AmBank (M) Berhad
Pillar 3 Disclosure

30 September 2023

RWCAF - Pillar 3 Disclosure
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1.0 Scope of Application

The Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) policy document issued by Bank Negara Malaysia (“BNM”) aim to enhance the transparency of disclosures on the risk management practices and capital adequacy of banking institutions. The policy is applicable to all banking institutions licensed under the Financial Services Act 2013 (“FSA”) which include AmBank (M) Berhad ("the Bank").

The information provided in this Pillar 3 Disclosure of the Bank and its subsidiaries ("the Group") has been verified by the Group internal auditors and certified by the Chief Executive Officer.

Capital Adequacy

BNM’s guidelines on capital adequacy seek to ensure that risk exposures of financial institutions are supported by adequate level of capital to withstand losses which may result from credit and other risks associated with its business operations.

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II – Risk Weighted Assets) issued on 3 May 2019.

Pursuant to BNM's Capital Adequacy Framework (Capital Components), financial institutions are required to maintain minimum Common Equity Tier 1 (“CET1”) Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. In addition, a financial institution is also required to maintain capital buffers which comprise the sum of the following:

(a) a Capital Conservation Buffer ("CCB") of 2.5%;
(b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the financial institution has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and
(c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II Risk Weighted Assets).

Frequency of Disclosure

Full disclosure requirements under the BNM guidelines are made on an annual and semi-annual basis except for disclosures under paragraph 10.1 of the guidelines and all qualitative disclosures which are made on an annual basis if there are no material changes in the interim reporting period.

Medium and Location of Disclosure

The Pillar 3 disclosure of the Group is available on the Group’s corporate website at www.ambankgroup.com.

1.1 Basis of Consolidation

For statutory accounting purposes, the consolidated financial statements of the Bank comprise the financial statements of the Bank and the financial statements of all its controlled entities (individually referred to as “group entities”) where it is determined that there is a capacity to control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

For purposes of this Pillar 3 Disclosure, the consolidation basis used is the same as that used for regulatory capital adequacy purposes. The following table shows the differences between the scope of statutory and regulatory consolidation.

Type of entity	Accounting treatment	
	Statutory reporting	Basel III regulatory reporting
Subsidiaries licensed under FSA or engaged in financial activities	Fully consolidated	Deducted from capital at the Bank level; consolidated in the calculation of capital adequacy at the consolidated level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the Bank level; consolidated in calculation of capital adequacy at the consolidated level
Associates which are licensed under FSA or engaged in financial activities	Equity accounted	Deducted in the calculation of capital
Associates which are not licensed under FSA or engaged in financial activities	Equity accounted	Risk weighted

Apart from regulatory requirements and statutory constraints, there is no current or foreseen material, practical or legal impediments to the transfer of funds or regulatory capital within the Group.

Any such transfers would require the approvals of the Board of Directors ("Board"), as well as the concurrence of BNM.

2.0 Capital Management

The Group's capital management approach is focused on maintaining an optimal 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 is used to ensure that the 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 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 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 Group’s business activities.

The capital that the Group is required to hold is determined by its risk exposures after applying collaterals and other risk mitigants.

The Group has in place processes and controls to monitor and manage capital adequacy across the organisation. The Group Assets and Liabilities Committee (“GALCO”) is responsible for overseeing and managing the Group’s capital and liquidity positions.

2.0 Capital Management (Cont'd.)

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 Group’s capital position and any actions impacting the capital levels.

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.

Table 2.1: Capital Adequacy Ratio

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

	30 September 2023		31 March 2023	
	Group	**Bank**	**Group**	**Bank**
Under transitional arrangement, refer Note (i)				
Before deducting proposed dividend				
CET1 Capital ratio	12.688%	12.573%	12.450%	12.318%
Tier 1 Capital ratio	12.688%	12.573%	12.450%	12.318%
Total Capital ratio	17.948%	17.809%	17.026%	16.867%
After deducting proposed dividend				
CET1 Capital ratio	12.624%	12.510%	12.259%	12.129%
Tier 1 Capital ratio	12.624%	12.510%	12.259%	12.129%
Total Capital ratio	17.884%	17.746%	16.835%	16.677%

Note

(i) Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, the capital ratios of the Group and 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 the Bank as at 30 September 2023 and 31 March 2023 are as follow:

	30 September 2023		31 March 2023	
	Group	**Bank**	**Group**	**Bank**
Before deducting proposed dividend				
CET1 Capital ratio	12.475%	12.362%	12.101%	11.972%
Tier 1 Capital ratio	12.475%	12.362%	12.101%	11.972%
Total Capital ratio	17.759%	17.627%	16.825%	16.675%
After deducting proposed dividend				
CET1 Capital ratio	12.412%	12.299%	11.911%	11.783%
Tier 1 Capital ratio	12.412%	12.299%	11.911%	11.783%
Total Capital ratio	17.696%	17.564%	16.635%	16.486%

As part of an arrangement between the Bank and AmBank Islamic Berhad ("AmBank Islamic"), a related company, in relation to a Restricted Investment Account (“RA”) agreement, the Bank records as "Investment Account Placement" its exposure in the arrangement, whereas AmBank Islamic records its exposure as "Financing and Advances". The RA is a contract based on Shariah concept of Mudarabah Muqayyadah between the Bank and AmBank Islamic to finance a specific business venture whereby the Bank solely provides capital and the business ventures are managed solely by AmBank Islamic as the entrepreneur. The RA exposes the Bank to the risks and rewards of the financing, and accordingly the Bank accounts for all impairment allowances and risk weighted assets arising from the RA arrangement.

As at 30 September 2023, the gross exposure (inclusive interest receivable disclosed in other assets) relating to the RA financing for the Group and the Bank amounted to RM1,389.2 million (31 March 2023: RM1,541.9 million). There were no Stage 2 and 3 expected credit losses provided for the RA financing.

