AmBank (M) Berhad
Pillar 3 Disclosure

30 September 2020

Registration No. 196901000166 (8515-D)

RWCAF - Pillar 3 Disclosure
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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 includes AmBank (M) Berhad ("the Bank").

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

Capital Adequacy

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) issued on 5 February 2020 and Capital Adequacy Framework (Basel II – Risk Weighted Assets) issued on 3 May 2019. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

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

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

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 are available on the Group’s corporate website at www.ambankgroup.com.

1.1 Basis of Consolidation

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

Type of entity	Accounting treatment	
	Statutory reporting	**Basel III regulatory reporting**
Subsidiaries licensed under FSA or engaged in financial activities	Fully consolidated	Deducted from capital at the Bank level; fully consolidated in the calculation of capital adequacy consolidated level.
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the Bank level; consolidated in calculation of capital adequacy at 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 approval 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 a strong capital position that supports the Group's strategic objectives and risk appetite. In line with the Group's annual 3-year strategy plan, a capital plan is developed to ensure that adequate level of capital and an optimum capital structure is maintained to meet regulatory requirements, the Group's strategic objectives and stakeholders' expectations.

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

Stress testing and scenario analysis are used to ensure that the 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.

2.0 Capital Management (Cont'd.)

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 Bank is required to hold is determined by its risk exposures after applying collaterals and other risk mitigants. BNM has the right to impose further capital requirements on Malaysian financial institutions.

The Group has in place processes and controls to monitor and manage capital adequacy across the organisation. The Group Asset and Liability Committee ("GALCO") is responsible for overseeing and managing the Group's balance sheet, 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 statement of financial posotion, capital position and any actions impacting the capital levels.

On 25 March 2020, BNM announced several regulatory and supervisory measures in support of efforts by banking institutions to manage impact of the COVID-19 outbreak, which include allowing Banking Institutions to drawdown on the capital conservation buffer of 2.5%, but is required to restore the capital conservation buffer after 31 December 2020 and to restore to the minimum regulatory requirement by 30 September 2021.

Table 2.1: Capital Adequacy Ratio

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

	Group	Bank
30 September 2020		
CET1 Capital ratio	13.317%	13.191%
Tier 1 Capital ratio	13.317%	13.191%
Total Capital ratio	17.666%	17.523%
31 March 2020		
Before deducting proposed dividends:		
CET1 Capital ratio	12.342%	12.220%
Tier 1 Capital ratio	12.342%	12.220%
Total Capital ratio	16.903%	16.769%
After deducting proposed dividends:		
CET1 Capital ratio	12.167%	12.046%
Tier 1 Capital ratio	12.167%	12.046%
Total Capital ratio	16.728%	16.595%

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 2020, the gross exposure relating to the RA financing for the Group and the Bank amounted to RM720.0 million (31 March 2020: RM719.9 million). There was no Stage 3 expected credit losses provided for the RA financing.

Table 2.2 : Risk-Weighted Assets and Capital Requirements

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

30 September 2020 Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")		Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
	RM'000		RM'000	RM'000	RM'000
1. **Credit risk**					
On balance sheet exposures					
Sovereigns/Central banks	7,009,514		7,009,514	-	-
Public Sector Entities ("PSEs")	-		-	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	7,912,691		7,912,691	1,558,475	124,678
Insurance companies, Securities firms and Fund managers	155		155	155	12
Corporates	39,842,539		38,472,748	31,096,820	2,487,745
Regulatory retail	22,592,937		21,940,344	16,582,714	1,326,617
Residential mortgages	21,354,216		21,347,714	8,216,769	657,342
Higher risk assets	700,151		700,141	1,050,212	84,017
Other assets	1,474,156		1,474,156	1,140,046	91,204
Securitisation exposures	15,948		15,948	4,297	344
Equity exposures	54		54	54	4
Defaulted exposures	633,141		619,282	582,129	46,570
Total on balance sheet exposures	**101,535,502**		**99,492,747**	**60,231,671**	**4,818,533**
Off balance sheet exposures					
Over the counter ("OTC") derivatives	2,266,469		2,097,144	1,304,736	104,379
Credit derivatives	11		11	6	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	11,244,796		7,304,208	6,157,657	492,613
Defaulted exposures	41,144		28,253	42,286	3,383
Total off balance sheet exposures	**13,552,420**		**9,429,616**	**7,504,685**	**600,375**
Total on and off balance sheet exposures	**115,087,922**		**108,922,363**	**67,736,356**	**5,418,908**
2. **Large exposure risk requirement**	-		-	873,872	69,910
3. **Market risk**	**Long position**	**Short position**			
Interest rate risk					
- General interest rate risk	99,471,759	92,861,072		1,557,027	124,562
- Specific interest rate risk	7,191,697	506,396		37,026	2,963
Foreign currency risk	98,210	491,944		491,944	39,356
Equity risk					
- General risk	34,880	3,332		31,549	2,524
- Specific risk	34,880	3,332		34,535	2,763
Option risk	67,922	263,753		87,380	6,990
Total	**106,899,348**	**94,129,829**		**2,239,461**	**179,158**
4. **Operational risk**				4,357,998	348,640
5. **Total RWA and capital requirements**				**75,207,687**	**6,016,616**

Table 2.2 : 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:

