AmBank Group

FOCUS

ACCELERATING

TOMORROW

BASIS OF THIS REPORT

AMMB Holdings Berhad's Financial Report (AmBank Group Financial Report 2023) provides information and detailed reporting of our financial performance for the period of 1 April 2022 to 31 March 2023 (FY2023) unless indicated otherwise.

AMMB Holdings Berhad (AMMB or the Company) is a public company listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia). This Report covers AMMB and its subsidiary companies (AmBank Group or the Group or we).

ONLINE VERSION
The Reports are available on our corporate website at ambankgroup.com and Bursa Malaysia's website

Integrated Annual Report

CONTENT
Provides a thorough evaluation of AmBank Group's progress, including its Corporate Governance Statements, milestones and accomplishments, and illustrates how we generate value while catering to the interests of all stakeholders during the financial year ended 31 March 2023 (FY2023). Additionally, it outlines our future prospects for the financial year ending 31 March 2024 (FY2024).

FRAMEWORKS & GUIDELINES
- International Integrated Reporting Framework (IIRF) of the International Integrated Reporting Council (IIRC)
- Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR)
- Corporate Governance Guide (4th Edition) issued by Bursa Malaysia and Securities Commission Malaysia
- Companies Act 2016
- Malaysia Code on Corporate Governance (MCCG) 2021
- Global Reporting Initiative (GRI) Standards

Sustainability Report

CONTENT
Presents our sustainability progress and performance. It provides disclosures on how we create positive environmental and social impacts for the betterment of the broader society.

FRAMEWORKS & GUIDELINES
- GRI Standards
- Bursa Malaysia Sustainability Reporting Guide
- The ACCA Malaysia Sustainability Reporting Guidelines for Malaysian Companies
- Independent Limited Assurance by SIRIM QAS International Sdn Bhd

Financial Report

CONTENT
Provides a comprehensive overview of the Financial Statements and Audited Annual Financial Results for FY2023, providing in-depth reporting and also outlines our prospects for the upcoming financial year, FY2024.

FRAMEWORKS & GUIDELINES
- MCCG 2021
- Bursa Malaysia's MMLR
- Corporate Governance Guide (4th Edition) issued by Bursa Malaysia and Securities Commission Malaysia
- Companies Act 2016
- Bank Negara Malaysia (BNM) Policy Documents and Guidelines
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Financial Services Act (FSA) 2013
- Islamic Financial Services Act (IFSA) 2013

Inside this Report

32nd Annual General Meeting

Broadcast Venue

Board Room, 26th Floor
Bangunan AmBank Group
Jalan Raja Chulan 50200
Kuala Lumpur Malaysia

Wednesday, 23 August 2023

10.00 a.m.

This Financial Report is available on the website at ambankgroup.com

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia, Bank Negara Malaysia's Guidelines and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and cash flows for the financial year then ended.

The audited financial statements are prepared on a going concern basis and the Directors have ensured that appropriate and relevant accounting policies are applied on a consistent basis and accounting judgements and estimates made are reasonable and fair so as to enable the preparation of the financial statements of the Group and the Company.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of AMMB Holdings Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiaries, as listed in Note 16 to the financial statements, provide a wide range of retail banking, business banking, wholesale banking, investment banking, Islamic banking and related financial services which also include underwriting of general insurance, stock and share-broking, futures broking, investment advisory asset, real estate investment trust and unit trust management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except for the disposal of general insurance business as disclosed in Note 56 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit from continuing operations	1,742,378	378,675
Loss from discontinued operation	(66,073)	-
Profit for the financial year	1,676,305	378,675
Attributable to:		
Equity holders of the Company	1,735,153	378,675
Non-controlling interests	(58,848)	-
Profit for the financial year	1,676,305	378,675

OUTLOOK FOR NEXT FINANCIAL YEAR

Malaysia's 2022 Gross Domestic Product ("GDP") growth of 8.7% was the highest growth rate recorded in more than 25 years, largely supported by the post-pandemic recovery of business, consumer and investor activities. While the positives of 2022 are likely to continue into 2023, it is expected that growth will be at a more moderated pace due to concerns surrounding impact of steep interest rate hikes, tighter credit conditions, prolonged geopolitical tensions and other related external factors.

Malaysia's 2023 GDP is projected to grow between 4% and 5%, driven by domestic demand, underpinned by further improvements in local labour market conditions, implementation of multi-year investment projects and continued high tourism activity. In view of the resilient economy and citing a need to normalise monetary accommodation as well as manage persistent inflation, Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate ("OPR") by a further 0.25% to 3% in May 2023. To recap, BNM raised the OPR 4 times or a cumulative 100bps in 2022.

While the interest rate hikes have benefited the Group's 2022 income, 2023 will see funding cost catching up as a direct consequence of deposit competition, inevitably leading to margin compression. In this environment, the Group will continue to maintain cost discipline through paced hiring and smart investments.

DIRECTORS' REPORT

OUTLOOK FOR NEXT FINANCIAL YEAR (CONT'D.)

Notwithstanding, the Group's asset quality is expected to remain stable with pre-emptive management overlays in place to absorb any increase in credit losses from borrowers exiting repayment assistance programmes, if required. While the debt-servicing capacity of majority of businesses and households remain intact, the Group maintains its credit vigilance against borrowers with higher debt service burdens.

Strong FY2023 financial results enabled the Group to further strengthen its capital, allowing it to distribute a much-improved dividend payout ratio of 35% for FY2023. The Group remains steadfast in its commitment to create sustainable long-term value for its shareholders in the next financial year and beyond.

SIGNIFICANT EVENT

The significant event is disclosed in Note 56 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENT

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

BUSINESS PLAN AND STRATEGY

(i) Performance review for financial year ended 31 March 2023

For the financial year ("FY") ended 31 March 2023, the Group's net profit after tax and minority interests ("PATMI") improved from RM1,502.7 million to RM1,735.2 million. Based on continuing operations, PATMI grew 27.5% year-on-year ("YoY").

Total income stood at RM4,737.7 million, underpinned by a 8.1% increase in net interest income to RM3,540.7 million on the back of higher loans and financing growth and net interest margin expansion. This was offset by a RM192.8 million reduction in non-interest income mainly due to the disposal of AmGeneral Insurance Berhad to Liberty Insurance Berhad. Based on continuing operations, total income grew 12.4% YoY.

Expenses saw a slight increase to RM2,100.3 million with cost-to-income ("CTI") ratio improved at 44.3% (FY2022: 44.9%) from higher income growth. Based on continuing operations, CTI for the financial year was improved further at 43.4%.

Profit before impairment ("PBP") improved by 2.6% to RM2,637.4 million. Based on continuing operations, PBP grew 12.9% driven by strong growth in income.

Further, net impairment charge decreased to RM466.9 million (FY2022: RM766.0 million), inclusive of AmGeneral Insurance Berhad's net impairment of RM113.2 million. Gross impaired loans and financing ratio stood at 1.46% (FY2022: 1.40%), with a loan and financing loss coverage ratio (includes regulatory reserves) of 127.67% (FY2022: 139.24%). With the improved profitability, the CET1 Capital Ratio after deducting proposed final dividend increased to 12.515% from 12.202% and Total Capital Ratio increased to 15.653% from 15.315% a year ago.

The Group continued its strategy in growing the more profitable products such as wealth management, transaction banking and better penetration into the small and medium enterprises segment while managing the mortgage portfolio. At the same time, the Group continued to focus on growing its current and savings account ("CASA") which grew by 13.2%, resulting in CASA ratio of 37.4%.

BUSINESS PLAN AND STRATEGY (CONT'D.)

(ii) Strategic Highlights

The Group entered financial year FY2024 on strong financial footing, as evidenced by the highest financial year net profit after tax and minority interests posted since FY2015 as well as the successful completion of the divestiture of AmGeneral Insurance Berhad, which has allowed for the release of capital and complemented the capital rebuild post Settlement. As FOCUS 8 enters its last year of execution in FY2024, digitalisation and Environmental, Social and Governance ("ESG") initiatives remain a priority, alongside a continued focus on strengthening capital and liquidity, vigilant monitoring of loans/financing portfolio and maximising cost efficiencies.

To support its digital transformation, the Group has continuously invested in technology, adopting automation and exploring artificial intelligence ("AI") and machine learning capabilities, which has allowed the Group to improve its products and services, making banking more convenient for its customers. The Group takes the security of its customers' data seriously and use AI to enhance its fraud detection and prevention capabilities, ensuring the highest level of security for all customer transactions. The Group's commitment to customer's trust is unwavering and proactively monitor and address any vulnerabilities or incidents.

In line with its commitment to sustainability and responsible business practices, the Group has set targets to reduce its carbon emissions and increase lending to sustainable industries. Additionally, the Group has launched initiatives to support small businesses and entrepreneurs, as well as provide financing access and capacity building platforms to support the Small and Medium Enterprises.

The Group's overarching goal is to continuously improve its sustainability practices and our customers' experience while maintaining good risk management as well as strong capital and liquidity positions. By embracing the latest technologies, safeguarding customer data and prioritising the needs of our customers, the Group aims to continually develop innovative solutions that meet the evolving needs of our customers and drive growth towards a lower carbon economy.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the effects of the disposal of its subsidiary as disclosed in Note 56 and Note 57 to the financial statements.

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

DIVIDENDS

During the financial year, the Company paid:

(a) a final single-tier dividend of 5.0 sen per share in respect of the financial year ended 31 March 2022 which amounted to approximately RM165,606,270. This amount was noted in the Directors' Report for that financial year and paid on 6 July 2022 to shareholders whose names appear in the record of Depositors as at 21 June 2022.

(b) an interim single-tier dividend of 6.0 sen per share for the financial year ended 31 March 2023 which amounted to approximately RM198,565,437 was paid on 28 December 2022 to shareholders whose names appear in the record of Depositors as at 15 December 2022.

The Directors propose the payment of a final single-tier dividend of 12.3 sen per share in respect of the current financial year ended 31 March 2023, to be paid to shareholders whose names appear in the record of Depositors on a date to be determined by the Directors. The financial statements for the current financial year do not reflect this proposed dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

DIRECTORS' REPORT

RESERVES, PROVISIONS AND ALLOWANCES

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

BAD AND DOUBTFUL DEBTS AND FINANCING

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

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts and loans/financing or the amount of the allowances for doubtful debts and loans/financing in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Company.

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

CHANGE OF CIRCUMSTANCES

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

ISSUANCE OF SHARES AND DEBENTURES

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

(i) Issuance of debt securities

(1) AmBank (M) Berhad ("AmBank") issued the following tranches in nominal value under its RM4.0 billion Subordinated Notes programme:

(i) Tranche 9 with nominal value of RM745.0 million on 12 October 2022. The interest rate of this tranche is at 5.20% per annum, payable semi-annually with a tenure of 10 years (callable in the 5th years); and
(ii) Tranche 10 with nominal value of RM350.0 million on 28 March 2023. The interest rate of this tranche is at 4.58% per annum, payable semi-annually with a tenure of 10 years (callable in the 5th years).

(2) On 28 March 2023, AmBank Islamic Berhad ("AmBank Islamic") issued Tranche 10 with nominal value of RM150.0 million under its RM3.0 billion Subordinated Sukuk Murabahah ("Sukuk Murabahah") programme. The profit rate of this tranche is at 4.53% per annum, payable semi-annually with a tenure of 10 years (non-callable 5 years).

(ii) Redemption of debt securities

(1) AmBank redeemed the following tranches of its Subordinated Notes Programme of RM4.0 billion in nominal value:

(i) Tranche 3 with nominal value of RM570.0 million on its first call date of 17 October 2022;
(ii) Tranche 4 with nominal value of RM175.0 million on its first call date of 23 February 2023; and
(iii) Tranche 5 with nominal value of RM350.0 million on its first call date of 14 March 2023.

(2) On its first call date of 23 February 2023, AmBank Islamic redeemed Tranche 6 of the Sukuk Murabahah with nominal value of RM150.0 million.

Save as disclosed above and in Notes 25, 26, 28 and 29 to the financial statements, there were no new shares and debentures, share cancellations, shares held as treasury shares nor resale of treasury shares by the Group and the Company during the financial year.

SHARE OPTIONS

There were no options granted during the financial year by the Company to take up unissued shares of the Company.

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company maintained on a group basis, a Directors' and Officers' Liability Insurance up to an aggregate limit of RM200.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Company and its subsidiaries. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The gross amount of insurance premium paid by the Company for the Directors and Officers of the Company and its subsidiaries for the current financial year was RM418,425 (2022: RM398,500).

DIRECTORS' REPORT

EXECUTIVES' SHARE SCHEME

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

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

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

The salient features of the ESS are disclosed in Note 30 to the financial statements.

SHARE BUY-BACK

During the current financial year, the Company bought back from the open market, a total of 10,949,250 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM4.00 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM43,743,923 and was financed by internally generated funds. None of the shares were resold or cancelled during the current financial year.

DIRECTORS

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

Tan Sri Md Nor bin Md Yusof	(Appointed on 30 April 2022)
Robert William Goudswaard	
Soo Kim Wai	
Voon Seng Chuan	
Seow Yoo Lin	
Farina binti Farikhullah Khan	
Hong Kean Yong	
Dato' Kong Sooi Lin	
Felicity Ann Youl	(Appointed on 15 April 2022)
Tan Sri Azman Hashim	(Retired on 29 April 2022)

The names of the Directors of the Company's subsidiary companies who served on the respective board of the subsidiary companies since the beginning of the financial year to the date of this report are disclosed in the Appendix to the financial statements.

DIRECTORS' INTERESTS

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

There are no interests in shares and options in the Company, of those who were Directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee as shown in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest, except for the related party transactions as shown in Note 42 to the financial statements.

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

CORPORATE GOVERNANCE

(i) BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors ("the Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiaries. The Board complies with the recommendations on corporate governance as set out in the Malaysian Code on Corporate Governance 2021.

The Board supervises the management of the Group's businesses, policies and affairs with the goal of long term sustainability of the Group. The Board meets no less than six (6) times in a year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

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

The Board currently comprises nine (9) Directors with wide skills and experience, of which seven (7) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Group Chief Executive Officer.

The Senior Management team of the subsidiaries are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(ii) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to Board Committees. These committees, which were created to assist the Board in certain areas of deliberation, are:

1 Group Nomination and Remuneration Committee;
2 Audit and Examination Committee;
3 Risk Management Committee; and
4 Group Information Technology Committee.

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

DIRECTORS' REPORT

CORPORATE GOVERNANCE (CONT'D.)

(iii) MANAGEMENT INFORMATION

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

These reports are issued giving sufficient time before the meeting to enable the Directors to be prepared and to obtain further explanations, where necessary, and provides input on Group policies.

CREDIT RATINGS

From a credit rating perspective, we believe in providing our stakeholders with an independent view of our banking subsidiaries as well as that of the Company. As such, we continue to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad.

Rating agency	Rating Date	Rating classification	Rating Accorded
The Company			
RAM Rating Services Berhad	10 January 2023	Long-term Corporate Credit Rating Short-term Corporate Credit Rating Outlook	AA3 P1 Positive
AmBank (M) Berhad			
Moody's Investors Service	27 June 2022	Long-term Bank Deposits (Foreign) Rating Short-term Bank Deposits (Foreign) Rating Outlook	A3 P-2 Stable
S&P Global Ratings	11 November 2022	Long-term Foreign Currency Rating Short-term Foreign Currency Rating Outlook	BBB+ A-2 Stable
RAM Rating Services Berhad	10 January 2023	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Positive
Fitch Ratings	23 August 2022	Long-term Foreign Currency Rating Short-term Foreign Currency Rating Outlook	BBB- F3 Stable
AmBank Islamic Berhad			
RAM Rating Services Berhad	10 January 2023	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Positive
AmInvestment Bank Berhad			
RAM Rating Services Berhad	10 January 2023	Long-term Financial Institution Rating Short-term Financial Institution Rating Outlook	AA3 P1 Positive

SHARIAH COMMITTEE

The Shariah Committee reports functionally to AmBank Islamic's Board of Directors and this provides for the independence of the Shariah Committee in exercising their duties.

The Shariah Committee comprises six (6) members and is responsible and accountable for all Shariah-related decisions, views and opinions. The main functions and duties of the Shariah Committee shall include, but are not limited to the following:

(i) to advise the Board and AmBank Islamic on Shariah matters to ensure that AmBank Islamic's business, operations, affairs and activities comply with Shariah requirements at all times;

(ii) to review and endorse policies and procedures of AmBank Islamic from Shariah perspectives, and to ensure that the contents do not contain any elements which are not in line with Shariah requirements;

(iii) to review and approve the documentations in relation to AmBank Islamic's products to ensure that the products are in compliance with Shariah requirements, which may include:
  (a) the terms and conditions contained in the forms, contracts, agreements and other legal documentation used in executing the transactions; and
  (b) the product manuals, marketing advertisements, sales illustrations, pamphlets and brochures used to describe the product.

(iv) to provide a decision, advice or opinion on AmBank Islamic's business, operations, affairs and activities which may trigger a Shariah non-compliance ("SNC") event;

(v) to perform oversight on and assess the strategies, initiatives and work carried out by the Shariah Management Department, in order to ensure compliance with Shariah matters which form part of their duties in providing their assessment of Shariah compliance and assurance information in the annual report. This includes performing the annual assessment of the Head of Shariah Management;

(vi) to perform oversight on the strategies, initiatives and work carried out by the:
  (a) Group Compliance relating to the Shariah Review function;
  (b) Group Risk Management Department relating to the Shariah Risk Management function; and
  (c) Group Internal Audit Department relating to the Shariah Audit function
  in order to ensure compliance with Shariah matters which form part of their duties in providing their assessment of Shariah compliance and assurance information in the annual report;

(vii) to provide assistance to parties related to AmBank Islamic such as its legal counsel, auditors or consultants on Shariah matters upon request;

(viii) to advise AmBank Islamic to consult the Shariah Advisory Council of Bank Negara Malaysia ("SAC of BNM") or the Shariah Advisory Council of Securities Commission ("SAC of SC") on any Shariah matters that could not be resolved by the Shariah Committee;

(ix) to provide written Shariah opinions to the SAC of BNM or SAC of SC as and when required, including the following circumstances where AmBank Islamic:
  (a) makes reference to the SAC of BNM or SAC of SC for advice; or
  (b) submits an application to BNM or SC for new product approval.

(x) to provide advice and guidance to Senior Management on the management of the Zakat fund, charity and other social programmes or activities;

(xi) to endorse the Shariah operations manual which specify the manner in which a submission or request for advice be made to the Shariah Committee, the conduct of the Shariah Committee's meeting and the manner of compliance with any Shariah decision;

(xii) to oversee the overall SNC management including to endorse purification of SNC income;

DIRECTORS' REPORT

SHARIAH COMMITTEE (CONT'D.)

(xiii) to assist in AmBank Islamic's sustainability and value-based intermediation ("VBI") agenda, including in relevant capacity building and awareness creation initiatives;

(xiv) the Chairman of the Shariah Committee, in leading the Shariah Committee is responsible for the effective functioning of the Shariah Committee. In fulfilling this role, the Chairman must:
- (a) ensure appropriate procedures are in place to govern the Shariah Committee's deliberations and proceedings;
- (b) act as a direct liaison between the Board and the Shariah Committee to foster greater understanding between both organs;
- (c) ensure that Shariah decisions or advice are made on a sound and well-informed basis, including based on a robust decision-making methodology which ensures that all business, operations and risk implications are considered by the Shariah Committee;
- (d) encourage healthy discussion, participation and contribution, and ensure that dissenting views can be freely expressed and discussed; and
- (e) ensure sufficient records of the discussion leading to formulation of the Shariah Committee's decision, advice or opinion are maintained.

The Shariah Committee may, if it thinks fit and proper and from time to time, delegate, re-delegate, suspend or revoke any powers given to the Shariah Management Department to do certain acts on behalf of the Shariah Committee such as review, advice and/or endorse certain materials or issues within the Shariah Committee's terms of reference.

The Shariah Committee members also sit in Shariah Oversight Committee. The Shariah Oversight Committee is established as a sub-committee of the Shariah Committee to assist the Shariah Committee to oversee the strategies, initiatives and work carried out by the Shariah Control Functions namely Shariah Review, Shariah Risk Management and Shariah Audit.

The main functions and duties of Shariah Oversight Committee shall include, but are not limited to the following:
- (i) determine whether potential SNC events are actual SNC incidents or not;
- (ii) endorse action plan/rectification measure in addressing SNC incident and purification of income methodology and amount;
- (iii) recommend alternative ways to rectify issues found through Shariah Audit, Shariah Review and Shariah Risk Management activities and/or other credible sources;
- (iv) provide advice on the recognition of income pursuant to SNC events and/or its disposal; and
- (v) recommend possible implementation methods to improve AmBank Islamic's business activities vis-à-vis Shariah in line with applicable statutes and guidelines/policies/circulars issued by relevant regulatory bodies.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 35 to the financial statements.

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

TAN SRI MD NOR BIN MD YUSOF | **SEOW YOO LIN**

Kuala Lumpur, Malaysia
29 May 2023

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, **TAN SRI MD NOR BIN MD YUSOF** and **SEOW YOO LIN**, being two of the Directors of **AMMB HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 20 to 286 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

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

TAN SRI MD NOR BIN MD YUSOF

SEOW YOO LIN

Kuala Lumpur, Malaysia
29 May 2023

STATUTORY DECLARATION

Pursuant To Section 251(1)(b) Of The Companies Act 2016

I, **LING FOU-TSONG @ JAMIE LING**, being the Officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 20 to 286 are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
LING FOU-TSONG @ JAMIE LING at Kuala Lumpur
in Wilayah Persekutuan this 29 May 2023

LING FOU-TSONG @ JAMIE LING

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
No : W958
Nama : MOHD AIZUDDIN BIN SALIM
1 Disember 2022
Hingga
31 Disember 2024
MALAYSIA

UNIT 1.47, 1ST FLOOR,
WISMA COSWAY,
NO. 88, JALAN RAJA CHULAN,
50200 KUALA LUMPUR.

INDEPENDENT AUDITORS' REPORT

to the members of AMMB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AMMB Holdings Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 20 to 286.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Risk area and rationale	Our response
Expected credit losses of loans, advances and financing and debt instruments not carried at fair value through profit or loss	
As at 31 March 2023, the loans, advances and financing represent 65% of the total assets of the Group, and the debt instruments carried at amortised cost and fair value through other comprehensive income represent 19% of the total assets of the Group. MFRS 9 *Financial Instruments* ("MFRS 9") requires the Group to account for the impairment losses on loans, advances and financing and debt instruments not carried at fair value through profit or loss with a forward-looking expected credit losses ("ECL") approach. The measurement of ECL requires the application of significant judgement and increased complexity which includes the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models (for exposures assessed individually or collectively) such as the expected future cash flows, forward-looking macroeconomic factors and probability-weighted multiple scenarios. Management overlays have been applied due to remaining COVID-19 uncertainties and emerging risks. *Refer to summary of significant accounting policies in Note 2.5(o), significant accounting judgements, estimates and assumptions in Note 5.1, disclosures of loans, advances and financing and debt instruments in Notes 13, 11 and 12, and disclosures on credit risk in Note 49.2 to the financial statements.*	Our audit procedures included the assessment of key controls over the origination, segmentation, ongoing internal credit quality assessments, recording, and monitoring of the loans, advances and financing and the debt instruments not carried at fair value through profit or loss. We also assessed the processes and effectiveness of key controls over the transfer criteria (for the three stages of credit exposures under MFRS 9 in accordance with their credit quality), impairment measurement methodologies, governance for development, maintenance, and validation of ECL models, inputs, basis and assumptions used by the Group in staging the credit exposures and calculating the ECL. For staging and identification of credit exposures with significant deterioration in credit quality, we assessed and tested the reasonableness of the transfer criteria applied by the Group for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group's credit risk management practices. For the measurement of ECL, we assessed and tested reasonableness of the Group's ECL models, including model inputs, model design, and model performance for significant portfolios. We challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, macroeconomic factor analysis and probability-weighted multiple scenarios. We evaluated if changes in modeling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed, tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. In assessing the management overlays applied in the ECL amid current environment with remaining COVID-19 uncertainties and emerging risks, we performed scenario analysis to cross-check the impacts and challenged reasonableness of the basis applied by the management, particularly for the loans, advances and financing and debt instruments not carried at fair value through profit or loss under Stages 1 and 2. With respect to individually assessed ECL which are mainly in relation to the impaired loans, advances and financing and debt instruments not carried at fair value through profit or loss in Stage 3, we reviewed and tested a sample of loans, advances and financing and debt instruments not carried at fair value through profit or loss to evaluate the timely identification by the Group of exposures with significant deterioration in credit quality or which have been impaired. For cases where impairment has been identified, we assessed the Group's assumptions on the expected future cash flows, including the value of realisable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available, including the management overlays applied due to remaining COVID-19 uncertainties and emerging risks.

INDEPENDENT AUDITORS' REPORT
to the members of AMMB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Risk area and rationale (cont'd.)	Our response (cont'd.)
Expected credit losses of loans, advances and financing and debt instruments not carried at fair value through profit or loss (cont'd.)	We also assessed whether the financial statements disclosures are adequately and appropriately reflect the Group's exposures to credit risk. We involved our credit modelling specialists and information technology ("IT") specialists in the performance of these procedures where their specific expertise were required.
Impairment of (i) goodwill, (ii) investment in subsidiaries, associates and joint ventures **(i) Goodwill** As at 31 March 2023, goodwill amounts to RM303.5 million. The Group is required to annually test the carrying amount of goodwill for impairment. Goodwill impairment testing of cash-generating units ("CGUs") relies on value-in-use ("VIU") estimates based on estimated future cash flows. This is an area of focus in the preparation of the financial statements due to: (i) the significance of the goodwill recognised in the financial statements of the Group; (ii) the level of subjectivity associated with the assumptions used in estimating VIU of the CGUs; and (iii) the subjectivity involved in determining the appropriate discount rates to be applied to measure the net present value of each CGU.	Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group and the Company in performing the impairment assessment. We tested the basis of preparing the cash flow forecasts, taking into account the back-testing results on the accuracy of previous forecasts and the historical evidence supporting underlying assumptions. We assessed the appropriateness of the other key assumptions, such as the growth rates used to extrapolate the cash flows and the discount rates applied, by comparing against internal information, external economic and market data. We have also performed sensitivity analysis around the key drivers of the growth rates of the cash flow forecasts including the revenue growth. We have assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of AMMB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Risk area and rationale (cont'd.)	Our response (cont'd.)
Impairment of (i) goodwill, (ii) investment in subsidiaries, associates and joint ventures (cont'd.) **(ii) Investment in subsidiaries, associates and joint ventures** As at 31 March 2023, the carrying amount of investment in subsidiaries stood at RM10.9 billion and investment in associates and joint ventures stood at RM1.6 billion. We focused on impairment assessment of investment in subsidiaries, associates and joint ventures as the impairment testing relies on VIU estimates based on estimated future cash flows where significant judgement and estimation is involved in determining the future cash flows. This is an area of focus in the preparation of the financial statements due to: (i) the significance of the investment in subsidiaries, associates and joint ventures recognised in the financial statements of the Group and the Company; (ii) the level of subjectivity associated with the assumptions used in estimating VIU of the subsidiaries, associates and joint ventures; and (iii) the subjectivity involved in determining the appropriate discount rates to be applied to measure the net present value for each investment. *Refer to summary of significant accounting policies in Notes 2.5(b), 2.5(c) and 2.5(r), significant accounting judgements, estimates and assumptions in Notes 5.3 and 5.7, and the disclosure of goodwill, investment in subsidiaries and investment in associates and joint ventures in Notes 21(a), 16 and 17 to the financial statements.*	

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report and the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, and the annual report which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT
to the members of AMMB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT
to the members of AMMB Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 16(a) to the financial statements.

OTHER MATTERS

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

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

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

Kuala Lumpur, Malaysia
29 May 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Cash and short-term funds	6	8,521,940	13,221,099	208,565	717,660
Deposits and placements with banks and other financial institutions	8	176,604	1,301,449	-	-
Derivative financial assets	9	921,109	821,373	-	-
Financial assets at fair value through profit or loss	10	12,770,907	7,216,560	1,158	1,128
Financial investments at fair value through other comprehensive income ("FVOCI")	11	25,610,733	18,756,757	-	-
Financial investments at amortised cost	12	13,469,703	9,037,766	-	-
Loans, advances and financing	13	128,242,605	118,065,685	-	-
Statutory deposits with Bank Negara Malaysia	14	2,446,547	376,523	-	-
Deferred tax assets	15	220,655	218,551	-	-
Investments in subsidiaries and other investments	16	-	-	10,852,185	10,857,350
Investments in associates and joint ventures	17	1,631,600	604,542	-	-
Other assets	18	2,626,036	2,885,319	4,005	11,615
Reinsurance assets and other insurance receivables	52(l)	-	580,705	-	-
Property and equipment	19	161,778	180,968	20	-
Right-of-use assets	20	229,770	189,372	-	-
Intangible assets	21	510,644	1,399,912	-	-
Assets held for sale	54	-	2,324	-	-
TOTAL ASSETS		197,540,631	174,858,905	11,065,933	11,587,753
LIABILITIES AND EQUITY					
Deposits from customers	22	130,315,080	122,592,850	-	-
Investment accounts of customers	55(XIII)	16,474	377,861	-	-
Deposits and placements of banks and other financial institutions	23	11,462,245	9,894,585	-	-
Securities sold under repurchase agreements	7	16,466,674	1,582,717	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	24	9,915,040	8,375,023	-	-
Derivative financial liabilities	9	964,319	803,563	-	-
Term funding	25	2,172,333	1,880,097	-	-
Debt capital	26	4,395,000	4,395,000	-	-
Deferred tax liabilities	15	-	8,093	-	-
Other liabilities	27	3,697,557	4,302,862	23,117	533,827
Insurance contract liabilities and other insurance payables	52(l)	-	2,687,361	-	-
TOTAL LIABILITIES		179,404,722	156,900,012	23,117	533,827
Share capital	28	6,376,240	6,776,240	6,372,870	6,372,870
Treasury shares	29(f)	(28,579)	(11,041)	(28,579)	(11,041)
Reserves	29	11,787,384	9,994,593	4,698,525	4,692,097
Equity attributable to equity holders of the Company		18,135,045	16,759,792	11,042,816	11,053,926
Non-controlling interests	31	864	1,199,101	-	-
TOTAL EQUITY		18,135,909	17,958,893	11,042,816	11,053,926
TOTAL LIABILITIES AND EQUITY		197,540,631	174,858,905	11,065,933	11,587,753
COMMITMENTS AND CONTINGENCIES	46	124,872,952	122,661,380	-	-
NET ASSETS PER SHARE (RM)		5.48	5.06	3.34	3.34

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

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 March 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Continuing operations:					
Interest income	32	4,975,955	3,942,076	6,418	19,327
Interest expense	33	(2,695,320)	(1,770,242)	-	-
Net interest income		2,280,635	2,171,834	6,418	19,327
Net income from Islamic banking	55(XXVIII)	1,301,270	1,062,026	-	-
Other operating income	34	956,404	822,371	407,314	194,214
Share in results of associates and joint ventures		69,862	44,091	-	-
Net income		4,608,171	4,100,322	413,732	213,541
Other operating expenses	35	(1,999,092)	(1,788,981)	(35,814)	(17,643)
Transaction cost from disposal of subsidiary		-	-	(15,725)	-
Operating profit before impairment losses		2,609,079	2,311,341	362,193	195,898
Allowances for impairment on loans, advances and financing	37	(421,846)	(314,179)	-	-
(Allowances for)/writeback of impairment on:					
Financial investments	38	(9,508)	(270,240)	-	-
Other financial assets	38	(665)	(1,878)	-	-
Subsidiary	16(a)	-	-	18,000	-
Provision for commitments and contingencies					
- writeback/(charge)	27(c),(d)	77,806	(176,988)	-	-
Other recoveries, net		575	217	-	-
Impairment of investment in associate	17(c)	-	(4,625)	-	-
Profit before taxation and zakat from continuing operations		2,255,441	1,543,648	380,193	195,898
Taxation and zakat	39	(513,063)	(177,277)	(1,518)	(4,399)
Profit after taxation and zakat from continuing operations		**1,742,378**	**1,366,371**	**378,675**	**191,499**
Discontinued operation:	57				
Profit from operations of discontinued general insurance (including estimated loss on disposal of RM53.9 million)		31,029	261,097	-	-
Impairment of Kurnia Brand, agent relationship and other assets		(115,981)	-	-	-
(Loss)/profit before taxation from discontinued operation		(84,952)	261,097	-	-
Taxation	39	18,879	(32,529)	-	-
(Loss)/profit after taxation from discontinued operation		**(66,073)**	**228,568**	**-**	**-**
Profit for the financial year		1,676,305	1,594,939	378,675	191,499
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company		1,735,153	1,502,682	378,675	191,499
Non-controlling interests		(58,848)	92,257	-	-
Profit for the financial year		1,676,305	1,594,939	378,675	191,499
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic/diluted:					
Continuing operations	40	52.62	41.40		
Discontinued operation	40	(0.21)	4.14		
		52.41	45.54		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the financial year		1,676,305	1,594,939	378,675	191,499
Other comprehensive income/(loss):					
Continuing operations:					
Items that will not be reclassified subsequently to statements of profit or loss					
Financial investments at FVOCI					
- net unrealised gain on changes in fair value		7,769	3,148	-	-
Share of other comprehensive loss of equity accounted associates		(342)	-	-	-
		7,427	3,148	-	-
Items that may be reclassified subsequently to statements of profit or loss					
Currency translation gain on foreign operations		13,341	3,879	-	-
Cash flow hedge					
- gain arising during the financial year	9(v)	-	1,654	-	-
- amortisation of fair value changes for terminated hedge	9(v)	6,320	8,724	-	-
Financial investments at FVOCI					
- net unrealised gain/(loss) on changes in fair value		8,577	(260,663)	-	-
- net gain reclassified to profit or loss		(211)	(4,813)	-	-
- changes in expected credit losses ("ECL")	38	(7,041)	2,263	-	-
- foreign exchange differences		12	2	-	-
Tax effect relating to the components of other comprehensive (income)/loss					
- cash flow hedge	9(v),15	(1,516)	(2,491)	-	-
- financial investments at FVOCI	15	(2,048)	63,626	-	-
Share of reserve movements in equity accounted associates and joint ventures		5,024	(4,255)	-	-
		22,458	(192,074)	-	-
Other comprehensive income/(loss) for the financial year, net of tax from continuing operations		29,885	(188,926)	-	-
Discontinued operation:					
Items that will not be reclassified subsequently to statements of profit or loss					
Remeasurement of defined benefit liability	27(b)(ii)	-	(1,133)	-	-
Tax effect relating to components of other comprehensive loss					
- defined benefit liability	15, 27(b)(ii)	-	272	-	-
Other comprehensive loss for the financial year, net of tax from discontinued operation		-	(861)	-	-
Total comprehensive income for the financial year		1,706,190	1,405,152	378,675	191,499
Total comprehensive income/(loss) for the financial year attributable to:					
Equity holders of the Company					
Continuing operations		1,772,053	1,177,043	378,675	191,499
Discontinued operation		(7,015)	136,274	-	-
Non-controlling interests					
Continuing operations		210	402	-	-
Discontinued operation		(59,058)	91,433	-	-
		1,706,190	1,405,152	378,675	191,499

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

Group	Note	Attributable to Equity Holders of the Company											
			Non-Distributable							Distributable			
									Retained earnings				
		Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedging deficit RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Non-participating funds RM'000	RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2021		5,951,557	-	708,790	(16,949)	94,992	67,778	(20,970)	45,715	7,809,864	14,640,777	949,582	15,590,359
Profit for the financial year		-	-	-	-	-	-	-	-	1,502,682	1,502,682	92,257	1,594,939
Other comprehensive (loss)/income, net		-	-	(200,692)	7,887	3,879	-	-	-	(439)	(189,365)	(422)	(189,787)
Total comprehensive (loss)/income for the financial year		-	-	(200,692)	7,887	3,879	-	-	-	1,502,243	1,313,317	91,835	1,405,152
Issue of ordinary share capital pursuant to:													
- private placement	28	824,683	-	-	-	-	-	-	-	-	824,683	-	824,683
Buy-back of shares		-	-	-	-	-	-	(16,812)	-	-	(16,812)	-	(16,812)
Share-based payment under ESS, net		-	-	-	-	-	(2,173)	-	-	-	(2,173)	-	(2,173)
ESS shares vested to employees		-	-	-	-	-	(29,133)	26,741	-	2,392	-	-	-
Transfer to regulatory reserve		-	102,920	-	-	-	-	-	-	(102,920)	-	-	-
Subscription of shares arising from conversion of redeemable cumulative convertible preference shares by a subsidiary		-	-	-	-	-	-	-	-	-	-	256,164	256,164
Transfer of net gain upon disposal of financial investments at FVOCI to retained earnings	11(i)	-	-	(8,871)	-	-	-	-	-	8,871	-	-	-
Dividends paid	41	-	-	-	-	-	-	-	-	-	-	(98,480)	(98,480)
Transactions with owners and other equity movements		824,683	102,920	(8,871)	-	-	(31,306)	9,929	-	(91,657)	805,698	157,684	963,382
At 31 March 2022		6,776,240	102,920	499,227	(9,062)	98,871	36,472	(11,041)	45,715	9,220,450	16,759,792	1,199,101	17,958,893

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 March 2023

		Attributable to Equity Holders of the Company											
			Non-Distributable							Distributable			
									Retained earnings				
Group	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Executives' share scheme reserve RM'000**	**Treasury shares RM'000**	**Non-participating funds RM'000**	**RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2022		6,776,240	102,920	499,227	(9,062)	98,871	36,472	(11,041)	45,715	9,220,450	16,759,792	1,199,101	17,958,893
Profit/(loss) for the financial year		-	-	-	-	-	-	-	-	1,735,153	1,735,153	(58,848)	1,676,305
Other comprehensive income/(loss), net		-	-	12,082	4,804	13,341	-	-	-	(342)	29,885	-	29,885
Total comprehensive income/(loss) for the financial year		-	-	12,082	4,804	13,341	-	-	-	1,734,811	1,765,038	(58,848)	1,706,190
Buy-back of shares		-	-	-	-	-	-	(43,744)	-	-	(43,744)	-	(43,744)
Share-based payment under ESS, net		-	-	-	-	-	16,367	-	-	763	17,130	-	17,130
ESS shares vested to employees		-	-	-	-	-	(26,414)	26,206	-	208	-	-	-
Transfer to regulatory reserve		-	108,787	-	-	-	-	-	-	(108,787)	-	-	-
Transfer to retained earnings arising from redemption of preference shares by a subsidiary		(400,000)	-	-	-	-	-	-	-	400,000	-	-	-
Arising from disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	(61,415)	(61,415)
Reversal of dividend accrued - ESS shares		-	-	-	-	-	-	-	-	1,001	1,001	-	1,001
Capital reduction from a subsidiary	16(a)(3)(ii)	-	-	-	-	-	-	-	-	-	-	(1,075,993)	(1,075,993)
Dividends paid	41	-	-	-	-	-	-	-	-	(364,172)	(364,172)	(1,981)	(366,153)
Transactions with owners and other equity movements		(400,000)	108,787	-	-	-	(10,047)	(17,538)	-	(70,987)	(389,785)	(1,139,389)	(1,529,174)
At 31 March 2023		6,376,240	211,707	511,309	(4,258)	112,212	26,425	(28,579)	45,715	10,884,274	18,135,045	864	18,135,909

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

		Attributable to Equity Holders of the Company				
			Non-Distributable		Distributable	
Company	Note	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2021		5,550,250	67,778	(20,970)	4,461,734	10,058,792
Profit for the financial year		-	-	-	191,499	191,499
Total comprehensive income for the financial year		-	-	-	191,499	191,499
Issue of ordinary share capital pursuant to:						
- private placement	28	822,620	-	-	-	822,620
Buy-back of shares		-	-	(16,812)	-	(16,812)
Share-based payment under ESS, net		-	(2,173)	-	-	(2,173)
ESS shares vested to employees		-	(29,133)	26,741	2,392	-
Transactions with owners and other equity movements		822,620	(31,306)	9,929	2,392	803,635
At 31 March 2022		6,372,870	36,472	(11,041)	4,655,625	11,053,926

		Attributable to Equity Holders of the Company				
			Non-Distributable		Distributable	
Company	Note	Ordinary share capital RM'000	Executives' share scheme reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2022		6,372,870	36,472	(11,041)	4,655,625	11,053,926
Profit for the financial year		-	-	-	378,675	378,675
Total comprehensive income for the financial year		-	-	-	378,675	378,675
Buy-back of shares		-	-	(43,744)	-	(43,744)
Share-based payment under ESS, net		-	16,367	-	763	17,130
ESS shares vested to employees		-	(26,414)	26,206	208	-
Reversal of dividend accrued - ESS shares		-	-	-	1,001	1,001
Dividends paid	41	-	-	-	(364,172)	(364,172)
Transactions with owners and other equity movements		-	(10,047)	(17,538)	(362,200)	(389,785)
At 31 March 2023		6,372,870	26,425	(28,579)	4,672,100	11,042,816

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 March 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation and zakat					
Continuing operations		2,255,441	1,543,648	380,193	195,898
Discontinued operation		(84,952)	261,097	-	-
Profit before taxation and zakat including discontinued operation		2,170,489	1,804,745	380,193	195,898
Adjustments for:					
Amortisation of fair value changes on terminated hedge	9	6,320	8,724	-	-
Amortisation of intangible assets	35, 57(IV)	84,754	107,195	-	-
Amortisation of issuance costs and premium for term funding	25	1,237	3,471	-	-
Net accretion of discount for securities		(175,209)	(43,673)	-	-
Gain on liquidation of subsidiaries	34	-	(5)	-	(65)
Depreciation of property and equipment	35, 57(IV)	53,071	62,901	8	1
Depreciation of right-of-use assets	35, 57(IV)	77,010	77,884	-	-
Interest on lease liabilities	35, 57(IV)	6,486	7,815	-	-
Provision for reinstatement of leased properties	35	82	107	-	-
Gain on disposal of property and equipment	34, 57(III)	(9,056)	(75)	-	-
Dividend income	34	(3,139)	(4,206)	(396,947)	(193,058)
Allowances for impairment on financial investments	38	9,508	270,240	-	-
Impairment loss on investment in associate	17(c)	-	4,625	-	-
Writeback of impairment on investment in subsidiary	16(a)	-	-	(18,000)	-
(Writeback of)/allowances for impairment loss of other financial assets and insurance receivables	38, 57(I)	(2,071)	197	-	-
Property and equipment written off	35	33	55	-	-
Intangible assets written off	21(b)	-	5	-	-
Allowance for ECL on loans, advances and financing, net	37	732,186	554,563	-	-
Net loss on revaluation of derivatives		61,019	5,225	-	-
Unrealised loss on revaluation of hedged item arising from fair value hedge	9	7,973	9,087	-	-
Net (gain)/loss on sale of financial assets at fair value through profit or loss		(45,990)	442	-	-
Net gain on sale of financial investments at fair value through other comprehensive income		(211)	(4,814)	-	-
Net loss on revaluation of financial assets at fair value through profit or loss		27,145	41,502	-	-
(Writeback of)/allowances for ECL on loan/financing commitments and financial guarantees	27(d)	(77,937)	182,681	-	-
Allowances for/(writeback of) provision for commitments and contingencies	27(c)	131	(5,693)	-	-
Shares granted under ESS - charge/(writeback)	35, 57(IV)	17,815	(2,256)	-	-
Share in results of associates and joint ventures		(69,862)	(44,091)	-	-
Net adjustments of COVID-19 relief measures		(61,601)	(76,022)	-	-
Unrealised foreign exchange loss on term funding	25(c)	21,123	6,897	-	-
Operating profit/(loss) before working capital changes carried forward		2,831,306	2,967,526	(34,746)	2,776

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Operating profit/(loss) before working capital changes brought forward		2,831,306	2,967,526	(34,746)	2,776
Adjustments for: (cont'd.)					
Impairment of Kurnia Brand, agent relationship and other assets	57	115,981	-	-	-
Estimated loss on disposal of subsidiary	57	53,893	-	-	-
Remeasurement of leases	20, 27(e)	(59)	(523)	-	-
Termination of lease		(116)	(54)	-	-
Operating profit/(loss) before working capital changes		3,001,005	2,966,949	(34,746)	2,776
Decrease/(increase) in operating assets:					
Deposits and placements with banks and other financial institutions		9,254	(132)	-	-
Financial assets at fair value through profit or loss		(9,099,830)	2,349,902	(30)	(24)
Loans, advances and financing		(10,812,595)	(7,896,224)	-	-
Statutory deposits with Bank Negara Malaysia		(2,070,024)	48,754	-	-
Other assets		225,977	(393,088)	9,960	1,821,743
Reinsurance assets and other insurance receivables		15,939	(146,857)	-	-
Increase/(decrease) in operating liabilities:					
Deposits from customers		7,722,230	2,049,664	-	-
Investment accounts of customers		(361,387)	283,026	-	-
Deposits and placements of banks and other financial institutions		1,532,458	(57,800)	-	-
Securities sold under repurchase agreements		14,883,956	772,546	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		1,540,018	1,100,005	-	-
Term funding		269,875	119,859	-	-
Other liabilities		(237,833)	(1,704,389)	(491,289)	(2,342,053)
Insurance contract liabilities and other insurance payables		(39,909)	208,354	-	-
Cash generated from/(used in) operations		6,579,134	(299,431)	(516,105)	(517,558)
Taxation and zakat paid, net		(610,349)	(234,201)	(5,158)	(3,114)
Net cash generated from/(used in) operating activities		5,968,785	(533,632)	(521,263)	(520,672)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of financial investments		(11,249,815)	(4,502,185)	-	-
Dividend income received from other investments	34	3,139	4,206	-	-
Proceeds from disposal of property and equipment		20,588	358	-	-
Proceeds from capital reduction in subsidiaries		-	-	23,165	-
Capital return from subsidiaries liquidated during the year		-	-	-	140
Purchase of property and equipment	19	(57,510)	(25,425)	(28)	-
Purchase of intangible assets	21	(67,175)	(75,009)	-	-
Dividend received from subsidiaries	34	-	-	396,947	193,058
Subscription of shares in subsidiary	16(a)(4)(i)	-	-	-	(450,000)
Net cash inflow from disposal of subsidiary		1,126,025	-	-	-
Purchase of treasury shares	29(f)	(43,744)	(16,812)	(43,744)	(16,812)
Dividend received from associate		5,633	19,606	-	-
Net cash (used in)/generated from investing activities		(10,262,859)	(4,595,261)	376,340	(273,614)

STATEMENTS OF CASH FLOWS
For the financial year ended 31 March 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of Subordinated Notes/Sukuk, net	26(a)	-	100,000	-	-
Repayment of lease liabilities	27(e)	(80,423)	(85,647)	-	-
Dividends paid by the Company to its shareholders	41	(364,172)	-	(364,172)	-
Dividends paid to non-controlling interests		(1,981)	(98,480)	-	-
Return of capital to non-controlling interest		(1,075,993)	-	-	-
Proceeds from issuance of shares from private placement, net		-	824,683	-	822,620
Net cash (used in)/generated from financing activities		(1,522,569)	740,556	(364,172)	822,620
Net (decrease)/increase in cash and cash equivalents		(5,816,643)	(4,388,337)	(509,095)	28,334
Cash and cash equivalents at beginning of the financial year		14,516,864	18,905,756	717,660	689,326
Effect of exchange rate changes		146	(555)	-	-
Cash and cash equivalents at end of the financial year (Note a)		8,700,367	14,516,864	208,565	717,660

Note a: Cash and Cash Equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash and short-term funds	6	8,521,940	13,221,099	208,565	717,660
Deposits and placements with banks and other financial institutions	8	176,604	1,301,449	-	-
		8,698,544	14,522,548	208,565	717,660
Less: Deposits with original maturity of more than 3 months	8	-	(9,254)	-	-
		8,698,544	14,513,294	208,565	717,660
Add:					
Allowances for ECL for cash and cash equivalents	6, 8	1,823	3,570	-	-
Cash and cash equivalents		8,700,367	14,516,864	208,565	717,660

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

1. CORPORATE INFORMATION

AMMB Holdings Berhad ("AMMB") (or "the Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activity of the Company is that of investment holding.

