer to Stage 2	(1,391)	5,622	-	4,231
- Transfer to Stage 3	(49)	(401)	190,368	189,918
New exposure originated	8,765	5,356	-	14,121
Net remeasurement of allowances	(2,014)	(6,263)	(932)	(9,209)
Financial exposure derecognised/withdrawn	(6,852)	(12,745)	-	(19,597)
Foreign exchange differences	13	(9)	-	4
Balance at end of the financial year	<u>20,518</u>	<u>15,763</u>	<u>242,154</u>	<u>278,435</u>
<b>2021</b>				
Balance at beginning of the financial year	30,848	25,938	173	56,959
Net (writeback of)/allowances for ECL:	(9,355)	4,662	52,545	47,852
- Transfer to Stage 1	1,076	(6,759)	-	(5,683)
- Transfer to Stage 2	(1,237)	4,891	-	3,654
- Transfer to Stage 3	(67)	(407)	52,352	51,878
New exposure originated	9,179	13,565	-	22,744
Net remeasurement of allowances	(1,967)	4,395	193	2,621
Financial exposure derecognised/withdrawn	(7,865)	(6,351)	-	(14,216)
Changes in model assumptions and methodologies	(8,474)	(4,672)	-	(13,146)
Foreign exchange differences	(40)	(56)	-	(96)
Balance at end of the financial year	<u>21,453</u>	<u>30,544</u>	<u>52,718</u>	<u>104,715</u>

The movements in allowances for ECL during the current financial year are due to the following:

- a) Overall ECL for Stage 1 decreased due to derecognition or withdrawn, net remeasurement of allowances and transfer to stage 2; partly offset by new exposure originated;
- b) Overall ECL for Stage 2 decreased due to derecognition or withdrawn, net remeasurement of allowances and transfer to Stage 1; partly offset by new exposure originated and transfer to stage 2 due to deterioration of credit quality;
- c) ECL for Stage 3 increased mainly due to new impaired performance bonds during the financial year.

**29. SHARE CAPITAL**

	Number of ordinary shares		Group and Bank	
	Group and Bank		Group and Bank	
	2022	2021	2022	2021
	Units'000	Units'000	RM'000	RM'000
<b>Issued and fully paid</b>				
Balance at beginning of the financial year	903,247	836,853	2,590,465	1,940,465
Issuance of ordinary shares	46,680	66,394	450,000	650,000
Balance at end of the financial year	<u>949,927</u>	<u>903,247</u>	<u>3,040,465</u>	<u>2,590,465</u>

On 31 May 2021, the Bank increased its issued and paid-up ordinary share capital by RM450,000,001 by way of issuance of 46,680,498 new ordinary shares at an issue price of RM9.64 per ordinary share. The new ordinary shares issued during the current financial year rank pari passu in all respects with the existing ordinary shares of the Bank.

**30. RESERVES**

	Note	Group		Bank	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Regulatory reserve	(a)	94,463	-	94,463	-
Merger reserve	(b)	104,149	104,149	-	-
Fair value reserve	(c)	293,346	457,552	293,346	457,552
Cash flow hedging deficit	(d)	(9,062)	(16,949)	(9,062)	(16,949)
Foreign currency translation reserve	(e)	88,488	84,588	92,301	88,443
Retained earnings	(f)	6,470,027	5,541,997	6,524,068	5,591,998
		<u>7,041,411</u>	<u>6,171,337</u>	<u>6,995,116</u>	<u>6,121,044</u>

(a) Regulatory reserve is maintained in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing as an additional credit risk absorbent.

Bank Negara Malaysia ("BNM") had in 24 March 2020 implemented additional measures in response to COVID-19 pandemic. These measures, amongst others, aim to ensure that the financial intermediation function of the financial sector remains intact and banking institutions remain focused on supporting the economy during these exceptional circumstances. As at 31 March 2021, no regulatory reserve was held against expected losses, one of the drawdown of prudential buffers as allowed by BNM. As at 31 March 2022, the Group and the Bank has complied with the prudential buffers to the minimum regulatory requirements.

(b) Merger reserve represents reserve arising from the acquisitions of AmLabuan Holdings (L) Ltd and AmCard Services Berhad which were accounted for using the merger accounting method.

(c) The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at FVOCI. In addition, the loss allowance arising from the recognition of expected credit losses on financial investments measured at FVOCI are accumulated in fair value reserve instead of reducing the carrying amount of the assets.

(d) Cash flow hedging deficit comprises the portion of the losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge.

(e) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and the Bank's functional currency.

(f) The Bank can distribute dividends out of its entire retained earnings under the single-tier system.

**31. NON-CONTROLLING INTERESTS**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	146	154
Share in net results of subsidiaries	-	(8)
Balance at end of the financial year	<u>146</u>	<u>146</u>

**32. INTEREST INCOME**

		<b>Group</b>		<b>Bank</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
			<b>(Restated)</b>		<b>(Restated)</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term funds and deposits with financial institutions	(a)	64,978	48,027	64,809	47,953
Financial assets at fair value through profit or loss		82,033	129,142	82,033	129,142
Financial investments at fair value through other comprehensive income		449,763	473,758	449,763	473,912
Financial investments at amortised cost		183,091	148,302	183,091	148,302
Loans and advances	(b)	3,098,953	3,170,447	3,094,529	3,165,313
Investment account placement		44,215	23,046	44,215	23,046
Impaired loans and advances		2,796	4,287	2,796	4,287
Others		14,418	11,672	14,418	11,672
		<u>3,940,247</u>	<u>4,008,681</u>	<u>3,935,654</u>	<u>4,003,627</u>

Note:

- (a) Included in the interest income on short term funds and deposits placements with financial institution is the fair value loss of RM18.9 million (2021: RM19.0 million) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial year of RM3.6 million (2021: RM1.1 million) as disclosed in Note 8.
- (b) Included in the interest income of loans and advances of the Group and of the Bank are the net gain of RM28.5 million (2021: loss of RM50.3 million) arising from government support measures implemented in response to COVID-19 pandemic.

**33. INTEREST EXPENSE**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	1,307,106	1,605,957	1,307,309	1,606,155
Deposits and placements of banks and other financial institutions	86,226	93,292	86,226	93,294
Securities sold under repurchase agreements	22,515	42,665	22,515	42,665
Recourse obligation on loans sold to Cagamas Berhad	203,717	145,548	203,717	145,548
Term funding	15,584	32,307	15,584	32,307
Debt capital	148,393	131,008	148,393	131,008
Others	877	11,157	877	11,157
	<u>1,784,418</u>	<u>2,061,934</u>	<u>1,784,621</u>	<u>2,062,134</u>

**34. OTHER OPERATING INCOME**

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fee and commission income:				
Bancassurance commission	28,882	28,136	28,882	28,136
Brokerage fees, commission and rebates	2,877	4,800	2,877	4,800
Fees on loans, advances and securities	113,130	112,548	113,130	112,548
Fees, service and commission charges	24,878	21,743	24,317	21,304
Unit trust fees, commission and charges	58,081	83,949	58,081	83,949
Guarantee fees	47,120	48,044	47,120	48,044
Remittances	24,947	19,196	24,947	19,196
Other fee and commission income	13,004	13,426	13,004	13,426
	<u>312,919</u>	<u>331,842</u>	<u>312,358</u>	<u>331,403</u>
Investment and trading income:				
Foreign exchange gain	80,543	106,172	80,543	106,172
Dividend income/distribution from:				
Financial assets at fair value through profit or loss	25,322	25,204	25,322	25,204
Financial investments at fair value through other comprehensive income	8,359	8,588	8,359	8,588
Subsidiaries	-	-	4,958	1,150
Associate	-	-	15,000	-
Net gain on sale/redemption of:				
Financial assets at fair value through profit or loss	3,172	250,240	3,172	250,240
Financial investments at fair value through other comprehensive income	4,218	23,492	4,218	23,492
Financial investments at amortised cost	-	3,413	-	3,413
Net gain on revaluation of financial assets at fair value through profit or loss	604	75,127	607	75,123
Net gain/(loss) on derivatives	66,780	(138,124)	66,780	(138,124)
Others	5,387	1,009	5,393	1,009
	<u>194,385</u>	<u>355,121</u>	<u>214,352</u>	<u>356,267</u>
Other income:				
Gain on termination of lease arrangement	54	-	54	-
Gain on disposal of foreclosed properties	-	540	-	540
Net gain/(loss) on disposal of property and equipment	73	99	73	(485)
Net non-trading foreign exchange gain	826	852	817	803
Profit from sale of goods and services	17,300	17,983	17,300	17,983
Rental income	8,354	10,078	8,257	10,628
Others	6,845	737	6,738	728
	<u>33,452</u>	<u>30,289</u>	<u>33,239</u>	<u>30,197</u>
	<u>540,756</u>	<u>717,252</u>	<u>559,949</u>	<u>717,867</u>

**35. OTHER OPERATING EXPENSES**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Personnel costs:					
Medical		20,192	21,088	20,192	21,088
Insurance		24,567	25,504	24,567	25,504
Contributions to EPF/Private Retirement Scheme		130,315	115,999	130,315	115,999
Salaries, bonuses, allowances and incentives		827,001	740,311	827,001	740,311
Shares granted under ESS					
- (writeback)/charge		(392)	29,913	(392)	29,913
Social security cost		6,486	6,558	6,486	6,558
Recruitment costs		10,110	7,578	10,110	7,578
Training		7,525	8,252	7,525	8,252
Other staff benefits		(5,788)	21,807	(5,829)	21,786
		<u>1,020,016</u>	<u>977,010</u>	<u>1,019,975</u>	<u>976,989</u>
Establishment costs:					
Amortisation of intangible assets	22	87,034	80,173	87,034	80,173
Cleaning, maintenance and security		26,858	24,544	26,348	24,243
Computerisation cost		155,700	153,927	155,700	153,927
Depreciation of property and equipment	21	56,646	61,423	56,119	60,894
Depreciation of right-of-use assets	20	66,403	70,244	66,542	70,959
Rental of premises		2,717	6,934	3,207	7,428
Finance costs:					
- Lease liabilities	28(a)	6,642	8,265	6,671	8,389
- Provision for reinstatement of leased properties	28(b)	102	133	102	133
Others		28,779	30,208	28,679	30,141
		<u>430,881</u>	<u>435,851</u>	<u>430,402</u>	<u>436,287</u>
Marketing and communication expenses:					
Advertising and marketing		13,011	13,893	13,011	13,892
Commission		4,502	6,432	4,502	6,432
Communication		31,133	41,609	31,131	41,605
Others		2,158	3,376	2,158	3,376
		<u>50,804</u>	<u>65,310</u>	<u>50,802</u>	<u>65,305</u>
Administration and general expenses:					
Bank charges		9,178	8,317	9,178	8,316
Insurance		6,299	5,811	6,216	5,792
Professional services		44,190	58,013	44,119	57,818
Travelling		917	1,573	917	1,573
Subscriptions and periodical		910	726	910	726
Others		32,147	33,977	32,144	33,954
		<u>93,641</u>	<u>108,417</u>	<u>93,484</u>	<u>108,179</u>
Service transfer pricing recovery, net		(294,562)	(304,072)	(294,562)	(304,072)
		<u>1,300,780</u>	<u>1,282,516</u>	<u>1,300,101</u>	<u>1,282,688</u>

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

Included in operating expenses are the following:

		<b>Group</b>		<b>Bank</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration:					
Parent auditor					
- Audit		2,130	2,252	2,097	2,215
- Regulatory and assurance related		1,073	406	1,073	406
- Other services		974	1,011	974	1,011
Operating lease		5	5	5	5
Property and equipment written off	21	39	84	39	84
Intangible assets written off	22	5	-	5	-
Rental of premises					
- Others		2,717	6,934	3,207	7,428

**36. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION**

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors of the Group and of the Bank are as follows:

	Remuneration received from Group and Bank					Total RM'000
	Fees RM'000	Salary RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	
<b>2022</b>						
<b>Chief Executive Officer:</b>						
Dato' Sulaiman Bin Mohd Tahir**	-	1,703	233	2,103	22	4,061
<b>Non-Executive Directors:</b>						
Voon Seng Chuan	160	-	-	268	2	430
Dato' Sri Abdul Hamidy Abdul Aziz	150	-	-	110	-	260
Dr Veerinderjeet Singh a/l Tejwant Singh	150	-	-	115	2	267
U Chen Hock	150	-	-	120	2	272
Soo Kim Wai	150	-	-	102	19	271
Ng Chih Kaye	150	-	-	108	9	267
Foong Pik Yee (appointed on 26 September 2021)	77	-	-	58	1	136
Raymond Fam Chye Soon (retired on 26 September 2021)	73	-	-	57	3	133
	1,060	-	-	938	38	2,036
<b>Total remuneration</b>	1,060	1,703	233	3,041	60	6,097
	Remuneration received from Group and Bank					Total RM'000
	Fees (Restated)*** RM'000	Salary RM'000	Bonus* RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	
<b>2021</b>						
<b>Chief Executive Officer:</b>						
Dato' Sulaiman Bin Mohd Tahir**	-	1,479	1,498	914	21	3,912
<b>Non-Executive Directors:</b>						
Voon Seng Chuan	128	-	-	267	1	396
Raymond Fam Chye Soon	120	-	-	118	1	239
Dato' Sri Abdul Hamidy Abdul Aziz	120	-	-	110	2	232
Dr Veerinderjeet Singh a/l Tejwant Singh	120	-	-	107	1	228
U Chen Hock	120	-	-	118	1	239
Soo Kim Wai	120	-	-	105	19	244
Ng Chih Kaye	120	-	-	110	21	251
	848	-	-	935	46	1,829
<b>Total remuneration</b>	848	1,479	1,498	1,849	67	5,741

\* Relates to bonus received for the services rendered in the preceding year.

\*\* Represent remuneration charged to the Bank for the financial year. The remuneration for the CEO was paid by the Bank and charged to the holding company under Service Transfer Pricing ("STP") expenses.

\*\*\* At the previous Annual General Meeting held on 1 September 2021, the shareholder approved the fees reduction for the Directors in respect of previous financial year ended 31 March 2021. The amount has been restated to reflect the actual amount of fees received by the Directors in relation to their service in the previous financial year.

**37. ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES**

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans and advances (Note 14(i))	218,509	838,509	218,502	838,335
Impaired loans and advances recovered, net	(146,443)	(248,939)	(146,443)	(245,855)
	<u>72,066</u>	<u>589,570</u>	<u>72,059</u>	<u>592,480</u>

**38. IMPAIRMENT LOSS ON FINANCIAL INVESTMENTS**

	Group		Bank	
	2022	2021 (Restated)	2022	2021 (Restated)
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income (Note 12(b))	2,322	(3,553)	2,322	(3,557)
Financial investments at amortised cost (Note 13)	11,957	20,691	11,957	20,691
	<u>14,279</u>	<u>17,138</u>	<u>14,279</u>	<u>17,134</u>

**39. IMPAIRMENT LOSS/(WRITEBACK OF IMPAIRMENT) ON OTHER FINANCIAL ASSETS**

	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds (Note 6)	(135)	1,445	(135)	1,445
Deposits and placements with banks and other financial institutions (Note 8)	1,283	(443)	1,283	(443)
Investment account placement (Note 9)	236	(341)	236	(341)
Other assets	(111)	(1,230)	(114)	(1,236)
	<u>1,273</u>	<u>(569)</u>	<u>1,270</u>	<u>(575)</u>

**40. TAXATION**

	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Estimated tax payable	366,245	221,300	364,812	219,092
- Tax effect relating to the settlement (Notes 5.3 & 54)	(220,499)	-	(220,499)	-
- Overprovision in prior financial years	(9,708)	(2,356)	(9,741)	(2,383)
	<u>136,038</u>	<u>218,944</u>	<u>134,572</u>	<u>216,709</u>
Deferred tax (Note 16):				
- Origination and reversal of temporary differences	(11,761)	(56,090)	(11,761)	(56,090)
- Overprovision of deferred tax in prior financial years	(4,453)	(280)	(4,453)	(280)
	<u>(16,214)</u>	<u>(56,370)</u>	<u>(16,214)</u>	<u>(56,370)</u>
Taxation	<u>119,824</u>	<u>162,574</u>	<u>118,358</u>	<u>160,339</u>

On 13 December 2021, the Dewan Rakyat has passed the Supply Bill ("Budget for 2022") which includes Cukai Makmur, a 'one-off' corporate tax of 33% on companies' taxable income in excess of RM100.0 million for the year of assessment 2022 (taxable income of up to RM100.0 million will continue to be taxed at 24%). The additional tax charged for the Group and the Bank for the financial year for taxable income in excess of RM100.0 million taxed at 33% is RM93.1 million (2021: Domestic income tax is calculated at the statutory tax rate of 24% on the estimated chargeable profit for the financial year). The deferred tax for the current financial year is not impacted by Cukai Makmur and calculated based on the tax rate of 24% (2021: 24%).

**40. TAXATION (CONT'D.)**

A reconciliation of taxation applicable to profit/(loss) before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before taxation	1,133,446	(1,800,719)	1,136,020	(1,807,126)
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	272,027	(432,173)	272,645	(433,710)
Effect of Cukai Makmur	93,098	-	93,098	-
Effect of different tax rates in Labuan	(12,216)	1,312	(12,216)	1,312
Expenses not deductible for tax purposes	14,773	625,510	17,679	625,272
Income not subject to tax	(11,767)	(28,349)	(16,554)	(28,465)
Tax on share in results of associates	170	317	-	-
Tax recoverable recognised on income subject to tax remission	(1,601)	(1,407)	(1,601)	(1,407)
Tax effect relating to the settlement	(220,499)	-	(220,499)	-
Overprovision of current tax in prior financial years	(9,708)	(2,356)	(9,741)	(2,383)
Overprovision of deferred tax in prior financial years	(4,453)	(280)	(4,453)	(280)
Total taxation	119,824	162,574	118,358	160,339

**41. BASIC/DILUTED EARNINGS/(LOSS) PER SHARE**

	Group		Bank	
	2022	2021	2022	2021
Net profit/(loss) attributable to equity holder of the Bank (RM'000)	1,013,622	(1,963,285)	1,017,662	(1,967,465)
Number of ordinary shares at beginning of the financial year ('000)	903,247	836,853	903,247	836,853
Effect of issuance of new ordinary shares ('000)	39,007	364	39,007	364
Weighted average number of ordinary shares in issue at the end of the financial year ('000)	942,254	837,217	942,254	837,217
Basic/diluted earnings/(loss) per share (sen)	107.57	(234.50)	108.00	(235.00)

#### 42. DIVIDENDS

<b>Group and Bank</b>	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>In respect of financial year ended 31 March 2020</b>		
Final single-tier dividend of 15.8 sen per share	-	132,223

The Directors do not propose any final dividends for the current and previous financial year.

#### 43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

- (a) Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and of the Bank are:

- (i) Subsidiaries

Transactions between the Bank and its subsidiaries which are related parties of the Bank, have been eliminated on consolidation. Details of subsidiaries are disclosed in Note 17.

- (ii) Related companies

These are the holding company and subsidiaries of the holding company.

- (iii) Associates and joint ventures of the holding company ("Associates and joint ventures")

Details of the associates of the Bank are disclosed in Note 18.

Other associate of the holding company is AmFirst REIT.

The joint ventures of the holding company are AmMetlife Takaful Berhad and AmMetlife Insurance Berhad.

**43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)**

- (a) The related parties of the Group and of the Bank are (Cont'd.):
- (iv) Key management personnel ("KMP")

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank, either directly or indirectly. The key management personnel of the Group and of the Bank include the Chief Executive Officer, Executive and Non-Executive Directors of the Bank and of the holding company and certain members of the senior management of the Group (including close members of their families).
  - (v) Companies in which certain KMP have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain KMP of the Bank.
  - (vi) Companies which have significant influence over the holding company

These are entities who are substantial shareholders (including its related parties) of the holding company of the Bank.
- (b) There were no granting of loans to the Directors of the Bank other than in the normal course of business of the Group and of the Bank. Loans made to Directors and other key management personnel of the Group are on similar terms and conditions generally available to other employees within the Group. No provisions have been recognised in respect of loans given to Directors and key management personnel.
- (c) The Bank incurs intercompany charges for shared operating costs for Wholesale Banking's operations of a related company in Malaysia, included under service transfer pricing recovery, net.
- (d) The transactions between the Bank and related parties were executed at terms agreed between the parties during the financial year.

**43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)**

(f) In addition to the transactions detailed elsewhere in the financial statements, the Group and of the Bank had the following transactions with related parties during the financial year:

Group	Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Income</b>										
Bancassurance commission	16,543	17,666	12,204	10,497	-	-	-	-	-	-
Fee income	4,874	5,328	417	543	3	2	-	2	-	-
Interest on deposits	(1,363) *	(11,681)	-	-	-	-	-	-	-	-
Interest on investment account placement	44,216	23,046	-	-	-	-	-	-	-	-
Interest on financial investments at FVOCI	-	6,302	-	-	-	-	-	-	-	-
Interest on loans and advances	62	86	11,440	12,106	71	96	2,250	3,403	-	-
Interest on derivatives	8,148	6,577	-	-	-	-	-	-	-	-
Gain/(loss) on derivatives	3,452	(3,000)	-	-	-	-	-	-	53,127	19,939
Foreign exchange (loss)/gain	(2,831)	(4,477)	-	-	-	-	-	-	1,130	(3,448)
Rental income	7,646	7,834	-	-	-	-	-	-	-	-
Service transfer pricing income	297,000	308,442	-	-	-	-	-	-	-	-
	<u>377,747</u>	<u>356,123</u>	<u>24,061</u>	<u>23,146</u>	<u>74</u>	<u>98</u>	<u>2,250</u>	<u>3,405</u>	<u>54,257</u>	<u>16,491</u>
<b>Expenses</b>										
Interest on deposits	2,900	1,876	24	24	759	844	50	93	-	-
Insurance premium	1,483	3,813	22,817	23,604	-	-	-	-	-	-
Rental	40	256	-	-	-	-	283	321	-	-
Service transfer pricing expense	2,438	4,370	-	-	-	-	-	-	-	-
Storage	-	-	17	22	-	-	-	-	-	-
Training	-	-	-	-	-	-	-	357	-	-
Marketing	65	88	83	-	-	-	1	-	-	-
Travelling	-	-	-	-	-	-	11	109	-	-
Customer loyalty awards	-	-	2,626	2,858	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	3	-	-	-
Professional fees	-	-	-	-	-	-	24	-	-	-
	<u>6,926</u>	<u>10,403</u>	<u>25,567</u>	<u>26,508</u>	<u>759</u>	<u>844</u>	<u>372</u>	<u>880</u>	<u>-</u>	<u>-</u>

\* Included fair value loss of RM18.9 million (2021: RM19.0 million) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial year of RM3.6 million (2021: RM1.1 million) (Note 32).

**43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)**

(f) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year (Cont'd.):

Bank	Subsidiaries		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Income</b>												
Bancassurance commission	-	-	16,543	17,666	12,204	10,497	-	-	-	-	-	-
Fee income	-	-	4,874	5,328	417	543	3	2	-	2	-	-
Interest on deposits	-	-	(1,532) *	(11,754)	-	-	-	-	-	-	-	-
Interest on investment account placement	-	-	44,216	23,046	-	-	-	-	-	-	-	-
Interest on financial investments at FVOCI	-	167	-	6,302	-	-	-	-	-	-	-	-
Interest on loans and advances	3,593	4,326	62	86	11,440	12,106	71	96	2,250	3,403	-	-
Interest on derivatives	-	-	8,148	6,577	-	-	-	-	-	-	-	-
Gain/(loss) on derivatives	-	-	3,452	(3,000)	-	-	-	-	-	-	53,127	19,939
Foreign exchange (loss)/gain	-	-	(2,831)	(4,477)	-	-	-	-	-	-	1,130	(3,448)
Rental income	-	-	7,646	7,834	-	-	-	-	-	-	-	-
Service fee	901	1,028	-	-	-	-	-	-	-	-	-	-
Service transfer pricing income	-	-	297,000	308,442	-	-	-	-	-	-	-	-
	<u>4,494</u>	<u>5,521</u>	<u>377,578</u>	<u>356,050</u>	<u>24,061</u>	<u>23,146</u>	<u>74</u>	<u>98</u>	<u>2,250</u>	<u>3,405</u>	<u>54,257</u>	<u>16,491</u>
<b>Expenses</b>												
Interest on deposits	37	39	2,900	1,876	24	24	759	844	50	93	-	-
Insurance premium	-	-	1,374	3,658	22,817	23,604	-	-	-	-	-	-
Rental	-	-	40	256	-	-	-	-	283	321	-	-
Service transfer pricing expense	-	-	2,438	4,370	-	-	-	-	-	-	-	-
Storage	-	-	-	-	17	22	-	-	-	-	-	-
Training	-	-	-	-	-	-	-	-	-	357	-	-
Marketing	-	-	65	88	83	-	-	-	1	-	-	-
Travelling	-	-	-	-	-	-	-	-	11	109	-	-
Customer loyalty awards	-	-	-	-	2,626	2,858	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	3	-	-	-
Purchase of non-capitalised assets	-	-	-	-	-	-	-	-	24	-	-	-
	<u>37</u>	<u>39</u>	<u>6,817</u>	<u>10,248</u>	<u>25,567</u>	<u>26,508</u>	<u>759</u>	<u>844</u>	<u>372</u>	<u>880</u>	<u>-</u>	<u>-</u>

\* Included fair value loss of RM18.9 million (2021: RM19.0 million) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial year of RM3.6 million (2021: RM1.1 million) (Note 32).