Table 2.2 : Risk-Weighted Assets and Capital Requirements

The breakdown of risk weighted assets ("RWA") by exposures in major risk category of the Group is as follows:

30 September 2023 Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")	Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
	RM'000	RM'000	RM'000	RM'000
1. **Credit risk**				
On balance sheet exposures				
Sovereigns/Central banks	16,204,944	16,204,944	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	8,631,177	8,631,177	1,836,015	146,881
Insurance companies, Securities firms and Fund managers	4,584	4,584	4,584	367
Corporates	52,325,686	50,891,266	40,086,642	3,206,931
Regulatory retail	23,765,982	22,882,265	17,475,150	1,398,012
Residential mortgages	23,280,545	23,277,230	8,908,227	712,658
Higher risk assets	10,539	10,539	15,809	1,265
Other assets	1,842,893	1,842,893	1,027,052	82,164
Securitisation exposures	90	90	1,125	90
Equity exposures	715,629	715,629	715,629	57,250
Defaulted exposures	1,215,932	1,207,679	1,257,119	100,570
Total on balance sheet exposures	**127,998,001**	**125,668,296**	**71,327,352**	**5,706,188**
Off balance sheet exposures				
Over the counter ("OTC") derivatives	2,474,897	2,106,298	1,474,812	117,985
Off balance sheet exposures other than OTC derivatives or Credit derivatives	19,882,153	14,157,463	7,221,802	577,744
Defaulted exposures	54,734	45,797	68,436	5,475
Total off balance sheet exposures	**22,411,784**	**16,309,558**	**8,765,050**	**701,204**
Total on and off balance sheet exposures	**150,409,785**	**141,977,854**	**80,092,402**	**6,407,392**
2. **Large exposure risk requirement**	-	-	-	-

	Long position	Short position	Risk weighted assets	Minimum capital requirement at 8%
3. **Market risk**				
Interest rate risk				
- General interest rate risk	94,013,138	88,113,775	1,186,766	94,941
- Specific interest rate risk	5,872,749	130,251	24,614	1,970
Foreign currency risk	168,088	207,089	207,089	16,567
Equity risk	-	-	-	-
- General risk	62,437	28,332	34,105	2,728
- Specific risk	62,437	28,332	77,204	6,176
Option risk	199,946	318,782	46,546	3,724
Total	**100,378,795**	**88,826,561**	**1,576,324**	**126,106**
4. **Operational risk**			5,321,948	425,756
5. **Total RWA and capital requirements**			**86,990,674**	**6,959,254**

Table 2.2 : Risk-Weighted Assets and Capital Requirements (Cont'd.)

The breakdown of RWA by exposures in major risk category of the Group is as follows (Cont'd.):

31 March 2023 Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")		Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
	RM'000		RM'000	RM'000	RM'000
1. **Credit risk**					
On balance sheet exposures					
Sovereigns/Central banks	16,495,634		16,495,634	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	9,612,842		9,612,842	1,972,060	157,765
Insurance companies, Securities firms and Fund managers	320		320	320	26
Corporates	50,575,306		48,934,335	39,062,586	3,125,006
Regulatory retail	23,751,481		22,827,346	17,535,289	1,402,823
Residential mortgages	22,318,987		22,315,540	8,649,803	691,984
Higher risk assets	11,283		11,283	16,925	1,354
Other assets	1,750,600		1,750,600	1,400,879	112,070
Securitisation exposures	90		90	1,125	90
Equity exposures	677,338		677,338	677,338	54,187
Defaulted exposures	964,066		956,852	928,462	74,277
Total on balance sheet exposures	**126,157,947**		**123,582,180**	**70,244,787**	**5,619,582**
Off balance sheet exposures					
Over the counter ("OTC") derivatives	2,129,972		1,758,366	1,196,757	95,741
Off balance sheet exposures other than OTC derivatives or Credit derivatives	26,909,729		20,266,975	7,228,834	578,307
Defaulted exposures	76,155		66,923	83,634	6,691
Total off balance sheet exposures	**29,115,856**		**22,092,264**	**8,509,225**	**680,739**
Total on and off balance sheet exposures	**155,273,803**		**145,674,444**	**78,754,012**	**6,300,321**
2. **Large exposure risk requirement**	**-**		**-**	785,485	62,839
	Long position	**Short position**			
3. **Market risk**					
Interest rate risk					
- General interest rate risk	94,074,020	85,145,063		1,186,622	94,930
- Specific interest rate risk	9,220,390	314,545		19,866	1,590
Foreign currency risk	147,076	264,931		264,932	21,195
Equity risk					
- General risk	48,687	2,692		45,995	3,680
- Specific risk	48,687	2,692		53,535	4,283
Option risk	246,694	173,720		53,440	4,275
Total	**103,785,554**	**85,903,643**		**1,624,390**	**129,953**
3. **Operational risk**				5,197,465	415,797
4. **Total RWA and capital requirements**				**86,361,352**	**6,908,910**

3.0 Capital Structure

The capital structure of the Group and the Bank includes capital under the following headings:

- CET1 Capital;
- Additional Tier 1 Capital; and
- Tier 2 Capital.

3.1 CET1 Capital

CET1 Capital consists of the following:

a) Paid-up Capital

Issued and paid-up capital that represents the most subordinated claim in liquidation of the financial institution.

b) Retained Earnings

Retained earnings are included in CET1 Capital net of any interim and final dividend declared, and net of any interim losses. Quarterly interim profits that are reviewed or audited by external auditors are included in the computation of CET1 Capital.

c) Regulatory Reserve

Regulatory reserve is maintained in accordance with paragraph 10.5 of the BNM's Policy Document on Financial Reporting as an additional credit risk absorbent. The amount of the regulatory reserve is deducted from the calculation of CET1 Capital.

d) Merger Reserve

The merger reserve represents reserve arising from the acquisitions of subsidiaries which were accounted for using the merger accounting method in prior years.

e) Foreign Currency Translation Reserve

Foreign exchange differences arise from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's reporting currency.

f) Fair Value Reserve

The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at fair value through other comprehensive income ("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. To the extent the balance in the fair value reserve is a net credit position, the Bank can recognise 45% of the balance as part of CET1 Capital. Where the balance is a net debit position, the entire balance is deducted from CET1 Capital.

g) Cash Flow Hedging Reserve/(Deficit)

Cash flow hedging reserve/(deficit) comprises the portion of the gains/(losses) on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. Cash flow hedging gain as at the reporting period is classified as cash flow hedging reserve and cash flow hedging losses is classified as cash flow hedging deficit. The amount of the cash flow hedging reserve/(deficit) is derecognised in the calculation of CET1 Capital.

