AmBank (M) Berhad
Pillar 3 Disclosure

30 September 2024

Contents

1.0 Scope of Application

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

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

Capital Adequacy

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's policy documents on Capital Adequacy Framework (Capital Components) issued on 14 June 2024 and Capital Adequacy Framework (Basel II – Risk Weighted Assets) issued on 18 December 2023.

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

(a) a Capital Conservation Buffer ("CCB") of 2.5%;

(b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the financial institution has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and

(c) a Higher Loss Absorbency ("HLA") requirement for a financial institution that is designated as a domestic systemically important bank ("D-SIB").

On 29 July 2024, the Group received approval from BNM to migrate to Foundation Internal Ratings Based ("FIRB") Approach for credit risk under Capital Adequacy Framework (Basel II - Risk Weighted Assets). With effect from 1 August 2024, the following components of the capital adequacy ratios are computed in accordance with Capital Adequacy Framework (Basel II - Risk Weighted Assets) based on the following approach:

- Credit Risk:
  - FIRB Approach and Supervisory Slotting Criteria for major non-retail portfolio
  - Advanced Internal Ratings Based ("AIRB") Approach for major retail portfolio.
- Market Risk - remains under Standardised Approach
- Operational Risk - remains under Basic Indicator Approach

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

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

1.1 Basis of Consolidation

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

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

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

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

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

2.0 Capital Management

The Group's capital management approach is focused on maintaining an optimal capital position that supports the Group's strategic objectives and risk appetite. In line with the Group's annual 3-year strategy plan, a capital plan is developed to ensure that adequate level of capital and an optimum capital structure is maintained to meet regulatory requirements, the Group's strategic objectives and stakeholders' expectations.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. They help to estimate potential future losses arising from credit, market and other material risks, and supplement the regulatory formulae to simulate the amount of capital required to support them.

Stress testing is used to ensure that the Group’s internal capital assessment considers the impact of extreme but probable scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group’s target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group’s assessment of risk appetite is closely integrated with the Group’s strategy, business planning and capital assessment processes, and is used to inform senior management’s views on the level of capital required to support the Group’s business activities.

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

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

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.

2.0 Capital Management (Cont'd.)

Table 2.1: Capital Adequacy Ratio

As at 31 March 2024, the Capital Adequacy Ratios were computed based on BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 15 December 2023, where the Group and the Bank had applied transitional arrangements on provision for Expected Credit Loss (“ECL"). Under the transitional arrangements, the Group and the Bank were allowed to add back a portion of loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital from financial year 2021 to financial year 2024.

The capital adequacy ratios with transitional arrangements of the Group and the Bank were as follows:

	31 March 2024	
	Group	Bank
Before deducting proposed dividend		
CET1 Capital ratio	13.559%	13.437%
Tier 1 Capital ratio	13.559%	13.437%
Total Capital ratio	18.201%	18.057%
After deducting proposed dividend		
CET1 Capital ratio	13.047%	12.927%
Tier 1 Capital ratio	13.047%	12.927%
Total Capital ratio	17.688%	17.547%

Effective 1 April 2024, the transitional arrangements have ended.

The capital adequacy ratios without transitional arrangements of the Group and of the Bank are as follows:

	30 September 2024[1]		31 March 2024[2]	
	Group	Bank	Group	Bank
Before deducting proposed dividend				
CET1 Capital ratio	14.987%	14.845%	13.306%	13.185%
Tier 1 Capital ratio	14.987%	14.845%	13.306%	13.185%
Total Capital ratio	19.314%	19.148%	17.993%	17.856%
After deducting proposed dividend				
CET1 Capital ratio	14.747%	14.606%	12.794%	12.675%
Tier 1 Capital ratio	14.747%	14.606%	12.794%	12.675%
Total Capital ratio	19.074%	18.909%	17.480%	17.346%

Notes:

1. The capital adequacy ratios of the Group and the Bank as at 30 September 2024 are computed based on FIRB Approach and Supervisory Slotting Criteria for major non-retail portfolio and AIRB Approach for major retail portfolio for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk.

2. Upon the first time of different approach being used to compute the capital adequacy ratios (as mentioned above), the Group and the Bank are exempted to disclose the comparative capital adequacy ratio as at 31 March 2024 using the same basis as at 30 September 2024. This is in accordance with paragraph 7.2(i) of the Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

The positions of the Group and Bank as presented above are also published at www.ambankgroup.com/home

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

As at 30 September 2024, the gross exposure (inclusive interest receivable disclosed in other assets) relating to the RA financing for the Group and the Bank amounted to RM1,210.8 million (31 March 2024: RM1,370.0 million). There were no Stage 2 and 3 expected credit losses provided for the RA financing.

3.0 Capital Structure

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

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

3.1 CET1 Capital

CET1 Capital consists of the following:

(a) Paid-up Capital

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

(b) Retained Earnings

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

(c) Regulatory Reserve

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

(d) Merger Reserve

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

(e) Foreign Currency Translation Reserve

Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and the Bank's functional currency.

(f) Fair Value Reserve

The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at fair value through other comprehensive income ("FVOCI"). In addition, the loss allowance arising from the recognition of expected credit losses on financial investments measured at FVOCI are accumulated in fair value reserve instead of reducing the carrying amount of the assets. To the extent the balance in the fair value reserve is a net credit position, the Bank can recognise 45% of the balance as part of CET1 Capital. Where the balance is a net debit position, the entire balance is deducted from CET1 Capital.

(g) Cash Flow Hedging Reserve/(Deficit)

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

3.2 Additional Tier 1 Capital

No Additional Tier 1 issuance was made during the financial period under review.

3.3 Tier 2 Capital

The main components of Tier 2 Capital are Basel III compliant subordinated debt capital instruments, surplus eligible provisions over expected losses for IRB exposures and general provision for standardised exposures, subjects to applicable regulatory cap. Any shortfall of eligible provision over expected loss will be deducted from CET1 Capital.

Basel III Subordinated Notes

On 30 December 2013, the Bank 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, the Bank 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 Programme.

The salient features of the Tier 2 Subordinated Notes issued under the RM 4.0 billion Tier 2 Programme and outstanding as at 30 September 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**

On 11 October 2023, the Bank 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 this AT1/ Tier 2 Programme and outstanding as at 30 September 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

Table 3.4: Capital Structure

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

	Group		Bank	
	30 September 2024 RM'000	31 March 2024 RM'000	30 September 2024 RM'000	31 March 2024 RM'000
CET1 Capital				
Share capital	3,040,465	3,040,465	3,040,465	3,040,465
Retained earnings	8,680,378	8,512,335	8,730,448	8,561,556
Fair value reserve	534,691	411,695	534,691	411,695
Foreign currency translation reserve	83,315	121,067	87,130	124,851
Regulatory reserve	205,079	188,146	205,079	188,146
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(348)	(1,029)	(348)	(1,029)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(129,748)	(123,528)	(129,748)	(123,528)
Deferred tax assets	(165,016)	(198,535)	(165,016)	(198,535)
55% of cumulative gains in fair value reserve	(294,080)	(226,432)	(294,080)	(226,432)
Cash flow hedging deficit	348	1,029	348	1,029
Regulatory reserve	(205,079)	(188,146)	(205,079)	(188,146)
Investment in ordinary shares of unconsolidated financial entities	-	-	(1)	(1)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(4,207)	(1,354)	(4,207)	(1,354)
Other CET 1 regulatory adjustments specified by BNM	-	221,507	-	221,599
Total CET1 Capital	**11,849,947**	**11,861,369**	**11,799,682**	**11,810,316**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	2	2	-	-
Total Tier 1 Capital	**11,849,949**	**11,861,371**	**11,799,682**	**11,810,316**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	3,095,000	3,095,000	3,095,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
Surplus of eligible provisions to expected losses	227,546	-	221,715	-
General provision *	98,760	965,228	104,100	965,363
Total Tier 2 Capital	**3,421,307**	**4,060,229**	**3,420,815**	**4,060,363**
Total Capital	**15,271,256**	**15,921,600**	**15,220,497**	**15,870,679**

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

	Group		Bank	
	30 September 2024 RM'000	31 March 2024 RM'000	30 September 2024 RM'000	31 March 2024 RM'000
Credit RWA[1]	71,369,492	80,388,525	71,796,745	80,811,594
Market RWA	2,205,581	1,708,940	2,205,545	1,708,904
Operational RWA	5,492,346	5,379,189	5,485,147	5,370,458
Total RWA	**79,067,419**	**87,476,654**	**79,487,437**	**87,890,956**

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

[1]Total Credit Risk RWA for 30 September 2024 are computed based on FIRB Approach and Supervisory Slotting Criteria for major non-retail portfolio and AIRB Approach for major retail portfolio. Total Credit Risk RWA for 31 March 2024 was computed based on Standardised Approach.

Table 3.5 : Risk-Weighted Assets and Capital Requirements

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

30 September 2024 Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")	Net exposures/ EAD after CRM	Risk weighted assets	Total Risk Weighted Assets after effects of PSIA	Minimum capital requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000
1. Credit risk					
1.1 Exposures under the Standardised Approach:					
On-balance sheet exposures					
Sovereigns/Central banks	15,233,712	15,233,712	-	-	-
Public Sector Entities ("PSEs")	2	2	-	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	6,706,823	6,706,823	1,396,266	1,396,266	111,701
Insurance companies, Securities firms and Fund managers	15,299	15,299	15,299	15,299	1,224
Corporates	7,555,145	7,046,063	2,143,235	2,143,235	171,460
Regulatory retail	2,359,125	1,791,911	1,501,893	1,501,893	120,151
Residential mortgages	144,358	144,358	59,103	59,103	4,728
Higher risk assets	32	32	48	48	4
Other assets	1,846,822	1,846,822	871,753	871,753	69,740
Securitisation exposures	90	90	1,125	1,125	90
Equity exposures	802,359	802,359	802,359	802,359	64,189
Defaulted exposures	41,827	41,552	40,566	40,566	3,245
Total on-balance sheet exposures	**34,705,594**	**33,629,023**	**6,831,647**	**6,831,647**	**546,532**
Off-balance sheet exposures					
Over the counter ("OTC") derivatives	2,244,018	1,474,838	503,180	503,180	40,254
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	8,756,395	3,325,701	565,909	565,909	45,273
Defaulted exposures	24	24	35	35	3
Total off-balance sheet exposures	**11,000,437**	**4,800,563**	**1,069,124**	**1,069,124**	**85,530**
Total on and off-balance sheet exposures	**45,706,031**	**38,429,586**	**7,900,771**	**7,900,771**	**632,062**
1.2 Exposures under the IRB Approach:					
On-balance sheet exposures					
Corporates	**49,768,714**	**49,768,714**	**36,702,851**	**36,702,851**	**2,936,228**
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	30,523,408	30,523,408	22,555,427	22,555,427	1,804,435
(b) Corporate (with firm-size adjustment)	10,624,764	10,624,764	7,829,547	7,829,547	626,364
(c) Qualifying Purchased Corporate Receivables	17,497	17,497	13,698	13,698	1,096
(d) **Specialised Lending (Slotting Approach)**	**8,603,045**	**8,603,045**	**6,304,179**	**6,304,179**	**504,333**
- Project Finance	3,567,316	3,567,316	2,255,293	2,255,293	180,423
- Object Finance	440,641	440,641	289,331	289,331	23,146
- Income Producing Real Estate	4,315,160	4,315,160	3,398,654	3,398,654	271,892
- High Volatility Commercial Real Estate	279,928	279,928	360,901	360,901	28,872

Table 3.5 : Risk-Weighted Assets and Capital Requirements (Cont'd.)