**43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)**

(g) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with its related parties are as follows:

Group	Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets:</b>										
Cash and short-term funds	410,084	448,214	-	-	-	-	-	-	-	-
Deposits and placements	903,435	374,277	-	-	-	-	-	-	-	-
Investment account placement	1,708,484	716,091	-	-	-	-	-	-	-	-
Derivative financial assets	14,446	35,783	-	-	-	-	-	-	3,647	16,185
Loans and advances	3,373	741	355,645	355,544	3,269	3,070	99,063	37,522	-	-
Interest receivable	8,123	2,612	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	5,888	44,346
Right-of-use assets	2,773	4,853	25,895	60,674	-	-	-	-	-	-
	<u>3,050,718</u>	<u>1,582,571</u>	<u>381,540</u>	<u>416,218</u>	<u>3,269</u>	<u>3,070</u>	<u>99,063</u>	<u>37,522</u>	<u>9,535</u>	<u>60,531</u>
<b>Liabilities:</b>										
Deposits and placements	573,373	117,610	13,034	12,038	49,815	40,716	35,670	6,114	29,980	7,662
Derivative financial liabilities	48,722	35,822	-	-	-	-	-	-	4,202	54,505
Interest payable	1,549	3	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	3	-	-	-	-	-	-
Lease liabilities	2,817	4,881	28,203	63,532	-	-	-	-	-	-
	<u>626,461</u>	<u>158,316</u>	<u>41,237</u>	<u>75,573</u>	<u>49,815</u>	<u>40,716</u>	<u>35,670</u>	<u>6,114</u>	<u>34,182</u>	<u>62,167</u>
<b>Commitments and contingencies:</b>										
Contingent liabilities	141,706	27,550	2,480	2,480	-	-	-	-	89,514	88,276
Commitments	486,394	518,735	65,720	34,000	4,999	4,624	43,500	105,000	210,000	1,053,609
Contract/notional amount for derivatives	2,545,062	2,833,234	-	-	-	-	-	-	1,672,873	4,565,435
	<u>3,173,162</u>	<u>3,379,519</u>	<u>68,200</u>	<u>36,480</u>	<u>4,999</u>	<u>4,624</u>	<u>43,500</u>	<u>105,000</u>	<u>1,972,387</u>	<u>5,707,320</u>

**43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)**

(g) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with its related parties are as follows (Cont'd.):

Bank	Subsidiaries		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets:</b>												
Cash and short-term funds	-	-	410,084	448,214	-	-	-	-	-	-	-	-
Deposits and placements	-	-	903,435	374,277	-	-	-	-	-	-	-	-
Investment account placement	-	-	1,708,484	716,091	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	14,446	35,783	-	-	-	-	-	-	3,647	16,185
Loans and advances	72,883	85,247	3,373	741	355,645	355,544	3,269	3,070	99,063	37,522	-	-
Interest receivable	-	-	8,122	2,610	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	5,888	44,346
Right-of-use assets	4,044	4,504	2,773	4,853	25,895	60,674	-	-	-	-	-	-
	<u>76,927</u>	<u>89,751</u>	<u>3,050,717</u>	<u>1,582,569</u>	<u>381,540</u>	<u>416,218</u>	<u>3,269</u>	<u>3,070</u>	<u>99,063</u>	<u>37,522</u>	<u>9,535</u>	<u>60,531</u>
<b>Liabilities:</b>												
Deposits and placements	11,450	15,521	573,373	117,610	13,034	12,038	49,815	40,716	35,670	6,114	29,980	7,662
Derivative financial liabilities	-	-	48,722	35,822	-	-	-	-	-	-	4,202	54,505
Interest payable	1	3	1,549	3	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	3	-	-	-	-	-	-
Lease liabilities	4,183	4,596	2,817	4,881	28,203	63,532	-	-	-	-	-	-
	<u>15,634</u>	<u>20,120</u>	<u>626,461</u>	<u>158,316</u>	<u>41,237</u>	<u>75,573</u>	<u>49,815</u>	<u>40,716</u>	<u>35,670</u>	<u>6,114</u>	<u>34,182</u>	<u>62,167</u>
<b>Commitments and contingencies:</b>												
Contingent liabilities	-	-	141,706	27,550	2,480	2,480	-	-	-	-	89,514	88,276
Commitments	77,300	65,000	486,394	518,735	65,720	34,000	4,999	4,624	43,500	105,000	210,000	1,053,609
Contract/notional amount for derivatives	-	-	2,545,062	2,833,234	-	-	-	-	-	-	1,672,873	4,565,435
	<u>77,300</u>	<u>65,000</u>	<u>3,173,162</u>	<u>3,379,519</u>	<u>68,200</u>	<u>36,480</u>	<u>4,999</u>	<u>4,624</u>	<u>43,500</u>	<u>105,000</u>	<u>1,972,387</u>	<u>5,707,320</u>

**43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)**

## (h) Key management personnel compensation

The remuneration of Directors of the Bank and other key management personnel during the financial year are as follows:

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Directors:</b>					
Fees*	36	1,060	848	1,060	848
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	36	976	981	976	981
<b>Total short-term employee benefits</b>		<b>2,036</b>	<b>1,829</b>	<b>2,036</b>	<b>1,829</b>
<b>Other key management personnel:</b>					
Salaries and other remuneration		18,832	23,352	17,832	21,176
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)		11,018	6,428	10,018	5,795
<b>Total short-term employee benefits</b>		<b>29,850</b>	<b>29,780</b>	<b>27,850</b>	<b>26,971</b>

\* At the previous Annual General Meeting held on 1 September 2021, the shareholder approved the fees reduction for the Directors in respect of financial year ended 31 March 2021. The fees for FY2021 has been restated to reflect the actual amount fees received by the Directors in relation to their service in the previous financial year.

**44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES**

	Group		Bank	
	2022	2021	2022	2021
Outstanding credit exposures with connected parties (RM'000)	4,054,181	4,811,174	4,142,596	4,909,503
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	4.42	5.46	4.52	5.57
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	0.06	0.07	0.06	0.07

The disclosure on Credit Transactions and Exposure with Connected Parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014. Based on these guidelines, a connected party refers to the following:

- directors of the Bank and their close relatives;
- controlling shareholder and his close relatives;
- influential shareholder and his close relatives;
- executive officer being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank and his close relatives;
- officers and his close relatives; officer refers to those responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually;

#### 44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES (CONT'D.)

The disclosure on Credit Transactions and Exposure with Connected Parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014. Based on these guidelines, a connected party refers to the following (Cont'd.):

- (f) firms, partnerships, companies or any legal entities which control, or are controlled by, any person listed in (a) to (e) above, or in which they have interest as a Director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (g) any person for whom the persons listed in (a) to (e) above is a guarantor; and
- (h) subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed include the extension of credit facility and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and corporate bonds and/or sukuk issued by the connected parties.

The credit transactions with connected parties are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected parties is not less than that normally required of other persons.

#### 45. CAPITAL COMMITMENTS

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted for:		
Purchase of computer equipment and software	26,203	19,100
Leasehold improvements	7,721	5,493
	<u>33,924</u>	<u>24,593</u>
Authorised but not contracted for:		
Purchase of computer equipment and software	94,032	43,377
	<u>127,956</u>	<u>67,970</u>

**46. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and of the Bank 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. The commitments and contingencies are not secured against the Group's and the Bank's assets.

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

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	11,640,100	11,941,696	11,717,400	12,006,696
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,619,911	1,423,498	1,619,911	1,423,498
Unutilised credit card lines	3,696,035	3,761,826	3,696,035	3,761,826
Forward asset purchases	50,143	657,169	50,143	657,169
Others	-	-	50	50
	<u>17,006,189</u>	<u>17,784,189</u>	<u>17,083,539</u>	<u>17,849,239</u>
<b>Contingent liabilities</b>				
Direct credit substitutes	2,500,325	1,557,233	2,500,325	1,557,233
Transaction related contingent items	3,411,078	3,442,831	3,411,078	3,442,831
Short-term self-liquidating trade related contingencies	523,110	654,391	523,110	654,391
	<u>6,434,513</u>	<u>5,654,455</u>	<u>6,434,513</u>	<u>5,654,455</u>
<b>Derivative financial instruments</b>				
Foreign exchange related contracts				
- One year or less	41,939,583	49,723,177	41,939,583	49,723,177
- Over one year to five years	4,572,015	5,594,806	4,572,015	5,594,806
- Over five years	2,216,259	1,388,564	2,216,259	1,388,564
Interest rate related contracts				
- One year or less	12,051,407	13,551,363	12,051,407	13,551,363
- Over one year to five years	21,186,522	27,515,321	21,186,522	27,515,321
- Over five years	6,307,988	5,038,177	6,307,988	5,038,177
Credit related contracts				
- One year or less	-	347,950	-	347,950
Equity and commodity related contracts				
- One year or less	1,570,386	1,434,390	1,570,386	1,434,390
- Over one year to five years	75,367	84,682	75,367	84,682
	<u>89,919,527</u>	<u>104,678,430</u>	<u>89,919,527</u>	<u>104,678,430</u>
<b>Total</b>	<u>113,360,229</u>	<u>128,117,074</u>	<u>113,437,579</u>	<u>128,182,124</u>

**47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<b>Group</b>	<b>Less than</b>	<b>Over</b>	<b>Total</b>
<b>2022</b>	<b>12 months</b>	<b>12 months</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	9,894,325	-	9,894,325
Deposits and placements with banks and other financial institutions	2,081,353	103,435	2,184,788
Investment account placement	499,619	1,208,865	1,708,484
Derivative financial assets	258,133	574,688	832,821
Financial assets at fair value through profit or loss	2,271,188	404,716	2,675,904
Financial investments at fair value through other comprehensive income	1,801,846	12,537,738	14,339,584
Financial investments at amortised cost	809,887	5,119,628	5,929,515
Loans and advances	19,259,494	59,557,993	78,817,487
Statutory deposit with Bank Negara Malaysia	-	200,000	200,000
Deferred tax assets	-	139,318	139,318
Investment in associates	-	15,597	15,597
Other assets	1,541,808	278,135	1,819,943
Right-of-use assets	-	172,789	172,789
Property and equipment	-	151,787	151,787
Intangible assets	-	221,538	221,538
<b>TOTAL ASSETS</b>	<b>38,417,653</b>	<b>80,686,227</b>	<b>119,103,880</b>
<b>LIABILITIES</b>			
Deposits from customers	84,423,178	1,433,718	85,856,896
Deposits and placements of banks and other financial institutions	6,157,835	1,219,908	7,377,743
Securities sold under repurchase agreements	1,582,717	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	1,925,016	4,950,007	6,875,023
Derivative financial liabilities	253,834	552,800	806,634
Term funding	226,459	818,801	1,045,260
Debt capital	-	3,095,000	3,095,000
Other liabilities	2,049,023	333,562	2,382,585
<b>TOTAL LIABILITIES</b>	<b>96,618,062</b>	<b>12,403,796</b>	<b>109,021,858</b>

**47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

<b>Group</b>	<b>Less than</b>	<b>Over</b>	<b>Total</b>
<b>2021 (Restated)</b>	<b>12 months</b>	<b>12 months</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	9,621,295	-	9,621,295
Deposits and placements with banks and other financial institutions	397,848	59,276	457,124
Investment account placement	-	716,091	716,091
Derivative financial assets	395,186	917,817	1,313,003
Financial assets at fair value through profit or loss	3,406,576	383,016	3,789,592
Financial investments at fair value through other comprehensive income	3,687,991	10,075,616	13,763,607
Financial investments at amortised cost	5,002	3,746,439	3,751,441
Loans and advances	18,520,188	56,992,069	75,512,257
Statutory deposit with Bank Negara Malaysia	-	305,773	305,773
Deferred tax assets	-	74,858	74,858
Investment in associates	-	31,305	31,305
Other assets	1,378,371	191,576	1,569,947
Right-of-use assets	-	223,268	223,268
Property and equipment	-	184,473	184,473
Intangible assets	-	254,134	254,134
<b>TOTAL ASSETS</b>	<b>37,412,457</b>	<b>74,155,711</b>	<b>111,568,168</b>
<b>LIABILITIES</b>			
Deposits from customers	78,790,625	839,339	79,629,964
Deposits and placements of banks and other financial institutions	6,091,428	1,013,399	7,104,827
Securities sold under repurchase agreements	810,171	-	810,171
Recourse obligation on loans sold to Cagamas Berhad	5,750,012	725,006	6,475,018
Derivative financial liabilities	412,372	861,157	1,273,529
Term funding	712,503	2,600	715,103
Debt capital	-	2,995,000	2,995,000
Other liabilities	3,493,515	309,093	3,802,608
<b>TOTAL LIABILITIES</b>	<b>96,060,626</b>	<b>6,745,594</b>	<b>102,806,220</b>

**47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	<b>Less than 12 months RM'000</b>	<b>Over 12 months RM'000</b>	<b>Total RM'000</b>
<b>Bank 2022</b>			
<b>ASSETS</b>			
Cash and short-term funds	9,874,911	-	9,874,911
Deposits and placements with banks and other financial institutions	2,081,353	103,435	2,184,788
Investment account placement	499,619	1,208,865	1,708,484
Derivative financial assets	258,133	574,688	832,821
Financial assets at fair value through profit or loss	2,271,153	404,716	2,675,869
Financial investments at fair value through other comprehensive income	1,801,846	12,537,738	14,339,584
Financial investments at amortised cost	809,887	5,119,628	5,929,515
Loans and advances	19,226,326	59,557,993	78,784,319
Statutory deposit with Bank Negara Malaysia	-	200,000	200,000
Deferred tax assets	-	139,318	139,318
Investment in subsidiaries	-	30,964	30,964
Investment in associates	-	19,617	19,617
Other assets	1,542,077	278,135	1,820,212
Right-of-use assets	-	174,238	174,238
Property and equipment	-	133,683	133,683
Intangible assets	-	221,538	221,538
<b>TOTAL ASSETS</b>	<b>38,365,305</b>	<b>80,704,556</b>	<b>119,069,861</b>
<b>LIABILITIES</b>			
Deposits from customers	84,437,271	1,433,718	85,870,989
Deposits and placements of banks and other financial institutions	6,167,479	1,219,908	7,387,387
Securities sold under repurchase agreements	1,582,717	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	1,925,016	4,950,007	6,875,023
Derivative financial liabilities	253,834	552,800	806,634
Term funding	226,459	818,801	1,045,260
Debt capital	-	3,095,000	3,095,000
Other liabilities	2,037,708	333,562	2,371,270
<b>TOTAL LIABILITIES</b>	<b>96,630,484</b>	<b>12,403,796</b>	<b>109,034,280</b>

**47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	<b>Less than 12 months RM'000</b>	<b>Over 12 months RM'000</b>	<b>Total RM'000</b>
<b>Bank</b>			
<b>2021 (Restated)</b>			
<b>ASSETS</b>			
Cash and short-term funds	9,613,134	-	9,613,134
Deposits and placements with banks and other financial institutions	397,848	59,276	457,124
Investment account placement	-	716,091	716,091
Derivative financial assets	395,186	917,817	1,313,003
Financial assets at fair value through profit or loss	3,406,538	383,016	3,789,554
Financial investments at fair value through other comprehensive income	3,687,991	10,075,616	13,763,607
Financial investments at amortised cost	5,002	3,746,439	3,751,441
Loans and advances	18,479,706	56,992,069	75,471,775
Statutory deposit with Bank Negara Malaysia	-	305,773	305,773
Deferred tax assets	-	74,858	74,858
Investment in subsidiaries	-	31,492	31,492
Investment in associates	-	32,300	32,300
Other assets	1,375,466	191,576	1,567,042
Right-of-use assets	-	224,856	224,856
Property and equipment	-	165,843	165,843
Intangible assets	-	254,134	254,134
<b>TOTAL ASSETS</b>	<b>37,360,871</b>	<b>74,171,156</b>	<b>111,532,027</b>
<b>LIABILITIES</b>			
Deposits from customers	78,806,393	839,339	79,645,732
Deposits and placements of banks and other financial institutions	6,101,633	1,013,399	7,115,032
Securities sold under repurchase agreements	810,171	-	810,171
Recourse obligation on loans sold to Cagamas Berhad	5,750,012	725,006	6,475,018
Derivative financial liabilities	412,372	861,157	1,273,529
Term funding	712,503	2,600	715,103
Debt capital	-	2,995,000	2,995,000
Other liabilities	3,481,840	309,093	3,790,933
<b>TOTAL LIABILITIES</b>	<b>96,074,924</b>	<b>6,745,594</b>	<b>102,820,518</b>

#### 48. CAPITAL MANAGEMENT

The Group's capital management approach is focused on maintaining a strong capital position that supports the Group's strategic objectives and risk appetite. In line with the Group's annual 3-year strategy plan, a capital plan is developed to ensure that adequate level of capital and an optimum capital structure is maintained to meet regulatory requirements, the Group's strategic objectives and stakeholders' expectations.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. They help to estimate potential future losses arising from credit, market and other material risks, and supplement the regulatory formulae to simulate the amount of capital required to support them.

Stress testing and scenario analysis are used to ensure that the AMMB Group's internal capital assessment considers the impact of extreme but probable scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The AMMB Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The AMMB Group's assessment of risk appetite is closely integrated with the Group's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the AMMB Group's business activities.

The capital that the AMMB Group is required to hold is determined by its risk exposures after applying collaterals and other risk mitigants. BNM has the right to impose further capital requirements on Malaysian financial institutions.

The AMMB Group has in place processes and controls to monitor and manage capital adequacy across the organisation. The AMMB Group Asset and Liability Committee ("GALCO") is responsible for overseeing and managing the Group's capital and liquidity positions.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the AMMB Group's capital position and any actions impacting the capital levels.

On 25 March 2020, BNM announced several regulatory and supervisory measures in support of efforts by banking institutions to manage the impact of the COVID-19 outbreak, which included allowing banking institutions to drawdown on the capital conservation buffer of 2.5% and to reduce the regulatory reserves held against expected losses to zero. Banking institutions were given reasonable time to rebuild the buffers after 31 December 2020 and were expected to restore to the minimum regulatory requirement by 30 September 2021. As at the reporting date, the Group and the Bank continued to maintain sufficient buffer above the CCB and minimum regulatory requirement.

On 9 December 2020, BNM issued revised policy document, Capital Adequacy Framework (Capital Components). The key addition to the revised policy document is the transitional arrangement for financial institutions on provisions for expected credit loss ("ECL"). Under this revised policy document, a financial institution is allowed to add back a portion of the loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital from Financial Year 2021 to Financial Year 2024.

**48. CAPITAL MANAGEMENT (CONT'D.)**

## (a) Capital adequacy ratios

The capital adequacy ratios of the Group and of the Bank as at 31 March are as follows:

	<b>Group</b>	<b>Bank</b>
Under transitional arrangement (Note (i)):		
<b>2022</b>		
CET 1 Capital Ratio	11.767%	11.659%
Tier 1 Capital Ratio	11.767%	11.659%
Total Capital Ratio	16.233%	16.109%
<b>2021</b>		
CET 1 Capital Ratio	11.215%	11.095%
Tier 1 Capital Ratio	11.215%	11.095%
Total Capital Ratio	15.789%	15.650%

**Notes:**

- (i) Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, capital ratios of the Group and of the Bank had been computed applying transitional arrangement on provision for ECL. Had the transitional arrangement not been applied, the capital ratios of the Group and of the Bank as at 31 March 2022 and 31 March 2021 are as follow:

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
CET 1 Capital Ratio	11.274%	11.168%	10.533%	10.415%
Tier 1 Capital Ratio	11.274%	11.168%	10.533%	10.415%
Total Capital Ratio	16.086%	15.967%	15.511%	15.378%

- (ii) Pursuant to the above BNM's guideline on Capital Adequacy Framework (Capital Components), the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8.0% for total capital ratio. In addition, banking institutions are also required to maintain capital buffers in form of CET 1 capital above the minimum CET 1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall 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 Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and
- (c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

**48. CAPITAL MANAGEMENT (CONT'D.)**

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CET 1 Capital</b>				
Share capital**	3,040,465	2,590,465	3,040,465	2,590,465
Retained earnings	6,470,027	5,541,997	6,524,068	5,591,998
Fair value reserve	293,346	457,552	293,346	457,552
Foreign currency translation reserve	88,488	84,588	92,301	88,443
Regulatory reserve	94,463	-	94,463	-
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(9,062)	(16,949)	(9,062)	(16,949)
Less : Regulatory adjustments applied on CET 1 Capital				
- Intangible assets	(221,538)	(254,134)	(221,538)	(254,134)
- Deferred tax assets	(158,227)	(95,580)	(158,227)	(95,580)
- 55% of cumulative gains of fair value reserve	(161,340)	(251,654)	(161,340)	(251,654)
- Cash flow hedging deficit	9,062	16,949	9,062	16,949
- Regulatory reserve	(94,463)	-	(94,463)	-
- Investments in ordinary shares of unconsolidated financial and insurance/takaful entities	-	-	(8,488)	(8,488)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(648)	(1,197)	(648)	(1,197)
- Other CET1 regulatory adjustments specified by the BNM	413,454	529,761	413,471	529,759
<b>Total CET 1 Capital</b>	<b>9,868,176</b>	<b>8,705,947</b>	<b>9,813,410</b>	<b>8,647,164</b>
<b>Additional Tier 1 Capital</b>				
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	2	3	-	-
<b>Total Tier 1 Capital</b>	<b>9,868,178</b>	<b>8,705,950</b>	<b>9,813,410</b>	<b>8,647,164</b>
<b>Tier 2 Capital</b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	2,995,000	3,095,000	2,995,000
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provisions*	650,038	555,575	650,081	555,618
<b>Total Tier 2 Capital</b>	<b>3,745,039</b>	<b>3,550,576</b>	<b>3,745,081</b>	<b>3,550,618</b>
<b>Total Capital</b>	<b>13,613,217</b>	<b>12,256,526</b>	<b>13,558,491</b>	<b>12,197,782</b>

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Credit RWA ("CRWA")	75,218,030	69,552,785	75,535,958	69,875,702
Market RWA	2,859,494	2,681,772	2,859,665	2,681,941
Operational RWA	4,802,415	4,515,945	4,792,198	4,505,648
Large exposure risk RWA for equity holdings	980,771	877,587	980,771	877,587
<b>Total RWA</b>	<b>83,860,710</b>	<b>77,628,089</b>	<b>84,168,592</b>	<b>77,940,878</b>

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

\*\* On 31 May 2021, the Bank increased its issued and paid-up ordinary share capital by RM450.0 million by way of issuance of 46,680,498 new ordinary shares at an issue price of RM9.64 per ordinary share.

## 49. RISK MANAGEMENT

### 49.1 GENERAL RISK MANAGEMENT DISCLOSURE

#### Risk Management Framework

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation for Group to set its risk/reward profile.

The Risk Appetite Framework is reviewed and approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/enhancements taking into consideration the prevailing or in anticipation of challenges to the environment that the Group operates in.

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk and Technology Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and Operational Risk Management ("ORM") tools.

#### AMMB Group Risk Direction

AMMB Group's FY 2021 to FY 2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("ROE") of  $\geq 10\%$ , (2) Sharpening Our Segment Play, (3) Harnessing Expertise Across the AMMB Group to Deliver AmBank Holistic Customer Value Proposition, (4) Offer Differentiated and Profitable Products, (5) Building Capacity and Efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P2ACE") DNA, (7) Integrating Environmental, Social and Governance ("ESG") Focusing on Responsible Banking and (8) Exploring Digital Bank Option.

1. AMMB Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").
2. AMMB Group aims to maintain a minimum ROCE of 12% and RWA efficiency (CRWA/EAD) in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").
3. AMMB Group aims to maintain its Total Capital Ratio at the AMMB Group's Internal Capital Trigger under normal conditions.
4. AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
5. AMMB Group recognises the importance of funding its own business. It aims to maintain the following:
  - Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
  - Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
  - Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) at the prevailing regulatory minimum (effective from July 2020).
6. AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
  - Keep operational losses and regulatory penalties below 2% of Profit After Taxation and Non-Controlling Interest ("PATMI"); and
  - Remain vigilant in risk identification and management to protect its reputation and business franchise.
7. AMMB Group aims for at least 70% of its loan/financing portfolio to constitute exposures with low Environmental, Social and Governance Risk Grade ("ESG-RG") by FY 2030.
8. AMMB Group aims to maintain its IRRBB ICAAP Pillar 2 over total capital for the Bank at below 8.5%.

## 49. RISK MANAGEMENT (CONT'D.)

### 49.1 GENERAL RISK MANAGEMENT DISCLOSURE (CONT'D.)

#### Risk Management Governance

The Board is ultimately accountable for the management of risks within the Group. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational risk, technology and cyber risk.

The Board also established the Management Committees to assist in managing the risks and businesses of the Group. The Management Committees address all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, technology risk, market risk, compliance risk, reputational risk, product risk and business, IT project risk and ESG risk.

AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including financial, credit, market, operational, reputational, security, technology, emerging risks and ESG risk;
- essentially champions and embeds a positive risk culture across the Group to ensure that risk taking activities across the Group are aligned to the Group's risk appetite and strategies; and
- through the RMC, has access to the Board and the Boards of the respective banking entities to facilitate suitable escalation of issues of concern across the organisation.

#### Impact of COVID-19

Risk management is an integral part of AMMB Group's culture and is embedded within its businesses, operations and decision making processes. AMMB Group as a sustainable-conscious organisation had implemented various progressive measures through the Crisis Management Programme following the Movement Control Order ("MCO") implemented nationwide arising from the COVID-19 pandemic, namely:

- engaging technology capabilities while keeping cybersecurity risk in check, given the permissible higher levels of remote access to data and core systems; and
- ensuring key services to customers remain available throughout the period while taking precautions to ensure compliance with the MCO requirements.