3.2 Additional Tier 1 Capital

No additional Tier 1 ("AT 1") issuance was made during the financial period under review.

3.3 Tier 2 Capital

The main components of Tier 2 Capital are Basel III compliant subordinated debt capital instruments and Stage 1 and Stage 2 loss allowances and regulatory reserve (subject to a maximum of 1.25% of total credit risk-weighted assets determined under the Standardised Approach).

Basel III Subordinated Notes

On 30 December 2013, the Bank established a Basel III compliant Subordinated Notes programme of RM4.0 billion (“Programme”) to enable the issuance of Tier 2 capital instruments from time to time.

The Programme has a tenure of 30 years from the date of the first issuance under the Programme. Each issuance of Tier 2 Subordinated Notes under the Programme shall have a tenure of at least 5 years from the issue date and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance.

On 19 December 2018, the Bank revised the terms of the Programme to include the non-viability trigger event referenced to the financial group. The revision is and will be applicable to all existing and future capital instruments issued under the Programme.

The salient features of the Subordinated Notes issued under this programme and outstanding as at 30 September 2023 are as follows:

Issue Date	First Call Date	Tenure	Interest Rate	Nominal value outstanding (RM million)
15 November 2018	15 November 2023	10 years Non-Callable 5 years	4.98% per annum	1,000
30 March 2021	30 March 2026	10 years Non-Callable 5 years	4.18% per annum	400
8 March 2022	8 March 2027	10 years Non-Callable 5 years	4.30% per annum	600
12 October 2022	12 October 2027	10 years Non-Callable 5 years	5.20% per annum	745
28 March 2023	28 March 2028	10 years Non-Callable 5 years	4.58% per annum	350
27 June 2023	27 June 2028	10 years Non-Callable 5 years	4.59% per annum	500
Total				**3,595**

Table 3.3: Capital Structure

The components of CET1, Additional Tier 1, Tier 2, and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
CET1 Capital				
Share capital	3,040,465	3,040,465	3,040,465	3,040,465
Retained earnings	7,806,368	7,456,999	7,857,381	7,508,139
Fair value reserve	337,315	299,138	337,315	299,138
Foreign currency translation reserve	118,966	101,830	122,751	105,630
Regulatory reserve	240,924	201,229	240,924	201,229
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(1,850)	(4,259)	(1,850)	(4,259)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(209,644)	(202,069)	(209,644)	(202,069)
Deferred tax assets	(158,350)	(182,451)	(158,350)	(182,451)
55% of cumulative gains in fair value reserve	(185,523)	(164,526)	(185,523)	(164,526)
Cash flow hedging deficit	1,850	4,259	1,850	4,259
Regulatory reserve	(240,924)	(201,229)	(240,924)	(201,229)
Investment in ordinary shares of unconsolidated financial entities	-	-	(11)	(11)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,243)	(2,756)	(1,243)	(2,756)
Other CET 1 regulatory adjustments specified by BNM	184,457	300,815	184,480	300,721
Total CET1 Capital	**11,036,960**	**10,751,594**	**10,987,621**	**10,702,280**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	5	2	-	-
Total Tier 1 Capital	**11,036,965**	**10,751,596**	**10,987,621**	**10,702,280**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,595,000	3,095,000	3,595,000	3,095,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provision *	980,956	857,075	981,022	857,088
Total Tier 2 Capital	**4,575,957**	**3,952,076**	**4,576,022**	**3,952,088**
Total Capital	**15,612,922**	**14,703,672**	**15,563,643**	**14,654,368**

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

	Group		Bank	
	30 September 2023 RM'000	31 March 2023 RM'000	30 September 2023 RM'000	31 March 2023 RM'000
Credit RWA	80,092,402	78,754,012	80,503,261	79,287,050
Market RWA	1,576,324	1,624,390	1,576,287	1,624,350
Operational RWA	5,321,948	5,197,465	5,312,071	5,186,909
Large exposure risk RWA for equity holdings	-	785,485	-	785,485
Total RWA	**86,990,674**	**86,361,352**	**87,391,619**	**86,883,794**

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

4.0 General Risk Management

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation for the 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, 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 Holdings Berhad ("AMMB") Group Risk Direction

AMMB Group's Financial Year 2021 to Financial Year 2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("ROE") of ≥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 an 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 Target 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) above the prevailing regulatory minimum (effective 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 portfolio to constitute exposures with low Environmental, Social and Governance Risk Grade ("ESG-RG") by Financial Year 2030.
8. AMMB Group aims to maintain its Interest Rate Risk in Banking Book ("IRRBB") ICAAP Pillar 2 over total capital ratio for the Bank at below 8.5%.

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 has 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 and business risk, IT project risk and ESG risk.

4.0 General Risk Management (Cont'd.)

Risk Management Governance (Cont'd.)

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 Expired Payment Holiday/ Repayment Assistance

There is potential emerging risk on consumer and small SMEs portfolio arising from the expiry of payment holiday and repayment assistance (PH/RA) plans offered to customers during the COVID-19 pandemic as well as the multiple OPR hikes. The Group remained cautious especially for those segment that expired from multiple enrolment of the assistance programs. The expired PH/RA pool is on a diminishing trend, upon fulfillment of the prescribed monitoring period. However, close monitoring is being carried out on the remaining accounts in this segment.

5.0 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD") • Expected loss ("EL") • Gross impaired loan ("GIL")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, • Non-Retail Pricing and Risk based pricing for Retail • Collateral and tailored facility structures (discretionary lending) • Pre-set assessment criteria and acceptance criteria (program lending)
Monitoring/ Review	• Monitor and report portfolio mix • Review Classified Accounts • Review Rescheduled and Restructured Accounts • Undertake postmortem credit review • Annual refresh of customers' credit risk rating

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's Risk Appetite Framework ("GRAF") and related credit policies.

5.0 Credit Risk Management (Cont'd.)

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 each of 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 being 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.

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") and 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.

5.1 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; and

c. Other indicators stipulated in the relevant guidelines indicating the unlikeliness 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.