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

30 September 2024 Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")		Net exposures/ EAD after CRM	Risk weighted assets	Total Risk Weighted Assets after effects of PSIA	Minimum capital requirement at 8%
	RM'000		RM'000	RM'000	RM'000	RM'000
1. Credit risk (Cont'd.)						
1.2 Exposures under the IRB Approach (Cont'd.):						
On-balance sheet exposures (Cont'd.)						
Retail Exposures	**44,389,592**		**44,389,592**	**11,810,875**	**11,810,875**	**944,870**
(a) Residential Mortgages	26,240,741		26,240,741	5,889,474	5,889,474	471,158
(b) Qualifying Revolving Retail Exposures	1,461,301		1,461,301	1,049,891	1,049,891	83,991
(c) Hire Purchase Exposures	7,277,337		7,277,337	2,492,005	2,492,005	199,361
(d) Other Retail Exposures	9,410,213		9,410,213	2,379,505	2,379,505	190,360
Defaulted Exposures	1,736,495		1,736,495	1,048,515	1,048,515	83,881
Total on-balance sheet exposures	**95,894,801**		**95,894,801**	**49,562,241**	**49,562,241**	**3,964,979**
Off-balance sheet exposures						
OTC derivatives	431,862		431,862	280,583	280,583	22,447
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	17,722,149		17,722,149	9,846,486	9,846,486	787,719
Defaulted exposures	101,425		101,425	186,842	186,842	14,947
Total off-balance sheet exposures	**18,255,436**		**18,255,436**	**10,313,911**	**10,313,911**	**825,113**
Total on and off-balance sheet exposures	**114,150,237**		**114,150,237**	**59,876,152**	**59,876,152**	**4,790,092**
Total IRB Approach after Scaling Factor of 1.06				**63,468,721**	**63,468,721**	**5,077,498**
Total Standardised and IRB Approaches	**159,856,268**		**152,579,823**	**71,369,492**	**71,369,492**	**5,709,560**
	Long position	**Short position**				
2. Market risk						
Interest rate risk						
- General interest rate risk	86,906,691	83,881,589		1,444,252	1,444,252	115,540
- Specific interest rate risk	4,151,580	442,648		20,420	20,420	1,634
Foreign currency risk	297,319	504,330		504,330	504,330	40,346
Equity risk						
- General risk	65,354	36,206		29,920	29,920	2,394
- Specific risk	65,354	36,206		116,841	116,841	9,347
Option risk	743,920	492,408		89,818	89,818	7,185
Total	**92,230,218**	**85,393,387**		**2,205,581**	**2,205,581**	**176,446**
3. Operational risk				5,492,346	5,492,346	439,388
4. Total RWA and capital requirements				**79,067,419**	**79,067,419**	**6,325,394**

Table 3.5 : Risk-Weighted Assets and Capital Requirements (Cont'd.)

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

31 March 2024 Exposure class	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	Minimum capital requirement at 8% RM'000
1. Credit risk					
Exposures under the Standardised Approach:					
On-balance sheet exposures					
Sovereigns/Central banks	13,253,366		13,253,366	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	8,742,924		8,742,924	1,907,495	152,600
Insurance companies, Securities firms and Fund managers	4,341		4,341	4,341	347
Corporates	54,600,996		52,815,851	41,607,763	3,328,621
Regulatory retail	23,703,620		22,820,520	16,710,188	1,336,815
Residential mortgages	23,580,895		23,578,027	9,049,871	723,989
Higher risk assets	9,567		9,567	14,351	1,148
Other assets	2,239,396		2,239,396	1,012,286	80,983
Securitisation exposures	90		90	1,125	90
Equity exposures	715,624		715,624	715,624	57,250
Defaulted exposures	1,141,741		1,134,942	1,038,410	83,073
Total on-balance sheet exposures	**127,992,560**		**125,314,648**	**72,061,454**	**5,764,916**
Off-balance sheet exposures					
OTC derivatives	2,124,638		1,859,719	1,073,539	85,883
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	15,642,939		8,862,485	7,194,172	575,534
Defaulted exposures	47,015		39,855	59,360	4,749
Total off-balance sheet exposures	**17,814,592**		**10,762,059**	**8,327,071**	**666,166**
Total on and off-balance sheet exposures	**145,807,152**		**136,076,707**	**80,388,525**	**6,431,082**
2. Market risk	**Long position**	**Short position**			
Interest rate risk					
- General interest rate risk	87,887,117	82,542,652		1,372,564	109,805
- Specific interest rate risk	5,442,032	162,153		30,471	2,438
Foreign currency risk	109,284	162,938		162,938	13,035
Equity risk					
- General risk	63,969	9,220		54,749	4,380
- Specific risk	63,969	9,220		45,006	3,600
Option risk	575,067	403,939		43,212	3,457
Total	**94,141,438**	**83,290,122**		**1,708,940**	**136,715**
3. Operational risk				5,379,189	430,335
4. Total RWA and capital requirements				**87,476,654**	**6,998,132**

4.0 General Risk Management

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation for the Group to set its risk/reward profile.

The Risk Appetite Framework is reviewed and approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/enhancements taking into consideration the prevailing or in anticipation of challenges to the environment that the Group operates in.

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk and Technology Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and Operational Risk Management ("ORM") tools.

AMMB Holdings Berhad ("AMMB") Group Risk Direction

AMMB Group's Financial Year 2025 to Financial Year 2029 Strategy blueprint is to focus and reconstruct on 8 key areas, namely, (1) Path to Return on Equity ("ROE") of ≥10%, (2) Sharpening Our Segment Play, (3) Holistic Customer Value Proposition Leveraging A Collaboration Culture and Partnerships, (4) Pushing Capital-Light Revenue, (5) Ramping Up the Next Wave of Digital Initiatives, (6) Future Proofing The Workforce, (7) Integrating Environmental, Social and Governance ("ESG") Considerations and (8) The Digital Bank.

1. AMMB Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").
2. AMMB Group aims to maintain a minimum ROCE of 12% and RWA efficiency ("CRWA/EAD") in the range of 40% to 50%, both based on FIRB.
3. AMMB Group aims to maintain its Capital Ratios at the AMMB Group's Internal Capital Target under normal conditions.
4. AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
5. AMMB Group recognises the importance of funding its own business. It aims to maintain the following:
   - Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
   - Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   - Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) above the prevailing regulatory minimum (effective July 2020).
6. AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
   - Keep operational losses and regulatory penalties below 0.8% of Profit After Taxation and Non-Controlling Interest ("PATMI"); and
   - Remain vigilant in risk identification and management to protect its reputation and business franchise.
7. AMMB Group aims for at least 70% of its non-retail loan/financing portfolio (applicable for limit at least RM10 million) to constitute exposures with low ESG Risk Rating by Financial Year 2030.
8. AMMB Group aims to manage its exposures to Green House Gas ("GHG") emission intensive sectors while continuing to engage and assist our customers onto sustainability pathways toward the bank's ultimate target of net zero, in line with the country aspiration by Financial Year 2050.

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 the Management Committees to assist in managing the risks and businesses of the Group. The Management Committees address all classes of risk within its Board delegated mandate: credit risk, legal risk, operational risk, technology risk, market risk, liquidity risk, compliance risk, reputational risk, product and business risk, Information Technology ("IT") risk, climate related risk and sustainability (covering ESG) risk.

4.0 General Risk Management (Cont'd.)

Risk Management Governance (Cont'd.)

AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:
- is responsible for establishing an enterprise wide risk management framework in all areas including credit, market, operational, reputational, security, technology, emerging risks, climate related risk and sustainability risk;
- essentially champions and embeds a positive risk culture across AMMB Group to ensure that risk taking activities across AMMB Group are aligned to AMMB Group's risk appetite and strategies; and
- through the RMC, has access to AMMB Board and the Boards of the respective banking entities to facilitate suitable escalation of issues of concern across the organisation.

Potential impact of Emerging Risk from Subsidy Rationalisation

Emerging risks, such as increasing living costs due to subsidy rationalisation would potentially impact the asset quality of the Bank's receivables. Mitigation actions such as comprehensive assessment through thorough review of the existing portfolio to identify the potentially impacted segment and thereafter allocate reasonable provisions to cushion the potential impacts.

4.1 Internal Capital Adequacy Assessment Process

The core objectives of the AMMB Group's ICAAP Policy are to:
- protect the interests of depositors, creditors and shareholders;
- ensure the safety and soundness of the AMMB Group's capital position; and
- ensure that the capital base supports the AMMB 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 the AMMB Group's Risk Appetite as set and approved by the Board.

The following key principles underpin the ICAAP:

4.1.1 The AMMB Group shall maintain an approved, documented, risk based and auditable ICAAP. The aim is to ensure the AMMB 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 AMMB 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 AMMB 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 AMMB Group is in compliance with minimum regulatory standards.

4.1.4 The AMMB Group's quality and level of capital shall commensurate with the level of risks in the business. Sufficient capital should be maintained to:
- meet minimum prudential requirements (including capital buffer requirement) in all jurisdictions in which the AMMB Group operates, and any requirements that may be imposed by stakeholders of the Group;
- be consistent with the AMMB 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 Internal Capital Adequacy Assessment Process (Cont'd.)

The following key principles underpin the ICAAP (cont'd.):

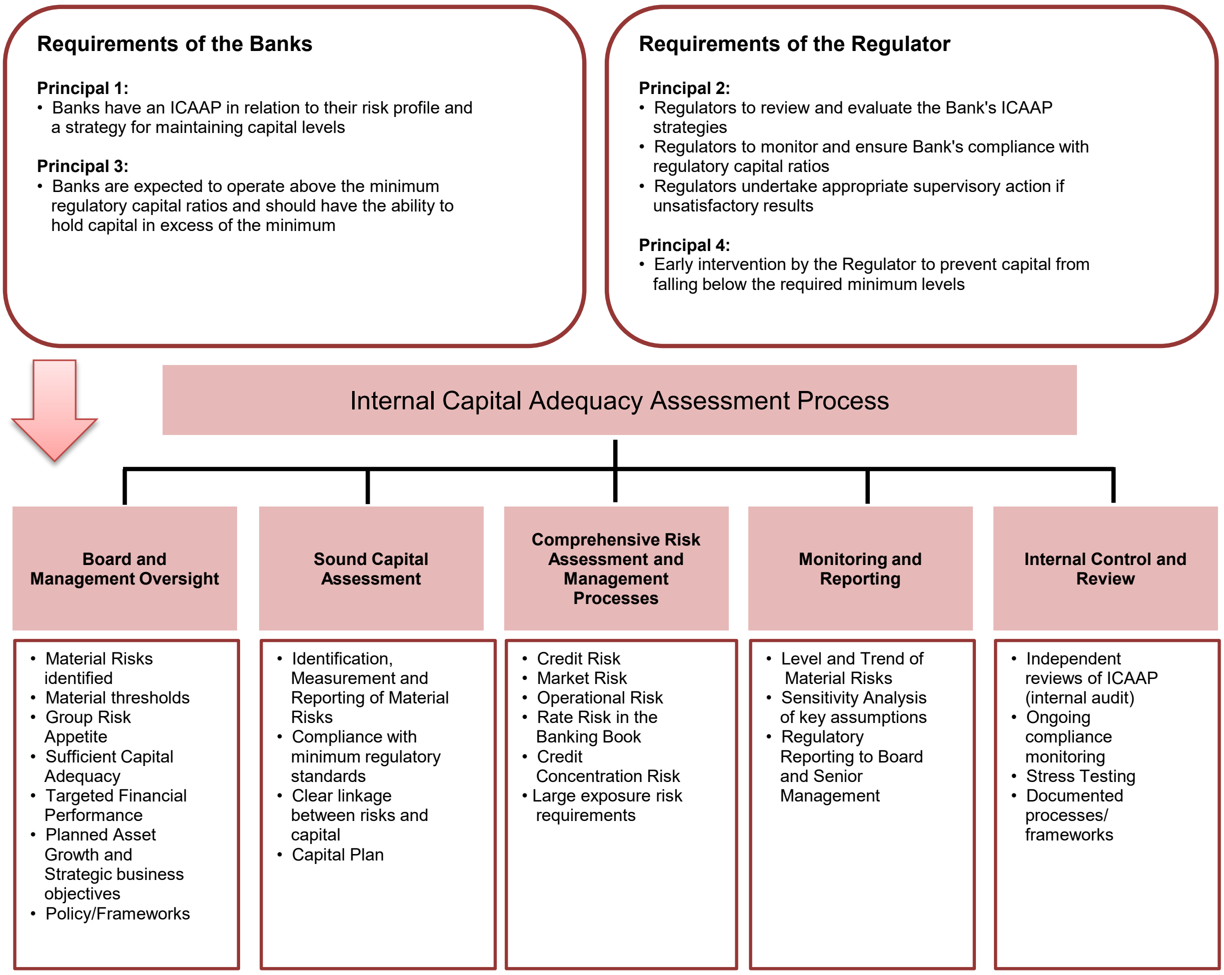
4.1.5 Capital allocation:

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

4.1.6 Material Risks

- The AMMB Group shall identify and assess the risk materiality on an annual basis;
- Risk assessments shall be conducted at bank-wide 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.