AMMB Group welcomed the stimulus plan announced by the Government with various allowances provided for by the regulator, as well as the introduction of multiple government guaranteed schemes to assist SMEs.

Although some risks within the portfolio have began emerging, especially in Retail Banking, the effect of the efforts put in to reach out to customers throughout the period is seen. AMMB Group is continues proactively engaging customers to manage the portfolio with close monitoring of the portfolio health carried out and has been actively offering assistance where required. In addition, appropriate management overlay has been set aside to cushion the potential flow in arrears of account under repayment assistance.

The Bank has been continuously engaging our SME customers through multiple channels and has been encouraging them to reach out to the Bank if assistance is needed. Reviews on our customers has been an on-going process, especially those in vulnerable sectors and segments, and various forms of assistance has been extended within the regulators allowance and AMMB Group's risk appetite.

The Bank has also continues to provide the repayment assistance packages in line with government initiative to assist the affected customer:

- 1) **URUS** - a programme for eligible B50 borrowers which provides a personalised financial plan that holistically takes into account financial circumstances and affordability to repay all financing obligations.
- 2) **PEMERKASA Plus** - which offer 3 months loans deferment or reduction in instalments for 6 months (PEMERKASA was then replaced by PEMULIH in July 2021).
- 3) **PEMULIH** - which offer 6 months moratorium, reduction of instalment by 50% and other packages including to reschedule and restructure financing to suit the specific financial circumstances of borrowers (ended December 2021).

Group Risk Management as a whole has been closely monitoring, mitigating and addressing the prolonged impact arising from the COVID-19 pandemic to ensure significant areas of risks are covered by reviewing the portfolio credit quality and enhancing policies and controls.

## 49.2 CREDIT RISK MANAGEMENT

The credit risk management process is depicted in the table below:

<b>Identification</b>	<ul style="list-style-type: none"> <li>• Identify/recognise credit risk on transactions and/or positions</li> <li>• Select asset and portfolio mix</li> </ul>
<b>Assessment/ Measurement</b>	<ul style="list-style-type: none"> <li>• Internal credit rating system</li> <li>• Probability of default ("PD")</li> <li>• Loss given default ("LGD")</li> <li>• Exposure at default ("EAD")</li> </ul>
<b>Control/ Mitigation</b>	<ul style="list-style-type: none"> <li>• Portfolio Limits, Counterparty Limits</li> <li>• Non-Retail Pricing and Risk based pricing for Retail</li> <li>• Collateral and tailored facility structures (discretionary lending)</li> <li>• Pre-set assessment criteria and acceptance criteria (program lending)</li> </ul>
<b>Monitoring/ Review</b>	<ul style="list-style-type: none"> <li>• Monitor and report portfolio mix</li> <li>• Review Classified Accounts</li> <li>• Review Reschedule and Restructured Accounts</li> <li>• Undertake post mortem credit review</li> <li>• Annual refresh of customers' credit risk rating</li> </ul>

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group Risk Appetite Framework ("GRAF") and related credit policies.

For non-retail credits, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for the Bank's credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

## 49. RISK MANAGEMENT (CONT'D.)

### 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

Lending activities are guided by internal credit policies and GRAF that are approved by the Board. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and internal limits designed to deliver the Group's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure.
- Setting Loan to Value limits for asset backed loans;
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP"), which sets out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB") and Retail Banking ("RB") portfolios;
- Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB and RCP for RB) sets out the controls in managing R&R loans; and
- Setting Retail risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

Exposure outside the approval discretions of individual Credit Approval Delegation ("CAD") holders are escalated to the Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds a stipulated customer group threshold within AMMB Group, the letter of offer shall not be issued until the credit is reviewed by the Board Credit Committee ("BCC"). Portfolio credit risk is reported to the relevant management and board committees.

The Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Group's loan portfolio and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policies or guidelines.

Group Risk Management prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly to executive management and to all meetings of the Board.

#### **Credit Risk Exposure and Concentration**

The Group's concentration of risk is managed by industry sector, risk grade asset quality and single customer limit ("SCL"). The Group applies SCL to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking account of any collateral held or other credit enhancements.

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis

2022 Group	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	4,523	105,139	34,772	-	-	1,532	547	146,513
Financial assets at fair value through profit or loss								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Quoted Sukuk</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	-	-	-	63,204	-	-	63,204
Total financial assets at fair value through profit or loss	-	-	-	-	63,204	-	-	63,204
Financial investments at fair value through other comprehensive income								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Total financial investments at fair value through other comprehensive income	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Financial investments at amortised cost								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
Loans and advances								
<i>Hire purchase</i>	469	446	9,654	974	10,735	51,385	10,825	84,488
<i>Mortgage</i>	3,091	763	37,016	2,355	43,040	56,862	11,208	154,335
<i>Credit card</i>	-	-	-	-	-	-	-	-
<i>Others</i>	99,493	32,029	674,538	83,689	635,591	1,463,111	229,235	3,217,686
<i>Corporate loans and advances:</i>								
<i>Term loans and bridging loans</i>	763,400	1,613,696	4,661,472	95,879	769,142	2,161,289	2,710,974	12,775,852
<i>Revolving credits</i>	354,223	75,182	1,228,425	439,645	855,246	284,621	232,040	3,469,382
<i>Overdrafts</i>	57,294	22,767	321,059	30,758	486,976	478,868	73,376	1,471,098
<i>Trade</i>	177,372	27,768	4,152,184	256,308	495,164	3,082,559	72,411	8,263,766
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total loans and advances	1,455,342	1,772,651	11,084,348	909,608	3,295,894	7,578,695	3,340,069	29,436,607
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	8,764	2,736	2,727	27,152	50,315	10,959	4,160	106,813
Commitments	399,542	171,136	2,911,899	477,812	2,909,868	1,862,691	347,098	9,080,046
Contingent liabilities	62,632	300,589	1,533,217	386,883	2,529,894	393,025	233,391	5,439,631
Total commitments and contingent liabilities	462,174	471,725	4,445,116	864,695	5,439,762	2,255,716	580,489	14,519,677

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2022 Group	Subtotal from previous page	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education and Health	Household	Others	Allowances for ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	4,437,048	5,459,370	-	-	-	-	-	(2,093)	9,894,325
Deposits and placements with banks and other financial institutions	-	2,186,113	-	-	-	-	-	-	(1,325)	2,184,788
Investment account placement	-	1,710,663	-	-	-	-	-	-	(2,179)	1,708,484
Derivative financial assets	146,513	674,017	-	666	2,555	159	3,795	5,116	-	832,821
Financial assets at fair value through profit or loss										
<i>Money Market Securities</i>	-	-	1,096,786	-	-	-	-	-	-	1,096,786
<i>Quoted Sukuk</i>	-	13,315	-	-	-	-	-	-	-	13,315
<i>Unquoted Corporate bonds and sukuk</i>	63,204	175,165	50,001	192,559	-	-	-	24,959	-	505,888
Total financial assets at fair value through profit or loss	63,204	188,480	1,146,787	192,559	-	-	-	24,959	-	1,615,989
Financial investments at fair value through other comprehensive income										
<i>Money Market Securities</i>	-	463,620	6,030,674	-	-	-	-	-	-	6,494,294
<i>Unquoted Corporate bonds and sukuk</i>	1,433,161	2,284,182	2,245,062	131,167	-	-	-	1,012,824	-	7,106,396
Total financial investments at fair value through other comprehensive income	1,433,161	2,747,802	8,275,736	131,167	-	-	-	1,012,824	-	13,600,690
Financial investments at amortised cost										
<i>Money Market Securities</i>	-	-	1,888,315	-	-	-	-	-	-	1,888,315
<i>Unquoted Corporate bonds and sukuk</i>	2,632,133	650,535	295,387	290,246	20,000	-	-	190,485	-	4,078,786
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(37,586)	(37,586)
Total financial investments at amortised cost	2,632,133	650,535	2,183,702	290,246	20,000	-	-	190,485	(37,586)	5,929,515
Loans and advances										
<i>Hire purchase</i>	84,488	578	-	1,098	14,328	3,488	8,659,925	-	-	8,763,905
<i>Mortgage</i>	154,335	4,722	-	73,413	60,200	14,362	30,620,801	-	-	30,927,833
<i>Credit card</i>	-	-	-	-	8,449	-	1,769,472	-	-	1,777,921
<i>Others</i>	3,217,686	32,527	-	465,638	536,296	120,552	25,268	-	-	4,397,967
<i>Corporate loans and advances:</i>										
<i>Term loans and bridging loans</i>	12,775,852	293,107	-	2,892,674	801,035	714,949	430,551	-	-	17,908,168
<i>Revolving credits</i>	3,469,382	663,900	-	869,896	144,829	59,047	743,512	25,031	-	5,975,597
<i>Overdrafts</i>	1,471,098	44,838	-	128,369	63,465	66,195	54,136	-	-	1,828,101
<i>Trade</i>	8,263,766	123,341	-	586	37,896	44,150	-	-	-	8,469,739
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(1,231,744)	(1,231,744)
Total loans and advances	29,436,607	1,163,013	-	4,431,674	1,666,498	1,022,743	42,303,665	25,031	(1,231,744)	78,817,487
Statutory deposit with Bank Negara Malaysia	-	-	200,000	-	-	-	-	-	-	200,000
Other financial assets	106,813	896,682	170,852	16,017	9,430	1	5,458	25,765	(1,817)	1,229,201
Commitments	9,080,046	608,902	50,143	558,702	257,700	230,512	6,194,740	25,444	-	17,006,189
Contingent liabilities	5,439,631	268,177	-	435,521	152,164	138,877	143	-	-	6,434,513
Total commitments and contingent liabilities	14,519,677	877,079	50,143	994,223	409,864	369,389	6,194,883	25,444	-	23,440,702

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2021 (Restated) Group	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	21,657	125,850	115,765	-	311	2,356	1,285	267,224
Financial assets at fair value through profit or loss								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Quoted Sukuk</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	-	-	-	113,520	-	-	113,520
Total financial assets at fair value through profit or loss	-	-	-	-	113,520	-	-	113,520
Financial investments at fair value through other comprehensive income								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	8,875	-	712,467	574,282	389,182	54,398	1,739,204
Total financial investments at fair value through other comprehensive income	-	8,875	-	712,467	574,282	389,182	54,398	1,739,204
Financial investments at amortised cost								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	94,834	41,500	-	381,382	831,360	-	800,000	2,149,076
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,834	41,500	-	381,382	831,360	-	800,000	2,149,076
Loans and advances								
<i>Hire purchase</i>	455	397	10,108	667	7,836	68,447	9,319	97,229
<i>Mortgage</i>	4,940	815	42,457	3,503	48,873	66,708	12,548	179,844
<i>Credit card</i>	-	-	-	-	-	-	-	-
<i>Others</i>	116,839	34,201	646,134	78,612	640,561	1,347,961	221,575	3,085,883
<i>Corporate loans and advances:</i>								
<i>Term loans and bridging loans</i>	569,792	1,411,842	4,571,755	100,339	624,499	2,003,071	980,144	10,261,442
<i>Revolving credits</i>	478,318	132,233	917,776	663,736	938,884	282,347	70,728	3,484,022
<i>Overdrafts</i>	74,664	23,238	361,789	34,097	514,414	477,998	64,028	1,550,228
<i>Trade</i>	182,036	10,476	3,629,020	62,751	722,733	2,100,494	393,575	7,101,085
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total loans and advances	1,427,044	1,613,202	10,179,039	943,705	3,497,800	6,347,026	1,751,917	25,759,733
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	534	2,126	6,740	28,033	50,836	2,036	2,446	92,751
Commitments	3,194,008	101,721	2,535,086	72,258	2,319,604	1,437,012	240,383	9,900,072
Contingent liabilities	997,358	406,134	593,099	437,328	2,171,618	272,949	119,910	4,998,396
Total commitments and contingent liabilities	4,191,366	507,855	3,128,185	509,586	4,491,222	1,709,961	360,293	14,898,468

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2021 (Restated) Group	Subtotal from previous page	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education and Health	Household	Others	Allowances for ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	5,098,506	4,525,045	-	-	-	-	-	(2,256)	9,621,295
Deposits and placements with banks and other financial institutions	-	457,166	-	-	-	-	-	-	(42)	457,124
Investment account placement	-	718,034	-	-	-	-	-	-	(1,943)	716,091
Derivative financial assets	267,224	1,015,324	-	728	10,299	95	3,492	15,841	-	1,313,003
Financial assets at fair value through profit or loss										
<i>Money Market Securities</i>	-	-	2,136,963	-	-	-	-	-	-	2,136,963
<i>Quoted Sukuk</i>	-	37,538	-	-	-	-	-	-	-	37,538
<i>Unquoted Corporate bonds and sukuk</i>	113,520	95,756	265,007	30,138	-	-	-	45,567	-	549,988
Total financial assets at fair value through profit or loss	113,520	133,294	2,401,970	30,138	-	-	-	45,567	-	2,724,489
Financial investments at fair value through other comprehensive income										
<i>Money Market Securities</i>	-	50,031	5,886,127	-	-	-	-	-	-	5,936,158
<i>Unquoted Corporate bonds and sukuk</i>	1,739,204	2,462,219	1,517,452	131,701	99,999	10,009	-	1,107,529	-	7,068,113
Total financial investments at fair value through other comprehensive income	1,739,204	2,512,250	7,403,579	131,701	99,999	10,009	-	1,107,529	-	13,004,271
Financial investments at amortised cost										
<i>Money Market Securities</i>	-	-	111,718	-	-	-	-	-	-	111,718
<i>Unquoted Corporate bonds and sukuk</i>	2,149,076	645,671	284,736	370,299	20,000	-	-	195,570	-	3,665,352
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(25,629)	(25,629)
Total financial investments at amortised cost	2,149,076	645,671	396,454	370,299	20,000	-	-	195,570	(25,629)	3,751,441
Loans and advances										
<i>Hire purchase</i>	97,229	510	-	1,296	6,756	2,855	9,439,787	-	-	9,548,433
<i>Mortgage</i>	179,844	5,622	-	85,342	68,392	18,852	29,796,966	-	-	30,155,018
<i>Credit card</i>	-	-	-	-	11,009	-	1,749,550	-	-	1,760,559
<i>Others</i>	3,085,883	23,548	-	421,995	522,383	113,992	32,413	-	-	4,200,214
<i>Corporate loans and advances:</i>										
<i>Term loans and bridging loans</i>	10,261,442	342,456	-	3,450,225	1,033,944	494,168	373,637	-	-	15,955,872
<i>Revolving credits</i>	3,484,022	523,604	-	997,530	140,584	58,155	842,095	25,775	-	6,071,765
<i>Overdrafts</i>	1,550,228	26,482	-	154,535	77,114	46,294	67,976	-	-	1,922,629
<i>Trade</i>	7,101,085	149,780	-	15,467	19,415	39,207	-	-	-	7,324,954
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(1,427,187)	(1,427,187)
Total loans and advances	25,759,733	1,072,002	-	5,126,390	1,879,597	773,523	42,302,424	25,775	(1,427,187)	75,512,257
Statutory deposit with Bank Negara Malaysia	-	-	305,773	-	-	-	-	-	-	305,773
Other financial assets	92,751	844,220	126,827	13,299	12,432	263	-	23,656	(1,911)	1,111,537
Commitments	9,900,072	581,152	1,155,818	278,723	83,459	4,917,327	841,243	26,395	-	17,784,189
Contingent liabilities	4,998,396	131,111	282,317	115,347	127,141	143	-	-	-	5,654,455
Total commitments and contingent liabilities	14,898,468	712,263	1,438,135	394,070	210,600	4,917,470	841,243	26,395	-	23,438,644

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2022 Bank	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	4,523	105,139	34,772	-	-	1,532	547	146,513
Financial assets at fair value through profit or loss								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Quoted Sukuk</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	-	-	-	63,204	-	-	63,204
Total financial assets at fair value through profit or loss	-	-	-	-	63,204	-	-	63,204
Financial investments at fair value through other comprehensive income								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Total financial investments at fair value through other comprehensive income	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Financial investments at amortised cost								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
Loans and advances								
<i>Hire purchase</i>	469	446	9,654	974	10,735	51,385	10,825	84,488
<i>Mortgage</i>	3,091	763	37,016	2,355	43,040	56,862	11,208	154,335
<i>Credit card</i>	-	-	-	-	-	-	-	-
<i>Others</i>	99,493	32,029	674,538	83,689	635,591	1,463,111	229,235	3,217,686
<i>Corporate loans and advances:</i>								
<i>Term loans and bridging loans</i>	763,400	1,613,696	4,661,472	95,879	769,142	2,161,289	2,710,974	12,775,852
<i>Revolving credits</i>	354,223	75,182	1,228,425	439,645	855,246	284,621	232,040	3,469,382
<i>Overdrafts</i>	57,294	22,767	321,059	30,758	486,976	478,868	73,376	1,471,098
<i>Trade</i>	177,372	27,768	4,152,184	256,308	495,164	3,082,559	72,411	8,263,766
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total loans and advances	1,455,342	1,772,651	11,084,348	909,608	3,295,894	7,578,695	3,340,069	29,436,607
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	8,764	2,736	2,727	27,152	50,315	10,959	4,160	106,813
Commitments	399,542	171,136	2,911,899	477,812	2,909,868	1,862,691	347,098	9,080,046
Contingent liabilities	62,632	300,589	1,533,217	386,883	2,529,894	393,025	233,391	5,439,631
Total commitments and contingent liabilities	462,174	471,725	4,445,116	864,695	5,439,762	2,255,716	580,489	14,519,677

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2022 Bank	Subtotal from previous page RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
Cash and short-term funds	-	4,417,634	5,459,370	-	-	-	-	-	(2,093)	9,874,911
Deposits and placements with banks and other financial institutions	-	2,186,113	-	-	-	-	-	-	(1,325)	2,184,788
Investment account placement	-	1,710,663	-	-	-	-	-	-	(2,179)	1,708,484
Derivative financial assets	146,513	674,017	-	666	2,555	159	3,795	5,116	-	832,821
Financial assets at fair value through profit or loss										
<i>Money Market Securities</i>	-	-	1,096,786	-	-	-	-	-	-	1,096,786
<i>Quoted Sukuk</i>	-	13,315	-	-	-	-	-	-	-	13,315
<i>Unquoted Corporate bonds and sukuk</i>	63,204	175,165	50,001	192,559	-	-	-	24,959	-	505,888
Total financial assets at fair value through profit or loss	63,204	188,480	1,146,787	192,559	-	-	-	24,959	-	1,615,989
Financial investments at fair value through other comprehensive income										
<i>Money Market Securities</i>	-	463,620	6,030,674	-	-	-	-	-	-	6,494,294
<i>Unquoted Corporate bonds and sukuk</i>	1,433,161	2,284,182	2,245,062	131,167	-	-	-	1,012,824	-	7,106,396
Total financial investments at fair value through other comprehensive income	1,433,161	2,747,802	8,275,736	131,167	-	-	-	1,012,824	-	13,600,690
Financial investments at amortised cost										
<i>Money Market Securities</i>	-	-	1,888,315	-	-	-	-	-	-	1,888,315
<i>Unquoted Corporate bonds and sukuk</i>	2,632,133	650,535	295,387	290,246	20,000	-	-	190,485	-	4,078,786
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(37,586)	(37,586)
Total financial investments at amortised cost	2,632,133	650,535	2,183,702	290,246	20,000	-	-	190,485	(37,586)	5,929,515
Loans and advances										
<i>Hire purchase</i>	84,488	578	-	1,098	14,328	3,488	8,659,925	-	-	8,763,905
<i>Mortgage</i>	154,335	4,722	-	73,413	60,200	14,362	30,514,412	-	-	30,821,444
<i>Credit card</i>	-	-	-	-	8,449	-	1,769,472	-	-	1,777,921
<i>Others</i>	3,217,686	32,527	-	465,638	536,296	120,552	25,268	-	-	4,397,967
<i>Corporate loans and advances:</i>										
<i>Term loans and bridging loans</i>	12,775,852	293,107	-	2,892,674	801,035	714,949	430,551	-	-	17,908,168
<i>Revolving credits</i>	3,469,382	736,856	-	869,896	144,829	59,047	743,512	25,031	-	6,048,553
<i>Overdrafts</i>	1,471,098	44,838	-	128,369	63,465	66,195	54,136	-	-	1,828,101
<i>Trade</i>	8,263,766	123,341	-	586	37,896	44,150	-	-	-	8,469,739
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(1,231,479)	(1,231,479)
Total loans and advances	29,436,607	1,235,969	-	4,431,674	1,666,498	1,022,743	42,197,276	25,031	(1,231,479)	78,784,319
Statutory deposit with Bank Negara Malaysia	-	-	200,000	-	-	-	-	-	-	200,000
Other financial assets	106,813	897,383	170,852	15,993	9,117	1	5,478	25,473	(1,500)	1,229,610
Commitments	9,080,046	686,252	50,143	558,702	257,700	230,512	6,194,740	25,444	-	17,083,539
Contingent liabilities	5,439,631	268,177	-	435,521	152,164	138,877	143	-	-	6,434,513
Total commitments and contingent liabilities	14,519,677	954,429	50,143	994,223	409,864	369,389	6,194,883	25,444	-	23,518,052

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2021 (Restated) Bank	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	21,657	125,850	115,765	-	311	2,356	1,285	267,224
Financial assets at fair value through profit or loss								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Quoted Sukuk</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	-	-	-	113,520	-	-	113,520
Total financial assets at fair value through profit or loss	-	-	-	-	113,520	-	-	113,520
Financial investments at fair value through other comprehensive income								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	-	8,875	-	712,467	574,282	389,182	54,398	1,739,204
Total financial investments at fair value through other comprehensive income	-	8,875	-	712,467	574,282	389,182	54,398	1,739,204
Financial investments at amortised cost								
<i>Money Market Securities</i>	-	-	-	-	-	-	-	-
<i>Unquoted Corporate bonds and sukuk</i>	94,834	41,500	-	381,382	831,360	-	800,000	2,149,076
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,834	41,500	-	381,382	831,360	-	800,000	2,149,076
Loans and advances								
<i>Hire purchase</i>	455	397	10,108	667	7,836	68,447	9,319	97,229
<i>Mortgage</i>	4,940	815	42,457	3,503	48,873	66,708	12,548	179,844
<i>Credit card</i>	-	-	-	-	-	-	-	-
<i>Others</i>	116,839	34,201	646,134	78,612	640,561	1,347,961	221,575	3,085,883
<i>Corporate loans and advances:</i>								
<i>Term loans and bridging loans</i>	569,792	1,411,842	4,571,755	100,339	624,499	2,003,071	980,144	10,261,442
<i>Revolving credits</i>	478,318	132,233	917,776	663,736	938,884	282,347	70,728	3,484,022
<i>Overdrafts</i>	74,664	23,238	361,789	34,097	514,414	477,998	64,028	1,550,228
<i>Trade</i>	182,036	10,476	3,629,020	62,751	722,733	2,100,494	393,575	7,101,085
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-
Total loans and advances	1,427,044	1,613,202	10,179,039	943,705	3,497,800	6,347,026	1,751,917	25,759,733
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	534	2,126	6,740	28,033	50,836	2,036	2,446	92,751
Commitments	3,194,008	101,721	2,535,086	72,258	2,319,604	1,437,012	240,383	9,900,072
Contingent liabilities	997,358	406,134	593,099	437,328	2,171,618	272,949	119,910	4,998,396
Total commitments and contingent liabilities	4,191,366	507,855	3,128,185	509,586	4,491,222	1,709,961	360,293	14,898,468

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (a) Industry Analysis (Cont'd.)