31 March 2020 **Exposure class**	**Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")**		**Net exposures/ EAD after CRM**	**Risk weighted assets**	**Minimum capital requirement at 8%**
	RM'000		**RM'000**	**RM'000**	**RM'000**
1. **Credit risk**					
On balance sheet exposures					
Sovereigns/Central banks	15,387,040		15,387,040	35,178	2,814
Public Sector Entities ("PSEs")	-		-	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	4,277,967		4,277,967	881,108	70,489
Insurance companies, Securities firms and Fund managers	7,010		7,010	7,010	561
Corporates	41,777,920		39,936,866	32,380,406	2,590,432
Regulatory retail	20,643,659		20,448,584	15,417,595	1,233,408
Residential mortgages	20,443,798		20,436,971	7,935,178	634,814
Higher risk assets	607,151		607,141	910,711	72,857
Other assets	1,524,832		1,524,832	1,250,210	100,017
Securitisation exposures	10,780		10,780	3,263	261
Equity exposures	44		44	44	3
Defaulted exposures	921,304		902,265	953,999	76,320
Total on balance sheet exposures	**105,601,505**		**103,539,500**	**59,774,702**	**4,781,976**
Off balance sheet exposures					
Over the counter ("OTC") derivatives	2,772,078		2,635,355	1,758,858	140,709
Credit derivatives	12		12	6	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	14,900,064		7,722,667	6,818,203	545,456
Defaulted exposures	33,332		22,998	34,362	2,749
Total off balance sheet exposures	**17,705,486**		**10,381,032**	**8,611,429**	**688,914**
Total on and off balance sheet exposures	**123,306,991**		**113,920,532**	**68,386,131**	**5,470,890**
2. **Large exposure risk requirement**	**-**		**-**	657,669	52,614
3. **Market risk**	**Long position**	**Short position**			
Interest rate risk					
- General interest rate risk	107,888,094	101,012,032		1,807,659	144,613
- Specific interest rate risk	8,776,474	2,031,742		14,553	1,165
Foreign currency risk	127,439	429,657		429,657	34,373
Equity risk					
- General risk	43,833	4,228		39,606	3,168
- Specific risk	43,833	4,228		34,437	2,755
Option risk	176,759	208,370		26,343	2,107
Total	**117,056,432**	**103,690,257**		**2,352,255**	**188,181**
3. **Operational risk**				4,232,330	338,586
4. **Total RWA and capital requirements**				**75,628,385**	**6,050,271**

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 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.

Bank Negara Malaysia (“BNM”) had in March 2020 implemented additional measures in response to COVID-19 pandemic. These measures, amongst others, aim to ensure that the financial intermediation function of the financial sector remains intact and banking institutions remain focused on supporting the economy during these exceptional circumstances. As at 30 September 2020, no regulatory reserve was held against expected losses, one of the drawdown of prudential buffers as allowed by BNM.

d) Merger Reserve

The merger reserve represents reserve arising from the transfer of subsidiaries pursuant to schemes of arrangement under group restructuring and was accounted for using the merger accounting method.

e) Foreign Currency Translation Reserve/(Deficit)

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

f) Fair Value Reserve

The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at fair value through other comprehensive income ("FVOCI"). In addition, the loss allowance arising from the recognition of expected credit losses on financial investments measured at FVOCI are accumulated in fair value reserve instead of reducing the carrying amount of the assets. To the extent the balance in the fair value reserve is a net credit position, the banking subsidiaries 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 gain/(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 ("AT1") issuance was made during the financial period under review.

3.3 Tier 2 Capital

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

Basel III Subordinated Notes

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

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

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

The salient features of the Subordinated Notes issued under this programme and outstanding as at 30 September 2020 are as follows:

Issue Date	First Call Date	Tenure	Interest Rate	Nominal value outstanding (RM million)
15 March 2017	15 March 2022	10 years Non-Callable 5 years	5.20% per annum	500
16 October 2017	17 October 2022	10 years Non-Callable 5 years	4.90% per annum	570
23 February 2018	23 February 2023	10 years Non-Callable 5 years	5.23% per annum	175
14 March 2018	14 March 2023	10 years Non-Callable 5 years	5.23% per annum	350
15 November 2018	15 November 2023	10 years Non-Callable 5 years	4.98% per annum	1,000
Total				**2,595**

Table 3.3: Capital Structure

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

	Group		Bank	
	30 September 2020 RM'000	**31 March 2020 RM'000**	**30 September 2020 RM'000**	**31 March 2020 RM'000**
CET1 Capital				
Ordinary share capital	1,940,465	1,940,465	1,940,465	1,940,465
Regulatory reserve	-	311,003	-	311,003
Retained earnings	7,855,522	7,326,502	7,910,089	7,380,683
Fair value reserve	653,498	368,731	653,552	368,847
Foreign currency translation reserve	85,575	95,766	89,421	99,587
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(22,061)	(28,155)	(22,061)	(28,155)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(263,637)	(264,492)	(263,637)	(264,492)
Deferred tax assets	-	(33,475)	-	(33,439)
55% of cumulative gains of FVOCI financial instruments	(359,424)	(202,802)	(359,454)	(202,866)
Cash flow hedging deficit	22,061	28,155	22,061	28,155
Regulatory reserve	-	(311,003)	-	(311,003)
Investment in ordinary shares of unconsolidated financial entities	-	-	(8,488)	(8,488)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,017)	(1,086)	(1,017)	(1,086)
Total CET1 Capital	**10,015,131**	**9,333,758**	**9,960,931**	**9,279,211**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	3	3	-	-
Total Tier 1 Capital	**10,015,134**	**9,333,761**	**9,960,931**	**9,279,211**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,595,000	2,595,000	2,595,000	2,595,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provision *	676,280	854,827	676,284	858,821
Total Tier 2 Capital	**3,271,281**	**3,449,828**	**3,271,284**	**3,453,821**
Total Capital	**13,286,415**	**12,783,589**	**13,232,215**	**12,733,032**

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

	Group		Bank	
	30 September 2020 RM'000	**31 March 2020 RM'000**	**30 September 2020 RM'000**	**31 March 2020 RM'000**
Credit RWA	67,736,356	68,386,131	68,059,312	68,705,693
Market RWA	2,239,461	2,352,255	2,235,743	2,351,627
Operational RWA	4,357,998	4,232,330	4,346,470	4,217,469
Large exposure risk RWA for equity holdings	873,872	657,669	873,872	657,669
Total RWA	**75,207,687**	**75,628,385**	**75,515,397**	**75,932,458**

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

4.0 General Risk Management

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

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

The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational 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.