5.1.1 Group Provisioning Methodology

The Group's provisioning methodology complies with MFRS 9 where the Group recognises Expected Credit Loss ("ECL") at all times 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 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.

The following diagram summarises the impairment requirements under MFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

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.

Table 5.1 : Distribution of gross credit exposures by sector

The distribution of credit exposures by sector of the Group is as follows:

30 September 2023	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	16,204,944	-	-	-	-	-	16,204,944
Banks, DFIs and MDBs	-	-	-	-	-	-	-	8,631,177	-	-	-	-	-	-	8,631,177
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	4,584	-	-	-	-	-	-	4,584
Corporates	1,710,375	1,498,233	10,390,938	2,397,635	5,993,189	9,530,451	4,301,915	6,076,844	-	6,632,983	1,191,052	2,046,530	510,800	44,741	52,325,686
Regulatory retail	56,933	15,936	670,639	85,239	482,329	1,409,596	242,165	36,738	-	151,185	461,094	95,746	20,047,906	10,476	23,765,982
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	23,280,545	-	23,280,545
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	10,502	37	10,539
Other assets	-	-	-	-	-	-	-	-	62,691	-	-	-	-	1,780,202	1,842,893
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	715,629	715,629
Defaulted exposures	4,480	10,921	178,478	13,662	80,200	164,279	21,154	7,621	-	15,128	40,377	18,370	661,262	-	1,215,932
Total for on balance sheet exposures	1,771,788	1,525,090	11,240,055	2,496,536	6,555,718	11,104,326	4,565,234	14,757,054	16,267,635	6,799,296	1,692,523	2,160,646	44,511,015	2,551,085	127,998,001
Off balance sheet exposures															
OTC derivatives	6,713	215,758	367,358	179	14	19,968	9,296	1,732,312	55,105	2,938	18,555	1,006	43,504	2,191	2,474,897
Off balance sheet exposures other than OTC derivatives or Credit derivatives	148,154	117,126	1,282,921	263,622	2,075,893	1,124,651	338,750	5,614,466	5,797,843	515,034	122,840	138,645	2,341,621	587	19,882,153
Defaulted exposures	900	-	16,523	-	21,140	256	-	-	-	3,323	81	-	12,511	-	54,734
Total for off balance sheet exposures	155,767	332,884	1,666,802	263,801	2,097,047	1,144,875	348,046	7,346,778	5,852,948	521,295	141,476	139,651	2,397,636	2,778	22,411,784
Total on and off balance sheet exposures	**1,927,555**	**1,857,974**	**12,906,857**	**2,760,337**	**8,652,765**	**12,249,201**	**4,913,280**	**22,103,832**	**22,120,583**	**7,320,591**	**1,833,999**	**2,300,297**	**46,908,651**	**2,553,863**	**150,409,785**

Table 5.1 : Distribution of gross credit exposures by sector (Cont'd.)

The distribution of credit exposures by sector of the Group is as follows (Cont'd.):

31 March 2023	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	16,495,634	-	-	-	-	-	16,495,634
Banks, DFIs and MDBs	-	-	-	-	-	-	-	9,612,842	-	-	-	-	-	-	9,612,842
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	320	-	-	-	-	-	-	320
Corporates	1,548,714	1,521,856	10,401,113	2,190,943	5,558,784	8,969,956	4,291,287	6,102,923	-	6,010,676	1,249,206	2,108,457	575,683	45,708	50,575,306
Regulatory retail	60,767	18,837	669,959	89,038	492,486	1,391,167	238,676	22,686	-	145,277	454,931	96,981	20,063,756	6,920	23,751,481
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	22,318,987	-	22,318,987
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	11,245	38	11,283
Other assets	-	-	-	-	-	-	-	-	62,691	-	-	-	-	1,687,909	1,750,600
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	677,338	677,338
Defaulted exposures	4,446	10,172	113,148	12,822	70,817	96,338	18,279	10,322	-	8,638	34,417	7,208	577,459	-	964,066
Total for on balance sheet exposures	1,613,927	1,550,865	11,184,220	2,292,803	6,122,087	10,457,461	4,548,242	15,749,183	16,558,325	6,164,591	1,738,554	2,212,646	43,547,130	2,417,913	126,157,947
Off balance sheet exposures															
OTC derivatives	5,996	198,488	305,350	775	129	12,360	5,078	1,447,240	79,581	2,861	23,983	1,909	46,222	-	2,129,972
Off balance sheet exposures other than OTC derivatives or Credit derivatives	144,611	157,421	1,701,274	303,221	2,126,108	789,888	330,831	6,921,504	11,602,509	475,474	122,940	115,521	2,117,834	593	26,909,729
Defaulted exposures	-	16,584	19,439	-	22,603	558	-	-	-	3,329	81	-	13,561	-	76,155
Total for off balance sheet exposures	150,607	372,493	2,026,063	303,996	2,148,840	802,806	335,909	8,368,744	11,682,090	481,664	147,004	117,430	2,177,617	593	29,115,856
Total on and off balance sheet exposures	**1,764,534**	**1,923,358**	**13,210,283**	**2,596,799**	**8,270,927**	**11,260,267**	**4,884,151**	**24,117,927**	**28,240,415**	**6,646,255**	**1,885,558**	**2,330,076**	**45,724,747**	**2,418,506**	**155,273,803**

Table 5.2 : Impaired and past due loans and advances and impairment allowances by sector

The impaired and past due loans and advances and impairment allowances, charges for individual impairment allowance and write offs during the financial period/year by sector of the Group are as follows:

30 September 2023	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotels and restaurants RM'000	Transport, storage and communication RM'000	Finance and insurance RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Impaired loans and advances	6,441	18,350	235,990	50,049	148,916	214,086	21,473	8,451	16,415	42,435	21,209	782,527	-	**1,566,342**
Past due but not impaired loans	8,535	2,445	432,639	15,839	212,044	158,727	66,764	3,645	46,152	66,201	8,057	4,259,698	-	**5,280,746**
Allowances for expected credit losses	5,074	19,387	180,192	37,606	94,862	94,053	13,007	4,171	20,445	24,017	4,483	754,548	5,200	**1,257,045**
(Writeback)/charges for individual allowance	(166)	12,476	12,043	547	5,607	31,527	219	(763)	437	5,110	312	1,704	-	**69,053**
Net write-offs against individual allowance/ other movements	-	28	7,229	-	23,063	27,260	-	-	16	5,490	405	-	-	**63,491**