2021 (Restated) Bank	Subtotal from previous page	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education and Health	Household	Others	Allowances for ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	-	5,090,345	4,525,045	-	-	-	-	-	(2,256)	9,613,134
Deposits and placements with banks and other financial institutions	-	457,166	-	-	-	-	-	-	(42)	457,124
Investment account placement	-	718,034	-	-	-	-	-	-	(1,943)	716,091
Derivative financial assets	267,224	1,015,324	-	728	10,299	95	3,492	15,841	-	1,313,003
Financial assets at fair value through profit or loss										
<i>Money Market Securities</i>	-	-	2,136,963	-	-	-	-	-	-	2,136,963
<i>Quoted Sukuk</i>	-	37,538	-	-	-	-	-	-	-	37,538
<i>Unquoted Corporate bonds and sukuk</i>	113,520	95,756	265,007	30,138	-	-	-	45,567	-	549,988
Total financial assets at fair value through profit or loss	113,520	133,294	2,401,970	30,138	-	-	-	45,567	-	2,724,489
Financial investments at fair value through other comprehensive income										
<i>Money Market Securities</i>	-	50,031	5,886,127	-	-	-	-	-	-	5,936,158
<i>Unquoted Corporate bonds and sukuk</i>	1,739,204	2,462,219	1,517,452	131,701	99,999	10,009	-	1,107,529	-	7,068,113
Total financial investments at fair value through other comprehensive income	1,739,204	2,512,250	7,403,579	131,701	99,999	10,009	-	1,107,529	-	13,004,271
Financial investments at amortised cost										
<i>Money Market Securities</i>	-	-	111,718	-	-	-	-	-	-	111,718
<i>Unquoted Corporate bonds and sukuk</i>	2,149,076	645,671	284,736	370,299	20,000	-	-	195,570	-	3,665,352
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(25,629)	(25,629)
Total financial investments at amortised cost	2,149,076	645,671	396,454	370,299	20,000	-	-	195,570	(25,629)	3,751,441
Loans and advances										
<i>Hire purchase</i>	97,229	510	-	1,296	6,756	2,855	9,439,787	-	-	9,548,433
<i>Mortgage</i>	179,844	5,622	-	85,342	68,392	18,852	29,670,898	-	-	30,028,950
<i>Credit card</i>	-	-	-	-	11,009	-	1,749,550	-	-	1,760,559
<i>Others</i>	3,085,883	23,548	-	421,995	522,383	113,992	32,413	-	-	4,200,214
<i>Corporate loans and advances:</i>										
<i>Term loans and bridging loans</i>	10,261,442	342,456	-	3,450,225	1,033,944	494,168	373,637	-	-	15,955,872
<i>Revolving credits</i>	3,484,022	608,932	-	997,530	140,584	58,155	842,095	25,775	-	6,157,093
<i>Overdrafts</i>	1,550,228	26,482	-	154,535	77,114	46,294	67,976	-	-	1,922,629
<i>Trade</i>	7,101,085	149,780	-	15,467	19,415	39,207	-	-	-	7,324,954
<i>Allowances for ECL</i>	-	-	-	-	-	-	-	-	(1,426,929)	(1,426,929)
Total loans and advances	25,759,733	1,157,330	-	5,126,390	1,879,597	773,523	42,176,356	25,775	(1,426,929)	75,471,775
Statutory deposit with Bank Negara Malaysia	-	-	305,773	-	-	-	-	-	-	305,773
Other financial assets	92,751	844,323	126,827	13,441	12,189	263	-	23,656	(1,597)	1,111,853
Commitments	9,900,072	646,202	1,155,818	278,723	83,459	4,917,327	841,243	26,395	-	17,849,239
Contingent liabilities	4,998,396	131,111	282,317	115,347	127,141	143	-	-	-	5,654,455
Total commitments and contingent liabilities	14,898,468	777,313	1,438,135	394,070	210,600	4,917,470	841,243	26,395	-	23,503,694

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (b) Geographical Analysis

2022 Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	7,871,078	2,025,340	9,896,418
<i>Less: Allowances for ECL</i>	(1,187)	(906)	(2,093)
Total cash and short-term funds	<u>7,869,891</u>	<u>2,024,434</u>	<u>9,894,325</u>
Deposits and placements with banks and other financial institutions	1,450,150	735,963	2,186,113
<i>Less: Allowances for ECL</i>	(856)	(469)	(1,325)
Total deposits and placements with banks and other financial institutions	<u>1,449,294</u>	<u>735,494</u>	<u>2,184,788</u>
Investment account placement	1,710,663	-	1,710,663
<i>Less: Allowances for ECL</i>	(2,179)	-	(2,179)
Total investment account placement	<u>1,708,484</u>	<u>-</u>	<u>1,708,484</u>
Derivative financial assets	<u>549,424</u>	<u>283,397</u>	<u>832,821</u>
Financial assets at fair value through profit or loss			
<i>Money Market Securities</i>	1,096,786	-	1,096,786
<i>Quoted Sukuk</i>	13,315	-	13,315
<i>Unquoted Corporate bonds and sukuk</i>	505,888	-	505,888
Total financial assets at fair value through profit or loss	<u>1,615,989</u>	<u>-</u>	<u>1,615,989</u>
Financial investments at fair value through other comprehensive income			
<i>Money Market Securities</i>	6,480,675	13,619	6,494,294
<i>Unquoted Corporate bonds and sukuk</i>	7,095,973	10,423	7,106,396
Total financial investments at fair value through other comprehensive income	<u>13,576,648</u>	<u>24,042</u>	<u>13,600,690</u>
Financial investments at amortised cost			
<i>Money Market Securities</i>	1,888,315	-	1,888,315
<i>Unquoted Corporate bonds and sukuk</i>	4,078,786	-	4,078,786
<i>Less: Allowances for ECL</i>	(37,586)	-	(37,586)
Total financial investments at amortised cost	<u>5,929,515</u>	<u>-</u>	<u>5,929,515</u>
Loans and advances			
<i>Hire purchase</i>	8,763,905	-	8,763,905
<i>Mortgage</i>	30,927,833	-	30,927,833
<i>Credit card</i>	1,777,921	-	1,777,921
<i>Others</i>	4,397,967	-	4,397,967
<i>Corporate loans and advances:</i>			
<i>Term loans and bridging loans</i>	17,064,977	843,191	17,908,168
<i>Revolving credits</i>	5,924,615	50,982	5,975,597
<i>Overdrafts</i>	1,828,101	-	1,828,101
<i>Trade</i>	8,469,739	-	8,469,739
<i>Less: Allowances for ECL</i>	(1,219,867)	(11,877)	(1,231,744)
Total loans and advances	<u>77,935,191</u>	<u>882,296</u>	<u>78,817,487</u>
Statutory deposit with Bank Negara Malaysia	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Other financial assets	1,114,693	116,325	1,231,018
<i>Less: Allowances for ECL</i>	(1,730)	(87)	(1,817)
Total other financial assets	<u>1,112,963</u>	<u>116,238</u>	<u>1,229,201</u>
Commitments	16,836,913	169,276	17,006,189
Contingent liabilities	6,413,485	21,028	6,434,513
Total commitments and contingent liabilities	<u>23,250,398</u>	<u>190,304</u>	<u>23,440,702</u>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (b) Geographical Analysis (Cont'd.)

2021 (Restated) Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	7,243,102	2,380,449	9,623,551
<i>Less: Allowances for ECL</i>	(1,219)	(1,037)	(2,256)
Total cash and short-term funds	<u>7,241,883</u>	<u>2,379,412</u>	<u>9,621,295</u>
Deposits and placements with banks and other financial institutions	457,166	-	457,166
<i>Less: Allowances for ECL</i>	(42)	-	(42)
Total deposits and placements with banks and other financial institutions	<u>457,124</u>	<u>-</u>	<u>457,124</u>
Investment account placement	718,034	-	718,034
<i>Less: Allowances for ECL</i>	(1,943)	-	(1,943)
Total investment account placement	<u>716,091</u>	<u>-</u>	<u>716,091</u>
Derivative financial assets	<u>1,052,832</u>	<u>260,171</u>	<u>1,313,003</u>
Financial assets at fair value through profit or loss			
<i>Money Market Securities</i>	2,136,963	-	2,136,963
<i>Quoted Sukuk</i>	37,538	-	37,538
<i>Unquoted Corporate bonds and sukuk</i>	549,988	-	549,988
Total financial assets at fair value through profit or loss	<u>2,724,489</u>	<u>-</u>	<u>2,724,489</u>
Financial investments at fair value through other comprehensive income			
<i>Money Market Securities</i>	5,862,113	74,045	5,936,158
<i>Unquoted Corporate bonds and sukuk</i>	7,021,969	46,144	7,068,113
Total financial investments at fair value through other comprehensive income	<u>12,884,082</u>	<u>120,189</u>	<u>13,004,271</u>
Financial investments at amortised cost			
<i>Money Market Securities</i>	111,718	-	111,718
<i>Unquoted Corporate bonds and sukuk</i>	3,665,352	-	3,665,352
<i>Less: Allowances for ECL</i>	(25,629)	-	(25,629)
Total financial investments at amortised cost	<u>3,751,441</u>	<u>-</u>	<u>3,751,441</u>
Loans and advances			
<i>Hire purchase</i>	9,548,433	-	9,548,433
<i>Mortgage</i>	30,155,018	-	30,155,018
<i>Credit card</i>	1,760,559	-	1,760,559
<i>Others</i>	4,200,214	-	4,200,214
<i>Corporate loans and advances:</i>			
<i>Term loans and bridging loans</i>	15,406,893	548,979	15,955,872
<i>Revolving credits</i>	5,962,085	109,680	6,071,765
<i>Overdrafts</i>	1,922,629	-	1,922,629
<i>Trade</i>	7,324,954	-	7,324,954
<i>Less: Allowances for ECL</i>	(1,395,167)	(32,020)	(1,427,187)
Total loans and advances	<u>74,885,618</u>	<u>626,639</u>	<u>75,512,257</u>
Statutory deposit with Bank Negara Malaysia	<u>305,773</u>	<u>-</u>	<u>305,773</u>
Other financial assets	855,112	258,336	1,113,448
<i>Less: Allowances for ECL</i>	(1,911)	-	(1,911)
Total other financial assets	<u>853,201</u>	<u>258,336</u>	<u>1,111,537</u>
Commitments	17,664,732	119,457	17,784,189
Contingent liabilities	5,613,010	41,445	5,654,455
Total commitments and contingent liabilities	<u>23,277,742</u>	<u>160,902</u>	<u>23,438,644</u>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (b) Geographical Analysis (Cont'd.)

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
<b>2022</b>			
<b>Bank</b>			
Cash and short-term funds	7,851,664	2,025,340	9,877,004
<i>Less: Allowances for ECL</i>	(1,187)	(906)	(2,093)
Total cash and short-term funds	<u>7,850,477</u>	<u>2,024,434</u>	<u>9,874,911</u>
Deposits and placements with banks and other financial institutions	1,450,150	735,963	2,186,113
<i>Less: Allowances for ECL</i>	(856)	(469)	(1,325)
Total deposits and placements with banks and other financial institutions	<u>1,449,294</u>	<u>735,494</u>	<u>2,184,788</u>
Investment account placement	1,710,663	-	1,710,663
<i>Less: Allowances for ECL</i>	(2,179)	-	(2,179)
Total investment account placement	<u>1,708,484</u>	<u>-</u>	<u>1,708,484</u>
Derivative financial assets	<u>549,424</u>	<u>283,397</u>	<u>832,821</u>
Financial assets at fair value through profit or loss			
<i>Money Market Securities</i>	1,096,786	-	1,096,786
<i>Quoted Sukuk</i>	13,315	-	13,315
<i>Unquoted Corporate bonds and sukuk</i>	505,888	-	505,888
Total financial assets at fair value through profit or loss	<u>1,615,989</u>	<u>-</u>	<u>1,615,989</u>
Financial investments at fair value through other comprehensive income			
<i>Money Market Securities</i>	6,480,675	13,619	6,494,294
<i>Unquoted Corporate bonds and sukuk</i>	7,095,973	10,423	7,106,396
Total financial investments at fair value through other comprehensive income	<u>13,576,648</u>	<u>24,042</u>	<u>13,600,690</u>
Financial investments at amortised cost			
<i>Money Market Securities</i>	1,888,315	-	1,888,315
<i>Unquoted Corporate bonds and sukuk</i>	4,078,786	-	4,078,786
<i>Less: Allowances for ECL</i>	(37,586)	-	(37,586)
Total financial investments at amortised cost	<u>5,929,515</u>	<u>-</u>	<u>5,929,515</u>
Loans and advances			
<i>Hire purchase</i>	8,763,905	-	8,763,905
<i>Mortgage</i>	30,821,444	-	30,821,444
<i>Credit card</i>	1,777,921	-	1,777,921
<i>Others</i>	4,397,967	-	4,397,967
<i>Corporate loans and advances:</i>			
<i>Term loans and bridging loans</i>	17,064,977	843,191	17,908,168
<i>Revolving credits</i>	5,997,571	50,982	6,048,553
<i>Overdrafts</i>	1,828,101	-	1,828,101
<i>Trade</i>	8,469,739	-	8,469,739
<i>Less: Allowances for ECL</i>	(1,219,602)	(11,877)	(1,231,479)
Total loans and advances	<u>77,902,023</u>	<u>882,296</u>	<u>78,784,319</u>
Statutory deposit with Bank Negara Malaysia	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Other financial assets	1,114,785	116,325	1,231,110
<i>Less: Allowances for ECL</i>	(1,413)	(87)	(1,500)
Total other financial assets	<u>1,113,372</u>	<u>116,238</u>	<u>1,229,610</u>
Commitments	16,914,263	169,276	17,083,539
Contingent liabilities	6,413,485	21,028	6,434,513
Total commitments and contingent liabilities	<u>23,327,748</u>	<u>190,304</u>	<u>23,518,052</u>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (b) Geographical Analysis (Cont'd.)

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
<b>2021 (Restated)</b>			
<b>Bank</b>			
Cash and short-term funds	7,234,941	2,380,449	9,615,390
<i>Less: Allowances for ECL</i>	(1,219)	(1,037)	(2,256)
Total cash and short-term funds	<u>7,233,722</u>	<u>2,379,412</u>	<u>9,613,134</u>
Deposits and placements with banks and other financial institutions	457,166	-	457,166
<i>Less: Allowances for ECL</i>	(42)	-	(42)
Total deposits and placements with banks and other financial institutions	<u>457,124</u>	<u>-</u>	<u>457,124</u>
Investment account placement	718,034	-	718,034
<i>Less: Allowances for ECL</i>	(1,943)	-	(1,943)
Total investment account placement	<u>716,091</u>	<u>-</u>	<u>716,091</u>
Derivative financial assets	<u>1,052,832</u>	<u>260,171</u>	<u>1,313,003</u>
Financial assets at fair value through profit or loss			
<i>Money Market Securities</i>	2,136,963	-	2,136,963
<i>Quoted Sukuk</i>	37,538	-	37,538
<i>Unquoted Corporate bonds and sukuk</i>	549,988	-	549,988
Total financial assets at fair value through profit or loss	<u>2,724,489</u>	<u>-</u>	<u>2,724,489</u>
Financial investments at fair value through other comprehensive income			
<i>Money Market Securities</i>	5,862,113	74,045	5,936,158
<i>Unquoted Corporate bonds and sukuk</i>	7,021,969	46,144	7,068,113
Total financial investments at fair value through other comprehensive income	<u>12,884,082</u>	<u>120,189</u>	<u>13,004,271</u>
Financial investments at amortised cost			
<i>Money Market Securities</i>	111,718	-	111,718
<i>Unquoted Corporate bonds and sukuk</i>	3,665,352	-	3,665,352
<i>Less: Allowances for ECL</i>	(25,629)	-	(25,629)
Total financial investments at amortised cost	<u>3,751,441</u>	<u>-</u>	<u>3,751,441</u>
Loans and advances			
<i>Hire purchase</i>	9,548,433	-	9,548,433
<i>Mortgage</i>	30,028,950	-	30,028,950
<i>Credit card</i>	1,760,559	-	1,760,559
<i>Others</i>	4,200,214	-	4,200,214
<i>Corporate loans and advances:</i>			
<i>Term loans and bridging loans</i>	15,406,893	548,979	15,955,872
<i>Revolving credits</i>	6,047,413	109,680	6,157,093
<i>Overdrafts</i>	1,922,629	-	1,922,629
<i>Trade</i>	7,324,954	-	7,324,954
<i>Less: Allowances for ECL</i>	(1,394,909)	(32,020)	(1,426,929)
Total loans and advances	<u>74,845,136</u>	<u>626,639</u>	<u>75,471,775</u>
Statutory deposit with Bank Negara Malaysia	<u>305,773</u>	<u>-</u>	<u>305,773</u>
Other financial assets	855,114	258,336	1,113,450
<i>Less: Allowances for ECL</i>	(1,597)	-	(1,597)
Total other financial assets	<u>853,517</u>	<u>258,336</u>	<u>1,111,853</u>
Commitments	17,729,782	119,457	17,849,239
Contingent liabilities	5,613,010	41,445	5,654,455
Total commitments and contingent liabilities	<u>23,342,792</u>	<u>160,902</u>	<u>23,503,694</u>

## **49. RISK MANAGEMENT (CONT'D.)**

### **49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

#### **COLLATERAL AND OTHER CREDIT ENHANCEMENT**

##### **Collateral Taken by the Group**

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. The collateral accepted for credit risk mitigation comprises financial collateral, real estate, other physical asset and guarantee.

The Credit Risk Mitigation Policy, is the internally recognised collateral framework. Any collateral that is not listed in the said policy or does not conform to the requirements outlined in that policy is not eligible for capital relief for regulatory capital purposes.

##### **Processes for Collateral Management**

The concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

##### **Guarantee Support**

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. Where a counterparty's corporate guarantor is rated better than the counterparty, the credit risk rating of the counterparty shall be substituted with that of the corporate guarantor subject to fulfilling certain stipulated conditions for Non-Retail portfolio.

Guarantee by a counterparty with lower rating than the borrower is not recognised for credit risk mitigation purposes.

##### **Use of Credit Derivatives and Netting for Risk Mitigation**

Currently, the Group does not use credit derivatives and netting for risk mitigation.

##### **Transaction Structuring to Mitigate Credit Risk**

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the tenure of the loan, amortisation schedules and loan covenants. These assist in managing credit risk and providing early warning signals, to enable pre-emptive actions to protect the quality or recoverability of loan assets.

##### **Concentrations of Credit Risk Mitigation**

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its RAF and related policies governing Loan-to-Value ("LTV") metrics.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

##### **Credit Quality**

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are currently aligned to eight rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The following categories based on the descriptions are appended below.

**49. RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**Credit Quality (Cont'd.)**

**Description of the Categories for Retail Banking**

Risk Grade	Category	PD Ranges	Description
1 to 6	Exceptionally strong	0.0001% to 0.0737%	<ul style="list-style-type: none"> <li>• Exceptionally good credit risk profile with exceptionally low PD of &lt;0.1%.</li> <li>• Exceptionally strong capacity and willingness to meet its financial commitments as evidenced by prompt repayment track record.</li> <li>• Exhibits high degree of resilience to adverse development in view of its very established employment profile and track record.</li> </ul>
7 to 12	Very strong	0.0738% to 0.5942%	<ul style="list-style-type: none"> <li>• Very good credit risk profile with very low PD of &lt;0.6%.</li> <li>• Very strong capacity and willingness to meet its financial commitments as evidenced by generally prompt repayment track record.</li> <li>• Exhibits high degree of resilience to adverse development in view of its established employment profile and track record.</li> </ul>
13 to 14	Strong	0.5943% to 1.0159%	<ul style="list-style-type: none"> <li>• Good credit risk profile with low PD of &lt;1.1%.</li> <li>• Exhibit willingness to meet its financial commitments as evidenced by good repayment track record.</li> <li>• Generally in a position to withstand adverse development in view of its favourable employment profile and track record.</li> </ul>
15 to 16	Satisfactory	1.0160% to 2.2722%	<ul style="list-style-type: none"> <li>• Satisfactory credit risk profile with acceptable PD of &lt;2.3%.</li> <li>• Adequate willingness to meet its financial commitments as evidenced by satisfactory repayment track record.</li> <li>• Generally in a position to resolve any apparent shortcoming within an acceptable time frame in view of its satisfactory employment profile and track record.</li> </ul>
17 to 18-	Moderate	2.2723% to 4.1028%	<ul style="list-style-type: none"> <li>• Moderate credit risk profile with moderate PD of up to 4.1%.</li> <li>• Willingness to meet its financial commitments would be uncertain in the event of adverse changes in circumstances and economic conditions as evidenced by generally satisfactory repayment track record.</li> <li>• Generally in a position to resolve any apparent shortcoming within an acceptable time frame in view of its moderate employment profile and track record.</li> </ul>
19+ to 20-	Marginal	4.1029% to 8.2931%	<ul style="list-style-type: none"> <li>• Marginal credit risk profile with higher PD of up to 8.2931%.</li> <li>• Willingness to meet its financial commitments would be uncertain under normal circumstances and economic conditions as generally evidenced by fair repayment track record.</li> <li>• Moderate employment profile and track record.</li> </ul>

**49. RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**Credit Quality (Cont'd.)**

**Description of the Categories for Retail Banking (Cont'd.)**

Risk Grade	Category	PD Ranges	Description
21 to 24	Substandard	>= 8.2932%	<ul style="list-style-type: none"> <li>• Substandard credit risk profile with poor PD of &gt;= 8.2932%.</li> <li>• Exhibit less willingness to meet its financial commitments under normal circumstances and economic conditions as generally evidenced by poor repayment track record.</li> <li>• Unfavourable employment profile and track record.</li> </ul>
99	Impaired	100%	<ul style="list-style-type: none"> <li>• Impaired account. Classified as impaired as per the prevailing policy/guideline.</li> </ul>

**Description of the Categories for Non-Retail Banking**

Credit quality classification	Description
Exceptionally strong	<p>Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Exceptionally solid and stable operating and financial performance;</li> <li>- Debt servicing capacity has been exceptionally strong over the long term;</li> <li>- All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future; and</li> <li>- Highly unlikely to be adversely affected by foreseeable events.</li> </ul>
Very strong	<p>Strong government institutions or institutional clients, with identifiably higher, albeit modest, long term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk; and</li> <li>- Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings.</li> </ul>
Strong	<p>Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance; and</li> <li>- Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity.</li> </ul>
Satisfactory	<p>Counterparties demonstrate adequate medium term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance;</li> <li>- Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity; and</li> <li>- Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions.</li> </ul>

**49. RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**Credit Quality (Cont'd.)**

**Description of the Categories for Non-Retail Banking (Cont'd.)**

Credit quality classification	Description
Moderate	<p>Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Capacity for timely fulfillment of financial obligations exists;</li> <li>- Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run; and</li> <li>- Overall credit quality may be more volatile within this category.</li> </ul>
Marginal	<p>Counterparties demonstrate sustained operational and financial instability. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct;</li> <li>- Debt servicing capacity is marginal;</li> <li>- Often under strong, sustained competitive pressure;</li> <li>- Variability and uncertainty in profitability and liquidity is projected to continue over the short and possibly medium term; and</li> <li>- Significant changes and instability in senior management may be observed.</li> </ul>
Substandard	<p>Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are:</p> <ul style="list-style-type: none"> <li>- Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct;</li> <li>- Current and expected debt servicing capacity is inadequate;</li> <li>- Financial solvency is questionable and/or financial structure is weak;</li> <li>- Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state; and</li> <li>- Experiencing difficulties, which may result in default in the next one to two years.</li> </ul>
Impaired	<p>Impaired account. The key characteristic is that the counter party has been classified as "impaired" as per the Classified Account Management ("CAM") Policy for Credit Facility.</p>

#### 49. RISK MANAGEMENT (CONT'D.)

##### 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

###### Impairment

The relevant governance for the respective Line of Businesses is established to align with the Malaysian Financial Reporting Standards ("MFRS") and related BNM's standards/ guidelines. In general, an asset is considered impaired when:

- a. The Group considers that an obligor is "unlikely to repay" in full its credit obligations to the Group;
- b. The obligor has breached its contractual payment obligations and past due for more than 90 days; or
- c. Other indicators stipulated in the relevant guidelines indicating the unlikelihood to repay are hit.

Where exposures are being restructured, such restructuring is guided by the definition and requirements of R&R provided by BNM Credit Risk Policy.

###### Group Provisioning Methodology

The Group's provisioning methodology complies with MFRS 9 and recognises ECL at all time to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

MFRS 9 applies to all financial assets classified as amortised cost and FVOCI, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

Under MFRS 9, financial instruments are segregated into 3 stages depending on the changes in credit quality since initial recognition. The Group calculates 12-month ECL for Stage 1 and lifetime ECL for Stage 2 and Stage 3 exposures.

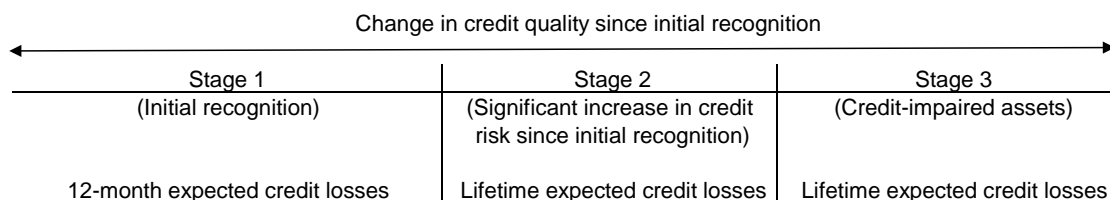
- i. Stage 1 : For performing financial instruments which credit risk had not been significantly increased in credit risk since initial recognition.
- ii. Stage 2 : For underperforming financial instruments which credit risk had significantly increased since initial recognition.
- iii. Stage 3 : For financial instruments which are credit-impaired.

## 49. RISK MANAGEMENT (CONT'D.)

### 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

#### Measurement of ECL

The following diagram summarises the impairment requirements under MFRS 9 (other than purchased or originated credit-impaired financial assets):



ECL can be assessed individually or collectively. Financial assets that are not individually significant or not individually credit-impaired are collectively assessed. For financial assets that are individually significant, an assessment is performed to determine whether objective evidence of impairment exists individually.

Individual assessment is divided into two main processes - trigger assessment and measurement of impairment loss. Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value.

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

#### Significant Increase in Credit Risk ("SICR")

The Group considers a financial instrument to have experienced a SICR when it is more than 30 days past due on its contractual payments or when a quantitative and qualitative analysis, based on the Group's historical experience, expert credit assessment and forward looking information indicates as such. The requirement is to calculate remaining lifetime ECL at the reporting date when the financial instrument experienced SICR, compared to 12-month ECL calculation when exposure was initially recognised.

#### Quantitative

Each exposure is allocated to a credit risk grade at initial recognition based on a variety of data that is determined to be predictive of the risk of default and experienced credit judgment about the borrower. Factors determining credit risk grades vary depending on nature of exposures and type of borrowers. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. There are 4 risk bands i.e. low risk, medium risk, high risk and very high risk whereby movements to a poorer band may result in SICR.

#### Qualitative

The Group may determine that an exposure has undergone a SICR using its expert credit risk judgment and where possible, relevant historical experience based on qualitative indicators specified by the Group's watchlist criteria that it considers as such and whose effect may not otherwise be fully reflected in quantitative analysis on a timely basis.