The AMMB Group Risk Direction

The AMMB Group's strategic direction is to be top 4 in each of the 4 growth segments (Mass Affluent, Affluent, Small and Medium Enterprise ("SME"), Mid-Corp), top 4 in each of the 4 focus products (Cards & Merchants, Transaction Banking, Markets, Wealth Management) and to sustain top 4 position in each of the current engines (Corporate Loans, Debt Capital Market ("DCM"), Funds Management).

1. The AMMB Group aspires to maintain its current financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").
2. The AMMB Group aims to maintain a minimum ROCE of 12% and an RWA efficiency (CRWA/EAD) in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").
3. The AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
4. The AMMB Group recognizes 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 from 2020).
5. The AMMB Group aims to maintain its Total Capital Ratio at the Group's Internal Capital Trigger under normal conditions.
6. The AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
    - Keep operational losses and regulatory penalties below 2% of PATMI [1]; and
    - Remain vigilant in risk identification and management to protect its reputation and business franchise.

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, IT and cyber risk.

The Board has also established the Management Committees to assist in managing the risks and businesses of the Group. The Management Committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, compliance risk, reputational risk, product risk and business and IT project risk.

The AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including financial, credit, market, operational, reputational, security, technology and emerging risks
- essentially champions and embeds a positive risk culture across the Group to ensure that risk taking activities across the Group are aligned to the Group's risk appetite and strategies
- through the RMC, has access to the Board and the boards of the respective banking entities to facilitate suitable escalation of issues of concern across the organization.

[1] Profit after tax and non-controling interest

4.0 General Risk Management (Cont'd.)

Impact of COVID-19

Risk management is an integral part of the AMMB Group’s culture and is embedded within its business, operations and decision making processes. The Group as a sustainable-conscious organisation, has implemented various progressive measures through the Crisis Management Programme following the Movement Control Order ("MCO") implemented nationwide arising from the COVID-19 pandemic, namely:

- engaging technology capabilities while keeping cybersecurity risk in check, given the permissible higher levels of remote access to data and core systems
- ensuring key services to customers remain available throughout the period while taking precautions to ensure compliance with the MCO

AMMB Group welcomed the stimulus plan announced by the Government, as relief had been provided to both individuals as well as SMEs and had announced a 24-hour turnaround time for Special Relief Fund applications for SMEs, a scheme largely guaranteed by the government.

It is too soon for the Group and the Bank to see the full impact of COVID-19 on its portfolio, however, various activities within the bank have been carried out during the moratorium period to assess the portfolio health and to engage with our customers.

The Bank has been engaging our SME customers through multiple channels and have been encouraging them reach out to the Bank if assistance is needed. We have also carried out reviews on our customers, especially those in vulnerable sectors and segments, to ascertain if immediate assistance is required. On-going monitoring of the performance of the larger SMEs is also in place.

Various packages have been set out to mitigate credit risk performance arising from the COVID-19 global pandemic post the completion of the government’s auto-moratorium period. These will be offered to performing customers with a minimum banking vintage relationship with the Bank and includes:

1) Reduction of repayment commitments:
   a. Step-up repayment whilst maintaining the tenure
   b. Extension of tenure
2) Extension of moratorium period for customers that are in need

Group Risk Management as a whole is working towards monitoring, mitigating and addressing the fast-moving and unknown variables of the COVID-19 outbreak to ensure significant areas of risks are covered by reviewing the portfolio credit quality, enhancing policies and controls and reevaluating the provisioning models to minimize the potential impact to the Bank.

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")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, • Non-Retail Pricing and Risk based pricing for Retail • Collateral and tailored facility structures (discretionery lending) • Pre-set assesment 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

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

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group Risk Appetite Framework ("GRAF") and related credit policies. The role of Group Compliance ("GC") and Group Internal Audit Department ("GIAD") is to ensure such credit risk controls are reasonably adhered to. While the GC function is concerned with the bank's compliance to the laws and regulatory requirements both local and international, the GIAD function has a wider scope i.e. identifying the risk within the lines of business through audit exercise which is performed on periodic basis.

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

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

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

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

5.0 Credit Risk Management (Cont'd.)

Lending activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and internal limits designed to deliver the Group's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure.
- Setting Loan to Value limits for asset backed loans;
- Non-Retail Credit Policy ("NRCP") which sets out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB") and Business Banking ("BB") portfolios;
- Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB) sets out the controls in managing R&R loans;
- Setting Retail risk controls capping for exceptional credit approval, to ensure credit approval practice is aligned with the credit policies and GRAF.
- Undertake following initiatives (Retail Banking division) to mitigate credit risk performance arising from the COVID-19 global pandemic:
  a) Automatic loan moratorium for eligible customers from April 2020 to September 2020
  b) Post-moratorium targeted repayment assistance as follows:
     (i) 3-months payment holiday for customers who have lost employment or income has reduced by >75%
     (ii) 6-months to 2-years reduced installment for customers with reduced income up to 75%
  c) Perform vulnerable segment analysis for sectors impacted by the COVID-19 pandemic (e.g hotel, restaurant and aviations).

Exposure outside the approval discretions of individual Credit Approval Delegation ("CAD") holders are escalated to the Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds a stipulated customer group threshold within the AmBank 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 prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly to executive management and to all meetings of the Board.

5.1 Impairment

The Group's Classified Account Management ("CAM") Policy and its corresponding Guidelines 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 Group considers that an obligor is unlikely to repay in full its credit obligations to the Group;

b. The obligor has breached its contractual payment obligations and past due for more than 90 days; and

c. Other indicators stipulated in the CAM indicating the unlikeliness to repay.

However, in specific and special circumstances, there will be cases where past due exposures (more than 90 days) are not considered to be impaired. These are exposures that are exempted from being classified impaired as sanctioned by the regulator from time to time.

Where exposures are being restructured, such restructuring is guided by the definition and requirements of rescheduling and restructuring (R&R) provided by BNM Credit Risk Policy.