The subsidiaries, as listed in Note 16, provide a wide range of wholesale banking, business banking, retail banking, investment banking and related financial services which also include Islamic banking business, underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services. There have been no significant changes in the nature of the principal activities during the financial year except for the disposal of general insurance business as disclosed in Note 56 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries ("AMMB Group" or "the Group") and the separate financial statements of the Company have been approved and authorised for issue by the Board of Directors on 28 April 2023.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

2.2 Statement of compliance

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

2.3 Presentation of financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023.

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies

(a) Business combinations and goodwill

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(b) Investment in subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(c) Investment in associates and joint ventures

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

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, i.e. joint control, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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

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

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

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

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

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

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Nevertheless, no adjustment is made to the accounting policies relating to financial instruments of any associate or joint venture with activities that are predominantly connected with insurance if the associate or joint venture concerned applies the temporary exemption from MFRS 9.

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Transactions with non-controlling interests

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

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

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

(e) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(f) Property and equipment

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

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

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

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

Leasehold land	2% or remaining lease period (whichever is shorter)
Buildings	2% or over the term of short term lease (whichever is shorter)
Leasehold improvements	15% to 20%
Motor vehicles	10% to 20%
Computer equipment	12.5% to 33.33%
Office equipment, furniture and fittings	10% to 50%

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

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

(g) Leases

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(g) Leases (cont'd.)

(i) The Group as a lessee

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

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

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

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

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

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

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

(ii) The Group as a lessor

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(h) Intangible assets, other than goodwill arising from business combination

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

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

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually, or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(i) Research and development costs

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(i) Financial instruments – initial recognition and measurement

(i) Initial recognition

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

(ii) Initial measurement

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

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

(iii) "Day 1" profit or loss

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

(j) Financial assets – classification and subsequent measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(j) Financial assets – classification and subsequent measurement (cont'd.)

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

(i) Debt instruments

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

Business model

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

Cash flow characteristics

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

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

Amortised cost

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

FVOCI

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(j) Financial assets – classification and subsequent measurement (cont'd.)

(i) Debt instruments (cont'd.)

FVTPL

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

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

(ii) Reclassification of debt investments

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

(iii) Equity instruments

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

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

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

(k) Financial liabilities – classification and subsequent measurement

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

- financial liabilities at FVTPL; and
- financial guarantee contracts and loans, advances and financing commitments (see Note 2.5(w)).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(k) Financial liabilities – classification and subsequent measurement (cont'd.)

(i) Amortised cost

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

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

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

(ii) FVTPL

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

(l) Derecognition of financial instruments

(i) Derecognition of financial assets

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(l) Derecognition of financial instruments (cont'd.)

(ii) Modification of loans, advances and financing

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

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

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

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

(iii) Derecognition of financial liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(m) Repurchase and reverse repurchase agreements

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

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

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

(n) Fair value measurement

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(n) Fair value measurement (cont'd.)

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

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

For assets or liabilities that are recognised at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value hierarchies of the following are disclosed in Note 50:

(i) financial instruments that are measured at fair value; and
(ii) financial assets, financial liabilities and non-financial assets that are not measured at fair value, but for which fair value is disclosed.

(o) Financial instruments - expected credit losses ("ECL")

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(o) Financial instruments - expected credit losses ("ECL") (cont'd.)

(i) Rescheduled and restructured loans/financing

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

(ii) Collateral valuation

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

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as property valuers, mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See Note 49.2.1d for further analysis of collateral).

(iii) Collateral repossessed

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

(p) Hedge accounting

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(p) Hedge accounting (cont'd.)

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

(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

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

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

(iii) Hedges of a net investment

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

(q) Offsetting financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(r) Impairment of non-financial assets

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

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

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

The following assets have specific characteristics for impairment testing:

(i) Goodwill

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

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

(ii) Intangible assets

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

(s) Cash and cash equivalents

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

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of 3 months or less and net of outstanding bank overdrafts.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(t) Assets held for sale and discontinued operation

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

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

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

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

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

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

Additional disclosures are provided in Note 54 and 57. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(u) Provisions

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

(v) Contingent liabilities and contingent assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(w) Financial guarantee contracts and loan/financing commitments

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

Loan/financing commitments provided by the Group are measured at the amount of the loss allowance (calculated as described in Note 2.5(o)).

(x) Recognition of income and expenses

(A) Recognition of income and expenses relating to financial instruments

(i) Interest/profit income and similar income and expense

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

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

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

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

(ii) Dividend income

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

(iii) Investment and trading income

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(x) Recognition of income and expenses (cont'd.)

(B) Recognition of revenue from contracts with customers

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

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

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

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

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

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

(i) Fee and commission income

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(x) Recognition of income and expenses (cont'd.)

(B) Recognition of revenue from contracts with customers (cont'd.)

(i) Fee and commission income (cont'd.)

Fee income from providing transaction services

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

(ii) Customer loyalty programmes

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

(y) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution pension plan

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(y) Employee benefits (cont'd.)

(iii) Defined benefit plans

The calculation of defined benefit liability, based on the present value of the defined benefit obligations at the end of the reporting less the fair value of plan assets, is performed annually by qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligations.

The Group recognises the following changes in the net defined benefit obligations in profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; or
- the date that the Group recognises restructuring-related costs.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding net interest) and the effect of the asset ceiling (if any, excluding net interest), are recognised immediately in OCI in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to profit or loss in subsequent periods.

(iv) Termination benefits

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

(v) Share-based payment transactions

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or writeback of shares granted under ESS for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(y) Employee benefits (cont'd.)

(v) Share-based payment transactions (cont'd.)

Where the terms of an equity-settled award are modified, the minimum expense recognised in "personnel costs" is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(z) Dividends on ordinary shares

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

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

(aa) Taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(aa) Taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

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

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

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

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

(ab) Zakat

This represents business zakat payable by the Group to comply with Shariah principles as approved by AmBank Islamic's Shariah Committee. Zakat provision is calculated by reference to the zakat rate of 2.5% of the net profit after tax of AmBank Islamic. The amount of zakat assessed is recognised as an expense in the period in which it is incurred.

In the financial year, the Group has fulfilled its obligation to pay business zakat to state zakat authorities and other identified beneficiaries (asnaf) comprising poor and needy students under the student adoption programme, flood victims and non-governmental organisations.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(ac) Earnings Per Share ("EPS")

The Group presents basic and diluted EPS data for its ordinary shares in Note 40. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period net of treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(ad) Segment reporting

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

The Group's segmental reporting is based on the following operating segments: retail banking, business banking, wholesale banking, investment banking, fund management, insurance and group funding and others, as disclosed in Note 51.

(ae) Share capital and share issuance expenses

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

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

(af) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of their clients. Assets held in a fiduciary capacity are not recognised as assets of the Group.

(ag) Insurance product classification

The Group issues contracts that transfer insurance risks or financial risks or both.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

Insurance contracts are those contracts when the Group has accepted significant insurance risk from another party (the "policyholders") by agreeing to compensate the policyholders if a specified uncertain future event (the "insured event") adversely affects the policyholders. As a general guideline, the insurer determines whether it has significant insurance risk, by comparing claims paid with claims payable if the insured event did not occur.

Investment contracts are those contracts that transfer significant financial risk and not significant insurance risk.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(ag) Insurance product classification (cont'd.)

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this financial year, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

The Group currently only issues contracts that transfer insurance risk.

(ah) Reinsurance

The Group cedes insurance risk in the normal course of business for all its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Group from its obligations to the policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliable measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in profit or loss.

The Group also assumes reinsurance risk in the normal course of business when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

(ai) Insurance receivables

Insurance receivables are amounts receivable under the contractual terms of an insurance contract. On initial recognition, insurance receivables are measured at fair value based on the consideration receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost using the effective yield method.

The Group assesses on a forward-looking basis the ECL associated with its insurance receivables. The Group recognises a loss allowance for such losses at each reporting date in profit or loss. The ECL is calculated using the same methodology applied for financial assets carried at amortised cost, as detailed in Note 2.5(o).

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.5(l), have been met.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(aj) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account premiums, movements in premiums and claims liabilities and commissions.

(i) Gross premiums

Gross premiums are recognised as income in the financial year in respect of risks assumed during the particular financial year.

(ii) Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial year in respect of the facultative risk assumed during the particular financial year, as in the case of direct policies, following individual risks' inception dates.

Inwards treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedents given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

(iii) Premium liabilities

Premium liabilities represent the Group's future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. In determining premium liabilities at reporting date, the method that most accurately reflects the actual unearned premium is used, as described in Note 2.5(ak).

(iv) Claims liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of claims liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the reporting date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the reporting date, using a mathematical method of estimation.

(v) Acquisition costs

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(ak) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. The valuation of general insurance contract liabilities is in accordance with the Risk-Based Capital ("RBC") Framework for Insurers issued by Bank Negara Malaysia ("BNM").

These liabilities comprise claims liabilities and premium liabilities.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(ak) General insurance contract liabilities (cont'd.)

(i) Claims liabilities

Claims liabilities are recognised in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the Group, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date. These include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claims liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall level. The liability is discounted at a risk free rate. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the claim is paid and settled, discharged or cancelled.

(ii) Premium liabilities

Premium liabilities are recorded at the higher of the following:

- aggregate of the unearned premium reserves ("UPR"); and
- the best estimate value of the Group's unexpired risk reserve ("URR") as at the valuation date and the PRAD calculated at the overall level.

(iii) UPR

The UPR represent the portion of the premiums of insurance policies written less deductible acquisition costs that relate to the unexpired period of the policies at the end of the financial year.

In determining UPR at the end of the reporting period, the method that most accurately reflect the actual unearned premium used is as follows:

i. 25% method for Malaysian marine cargo, aviation cargo and transit business;
ii. Daily time apportionment method for all other classes; or
iii. 1/24th method for inward treaty business.

(iv) URR

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the Group's expenses, including overheads and cost of reinsurance expected to be incurred during administering these policies and settling the relevant claims and expected future premium refunds. The URR is discounted at a risk free rate.

(v) Liability adequacy test

At each reporting date, the Group reviews its unexpired risks and a liability adequacy test ("LAT") is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs is inadequate, the deficiency is recognised in profit or loss by setting up a provision for liability adequacy.

(al) Government grant

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of amendments and annual improvements to standards

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)
- Reference to the Conceptual Framework (Amendments to MFRS 3)
- Annual Improvements to MFRS Standards 2018-2020

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

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

(a) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)

The amendments clarify that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset, and prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognised in profit or loss. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Company.

(b) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)

The amendments explain that, for the purpose of determining the unavoidable costs of meeting the entity's contractual obligations, the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an asset used to fulfil the contract). The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Company.

(c) Reference to the Conceptual Framework (Amendments to MFRS 3)

The amendments updated MFRS 3 *Business Combinations* to refer to the revised *Conceptual Framework for Financial Reporting* ("Conceptual Framework") in order to determine what constitutes an asset or a liability in a business combination. In addition, a new exception is added in MFRS 3 in connection with liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying MFRS 3 should instead refer to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* or IC Interpretation 21 *Levies*, rather than the Conceptual Framework. The adoption of these amendments did not result in any impact as there is no business combination or asset acquisition occurred during the financial year 31 March 2023.

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

3.1 Adoption of amendments and annual improvements to standards (cont'd.)

The nature of the amendments to published standards relevant to the Group and the Company are described below: (cont'd.)

(d) Annual Improvements to MFRS Standards 2018-2020

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments as summarised below:

(i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

When a subsidiary adopts MFRS at a later date than its parent, MFRS 1 permits the subsidiary to measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to MFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The amendment expanded the above by allowing the subsidiary to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS. The adoption of these amendments did not result in any impact as there is no subsidiary of the Group that adopt MFRS later than the Company.

(ii) MFRS 9 *Financial Instruments*

The amendment clarified that costs or fees paid to third parties shall not be included in the 10% test for derecognition of financial liabilities. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Company.

(iii) MFRS 141 *Agriculture*

The amendment removed the requirement for entities to exclude cash flows for taxation when measuring fair value to align with the requirement in the standard to discount cash flows on a post-tax basis. The adoption of this amendment did not result in any impact as the Group is not in the agriculture business.

3.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
- MFRS 17 *Insurance Contracts*	1 January 2023
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 *Insurance Contract*s)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)	1 January 2023
- Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
- Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	To be determined by MASB

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

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

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

The nature of the new standard and amendments to published standards that are issued but not yet effective are described below. The Group and the Company are currently assessing the financial effects of their adoption.

(a) New standard and amendments to published standards effective for financial year ending 31 March 2024

MFRS 17 *Insurance Contracts* and Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 *Insurance Contracts*)

MFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure which supersedes MFRS 4 *Insurance Contracts*.

MFRS 17 requires a general measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted fulfilment cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

For insurance contracts with direct participation features, the CSM is measured using the variable fee approach to deduct a variable fee comprising the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns of the underlying items.

Changes in cash flows related to future services should be recognised against the CSM. The CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognised in profit or loss. Interest is accreted on the CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time. Entities have an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

MFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided MFRS 9 is also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable. An entity that first applies MFRS 17 and MFRS 9 at the same time is also permitted to apply a classification overlay on the comparative information about a financial asset as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset before to overcome potential accounting mismatches.

The adoption of MFRS 17 is expected to impact the value of investment in associates and joint ventures.

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

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

The amendments are applied from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted. The Group currently adopted the policy not to recognise deferred taxes on leases, additional deferred taxes on temporary differences associated with right-of-use assets, lease liabilities and decommissioning obligations would need to be recognised when the amendments become effective.

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

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

(b) Amendments to published standards effective for financial year ending 31 March 2025

Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)

The amendments clarified that, in subsequently measuring the lease liability, seller-lessee determines lease payments and revised leased payments in a way that does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)

The amendments clarified that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

(c) Standard effective on a date to be determined by MASB

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS

There are no significant changes in regulatory requirements during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on the past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

5.1 Measurement of ECL allowances (Notes 6, 8, 11, 12, 13, 18, 27, 37, 38 and 52)

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

Components of ECL models that involve significant judgement includes:

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

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

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

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

5.3 Impairment of goodwill (Note 21)

The Group tests annually whether the goodwill that has an indefinite life is impaired by measuring the recoverable amount of the CGU based on the value-in-use method, which requires the use of estimates of future cash flow projections, terminal growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

5.4 Deferred tax assets (Note 15) and income taxes (Note 39)

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

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

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

In the previous financial year, AmBank (M) Berhad ("AmBank") and AmInvestment Bank Berhad ("AmInvestment Bank") have claimed tax deduction on the settlement of RM2.83 billion with Ministry of Finance Malaysia and its related expenses of RM21.0 million ("settlement sum") in the Year of Assessment ("YA") 2021 tax returns. The claim for tax deduction on the settlement sum was made based on legal opinion received and accordingly, AmBank and AmInvestment Bank recognised a portion of tax deduction amounting to RM220.5 million and RM14.1 million respectively as tax recoverable.

During the financial year, the Inland Revenue Board ("IRB") has formally communicated to both Banks with a differing view on the tax deductibility of the settlement sum. Management has seek legal advice arising from this latest update from IRB and concluded that the tax position taken by AmBank and AmInvestment Bank in prior year remains unchanged as the tax deduction on the settlement sum still hold merits. As such, the Group maintained the same tax position with the total of RM234.6 million as tax recoverable that is consistent with prior year tax treatment, resulting in nil tax impact to the Group's statement of profit or loss for the financial year ended 31 March 2023.

Management has also taken all the necessary steps and actions to ensure compliance with the tax regulations to maintain the Group's tax position in the current financial year. The Group will continuously reassess the tax recoverable recognised and the unutilised tax loss arose from the remaining tax deduction based on the developments of the discussion with IRB.

5.5 Fair value measurement of financial instruments (Notes 9, 10, 11 and 50)

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

5.6 Development costs (Note 21)

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

5.7 Impairment of investments in subsidiaries, associates and joint ventures (Note 16 and 17)

Investments in subsidiaries, associates and joint ventures ("investments") are for a long-term basis and the Group and the Company determine whether the carrying amounts of its investments are impaired as and when there is indication of impairment at reporting date. This requires an estimation of the VIU of the investments which is attributable to those investments. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the investments and also to use a suitable discount rate in order to calculate the VIU.

5.8 Estimated loss on disposal of a subsidiary (Note 56)

In arriving the estimated loss on disposal of AmGeneral Insurance Berhad ("AGIB") disclosed in Note 56, the Group estimated at the adjusted final disposal price based on the management accounts of AGIB and Liberty Insurance Bhd ("LIB") as of the date of disposal which includes an estimated actuarial loss of RM186 million based on the draft Independent Reserve Review ("IRR") report conducted by an independent actuary. The Group has engaged a separate independent reviewer to assess the value of the estimated actuarial loss. As at the end of the financial year, the Group's independent reviewer has completed its assessment. The adjusted disposal price will be finalised upon the completion of negotiation between the Group and LIB. Hence, the estimated loss on disposal of AGIB may be adjusted.

6. CASH AND SHORT-TERM FUNDS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and balances with banks and other financial institutions	2,530,187	1,502,255	208,565	717,660
Deposits and placements maturing within one month:				
Licensed banks	2,518,377	3,234,599	-	-
Bank Negara Malaysia	3,460,000	8,191,800	-	-
Other financial institutions	15,133	294,690	-	-
	5,993,510	11,721,089	-	-
	8,523,697	13,223,344	208,565	717,660
Less: Allowances for ECL	(1,757)	(2,245)	-	-
	8,521,940	13,221,099	208,565	717,660

6. CASH AND SHORT-TERM FUNDS (CONT'D.)

Movements in allowances for ECL are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023				
Balance at beginning of the financial year		2,225	20	2,245
Net (writeback of)/allowances for ECL	38	(858)	341	(517)
Transfer to 12-month ECL (Stage 1)		5	(24)	(19)
Transfer from deposits and placements with banks and other financial institutions	8	6,204	35	6,239
New financial assets originated		16,914	685	17,599
Financial assets derecognised		(23,807)	(585)	(24,392)
Net remeasurement of allowances		(174)	230	56
Foreign exchange differences		89	(60)	29
Balance at end of the financial year		1,456	301	1,757

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022				
Balance at beginning of the financial year		2,310	21	2,331
Net writeback of ECL	38	(60)	-	(60)
Transfer from deposits and placements with banks and other financial institutions	8	3,325	-	3,325
New financial assets originated		22,795	4	22,799
Financial assets derecognised		(26,374)	(2)	(26,376)
Net remeasurement of allowances		194	(2)	192
Foreign exchange differences		(25)	(1)	(26)
Balance at end of the financial year		2,225	20	2,245

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

7. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

8. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2023 RM'000	2022 RM'000
Deposits and placements with licensed banks maturing more than one month:		
Licensed banks	176,670	1,302,774
Less: Allowances for ECL	(66)	(1,325)
	176,604	1,301,449
Of which deposits and placements with original maturity of:		
Three months or less	176,670	1,293,520
More than three months	-	9,254
	176,670	**1,302,774**

Movements in allowances for ECL are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023				
Balance at beginning of the financial year		1,325	-	1,325
Net writeback of ECL	38	(1,259)	-	(1,259)
Transfer to cash and short-term funds	6	(6,204)	(35)	(6,239)
New financial assets originated		5,042	35	5,077
Net remeasurement of allowances		(97)	-	(97)
Balance at end of the financial year		66	-	66

Group	Note	Stage 1 12-month ECL RM'000
2022		
Balance at beginning of the financial year		42
Net allowances for ECL	38	1,283
Transfer to cash and short-term funds	6	(3,325)
New financial assets originated		4,573
Net remeasurement of allowances		35
Balance at end of the financial year		1,325

The allowances for impairment on deposits and placement with banks and other financial institutions decreased mainly due to the transfer to cash and short-term funds; partially offset by new deposits and placements with licensed banks.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	2023			2022		
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
Trading derivatives						
Interest/profit rate related contracts:	34,547,432	398,874	213,434	38,845,917	424,297	345,542
- One year or less	12,307,294	24,561	18,527	12,051,408	54,274	49,463
- Over one year to three years	9,901,808	123,928	59,679	15,851,862	125,730	119,451
- Over three years	12,338,330	250,385	135,228	10,942,647	244,293	176,628
Foreign exchange related contracts:	52,555,959	503,261	723,723	48,628,852	341,606	372,353
- One year or less	45,087,669	293,947	368,421	40,258,048	124,735	105,866
- Over one year to three years	4,074,334	120,828	156,028	5,031,525	142,909	144,524
- Over three years	3,393,956	88,486	199,274	3,339,279	73,962	121,963
Equity and commodity related contracts:	1,432,375	18,974	23,897	1,645,753	55,470	74,386
- One year or less	1,352,573	12,452	17,353	1,570,386	47,256	66,123
- Over one year to three years	79,802	6,522	6,544	75,367	8,214	8,263
	88,535,766	921,109	961,054	89,120,522	821,373	792,281
Hedging derivatives						
Interest/profit rate related contracts:						
Interest/profit rate swaps:						
Fair value hedge	350,000	-	3,265	350,000	-	11,282
- Over one year to three years	350,000	-	3,265	350,000	-	11,282
Total	88,885,766	921,109	964,319	89,470,522	821,373	803,563

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest/profit periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

The principal interest/profit rate contracts used are interest/profit rate futures and interest/profit rate swaps. An interest/profit rate futures contract is an exchange traded contract whose value is based on the difference between a specific interest/profit rate and a reference rate on a notional deposit or fixed income security at a future settlement date. Interest/profit rate swap transactions generally involve the exchange of fixed and floating interest/profit payment obligations without the exchange of the underlying principal amounts.

The principal equity contracts used are equity option, equity futures and equity swap. An equity option is a financial derivative that represents a contract sold by one party ("option writer") to another party ("option holder"). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the "strike price") during a certain period of time or on a specific date ("exercise date"). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future. Equity swaps are one of the most basic equity derivatives products and are usually traded over-the-counter ("OTC") with financial institutions and corporates. It is a contractual agreement between parties to exchange two streams of payments, one based on a pre-determined index or equity price, and the other based on a reference interest rate (that is KLIBOR or LIBOR). The underlying reference for equity swaps is usually to an index, a basket of stocks or a single underlying stock.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest/profit rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest/profit rate and foreign exchange rate factors, the Group uses them to reduce the overall interest/profit rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 49.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised at fair value upon inception in the statements of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading purposes, fair value changes are recognised in the profit or loss. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At inception of a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the hedged risk, the risk management objective and strategy for undertaking the hedge.

The Group discontinues hedge accounting prospectively if the hedged item(s) or the hedging instrument(s) is/are sold, terminated or exercised or if the hedge no longer meets the requirements of hedge accounting (after taking into account any rebalancing of the hedging relationship).

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting (cont'd.)

(i) Fair value hedge

The Group's fair value hedges principally consist of profit rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market profit rates. A wholly-owned subsidiary, AmBank Islamic had undertaken a fair value hedge to hedge the profit rate risk of its unquoted securities as disclosed in Note 11.

Profit rate risk

The Group holds a portfolio of long-term fixed rate financial investments, therefore is exposed to changes in fair value due to movements in market profit rates. The Group manages a portion of this risk exposure that is not naturally offset against floating rate positions held by the Group in financial investments by entering into pay fixed/receive floating profit rate swaps.

Only the profit rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group. The profit rate risk component is determined as the change in fair value of the long-term fixed rate financial investments (e.g. sukuk) arising solely from changes in 6-month KLIBOR (the benchmark rate of interest). Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed with reference to the effectiveness requirements as set out in MFRS 9, which include demonstrating economic relationship, assessing the effect of credit risk and calculating hedge ratio.

The Group establishes the hedging ratio by matching the notional of the derivatives with the principal of the long-term fixed rate financial investments being hedged. The main source of ineffectiveness is differences in timing of cash flows between debt instruments and profit rate swaps.

(ii) Cash flow hedge

Interest rate risk

The Group's cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest bearing assets and incurring liabilities. This hedging strategy is applied towards treasury fixed deposits and short-term treasury deposits. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early repayment for loans and withdrawal for deposits. As a result, the Group adopts a dynamic hedging strategy (sometimes referred to as a "macro" or "portfolio" hedge) to hedge the exposure profile by closing and entering into new swap agreements at each month-end. The aggregate principal balances and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity in the cash flow hedge reserve and are transferred to profit or loss when the forecast cash flows affect the profit or loss. The effectiveness of this hedge is assessed with reference to the effectiveness requirements as set out in MFRS 9, which include demonstrating economic relationship, assessing the effect of credit risk and calculating hedge ratio.

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

As at 31 March 2023, there is no underlying hedged cash flows recognised in the profit or loss as the cash flow hedge was discontinued. As at 31 March 2022, all underlying hedged cash flows had been fully recognised in the profit or loss.

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

In the previous financial year, the Group had discontinued its cash flow hedges on its variable rate short-term treasury deposits and fixed deposits portfolio using interest rate swaps with a total notional value of RM1.4 billion. Hence, the total unamortised fair value balances in the cash flow hedging reserve are to be amortised to the profit or loss over the remaining life of the hedge instruments. Total fair value loss amortised during the current financial year was RM6,320,000 (2022: fair value loss of RM8,724,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting (cont'd.)

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

Group	Maturity				
	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 1 year RM'000	> 1 year to 5 years RM'000	More than 5 years RM'000
2023					
Fair value hedge					
- Profit rate risk					
Profit rate swap					
Notional	-	-	-	350,000	-
Average floating profit rate	-	-	-	3.30%	-

Group	Maturity				
	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 1 year RM'000	> 1 year to 5 years RM'000	More than 5 years RM'000
2022					
Fair value hedge					
- Profit rate risk					
Profit rate swap					
Notional	-	-	-	350,000	-
Average floating profit rate	-	-	-	3.30%	-

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

Group	Notional RM'000	Carrying amount of		Changes in fair value used for calculating hedge ineffectiveness during the year RM'000
		Derivative Financial Assets RM'000	Derivative Financial Liabilities RM'000	
2023				
Fair value hedge				
Profit rate risk				
- Profit rate swaps	350,000	-	(3,265)	8,017

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting (cont'd.)

(iv) The following table contains details of the hedging instruments used in the Group's hedging strategies: (cont'd.)

Group	Notional RM'000	Carrying amount of Derivative Financial Assets RM'000	Carrying amount of Derivative Financial Liabilities RM'000	Changes in fair value used for calculating hedge ineffectiveness during the year RM'000
2022				
Fair value hedge				
Profit rate risk				
- Profit rate swaps	350,000	-	(11,282)	9,052
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	-	-	-	1,654

(v) The following table shows a reconciliation of each component of equity and an analysis of other comprehensive income in relation to the Group's cash flow hedge reserve:

Group	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	(9,062)	(16,949)
Interest rate risk:		
- effective portion of changes in fair value of interest rate swaps	-	1,654
- amortisation of fair value changes for terminated hedge	6,320	8,724
- tax effect	(1,516)	(2,491)
Balance at end of the financial year	(4,258)	(9,062)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting (cont'd.)

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

Group	Carrying amount of		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Statement of financial position line item	Changes in fair value used for calculating hedge ineffectiveness during the year RM'000	Cash flow hedge reserve	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			Continuing hedge RM'000	Discontinued hedge RM'000
2023								
Fair value hedge								
Profit rate risk								
- Unquoted Sukuk	353,409	-	3,385	-	Financial investments at FVOCI	(7,973)	-	-

Group	Carrying amount of		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Statement of financial position line item	Changes in fair value used for calculating hedge ineffectiveness during the year RM'000	Cash flow hedge reserve	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			Continuing hedge RM'000	Discontinued hedge RM'000
2022								
Fair value hedge								
Profit rate risk								
- Unquoted Sukuk	357,424	-	11,358	-	Financial investments at FVOCI	(9,087)	-	-
Cash flow hedge								
Interest rate risk								
- Deposits	-	-	-	-	-	(1,654)	-	-

9. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting (cont'd.)

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

Group	(Loss)/gain recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Statement of profit or loss/other comprehensive income line item that includes hedge ineffectiveness	Amount reclassified from reserves to profit or loss as		
				Hedged cash flows will no longer occur RM'000	Hedged item affecting profit or loss RM'000	Profit or loss line item that includes reclassified amount RM'000
2023						
Fair value hedge						
Profit rate risk						
- Unquoted Sukuk	(7,973)	44	Other operating income	-	-	-

Group	(Loss)/gain recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Statement of profit or loss/other comprehensive income line item that includes hedge ineffectiveness	Amount reclassified from reserves to profit or loss as		
				Hedged cash flows will no longer occur RM'000	Hedged item affecting profit or loss RM'000	Profit or loss line item that includes reclassified amount RM'000
2022						
Fair value hedge						
Profit rate risk						
- Unquoted Sukuk	(9,087)	(35)	Other operating income	-	-	-
Cash flow hedge						
Interest rate risk						
- Deposits	1,654	-	Other operating income	-	-	-

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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group		Company	
At Fair Value	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Money Market Instruments:					
Malaysian Treasury Bills		2,766,826	100,625	-	-
Malaysian Islamic Treasury Bills		3,644,507	1,313,273	-	-
Malaysian Government Securities		582,357	258,277	-	-
Malaysian Government Investment Issues		287,727	401,406	-	-
Cagamas bonds		-	99,460	-	-
Bank Negara Monetary Notes		2,887,770	-	-	-
		10,169,187	2,173,041	-	-
Quoted Securities:					
In Malaysia:					
Shares	(a)	627,690	643,145	-	-
Unit trusts *		22,854	178,219	1,158	1,128
Corporate bonds and sukuk *		10,236	13,315	-	-
Outside Malaysia:					
Shares	(a)	446,560	481,104	-	-
		1,107,340	1,315,783	1,158	1,128
Unquoted Securities:					
In Malaysia:					
Shares		33	31	-	-
Corporate bonds and sukuk *		1,494,347	3,727,705	-	-
		1,494,380	3,727,736	-	-
Total		12,770,907	7,216,560	1,158	1,128

(a) Shares held for purposes of derivatives transactions.

* The significant decrease is mainly due to the derecognition of investments as a result of the disposal of a subsidiary.

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

At Fair Value	Note	Group 2023 RM'000	Group 2022 RM'000
Money Market Instruments:			
Malaysian Treasury Bills		466,728	-
Malaysian Government Securities ("MGS")		4,273,588	3,099,232
Malaysian Government Investment Issues ("MGII")		5,083,442	4,356,026
Bank Negara Monetary Notes		494,320	-
Negotiable Instruments of Deposit		-	450,001
Islamic Negotiable Instruments of Deposit		-	579,298
Malaysian Islamic Treasury Bills		2,218,495	-
Foreign Government Investment Issues		13,309	13,619
		12,549,882	8,498,176
Unquoted Securities:			
In Malaysia:			
Shares	(i)	682,097	674,457
Corporate bonds and sukuk		12,367,702	9,573,069
Outside Malaysia:			
Shares	(i)	761	632
Corporate bonds and sukuk		10,291	10,423
		13,060,851	10,258,581
Total		25,610,733	18,756,757

The Group had undertaken a fair value hedge on the profit rate risk of unquoted sukuk of RM350.0 million (2022: RM350.0 million). The gain/(loss) arising from the fair value hedge is as follows:

	Group 2023 RM'000	Group 2022 RM'000
Relating to hedged item	(7,973)	(9,087)
Relating to hedging instrument	8,017	9,052
	44	(35)

In the previous financial year, the Group had recognised a total carrying amount of RM1.90 billion (RM1.85 billion in nominal value) of MGS and MGII for statutory reserve requirement purposes as part of the flexibility allowed by BNM based on the policy document *Statutory Reserve Requirements* on 27 March 2020. The flexibility was available until 31 December 2022 with no subsequent extensions. As such, no MGS and MGII were held in Statutory Reserve Account as at 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

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

Movements in allowances for ECL are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023				
Balance at beginning of the financial year		10,494	9,842	20,336
Net writeback of ECL	38	(224)	(6,817)	(7,041)
- Transfer to 12-month ECL (Stage 1)		596	(8,650)	(8,054)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(1,595)	3,410	1,815
- New financial assets originated		10,871	-	10,871
- Financial assets derecognised		(7,209)	(2,996)	(10,205)
- Net remeasurement of allowances		(2,887)	1,419	(1,468)
Foreign exchange differences		12	(1)	11
Balance at end of the financial year		10,282	3,024	13,306

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022				
Balance at beginning of the financial year		11,224	6,847	18,071
Net (writeback of)/allowances for ECL	38	(732)	2,995	2,263
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(893)	3,602	2,709
- New financial assets originated		4,809	-	4,809
- Financial assets derecognised		(4,010)	(607)	(4,617)
- Net remeasurement of allowances		(638)	-	(638)
Foreign exchange differences		2	-	2
Balance at end of the financial year		10,494	9,842	20,336

The movements in allowances for ECL during the current financial year are due to the following:

- 12-month ECL (Stage 1) - decrease of RM212,000 mainly due to derecognition of financial assets, net remeasurement of allowances, transfer to lifetime ECL not credit impaired (Stage 2); partially offset by ECL for new financial assets originated.

- Lifetime ECL not credit impaired (Stage 2) - decrease of RM6,818,000 mainly due to transfer to 12 month ECL (Stage 1), derecognition of financial assets and partially offset by transfer to lifetime ECL not credit impaired (Stage 2) and net remeasurement of allowances.