31 March 2023	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotels and restaurants RM'000	Transport, storage and communication RM'000	Finance and insurance RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Impaired loans and advances	6,539	4,397	164,355	47,199	152,544	143,014	19,777	11,201	10,915	41,238	10,217	763,896	-	**1,375,292**
Past due but not impaired loans	13,326	11,415	176,359	22,069	230,579	232,441	57,447	5,240	48,104	129,882	32,743	4,682,251	-	**5,641,856**
Allowances for expected credit losses	2,336	6,370	147,796	3,273	87,816	112,556	17,590	3,489	26,800	121,291	5,417	768,724	448	**1,303,906**
Charges/(writeback) for individual allowance	510	547	(1,337)	30,399	6,575	36,909	(139)	1,001	(1,134)	764	(492)	(61)	-	**73,542**
Net write-offs against individual allowance/ other movements	-	8,846	16,519	-	(26,010)	23,251	-	-	-	445	-	-	-	**23,051**

Table 5.3 : Geographical distribution of credit exposures

The geographic distribution of credit exposures of the Group is as follows:

30 September 2023	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	16,204,944	-	16,204,944
Banks, DFIs and MDBs	5,957,696	2,673,481	8,631,177
Insurance companies, Securities firms and Fund managers	4,584	-	4,584
Corporates	52,126,018	199,668	52,325,686
Regulatory retail	23,762,711	3,271	23,765,982
Residential mortgages	23,280,545	-	23,280,545
Higher risk assets	10,535	4	10,539
Other assets	1,828,641	14,252	1,842,893
Securitisation exposures	90	-	90
Equity exposures	714,843	786	715,629
Defaulted exposures	1,215,932	-	1,215,932
Total for on balance sheet exposures	**125,106,539**	**2,891,462**	**127,998,001**
Off balance sheet exposures			
OTC derivatives	1,642,676	832,221	2,474,897
Off balance sheet exposures other than OTC derivatives or Credit derivatives	19,861,989	20,164	19,882,153
Defaulted exposures	54,734	-	54,734
Total for off balance sheet exposures	**21,559,399**	**852,385**	**22,411,784**
Total on and off balance sheet exposures	**146,665,938**	**3,743,847**	**150,409,785**

Table 5.3 : Geographical distribution of credit exposures (Cont'd.)

The geographic distribution of credit exposures of the Group is as follows (Cont'd.):

31 March 2023	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	16,495,634	-	16,495,634
Banks, DFIs and MDBs	6,130,947	3,481,895	9,612,842
Insurance companies, Securities firms and Fund managers	320	-	320
Corporates	50,284,932	290,374	50,575,306
Regulatory retail	23,745,479	6,002	23,751,481
Residential mortgages	22,318,987	-	22,318,987
Higher risk assets	11,279	4	11,283
Other assets	1,722,548	28,052	1,750,600
Securitisation exposures	90	-	90
Equity exposures	676,603	735	677,338
Defaulted exposures	964,066	-	964,066
Total for on balance sheet exposures	**122,350,885**	**3,807,062**	**126,157,947**
Off balance sheet exposures			
OTC derivatives	1,493,758	636,214	2,129,972
Off balance sheet exposures other than OTC derivatives or Credit derivatives	26,890,212	19,517	26,909,729
Defaulted exposures	62,031	14,124	76,155
Total for off balance sheet exposures	**28,446,001**	**669,855**	**29,115,856**
Total on and off balance sheet exposures	**150,796,886**	**4,476,917**	**155,273,803**

Table 5.4 : Geographical distribution of impaired and past due loans and advances and impairment allowances

The amounts of impaired and past due loans and advances and impairment allowances of the Group by geographic distribution are as follows:

30 September 2023	**In Malaysia RM'000**	**Outside Malaysia RM'000**	**Total RM'000**
Impaired loans and advances	1,566,342	-	1,566,342
Past due but not impaired loans	5,280,746	-	5,280,746
Allowances for expected credit losses	1,256,898	147	1,257,045

31 March 2023	**In Malaysia RM'000**	**Outside Malaysia RM'000**	**Total RM'000**
Impaired loans and advances	1,375,292	-	1,375,292
Past due but not impaired loans	5,641,856	-	5,641,856
Allowances for expected credit losses	1,303,771	135	1,303,906

Table 5.5 : Residual contractual maturity by major types of credit exposure

The residual contractual maturity by major types of gross credit exposures of the Group is as follows:

30 September 2023	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 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	3,990,216	264,193	-	679,021	3,202,413	1,888,976	6,180,125	-	16,204,944
Banks, DFIs and MDBs	5,225,635	229,806	944,406	1,036,977	456,480	166,780	571,093	-	8,631,177
Insurance companies, Securities firms and Fund managers	-	-	-	4,584	-	-	-	-	4,584
Corporates	14,597,352	5,188,791	3,326,932	4,957,707	7,728,774	7,239,078	9,287,052	-	52,325,686
Regulatory retail	184,658	83,281	92,407	2,331,821	1,488,181	3,352,066	16,233,568	-	23,765,982
Residential mortgages	699	192	510	2,021	40,116	99,404	23,137,603	-	23,280,545
Higher risk assets	43	11	40	117	80	547	9,664	37	10,539
Other assets	379,380	-	-	-	-	-	-	1,463,513	1,842,893
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	-	715,629	715,629
Defaulted exposures	152,499	2,415	18,449	136,206	42,529	124,363	739,471	-	1,215,932
Total for on balance sheet exposures	**24,530,482**	**5,768,689**	**4,382,744**	**9,148,454**	**12,958,573**	**12,871,214**	**56,158,666**	**2,179,179**	**127,998,001**
Off balance sheet exposures									
OTC derivatives	167,667	215,449	323,775	570,248	119,606	276,786	801,366	-	2,474,897
Off balance sheet exposures other than OTC derivatives or Credit derivatives	4,703,966	5,468,379	3,502,270	4,809,042	631	15,309	1,382,556	-	19,882,153
Defaulted exposures	1,103	5,600	13,440	22,795	286	200	11,310	-	54,734
Total for off balance sheet exposures	**4,872,736**	**5,689,428**	**3,839,485**	**5,402,085**	**120,523**	**292,295**	**2,195,232**	**-**	**22,411,784**
Total on and off balance sheet exposures	**29,403,218**	**11,458,117**	**8,222,229**	**14,550,539**	**13,079,096**	**13,163,509**	**58,353,898**	**2,179,179**	**150,409,785**

Table 5.5 : Residual contractual maturity by major types of credit exposure (Cont'd.)