ICAAP Framework



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

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 ("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 borrowers' credit risk rating

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework ("GRAF") and related credit policies.

5.0 Credit Risk Management (Cont'd.)

For non-retail credit, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Bank’s credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, rating models for major portfolios have been continuously monitored and implemented to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- credit decisioning process;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending activities are guided by internal credit policies and GRAF that are approved by the Board supplemented by credit guidelines and Management-level GRAF settings approved by the Management. 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.
- 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 model related portfolio, this sets out the identification and management (including monitoring requirements) of borrowers 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; and
- Setting Retail and SME risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

Exposure outside the approval discretions of individual Credit Approval Delegation ("CAD") holders are escalated to the higher approving authority or Credit and Commitments Committee (“CACC”) for approval. In the event such exposure exceeds a stipulated customer group threshold within AMMB Group, the letter of offer shall not be issued until the credit is reviewed by the Board Credit Committee (“BCC”). Portfolio credit risk is reported to the relevant management and board committees.

The Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Group’s loan portfolio and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policies or guidelines.

Group Risk Management prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly to executive management and to all meetings of the Board.

Table 5.0.1 : Distribution of gross credit exposures by sector

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

30 September 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
Exposures under the Standardised Approach:															
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	15,233,712	-	-	-	-	-	15,233,712
PSEs	-	-	-	-	-	-	-		2	-		-	-	-	2
Banks, DFIs and MDBs	-	-	-	-	-	-	-	6,706,823	-	-	-	-	-	-	6,706,823
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	15,299	-	-	-	-	-	-	15,299
Corporates	421,417	2,138	63,995	89	830,454	103,847	873,519	3,227,769	-	410,303	154,925	1,038,805	427,126	758	7,555,145
Regulatory retail	22	-	4,711	-	1,017	16,507	545	1,001	-	723	1,008	11	2,333,462	118	2,359,125
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	144,358	-	144,358
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	-	32	32
Other assets	-	-	-	-	-	-	-	-	62,691	-	-	-	-	1,784,131	1,846,822
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	802,359	802,359
Defaulted exposures	-	-	15	18	-	50	-	-	-	-	-	-	41,744	-	41,827
Total on-balance sheet exposures	**421,439**	**2,138**	**68,721**	**107**	**831,471**	**120,404**	**874,064**	**9,950,982**	**15,296,405**	**411,026**	**155,933**	**1,038,816**	**2,946,690**	**2,587,398**	**34,705,594**
Off-balance sheet exposures															
OTC derivatives	-	-	62	2,644	1,300	486	-	45,713	2,143,194	2,230	3,980	-	44,409	-	2,244,018
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	1,791	6	2,013	46	3,382	6,799	35,497	8,147,507	-	17,640	1,898	15,635	524,181	-	8,756,395
Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	24	-	24
Total off-balance sheet exposures	**1,791**	**6**	**2,075**	**2,690**	**4,682**	**7,285**	**35,497**	**8,193,220**	**2,143,194**	**19,870**	**5,878**	**15,635**	**568,614**	**-**	**11,000,437**
Total on and off-balance sheet exposures (Standardised Approach)	**423,230**	**2,144**	**70,796**	**2,797**	**836,153**	**127,689**	**909,561**	**18,144,202**	**17,439,599**	**430,896**	**161,811**	**1,054,451**	**3,515,304**	**2,587,398**	**45,706,031**
Exposures under the IRB Approach:															
On-balance sheet exposures															
Corporates	**1,128,313**	**1,550,860**	**10,345,581**	**2,401,660**	**5,164,236**	**7,820,279**	**4,444,921**	**4,081,241**	**-**	**8,405,190**	**3,069,562**	**1,304,387**	**16,075**	**36,409**	**49,768,714**
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	998,674	523,441	6,782,488	1,865,479	2,076,261	3,711,403	3,832,163	3,480,279	-	3,938,923	2,367,190	919,681	13,110	14,316	30,523,408
(b) Corporate (with firm-size adjustment)	129,639	219,406	2,580,209	63,583	1,310,647	3,738,155	420,818	331,412	-	988,613	649,746	168,347	2,096	22,093	10,624,764
(c) Qualifying Purchased Corporate Receivables	-	-	-	-	-	17,497	-	-	-	-	-	-	-	-	17,497
(d) **Specialised Lending (Slotting Approach)**	**-**	**808,013**	**982,884**	**472,598**	**1,777,328**	**353,224**	**191,940**	**269,550**	**-**	**3,477,654**	**52,626**	**216,359**	**869**	**-**	**8,603,045**
- Project Finance	-	367,443	971,627	472,598	1,715,478	-	-	-	-	-	40,158	-	12	-	3,567,316
- Object Finance	-	440,570	-	-	-	-	-	-	-	-	-	-	71	-	440,641
- Income Producing Real Estate	-	-	11,257	-	52,410	353,224	191,940	269,550	-	3,207,425	12,266	216,359	729	-	4,315,160
- High Volatility Commercial Real Estate	-	-	-	-	9,440	-	-	-	-	270,229	202	-	57	-	279,928
Retail Exposures	**60,062**	**22,183**	**734,966**	**26,219**	**446,925**	**1,471,201**	**269,358**	**49,421**	**-**	**175,280**	**425,033**	**85,917**	**40,606,015**	**17,012**	**44,389,592**
(a) Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	26,240,741	-	26,240,741
(b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	-	-	-	1,461,301	-	1,461,301
(c) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	-	-	-	7,277,337	-	7,277,337
(d) Other Retail Exposures	60,062	22,183	734,966	26,219	446,925	1,471,201	269,358	49,421	-	175,280	425,033	85,917	5,626,636	17,012	9,410,213
Defaulted Exposures	9,349	64,283	246,863	1,843	188,662	279,235	43,375	3,231	-	27,980	50,648	9,747	811,277	2	1,736,495
Total on-balance sheet exposures	**1,197,724**	**1,637,326**	**11,327,410**	**2,429,722**	**5,799,823**	**9,570,715**	**4,757,654**	**4,133,893**	**-**	**8,608,450**	**3,545,243**	**1,400,051**	**41,433,367**	**53,423**	**95,894,801**

Table 5.0.1 : Distribution of gross credit exposures by sector (Cont'd.)

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

30 September 2024	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposures under the IRB Approach (Cont'd.):															
Off-balance sheet exposures															
OTC derivatives	18,449	64,446	295,467	-	417	22,912	21,143	245	-	1,565	5,907	1,311	-	-	431,862
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	303,238	386,314	3,302,519	263,643	3,927,861	2,269,726	778,331	721,977	-	761,288	240,936	176,602	4,585,405	4,309	17,722,149
Defaulted exposures	-	7,315	8,585	-	59,793	-	10	-	-	2,808	-	-	22,914	-	101,425
Total off-balance sheet exposures	**321,687**	**458,075**	**3,606,571**	**263,643**	**3,988,071**	**2,292,638**	**799,484**	**722,222**	**-**	**765,661**	**246,843**	**177,913**	**4,608,319**	**4,309**	**18,255,436**
Total on and off-balance sheet exposures (IRB Approach)	**1,519,411**	**2,095,401**	**14,933,981**	**2,693,365**	**9,787,894**	**11,863,353**	**5,557,138**	**4,856,115**	**-**	**9,374,111**	**3,792,086**	**1,577,964**	**46,041,686**	**57,732**	**114,150,237**
Total Standardised and IRB Approaches	**1,942,641**	**2,097,545**	**15,004,777**	**2,696,162**	**10,624,047**	**11,991,042**	**6,466,699**	**23,000,317**	**17,439,599**	**9,805,007**	**3,953,897**	**2,632,415**	**49,556,990**	**2,645,130**	**159,856,268**

Table 5.0.1 : 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 2024	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposures under the Standardised Approach:															
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	13,253,366	-	-	-	-	-	13,253,366
Banks, DFIs and MDBs	-	-	-	-	-	-	-	8,742,924	-	-	-	-	-	-	8,742,924
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	4,341	-	-	-	-	-	-	4,341
Corporates	1,828,287	1,657,815	11,130,400	2,463,342	5,787,461	9,757,486	3,172,308	6,982,532	-	7,544,882	1,420,017	2,213,128	593,749	49,589	54,600,996
Regulatory retail	57,376	14,632	740,873	25,473	468,104	1,504,499	267,832	29,314	-	170,029	475,784	97,864	19,835,115	16,725	23,703,620
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	23,580,895	-	23,580,895
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	9,534	33	9,567
Other assets	-	-	-	-	-	-	-	-	62,691	-	-	-	-	2,176,705	2,239,396
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	715,624	715,624
Defaulted exposures	8,516	8,245	124,460	1,173	70,622	180,015	21,542	3,492	-	14,170	31,206	32,330	645,970	-	1,141,741
Total on-balance sheet exposures	**1,894,179**	**1,680,692**	**11,995,733**	**2,489,988**	**6,326,187**	**11,442,000**	**3,461,682**	**15,762,693**	**13,316,057**	**7,729,081**	**1,927,007**	**2,343,322**	**44,665,263**	**2,958,676**	**127,992,560**
Off-balance sheet exposures															
OTC derivatives	5,239	205,698	358,212	-	1,277	11,980	3,395	1,357,099	138,317	1,099	12,378	984	28,700	260	2,124,638
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	145,851	77,874	1,464,988	243,704	1,948,078	719,305	342,313	7,122,121	510,874	477,680	133,432	111,211	2,343,554	1,954	15,642,939
Defaulted exposures	-	-	8,492	-	26,936	362	-	-	-	2,073	28	-	9,124	-	47,015
Total off-balance sheet exposures	**151,090**	**283,572**	**1,831,692**	**243,704**	**1,976,291**	**731,647**	**345,708**	**8,479,220**	**649,191**	**480,852**	**145,838**	**112,195**	**2,381,378**	**2,214**	**17,814,592**
Total on and off-balance sheet exposures	**2,045,269**	**1,964,264**	**13,827,425**	**2,733,692**	**8,302,478**	**12,173,647**	**3,807,390**	**24,241,913**	**13,965,248**	**8,209,933**	**2,072,845**	**2,455,517**	**47,046,641**	**2,960,890**	**145,807,152**