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

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

Group	2023 Carrying value RM'000	2023 Dividend income (Note 34) RM'000	2022 Carrying value RM'000	2022 Dividend income (Note 34) RM'000
Unquoted securities in Malaysia:				
Shares				
ABM Investments Sdn Bhd	1	-	1	-
Cagamas Holdings Berhad	404,505	2,413	406,878	2,413
Credit Guarantee Corporation Malaysia Bhd	83,412	-	89,834	-
Financial Park (Labuan) Sdn Bhd	84,647	500	82,185	1,000
Malaysia South-South Corporation Bhd	2,960	146	3,131	293
Malaysian Rating Corporation Berhad	2,614	80	2,769	160
Payments Network Malaysian Sdn Bhd	103,958	-	89,659	-
RAM Holdings Berhad	-	-	-	340
	682,097	3,139	674,457	4,206
Unquoted securities outside Malaysia:				
Shares				
S.W.I.F.T SCRL	761	-	632	-

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

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

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

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For the financial year ended 31 March 2023

12. FINANCIAL INVESTMENTS AT AMORTISED COST

At Amortised Cost	Group 2023 RM'000	Group 2022 RM'000
Money Market Instruments:		
Malaysian Government Securities	1,346,712	907,429
Malaysian Government Investment Issues	4,107,989	2,261,515
	5,454,701	3,168,944
Unquoted Securities:		
In Malaysia:		
Corporate bonds and sukuk	8,514,775	6,352,046
	13,969,476	9,520,990
Less: Allowances for ECL	(499,773)	(483,224)
Total	13,469,703	9,037,766

Movements in allowances for ECL are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023					
Balance at beginning of the financial year		4,497	-	478,727	483,224
Net allowances for ECL	38	2,430	-	14,119	16,549
- New financial assets originated		3,792	-	-	3,792
- Net remeasurement of allowances		(457)	-	14,119	13,662
- Financial assets derecognised		(905)	-	-	(905)
Balance at end of the financial year		6,927	-	492,846	499,773

12. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)

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

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022					
Balance at beginning of the financial year		3,916	211,331	-	215,247
Net allowances for/(writeback of) ECL	38	581	(211,331)	478,727	267,977
- Transfer to 12-month ECL (Stage 1)		591	(8,549)	-	(7,958)
- Transfer to Lifetime ECL credit impaired (Stage 3)		-	(10,788)	478,727	467,939
- New financial assets originated		385	-	-	385
- Net remeasurement of allowances		(379)	-	-	(379)
- Financial assets derecognised		(16)	-	-	(16)
- Changes in model assumptions and methodologies		-	(191,994)	-	(191,994)
Balance at end of the financial year		4,497	-	478,727	483,224

The increase in allowances for ECL is mainly contributed by net remeasurement of allowances and new financial assets originated.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

13. LOANS, ADVANCES AND FINANCING

At Amortised Cost	Note	Group 2023 RM'000	Group 2022 RM'000
Loans, advances and financing:			
Term loans/financing		43,398,222	38,801,821
Revolving credit		12,350,195	11,370,620
Housing loans/financing		41,736,571	39,031,362
Hire purchase receivables		14,483,326	13,854,097
Card receivables		2,099,858	1,903,171
Overdrafts		3,285,631	3,222,656
Claims on customers under acceptance credits		7,121,490	6,485,259
Trust receipts		2,554,759	2,577,510
Bills receivables		2,947,175	2,473,103
Staff loans		102,547	106,105
Others		146,997	167,557
Gross loans, advances and financing		130,226,771	119,993,261
Less: Allowances for ECL			
- Stage 1 - 12-month ECL	(i)	(236,612)	(217,884)
- Stage 2 - Lifetime ECL not credit impaired	(i)	(1,160,966)	(1,159,616)
- Stage 3 - Lifetime ECL credit impaired	(i)	(586,588)	(550,076)
		(1,984,166)	(1,927,576)
Net loans, advances and financing		128,242,605	118,065,685

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

	Group 2023 RM'000	Group 2022 RM'000
Domestic non-bank financial institutions	3,316,997	3,133,599
Domestic business enterprises:		
- Small and medium enterprises	26,680,264	24,919,016
- Others	27,188,177	25,613,034
Government and statutory bodies	2,638,909	163,603
Individuals	68,456,302	64,535,980
Other domestic entities	8,848	7,647
Foreign individuals and entities	1,937,274	1,620,382
	130,226,771	119,993,261

13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
In Malaysia	129,943,758	119,099,088
Outside Malaysia	283,013	894,173
	130,226,771	119,993,261

(c) Gross loans, advances and financing analysed by interest rate/profit rate of return sensitivity are as follows:

	Group	
	2023 RM'000	2022 RM'000
Fixed rate:		
- Housing loans/financing	616,368	314,482
- Hire purchase receivables	14,085,713	13,355,884
- Other loans/financing	13,554,457	10,907,556
Variable rate:		
- Base rate and lending/financing rate plus	69,490,820	65,265,205
- Cost plus	31,331,647	28,898,958
- Other variable rates	1,147,766	1,251,176
	130,226,771	119,993,261

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13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
Agriculture	3,056,513	2,374,086
Mining and quarrying	2,166,074	2,130,214
Manufacturing	15,768,934	15,902,661
Electricity, gas and water	1,522,997	1,182,630
Construction	4,471,263	4,352,593
Wholesale and retail trade and hotels and restaurants	12,165,060	10,534,493
Transport, storage and communication	5,183,071	4,842,904
Finance and insurance	5,119,567	3,266,845
Real estate	7,737,253	6,616,194
Business activities	2,457,545	2,258,944
Education and health	1,537,580	1,409,736
Household of which:	69,035,564	65,096,931
- Purchase of residential properties	42,054,000	39,390,816
- Purchase of transport vehicles	13,161,422	12,575,408
- Others	13,820,142	13,130,707
Others	5,350	25,030
	130,226,771	119,993,261

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

	Group	
	2023 RM'000	2022 RM'000
Maturing within one year	33,676,035	30,390,452
Over one year to three years	6,892,129	6,830,043
Over three years to five years	12,039,646	11,611,293
Over five years	77,618,961	71,161,473
	130,226,771	119,993,261

13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	1,676,044	1,770,320
Additions during the financial year	1,961,165	1,357,323
Reclassified as non-impaired	(199,101)	(205,843)
Recoveries	(865,651)	(542,645)
Amount written off	(676,386)	(702,792)
Foreign exchange differences	376	(319)
Balance at end of the financial year	1,896,447	1,676,044
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.46%	1.40%
Loan/financing loss coverage (including regulatory reserve)	127.67%	139.24%

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

	Group	
	2023 RM'000	2022 RM'000
In Malaysia	1,896,447	1,666,873
Outside Malaysia	-	9,171
	1,896,447	1,676,044

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
Agriculture	7,152	8,834
Mining and quarrying	43,082	175,741
Manufacturing	214,954	226,687
Electricity, gas and water	47,366	4,639
Construction	172,476	112,676
Wholesale and retail trade and hotels and restaurants	213,270	170,049
Transport, storage and communication	23,594	18,518
Finance and insurance	11,201	1,494
Real estate	11,413	188,167
Business activities	44,095	37,595
Education and health	11,863	6,218
Household of which:	1,095,981	725,426
- Purchase of residential properties	841,786	540,323
- Purchase of transport vehicles	115,068	80,127
- Others	139,127	104,976
	1,896,447	1,676,044

13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023					
Balance at beginning of the financial year		217,884	1,159,616	550,076	1,927,576
Net allowances for ECL	37	18,382	1,378	712,426	732,186
- Transfer to 12-month ECL (Stage 1)		14,137	(158,939)	(5,763)	(150,565)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(15,556)	174,054	(22,465)	136,033
- Transfer to Lifetime ECL credit impaired (Stage 3)		(1,463)	(35,213)	290,890	254,214
- New financial assets originated		65,456	87,732	10,888	164,076
- Net remeasurement of allowances		10,549	29,078	475,977	515,604
- Modification of contractual cash flows of financial assets		(144)	2,213	2,027	4,096
- Financial assets derecognised		(38,131)	(108,258)	(75,940)	(222,329)
- Changes in model assumptions and methodologies		(16,466)	10,711	36,812	31,057
Foreign exchange differences		415	(28)	472	859
Amount written off		-	-	(676,386)	(676,386)
Derecognition - disposal of subsidiary		(69)	-	-	(69)
Balance at end of the financial year		236,612	1,160,966	586,588	1,984,166

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

13. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022					
Balance at beginning of the financial year		431,800	1,109,340	534,631	2,075,771
Net (writeback of)/allowances for ECL	37	(214,035)	50,259	718,339	554,563
- Transfer to 12-month ECL (Stage 1)		10,638	(116,234)	(4,209)	(109,805)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(20,546)	165,613	(24,785)	120,282
- Transfer to Lifetime ECL credit impaired (Stage 3)		(1,304)	(37,541)	99,054	60,209
- New financial assets originated		56,300	71,735	5,707	133,742
- Net remeasurement of allowances		(55,790)	24,165	741,532	709,907
- Modification of contractual cash flows of financial assets		(1,750)	4,847	83	3,180
- Financial assets derecognised		(39,585)	(72,934)	(99,043)	(211,562)
- Changes in model assumptions and methodologies		(161,998)	10,608	-	(151,390)
Foreign exchange differences		119	17	(102)	34
Amount written off		-	-	(702,792)	(702,792)
Balance at end of the financial year		217,884	1,159,616	550,076	1,927,576

Overall, the total allowance for impairment on loans, advances and financing had increased due to the following:

(a) 12-month ECL (Stage 1) – increase of RM18,728,000 mainly due to newly originated loans, advances and financing, impact from migration to Stage 1; partially offset by financial assets derecognised and the impact from migration to Stage 2.

(b) Lifetime ECL not credit impaired (Stage 2) – increase of RM1,350,000 mainly due to the impact of migration to Stage 2, newly originated loans, advances and financing, net remeasurement of allowances and impacts from the changes in model assumptions and methodologies; partially offset by loans, advances and financing derecognised impact of migration to Stage 1 and Stage 3.

(c) Lifetime ECL credit impaired (Stage 3) – increase of RM36,512,000 mainly due to the net remeasurement of allowances and migration of loans, advances and financing to Stage 3 due to deterioration in credit quality; partially offset by written off of loans, advances and financing.

14. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

15. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	220,655	218,551
Deferred tax liabilities	-	(8,093)
	220,655	210,458

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

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	300,614	337,691
Deferred tax liabilities	(79,959)	(127,233)
	220,655	210,458

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows:

Deferred tax assets

		Continuing operations		Discontinued operation		
Group	Balance at beginning of the financial year RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	Recognised in profit or loss RM'000	Derecognition - disposal of subsidiary RM'000	Balance at end of the financial year RM'000
2023						
Cash flow hedge reserve	2,861	-	(1,516)	-	-	1,345
Provision for commitments and contingencies	852	30	-	-	-	882
Provision for expenses	126,770	21,827	-	(5,096)	(41,933)	101,568
Allowances for ECL	142,416	16,104	-	-	-	158,520
Fair value reserve	31,597	2,431	(2,048)	6,491	(10,075)	28,396
Other temporary differences	33,195	(23,292)	-	-	-	9,903
	337,691	17,100	(3,564)	1,395	(52,008)	300,614

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For the financial year ended 31 March 2023

15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows: (cont'd.)

Deferred tax assets (cont'd.)

Group	Balance at beginning of the financial year RM'000	Continuing operations: Recognised in profit or loss RM'000	Continuing operations: Recognised in other comprehensive income RM'000	Discontinued operation: Recognised in profit or loss RM'000	Balance at end of the financial year RM'000
2022					
Cash flow hedge reserve	5,352	-	(2,491)	-	2,861
Provision for commitments and contingencies	859	(7)	-	-	852
Provision for expenses	95,860	20,022	-	10,888	126,770
Allowances for ECL	142,340	76	-	-	142,416
Fair value reserve	-	-	31,597	-	31,597
Other temporary differences	60,499	(27,304)	-	-	33,195
	304,910	(7,213)	29,106	10,888	337,691

Deferred tax liabilities

Group	Balance at beginning of the financial year RM'000	Continuing operations: Recognised in profit or loss RM'000	Discontinued operation: Recognised in profit or loss RM'000	Discontinued operation: Derecognition - disposal of subsidiary RM'000	Balance at end of the financial year RM'000
2023					
Excess of capital allowance over depreciation and amortisation	36,823	(4,101)	1,908	(5,269)	29,361
Deferred charges	45,674	4,694	-	-	50,368
Intangible assets	29,229	2,306	(33,914)	2,379	-
Fair value reserve	9,690	(9,460)	-	-	230
Other temporary differences	5,817	(2,825)	(301)	(2,691)	-
	127,233	(9,386)	(32,307)	(5,581)	79,959

15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities (cont'd.)

Group	Balance at beginning of the financial year RM'000	Continuing operations: Conversion of RCCPS RM'000	Continuing operations: Recognised in profit or loss RM'000	Continuing operations: Recognised in other comprehensive income RM'000	Discontinued operation: Recognised in profit or loss RM'000	Discontinued operation: Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
2022							
Excess of capital allowance over depreciation and amortisation	40,688	-	(4,020)	-	155	-	36,823
Deferred charges	46,235	-	(561)	-	-	-	45,674
Intangible assets	32,698	-	(2,460)	-	(1,009)	-	29,229
Redeemable cumulative convertible preference share ("RCCPS")	12,537	(11,944)	(593)	-	-	-	-
Fair value reserve	51,999	-	-	(32,029)	(10,280)	-	9,690
Other temporary differences	6,072	-	1	-	16	(272)	5,817
	190,229	(11,944)	(7,633)	(32,029)	(11,118)	(272)	127,233

As at 31 March 2023, there is unabsorbed capital allowances which amounted to RM451,032,000 (2022: RM451,081,000) that is available for offset against future taxable profit of leasing business from two (2022: four) of its subsidiaries. The non-recognition of deferred tax asset arose from unabsorbed capital allowances is due to the uncertainty in timing of its recoverability. The recognition of deferred tax asset arose from unutilised tax losses is as disclosed in Note 5.4.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS

(a) Investment in subsidiaries

	Note	Company 2023 RM'000	Company 2022 RM'000
At cost			
Unquoted shares in Malaysia			
Balance at beginning of the financial year		11,113,482	10,663,557
Return of capital	16(a)(3)(i)	(23,165)	-
Subscription of new ordinary shares	16(a)(4)(i)	-	450,000
Dissolution of a subsidiary	16(a)(4)(ii)	-	(75)
		11,090,317	11,113,482
Less: Impairment		(238,132)	(256,132)
Balance at end of the financial year		10,852,185	10,857,350

Movements in impairment allowance for investment in subsidiaries are as follows:

	Company 2023 RM'000	Company 2022 RM'000
Balance at beginning of the financial year	256,132	256,132
Writeback of impairment for the financial year	(18,000)	-
Balance at end of the financial year	238,132	256,132

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

(1) Details of the subsidiaries are as follows:

Subsidiaries	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
AmInvestment Group Berhad ("AIGB")	Investment holding	100.00	100.00
AMAB Holdings Sdn Bhd ("AMAB Holdings")	Investment holding	100.00	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	100.00	100.00
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	100.00	100.00
AmBank Islamic Berhad ("AmBank Islamic")	Islamic banking	100.00	100.00
MBF Cards (M'sia) Sdn Bhd ("MBF Cards")	Dormant	100.00	100.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	100.00	100.00
AmCard Services Berhad	Outsourcing servicer for mortgage related services	100.00	100.00
AmGeneral Holdings Berhad ("AGHB")	Investment holding	100.00	51.00
AmGeneral Insurance Berhad ("AGIB")	General insurance	-	51.00
AmFunds Management Berhad ("AFM")	Fund management including management of unit trusts and private retirement schemes	100.00	100.00
AmIslamic Funds Management Sdn Bhd ("AIFM")	Islamic fund management services and distribution of Islamic wholesale funds	100.00	100.00
AMMB Nominees (Tempatan) Sdn Bhd[2]	Dormant	100.00	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	100.00	100.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	100.00	100.00
AM Nominees (Tempatan) Sdn Bhd[1]	Nominee services	100.00	100.00
AM Nominees (Asing) Sdn Bhd	Nominee services	100.00	100.00
AmREIT Holdings Sdn Bhd	Investment holding	70.00	70.00
AmREIT Managers Sdn Bhd	Management of real estate investment trusts	70.00	70.00
MBf Information Services Sdn Bhd	Property investment	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

(1) Details of the subsidiaries are as follows: (cont'd.)

Subsidiaries	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
MBf Nominees (Tempatan) Sdn Bhd[3]	Dormant	100.00	100.00
MBf Trustees Berhad[4]	Dormant	60.00	60.00
AmProperty Holdings Sdn Bhd	Property investment	100.00	100.00
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.00	100.00
Bougainvillaea Development Sdn Bhd	Property investment	100.00	100.00
Malco Properties Sdn Bhd[3]	Dormant	81.51	81.51
AmMortgage One Berhad ("AmMortgage")	Securitisation of mortgage loans	100.00	100.00
AmLabuan Holdings (L) Ltd	Investment holding	100.00	100.00
AmInvestment Management Sdn Bhd ("AIM")[5]	Dormant	100.00	100.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")[5]	Dormant	80.00	80.00
AmFutures Sdn Bhd ("AmFutures")[6]	Dormant	100.00	100.00
AmResearch Sdn Bhd ("AmResearch")[5]	Dormant	100.00	100.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI") [5]	Dormant	100.00	100.00
Komuda Credit & Leasing Sdn Bhd[7]	Dormant	-	100.00

The above subsidiaries are incorporated in Malaysia.

1 Subsidiary audited by a firm other than Ernst & Young PLT, Malaysia.
2 Subsidiary commenced Members' Voluntary Liquidation on 22 May 2020.
3 Subsidiaries commenced Members' Voluntary Liquidation on 31 March 2021.
4 Subsidiary commenced Members' Voluntary Liquidation on 17 September 2020.
5 Subsidiaries commenced Members' Voluntary Liquidation on 23 December 2016.
6 Subsidiary commenced Members' Voluntary Liquidation on 27 March 2018.
7 Subsidiary commenced Members' Voluntary Liquidation on 31 July 2013 and dissolved on 7 July 2022.

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

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

(3) Transactions in the current financial year are as follows:

(i) MBF Cards (M'sia) Sdn Bhd and AmInvestment Group Berhad conducted capital reduction and paid RM5.2 million and RM18.0 million respectively to the Company.

(ii) On 19 July 2021, AmGeneral Holdings Berhad ("AGHB"), a 51%-owned subsidiary of AMAB Holdings Sdn Bhd, entered into an Implementation Agreement with Liberty Insurance Berhad ("LIB") to dispose its wholly-owned subsidiary, AmGeneral Insurance Berhad ("AGIB"), to LIB.

Upon receiving the approval from the Higher Court of Malaysia on 7 July 2022, AGHB undertook selective capital reduction ("SCR") and capital repayment in respect of IAG International Pty Limited's ("IAG") 49% shareholding in AGHB comprising of 93,100,000 ordinary shares. IAG received a total capital repayment amount of RM1,076 million and ceased to be a shareholder of AGHB.

The disposal of AGIB to LIB was completed on 28 July 2022. Further details are disclosed in Note 56.

(iii) The Group's non-operating subsidiary, Komuda Credit & Leasing Sdn Bhd, under members' voluntary winding-up was dissolved on 7 July 2022.

(4) Transactions in the previous financial year are as follows:

(i) On 31 May 2021, the Company subscribed for the issuance of 46,680,498 new shares ordinary shares by AmBank at an issue price of RM9.64 per ordinary share which amounted to RM450.0 million.

(ii) Dissolution of subsidiaries

Subsidiaries	Commencement Date of Members' Voluntary Winding-up	Dissolution date
AMSEC Holdings Sdn Bhd	6 August 2013	16 November 2021
AMFB Holdings Berhad ("AMFB")	23 December 2016	1 March 2022
AMMB Nominees (Asing) Sdn Bhd	30 January 2019	13 November 2021
AmPremier Capital Berhad ("AmPremier")	25 October 2019	1 March 2022

(iii) Conversion of Redeemable Cumulative Convertible Preference Shares ("RCCPS")

In January 2022, AmGeneral Holdings Berhad converted its RCCPS amounted to RM691.9 million.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

(5) The subsidiaries which are not wholly-owned are not material individually or in aggregate to the financial position or performance of the Group, except for AGHB. As disclosed in Note 16(a)(3)(ii), AGHB became a wholly-owned subsidiary of the Group during the current financial year.

Summarised consolidated financial statements of AGHB, its subsidiary and other investments ("AGHB Group")

The summarised financial information of AGHB Group which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Non-controlling interest ("NCI") in AGHB Group

The Group's subsidiary that has material NCI is as follows:

	AGHB Group	
	1.4.2022 to 28.7.2022 RM'000	1.4.2021 to 31.3.2022 RM'000
NCI percentage of ownership interest and voting interest	49%	49%
Net carrying amount of NCI at beginning of the financial year	1,198,297	948,700
Share of net results	(59,058)	91,855
Share of other comprehensive income	-	(422)
Capital reduction (Note 16(a)(3)(ii))	(1,075,993)	-
Subscription of shares arising from conversion of redeemable cumulative convertible preference shares	-	256,164
	63,246	1,296,297
Dividends paid	(1,831)	(98,000)
Disposal of subsidiary	(61,415)	-
Net carrying amount of NCI at end of the financial year	-	1,198,297
Total Assets	-	5,517,444
Total Liabilities	-	(3,072,850)
Net assets	-	2,444,594
Equity attributable to Owners of the Company	-	1,246,297
NCI	-	1,198,297

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

(5) The subsidiaries which are not wholly-owned are not material individually or in aggregate to the financial position or performance of the Group, except for AGHB. As disclosed in Note 16(a)(3)(ii), AGHB became a wholly-owned subsidiary of the Group during the current financial year. (cont'd.)

Summarised consolidated financial statements of AGHB, its subsidiary and other investments ("AGHB Group") (cont'd.)

The summarised financial information of AGHB Group which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd.)

(ii) Summarised statement of comprehensive income

	AGHB Group	
	1.4.2022 to 28.7.2022 RM'000	1.4.2021 to 31.3.2022 RM'000
Operating revenue	374,952	1,423,729
Profit for the financial year	(90,168)	187,459
Attributable to:		
Equity holders of the Company	(31,110)	95,604
NCI	(59,058)	91,855
Total comprehensive income	(90,168)	186,598
Attributable to:		
Equity holders of the Company	(31,110)	95,165
NCI	(59,058)	91,433
Dividend paid to NCI	(1,831)	(98,000)

(iii) Summarised statement of cash flows

	AGHB Group	
	2023 RM'000	2022 RM'000
Operating activities	701,963	262,780
Investing activities	(395,635)	(10,035)
Financing activities	(306,328)	(212,956)
Net increase in cash and cash equivalents for the financial year	-	39,789

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

16. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(b) Investment in collective investment schemes

Collective investment schemes held indirectly

Name of fund	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
In Malaysia			
Unquoted unit trusts			
AmIncome Institutional 1	Investment in debt securities and money market	-	51.00
AmIncome Institutional 3	Investment in debt securities and money market	-	51.00
AmCash Plus	Investment in government related securities and money market	-	51.00

These collective investment schemes have been consolidated in accordance with MFRS 10 *Consolidated Financial Statements.*

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group 2023 RM'000	Group 2022 RM'000
Unquoted shares:		
At cost at the beginning of the financial year	669,169	669,169
Acquisition	958,147	-
At cost at end of the financial year	1,627,316	669,169
Share of post acquisition reserves	156,728	87,817
	1,784,044	756,986
Less: Impairment loss	(152,444)	(152,444)
Balance at end of the financial year	1,631,600	604,542

(a) The carrying amount of interest in joint ventures of the Group amounting to approximately RM546,127,000 (2022: RM512,250,000) are included in the total carrying amount of investment in associates and joint ventures. As at 31 March 2023, the carrying amount of the Group's material joint venture, AmMetLife Insurance Berhad, amounted to approximately RM510,619,000 (2022: RM479,036,000).

(b) The addition during the current financial year relates to the investment in Liberty Insurance Berhad ("LIB"), representing the partial proceeds of the disposal of AGIB via shares. Further details are disclosed in Note 56.

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(c) The investments are reviewed for impairment as and when there are indications of impairment. The recoverable amount used in the impairment assessment is based on the higher of value-in-use ("VIU") calculations and fair value less cost to sell.

During the current financial year, no impairment is recognised by the Group (2022: impairment loss in investment in an associate, Bonuskad Loyalty Sdn Bhd ("Bonuskad") amounted to RM4,625,000 was recognised).

In the previous financial year, the VIU for Bonuskad were pre-tax cash flows projection based on financial budget approved by the Board of Directors of the associate for 31 December 2022. The estimated cash flows projection beyond the period covered by the financial budgets are estimated using a growth rate and terminal growth rate of 3.00%. The discount rate applied is 10.00% which is based on the Group's estimated return of its investment in the associate.

(d) Information about associates and joint ventures which are all incorporated in Malaysia are as follows:

Name of associate/joint venture	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
Associates:			
Liberty Insurance Berhad ("LIB")[1]	General insurance	30.00	-
AmFirst Real Estate Investment Trust ("AmFirst REIT")	Investment in real estate	26.73	26.73
Bonuskad Loyalty Sdn Bhd ("Bonuskad")[1]	Managing customer loyalty schemes	33.33	33.33
Joint ventures ("JVs"):			
AmMetLife Insurance Berhad ("AmMetLife Insurance")[2]	Life assurance	50.00	50.00
AmMetLife Takaful Berhad ("AmMetLife Takaful")	Family Takaful	50.00	50.00

1 The financial year-end of Bonuskad and LIB is on 31 December 2022 and for the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions up to the Group's financial reporting date.

2 AmMetLife Insurance holds 100% (2022: 100%) equity interest in a collective investment scheme, AmIncome Institutional 5 ("AMII 5") and has been consolidated in accordance with MFRS 10 *Consolidated Financial Statements* and included in the Group's carrying amount of interest in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(e) The following table summarises the information of the Group's material associate and joint venture and other individually immaterial associate and joint venture:

	LIB RM'000	AmFirst REIT RM'000	AmMetLife Insurance RM'000	Bonuskad RM'000	AmMetLife Takaful RM'000
For the financial year/period ended 31 March 2023					
Profit after tax from continuing operations	109,417	15,706	58,040	8,393	2,055
Other comprehensive income	2,840	-	5,126	-	327
Total comprehensive income	112,257	15,706	63,166	8,393	2,382

	AmFirst REIT RM'000	AmMetLife Insurance RM'000	Bonuskad RM'000	AmMetLife Takaful RM'000
For the financial year ended 31 March 2022				
Profit/(loss) after tax from continuing operations	5,639	76,063	(2,123)	5,888
Other comprehensive loss	-	(5,293)	-	(3,218)
Total comprehensive income/(loss)	5,639	70,770	(2,123)	2,670

The above profit/(loss) after tax from continuing operations for the material associate and joint venture includes the following:

	2023		2022	
	LIB RM'000	AmMetLife Insurance RM'000	AmFirst REIT[2] RM'000	AmMetLife Insurance RM'000
Total assets[1]	7,341,245	4,747,988	1,661,569	4,411,503
Total liabilities	(4,098,990)	(3,729,027)	(849,527)	(3,455,708)
Net assets	3,242,255	1,018,961	812,042	955,795

[1] Includes fair value adjustments made by the Group at the time of acquisition.

[2] The fair value of investment in AmFirst REIT based on the quoted price as at 31 March 2023 is approximately RM60,551,000 (2022: RM69,726,000).

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(e) The above profit/(loss) after tax from continuing operations for the material associate and joint venture includes the following: (cont'd.)

	LIB 29.7.2022 to 31.3.2023 RM'000	AmMetLife Insurance 1.4.2022 to 31.3.2023 RM'000	AmFirst REIT 1.4.2021 to 31.3.2022 RM'000	AmMetLife Insurance 1.4.2021 to 31.3.2022 RM'000
Interest income	29,357	152,632	42	155,171
Interest expense	-	-	(26,789)	-
Depreciation of property and equipment	(4,824)	(3,074)	-	(2,980)
Depreciation of right-of-use assets	(8,489)	-	(221)	-
Amortisation of intangible assets	(81,360)	(14,346)	-	(11,905)
Taxation	(9,383)	(31,335)	(833)	(29,204)

The above amounts of assets and liabilities for the material associate and joint venture include the following:

	LIB 2023 RM'000	AmMetLife Insurance 2023 RM'000	AmFirst REIT 2022 RM'000	AmMetLife Insurance 2022 RM'000
Cash and cash equivalents	391,970	340,780	5,431	251,839
Current financial liabilities (excluding trade, other payables and provisions)	(3,020,796)	(5,504)	(118,719)	(4,895)
Non-current financial liabilities (excluding trade, other payables and provisions)	(1,042,571)	(19,768)	(697,550)	(23,105)

(f) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture and associate recognised in the consolidated financial statements:

	LIB 29.7.2022 to 31.3.2023 RM'000	AmMetLife Insurance 1.4.2022 to 31.3.2023 RM'000	AmFirst REIT 1.4.2021 to 31.3.2022 RM'000	AmMetLife Insurance 1.4.2021 to 31.3.2022 RM'000
Proportion of net assets at date of recognition	30.0%	50.0%	26.7%	50.0%
Carrying amount at the beginning of the financial year	-	479,035	72,355	443,651
Acquisition	958,147	-		
Share of net results for the financial year	32,825	29,020	5,137	38,031
Share of other comprehensive income for the financial year	852	2,563	-	(2,647)
Distribution received	-	-	(4,606)	-
Carrying amount at the end of the financial year	991,824	510,618	72,886	479,035

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17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(g) AmMetLife Insurance Berhad and AmMetLife Takaful Berhad, the two JVs of the Group are applying the temporary exemptions from MFRS 9. Both JVs have concluded that they qualify for the temporary exemption from MFRS 9 as the two JVs have not previously applied any versions of MFRS 9 and their activities are predominantly connected with insurance/takaful at annual reporting date that immediately precedes 1 April 2016. Since 31 March 2016, there has been no change in the activities of the JVs that requires reassessment of the use of the temporary exemption.

The following are disclosures required by MFRS 4 for an insurer which has applied for temporary exemption from MFRS 9.

(1) The table below presents an analysis of the fair value of classes of financial assets as at 31 March 2023 and 31 March 2022, as well as the corresponding change in fair value during the financial year.

(i) Individually material JV - AmMetLife Insurance (entity level)

	Fair value as at 1 April 2022 RM'000	Change in fair value* RM'000	Fair value as at 31 March 2023 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
2023					
Investments:					
Loans and receivables ("LAR")	211,067	105,456	316,523	SPPI	Amortised cost
Available-for-sale ("AFS") securities	1,324,095	2,221	1,326,316		
- Quoted equities	55,497	(6,127)	49,370	Non-SPPI	FVTPL
- Unquoted equities	2,147	-	2,147	Non-SPPI	FVTPL
- Malaysian Government Securities	132,032	(20,215)	111,817	SPPI	FVOCI
- Unquoted corporate bonds	1,128,651	22,916	1,151,567	SPPI	FVOCI
- Unquoted corporate bonds	-	5,005	5,005	SPPI	FVTPL
- Quoted unit and property trust funds	5,768	642	6,410	Non-SPPI	FVTPL
Fair value through profit or loss ("FVTPL")	1,787,750	177,503	1,965,253		
- Quoted equities	80,992	2,221	83,213	Non-SPPI	FVTPL
- Malaysian Government Securities	187,092	63,154	250,246	SPPI	FVTPL
- Unquoted corporate bonds	1,466,720	93,711	1,560,431	SPPI	FVTPL
- Quoted unit and property trust funds	1,730	180	1,910	Non-SPPI	FVTPL
- Unquoted unit and property trust funds	51,216	18,237	69,453	Non-SPPI	FVTPL
Other receivables	34,536	(155)	34,381	SPPI	Amortised cost
Cash and bank balances	79,371	(14,503)	64,868	SPPI	Amortised cost

* Includes purchases, disposals, maturities and unrealised gains/(losses).

In the table above, the amortised cost of loans and receivables, other receivables and cash and bank balances have been used as a reasonable approximation to fair value. Similarly, unquoted equities have been reflected at cost less impairment loss as they approximate the fair value.

As at 31 March 2023, all SPPI assets meet the characteristics of low credit risk financial instruments.

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(1) The table below presents an analysis of the fair value of classes of financial assets as at 31 March 2023 and 31 March 2022, as well as the corresponding change in fair value during the financial year. (cont'd.)

(i) Individually material JV - AmMetLife Insurance (entity level) (cont'd.)

	Fair value as at 1 April 2021 RM'000	Change in fair value* RM'000	Fair value as at 31 March 2022 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
2022					
Investments:					
Loans and receivables ("LAR")	332,123	(121,056)	211,067	SPPI	Amortised cost
Available-for-sale ("AFS") securities	1,306,541	17,554	1,324,095		
- Quoted equities	58,550	(3,053)	55,497	Non-SPPI	FVTPL
- Unquoted equities	2,147	-	2,147	Non-SPPI	FVTPL
- Malaysian Government Securities	147,357	(15,325)	132,032	SPPI	FVOCI
- Unquoted corporate bonds	1,090,321	38,330	1,128,651	SPPI	FVOCI
- Quoted unit and property trust funds	8,166	(2,398)	5,768	Non-SPPI	FVTPL
Fair value through profit or loss ("FVTPL")	1,614,009	173,741	1,787,750		
- Quoted equities	76,350	4,642	80,992	Non-SPPI	FVTPL
- Malaysian Government Securities	116,481	70,611	187,092	SPPI	FVTPL
- Unquoted corporate bonds	1,379,217	87,503	1,466,720	SPPI	FVTPL
- Quoted unit and property trust funds	3,048	(1,318)	1,730	Non-SPPI	FVTPL
- Unquoted unit and property trust funds	38,913	12,303	51,216	Non-SPPI	FVTPL
Other receivables	29,243	5,293	34,536	SPPI	Amortised cost
Cash and bank balances	74,518	4,853	79,371	SPPI	Amortised cost

* Includes purchases, disposals, maturities and unrealised gains/(losses).

In the table above, the amortised cost of loans and receivables, other receivables and cash and bank balances have been used as a reasonable approximation to fair value. Similarly, unquoted equities have been reflected at cost less impairment loss as they approximate the fair value.

As at 31 March 2022, all SPPI assets meet the characteristics of low credit risk financial instruments.

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17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(1) The table below presents an analysis of the fair value of classes of financial assets as at 31 March 2023 and 31 March 2022, as well as the corresponding change in fair value during the financial year. (cont'd.)

(ii) Individually immaterial JV - AmMetLife Takaful

	Fair value as at 1 April 2022 RM'000	Change in fair value* RM'000	Fair value as at 31 March 2023 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
2023					
Investments:					
Financing and receivables ("FAR")	67,095	28,024	95,119	SPPI/SPPP	Amortised cost
Available-for-sale ("AFS")	337,731	51,762	389,493		
- Malaysian Government guaranteed financing	13,917	20,721	34,638	SPPI/SPPP	FVOCI
- Islamic private debt securities	323,814	31,041	354,855	SPPI/SPPP	FVOCI
Fair value through profit or loss ("FVTPL")	52,706	2,503	55,209		
- Quoted Shariah approved equities	23,486	1,548	25,034	Non-SPPI/SPPP	FVTPL
- Unit and property trust funds	19,517	203	19,720	Non-SPPI/SPPP	FVTPL
- Malaysian Government guaranteed financing	295	11	306	Non-SPPI/SPPP	FVTPL
- Islamic private debt securities	9,408	741	10,149	Non-SPPI/SPPP	FVTPL
Accrued interest	4,422	770	5,192	SPPI/SPPP	Amortised cost
Other receivables	342	12,419	12,761	SPPI/SPPP	Amortised cost
Cash and bank balances	59,289	4,947	64,236	SPPI/SPPP	Amortised cost

* Includes purchases, disposals, maturities and unrealised gains/(losses).

In the table above, the amortised cost of financing and receivables, takaful receivables and cash and bank balances have been used as a reasonable approximation to fair value.

As at 31 March 2023, all SPPI assets meet the characteristics of low credit risk financial instruments.

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(1) The table below presents an analysis of the fair value of classes of financial assets as at 31 March 2023 and 31 March 2022, as well as the corresponding change in fair value during the financial year. (cont'd.)

(ii) Individually immaterial JV - AmMetLife Takaful (cont'd)

	Fair value as at 1 April 2021 RM'000	Change in fair value* RM'000	Fair value as at 31 March 2022 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
2022					
Investments:					
Financing and receivables ("FAR")	54,250	12,845	67,095	SPPI/SPPP	Amortised cost
Available-for-sale ("AFS")	243,652	94,079	337,731		
- Malaysian Government guaranteed financing	14,323	(406)	13,917	SPPI/SPPP	FVOCI
- Islamic private debt securities	229,329	94,485	323,814	SPPI/SPPP	FVOCI
Fair value through profit or loss ("FVTPL")	52,371	335	52,706		
- Quoted Shariah approved equities	24,133	(647)	23,486	Non-SPPI/SPPP	FVTPL
- Unit and property trust funds	19,459	58	19,517	Non-SPPI/SPPP	FVTPL
- Malaysian Government guaranteed financing	302	(7)	295	Non-SPPI/SPPP	FVTPL
- Islamic private debt securities	8,477	931	9,408	Non-SPPI/SPPP	FVTPL
Accrued interest	3,674	748	4,422	SPPI/SPPP	Amortised cost
Other receivables	314	28	342	SPPI/SPPP	Amortised cost
Cash and bank balances	75,535	(16,246)	59,289	SPPI/SPPP	Amortised cost

* Includes purchases, disposals, maturities and unrealised gains/(losses).

In the table above, the amortised cost of financing and receivables, takaful receivables and cash and bank balances have been used as a reasonable approximation to fair value.

As at 31 March 2022, all SPPI assets meet the characteristics of low credit risk financial instruments.

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17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(2) The table below provides information regarding the credit risk exposures of the JVs of the Group for assets subject to credit risk according to the JV's credit ratings of counterparties. The carrying amount is measured in accordance with MFRS 139 excluding any impairment allowance for those measured at amortised cost.

(i) Individually material JV - AmMetLife Insurance (entity level)

Credit exposure by credit rating

	Neither past due nor impaired					
	AAA RM'000	AA RM'000	Government guaranteed RM'000	Unrated RM'000	Unit linked RM'000	Total RM'000
2023						
Investments:						
LAR:						
- Deposit with licensed banks	177,442	73,707	-	-	4,443	255,592
- Loans						
Policy loans	-	-	-	60,858	-	60,858
Mortgage loans	-	-	-	73	-	73
AFS:						
- Malaysian Government Securities	-	-	111,817	-	-	111,817
- Corporate bonds	385,779	129,489	641,304	-	-	1,156,572
FVTPL:						
- Malaysian Government Securities	-	-	249,243	-	1,003	250,246
- Corporate bonds	276,736	137,367	1,095,921	-	50,407	1,560,431
Other receivables*	8,122	3,480	19,128	2,973	678	34,381
Cash and bank balances	24,214	15,825	-	2	24,827	64,868
	872,293	359,868	2,117,413	63,906	81,358	3,494,838

As at 31 March 2023, all SPPI assets meet the characteristics of low credit risk financial instruments.

* excluding prepayment and tax recoverable

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(2) The table below provides information regarding the credit risk exposures of the JVs of the Group for assets subject to credit risk according to the JV's credit ratings of counterparties. The carrying amount is measured in accordance with MFRS 139 excluding any impairment allowance for those measured at amortised cost. (cont'd.)

(i) Individually material JV - AmMetLife Insurance (entity level) (cont'd.)

Credit exposure by credit rating (cont'd.)

	Neither past due nor impaired					
	AAA RM'000	AA RM'000	Government guaranteed RM'000	Unrated RM'000	Unit linked RM'000	Total RM'000
2022						
Investments:						
LAR:						
- Deposit with licensed banks	77,456	66,189	-	-	2,495	146,140
- Loans						
Policy loans	-	-	-	64,730	-	64,730
Mortgage loans	-	-	-	197	-	197
AFS:						
- Malaysian Government Securities	-	-	132,032	-	-	132,032
- Corporate bonds	388,450	79,366	660,835	-	-	1,128,651
FVTPL:						
- Malaysian Government Securities	-	-	186,098	-	994	187,092
- Corporate bonds	240,454	114,298	1,070,245	-	41,723	1,466,720
Other receivables*	6,925	2,400	18,837	5,424	950	34,536
Cash and bank balances	41,224	12,234	-	2	25,911	79,371
	754,509	274,487	2,068,047	70,353	72,073	3,239,469

As at 31 March 2022, all SPPI assets meet the characteristics of low credit risk financial instruments.

* excluding prepayment and tax recoverable

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(2) The table below provides information regarding the credit risk exposures of the JVs of the Group for assets subject to credit risk according to the JV's credit ratings of counterparties. The carrying amount is measured in accordance with MFRS 139 excluding any impairment allowance for those measured at amortised cost. (cont'd.)

(ii) Individually immaterial JV - AmMetLife Takaful

	Neither past due nor impaired			
	Government guaranteed RM'000	Investment grade* (A - AAA) RM'000	Unrated RM'000	Total RM'000
2023				
Investments:				
Financial assets at FVTPL:				
- Malaysian Government Securities	306	-	-	306
- Unquoted securities in Malaysia:				
Secured Islamic corporate debt securities	1,896	-	-	1,896
Unsecured Islamic corporate debt securities	-	8,253	-	8,253
AFS securities:				
- Malaysian Government Securities	34,638	-	-	34,638
- Unquoted securities in Malaysia:				
Secured Islamic corporate debt securities	38,818	-	-	38,818
Unsecured Islamic corporate debt securities	-	316,037	-	316,037
FAR:				
- Islamic investment accounts with licensed Islamic banks	-	95,119	-	95,119
Accrued interest and other receivables (excluding prepayments and tax recoverable)	923	4,176	12,854	17,953
Cash and bank balances	-	64,219	17	64,236
	76,581	487,804	12,871	577,256

* Based on public ratings assigned by RAM Rating Services Berhad ("RAM") and Malaysian Rating Corporation Berhad.

As at 31 March 2023, all SPPI assets meet the characteristics of low credit risk financial instruments.

17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(2) The table below provides information regarding the credit risk exposures of the JVs of the Group for assets subject to credit risk according to the JV's credit ratings of counterparties. The carrying amount is measured in accordance with MFRS 139 excluding any impairment allowance for those measured at amortised cost. (cont'd.)

(ii) Individually immaterial JV - AmMetLife Takaful (cont'd.)

	Neither past due nor impaired			
	Government guaranteed RM'000	Investment grade* (A - AAA) RM'000	Unrated RM'000	Total RM'000
2022				
Investments:				
Financial assets at FVTPL:				
- Malaysian Government Securities	295	-	-	295
- Unquoted securities in Malaysia:				
Secured Islamic corporate debt securities	1,870	-	-	1,870
Unsecured Islamic corporate debt securities	-	7,538	-	7,538
AFS securities:				
- Malaysian Government Securities	13,917	-	-	13,917
- Unquoted securities in Malaysia:				
Secured Islamic corporate debt securities	32,475	-	-	32,475
Unsecured Islamic corporate debt securities	-	291,339	-	291,339
FAR:				
- Islamic investment accounts with licensed Islamic banks	-	67,095	-	67,095
Accrued interest and other receivables (excluding prepayments and tax recoverable)	488	3,858	418	4,764
Cash and bank balances	-	59,261	28	59,289
	49,045	429,091	446	478,582

* Based on public ratings assigned by RAM and Malaysian Rating Corporation Berhad.

As at 31 March 2022, all SPPI assets meet the characteristics of low credit risk financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

18. OTHER ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade receivables	(a)	271,463	432,591	-	-
Other receivables, deposits and prepayments	(b)	1,021,772	944,628	134	11,410
Interest/profit receivable		508,106	456,844	-	-
Fee receivable		23,177	18,229	-	-
Amount due from associates and joint ventures		17,915	9,884	1,521	205
Amount due from agents, brokers and reinsurers		102,061	412,153	-	-
Foreclosed properties		2,644	2,634	-	-
Tax recoverable		220,584	168,371	2,350	-
Collateral pledged for derivative and securities transactions		467,034	446,809	-	-
		2,634,756	2,892,143	4,005	11,615
Less: Accumulated impairment losses	(c)	(8,720)	(6,824)	-	-
		2,626,036	2,885,319	4,005	11,615

(a) Trade receivables mainly relate to the stock and futures broking operations and fund management operations of the Group which include amount outstanding from purchase contracts and management fees receivable in respect of funds under the management of its subsidiaries.

(b) Included in other receivables, deposits and prepayments of the Group and of the Company are amounts due from other related companies. These intercompany balances are unsecured, non-interest bearing and are payable on demand.

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

(i) Movements for trade receivables, other receivables, deposits and prepayments, interest receivable and fee receivable are as follows:

	Note	Group 2023 RM'000	Group 2022 RM'000
Balance at beginning of the financial year		6,667	6,604
Allowances for impairment, net	38	2,441	655
Amount written off		(298)	(607)
Derecognition - disposal of subsidiary		(263)	-
Foreign exchange differences		16	15
Balance at end of the financial year		8,563	6,667

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

As at reporting date, trade receivables of the Group that are classified as impaired amounted to RM1,797,000 (2022: RM1,887,000).

