Registration No. 199101012723 (223035-V)

AMMB Holdings Berhad

Pillar 3 Disclosure

31 March 2024

RWCAF- Pillar 3 Disclosure
(Applicable to the regulated banking subsidiaries of the Group)
For 31 March 2024

Contents

1.0 Scope of Application

The Risk Weighted Capital Adequacy Framework - (Basel II) Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosure Requirements (Pillar 3) policy documents 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 two policy documents are applicable to all banking institutions licensed under the Financial Services Act 2013 (“FSA”) and Islamic Financial Service Act 2013 ("IFSA").

The banking subsidiaries of AMMB Holdings Berhad (“AMMB”) to which the policy documents apply are AmBank (M) Berhad (“AmBank”), AmInvestment Bank Berhad (“AmInvestment Bank”) and AmBank Islamic Berhad (“AmBank Islamic”). AMMB is a financial holding company ("FHC") approved pursuant to Section 112(3) of the FSA.

The Pillar 3 Disclosure and regulatory capital ratio calculations are prepared at the consolidated AMMB Holdings Berhad level excluding investment in insurance entities and joint ventures ("the Group"). Investment in insurance entities is deducted from the regulatory capital. The information provided in this Pillar 3 Disclosure has been verified by the Group internal auditors and certified by the Group 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 are computed in accordance with BNM's policy documents on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 15 December 2023 and Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 18 December 2023. Pursuant to BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), financial institution is 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 banking group subsidiaries 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) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets).

1.0 Scope of Application (Cont'd.)

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 AMMB comprise the financial statements of the Company 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 except for the exclusion of investment in insurance entities and joint ventures. 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 IFSA or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level and FHC level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the banking subsidiary entity level; Consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level and FHC level
Associates and jointly controlled entities which are licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Deducted in the calculation of capital
Associates and jointly controlled entities which are not licensed under FSA or IFSA 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 respective 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.

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.

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020 in which the Group 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 Ratios

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

	31 MARCH 2024			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	13.437%	13.103%	27.952%	13.745%
Tier 1 Capital Ratio	13.437%	13.103%	27.952%	13.746%
Total Capital Ratio	18.057%	17.774%	28.846%	16.929%
After deducting proposed dividends:				
CET1 Capital Ratio	12.927%	13.047%	27.952%	13.304%
Tier 1 Capital Ratio	12.927%	13.047%	27.952%	13.304%
Total Capital Ratio	17.547%	17.719%	28.846%	16.487%

	31 MARCH 2023			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	12.318%	12.616%	43.205%	12.844%
Tier 1 Capital Ratio	12.318%	12.616%	43.205%	12.845%
Total Capital Ratio	16.867%	17.127%	43.993%	15.983%
After deducting proposed dividends:				
CET1 Capital Ratio	12.129%	12.616%	35.067%	12.515%
Tier 1 Capital Ratio	12.129%	12.616%	35.067%	12.515%
Total Capital Ratio	16.677%	17.127%	35.856%	15.653%

Notes:

(1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 15 December 2023, the capital ratios of the Group and the banking subsidiaries had been computed applying transitional arrangements on provision for ECL. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries as at 31 March 2024 and 31 March 2023 are as follows:

	31 MARCH 2024			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital Ratio	13.185%	12.808%	27.951%	13.481%
Tier 1 Capital Ratio	13.185%	12.808%	27.951%	13.482%
Total Capital Ratio	17.856%	17.530%	28.846%	16.745%
After deducting proposed dividends:				
CET1 Capital Ratio	12.675%	12.753%	27.951%	13.040%
Tier 1 Capital Ratio	12.675%	12.753%	27.951%	13.040%
Total Capital Ratio	17.346%	17.475%	28.846%	16.303%

Table 2.1: Capital Adequacy Ratios (Cont'd.)

	31 MARCH 2023			
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group**
Before deducting proposed dividends:				
CET1 Capital Ratio	11.972%	12.026%	43.205%	12.430%
Tier 1 Capital Ratio	11.972%	12.026%	43.205%	12.430%
Total Capital Ratio	16.675%	16.801%	43.993%	15.800%
After deducting proposed dividends:				
CET1 Capital Ratio	11.783%	12.026%	35.067%	12.100%
Tier 1 Capital Ratio	11.783%	12.026%	35.067%	12.101%
Total Capital Ratio	16.486%	16.801%	35.856%	15.471%

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

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

The positions of each entity as presented above and Group (where applicable) are also published at www.ambankgroup.com.

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:

	31 MARCH 2024						
Exposure class	**RM'000**	**Gross exposures/ Exposure at default (“EAD”) before credit risk mitigation (“CRM”) RM'000**	**Net exposures/ EAD after CRM RM'000**	**Risk weighted assets RM'000**	**Risk Weighted Assets Absorbed by PSIA RM'000**	**Total Risk Weighted Assets after effects of PSIA RM'000**	**Minimum capital requirement at 8% RM'000**
1. **Credit risk**							
On-balance sheet exposures:							
Sovereigns/central banks		18,987,266	18,987,266	-	-	-	-
Public Sector Entities ("PSEs")		6,587	6,587	1,318	-	1,318	105
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")		6,846,800	6,846,800	1,350,084	-	1,350,084	108,007
Insurance companies, Securities firms and Fund managers		816	816	815	-	815	65
Corporates		80,277,608	77,443,419	58,312,066	-	58,312,066	4,664,965
Regulatory retail		39,415,435	35,548,581	27,187,512	1,441	27,186,071	2,174,886
Residential mortgages		33,150,016	33,147,148	12,958,540	-	12,958,540	1,036,683
Higher risk assets		50,000	50,000	75,001	-	75,001	6,000
Other assets		3,276,330	3,276,330	1,718,983	-	1,718,983	137,519
Securitisation exposures		90	90	1,125	-	1,125	90
Equity exposures		731,157	731,157	731,157	-	731,157	58,493
Defaulted exposures		1,692,258	1,681,285	1,525,562	-	1,525,562	122,045
Total for on-balance sheet exposures		**184,434,363**	**177,719,479**	**103,862,163**	**1,441**	**103,860,722**	**8,308,858**
Off-balance sheet exposures:							
Over the counter ("OTC") derivatives		2,134,424	1,869,505	1,119,100	-	1,119,100	89,528
Off-balance sheet exposures other than OTC derivatives or credit derivatives		19,657,341	11,448,264	9,290,620	-	9,290,620	743,250
Defaulted exposures		61,934	54,143	80,450	-	80,450	6,436
Total for off-balance sheet exposures		**21,853,699**	**13,371,912**	**10,490,170**	**-**	**10,490,170**	**839,214**
Total on and off-balance sheet exposures		**206,288,062**	**191,091,391**	**114,352,333**	**1,441**	**114,350,892**	**9,148,072**
2. **Large exposures risk requirement**				-	-	-	-
3. **Market risk**	**Long Position**	**Short Position**					
Interest rate risk/rate of return risk							
- General interest rate risk/rate of return risk	93,750,524	85,260,571		1,585,995	-	1,585,995	126,880
- Specific interest rate risk/rate of return risk	8,795,330	372,098		35,807	-	35,807	2,865
Foreign currency risk	112,635	279,452		279,452	-	279,452	22,356
Equity risk							
- General risk	63,969	9,220		54,749	-	54,749	4,380
- Specific risk	63,969	9,220		45,006	-	45,006	3,600
Option risk	585,440	403,939		57,475	-	57,475	4,598
Total	**103,371,867**	**86,334,500**		**2,058,484**	**-**	**2,058,484**	**164,679**
4. **Operational risk**				**8,136,666**	**-**	**8,136,666**	**650,933**
5. **Total RWA and capital requirements**				**124,547,483**	**1,441**	**124,546,042**	**9,963,684**

Table 2.2 Risk-Weighted Assets and Capital Requirements (Cont'd.)
The breakdown of RWA by exposures in major risk category of Group is as follows: (cont'd.)

	31 MARCH 2023						
Exposure class	RM'000	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM") RM'000	Net exposures/ EAD after CRM RM'000	Risk weighted assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum capital requirement at 8% RM'000
1. **Credit risk**							
On-balance sheet exposures:							
Sovereigns/central banks		24,112,318	24,112,318	-	-	-	-
Public Sector Entities ("PSEs")		1,814	1,814	363	-	363	29
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")		7,293,311	7,293,311	1,471,863	-	1,471,863	117,749
Insurance companies, Securities firms and Fund managers		2,588	2,588	2,588	-	2,588	207
Corporates		76,143,099	73,508,757	56,421,699	-	56,421,699	4,513,736
Regulatory retail		40,465,253	35,421,351	28,003,870	2,740	28,001,130	2,240,090
Residential mortgages		30,390,626	30,387,179	11,972,145	-	11,972,145	957,772
Higher risk assets		14,182	14,182	21,274	-	21,274	1,702
Other assets		2,345,840	2,345,840	1,837,488	-	1,837,488	146,999
Securitisation exposures		90	90	1,125	-	1,125	90
Equity exposures		680,324	680,324	680,324	-	680,324	54,426
Defaulted exposures		1,415,048	1,406,735	1,315,114	-	1,315,114	105,209
Total for on-balance sheet exposures		**182,864,493**	**175,174,489**	**101,727,853**	**2,740**	**101,725,113**	**8,138,009**
Off-balance sheet exposures:							
Over the counter ("OTC") derivatives		2,118,565	1,746,958	1,220,581	-	1,220,581	97,646
Off-balance sheet exposures other than OTC derivatives or credit derivatives		30,784,963	22,614,427	9,296,544	-	9,296,544	743,724
Defaulted exposures		88,476	77,356	99,248	-	99,248	7,940
Total for off-balance sheet exposures		**32,992,004**	**24,438,741**	**10,616,373**	**-**	**10,616,373**	**849,310**
Total on and off-balance sheet exposures		**215,856,497**	**199,613,230**	**112,344,226**	**2,740**	**112,341,486**	**8,987,319**
2. **Large exposures risk requirement**				785,485	-	785,485	62,839
3. **Market risk**	**Long Position**	**Short Position**					
Interest rate risk/rate of return risk							
- General interest rate risk/rate of return risk	100,501,838	88,928,729		1,370,454	-	1,370,454	109,636
- Specific interest rate risk/rate of return risk	11,789,528	314,545		28,264	-	28,264	2,261
Foreign currency risk	592,154	806,217		1,287,530	-	1,287,530	103,002
Equity risk							
- General risk	48,687	2,692		45,995	-	45,995	3,680
- Specific risk	48,687	2,692		53,535	-	53,535	4,283
Option risk	396,694	173,720		55,761	-	55,761	4,461
Total	**113,377,588**	**90,228,595**		**2,841,539**	**-**	**2,841,539**	**227,323**
4. **Operational risk**				**7,762,466**	**-**	**7,762,466**	**620,997**
5. **Total RWA and capital requirements**				**123,733,716**	**2,740**	**123,730,976**	**9,898,478**

3.0 Capital Structure

Table 3.2 summarises the capital position and capital structure of the Group and its banking subsidiaries. The capital structure is made up of:

- Common Equity Tier 1 (“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) 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 is 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 Group 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.