The residual contractual maturity by major types of gross credit exposures of the Group is as follows (Cont'd.):

31 March 2023	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 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	1,513,275	666,968	1,019,634	472,195	3,230,049	2,036,454	7,557,059	-	16,495,634
Banks, DFIs and MDBs	6,305,223	928,478	396,281	959,375	233,940	78,684	710,861	-	9,612,842
Insurance companies, Securities firms and Fund managers	-	-	-	320	-	-	-	-	320
Corporates	13,801,805	6,223,911	3,661,831	4,933,555	5,170,058	7,063,549	9,720,597	-	50,575,306
Regulatory retail	199,584	70,303	93,158	2,373,911	1,327,668	3,538,216	16,148,641	-	23,751,481
Residential mortgages	981	158	441	2,041	33,562	97,880	22,183,924	-	22,318,987
Higher risk assets	23	-	34	41	198	434	10,515	38	11,283
Other assets	494,633	-	-	-	-	-	-	1,255,967	1,750,600
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	-	677,338	677,338
Defaulted exposures	83,631	17,035	1,968	77,969	33,238	69,821	680,404	-	964,066
Total for on balance sheet exposures	**22,399,155**	**7,906,853**	**5,173,347**	**8,819,407**	**10,028,713**	**12,885,038**	**57,012,091**	**1,933,343**	**126,157,947**
Off balance sheet exposures									
OTC derivatives	84,281	128,373	174,766	320,782	339,052	298,644	784,074	-	2,129,972
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,133,866	6,537,617	3,846,219	6,820,836	12,739	21,050	1,537,402	-	26,909,729
Defaulted exposures	6,275	4,680	9,044	45,627	231	237	10,061	-	76,155
Total for off balance sheet exposures	**8,224,422**	**6,670,670**	**4,030,029**	**7,187,245**	**352,022**	**319,931**	**2,331,537**	**-**	**29,115,856**
Total on and off balance sheet exposures	**30,623,577**	**14,577,523**	**9,203,376**	**16,006,652**	**10,380,735**	**13,204,969**	**59,343,628**	**1,933,343**	**155,273,803**

Table 5.6: Charge offs and recoveries for loans and advances

The disclosure on reconciliation of loan loss allowances of the Group can be found in Note A14 (i) of the interim financial statements. Charge offs and recoveries that have been taken up directly to the statement of profit or loss are as follows:

	(Charge offs)/ recoveries	
	30 September 2023 RM'000	31 March 2023 RM'000
Bad debts written off during the financial period/year ended	(14,143)	(27,383)
Bad debt recoveries during the financial period/year ended	96,457	207,012

6.0 Credit Risk Exposure under the Standardised Approach

The Group uses external ratings for credit exposures to assign risk-weights under the Standardised Approach where relevant. The ratings from the following external credit assessment institutions (ECAIs) are used:

- Moody’s Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

Table 6.1 : Credit exposures by risk weights under the Standardised Approach

The breakdown of credit risk exposures by risk weights of the Group is as follows:

30 September 2023	Exposures after netting and credit risk mitigation											
Risk weights	Sovereigns and Central banks	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation exposures	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	22,003,232	170,891	-	3,621,639	163,998	-	-	430,683	-	-	26,390,443	-
20%	-	9,126,857	-	9,050,150	837,799	-	-	481,448	-	-	19,496,254	3,899,251
35%	-	-	-	-	-	18,239,363	-	-	-	-	18,239,363	6,383,777
50%	54,659	896,308	-	140,249	18,048	5,216,270	-	-	-	-	6,325,534	3,162,767
75%	-	-	-	-	20,593,191	-	-	-	-	-	20,593,191	15,444,893
100%	-	-	34,136	44,787,721	3,754,119	175,392	-	930,762	-	715,629	50,397,759	50,397,759
150%	-	-	-	346,051	166,130	-	23,039	-	-	-	535,220	802,830
1250%	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**22,057,891**	**10,194,056**	**34,136**	**57,945,810**	**25,533,285**	**23,631,025**	**23,039**	**1,842,893**	**90**	**715,629**	**141,977,854**	**80,092,402**

31 March 2023	Exposures after netting and credit risk mitigation											
Risk weights	Sovereigns and Central banks	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation exposures	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	28,098,143	166,090	-	3,542,553	134,657	-	-	349,722	-	-	32,291,165	-
20%	-	10,464,196	-	8,091,109	932,152	-	-	-	-	-	19,487,457	3,897,491
35%	-	-	-	-	-	16,759,720	-	-	-	-	16,759,720	5,865,902
50%	79,581	884,825	-	194,262	17,383	5,704,303	-	-	-	-	6,880,354	3,440,177
75%	-	-	-	-	19,735,240	-	-	-	-	-	19,735,240	14,801,430
100%	-	-	28,513	43,508,134	4,287,407	163,211	-	1,400,878	-	677,338	50,065,481	50,065,481
150%	-	-	-	282,313	148,627	-	23,997	-	-	-	454,937	682,406
1250%	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**28,177,724**	**11,515,111**	**28,513**	**55,618,371**	**25,255,466**	**22,627,234**	**23,997**	**1,750,600**	**90**	**677,338**	**145,674,444**	**78,754,012**

Table 6.2: Rated exposures according to ratings by ECAIs

	30 September 2023						
	Ratings of corporate by approved ECAIs						
	Moody's		Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	Fitch		AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM		AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	Total	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Credit exposures (using corporate risk weights)							
Insurance companies, Securities firms and Fund managers		37,201	-	-	-	-	37,201
Corporates		60,140,259	7,899,275	8,466	-	-	52,232,518
Total		**60,177,460**	**7,899,275**	**8,466**	**-**	**-**	**52,269,719**

	31 March 2023						
	Ratings of corporate by approved ECAIs						
	Moody's		Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	Fitch		AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM		AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	Total	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Credit exposures (using corporate risk weights)							
Insurance companies, Securities firms and Fund managers		31,364	-	-	-	-	31,364
Corporates		58,013,570	6,434,642	8,389	13,364	-	51,557,175
Total		**58,044,934**	**6,434,642**	**8,389**	**13,364**	**-**	**51,588,539**

Table 6.2: Rated exposures according to ratings by ECAIs (Cont'd.)