Table 5.0.2 : Geographical distribution of credit exposures

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

30 September 2024	**In Malaysia RM'000**	**Outside Malaysia RM'000**	**Total RM'000**
Exposures under the Standardised Approach:			
On-balance sheet exposures			
Sovereigns/Central banks	15,233,712	-	15,233,712
PSEs	2	-	2
Banks, DFIs and MDBs	4,584,576	2,122,247	6,706,823
Insurance companies, Securities firms and Fund managers	15,299	-	15,299
Corporates	7,542,665	12,480	7,555,145
Regulatory retail	2,358,607	518	2,359,125
Residential mortgages	144,358	-	144,358
Higher risk assets	29	3	32
Other assets	1,814,367	32,455	1,846,822
Securitisation exposures	90	-	90
Equity exposures	801,437	922	802,359
Defaulted exposures	41,827	-	41,827
Total on-balance sheet exposures	**32,536,969**	**2,168,625**	**34,705,594**
Off-balance sheet exposures			
OTC derivatives	1,850,842	393,176	2,244,018
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	8,753,606	2,789	8,756,395
Defaulted exposures	24	-	24
Total off-balance sheet exposures	**10,604,472**	**395,965**	**11,000,437**
Total on and off-balance sheet exposures (Standardised Approach)	**43,141,441**	**2,564,590**	**45,706,031**
Exposures under the IRB Approach:			
On-balance sheet exposures			
Corporates	**49,672,961**	**95,753**	**49,768,714**
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	30,523,408	-	30,523,408
(b) Corporate (with firm-size adjustment)	10,624,764	-	10,624,764
(c) Qualifying Purchased Corporate Receivables	17,497	-	17,497
(d) **Specialised Lending (Slotting Approach)**	**8,507,292**	**95,753**	**8,603,045**
- Project Finance	3,567,316	-	3,567,316
- Object Finance	344,888	95,753	440,641
- Income Producing Real Estate	4,315,160	-	4,315,160
- High Volatility Commercial Real Estate	279,928	-	279,928

Table 5.0.2 : Geographical distribution of credit exposures (Cont'd.)

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

30 September 2024	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Exposures under the IRB Approach (Cont'd.):			
On-balance sheet exposures (Cont'd.)			
Retail Exposures	**44,389,592**	**-**	**44,389,592**
(a) Residential Mortgages	26,240,741	-	26,240,741
(b) Qualifying Revolving Retail Exposures	1,461,301	-	1,461,301
(c) Hire Purchase Exposures	7,277,337	-	7,277,337
(d) Other Retail Exposures	9,410,213	-	9,410,213
Defaulted Exposures	1,736,495	-	1,736,495
Total on-balance sheet exposures	**95,799,048**	**95,753**	**95,894,801**
Off-balance sheet exposures			
OTC derivatives	422,135	9,727	431,862
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	17,701,533	20,616	17,722,149
Defaulted exposures	101,425	-	101,425
Total off-balance sheet exposures	**18,225,093**	**30,343**	**18,255,436**
Total on and off-balance sheet exposures (IRB Approach)	**114,024,141**	**126,096**	**114,150,237**
Total Standardised and IRB Approaches	**157,165,582**	**2,690,686**	**159,856,268**

Table 5.0.2 : Geographical distribution of credit exposures (Cont'd.)

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

31 March 2024	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Exposures under the Standardised Approach:			
On-balance sheet exposures			
Sovereigns/Central banks	13,253,366	-	13,253,366
Banks, DFIs and MDBs	5,562,900	3,180,024	8,742,924
Insurance companies, Securities firms and Fund managers	4,341	-	4,341
Corporates	54,461,903	139,093	54,600,996
Regulatory retail	23,700,325	3,295	23,703,620
Residential mortgages	23,580,895	-	23,580,895
Higher risk assets	9,563	4	9,567
Other assets	2,218,398	20,998	2,239,396
Securitisation exposures	90	-	90
Equity exposures	714,838	786	715,624
Defaulted exposures	1,141,741	-	1,141,741
Total on-balance sheet exposures	**124,648,360**	**3,344,200**	**127,992,560**
Off-balance sheet exposures			
OTC derivatives	1,561,364	563,274	2,124,638
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	15,617,518	25,421	15,642,939
Defaulted exposures	47,015	-	47,015
Total off-balance sheet exposures	**17,225,897**	**588,695**	**17,814,592**
Total on and off-balance sheet exposures	**141,874,257**	**3,932,895**	**145,807,152**

Table 5.0.3 : Residual contractual maturity by major types of credit exposure

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

30 September 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
Exposures under the Standardised Approach:									
On-balance sheet exposures									
Sovereigns/Central banks	2,431,647	-	613,125	344,760	2,326,986	2,796,837	6,720,357	-	15,233,712
PSEs	-	-	-	2	-	-	-	-	2
Banks, DFIs and MDBs	3,807,318	1,215,512	-	101,063	963,642	117,406	501,882	-	6,706,823
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	15,299	-	-	15,299
Corporates	1,112,266	70,981	446,390	1,761,533	1,896,972	747,033	1,519,970	-	7,555,145
Regulatory retail	187,131	59,821	27,348	597,306	97,273	108,157	1,282,089	-	2,359,125
Residential mortgages	-	-	-	-	141	215	144,002	-	144,358
Higher risk assets	-	-	-	-	-	-	-	32	32
Other assets	789,319	-	-	-	-	-	-	1,057,503	1,846,822
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	-	802,359	802,359
Defaulted exposures	3,427	12	1,051	7,625	1,310	1,502	26,900	-	41,827
Total on-balance sheet exposures	**8,331,108**	**1,346,326**	**1,087,914**	**2,812,289**	**5,286,324**	**3,786,449**	**10,195,290**	**1,859,894**	**34,705,594**
Off-balance sheet exposures									
OTC derivatives	13,339	78,487	26,243	151,774	109,284	313,657	1,551,234	-	2,244,018
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	3,744,532	4,159,748	88,511	421,494	2,036	323	339,751	-	8,756,395
Defaulted exposures	-	-	-	24	-	-	-	-	24
Total off-balance sheet exposures	**3,757,871**	**4,238,235**	**114,754**	**573,292**	**111,320**	**313,980**	**1,890,985**	**-**	**11,000,437**
Total on and off-balance sheet exposures (Standardised Approach)	**12,088,979**	**5,584,561**	**1,202,668**	**3,385,581**	**5,397,644**	**4,100,429**	**12,086,275**	**1,859,894**	**45,706,031**
Exposures under the IRB Approach:									
On-balance sheet exposures									
Corporates	**16,757,015**	**6,043,658**	**3,467,892**	**6,171,216**	**5,360,238**	**5,483,524**	**6,485,171**	**-**	**49,768,714**
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	11,030,480	4,224,428	2,079,510	4,177,412	2,932,340	4,117,759	1,961,479	-	30,523,408
(b) Corporate (with firm-size adjustment)	2,021,352	1,619,242	911,590	1,221,882	601,069	635,244	3,614,385	-	10,624,764
(c) Qualifying Purchased Corporate Receivables	8,192	9,305	-	-	-	-	-	-	17,497
(d) **Specialised Lending (Slotting Approach)**	**3,696,991**	**190,683**	**476,792**	**771,922**	**1,826,829**	**730,521**	**909,307**	**-**	**8,603,045**
- Project Finance	1,441,999	-	190,137	10,154	1,042,011	651,050	231,965	-	3,567,316
- Object Finance	95,753	-	-	209,483	135,405	-	-	-	440,641
- Income Producing Real Estate	2,057,596	190,351	194,524	492,721	643,889	58,737	677,342	-	4,315,160
- High Volatility Commercial Real Estate	101,643	332	92,131	59,564	5,524	20,734	-	-	279,928

Table 5.0.3 : 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.):

30 September 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
Exposures under the IRB Approach (Cont'd.):									
On-balance sheet exposures (Cont'd.)									
Retail Exposures	**54,441**	**64,757**	**57,950**	**1,694,844**	**1,551,096**	**2,973,497**	**37,993,007**	**-**	**44,389,592**
(a) Residential Mortgages	837	189	555	2,520	47,327	102,373	26,086,940	-	26,240,741
(b) Qualifying Revolving Retail Exposures	23,400	8,414	26,907	1,402,580	-	-	-	-	1,461,301
(c) Hire Purchase Exposures	1,057	2,870	10,787	68,552	977,189	1,878,690	4,338,192	-	7,277,337
(d) Other Retail Exposures	29,147	53,284	19,701	221,192	526,580	992,434	7,567,875	-	9,410,213
Defaulted Exposures	267,932	885	4,532	135,947	80,260	202,852	1,044,087	-	1,736,495
Total on-balance sheet exposures	**17,079,388**	**6,109,300**	**3,530,374**	**8,002,007**	**6,991,594**	**8,659,873**	**45,522,265**	**-**	**95,894,801**
Off-balance sheet exposures									
OTC derivatives	45,260	77,057	62,282	17,245	4,005	29,138	196,875	-	431,862
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	3,159,879	1,323,804	2,025,687	9,224,492	1,256	5,351	1,981,680	-	17,722,149
Defaulted exposures	62,226	10,988	108	27,869	7	4	223	-	101,425
Total off-balance sheet exposures	**3,267,365**	**1,411,849**	**2,088,077**	**9,269,606**	**5,268**	**34,493**	**2,178,778**	**-**	**18,255,436**
Total on and off-balance sheet exposures (IRB Approach)	**20,346,753**	**7,521,149**	**5,618,451**	**17,271,613**	**6,996,862**	**8,694,366**	**47,701,043**	**-**	**114,150,237**
Total Standardised and IRB Approaches	**32,435,732**	**13,105,710**	**6,821,119**	**20,657,194**	**12,394,506**	**12,794,795**	**59,787,318**	**1,859,894**	**159,856,268**

Table 5.0.3 : 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 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
Exposures under the Standardised Approach:									
On-balance sheet exposures									
Sovereigns/Central banks	1,368,786	131,650	875,338	1,103,199	1,957,159	1,942,609	5,874,625	-	13,253,366
Banks, DFIs and MDBs	5,332,084	977,854	-	810,381	1,012,954	137,747	471,904	-	8,742,924
Insurance companies, Securities firms and Fund managers	-	-	-	4,341	-	-	-	-	4,341
Corporates	16,403,324	5,618,077	5,146,495	5,563,991	7,439,290	5,977,087	8,452,732	-	54,600,996
Regulatory retail	160,436	82,064	131,468	2,447,980	1,515,802	3,020,546	16,345,324	-	23,703,620
Residential mortgages	762	218	414	2,154	42,694	102,906	23,431,747	-	23,580,895
Higher risk assets	25	38	80	40	97	423	8,831	33	9,567
Other assets	775,699	-	-	-	-	-	-	1,463,697	2,239,396
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	-	715,624	715,624
Defaulted exposures	123,942	831	1,769	64,025	51,254	107,780	763,749	28,391	1,141,741
Total on-balance sheet exposures	**24,165,058**	**6,810,732**	**6,155,564**	**9,996,111**	**12,019,250**	**11,289,098**	**55,349,002**	**2,207,745**	**127,992,560**
Off-balance sheet exposures									
OTC derivatives	36,055	193,506	283,054	224,075	40,823	326,109	1,021,016	-	2,124,638
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	3,058,518	5,502,897	696,507	4,946,889	17,992	43,372	1,376,764	-	15,642,939
Defaulted exposures	18,452	179	4,137	15,043	109	1	9,094	-	47,015
Total off-balance sheet exposures	**3,113,025**	**5,696,582**	**983,698**	**5,186,007**	**58,924**	**369,482**	**2,406,874**	**-**	**17,814,592**
Total on and off-balance sheet exposures	**27,278,083**	**12,507,314**	**7,139,262**	**15,182,118**	**12,078,174**	**11,658,580**	**57,755,876**	**2,207,745**	**145,807,152**

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 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.

(a) Stage 1 : For performing financial instruments which credit risk had not been significantly increased since initial recognition.