(d) Foreign Currency Translation Reserve
Foreign exchange gains and losses arising from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's reporting currency.

(e) Regulatory Reserve
Regulatory reserve is maintained in accordance with paragraph 10.5 of the BNM's Policy Document on Financial Reporting and paragraph 10.9 of the BNM's Policy Document on Financial Reporting for Islamic Banking Institutions as an additional credit risk absorbent. The amount of the regulatory reserve is deducted from the calculation of CET1 Capital.

(f) 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 gains 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.

3.1 CET1 Capital (Cont'd.)

(g) Other disclosed reserves comprise:

(i) Executive Share Scheme reserve

Executive Share Scheme ("ESS") reserve represents the equity-settled scheme shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled scheme shares and is reduced by the expiry of the scheme shares.

(ii) Treasury shares

Treasury shares represent the shares of the Company listed on the Main Market of Bursa Malaysia bought back from the open market. Shares bought back are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. These shares have no rights to vote, dividends and participate in other distributions.

During the current financial year, the Company bought back 5,806,950 (2023: 10,949,250) ordinary shares of the Company for a total consideration of RM22.7 million (2023: RM43.7 million) (including transaction costs) from the open market at an average price of RM3.91 per share (2023: RM4.00 per share).

3.2 Additional Tier 1 Capital

On 11 October 2023, AmBank established a new Basel III compliant Subordinated Notes programme of RM8.0 billion ("AT1/Tier 2 Programme") to enable the issuance of Additional Tier 1 and Tier 2 capital instruments from time to time. The Programme's tenure is perpetual.

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, AmBank established a Basel III compliant Subordinated Notes programme of RM4.0 billion (“Tier 2 Programme”) to enable the issuance of Tier 2 capital instruments from time to time. The Tier 2 Programme has a tenure of 30 years from the date of the first issuance under the Tier 2 Programme. Each issuance of Tier 2 Subordinated Notes under the Tier 2 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, AmBank revised the terms of the Tier 2 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 Tier 2 Programme.

The salient features of the Tier 2 Subordinated Notes issued under the RM 4.0 billion Tier 2 programme and outstanding as at 31 March 2024 are as follows:

Issue Date	First Call Date	Tenure	Interest Rate	Nominal value outstanding (RM million)
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				**2,595**

3.3 Tier 2 Capital (Cont'd.)

Basel III Subordinated Notes (Cont'd.)

On 11 October 2023, AmBank established a new Basel III compliant Subordinated Notes programme of RM8.0 billion ("AT1/Tier 2 Programme") to enable the issuance of Additional Tier 1 and Tier 2 capital instruments from time to time. The Programme's tenure is perpetual.

The salient features of the Tier 2 Subordinated Notes issued under AT1/Tier 2 programme and outstanding as at 31 March 2024 are as follows:

Issue Date	First Call Date	Tenure	Interest Rate	Nominal value outstanding (RM million)
3 November 2023	3 November 2028	10 years Non-Callable 5 years	4.55% per annum	500
				500

Basel III Subordinated Sukuk Murabahah

On 28 February 2014, AmBank Islamic established a Basel III compliant Subordinated Sukuk Murabahah programme of RM3.0 billion ("Sukuk Murabahah Programme") to enable the issuance of Tier 2 Capital from time to time.

The Sukuk Murabahah Programme has a tenure of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Sukuk under the programme shall have a tenure of at least 5 years from the issue date, and is callable on any profit payment date after a minimum period of 5 years from the date of issuance of each tranche.

On 19 December 2018, AmBank Islamic revised the terms of the Sukuk Murabahah 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 Sukuk Murabahah issued under this programme and outstanding as at 31 March 2024 are as follows:

Issue Date	First Call Date	Tenure	Profit Rate	Nominal value outstanding (RM million)
8 December 2020	8 December 2025	10 years Non-Callable 5 years	3.13% per annum	400
8 March 2022	8 March 2027	10 years Non-Callable 5 years	4.25% per annum	250
28 March 2023	28 March 2028	10 years Non-Callable 5 years	4.53% per annum	150
27 June 2023	27 June 2028	10 years Non-Callable 5 years	4.53% per annum	500
Total				**1,300**

Table 3.2: Capital Structure
The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and banking subsidiaries are as follows:

	31 MARCH 2024			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group RM'000**
CET1 Capital				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	8,561,556	3,344,076	191,226	12,042,847
Fair value reserve	411,695	8,390	1,912	624,239
Foreign exchange translation reserve	124,851	-	-	131,449
Treasury shares	-	-	-	(29,079)
Regulatory reserve	188,146	43,368	13,682	245,196
Cash flow hedging deficit	(1,029)	-	-	(1,029)
Other remaining disclosed reserves	-	-	-	36,504
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(123,528)	(220)	(3,068)	(127,802)
Deferred tax assets	(198,535)	(52,449)	(40,964)	(281,745)
55% of cumulative gains in fair value reserve	(226,432)	(4,615)	(1,052)	(343,332)
Cash flow hedging deficit	1,029	-	-	1,029
Regulatory reserve	(188,146)	(43,368)	(13,682)	(245,196)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,354)	(44)	-	(1,359)
Other CET1 regulatory adjustments specified by BNM	221,599	107,754	9	328,783
CET1 Capital	**11,810,316**	**4,789,999**	**428,254**	**17,119,253**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	434
Tier 1 Capital	**11,810,316**	**4,789,999**	**428,254**	**17,119,687**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,578,486
General provisions*	965,363	407,645	13,694	1,386,039
Tier 2 Capital	**4,060,363**	**1,707,645**	**13,694**	**3,964,525**
Total Capital	**15,870,679**	**6,497,644**	**441,948**	**21,084,212**

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

	AmBank	AmBank Islamic	AmInvestment Bank	Group
Credit RWA	80,811,594	35,468,914	1,164,364	114,352,333
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,371,871)	-	(1,441)
Total Credit RWA	80,811,594	34,097,043	1,164,364	114,350,892
Market RWA	1,708,904	345,524	15,539	2,058,484
Operational RWA	5,370,458	2,114,545	352,208	8,136,666
Total RWA	**87,890,956**	**36,557,112**	**1,532,111**	**124,546,042**

Table 3.2: Capital Structure (Cont'd.)
The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and banking subsidiaries are as follows: (cont'd.)

	31 MARCH 2023			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group RM'000**
CET1 Capital				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	7,508,139	3,022,623	126,419	10,757,582
Fair value reserve	299,138	(9,188)	2,259	492,817
Foreign exchange translation reserve	105,630	-	-	112,212
Treasury shares	-	-	-	(28,579)
Regulatory reserve	201,229	-	10,478	211,707
Cash flow hedging deficit	(4,259)	-	-	(4,258)
Other remaining disclosed reserves	-	-	-	26,425
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(202,069)	(298)	(3,462)	(207,152)
Deferred tax assets	(182,451)	(62,097)	(5,664)	(238,931)
55% of cumulative gains in fair value reserve	(164,526)	-	(1,243)	(271,049)
Cash flow hedging deficit	4,259	-	-	4,258
Regulatory reserve	(201,229)	-	(10,478)	(211,707)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(11)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(2,756)	(75)	-	(2,727)
Other CET1 regulatory adjustments specified by BNM	300,721	212,690	1	513,022
CET1 Capital	**10,702,280**	**4,550,762**	**398,501**	**15,892,368**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	455
Tier 1 Capital	**10,702,280**	**4,550,762**	**398,501**	**15,892,823**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,688,226
General provisions*	857,088	327,419	7,276	1,194,774
Tier 2 Capital	**3,952,088**	**1,627,419**	**7,276**	**3,883,000**
Total Capital	**14,654,368**	**6,178,181**	**405,777**	**19,775,823**

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

Credit RWA	79,287,050	35,344,046	582,070	112,344,226
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,545,037)	-	(2,740)
Total Credit RWA	79,287,050	33,799,009	582,070	112,341,486
Market RWA	1,624,350	304,677	6,231	2,841,539
Operational RWA	5,186,909	1,969,050	334,056	7,762,466
Large exposure risk RWA for equity holdings	785,485	-	-	785,485
Total RWA	**86,883,794**	**36,072,736**	**922,357**	**123,730,976**

* 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 which forms the foundation of 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 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.

The Group Risk Direction

The Group's FY2021 to 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 Group to deliver AmBank Holistic Customer Value Proposition, (4) Offers differentiated and profitable products, (5) Building capacity and efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P^{2}ACE") DNA, (7) Integrating Environmental, Social, and Governance ("ESG") focusing on Responsible banking and (8) Exploring Digital Bank option.

1. The Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").
2. The 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. The Group aims to maintain its Total Capital Ratio at the Group's Internal Capital Target under normal conditions.
4. The Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
5. The Group recognises the importance of funding its own business. It aims to maintain the following:
   a. Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
   b. Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   c. Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) above the prevailing regulatory minimum (effective July 2020).
6. The Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
   a. Keep operational losses and regulatory penalties below 0.8% of Profit After Tax and Non-controlling interests ("PATMI"); and
   b. Remain vigilant in risk identification and management to protect its reputation and business franchise.
7. The 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 FY2030.
8. The Group aims to maintain its IRRBB/RORBB Internal Capital Adequacy Assessment Programme ("ICAAP") Pillar 2 over total capital ratio at entity level as follows:
   a. ICAAP IRRBB/ RORBB at below 8.5% of its Total Capital for AmBank (entity level);
   b. ICAAP IRRBB/ RORBB at below 10% of its Total Capital for AmBank Islamic (entity level);
   c. ICAAP IRRBB/RORBB at below 5% of its Total Capital for AmInvestment (entity level).

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 has also established 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, Shariah risk, compliance risk, reputational risk, product and business risk, IT project risk , climate related risk and ESG risk.

4.0 General Risk Management (Cont'd.)

Risk Management Governance (Cont'd.)

The 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 , climate related risk 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 subsidiaries to facilitate suitable escalation of issues of concern across the organisation.

Impact of Expired Payment Holiday/Repayment Assistance

Consumer and small SMEs that are still on payment holiday and repayment assistance ("PH/RA") plans due to the Covid-19 pandemic is no longer a significant part of the portfolio, however, the Group remains cautious of the quality of this portfolio, especially those that have expired from multiple enrolments of the assistance programs. Close monitoring is being carried out on the remaining accounts in this segment and the portfolio has been assessed to ensure sufficient provisions have been allocated accordingly.