	30 September 2023						
	Ratings of sovereigns and central banks by approved ECAIs						
	Moody's		Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	Fitch	Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Sovereigns and Central banks		22,057,891	2,698,123	-	19,359,768	-	-
Total		**22,057,891**	**2,698,123**	**-**	**19,359,768**	**-**	**-**

	31 March 2023						
	Ratings of sovereigns and central banks by approved ECAIs						
	Moody's		Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	Fitch	Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Sovereigns and Central banks		28,177,724	2,873,938	-	25,303,786	-	-
Total		**28,177,724**	**2,873,938**	**-**	**25,303,786**	-	**-**

Table 6.2: Rated exposures according to ratings by ECAIs (Cont'd.)

	30 September 2023					
	Ratings of banking institutions by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFIs and MDBs	15,347,610	10,122,407	2,509,437	7,394	1,088	2,707,284
Total	**15,347,610**	**10,122,407**	**2,509,437**	**7,394**	**1,088**	**2,707,284**

	31 March 2023					
	Ratings of banking institutions by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFIs and MDBs	17,594,498	10,873,663	2,501,342	4,327	471	4,214,695
Total	**17,594,498**	**10,873,663**	**2,501,342**	**4,327**	**471**	**4,214,695**

Table 6.3: Securitisation according to ratings by ECAIs

	30 September 2023				
	Ratings of securitisation by approved ECAIs				
	Moody's		Aaa to Aa3	A1 to A3	Unrated
	Fitch		AAA to AA-	A+ to A-	Unrated
	RAM		AAA to AA3	A1 to A3	Unrated
	MARC	Total	AAA to AA-	A+ to A-	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures					
Securitisation exposures		90	-	-	90
Total		**90**	**-**	**-**	**90**

	31 March 2023				
	Ratings of securitisation by approved ECAIs				
	Moody's		Aaa to Aa3	A1 to A3	Unrated
	Fitch		AAA to AA-	A+ to A-	Unrated
	RAM		AAA to AA3	A1 to A3	Unrated
	MARC	Total	AAA to AA-	A+ to A-	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures					
Securitisation exposures		90	-	-	90
Total		**90**	**-**	**-**	**90**

7.0 Credit Risk Mitigation

Table 7.1 : Credit Risk Mitigation

The total exposures and eligible guarantees and collateral of the Group are as follows:

30 September 2023 **Exposures**	**Exposures before CRM RM'000**	**Exposures covered by guarantees RM'000**	**Exposures covered by eligible financial collateral RM'000**
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	16,204,944	-	-
Banks, DFIs and MDBs	8,631,177	-	-
Insurance companies, Securities firms and Fund managers	4,584	-	-
Corporates	52,325,686	320,255	2,885,089
Regulatory retail	23,765,982	927,321	1,767,459
Residential mortgages	23,280,545	-	20,176
Higher risk assets	10,539	-	-
Other assets	1,842,893	-	-
Securitisation exposures	90	-	-
Equity exposures	715,629	-	-
Defaulted exposures	1,215,932	89,698	16,956
Total for on balance sheet exposures	127,998,001	1,337,274	4,689,680
Off balance sheet exposures			
OTC derivatives	2,474,897	-	661,219
Off balance sheet exposures other than OTC derivatives or Credit derivatives	19,882,153	1,825	6,537,607
Defaulted exposures	54,734	-	21,970
Total for off balance sheet exposures	22,411,784	1,825	7,220,796
Total on and off balance sheet exposures	**150,409,785**	**1,339,099**	**11,910,476**

Table 7.1 : Credit Risk Mitigation (Cont'd.)

The total exposures and eligible guarantees and collateral of the Group are as follows (Cont'd.):

31 March 2023 **Exposures**	**Exposures before CRM RM'000**	**Exposures covered by guarantees RM'000**	**Exposures covered by eligible financial collateral RM'000**
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	16,495,634	-	-
Banks, DFIs and MDBs	9,612,842	-	-
Insurance companies, Securities firms and Fund managers	320	-	-
Corporates	50,575,306	347,959	2,932,251
Regulatory retail	23,751,481	990,132	1,752,497
Residential mortgages	22,318,987	-	21,551
Higher risk assets	11,283	-	-
Other assets	1,750,600	-	-
Securitisation exposures	90	-	-
Equity exposures	677,338	-	-
Defaulted exposures	964,066	88,526	15,343
Total for on balance sheet exposures	126,157,947	1,426,617	4,721,642
Off balance sheet exposures			
OTC derivatives	2,129,972	-	615,484
Off balance sheet exposures other than OTC derivatives or Credit derivatives	26,909,729	2,177	7,805,943
Defaulted exposures	76,155	-	22,756
Total for off balance sheet exposures	29,115,856	2,177	8,444,183
Total on and off balance sheet exposures	**155,273,803**	**1,428,794**	**13,165,825**

8.0 Off Balance Sheet exposures and Counterparty Credit Risk

Table 8.1: Off Balance Sheet Exposures

The off balance sheet exposures and counterparty credit risk of the Group are as follows:

30 September 2023	Principal/ Notional amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Direct credit substitutes	2,514,179		2,407,529	1,995,808
Transaction related contingent items	3,382,405		1,660,225	1,311,897
Short term self liquidating trade related contingencies	540,024		84,344	81,382
Forward asset purchases	620,010		7,493	2,330
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	10,834,153		10,941,307	68,719
Foreign exchange related contracts				
One year or less	56,038,707	722,919	626,650	424,764
Over one year to five years	2,445,761	37,295	209,324	167,223
Over five years	1,106,029	2,023	131,448	116,738
Interest rate related contracts				
One year or less	873,908	1,659	4,518	1,951
Over one year to five years	2,632,515	29,046	76,116	38,812
Over five years	1,194,899	34,761	136,221	58,248
Equity and commodity related contracts				
One year or less	1,604,905	13,558	106,389	95,935
Over one year to five years	178,508	2,717	9,824	2,061
Gold and Other Precious Metal Contracts				
One year or less	77,227	1,021	3,724	1,971
Other Commodity Contracts				
One year or less	79,611	2,084	6,439	1,395
OTC Derivatives transaction subject to valid bilateral netting agreements	34,908,795	497,034	1,164,244	565,714
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,866,688		1,421,925	1,086,204
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,961,280		2,596,825	2,138,710
Unutilised credit card lines	4,086,198		817,239	605,188
Total	**138,945,802**	**1,344,117**	**22,411,784**	**8,765,050**

Table 8.1: Off Balance Sheet Exposures (Cont'd.)