5.1.1 Group Provisioning Methodology

The group's provisioning methodology complies with MFRS 9 where we recognize Expected Credit Loss ("ECL") at all time to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

MFRS 9 applies to all financial assets classified as amortised cost and FVOCI, lease receivables, trade receivables, and commitments to lend money and financial guarantee contracts.

Under MFRS 9, financial instruments are segregated into 3 stages depending on the changes in credit quality since initial recognition. We calculate 12-month ECL for Stage 1 and lifetime ECL for Stage 2 and Stage 3 exposures.

i. Stage 1 : For performing financial instruments which credit risk had not been significantly increased in credit risk since initial recognition.
ii. Stage 2 : For underperforming financial instruments which credit risk had significantly increase since initial recognition.
iii. Stage 3 : For financial instruments which are credit impaired.

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

Change in credit quality since initial recognition

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

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

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

Table 5.1 : Distribution of gross credit exposures by sector

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

30 September 2020	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-		7,009,514	-	-	-	-	-	7,009,514
Banks, DFIs and MDBs	-	-	-	-	-	-	-	7,912,691	-	-	-	-	-	-	7,912,691
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	155	-	-	-	-	-	-	155
Corporates	1,423,169	1,610,501	8,431,395	1,935,998	4,440,566	4,954,116	2,873,961	3,602,676	-	6,201,073	2,073,525	1,979,978	312,783	2,798	39,842,539
Regulatory retail	53,239	16,015	590,637	66,019	413,973	1,035,608	177,524	10,157	-	109,759	354,662	74,589	19,687,970	2,785	22,592,937
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	21,354,216	-	21,354,216
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	18,716	681,435	700,151
Other assets	-	-	-	-	-	-	-	-	91,864	-	-	-	-	1,382,292	1,474,156
Securitisation exposures	-	-	-	-	-	-	-	15,948	-	-	-	-	-	-	15,948
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	54	54
Defaulted exposures	32,709	35,753	205,537	-	32,940	44,405	2,770	-	-	67,741	21,001	4,933	184,913	439	633,141
Total for on balance sheet exposures	1,509,117	1,662,269	9,227,569	2,002,017	4,887,479	6,034,129	3,054,255	11,541,627	7,101,378	6,378,573	2,449,188	2,059,500	41,558,598	2,069,803	101,535,502
Off balance sheet exposures															
OTC derivatives	15,313	30,567	211,225	34	1,176	6,850	423,733	1,372,551	-	2,515	152,801	511	49,193	-	2,266,469
Credit derivatives	-	-	-	-	-	-	-	11	-	-	-	-	-	-	11
Off balance sheet exposures other than OTC derivatives or Credit derivatitives	87,689	395,848	1,304,688	311,614	1,800,730	759,750	181,424	307,005	3,719,047	559,311	228,787	88,601	1,499,631	671	11,244,796
Defaulted exposures	13	-	10,637	-	10,627	180	-	-	-	9,353	91	-	10,243	-	41,144
Total for off balance sheet exposures	103,015	426,415	1,526,550	311,648	1,812,533	766,780	605,157	1,679,567	3,719,047	571,179	381,679	89,112	1,559,067	671	13,552,420
Total on and off balance sheet exposures	**1,612,132**	**2,088,684**	**10,754,119**	**2,313,665**	**6,700,012**	**6,800,909**	**3,659,412**	**13,221,194**	**10,820,425**	**6,949,752**	**2,830,867**	**2,148,612**	**43,117,665**	**2,070,474**	**115,087,922**

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

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

31 March 2020 (Restated)	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	15,387,040	-	-	-	-	-	15,387,040
PSEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks, DFIs and MDBs	-	-	-	-	-	-	-	4,277,967	-	-	-	-	-	-	4,277,967
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	7,010	-	-	-	-	-	-	7,010
Corporates	1,507,425	1,332,361	8,870,743	1,446,711	4,454,605	5,063,671	2,732,483	3,854,715	-	6,042,382	2,158,630	3,038,045	1,271,959	4,190	41,777,920
Regulatory retail	44,495	11,016	460,254	46,294	333,874	775,437	119,578	9,466	-	94,196	270,582	63,059	18,413,511	1,897	20,643,659
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	20,443,798	-	20,443,798
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	18,568	588,583	607,151
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,524,832	1,524,832
Securitisation exposures	-	-	-	-	-	-	-	10,780	-	-	-	-	-	-	10,780
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	44	44
Defaulted exposures	36,547	37,735	174,551	204	34,741	51,002	11,072	-	-	67,557	24,999	5,544	476,910	442	921,304
Total for on balance sheet exposures	1,588,467	1,381,112	9,505,548	1,493,209	4,823,220	5,890,110	2,863,133	8,159,938	15,387,040	6,204,135	2,454,211	3,106,648	40,624,746	2,119,988	105,601,505
Off balance sheet exposures															
OTC derivatives	15,861	33,134	228,306	207	2,019	9,828	607,555	1,697,333	-	3,903	106,315	3,344	64,273	-	2,772,078
Credit derivatives	-	-	-	-	-	-	-	12	-	-	-	-	-	-	12
Off balance sheet exposures other than OTC derivatives or Credit derivatives	139,854	444,752	1,525,604	372,788	1,821,487	752,396	291,301	1,446,850	5,446,856	579,274	271,704	77,195	1,729,275	728	14,900,064
Defaulted exposures	-	-	3,659	-	7,905	43	79	-	-	9,353	81	-	12,212	-	33,332
Total for off balance sheet exposures	155,715	477,886	1,757,569	372,995	1,831,411	762,267	898,935	3,144,195	5,446,856	592,530	378,100	80,539	1,805,760	728	17,705,486
Total on and off balance sheet exposures	**1,744,182**	**1,858,998**	**11,263,117**	**1,866,204**	**6,654,631**	**6,652,377**	**3,762,068**	**11,304,133**	**20,833,896**	**6,796,665**	**2,832,311**	**3,187,187**	**42,430,506**	**2,120,716**	**123,306,991**

Note 1:
The Group continuously strengthen its regulatory reporting framework. The Group has in place, a Regulatory Reporting Policy that provides key principles and governance to cultivate an effective and efficient regulatory reporting process across all reporting entities. In the previous financial year, the Group had implemented a Regulatory Reporting Enhancement Programme (“REP”) aimed at amongst others, to improve the functional and data coverage of the regulatory reporting submissions as well as to upgrade infrastructure for and capability of reporting systems. REP had resulted in refinement to the approach in which the Group makes disclosures pertaining to loans and advances and related allowances for expected credit losses by sector. The comparatives in certain tables are now presented on the same basis as current year’s presentation. The restatement did not have any effect on reported total on and off balance sheet exposures.