4.1 Internal Capital Adequacy Assessment Process

The core objectives of the Group's Internal Capital Adequacy Assessment Process ("ICAAP") Policy are:
- To protect the interests of depositors, creditors and shareholders;
- To ensure the safety and soundness of the Group's capital position; and
- To ensure that the capital base supports the Group's Risk Appetite and strategic business objectives, in an efficient and effective manner.

The requirements of the ICAAP Policy are consistent and calibrated with Group's Risk Appetite as set and approved by the Board.

The following key principles underpin the ICAAP:

4.1.1 The Group shall maintain an approved, documented, risk based and auditable ICAAP. The aim is to ensure the Group maintains, on a continuous basis, an adequate level of capitalisation which is sized following the identification, measurement, monitoring, and effective management and oversight of material risks across the Group, consistent with:
- The Group Risk Appetite, including the Group's target credit rating category;
- Regulatory Capital requirements;
- The Board and Management's targeted financial performance; and
- The Group's planned asset growth and strategic business objectives.

4.1.2 Board and Senior Management Oversight
The ICAAP must be subject to Board and senior management oversight, forms an integral part of the Group's capital management and decision making processes, and will:
- Ensure all elements of the ICAAP are established and functioning effectively and subject to independent review on a periodic basis; and
- Ensure comprehensive assessment of capital adequacy conducted annually.

4.1.3 Capital Management Framework
The ICAAP shall include an approved Capital Management Framework which contains:
- A strategy for maintaining capital resources over time;
- Measures that would be taken in the event capital falls below a targeted level; and
- Measures to ensure that the Group is in compliance with minimum regulatory standards.

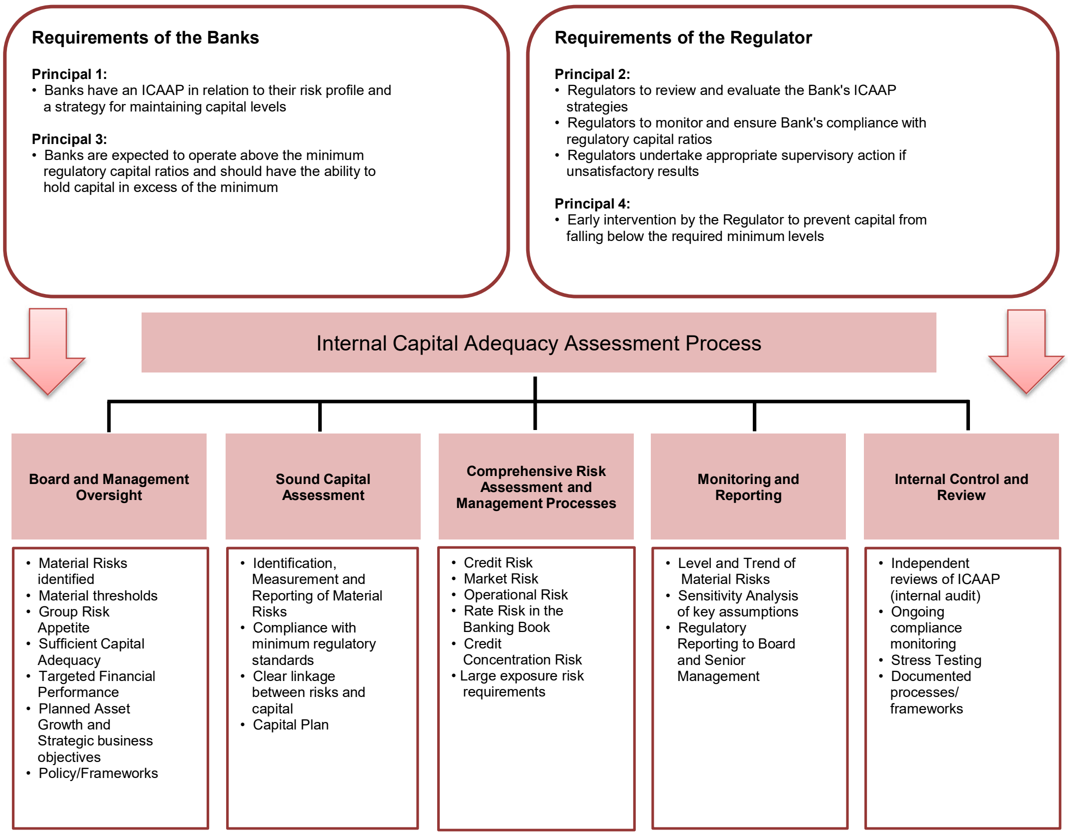
4.1.4 The Group's quality and level of capital shall commensurate with the level of risks exposures. Sufficient capital shall be maintained to:
- Meet minimum prudential requirements (including capital buffer requirements) in all jurisdictions in which the Group operates, and any requirements that may be imposed by the stakeholders of the Group;
- Be consistent with the Group's overall risk profile and financial positions, taking into account its strategic focus and business plan; and
- Achieve or maintain the Group's desired long term credit rating.

4.1.5 Capital allocation:
- Capital allocation shall be consistent with the Group's regulatory capital measurement framework and risk adjusted performance requirements.

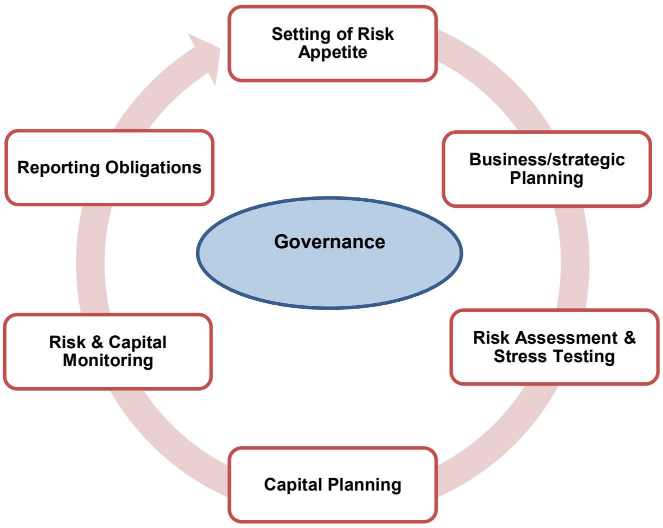
4.1.6 Material Risks
- The Group shall identify and assess the risk materiality on an annual basis;
- Risk assessments shall be conducted at banking subsidiaries' level and incorporate both quantitative and qualitative elements; and
- Methodologies to identify and determine the materiality of current risk types, changes to existing risk types and new risk types must be established.

4.1 Internal Capital Adequacy Assessment Process (Cont'd.)

ICAAP Framework



Overview of ICAAP process and setting Internal Capital Targets



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/Financing ("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 post mortem 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/financing, 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 as well as Shariah compliance risk (please refer to section 14 for discussion on Shariah Governance Structure).

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.

For non-retail credit, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the banking subsidiaries' 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 banking subsidiaries' credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

For retail credit, 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/financing loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending/financing 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/Financing to Value limits for asset backed loans/financing;
- 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 requirements are in place for the non-retail portfolio, this sets out the identification and management (including monitoring requirements) of customers that exhibit significant increase in credit risk or show symptoms of potential credit issues;
- 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/financing;
- Setting Retail risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

5.0 Credit Risk Management (Cont'd.)

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 the 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/financing 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, impairment, flow rates of loan/financing 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 are 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 obligor has breached its contractual payment obligations and past due for more than 90 days; or
b. As soon as default occurs where the principal and/or interest/profit repayments/payments are scheduled on intervals of 3 months or longer; or
c. Other impairment indicators stipulated in the relevant guidelines.

Impaired accounts which undergo restructuring/rescheduling will continue to be impaired for at least 6 months.

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):

Changes 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:

31 MARCH 2024	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	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	Total RM'000
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	18,987,266	-	-	-	-	-	18,987,266
PSEs	-	-	-	-	-	-	-	5,369	1,218	-	-	-	-	-	6,587
Banks, DFIs and MDBs	-	-	-	-	-	-	-	6,846,800	-	-	-	-	-	-	6,846,800
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	816	-	-	-	-	-	-	816
Corporates	3,541,382	2,539,203	15,522,965	3,427,069	7,917,520	12,973,768	6,148,684	11,072,497	-	10,081,572	2,999,768	2,687,266	1,305,281	60,633	80,277,608
Regulatory retail	63,759	18,426	853,174	28,097	511,599	1,697,045	319,409	32,278	-	186,258	531,010	109,844	35,046,528	18,008	39,415,435
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	33,150,016	-	33,150,016
Higher risk assets	-	-	37,469	-	-	-	-	-	-	-	-	-	9,814	2,717	50,000
Other assets	-	-	-	-	-	-	-	230,461	145,000	8	25,967	-	83,610	2,791,284	3,276,330
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	12,740	-	-	-	-	-	-	-	-	-	-	718,417	731,157
Defaulted exposures	8,907	117,409	136,772	1,173	80,479	234,472	23,499	3,492	-	33,893	36,274	32,679	981,555	1,654	1,692,258
Total for on-balance sheet exposures	**3,614,048**	**2,675,038**	**16,563,120**	**3,456,339**	**8,509,598**	**14,905,285**	**6,491,592**	**18,191,803**	**19,133,484**	**10,301,731**	**3,593,019**	**2,829,789**	**70,576,804**	**3,592,713**	**184,434,363**
Off-balance sheet exposures															
OTC derivatives	5,239	205,698	405,996	125	6,680	12,291	3,395	1,313,262	138,317	1,099	12,378	984	28,700	260	2,134,424
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	217,096	110,047	2,535,291	392,922	2,634,669	1,249,699	743,425	7,128,663	510,874	621,691	221,206	142,978	3,145,519	3,261	19,657,341
Defaulted exposures	-	630	11,687	-	31,840	362	-	-	-	2,182	28	-	15,205	-	61,934
Total for off-balance sheet exposures	**222,335**	**316,375**	**2,952,974**	**393,047**	**2,673,189**	**1,262,352**	**746,820**	**8,441,925**	**649,191**	**624,972**	**233,612**	**143,962**	**3,189,424**	**3,521**	**21,853,699**
Total on and off-balance sheet exposures	**3,836,383**	**2,991,413**	**19,516,094**	**3,849,386**	**11,182,787**	**16,167,637**	**7,238,412**	**26,633,728**	**19,782,675**	**10,926,703**	**3,826,631**	**2,973,751**	**73,766,228**	**3,596,234**	**206,288,062**