The off balance sheet exposures and counterparty credit risk of the Group are as follows (Cont'd.):

31 March 2023	Principal/ Notional amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Direct credit substitutes	2,583,594		2,482,643	2,062,905
Transaction related contingent items	3,519,830		1,730,877	1,356,915
Short term self liquidating trade related contingencies	662,922		110,039	108,720
Forward asset purchases	174,223		5,118	3,069
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	17,904,209		18,045,991	139,627
Foreign exchange related contracts				
One year or less	45,732,390	304,654	317,975	222,978
Over one year to five years	3,621,033	115,718	348,869	289,907
Over five years	1,041,311	1,189	127,979	112,120
Interest rate related contracts				
One year or less	622,094	11,143	18,367	9,184
Over one year to five years	3,969,273	119,263	202,785	56,392
Over five years	2,048,469	129,182	282,761	73,503
Equity and commodity related contracts				
One year or less	1,352,573	12,452	124,618	84,221
Over one year to five years	4,850	116	180	36
Other Commodity Contracts				
Over one year to five years	74,952	6,406	15,450	7,725
OTC Derivatives transaction subject to valid bilateral netting agreements	30,826,938	223,550	690,988	340,691
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,606,963		1,257,655	976,393
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,845,730		2,558,203	2,075,150
Unutilised credit card lines	3,976,830		795,358	589,689
Total	**133,568,184**	**923,673**	**29,115,856**	**8,509,225**

Table 8.2 : Credit Derivatives Counterparty Credit Risk

The Group did not have any counterparty credit risk exposure as at 30 September 2023 and 31 March 2023.

9.0 Securitisation

Table 9.1: Securitisation (Banking Book)

The securitised exposures of the Group are as follows:

30 September 2023 Underlying asset	Total exposures securitised RM'000	Past due RM'000	Impaired RM'000	Gains/losses recognised during the financial period RM'000
Traditional securitisation originated by the Group				
Banking book				
Mortgage loans	1,147,585	-	1,136,192	-
Total traditional securitisation	**1,147,585**	**-**	**1,136,192**	**-**

31 March 2023 Underlying asset	Total exposures securitised RM'000	Past due RM'000	Impaired RM'000	Gains/losses recognised during the financial year RM'000
Traditional securitisation originated by the Group				
Banking book				
Mortgage loans	1,123,518	-	1,112,256	-
Total traditional securitisation	**1,123,518**	**-**	**1,112,256**	**-**

Table 9.2: Securitisation under the Standardised Approach for Banking Book Exposures

30 September 2023				Distribution of exposures after CRM according to applicable risk weights				
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party								
On Balance Sheet Exposures	-	-	-	-	-	-	-	-
Originated by the Group								
On Balance Sheet Exposures	90	90	-	-	-	90	-	1,125
Total traditional securitisation	**90**	**90**	**-**	**-**	**-**	**90**	**-**	**1,125**

31 March 2023				Distribution of exposures after CRM according to applicable risk weights				
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party								
On Balance Sheet Exposures	-	-	-	-	-	-	-	-
Originated by the Group								
On Balance Sheet Exposures	90	90	-	-	-	90	-	1,125
Total traditional securitisation	**90**	**90**	**-**	**-**	**-**	**90**	**-**	**1,125**

There is no securities exposure under trading book as at 30 September 2023 and 31 March 2023.

10.0 Non-Traded Market Risk

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.

Table 10.1: Market Risk Sensitivity - IRRBB

The IRRBB sensitivity for the Group is as follows:

30 September 2023	Interest Rate +100 bps RM'000	Interest Rate -100 bps RM'000
Impact on Profit Before Taxation	34,201	(34,201)
Impact on Equity	(980,510)	1,078,245

31 March 2023	Interest Rate +100 bps RM'000	Interest Rate -100 bps RM'000
Impact on Profit Before Taxation	3,322	(3,322)
Impact on Equity	(1,045,279)	1,147,968

11.0 Equities (Banking Book Positions)

Measurement of equity securities, management has elected at initial recognition to irrevocably designate certain equity investment not held for trading at financial assets at fair value through profit or loss ("FVTPL") and FVOCI. When this election is used, fair value gains and losses for equity investment at FVTPL are recognised in profit or loss and equity investment at FVOCI are recognised in other comprehensive income.

Table 11.1: Equity investments and capital requirement

An analysis of equity investments by appropriate equity groupings and risk weighted assets of the Group are as follows:

Non traded equity investments	30 September 2023 RM'000	31 March 2023 RM'000
Value of quoted (publicly traded) equities	61,531	60,631
Value of unquoted (privately held) equities	715,603	677,295
Total	**777,134**	**737,926**
Net realised and unrealised gains/(losses)		
Cumulative realised gains from sales and liquidations	-	-
Total unrealised gains/(losses)	38,992	1,120
Total	**38,992**	**1,120**
Risk weighted assets		
Equity investments subject to a 100% risk weight	777,097	737,889
Equity investments subject to a 150% risk weight	56	53
Total	**777,153**	**737,942**
Total minimum capital requirement (8%)	**62,172**	**59,035**

12.0 Liquidity Risk and Funding Management

The liquidity risk management of the Bank is aligned to the Liquidity Coverage Ratio ("LCR") policy and Net Stable Funding Ratio ("NSFR") policy issued by BNM.