In relation to non-retail financial instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty borrower basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Wholesale Credit Risk team and Business Credit Risk team.

The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level for all financial instruments held by the Group and the Bank.

## 49. RISK MANAGEMENT (CONT'D.)

### 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

#### Measurement of ECL (Cont'd.)

##### Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

##### Quantitative criteria

The borrower is considered in default if its contractual payments is more than 90 days past due.

##### Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These include instances where:

- The borrower is in breach of non-financial covenant(s), for example guarantor is deceased or become of unsound mind or non compliance of security ratio;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s); or
- The borrower has ceased operations due to financial distress.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Exposure At Default ("EAD"), Probability of Default ("PD") and Loss Given Default ("LGD") throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

#### Measuring ECL – Explanation of Inputs, Assumptions and Estimation Techniques

The key inputs into the measurement of ECL are the following variables:

- PD;
- LGD; and
- EAD.

or

- Historical Loss Rates ("LR")

These parameters are generally derived from internally developed statistical models and other historical data and adjusted to reflect forward-looking information.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Credit risk grades are a primary input of into the determination of PD term structure for exposures. If a counterparty or exposure migrates between rating grades, then this will lead to a change in associated PD. The Group collects performance and default information about its credit risk exposures analysed by portfolio.

## **49. RISK MANAGEMENT (CONT'D.)**

### **49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

#### **Measurement of ECL (Cont'd.)**

##### **Measuring ECL – Explanation of Inputs, Assumptions and Estimation Techniques (Cont'd.)**

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discount factor.

EAD represents the expected exposure in the event of default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of an on-balance sheet is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, and potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward looking forecasts.

Historical LR represents the past record of average loss experience for financial assets of similar classes.

##### **Forward-looking Information Incorporated in the ECL models**

The measurement of ECL also takes into account the expected credit condition over the remaining life of the financial assets. Forward looking models are built based on statistical relationship established between Observed Default Rate ("ODR") and macroeconomic variables ("MEVs").

This analysis includes the identification and calibration of relationships between changes in default rates and to the MEVs. Examples of key macroeconomic indicators include Gross Domestic Product ("GDP") growth, Kuala Lumpur Interbank Offered Rate ("KLIBOR") and Consumer Price Index ("CPI").

3 scenarios are projected for forward looking namely base case, optimistic and pessimistic which requires management judgment of the economic situation i.e. normal, bullish or downturn. A weightage is applied to the scenarios to produce an appropriate forward looking ECL to best reflect the forward looking economic outlook.

##### **Key Variables/Assumptions for ECL Calculations**

The recognition and measurement of ECL is highly complex and involves the use of significant judgment and estimation. This includes establishing the forward-looking macroeconomic conditions into ECL as required under MFRS 9. The allowance for ECL is sensitive to the input used and economic assumption underlying the estimate.

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****Measurement of ECL (Cont'd.)****Key Variables/Assumptions for ECL Calculations (Cont'd.)**

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for financial year ended 31 March 2022 and 31 March 2021.

(Yearly values = average of forecasted quarterly values)

**31 March 2022**

Macroeconomic Variable	Forward-Looking Scenario	Assigned Probabilities (%)	2022	2023	2024	2025	2026
Consumer Price Index (%)	Base	60%	2.78	2.21	2.00	1.78	1.85
	Optimistic	10%	3.05	2.43	2.20	1.95	2.04
	Pessimistic	30%	2.36	1.88	1.70	1.51	1.57
GDP Growth (%)	Base	60%	5.60	4.83	4.68	4.75	4.53
	Optimistic	10%	6.16	5.31	5.14	5.23	4.98
	Pessimistic	30%	4.76	4.10	3.97	4.04	3.85
House Price Index (%)	Base	60%	1.08	2.58	2.75	3.08	2.98
	Optimistic	10%	1.20	2.83	3.03	3.38	3.27
	Pessimistic	30%	0.88	2.19	2.34	2.61	2.53
USD/MYR Exchange Rate	Base	60%	4.16	4.12	4.06	4.03	4.01
	Optimistic	10%	3.95	3.91	3.86	3.83	3.81
	Pessimistic	30%	4.37	4.32	4.26	4.23	4.21
Brent Oil Price (USD/barrel)	Base	60%	103.75	84.00	71.25	69.50	67.75
	Optimistic	10%	114.13	92.40	78.38	76.45	74.53
	Pessimistic	30%	88.19	71.40	60.56	59.08	57.59

**31 March 2021**

Macroeconomic Variable	ECL Scenario	Assigned Probabilities	2021	2022	2023	2024	2025
Consumer Price Index (%)	Base Case	40%	1.84	2.46	2.28	2.00	1.80
	Optimistic	10%	2.06	2.56	2.39	2.10	1.89
	Pessimistic	50%	1.74	2.32	2.16	1.90	1.71
GDP Growth (%)	Base Case	40%	5.86	5.20	4.95	4.70	4.80
	Optimistic	10%	6.43	6.00	5.18	4.94	5.04
	Pessimistic	50%	(1.00)	4.63	4.70	4.47	4.56
House Price Index (%)	Base Case	40%	0.00	1.80	2.58	3.60	3.50
	Optimistic	10%	0.18	2.03	2.91	3.78	3.68
	Pessimistic	50%	(0.70)	1.35	2.35	3.42	3.33
USD/MYR Exchange Rate	Base Case	40%	4.09	4.02	3.95	4.13	4.15
	Optimistic	10%	4.03	3.96	3.88	3.92	3.95
	Pessimistic	50%	4.15	4.08	4.07	4.34	4.36
Brent Oil Price (USD/barrel)	Base Case	40%	59.93	58.25	58.00	51.00	50.00
	Optimistic	10%	62.92	61.16	60.90	53.55	52.50
	Pessimistic	50%	56.93	55.34	55.10	48.45	47.50

#### 49. RISK MANAGEMENT (CONT'D.)

##### 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

###### Measurement of ECL (Cont'd.)

###### Write-off Governance

###### Stage 1 write-off

The Group may partially write-off financial assets where full recovery is not possible taking proceeds from value of securities or where customer has been allowed time to repay on negotiated settlement basis. The outstanding contractual amounts of such assets written off during the current financial year was RM418.7 million (31 March 2021: RM338.6 million). The Group still seeks legal recovery action, as such, credit exposures for these continue unabated.

###### Stage 2 write-off

The Group writes off financial assets in whole when it has exhausted all necessary recovery actions against credit exposures and there is minimal prospect of recovery and/or further recovery is not economical, then the credit exposures will be written off from both the general ledger and subsidiary ledger.

###### Modified financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring governance and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These governance are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Group then monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring and if so, the assets are moved from Stage 2 or Stage 3 ("Lifetime ECL") to Stage 1 ("12-month ECL"). This is only the case for assets which have performed in accordance with the new terms for at least six consecutive months or more.

Asset modification due to COVID-19 may continue to be classified as Stage 1 if they are within the criteria set out.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the financial year as part of the Group's and the Bank's restructuring activities and their respective effect on the Group's and of the Bank's financial performance:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
<b>Loans and advances to customers</b>	<b>RM'000</b>	<b>RM'000</b>
Amortised cost before modification	<u>20,839,398</u>	<u>48,141,549</u>
Net modification loss included under interest income	<u>(32,303)</u>	<u>(280,921)</u>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system.

**Cash and short-term funds**

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	
<b>2022</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit</b>	<b>RM'000</b>
		<b>impaired</b>	<b>RM'000</b>
		<b>RM'000</b>	
<b>Risk grade</b>			
Exceptionally strong	6,235,895	-	6,235,895
Very strong	3,658,584	-	3,658,584
Strong	1,552	352	1,904
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	35	35
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>9,896,031</b>	<b>387</b>	<b>9,896,418</b>
Less: Allowances for ECL	(2,072)	(21)	(2,093)
<b>Net exposure</b>	<b>9,893,959</b>	<b>366</b>	<b>9,894,325</b>

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	
<b>2021</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit</b>	<b>RM'000</b>
		<b>impaired</b>	<b>RM'000</b>
		<b>RM'000</b>	
<b>Risk grade</b>			
Exceptionally strong	5,682,026	-	5,682,026
Very strong	3,939,690	-	3,939,690
Strong	1,743	44	1,787
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	48	48
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>9,623,459</b>	<b>92</b>	<b>9,623,551</b>
Less: Allowances for ECL	(2,234)	(22)	(2,256)
<b>Net exposure</b>	<b>9,621,225</b>	<b>70</b>	<b>9,621,295</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

**Cash and short-term funds (Cont'd.)**

<b>Bank 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total RM'000</b>
	<b>12-month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	
<b>Risk grade</b>			
Exceptionally strong	6,235,895	-	6,235,895
Very strong	3,639,170	-	3,639,170
Strong	1,552	352	1,904
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	35	35
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>9,876,617</b>	<b>387</b>	<b>9,877,004</b>
Less: Allowances for ECL	(2,072)	(21)	(2,093)
<b>Net exposure</b>	<b>9,874,545</b>	<b>366</b>	<b>9,874,911</b>
<b>2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total RM'000</b>
	<b>12-month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	
<b>Risk grade</b>			
Exceptionally strong	5,682,026	-	5,682,026
Very strong	3,931,529	-	3,931,529
Strong	1,743	44	1,787
Satisfactory	-	-	-
Moderate	-	-	-
Marginal	-	-	-
Substandard	-	48	48
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>9,615,298</b>	<b>92</b>	<b>9,615,390</b>
Less: Allowances for ECL	(2,234)	(22)	(2,256)
<b>Net exposure</b>	<b>9,613,064</b>	<b>70</b>	<b>9,613,134</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

**Financial investments at amortised cost**

<b>Group and Bank 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total RM'000</b>
	<b>12-month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
<b>Risk grade</b>				
Exceptionally strong	2,683,978	-	-	2,683,978
Very strong	2,385,665	-	-	2,385,665
Strong	280,447	-	-	280,447
Satisfactory	280,124	295,387	-	575,511
Moderate	-	-	-	-
Marginal	-	-	-	-
Substandard	-	-	-	-
Unrated	-	-	-	-
Impaired	-	-	41,500	41,500
<b>Gross exposure</b>	<b>5,630,214</b>	<b>295,387</b>	<b>41,500</b>	<b>5,967,101</b>
Less: Allowances for ECL	(3,314)	-	(34,272)	(37,586)
<b>Net exposure</b>	<b>5,626,900</b>	<b>295,387</b>	<b>7,228</b>	<b>5,929,515</b>

<b>2021 (Restated)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total RM'000</b>
	<b>12-month ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	
<b>Risk grade</b>			
Exceptionally strong	111,718	-	111,718
Very strong	2,336,668	-	2,336,668
Strong	130,216	-	130,216
Satisfactory	375,670	-	375,670
Moderate	-	41,500	41,500
Marginal	-	781,298	781,298
Substandard	-	-	-
Unrated	-	-	-
<b>Gross exposure</b>	<b>2,954,272</b>	<b>822,798</b>	<b>3,777,070</b>
Less: Allowances for ECL	(2,939)	(22,690)	(25,629)
<b>Net exposure</b>	<b>2,951,333</b>	<b>800,108</b>	<b>3,751,441</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

**Financial investments at fair value through other comprehensive income**

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	
<b>2022</b>	<b>RM'000</b>	<b>not credit impaired RM'000</b>	<b>RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	7,129,278	-	7,129,278
Very strong	4,834,696	-	4,834,696
Strong	1,310,391	-	1,310,391
Satisfactory	93,782	157,626	251,408
Moderate	-	-	-
Marginal	-	74,917	74,917
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>13,368,147</b>	<b>232,543</b>	<b>13,600,690</b>
Less: Allowances for ECL	(8,038)	(3,602)	(11,640)
<b>Net exposure</b>	<b>13,360,109</b>	<b>228,941</b>	<b>13,589,050</b>
<b>2021</b>	<b>12-month ECL</b>	<b>Stage 2</b>	<b>Total</b>
	<b>RM'000</b>	<b>Lifetime ECL</b>	<b>RM'000</b>
		<b>not credit impaired RM'000</b>	<b>RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	5,812,082	-	5,812,082
Very strong	5,240,871	10,009	5,250,880
Strong	1,374,067	-	1,374,067
Satisfactory	36,428	-	36,428
Moderate	180,912	-	180,912
Marginal	-	-	-
Substandard	349,902	-	349,902
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>12,994,262</b>	<b>10,009</b>	<b>13,004,271</b>
Less: Allowances for ECL	(9,297)	(19)	(9,316)
<b>Net exposure</b>	<b>12,984,965</b>	<b>9,990</b>	<b>12,994,955</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

**Financial investments at fair value through other comprehensive income (Cont'd.)**

<b>Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	
<b>2022</b>	<b>RM'000</b>	<b>not credit impaired RM'000</b>	<b>RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	7,129,278	-	7,129,278
Very strong	4,834,696	-	4,834,696
Strong	1,310,391	-	1,310,391
Satisfactory	93,782	157,626	251,408
Moderate	-	-	-
Marginal	-	74,917	74,917
Substandard	-	-	-
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>13,368,147</b>	<b>232,543</b>	<b>13,600,690</b>
Less: Allowances for ECL	(8,038)	(3,602)	(11,640)
<b>Net exposure</b>	<b>13,360,109</b>	<b>228,941</b>	<b>13,589,050</b>

<b>2021</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	
	<b>RM'000</b>	<b>not credit impaired RM'000</b>	<b>RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	5,812,082	-	5,812,082
Very strong	5,240,871	10,009	5,250,880
Strong	1,374,067	-	1,374,067
Satisfactory	36,428	-	36,428
Moderate	180,912	-	180,912
Marginal	-	-	-
Substandard	349,902	-	349,902
Unrated	-	-	-
Impaired	-	-	-
<b>Gross exposure</b>	<b>12,994,262</b>	<b>10,009</b>	<b>13,004,271</b>
Less: Allowances for ECL	(9,297)	(19)	(9,316)
<b>Net exposure</b>	<b>12,984,965</b>	<b>9,990</b>	<b>12,994,955</b>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

## Loans and advances

Group 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	
<b>Risk grade</b>				
Exceptionally strong	13,640	-	-	13,640
Very strong	35,690,384	426,504	-	36,116,888
Strong	13,564,943	508,033	-	14,072,976
Satisfactory	11,689,001	2,146,328	-	13,835,329
Moderate	4,498,589	1,751,472	-	6,250,061
Marginal	2,175,888	3,119,194	-	5,295,082
Substandard	588,721	2,823,740	-	3,412,461
Unrated	5,292	-	-	5,292
Impaired	-	-	1,047,502	1,047,502
<b>Gross exposure</b>	68,226,458	10,775,271	1,047,502	80,049,231
Less: Allowances for ECL	(154,044)	(758,197)	(319,503)	(1,231,744)
<b>Net exposure</b>	68,072,414	10,017,074	727,999	78,817,487

2021 (Restated)	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	
<b>Risk grade</b>				
Exceptionally strong	32,839	12	-	32,851
Very strong	31,561,887	397,594	-	31,959,481
Strong	13,592,750	389,787	-	13,982,537
Satisfactory	13,423,793	2,476,809	-	15,900,602
Moderate	5,295,473	1,925,436	-	7,220,909
Marginal	1,022,292	2,034,577	-	3,056,869
Substandard	720,677	2,860,105	-	3,580,782
Unrated	48,167	-	-	48,167
Impaired	-	-	1,157,246	1,157,246
<b>Gross exposure</b>	65,697,878	10,084,320	1,157,246	76,939,444
Less: Allowances for ECL	(286,308)	(707,881)	(432,998)	(1,427,187)
<b>Net exposure</b>	65,411,570	9,376,439	724,248	75,512,257

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

## Loans and advances

Bank 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	
<b>Risk grade</b>				
Exceptionally strong	13,640	-	-	13,640
Very strong	35,690,384	426,504	-	36,116,888
Strong	13,564,943	508,033	-	14,072,976
Satisfactory	11,657,730	2,146,319	-	13,804,049
Moderate	4,498,589	1,751,472	-	6,250,061
Marginal	2,175,887	3,119,071	-	5,294,958
Substandard	588,709	2,823,028	-	3,411,737
Unrated	5,304	-	-	5,304
Impaired	-	-	1,046,185	1,046,185
<b>Gross exposure</b>	68,195,186	10,774,427	1,046,185	80,015,798
Less: Allowances for ECL	(154,074)	(758,182)	(319,223)	(1,231,479)
<b>Net exposure</b>	68,041,112	10,016,245	726,962	78,784,319

2021 (Restated)	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	
<b>Risk grade</b>				
Exceptionally strong	32,839	12	-	32,851
Very strong	31,561,887	397,594	-	31,959,481
Strong	13,592,750	389,787	-	13,982,537
Satisfactory	13,385,182	2,476,653	-	15,861,835
Moderate	5,295,473	1,925,436	-	7,220,909
Marginal	1,022,292	2,034,352	-	3,056,644
Substandard	720,677	2,859,576	-	3,580,253
Unrated	48,167	-	-	48,167
Impaired	-	-	1,156,027	1,156,027
<b>Gross exposure</b>	65,659,267	10,083,410	1,156,027	76,898,704
Less: Allowances for ECL	(286,338)	(707,855)	(432,736)	(1,426,929)
<b>Net exposure</b>	65,372,929	9,375,555	723,291	75,471,775

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

**Other financial assets**

<b>Group 2022</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	255,695	-	255,695
Very strong	757,088	-	757,088
Strong	166,352	-	166,352
Satisfactory	12,470	-	12,470
Moderate	24,674	-	24,674
Marginal	1,750	-	1,750
Substandard	33	-	33
Unrated	11,139	-	11,139
Impaired	-	1,817	1,817
<b>Gross exposure</b>	<b>1,229,201</b>	<b>1,817</b>	<b>1,231,018</b>
Less: Allowances for ECL	-	(1,817)	(1,817)
<b>Net exposure</b>	<b>1,229,201</b>	<b>-</b>	<b>1,229,201</b>

<b>2021</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	370,565	-	370,565
Very strong	579,068	-	579,068
Strong	93,535	-	93,535
Satisfactory	49,034	-	49,034
Moderate	2,746	-	2,746
Marginal	8,041	-	8,041
Substandard	233	-	233
Unrated	8,315	-	8,315
Impaired	-	1,911	1,911
<b>Gross exposure</b>	<b>1,111,537</b>	<b>1,911</b>	<b>1,113,448</b>
Less: Allowances for ECL	-	(1,911)	(1,911)
<b>Net exposure</b>	<b>1,111,537</b>	<b>-</b>	<b>1,111,537</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

**Other financial assets (Cont'd.)**

<b>Bank 2022</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	255,695	-	255,695
Very strong	757,789	-	757,789
Strong	166,352	-	166,352
Satisfactory	12,153	-	12,153
Moderate	24,674	-	24,674
Marginal	1,750	-	1,750
Substandard	33	-	33
Unrated	11,164	-	11,164
Impaired	-	1,500	1,500
<b>Gross exposure</b>	<b>1,229,610</b>	<b>1,500</b>	<b>1,231,110</b>
Less: Allowances for ECL	-	(1,500)	(1,500)
<b>Net exposure</b>	<b>1,229,610</b>	<b>-</b>	<b>1,229,610</b>

<b>2021</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Risk grade</b>			
Exceptionally strong	370,565	-	370,565
Very strong	579,438	-	579,438
Strong	93,535	-	93,535
Satisfactory	48,689	-	48,689
Moderate	2,746	-	2,746
Marginal	8,041	-	8,041
Substandard	233	-	233
Unrated	8,606	-	8,606
Impaired	-	1,597	1,597
<b>Gross exposure</b>	<b>1,111,853</b>	<b>1,597</b>	<b>1,113,450</b>
Less: Allowances for ECL	-	(1,597)	(1,597)
<b>Net exposure</b>	<b>1,111,853</b>	<b>-</b>	<b>1,111,853</b>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

## Loans commitments and financial guarantee contracts

Group 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	
<b>Risk grade</b>				
Exceptionally strong	104,543	-	-	104,543
Very strong	12,105,118	36,442	-	12,141,560
Strong	4,145,949	123,323	-	4,269,272
Satisfactory	3,947,256	271,575	-	4,218,831
Moderate	1,014,865	245,354	-	1,260,219
Marginal	230,068	235,087	-	465,155
Substandard	331,378	263,106	-	594,484
Unrated	3,334	-	-	3,334
Impaired	-	-	333,161	333,161
<b>Gross exposure</b>	21,882,511	1,174,887	333,161	23,390,559
Less: Allowances for ECL	(20,472)	(15,763)	(242,154)	(278,389)
<b>Net exposure</b>	21,862,039	1,159,124	91,007	23,112,170

2021	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	
<b>Risk grade</b>				
Exceptionally strong	100,088	-	-	100,088
Very strong	10,546,303	120,088	-	10,666,391
Strong	3,071,911	60,008	-	3,131,919
Satisfactory	5,262,015	377,322	-	5,639,337
Moderate	1,747,728	279,126	-	2,026,854
Marginal	266,671	262,908	-	529,579
Substandard	251,402	352,481	-	603,883
Unrated	17,928	-	-	17,928
Impaired	-	-	65,496	65,496
<b>Gross exposure</b>	21,264,046	1,451,933	65,496	22,781,475
Less: Allowances for ECL	(21,416)	(30,544)	(52,718)	(104,678)
<b>Net exposure</b>	21,242,630	1,421,389	12,778	22,676,797

## 49. RISK MANAGEMENT (CONT'D.)

## 49.2 CREDIT RISK MANAGEMENT (CONT'D.)

## (c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

## Loans commitments and financial guarantee contracts (Cont'd.)

Bank 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	
<b>Risk grade</b>				
Exceptionally strong	104,543	-	-	104,543
Very strong	12,182,418	36,442	-	12,218,860
Strong	4,145,949	123,323	-	4,269,272
Satisfactory	3,947,256	271,575	-	4,218,831
Moderate	1,014,865	245,354	-	1,260,219
Marginal	230,068	235,087	-	465,155
Substandard	331,378	263,106	-	594,484
Unrated	3,334	-	-	3,334
Impaired	-	-	333,161	333,161
<b>Gross exposure</b>	21,959,811	1,174,887	333,161	23,467,859
Less: Allowances for ECL	(20,518)	(15,763)	(242,154)	(278,435)
<b>Net exposure</b>	21,939,293	1,159,124	91,007	23,189,424

2021	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	
<b>Risk grade</b>				
Exceptionally strong	100,088	-	-	100,088
Very strong	10,611,303	120,088	-	10,731,391
Strong	3,071,911	60,008	-	3,131,919
Satisfactory	5,262,015	377,322	-	5,639,337
Moderate	1,747,728	279,126	-	2,026,854
Marginal	266,671	262,908	-	529,579
Substandard	251,402	352,481	-	603,883
Unrated	17,928	-	-	17,928
Impaired	-	-	65,496	65,496
<b>Gross exposure</b>	21,329,046	1,451,933	65,496	22,846,475
Less: Allowances for ECL	(21,453)	(30,544)	(52,718)	(104,715)
<b>Net exposure</b>	21,307,593	1,421,389	12,778	22,741,760

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)**

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

	<b>Deposits and placements with banks and other financial institutions RM'000</b>	<b>Investment account placement RM'000</b>	<b>Statutory deposit with Bank Negara Malaysia RM'000</b>
<b>Stage 1</b>			
<b>Group and Bank</b>			
<b>2022</b>			
Exceptionally strong	-	-	200,000
Very strong	2,102,003	1,506,451	-
Strong	-	-	-
Satisfactory	84,110	204,212	-
Moderate	-	-	-
Marginal	-	-	-
Sub-standard	-	-	-
Unrated	-	-	-
<b>Gross exposure</b>	<b>2,186,113</b>	<b>1,710,663</b>	<b>200,000</b>
Less: Allowances for ECL	(1,325)	(2,179)	-
<b>Net exposure</b>	<b>2,184,788</b>	<b>1,708,484</b>	<b>200,000</b>

	<b>Deposits and placements with banks and other financial institutions RM'000</b>	<b>Investment account placement RM'000</b>	<b>Statutory deposit with Bank Negara Malaysia RM'000</b>
<b>Stage 1</b>			
<b>Group and Bank</b>			
<b>2021</b>			
Exceptionally strong	-	-	305,773
Very strong	457,166	507,235	-
Strong	-	-	-
Satisfactory	-	210,799	-
Moderate	-	-	-
Marginal	-	-	-
Sub-standard	-	-	-
Unrated	-	-	-
<b>Gross exposure</b>	<b>457,166</b>	<b>718,034</b>	<b>305,773</b>
Less: Allowances for ECL	(42)	(1,943)	-
<b>Net exposure</b>	<b>457,124</b>	<b>716,091</b>	<b>305,773</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(c) Credit Quality By Class of Financial Assets (Cont'd.)****Maximum exposure to credit risk - financial instruments not subject to impairment.**

The table below shows the credit quality of financial assets measured at FVTPL:

<b>Group and Bank</b>	<b>Financial assets at fair value through profit or loss RM'000</b>	<b>Derivative financial assets RM'000</b>
<b>2022</b>		
Exceptionally strong	1,170,233	144,357
Very strong	195,433	431,160
Strong	120,899	141,098
Satisfactory	129,424	6,661
Moderate	-	99,015
Marginal	-	218
Sub-standard	-	57
Unrated	-	10,255
<b>Carrying amount</b>	<b>1,615,989</b>	<b>832,821</b>
<b>2021</b>		
Exceptionally strong	2,136,963	130,103
Very strong	478,787	801,293
Strong	34,984	105,664
Satisfactory	73,755	153,140
Moderate	-	116,065
Marginal	-	3,015
Sub-standard	-	19
Unrated	-	3,704
<b>Carrying amount</b>	<b>2,724,489</b>	<b>1,313,003</b>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(d) Estimated value of collateral for financial assets**

The Group's policies regarding obtaining collateral have not significantly changed during the financial year and there has been no significant change in the overall quality of the collateral held by the Group since the previous financial year.