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 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	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	Total RM'000
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	24,112,318	-	-	-	-	-	24,112,318
PSEs	-	-	-	-	-	-	-	-	1,814	-	-	-	-	-	1,814
Banks, DFIs and MDBs	-	-	-	-	-	-	-	7,293,311	-	-	-	-	-	-	7,293,311
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	2,588	-	-	-	-	-	-	2,588
Corporates	3,721,221	2,465,023	15,204,511	3,233,380	7,753,652	12,062,410	6,762,951	10,247,611	-	8,869,895	1,910,403	2,579,992	1,281,475	50,575	76,143,099
Regulatory retail	65,045	21,353	779,179	92,639	535,345	1,567,287	293,245	26,105	-	152,724	510,620	108,537	36,306,121	7,053	40,465,253
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	30,390,626	-	30,390,626
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	11,530	2,652	14,182
Other assets	-	11	-	-	-	-	-	51,942	145,000	671	20,007	-	71,060	2,057,149	2,345,840
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	680,324	680,324
Defaulted exposures	4,994	139,594	141,958	12,974	76,650	121,253	20,190	10,322	-	14,523	37,068	8,127	827,395	-	1,415,048
Total for on-balance sheet exposures	**3,791,260**	**2,625,981**	**16,125,648**	**3,338,993**	**8,365,647**	**13,750,950**	**7,076,386**	**17,631,969**	**24,259,132**	**9,037,813**	**2,478,098**	**2,696,656**	**68,888,207**	**2,797,753**	**182,864,493**
Off-balance sheet exposures															
OTC derivatives	5,996	198,488	348,403	895	129	12,977	5,078	1,392,042	79,581	2,861	23,983	1,909	46,223	-	2,118,565
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	222,255	187,877	2,654,094	407,973	3,067,983	1,316,892	556,348	6,767,189	11,602,509	635,994	185,501	152,863	3,026,494	991	30,784,963
Defaulted exposures	-	18,158	24,865	-	22,684	864	80	-	-	3,563	81	-	18,181	-	88,476
Total for off-balance sheet exposures	**228,251**	**404,523**	**3,027,362**	**408,868**	**3,090,796**	**1,330,733**	**561,506**	**8,159,231**	**11,682,090**	**642,418**	**209,565**	**154,772**	**3,090,898**	**991**	**32,992,004**
Total on and off-balance sheet exposures	**4,019,511**	**3,030,504**	**19,153,010**	**3,747,861**	**11,456,443**	**15,081,683**	**7,637,892**	**25,791,200**	**35,941,222**	**9,680,231**	**2,687,663**	**2,851,428**	**71,979,105**	**2,798,744**	**215,856,497**

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

The impaired and past due loans, advances and financing, impairment allowances, charges for individual impairment allowances and write offs during the financial year by sector of the Group is as follow:

31 MARCH 2024	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, advances and financing	6,025	50,078	195,332	51,056	216,634	340,472	30,723	2,899	36,903	43,720	37,512	1,224,769	-	**2,236,123**
Past due but not impaired loans/financing	85,326	10,226	166,843	23,502	159,639	546,324	61,128	6,684	240,618	86,810	22,791	6,827,240	-	**8,237,131**
Allowances for expected credit losses	9,201	21,564	232,565	38,921	176,381	160,684	141,354	24,547	35,232	33,023	9,795	1,143,937	961	**2,028,165**
(Writeback of)/Charges for individual allowance	(1,946)	14,577	33,225	1,062	9,076	102,105	9,373	(1,001)	2,507	15,034	2,857	24,066	-	**210,935**
Write-offs against individual allowance and other movements	-	3,481	38,354	-	41,360	79,392	3,438	-	16	10,404	1,742	-	-	**178,187**

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, advances and financing	7,152	43,082	214,954	47,366	172,476	213,270	23,594	11,201	11,413	44,095	11,863	1,095,981	-	**1,896,447**
Past due but not impaired loans/financing	97,342	12,754	221,700	22,396	300,484	352,461	71,188	5,372	105,320	140,538	85,829	7,206,996	-	**8,622,380**
Allowances for expected credit losses	5,817	8,112	233,099	4,516	117,473	166,114	152,902	80,683	41,760	124,839	8,065	1,040,337	449	**1,984,166**
Charges for/(Writeback) individual allowance	510	14,886	20,620	30,399	10,039	64,827	926	1,001	(5,720)	764	184	(61)	-	**138,375**
Write-offs against individual allowance and other movements	-	145,496	28,480	-	(26,010)	46,835	-	-	-	445	-	-	-	**195,246**

Table 5.3: Geographical distribution of credit exposures
The geographic distribution of credit exposures of the Group is as follows:

	31 MARCH 2024		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-balance sheet exposures			
Sovereigns/Central banks	18,987,266	-	18,987,266
PSEs	6,587	-	6,587
Banks, DFIs and MDBs	3,579,591	3,267,209	6,846,800
Insurance companies, Securities firms and Fund managers	816	-	816
Corporates	80,138,515	139,093	80,277,608
Regulatory retail	39,412,140	3,295	39,415,435
Residential mortgages	33,150,016	-	33,150,016
Higher risk assets	49,996	4	50,000
Other assets	3,255,332	20,998	3,276,330
Securitisation exposures	90	-	90
Equity exposures	730,343	814	731,157
Defaulted exposures	1,692,258	-	1,692,258
Total for on-balance sheet exposures	**181,002,950**	**3,431,413**	**184,434,363**
Off-balance sheet exposures			
OTC derivatives	1,571,150	563,274	2,134,424
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	19,631,920	25,421	19,657,341
Defaulted exposures	61,934	-	61,934
Total for off-balance sheet exposures	**21,265,004**	**588,695**	**21,853,699**
Total on and off-balance sheet exposures	**202,267,954**	**4,020,108**	**206,288,062**

	31 MARCH 2023		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-balance sheet exposures			
Sovereigns/Central banks	24,112,318	-	24,112,318
PSEs	1,814	-	1,814
Banks, DFIs and MDBs	3,741,897	3,551,414	7,293,311
Insurance companies, Securities firms and Fund managers	2,588	-	2,588
Corporates	75,852,725	290,374	76,143,099
Regulatory retail	40,459,251	6,002	40,465,253
Residential mortgages	30,390,626	-	30,390,626
Higher risk assets	14,178	4	14,182
Other assets	2,317,788	28,052	2,345,840
Securitisation exposures	90	-	90
Equity exposures	679,563	761	680,324
Defaulted exposures	1,415,048	-	1,415,048
Total for on-balance sheet exposures	**178,987,886**	**3,876,607**	**182,864,493**
Off-balance sheet exposures			
OTC derivatives	1,482,351	636,214	2,118,565
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	30,765,446	19,517	30,784,963
Defaulted exposures	74,352	14,124	88,476
Total for off-balance sheet exposures	**32,322,149**	**669,855**	**32,992,004**
Total on and off-balance sheet exposures	**211,310,035**	**4,546,462**	**215,856,497**

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

The impaired and past due loans, advances and financing and impairment allowances by geographic distribution of the Group is as follows:

	31 MARCH 2024		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	2,236,123	-	2,236,123
Past due but not impaired loans/financing	8,237,131	-	8,237,131
Allowances for expected credit losses	2,028,066	99	2,028,165

	31 MARCH 2023		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,896,447	-	1,896,447
Past due but not impaired loans/financing	8,622,380	-	8,622,380
Allowances for expected credit losses	1,984,032	134	1,984,166

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:

31 MARCH 2024	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	2,207,900	141,825	945,881	1,174,519	3,350,229	2,201,118	8,965,794	-	18,987,266
PSEs	-	-	-	-	1,218	-	-	5,369	6,587
Banks, DFIs and MDBs	4,925,477	50,704	-	10,093	1,184,865	178,354	497,307	-	6,846,800
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	816	-	816
Corporates	27,714,689	8,231,706	6,805,471	7,164,545	10,324,443	6,364,261	13,672,493	-	80,277,608
Regulatory retail	198,806	106,888	162,265	3,226,430	1,905,118	3,769,271	30,046,657	-	39,415,435
Residential mortgages	912	230	515	2,602	48,221	115,164	32,982,372	-	33,150,016
Higher risk assets	25	38	80	40	97	423	9,111	40,186	50,000
Other assets	1,680,943	-	-	-	-	-	-	1,595,387	3,276,330
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	-	731,157	731,157
Defaulted exposures	200,637	1,573	2,506	84,786	85,151	194,358	1,094,856	28,391	1,692,258
Total for on-balance sheet exposures	**36,929,389**	**8,532,964**	**7,916,718**	**11,663,015**	**16,899,342**	**12,822,949**	**87,269,496**	**2,400,490**	**184,434,363**
Off-balance sheet exposures									
OTC derivatives	41,819	195,201	297,305	243,829	40,823	294,430	1,021,017	-	2,134,424
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	3,723,272	5,826,699	911,915	7,360,476	72,624	43,675	1,718,680	-	19,657,341
Defaulted exposures	22,748	179	4,392	19,331	109	204	14,971	-	61,934
Total for off-balance sheet exposures	**3,787,839**	**6,022,079**	**1,213,612**	**7,623,636**	**113,556**	**338,309**	**2,754,668**	**-**	**21,853,699**
Total on and off-balance sheet exposures	**40,717,228**	**14,555,043**	**9,130,330**	**19,286,651**	**17,012,898**	**13,161,258**	**90,024,164**	**2,400,490**	**206,288,062**

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	3,559,653	965,972	1,820,544	883,052	4,053,754	2,279,383	10,549,960	-	24,112,318
PSEs	-	-	-	-	1,367	447	-	-	1,814
Banks, DFIs and MDBs	5,380,907	530,786	-	292,286	274,454	78,684	736,194	-	7,293,311
Insurance companies, Securities firms and Fund managers	-	-	-	2,588	-	-	-	-	2,588
Corporates	23,973,321	8,894,159	4,834,452	7,094,506	8,037,751	8,943,988	14,364,922	-	76,143,099
Regulatory retail	243,236	91,223	123,567	3,060,985	1,866,256	4,294,150	30,785,836	-	40,465,253
Residential mortgages	1,122	175	507	2,454	38,986	110,827	30,236,555	-	30,390,626
Higher risk assets	23	-	34	41	198	434	10,800	2,652	14,182
Other assets	950,219	-	-	-	-	-	-	1,395,621	2,345,840
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	1,631	678,693	680,324
Defaulted exposures	147,325	17,443	2,501	90,580	52,919	94,538	1,009,742	-	1,415,048
Total for on-balance sheet exposures	**34,255,806**	**10,499,758**	**6,781,605**	**11,426,492**	**14,325,685**	**15,802,451**	**87,695,730**	**2,076,966**	**182,864,493**
Off-balance sheet exposures									
OTC derivatives	84,001	114,889	187,908	351,085	303,590	293,018	784,074	-	2,118,565
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	8,823,925	6,689,150	3,952,756	9,195,618	14,682	22,761	2,086,071	-	30,784,963
Defaulted exposures	6,417	5,305	9,160	52,562	231	260	14,541	-	88,476
Total for off-balance sheet exposures	**8,914,343**	**6,809,344**	**4,149,824**	**9,599,265**	**318,503**	**316,039**	**2,884,686**	**-**	**32,992,004**
Total on and off-balance sheet exposures	**43,170,149**	**17,309,102**	**10,931,429**	**21,025,757**	**14,644,188**	**16,118,490**	**90,580,416**	**2,076,966**	**215,856,497**