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

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

30 September 2020	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	36,372	49,041	268,307	142	93,689	117,167	11,342	2	71,518	35,549	9,077	465,462	-	**1,157,668**
Past due loans	92,643	46,068	175,648	4,883	307,628	177,449	37,766	1,507	48,858	81,566	22,552	3,394,819	-	**4,391,387**
Allowances for expected credit losses	7,171	17,617	147,779	2,714	76,567	97,142	22,195	1,165	18,494	19,348	6,280	720,999	-	**1,137,471**
Charges/(writeback) for individual allowance	2,005	1,373	3,173	-	18,437	48,024	(11,656)	-	306	5,220	830	(3,975)	-	**63,737**
Write-offs against individual allowance/ other movements	-	1,536	678	-	27	137	-	-	105	-	-	-	-	**2,483**

31 March 2020 (Restated)*	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	36,745	51,220	218,153	495	81,019	78,793	31,715	2	71,264	35,637	8,734	621,702	-	**1,235,479**
Past due loans	30,009	58,050	483,397	6,612	323,660	534,755	84,641	93,650	85,603	107,907	34,175	7,856,696	-	**9,699,155**
Allowances for expected credit losses	8,445	19,240	101,217	3,388	69,394	56,548	30,800	4,090	21,822	13,881	10,123	558,100	-	**897,048**
Charges/(writeback) for individual allowance	510	20,993	37,033	-	39,022	22,499	18,842	-	(47,165)	1,063	5,243	4,687	-	**102,727**
Write-offs against individual allowance	-	17,239	34,449	-	4,539	11,923	1,421	-	54	1,457	2,815	2,981	-	**76,878**

* Refer to Note 1 in Table 5.1

Table 5.3 : Geographical distribution of credit exposures

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

30 September 2020	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	6,965,796	43,718	7,009,514
PSEs	-	-	-
Banks, DFIs and MDBs	4,955,803	2,956,888	7,912,691
Insurance companies, Securities firms and Fund managers	155	-	155
Corporates	39,051,797	790,742	39,842,539
Regulatory retail	22,580,531	12,406	22,592,937
Residential mortgages	21,354,216	-	21,354,216
Higher risk assets	699,635	516	700,151
Other assets	1,335,961	138,195	1,474,156
Securitisation exposures	15,948	-	15,948
Equity exposures	54	-	54
Defaulted exposures	602,095	31,046	633,141
Total for on balance sheet exposures	**97,561,991**	**3,973,511**	**101,535,502**
Off balance sheet exposures			
OTC derivatives	1,853,803	412,666	2,266,469
Credit derivatives	-	11	11
Off balance sheet exposures other than OTC derivatives or Credit derivatives	11,186,333	58,463	11,244,796
Defaulted exposures	41,144	-	41,144
Total for off balance sheet exposures	**13,081,280**	**471,140**	**13,552,420**
Total on and off balance sheet exposures	**110,643,271**	**4,444,651**	**115,087,922**

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

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

31 March 2020	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	15,316,684	70,356	15,387,040
PSEs	-	-	-
Banks, DFIs and MDBs	2,809,817	1,468,150	4,277,967
Insurance companies, Securities firms and Fund managers	7,010	-	7,010
Corporates	41,354,845	423,075	41,777,920
Regulatory retail	20,643,659	-	20,643,659
Residential mortgages	20,443,798	-	20,443,798
Higher risk assets	606,664	487	607,151
Other assets	1,355,733	169,099	1,524,832
Securitisation exposures	10,780	-	10,780
Equity exposures	44	-	44
Defaulted exposures	889,512	31,792	921,304
Total for on balance sheet exposures	**103,438,546**	**2,162,959**	**105,601,505**
Off balance sheet exposures			
OTC derivatives	2,419,647	352,431	2,772,078
Credit derivatives	-	12	12
Off balance sheet exposures other than OTC derivatives or Credit derivatives	14,813,301	86,763	14,900,064
Defaulted exposures	33,332	-	33,332
Total for off balance sheet exposures	**17,266,280**	**439,206**	**17,705,486**
Total on and off balance sheet exposures	**120,704,826**	**2,602,165**	**123,306,991**

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

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

30 September 2020	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,115,162	42,506	1,157,668
Past due loans	4,348,881	42,506	4,391,387
Allowances for expected credit losses	1,124,697	12,774	1,137,471

31 March 2020	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,191,357	44,122	1,235,479
Past due loans	9,655,033	44,122	9,699,155
Allowances for expected credit losses	883,188	13,861	897,048