(b) Stage 2 : For underperforming financial instruments which credit risk had significantly increased since initial recognition.

(c) Stage 3 : For financial instruments which are credit impaired.

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

Change in credit quality since initial recognition

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

ECL can be assessed individually or collectively. Financial assets that are not individually significant or not individually credit impaired are collectively assessed. For financial assets that are individually significant, an assessment is performed to determine whether objective evidence of impairment exists individually.

Individual assessment is divided into two main processes - trigger assessment and measurement of impairment loss. Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value.

Table 5.1.2 : Impaired and past due loans and advances and impairment allowances by sector

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

30 September 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 and advances	8,786	14,659	189,196	17,005	174,860	270,496	37,341	2,098	26,112	36,523	11,485	798,323	-	**1,586,884**
Past due but not impaired loans	8,805	5,374	101,592	16,436	152,143	436,541	90,926	5,512	124,525	62,436	14,854	4,498,704	-	**5,517,848**
Allowances for expected credit losses														
- Individual allowance	1,041	10,471	71,381	1,859	84,242	63,125	7,825	-	2,069	10,240	-	8,430	-	**260,683**
- Collective allowance	3,667	4,932	53,195	3,859	28,079	56,168	11,424	8,688	16,315	12,404	6,242	850,306	873	**1,056,152**
Charges/(writeback) for individual allowance	1,041	(2,373)	34,168	1,915	47,682	21,614	3,064	-	(13)	(1,301)	(2,082)	(4,840)	-	**98,875**
Write-offs against individual allowance	-	-	16,266	34,021	8,507	8,704	-	-	-	1,319	-	-	-	**68,817**

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 and advances	5,633	16,398	174,602	50,830	162,723	237,820	26,587	2,898	16,771	35,649	37,146	788,483	-	**1,555,540**
Past due but not impaired loans	13,269	9,729	139,416	18,098	151,165	391,575	47,458	6,591	133,042	78,512	19,326	4,303,247	-	**5,311,428**
Allowances for expected credit losses														
- Individual allowance	-	12,844	54,375	33,965	45,067	50,215	4,761	-	2,082	12,860	2,082	12,374	-	**230,625**
- Collective allowance	4,006	6,190	101,912	3,398	77,703	45,441	9,498	8,680	25,016	12,250	6,285	839,452	961	**1,140,792**
(Writeback)/charges for individual allowance	(1,946)	11,718	24,966	1,062	1,026	58,287	6,935	(1,001)	2,098	12,834	2,809	12,349	-	**131,137**
Write-offs against individual allowance	-	28	14,665	-	29,882	44,210	2,174	-	16	10,404	1,036	-	-	**102,415**

Table 5.1.3 : Geographical distribution of impaired and past due loans and advances and impairment allowances

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

30 September 2024	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,586,884	-	1,586,884
Past due but not impaired loans	5,517,848	-	5,517,848
Allowances for expected credit losses			
- Individual allowance	260,683	-	260,683
- Collective allowance	1,054,947	1,205	1,056,152

31 March 2024	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,555,540	-	1,555,540
Past due but not impaired loans	5,311,428	-	5,311,428
Allowances for expected credit losses			
- Individual allowance	230,625	-	230,625
- Collective allowance	1,140,693	99	1,140,792

5.1 Impairment (Cont'd.)

Table 5.1.4 : Charge offs and recoveries for loans and advances

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

	(Charge offs)/ recoveries	
	30 September 2024 RM'000	31 March 2024 RM'000
Individual allowance written off during the financial period/year ended	(18,600)	(40,156)
Individual allowance recoveries during the financial period/year ended	106,125	225,433

5.2 Credit Risk Exposure under the IRB Approach

Adoption of IRB Basel II

The Group has on 29 July 2024 obtained BNM's approval to adopt FIRB Approach, i.e. to apply internal models to determine risk-weight for the majority of its credit portfolios.

For RWA computation of retail portfolios, the Bank adopts the AIRB Approach using own internal estimates of PD, LGD and EAD. For non-retail portfolios, the Bank adopts FIRB Approach, which uses own internal PD estimates and applies supervisory estimates of LGD and EAD.

The key measures generated by the internal models to quantify regulatory capital are:

- **PD**
  This measures the likelihood that a borrower defaults on its credit obligation over a period of one year.

- **LGD**
  This is a measure of the economic loss the Bank would incur in the event a borrower defaults taking into account also the time value of money when measuring recovery cash flows.

- **EAD**
  EAD is the expected amount that a borrower is expected to be owing at time of default. This takes into account potential additional drawdown that may be incurred by the borrower facing financial difficulties prior to default.

Various models are developed, tuned to the specific risk characteristics of each portfolio, to achieve these measurements.

In general, default risk estimates approach for Retail and Non-Retail portfolios are similar for PD, EAD and LGD models.

- Nevertheless, PD model for Retail segment is further segmented by Application Scorecard ("Ascore") and Behavioural Scorecard ("Bscore"). Ascore is generally developed by using internal and external (e.g. CCRIS) information for new application decisioning. Bscore is used primarily for account management and business strategy.

- Non-retail exposures under FIRB Approach for capital computation allows the Group to use its internal PD estimates, but use supervisory LGD and EAD estimates to compute the risk weights for corporate exposures. For specialised lending exposures, the Bank adopts Supervisory Slotting Criteria approach with supervisory prescribed risk weights.

5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

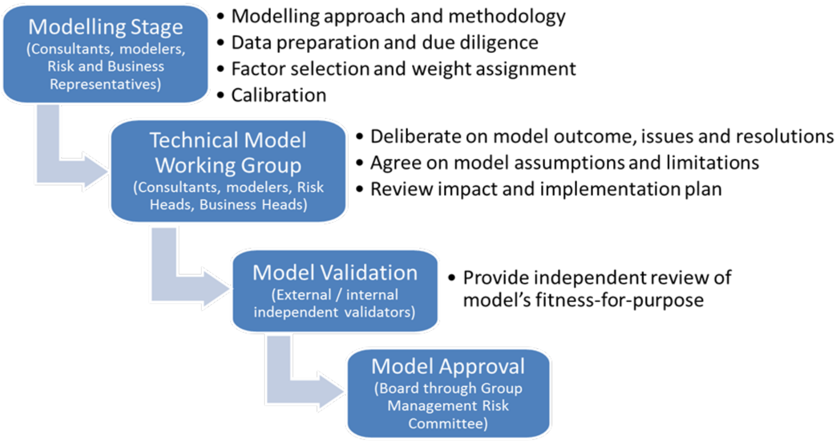
Model Risk Management

To ensure a robust model risk management, the Group has established a Board-approved model risk management framework and its related guidelines on the operational structure, minimum thresholds and standards, and risk management requirements for governing the controls and processes relating to model development, model validation and on-going model monitoring.

Internal models are developed, or co-developed with external consultants, by a dedicated internal modelling team functionally separate from risk origination. All new models and subsequent material changes to the models are subject to independent validation prior to implementation, and thereafter re-validated annually, by an internal validation team or external consultants who are independent from model ownership, development, monitoring and use. All models used for regulatory purposes are approved by the Board.

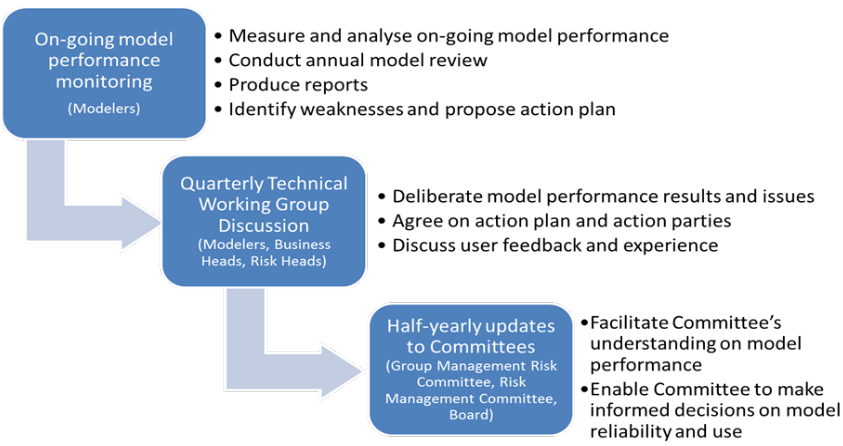
Internal Audit also reviews the adequacy and effectiveness of model-related governance, risk management and internal control processes and provides value-added assurance to assist the Board in the discharge of its oversight responsibilities.

The model development, validation and governance process is depicted in the diagram below:



Subsequent to model implementation, the performance of the models is monitored regularly by the modelling team; deliberated at the Technical Working Group; and reported to GMRC, RMC and the Board for oversight.

The on-going model performance reporting process is depicted in the diagram below:



5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

Model Risk Management (Cont'd.)

All Credit Models are being monitored on a quarterly basis and presented to:
(a) Technical Working Group which comprises representatives from both risk and business
(b) GMRC, RMC and Board

The scope of monitoring covers various quantitative tests on model discrimination, calibration and stability; highlights model weaknesses and ensure prompt action is taken by responsible parties.

Independent Model Validation

All models used for regulatory RWA computations are subjected to validation by an independent party not involved in model ownership, development, monitoring and use to ascertain whether the models are fit-for-purpose and meeting regulatory and/or internal policy requirements.

The scope of validation covers:

(a) Model Validation
- Quantitative Tests - Discrimination, Calibration, Stability
- Data
- Methodology
- Governance
- Documentation

(b) System Validation
- Input to Output Accuracy
- System and Data Governance
- User Acceptance Test
- Functional Specifications

All models used for regulatory RWA computations are validated annually, and the model validation results are reported to GMRC, RMC and Board.

Use of Internal Models

The internal risk ratings are used not only for regulatory capital purposes, but also in various management of credit risk in the Bank.

The basic credit risk measurement metrics of PD, LGD and EAD are transformed into measures of EL, capital consumption (RWA capital), and together with profitability to determine ROCE. These are used in the following applications within the bank.

(a) Credit underwriting approval
All borrowers are required to be rated at credit origination/annual review or rating refreshed to facilitate credit analysis and decision.

Credit approval matrix for a loan application is determined based on EL and quantum of exposure. Retail cutoff score for credit acceptance takes EL into consideration.

(b) Risk Governance
Risk grade/EL are used in risk appetite setting, such as setting of limits to manage credit concentration risk and setting of portfolio risk controls.

(c) Capital management
ROCE is used in influencing lending growth/direction and capital allocation.

(d) Policy
Internal ratings are consistently applied and used in the basis for credit risk policy/guidelines

5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

Use of Internal Models (Cont'd.)

The basic credit risk measurement metres of PD, LGD and EAD are transformed into measures of EL, capital consumption (RWA capital), and together with profitability to determine ROCE. These are used in the following applications within the bank. (cont'd.)

(e) Reporting
Regular reporting relating to credit like distribution of credit/sectorial exposures, rating migration, estimation of relevant parameters per grade and relating to profitability areas

(f) Pricing
EL are used/considered in loan pricing. Setting minimum hurdle rate for retail portfolio and ROCE for individual wholesale borrower pricing.

(g) Provisions and account management
The base PD, LGD and EAD are used for expected credit loss provisioning estimates with modification to meet accounting standard.

Retail behavioural scores and PD segmentation model are used for account management and collection strategy.

5.2.1 Retail Portfolio

Retail PD models

Each account is assigned to a risk pool, of similar risk characteristics or drivers. The PD estimation is developed using historical data spanning a minimum 5 years, with each pool (or PD segment) calibrated to long run average which cover at least one business cycle.

Retail LGD models

All of the Retail LGD models are built using data spanning a minimum 5 years. For Basel II purposes, LGD is estimated to reflect downturn conditions. Similar to PD segmentation model, homogenous risk profile accounts will be segmented into same LGD pool.