The following table summarises the financial effects of collateral received from loans and advances:

	Gross exposure to credit risk		Financial effect of collateral		Unsecured portion of credit exposure	
	2022	2021	2022	2021	2022	2021
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
<b>Gross loans and advances</b>						
Hire purchase	8,763,905	9,548,433	8,495,377	9,067,850	268,528	480,583
Mortgage	30,927,833	30,155,018	30,668,868	29,922,422	258,965	232,596
Credit card	1,777,921	1,760,559	39,505	39,266	1,738,416	1,721,293
Others	4,397,967	4,200,214	3,585,666	3,451,254	812,301	748,960
Corporate loans and advances:						
Term loans and bridging loans	17,908,168	15,955,872	9,760,100	9,307,601	8,148,068	6,648,271
Revolving credits	5,975,597	6,071,765	2,570,772	2,501,538	3,404,825	3,570,227
Overdrafts	1,828,101	1,922,629	1,296,707	1,146,057	531,394	776,572
Trade	8,469,739	7,324,954	2,362,544	2,227,927	6,107,195	5,097,027
<b>Total</b>	<b>80,049,231</b>	<b>76,939,444</b>	<b>58,779,539</b>	<b>57,663,915</b>	<b>21,269,692</b>	<b>19,275,529</b>
<b>Bank</b>						
<b>Gross loans and advances</b>						
Hire purchase	8,763,905	9,548,433	8,495,377	9,067,850	268,528	480,583
Mortgage	30,821,444	30,028,950	30,563,379	29,797,253	258,065	231,697
Credit card	1,777,921	1,760,559	39,505	39,266	1,738,416	1,721,293
Others	4,397,967	4,200,214	3,585,666	3,451,254	812,301	748,960
Corporate loans and advances:						
Term loans and bridging loans	17,908,168	15,955,872	9,760,100	9,307,601	8,148,068	6,648,271
Revolving credits	6,048,553	6,157,093	2,570,772	2,501,538	3,477,781	3,655,555
Overdrafts	1,828,101	1,922,629	1,296,707	1,146,057	531,394	776,572
Trade	8,469,739	7,324,954	2,362,544	2,227,927	6,107,195	5,097,027
<b>Total</b>	<b>80,015,798</b>	<b>76,898,704</b>	<b>58,674,050</b>	<b>57,538,746</b>	<b>21,341,748</b>	<b>19,359,958</b>

**49. RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**(e) Collateral Repossessed**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Properties:				
Residential, net of impairment	150	150	-	-
Non-residential, net of impairment	2,328	2,308	2,327	2,308
	<u>2,478</u>	<u>2,458</u>	<u>2,327</u>	<u>2,308</u>

The above assets are accounted for as foreclosed properties under other assets (Note 19). There were no new assets obtained for the financial year 2022 and 2021.

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(f) Collateral held for credit-impaired financial assets**

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	<b>Gross exposure RM'000</b>	<b>Impairment allowance RM'000</b>	<b>Carrying amount RM'000</b>	<b>Fair value of collateral RM'000</b>
<b>Group</b>				
<b>2022</b>				
<b>Credit-impaired financial assets</b>				
Hire purchase	61,083	18,218	42,865	52,895
Mortgage	481,393	110,212	371,181	385,040
Credit card	28,203	16,462	11,741	186
Other loans and financing	143,123	20,669	122,454	105,376
Corporate loans and advances:				
Term loans and bridging loans	172,802	80,184	92,618	134,182
Revolving credits	41,298	13,458	27,840	34,687
Overdrafts	59,704	22,480	37,224	48,078
Trade	59,896	37,820	22,076	20,429
Total credit-impaired financial assets	<u>1,047,502</u>	<u>319,503</u>	<u>727,999</u>	<u>780,873</u>
<b>2021</b>				
<b>Credit-impaired financial assets</b>				
Hire purchase	51,610	19,755	31,855	46,221
Mortgage	480,701	130,759	349,942	413,298
Credit card	41,278	25,264	16,014	243
Other loans and financing	122,558	25,440	97,118	95,167
Corporate loans and advances:				
Term loans and bridging loans	221,245	77,385	143,860	194,855
Revolving credits	108,096	67,947	40,149	96,838
Overdrafts	70,833	32,963	37,870	17,545
Trade	60,925	53,485	7,440	5,865
Total credit-impaired financial assets	<u>1,157,246</u>	<u>432,998</u>	<u>724,248</u>	<u>870,032</u>

**49. RISK MANAGEMENT (CONT'D.)****49.2 CREDIT RISK MANAGEMENT (CONT'D.)****(f) Collateral held for credit-impaired financial assets (Cont'd.)**

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below (Cont'd.):

	<b>Gross exposure RM'000</b>	<b>Impairment allowance RM'000</b>	<b>Carrying amount RM'000</b>	<b>Fair value of collateral RM'000</b>
<b>Bank</b>				
<b>2022</b>				
<b>Credit-impaired financial assets</b>				
Hire purchase	61,083	18,218	42,865	52,895
Mortgage	480,076	109,932	370,144	385,040
Credit card	28,203	16,462	11,741	186
Other loans and financing	143,123	20,669	122,454	105,376
Corporate loans and advances:				
Term loans and bridging loans	172,802	80,184	92,618	134,182
Revolving credits	41,298	13,458	27,840	34,687
Overdrafts	59,704	22,480	37,224	48,078
Trade	59,896	37,820	22,076	20,429
Total credit-impaired financial assets	<u>1,046,185</u>	<u>319,223</u>	<u>726,962</u>	<u>780,873</u>
<b>2021</b>				
<b>Credit-impaired financial assets</b>				
Hire purchase	51,610	19,755	31,855	46,221
Mortgage	479,482	130,497	348,985	413,298
Credit card	41,278	25,264	16,014	243
Other loans and financing	122,558	25,440	97,118	95,167
Corporate loans and advances:				
Term loans and bridging loans	221,245	77,385	143,860	194,855
Revolving credits	108,096	67,947	40,149	96,838
Overdrafts	70,833	32,963	37,870	17,545
Trade	60,925	53,485	7,440	5,865
Total credit-impaired financial assets	<u>1,156,027</u>	<u>432,736</u>	<u>723,291</u>	<u>870,032</u>

**49. RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**(g) Exposures to COVID-19 impacted sectors**

The table below shows the gross carrying amount of loans and advances by industry sectors that are most impacted by COVID-19:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross loans and advances:</b>		
Retail and Wholesale/Trading	6,933,429	5,710,544
Accommodation	502,600	500,421
Travel Agencies/Tourism	13,097	13,601
Airline/Aviation	412,459	62,649
Food and Beverage Services/Restaurants	142,666	136,165
	<u>8,004,251</u>	<u>6,423,380</u>

**49. RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**(h) COVID-19 customer relief and support measures**

The Group and the Bank have further supported its customers by providing post moratorium repayment assistance during this challenging and difficult time of COVID-19. The table below shows the total relief and support measures for retail and non-retail customers as at 31 March 2022:

**Group and Bank  
2022**

	Retail customers						Non-retail customers			
	Mortgages RM'000	Hire purchase RM'000	Credit card RM'000	Personal financing RM'000	SMEs RM'000	Total RM'000	SMEs RM'000	Corporates RM'000	Others RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	27,055,193	6,839,130	342,104	15,322	3,531,932	37,783,681	8,691,085	7,619,509	120,003	16,430,597
Resumed repayments	22,597,007	5,043,082	216,138	14,630	1,959,626	29,830,483	5,468,045	5,269,446	93,098	10,830,589
Extended and/or repaying as per revised schedules	2,549,397	620,800	57,748	610	1,265,123	4,493,678	2,902,436	2,320,440	24,279	5,247,155
Missed payments	1,908,789	1,175,248	68,218	82	307,183	3,459,520	320,604	29,623	2,626	352,853
<b>As a percentage of total:</b>										
Resumed repayments	84%	74%	63%	95%	55%	79%	63%	69%	78%	66%
Extended and/or repaying as per revised schedules	9%	9%	17%	4%	36%	12%	33%	31%	20%	32%
Missed payments	7%	17%	20%	1%	9%	9%	4%	0%	2%	2%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**RISK MANAGEMENT (CONT'D.)**

**49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

**(h) COVID-19 customer relief and support measures (Cont'd.)**

Other than the auto moratorium between April to September 2020, the Group and the Bank have further supported its customers by providing post moratorium repayment assistance during this challenging and difficult time of COVID-19. The table below shows the relief and support measures for retail and non-retail customers:(Cont'd.)

**Group and Bank  
2021**

	Retail customers						Non-retail customers			
	Mortgages RM'000	Hire purchase RM'000	Credit card RM'000	Personal financing RM'000	SMEs RM'000	Total RM'000	SMEs RM'000	Corporates RM'000	Others RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	27,405,802	8,126,216	323,976	19,363	3,106,472	38,981,829	8,664,937	1,712,551	106,896	10,484,384
Resumed repayments	21,132,688	5,873,008	198,178	17,364	2,060,658	29,281,896	6,884,310	221,987	90,571	7,196,868
Extended and/or repaying as per revised schedules	5,999,853	1,757,000	66,789	831	974,201	8,798,674	1,432,355	1,431,464	16,325	2,880,144
Missed payments	273,261	496,208	59,009	1,168	71,613	901,259	348,272	59,100	-	407,372
<b>As a percentage of total:</b>										
Resumed repayments	77%	72%	61%	90%	66%	75%	79%	13%	85%	69%
Extended and/or repaying as per revised schedules	22%	22%	21%	4%	32%	23%	17%	84%	15%	27%
Missed payments	1%	6%	18%	6%	2%	2%	4%	3%	0%	4%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

#### **49. RISK MANAGEMENT (CONT'D.)**

##### **49.2 CREDIT RISK MANAGEMENT (CONT'D.)**

###### **(i) Overlays and adjustments for expected credit losses amid COVID-19 environment**

Due to the significant uncertainty as a consequence of the COVID-19 pandemic, management overlay is provided in anticipation of potential deterioration of credit risk for loans where relief assistance is provided.

These overlays adjustments were taken to reflect the underlying borrower health outlook not fairly reflected in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are extended to July 2022.

The overlays adjustments involved significant level of judgment and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays adjustments were generally made at portfolio level in determining the sufficient level of ECL and remain outside the core MFRS 9 process.

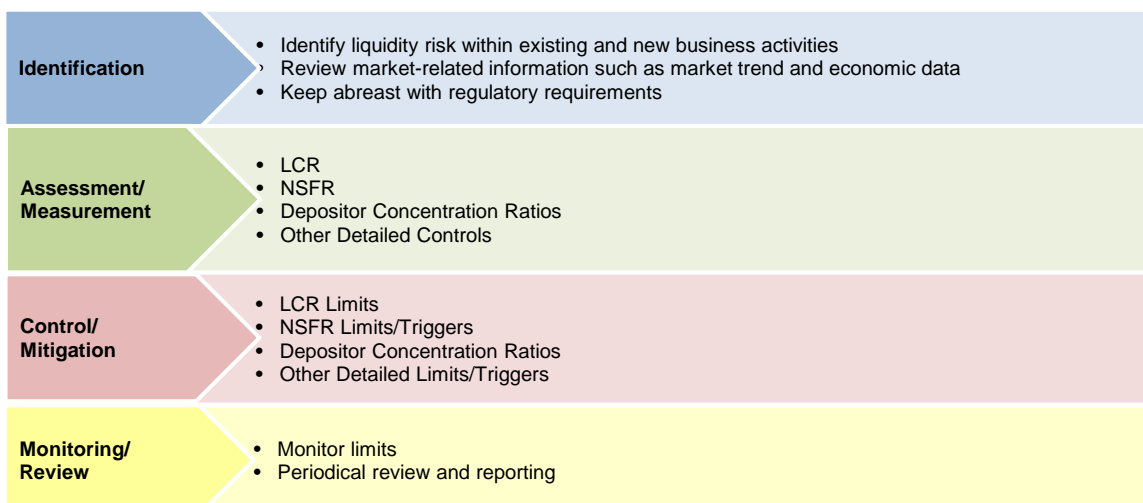
The overlay adjustments assumes a continuous restrictive economic environment due to COVID-19 into FY 2023 amount to RM534.8 million as at 31 March 2022 (2021: RM417.1 million).

## 49. RISK MANAGEMENT (CONT'D.)

### 49.3 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:



The liquidity risk management of the Bank is aligned to the LCR policy and NSFR policy issued by BNM. The primary objective of the Bank's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

#### **49. RISK MANAGEMENT (CONT'D.)**

##### **49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)**

The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite and approves the Bank's liquidity management strategy while GALCO is the core management committee established by the Board to oversee the overall liquidity management of the Bank.

The Bank has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Various liquidity measurements have been put in place to support the broader strategic objectives of the Bank and amongst others include the BNM LCR, BNM NSFR, Depositor Concentration Ratio and other Liquidity Ratios. Investment Banking and Markets Risk ("IBMR") is responsible for developing and monitoring the controls and limits while the Group Treasury and Markets ("GTM") and CBSM are responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank's liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance placement and loans to customers. They are monitored using the loans to available funds ratio, which compares loans and advances to customers as a percentage of the Bank's total available funds.

To measure the quality of the Group's funding sources, the composition of core funds indicators is monitored on a regular basis. The core funds is defined as deposits from retail and small business customers, operational deposits, non-financial institutions deposits more than 1 year and debt instrument/long term borrowings more than 1 year.

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting

Group 2022	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Assets</b>								
Cash and short-term funds	9,894,325	-	-	-	-	-	-	9,894,325
Deposits, placements and investment accounts with banks and other financial institutions	-	1,281,353	-	800,000	-	103,435	-	2,184,788
Investment account placement	-	-	-	499,619	-	1,208,865	-	1,708,484
Derivative financial assets	37,061	115,162	35,321	70,589	346,956	227,732	-	832,821
Financial assets at fair value through profit or loss	204,021	442,112	279,328	1,345,727	226,288	166,352	12,076	2,675,904
Financial investments at fair value through other comprehensive income	819,780	129,719	322,119	530,228	8,901,656	2,897,188	738,894	14,339,584
Financial investments at amortised cost	-	284,641	525,246	-	895,105	4,224,523	-	5,929,515
Loans and advances	1,049,518	136,877	439,356	17,633,743	14,081,138	45,476,855	-	78,817,487
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	200,000	-	200,000
Deferred tax assets	-	-	-	-	-	-	139,318	139,318
Investment in associate	-	-	-	-	-	-	15,597	15,597
Other assets	1,142,367	162,304	88,510	148,627	151,374	126,761	-	1,819,943
Right of use assets	-	-	-	-	-	-	172,789	172,789
Property and equipment	-	-	-	-	-	-	151,787	151,787
Intangible assets	-	-	-	-	-	-	221,538	221,538
<b>Total Assets</b>	<b>13,147,072</b>	<b>2,552,168</b>	<b>1,689,880</b>	<b>21,028,533</b>	<b>24,602,517</b>	<b>54,631,711</b>	<b>1,451,999</b>	<b>119,103,880</b>
<b>Liabilities</b>								
Deposits from customers	49,987,084	14,134,006	9,430,298	10,871,790	1,433,718	-	-	85,856,896
Deposits and placements of banks and other financial institutions	2,831,544	1,980,085	769,563	576,643	688,316	531,592	-	7,377,743
Securities sold under resale agreements	751,188	831,529	-	-	-	-	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	725,016	-	-	1,200,000	4,950,007	-	-	6,875,023
Derivative financial liabilities	31,843	114,365	34,240	73,386	350,380	202,420	-	806,634
Term funding	45,264	62,513	63,582	55,100	818,801	-	-	1,045,260
Debt capital	-	-	-	-	-	3,095,000	-	3,095,000
Other liabilities	1,139,006	594,260	115,713	200,044	231,230	102,332	-	2,382,585
<b>Total Liabilities</b>	<b>55,510,945</b>	<b>17,716,758</b>	<b>10,413,396</b>	<b>12,976,963</b>	<b>8,472,452</b>	<b>3,931,344</b>	<b>-</b>	<b>109,021,858</b>
<b>Net Gap</b>	<b>(42,363,873)</b>	<b>(15,164,590)</b>	<b>(8,723,516)</b>	<b>8,051,570</b>	<b>16,130,065</b>	<b>50,700,367</b>	<b>1,451,999</b>	<b>10,082,022</b>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting (Cont'd.)

Group 2021 (Restated)	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Assets</b>								
Cash and short-term funds	9,621,295	-	-	-	-	-	-	9,621,295
Deposits, placements and investment accounts with banks and other financial institutions	-	397,848	-	-	-	59,276	-	457,124
Investment account placement	-	-	-	-	716,091	-	-	716,091
Derivative financial assets	88,938	136,263	108,232	61,753	664,438	253,379	-	1,313,003
Financial assets at fair value through profit or loss	231,060	500,498	544,249	2,130,769	97,553	266,652	18,811	3,789,592
Financial investments at fair value through other comprehensive income	217,164	824,567	794,825	1,851,435	5,722,848	3,593,432	759,336	13,763,607
Financial investments at amortised cost	-	5,002	-	-	1,477,129	2,269,310	-	3,751,441
Loans and advances	1,129,264	104,654	391,126	16,895,144	12,230,912	44,761,157	-	75,512,257
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	305,773	-	305,773
Deferred tax assets	-	-	-	-	-	-	74,858	74,858
Investment in associate	-	-	-	-	-	-	31,305	31,305
Other assets	964,185	181,174	67,403	165,609	100,594	90,982	-	1,569,947
Right of use assets	-	-	-	-	-	-	223,268	223,268
Property and equipment	-	-	-	-	-	-	184,473	184,473
Intangible assets	-	-	-	-	-	-	254,134	254,134
<b>Total Assets</b>	<b>12,251,906</b>	<b>2,150,006</b>	<b>1,905,835</b>	<b>21,104,710</b>	<b>21,009,565</b>	<b>51,599,961</b>	<b>1,546,185</b>	<b>111,568,168</b>
<b>Liabilities</b>								
Deposits from customers	46,647,913	15,094,063	8,330,887	8,717,762	839,339	-	-	79,629,964
Deposits and placements of banks and other financial institutions	2,924,932	1,660,006	995,121	511,369	41,292	972,107	-	7,104,827
Securities sold under resale agreements	317,519	492,652	-	-	-	-	-	810,171
Recourse obligation on loans sold to Cagamas Berhad	-	1,400,001	550,007	3,800,004	725,006	-	-	6,475,018
Derivative financial liabilities	115,342	129,572	87,391	80,067	624,827	236,330	-	1,273,529
Term funding	47,897	16,889	175,891	471,826	2,600	-	-	715,103
Debt capital	-	-	-	-	-	2,995,000	-	2,995,000
Other liabilities	2,549,599	559,014	184,495	200,407	198,773	110,320	-	3,802,608
<b>Total Liabilities</b>	<b>52,603,202</b>	<b>19,352,197</b>	<b>10,323,792</b>	<b>13,781,435</b>	<b>2,431,837</b>	<b>4,313,757</b>	<b>-</b>	<b>102,806,220</b>
<b>Net Gap</b>	<b>(40,351,296)</b>	<b>(17,202,191)</b>	<b>(8,417,957)</b>	<b>7,323,275</b>	<b>18,577,728</b>	<b>47,286,204</b>	<b>1,546,185</b>	<b>8,761,948</b>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting (Cont'd.)

Bank 2022	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Assets</b>								
Cash and short-term funds	9,874,911	-	-	-	-	-	-	9,874,911
Deposits, placements and investment accounts with banks and other financial institutions	-	1,281,353	-	800,000	-	103,435	-	2,184,788
Investment account placement	-	-	-	499,619	-	1,208,865	-	1,708,484
Derivative financial assets	37,061	115,162	35,321	70,589	346,956	227,732	-	832,821
Financial assets at fair value through profit or loss	203,986	442,112	279,328	1,345,727	226,288	166,352	12,076	2,675,869
Financial investments at fair value through other comprehensive income	819,780	129,719	322,119	530,228	8,901,656	2,897,188	738,894	14,339,584
Financial investments at amortised cost	-	284,641	525,246	-	895,105	4,224,523	-	5,929,515
Loans and advances	1,016,350	136,877	439,356	17,633,743	14,081,138	45,476,855	-	78,784,319
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	200,000	-	200,000
Investment in subsidiaries	-	-	-	-	-	-	139,318	139,318
Investment in associates	-	-	-	-	-	-	30,964	30,964
Deferred tax assets	-	-	-	-	-	-	19,617	19,617
Other assets	1,142,636	162,304	88,510	148,627	151,374	126,761	-	1,820,212
Right of use assets	-	-	-	-	-	-	174,238	174,238
Property and equipment	-	-	-	-	-	-	133,683	133,683
Intangible assets	-	-	-	-	-	-	221,538	221,538
<b>Total Assets</b>	<b>13,094,724</b>	<b>2,552,168</b>	<b>1,689,880</b>	<b>21,028,533</b>	<b>24,602,517</b>	<b>54,631,711</b>	<b>1,470,328</b>	<b>119,069,861</b>
<b>Liabilities</b>								
Deposits from customers	50,001,177	14,134,006	9,430,298	10,871,790	1,433,718	-	-	85,870,989
Deposits and placements of banks and other financial institutions	2,841,188	1,980,085	769,563	576,643	688,316	531,592	-	7,387,387
Securities sold under resale agreements	751,188	831,529	-	-	-	-	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	725,016	-	-	1,200,000	4,950,007	-	-	6,875,023
Derivative financial liabilities	31,843	114,365	34,240	73,386	350,380	202,420	-	806,634
Term funding	45,264	62,513	63,582	55,100	818,801	-	-	1,045,260
Debt capital	-	-	-	-	-	3,095,000	-	3,095,000
Other liabilities	1,127,691	594,260	115,713	200,044	231,230	102,332	-	2,371,270
<b>Total Liabilities</b>	<b>55,523,367</b>	<b>17,716,758</b>	<b>10,413,396</b>	<b>12,976,963</b>	<b>8,472,452</b>	<b>3,931,344</b>	<b>-</b>	<b>109,034,280</b>
<b>Net Gap</b>	<b>(42,428,643)</b>	<b>(15,164,590)</b>	<b>(8,723,516)</b>	<b>8,051,570</b>	<b>16,130,065</b>	<b>50,700,367</b>	<b>1,470,328</b>	<b>10,035,581</b>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document Financial Reporting (Cont'd.)