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

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

30 September 2020	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	754,267	-	7,078	325,799	963,787	1,963,093	2,995,490	-	7,009,514
Banks, DFIs and MDBs	3,834,537	2,110,909	308,687	134,394	770,979	323,395	429,790	-	7,912,691
Insurance companies, Securities firms and Fund managers	-	-	-	155	-	-	-	-	155
Corporates	11,596,826	3,277,161	3,086,182	4,881,358	5,616,306	3,494,660	7,890,046	-	39,842,539
Regulatory retail	136,007	42,193	146,244	2,429,250	1,441,261	2,690,229	15,707,753	-	22,592,937
Residential mortgages	626	133	387	3,285	46,781	127,501	21,175,503	-	21,354,216
Higher risk assets	9	-	1	288	336	766	17,317	681,434	700,151
Other assets	304,168	-	-	91,864	-	-	-	1,078,124	1,474,156
Securitisation exposures	-	-	-	-	-	-	15,948	-	15,948
Equity exposures	-	-	-	-	-	-	-	54	54
Defaulted exposures	166,230	3,354	16,885	137,219	27,812	79,989	201,652	-	633,141
Total for on balance sheet exposures	**16,792,670**	**5,433,750**	**3,565,464**	**8,003,612**	**8,867,262**	**8,679,633**	**48,433,499**	**1,759,612**	**101,535,502**
Off balance sheet exposures									
OTC derivatives	74,045	114,339	173,232	276,661	91,878	674,888	861,426	-	2,266,469
Credit derivatives	-	-	-	11	-	-	-	-	11
Off balance sheet exposures other than OTC derivatives or Credit derivatives	3,456,556	1,654,850	1,151,482	4,373,294	7,372	46,493	554,749	-	11,244,796
Defaulted exposures	5,949	2,786	4,970	19,362	407	281	7,389	-	41,144
Total for off balance sheet exposures	**3,536,550**	**1,771,975**	**1,329,684**	**4,669,328**	**99,657**	**721,662**	**1,423,564**	**-**	**13,552,420**
Total on and off balance sheet exposures	**20,329,220**	**7,205,725**	**4,895,148**	**12,672,940**	**8,966,919**	**9,401,295**	**49,857,063**	**1,759,612**	**115,087,922**

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

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

31 March 2020 (Restated)*	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	8,069,871	457,171	843,017	7,090	1,257,607	1,474,456	3,277,828	-	15,387,040
Banks, DFIs and MDBs	2,496,690	303,435	123,665	66,669	93,574	679,537	514,397	-	4,277,967
Insurance companies, Securities firms and Fund managers	-	-	-	7,010	-	-	-	-	7,010
Corporates	10,510,943	4,777,530	2,667,539	7,144,298	5,504,014	3,940,178	7,233,418	-	41,777,920
Regulatory retail	84,582	42,658	69,770	1,783,865	1,614,962	2,787,044	14,260,778	-	20,643,659
Residential mortgages	752	261	1,210	5,124	54,685	146,795	20,234,971	-	20,443,798
Higher risk assets	11	1	-	3	604	860	17,089	588,583	607,151
Other assets	504,840	-	-	-	-	-	-	1,019,992	1,524,832
Securitisation exposures	-	-	-	-	-	-	10,780	-	10,780
Equity exposures	-	-	-	-	-	-	-	44	44
Defaulted exposures	214,853	2,691	5,740	104,324	47,758	67,856	478,082	-	921,304
Total for on balance sheet exposures	**21,882,542**	**5,583,747**	**3,710,941**	**9,118,383**	**8,573,204**	**9,096,726**	**46,027,343**	**1,608,619**	**105,601,505**
Off balance sheet exposures									
OTC derivatives	63,055	128,196	276,199	600,697	80,116	731,792	892,023	-	2,772,078
Credit derivatives	-	-	-	-	12	-	-	-	12
Off balance sheet exposures other than OTC derivatives or Credit derivatives	7,705,333	854,001	795,981	4,780,248	35,348	113,412	615,741	-	14,900,064
Defaulted exposures	2,770	3,433	5,672	11,611	478	435	8,933	-	33,332
Total for off balance sheet exposures	**7,771,158**	**985,630**	**1,077,852**	**5,392,556**	**115,954**	**845,639**	**1,516,697**	**-**	**17,705,486**
Total on and off balance sheet exposures	**29,653,700**	**6,569,377**	**4,788,793**	**14,510,939**	**8,689,158**	**9,942,365**	**47,544,040**	**1,608,619**	**123,306,991**

* Refer Note 1 in Table 5.1

5.1 Impairment (Cont'd)

The disclosure on reconciliation of changes to loans impairment allowances of the Group can be found in Note A14(i) of the financial statements.

Table 5.6: Charge offs and recoveries for loans and advances:

	(Charge offs)/ recoveries	
	30 September 2020 RM'000	31 March 2020 RM'000
Bad debts written off during the financial period/year ended	(12,701)	(34,185)
Bad debt recoveries during the financial period/year ended	148,619	297,896

6.0 Credit Risk Exposure under the Standardised Approach

The Group uses external ratings for credit exposures to assign risk weights under the Standardized Approach where relevant.

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

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

30 September 2020	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	Residental 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%	7,457,442	-	158,295	-	3,162,630	-	-	-	334,110	-	-	11,112,477	-
20%	38,965	-	8,490,718	-	5,534,763	1,173,573	-	-	-	15,858	-	15,253,877	3,050,775
35%	-	-	-	-	-	-	16,418,185	-	-	-	-	16,418,185	5,746,365
50%	-	-	648,017	-	196,166	13,282	5,079,172	-	-	-	-	5,936,637	2,968,319
75%	-	-	-	-	-	18,979,549	-	-	-	-	-	18,979,549	14,234,662
100%	-	-	-	32,955	35,602,355	3,382,194	36,820	-	1,140,046	-	54	40,194,424	40,194,424
150%	-	-	-	-	273,777	36,132	-	717,215	-	-	-	1,027,124	1,540,686
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**7,496,407**	**-**	**9,297,030**	**32,955**	**44,769,691**	**23,584,730**	**21,534,177**	**717,215**	**1,474,156**	**15,948**	**54**	**108,922,363**	**67,736,356**