(ii) The movement in accumulated impairment losses for foreclosed properties is as follows:

	Group 2023 RM'000	Group 2022 RM'000
Balance at beginning/end of the financial year	157	157

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19. PROPERTY AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer equipment RM'000	Office, equipment furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
2023										
Cost										
At beginning of the financial year	8,897	7,977	321	53,498	7,976	238,666	716,257	212,210	4,386	1,250,188
Additions	-	-	-	-	-	6,100	24,029	3,468	23,913	57,510
Disposals	-	-	-	(19,515)	(309)	-	(17,721)	(7,524)	-	(45,069)
Written off	-	-	-	-	(5)	(721)	(119)	(2,312)	-	(3,157)
Reclassification/adjustments	-	-	-	-	-	990	3,382	(1,104)	(3,744)	(476)
Transfer to intangible assets (Note 21(b))	-	-	-	-	-	-	-	-	(219)	(219)
Foreign exchange differences	-	-	-	-	9	-	16	86	-	111
Derecognition - disposal of subsidiary	-	-	-	(181)	(1,389)	(15,666)	(73,190)	(26,581)	(85)	(117,092)
At end of the financial year	8,897	7,977	321	33,802	6,282	229,369	652,654	178,243	24,251	1,141,796
Accumulated depreciation										
At beginning of the financial year	-	3,413	262	25,984	5,993	220,743	617,013	194,679	-	1,068,087
Depreciation for the financial year (Note 35, 57(IV))	-	144	13	1,011	210	7,871	38,874	4,948	-	53,071
Disposals	-	-	-	(8,116)	(220)	-	(17,710)	(7,491)	-	(33,537)
Written off	-	-	-	-	(5)	(704)	(110)	(2,305)	-	(3,124)
Reclassification/adjustments	-	-	-	-	-	990	(94)	(1,108)	-	(212)
Foreign exchange differences	-	-	-	-	8	-	16	86	-	110
Derecognition - disposal of subsidiary	-	-	-	(44)	(910)	(14,988)	(70,110)	(19,331)	-	(105,383)
At end of the financial year	-	3,557	275	18,835	5,076	213,912	567,879	169,478	-	979,012
Accumulated impairment loss										
At beginning of the financial year	-	254	-	879	-	-	-	-	-	1,133
Derecognition - disposal of subsidiary	-	-	-	(127)	-	-	-	-	-	(127)
At end of the financial year	-	254	-	752	-	-	-	-	-	1,006
Carrying amount										
At end of the financial year	8,897	4,166	46	14,215	1,206	15,457	84,775	8,765	24,251	161,778

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For the financial year ended 31 March 2023

19. PROPERTY AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer equipment RM'000	Office, equipment furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
2022										
Cost										
At beginning of the financial year	8,897	7,977	321	53,498	8,551	235,849	697,494	213,361	7,473	1,233,421
Additions	-	-	-	-	346	2,698	15,216	3,202	3,963	25,425
Disposals	-	-	-	-	(923)	-	(3,373)	(932)	-	(5,228)
Written off	-	-	-	-	-	(737)	(2,055)	(3,518)	-	(6,310)
Reclassification/adjustments	-	-	-	-	-	856	8,970	72	(10,887)	(989)
Transfer from intangible assets (Note 21(b))	-	-	-	-	-	-	-	-	3,837	3,837
Foreign exchange differences	-	-	-	-	2	-	5	25	-	32
At end of the financial year	8,897	7,977	321	53,498	7,976	238,666	716,257	212,210	4,386	1,250,188
Accumulated depreciation										
At beginning of the financial year	-	3,264	254	24,930	6,239	210,615	579,476	191,576	-	1,016,354
Depreciation for the financial year (Note 35, 57(IV))	-	149	8	1,054	398	10,864	42,938	7,490	-	62,901
Disposals	-	-	-	-	(646)	-	(3,372)	(927)	-	(4,945)
Written off	-	-	-	-	-	(736)	(2,036)	(3,483)	-	(6,255)
Reclassification/adjustments	-	-	-	-	-	-	2	(2)	-	-
Foreign exchange differences	-	-	-	-	2	-	5	25	-	32
At end of the financial year	-	3,413	262	25,984	5,993	220,743	617,013	194,679	-	1,068,087
Accumulated impairment loss										
At beginning and end of the financial year	-	254	-	879	-	-	-	-	-	1,133
Carrying amount										
At end of the financial year	8,897	4,310	59	26,635	1,983	17,923	99,244	17,531	4,386	180,968

19. PROPERTY AND EQUIPMENT (CONT'D.)

Company	Office equipment RM'000	Motor vehicles RM'000	Computer hardware RM'000	Total RM'000
2023				
Cost				
At beginning of the financial year	4	758	18	780
Additions	3	-	25	28
At end of the financial year	7	758	43	808
Accumulated depreciation				
At beginning of the financial year	4	758	18	780
Depreciation for the financial year (Note 35)	-	-	8	8
At end of the financial year	4	758	26	788
Carrying amount				
At end of the financial year	3	-	17	20

Company	Office equipment RM'000	Motor vehicles RM'000	Computer hardware RM'000	Total RM'000
2022				
Cost				
At beginning/end of the financial year	4	758	18	780
Accumulated depreciation				
At beginning of the financial year	4	758	17	779
Depreciation for the financial year (Note 35)	-	-	1	1
At end of the financial year	4	758	18	780
Carrying amount				
At end of the financial year	-	-	-	-

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20. RIGHT-OF-USE ASSETS

Group	Premises RM'000	Computer equipment RM'000	Total RM'000
2023			
Cost			
At beginning of the financial year	417,655	8,858	426,513
Additions	77,623	-	77,623
Remeasurements	49,996	-	49,996
Termination	(3,717)	-	(3,717)
Derecognition - disposal of subsidiary	(47,845)	-	(47,845)
At end of the financial year	493,712	8,858	502,570
Accumulated depreciation			
At beginning of the financial year	231,335	5,806	237,141
Depreciation for the financial year (Note 35, 57(IV))	75,865	1,145	77,010
Termination	(1,509)	-	(1,509)
Derecognition - disposal of subsidiary	(39,842)	-	(39,842)
At end of the financial year	265,849	6,951	272,800
Carrying amount			
At end of the financial year	227,863	1,907	229,770

Group	Premises RM'000	Computer equipment RM'000	Total RM'000
2022			
Cost			
At beginning of the financial year	422,414	8,858	431,272
Additions	11,580	-	11,580
Remeasurements	(13,647)	-	(13,647)
Termination	(1,901)	-	(1,901)
Derecognition of expired leases	(791)	-	(791)
At end of the financial year	417,655	8,858	426,513
Accumulated depreciation			
At beginning of the financial year	156,902	3,617	160,519
Depreciation for the financial year (Note 35, 57(IV))	75,695	2,189	77,884
Termination	(471)	-	(471)
Derecognition of expired leases	(791)	-	(791)
At end of the financial year	231,335	5,806	237,141
Carrying amount			
At end of the financial year	186,320	3,052	189,372

The carrying amount of right-of-use assets includes estimated cost for reinstatement amounting to RM2,120,000 (2022: RM3,210,000).

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 27(e).

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

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

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

21. INTANGIBLE ASSETS

		Group	
	Note	2023 RM'000	2022 RM'000
Goodwill	(a)	303,492	1,020,562
Other intangibles:			
Brand	(b)	-	94,440
Agent relationship	(b)	-	22,185
Computer software	(b)	164,121	215,288
Work-in-progress ("WIP") for computer software	(b)	43,031	47,437
		207,152	379,350
		510,644	1,399,912

Brand

Brand relates to Kurnia Brand ("K-Brand") that arose from the acquisition of AmGeneral Insurance Berhad ("AMGI"). K-Brand is deemed to have an indefinite useful life based on management's view that K-Brand has over 20 years of recognition and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for AMGI. K-Brand is reviewed for impairment annually and when there are indications of impairment.

In the current financial year, the recoverable amount of general insurance CGU is based on the purchase price offered by Liberty Insurance Berhad ("LIB"), whereby no consideration of the K-Brand was allocated as part of the purchase price offered. As such, the Group has recognised impairment of RM94,440,000 prior to the completion of the disposal.

In the previous financial year, the recoverable amount of K-Brand was based on its value-in-use by discounting the expected future cash flows. The key assumptions for the computation of value-in-use include the growth rates and discount rates applied. Cash flow projection was based on the actual results for 2022 with premium growth rate of 2.1% to 5.0% over the next 5 years and terminal growth rate of 3.0%. The discount rate applied was 8.2% which was the estimated cost of equity plus a risk adjustment.

Agent relationship

Agent relationship arose from the acquisition of AMGI. The agent relationship is deemed to have a finite useful life of 15 years and is amortised based on a straight-line basis.

In the current financial year, the recoverable amount of general insurance CGU is based on the purchase price offered by LIB, whereby no consideration of the agent relationship was allocated as part of the purchase price offered. As such, the Group has recognised impairment of RM20,837,000 as disclosed in Note 21(b) prior to the completion of the disposal.

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For the financial year ended 31 March 2023

21. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill

	Note	Group 2023 RM'000	Group 2022 RM'000
Cost			
At beginning of the financial year		2,811,037	2,811,037
Derecognition - disposal of subsidiary	56	(717,070)	-
At end of the financial year		2,093,967	2,811,037
Accumulated impairment			
At beginning/end of the financial year		(1,790,475)	(1,790,475)
Carrying amount			
At end of the financial year		303,492	1,020,562

Impairment test for goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies as follows:

	Group 2023 RM'000	Group 2022 RM'000
Investment banking	4,227	4,227
Asset and fund management	116,128	116,128
Commercial and retail:		
- Conventional banking	129,655	129,655
- Islamic banking	53,482	53,482
General insurance	-	717,070
	303,492	1,020,562

(i) The recoverable amount of these CGUs, which are monitored at the operating segment level, has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management. The discount rate applied to the cash flow projections is derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU.

The cash flow projections for these CGUs are based on the financial budgets approved by the management covering a five-year period, taking into account the projected regulatory capital requirements, as well as the terminal growth rate of 3.00% (2022: 3.00%) based on long-term GDP forecast and expectations of market opportunities. The discount rate applied ranged from 9.21% to 10.61% (2022: 9.81% to 11.02%).

The terminal growth rates used do not exceed the long-term average growth rate for the markets in which the businesses operate.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amounts of the goodwill to exceed their recoverable amounts.

21. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill (cont'd.)

(ii) In the previous financial year, the recoverable amount of general insurance CGU was the cash flow projections based on the financial budgets approved by management covering a one-year period, taking into account the projected premium growth rate of 2.7% to 5.0% based on the current and future industry trends. Estimated cash flows beyond the period covered by the financial budgets are extrapolated using the terminal growth rate of 3.0% and the discount rate applied was 9.2%.

The terminal growth rates used do not exceed the long-term average growth rate for the markets in which the businesses operate.

In the current financial year, the recoverable amount of general insurance CGU is based on the purchase price offered by Liberty Insurance Berhad ("LIB"), whereby no consideration of the general insurance goodwill was allocated as part of the purchase price offered. As such, the Group has fully impaired the general insurance CGU of RM717,070,000 prior to the completion of the disposal.

(b) The movements in intangible assets are as follows:

Group	Brand RM'000	In-force business RM'000	Merchants relationship RM'000	Agent relationship RM'000	Credit cards relationship RM'000	Computer software RM'000	WIP for computer software RM'000	Total RM'000
2023								
Cost								
At beginning of the financial year	94,440	53,538	25,000	60,490	38,000	1,317,838	47,437	1,636,743
Additions	-	-	-	-	-	23,235	43,940	67,175
Written off	-	-	-	-	-	(30)	-	(30)
Reclassification/adjustments	-	-	-	-	-	40,016	(43,788)	(3,772)
Transfer from property and equipment (Note 19)	-	-	-	-	-	-	219	219
Foreign exchange differences	-	-	-	-	-	3	-	3
Derecognition - disposal of subsidiary	(94,440)	(53,538)	-	(60,490)	-	(138,061)	(4,777)	(351,306)
At end of the financial year	-	-	25,000	-	38,000	1,243,001	43,031	1,349,032
Accumulated amortisation								
At beginning of the financial year	-	53,538	25,000	38,305	38,000	1,102,550	-	1,257,393
Amortisation (Note 35, 57(IV))	-	-	-	1,348	-	83,406	-	84,754
Written off	-	-	-	-	-	(30)	-	(30)
Reclassification/adjustments	-	-	-	-	-	132	-	132
Foreign exchange differences	-	-	-	-	-	3	-	3
Derecognition - disposal of subsidiary	-	(53,538)	-	(39,653)	-	(107,181)	-	(200,372)
At end of the financial year	-	-	25,000	-	38,000	1,078,880	-	1,141,880
Accumulated impairment loss								
At beginning of the financial year	-	-	-	-	-	-	-	-
Impairment	94,440	-	-	20,837	-	-	-	115,277
Derecognition - disposal of subsidiary	(94,440)	-	-	(20,837)	-	-	-	(115,277)
At end of the financial year	-	-	-	-	-	-	-	-
Carrying amount								
At end of the financial year	-	-	-	-	-	164,121	43,031	207,152

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For the financial year ended 31 March 2023

21. INTANGIBLE ASSETS (CONT'D.)

(b) The movements in intangible assets are as follows: (cont'd.)

Group	Brand RM'000	In-force business RM'000	Merchants relationship RM'000	Agent relationship RM'000	Credit cards relationship RM'000	Computer software RM'000	WIP for computer software RM'000	Total RM'000
2022								
Cost								
At beginning of the financial year	94,440	53,538	25,000	60,490	38,000	1,256,546	45,604	1,573,618
Additions	-	-	-	-	-	20,748	54,261	75,009
Written off	-	-	-	-	-	(176)	-	(176)
Reclassification/adjustments	-	-	-	-	-	40,718	(48,591)	(7,873)
Transfer to property and equipment (Note 19)	-	-	-	-	-	-	(3,837)	(3,837)
Foreign exchange differences	-	-	-	-	-	2	-	2
At end of the financial year	94,440	53,538	25,000	60,490	38,000	1,317,838	47,437	1,636,743
Accumulated amortisation								
At beginning of the financial year	-	53,538	25,000	34,272	38,000	999,423	-	1,150,233
Amortisation (Note 35, 57(IV))	-	-	-	4,033	-	103,162	-	107,195
Written off	-	-	-	-	-	(171)	-	(171)
Reclassification/adjustments	-	-	-	-	-	134	-	134
Foreign exchange differences	-	-	-	-	-	2	-	2
At end of the financial year	-	53,538	25,000	38,305	38,000	1,102,550	-	1,257,393
Carrying amount								
At end of the financial year	94,440	-	-	22,185	-	215,288	47,437	379,350

22. DEPOSITS FROM CUSTOMERS

	Group	
	2023 RM'000	2022 RM'000
Demand deposits	38,135,787	33,709,677
Savings deposits	10,664,158	9,397,684
Term/investment deposits	81,515,135	79,485,489
	130,315,080	122,592,850

22. DEPOSITS FROM CUSTOMERS (CONT'D.)

Included in deposits from customers of the Group are deposits of RM2,202.2 million (2022: RM2,198.1 million) held as collateral for loans, advances and financing.

The maturity structure of term/investment deposits is as follows:

	Group	
	2023 RM'000	2022 RM'000
Due within six months	65,635,656	62,120,020
Six months to one year	13,133,341	15,645,790
Over one year to three years	2,660,643	1,540,070
Over three years to five years	85,495	179,609
	81,515,135	79,485,489

The deposits are sourced from the following types of customers:

	Group	
	2023 RM'000	2022 RM'000
Government and statutory bodies	6,588,571	4,730,100
Business enterprises	63,994,960	61,314,620
Individuals	52,302,587	45,921,495
Others	7,428,962	10,626,635
	130,315,080	122,592,850

23. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		Group	
	Note	2023 RM'000	2022 RM'000
Licensed banks		6,793,325	5,571,352
Licensed investment banks		939,128	651,726
Bank Negara Malaysia	(a)	1,390,807	1,270,123
Other financial institutions		2,338,985	2,401,384
		11,462,245	9,894,585

(a) A total amount of RM1,100,590,000 received by the Group under the government financing scheme as part of the support measures by the government in response to the COVID-19 pandemic for the purpose of lending to small and medium-sized enterprises ("SMEs") at below market rate with six-year (6) to eight and half year (8.5) maturities. The fair value gain arising from the deposits from Bank Negara Malaysia with the Group is applied to address the financial and accounting impact arising from lending at concession rates and is recognised in the profit or loss.

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24. RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS BERHAD

Recourse obligation on loans and financing sold to Cagamas Berhad represents the proceeds received from loans and financing sold to Cagamas Berhad with recourse. Under this arrangement, the Group undertakes to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing, which are regarded as defective based on prudential criteria with recourse to the Group.

25. TERM FUNDING

		Group	
	Note	2023 RM'000	2022 RM'000
Senior Notes/Sukuk	(a)	1,200,000	1,200,000
Credit-Linked Notes	(b)	-	-
Other borrowings (net of unamortised issuance expenses of RM1,166,000; 2022: RM1,044,000)	(c)	972,333	680,097
		2,172,333	1,880,097

(a) The Senior Notes/Sukuk outstanding were issued under the following:

		Group	
	Note	2023 RM'000	2022 RM'000
Senior Notes Programme	(i)	400,000	400,000
Senior Sukuk Programme	(ii)	800,000	800,000
		1,200,000	1,200,000

(i) The movements of debt securities under the Senior Notes Programme are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	400,000	-
Issuance during the financial year	-	400,000
Balance at end of the financial year	400,000	400,000

25. TERM FUNDING (CONT'D.)

(a) The Senior Notes/Sukuk outstanding were issued under the following: (cont'd.)

(i) The movements of debt securities under the Senior Notes Programme are as follows: (cont'd.)

Group

Senior Notes of the Group refers to the Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value by AmBank. The proceeds from the issuance of the Senior Notes are to be utilised for AmBank's general working capital requirements.

The SNP has a tenure of up to thirty (30) years from the date of first issuance under the programme. Under the SNP, AmBank may issue Senior Notes with a tenure of more than one (1) year and up to ten (10) years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of AmBank.

The salient features of Senior Notes issued and outstanding are as follows:

- Tranche 8 - Series 1 which amounted to RM150.0 million in nominal value was issued on 30 December 2021 with a tenure of 1.5 years and interest rate of 2.94% per annum, payable semi-annually.

- Tranche 8 - Series 2 which amounted to RM250.0 million in nominal value was issued on 30 December 2021 with tenure of 2 years and interest rate of 3.14% per annum, payable semi-annually.

As at 31 March 2023, RAM Rating has assigned a long-term rating of AA3/Positive to the SNP.

(ii) The movements of debt securities under the Senior Sukuk Programme are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	800,000	1,000,000
Redemption during the financial year	-	(200,000)
Balance at end of the financial year	800,000	800,000

In the financial year ended 31 March 2011, AmBank Islamic implemented a Senior Islamic securities issuance ("Senior Sukuk") programme under the Shariah principle of Musharakah with nominal value of up to RM3.0 billion. As at 31 March 2023, the Senior Sukuk was assigned a rating of AA3/Positive by RAM.

The salient features of Senior Sukuk issued and outstanding are as follows:

- On 27 March 2020, Tranche 5 and Tranche 6 with nominal value of RM200.0 million and RM800.0 million respectively were issued. Profit is payable semi-annually at rate of 3.55% per annum for Tranche 5 and 4.10% per annum for Tranche 6. Tranche 5 has a tenure of 2 years and Tranche 6 has a tenure of 5 years. Tranche 5 was fully redeemed on 25 March 2022.

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25. TERM FUNDING (CONT'D.)

(b) The movements of Credit-Linked Notes ("CLN") are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	-	147,691
Repayment	-	(150,000)
Amortisation of premium	-	2,309
Balance at end of the financial year	-	-

In the previous financial year, the CLN were structured investment products issued by AmBank and subscribed at nominal value. The nominal value of CLN issued amounted to RM150.0 million and it carried a fixed interest rate at 2.0% per annum matured on 14 September 2021.

(c) The movements in other borrowings are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year:		
Structured deposit	261,295	188,430
Term loan	418,802	413,749
Drawdown during the financial year:		
Term loan	-	419,314
Net issuance/(repayment) during the financial year:		
Structured deposit	269,876	72,795
Term loan	-	(422,250)
Amortisation of:		
- premium for structured deposit	71	70
- issuance expenses for term loan	1,166	1,092
Foreign exchange differences	21,123	6,897
Balance at end of the financial year	972,333	680,097

Other borrowings comprise term loan and structured deposits:

(i) On 13 December 2019, AmBank drawdown a term loan of USD100.0 million from two joint lenders, Wells Fargo Bank, National Association and Commerzbank Aktiengesellschaft, Luxembourg Branch. This term loan is for a period of two years and interest is charged at 3-month LIBOR + 0.6%. This loan is utilised for diversifying the sources of funding the growth of the USD balance sheet. This term loan has been fully repaid in full upon maturity on 13 December 2021.

On 22 December 2021, AmBank drawdown a new term loan of USD100.0 million from Wells Fargo Bank, National Association for similar purpose. This term loan is for a period of two years and interest is charged at 3-month LIBOR + 0.55%, payable on quarterly basis.

25. TERM FUNDING (CONT'D.)

(c) Other borrowings comprise term loan and structured deposits: (cont'd.)

(ii) Structured deposits which amounted to RM531,242,000 (2022: RM261,295,000) are non-principal guaranteed deposits placed by the customers. The structured deposits will mature within 1 month to 5 years (2022: 1 month to 3 years) and are roll-overed on maturity date depending on customers' request. Structured deposits for operations of Islamic banking amounted to RM34,907,000 (2022: RM34,836,000).

26. DEBT CAPITAL

	Note	Group	
		2023 RM'000	2022 RM'000
Subordinated Notes and Sukuk	(a)	4,395,000	4,395,000

(a) Subordinated Notes and Sukuk

The outstanding Subordinated Notes and Sukuk are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year:		
Subordinated Sukuk	1,300,000	1,300,000
Subordinated Notes	3,095,000	2,995,000
Issuance during the financial year:		
Subordinated Sukuk	150,000	250,000
Subordinated Notes	1,095,000	600,000
Redemption during the financial year:		
Subordinated Sukuk	(150,000)	(250,000)
Subordinated Notes	(1,095,000)	(500,000)
Balance at end of the financial year:	4,395,000	4,395,000

(i) Subordinated Sukuk Murabahah

On 28 February 2014, AmBank Islamic had implemented a Subordinated Sukuk Murabahah programme of RM3.0 billion. The objective of the programme is to enable the issuance of Tier 2 capital from time to time, for the purpose of enhancing the AmBank Islamic's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia ("BNM"), and the securities issued under this programme qualified for recognition as Tier 2 Capital for the purpose of capital adequacy ratio computation.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Sukuk under this programme shall have a tenure of at least five (5) years from the issue date, and is callable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. As at 31 March 2023, the Tier 2 Subordinated Sukuk have been assigned a credit rating of A1/Positive by RAM.

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26. DEBT CAPITAL (CONT'D.)

(a) Subordinated Notes and Sukuk (cont'd.)

(i) Subordinated Sukuk Murabahah (cont'd.)

The salient features of Subordinated Sukuk issued and outstanding are as follows:

- Tranche 4 which amounted to RM10.0 million was issued on 30 December 2016. The profit rate of this tranche is 5.50% per annum, payable semi-annually. This tranche was fully redeemed on 30 December 2021.
- Tranche 5 which amounted to RM240.0 million was issued on 15 March 2017. The profit rate of this tranche is 5.20% per annum, payable semi-annually. This tranche was fully redeemed on 15 March 2022.
- Tranche 6 which amounted to RM150.0 million was issued on 23 February 2018. The profit rate of this tranche is 5.23% per annum, payable semi-annually. This tranche was fully redeemed on 23 February 2023.
- Tranche 7 which amounted to RM500.0 million was issued on 18 October 2018. The profit rate of this tranche is 4.88% per annum, payable semi-annually.
- Tranche 8 which amounted to RM400.0 million was issued on 8 December 2020. The profit rate of this tranche is 3.13% per annum, payable semi-annually.
- Tranche 9 which amounted to RM250.0 million was issued on 8 March 2022. The profit rate of this tranche is 4.25% per annum, payable semi-annually.
- Tranche 10 which amounted to RM150.0 million was issued on 28 March 2023. The profit rate of this tranche is 4.53% per annum, payable semi-annually.

All the above tranches are for a tenure of 10 years.

The full amount of these tranches issued qualify for recognition as Tier 2 capital in the capital adequacy ratio computation of AmBank Islamic. Total outstanding Subordinated Sukuk Murabahah as at 31 March 2023 amounted to RM1,300,000,000 (2022: RM1,300,000,000).

(ii) Subordinated Notes

On 30 December 2013, AmBank established a Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing AmBank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenure of at least five (5) years from the issue date, and is callable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. As at 31 March 2023, the Tier 2 Subordinated Notes have been assigned a credit rating of A1/Positive by RAM.

The salient features of Subordinated Notes issued and outstanding are as follows:

- Tranche 2 which amounted to RM500.0 million was issued on 15 March 2017. The interest rate of this tranche is 5.20% per annum, payable semi-annually. This tranche was fully redeemed on 15 March 2022.
- Tranche 3 which amounted to RM570.0 million was issued on 16 October 2017. The interest rate of this tranche is 4.90% per annum, payable semi-annually. This tranche was fully redeemed on 17 October 2022.
- Tranche 4 which amounted to RM175.0 million was issued on 23 February 2018. The interest rate of this tranche is 5.23% per annum, payable semi-annually. This tranche was fully redeemed on 23 February 2023.
- Tranche 5 which amounted to RM350.0 million was issued on 14 March 2018. The interest rate of this tranche is 5.23% per annum, payable semi-annually. This tranche was fully redeemed on 14 March 2023.
- Tranche 6 which amounted to RM1.0 billion was issued on 15 November 2018. The interest rate of this tranche is 4.98% per annum, payable semi-annually.
- Tranche 7 which amounted to RM400.0 million was issued on 30 March 2021. The interest rate of this tranche is 4.18% per annum, payable semi-annually.

26. DEBT CAPITAL (CONT'D.)

(a) Subordinated Notes and Sukuk (cont'd.)

(ii) Subordinated Notes (cont'd.)

- Tranche 8 which amounted to RM600.0 million was issued on 8 March 2022. The interest rate of this tranche is 4.30% per annum, payable semi-annually.
- Tranche 9 which amounted to RM745.0 million was issued on 12 October 2022. The interest rate of this tranche is 5.20% per annum, payable semi-annually.
- Tranche 10 which amounted to RM350.0 million was issued on 28 March 2023. The interest rate of this tranche is 4.58% per annum, payable semi-annually.

All the above tranches are for a tenure of 10 years (callable in the 5th years).

The full amount of these tranches issued qualify for recognition as Tier 2 capital in the capital adequacy ratio computation of AmBank. Total outstanding Subordinated Notes as at 31 March 2023 amounted to RM3,095,000,000 (2022: RM3,095,000,000).

27. OTHER LIABILITIES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	(a)	295,500	761,368	-	-
Other payables and accruals	(b)	1,366,483	1,543,486	18,625	17,537
Interest payable on deposits and borrowings		908,679	561,674	-	-
Lease deposits and advance rental		51,798	47,830	-	-
Provision for commitments and contingencies	(c)	3,677	3,546	-	-
Allowances for ECL on loan/financing commitments and financial guarantees	(d)	225,385	303,197	-	-
Lease liabilities	(e)	233,845	191,465	-	-
Provision for reinstatement of leased properties	(f)	6,908	9,706	-	-
Amount due to subsidiaries	(g)	-	-	4,492	-
Settlement payable		-	515,000	-	515,000
Provision for taxation		18,568	61,532	-	1,290
Collateral received for derivative and securities transactions		510,844	229,098	-	-
Deferred income		75,870	74,960	-	-
		3,697,557	4,302,862	23,117	533,827

(a) Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiary and represent contra gains owing to clients and amount payable in outstanding sales contracts.

(b) As at 31 March 2023, there was no provision for retirement benefits. As at 31 March 2022, RM17,395,000 of provision for retirement benefits of a subsidiary was included in other payables and accruals.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

27. OTHER LIABILITIES (CONT'D.)

(b) As at 31 March 2023, there was no provision for retirement benefits. As at 31 March 2022, RM17,395,000 of provision for retirement benefits of a subsidiary was included in other payables and accruals. (cont'd.)

Provision for retirement benefits

(i) The movements in the present value of the defined benefit obligation recognised in the statements of financial position are as follows:

	Note	Group 2023 RM'000	Group 2022 RM'000
Defined benefit obligation at beginning of the financial year		17,395	18,350
Actuarial loss	(ii)	-	1,133
Benefits paid		(561)	(1,901)
Service and interest costs	(iii)	809	(187)
Derecognition - disposal of subsidiary		(17,643)	-
Defined benefit obligation at end of the financial year		-	17,395
Present value of unfunded obligation		-	17,395
Recognised liability for defined benefit obligation		-	17,395

(ii) Actuarial gains and losses recognised directly in other comprehensive income:

	Group 2023 RM'000	Group 2022 RM'000
Amount accumulated in retained earnings at beginning of the financial year	3,408	4,269
Actuarial loss arising from:		
(i) changes in financial and demographic assumptions	-	320
(ii) experience adjustments	-	(1,453)
Recognised up to the date of disposal of subsidiary/the financial year (Note i)	-	(1,133)
Tax effects thereon	-	272
Derecognition - disposal of subsidiary	(3,408)	-
Amount accumulated in retained earnings at end of the financial year	-	3,408

27. OTHER LIABILITIES (CONT'D.)

(b) As at 31 March 2023, there was no provision for retirement benefits. As at 31 March 2022, RM17,395,000 of provision for retirement benefits of a subsidiary was included in other payables and accruals. (cont'd.)

Provision for retirement benefits (cont'd.)

(iii) Expense recognised in the statements of profit or loss as retirement benefits cost:

	Group	
	2023 RM'000	2022 RM'000
Service cost	-	(885)
Interest cost	809	698
	809	(187)

(iv) Actuarial assumptions

Principal actuarial assumptions used as at 31 March 2022:

	Group
	2022
Discount rate (per annum)	4.33%
Fixed deposit rate (per annum)	1.55%
Withdrawal rates (per annum)	5.30%

The discount rate used was based on market yields at the end of the reporting year on high quality corporate bonds. The amount and terms of the corporate bonds were consistent with the current and estimated future post employment benefit obligation.

The assumption regarding future mortality was based on the experience of Malaysian insured lives between 1999 to 2003 with no allowance for improvement in mortality rate. As at 31 March 2022, the average expected future working lives had been estimated at 7.11 years.

The subsidiary operates a final salary defined retirement benefit scheme which is wholly unfunded and there is no minimum funding requirement under the current law. The employees of the subsidiary are not required to contribute to the scheme.

Calculation of the unfunded defined retirement benefits involves the projection of the present value for unfunded obligations using certain principal actuarial assumptions such as the rate of interest at which to discount the future retirement benefits payments at the valuation date and the assumed rate of growth of liabilities, namely the rate of salary escalation. There are elements of significant uncertainty on the assumptions used and thus the projected future retirement benefits payable may be different from the actual retirement benefit paid.

Under the scheme, eligible employees who have completed a minimum of 10 years of service are entitled to retire at 56 years of age or optional retirement age of 50 years. Employees who leave before the attainment of the normal retirement age or optional retirement age, are not entitled to the benefit.

All new employees of the subsidiary who are hired after 18 March 2011 are not entitled to the retirement benefit.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

27. OTHER LIABILITIES (CONT'D.)

(b) As at 31 March 2023, there was no provision for retirement benefits. As at 31 March 2022, RM17,395,000 of provision for retirement benefits of a subsidiary was included in other payables and accruals. (cont'd.)

Provision for retirement benefits (cont'd.)

(iv) Actuarial assumptions (cont'd.)

The following table demonstrates the sensitivity of provision for retirement benefits to a reasonable change in the defined benefit obligation:

	Impact on defined benefit obligation (decrease)/ increase 2022 RM'000
Discount rate:	
Increase 100 basis points	(941)
Decrease 100 basis points	1,030
Fixed deposit rate:	
Increase 100 basis points	1,231
Decrease 100 basis points	(1,137)
Withdrawal rate:	
10% increase in the withdrawal rate	(385)
10% decrease in the withdrawal rate	399

(c) The movements in provision for commitments and contingencies are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	3,546	10,239
Charge/(writeback) during the financial year	131	(5,693)
Reversal of provision under impaired loans, advances and financing recovered*	-	(1,000)
Balance at end of the financial year	3,677	3,546

* During the previous financial year, the Group had fully reversed the provision for estimated expenditure in respect of the Group's obligations to repurchase loans/financing of RM1.0 million due to expiry of the repurchase obligation.

27. OTHER LIABILITIES (CONT'D.)

(d) Movements in allowances for ECL on loan/financing commitments and financial guarantees are as follows:

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023				
Balance at beginning of the financial year	28,926	26,330	247,941	303,197
Net allowances for/(writeback of) ECL	13,579	7,475	(98,991)	(77,937)
- Transfer to 12-month ECL (Stage 1)	1,166	(6,535)	-	(5,369)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,371)	10,077	-	8,706
- Transfer to Lifetime ECL credit impaired (Stage 3)	(42)	(485)	3,899	3,372
- New exposures originated	19,523	16,470	7,943	43,936
- Net remeasurement of allowances	3,043	(4,038)	(110,421)	(111,416)
- Exposures derecognised	(8,740)	(8,014)	(412)	(17,166)
Foreign exchange differences	133	11	(19)	125
Balance at end of the financial year	42,638	33,816	148,931	225,385

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022				
Balance at beginning of the financial year	30,429	37,348	52,733	120,510
Net (writeback of)/allowances for ECL	(1,516)	(11,011)	195,208	182,681
- Transfer to 12-month ECL (Stage 1)	778	(8,874)	-	(8,096)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,709)	7,344	-	5,635
- Transfer to Lifetime ECL credit impaired (Stage 3)	(59)	(478)	190,455	189,918
- New exposures originated	12,352	11,466	5,780	29,598
- Net remeasurement of allowances	(3,837)	(6,337)	(1,019)	(11,193)
- Exposures derecognised	(9,041)	(14,132)	(8)	(23,181)
Foreign exchange differences	13	(7)	-	6
Balance at end of the financial year	28,926	26,330	247,941	303,197

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

27. OTHER LIABILITIES (CONT'D.)

(d) The movements in ECL during the financial year are due to the following:

(a) Overall 12-month ECL (Stage 1) increased due to new exposures originated, net remeasurement of allowances; partially offset by exposure derecognised.

(b) Overall Lifetime ECL not credit impaired (Stage 2) increased due to new exposures originated, impacts on migration from Stage 1; partly offset by exposures derecognised, transfer to 12-month ECL (Stage 1) and net remeasurement of allowances.

(c) Lifetime ECL credit impaired (Stage 3) decreased mainly due to net remeasurement of allowances; offset by new exposures originated and transfer to Lifetime ECL credit impaired (Stage 3).

(e) The movements of lease liabilities are as follows:

Group	Premises RM'000
2023	
At beginning of the financial year	191,465
Additions	77,460
Remeasurements	49,937
Termination	(2,324)
Finance cost charged (Note 35, 57(IV))	6,486
Payment of lease liabilities*	(80,423)
Derecognition - disposal of subsidiary	(8,756)
At end of the financial year	233,845

Group	Premises RM'000	Computer equipment RM'000	Total RM'000
2022			
At beginning of the financial year	269,475	3,996	273,471
Additions	11,480	-	11,480
Remeasurements	(14,170)	-	(14,170)
Termination	(1,484)	-	(1,484)
Finance cost charged (Note 35, 57(IV))	7,739	76	7,815
Payment of lease liabilities*	(81,575)	(4,072)	(85,647)
At end of the financial year	191,465	-	191,465

* Inclusive of RM45,964,000 (2022: RM36,682,000) of payment of lease liabilities to related parties during the financial year.

27. OTHER LIABILITIES (CONT'D.)

(e) The movements of lease liabilities are as follows: (cont'd.)

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Group is committed.

The costs relating to leases for which the Group applied the practical expedient of MFRS 16 for the current financial year end amounted to RM1,600,000 (2022: RM2,000,000) for low-value assets and RM47,800 (2022: RM4,500,000) for leases with contract term of less than 12 months.

Lease liabilities analysed by undiscounted contractual payments are as follows:

	Group	
Premises	**2023 RM'000**	**2022 RM'000**
Up to 1 month	5,987	5,524
> 1 month to 3 months	11,975	11,028
> 3 months to 6 months	17,783	13,436
> 6 months to 12 months	35,088	18,400
> 1 year to 5 years	143,647	104,097
Over 5 years	35,914	58,157
	250,394	210,642

(f) The movements for provision for reinstatement of leased properties are as follows:

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	9,706	8,989
Additions	219	627
Reversal of provision	-	(17)
Finance cost charged (Note 35)	82	107
Derecognition - disposal of subsidiary	(3,099)	-
At end of the financial year	6,908	9,706

As at 31 March 2023, the Group has estimated that it is contingently liable to incur restoration costs of RM14,500,000 (2022: RM13,400,000) upon termination of lease contracts for certain properties leased from an associate.

(g) Amount due to subsidiaries are unsecured, interest-free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

28. SHARE CAPITAL

	Note	Group 2023 Units '000	Group 2022 Units '000	Company 2023 Units '000	Company 2022 Units '000
No. of ordinary shares					
Balance at beginning of the financial year		3,314,185	3,014,185	3,314,185	3,014,185
Issuance of shares	(a)	-	300,000	-	300,000
Balance at end of the financial year		3,314,185	3,314,185	3,314,185	3,314,185
		RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at beginning of the financial year		6,776,240	5,951,557	6,372,870	5,550,250
Issuance of shares		-	824,683	-	822,620
Transfer to retained earnings arising from redemption of preference shares by a subsidiary		(400,000)	-	-	-
Balance at end of the financial year		6,376,240	6,776,240	6,372,870	6,372,870

The holders of fully paid ordinary shares, are entitled to receive dividends as and when declared by the Company. All fully paid ordinary shares carry one vote per share without restrictions and ranked equally with regards to the Company's residual assets.

The Company has an Executives' Share Scheme ("ESS"), details of the ESS are disclosed in Note 30. Total numbers of shares held as treasury shares for purposes of the ESS is 7,077,000 as at 31 March 2023 (2022: 3,371,450).

Note:
(a) On 14 April 2021, the Company completed the private placement with issuance of 300 million shares at RM2.75 per share. The total share capital raised amounted to RM824.7 million for the Group and RM822.6 million for the Company. This action was intended to accelerate the Common Equity Tier 1 ("CET1") capital build post settlement with Ministry of Finance ("MOF") Malaysia.

29. RESERVES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Regulatory reserve	(a)	211,707	102,920	-	-
Fair value reserve	(b)	511,309	499,227	-	-
Cash flow hedging deficit	(c)	(4,258)	(9,062)	-	-
Foreign currency translation reserve	(d)	112,212	98,871	-	-
ESS reserve	(e)	26,425	36,472	26,425	36,472
Treasury shares	(f)	(28,579)	(11,041)	(28,579)	(11,041)
Non-participating funds	(g)	45,715	45,715	-	-
Retained earnings	(h)	10,884,274	9,220,450	4,672,100	4,655,625
		11,758,805	9,983,552	4,669,946	4,681,056

29. RESERVES (CONT'D.)

(a) Regulatory reserve is maintained by the banking subsidiaries in accordance with paragraph 10.5 of the BNM's Policy Document on *Financial Reporting* and paragraph 10.9 of the BNM's Policy Document on *Financial Reporting* for Islamic Banking Institutions as an additional credit risk absorbent.

(b) The fair value reserve comprises fair value gains (net of fair value losses) on financial investments measured at FVOCI. In addition, the loss allowance arising from the recognition of expected credit losses on financial investments measured at FVOCI are accumulated in fair value reserve instead of reducing the carrying amount of the debt instruments.

(c) Cash flow hedging deficit comprises the portion of the losses respectively on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

(d) 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 presentation currency.

(e) ESS reserve represents the equity-settled scheme shares granted to employees (Note 30). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled scheme share, and is reduced by the expiry of the scheme shares.

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

During the current financial year, the Company bought back 10,949,250 (2022: 5,330,700) ordinary shares of the Company for a total consideration of RM43.7 million (2022: RM16.8 million) (including transaction costs) from the open market at an average price of RM4.00 per share (2022: RM3.15 per share).

(g) This non-participating funds unallocated surplus is only available for distribution to shareholders based on the amount recommended by the appointed actuary.

(h) The Company can distribute dividends out of its entire retained earnings under the single-tier system.

30. EXECUTIVES' SHARE SCHEME ("ESS")

On 5 October 2018, the Board of the Company approved the implementation of a new ESS. The new ESS will be in force for a maximum period of ten (10) years from the effective date. Under the new ESS By-Laws, the award granted comprise Scheme Shares.

The awards included in the ESS are:

(i) Short term Incentive ("STI") Award

The STI Award is a share incentive scheme for the selected executives in recognition of their services as an important contribution to the current on-going development, growth and success of the Group. Under the Award, a selected executive is granted a specified number of shares which will be vested in him upon the fulfilment of the service period and such other conditions (if any) imposed by the GNRC.

(ii) Long term Incentive ("LTI") Award

The LTI Award is a share incentive scheme for the selected executives in motivating attainment of higher performance goals and exceptional achievements by selected executives. Under the Award, a selected executive is granted a specified number of shares which will be vested in him upon fulfilment of the service period as well as fulfilment of certain performance targets and such other conditions (if any) imposed by the GNRC.

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For the financial year ended 31 March 2023

30. EXECUTIVES' SHARE SCHEME ("ESS") (CONT'D.)

The salient features of the ESS are as follows:

(i) Any executive director or executive of a corporation in the Group, who meets the following criteria at date of offer of awards ("Offer Date") shall be eligible for consideration and selection in the ESS by GNRC ("Eligible Executives"):

(a) has attained the age of eighteen (18) years and is not an undischarged bankrupt;

(b) employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice of resignation or received a notice of termination;

(c) employment has been confirmed in writing;

(d) in the case of an executive director of the Company, if required, the specific allocation of shares granted by the Company to him in his capacity as an Executive Director under the ESS has been approved by the shareholders at a general meeting;

(e) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project;

(f) is not participating or entitled to participate in any other employee share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the GNRC shall so determine; and

(g) fulfils any other criteria and/or falls within such category as may be set by the GNRC from time to time.

(ii) The maximum number of shares which may be made available under the ESS shall not exceed in aggregate ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) ("Maximum Scheme Shares Allowable") at any point of time during the tenure of the ESS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to executive directors and senior management. In addition, not more than ten percent (10%) of the shares available under the ESS shall be allocated to any Eligible Executive who, either individually or collectively through persons connected to him/her, holds twenty percent (20%) or more of the total number of issued shares of the Company.

(iii) In the event that the Company purchases or cancels its own shares in accordance with the provisions of Section 127 of the Companies Act 2016 or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital, all the Scheme Shares granted prior to such purchase and/or the reduction/adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid as if that reduction/adjustment had not occurred.