Bank 2021	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Assets</b>								
Cash and short-term funds	9,613,134	-	-	-	-	-	-	9,613,134
Deposits, placements and investment accounts with banks and other financial institutions	-	397,848	-	-	-	59,276	-	457,124
Investment account placement	-	-	-	-	716,091	-	-	716,091
Derivative financial assets	88,938	136,263	108,232	61,753	664,438	253,379	-	1,313,003
Financial assets at fair value through profit or loss	231,022	500,498	544,249	2,130,769	97,553	266,652	18,811	3,789,554
Financial investments at fair value through other comprehensive income	217,164	824,567	794,825	1,851,435	5,722,848	3,593,432	759,336	13,763,607
Financial investments at amortised cost	-	5,002	-	-	1,477,129	2,269,310	-	3,751,441
Loans and advances	1,088,782	104,654	391,126	16,895,144	12,230,912	44,761,157	-	75,471,775
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	305,773	-	305,773
Investment in subsidiaries	-	-	-	-	-	-	31,492	31,492
Investment in associates	-	-	-	-	-	-	32,300	32,300
Deferred tax assets	-	-	-	-	-	-	74,858	74,858
Other assets	961,280	181,174	67,403	165,609	100,594	90,982	-	1,567,042
Right of use assets	-	-	-	-	-	-	224,856	224,856
Property and equipment	-	-	-	-	-	-	165,843	165,843
Intangible assets	-	-	-	-	-	-	254,134	254,134
<b>Total Assets</b>	<b>12,200,320</b>	<b>2,150,006</b>	<b>1,905,835</b>	<b>21,104,710</b>	<b>21,009,565</b>	<b>51,599,961</b>	<b>1,561,630</b>	<b>111,532,027</b>
<b>Liabilities</b>								
Deposits from customers	46,663,681	15,094,063	8,330,887	8,717,762	839,339	-	-	79,645,732
Deposits and placements of banks and other financial institutions	2,935,137	1,660,006	995,121	511,369	41,292	972,107	-	7,115,032
Securities sold under resale agreements	317,519	492,652	-	-	-	-	-	810,171
Recourse obligation on loans sold to Cagamas Berhad	-	1,400,001	550,007	3,800,004	725,006	-	-	6,475,018
Derivative financial liabilities	115,342	129,572	87,391	80,067	624,827	236,330	-	1,273,529
Term funding	47,897	16,889	175,891	471,826	2,600	-	-	715,103
Debt capital	-	-	-	-	-	2,995,000	-	2,995,000
Other liabilities	2,537,924	559,014	184,495	200,407	198,773	110,320	-	3,790,933
<b>Total Liabilities</b>	<b>52,617,500</b>	<b>19,352,197</b>	<b>10,323,792</b>	<b>13,781,435</b>	<b>2,431,837</b>	<b>4,313,757</b>	<b>-</b>	<b>102,820,518</b>
<b>Net Gap</b>	<b>(40,417,180)</b>	<b>(17,202,191)</b>	<b>(8,417,957)</b>	<b>7,323,275</b>	<b>18,577,728</b>	<b>47,286,204</b>	<b>1,561,630</b>	<b>8,711,509</b>

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis

Group 2022	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Liabilities</b>								
Deposits from customers	50,309,432	14,221,142	9,488,435	10,938,814	1,442,557	-	-	86,400,380
Deposits and placements of banks and other financial institutions	2,858,704	1,992,292	774,307	580,198	692,559	534,869	-	7,432,929
Securities sold under resale agreements	753,639	834,001	-	-	-	-	-	1,587,640
Recourse obligation on loans sold to Cagamas Berhad	738,522	52,061	33,469	1,285,770	5,054,424	-	-	7,164,246
Derivative financial liabilities	50,427	112,797	61,435	134,164	375,063	64,706	-	798,592
Term funding	45,351	69,448	63,894	62,868	831,314	-	-	1,072,875
Debt capital	12,141	24,685	37,230	1,154,194	2,183,049	-	-	3,411,299
Other liabilities*	1,078,711	585,082	102,048	174,494	106,530	42,725	-	2,089,590
<b>Total Undiscounted Liabilities</b>	<b>55,846,927</b>	<b>17,891,508</b>	<b>10,560,818</b>	<b>14,330,502</b>	<b>10,685,496</b>	<b>642,300</b>	<b>-</b>	<b>109,957,551</b>
<b>Commitments</b>								
Irrevocable commitments to extend credit	361,545	736,465	1,242,296	1,472,483	121,738	9,325,484	-	13,260,011
Unutilised credit card lines	3,696,035	-	-	-	-	-	-	3,696,035
Forward asset purchase	50,143	-	-	-	-	-	-	50,143
<b>Contingent Liabilities</b>								
Direct credit substitutes	581,774	289,031	306,810	754,584	567,867	259	-	2,500,325
Certain transaction-related contingent items	141,365	151,466	442,050	597,475	1,976,872	101,850	-	3,411,078
Short-term self liquidating trade-related contingencies	340,020	140,675	19,348	23,067	-	-	-	523,110
<b>Total commitments and contingent liabilities</b>	<b>5,170,882</b>	<b>1,317,637</b>	<b>2,010,504</b>	<b>2,847,609</b>	<b>2,666,477</b>	<b>9,427,593</b>	<b>-</b>	<b>23,440,702</b>

\* The balances had included the undiscounted contractual payments for lease liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

**49. RISK MANAGEMENT (CONT'D.)****49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)****(a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)**

Group 2021	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>								
Deposits from customers	47,034,841	15,214,120	8,397,150	8,787,103	846,015	-	-	80,279,229
Deposits and placements of banks and other financial institutions	2,958,483	1,673,210	1,003,036	515,436	41,620	979,839	-	7,171,624
Securities sold under resale agreements	318,570	494,825	-	-	-	-	-	813,395
Recourse obligation on loans sold to Cagamas Berhad	13,506	1,434,731	590,244	3,861,986	738,512	-	-	6,638,979
Derivative financial liabilities	142,205	155,261	137,194	251,025	398,923	50,084	-	1,134,692
Term funding	95,794	25,489	210,091	471,826	5,200	-	-	808,400
Debt capital	13,965	24,900	35,157	573,885	2,716,913	-	-	3,364,820
Other liabilities*	2,429,065	546,290	165,150	160,461	63,198	36,390	-	3,400,554
<b>Total Undiscounted Liabilities</b>	<b>53,006,429</b>	<b>19,568,826</b>	<b>10,538,022</b>	<b>14,621,722</b>	<b>4,810,381</b>	<b>1,066,313</b>	<b>-</b>	<b>103,611,693</b>
<b>Commitments</b>								
Irrevocable commitments to extend credit	345,831	990,740	1,152,494	1,444,874	149,273	9,281,982	-	13,365,194
Unutilised credit card lines	3,761,826	-	-	-	-	-	-	3,761,826
Forward asset purchase	657,169	-	-	-	-	-	-	657,169
<b>Contingent Liabilities</b>								
Direct credit substitutes	85,271	129,788	230,512	804,198	307,288	176	-	1,557,233
Certain transaction-related contingent items	165,869	365,598	631,822	434,498	1,698,037	147,007	-	3,442,831
Short-term self liquidating trade-related contingencies	398,366	244,440	4,312	7,273	-	-	-	654,391
<b>Total commitments and contingent liabilities</b>	<b>5,414,332</b>	<b>1,730,566</b>	<b>2,019,140</b>	<b>2,690,843</b>	<b>2,154,598</b>	<b>9,429,165</b>	<b>-</b>	<b>23,438,644</b>

\* The balances had included the undiscounted contractual payments for lease liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Bank 2022	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
<b>Liabilities</b>								
Deposits from customers	50,309,432	14,221,142	9,488,435	10,938,814	1,442,557	-	-	86,400,380
Deposits and placements of banks and other financial institutions	2,858,704	1,992,292	774,307	580,198	692,559	534,869	-	7,432,929
Securities sold under resale agreements	753,639	834,001	-	-	-	-	-	1,587,640
Recourse obligation on loans sold to Cagamas Berhad	738,522	52,061	33,469	1,285,770	5,054,424	-	-	7,164,246
Derivative financial liabilities	50,427	112,797	61,435	134,164	375,063	64,706	-	798,592
Term funding	45,351	69,448	63,894	62,868	831,314	-	-	1,072,875
Debt capital	12,141	24,685	37,230	1,154,194	2,183,049	-	-	3,411,299
Other liabilities*	1,078,711	585,082	102,048	174,494	106,530	42,725	-	2,089,590
<b>Total Undiscounted Liabilities</b>	<b>55,846,927</b>	<b>17,891,508</b>	<b>10,560,818</b>	<b>14,330,502</b>	<b>10,685,496</b>	<b>642,300</b>	<b>-</b>	<b>109,957,551</b>
<b>Commitments</b>								
Irrevocable commitments to extend credit	361,545	736,465	1,242,296	1,549,783	121,738	9,325,484	-	13,337,311
Unutilised credit card lines	3,696,035	-	-	-	-	-	-	3,696,035
Forward asset purchase	50,143	-	-	-	-	-	-	50,143
Others	-	-	-	-	-	50	-	50
<b>Contingent Liabilities</b>								
Direct credit substitutes	581,774	289,031	306,810	754,584	567,867	259	-	2,500,325
Certain transaction-related contingent items	141,365	151,466	442,050	597,475	1,976,872	101,850	-	3,411,078
Short-term self liquidating trade-related contingencies	340,020	140,675	19,348	23,067	-	-	-	523,110
<b>Total commitments and contingent liabilities</b>	<b>5,170,882</b>	<b>1,317,637</b>	<b>2,010,504</b>	<b>2,924,909</b>	<b>2,666,477</b>	<b>9,427,643</b>	<b>-</b>	<b>23,518,052</b>

\* The balances had included the undiscounted contractual payments for lease liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

## 49. RISK MANAGEMENT (CONT'D.)

## 49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

## (a) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Bank 2021	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>								
Deposits from customers	47,081,131	15,229,094	8,405,415	8,795,751	846,848	-	-	80,358,239
Deposits and placements of banks and other financial institutions	2,961,395	1,674,856	1,004,023	515,944	41,661	980,803	-	7,178,682
Securities sold under resale agreements	318,570	494,825	-	-	-	-	-	813,395
Recourse obligation on loans sold to Cagamas Berhad	13,506	1,434,731	590,244	3,861,986	738,512	-	-	6,638,979
Derivative financial liabilities	142,205	155,261	137,194	251,025	398,923	50,084	-	1,134,692
Term funding	48,150	16,944	181,891	472,748	2,600	-	-	722,333
Debt capital	13,965	24,900	35,157	573,885	2,716,913	-	-	3,364,820
Other liabilities*	2,429,065	546,290	165,150	160,461	63,198	36,390	-	3,400,554
<b>Total Undiscounted Liabilities</b>	<b>53,007,987</b>	<b>19,576,901</b>	<b>10,519,074</b>	<b>14,631,800</b>	<b>4,808,655</b>	<b>1,067,277</b>	<b>-</b>	<b>103,611,694</b>
<b>Commitments</b>								
Irrevocable commitments to extend credit	345,831	990,740	1,152,494	1,509,874	149,273	9,281,982	-	13,430,194
Unutilised credit card lines	3,761,826	-	-	-	-	-	-	3,761,826
Forward asset purchase	657,169	-	-	-	-	-	-	657,169
Others	-	-	-	-	-	50	-	50
<b>Contingent Liabilities</b>								
Direct credit substitutes	85,271	129,788	230,512	804,198	307,288	176	-	1,557,233
Certain transaction-related contingent items	165,869	365,598	631,822	434,498	1,698,037	147,007	-	3,442,831
Short-term self liquidating trade-related contingencies	398,366	244,440	4,312	7,273	-	-	-	654,391
<b>Total commitments and contingent liabilities</b>	<b>5,414,332</b>	<b>1,730,566</b>	<b>2,019,140</b>	<b>2,755,843</b>	<b>2,154,598</b>	<b>9,429,215</b>	<b>-</b>	<b>23,503,694</b>

\* The undiscounted contractual payments for lease liabilities are included under Other Liabilities. The remaining contractual maturity for lease commitment is disclosed in Note 28(a).

## 49. RISK MANAGEMENT (CONT'D.)

### 49.4 MARKET RISK MANAGEMENT

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of IBMR.

#### Traded Market Risk

The TMR management process is depicted in the table below:



TMR arises from transactions in which the Bank acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and GMRC approved limit structures and risk appetite. This is done via robust traded market risk ("TRM") measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Bank is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g., Greek Limits/PV01 Limits) and indicators are used to monitor changes in portfolio values due to changes in risk factors under different market conditions.

## 49. RISK MANAGEMENT (CONT'D.)

### 49.4 MARKET RISK MANAGEMENT (CONT'D.)

#### Traded Market Risk (Cont'd.)

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits and to provide an action plan to address any non-adherence event to Senior Management.

The Bank adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

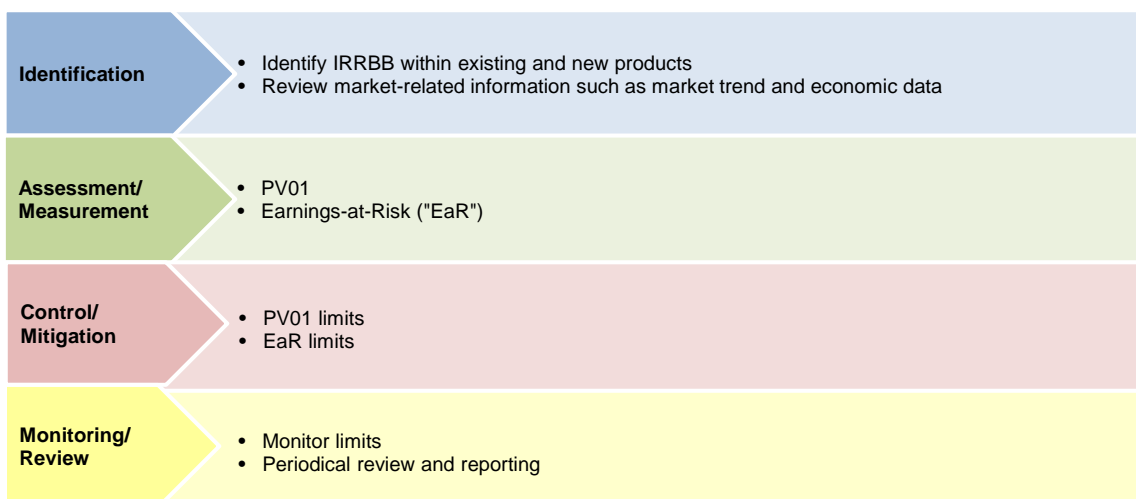
IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

#### Non-Traded Market Risk

NTMR refers to interest rate risk in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

#### Interest Rate Risk in Banking Book (“IRRBB”)

The IRRBB risk management process is depicted in the table below:



IRRBB arises from changes in market interest rates that impact core net interest income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest margins and implied volatilities on interest rate options. The provision of retail and wholesale banking products and services (primarily lending and deposit taking activities) creates interest rate-sensitive positions in the Bank’s statement of financial position.

The principal objectives of balance sheet risk management are to manage interest income sensitivity while maintaining acceptable levels of IRRBB and funding risk, and to manage the economic value of Bank’s capital.

The Board’s oversight of IRRBB is supported by GALCO and GMRC. GMRC is responsible for the alignment of Bank-wide risk appetite. GALCO reviews strategies to ensure a comfortable level of IRRBB is maintained, taking into consideration the Bank’s business strategies and is responsible for overseeing the Bank’s gapping positions, asset growth and liability mix against the interest rate outlook. The Bank has successfully engaged long-term borrowings and written interest rate swaps to manage IRRBB and maintained an acceptable gapping profile as a result. In accordance with the Bank’s policy, IRRBB positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Management-established limits.

## **49. RISK MANAGEMENT (CONT'D.)**

### **49.4 MARKET RISK MANAGEMENT (CONT'D.)**

#### **Non-Traded Market Risk (Cont'd.)**

##### **Interest Rate Risk in Banking Book ("IRRBB") (Cont'd.)**

The Bank measures the IRRBB exposures using PV01. PV01 is a quantitative measure to assess the impact of an absolute change in economic value due to 1 basis point movement in market interest rates.

The Bank complements PV01 by stress testing IRRBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest rates and spreads, changes in loan and deposit product balances due to behavioural characteristics under different interest rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and loans.

The rate scenarios may include rapid ramping of interest rates, gradual ramping of interest rates, and narrowing or widening of spreads. Usually each analysis incorporates what management deems the most appropriate assumptions about customer behaviour in an interest rate scenario. However, in certain cases, assumptions are deliberately changed to test the Bank's exposure to a specified event.

The Bank's strategy seeks to optimise exposure to IRRBB within Management-approved limits. This is achieved through the ability to reposition the interest rate exposure of the statement of financial position using various product and funding strategies, supported by interest rate hedging activities using interest rate swaps and other derivatives. These approaches are governed by the Bank's policies in the areas of product and liquidity management as well as the Trading Book and Banking book Policy, hedging policies and Non Traded Interest Rate Risk Framework.

IRRBB exposures are monitored by IBMR and positions reported to the GALCO, GMRC, RMC and the Board.

#### **IBOR reform**

Following the decision by global regulators to phase out IBORs to replace them with alternative reference rates (or risk-free rates ("RFRs")) as part of the IBOR reform, AMMB Group has established an IBOR Project Steering Committee ("PSC") to oversee and manage the transition for any of its legacy contracts that could be affected by the transition. The project is chaired by the Group CFO with the Deputy Managing Director of Wholesale Banking/Head of Group Treasury Markets as his alternate Chairperson. The programme is executed by a project working group comprising 6 workstreams to comprehensively manage and coordinate the specific LIBOR transition activities, including the identification of all products and contracts in scope of benchmark reform, communication with customers for repricing and/or re-papering of LIBOR referenced contracts and incorporation of the relevant fallback provisions in the contracts, upgrading of internal systems to support the alternative RFR product suite, as well as ensuring operational readiness (including Shariah compliance). These workstreams actively participate in industry-wide working group discussions, attend seminars/conferences/briefings to ensure the project working group members are kept informed of the latest developments and adopt consistent approaches of other market participants. Group Management Committee, Risk Management Committee and the Board of Directors of the Bank is regularly briefed on the progress of this programme.

The Group has successfully completed the enhancement of the impacted systems and have in place detailed plans, processes and procedures to support the LIBOR transition to RFRs which ceased by 31 December 2021. The Group is confident that it has the operational capability to process the remaining IBORs transitions to RFRs for those benchmarks rates such as USD that will cease to be available after 30 June 2023.

**49. RISK MANAGEMENT (CONT'D.)****49.4 MARKET RISK MANAGEMENT (CONT'D.)****Non-Traded Market Risk (Cont'd.)****IBOR reform (Cont'd.)**

IBORs benchmark reform exposes the Group to various risks, which the project continues to manage and monitor closely. The project team has assessed these risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties on the amendments of legal documentations to have adequate fallback provisions into existing legacy contracts necessary to effect IBOR reform;
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an LIBOR ceases to be available;
- Accounting risk if the Group's hedging relationships fail and form unrepresentative income statement volatility as financial instruments transition to RFRs; and
- Awareness and preparation risk by staff due to complex compounding approaches and payment conventions.

The following table is exposure that have yet to transition from IBOR to RFRs as at 31 March 2022:

	<b>Non-derivatives financial assets carrying value RM'000</b>	<b>Derivatives nominal amount RM'000</b>
<b>Group</b>		
USD London Interbank Offered Rate ("LIBOR")	3,011,255	9,495,539

**Market Risk Sensitivity****(i) Interest Rate Risk**

Interest rate risk ("IRR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate and is managed through gap and sensitivity analysis. Interest rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR hedging measures to cushion the interest volatility.

The following table demonstrates the sensitivity of the Group's and of the Bank's profit before taxation and equity to a reasonable possible change in interest rate with all other variables remaining constant.

**Traded Market Risk:**

	<b>2022</b>		<b>2021</b>	
	<b>Interest rate + 100 bps (RM'000)</b>	<b>Interest rate - 100 bps (RM'000)</b>	<b>Interest rate + 100 bps (RM'000)</b>	<b>Interest rate - 100 bps (RM'000)</b>
<b>Group and Bank</b>				
Impact on profit before taxation	3,364	(2,088)	(66,872)	74,258

**49. RISK MANAGEMENT (CONT'D.)****49.4 MARKET RISK MANAGEMENT (CONT'D.)****Market Risk Sensitivity (Cont'd.)****(i) Interest Rate Risk (Cont'd.)****Non-Traded Market Risk:**

	2022		2021	
	Interest rate + 100 bps (RM'000)	Interest rate - 100 bps (RM'000)	Interest rate + 100 bps (RM'000)	Interest rate - 100 bps (RM'000)
<b>Group</b>				
Impact on profit before taxation	541,953	(541,953)	519,267	(519,267)
Impact on equity	(402,531)	428,716	(389,800)	420,152
<b>Bank</b>				
Impact on profit before taxation	541,953	(541,953)	520,058	(520,058)
Impact on equity	(402,531)	428,716	(389,800)	420,152

**(ii) Foreign Exchange Risk**

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and of the Bank's profit before taxation and equity to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

**Impact on profit before taxation:**

	2022		2021	
	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)
<b>Currency</b>				
<b>Group</b>				
USD	(29,749)	29,749	(51,453)	51,453
SGD	6,076	(6,076)	8,821	(8,821)
EUR	(1,140)	1,140	(219)	219
AUD	2,849	(2,849)	2,547	(2,547)
GBP	4,968	(4,968)	1,862	(1,862)
JPY	(581)	581	(402)	402
HKD	37,618	(37,618)	43,910	(43,910)
Others	2,033	(2,033)	647	(647)
<b>Bank</b>				
USD	(29,749)	29,749	(51,453)	51,453
SGD	6,076	(6,076)	8,821	(8,821)
EUR	(1,140)	1,140	(219)	219
AUD	2,849	(2,849)	2,547	(2,547)
GBP	4,968	(4,968)	1,862	(1,862)
JPY	(581)	581	(402)	402
HKD	37,618	(37,618)	43,910	(43,910)
Others	2,033	(2,033)	647	(647)

**49. RISK MANAGEMENT (CONT'D.)****49.4 MARKET RISK MANAGEMENT (CONT'D.)****Market Risk Sensitivity (Cont'd.)****(ii) Foreign Exchange Risk (Cont'd.)****Impact on equity:**

	2022		2021	
	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)
<b>Currency</b>				
<b>Group</b>				
USD	27,196	(27,196)	29,568	(29,568)
EUR	58	(58)	55	(55)
<b>Bank</b>				
USD	27,194	(27,194)	29,566	(29,566)
EUR	58	(58)	55	(55)

**(iii) Equity Price Risk**

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size limit, loss limits and VaR limits.

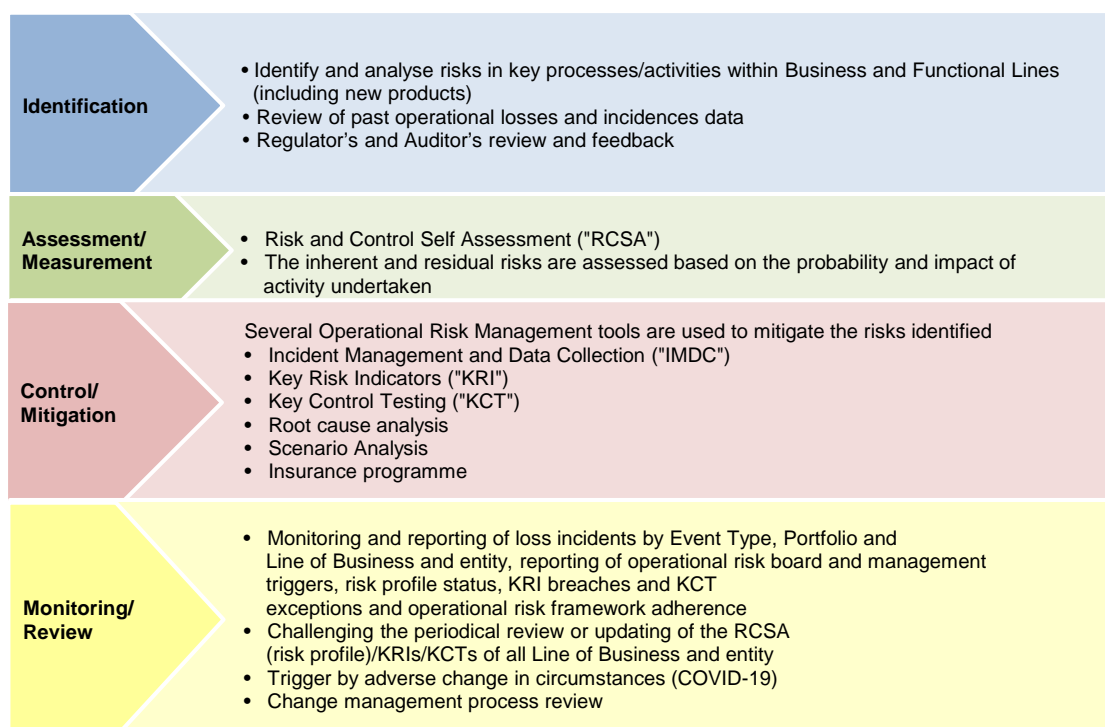
The following table demonstrates the sensitivity of the Group's and of the Bank's profit before taxation and equity to a reasonable possible change in prices with all other variables remaining constant:

	2022		2021	
	Prices + 10 % (RM'000)	Prices - 10 % (RM'000)	Prices + 10 % (RM'000)	Prices - 10 % (RM'000)
<b>Group</b>				
Impact on profit before taxation	103,987	(103,987)	104,747	(104,747)
Impact on equity	6,973	(6,973)	7,798	(7,798)
<b>Bank</b>				
Impact on profit before taxation	103,987	(103,987)	104,747	(104,747)
Impact on equity	6,973	(6,973)	7,798	(7,798)

## 49. RISK MANAGEMENT (CONT'D.)

### 49.5 OPERATIONAL RISK MANAGEMENT

The operational risk management process is depicted in the table below:



Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk, outsourcing risk and technology (including cyber) risk. It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non financial risk or return attributes in order to support the achievement of Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT:

- Fraud (internal and external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management.

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- the first line of defence ("FLOD") is responsible for the management of operational risk in order for accountability and ownership to be as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced FLOD provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.
- in the second line of defence, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development and communication, quality assurance of internal controls, operational risk measurement, validation of FLOD effectiveness, ORM training and reporting of operational risk triggers, breaches, KCT exceptions, operational loss incidents to GMRC, RMC and the Board.
- Group Internal Audit acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

## 49. RISK MANAGEMENT (CONT'D.)

### 49.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)

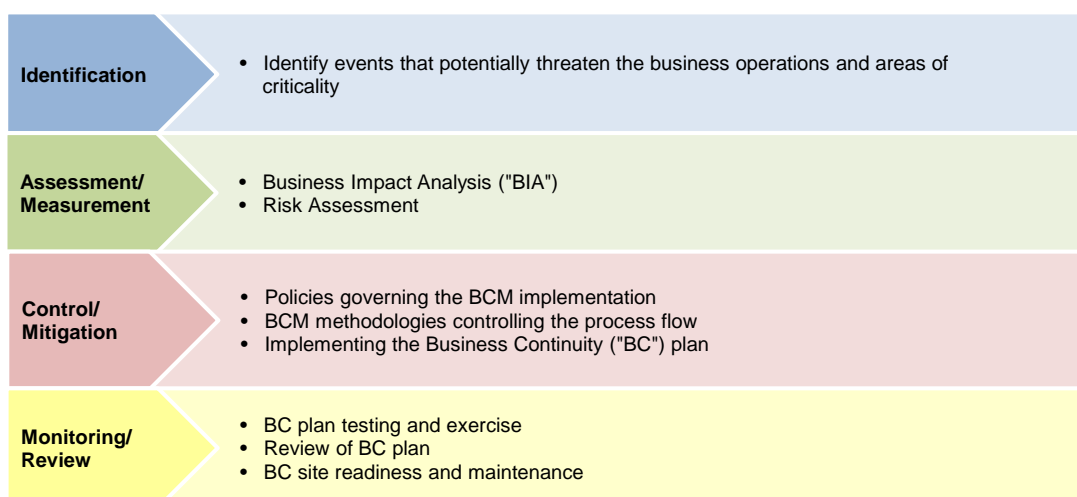
Group Operational Risk maintains close working relationships with all Business and Functional Lines, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The ORM process contains the following ORM tools:

- The IMDC module provides a common platform for reporting operational risk incidents that fall within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge;
- The RCSA is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group;
- The KRI module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements;
- The KCT is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks;
- Root cause analysis is conducted by the Operational Risk Relationship Managers within Group Operational Risk to prevent recurrence of operational risk incidents; and
- Scenario analysis is a forward looking assessment tool to assess the severity impact on the Bank's profitability and capital adequacy should the plausible and worse case scenarios materialise.