31 March 2020	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	Residental 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%	15,503,353	-	102,890	-	3,000,252	-	-	-	274,622	-	-	18,881,117	-
20%	-	-	4,887,513	-	5,901,190	915,260	-	-	-	10,690	-	11,714,653	2,342,931
35%	-	-	-	-	-	-	15,254,832	-	-	-	-	15,254,832	5,339,191
50%	70,356	-	760,961	-	370,476	19,915	5,338,031	-	-	-	-	6,559,739	3,279,870
75%	-	-	-	-	-	18,573,614	-	-	-	-	-	18,573,614	13,930,210
100%	-	-	605	23,633	37,972,870	2,512,678	63,814	-	1,250,210	-	44	41,823,854	41,823,854
150%	-	-	-	-	433,649	54,544	-	624,440	-	-	-	1,112,633	1,668,950
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**15,573,709**	**-**	**5,751,969**	**23,633**	**47,678,437**	**22,076,011**	**20,656,677**	**624,440**	**1,524,832**	**10,780**	**44**	**113,920,532**	**68,386,131**

Table 6.2: Rated exposures according to ratings by ECAIs

	30 September 2020					
	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	B to D	Unrated
	MARC Total	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, Securities firms and Fund managers	32,955	-	-	-	-	32,955
Corporates	46,836,503	3,367,038	64,839	77,064	-	43,327,562
Total	**46,869,458**	**3,367,038**	**64,839**	**77,064**	**-**	**43,360,517**

	31 March 2020					
	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	B to D	Unrated
	MARC Total	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, Securities firms and Fund managers	23,633	-	-	-	-	23,633
Corporates	50,444,582	3,939,027	1,161,635	-	-	45,343,920
Total	**50,468,215**	**3,939,027**	**1,161,635**	**-**	**-**	**45,367,553**

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

	30 September 2020					
	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	9,504,634	-	9,504,634	-	-	-
Total	**9,504,634**	**-**	**9,504,634**	-	-	**-**

	31 March 2020					
	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	20,833,896	-	20,763,540	70,356	-	-
Total	**20,833,896**	**-**	**20,763,540**	70,356	-	**-**

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

	30 September 2020						
	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		10,603,881	4,775,481	1,156,749	328,686	-	4,342,965
Total		**10,603,881**	**4,775,481**	**1,156,749**	**328,686**	**-**	**4,342,965**

	31 March 2020						
	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		6,884,121	3,268,163	606,727	174,631	464	2,834,136
Total		**6,884,121**	**3,268,163**	**606,727**	**174,631**	**464**	**2,834,136**

Table 6.3: Securitisation according to ratings by ECAIs

	30 September 2020			
	Ratings of securitisation by approved ECAIs			
	Moody's	Aaa to Aa3	A1 to A3	Unrated
	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC Total	AAA to AA-	A+ to A-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures				
Securitisation exposures	15,948	15,858	-	90
Total	**15,948**	**15,858**	**-**	**90**

	31 March 2020			
	Ratings of securitisation by approved ECAIs			
	Moody's	Aaa to Aa3	A1 to A3	Unrated
	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC Total	AAA to AA-	A+ to A-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures				
Securitisation exposures	10,780	10,690	-	90
Total	**10,780**	**10,690**	**-**	**90**

7.0 Credit Risk Mitigation

Table 7.1 : Credit Risk Mitigation

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

30 September 2020 **Exposures**	**Exposures before CRM RM'000**	**Exposures covered by guarantees RM'000**	**Exposures covered by eligible financial collateral RM'000**
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	7,009,514	-	-
PSEs	-	-	-
Banks, DFIs and MDBs	7,912,691	-	-
Insurance companies, Securities firms and Fund managers	155	-	-
Corporates	39,842,539	483,297	2,648,078
Regulatory retail	22,592,937	1,148,418	1,198,815
Residential mortgages	21,354,216	-	34,898
Higher risk assets	700,151	-	10
Other assets	1,474,156	-	-
Securitisation exposures	15,948	-	-
Equity exposures	54	-	-
Defaulted exposures	633,141	29,896	22,889
Total for on balance sheet exposures	101,535,502	1,661,611	3,904,690
Off balance sheet exposures			
OTC derivatives	2,266,469	-	496,898
Credit derivatives	11	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	11,244,796	3,792	5,012,769
Defaulted exposures	41,144	-	19,782
Total for off balance sheet exposures	13,552,420	3,792	5,529,449
Total on and off balance sheet exposures	**115,087,922**	**1,665,403**	**9,434,139**

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

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

31 March 2020 **Exposures**	**Exposures before CRM RM'000**	**Exposures covered by guarantees RM'000**	**Exposures covered by eligible financial collateral RM'000**
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	15,387,040	-	-
Banks, DFIs and MDBs	4,277,967	-	-
Insurance companies, Securities firms and Fund managers	7,010	-	-
Corporates	41,777,920	357,413	3,289,872
Regulatory retail	20,643,659	891,152	333,097
Residential mortgages	20,443,798	-	36,082
Higher risk assets	607,151	-	10
Other assets	1,524,832	-	-
Securitisation exposures	10,780	-	-
Equity exposures	44	-	-
Defaulted exposures	921,304	31,164	37,174
Total for on balance sheet exposures	105,601,505	1,279,729	3,696,235
Off balance sheet exposures			
OTC derivatives	2,772,078	-	381,804
Credit derivatives	12	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	14,900,064	3,343	8,080,327
Defaulted exposures	33,332	-	13,346
Total for off balance sheet exposures	17,705,486	3,343	8,475,477
Total on and off balance sheet exposures	**123,306,991**	**1,283,072**	**12,171,712**

8.0 Off Balance Sheet exposures and Counterparty Credit Risk

Table 8.1: Off Balance Sheet Exposures

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

30 September 2020	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	1,753,542		1,586,624	1,380,892
Transaction related contingent items	3,363,609		1,764,975	1,407,666
Short term self liquidating trade related contingencies	583,119		116,624	112,165
Forward asset purchases	477,551		13,608	7,006
Obligations under an on-going underwriting agreement	-		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	3,291,816		3,719,047	16,513
Foreign exchange related contracts				
One year or less	17,436,842	145,091	280,828	168,518
Over one year to five years	3,126,425	154,896	431,486	337,591
Over five years	760,640	10,127	105,033	73,286
Interest rate related contracts				
One year or less	382,325	564	1,739	1,223
Over one year to five years	2,567,671	39,672	117,553	41,033
Over five years	1,685,803	105,227	290,749	242,673
Equity and commodity related contracts				
One year or less	1,350,500	79,818	143,338	111,198
Over one year to five years	76,508	6,374	14,788	7,394
Credit derivative contracts				
One year or less	348,523	2,060	11	6
OTC Derivatives transaction subject to valid bilateral netting agreements	65,946,059	1,183,793	880,955	321,820
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,351,614		983,227	796,718
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,351,616		2,347,354	1,917,875
Unutilised credit card lines	3,772,406		754,481	561,108
Total	**120,626,569**	**1,727,622**	**13,552,420**	**7,504,685**