Retail EAD models

For on-balance sheet exposures (e.g. term loans or mortgage loans), EAD is equal to the current outstanding of the facility. For off-balance sheet exposures, (e.g. undrawn amount for revolving and non-revolving facility), EAD consist of current outstanding and the expected utilisation of committed (Cash Conversion Factor ("Cash CF") (where applicable)) and undrawn amount (Credit Conversion Factor ("CCF")) at the time of default. All EAD models are built using data spanning a minimum 5 years. For Basel II purposes, EAD is estimated to reflect downturn conditions. Similar to PD segmentation model, homogenous risk profile accounts will be segmented into same LGD pool.

Cash CF refers to how much of an off-balance sheet exposure will actually be called upon and become an on-balance sheet item.

Table 5.2.1a: Exposures under the IRB Approach by Risk Grade or PD Band

The disclosure on Exposure by PD Band (IRB Approach) for Retail of the Group is as follows:

30 September 2024 PD Range %	Exposures post CRM RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000	RWA RM'000
Retail Exposures:					
Residential Mortgages					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	17,167,113	17.11	0.12	15,550	2,103,731
0.5943 - 1.0159	3,800,886	16.35	0.20	3,795	774,295
1.0160 - 2.2722	1,524,347	16.96	0.36	1,333	541,745
2.2723 - 4.1028	1,215,742	17.05	0.48	1,213	582,233
4.1029 - 8.2931	13,246	16.90	0.61	-	8,018
8.2932 - 99.9999	2,543,539	17.25	0.74	2,242	1,885,434
Default or 100	634,105	17.88	0.51	218	322,807
Total Residential Mortgages	26,898,978			24,351	6,218,263
Qualifying Revolving Retail Exposures					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	1,391,815	87.34	0.14	1,233,107	199,353
0.5943 - 1.0159	1,211,830	83.24	0.28	972,929	338,116
1.0160 - 2.2722	634,633	81.83	0.49	300,970	312,961
2.2723 - 4.1028	557,567	83.21	0.79	217,461	441,889
4.1029 - 8.2931	282,216	76.27	1.05	66,481	296,341
8.2932 - 99.9999	213,763	66.36	1.59	39,576	339,334
Default or 100	32,567	71.16	6.36	22,481	207,160
Total Qualifying Revolving Retail Exposures	4,324,391			2,853,005	2,135,154
Hire Purchase Exposures					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	4,719,926	36.30	0.23	-	1,083,950
0.5943 - 1.0159	51,940	36.00	0.33	-	17,383
1.0160 - 2.2722	1,125,121	37.71	0.42	-	477,749
2.2723 - 4.1028	444,239	37.72	0.54	-	238,996
4.1029 - 8.2931	348,287	37.54	0.57	-	197,604
8.2932 - 99.9999	587,824	38.00	0.81	-	476,323
Default or 100	68,581	38.26	1.10	-	75,235
Total Hire Purchase Exposures	7,345,918			-	2,567,240
Other Retail Exposures					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	5,477,545	20.50	0.14	1,341,296	741,898
0.5943 - 1.0159	1,956,247	22.26	0.22	300,919	426,959
1.0160 - 2.2722	555,121	26.57	0.34	81,893	188,357
2.2723 - 4.1028	480,535	27.25	0.38	63,934	181,601
4.1029 - 8.2931	1,912,382	31.48	0.39	12,144	737,888
8.2932 - 99.9999	901,233	26.52	0.47	58,424	425,375
Default or 100	348,188	28.02	1.81	120	630,155
Total Other Retail Exposures	11,631,251			1,858,730	3,332,233
Total Retail Exposures	50,200,538			4,736,086	14,252,890

Table 5.2.1b: Exposures under the IRB Approach by Expected Loss Range Band

The disclosure on Exposure by Expected Loss Range Band (IRB Approach) for Retail of the Group is as follows:

30 September 2024 **Expected Loss Range %**	**Exposures post CRM RM'000**	**Exposure Weighted Average LGD %**	**Exposure Weighted Average Risk Weight %**	**Undrawn Commitments RM'000**	**RWA RM'000**
Retail Exposures:					
Residential Mortgages					
0.0001 - 0.0737	6,795,097	14.48	0.10	3,093	661,497
0.0738 - 0.5942	16,172,078	17.91	0.18	17,748	2,940,207
0.5943 - 1.0159	743,540	19.13	0.53	1,051	394,833
1.0160 - 2.2722	705,218	14.73	0.70	209	490,729
2.2723 - 4.1028	543,283	19.75	0.96	884	521,298
4.1029 - 8.2931	506,868	15.01	0.85	133	430,570
8.2932 - 99.9999	1,432,562	18.81	0.54	1,233	779,129
Default or 100	332	19.57	-	-	-
Total Residential Mortgages	26,898,978			24,351	6,218,263
Qualifying Revolving Retail Exposures					
0.0001 - 0.0737	414	33.19	4.14	414	1,717
0.0738 - 0.5942	1,676,196	82.83	0.23	1,434,765	392,077
0.5943 - 1.0159	1,006,873	87.19	0.31	833,038	314,494
1.0160 - 2.2722	634,230	82.10	0.54	291,105	344,782
2.2723 - 4.1028	594,643	82.80	0.83	215,047	490,873
4.1029 - 8.2931	255,192	79.38	1.23	48,020	314,041
8.2932 - 99.9999	153,670	68.09	1.80	27,496	277,170
Default or 100	3,173	38.52	-	3,120	-
Total Qualifying Revolving Retail Exposures	4,324,391			2,853,005	2,135,154
Hire Purchase Exposures					
0.0001 - 0.0737	43	37.20	0.12	-	5
0.0738 - 0.5942	5,507,724	36.42	0.25	-	1,388,091
0.5943 - 1.0159	397,815	38.45	0.49	-	195,017
1.0160 - 2.2722	655,097	37.69	0.54	-	356,738
2.2723 - 4.1028	129,372	37.63	0.59	-	76,212
4.1029 - 8.2931	242,948	37.80	0.73	-	176,540
8.2932 - 99.9999	412,919	38.17	0.91	-	374,637
Default or 100	-	-	-	-	-
Total Hire Purchase Exposures	7,345,918			-	2,567,240
Other Retail Exposures					
0.0001 - 0.0737	837,633	14.84	0.09	66,113	77,810
0.0738 - 0.5942	7,037,890	21.57	0.17	1,652,089	1,201,487
0.5943 - 1.0159	435,910	29.23	0.39	53,514	167,907
1.0160 - 2.2722	2,134,146	31.33	0.39	30,804	832,348
2.2723 - 4.1028	207,809	27.25	0.46	33,324	95,854
4.1029 - 8.2931	241,332	28.69	1.16	2,511	280,271
8.2932 - 99.9999	729,590	28.71	0.93	20,375	676,556
Default or 100	6,941	25.53	-	-	-
Total Other Retail Exposures	11,631,251			1,858,730	3,332,233
Total Retail Exposures	50,200,538			4,736,086	14,252,890

5.2 Credit Risk Exposure under the IRB Approach (Cont'd.)

5.2.2 Non-Retail PD Model

PDs for wholesale borrowers are generated by wholesale models differentiated by turnover size, specialised lending segments, contracting business and real estate activities. The methods used to develop models for risk quantification are summarised as follows:

(a) Statistical method – Built and tested with data statistically;
(b) Hybrid method – Built judgmentally and tested with limited data;
(c) Expert method – Built on expert judgement; or
(d) Slotting method – Slot credit based on supervisory slotting criteria.

A hybrid rating model of point in time and through the cycle is generally adopted in wholesale rating models. The models allow expert judgment by credit evaluation officers to be reflected as the final rating for consideration of some model inputs not captured by the models. The internal risk grades are calibrated to the long run average default rates with upward adjustments made to the downturn period of year 2008 and 2009 to reflect 2000/2001 recession such that the PD increases exponentially at each higher risk grades. For models such as income-producing real estate, project finance and object finance (i.e. specialised lending models) which are difficult to model due to low default portfolio, these segments are developed using the supervisory slotting criteria. Similar default definition as per Basel II requirement is adopted across all non-retail exposures.

The rating is determined at customer level and translated into PD based on the calibration parameters that mapped to AmBank Masterscale. For regulatory RWA computation, a minimum floor PD of 0.03% is applied for conservativeness.

Corporate borrower risk grade can be mapped to external agency ratings. Table below depicts AmBank Masterscale and mapping of internal risk grades of corporate borrowers with Rating Agency of Malaysia ("RAM") rating grades. The external agency ratings recognise transaction structure and collateral, whereas internal rating reflects that in combination of PD (Risk Grade) and LGD, where PD (Risk Grade) is strictly borrower default while transaction mitigation and collateral is reflected in LGD.

Category	**Risk Grade**	**PD Range**	**RAM Equivalent**
Exceptionally	1 to 6	0.0001% - 0.0737%	AAA
Very Strong	7 to 12	0.0738% - 0.5942%	AA1-A3
Strong	13 to 14	0.5943% - 1.0159%	BBB1 to BBB2
Satisfactory	15 to 16	1.0160% - 2.2722%	BBB3 to BB2
Moderate	17 to 18	2.2723% - 4.1028%	BB3
Marginal	19 to 20	4.1029% - 8.2931%	B1 to B3
Substandard	21 to 24	8.2932% - 99.9999%	C1 to C3

Securitisation and Equity Exposures (Banking Book) are disclosed under the Standardised Approach under Sections 7 and 10 respectively.

Table 5.2.2a: Exposures under the IRB Approach by Risk Grade or PD Band

The disclosure on Exposure by PD Band (IRB Approach) for Non-Retail of the Group is as follows:

30 September 2024 **PD Range %**	**Exposures post CRM RM'000**	**Exposure Weighted Average LGD %**	**Exposure Weighted Average Risk Weight %**	**Undrawn Commitments RM'000**	**RWA RM'000**
Non-Retail Exposures:					
Corporate (excluding Specialised Lending and firm-size adjustment)					
0.0001 - 0.0737	445,606	48.41	0.17	9,246	73,580
0.0738 - 0.5942	19,098,350	43.52	0.48	3,094,332	9,152,276
0.5943 - 1.0159	8,849,533	42.12	0.78	1,413,725	6,892,530
1.0160 - 2.2722	7,447,194	42.81	1.01	956,810	7,548,442
2.2723 - 4.1028	2,396,157	40.34	1.17	166,929	2,799,553
4.1029 - 8.2931	597,663	39.02	1.23	100,659	735,071
8.2932 - 99.9999	680,359	39.00	1.79	92,753	1,216,720
Default or 100	419,556	44.11	-	481	-
Total Corporate (excluding Specialised Lending and firm-size adjustment)	39,934,418			5,834,935	28,418,172
Corporate (with firm-size adjustment)					
0.0001 - 0.0737	75	45.00	0.11	74	9
0.0738 - 0.5942	2,679,359	39.85	0.43	809,501	1,153,687
0.5943 - 1.0159	1,865,150	36.33	0.55	517,958	1,028,339
1.0160 - 2.2722	4,645,816	37.79	0.71	1,046,215	3,299,498
2.2723 - 4.1028	3,192,775	38.65	0.87	538,918	2,787,150
4.1029 - 8.2931	1,301,128	36.33	0.86	83,131	1,122,282
8.2932 - 99.9999	724,904	37.57	1.33	48,467	961,887
Default or 100	325,501	38.45	-	10,107	-
Total Corporate (with firm-size adjustment)	14,734,708			3,054,371	10,352,852
Qualifying Purchased Corporate Receivables					
0.0001 - 0.0737	-	-	-	-	-
0.0738 - 0.5942	-	-	-	-	-
0.5943 - 1.0159	34,458	45.00	0.78	16,961	26,976
1.0160 - 2.2722	-	-	-	-	-
2.2723 - 4.1028	-	-	-	-	-
4.1029 - 8.2931	-	-	-	-	-
8.2932 - 99.9999	-	-	-	-	-
Default or 100	-	-	-	-	-
Total Qualifying Purchased Corporate Receivables	34,458			16,961	26,976
Total Non-Retail Exposures (excluding Specialised Lending (Slotting Approach)	54,703,584			8,906,267	38,798,000

Table 5.2.2b Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised Lending Exposures under Supervisory Slotting Criteria of the Group is as follows:

30 September 2024 Supervisory Categories/ Risk-Weights	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	Total RM'000
Specialised Lending Exposures (Slotting Approach)						
Project Finance	1,339,138	2,257,599	42,543	-	-	3,639,280
Object Finance	98,831	582,480	168	-	-	681,479
Income Producing Real Estate	752,721	3,126,830	618,075	136,216	6,736	4,640,578
	2,190,690	5,966,909	660,786	136,216	6,736	8,961,337
Risk-Weighted Assets	**1,098,265**	**4,262,263**	**759,905**	**340,539**	**-**	**6,460,972**

30 September 2024 Supervisory Categories/ Risk-Weights	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	Total RM'000
Specialised Lending Exposures (Slotting Approach)						
High Volatility Commercial Real Estate	-	155,086	126,383	500	2,808	284,777
Risk-Weighted Assets	**-**	**186,104**	**176,936**	**1,250**	**-**	**364,290**

5.3 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.