(iv) The Share Grant Price (being the reference price which is used to determine the number of Scheme Shares to be granted under the awards) shall be at a discount (as determined by the GNRC) of not more than ten percent (10%) of the five (5) days weighted average market price of the Company's shares transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made (or such basis as the relevant authorities may permit).

(v) The Scheme Shares to be allotted and issued or transferred to Scheme Participant (Eligible Executive who has accepted the Offer) pursuant to the By-Laws are not subjected to any retention period unless otherwise stipulated by the GNRC in the offer.

(vi) The GNRC may in its discretion decide that the Scheme Shares be satisfied either by way of acquisition of existing ordinary shares including by a share buy-back and subject to compliance with the provisions of the Companies Act 2016 and Bursa Malaysia Securities Berhad Listing Requirements.

(vii) In the event that the performance targets, performance period or other conditions stipulated in the Offer in respect of any one or more Scheme Participant cannot be achieved/satisfied, the GNRC may in its discretion by notice in writing to such Scheme Participant(s), waive its compliance, subject to any further conditions as the GNRC may in its discretion impose.

The Company and/or GNRC may establish a Trust administered by a Trustee for the purposes of acquiring existing ordinary shares of the Company and transferring them to the Scheme Participants. For this purpose and to pay expenses in relation to the administration of the Trust, the Trustee is entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

30. EXECUTIVES' SHARE SCHEME ("ESS") (CONT'D.)

(viii) Details for Share Grants are as follows:

(a) Movements for Share Grants under STI award:

Group	Share Grants Number of Shares				
	Movements During the Financial Year				
	Balance at 1 April 2022 '000	Granted '000	Vested '000	Forfeited '000	Balance at 31 March 2023 '000
2020 ESS	3,143	-	(3,112)	(21)	10

Group	Share Grants Number of Shares				
	Movements During the Financial Year				
	Balance at 1 April 2021 '000	Granted '000	Vested '000	Forfeited '000	Balance at 31 March 2022 '000
2019 ESS	2,396	-	(2,378)	(18)	-
2020 ESS	6,865	-	(3,520)	(202)	3,143
	9,261	-	(5,898)	(220)	3,143

(b) Movements for Share Grants under LTI award:

Group	Share Grants Number of Shares				
	Movements During the Financial Year				
	Balance at 1 April 2022 '000	Granted '000	Vested '000	Forfeited '000	Balance at 31 March 2023 '000
2019 ESS	6,165	-	(4,127)	(2,014)	24
2020 ESS	9,538	-	-	(551)	8,987
2021 ESS	7,610	-	-	(383)	7,227
2022 ESS	-	8,736	-	(437)	8,299
	23,313	8,736	(4,127)	(3,385)	24,537

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For the financial year ended 31 March 2023

30. EXECUTIVES' SHARE SCHEME ("ESS") (CONT'D.)

The salient features of the ESS are as follows: (cont'd.)

(viii) Details for Share Grants are as follows: (cont'd.)

(b) Movements for Share Grants under LTI award: (cont'd.)

Group	Share Grants Number of Shares				
	Movements During the Financial Year				
	Balance at 1 April 2021 '000	Granted '000	Vested '000	Forfeited '000	Balance at 31 March 2022 '000
2018 ESS	5,398	-	(2,140)	(3,258)	-
2019 ESS	6,617	-	-	(452)	6,165
2020 ESS	10,204	-	-	(666)	9,538
2021 ESS	-	7,610	-	-	7,610
	22,219	7,610	(2,140)	(4,376)	23,313

(c) The fair value of share grants awarded is based on the share price on grant date, adjusted the number of shares expected to vest and the time value of money of the deferred dividend entitled by the scheme participants.

(d) The grant dates for shares granted are as follows:

2018 ESS (Grant 1)	5 October 2018
2019 ESS (Grant 2)	11 September 2019
2020 ESS (Grant 3)	17 August 2020
2021 ESS (Grant 4)	31 March 2022
2022 ESS (Grant 5)	27 July 2022

31. NON-CONTROLLING INTERESTS

	Note	Group	
		2023 RM'000	2022 RM'000
Balance at beginning of the financial year		1,199,101	949,582
Share in net results of subsidiaries		(58,848)	92,257
Share in other comprehensive income		-	(422)
Capital reduction from a subsidiary	(a)	(1,075,993)	-
Subscription of shares arising from conversion of redeemable cumulative convertible preference shares by a subsidiary		-	256,164
Dividends received by non-controlling interests		(1,981)	(98,480)
Derecognition - disposal of subsidiary		(61,415)	-
Balance at end of the financial year		864	1,199,101

(a) Upon sanction of the Higher Court of Malaysia on 7 July 2022, AGHB (effective equity interest of 51% by the Group prior to the completion of disposal of AGIB) undertook SCR and capital repayment in respect of IAG's 49% shareholding in AGHB comprising of 93,100,000 ordinary shares. IAG received a total capital repayment amount of RM1,076 million and ceased to be a shareholder of AGHB.

32. INTEREST INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	180,121	71,452	6,418	19,327
Financial assets at fair value through profit or loss	150,596	82,033	-	-
Financial investments at fair value through other comprehensive income	529,872	450,094	-	-
Financial investments at amortised cost	325,096	186,668	-	-
Loans and advances*	3,756,077	3,133,330	-	-
Impaired loans and advances	4,164	2,796	-	-
Others	30,029	15,703	-	-
	4,975,955	3,942,076	6,418	19,327

* Included in the interest income of loans and advances of the Group is the net loss of RM4.85 million (2022: net gain of RM28.4 million) arising from government support measures implemented in response to COVID-19 pandemic.

33. INTEREST EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits from customers	1,820,650	1,295,569	-	-
Deposits and placements of banks and other financial institutions	201,688	82,632	-	-
Senior notes	12,260	3,090	-	-
Credit-Linked Notes	-	3,673	-	-
Securities sold under repurchase agreements	260,748	22,515	-	-
Recourse obligation on loans sold to Cagamas Berhad	200,244	203,717	-	-
Term loan	17,106	3,836	-	-
Debt capital	151,500	148,393	-	-
Other structured products and others	31,124	6,817	-	-
	2,695,320	1,770,242	-	-

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34. OTHER OPERATING INCOME

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fee and commission income:					
Fees on loans and securities		155,269	159,538	-	-
Corporate advisory		21,267	15,069	-	-
Guarantee fees		51,238	47,120	-	-
Underwriting commission		3,746	2,174	-	-
Portfolio management fees		40,050	49,577	-	-
Unit trust fees, commission and charges		151,393	169,962	-	-
Property trust management fees		6,671	6,821	-	-
Brokerage fees and commission		29,878	44,086	-	-
Bancassurance commission		28,724	12,339	-	-
Wealth management fees		15,251	20,476	-	-
Remittances		27,543	24,947	-	-
Fees, service and commission charges		32,277	24,878	-	-
Placement fees		6,248	7,227	-	-
Other fees		27,428	19,509	-	-
		596,983	603,723	-	-
Investment and trading income:					
Net gain from sale of financial assets at fair value through profit or loss		42,329	3,174	-	-
Net gain from sale of financial investments at fair value through other comprehensive income		286	4,218	-	-
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss		(1,455)	554	-	-
Net gain on redemption of financial liabilities at fair value through profit or loss		-	401	-	-
Net gain on foreign exchange		263,723	84,141	-	-
Net (loss)/gain on derivatives		(19,486)	63,328	-	-
Gain on liquidation of subsidiaries		-	5	-	65
Dividend income from:					
Subsidiaries		-	-	396,947	193,058
Financial assets at fair value through profit or loss		25,604	25,492	30	24
Financial investments at fair value through other comprehensive income	11(i)	3,139	4,206	-	-
Others		1,416	5,383	-	-
		315,556	190,902	396,977	193,147
Other income:					
Net gain on non-trading foreign exchange		263	832	-	-
Net gain on disposal of property and equipment		9,047	75	-	-
Rental income		30	1,018	-	-
Profit from sale of goods and services		16,425	17,299	-	-
Others		18,100	8,522	10,337	1,067
		43,865	27,746	10,337	1,067
		956,404	822,371	407,314	194,214

35. OTHER OPERATING EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel costs				
Salaries, allowances and bonuses	997,856	907,248	-	-
Shares granted under ESS:				
- charge/(writeback)	17,706	(1,809)	-	-
Contributions to Employees' Provident Fund ("EPF")/private retirement schemes	159,228	147,457	-	-
Social security cost	7,860	7,086	-	-
Other staff related expenses	135,031	91,866	-	-
	1,317,681	1,151,848	-	-
Establishment costs:				
Depreciation of property and equipment	51,834	58,822	8	1
Depreciation of right-of-use assets	73,001	65,435	-	-
Amortisation of intangible assets	78,689	88,242	-	-
Computerisation costs	197,658	168,243	247	299
Cleaning, maintenance and security	31,166	28,088	-	-
Finance costs:				
- interest on lease liabilities	6,342	6,755	-	-
- provision for reinstatement of leased properties	82	107	-	-
Others	32,904	32,170	425	-
	471,676	447,862	680	300
Marketing and communication expenses:				
Sales commission	2,335	4,889	-	-
Advertising, promotional and other marketing activities	19,151	15,688	84	1
Telephone charges	18,570	18,374	2	1
Postage	12,371	9,865	-	-
Travelling and entertainment	5,839	2,631	46	15
Others	12,272	6,940	-	-
	70,538	58,387	132	17
Administration and general expenses:				
Professional services	68,663	65,789	3,036	3,335
Travelling	2,599	1,186	9	19
Insurance	9,391	6,398	1	22
Subscriptions and periodicals	9,414	9,082	3	3
Others	49,130	48,429	3,980	700
	139,197	130,884	7,029	4,079
Service transfer pricing expense, net	-	-	27,973	13,247
Total	1,999,092	1,788,981	35,814	17,643

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

35. OTHER OPERATING EXPENSES (CONT'D.)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in other operating expenses are the following:					
Directors' remuneration	36	4,459	5,524	3,059	4,132
Property and equipment written off	19	33	55	-	-
Auditors' remuneration:					
Audit		2,948	3,836	105	105
Regulatory and assurance related		1,356	1,478	30	30
Other services		461	1,272	-	-

36. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of Chief Executive Officer and Directors of the Group are as follows:

	Remuneration received from the Group				
	Salary RM'000	Other Emoluments[1] RM'000	Bonus[2] RM'000	Benefits-in-kind[3] RM'000	Total RM'000
2023					
Chief Executive Officer:					
Dato' Sulaiman Mohd Tahir^					
- Non-deferred payment received in FY2023	2,668	2,123	2,216	39	7,046
- Deferred STI payment received in FY2023	-	2,111	2,631	-	4,742

1 Comprised statutory contributions and vested shares for non-deferred LTI FY2019 and deferred STI FY2020.
2 Comprised bonus, deferred STI and payments due to conversion from permanent to contract employment.
3 Comprised provision of medical claims and any expenses incurred by Chief Executive Officer in performing his duties.

	Remuneration received/receivable from the Group			
	Fees RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2023				
Non-Executive Directors:				
Tan Sri Azman Hashim	17	123	2	142
Tan Sri Md Nor bin Md Yusof	193	303	7	503
Soo Kim Wai	350	190	20	560
Voon Seng Chuan	360	375	2	737
Seow Yoo Lin	350	193	2	545
Farina binti Farikhullah Khan	350	193	5	548
Hong Kean Yong	200	110	2	312
Dato' Kong Sooi Lin	350	165	1	516
Robert William Goudswaard	200	138	1	339
Felicity Ann Youl	192	64	1	257
	2,562	1,854	43	4,459

36. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of Chief Executive Officer and Directors of the Group are as follows: (cont'd.)

	Remuneration received from the Group				
	Salary RM'000	Other Emoluments RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
2022					
Chief Executive Officer:					
Dato' Sulaiman Mohd Tahir^	2,541	3,139	348	33	6,061

	Remuneration received/receivable from the Group			
	Fees RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2022				
Non-Executive Directors:				
Tan Sri Azman Hashim	210	1,480	32	1,722
Graham Kennedy Hodges	84	54	-	138
Soo Kim Wai	350	195	20	565
Voon Seng Chuan	360	404	2	766
Seow Yoo Lin	350	211	2	563
Farina binti Farikhullah Khan	350	220	4	574
Hong Kean Yong	200	123	2	325
Dato' Kong Sooi Lin	350	178	10	538
Robert William Goudswaard	200	132	1	333
	2,454	2,997	73	5,524

^ The remuneration for the CEO of the Company of RM2,921,000 (2022: RM2,000,000) was paid by AmBank and charged to the Company under Service Transfer Pricing ("STP") expenses.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

36. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Directors of the Company are as follows:

	Remuneration received/receivable from the Company			
	Fees[1] RM'000	Other Emoluments[2] RM'000	Benefits-in-kind[3] RM'000	Total RM'000
2023				
Non-Executive Directors:				
Tan Sri Azman Hashim	17	123	2	142
Tan Sri Md Nor bin Md Yusof	193	303	7	503
Soo Kim Wai	200	70	-	270
Voon Seng Chuan	200	105	-	305
Seow Yoo Lin	200	123	-	323
Farina binti Farikhullah Khan	200	103	-	303
Hong Kean Yong	200	110	2	312
Dato' Kong Sooi Lin	200	105	-	305
Robert William Goudswaard	200	138	1	339
Felicity Ann Youl	192	64	1	257
Total remuneration	1,802	1,244	13	3,059

	Remuneration received/receivable from the Company			
	Fees RM'000	Other Emoluments[2] RM'000	Benefits-in-kind[3] RM'000	Total RM'000
2022				
Non-Executive Directors:				
Tan Sri Azman Hashim	210	1,480	32	1,722
Graham Kennedy Hodges	84	54	-	138
Soo Kim Wai	200	92	1	293
Voon Seng Chuan	200	136	-	336
Seow Yoo Lin	200	143	1	344
Farina binti Farikhullah Khan	200	120	-	320
Hong Kean Yong	200	123	2	325
Dato' Kong Sooi Lin	200	120	1	321
Robert William Goudswaard	200	132	1	333
Total remuneration	1,694	2,400	38	4,132

Notes:
1 Payable upon approval by shareholders in the Annual General Meeting of the financial year.
2 Comprised Board Committee allowances, meeting allowances and allowances to the Chairman of the Board.
3 Comprised provision of medical claims and expenses incurred by non-executive directors in performing their duties.

37. ALLOWANCES FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Note	Group 2023 RM'000	Group 2022 RM'000
Impairment on loans, advances and financing:			
Allowances for ECL	13(i)	732,186	554,563
Impaired loans, advances and financing recovered, net		(310,340)	(240,384)
		421,846	314,179

38. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000
Financial investments			
Financial investments at fair value through other comprehensive income	11	(7,041)	2,263
Financial investments at amortised cost	12	16,549	267,977
		9,508	270,240
Other financial assets			
Cash and short-term funds	6	(517)	(60)
Deposits and placements with banks and other financial institutions	8	(1,259)	1,283
Other assets	18(c)	2,441	655
		665	1,878

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

39. TAXATION AND ZAKAT

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations					
Current tax:					
Estimated current tax payable		544,536	440,665	1,518	4,399
Tax effect relating to the Settlement	5.4	-	(234,552)	-	-
Over provision in prior years		(8,776)	(30,584)	-	-
		535,760	175,529	1,518	4,399
Deferred tax:	15				
Origination and reversal of temporary differences		(21,800)	3,277	-	-
Over provision in prior years		(4,686)	(3,697)	-	-
		(26,486)	(420)	-	-
Taxation	(a)	509,274	175,109	1,518	4,399
Zakat		3,789	2,168	-	-
		513,063	177,277	1,518	4,399
Discontinued operation					
Estimated current tax payable		14,817	62,140	-	-
Deferred tax		(33,702)	(22,006)	-	-
		(18,885)	40,134	-	-
Under/(over) provision of current taxation in respect of prior years		6	(7,605)	-	-
Taxation	(a)	(18,879)	32,529	-	-

39. TAXATION AND ZAKAT (CONT'D.)

Domestic income tax is calculated at the statutory tax rate of 24.0% (2022: 24.0%) on the estimated chargeable profit for the financial year. On 13 December 2021, the Dewan Rakyat had passed the Supply Bill ("Budget for 2022") which included Cukai Makmur, a "one-off" corporate tax of 33% on companies' taxable income in excess of RM100.0 million for the year of assessment 2022 (taxable income of up to RM100.0 million will continue to be taxed at 24%). The additional tax charged for the Group for the financial year for taxable income in excess of RM100.0 million taxed at 33% was RM105.7 million. The deferred tax for the previous financial year was not impacted by Cukai Makmur and was calculated based on the tax rate of 24%.

(a) A reconciliation of the taxation applicable to profit/(loss) before taxation and zakat at the statutory tax rate to taxation at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation and zakat from continuing operations	2,255,441	1,543,648	380,193	195,898
(Loss)/profit before taxation from discontinued operation	(84,952)	261,097	-	-
Profit before taxation and zakat	2,170,489	1,804,745	380,193	195,898
Taxation at Malaysian statutory tax rate of 24.0% (2022: 24.0%)	520,917	433,139	91,246	47,016
Effect of increase in tax rate	-	105,701	-	-
Effect of different tax rates in Labuan	(5,856)	(12,216)	-	-
Effect of impairment of Kurnia Brand, agent relationship and other assets	(31,198)	-	-	-
Income not subject to tax	(13,567)	(61,705)	(89,728)	(46,767)
Restricted and non-deductibility of expenses for tax purposes	41,895	34,228	-	4,150
Tax recoverable recognised on income subject to tax remission	(1,070)	(4,489)	-	-
Origination and reversal of temporary differences	267	-	-	-
Over provision of income tax in prior years	(8,770)	(38,189)	-	-
Tax effect relating to the Settlement	-	(234,552)	-	-
Over provision of deferred tax in prior years	(4,686)	(3,697)	-	-
Tax on share in results of associates and joint ventures	(7,537)	(10,582)	-	-
Taxation for the financial year	490,395	207,638	1,518	4,399
Income tax attributable to continuing operations	509,274	175,109	1,518	4,399
Income tax attributable to discontinued operation	(18,879)	32,529	-	-
	490,395	207,638	1,518	4,399

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

40. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year excluding the weighted average of shares bought back held as treasury shares.

	Group	
	2023	**2022**
Net profit/(loss) attributable to equity holders of the Company		
Continuing operations (RM'000)	1,742,168	1,365,969
Discontinued operation (RM'000)	(7,015)	136,713
	1,735,153	1,502,682
Weighted average number of ordinary shares in issue ('000)	3,310,645	3,299,721
Basic earnings/(loss) per share (sen)		
Continuing operations	52.62	41.40
Discontinued operation	(0.21)	4.14
	52.41	45.54

(b) Diluted earnings/(loss) per share

The Group has no dilution in its earnings/(loss) per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

41. DIVIDENDS

Dividends recognised and paid by the Company are as follows:

	Group and Company	
	2023 RM'000	2022 RM'000
In respect of financial year ended 31 March 2023		
Interim single-tier dividend of 6.0 sen per share	198,566	-
In respect of financial year ended 31 March 2022		
Final single-tier dividend of 5.0 sen per share	165,606	-
	364,172	-
Proposed but not recognised as a liability:		
In respect of financial year ended 31 March 2023		
Final single-tier dividend of 12.3 sen per share	406,774	-
In respect of financial year ended 31 March 2022		
Final single-tier dividend of 5.0 sen per share	-	165,541
	406,774	165,541

(a) Dividends recognised and paid

The dividends are paid based on the number of outstanding ordinary shares in issue (net of treasury shares) on the entitlement date of dividend.

(b) Proposed final dividend

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

Proposed final dividend is based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 March 2023 and 31 March 2022.

(c) Dividends paid by the Company's subsidiaries to non-controlling interests

Dividends paid by the Company's subsidiaries to non-controlling interests amounted to RM1,981,000 during the financial year ended 31 March 2023 (2022: RM98,480,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

(i) Subsidiaries

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Details of subsidiaries are shown in Note 16.

(ii) Associates and joint ventures

Details of associates and joint ventures are disclosed in Note 17.

(iii) Key management personnel ("KMP")

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly. The KMP include Executive and Non-Executive Directors and certain members of senior management of the Group and of the Company as well as heads of major subsidiaries of the Company (including close member of their families).

(iv) Companies in which certain Directors have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain Directors of the Company.

(v) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Subsidiaries		Associates and joint ventures		Key management personnel		Companies in which certain directors have substantial financial interest		Companies which have significant influence over the Group	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group										
Income										
Interest on loans, advances and financing	-	-	12,779	11,440	278	134	169	3,246	-	-
Bancassurance commission	-	-	30,770	15,468	-	-	-	-	-	-
Fee income	-	-	3,703	418	3	3	-	-	-	-
Gain on derivatives	-	-	-	-	-	-	-	-	16,068	33,188
Foreign exchange gain	-	-	-	-	-	-	-	-	3,961	4,578
Service transfer pricing recoveries	-	-	10,046	863	-	-	-	-	-	-
	-	-	57,298	28,189	281	137	169	3,246	20,029	37,766
Expenses										
Interest on deposits	-	-	-	36	960	1,115	58	336	-	-
Customer loyalty awards	-	-	4,425	2,626	-	-	-	-	-	-
Other staff related expenses	-	-	-	-	-	-	11	-	-	-
Rental of premises	-	-	-	-	-	-	166	283	-	-
Depreciation on right-of-use assets	-	-	44,234	34,686	-	-	-	-	-	-
Interest on lease liabilities	-	-	2,074	1,455	-	-	-	-	-	-
Storage	-	-	2	17	-	-	-	-	-	-
Utilities and miscellaneous expenses	-	-	-	659	-	-	-	-	-	-
Insurance premium	-	-	28,930	32,702	-	-	-	-	-	-
Advertising and marketing expenses	-	-	76	83	-	-	263	11	-	-
Training expenses	-	-	2	4	-	-	82	140	-	-
Travelling	-	-	41	-	-	-	951	18	-	-
	-	-	79,784	72,268	960	1,115	1,531	788	-	-
Company										
Income										
Interest on deposits	6,418	19,327	-	-	-	-	-	-	-	-
Dividend income from subsidiaries	396,947	193,058	-	-	-	-	-	-	-	-
Other income	22	205	261	-	-	-	-	-	-	-
Service transfer pricing recoveries	-	-	10,046	863	-	-	-	-	-	-
	403,387	212,590	10,307	863	-	-	-	-	-	-
Expenses										
Service transfer pricing expenses (net)	27,973	13,247	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and the Company with its related parties are as follows:

	Subsidiaries		Associates and joint ventures		Key management personnel		Companies in which certain directors have substantial financial interest		Companies which have significant influence over the Group	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group										
Assets										
Loans, advances and financing	-	-	294,119	355,645	8,257	4,960	-	145,591	-	-
Derivative financial assets	-	-	-	-	-	-	-	-	22,194	3,647
Other assets	-	-	62	158,359	-	-	-	-	-	5,888
Right-of-use assets	-	-	98,170	25,895	-	-	-	-	-	-
	-	-	392,351	539,899	8,257	4,960	-	145,591	22,194	9,535
Liabilities										
Deposits and placements	-	-	124,389	14,276	46,390	72,685	19	147,820	79,855	29,980
Derivative financial liabilities	-	-	-	-	-	-	-	-	2,719	4,202
Other liabilities	-	-	22,601	114,870	-	-	-	-	19,434	-
Lease liabilities	-	-	100,822	28,203	-	-	-	-	-	-
	-	-	247,812	157,349	46,390	72,685	19	147,820	102,008	34,182
Commitments and contingencies										
Contingent liabilities	-	-	9,875	2,480	-	-	-	-	-	89,514
Commitments	-	-	125	34,820	5,506	6,878	-	243,500	-	210,000
Contract/notional amount for derivatives	-	-	-	-	-	-	-	-	1,477,896	632,492
	-	-	10,000	37,300	5,506	6,878	-	243,500	1,477,896	932,006
Company										
Assets										
Cash and short-term funds	208,565	717,660	-	-	-	-	-	-	-	-
Amount due from related companies	134	11,109	1,521	205	-	-	-	-	-	-
	208,699	728,769	1,521	205	-	-	-	-	-	-
Liabilities										
Amount due to related companies	4,492	-	-	-	-	-	-	-	-	-

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(c) There were no granting of loans/financing to the Directors of the Company other than in the normal course of business of the Group and of the Company. Loans/financing made to Directors and other key management personnel of the Group are on similar terms and conditions generally available to other employees within the Group. No provisions have been recognised in respect of loans/financing given to directors and key management personnel.

(d) The Company incurs intercompany charges for shared operating costs of the Group in Malaysia as disclosed under service transfer pricing expenses. The services received relate to expenses incurred for group shared services in respect of key management personnel costs, internal audit, finance, human resource, marketing and communications, legal, company secretarial, organisation and development and information systems.

(e) Key management personnel compensation

The remuneration of Directors of the Company and other key management personnel during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
Fees (Note 36)	2,562	2,454	1,802	1,694
Salary and other remuneration	1,854	2,997	1,244	2,400
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	43	73	13	38
Total short-term employee benefits	4,459	5,524	3,059	4,132
Other key management personnel:				
Salary and other remuneration	36,866	22,417	-	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	17,792	12,557	-	-
Total short-term employee benefits	54,658	34,974	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

43. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	2023	2022
Outstanding credit exposures with connected parties (RM'000)	4,336,663	5,297,585
Percentage of outstanding credit exposures to connected parties: as a proportion of total credit exposures (%)	2.98	3.96

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014.

Based on these guidelines, a connected party refers to the following:

(i) Directors of AmBank, AmInvestment Bank and AmBank Islamic ("the Banks") and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Influential shareholder and his close relatives;

(iv) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Banks, and his close relatives;

(v) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; or

(viii) Subsidiary of or an entity controlled by the Banks and their connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and corporate bonds and/or sukuk issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

44. FIDUCIARY DUTY

(a) In respect of investment portfolio management

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2023 amounted to RM57,858,261,000 (2022: RM57,419,406,000).

(b) In respect of monies in trust

Monies in trust in relation to the Group's stockbroking and futures businesses excluded from the statements of financial position in accordance with Financial Reporting Standards Implementation Committee Consensus 18 *Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad* ("FRSIC 18"):

	Group	
	2023 RM'000	2022 RM'000
Clients' trust balances and dealers' representative balances	534,737	643,965
Remisiers' trust balances	34,218	35,268
	568,955	679,233

Monies held in trust in relation to the Group's fund management business excluded from the statements of financial position:

	Group	
	2023 RM'000	2022 RM'000
Monies in trust in relation to the fund management business	13,438	19,442

45. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
Authorised and contracted for:		
Purchase of computer equipment and software	33,524	36,794
Purchase of furniture and fittings, office equipment and renovation	-	35
Leasehold improvements	2,931	7,721
	36,455	44,550
Authorised but not contracted for:		
Purchase of computer equipment and software	128,769	102,643
	165,224	147,193

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46. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the banking subsidiaries of the Company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at the reporting date, the principal amounts of commitments and contingencies and notional contracted amounts of derivatives are as follows:

	Group	
	2023 RM'000	2022 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	17,852,995	17,485,076
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,654,631	2,516,528
Unutilised credit card lines	5,682,369	5,126,496
Forward asset purchases	174,223	60,257
	27,364,218	25,188,357
Contingent Liabilities		
Direct credit substitutes	3,190,357	2,972,783
Transaction-related contingent items	4,472,380	4,295,291
Obligations under on-going underwriting agreements	210,000	130,000
Short-term self-liquidating trade-related contingencies	750,231	604,427
	8,622,968	8,002,501
Derivative Financial Instruments		
Interest/profit rate related contracts:	34,897,432	39,195,917
One year or less	12,307,294	12,051,408
Over one year to five years	18,662,670	20,836,522
Over five years	3,927,468	6,307,987
Foreign exchange related contracts:	52,555,959	48,628,852
One year or less	45,087,669	40,258,048
Over one year to five years	5,828,508	6,154,545
Over five years	1,639,782	2,216,259
Equity and commodity related contracts:	1,432,375	1,645,753
One year or less	1,352,573	1,570,386
Over one year to five years	79,802	75,367
	88,885,766	89,470,522
	124,872,952	122,661,380

46. COMMITMENTS AND CONTINGENCIES (CONT'D.)

As at the reporting date, other commitments and contingencies of the Group and of the Company are as follows:

(a) The Company has given an unsecured guarantee amounting to RM50.0 million (2022: RM50.0 million) on behalf of AmInvestment Bank Berhad ("AmInvestment Bank"), for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc., Morgan Stanley & Co. LLC and Morgan Stanley Capital Group Inc in respect of their respective futures trading activity with AmInvestment Bank.

(b) The Malaysia Competition Commission ("MyCC")'s Proposed Decision against Persatuan Insurans Am Malaysia ("PIAM") and its 22 members (including AmGeneral Insurance Berhad ("AGIB"), an associate).

On 25 September 2020, AGIB received the Notice of Finding of an infringement by the Competition Commission ("the Commission") under Section 40 of the Competition Act 2010 ("CA 2010").

Pursuant to Section 40 of CA 2010, the Commission has determined that PIAM and its 22 members have infringed the prohibition under section 4 of CA 2010 by participating in an agreement that significantly prevents, restricts or distorts competition in relation to PIAM Approved Repairers Scheme.

The penalty imposed of RM13.7 million was lower than the initial proposed decision by MyCC since 27 February 2017 of RM45.2 million.

AGIB has submitted:
(a) Notice of Appeal to MyCC pursuant to Section 51 of the CA 2010 on 13 October 2020;
(b) Application for Stay to the Competition Appeal Tribunal ("COMPAT") pursuant to Section 53 of the CA 2010 on 23 October 2020; and
(c) Application for a Judicial Review at the Malaysian High Court on 24 December 2020.

On 23 March 2021, the COMPAT panel unanimously decided to grant a stay of the financial penalties pending the disposal of the appeal.

On 26 April 2021, the High Court has granted AGIB's Application for Leave for Judicial Review and extended the interim stay which was granted on 15 March 2021 until the hearing of any objections or application by MyCC to set it aside. The grant of leave means the High Court has agreed to hear arguments on AGIB's application to set aside MyCC's decision.

Judicial Review was heard on 20 October 2021 and the High Court allowed MyCC's application to set aside the leave and stay order granted by the High Court. Subsequently, AGIB lodged an appeal to the Court of Appeal on 18 November 2021 to preserve its rights.

On 2 September 2022, the COMPAT had unanimously allowed the PIAM's appeal and MyCC's decision was being set aside. As such, AGIB withdrew its appeal on the Judicial Review to the Court of Appeal after decision by COMPAT.

The affidavit was filed with the High Court of Kuala Lumpur on 3 January 2023 and on the case management dated 16 May 2023, the High Court fixed the hearing date of the Insurers' Objections on 30 November 2023.

AGIB has also filed an application to bring intervener proceedings against MyCC's judicial review application in the case between Malaysia Airlines ("MAS") and AirAsia. This application is now fixed for hearing on the 27 June 2023 wherein the Court will decide as to whether to allow AGIB's application to intervene in the said case.

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47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Group	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
2023			
ASSETS			
Cash and short-term funds	8,521,940	-	8,521,940
Deposits and placements with banks and other financial institutions	176,604	-	176,604
Derivative financial assets	330,960	590,149	921,109
Financial assets at fair value through profit or loss	11,964,261	806,646	12,770,907
Financial investments at fair value through other comprehensive income	8,366,669	17,244,064	25,610,733
Financial investments at amortised cost	231,855	13,237,848	13,469,703
Loans, advances and financing	33,549,992	94,692,613	128,242,605
Statutory deposits with Bank Negara Malaysia	-	2,446,547	2,446,547
Deferred tax assets	-	220,655	220,655
Investment in associates and joint ventures	-	1,631,600	1,631,600
Other assets	2,239,775	386,261	2,626,036
Property and equipment	-	161,778	161,778
Right-of-use assets	-	229,770	229,770
Intangible assets	-	510,644	510,644
TOTAL ASSETS	65,382,056	132,158,575	197,540,631
LIABILITIES			
Deposits from customers	127,568,942	2,746,138	130,315,080
Investment accounts of customers	16,474	-	16,474
Deposits and placements of banks and other financial institutions	10,077,137	1,385,108	11,462,245
Securities sold under repurchase agreements	16,466,674	-	16,466,674
Recourse obligation on loans and financing sold to Cagamas Berhad	9,915,040	-	9,915,040
Derivative financial liabilities	404,301	560,018	964,319
Term funding	1,014,026	1,158,307	2,172,333
Debt capital	-	4,395,000	4,395,000
Other liabilities	3,221,554	476,003	3,697,557
TOTAL LIABILITIES	168,684,148	10,720,574	179,404,722

47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. (cont'd.)

Group	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
2022			
ASSETS			
Cash and short-term funds	13,221,099	-	13,221,099
Deposits and placements with banks and other financial institutions	1,301,449	-	1,301,449
Derivative financial assets	226,265	595,108	821,373
Financial assets at fair value through profit or loss	3,850,906	3,365,654	7,216,560
Financial investments at fair value through other comprehensive income	2,805,764	15,950,993	18,756,757
Financial investments at amortised cost	879,880	8,157,886	9,037,766
Loans, advances and financing	30,008,184	88,057,501	118,065,685
Statutory deposits with Bank Negara Malaysia	-	376,523	376,523
Deferred tax assets	-	218,551	218,551
Investment in associates and joint ventures	-	604,542	604,542
Other assets	2,093,250	792,069	2,885,319
Reinsurance assets and other insurance receivables	389,061	191,644	580,705
Property and equipment	-	180,968	180,968
Right-of-use assets	-	189,372	189,372
Intangible assets	-	1,399,912	1,399,912
Assets held for sale	2,324	-	2,324
TOTAL ASSETS	54,778,182	120,080,723	174,858,905
LIABILITIES			
Deposits from customers	120,873,171	1,719,679	122,592,850
Investment accounts of customers	377,861	-	377,861
Deposits and placements of banks and other financial institutions	8,651,705	1,242,880	9,894,585
Securities sold under repurchase agreements	1,582,717	-	1,582,717
Recourse obligation on loans and financing sold to Cagamas Berhad	2,425,016	5,950,007	8,375,023
Derivative financial liabilities	221,452	582,111	803,563
Term funding	226,460	1,653,637	1,880,097
Debt capital	-	4,395,000	4,395,000
Deferred tax liabilities	-	8,093	8,093
Other liabilities	3,503,625	799,237	4,302,862
Insurance contract liabilities and other insurance payables	1,883,276	804,085	2,687,361
TOTAL LIABILITIES	139,745,283	17,154,729	156,900,012

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47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. (cont'd.)

Company	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
2023			
ASSETS			
Cash and short-term funds	208,565	-	208,565
Financial assets at fair value through profit or loss	-	1,158	1,158
Investment in subsidiaries and other investments	-	10,852,185	10,852,185
Other assets	4,005	-	4,005
Property and equipment	-	20	20
TOTAL ASSETS	212,570	10,853,363	11,065,933
LIABILITIES			
Other liabilities	23,117	-	23,117
TOTAL LIABILITIES	23,117	-	23,117

Company	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
2022			
ASSETS			
Cash and short-term funds	717,660	-	717,660
Financial assets at fair value through profit or loss	-	1,128	1,128
Investment in subsidiaries and other investments	-	10,857,350	10,857,350
Other assets	11,615	-	11,615
TOTAL ASSETS	729,275	10,858,478	11,587,753
LIABILITIES			
Other liabilities	533,827	-	533,827
TOTAL LIABILITIES	533,827	-	533,827

48. 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.

On 9 December 2020, BNM issued revised policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components). The key addition to the revised policy documents is the transitional arrangements for financial institutions on provisions for ECL. Under these revised policy documents, a financial institution is allowed to add back a portion of the loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital from financial year 2021 to financial year 2024.

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

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

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48. CAPITAL MANAGEMENT (CONT'D.)

(a) The capital adequacy ratios of the Group and banking subsidiaries are as follows: (cont'd.)

	2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Tier 1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Total Capital Ratio	16.109%	17.292%	34.077%	15.456%
After deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Tier 1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Total Capital Ratio	16.109%	17.292%	26.456%	15.315%

Notes:

(1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios of the Group and the banking subsidiaries had been computed applying transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries as at 31 March 2023 and 31 March 2022 are as follows:

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

48. CAPITAL MANAGEMENT (CONT'D.)

(a) The capital adequacy ratios of the Group and banking subsidiaries are as follows: (cont'd.)

(1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios of the Group and the banking subsidiaries had been computed applying transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries as at 31 March 2023 and 31 March 2022 are as follows: (cont'd.)

	2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Tier 1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Total Capital Ratio	15.967%	16.948%	34.077%	15.324%
After deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Tier 1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Total Capital Ratio	15.967%	16.948%	26.456%	15.184%

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

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

(3) Pursuant to BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), financial institution is required to maintain minimum 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").

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48. CAPITAL MANAGEMENT (CONT'D.)

(b) The components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group and banking subsidiaries are as follows:

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

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

	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
Credit RWA	79,287,050	35,344,046	582,070	112,344,226
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,545,037)	-	(2,740)
Total Credit RWA	79,287,050	33,799,009	582,070	112,341,486
Market RWA	1,624,350	304,677	6,231	2,841,539
Operational RWA	5,186,909	1,969,050	334,056	7,762,466
Large exposure risk RWA for equity holdings	785,485	-	-	785,485
Total RWA	86,883,794	36,072,736	922,357	123,730,976

48. CAPITAL MANAGEMENT (CONT'D.)

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

	2022			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
CET1 Capital				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	6,524,068	2,490,692	139,315	9,251,065
Fair value reserve	293,346	(3,893)	1,703	485,759
Foreign exchange translation reserve	92,301	-	-	98,871
Treasury shares	-	-	-	(11,041)
Regulatory reserve	94,463	-	8,457	102,920
Cash flow hedging deficit	(9,062)	-	-	(9,062)
Other remaining disclosed reserves	-	-	-	36,472
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(221,538)	(495)	(2,063)	(225,116)
Deferred tax assets	(158,227)	(61,249)	(5,446)	(216,855)
55% of cumulative gains in fair value reserve	(161,340)	-	(937)	(267,168)
Cash flow hedging deficit	9,062	-	-	9,062
Regulatory reserve	(94,463)	-	(8,457)	(102,920)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(648)	(92)	-	(681)
Other CET1 regulatory adjustments specified by BNM	413,471	235,578	1	649,031
CET1 Capital	9,813,410	4,047,648	412,764	14,539,085
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	431
Tier 1 Capital	9,813,410	4,047,648	412,764	14,539,516
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,752,328
General provisions*	650,081	256,523	8,460	914,980
Tier 2 Capital	3,745,081	1,556,523	8,460	3,667,308
Total Capital	13,558,491	5,604,171	421,224	18,206,824
The breakdown of the risk-weighted assets ("RWA") in various categories of risk are as follows:				
Credit RWA	75,535,958	32,508,336	891,418	106,092,293
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(2,075,074)	-	(361,288)
Total Credit RWA	75,535,958	30,433,262	891,418	105,731,005
Market RWA	2,859,665	215,113	17,652	3,973,469
Operational RWA	4,792,198	1,760,237	327,009	7,114,901
Large exposure risk RWA for equity holdings	980,771	-	-	981,925
Total RWA	84,168,592	32,408,612	1,236,079	117,801,300

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

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT

49.1 General Risk Management

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

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

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

The Group Risk Direction

The Group's FY2021 to 2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("ROE") of ≥10%, (2) Sharpening Our Segment Play, (3) Harnessing expertise across the Group to deliver AmBank Holistic Customer Value Proposition, (4) Offers differentiated and profitable products, (5) Building capacity and efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P^2ACE") DNA, (7) Integrating Environmental, Social, and Governance ("ESG") focusing on Responsible banking and (8) Exploring Digital Bank option.

1 The Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").

2 The Group aims to maintain a minimum ROCE of 12% and RWA efficiency ("CRWA/EAD") in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").

3 The Group aims to maintain its Total Capital Ratio at the Group's Internal Capital Target under normal conditions.

4 The Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").

5 The Group recognises the importance of funding its own business. It aims to maintain the following:
   a. Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
   b. Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   c. Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) above the prevailing regulatory minimum (effective July 2020).

6 The Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
   a. Keep operational losses and regulatory penalties below 2% of Profit After Tax and Non-controlling interests ("PATMI"); and
   b. Remain vigilant in risk identification and management to protect its reputation and business franchise.

7 The Group aims for at least 70% of its loan/financing portfolio to constitute exposures with low Environmental, Social and Governance Risk Grade ("ESG-RG") by FY2030.

8 The Group aims to maintain its IRRBB/RORBB Internal Capital Adequacy Assessment Programme ("ICAAP") Pillar 2 over total capital ratio at entity level as follows:
   a. ICAAP IRRBB/RORBB at below 8.5% of its Total Capital for AmBank and AmBank Islamic (entity level);
   b. ICAAP IRRBB/RORBB at below 5% of its Total Capital for AmInvestment Bank (entity level).

49. RISK MANAGEMENT (CONT'D.)

49.1 General Risk Management (cont'd.)

Risk Management Governance

The Board is ultimately accountable for the management of risks within the Group. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational risk, technology and cyber risk.

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

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

Impact of Expired Payment Holiday/Repayment Assistance

There is potential emerging risk on small SMEs following the expiry of payment holiday and repayment assistance plans offered to customers during the COVID-19 pandemic. Close monitoring is being carried out on this segment.

49.2 Credit Risk Management

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk (please refer to Note 49.9 for discussion on Shariah Governance Structure).

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

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

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

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

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

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

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure;
- Setting Loan/Financing to Value limits for asset backed loans/financing;
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP") which set out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB") and Retail Banking ("RB") portfolios;
- Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB, and RCP for RB) sets out the controls in managing R&R loans/financing;
- Setting Retail risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

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

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

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

Maximum Credit Risk Exposure and Concentration

Credit Risk Exposure and Concentration

The Group's concentrations of risk are managed by industry sector, risk grade asset quality and single customer limit. The Group applies Single Customer Limits ("SCL") to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statements of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking into account of any collateral held or other credit enhancements.