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

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

31 March 2020	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	1,999,189		1,817,132	1,601,353
Transaction related contingent items	3,538,912		1,860,398	1,463,525
Short term self liquidating trade related contingencies	642,162		128,432	114,718
Forward asset purchases	1,829,169		55,788	55,338
Obligations under on-going underwriting agreements	20,000		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	6,501,681		6,533,889	1,694
Foreign exchange related contracts				
One year or less	15,897,714	178,812	301,920	202,086
Over one year to five years	3,406,678	181,936	480,773	370,863
Over five years	472,438	16,062	59,887	59,887
Interest rate related contracts				
One year or less	752,863	1,517	5,031	2,396
Over one year to five years	2,591,736	35,575	117,209	32,805
Over five years	1,658,110	115,401	300,409	252,293
Equity and commodity related contracts				
One year or less	1,637,791	206,219	312,366	262,589
Over one year to five years	132,040	17,096	32,081	22,216
Credit derivative contracts				
Over one year to five years	356,069	1,954	12	6
OTC Derivatives transaction subject to valid bilateral netting agreements	73,366,685	1,348,409	1,162,402	553,723
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,620,291		1,709,366	1,320,477
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,167,747		2,073,861	1,733,805
Unutilised credit card lines	3,772,652		754,530	561,655
Total	**132,363,927**	**2,102,981**	**17,705,486**	**8,611,429**

Table 8.2 : Credit Derivatives Counterparty Credit Risk

Credit derivatives that create exposures to counterparty credit risk is as follows:

		30 September 2020		31 March 2020	
		Sell Leg	Buy Leg *	Sell Leg	Buy Leg *
Usage	Product	Notional Exposure for Protection Sold RM’000	Notional Exposure for Protection Bought RM’000	Notional Exposure for Protection Sold RM’000	Notional Exposure for Protection Bought RM’000
Intermediation	Credit default swap	198,523	150,000	206,069	150,000

* Out of the total notional exposure for protection bought as at 30 September 2020, RM150.0 million (31 March 2020: RM150.0 million) has no counterparty credit risk exposure because it is on a fully funded basis.

9.0 Securitisation

Table 9.1: Securitisation (Banking Book)

The securitised exposures of the Group are as follows:

30 September 2020 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	1,017,432	-	1,009,639	-
Total traditional securitisation	**1,017,432**	**-**	**1,009,639**	**-**

31 March 2020 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	998,870	-	990,128	-
Total traditional securitisation	**998,870**	**-**	**990,128**	**-**

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

30 September 2020 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	Distribution of exposures after CRM according to appplicable risk weights: Rated securitisation exposures or risk weights of guarantees/credit derivatives 20% RM'000	50% RM'000	1250% RM'000	Unrated (look-through) Exposure amount RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party								
On Balance Sheet Exposures	15,858	15,858	-	15,858	-	-	-	3,172
Originated by the Group								
On Balance Sheet Exposures	90	90	-	-	-	90	-	1,125
Total traditional securitisation	**15,948**	**15,948**	**-**	**15,858**	**-**	**90**	**-**	**4,297**

31 March 2020 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	Distribution of exposures after CRM according to appplicable risk weights: Rated securitisation exposures or risk weights of guarantees/credit derivatives 20% RM'000	50% RM'000	1250% RM'000	Unrated (look-through) Exposure amount RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party								
On Balance Sheet Exposures	10,690	10,690	-	10,690	-	-	-	2,138
Originated by the Group								
On Balance Sheet Exposures	90	90	-	-	-	90	-	1,125
Total traditional securitisation	**10,780**	**10,780**	**-**	**10,690**	**-**	**90**	**-**	**3,263**

There is no securities exposure under trading book as at 30 September 2020 and 31 March 2020.

10.0 Non-Traded Market Risk

Table 10.1: Market Risk Sensitivity - Interest Rate Risk in the Banking Book ("IRRBB")

The IRRBB sensitivity for the Group is as follows:

30 September 2020	Interest Rate +100 bps RM'000	Interest Rate -100 bps RM'000
Impact on Profit Before taxation	51,065	(51,065)
Impact on Equity	(572,429)	626,139

31 March 2020	Interest Rate +100 bps RM'000	Interest Rate -100 bps RM'000
Impact on Profit Before taxation	29,876	(29,876)
Impact on Equity	(575,145)	631,075

11.0 Equities (Banking Book Positions)

Measurement of equity securities - Management has elected at initial recognition to irrevocably designate certain equity investment not held for trading at FVOCI. When this election is used, fair value gains and losses are recognised in other comprehensive income.

Table 11.1: Equity investments and capital requirement

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

Non traded equity investments	30 September 2020 RM'000	31 March 2020 RM'000
Value of quoted (publicly traded) equities	74,313	74,313
Value of unquoted (privately held) equities	681,386	464,553
Total	**755,699**	**538,866**
Net realised and unrealised (losses)/gains		
Cumulative realised gains from sales and liquidations	-	-
Total unrealised (losses)/gains	92,829	(72,629)
Total	**92,829**	**(72,629)**
Risk weighted assets		
Equity investments subject to a 100% risk weight	74,313	74,313
Equity investments subject to a 150% risk weight	1,022,079	696,830
Total	**1,096,392**	**771,143**
Total minimum capital requirement (8%)	**87,711**	**61,691**

12.0 Liquidity Risk and Funding Management

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