Table 5.6: Reconciliation of changes to loans/financing impairment allowances

The disclosure on reconciliation of loan/financing loss allowances can be found in Note 13 of the financial statements. Charge offs and recoveries that have been taken up directly to the statement of profit or loss are as follows:

FINANCIAL YEAR ENDED 31 MARCH 2024	
	(Charge off)/ Recoveries
	RM'000
Bad debts written off during the financial year	(54,396)
Bad debt recoveries during the financial year	346,873

FINANCIAL YEAR ENDED 31 MARCH 2023	
	(Charge off)/ Recoveries
	RM'000
Bad debts written off during the financial year	(38,906)
Bad debt recoveries during the financial year	349,246

6.0 Credit Risk Exposure under 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 ("ECAI") 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:

31 MARCH 2024													
	Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns and Central Banks	PSEs	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	RM'000
0%	19,506,698	-	101,377	-	10,108,910	1,462,990	-	-	910,931	-	-	32,090,906	-
20%	-	199,981	7,772,459	-	11,873,385	722,272	-	-	808,020	-	-	21,376,117	4,275,224
35%	-	-	-	-	-	-	24,149,677	-	-	-	-	24,149,677	8,452,387
50%	129,760	-	241,044	-	282,333	26,723	9,265,510	-	-	-	-	9,945,370	4,972,685
75%	-	-	-	-	-	28,579,553	-	-	-	-	-	28,579,553	21,434,665
100%	-	-	-	23,049	63,743,943	8,063,471	297,539	-	1,557,378	-	731,157	74,416,537	74,416,537
150%	-	-	-	-	249,441	223,272	-	60,427	-	-	-	533,140	799,710
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**19,636,458**	**199,981**	**8,114,880**	**23,049**	**86,258,012**	**39,078,281**	**33,712,726**	**60,427**	**3,276,329**	**90**	**731,157**	**191,091,390**	**114,352,333**

31 MARCH 2023													
	Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns and Central Banks	PSEs	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	RM'000
0%	35,714,828	-	347,498	-	9,015,629	163,739	-	-	432,033	-	-	45,673,727	-
20%	-	1,814	7,812,956	-	10,460,722	1,013,709	-	-	95,400	-	-	19,384,601	3,876,919
35%	-	-	-	-	-	-	21,545,984	-	-	-	-	21,545,984	7,541,095
50%	79,581	-	802,756	-	403,812	26,881	9,065,000	-	-	-	-	10,378,030	5,189,015
75%	-	-	-	-	-	28,703,137	-	-	-	-	-	28,703,137	21,527,353
100%	-	-	-	18,845	61,902,462	8,716,434	229,074	-	1,818,407	-	680,324	73,365,546	73,365,546
150%	-	-	-	-	321,574	213,169	-	27,372	-	-	-	562,115	843,173
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**35,794,409**	**1,814**	**8,963,210**	**18,845**	**82,104,199**	**38,837,069**	**30,840,058**	**27,372**	**2,345,840**	**90**	**680,324**	**199,613,230**	**112,344,226**

Table 6.2: Rated Exposures according to Ratings by ECAIs

		31 MARCH 2024				
		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		**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**B+ to D**	**Unrated**
Group						
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)						
PSEs (applicable for entities risk weighted based on their external ratings as corporates)	199,981	-	-	-	-	199,981
Insurance companies, Securities firms and Fund managers	26,144	-	-	-	-	26,144
Corporates	90,741,675	11,958,153	139,545	15,262	-	78,628,715
Total	**90,967,800**	**11,958,153**	**139,545**	**15,262**	-	**78,854,840**

		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		**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**B+ to D**	**Unrated**
Group						
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)						
PSEs (applicable for entities risk weighted based on their external ratings as corporates)	1,814	-	-	-	-	1,814
Insurance companies, Securities firms and Fund managers	21,696	-	-	-	-	21,696
Corporates	86,736,509	11,249,516	209,699	13,364	-	75,263,930
Total	**86,760,019**	**11,249,516**	**209,699**	**13,364**	-	**75,287,440**

	31 MARCH 2024	
	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs	
Moodys		**P-1**
Fitch		**F1+ F1**
RAM		**P-1**
MARC		**MARC-1**
Group		
Exposure class	**RM'000**	**RM'000**
Rated Credit Exposures		
Corporates	476,883	476,883
Total	476,883	476,883

	31 MARCH 2023	
	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs	
Moodys		**P-1**
Fitch		**F1+ F1**
RAM		**P-1**
MARC		**MARC-1**
Group		
Exposure class	**RM'000**	**RM'000**
Rated Credit Exposures		
Corporates	174,158	174,158
Total	174,158	174,158

Table 6.2: Rated Exposures according to Ratings by ECAIs (Cont'd.)

		31 MARCH 2024				
		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		**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Unrated**
Group						
Exposure Class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures						
Sovereigns and Central banks	19,636,458	-	-	19,636,458	-	-
Total	**19,636,458**	-	-	**19,636,458**	-	-

		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		**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Unrated**
Group						
Exposure Class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures						
Sovereigns and Central banks	35,794,409	2,873,938	-	32,920,471	-	-
Total	**35,794,409**	2,873,938	-	**32,920,471**	-	-

		31 MARCH 2024				
		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		**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Unrated**
Group						
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures						
Banks, DFIs and MDBs	14,187,215	10,652,102	2,658,605	13,214	1,507	861,787
Total	**14,187,215**	**10,652,102**	**2,658,605**	**13,214**	1,507	**861,787**

		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		**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Unrated**
Group						
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures						
Banks, DFIs and MDBs	15,042,596	8,865,473	3,075,437	17,278	471	3,083,937
Total	**15,042,596**	**8,865,473**	**3,075,437**	**17,278**	**471**	**3,083,937**

Table 6.3: Securitisation according to Ratings by ECAIs

		31 MARCH 2024		
		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		**AAA to AA-**	**A+ to A-**	**Unrated**
Group				
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		**AAA to AA-**	**A+ to A-**	**Unrated**
Group				
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

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 guarantees.

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral. Notwithstanding, for specific products, a collateral that becomes non-Shariah compliant during the tenure of financing may continue to be maintained as collateral.

The Credit Risk Mitigation Policy is the internally recognised collateral framework for the Group. Any collateral that does not conform to the requirements outlined in that policy may be considered by the relevant approval authority to be accepted and approved as an exception. For capital relief purposes, Basel Foundation IRB requirements set out in BNM's Capital Adequacy Framework are to be met failing which, no capital relief is to be accorded.

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/financing proposals are an integral component in transaction structuring for the Group. Where a counterparty's corporate guarantor guarantees 100% of the credit facility, the credit risk rating of the counterparty is able to be substituted with that of the corporate guarantor subject to fulfilling certain stipulated conditions for Non-Retail portfolio. Otherwise, if the stipulated conditions are met but the guarantee is <100%, the weighted-average method is able to be employed.

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/financing, amortisation schedules and loan/financing 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/financing assets.

Concentrations of credit risk mitigation

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan/Financing to Value metrics.

Table 7.1: Credit Risk Mitigation
The total exposures and eligible guarantees, credit derivatives and collateral of the Group are as follows:

	31 MARCH 2024		
Exposure Class	**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	18,987,266	-	-
PSEs	6,587	-	-
Banks, DFIs and MDBs	6,846,800	-	-
Insurance companies, Securities firms and Fund managers	816	-	-
Corporates	80,277,608	4,392,900	8,064,582
Regulatory retail	39,415,435	2,044,126	4,941,512
Residential mortgages	33,150,016	-	15,346
Higher risk assets	50,000	-	-
Other assets	3,276,330	-	-
Securitisation exposures	90	-	-
Equity exposures	731,157	-	-
Defaulted exposures	1,692,258	183,754	20,816
Total for on-balance sheet exposures	**184,434,363**	**6,620,780**	**13,042,256**
Off-balance sheet exposures			
OTC derivatives	2,134,424	-	538,283
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	19,657,341	416,195	9,333,745
Defaulted exposures	61,934	218	11,294
Total for off-balance sheet exposures	**21,853,699**	**416,413**	**9,883,322**
Total on and off-balance sheet exposures	**206,288,062**	**7,037,193**	**22,925,578**

	31 MARCH 2023		
Exposure Class	**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	24,112,318	-	-
PSEs	1,814	-	-
Banks, DFIs and MDBs	7,293,311	-	-
Insurance companies, Securities firms and Fund managers	2,588	-	-
Corporates	76,143,099	3,242,893	4,948,554
Regulatory retail	40,465,253	1,091,532	6,926,161
Residential mortgages	30,390,626	-	21,551
Higher risk assets	14,182	-	-
Other assets	2,345,840	-	-
Securitisation exposures	90	-	-
Equity exposures	680,324	-	-
Defaulted exposures	1,415,048	100,989	16,821
Total for on-balance sheet exposures	**182,864,493**	**4,435,414**	**11,913,087**
Off-balance sheet exposures			
OTC derivatives	2,118,565	-	615,484
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	30,784,963	162,177	9,545,392
Defaulted exposures	88,476	-	24,644
Total for off-balance sheet exposures	**32,992,004**	**162,177**	**10,185,520**
Total on and off-balance sheet exposures	**215,856,497**	**4,597,591**	**22,098,607**

8.0 Off-Balance Sheet exposures and Counterparty Credit Risk

8.1 Off-Balance Sheet exposures

The Group's off-balance sheet exposures consist of 3 main categories as follows:

(1) Credit related exposures, e.g. direct credit substitute, guarantees given on behalf of customers, certain transaction-related contingent items, obligation under underwriting agreement, short-term self-liquidating trade-related contingencies, irrevocable commitment to extend credit and unutilised credit card line.

(2) Derivative Financial Instruments, e.g. forward exchange contracts (forward exchange contracts and cross currency swaps), interest/profit rate related contracts (interest/profit rates futures and interest/profit rates swap), equity related contracts (option and futures) and commodity related contract (option).

(3) Other treasury-related exposures, e.g. forward purchase commitment.

Off-balance sheet exposure is mitigated by setting of credit limit for the respective counterparty and exposure limit for industry sectors which are governed under the GRAF.

8.2 Counterparty Credit Risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group’s exposure. The markets covered by this treatment for transactions entered by the Group include interest/profit rates, foreign exchange and equities.

For each individual contract, the pre-settlement risk exposure is normally calculated based on the sum of the marked-to-market (“MTM”) value of the exposure, plus the notional principal multiplied by the potential credit risk exposure (“PCRE”) factor; if the sum of each individual contract is negative, the pre-settlement risk exposure for this contract is deemed to be zero.