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

Under the FIRB Approach for non-retail, the Group adopts the PD substitution approach whereby the exposure guaranteed by an eligible guarantor will substitute the PD of the counterparty in the computation of capital if the guarantor is internally rated and associated with a PD equivalent to BBB- or better. For retail exposures, guarantor is being considered as part of PD assessment.

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 loans, amortisation schedules and loan covenants. These assist in managing credit risk and providing early warning signals to enable pre-emptive actions to protect the quality or recoverability of loan assets.

Concentrations of credit risk mitigation

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework.

Table 5.3.1a : Credit Risk Mitigation

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

30 September 2024 Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000
Credit risk			
Exposure under the Standardised Approach:			
On-balance sheet exposures			
Sovereigns/Central banks	15,233,712	-	-
PSEs	2	-	-
Banks, DFIs and MDBs	6,706,823	-	-
Insurance companies, Securities firms and Fund managers	15,299	-	-
Corporates	7,555,145	10,375	509,082
Regulatory retail	2,359,125	3,607	567,215
Residential mortgages	144,358	-	-
Higher risk assets	32	-	-
Other assets	1,846,822	-	-
Securitisation exposures	90	-	-
Equity exposures	802,359	-	-
Defaulted exposures	41,827	-	274
Total on-balance sheet exposures	**34,705,594**	**13,982**	**1,076,571**
Off-balance sheet exposures			
OTC derivatives	2,244,018	-	769,180
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	8,756,395	-	5,430,694
Defaulted exposures	24	-	-
Total off-balance sheet exposures	**11,000,437**	-	**6,199,874**
Total on and off-balance sheet exposures	**45,706,031**	**13,982**	**7,276,445**

Table 5.3.1a : Credit Risk Mitigation (Cont'd.)

The total exposures and eligible guarantees and collateral of the Group under Standardised Approach are as follows (cont'd.):

31 March 2024 Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000
Credit risk			
Exposure under the Standardised Approach:			
On-balance sheet exposures			
Sovereigns/Central banks	13,253,366	-	-
Banks, DFIs and MDBs	8,742,924	-	-
Insurance companies, Securities firms and Fund managers	4,341	-	-
Corporates	54,600,996	1,236,163	5,923,043
Regulatory retail	23,703,620	1,868,636	1,267,909
Residential mortgages	23,580,895	-	15,346
Higher risk assets	9,567	-	-
Other assets	2,239,396	-	-
Securitisation exposures	90	-	-
Equity exposures	715,624	-	-
Defaulted exposures	1,141,741	163,539	12,907
Total on-balance sheet exposures	**127,992,560**	**3,268,338**	**7,219,205**
Off-balance sheet exposures			
OTC derivatives	2,124,638	-	538,283
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	15,642,939	68,716	7,682,026
Defaulted exposures	47,015	218	10,664
Total off-balance sheet exposures	**17,814,592**	**68,934**	**8,230,973**
Total on and off-balance sheet exposures	**145,807,152**	**3,337,272**	**15,450,178**

Table 5.3.1b : Credit Risk Mitigation

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

30 September 2024 Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit risk				
Exposure under IRB Approach:				
On-balance sheet exposures				
Corporates	**49,768,714**	**1,103,119**	**1,255,776**	**9,485,476**
(a) Corporate (excluding Specialised Lending and firm-size adjustment)	30,523,408	214,454	720,767	4,821,072
(b) Corporate (with firm-size adjustment)	10,624,764	888,665	535,009	4,664,404
(c) Qualifying Purchased Corporate Receivables	17,497	-	-	-
(d) **Specialised Lending (Slotting Approach)**	**8,603,045**	**-**	**-**	**-**
- Project Finance	3,567,316	-	-	-
- Object Finance	440,641	-	-	-
- Income Producing Real Estate	4,315,160	-	-	-
- High Volatility Commercial Real Estate	279,928	-	-	-
Retail Exposures	**44,389,592**	**746,297**	**-**	**-**
(a) Residential Mortgages	26,240,741	-	-	-
(b) Qualifying Revolving Retail Exposures	1,461,301	-	-	-
(c) Hire Purchase Exposures	7,277,337	-	-	-
(d) Other Retail Exposures	9,410,213	746,297	-	-
Defaulted Exposures	1,736,495	-	9,071	200,098
Total on-balance sheet exposures	**95,894,801**	**1,849,416**	**1,264,847**	**9,685,574**
Off-balance sheet exposures				
OTC derivatives	431,862	-	1,120	-
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	17,722,149	123,913	958,007	1,185,900
Defaulted exposures	101,425	-	15,932	-
Total off-balance sheet exposures	**18,255,436**	**123,913**	**975,059**	**1,185,900**
Total on and off-balance sheet exposures	**114,150,237**	**1,973,329**	**2,239,906**	**10,871,474**

5.4 Credit Risk Exposure under the Standardised Approach

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

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

Table 5.4.1 : Credit exposures by risk weights under the Standardised Approach

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

30 September 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%	17,376,906	-	61,074	-	2,776,944	2,583	-	-	859,761	-	-	21,077,268	-
20%	-	55,825	7,963,958	-	2,680,955	1,024	-	-	144,135	-	-	10,845,897	2,169,179
35%	-	-	-	-	-	-	97,036	-	-	-	-	97,036	33,963
50%	-	-	630,966	-	2,704	7,637	57,300	-	-	-	-	698,607	349,303
75%	-	-	-	-	-	1,470,795	-	-	-	-	-	1,470,795	1,103,096
100%	-	-	156	26,192	1,881,510	678,326	-	-	842,926	-	802,359	4,231,469	4,231,469
150%	-	-	-	-	10	8,382	-	32	-	-	-	8,424	12,636
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**17,376,906**	**55,825**	**8,656,154**	**26,192**	**7,342,123**	**2,168,747**	**154,336**	**32**	**1,846,822**	**90**	**802,359**	**38,429,586**	**7,900,771**

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%	13,772,798	-	60,880	-	4,091,063	1,328,378	-	-	828,620	-	-	20,081,739	-
20%	-	176,608	9,300,364	-	9,018,196	669,157	-	-	498,112	-	-	19,662,437	3,932,487
35%	-	-	-	-	-	-	18,292,164	-	-	-	-	18,292,164	6,402,257
50%	129,760	-	804,774	-	168,580	17,203	5,458,702	-	-	-	-	6,579,019	3,289,511
75%	-	-	-	-	-	19,515,863	-	-	-	-	-	19,515,863	14,636,897
100%	-	-	-	43,706	45,946,567	3,766,541	198,587	-	912,664	-	715,624	51,583,689	51,583,689
150%	-	-	-	-	199,646	142,546	-	19,514	-	-	-	361,706	542,559
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**13,902,558**	**176,608**	**10,166,018**	**43,706**	**59,424,052**	**25,439,688**	**23,949,453**	**19,514**	**2,239,396**	**90**	**715,624**	**136,076,707**	**80,388,525**

Table 5.4.2 : Rated exposures according to ratings by ECAIs

30 September 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	Total	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures							
Credit exposures (using corporate risk weights)							
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		55,825	-	-	-	-	55,825
Insurance companies, Securities firms and Fund managers		26,192	-	-	-	-	26,192
Corporates		7,913,747	2,678,927	-	12,480	-	5,222,340
Total		**7,995,764**	**2,678,927**	**-**	**12,480**	**-**	**5,304,357**

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	Total	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures							
Credit exposures (using corporate risk weights)							
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		176,608	-	-	-	-	176,608
Insurance companies, Securities firms and Fund managers		46,802	-	-	-	-	46,802
Corporates		61,706,924	8,509,680	139,545	15,262	-	53,042,437
Total		**61,930,334**	**8,509,680**	**139,545**	**15,262**	**-**	**53,265,847**

Table 5.4.2 : Rated exposures according to ratings by ECAIs (Cont'd.)

30 September 2024	**Short term Ratings of Banking Institutions and Corporate by Approved ECAIs**	
	Moody's	**P-1**
	Fitch	**F1+ F1**
	RAM	**P-1**
	MARC	**MARC-1**
Exposure class		**RM'000**
Rated Credit Exposures		
Corporates		-
Total		**-**

31 March 2024	**Short term Ratings of Banking Institutions and Corporate by Approved ECAIs**	
	Moody's	**P-1**
	Fitch	**F1+ F1**
	RAM	**P-1**
	MARC	**MARC-1**
Exposure class		**RM'000**
Rated Credit Exposures		
Corporates		303,299
Total		**303,299**

Table 5.4.2 : Rated exposures according to ratings by ECAIs (Cont'd.)

30 September 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	Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures							
Sovereigns and Central banks		17,376,906	-	-	17,376,906	-	-
Total		**17,376,906**	**-**	**-**	**17,376,906**	**-**	**-**

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	Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures							
Sovereigns and Central banks		13,902,558	-	-	13,902,558	-	-
Total		**13,902,558**	**-**	**-**	**13,902,558**	**-**	**-**

30 September 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	Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures							
Banks, DFIs and MDBs		14,650,722	8,984,965	2,603,038	7,632	1,444	3,053,643
Total		**14,650,722**	**8,984,965**	**2,603,038**	**7,632**	**1,444**	**3,053,643**

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	Total	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures							
Banks, DFIs and MDBs		16,238,354	12,452,071	2,363,536	8,047	1,507	1,413,193
Total		**16,238,354**	**12,452,071**	**2,363,536**	**8,047**	**1,507**	**1,413,193**

Table 5.4.3 : Securitisation according to ratings by ECAIs

30 September 2024	**Ratings of securitisation by approved ECAIs**
	Moody's Unrated
	Fitch Unrated
	RAM Unrated
	MARC Unrated
Exposure class	**RM'000**
On and off-balance sheet exposures	
Securitisation exposures	90
Total	**90**

31 March 2024	**Ratings of securitisation by approved ECAIs**
	Moody's Unrated
	Fitch Unrated
	RAM Unrated
	MARC Unrated
Exposure class	**RM'000**
On and off-balance sheet exposures	
Securitisation exposures	90
Total	**90**

6.0 Off-Balance Sheet exposures and Counterparty Credit Risk

6.1 Off-Balance Sheet exposures

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

(a) Credit related exposures, e.g. guarantees given on behalf of borrowers, 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.
(b) Derivative financial instruments, e.g. forward exchange contracts (forward exchange contracts and cross currency swaps) interest rate related contracts (interest rate futures and interest rate swaps), equity related contracts (option and futures) and commodity related contract (option).
(c) 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.