The GMRC, RMCD and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology ("IT") (including cyber) risk, legal risk and business continuity management.

#### (i) Business Continuity Management ("BCM")

The Business Continuity Management ("BCM") process is depicted in the table below:



## **49. RISK MANAGEMENT (CONT'D.)**

### **49.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)**

#### **(i) Business Continuity Management ("BCM") (Cont'd.)**

The BCM function is an integral part of ORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and the identification of critical business functions through BIA exercise, for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team units to ensure that the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangement and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

### **49.6 CYBER RISK MANAGEMENT**

Cyber security risks remain a persistent threat for the financial industry. Driven by the constantly evolving nature and sophistication of cyber threats and attack vectors, this calls for increased vigilance, readiness and ability to respond to upcoming threats. The resilience of the Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information.

The Group continues to enhance its cyber security controls framework, execute internal assessment reviews, build defense mechanisms and uplift governance processes alongside the Group's cyber risk management strategy - to identify threats in a timely manner, and build or enhance the right defenses to mitigate risks. Creating a security mindset for employees and customers via its Cyber Security awareness programs also remains a priority.

The Group Technology Risk team acts as a second line of defence to monitor alongside the first line of defence to ensure that risks and controls are properly managed. The Group's technology risk management capabilities include oversight over infrastructure security risk, data leakage risk, application security risk and third party security risk.

### **49.7 LEGAL RISK**

In all jurisdictions that the Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgment, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by GMRC/Group Management Committee ("GMC"), upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks is appropriately managed.

## **49. RISK MANAGEMENT (CONT'D.)**

### **49.8 REGULATORY COMPLIANCE RISK**

AMMB Group has in place a compliance framework to promote the safety and soundness of the Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The Group Chief Compliance Officer has a direct reporting line to the RMC of the Board. A governance structure is in place for escalation and reporting of compliance risks and issues through monthly compliance reports to the RMC and Board.

The compliance framework details the roles and responsibilities for compliance with regulatory guidelines and requirements. The responsible parties are accountable for the management of compliance risks associated with the AMMB Group's processes and increasing awareness on the role of every employee to be compliant and safeguard the AMMB Group's reputation against any potential legal violations and/or regulatory non-compliance. The Senior Management team is responsible for communicating the compliance framework to all employees, as well as implementing appropriate actions for non-compliances.

The Group Management Governance and Compliance Committee ("GMGCC"), comprising of the Senior Management Team from Group Compliance, Group Risk, Group Internal Audit and the Business, meets regularly to discuss and deliberate on regulatory updates, compliance issues and areas of non-compliance. The Group believes in and embraces a strong compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and Senior Management lead by example. The Group has zero tolerance for any form of bribery or corruption.

AMMB Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risks as well as sensitive towards heightened regulatory surveillance and enforcement.

**50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investment in subsidiaries and other investments and deferred taxation are excluded, as they do not fall within the scope of MFRS 7 *Financial Instruments: Disclosures*, which requires the fair value information to be disclosed.

The estimated fair values of the Group's and of the Bank's financial instruments are as follows:

- a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values).

	Group		Bank	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
<b>2022</b>				
<b>Financial Assets</b>				
Financial investments at amortised cost	5,929,515	5,959,643	5,929,515	5,959,643
Loans and advances*	9,169,616	8,397,856	9,063,565	8,305,345
	<u>15,099,131</u>	<u>14,357,499</u>	<u>14,993,080</u>	<u>14,264,988</u>
<b>Financial Liabilities</b>				
Recourse obligation of loans sold to Cagamas Berhad	6,875,023	7,374,300	6,875,023	7,374,300
Term funding	1,045,260	994,743	1,045,260	994,743
Debt capital	3,095,000	3,127,608	3,095,000	3,127,608
	<u>11,015,283</u>	<u>11,496,651</u>	<u>11,015,283</u>	<u>11,496,651</u>
<b>2021</b>				
<b>Financial Assets</b>				
Financial investments at amortised cost	2,695,263	2,763,553	2,695,263	2,763,553
Loans and advances*	9,954,277	9,068,743	9,827,870	8,924,389
	<u>12,649,540</u>	<u>11,832,296</u>	<u>12,523,133</u>	<u>11,687,942</u>
<b>Financial Liabilities</b>				
Recourse obligation of loans sold to Cagamas Berhad	6,475,018	6,619,579	6,475,018	6,619,579
Term funding	715,103	718,876	715,103	718,876
Debt capital	2,995,000	3,063,433	2,995,000	3,063,433
	<u>10,185,121</u>	<u>10,401,888</u>	<u>10,185,121</u>	<u>10,401,888</u>

Note:

- \* Excluding loans and advances of RM69,647,871,109 and RM69,720,753,886 for the Group and the Bank respectively (2021: RM65,557,979,993 and RM65,643,905,000 for the Group and the Bank respectively) where the carrying amounts are reasonable approximation of their fair values.

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

(b) The following table provides the fair value measurement hierarchy of the Group's and of the Bank's assets and liabilities:

	Group				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>2022</b>								
<b>Financial assets measured at fair value</b>								
Derivative financial assets	2,090	830,731	-	832,821	2,090	830,731	-	832,821
Financial assets at fair value through profit or loss								
- Money market securities	-	1,096,786	-	1,096,786	-	1,096,786	-	1,096,786
- Quoted shares	1,047,418	-	-	1,047,418	1,047,414	-	-	1,047,414
- Unquoted shares	-	-	31	31	-	-	-	-
- Quoted unit trust	12,466	-	-	12,466	12,466	-	-	12,466
- Quoted sukuk	-	13,315	-	13,315	-	13,315	-	13,315
- Unquoted corporate bond and sukuk	-	505,888	-	505,888	-	505,888	-	505,888
Financial investments at fair value through other comprehensive income								
- Money market securities	-	6,494,294	-	6,494,294	-	6,494,294	-	6,494,294
- Unquoted shares	-	-	669,168	669,168	-	-	669,168	669,168
- Quoted unit trust	69,726	-	-	69,726	69,726	-	-	69,726
- Unquoted corporate bond and sukuk	-	7,106,396	-	7,106,396	-	7,106,396	-	7,106,396
<b>Financial assets for which fair values are disclosed</b>								
Financial investments at amortised cost	-	5,959,553	90	5,959,643	-	5,959,553	90	5,959,643
Loans and advances	-	8,397,856	-	8,397,856	-	8,305,345	-	8,305,345
	<u>1,131,700</u>	<u>30,404,819</u>	<u>669,289</u>	<u>32,205,808</u>	<u>1,131,696</u>	<u>30,312,308</u>	<u>669,258</u>	<u>32,113,262</u>
<b>Financial liabilities measured at fair value</b>								
Derivative financial liabilities	26,964	779,670	-	806,634	26,964	779,670	-	806,634
<b>Financial liabilities for which fair values are disclosed</b>								
Recourse obligation of loans sold to Cagamas Berhad	-	7,374,300	-	7,374,300	-	7,374,300	-	7,374,300
Term funding	-	994,743	-	994,743	-	994,743	-	994,743
Debt capital	-	3,127,608	-	3,127,608	-	3,127,608	-	3,127,608
	<u>26,964</u>	<u>12,276,321</u>	<u>-</u>	<u>12,303,285</u>	<u>26,964</u>	<u>12,276,321</u>	<u>-</u>	<u>12,303,285</u>

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

(b) The following table provides the fair value measurement hierarchy of the Group's and of the Bank's assets and liabilities (Cont'd.):

	Group				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>2021</b>								
<b>Financial assets measured at fair value</b>								
Derivative financial assets	237	1,312,766	-	1,313,003	237	1,312,766	-	1,313,003
Financial assets at fair value through profit or loss								
- Money market securities	-	2,136,963	-	2,136,963	-	2,136,963	-	2,136,963
- Quoted shares	1,044,991	-	-	1,044,991	1,044,987	-	-	1,044,987
- Unquoted shares	-	-	34	34	-	-	-	-
- Quoted unit trust	20,078	-	-	20,078	20,078	-	-	20,078
- Quoted sukuk	-	37,538	-	37,538	-	37,538	-	37,538
- Unquoted corporate bond and sukuk	-	549,988	-	549,988	-	549,988	-	549,988
Financial investments at fair value through other comprehensive income								
- Money market securities	-	5,936,158	-	5,936,158	-	5,936,158	-	5,936,158
- Unquoted shares	-	-	681,353	681,353	-	-	681,353	681,353
- Quoted unit trust	77,983	-	-	77,983	77,983	-	-	77,983
- Unquoted corporate bond and sukuk	-	7,068,113	-	7,068,113	-	7,068,113	-	7,068,113
<b>Financial assets for which fair values are disclosed</b>								
Financial investments at amortised cost	-	2,763,463	90	2,763,553	-	2,763,463	90	2,763,553
Loans and advances	-	9,068,743	-	9,068,743	-	8,924,389	-	8,924,389
	<u>1,143,289</u>	<u>28,873,732</u>	<u>681,477</u>	<u>30,698,498</u>	<u>1,143,285</u>	<u>28,729,378</u>	<u>681,443</u>	<u>30,554,106</u>
<b>Financial liabilities measured at fair value</b>								
Derivative financial liabilities	21,234	1,252,295	-	1,273,529	21,234	1,252,295	-	1,273,529
<b>Financial liabilities for which fair values are disclosed</b>								
Recourse obligation of loans sold to Cagamas Berhad	-	6,619,579	-	6,619,579	-	6,619,579	-	6,619,579
Term funding	-	718,876	-	718,876	-	718,876	-	718,876
Debt capital	-	3,063,433	-	3,063,433	-	3,063,433	-	3,063,433
	<u>21,234</u>	<u>11,654,183</u>	<u>-</u>	<u>11,675,417</u>	<u>21,234</u>	<u>11,654,183</u>	<u>-</u>	<u>11,675,417</u>

There is no transfer between level 1 and level 2 during the current and previous financial year for the Group and the Bank.

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

### Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

#### (a) Financial assets and financial liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than six months), the carrying amounts approximate to their fair value.

#### (b) Financial investments at amortised cost

Fair value of securities is based on observable mid prices at reporting date and where observable mid prices are not available, the fair value is based on net tangible asset backing.

#### (c) Loans and advances

The fair value of variable rate loans and advances are estimated to approximate their carrying values. For fixed rate loans and advances, the fair values are estimated based on expected future cash flows of contractual instalments discounted at prevailing indicative rates adjusted for credit risk. For impaired loans and advances, the fair values are deemed to approximate the carrying value (net of impairment losses).

#### (d) Term funding and debt capital

The Group uses observable mid prices to estimate the fair values and where mid prices are not available, the fair values are estimated by discounting the expected future cash flows using market indicative rates of instruments with similar risk profile.

#### (e) Recourse obligation on loans sold to Cagamas Berhad

The fair value for recourse obligation on loans sold to Cagamas Berhad is determined based on the discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

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

### Determination of fair value hierarchy

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

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

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, investment 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 unquoted 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 or of the Bank. Therefore, unobservable inputs reflect the Group's and the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Bank's own data, as well as financial information of the counterparties. Unquoted equity instruments at FVOCI was revalued using adjusted net assets method.

About 3.7% of the Group's and of the Bank's (2021: 3.6% of the Group's and of the Bank'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.

**50. 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 year. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

<b>Group</b>	<b>Equity instruments at FVTPL RM'000</b>	<b>Equity instruments at FVOCI RM'000</b>	<b>Total RM'000</b>
<b>2022</b>			
Balance at beginning of the financial year	34	681,353	681,387
Gain on revaluation of financial assets at FVTPL taken up in statement of profit or loss	(3)	2,666	2,663
Disposal	-	(14,857)	(14,857)
Addition	-	6	6
Balance at end of the financial year	<u>31</u>	<u>669,168</u>	<u>669,199</u>
<b>2021</b>			
Balance at beginning of the financial year	31	588,549	588,580
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	-	92,804	92,804
Balance at end of the financial year	<u>34</u>	<u>681,353</u>	<u>681,387</u>
<b>Bank</b>			
<b>2022</b>			
Balance at beginning of the financial year		681,353	681,353
Gain on revaluation of financial assets at FVTPL taken up in statement of profit or loss		2,666	2,666
Disposal		(14,857)	(14,857)
Addition		6	6
Balance at end of the financial year		<u>669,168</u>	<u>669,168</u>

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

**Movements In Level 3 financial instruments measured at fair value (Cont'd.)**

<b>2021</b>	<b>Debt instruments at FVOCI RM'000</b>	<b>Equity instruments at FVOCI RM'000</b>	<b>Total RM'000</b>
Balance at beginning of the financial year	7,846	588,549	596,395
Settlements	(7,700)	-	(7,700)
Total (losses)/gains recognised in other comprehensive income	(146)	92,804	92,658
Balance at end of the financial year	<u>-</u>	<u>681,353</u>	<u>681,353</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>				
Total gain/(loss) included in:				
- profit or loss	<u>(3)</u>	<u>3</u>	<u>-</u>	<u>-</u>
<b>Financial investments at FVOCI</b>				
Total gains included in:				
- other comprehensive income	<u>2,666</u>	<u>92,804</u>	<u>2,666</u>	<u>92,658</u>

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

**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.

**51. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g. loans and advances) and similar agreements are as follows:

	Gross amount of recognised financial assets/liabilities RM'000	Gross amounts offset in the statements of financial position RM'000	Amounts presented in the statements of financial position RM'000	Amount not offset in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received/pledged RM'000	
<b>Group and Bank</b>						
<b>2022</b>						
Derivative financial assets (Note 10)	832,821	-	832,821	(364,236)	(229,098)	239,487
	<u>832,821</u>	<u>-</u>	<u>832,821</u>	<u>(364,236)</u>	<u>(229,098)</u>	<u>239,487</u>
					(Note 28)	
Derivative financial liabilities (Note 10)	806,634	-	806,634	(364,236)	(446,809)	(4,411)
	<u>806,634</u>	<u>-</u>	<u>806,634</u>	<u>(364,236)</u>	<u>(446,809)</u>	<u>(4,411)</u>
					(Note 19)	
<b>2021</b>						
Derivative financial assets (Note 10)	1,313,003	-	1,313,003	(800,947)	(145,035)	367,021
	<u>1,313,003</u>	<u>-</u>	<u>1,313,003</u>	<u>(800,947)</u>	<u>(145,035)</u>	<u>367,021</u>
					(Note 28)	
Derivative financial liabilities (Note 10)	1,273,529	-	1,273,529	(800,947)	(552,339)	(79,757)
	<u>1,273,529</u>	<u>-</u>	<u>1,273,529</u>	<u>(800,947)</u>	<u>(552,339)</u>	<u>(79,757)</u>
					(Note 19)	

## 52. 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

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

Group Treasury and Markets includes proprietary trading as well as providing 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

Under the Investment Banking division of AmBank, the core products are capital markets group, private banking and equity markets.

Capital Markets focuses on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which include corporate bond issuances, loan syndication, structured finance, capital and project advisory services, primary syndication and underwriting services and equity derivatives business. Private Banking primarily services high net worth clients and offers financing and deposit products. Equity markets offers margin financing to retail and corporate clients.

## **52. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

### **(e) Group Funding and Others**

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

#### **Measurement of segment performance**

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses 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.

#### **Notes:**

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

## 52. BUSINESS SEGMENT ANALYSIS (CONT'D.)

2022 Group	Wholesale Banking						Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group treasury and markets RM'000	Investment banking RM'000	Group funding and others RM'000	
External net income	1,488,992	458,537	637,516	385,282	40,128	(314,578)	2,695,877
Intersegments net income	(273,747)	(45,383)	(198,199)	79,021	(13,415)	451,723	-
Net income	<u>1,215,245</u>	<u>413,154</u>	<u>439,317</u>	<u>464,303</u>	<u>26,713</u>	<u>137,145</u>	<u>2,695,877</u>
Net interest income	996,687	317,590	351,104	354,453	20,698	115,297	2,155,829
Other operating income	219,266	95,564	88,213	109,850	6,015	21,848	540,756
Share in results of associate	(708)	-	-	-	-	-	(708)
Total income	<u>1,215,245</u>	<u>413,154</u>	<u>439,317</u>	<u>464,303</u>	<u>26,713</u>	<u>137,145</u>	<u>2,695,877</u>
Other operating expenses	(662,047)	(137,569)	(129,243)	(70,855)	(7,684)	(293,382)	(1,300,780)
of which:							
<i>Depreciation of Property and Equipment</i>	(17,295)	(1,838)	(1,332)	(315)	(6)	(35,860)	(56,646)
<i>Depreciation of Right-of-Use Assets</i>	-	-	-	-	-	(66,403)	(66,403)
<i>Amortisation of Intangible Assets</i>	(21,890)	(843)	(5,542)	(2,876)	(1)	(55,882)	(87,034)
Profit/(loss) before impairment losses	<u>553,198</u>	<u>275,585</u>	<u>310,074</u>	<u>393,448</u>	<u>19,029</u>	<u>(156,237)</u>	<u>1,395,097</u>
(Allowance for)/writeback of impairment on loans and advances	(172,294)	(41,979)	(42,306)	-	12,202	172,311	(72,066)
Writeback of/(provision for) commitments and contingencies	2,936	(311)	(176,669)	-	-	(160)	(174,204)
(Loss)/writeback of impairment on other assets	(249)	-	(33,442)	4,348	-	13,791	(15,552)
Other recoveries, net	140	-	-	-	-	31	171
Profit before taxation	<u>383,731</u>	<u>233,295</u>	<u>57,657</u>	<u>397,796</u>	<u>31,231</u>	<u>29,736</u>	<u>1,133,446</u>
Taxation	(92,265)	(52,315)	(7,746)	(88,888)	(5,930)	127,320	(119,824)
Profit for the financial year	<u>291,466</u>	<u>180,980</u>	<u>49,911</u>	<u>308,908</u>	<u>25,301</u>	<u>157,056</u>	<u>1,013,622</u>
<b>Other information</b>							
Total segment assets	46,129,489	12,446,073	21,490,898	34,342,967	1,310,996	3,383,457	119,103,880
Total segment liabilities	40,916,223	11,191,008	11,644,200	31,942,788	870,845	12,456,794	109,021,858
Cost to income ratio	54.5%	33.3%	29.4%	15.3%	28.8%	>100.0%	48.3%
Gross loans and advances	45,871,360	12,580,116	20,392,647	-	1,284,923	(79,815)	80,049,231
Net loans and advances	45,043,578	12,436,352	20,136,424	-	1,284,868	(83,735)	78,817,487
Impaired loans and advances	713,802	182,602	151,043	-	55	-	1,047,502
Deposits	40,295,268	11,055,742	11,295,753	28,862,760	854,837	870,279	93,234,639
Additions to:							
Property and equipment	7,038	292	544	363	-	12,839	21,076
Intangible assets	16,557	439	10,044	12,988	-	26,255	66,283

## 52. BUSINESS SEGMENT ANALYSIS (CONT'D.)

2021 (Restated) Group	Wholesale Banking						Total RM'000
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group treasury and markets RM'000	Investment banking RM'000	Group funding and others RM'000	
External net income	1,468,041	453,285	696,399	351,397	41,799	(348,241)	2,662,680
Intersegments net income	(263,192)	(72,423)	(286,606)	248,750	(8,690)	382,161	-
Net income	1,204,849	380,862	409,793	600,147	33,109	33,920	2,662,680
Net interest income	967,302	278,439	327,711	329,707	20,016	23,572	1,946,747
Other operating income	238,866	102,423	82,082	270,440	13,093	10,348	717,252
Share in results of associate	(1,319)	-	-	-	-	-	(1,319)
Total income	1,204,849	380,862	409,793	600,147	33,109	33,920	2,662,680
Other operating expenses	(666,961)	(138,018)	(135,677)	(75,611)	(7,651)	(258,598)	(1,282,516)
of which:							
<i>Depreciation of Property and Equipment</i>	(21,007)	(1,873)	(1,682)	(133)	(3)	(36,725)	(61,423)
<i>Depreciation of Right-of-Use Assets</i>	-	-	-	-	-	(70,244)	(70,244)
<i>Amortisation of Intangible Assets</i>	(21,000)	(846)	(7,482)	(1,477)	(1)	(49,367)	(80,173)
Profit/(loss) before impairment losses	537,888	242,844	274,116	524,536	25,458	(224,678)	1,380,164
Writeback of /(allowance for)							
impairment on loans and advances	(402,104)	(17,792)	(90,161)	-	3,672	(83,185)	(589,570)
Writeback of provision/(provision) for							
commitments and contingencies	3,545	(33,288)	(31,205)	-	-	13,088	(47,860)
Impairment writeback /(loss)							
on other assets	376	-	(789)	(7,980)	-	(8,176)	(16,569)
Other recoveries, net	-	-	7,994	-	-	122	8,116
Apportionment of settlement cost	-	-	-	-	-	(2,535,000)	(2,535,000)
Profit(loss) before taxation	139,705	191,764	159,955	516,556	29,130	(2,837,829)	(1,800,719)
Taxation	(33,846)	(43,679)	(42,992)	(121,011)	(5,101)	84,055	(162,574)
Profit/(loss) for the financial year	105,859	148,085	116,963	395,545	24,029	(2,753,774)	(1,963,293)
<b>Other information</b>							
Total segment assets	45,773,757	11,399,748	19,585,973	31,254,611	1,445,518	2,108,561	111,568,168
Total segment liabilities	36,205,277	8,915,714	9,610,047	34,346,379	635,060	13,093,743	102,806,220
Cost to income ratio	55.4%	36.2%	33.1%	12.6%	23.1%	>100.0%	48.2%
Gross loans and advances	45,668,809	11,502,193	18,504,662	-	1,357,844	(94,064)	76,939,444
Net loans and advances	44,820,899	11,388,120	18,216,103	-	1,357,466	(270,331)	75,512,257
Impaired loans and advances	695,769	164,659	296,440	-	378	-	1,157,246
Deposits	35,706,716	8,787,042	9,407,243	31,491,814	615,236	726,740	86,734,791
Additions to:							
Property and equipment	16,402	113	286	1,279	5	16,546	34,631
Intangible assets	22,444	586	3,628	9,596	187	43,495	79,936

**53. RESTATEMENT OF COMPARATIVE INFORMATION**

During the current financial year, the Group and the Bank conducted a review on the classification of its unrated bonds and sukuk and reclassified the instruments from loans and advances 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 year's presentation, which resulted in the following financial effects to the statements of the Group and of the Bank:

	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As restated RM'000</b>
<b>31 March 2021</b>			
<b>Reconciliation of statements of financial position</b>			
<b>Group</b>			
Financial investments at amortised cost	2,695,263	1,056,178	3,751,441
Loans and advances	76,578,394	(1,066,137)	75,512,257
Other assets	1,559,988	9,959	1,569,947
<b>Bank</b>			
Financial investments at amortised cost	2,695,263	1,056,178	3,751,441
Loans and advances	76,537,912	(1,066,137)	75,471,775
Other assets	1,557,083	9,959	1,567,042
<b>Reconciliation of statements of profit or loss</b>			
<b>Group</b>			
Allowance for impairment on loans and advances	(604,585)	15,015	(589,570)
Impairment (loss)/writeback on financial investments	(2,123)	(15,015)	(17,138)
<b>Bank</b>			
Allowance for impairment on loans and advances	(607,495)	15,015	(592,480)
Impairment (loss)/writeback on financial investments	(2,119)	(15,015)	(17,134)
<b>Reconciliation of statements of cash flows</b>			
<b>Group</b>			
Impairment loss on financial investments	2,123	15,015	17,138
Loans and advances - allowances, net of writeback	853,524	(15,015)	838,509
Loans and advances	(3,892,078)	1,081,152	(2,810,926)
Other assets	440,840	(9,959)	430,881
Net redemption of financial investments at amortised cost	348,068	(1,071,193)	(723,125)
<b>Bank</b>			
Impairment loss on financial investments	2,119	15,015	17,134
Loans and advances - allowances, net of writeback	853,350	(15,015)	838,335
Loans and advances	(3,900,559)	1,081,152	(2,819,407)
Other assets	440,718	(9,959)	430,759
Net redemption of financial investments at amortised cost	348,068	(1,071,193)	(723,125)

**54. SETTLEMENT WITH MINISTRY OF FINANCE ("MOF") MALAYSIA ON HISTORICAL TRANSACTIONS BY AMMB**

On 26 February 2021, AMMB announced that it had reached an agreement with the MOF Malaysia for a full and final settlement of RM2.83 billion ("the Settlement") in relation to the review by the relevant authorities of historical transactions of AMMB Group with 1Malaysia Development Berhad ("1MDB") and its related entities.

The Settlement of these legacy matters will enable AMMB Group to focus on executing its strategies for its business without any distractions. AMMB Group is committed to continue to deliver value to shareholders, stakeholders and customers.

The Settlement has been fully provided in AMMB Group's financial results for the year ended 31 March 2021 and the Settlement charge is apportioned between the Bank and its related company, AmInvestment Bank Berhad based on nature of income approach. This resulted in RM2,535.0 million being apportioned to the Bank and the Bank has fully provided the Settlement in the Group's and the Bank's financial results for the financial year ended 31 March 2021.