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1a Industry Analysis

Group	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	Subtotal RM'000
2023								
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Derivative financial assets	28,934	32	33,571	87	79	7,286	283	70,272
Financial assets at fair value through profit or loss								
Money market securities	-	-	-	-	-	-	-	-
Quoted corporate bonds and sukuk	-	-	-	-	10,236	-	-	10,236
Unquoted corporate bonds and sukuk	-	-	59,961	-	20,017	100,000	587,324	767,302
Financial investments at fair value through other comprehensive income								
Money market securities	-	-	-	-	-	-	-	-
Unquoted corporate bonds and sukuk	610,360	361,661	144,319	1,300,099	1,325,186	485,992	729,522	4,957,139
Financial investments at amortised cost								
Money market securities	-	-	-	-	-	-	-	-
Unquoted corporate bonds and sukuk	125,028	578,844	340,000	497,249	2,544,712	1,924,698	1,116,657	7,127,188
Allowances for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	125,028	578,844	340,000	497,249	2,544,712	1,924,698	1,116,657	7,127,188
Loans, advances and financing								
Hire purchase	8,337	823	25,234	1,303	26,174	93,584	8,922	164,377
Mortgage	2,933	2,107	32,894	1,999	35,417	54,166	10,124	139,640
Credit card	-	-	300	-	25	2,852	50	3,227
Other loans, advances and financing	100,835	35,054	760,838	112,793	716,120	1,802,397	291,501	3,819,538
Corporate loans, advances and financing								
Term loans and bridging loans	1,125,478	1,953,456	6,704,700	448,527	1,400,622	3,919,852	3,723,846	19,276,481
Revolving credits	1,483,080	114,267	1,762,016	549,399	895,947	490,126	704,730	5,999,565
Overdrafts	100,832	25,643	568,037	85,441	563,061	878,090	122,911	2,344,015
Trade	235,017	34,724	5,914,915	323,536	833,897	4,923,993	320,987	12,587,069
Allowances for ECL	-	-	-	-	-	-	-	-
Total loans, advances and financing	3,056,512	2,166,074	15,768,934	1,522,998	4,471,263	12,165,060	5,183,071	44,333,912
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	1,811	14,222	14,013	37,747	47,693	1,717	75,550	192,753
Allowances for ECL	-	-	-	-	-	-	-	-
Total other financial assets	1,811	14,222	14,013	37,747	47,693	1,717	75,550	192,753
	3,822,645	3,120,833	16,360,798	3,358,180	8,419,186	14,684,753	7,692,407	57,458,802
Commitments	468,662	489,176	5,523,945	458,083	4,061,884	3,035,862	732,273	14,769,885
Contingent liabilities	105,881	220,429	1,682,154	545,079	3,630,715	768,351	404,778	7,357,387
Total commitments and contingent liabilities	574,543	709,605	7,206,099	1,003,162	7,692,599	3,804,213	1,137,051	22,127,272

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1a Industry Analysis (cont'd.)

Group	Subtotal from previous page RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
2023										
Cash and short-term funds	-	5,015,245	3,508,452	-	-	-	-	-	(1,757)	8,521,940
Deposits and placements with banks and other financial institutions	-	176,670	-	-	-	-	-	-	(66)	176,604
Derivative financial assets	70,272	718,736	86	546	116,235	7,914	4,378	2,942	-	921,109
Financial assets at fair value through profit or loss										
Money market securities	-	-	10,169,187	-	-	-	-	-	-	10,169,187
Quoted corporate bonds and sukuk	10,236	-	-	-	-	-	-	-	-	10,236
Unquoted corporate bonds and sukuk	767,302	405,911	-	281,057	-	30,070	-	10,007	-	1,494,347
Financial investments at fair value through other comprehensive income										
Money market securities	-	-	12,549,882	-	-	-	-	-	-	12,549,882
Unquoted corporate bonds and sukuk	4,957,139	6,132,679	-	350,080	-	38,984	-	899,111	-	12,377,993
Financial investments at amortised cost										
Money market securities	-	-	5,454,701	-	-	-	-	-	-	5,454,701
Unquoted corporate bonds and sukuk	7,127,188	425,091	75,000	75,189	25,000	10,529	-	776,778	-	8,514,775
Allowances for ECL	-	-	-	-	-	-	-	-	(499,773)	(499,773)
Total financial investments at amortised cost	7,127,188	425,091	5,529,701	75,189	25,000	10,529	-	776,778	(499,773)	13,469,703
Loans, advances and financing										
Hire purchase	164,377	1,065	-	3,646	34,975	4,480	13,163,439	-	-	13,371,982
Mortgage	139,640	3,803	-	70,782	59,076	15,234	45,107,686	-	-	45,396,221
Credit card	3,227	-	-	-	52	219	2,806,735	52	-	2,810,285
Other loans, advances and financing	3,819,538	37,922	-	546,242	607,499	148,511	6,423,445	-	-	11,583,157
Corporate loans, advances and financing										
Term loans and bridging loans	19,276,481	2,036,706	-	5,024,615	1,418,876	992,380	708,931	-	-	29,457,989
Revolving credits	5,999,565	2,932,137	-	1,795,118	108,656	245,861	760,246	5,297	-	11,846,880
Overdrafts	2,344,015	85,654	-	292,324	156,129	74,531	65,080	-	-	3,017,733
Trade	12,587,069	22,282	-	4,526	72,283	56,364	-	-	-	12,742,524
Allowances for ECL	-	-	-	-	-	-	-	-	(1,984,166)	(1,984,166)
Total loans, advances and financing	44,333,912	5,119,569	-	7,737,253	2,457,546	1,537,580	69,035,562	5,349	(1,984,166)	128,242,605
Statutory deposits with Bank Negara Malaysia	-	-	2,446,547	-	-	-	-	-	-	2,446,547
Other financial assets	192,753	1,441,128	406,919	19,247	28,468	374	68,715	179,276	-	2,336,880
Allowances for ECL	-	-	-	-	-	-	-	-	(8,566)	(8,566)
Total other financial assets	192,753	1,441,128	406,919	19,247	28,468	374	68,715	179,276	(8,566)	2,328,314
	57,458,802	19,435,029	34,610,774	8,463,372	2,627,249	1,625,451	69,108,655	1,873,463	(2,494,328)	192,708,467
Commitments	14,769,885	355,986	153,474	656,993	353,381	691,964	10,312,925	69,610	-	27,364,218
Contingent liabilities	7,357,387	297,809	-	644,752	236,984	84,871	1,165	-	-	8,622,968
Total commitments and contingent liabilities	22,127,272	653,795	153,474	1,301,745	590,365	776,835	10,314,090	69,610	-	35,987,186

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1a Industry Analysis (cont'd.)

Group	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	Subtotal RM'000
2022								
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Derivative financial assets	4,523	105,139	36,848	-	-	1,609	547	148,666
Financial assets at fair value through profit or loss								
Money market securities	-	-	-	-	-	-	-	-
Quoted corporate bonds and sukuk	-	-	-	-	-	-	-	-
Unquoted corporate bonds and sukuk	52,031	69,858	-	-	112,128	-	20,580	254,597
Financial investments at fair value through other comprehensive income								
Money market securities	-	-	-	-	-	-	-	-
Unquoted corporate bonds and sukuk	-	365,965	29,364	987,234	34,123	448,251	669,519	2,534,456
Financial investments at amortised cost								
Money market securities	-	-	-	-	-	-	-	-
Unquoted corporate bonds and sukuk	194,971	579,692	-	381,105	1,820,931	1,416,948	291,139	4,684,786
Allowances for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	194,971	579,692	-	381,105	1,820,931	1,416,948	291,139	4,684,786
Loans, advances and financing								
Hire purchase	1,694	446	10,691	974	12,970	52,231	10,960	89,966
Mortgage	4,019	2,226	38,427	2,355	47,197	65,527	11,462	171,213
Credit card	-	-	-	-	-	-	-	-
Other loans, advances and financing	106,336	35,847	718,937	89,918	678,046	1,598,827	258,933	3,486,844
Corporate loans, advances and financing								
Term loans and bridging loans	1,374,342	1,932,496	6,769,062	201,582	1,155,680	3,459,035	3,783,233	18,675,430
Revolving credits	552,898	90,089	1,941,878	530,945	1,076,191	363,038	461,944	5,016,983
Overdrafts	120,396	30,642	563,689	83,572	732,171	767,512	138,373	2,436,355
Trade	214,401	38,468	5,859,977	273,284	650,338	4,228,323	177,999	11,442,790
Allowances for ECL	-	-	-	-	-	-	-	-
Total loans, advances and financing	2,374,086	2,130,214	15,902,661	1,182,630	4,352,593	10,534,493	4,842,904	41,319,581
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	9,003	13,181	3,150	30,328	65,340	11,939	8,194	141,135
Allowances for ECL	-	-	-	-	-	-	-	-
Total other financial assets	9,003	13,181	3,150	30,328	65,340	11,939	8,194	141,135
	2,634,614	3,264,049	15,972,023	2,581,297	6,385,115	12,413,240	5,832,883	49,083,221
Commitments	564,466	202,747	4,272,608	555,401	4,729,515	2,632,917	527,090	13,484,744
Contingent liabilities	267,776	343,552	1,861,892	588,649	3,175,267	500,735	279,098	7,016,969
Total commitments and contingent liabilities	832,242	546,299	6,134,500	1,144,050	7,904,782	3,133,652	806,188	20,501,713

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1a Industry Analysis (cont'd.)

Group	Subtotal from previous page RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Allowances for ECL RM'000	Total RM'000
2022										
Cash and short-term funds	-	4,962,885	8,260,459	-	-	-	-	-	(2,245)	13,221,099
Deposits and placements with banks and other financial institutions	-	1,302,774	-	-	-	-	-	-	(1,325)	1,301,449
Derivative financial assets	148,666	660,416	-	666	2,555	159	3,795	5,116	-	821,373
Financial assets at fair value through profit or loss										
Money market securities	-	99,460	2,073,581	-	-	-	-	-	-	2,173,041
Quoted corporate bonds and sukuk	-	13,315	-	-	-	-	-	-	-	13,315
Unquoted corporate bonds and sukuk	254,597	1,309,466	235,004	354,739	-	-	-	1,573,899	-	3,727,705
Financial investments at fair value through other comprehensive income										
Money market securities	-	1,029,299	7,468,877	-	-	-	-	-	-	8,498,176
Unquoted corporate bonds and sukuk	2,534,456	2,639,557	3,017,278	239,701	-	-	-	1,152,500	-	9,583,492
Financial investments at amortised cost										
Money market securities	-	-	3,168,944	-	-	-	-	-	-	3,168,944
Unquoted corporate bonds and sukuk	4,684,786	810,510	295,387	320,246	25,000	-	-	216,117	-	6,352,046
Allowances for ECL	-	-	-	-	-	-	-	-	(483,224)	(483,224)
Total financial investments at amortised cost	4,684,786	810,510	3,464,331	320,246	25,000	-	-	216,117	(483,224)	9,037,766
Loans, advances and financing										
Hire purchase	89,966	578	-	1,098	16,623	3,702	12,575,908	-	-	12,687,875
Mortgage	171,213	4,722	-	80,048	72,316	16,673	42,423,616	-	-	42,768,588
Credit card	-	-	-	-	8,449	-	2,564,983	-	-	2,573,432
Other loans, advances and financing	3,486,844	33,509	-	475,986	565,862	135,260	6,261,382	-	-	10,958,843
Corporate loans, advances and financing										
Term loans and bridging loans	18,675,430	317,738	-	3,977,043	1,199,583	858,632	457,607	-	-	25,486,033
Revolving credits	5,016,983	2,742,101	-	1,877,766	219,200	251,066	743,514	25,030	-	10,875,660
Overdrafts	2,436,355	44,856	-	198,593	127,594	95,996	69,921	-	-	2,973,315
Trade	11,442,790	123,341	-	5,660	49,317	48,407	-	-	-	11,669,515
Allowances for ECL	-	-	-	-	-	-	-	-	(1,927,576)	(1,927,576)
Total loans, advances and financing	41,319,581	3,266,845	-	6,616,194	2,258,944	1,409,736	65,096,931	25,030	(1,927,576)	118,065,685
Statutory deposits with Bank Negara Malaysia	-	-	376,523	-	-	-	-	-	-	376,523
Other financial assets	141,135	1,212,827	303,874	21,576	40,984	33	50,992	374,107	-	2,145,528
Allowances for ECL	-	-	-	-	-	-	-	-	(6,667)	(6,667)
Total other financial assets	141,135	1,212,827	303,874	21,576	40,984	33	50,992	374,107	(6,667)	2,138,861
	49,083,221	17,307,354	25,199,927	7,553,122	2,327,483	1,409,928	65,151,718	3,346,769	(2,421,037)	168,958,485
Commitments	13,484,744	961,333	60,257	1,356,986	374,649	308,882	8,588,336	53,170	-	25,188,357
Contingent liabilities	7,016,969	136,281	-	497,404	195,219	156,485	143	-	-	8,002,501
Total commitments and contingent liabilities	20,501,713	1,097,614	60,257	1,854,390	569,868	465,367	8,588,479	53,170	-	33,190,858

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1a Industry Analysis (cont'd.)

Company	Finance and Insurance RM'000
2023	
Cash and short-term funds	208,565
Other financial assets	1,655
Total financial assets	210,220
2022	
Cash and short-term funds	717,660
Other financial assets	11,368
Total financial assets	729,028

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1b Geographical Analysis

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2023			
Cash and short-term funds	5,127,641	3,396,056	8,523,697
Less: Allowances for ECL	(708)	(1,049)	(1,757)
Total cash and short-term funds	5,126,933	3,395,007	8,521,940
Deposits and placements with banks and other financial institutions	176,670	-	176,670
Less: Allowances for ECL	(66)	-	(66)
Total deposits and placements with banks and other financial institutions	176,604	-	176,604
Derivative financial assets	561,657	359,452	921,109
Financial assets at fair value through profit or loss			
Money market securities	10,169,187	-	10,169,187
Quoted corporate bonds and sukuk	10,236	-	10,236
Unquoted corporate bonds and sukuk	1,494,347	-	1,494,347
Financial investments at fair value through other comprehensive income			
Money market securities	12,536,573	13,309	12,549,882
Unquoted corporate bonds and sukuk	12,367,702	10,291	12,377,993
Financial investments at amortised cost			
Money market securities	5,454,701	-	5,454,701
Unquoted corporate bonds and sukuk	8,514,775	-	8,514,775
Less: Allowances for ECL	(499,773)	-	(499,773)
Total financial investments at amortised cost	13,469,703	-	13,469,703
Loans, advances and financing			
Hire purchase	13,371,982	-	13,371,982
Mortgage	45,396,221	-	45,396,221
Credit card	2,810,285	-	2,810,285
Other loans, advances and financing	11,583,157	-	11,583,157
Corporate loans, advances and financing			
Term loans and bridging loans	29,208,462	249,527	29,457,989
Revolving credits	11,813,394	33,486	11,846,880
Overdrafts	3,017,733	-	3,017,733
Trade	12,742,524	-	12,742,524
Less: Allowances for ECL	(1,984,031)	(135)	(1,984,166)
Total loans, advances and financing	127,959,727	282,878	128,242,605
Statutory deposits with Bank Negara Malaysia	2,446,547	-	2,446,547
Other financial assets	2,195,246	141,634	2,336,880
Less: Allowances for ECL	(8,083)	(483)	(8,566)
Total other financial assets	2,187,163	141,151	2,328,314
Commitments	27,251,220	112,998	27,364,218
Contingent liabilities	8,600,884	22,084	8,622,968
Total commitments and contingent liabilities	35,852,104	135,082	35,987,186

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1b Geographical Analysis (cont'd.)

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2022			
Cash and short-term funds	11,114,774	2,108,570	13,223,344
Less: Allowances for ECL	(1,329)	(916)	(2,245)
Total cash and short-term funds	11,113,445	2,107,654	13,221,099
Deposits and placements with banks and other financial institutions	566,811	735,963	1,302,774
Less: Allowances for ECL	(856)	(469)	(1,325)
Total deposits and placements with banks and other financial institutions	565,955	735,494	1,301,449
Derivative financial assets	537,976	283,397	821,373
Financial assets at fair value through profit or loss			
Money market securities	2,173,041	-	2,173,041
Quoted corporate bonds and sukuk	13,315	-	13,315
Unquoted corporate bonds and sukuk	3,727,705	-	3,727,705
Financial investments at fair value through other comprehensive income			
Money market securities	8,484,557	13,619	8,498,176
Unquoted corporate bonds and sukuk	9,573,069	10,423	9,583,492
Financial investments at amortised cost			
Money market securities	3,168,944	-	3,168,944
Unquoted corporate bonds and sukuk	6,352,046	-	6,352,046
Less: Allowances for ECL	(483,224)	-	(483,224)
Total financial investments at amortised cost	9,037,766	-	9,037,766
Loans, advances and financing			
Hire purchase	12,687,875	-	12,687,875
Mortgage	42,768,588	-	42,768,588
Credit card	2,573,432	-	2,573,432
Other loans, advances and financing	10,958,843	-	10,958,843
Corporate loans, advances and financing			
Term loans and bridging loans	24,642,842	843,191	25,486,033
Revolving credits	10,824,678	50,982	10,875,660
Overdrafts	2,973,315	-	2,973,315
Trade	11,669,515	-	11,669,515
Less: Allowances for ECL	(1,915,699)	(11,877)	(1,927,576)
Total loans, advances and financing	117,183,389	882,296	118,065,685
Statutory deposits with Bank Negara Malaysia	376,523	-	376,523
Other financial assets	2,027,903	117,625	2,145,528
Less: Allowances for ECL	(5,333)	(1,334)	(6,667)
Total other financial assets	2,022,570	116,291	2,138,861
Commitments	25,019,081	169,276	25,188,357
Contingent liabilities	7,981,473	21,028	8,002,501
Total commitments and contingent liabilities	33,000,554	190,304	33,190,858

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1b Geographical Analysis (cont'd.)

Company	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2023			
Cash and short-term funds	208,565	-	208,565
Other financial assets	1,655	-	1,655
	210,220	-	210,220
2022			
Cash and short-term funds	717,660	-	717,660
Other financial assets	11,368	-	11,368
	729,028	-	729,028

Collateral and other credit enhancement

Collateral taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. The collateral accepted for credit risk mitigation comprises financial collateral, real estate, other physical asset and guarantees.

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

The Credit Risk Mitigation Policy is the internally recognised collateral framework for the Group. Any collateral that does not conform to the requirements outlined in that policy is not eligible for capital relief for regulatory capital purposes.

Processes for collateral management

The concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee support

Guarantee support for lending/financing proposals are an integral component in transaction structuring for the Group. Where a counterparty's corporate guarantor is rated better than the counterparty, the credit risk rating of the counterparty is able to be substituted with that of the corporate guarantor subject to fulfilling certain stipulated conditions for Non-Retail portfolio.

Use of credit derivatives and netting for risk mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Transaction structuring to mitigate credit risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the tenure of the loan/financing, amortisation schedules and loan/financing covenants. These assist in managing credit risk and providing early warning signals to enable pre-emptive actions to protect the quality or recoverability of loan/financing assets.

Concentrations of credit risk mitigation

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

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are currently aligned to eight rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets). The following categories based on the descriptions are appended below.

Description of the Categories for Retail Banking

Risk Grade	Category	PD ranges	Description
1 to 6	Exceptionally Strong	0.0001% to 0.0737%	• Exceptionally good credit risk profile with exceptionally low PD of <0.1%. • Exceptionally strong capacity and willingness to meet its financial commitments as evidenced by prompt repayment track record. • Exhibits very high degree resilience to adverse development in view of its very established employment profile and track record.
7 to 12	Very strong	0.0738% to 0.5942%	• Very good credit risk profile with very low PD of <0.6%. • Very strong capacity and willingness to meet its financial commitments as evidenced by generally prompt repayment record. • Exhibits high degree resilience to adverse development in view of its established employment profile and track record.
13 to14	Strong	0.5943% to 1.0159%	• Good credit risk profile with low PD of <1.1%. • Exhibits willingness to meet its financial commitments as evidenced by good repayment track record. • Generally in position to withstand adverse development in view of its favourable employment profile and track record.
15 to 16	Satisfactory	1.0160% to 2.2722%	• Satisfactory credit risk profile with acceptable PD of <2.3%. • Adequate willingness to meet its financial commitments as evidenced by satisfactory repayment track record. • Generally in position to resolve any apparent shortcoming within an acceptable time frame in view of its satisfactory employment profile and track record.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Credit Quality (cont'd.)

Description of the Categories for Retail Banking (cont'd.)

Risk Grade	Category	PD ranges	Description
17 to 18-	Moderate	2.2723% to 4.1028%	• Moderate credit risk profile with moderate PD of up to 4.1%. • Willingness to meet its financial commitments would be uncertain in the event of adverse changes in circumstances and economic conditions as evidenced by generally satisfactory repayment track record. • Generally in position to resolve any apparent shortcoming within an acceptable time frame in view of its moderate employment profile and track record.
19+ to 20-	Marginal	4.1029% to 8.2931%	• Marginal credit risk profile with higher PD of up to 8.2931%. • Willingness to meet its financial commitments would be uncertain under normal circumstances and economic conditions as generally evidenced by fair repayment track record. • Moderate employment profile and track record.
21 to 24	Substandard	>=8.2932%	• Substandard credit risk profile with poor PD of >=8.2932%. • Exhibits less willingness to meet its financial commitments under normal circumstances and economic conditions as generally evidenced by poor repayment track record. • Unfavourable employment profile and track record.
99	Impaired	100%	• Impaired account. Classified as impaired as per the prevailing policy/guidelines.

Description of the Categories for Non-Retail Banking

Credit Quality Classification	Description
Exceptionally strong	Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are: - Exceptionally solid and stable operating and financial performance; - Debt servicing capacity has been exceptionally strong over the long term; - All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future; and - Highly unlikely to be adversely affected by foreseeable events.
Very strong	Strong government institutions or institutional clients, with identifiably higher, albeit modest, long term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are: - Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk; and - Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Credit Quality (cont'd.)

Description of the Categories for Non-Retail Banking (cont'd.)

Credit Quality Classification	Description
Strong	Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are: - Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance; and - Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity.
Satisfactory	Counterparties demonstrate adequate medium term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are: - Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance; - Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity; and - Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions.
Moderate	Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are: - Capacity for timely fulfilment of financial obligations exists; - Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run; and - Overall credit quality may be more volatile within this category.
Marginal	Counterparties demonstrate sustained operational and financial instability. The key characteristics are: - Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct; - Debt servicing capacity is marginal; - Often under strong, sustained competitive pressure; - Variability and uncertainty in profitability and liquidity is projected to continue over the short and possibly medium term; and - Significant changes and instability in senior management may be observed.
Substandard	Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are: - Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct; - Current and expected debt servicing capacity is inadequate; - Financial solvency is questionable and/or financial structure is weak; - Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state; and - Experiencing difficulties, which may result in default in the next one to two years.
Impaired	Impaired account. The key characteristic is that the counterparty has been classified as "impaired" as per the Classified Account Management ("CAM") Policy for Credit Facility.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Credit Quality (cont'd.)

Impairment

The relevant governance for the respective Line of Businesses are established to align with the MFRS and related BNM's standards/guidelines. In general, an asset is considered impaired when:

(a) the Group considers that an obligor is "unlikely to repay" in full its credit obligations to the Group;
(b) the obligor has breached its contractual payment obligations and past due for more than 90 days; or
(c) other indicators stipulated in the relevant guidelines indicating the unlikeliness to repay are hit.

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

Group Provisioning Methodology

The Group's provisioning methodology complies with MFRS 9 where the Group recognises ECL at all times to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Impairment (cont'd.)

Measurement of ECL

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

Changes in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(SICR 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.

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

Significant increase in credit risk ("SICR")

The Group considers a financial instrument to have experienced a SICR when it is more than 30 days past due on its contractual payments or when a quantitative and qualitative analysis, based on the Group's historical experience, expert credit assessment and forward-looking information indicates as such. The requirement is to calculate remaining Lifetime ECL at the reporting date when the financial instrument experienced SICR, compared to 12-month ECL calculation when exposure was initially recognised.

(i) Quantitative

Each exposure is allocated to a credit risk grade at initial recognition based on a variety of data that is determined to be predictive of the risk of default and experienced credit judgement about the borrower. Factors determining credit risk grades vary depending on nature of exposures and type of borrowers. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. There are 4 risk bands i.e. low risk, medium risk, high risk and very high risk whereby movements to a poorer band may result in SICR.

(ii) Qualitative

The Group may determine that an exposure has undergone a significant increase in credit risk experiences using its expert credit risk judgement and where possible, relevant historical experience based on qualitative indicators specified by the Group's watchlist criteria that it considers as such and whose effect may not otherwise be fully reflected in quantitative analysis on a timely basis.

In relation to non-retail financial instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty borrower basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Wholesale Credit Risk team and Business Credit Risk team.

The assessment of SICR incorporates forward-looking information and is performed on a monthly basis at a portfolio level for all financial instruments held by the Group.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Impairment (cont'd.)

Measurement of ECL (cont'd.)

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria

The borrower is considered in default if its contractual payments is more than 90 days past due.

(ii) Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These include instances where:

- The borrower is in breach of non-financial covenant(s) for example guarantor is deceased or become of unsound mind or non compliance of security ratio;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s); or
- The borrower has ceased operations due to financial distress.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the EAD, PD and LGD throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions (not applicable for retail customers).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Impairment (cont'd.)

Measurement of ECL (cont'd.)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are the following variables:

- PD;
- LGD; and
- EAD

or

- Historical Loss Rates ("LR")

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

PD estimates are estimated at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

Credit risk grades are a primary input in the determination of PD term structure for exposures. If a counterparty or exposure migrates between rating grades, then this will lead to a change in associated PD. The Group collects performance and default information about its credit risk exposures analysed by portfolio.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the EIR/EPR as the discount factor.

EAD represents the expected exposure in the event of default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of an on-balance sheet asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, and potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Historical LR represents the past record of average loss experience for financial assets of similar classes.

Forward-looking information incorporated in the ECL models

The measurement of ECL also takes into account the expected credit condition over the remaining life of the financial assets. Forward-looking models are built based on statistical relationship established between Observed Default Rate ("ODR") and Macroeconomic Variables ("MEVs").

This analysis includes the identification and calibration of relationships between changes in default rates and to the MEVs. Examples of key macroeconomic indicators include Gross Domestic Product ("GDP") growth, Consumer Price Index ("CPI"), House Price Index ("HPI"), foreign exchange (USD/MYR) and Brent Crude Oil price.

Three scenarios are projected for forward-looking namely base case, optimistic and pessimistic which requires management judgement of the economic situation i.e. normal, bullish or downturn. A weightage is applied to the scenarios to produce an appropriate forward-looking ECL to best reflect the forward-looking economic outlook.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Impairment (cont'd.)

Measurement of ECL (cont'd.)

Key variables/assumptions for ECL calculations

The recognition and measurement of ECL is highly complex and involves the use of significant judgement and estimation. This involves establishing the forward-looking macroeconomic conditions into ECL as required under MFRS 9. The allowances for ECL are sensitive to the inputs used and economic assumptions underlying the estimate.

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for financial year ended 31 March 2023 and 31 March 2022. (Yearly values = average of forecasted quarterly values).

31 March 2023

Macroeconomic Variable List	Forward-Looking Scenario	Assigned Probabilities (%)	2023	2024	2025	2026	2027
Consumer Price Index (%)	Base	60%	3.00	2.70	2.55	2.50	2.53
	Optimistic	10%	3.30	2.97	2.81	2.75	2.78
	Pessimistic	30%	2.55	2.30	2.17	2.13	2.15
GDP Growth (%)	Base	60%	4.45	4.68	4.75	4.53	4.45
	Optimistic	10%	4.90	5.14	5.23	4.98	4.90
	Pessimistic	30%	3.78	3.97	4.04	3.85	3.78
House Price Index (%)	Base	60%	1.03	0.93	0.66	0.82	0.93
	Optimistic	10%	1.13	1.02	0.72	0.90	1.02
	Pessimistic	30%	0.87	0.79	0.56	0.69	0.79
USD/MYR Exchange Rate	Base	60%	4.27	4.13	4.06	4.02	4.00
	Optimistic	10%	4.05	3.93	3.86	3.81	3.80
	Pessimistic	30%	4.48	4.34	4.26	4.22	4.20
Brent Crude Oil Price (USD/barrel)	Base	60%	84.00	76.00	68.00	61.50	60.00
	Optimistic	10%	92.40	83.60	74.80	67.65	66.00
	Pessimistic	30%	71.40	64.60	57.80	52.28	51.00

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Impairment (cont'd.)

Measurement of ECL (cont'd.)

Key variables/assumptions for ECL calculations (cont'd.)

The following table shows the forecast of key economic variables used in forward-looking models for ECL calculations for financial year ended 31 March 2023 and 31 March 2022. (Yearly values = average of forecasted quarterly values). (cont'd.)

31 March 2022

Macroeconomic Variable List	Forward-Looking Scenario	Assigned Probabilities (%)	2022	2023	2024	2025	2026
Consumer Price Index (%)	Base	60%	2.78	2.21	2.00	1.78	1.85
	Optimistic	10%	3.05	2.43	2.20	1.95	2.04
	Pessimistic	30%	2.36	1.88	1.70	1.51	1.57
GDP Growth (%)	Base	60%	5.60	4.83	4.68	4.75	4.53
	Optimistic	10%	6.16	5.31	5.14	5.23	4.98
	Pessimistic	30%	4.76	4.10	3.97	4.04	3.85
House Price Index (%)	Base	60%	1.08	2.58	2.75	3.08	2.98
	Optimistic	10%	1.20	2.83	3.03	3.38	3.27
	Pessimistic	30%	0.88	2.19	2.34	2.61	2.53
USD/MYR Exchange Rate	Base	60%	4.16	4.12	4.06	4.03	4.01
	Optimistic	10%	3.95	3.91	3.86	3.83	3.81
	Pessimistic	30%	4.37	4.32	4.26	4.23	4.21
Brent Crude Oil Price (USD/barrel)	Base	60%	103.75	84.00	71.25	69.50	67.75
	Optimistic	10%	114.13	92.40	78.38	76.45	74.53
	Pessimistic	30%	88.19	71.40	60.56	59.08	57.59

Write-off Governance

(i) Stage 1 write-off

The Group may partially write-off financial assets where full recovery is not possible taking proceeds from value of securities or where customer has been allowed time to repay on negotiated settlement basis. The outstanding contractual amounts of such assets written off during the financial year ended 31 March 2023 was RM699.8 million (2022: RM536.1 million). The Group still seeks legal recovery action, as such, credit exposures for these continue unabated.

(ii) Stage 2 write-off

The Group writes off financial assets in whole when it has exhausted all necessary recovery actions against credit exposures and there is minimal prospect of recovery and/or further recovery is not economical, then the credit exposures will be written off from both the general ledger and subsidiary ledger.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

Impairment (cont'd.)

Measurement of ECL (cont'd.)

Modified Financial Assets

The Group sometimes modifies the terms of loans/financing provided to customers due to commercial renegotiations, or for distressed loans/financing, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring governance and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These governance are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Group then monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring and if so, the assets are moved from Stage 2 - Lifetime ECL not credit impaired or Stage 3 - Lifetime ECL credit impaired to Stage 1 - 12-month ECL or Stage 2 - Lifetime ECL not credit impaired as per Group's internal SICR criteria. This is only the case for assets which have performed in accordance with the new terms for at least six consecutive months or more.

The following table includes summary information for financial assets whose cash flows were modified during the financial year as part of the Group's restructuring activities and their respective effect on the Group's financial performance:

	Group	
	2023 RM'000	**2022 RM'000**
Loans, advances and financing		
Amortised cost before modification	1,049,891	31,214,402
Net modification loss included under interest income	(3,027)	(54,847)

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49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system.

Cash and short-term funds

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023			
Risk grade			
Exceptionally strong	5,387,153	-	5,387,153
Very strong	3,134,411	-	3,134,411
Strong	1,464	-	1,464
Substandard	-	669	669
Gross exposure	8,523,028	669	8,523,697
Less: Allowances for ECL	(1,456)	(301)	(1,757)
Net exposure	8,521,572	368	8,521,940

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	9,195,689	-	9,195,689
Very strong	4,025,584	-	4,025,584
Strong	1,552	352	1,904
Substandard	-	35	35
Unrated	132	-	132
Gross exposure	13,222,957	387	13,223,344
Less: Allowances for ECL	(2,225)	(20)	(2,245)
Net exposure	13,220,732	367	13,221,099

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Cash and short-term funds (cont'd.)

Company	Stage 1 12-month ECL RM'000
2023	
Risk grade	
Very strong	208,565
Net exposure	208,565

Company	Stage 1 12-month ECL RM'000
2022	
Risk grade	
Very strong	717,660
Net exposure	717,660

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Financial investments at amortised cost

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023				
Risk grade				
Exceptionally strong	7,903,418	-	-	7,903,418
Very strong	2,371,145	-	-	2,371,145
Strong	2,739,980	-	-	2,739,980
Satisfactory	280,089	-	-	280,089
Moderate	96,000	-	-	96,000
Impaired	-	-	578,844	578,844
Gross exposure	13,390,632	-	578,844	13,969,476
Less: Allowances for ECL	(6,927)	-	(492,846)	(499,773)
Net exposure	13,383,705	-	85,998	13,469,703

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022				
Risk grade				
Exceptionally strong	4,139,588	-	-	4,139,588
Very strong	3,617,804	-	-	3,617,804
Strong	608,395	-	-	608,395
Satisfactory	280,124	295,387	-	575,511
Impaired	-	-	579,692	579,692
Gross exposure	8,645,911	295,387	579,692	9,520,990
Less: Allowances for ECL	(4,497)	-	(478,727)	(483,224)
Net exposure	8,641,414	295,387	100,965	9,037,766

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Financial investments at fair value through other comprehensive income

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023			
Risk grade			
Exceptionally strong	14,921,368	-	14,921,368
Very strong	6,912,382	-	6,912,382
Strong	1,828,054	-	1,828,054
Satisfactory	720,648	545,423	1,266,071
Gross exposure	24,382,452	545,423	24,927,875
Less: Allowances for ECL	(10,282)	(3,024)	(13,306)
Net exposure	24,372,170	542,399	24,914,569

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	9,154,908	-	9,154,908
Very strong	6,543,051	-	6,543,051
Strong	1,650,927	-	1,650,927
Satisfactory	142,815	157,626	300,441
Moderate	-	357,424	357,424
Marginal	-	74,917	74,917
Gross exposure	17,491,701	589,967	18,081,668
Less: Allowances for ECL	(10,494)	(9,842)	(20,336)
Net exposure	17,481,207	580,125	18,061,332

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Loans, advances and financing

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023				
Risk grade				
Exceptionally strong	2,818,784	38	-	2,818,822
Very strong	59,643,493	324,841	-	59,968,334
Strong	21,751,846	215,234	-	21,967,080
Satisfactory	21,780,169	1,534,282	-	23,314,451
Moderate	5,936,306	1,562,228	-	7,498,534
Marginal	2,841,558	2,297,109	-	5,138,667
Substandard	898,329	6,720,467	-	7,618,796
Unrated	5,640	-	-	5,640
Impaired	-	-	1,896,447	1,896,447
Gross exposure	115,676,125	12,654,199	1,896,447	130,226,771
Less: Allowances for ECL	(236,612)	(1,160,966)	(586,588)	(1,984,166)
Net exposure	115,439,513	11,493,233	1,309,859	128,242,605

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Loans, advances and financing (cont'd.)

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022				
Risk grade				
Exceptionally strong	25,385	-	-	25,385
Very strong	51,027,029	568,857	-	51,595,886
Strong	19,066,266	1,074,237	-	20,140,503
Satisfactory	22,907,875	3,156,193	-	26,064,068
Moderate	6,632,781	2,408,936	-	9,041,717
Marginal	2,665,151	3,898,989	-	6,564,140
Substandard	780,597	4,099,106	-	4,879,703
Unrated	5,815	-	-	5,815
Impaired	-	-	1,676,044	1,676,044
Gross exposure	103,110,899	15,206,318	1,676,044	119,993,261
Less: Allowances for ECL	(217,884)	(1,159,616)	(550,076)	(1,927,576)
Net exposure	102,893,015	14,046,702	1,125,968	118,065,685

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49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Other financial assets (using simplified approach)

Group	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
2023			
Risk grade			
Exceptionally strong	459,137	-	459,137
Very strong	953,430	-	953,430
Strong	532,972	-	532,972
Satisfactory	45,611	-	45,611
Moderate	3,037	-	3,037
Marginal	24,448	-	24,448
Substandard	18,456	-	18,456
Unrated	280,870	-	280,870
Impaired	-	18,919	18,919
Gross exposure	2,317,961	18,919	2,336,880
Less: Allowances for ECL	(1,250)	(7,316)	(8,566)
Net exposure	2,316,711	11,603	2,328,314

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Other financial assets (using simplified approach) (cont'd.)

Group	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	386,834	-	386,834
Very strong	984,854	-	984,854
Strong	210,280	-	210,280
Satisfactory	19,718	-	19,718
Moderate	26,379	-	26,379
Marginal	1,750	-	1,750
Substandard	16,400	-	16,400
Unrated	486,412	-	486,412
Impaired	-	12,901	12,901
Gross exposure	2,132,627	12,901	2,145,528
Less: Allowances for ECL	(1,509)	(5,158)	(6,667)
Net exposure	2,131,118	7,743	2,138,861

Company	Lifetime ECL not credit impaired	
	2023 RM'000	2022 RM'000
Risk grade		
Very strong	1,655	11,368
Net exposure	1,655	11,368

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Loans, advances and financing commitments and financial guarantee contracts

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023				
Risk grade				
Exceptionally strong	958,059	-	-	958,059
Very strong	16,682,168	109,542	-	16,791,710
Strong	8,255,695	87,345	-	8,343,040
Satisfactory	5,794,188	278,346	-	6,072,534
Moderate	1,529,343	388,978	-	1,918,321
Marginal	246,891	222,701	-	469,592
Substandard	197,881	533,464	-	731,345
Impaired	-	-	528,362	528,362
Gross exposure	33,664,225	1,620,376	528,362	35,812,963
Less: Allowances for ECL	(42,639)	(33,816)	(148,930)	(225,385)
Net exposure	33,621,586	1,586,560	379,432	35,587,578

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Loans, advances and financing commitments and financial guarantee contracts (cont'd.)

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022				
Risk grade				
Exceptionally strong	1,604,543	-	-	1,604,543
Very strong	15,882,967	66,246	-	15,949,213
Strong	6,024,564	161,174	-	6,185,738
Satisfactory	5,420,219	390,844	-	5,811,063
Moderate	1,330,350	293,604	-	1,623,954
Marginal	290,938	335,997	-	626,935
Substandard	485,089	370,087	-	855,176
Unrated	3,722	-	-	3,722
Impaired	-	-	340,257	340,257
Gross exposure	31,042,392	1,617,952	340,257	33,000,601
Less: Allowances for ECL	(28,926)	(26,330)	(247,941)	(303,197)
Net exposure	31,013,466	1,591,622	92,316	32,697,404

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

The table below shows credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system. (cont'd.)

Stage 1 Group	Deposits and placements with banks and other financial institutions RM'000	Statutory deposits with Bank Negara Malaysia RM'000
2023		
Risk grade		
Exceptionally strong	-	2,446,547
Very strong	176,670	-
Gross exposure	176,670	2,446,547
Less: Allowances for ECL	(66)	-
Net exposure	176,604	2,446,547

Stage 1 Group	Deposits and placements with banks and other financial institutions RM'000	Statutory deposits with Bank Negara Malaysia RM'000
2022		
Risk grade		
Exceptionally strong	-	376,523
Very strong	1,218,664	-
Satisfactory	84,110	-
Gross exposure	1,302,774	376,523
Less: Allowances for ECL	(1,325)	-
Net exposure	1,301,449	376,523

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1c Credit Quality By Class of Financial Assets (cont'd.)

Maximum exposure to credit risk - financial instruments not subject to impairment

The table below shows the credit quality of financial assets measured at FVTPL:

Stage 1 Group	Financial assets at fair value through profit or loss RM'000	Derivative financial assets RM'000
2023		
Risk grade		
Exceptionally strong	10,379,595	318,548
Very strong	869,396	490,070
Strong	323,509	98,885
Satisfactory	101,270	8,753
Moderate	-	1,758
Marginal	-	99
Substandard	-	2,996
Net exposure	11,673,770	921,109

Stage 1 Group	Financial assets at fair value through profit or loss RM'000	Derivative financial assets RM'000
2022		
Risk grade		
Exceptionally strong	5,225,349	144,357
Very strong	430,614	418,614
Strong	128,674	141,136
Satisfactory	129,424	6,782
Moderate	-	99,023
Marginal	-	279
Substandard	-	57
Unrated	-	11,125
Net exposure	5,914,061	821,373

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1d Estimated value of collateral for financial assets

The Group's policies regarding obtaining collateral have not significantly changed during the financial year and there has been no significant change in the overall quality of the collateral held by the Group since the previous financial year.

The following table summarises the financial effects of collateral received from loans, advances and financing:

Group	Gross exposure to credit risk		Financial effect of collateral		Unsecured portion of credit exposure	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gross loans, advances and financing						
Hire purchase	13,371,982	12,687,875	13,251,690	12,334,483	120,292	353,392
Mortgage	45,396,221	42,768,588	45,084,861	42,380,668	311,360	387,920
Credit card	2,810,285	2,573,432	52,714	46,299	2,757,571	2,527,133
Other loans, advances and financing	11,583,157	10,958,843	10,088,670	9,498,699	1,494,487	1,460,144
Corporate loans, advances and financing	57,065,126	51,004,523	28,346,413	23,889,968	28,718,713	27,114,555
Term loans and bridging loans	29,457,989	25,486,033	17,512,843	14,561,081	11,945,146	10,924,952
Revolving credits	11,846,880	10,875,660	5,099,238	3,652,938	6,747,642	7,222,722
Overdrafts	3,017,733	2,973,315	1,962,509	2,157,821	1,055,224	815,494
Trade (include factoring)	12,742,524	11,669,515	3,771,823	3,518,128	8,970,701	8,151,387
Total	130,226,771	119,993,261	96,824,348	88,150,117	33,402,423	31,843,144

49.2.1e Collateral repossessed

	Group	
	2023 RM'000	2022 RM'000
Residential properties, net of impairment	150	150
Non-residential properties, net of impairment	2,337	2,327
	2,487	2,477

The above assets are accounted for as foreclosed properties under other assets (Note 18). There were no new assets obtained for the financial year 2023 and 2022.