6.2 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 market-related credit risk covered by this treatment for the transactions entered by the Group include interest 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 Group's or the counterparty's credit risk rating be upgraded or downgraded.

Table 6.3 : Off-Balance Sheet Exposures

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

30 September 2024	Principal/ Notional amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Direct credit substitutes	1,023,538		1,017,942	442,123
Transaction related contingent items	5,835,272		2,920,434	1,689,113
Short term self liquidating trade related contingencies	562,496		94,409	66,316
Forward asset purchases	301,557		13,286	4,603
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	7,710,503		7,809,282	84,684
Foreign exchange related contracts				
One year or less	13,578,163	240,963	206,129	147,062
Over one year to five years	6,185	-	306	276
Interest rate related contracts				
One year or less	263,888	178	-	-
Over one year to five years	1,648,078	9,477	8,842	8,437
Over five years	473,038	980	22,127	19,914
Equity and commodity related contracts				
One year or less	2,351,797	29,101	18,134	6,168
Over one year to five years	88,502	1,471	5,011	1,002
Gold and Other Precious Metal Contracts				
One year or less	74,705	1,607	4,221	4,245
OTC Derivatives transaction subject to valid bilateral netting agreements	71,434,605	1,347,645	2,411,110	596,659
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,489,392		2,121,934	571,987
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,334,825		9,695,619	6,633,578
Unutilised credit card lines	4,224,101		2,907,087	1,106,868
Total	**126,400,645**	**1,631,422**	**29,255,873**	**11,383,035**

Table 6.3 : 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 2024	Principal/ Notional amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Direct credit substitutes	1,398,711		1,320,006	1,119,610
Transaction related contingent items	5,447,644		2,680,516	2,144,454
Short term self liquidating trade related contingencies	714,097		119,038	106,070
Forward asset purchases	691,518		30,056	5,200
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	18,664,611	132,006	292,865	190,525
Over one year to five years	318,988	711	22,113	11,057
Interest 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	2,474,370	26,564	13,914	4,865
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	2,429	6,440	1,288
OTC Derivatives transaction subject to valid bilateral netting agreements	65,546,996	823,720	1,726,066	834,249
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,876,245		1,428,031	1,095,989
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,719,151		2,547,866	2,105,652
Unutilised credit card lines	4,017,609		803,522	594,409
Total	**124,763,670**	**1,010,103**	**17,814,592**	**8,327,071**

Table 6.4 : Credit Derivatives Counterparty Credit Risk

The Group did not have any counterparty credit risk exposure as at 30 September 2024 and 31 March 2024.

7.0 Securitisation

7.1 Objectives, roles and involvement

The 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; and
- investment in securities - the Group may purchase bonds issued from securitisation programmes and also purchases such bonds in the secondary markets.

7.2 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 FIRB Approach.

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

7.3 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.

The exposures held in the trading book and banking book are governed by the limits set by the respective books (Trading & Banking Book Policy) and the Credit Committee (CACC members) for credit limit approvals.

For non-retail, the use of credit risk mitigation to mitigate the risks retained through securitisation exposures shall be guided by the Credit Risk Mitigation Policy/Guideline (refer to Section 5.3 on 'Credit Risk Mitigation'), unless there are specific collateral acceptance criteria set out for specific products.

7.4 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.

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

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

7.6 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.

7.7 Use of external rating agencies

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

Table 7.8 : Securitisation (Banking Book)

The securitised exposures of the Group are as follows:

30 September 2024 Underlying asset	Total exposures securitised RM'000	Past due RM'000	Impaired RM'000	Gains/losses recognised during the financial period RM'000
Traditional securitisation originated by the Group				
Banking book				
Mortgage loans	1,193,148	-	1,181,581	-
Total traditional securitisation	**1,193,148**	**-**	**1,181,581**	**-**

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**	**-**

Table 7.9 : Securitisation under the Standardised Approach for Banking Book Exposures

30 September 2024				Distribution of exposures after CRM according to applicable risk weights				
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party								
On-Balance Sheet Exposures	-	-	-	-	-	-	-	-
Originated by the Group								
On-Balance Sheet Exposures	90	90	-	-	-	90	-	1,125
Total traditional securitisation	**90**	**90**	**-**	**-**	**-**	**90**	**-**	**1,125**

31 March 2024				Distribution of exposures after CRM according to applicable risk weights				
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party								
On-Balance Sheet Exposures	90	90	-	-	-	90	-	1,125
Originated by the Group								
On-Balance Sheet Exposures	-	-	-	-	-	-	-	-
Total traditional securitisation	**90**	**90**	**-**	**-**	**-**	**90**	**-**	**1,125**

There is no securities exposure under trading book as at 30 September 2024 and 31 March 2024.

8.0 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 past operational losses and incidences data • Regulator's and Auditor's 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 risks 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, KRI breaches and KCT exceptions and operational risk framework adherence • Challenging the periodical review or updating of 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 and technology (including cyber) risk. It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Bank 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 Bank's strategic plan and business objectives. The ORA statements and measurements are classified based on operational loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT:

- Fraud (internal & external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- the first line of defence ("FLOD") is responsible for the management of operational risk in order for accountability and ownership to be as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced FLOD provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.

- in the second line of defence, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development and communication, quality assurance of internal controls, operational risk measurement, validation of FLOD effectiveness, ORM training and reporting of operational risk triggers, breaches, KCT exceptions, operational loss incidents to GMRC, RMC and the Board.

- Group Internal Audit Department ("GIAD") acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

8.0 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 Bank'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 ("IT") (including cyber) risk, legal risk and business continuity management.

8.1 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 business 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.

8.1 Business Continuity Management (Cont'd.)

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 Function ("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.

8.2 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 borrowers’ information.

The Group continues to enhance its cyber security controls framework, execute internal assessment reviews, build defence 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 defences to mitigate risks. Creating a security mindset for employees and borrowers 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.

8.3 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 judgment, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group’s financials or reputation.

Legal risk is overseen by GMRC / Group Management Committee ("GMC"), upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks are appropriately managed.

8.4 Regulatory Compliance Risk

AMMB Group has zero tolerance for any form of regulatory breaches (including bribery or corruption and Shariah non-compliance events). AMMB Group is committed to always maintain the highest integrity and ethical standards by complying to the Code of Conduct and the applicable laws and regulations to ensure the protection of our business and promote operational excellence through ethical behaviour.

AMMB Group has in place a compliance framework to promote the safety and soundness of the AMMB Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The Group Chief Compliance Officer has a direct reporting line to the RMC of the Board. A governance structure is in place for escalation and reporting of compliance risks and issues through monthly compliance reports to the RMC and Board.

The compliance framework details the roles and responsibilities for compliance with regulatory guidelines and requirements. The responsible parties are accountable for the management of compliance risks associated with the AMMB Group's processes and increasing awareness on the role of every employee to be compliant and safeguard the AMMB Group's reputation against any potential legal violations and/or regulatory non-compliance. The Senior Management team is responsible for communicating the compliance framework to all employees, as well as implementing appropriate actions for non-compliances.

The Group Management Governance and Compliance Committee ("GMGCC"), comprising of the Senior Management Team from Group Compliance, Group Risk, Group Internal Audit and the Business, meets regularly to discuss and deliberate on regulatory updates, compliance issues and areas of non-compliance. The Group believes in and embraces a strong compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and Senior Management lead by example.

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

9.0 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 rates, credit spreads, equity prices and foreign exchange rates. The Bank 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").

9.1 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 Bank acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and GMRC approved limit structures and risk appetite. This is done via robust TMR measurement, limit setting, limit monitoring and collaboration and agreement with Business Units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Bank 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 Bank is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g., Greek Limits/PV01 Limits) and indicators are used to monitor changes in portfolio 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 Bank adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

9.2 Non-Traded Market Risk ("NTMR")

Non-Traded Market Risk ("NTMR") refers to interest rate risk in the banking book including those arising from balance sheet management activities as covered under the risk appetite.

Interest Rate Risk in the Banking Book ("IRRBB")

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

Identification	• Identify IRRBB 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 IRRBB Economic Value of Equity ("EVE") • ICAAP IRRBB EaR
Control/ Mitigation	• PV01 Triggers • EaR Triggers • ICAAP IRRBB EVE / Total Capital Trigger • ICAAP IRRBB EaR / Total Net Interest Income ("NII") Trigger
Monitoring/ Review	• Monitor controls • Periodical review and reporting

IRRBB arises from changes in market interest rates that impact core net interest income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest margins and implied volatilities on interest rate options. The provision of retail and wholesale banking products and services (primarily lending and deposit taking activities) creates interest rate-sensitive positions in the Bank's statement of financial position.

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

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

The Bank measures the IRRBB exposures using PV01. PV01 is a quantitative measure to assess the impact of an absolute change in economic value due to 1 basis point movement in market interest rates.

The Bank complements PV01 by stress testing IRRBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest rates and spreads, changes in loans and deposit product balances due to behavioural characteristics under different interest rate environments. Material assumptions include the repricing characteristics and the stability of indeterminate or non-maturity deposits and loans.

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

Interest Rate Risk in the Banking Book ("IRRBB") (Cont'd.)

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

The Bank's strategy seeks to optimise exposure to IRRBB within Management-approved limits. This is achieved through the ability to reposition the interest rate exposure of the statement of financial position using various product and funding strategies, supported by interest rate hedging activities using interest rate swaps and other derivatives. These approaches are governed by the Bank's policies in the areas of product and liquidity management as well as the Trading Book and Banking book Policy, hedging policies and Non-Traded Interest Rate Risk Framework.

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

Table 9.3 : Market Risk Sensitivity - IRRBB

The IRRBB sensitivity for the Group is as follows:

30 September 2024	Interest Rate +100 bps RM'000	Interest Rate -100 bps RM'000
Impact on Profit Before Taxation	141,840	(141,840)
Impact on Equity	(813,648)	897,062

31 March 2024	Interest Rate +100 bps RM'000	Interest Rate -100 bps RM'000
Impact on Profit Before Taxation	84,570	(84,570)
Impact on Equity	(823,503)	906,593

10.0 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.

10.1 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 10.1 : Equity investments and capital requirement

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

Non traded equity investments	30 September 2024 RM'000	31 March 2024 RM'000
Value of quoted (publicly traded) equities	56,942	58,775
Value of unquoted (privately held) equities	802,331	715,599
Total	**859,273**	**774,374**
Net realised and unrealised gains		
Total unrealised gains	85,339	36,893
Risk weighted assets		
Equity investments subject to a 100% risk weight	859,241	774,341
Equity investments subject to a 150% risk weight	48	49
Total	**859,289**	**774,390**
Total minimum capital requirement (8%)	**68,743**	**61,951**

11.0 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 • Depositor Concentration Ratios • Other Detailed Triggers/Targets
Monitoring/ Review	• Monitor controls • Periodical review and reporting

11.0 Liquidity Risk and Funding Management (Cont'd.)

The liquidity risk management of the Bank is aligned to the LCR policy document and NSFR policy document issued by BNM. The primary objective of the Bank’s liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

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

The Bank has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Various liquidity measurements have been put in place to support the broader strategic objectives of the Bank and amongst others include the BNM LCR, BNM NSFR, Depositor Concentration Ratio and other Liquidity Ratios. IBMR is responsible for developing and monitoring the controls and limits while the Group Treasury and Markets ("GTM") and CBSM are responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank’s liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance placement and loans and advances to borrowers. They are monitored using the loans to fund ratio, which compares loans and advances to borrowers as a percentage of the Bank's total funds.