Pre-settlement risk exposure = MTM + PCRE factor (or known as add-on factor) x Notional Principal

- The MTM is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, i.e. in the money, the Group has credit exposure against the counterparty; if it is negative, i.e. out of the money, the negative value will be used.
- The PCRE factors recognise that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.
- Variation to the above generic methodology is allowed for specific product.

Maximum pay out method is used for back to back and structured products where the underlying instrument structures are dynamic i.e. not confined to a standardised underlying instrument. Where the maximum payout is known, it is taken as the pre-settlement risk amount. However, in situations where the maximum payout is not observable, a Monte Carlo simulation method is used.

Exposure to the counterparty is governed by the counterparty credit limit under the GRAF.

Other than credit limit setting and related duration setting of such limits, the Group’s primary tool to mitigate counterparty credit risk is by taking collateral.

For derivative exposures, collateral is generally managed via standard market documentation which governs the amount of collateral required and the re-margining frequency between counterparties, including the impact on collateral requirements should either the banking subsidiary’s or the counterparty’s credit risk rating be upgraded or downgraded.

Table 8.1: Off-Balance Sheet Exposures
The off-balance sheet exposures and counterparty credit risk of the Group are as follows:

	31 MARCH 2024			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	1,644,803		1,565,721	1,331,966
Transaction-related contingent Items	7,000,448		3,455,219	2,836,208
Short-term self-liquidating trade-related contingencies	811,097		138,438	124,147
Forward Asset Purchases	904,729		38,721	7,955
Obligations under on-going underwriting agreements	10,373		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	6,645,141		6,760,919	82,148
Foreign exchange related contracts				
One year or less	18,770,742	133,013	295,294	192,953
Over one year to five years	318,988	711	22,113	11,057
Interest/Profit rate related contracts				
One year or less	1,165,106	8,146	10,169	600
Over one year to five years	1,881,250	13,868	43,135	23,840
Over five years	39,000	652	2,998	1,499
Equity and commodity related contracts				
One year or less	2,540,990	27,966	19,313	10,265
Over one year to five years	18,840	288	719	144
Gold and Other Precious Metal Contracts				
One year or less	64,278	1,719	6,219	5,472
Other Commodity Contracts				
One year or less	80,115	2,406	6,440	1,288
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	65,056,991	823,539	1,728,024	871,982
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19,021,868		1,872,499	1,427,537
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,765,182		4,764,783	2,728,362
Unutilised credit card lines	5,614,875		1,122,975	832,747
Total	**135,354,816**	**1,012,308**	**21,853,699**	**10,490,170**

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 Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	3,190,357		3,083,134	2,568,637
Transaction-related contingent Items	4,472,380		2,202,022	1,728,627
Short-term self-liquidating trade-related contingencies	750,231		127,501	123,399
Forward Asset Purchases	174,223		5,118	3,069
Obligations under on-going underwriting agreements	210,000		-	-
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	46,455,996	308,143	302,201	222,036
Over one year to five years	4,130,063	116,765	349,668	305,394
Over five years	1,041,311	1,189	127,979	112,120
Interest/Profit 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	195,858	52,928
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	10,953	5,476
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	29,186,185	216,450	705,980	355,683
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	17,852,995		1,781,487	1,363,247
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,654,631		4,491,720	2,624,759
Unutilised credit card lines	5,682,369		1,136,466	844,427
Total	**142,777,161**	**921,109**	**32,992,004**	**10,616,373**

8.2: Credit Derivatives Counterparty Credit Risk (“CCR”)

The Group did not have any counterparty credit risk exposure as at 31 March 2024 and 31 March 2023.

9.0 Securitisation

9.1 Objectives, roles and involvement

AMMB Banking Group has undertaken securitisations of its own originated assets, as well as advised on securitisations of third party assets as part of its structured finance/debt markets services for its clients. The Group's objectives in relation to securitisation activity include the following:

- increase the availability of different sources of funding;
- facilitate prudential balance sheet management;
- transfer of credit and market risk;
- obtain regulatory capital relief, if applicable;
- earn management fees on assets under management; and
- earn other fees for products and services provided, e.g. liquidity, funding and credit support, structuring, arranging and underwriting services.

The Group is involved in the following types of securitisation activities:

- Securitisation of assets originated by the Group. Such transactions provide diversity in the funding base for the Group entities. Such securitisations may or may not involve the transfer of credit risk and as such, may or may not provide regulatory capital relief.
- Securitisation of third party-originated assets.
- Facilities and services provided to securitisations – the Group provides various facilities to securitisations which include liquidity, funding and credit support as well as services such as structuring and arranging.
- Investment in securities - the Group may purchase bonds issued from securitisation programmes and also purchases such bonds in the secondary markets.

9.2 Regulatory capital approaches used in the Group's securitisation activities

Securitisation exposures held in the trading books of the Group are subjected to market risk capital charge using the Standardised Approach.

For securitisation exposures held in the banking books, the Group applies the Standardised Approach related to banking book exposures to determine the credit risk capital charge.

9.3 Governance

The Group's Debt Markets team is tasked with the structuring of securitisation transactions whilst the governance of these securitisation activities is overseen by the Board and Executive Committees, and managed in accordance with the credit risk and market risk frameworks.

Securitisation exposures held in banking books and trading books are governed under the limits set for the banking book and trading book respectively.

9.4 Risk measurement and reporting of securitisation exposures

The Group relies on the external ratings assigned by recognised external credit assessment institutions in determining the capital charge requirement for rated securitisation exposures. The Group also assesses the performance information of the underlying pool on an ongoing basis e.g. 30/60/90 days past due, default rates, prepayment rates, etc, to gauge the stability of the model parameters to determine sufficiency of the buffers. The reporting for such exposures is dependent on the Group's ultimate position, whether acting as a third party investor to both on or off-balance sheet exposures.

9.5 Special Purpose Vehicle ("SPV") used in securitisation exercises

Third party exposures that have been securitised via SPVs include civil servant loans/financing, personal loans/financing and government-linked companies' staff housing loans.

9.6 Accounting Policies for Securitisation

The Group has sponsored SPVs involving assets of the Group. Such SPVs are consolidated where the Group has control as determined in accordance with MFRS 10 *Consolidated Financial Statements* .

Assets that have been transferred wholly or proportionately to an unconsolidated entity remain on the Group's statement of financial position, with a liability recognised for the proceeds received, unless:

(a) substantially all risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or
(b) if a significant portion, but not all, of the risks and rewards have been transferred, the asset is derecognised entirely if the transferee has the ability to sell the financial asset, otherwise the asset continues to be recognised to the extent of the Group's continuing involvement.

9.7 Use of external rating agencies

The Group uses the services of both RAM and MARC and where applicable, international rating agency for securitisation transactions purposes.

Table 9.1: Securitisation (Trading and Banking Book)
The securitised exposures of the Group is as follows:

	31 MARCH 2024			
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	1,170,679	-	1,159,141	-
Total Traditional Securitisation	**1,170,679**	**-**	**1,159,141**	**-**

	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**	**-**

The Group did not have any exposures under synthetic securitisation as at 31 March 2024 and 31 March 2023.

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

31 MARCH 2024							
Group Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights Rated Securitisation Exposures or Risk Weights of Guarantees/Credit Derivatives			Risk Weighted Assets
				20%	50%	1250%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On-Balance Sheet Exposures	90	90	-	-	-	90	1,125
Originated by the Group							
On-Balance Sheet Exposures	-	-	-	-	-	-	-
Total Traditional Securitisation	**90**	**90**	**-**	**-**	**-**	**90**	**1,125**

31 MARCH 2023							
Group Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights Rated Securitisation Exposures or Risk weights of Guarantees/Credit Derivatives			Risk Weighted Assets
				20%	50%	1250%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 securitisation exposure under trading book as at 31 March 2024 and 31 March 2023.

10.0 Operational Risk

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

Identification	• Identify and analyse risks in key processes/activities within Business and Functional Lines (including new products) • Review of past operational losses and incidences data • Regulators' and Auditors' review and feedback
Assessment/ Measurement	• Risk and Control Self Assessment ("RCSA") • The inherent and residual risks are assessed based on the probability and impact of activity undertaken
Control/ Mitigation	Several Operational Risk Management tools are used to mitigate the risk identified • Incident Management and Data Collection ("IMDC") • Key Risk Indicators ("KRI") • Key Control Testing ("KCT") • Root cause analysis • Scenario Analysis • Insurance programme
Monitoring/ Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, risk profile status, key risk indicator breaches and key control testing exceptions and operational risk framework adherence • Challenging the periodical review or updating the RCSA (risk profile)/KRIs/KCTs of all Line of Business and entity • Trigger by adverse change in circumstances (trigger event review) • Change management process review

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, technology (including cyber) risk and Shariah risk (Please refer to section 14 for discussion on Shariah Governance Structure). 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 the 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 (3) lines of defence concept which are as follows:

- The first line of defence ("FLOD") is responsible for the management of operational risk in order that accountability and ownership is 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, 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 ("GIAD") acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

10.0 Operational Risk (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.
- Scenario analysis is a forward-looking assessment tool to assess the severity impact on the Group's profitability and capital adequacy should the plausible and worse case scenarios materialise.

The GMRC, Risk Management Committee Director ("RMCD") and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology (including cyber) risk, shariah risk, legal risk and business continuity management.

10.1 Business Continuity Management

The Business Continuity Management ("BCM") process is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Business Impact Analysis ("BIA") • Risk Assessment • Climate-related Operational Risk Assessment
Control/ Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity ("BC") plan
Monitoring/ Review	• BC plan testing and exercise • Review of BC Plan • BC site readiness and maintenance

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 functions through BIA exercise, for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of the 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 arrangements 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.

The Group integrates climate-related operational risk into its BCM programs and activities to ensure the continuity of its Critical Business Functions ("CBF") and Third Party Service Providers ("TPSP") in the face of climate related events. The integration shall include an objective risk assessment from credible external parties that evaluates the climate-related risk vulnerabilities of CBFs and TPSPs.

10.2 Cyber Risk Management

Cyber security risks remain a persistent threat for the financial industry. The constantly evolving nature and sophistication of cyber threats and attack vectors 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.

Group Technology Risk works closely with all Business and Functional Lines to identify cyber risks inherent in the respective business activities, impact assessment and ensuring remedial actions are in place to mitigate risks accordingly. Various tools and methods are employed (similar to Operation Risk tools) to support the execution of these assessments. Progressive tracking and advisory are performed in parallel to execute an effective security program to combine maturity-based and risk-based programs towards proactive cyber security.

10.3 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 judgement, 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 are appropriately managed.

10.4 Regulatory Compliance Risk

The 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 Risk Management Committee ("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 Group's processes and increasing awareness on the role of every employee to be compliant and safeguard the 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 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 of Directors ("BOD") and Senior Management lead by example. The Group has zero tolerance for any form of bribery or corruption.

The Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.

11.0 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/profit 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 Investment Banking and Markets Risk ("IBMR").

11.1 Traded Market Risk ("TMR")

The TMR management process is depicted in the table below.

Identification	• Identify market risks within existing and new products • Review market-related information such as market trends and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Loss Limits • Historical Stress Loss ("HSL") • Present Value of One Basis Point ("PV01") • Sensitivity to Change • Other Detailed Controls
Control/ Mitigation	• VaR Limits • Loss Limits/Triggers (Annual/Monthly/Daily) • HSL Limits • PV01 Limits • Greek Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Concentration Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Minimum Holding Period • Approved Portfolio Products • Approved Countries/Currencies • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor controls • Periodical review and reporting

TMR arises from transactions in which the Group 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 Group Management Risk Committee ("GMRC") approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

11.1 Traded Market Risk (“TMR”) (Cont'd.)

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Group applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified time horizon (i.e. 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 Group 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 value due to changes in risk factors under different market conditions.

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 explanation for any non-adherence event to Senior Management.

The Group 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.

11.2 Non-Traded Market Risk ("NTMR")

NTMR refers to interest rate risk/rate of return risk in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB")

The IRR/RORBB risk management process is depicted in the table below:

Identification	• Identify IRR/RORBB within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• Present Value of One Basis Point ("PV01") • Earnings-at-Risk (“EaR”) • ICAAP IRR/RORBB Economic Value of Equity ("EVE") • ICAAP IRR/RORBB EaR
Control/ Mitigation	• PV01 Triggers • EaR Triggers • ICAAP IRR/RORBB EVE /Total Capital Trigger • ICAAP IRR/RORBB EaR /Total Net Interest/Profit Income ("NII/NPI") Trigger
Monitoring/ Review	• Monitor controls • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit 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/profit margins and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending/financing and deposit taking activities) creates interest/profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of the Group's capital.

11.2 Non-Traded Market Risk ("NTMR") (Cont'd.)

Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (Cont'd.)

The Board's oversight of IRR/RORBB is supported by the GALCO and GMRC. The Board and GMRC are responsible for the alignment of Group-wide risk appetite. GALCO reviews strategies to ensure a comfortable level of IRR/RORBB is maintained, taking into consideration the Group's business strategies and is responsible for overseeing the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, IRR/RORBB positions are monitored on a monthly basis and hedging strategies are employed to ensure risk exposures are maintained within Management-established limits.

The Group measures the IRR/RORBB 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/profit rates.

The Group complements PV01 by stress testing IRR/RORBB 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/profit rates and spreads, changes in loan/financing and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and loans/financing.

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporates what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group's strategy seeks to optimise exposure to IRR/RORBB within Management-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using various product and funding strategies, supported by interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by the Group'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/Profit Rate Risk Framework.

IRR/RORBB exposures are monitored by IBMR and positions reported to the GALCO, GMRC, RMC and Board.

Table 11.2: Interest Rate Risk/Rate of Return Risk Sensitivity in the Banking Book
The IRR/RORBB sensitivity for the Group is as follows:

	31 MARCH 2024	
	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Zakat and Taxation	89,017	(89,017)
Impact on Equity	(1,476,671)	1,630,390

	31 MARCH 2023	
	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Zakat and Taxation	(4,090)	4,090
Impact on Equity	(1,668,316)	1,836,495

12.0 Equities (Banking Book Positions)

Equity risk is the potential loss that may be incurred on equity investments in the banking book. The Group's equity exposures in the banking book are equity investments that are taken for strategic and other objectives. Where an equity investment is undertaken for a strategic purpose, such investment will be made only after extensive analysis and due diligence. Equity investments undertaken for other business objectives are principally in conjunction with initiatives or measures promoted by the relevant regulatory authorities or trade bodies in which the Group will jointly with other financial institutions invest in such entities to attain various objectives, such as socio-economic development, promoting the further development of the financial market, the provision of facilities to improve customer service, and support for human capital development for the betterment of the Malaysian banking industry. The Board's approvals are required prior to committing to all forms of equity investment under this category and, where relevant, the necessary regulatory approval or notification will be obtained or met.

12.1 Valuation for and accounting of equity investments in the banking book

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 12.1: Equity investments and capital requirement
An analysis of equity investments by appropriate equity groupings and risk weighted assets of the Group is as follows:

	31 MARCH 2024	31 MARCH 2023
	RM'000	RM'000
Non-traded equity investments		
Value of quoted (publicly traded) equities	13,996	1,238
Value of unquoted (privately held) equities	758,546	682,895
Total	**772,542**	**684,133**
Net realised and unrealised gains		
Total unrealised gains	35,012	7,773
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	732,356	681,481
Equity investments subject to a 150% risk weight	60,280	3,978
Total	**792,636**	**685,459**
Total minimum capital requirement (8%)	**63,411**	**54,837**

13.0 Liquidity Risk and Funding 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:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
Assessment/ Measurement	• Liquidity Coverage Ratio ("LCR") • Net Stable Funding Ratio ("NSFR") • Depositor Concentration Ratios • Other Detailed Controls
Control/ Mitigation	• LCR Limits/Triggers • NSFR Limits//Triggers/Targets • Depositor Concentration Ratios • Other Detailed Triggers/Targets
Monitoring/ Review	• Monitor controls • Periodical review and reporting

The liquidity risk management of the Group is aligned to the LCR policy document and NSFR policy document issued by BNM. The primary objective of the Group'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.

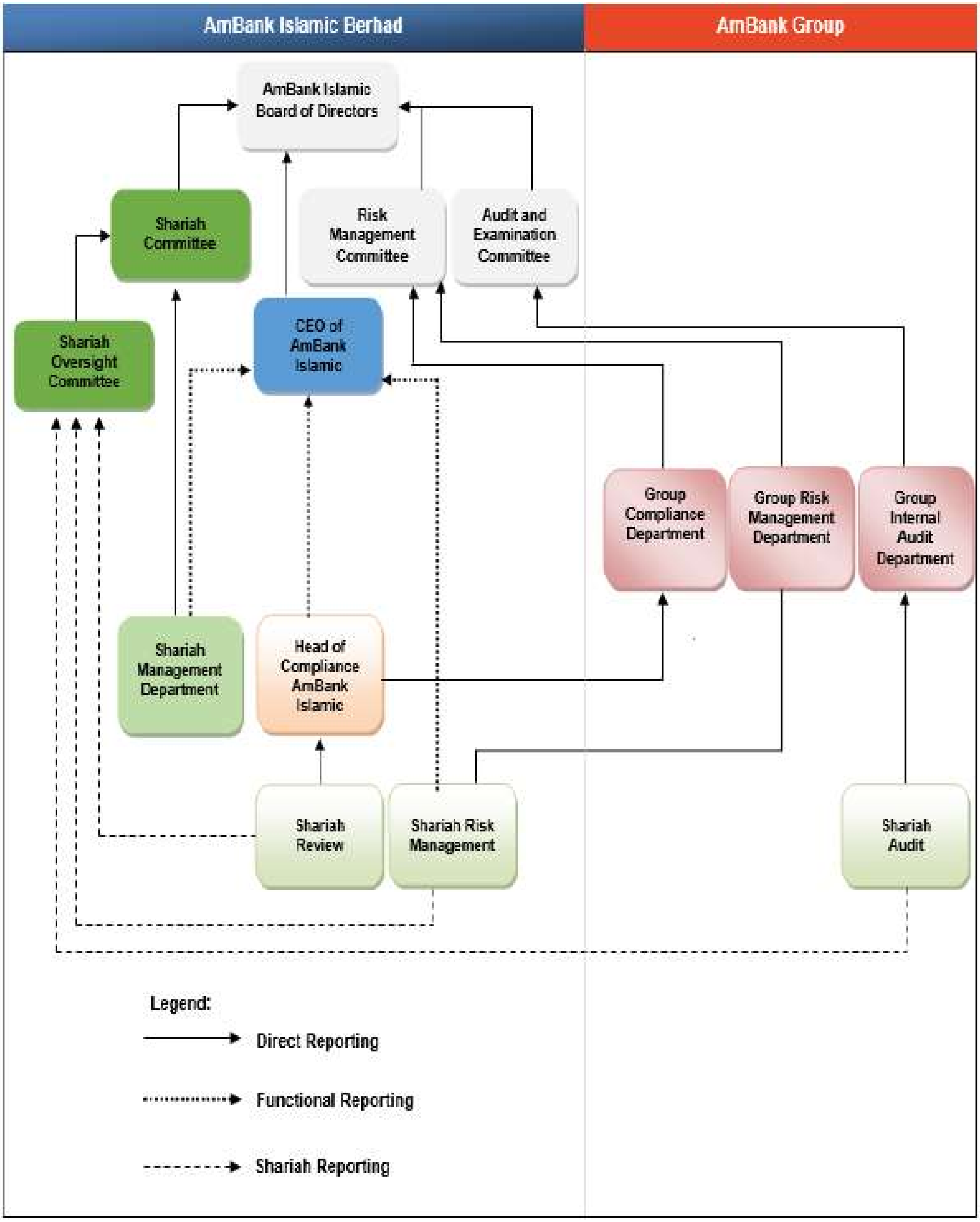
The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite and approves the Group's liquidity management strategy while GALCO is the core management committee established by the Board to oversee the overall liquidity management of the Group.

The Group 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 Group and amongst others include the BNM LCR, BNM NSFR, Depositor Concentration Ratio and other Liquidity Ratios. 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 Group's liquidity at risk. The Group further stresses the importance of the stable funding sources to finance placement/lending and loans, advances and financing to customers. They are monitored using the loans/financing to available fund ratio, which compares loans/financing and advances to customers as a percentage of the Group's total available funds.

14.0 Shariah Governance Structure



14.0 Shariah Governance Structure (Cont'd.)

AmBank Islamic has established its Shariah governance structure in accordance with the requirements of the Islamic Financial Services Act 2013 ("IFSA") and BNM’s Policy Document on Shariah Governance ("SGPD"). This is to ensure that the operations and business activities of AmBank Islamic comply with Shariah principles and requirements.

Apart from the Shariah Management Department, Shariah Risk Management and Shariah Review functions which reside in AmBank Islamic, AmBank Islamic’s Shariah governance structure leverages on the Group Internal Audit Department for the Shariah Audit function.

Board of Directors
The Board is responsible for the overall oversight on the Shariah governance and Shariah compliance, including the appointment, remuneration, performance evaluation and reappointment of the Shariah Committee members. The Board performs its oversight role through various committees such as the Audit and Examination Committee, Risk Management Committee and the Shariah Committee.

Audit and Examination Committee ("AEC")
The AEC is a Board committee responsible for assisting the Board in ensuring that AmBank Islamic's operations are Shariah compliant through the independent assurance from the Shariah Audit function. The reports from the Shariah Review Section are also presented to the AEC for information. The AEC also provides the recommendation on the performance evaluation and reappointment of the Shariah Committee members to the Group Nomination and Remuneration Committee for onward recommendation to the Board.

Risk Management Committee ("RMC")
RMC is a Board committee responsible for assisting the Board in ensuring that risk management (including Shariah risk management) controls and processes are in place.

Shariah Committee ("SC")
The Shariah Committee is responsible on matters related to Shariah. This includes advising the Board and Senior Management on Shariah matters as well as endorsing products and services, Shariah policies and the relevant documentation in relation to AmBank Islamic's business and operations. In addition to endorsing the zakat computation mechanism and the proposed recipients for zakat distribution, the Shariah Committee provides advice and guidance on the management of the zakat fund, charity and other social programmes or activities.

The composition of the SC within the Financial Year 2024 has fallen below the minimum five (5) members as required by the SGPD, due to the resignation of one (1) SC member after being appointed as a Senator of Dewan Negara and Deputy Minister at the Prime Minister’s Department (Religious Affairs) on 12 December 2023. However, BNM has provided the exemption for the SC to continue to function with four (4) members until 30 April 2024. Effective 1 May 2024, a new SC member has been appointed, bringing the composition of the SC back to five (5) members as per the requirement.

Shariah Oversight Committee ("SOC")
The Shariah Oversight Committee, which is a sub-committee to the Shariah Committee, performs an oversight function via the Shariah Control Functions (i.e. Shariah Review, Shariah Risk Management, and Shariah Audit). The Shariah Oversight Committee provides guidance and advice on matters pertaining to Shariah non-compliant incidents as well as treatment of any Shariah non-compliant income.

Senior Management
The Chief Executive Officer ("CEO") and senior officers of AmBank Islamic and the Group are responsible to make reference to the Shariah Committee and/or Shariah Oversight Committee on Shariah matters of AmBank Islamic and to take the necessary measures for implementation. The Senior Management is also responsible in establishing the infrastructure and adequate resources to support the Shariah governance structure. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah non-compliance risk.

Shariah Management Department
The Shariah Management Department is accountable to the Shariah Committee with functional reporting to the CEO and is responsible for providing operational support for the effective functioning of the Shariah Committee including day-to-day Shariah advisory, conducting Shariah research, formulating Shariah policies and acting as the Secretariat to the Shariah Committee and the Shariah Oversight Committee.

14.0 Shariah Governance Structure (Cont'd.)

Shariah Risk Management
The Shariah Risk Management Section is accountable to the Group Risk Management Department and the CEO of AmBank Islamic, and has Shariah reporting to the Shariah Oversight Committee. Shariah risk management is a function that systematically identifies, measures, mitigates, control, monitors and reports any Shariah non-compliance risks to prevent any Shariah non-compliant incidents in the businesses, operations, affairs and activities of AmBank Islamic.

The management of Shariah risk is executed through the three lines of defence, which are: 1st - The Business Units/Functional Lines and Shariah Management Department; 2nd - Shariah Risk Management and Shariah Review; 3rd - Shariah Audit.

Shariah Review
The Shariah Review Section is accountable to the Head of Compliance, AmBank Islamic with functional reporting to the CEO of AmBank Islamic, with Shariah reporting to the Shariah Oversight Committee. Shariah Review refers to a function that conducts regular assessment on the compliance of the operations, business, affairs and activities of AmBank Islamic which are predominantly transactional in nature, with Shariah requirements.

The Shariah Review Section also acts as the Shariah Non-Compliance Officer ("SNCO") of AmBank Islamic. The SNCO is responsible to assess and decide whether the reported Shariah related incidents shall be classified as Potential SNC, and also in preparing the SNC report for deliberation by the SOC in determining whether the Shariah related incident is an SNC or otherwise.

Shariah Audit
The Shariah Audit Section is accountable to the Audit and Examination Committee with Shariah reporting to the Shariah Oversight Committee. The Shariah Audit Section is a dedicated team within the Group Internal Audit Department, and is responsible to conduct independent assessment on the quality and effectiveness of AmBank Islamic's internal control, risk management systems, governance processes as well as the overall compliance of AmBank Islamic's operations, business, affairs and activities with Shariah requirements. The Shariah Audit's scope includes but is not limited to activities undertaken by departments and functions that relate to Islamic products and services.

14.1 Shariah Non-Compliant Income

As at 31 March 2024, one (1) SNC incident has been declared, involving non-performance of Murabahah Tawarruq trading for AmMoneyLine Facility-i for four (4) accounts due to wrong selection of product code in the system. The SNC income from this incident of RM32,505 is to be purified by channeling to charity. The system has been enhanced to mitigate the recurrence.

There was no SNC incident declared for the financial year ended 31 March 2023.

15.0 Profit Sharing Investment Account ("PSIA")

Investment Account (“IA”)

The Group via AmBank Islamic offers two types of Investment Account (“IA”) namely, Restricted Investment Account ("RA") which refers to an IA where the Investment Account Holder ("IAH") provides a specific investment to AmBank Islamic and Unrestricted Investment Account (“UA”) which refers to an IA where the customer provides AmBank Islamic with mandate to make the ultimate investment decision without specifying any particular restriction or condition. Both RA and UA are based on Shariah concept of Mudarabah. Currently, the RA arrangement undertaken by AmBank Islamic is with a subsidiary of the Group and is eliminated upon consolidation.

Mudarabah means a profit sharing contract between the IAH as the fund provider and AmBank Islamic as the fund manager in which the IAH provides capital to be managed by AmBank Islamic. Any profit generated from the capital is shared between the IAH and AmBank Islamic in accordance with a mutually agreed Profit Sharing Ratio ("PSR"), whilst financial losses (if any) are solely borne by the IAH provided that such losses are not due to AmBank Islamic’s misconduct, negligence or breach of specified terms. The IA is not covered by PIDM.

As part of the measures to further support the growth in financing or assets of AmBank Islamic, AmBank Islamic is allowed to recognise the placement of Investment accounts for the purpose of:

a. Computation of Single Customer Exposure ("SCEL"); where the RA placement maintained by AmBank Islamic shall be captured via look-through approach whereby the exposure to the counterparty in relation to the underlying asset invested by AmBank Islamic. The exposure shall be aggregated with all other exposure to such counterparty which in this case AmBank (M) Berhad;

b. Credit and market risk weighted assets funded by RA and UA are allowed to be excluded from AmBank Islamic’s calculation of Risk Weighted Capital Ratio ("RWCR"). Hence, allowing AmBank Islamic to enhance its financing capacity.

The IA are structured based on application of Shariah contracts on terms which do not create an obligation on the bank to repay in full the money accepted from the IAH. The structure and term of the IA provide sufficient legal enforceability to affect the loss bearing or loss transfer arrangement to IAH in accordance with Shariah.

Although the risk will be borne by the investor, AmBank Islamic will ensure the assets portfolio tagged to the investment accounts are being monitored diligently by specific team set up by AmBank Islamic. For RA, the selection of financing assets among others will take into considerations the Risk Grade (“RG”), arrears position, tenor of the facility and also collateral value. The return will also be determined based on the Investment account holders risk appetite. For UA, AmBank Islamic will invest in low risk investment portfolio comprised of pool of good quality mortgages accounts .

15.0 Profit Sharing Investment Account ("PSIA") (Cont'd.)

Restricted Investment Account ("RA")

The RA is an arrangement between AmBank Islamic and AmBank (act as IAH) to finance a specific business venture whereby AmBank solely provides capital and the business ventures are managed solely by AmBank Islamic as the fund manager. AmBank records its exposure in the arrangement as "Investment Account", whereas AmBank Islamic records its exposure as "financing and advances".

The RA exposes AmBank to the risks and rewards of the financing, and accordingly, AmBank accounts for all impairment allowances and risk weighted assets arising from the RA arrangement.

The RA placement will be limited to a cap agreed and approved by the management and Board of Directors for both AmBank Islamic and AmBank. In addition, the identified assets funded by RA shall be based on the criteria that has been agreed and approved by the relevant committees of AmBank Islamic and AmBank.

AmBank Islamic conducts regular review of the disclosure policies to ensure reliable, relevant and timely information to AmBank Islamic to facilitate the evaluation of RA performance and the risks associated with the assets portfolio.
The contract or Aqad encompassed terms and conditions including but not limited to the followings:

i. The description of the shariah concept used the RA arrangement
ii. Placement amount
iii. Tenor in months or days (whichever applicable)
iv Profit Sharing Ratio ("PSR") for Mudarabah
v Description of Assets/Investments matched with the funding

In managing the liquidity risk for RA, the redemption conditions imposed on AmBank would significantly mitigate the liquidity risk exposure of AmBank Islamic.

15.0 Profit Sharing Investment Account ("PSIA") (Cont'd.)

Mudarabah Term Investment Account ("MTIA-i")

AmBank Islamic has widened the scope of business beyond credit intermediation by acting as an investment intermediation role via the introduction of UA product.

The investment mandate, strategy and parameters for UA are in accordance with the governance set up by AmBank Islamic to ensure effective and efficient oversight on business activities and operations of UA in safeguarding the IAH’s interest.

AmBank Islamic had established proper governance to facilitate effective monitoring and control of the overall management and conduct of the investment account. A dedicated unit was established to ensure management, development and implementation of operational policies that govern the conduct of IA are observed. On a periodic basis, a Fund Performance Report shall be made available in AmBank Islamic's website disclosing the performance of the underlying assets which in turn facilitates the IAH in making their investment decision.

MTIA-i fund is invested in investment asset with competitive pricing and good asset quality. The investment asset subscribes to AmBank Islamic’s internal credit controls as regulated by Bank Negara Malaysia. Investment asset allocated is Shariah compliant retail mortgage portfolio of AmBank Islamic. AmBank Islamic manages the investment return in a manner consistent with IAH investment objective and the related governing rules and regulations.

Valuation methodology employed is in accordance with sound industry practice and consistent with the Malaysian Financial Reporting Standards. AmBank Islamic monitored the performance of the investment asset on monthly basis. The net return/loss on the MTIA-i are displayed at our branches and published on AmBank Islamic website.

Mudarabah Term Investment Account ("MTIA-i") Performance

As at 31 March 2024, balance of MTIA-i stood at RM1.4 million (31 March 2023: RM2.7 million). The performance of MTIA-i is as described in the table below:

As at 31 MARCH 2024	%
Return on Assets ("ROA")	4.96
Average Net Distributable Income Attributable to IAH	2.41
Average Profit Sharing Ratio to IAH	48.52

As at 31 MARCH 2023	%
Return on Assets ("ROA")	4.05
Average Net Distributable Income Attributable to IAH	2.23
Average Profit Sharing Ratio to IAH	55.01