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1f Collateral held for credit impaired financial assets

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Group	Gross exposure RM'000	Impairment allowance RM'000	Carrying amount RM'000	Fair value of collateral RM'000
2023				
Credit-impaired financial assets				
Hire purchase	117,732	38,274	79,458	113,538
Mortgage	929,726	204,241	725,485	878,640
Credit card	51,731	28,985	22,746	5
Other loans, advances and financing	242,583	33,120	209,463	173,725
Corporate loans, advances and financing				
Term loans and bridging loans	333,087	155,360	177,727	241,720
Revolving credits	27,452	6,778	20,674	21,893
Overdrafts	95,350	43,531	51,819	48,337
Trade	98,786	76,299	22,487	32,991
Total credit-impaired financial assets	1,896,447	586,588	1,309,859	1,510,849

Group	Gross exposure RM'000	Impairment allowance RM'000	Carrying amount RM'000	Fair value of collateral RM'000
2022				
Credit-impaired financial assets				
Hire purchase	81,221	24,847	56,374	72,242
Mortgage	614,317	138,652	475,665	508,152
Credit card	40,425	22,907	17,518	191
Other loans, advances and financing	157,508	25,627	131,881	112,236
Corporate loans, advances and financing				
Term loans and bridging loans	589,155	250,328	338,827	404,696
Revolving credits	41,298	13,458	27,840	34,687
Overdrafts	83,421	33,320	50,101	68,826
Trade	68,699	40,937	27,762	25,774
Total credit-impaired financial assets	1,676,044	550,076	1,125,968	1,226,804

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49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1g Exposures to COVID-19 impacted sectors

The table below shows the gross carrying amount of loans, advances and financing by industry sectors that are most impacted by COVID-19:

Group	Gross loans, advances and financing 2023 RM'000	Gross loans, advances and financing 2022 RM'000
Retail and wholesale/trading	11,400,414	9,837,122
Accommodation	542,077	530,541
Travel agencies/tourism	11,419	13,534
Airline/aviation	521,418	525,132
Food and beverage services/restaurants	224,527	166,830
	12,699,855	11,073,159

49.2.1h COVID-19 customer relief and support measures

The table below shows the relief and support measures for retail and non-retail customers as at 31 March 2023:

	Retail customers as at 31 March 2023						Non-retail customers as at 31 March 2023				
	Mortgages RM'000	Hire purchase RM'000	Credit card RM'000	Personal financing RM'000	SMEs RM'000	Total RM'000	SMEs RM'000	Corporates RM'000	Others RM'000	Total RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	33,562,242	6,485,765	322,105	1,667,046	3,129,697	45,166,855	11,828,063	11,212,548	120,000	23,160,611	68,327,466
Resumed repayments	28,610,473	4,642,755	230,495	1,565,724	2,108,431	37,157,878	9,587,926	8,407,491	90,687	18,086,104	55,243,982
Extended and/or repaying as per revised schedules	1,307,753	329,019	15,789	28,191	486,578	2,167,330	1,644,275	2,681,805	13,196	4,339,276	6,506,606
Missed payments	3,644,016	1,513,991	75,821	73,131	534,688	5,841,647	595,862	123,252	16,117	735,231	6,576,878
As a percentage of total:											
Resumed repayments	85%	72%	72%	94%	67%	82%	81%	75%	76%	78%	81%
Extended and/or repaying as per revised schedules	4%	5%	5%	2%	16%	5%	14%	24%	11%	19%	9%
Missed payments	11%	23%	23%	4%	17%	13%	5%	1%	13%	3%	10%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

49. RISK MANAGEMENT (CONT'D.)

49.2 Credit Risk Management (cont'd.)

49.2.1h COVID-19 customer relief and support measures (cont'd.)

The table below shows the relief and support measures for retail and non-retail customers as at 31 March 2022:

	Retail customers as at 31 March 2022						Non-retail customers as at 31 March 2022				
	Mortgages RM'000	Hire purchase RM'000	Credit card RM'000	Personal financing RM'000	SMEs RM'000	Total RM'000	SMEs RM'000	Corporates RM'000	Others RM'000	Total RM'000	Total RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	36,047,928	9,098,577	582,178	2,507,569	3,725,416	51,961,668	13,680,492	10,625,694	145,846	24,452,032	76,413,700
Resumed repayments	30,102,570	6,813,905	372,064	2,292,175	2,093,643	41,674,357	9,311,637	7,229,663	118,941	16,660,241	58,334,598
Extended and/or repaying as per revised schedules	3,229,955	759,588	90,889	124,540	1,301,839	5,506,811	3,785,386	3,325,107	24,279	7,134,772	12,641,583
Missed payments	2,715,403	1,525,084	119,225	90,854	329,934	4,780,500	583,469	70,924	2,626	657,019	5,437,519
As a percentage of total:											
Resumed repayments	83%	75%	64%	91%	56%	80%	68%	68%	81%	68%	76%
Extended and/or repaying as per revised schedules	9%	8%	16%	5%	35%	11%	28%	31%	17%	29%	17%
Missed payments	8%	17%	20%	4%	9%	9%	4%	1%	2%	3%	7%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

49.2.1i Overlays and adjustments for expected credit losses remains, arising from COVID-19 environment

Due to the significant uncertainty as a consequence of the COVID-19 pandemic, management overlay was provided in anticipation of potential deterioration of credit risk for loans/financing where relief assistance is provided.

The overlays adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays adjustments were generally made at portfolio level in determining the sufficient level of ECL and remain outside the core MFRS 9 process.

The overlays adjustments continue into financial year 2024 ("FY24") amounting to RM657.6 million as at 31 March 2023 (2022: RM738.3 million). The overlays adjustments assume customers which opted for repayment assistance due to COVID-19 are likely to face challenges in achieving pre-COVID19 levels of income/cashflow.

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49. RISK MANAGEMENT (CONT'D.)

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

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

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

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

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

49. RISK MANAGEMENT (CONT'D.)

49.3 Liquidity Risk Management (cont'd.)

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

To measure the quality of the Group's funding sources, the composition of core funds indicators is monitored on a regular basis. The core funds is defined as deposits from retail and small business customers, operational deposits, non-financial institution deposits more than 1 year and debt instruments/long term borrowings more than 1 year.

49.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting*

Group	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2023								
Assets								
Cash and short-term funds	8,521,940	-	-	-	-	-	-	8,521,940
Deposits and placements with banks and other financial institutions	-	176,604	-	-	-	-	-	176,604
Derivative financial assets	99,233	119,105	58,560	54,062	436,331	153,818	-	921,109
Financial assets at fair value through profit or loss	476,584	4,407,555	4,390,653	2,689,469	719,729	66,086	20,831	12,770,907
Financial investments at fair value through other comprehensive income	924,489	3,768,664	3,009,590	663,926	12,579,062	3,921,593	743,409	25,610,733
Financial investments at amortised cost	129,562	4,995	9,993	87,305	3,525,003	9,712,845	-	13,469,703
Loans, advances and financing	2,136,629	350,196	294,989	30,768,178	18,626,558	76,066,055	-	128,242,605
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	2,446,547	-	2,446,547
Deferred tax assets	-	-	-	-	-	-	220,655	220,655
Investments in associates and joint ventures	-	-	-	-	-	-	1,631,600	1,631,600
Other assets	1,617,368	227,937	105,266	289,204	183,774	202,387	100	2,626,036
Property and equipment	-	-	-	-	-	-	161,778	161,778
Right-of-use assets	-	-	-	-	824	-	228,946	229,770
Intangible assets	-	-	-	-	-	-	510,644	510,644
Total assets	13,905,805	9,055,056	7,869,051	34,552,144	36,071,281	92,569,331	3,517,963	197,540,631
Liabilities								
Deposits from customers	78,701,530	20,932,195	14,801,877	13,133,340	2,746,138	-	-	130,315,080
Investment accounts of customers	14,980	617	877	-	-	-	-	16,474
Deposits and placements of banks and other financial institutions	4,225,213	4,175,084	1,210,142	466,698	792,816	592,292	-	11,462,245
Securities sold under repurchase agreements	6,357,289	5,163,831	3,043,381	1,902,173	-	-	-	16,466,674
Recourse obligation on loans and financing sold to Cagamas Berhad	-	3,000,016	2,760,016	4,155,008	-	-	-	9,915,040
Derivative financial liabilities	128,874	105,195	101,931	68,301	431,979	128,039	-	964,319
Term funding	110,374	158,510	24,050	721,092	1,158,307	-	-	2,172,333
Debt capital	-	-	-	-	-	4,395,000	-	4,395,000
Other liabilities	1,784,754	877,104	226,249	333,447	357,024	118,979	-	3,697,557
Total liabilities	91,323,014	34,412,552	22,168,523	20,780,059	5,486,264	5,234,310	-	179,404,722
Net gap	(77,417,209)	(25,357,496)	(14,299,472)	13,772,085	30,585,017	87,335,021	3,517,963	18,135,909

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49. RISK MANAGEMENT (CONT'D.)

49.3 Liquidity Risk Management (cont'd.)

49.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting* (cont'd.)

Group	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2022								
Assets								
Cash and short-term funds	13,221,099	-	-	-	-	-	-	13,221,099
Deposits and placements with banks and other financial institutions	-	1,301,449	-	-	-	-	-	1,301,449
Derivative financial assets	38,498	73,436	39,950	74,381	367,376	227,732	-	821,373
Financial assets at fair value through profit or loss	505,353	667,600	411,991	2,265,962	2,302,417	809,706	253,531	7,216,560
Financial investments at fair value through other comprehensive income	1,458,081	259,215	362,393	726,075	11,492,176	3,714,002	744,815	18,756,757
Financial investments at amortised cost	-	284,641	550,239	45,000	1,332,738	6,825,148	-	9,037,766
Loans, advances and financing	1,290,545	774,384	503,986	27,439,269	18,134,097	69,923,404	-	118,065,685
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	376,523	-	376,523
Deferred tax assets	-	-	-	-	-	-	218,551	218,551
Investments in associates and joint ventures	-	-	-	-	-	-	604,542	604,542
Other assets	1,535,578	215,135	121,741	220,796	321,007	470,976	86	2,885,319
Reinsurance assets and other insurance receivables	82,004	92,627	105,889	108,541	176,755	14,889	-	580,705
Property and equipment	-	-	-	-	-	-	180,968	180,968
Right-of-use assets	-	-	-	-	210	-	189,162	189,372
Intangible assets	-	-	-	-	-	-	1,399,912	1,399,912
Assets held for sale	-	-	-	2,324	-	-	-	2,324
Total assets	18,131,158	3,668,487	2,096,189	30,882,348	34,126,776	82,362,380	3,591,567	174,858,905
Liabilities								
Deposits from customers	70,977,138	19,799,655	14,450,588	15,645,791	1,719,678	-	-	122,592,850
Investment accounts of customers	131,547	233,119	13,195	-	-	-	-	377,861
Deposits and placements of banks and other financial institutions	3,303,275	3,628,895	1,142,337	577,198	692,308	550,572	-	9,894,585
Securities sold under repurchase agreements	751,188	831,529	-	-	-	-	-	1,582,717
Recourse obligation on loans and financing sold to Cagamas Berhad	725,016	-	-	1,700,000	5,950,007	-	-	8,375,023
Derivative financial liabilities	33,176	72,581	38,754	76,941	379,691	202,420	-	803,563
Term funding	45,267	62,511	63,582	55,100	1,653,637	-	-	1,880,097
Debt capital	-	-	-	-	250,000	4,145,000	-	4,395,000
Deferred tax liabilities	-	-	-	-	-	-	8,093	8,093
Other liabilities	1,857,860	663,596	752,837	229,332	270,721	104,652	423,864	4,302,862
Insurance contract liabilities and other insurance payables	331,872	472,565	523,000	555,839	742,140	61,945	-	2,687,361
Total liabilities	78,156,339	25,764,451	16,984,293	18,840,201	11,658,182	5,064,589	431,957	156,900,012
Net gap	(60,025,181)	(22,095,964)	(14,888,104)	12,042,147	22,468,594	77,297,791	3,159,610	17,958,893

49. RISK MANAGEMENT (CONT'D.)

49.3 Liquidity Risk Management (cont'd.)

49.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting* (cont'd.)

Company	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2023								
Assets								
Cash and short-term funds	208,565	-	-	-	-	-	-	208,565
Financial assets at fair value through profit or loss	-	-	-	-	-	-	1,158	1,158
Investments in subsidiaries and other investments	-	-	-	-	-	-	10,852,185	10,852,185
Other assets	4,005	-	-	-	-	-	-	4,005
Property and equipment	-	-	-	-	-	-	20	20
Total assets	212,570	-	-	-	-	-	10,853,363	11,065,933
Liability								
Other liabilities	-	-	-	23,117	-	-	-	23,117
Total liability	-	-	-	23,117	-	-	-	23,117
Net gap	212,570	-	-	(23,117)	-	-	10,853,363	11,042,816

Company	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2022								
Assets								
Cash and short-term funds	717,660	-	-	-	-	-	-	717,660
Financial assets at fair value through profit or loss	-	-	-	-	-	-	1,128	1,128
Investments in subsidiaries and other investments	-	-	-	-	-	-	10,857,350	10,857,350
Other assets	11,615	-	-	-	-	-	-	11,615
Total assets	729,275	-	-	-	-	-	10,858,478	11,587,753
Liability								
Other liabilities	-	11,918	515,000	6,909	-	-	-	533,827
Total liability	-	11,918	515,000	6,909	-	-	-	533,827
Net gap	729,275	(11,918)	(515,000)	(6,909)	-	-	10,858,478	11,053,926

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.3 Liquidity Risk Management (cont'd.)

49.3.1b Analysis of Liabilities By Remaining Contractual Maturities on undiscounted basis

Group	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2023								
Liabilities								
Deposits from customers	79,536,076	21,148,926	14,954,640	13,271,766	2,775,036	-	-	131,686,444
Investment accounts of customers	14,986**	623	888	-	-	-	-	16,497
Deposits and placements of banks and other financial institutions	4,319,494	4,222,911	1,226,986	471,758	801,755	599,313	-	11,642,217
Securities sold under repurchase agreements	6,424,137	5,229,613	3,093,006	1,966,316	-	-	-	16,713,072
Recourse obligation on loans and financing sold to Cagamas Berhad	5,734	3,052,184	2,860,282	4,225,560	-	-	-	10,143,760
Derivative financial liabilities	137,655	111,492	122,397	193,636	392,297	32,937	-	990,414
Term funding	110,639	170,857	43,215	747,499	1,191,200	-	-	2,263,410
Debt capital	16,556	33,663	50,772	100,990	806,272	4,956,586	-	5,964,839
Other liabilities*	1,784,465	859,717	100,049	270,136	222,706	51,931	-	3,289,004
Total undiscounted liabilities	92,349,742	34,829,986	22,452,235	21,247,661	6,189,266	5,640,767	-	182,709,657
Contingent liabilities	1,013,466	1,183,804	935,952	2,083,742	3,017,444	388,560	-	8,622,968
Commitments	6,592,955	1,668,307	2,196,680	3,235,830	772,253	12,898,193	-	27,364,218
Total commitments and guarantees	7,606,421	2,852,111	3,132,632	5,319,572	3,789,697	13,286,753	-	35,987,186

* The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financiai liabilities. Detailed maturity analysis for lease commitments is disclosed in Note 27(e).

** The balance includes current accounts without maturity as the investment accounts are available for customer redemption on-demand.

49. RISK MANAGEMENT (CONT'D.)

49.3 Liquidity Risk Management (cont'd.)

49.3.1b Analysis of Liabilities By Remaining Contractual Maturities on undiscounted basis (cont'd.)

Group	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2022								
Liabilities								
Deposits from customers	71,552,380	19,952,383	14,566,845	15,768,083	1,731,829	-	-	123,571,520
Investment accounts of customers	135,872**	240,968	22,062	261,620	-	-	-	660,522
Deposits and placements of banks and other financial institutions	3,621,931	3,660,190	1,151,397	298,339	723,014	554,805	-	10,009,676
Securities sold under repurchase agreements	753,639	834,001	-	-	-	-	-	1,587,640
Recourse obligation on loans and financing sold to Cagamas Berhad	738,522	69,056	36,569	1,805,935	6,071,283	-	-	8,721,365
Derivative financial liabilities	51,961	75,793	80,856	149,513	412,731	64,706	-	835,560
Term funding	45,351	69,448	80,339	79,133	1,732,004	-	-	2,006,275
Debt capital	16,694	33,942	51,191	250,496	1,830,250	3,411,388	-	5,593,961
Other liabilities*	1,783,908	639,810	632,618	198,001	124,961	43,905	423,864	3,847,067
Insurance contract liabilities and other insurance payables	338,001	481,621	532,505	568,151	765,011	63,958	-	2,749,247
Total undiscounted liabilities	79,038,259	26,057,212	17,154,382	19,379,271	13,391,083	4,138,762	423,864	159,582,833
Contingent liabilities	1,138,378	851,373	883,919	1,801,752	3,198,710	128,369	-	8,002,501
Commitments	6,124,536	1,014,378	2,001,065	2,973,847	950,023	12,124,508	-	25,188,357
Total commitments and guarantees	7,262,914	1,865,751	2,884,984	4,775,599	4,148,733	12,252,877	-	33,190,858

* The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detailed maturity analysis for lease commitments is disclosed in Note 27(e).

** The balance includes current accounts without maturity as the investment accounts are available for customer redemption on-demand.

Company	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2023								
Liability								
Other liabilities	-	-	-	23,117	-	-	-	23,117
Total undiscounted liability	-	-	-	23,117	-	-	-	23,117

Company	Up to 1 month RM'000	> 1 month to 3 months RM'000	> 3 months to 6 months RM'000	> 6 months to 12 months RM'000	> 1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
2022								
Liability								
Other liabilities	-	11,918	515,000	6,909	-	-	-	533,827
Total undiscounted liability	-	11,918	515,000	6,909	-	-	-	533,827

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For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.4 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of Investment Banking and Markets Risk ("IBMR").

Traded Market Risk ("TMR")

The TMR management process is depicted in the table below:

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

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

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Group applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified time horizon (i.e. holding period). Loss Limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

49. RISK MANAGEMENT (CONT'D.)

49.4 Market Risk Management (cont'd.)

Traded Market Risk ("TMR") (cont'd.)

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g. Greek Limits/PV01 Limits) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits and to provide an explanation for any non-adherence event to Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

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

Non-Traded Market Risk ("NTMR")

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

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

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

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

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49. RISK MANAGEMENT (CONT'D.)

49.4 Market Risk Management (cont'd.)

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

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

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

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

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

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

The Group complements PV01 by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

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

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

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

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

49. RISK MANAGEMENT (CONT'D.)

49.4 Market Risk Management (cont'd.)

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

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

Interbank offered rate ("IBOR") reform

Following the decision by global regulators to phase out IBORs to replace them with alternative reference rates (or risk-free rates ("RFRs")) as part of the IBOR reform, the Group has established a IBOR Project Steering Committee ("PSC") to oversee and manage the transition for any of its legacy contracts that could be affected by the transition. The project is chaired by the Group CFO with the Deputy Managing Director of Wholesale Banking/Head of Group Treasury Markets as his alternate Chairperson. The programme is executed by a project working group comprising 6 workstreams to comprehensively manage and coordinate the specific LIBOR transition activities, including the identification of all products and contracts in scope of benchmark reform, communication with customers for repricing and/or re-papering of LIBOR referenced contracts and incorporation of the relevant fallback provisions in the contracts, upgrading of internal systems to support the alternative RFR product suite, as well as ensuring operational readiness (including Shariah compliance). These workstreams actively participate in industry-wide working group discussions, attend seminars/conferences/briefings to ensure the project working group members are kept informed of the latest developments and adopt consistent approaches of other market participants. Group Management Committee, Risk Management Committee and the Board of Directors of the three banking subsidiaries of the Company are regularly briefed on the progress of this programme.

The Group has successfully completed the enhancement of the impacted systems and have in place detailed plans, processes and procedures to support the LIBOR transition to RFRs which ceased by 31 December 2021. The Group is confident that it has the operational capability to process the remaining IBORs transitions to RFRs for those benchmarks rates such as USD that will cease to be available after 30 June 2023.

IBORs benchmark reform exposes the Group to various risks, which the project continues to manage and monitor closely. The project team has assessed these risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties on the amendments of legal documentations to have adequate fallback provisions into existing legacy contracts necessary to effect IBOR reform;
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if a LIBOR ceases to be available;
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs; and
- Awareness and preparation risk by staff due to complex compounding approaches and payment conventions.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.4 Market Risk Management (cont'd.)

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

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

Interbank offered rate ("IBOR") reform (cont'd.)

The following table is exposure that have yet to transition from IBOR to RFRs as at 31 March 2023 and 31 March 2022:

Group	2023		2022	
	Non-derivatives financial assets carrying value RM'000	Derivatives nominal amount RM'000	Non-derivatives financial assets carrying value RM'000	Derivatives nominal amount RM'000
USD London Interbank Offered Rate ("LIBOR")	2,455,890	7,399,008	3,160,275	9,496,668

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk ("IRR/ROR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ROR hedging measures to cushion the interest/profit rate volatility.

The following table demonstrates the sensitivity of the Group's profit before taxation and zakat and equity to a reasonable possible change in interest/profit rate with all other variables remaining constant. There is no impact to the Company for interest rate risk/rate of return risk.

Group	2023 IRR/ ROR		2022 IRR/ ROR	
	+100 bps RM'000	-100 bps RM'000	+100 bps RM'000	-100 bps RM'000
Traded market risk				
Impact on profit before taxation and zakat	(17,821)	17,565	(94,057)	101,304
Non-traded market risk				
Impact on profit before taxation and zakat	584,246	(583,915)	808,305	(807,972)
Impact on equity	229,370	857,725	(523,034)	557,193

49. RISK MANAGEMENT (CONT'D.)

49.4 Market Risk Management (cont'd.)

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

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

Market Risk Sensitivity (cont'd.)

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from being exposed to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's profit before taxation and zakat and equity to a reasonable possible change in exchange rates with all other variables remaining constant. There is no impact to the Company for foreign exchange risk.

	2023 Currency rate		2022 Currency rate	
Group	**+10% RM'000**	**-10% RM'000**	**+10% RM'000**	**-10% RM'000**
Impact on profit before taxation and zakat				
USD	(18,617)	18,617	(31,416)	31,416
SGD	9,584	(9,584)	6,555	(6,555)
EUR	901	(901)	(1,359)	1,359
JPY	1,590	(1,590)	(581)	581
GBP	(113)	113	2,597	(2,597)
HKD	36,085	(36,085)	37,647	(37,647)
Others	5,977	(5,977)	2,067	(2,067)
Impact on equity				
USD	28,142	(28,142)	27,196	(27,196)
EUR	75	(75)	58	(58)

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's profit before taxation and zakat to a reasonable possible change in equity prices with all other variables remaining constant. There is no impact to the Company for equity price risk.

	2023 Equity price		2022 Equity price	
Group	**+10% RM'000**	**-10% RM'000**	**+10% RM'000**	**-10% RM'000**
Impact on profit before taxation and zakat	108,902	(108,902)	112,160	(112,160)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.5 Operational Risk Management ("ORM")

The ORM process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/activities within Business and Functional Lines (including new products) • Review of past operational losses and incidences data • Regulators' and Auditors' review and feedback
Assessment/ Measurement	• Risk and Control Self Assessment ("RCSA") • The inherent and residual risks are assessed based on the probability and impact of activity undertaken
Control/Mitigation	Several ORM 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, key risk indicator breaches and key control testing exceptions and operational risk framework adherence • Challenging the periodical review or updating the RCSA (risk profile)/KRIs/KCTs of all Line of Business and entity • Trigger by adverse change in circumstances (trigger event review) • Change management process review

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk, outsourcing risk, technology (including cyber) risk and Shariah risk. (Please refer to Note 49.9 for discussion on Shariah Governance Structure). It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT:

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

49. RISK MANAGEMENT (CONT'D.)

49.5 Operational Risk Management ("ORM") (cont'd.)

The strategy for managing operational risk in the Group is anchored on the three (3) lines of defence concept which are as follows:

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

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

- GIAD acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

Group Operational Risk maintains close working relationships with all Business and Functional Lines, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The ORM process contains the following ORM tools:

- The IMDC module provides a common platform for reporting operational risk incidents that fall within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge.

- The RCSA is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group.

- The KRI module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.

- The KCT is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks.

- Root cause analysis is conducted by the Operational Risk Relationship Managers within Group Operational Risk to prevent recurrence of operational risk incidents.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.5.1 Business Continuity Management ("BCM")

The 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
Control/Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity ("BC") plan
Monitoring/Review	• BC plan testing and exercise • Review of BC Plan • BC site readiness and maintenance

The BCM function is an integral part of ORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and the identification of critical functions through BIA exercise, for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of the Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team units to ensure that the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangements and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

49.6 Cyber Risk Management

Cyber security risks remain a persistent threat for the financial industry. The constantly evolving nature and sophistication of cyber threats and attack vectors calls for increased vigilance, readiness and ability to respond to upcoming threats. The resilience of the Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information.

The Group continues to enhance its cyber security controls framework, execute internal assessment reviews, build defense mechanisms and uplift governance processes alongside the Group's cyber risk management strategy - to identify threats in a timely manner, and build or enhance the right defenses to mitigate risks. Creating a security mindset for employees and customers via its Cyber Security awareness programs also remains a priority.

The Group Technology Risk team acts as a second line of defence to monitor alongside the first line of defence to ensure that risks and controls are properly managed. The Group's technology risk management capabilities include oversight over infrastructure security risk, data leakage risk, application security risk and third party security risk.

49. RISK MANAGEMENT (CONT'D.)

49.7 Legal Risk

In all jurisdictions that the Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgement, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

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

49.8 Regulatory Compliance Risk

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

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

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

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

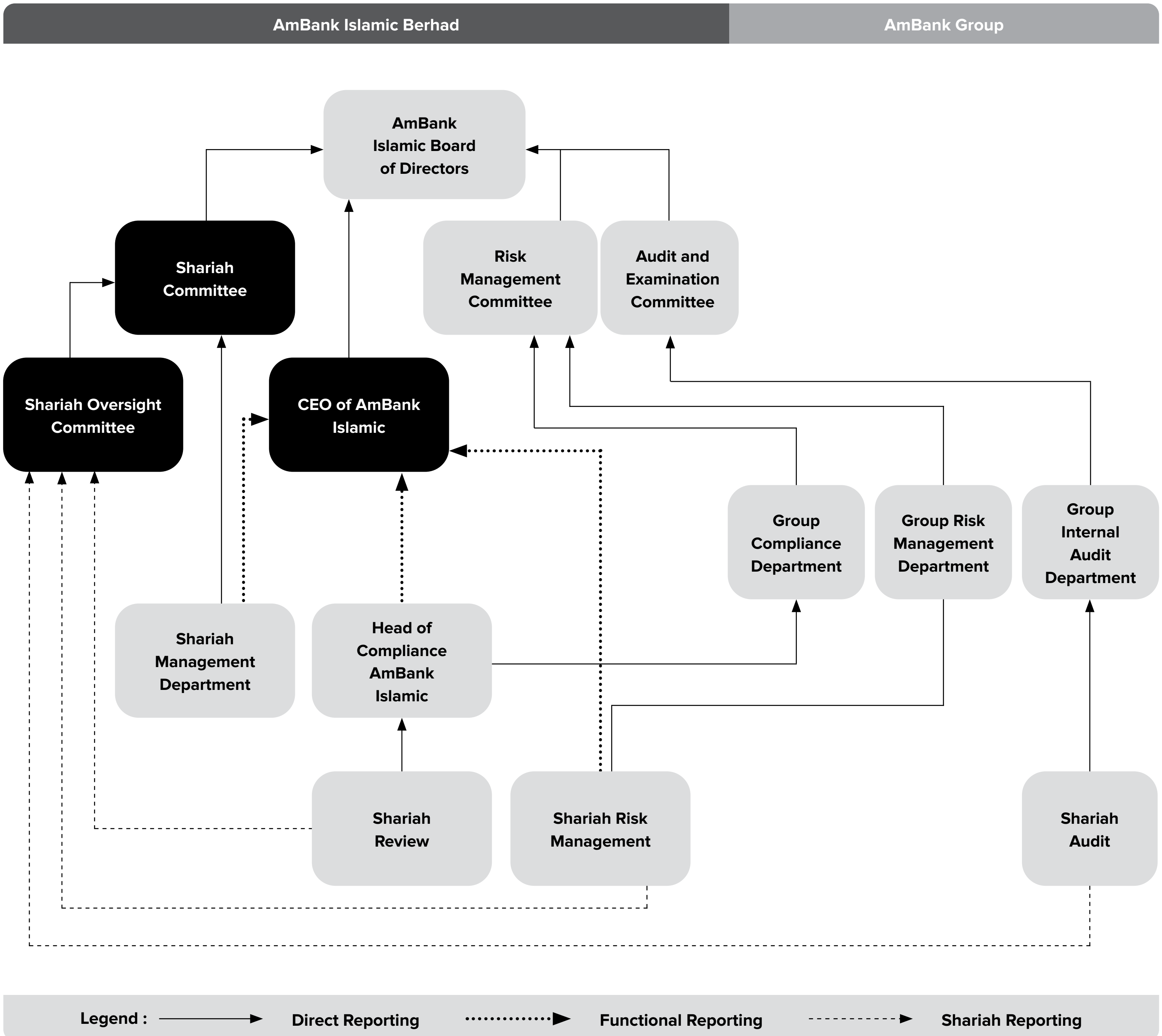
The Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.9 Shariah Risk Management Control

Shariah Governance Structure



49. RISK MANAGEMENT (CONT'D.)

49.9 Shariah Risk Management Control (cont'd.)

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

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

Board of Directors

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

Audit and Examination Committee ("AEC")

AEC is a Board committee responsible for assisting the Board in ensuring that AmBank Islamic's operations are Shariah compliant through the independent assurance from the Shariah Audit function. The reports from the Shariah Review Section are also presented to the AEC for information.

Risk Management Committee ("RMC")

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

Shariah Committee

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

Shariah Oversight Committee

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

Senior Management

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

Shariah Management Department

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

49. RISK MANAGEMENT (CONT'D.)

49.9 Shariah Risk Management Control (cont'd.)

Shariah Risk Management

The Shariah Risk Management ("SRM") is accountable to the Group Risk Management Department and the CEO of AmBank Islamic and has Shariah reporting to the Shariah Oversight Committee. SRM is a function that systematically identifies, assesses, measures, mitigates, controls, monitors and reports any Shariah non-compliance risks to prevent any SNC incident in the businesses, operations, affairs and activities of AmBank Islamic.

The management of Shariah risk is executed through the three lines of defence which are:

- First - The Business Units/Functional Lines and Shariah Management Department
- Second - Shariah Risk Management and Shariah Review
- Third - Shariah Audit

Shariah Review

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

Shariah Audit

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

Shariah Non-Compliant Incident

For the financial year ended 31 March 2023, there was no Shariah non-compliant ("SNC") incident.

For the financial year ended 31 March 2022, there was no SNC incident.

50. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiaries and taxation are excluded, as they do not fall within the scope of MFRS 7 *Financial Instruments: Disclosures*, which requires the fair value information to be disclosed.

(a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values).

	Group	
	Carrying Amount RM'000	Fair Value RM'000
2023		
Financial Assets		
Financial investments at amortised cost	13,469,703	14,045,473
Loans, advances and financing[1]	14,312,105	12,712,252
	27,781,808	26,757,725
Financial Liabilities		
Recourse obligation on loans and financing sold to Cagamas Berhad	9,915,040	10,005,370
Term funding	2,172,333	2,122,654
Debt capital	4,395,000	4,381,076
	16,482,373	16,509,100

	Group	
	Carrying Amount RM'000	Fair Value RM'000
2022		
Financial Assets		
Financial investments at amortised cost	9,037,766	9,538,631
Loans, advances and financing[1]	13,335,902	12,118,037
	22,373,668	21,656,668
Financial Liabilities		
Recourse obligation on loans and financing sold to Cagamas Berhad	8,375,023	8,880,674
Term funding	1,880,097	1,832,886
Debt capital	4,395,000	4,425,522
	14,650,120	15,139,082

[1] excluding loans, advances and financing of RM113,930.5 million (2022: RM104,729.8 million) where the carrying amounts are reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

50. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments measured at fair value and for which fair values are disclosed.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Financial assets measured at fair value				
Derivative financial assets	60	921,049	-	921,109
Financial assets at fair value through profit or loss				
- Money market securities	-	10,169,187	-	10,169,187
- Shares	1,074,250	-	33	1,074,283
- Unit trusts	21,696	1,158	-	22,854
- Quoted corporate bonds and sukuk	-	10,236	-	10,236
- Unquoted corporate bonds and sukuk	-	1,494,347	-	1,494,347
Financial investments at fair value through other comprehensive income				
- Money market securities	-	12,549,882	-	12,549,882
- Shares	-	-	682,858	682,858
- Unquoted corporate bonds and sukuk	-	12,377,993	-	12,377,993
Financial assets for which fair values are disclosed				
Financial investments at amortised cost	-	14,045,383	90	14,045,473
Loans, advances and financing	-	12,712,252	-	12,712,252
	1,096,006	64,281,487	682,981	66,060,474
Financial liabilities measured at fair value				
Derivative financial liabilities	10,290	954,029	-	964,319
Financial liabilities for which fair values are disclosed				
Recourse obligation on loans and financing sold to Cagamas Berhad	-	10,005,370	-	10,005,370
Term funding	-	2,122,654	-	2,122,654
Debt capital	-	4,381,076	-	4,381,076
	10,290	17,463,129	-	17,473,419

50. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments measured at fair value and for which fair values are disclosed. (cont'd.)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Financial assets measured at fair value				
Derivative financial assets	2,090	819,283	-	821,373
Financial assets at fair value through profit or loss				
- Money market securities	-	2,173,041	-	2,173,041
- Shares	1,124,249	-	31	1,124,280
- Unit trusts	177,091	1,128	-	178,219
- Quoted corporate bonds and sukuk	-	13,315	-	13,315
- Unquoted corporate bonds and sukuk	-	3,727,705	-	3,727,705
Financial investments at fair value through other comprehensive income				
- Money market securities	-	8,498,176	-	8,498,176
- Shares	-	-	675,089	675,089
- Unquoted corporate bonds and sukuk	-	9,583,492	-	9,583,492
Financial assets for which fair values are disclosed				
Financial investments at amortised cost	-	9,538,541	90	9,538,631
Loans, advances and financing	-	12,118,037	-	12,118,037
	1,303,430	46,472,718	675,210	48,451,358
Financial liabilities measured at fair value				
Derivative financial liabilities	26,965	776,598	-	803,563
Financial liabilities for which fair values are disclosed				
Recourse obligation on loans and financing sold to Cagamas Berhad	-	8,880,674	-	8,880,674
Term funding	-	1,832,886	-	1,832,886
Debt capital	-	4,425,522	-	4,425,522
	26,965	15,915,680	-	15,942,645

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,158	-	1,158

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

50. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments measured at fair value and for which fair values are disclosed. (cont'd.)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unit trusts	-	1,128	-	1,128

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Financial assets and financial liabilities for which fair value approximates carrying amount

For financial assets and financial liabilities that have a short-term maturity (less than six months), the carrying amounts approximate to their fair value.

(b) Financial investments at amortised cost

Fair value of securities is based on observable mid prices at reporting date and where observable mid prices are not available, the fair value is based on net tangible asset backing.

(c) Loans, advances and financing

The fair value of variable rate loans, advances and financing are estimated to approximate their carrying amount. For fixed rate loans, advances and financing, the fair values are estimated based on expected future cash flows of contractual instalments discounted at prevailing indicative rates adjusted for credit risk. For impaired loans, advances and financing, the fair values are deemed to approximate the carrying amount (net of impairment losses).

(d) Term funding and debt capital

The Group uses observable mid prices to estimate the fair values and where mid prices are not available, the fair values are estimated by discounting the expected future cash flows using market indicative rates of instruments with similar risk profile.

(e) Recourse obligation on loans and financing sold to Cagamas Berhad

The fair value for Recourse obligation on loans and financing sold to Cagamas Berhad is determined based on the discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group or the Company. Therefore, unobservable inputs reflect the Group's and the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Company's own data, as well as financial information of the counterparties. Unquoted equity investments at FVOCI are revalued using adjusted net assets method.

50. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair value (cont'd.)

About 1.7% (2022: 2.5%) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

There was no transfer between Level 1 and Level 2 during the current and previous financial year for the Group and the Company.

Movements in Level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting year. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value for the financial year.

Group	Financial investments at FVOCI RM'000	Financial assets at FVTPL RM'000	Total RM'000
2023			
Balance at beginning of the financial year	675,089	31	675,120
Total gains recognised in other comprehensive income	7,769	-	7,769
Gain on revaluation taken up in statements of profit or loss	-	2	2
Balance at end of the financial year	682,858	33	682,891

Group	Financial investments at FVOCI RM'000	Financial assets at FVTPL RM'000	Total RM'000
2022			
Balance at beginning of the financial year	686,792	34	686,826
Total gains recognised in other comprehensive income	3,148	-	3,148
Loss on revaluation taken up in statements of profit or loss	-	(3)	(3)
Additions	6	-	6
Disposals	(14,857)	-	(14,857)
Balance at end of the financial year	675,089	31	675,120

There were no transfers between Level 2 and Level 3 during the current financial year and previous financial year for the Group.

Total gains or losses included in the statements of profit or loss and statements of comprehensive income for financial instruments held at the end of the reporting date:

Group	2023 RM'000	2022 RM'000
Financial investments at FVOCI:		
Total gains included in:		
- fair value reserve in statements of comprehensive income	7,769	3,148

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50. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value (cont'd.)

Total gains or losses included in the statements of profit or loss and statements of comprehensive income for financial instruments held at the end of the reporting date: (cont'd.)

Group	2023 RM'000	2022 RM'000
Financial assets at FVTPL:		
Total gain/(loss) included in:		
- investment and trading income in statements of profit or loss	2	(3)

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

51. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Retail Banking

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

(b) Business Banking

Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Loans and Project Financing.

(c) Wholesale Banking

Wholesale Banking comprises Corporate Banking and Group Treasury and Markets.

(i) Corporate Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;

(ii) Group Treasury and Markets includes proprietary trading as well as provides full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants. It also offers customised investment solutions for customers.

(d) Investment Banking

Investment Banking provides a full range of integrated solutions and services, which include corporate finance M&A advisory, equity and debt capital markets, private banking and stockbroking services.

51. BUSINESS SEGMENT ANALYSIS (CONT'D.)

The Group comprises the following main business segments: (cont'd.)

(e) Fund Management

Fund Management manages a broad range of investment mandates and unit trust funds across the risk-return spectrum for individuals, corporates and institutions, and provides fund distribution support services for institutional distributors. Fund Management also manages Private Retirement Schemes and Exchange Traded Funds.

(f) Insurance, from continuing operations

Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household through our associates with effective August 2022. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.

(g) Group Funding and Others

Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

(h) Insurance, from discontinued operation

Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household.

Measurement of segment performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation under Group Funding and Others.

Notes:

(i) The Chief Operating Decision Maker relies primarily on the net interest income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.

(ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

(iii) The comparatives have been restated with current business realignment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

51. BUSINESS SEGMENT ANALYSIS (CONT'D.)

	Continuing Operations									Discontinued Operation	
			Wholesale banking								
Group	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury and Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000	Group funding and others RM'000	Total RM'000	Insurance RM'000	Total RM'000
For the financial year ended 31 March 2023											
External net income	2,372,908	819,204	1,395,934	128,712	214,730	147,785	63,083	(534,185)	4,608,171	129,543	4,737,714
Intersegments net income	(494,942)	(138,032)	(578,971)	555,631	(40,600)	-	(6,284)	703,198	-	-	-
	1,877,966	681,172	816,963	684,343	174,130	147,785	56,799	169,013	4,608,171	129,543	4,737,714
Net interest and funding income	1,634,776	533,664	666,467	475,813	48,219	1,538	187	137,687	3,498,351	42,389	3,540,740
Insurance and other operating income	240,392	147,508	150,496	208,530	125,911	146,247	(6,264)	27,138	1,039,958	87,154	1,127,112
Share in results of associates and joint ventures	2,798	-	-	-	-	-	62,876	4,188	69,862	-	69,862
Net income	1,877,966	681,172	816,963	684,343	174,130	147,785	56,799	169,013	4,608,171	129,543	4,737,714
Other operating expenses	(914,302)	(209,475)	(189,109)	(80,055)	(126,487)	(67,658)	(5,131)	(406,875)	(1,999,092)	(101,256)	(2,100,348)
of which:											
Depreciation of property and equipment	(15,809)	(1,688)	(1,248)	(460)	(755)	(168)	-	(31,706)	(51,834)	(1,237)	(53,071)
Depreciation of right-of-use assets	-	-	-	-	-	-	-	(73,001)	(73,001)	(4,009)	(77,010)
Amortisation of intangible assets	(21,169)	(1,056)	(6,719)	(6,064)	(710)	(378)	-	(42,593)	(78,689)	(6,065)	(84,754)
Profit/(loss) before impairment losses	963,664	471,697	627,854	604,288	47,643	80,127	51,668	(237,862)	2,609,079	28,287	2,637,366
(Allowances for)/writeback of impairment on loans, advances and financing	(286,265)	(102,150)	(60,408)	-	167	-	-	26,810	(421,846)	-	(421,846)
Writeback of/(allowances for) impairment on other assets	157	-	(18,303)	9,121	(893)	-	-	(255)	(10,173)	(113,245)	(123,418)
Provision for commitments and contingencies											
- (charge)/writeback	(16,081)	(20,729)	115,101	-	-	-	-	(485)	77,806	-	77,806
Other recoveries, net	-	-	-	508	48	-	-	19	575	6	581
Profit/(loss) before taxation and zakat	661,475	348,818	664,244	613,917	46,965	80,127	51,668	(211,773)	2,255,441	(84,952)	2,170,489
Taxation and zakat	(158,089)	(84,233)	(155,798)	(134,542)	(10,152)	(15,633)	(10)	45,394	(513,063)	18,879	(494,184)
Profit/(loss) for the financial year	503,386	264,585	508,446	479,375	36,813	64,494	51,658	(166,379)	1,742,378	(66,073)	1,676,305
Other information											
Total segment assets	72,436,815	20,928,109	37,543,594	63,253,361	2,813,938	130,248	1,541,736	(1,107,170)	197,540,631	-	197,540,631
Total segment liabilities	63,438,295	16,650,204	17,221,866	66,172,781	1,283,161	27,794	18,511	14,592,110	179,404,722	-	179,404,722
Cost to income ratio	48.7%	30.8%	23.1%	11.7%	72.6%	45.8%	9.0%	>100.0%	43.4%	78.2%	44.3%
Gross loans, advances and financing	72,351,165	21,196,038	34,661,475	-	2,382,195	-	-	(364,102)	130,226,771	-	130,226,771
Net loans, advances and financing	71,204,943	20,918,196	34,102,384	-	2,382,195	-	-	(365,113)	128,242,605	-	128,242,605
Impaired loans, advances and financing	1,341,771	332,571	222,105	-	-	-	-	-	1,896,447	-	1,896,447
Total deposits	62,519,310	16,425,636	16,890,812	47,130,427	955,428	-	-	(2,144,288)	141,777,325	-	141,777,325
Additions to:											
Property and equipment	13,308	774	362	97	693	125	-	41,921	57,280	230	57,510
Intangible assets	21,286	580	3,413	2,493	1,304	673	-	34,660	64,409	2,766	67,175

51. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Continuing Operations									Discontinued Operation	
			Wholesale banking								
	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Group Treasury and Markets RM'000	Investment banking RM'000	Fund management RM'000	Insurance RM'000	Group funding and others RM'000	Total RM'000	Insurance RM'000	Total RM'000
For the financial year ended 31 March 2022 (Restated)											
External net income	2,142,617	660,255	1,055,301	311,601	224,692	150,859	23,179	(468,182)	4,100,322	564,693	4,665,015
Intersegments net income	(469,608)	(101,827)	(371,242)	290,816	(28,201)	-	(16,649)	696,711	-	-	-
	1,673,009	558,428	684,059	602,417	196,491	150,859	6,530	228,529	4,100,322	564,693	4,665,015
Net interest and funding income	1,416,825	442,604	552,099	495,379	43,351	1,325	(16,557)	215,683	3,150,709	124,537	3,275,246
Insurance and other operating income	256,892	115,824	131,960	107,038	153,140	149,534	(16,575)	7,709	905,522	440,156	1,345,678
Share in results of associates and joint ventures	(708)	-	-	-	-	-	39,662	5,137	44,091	-	44,091
Net income	1,673,009	558,428	684,059	602,417	196,491	150,859	6,530	228,529	4,100,322	564,693	4,665,015
Other operating expenses	(839,747)	(153,041)	(174,460)	(79,638)	(107,662)	(68,439)	(14,172)	(351,822)	(1,788,981)	(305,246)	(2,094,227)
of which:											
Depreciation of property and equipment	(17,298)	(1,840)	(1,373)	(321)	(825)	(206)	-	(36,959)	(58,822)	(4,079)	(62,901)
Depreciation of right-of-use assets	-	-	-	-	-	-	-	(65,435)	(65,435)	(12,449)	(77,884)
Amortisation of intangible assets	(21,902)	(847)	(5,545)	(2,878)	(635)	(176)	-	(56,259)	(88,242)	(18,953)	(107,195)
Profit/(loss) before impairment losses	833,262	405,387	509,599	522,779	88,829	82,420	(7,642)	(123,293)	2,311,341	259,447	2,570,788
(Allowances for)/writeback of impairment on loans, advances and financing	(167,430)	(43,369)	(364,092)	-	12,201	-	-	248,511	(314,179)	-	(314,179)
(Allowances for)/writeback of impairment on other assets	(249)	-	(468,111)	4,780	(458)	(306)	-	192,226	(272,118)	1,681	(270,437)
Provision for commitments and contingencies											
- writeback/(charge)	9,877	(935)	(185,596)	-	-	-	-	(334)	(176,988)	-	(176,988)
Other recoveries/(write-offs), net	140	-	-	-	47	-	-	30	217	(31)	186
Impairment of investment in associate	-	-	-	-	-	-	-	(4,625)	(4,625)	-	(4,625)
Profit/(loss) before taxation and zakat	675,600	361,083	(508,200)	527,559	100,619	82,114	(7,642)	312,515	1,543,648	261,097	1,804,745
Taxation and zakat	(160,782)	(82,983)	128,060	(110,427)	(22,584)	(16,687)	6,195	81,931	(177,277)	(32,529)	(209,806)
Profit/(loss) for the financial year	514,818	278,100	(380,140)	417,132	78,035	65,427	(1,447)	394,446	1,366,371	228,568	1,594,939
Other information											
Total segment assets	68,443,901	18,553,355	31,974,239	46,583,841	2,780,261	140,188	543,230	353,427	169,372,442	5,486,463	174,858,905
Total segment liabilities	54,844,327	15,430,869	15,941,681	51,589,535	1,653,096	36,228	3,008	14,331,427	153,830,171	3,069,841	156,900,012
Cost to income ratio	50.2%	27.4%	25.5%	13.2%	54.8%	45.4%	>100.0%	>100.0%	43.6%	54.1%	44.9%
Gross loans, advances and financing	68,396,170	18,735,657	31,063,397	-	1,883,974	-	-	(86,330)	119,992,868	393	119,993,261
Net loans, advances and financing	67,289,770	18,541,363	30,464,461	-	1,883,919	-	-	(114,151)	118,065,362	323	118,065,685
Impaired loans, advances and financing	893,471	265,966	516,552	-	55	-	-	-	1,676,044	-	1,676,044
Total deposits	54,140,217	15,268,001	15,553,315	47,994,239	854,837	-	-	(1,323,174)	132,487,435	-	132,487,435
Additions to:											
Property and equipment	7,043	292	544	363	800	254	-	13,086	22,382	3,043	25,425
Intangible assets	16,567	450	10,056	12,988	852	711	-	26,358	67,982	7,027	75,009

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

52. INSURANCE BUSINESS

The insurance business as at 31 March 2022 relates to AmGeneral Insurance Berhad ("AGIB"). As disclosed in Note 56, the Group has disposed AGIB on 28 July 2022.

(I) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	General insurance fund		Shareholders' funds and others		Total*	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS						
Cash and short-term funds	-	201,231	-	104,449	-	305,680
Deposits and placements with banks and other financial institutions	-	20,096	-	-	-	20,096
Financial assets at fair value through profit or loss	-	2,435,614	-	4,532,591	-	3,551,434
Loans and advances	-	323	-	-	-	323
Deferred tax assets	-	44,264	-	-	-	44,264
Investment in a subsidiary	-	-	-	1,708,733	-	-
Other assets	-	1,368,669	-	62,994	-	114,944
Reinsurance assets and other insurance receivables	-	580,705	-	-	-	580,705
Property and equipment	-	12,681	-	(59)	-	12,622
Right-of-use assets	-	13,748	-	-	-	13,748
Intangible assets	-	37,608	-	54,769	-	871,304
Assets held for sale	-	1,562	-	762	-	2,324
TOTAL ASSETS	-	4,716,501	-	6,464,239	-	5,517,444
LIABILITIES AND EQUITY						
Deferred tax liabilities	-	-	-	31,539	-	31,539
Other liabilities	-	349,729	-	1,320,498	-	353,949
Insurance contract liabilities and other insurance payables	-	2,687,361	-	-	-	2,687,361
Total Liabilities	-	3,037,090	-	1,352,037	-	3,072,849
Share capital**	-	-	-	6,212,949	-	2,121,931
Reserves	-	1,679,411	-	(1,100,747)	-	322,664
Equity attributable to equity holders of the Company	-	1,679,411	-	5,112,202	-	2,444,595
TOTAL LIABILITIES AND EQUITY	-	4,716,501	-	6,464,239	-	5,517,444

* after elimination on consolidation

** Comprising:

	2023 RM'000	2022 RM'000
Ordinary share capital	-	1,721,931
Transfer from retained earnings arising from redemption of preference shares	-	400,000
	-	2,121,931

Note:
Shareholders' funds and others comprise the results of AmGeneral Holdings Berhad and collective investment schemes of its insurance subsidiary.

52. INSURANCE BUSINESS (CONT'D.)

(II) INSURANCE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
Amount owing by reinsurance and cedants	-	9,639
Due premiums including agents/brokers and co-insurers balances	-	71,041
Accumulated impairment losses	-	(18,200)
	-	62,480
The movement in accumulated impairment losses is as follows:		
Balance at beginning of the financial year	18,200	18,732
Writeback for the financial year	(2,736)	(532)
Derecognition - disposal of subsidiary	(15,464)	-
Balance at end of the financial year	-	18,200

(III) INSURANCE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Amount due to agents and intermediaries	-	19,136
Amount due to reinsurers and cedants	-	42,941
	-	62,077

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

52. INSURANCE BUSINESS (CONT'D.)

(IV) INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE (CONT'D.)

	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
2023				
Provision for claims reported by policyholders		-	-	-
Provision for incurred but not reported claims ("IBNR")		-	-	-
Provision for risk margin for adverse deviations ("PRAD")		-	-	-
Provision for outstanding claims	(a)	-	-	-
Less: Accumulated impairment loss on reinsurance assets	(c)	-	-	-
		-	-	-
Provision for unearned premiums	(b)	-	-	-
		-	-	-
(a) Provision for outstanding claims				
Balance at beginning of the financial year		1,904,856	(457,845)	1,447,011
Claims incurred in the current accident period up to disposal date		386,879	(35,033)	351,846
Movements in claims incurred in prior accident years		(109,339)	9,241	(100,098)
Claims incurred during the period up to disposal date (treaty inwards claims)		(2,751)	-	(2,751)
Claims paid during the period up to disposal date		(275,020)	27,887	(247,133)
Derecognition - disposal of subsidiary		(1,904,625)	455,750	(1,448,875)
Balance at end of the financial year		-	-	-
(b) Provision for unearned premiums				
Balance at beginning of the financial year		720,428	(61,306)	659,122
Premiums written during the period up to disposal date		438,773	(49,187)	389,586
Premiums earned during the period up to disposal date		(466,270)	51,251	(415,019)
Derecognition - disposal of subsidiary		(692,931)	59,242	(633,689)
Balance at end of the financial year		-	-	-
(c) Accumulated impairment loss on reinsurance assets				
Balance at beginning of the financial year				926
Derecognition - disposal of subsidiary				(926)
Balance at end of the financial year				-

52. **INSURANCE BUSINESS (CONT'D.)**

(IV) INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE (CONT'D.)

Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
2022				
Provision for claims reported by policyholders		1,147,696	(344,647)	803,049
Provision for incurred but not reported claims ("IBNR")		610,904	(76,303)	534,601
Provision for risk margin for adverse deviations ("PRAD")		146,256	(36,895)	109,361
Provision for outstanding claims	(a)	1,904,856	(457,845)	1,447,011
Less: Accumulated impairment loss on reinsurance assets	(c)	-	926	926
		1,904,856	(456,919)	1,447,937
Provision for unearned premiums	(b)	720,428	(61,306)	659,122
		2,625,284	(518,225)	2,107,059
(a) Provision for outstanding claims				
Balance at beginning of the financial year		1,713,871	(323,935)	1,389,936
Claims incurred in the current accident year		1,237,919	(255,786)	982,133
Movements in claims incurred in prior accident years		(300,182)	49,090	(251,092)
Claims incurred during the year (treaty inwards claims)		(3,781)	-	(3,781)
Claims paid during the financial year		(742,971)	72,786	(670,185)
Balance at end of the financial year		1,904,856	(457,845)	1,447,011
(b) Provision for unearned premiums				
Balance at beginning of the financial year		709,104	(57,932)	651,172
Premiums written in the financial year		1,518,013	(175,215)	1,342,798
Premiums earned during the financial year		(1,506,689)	171,841	(1,334,848)
Balance at end of the financial year		720,428	(61,306)	659,122
(c) Accumulated impairment loss on reinsurance assets				
Balance at beginning of the financial year				2,075
Writeback for the financial year				(1,149)
Balance at end of the financial year				926

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

52. INSURANCE BUSINESS (CONT'D.)

(V) GENERAL INSURANCE BUSINESS

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date as at 31 March 2022.

In setting provisions for claims, the insurance subsidiary gives consideration to the probability and magnitude of future claim experience being more adverse than assumed and exercises a degree of caution in setting the reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin to provide necessary confidence in adequacy is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the insurance subsidiary believes that the estimates of total claims outstanding as of the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Gross general insurance contract liabilities for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Subtotal RM'000	Inward treaty and MMIP* RM'000	Total RM'000
At the end of accident year	1,194,736	1,070,130	1,227,523	1,161,461	1,150,178	1,243,368	1,092,370	1,237,920			
One year later	1,044,184	1,029,824	1,149,853	1,084,565	1,096,000	1,186,034	950,761				
Two years later	998,910	1,007,382	1,098,274	1,021,983	1,044,485	1,099,976					
Three years later	933,819	916,885	1,032,314	970,496	988,064						
Four years later	901,251	875,653	964,732	961,220							
Five years later	883,481	873,158	960,255								
Six years later	869,500	869,786									
Seven years later	894,260										
Current estimate of accumulative claims incurred	894,260	869,786	960,255	961,220	988,064	1,099,976	950,761	1,237,920			
At the end of accident year	(350,724)	(362,327)	(418,997)	(413,497)	(406,583)	(454,994)	(372,078)	(306,934)			
One year later	(637,079)	(631,990)	(728,720)	(697,415)	(689,370)	(714,911)	(579,927)				
Two years later	(755,021)	(743,674)	(841,972)	(812,808)	(796,663)	(818,530)					
Three years later	(813,229)	(809,250)	(891,723)	(867,295)	(854,377)						
Four years later	(834,470)	(825,028)	(916,406)	(901,221)							
Five years later	(843,008)	(835,583)	(925,811)								
Six years later	(849,203)	(840,833)									
Seven years later	(852,058)										
Cumulative payments to-date	(852,058)	(840,833)	(925,811)	(901,221)	(854,377)	(818,530)	(579,927)	(306,934)			
Gross general insurance claims liabilities (direct and facultative)	42,202	28,953	34,444	59,999	133,687	281,446	370,834	930,986	1,882,551	22,305	1,904,856

* Malaysian Motor Insurance Pool ("MMIP")

52. INSURANCE BUSINESS (CONT'D.)

(V) GENERAL INSURANCE BUSINESS (CONT'D.)

Claims development table (cont'd.)

Net general insurance claims liabilities for 2022:

Accident year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Subtotal RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	1,089,590	997,614	1,093,342	1,007,302	1,003,559	1,062,879	963,685	982,133			
One year later	951,089	959,398	1,058,099	977,750	973,556	1,032,528	847,316				
Two years later	907,365	924,949	1,008,222	931,761	935,655	957,604					
Three years later	844,427	850,963	947,314	875,023	886,583						
Four years later	809,285	809,037	886,015	874,143							
Five years later	797,601	805,537	882,689								
Six years later	791,601	805,472									
Seven years later	799,488										
Current estimate of accumulative claims incurred	799,488	805,472	882,689	874,143	886,583	957,604	847,316	982,133			
At the end of accident year	(333,248)	(344,191)	(392,176)	(385,935)	(388,952)	(443,656)	(350,808)	(294,809)			
One year later	(593,745)	(592,213)	(672,310)	(644,402)	(637,658)	(665,818)	(527,676)				
Two years later	(694,479)	(695,841)	(776,164)	(747,218)	(729,367)	(763,630)					
Three years later	(746,892)	(751,734)	(823,773)	(797,115)	(782,500)						
Four years later	(765,158)	(769,553)	(845,560)	(822,107)							
Five years later	(773,178)	(779,160)	(854,303)								
Six years later	(778,865)	(785,321)									
Seven years later	(780,376)										
Cumulative payments to-date	(780,376)	(785,321)	(854,303)	(822,107)	(782,500)	(763,630)	(527,676)	(294,809)			
Net general insurance claims liabilities (direct and facultative)	19,112	20,151	28,386	52,036	104,083	193,974	319,640	687,324	1,424,706	22,305	1,447,011

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

52. INSURANCE BUSINESS (CONT'D.)

(VI) REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARE

In the financial year ended 31 March 2013, AmGeneral Holdings Berhad ("AMGH") (a 51% owned subsidiary) via AMAB Holdings Sdn Bhd ("AMABH") had issued RM600 million of Redeemable Cumulative Convertible Preference Share ("RCCPS") and the salient features of the RCCPS are as follows:

(i) The RCCPS are redeemable during the redemption period from 27 September 2012 to 26 September 2027 ("maturity date"). The RCCPS will be redeemed during the redemption period or at the maturity date with the redemption price equal to the issue price.

(ii) The RCCPS confers on the holders the right to a fixed cumulative preference dividend calculated at 1% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the RCCPS, in priority to any other classes of shares to the extent that there are profits available for distribution and compliance with the capital adequacy requirements as stipulated by BNM.

(iii) The RCCPS holders are entitled at any time to convert all or any of the RCCPS held to ordinary shares in AMGH on the basis of one RCCPS for one new ordinary share.

At Group, the RCCPS is presented net of deferred tax, and reflects only the portion issued to the non-controlling interests.

On 19 January 2022, AMGH issued a total 60 million units of ordinary shares as a result of the conversion of 60 million units of RCCPS at RM11.53 per shares which amounted to RM691.9 million.

The effect from the conversion of RCCPS into new issuance of ordinary shares in AMGH is as follows:

	No of shares '000	Amount RM'000
Existing ordinary shares	130,000	1,030,000
Issuance of new ordinary shares after the conversion of RCCPS	60,000	691,931
Share capital after the new issuance of ordinary shares	190,000	1,721,931

53. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g. loans, advances and financing) are as follows:

Group	Gross amount of recognised financial assets/ liabilities RM'000	Gross amounts offset in the statements of financial position RM'000	Amounts presented in the statements of financial position RM'000	Amount not offset in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received/ pledged RM'000	
2023						
Derivative financial assets	921,109	-	921,109	(308,604)	(510,844)	101,661
Other assets	2,646,800	(20,764)	2,626,036	(39,963)	(15,288)	2,570,785
	3,567,909	(20,764)	3,547,145	(348,567)	(526,132)	2,672,446
Derivative financial liabilities	964,319	-	964,319	(308,604)	(467,034)	188,681
Other liabilities	3,718,321	(20,764)	3,697,557	-	-	3,697,557
	4,682,640	(20,764)	4,661,876	(308,604)	(467,034)	3,886,238

Group	Gross amount of recognised financial assets/ liabilities RM'000	Gross amounts offset in the statements of financial position RM'000	Amounts presented in the statements of financial position RM'000	Amount not offset in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received/ pledged RM'000	
2022						
Derivative financial assets	821,373	-	821,373	(352,677)	(229,098)	239,598
Other assets	2,908,343	(23,024)	2,885,319	(46,470)	(14,043)	2,824,806
	3,729,716	(23,024)	3,706,692	(399,147)	(243,141)	3,064,404
Derivative financial liabilities	803,563	-	803,563	(352,677)	(446,809)	4,077
Other liabilities	4,325,886	(23,024)	4,302,862	-	-	4,302,862
	5,129,449	(23,024)	5,106,425	(352,677)	(446,809)	4,306,939

54. ASSETS HELD FOR SALE

	Group	
	2023 RM'000	2022 RM'000
Assets held for sale		
Proposed disposal of property	-	2,324

	Note	2023 RM'000	2022 RM'000
Balance at beginning of the financial year		2,324	2,324
Impairment for the financial year		(762)	-
Derecognition - disposal of subsidiary	56	(1,562)	-
Balance at end of the financial year		-	2,324

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

		Group	
	Note	2023 RM'000	2022 RM'000
ASSETS			
Cash and short-term funds	55(II)	2,113,367	3,599,095
Derivative financial assets		36,363	51,661
Financial assets at fair value through profit or loss	55(III)	2,576,789	986,968
Financial investments at fair value through other comprehensive income	55(IV)	6,522,124	4,450,620
Financial investments at amortised cost	55(V)	4,179,986	3,033,252
Financing and advances	55(VI)	44,961,875	38,653,868
Statutory deposit with Bank Negara Malaysia		880,000	167,000
Deferred tax assets	55(VII)	62,072	61,176
Other assets	55(VIII)	497,799	286,825
Property and equipment	55(IX)	324	363
Right-of-use assets	55(X)	2,284	2,066
Intangible assets	55(XI)	298	495
TOTAL ASSETS		61,833,281	51,293,389
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	55(XII)	45,252,510	37,590,250
Investment accounts of customers	55(XIII)	16,474	377,861
Deposits and placements of banks and other financial institutions	55(XIV)	4,763,220	3,634,435
Investment account due to a licensed bank	55(XV)	1,538,521	1,710,663
Recourse obligation on financing sold to Cagamas Berhad		3,315,004	1,500,000
Derivative financial liabilities		36,814	60,038
Term funding	25(a)(ii) & (c)(ii)	834,907	834,836
Subordinated Sukuk	26(a)(i)	1,300,000	1,300,000
Other liabilities	55(XVI)	375,289	411,400
TOTAL LIABILITIES		57,432,739	47,419,483
Share capital/capital funds		1,387,107	1,387,107
Reserves		3,013,435	2,486,799
TOTAL ISLAMIC BANKING FUNDS		4,400,542	3,873,906
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		61,833,281	51,293,389
COMMITMENTS AND CONTINGENCIES	55(XXX)	14,038,732	14,702,448

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

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

		Group	
	Note	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds	55(XVII)	2,173,852	1,702,082
Income derived from investment of investment account funds	55(XVIII)	61,106	56,219
Income derived from Islamic banking funds	55(XIX)	202,441	169,510
Allowances for impairment on financing and advances - net	55(XX)	(163,758)	(241,871)
(Allowances for)/writeback of impairment on:			
- Financial investments	55(XXI)	(8,808)	(255,960)
- Other financial assets	55(XXII)	143	(75)
Provision for financial commitments and contingencies - charge	55(XXIII)	(7,474)	(8,975)
Total distributable income		2,257,502	1,420,930
Income attributable to the depositors and others	55(XXIV)	(1,089,037)	(750,266)
Income attributable to investment account holders	55(XXV)	(53,736)	(47,845)
Total net income		1,114,729	622,819
Other operating expenses	55(XXVI)	(335,200)	(285,294)
Finance costs		(87,469)	(97,455)
Profit before taxation and zakat		692,060	240,070
Taxation and zakat	55(XXVII)	(160,129)	(51,676)
Profit for the financial year		531,931	188,394

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Group	
	2023 RM'000	2022 RM'000
Profit for the financial year	531,931	188,394
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to statement of profit or loss		
Financial investments at FVOCI:		
- Net unrealised loss for changes in fair value	(86)	(62,083)
- Changes in ECL	(5,287)	(59)
- Net loss/(gain) reclassified to profit or loss	75	(596)
- Tax effect	3	14,873
Other comprehensive loss for the financial year, net of tax	(5,295)	(47,865)
Total comprehensive income for the financial year	526,636	140,529

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Group	Share capital/ capital funds RM'000	Non-Distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total Equity RM'000
At 1 April 2021	1,417,107	43,972	2,434,800	3,895,879
Profit for the financial year	-	-	188,394	188,394
Other comprehensive loss, net	-	(47,865)	-	(47,865)
Total comprehensive (loss)/income for the financial year	-	(47,865)	188,394	140,529
Transfer to conventional fund*	(30,000)	-	(95,424)	(125,424)
Dividend on ordinary shares:				
- final, financial year ended 31 March 2021	-	-	(37,078)	(37,078)
	(30,000)	-	(132,502)	(162,502)
At 31 March 2022	1,387,107	(3,893)	2,490,692	3,873,906

Group	Share capital/ capital funds RM'000	Non-Distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total Equity RM'000
At 1 April 2022	1,387,107	(3,893)	2,490,692	3,873,906
Profit for the financial year	-	-	531,931	531,931
Other comprehensive loss, net	-	(5,295)	-	(5,295)
Total comprehensive (loss)/income for the financial year	-	(5,295)	531,931	526,636
At 31 March 2023	1,387,107	(9,188)	3,022,623	4,400,542

* Relates to Islamic Banking of AmInvestment Bank.

In the previous financial year, AmInvestment Bank had ceased to carry out Islamic Banking business.

The existing operations of Islamic investment banking of AmInvestment Bank relating to stockbroking and capital market activities undertaken in compliance with Shariah principles are regulated by the Securities Commission and Bursa Malaysia Berhad and not within the definition of Islamic Banking as per Islamic Financial Services Act 2013. Hence, no disclosure required.

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

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Group	
	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	692,060	240,070
Adjustments for:		
Accretion of discount less amortisation of premium for securities	(62,526)	(48,193)
Allowances for impairment on financing and advances (Note 55(XX))	294,473	335,811
Depreciation of right-of-use assets (Note 55(X))	412	285
Depreciation of property and equipment (Note 55(IX))	116	133
Amortisation of intangible assets (Note 55(XI))	345	359
Finance cost - lease liabilities (Note 55(XVI)(a))	88	64
Net amortisation of premium on term funding	71	70
Finance cost - provision for reinstatement of leased properties (Note 55(XVI)(b))	2	1
(Gain)/loss on disposal of financial assets at fair value through profit or loss	(3,256)	4,153
(Gain)/loss on revaluation of financial assets at fair value through profit or loss	(2,109)	452
Gain on revaluation of derivatives	(7,925)	(9,706)
Unrealised loss on revaluation of hedged item arising from fair value hedge	7,973	9,087
Shares granted under Executives' Share Scheme - charge/(writeback)	654	(15)
Allowances for/(writeback of) ECL on:		
- Financial investments (Note 55(XXI))	8,808	255,960
- Other financial assets (Note 55(XXII))	(143)	75
- Financial commitments and contingencies (Note 55(XXIII))	7,474	8,975
Loss/(gain) on disposal of financial investments at fair value through other comprehensive income	75	(596)
Net adjustments of COVID-19 relief measures	(25,664)	(54,116)
Operating profit before working capital changes	910,928	742,869
(Increase)/decrease in operating assets:		
Financial assets at fair value through profit or loss	(1,554,550)	1,311,863
Financing and advances	(6,572,391)	(4,357,066)
Statutory deposit with Bank Negara Malaysia	(713,000)	(54,000)
Other assets	(234,590)	74,489

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

	Group	
	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)		
Increase/(decrease) in operating liabilities:		
Deposits from customers	7,662,260	(4,142,261)
Investment accounts of customers	(361,387)	283,027
Deposits and placements of banks and other financial institutions	1,124,360	472,166
Investment account due to a licensed bank	(172,142)	992,629
Recourse obligation on financing sold to Cagamas Berhad	1,815,004	700,000
Term funding	-	(200,000)
Other liabilities	(45,889)	98,915
Cash generated from/(used in) operating activities	1,858,603	(4,077,369)
Zakat paid	(1,747)	(991)
Tax paid	(134,271)	(50,697)
Net cash generated from/(used in) operating activities	1,722,585	(4,129,057)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial investments at fair value through other comprehensive income	(2,046,738)	(409,847)
Purchase of financial investments at amortised cost	(1,161,035)	(1,102,627)
Purchase of property and equipment	(72)	(63)
Purchase of intangible assets	(148)	(136)
Net cash used in investing activities	(3,207,993)	(1,512,673)

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

	Group	
	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(37,078)
Repayment for lease liabilities	(463)	(313)
Issuance of Subordinated Sukuk	150,000	250,000
Repayment of Subordinated Sukuk	(150,000)	(250,000)
Transferred to conventional operations	-	(120,697)
Net cash used in financing activities	(463)	(158,088)
Net decrease in cash and cash equivalents	(1,485,871)	(5,799,818)
Cash and cash equivalents at beginning of the financial year	3,599,246	9,399,064
Cash and cash equivalents at end of the financial year	2,113,375	3,599,246
Cash and cash equivalents comprise:		
Cash and short-term funds (Note 55(II))	2,113,367	3,599,095
Add:		
Allowances for ECL (Note 55(II))	8	151
	2,113,375	3,599,246

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING

(I) ISLAMIC BANKING BUSINESS

Shariah Committee and governance

The Shariah Committee comprises six (6) members and is responsible and accountable for matters related to Shariah. This includes:

i. advising Board of Directors and Management of AmBank Islamic on Shariah matters;
ii. endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operation; and
iii. providing advice and guidance on management of zakat fund, charity and other social programme activities.

The Shariah Committee members also sit in the Shariah Oversight Committee, a sub-committee of the Shariah Committee performing an oversight function from Shariah perspective to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. The Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non-compliance incidents as well as treatment of Shariah non-compliance income.

Shariah non-compliance incident and income

There were no SNC incident for the financial year ended 31 March 2023 and 31 March 2022.

(II) CASH AND SHORT-TERM FUNDS

	Group	
	2023 RM'000	2022 RM'000
Cash and bank balances	83,375	79,246
Less: Allowances for ECL	(8)	(151)
	83,367	79,095
Deposits maturing within one month with original maturity of three months or less:		
Bank Negara Malaysia	2,030,000	2,790,000
Licensed banks	-	450,000
Other financial institutions	-	280,000
	2,113,367	3,599,095

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(II) CASH AND SHORT-TERM FUNDS (CONT'D.)

Movements in allowances for ECL are as follows:

Group	Stage 1 12-month ECL RM'000
2023	
Balance at beginning of the financial year	151
Net writeback of ECL	(143)
- Financial assets derecognised	(143)
Balance at end of the financial year	8

Group	Stage 1 12-month ECL RM'000
2022	
Balance at beginning of the financial year	75
Net allowances for ECL	75
- Financial assets derecognised	(61)
- New financial assets originated	142
- Net remeasurement of allowances	(6)
Foreign exchange differences	1
Balance at end of the financial year	151

The decrease in allowances for ECL in Stage 1 mainly due to financial assets derecognised.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(III) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2023 RM'000	2022 RM'000
At fair value		
Money Market Instruments:		
Malaysian Islamic Treasury Bills	1,354,281	636,310
Malaysian Government Investment Issues	-	32,569
Bank Negara Monetary Notes	724,354	-
	2,078,635	668,879
Unquoted Securities:		
In Malaysia:		
Sukuk	498,154	318,089
	2,576,789	986,968

(IV) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	2023 RM'000	2022 RM'000
At fair value		
Money Market Instruments:		
Malaysian Islamic Treasury Bills	1,059,413	-
Malaysian Government Investment Issues	1,653,434	1,394,227
Islamic Negotiable Instruments of Deposit	-	579,298
Bank Negara Monetary Notes	247,160	-
	2,960,007	1,973,525
Unquoted Securities:		
In Malaysia:		
Sukuk	3,562,117	2,477,095
	6,522,124	4,450,620

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(IV) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

Movements in allowances for ECL are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023				
Balance at beginning of the financial year		2,497	6,239	8,736
Net writeback of ECL	55(XXI)	(93)	(5,194)	(5,287)
- Transfer to 12-month ECL (Stage 1)		443	(6,239)	(5,796)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(489)	1,045	556
- New financial assets originated		1,019	-	1,019
- Financial assets derecognised		(743)	-	(743)
- Net remeasurement of allowances		(323)	-	(323)
Balance at end of the financial year		2,404	1,045	3,449

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022				
Balance at beginning of the financial year		1,968	6,827	8,795
Net allowances for/(writeback of) ECL	55(XXI)	529	(588)	(59)
- New financial assets originated		1,493	-	1,493
- Financial assets derecognised		(899)	(588)	(1,487)
- Net remeasurement of allowances		(65)	-	(65)
Balance at end of the financial year		2,497	6,239	8,736

The movements in allowances for ECL are mainly contributed by:

(a) Decrease in Stage 1 ECL due to financial assets derecognised, net remeasurement of allowances and change in credit risk, offset by new financial assets originated;

(b) Decrease in Stage 2 ECL mainly due to change in credit risk transfer to 12-month ECL (Stage 1).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(V) FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	2023 RM'000	2022 RM'000
At amortised cost		
Money Market Instruments:		
Malaysian Government Investment Issues	1,648,681	1,280,630
Unquoted Securities:		
In Malaysia:		
Sukuk	2,991,037	2,198,259
Less: Allowances for ECL	(459,732)	(445,637)
	4,179,986	3,033,252

Movements in allowances for ECL are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023					
Balance at beginning of the financial year		1,182	-	444,455	445,637
Net allowances for ECL	55(XXI)	987	-	13,108	14,095
- New financial assets originated		981	-	-	981
- Financial assets derecognised		(11)	-	-	(11)
- Net remeasurement of allowances		17	-	13,108	13,125
Balance at end of the financial year		2,169	-	457,563	459,732

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(V) FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)

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

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022					
Balance at beginning of the financial year		977	188,641	-	189,618
Net allowances for/(writeback of) ECL	55(XXI)	205	(188,641)	444,455	256,019
- Transfer to 12-month ECL (Stage 1)		382	(425)	-	(43)
- Transfer to Lifetime ECL credit impaired (Stage 3)		-	(10,016)	444,455	434,439
- New financial assets originated		250	-	-	250
- Financial assets derecognised		(13)	-	-	(13)
- Changes in model assumptions and methodologies		-	(178,200)	-	(178,200)
- Net remeasurement of allowances		(414)	-	-	(414)
Balance at end of the financial year		1,182	-	444,455	445,637

The increase in allowances for ECL is mainly contributed by net remeasurement of allowances and new financial assets originated.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES

(a) Financing and advances by type of financing and Shariah contracts are as follows:

Group	Bai Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
2023							
At amortised cost							
Cash lines	-	594,352	-	-	534,646	-	1,128,998
Term financing	347,700	15,538,398	7,327	-	650,409	-	16,543,834
Revolving credit	22,037	4,943,902	-	-	1,049,641	-	6,015,580
Housing financing	2,418,525	10,293,397	38,815	-	-	-	12,750,737
Hire purchase receivables	3	-	-	4,947,850	-	-	4,947,853
Bills receivables	-	620,200	-	-	-	103,537	723,737
Credit card receivables	-	-	-	-	-	498,872	498,872
Trust receipts	-	480,747	-	-	-	-	480,747
Claims on customers under acceptance credits	-	2,235,072	-	-	-	281,933	2,517,005
Staff financing	-	20,731	-	-	-	-	20,731
Others	-	-	-	-	-	12,770	12,770
Gross financing and advances*	2,788,265	34,726,799	46,142	4,947,850	2,234,696	897,112	45,640,864
Allowances for impairment on financing and advances							
- Stage 1 - 12-month ECL							(74,502)
- Stage 2 - Lifetime ECL not credit impaired							(441,391)
- Stage 3 - Lifetime ECL credit impaired							(163,096)
Net financing and advances							44,961,875

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES (CONT'D.)

(a) Financing and advances by type of financing and Shariah contracts are as follows: (cont'd.)

Group	Bai Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
2022							
At amortised cost							
Cash lines	-	617,679	-	-	578,646	-	1,196,325
Term financing	439,860	12,596,186	8,806	-	1,091,129	20,160	14,156,141
Revolving credit	27,065	3,744,672	-	-	1,128,326	-	4,900,063
Housing financing	2,589,646	8,540,970	43,458	-	-	-	11,174,074
Hire purchase receivables	3	-	-	4,255,450	-	-	4,255,453
Bills receivables	-	630,366	-	-	-	40,342	670,708
Credit card receivables	-	-	-	-	-	447,758	447,758
Trust receipts	-	381,229	-	-	-	-	381,229
Claims on customers under acceptance credits	-	1,784,824	-	-	-	353,913	2,138,737
Staff financing	-	17,862	-	-	-	-	17,862
Others	-	-	-	-	-	9,102	9,102
Gross financing and advances*	3,056,574	28,313,788	52,264	4,255,450	2,798,101	871,275	39,347,452
Allowances for impairment on financing and advances							
- Stage 1 - 12-month ECL							(61,592)
- Stage 2 - Lifetime ECL not credit impaired							(401,419)
- Stage 3 - Lifetime ECL credit impaired							(230,573)
Net financing and advances							38,653,868

* Included in financing and advances are exposures to the Restricted Investment Account ("RA") arrangements between AmBank Islamic and AmBank. Under the RA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RA financing and it shall account for all allowances for impairment arising from the RA financing.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES (CONT'D.)

(b) The maturity structure of financing and advances are as follows:

	Group	
	2023 RM'000	2022 RM'000
Maturing within one year	12,125,562	10,337,273
Over one year to three years	1,529,251	2,083,248
Over three years to five years	2,535,398	2,042,184
Over five years	29,450,653	24,884,747
	45,640,864	39,347,452

(c) Gross financing and advances analysed by type of customers are as follows:

	Group	
	2023 RM'000	2022 RM'000
Domestic non-bank financial institutions	2,263,471	2,091,347
Domestic business enterprises		
- Small medium enterprises	6,830,614	7,078,754
- Others	8,942,573	7,833,699
Government and statutory bodies	2,595,851	102,813
Individuals	24,506,155	22,193,670
Other domestic entities	118	644
Foreign individuals and entities	502,082	46,525
	45,640,864	39,347,452

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES (CONT'D.)

(d) Financing and advances analysed by profit rate sensitivity are as follows:

	Group	
	2023 RM'000	2022 RM'000
Fixed rate:		
Housing financing	164,784	159,912
Hire purchase receivables	4,883,169	4,199,966
Other financing	5,527,511	3,516,511
Variable rate:		
Base rate and lending/financing rate plus	23,402,540	21,535,195
Cost-plus	11,515,903	9,796,311
Other variable rates	146,957	139,557
	45,640,864	39,347,452

(e) Gross financing and advances analysed by sector are as follows:

	Group	
	2023 RM'000	2022 RM'000
Agriculture	1,859,755	918,053
Mining and quarrying	629,375	357,563
Manufacturing	4,859,748	4,809,630
Electricity, gas and water	538,441	273,022
Construction	969,620	1,050,791
Wholesale, retail trade, restaurants and hotels	3,272,133	2,947,081
Transport, storage and communication	1,695,582	1,495,066
Finance and insurance	3,798,148	2,107,052
Real estate	2,319,010	2,184,116
Business activities	699,713	587,875
Education and health	441,731	377,008
Household of which:	24,557,608	22,240,195
- Purchase of residential properties	12,816,791	11,241,327
- Purchase of transport vehicles	4,608,460	3,915,934
- Others	7,132,357	7,082,934
Gross financing and advances	45,640,864	39,347,452

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	628,542	613,074
Additions during the financial year	819,460	718,754
Reclassified to non-impaired financing	(37,363)	(77,186)
Recoveries	(580,374)	(337,277)
Amount written off	(309,110)	(288,823)
Balance at end of the financial year	521,155	628,542
Gross impaired financing and advances as % of gross financing and advances	1.14%	1.60%
Financing loss coverage	136.5%	114.3%

(g) Impaired financing and advances analysed by sector are as follows:

	Group	
	2023 RM'000	2022 RM'000
Agriculture	614	2
Mining and quarrying	38,685	162,649
Manufacturing	50,598	51,867
Electricity, gas and water	167	-
Construction	19,933	15,724
Wholesale, retail trade, restaurants and hotels	70,256	63,135
Transport, storage and communication	3,817	3,666
Real estate	498	165,929
Business activities	2,857	388
Education and health	1,645	-
Household of which:	332,085	165,182
- Purchase of residential properties	260,048	119,387
- Purchase of transport vehicles	29,710	20,139
- Others	42,327	25,656
Impaired financing and advances	521,155	628,542

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES (CONT'D.)

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

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023					
Balance at beginning of the financial year		61,592	401,419	230,573	693,584
Net allowances for ECL	55(XX)	12,876	39,964	241,633	294,473
- Transfer to 12-month ECL (Stage 1)		3,671	(34,652)	(910)	(31,891)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(5,140)	57,705	(5,615)	46,950
- Transfer to Lifetime ECL credit impaired (Stage 3)		(443)	(10,078)	116,879	106,358
- New financial assets originated		22,474	33,838	3,907	60,219
- Net remeasurement of allowances		10,566	(13,883)	143,104	139,787
- Changes in model assumptions and methodologies		(8,061)	31,122	(5)	23,056
- Modification of contractual cash flows of financial assets		(144)	2,279	376	2,511
- Financial assets derecognised		(10,047)	(26,367)	(16,103)	(52,517)
Foreign exchange differences		34	8	-	42
Amount written off		-	-	(309,110)	(309,110)
Balance at end of the financial year*		74,502	441,391	163,096	678,989

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VI) FINANCING AND ADVANCES (CONT'D.)

(h) Movements in allowances for ECL are as follows: (cont'd.)

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022					
Balance at beginning of the financial year		143,487	401,459	101,634	646,580
Net (writeback of)/allowances for ECL	55(XX)	(81,909)	(42)	417,762	335,811
- Transfer to 12-month ECL (Stage 1)		2,625	(28,659)	(1,070)	(27,104)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(4,581)	37,018	(7,784)	24,653
- Transfer to Lifetime ECL credit impaired (Stage 3)		(542)	(18,470)	22,179	3,167
- New financial assets originated		20,276	16,949	1,279	38,504
- Net remeasurement of allowances		(37,662)	26,473	426,783	415,594
- Changes in model assumptions and methodologies		(47,158)	(13,962)	-	(61,120)
- Modification of contractual cash flows of financial assets		(374)	3,248	(484)	2,390
- Financial assets derecognised		(14,493)	(22,639)	(23,141)	(60,273)
Foreign exchange differences		14	2	-	16
Amount written off		-	-	(288,823)	(288,823)
Balance at end of the financial year*		61,592	401,419	230,573	693,584

* As at 31 March 2023, the gross exposure (including profit receivable) relating to RA financing amounted to RM1,542.3 million (2022: RM1,713.8 million). ECL allowances relating to the RA financing which amounted to RM1.3 million (2022: RM2.2 million) is taken up by AmBank.

The following explains how significant changes in the gross carrying amount of financing and advances during the financial year have contributed to the changes in the allowance for ECL on financing and advances.

Overall, the total allowances for ECL on financing and advances for the Group had decreased due to the following:

(a) 12-month ECL (Stage 1) – increase of RM12.9 million mainly due to newly originated financial assets and net remeasurement of allowances, partially offset by the impact from financial assets derecognised, changes in model assumptions and methodologies and change in credit risk;

(b) Lifetime ECL not credit impaired (Stage 2) – increase of RM40.0 million mainly due to new financial assets originated, changes in model assumptions, change in credit risk and modification of contractual cash flows of financial assets, offset by financial assets derecognised and net remeasurement of allowances;

(c) Lifetime ECL credit impaired (Stage 3) – decrease of RM67.5 million mainly due to financing and advances written-off and financial assets derecognised, offset by impact of net remeasurement of allowances, new financial assets originated and the change in credit risk.

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VII) DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	62,072	61,176
Deferred tax assets and liabilities prior to offsetting are summarised as follows:		
Deferred tax assets	85,384	80,813
Deferred tax liabilities	(23,312)	(19,637)
	62,072	61,176

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows:

Group	Balance at beginning of the financial year RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
2023				
Other temporary differences	70,830	4,692	-	75,522
Fair value reserve	3,988	-	3	3,991
Deferred income	5,995	(124)	-	5,871
Deferred tax assets	80,813	4,568	3	85,384
Excess of capital allowance over depreciation	(106)	59	-	(47)
Deferred charges	(19,531)	(3,734)	-	(23,265)
Deferred tax liabilities	(19,637)	(3,675)	-	(23,312)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VII) DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows: (cont'd.)

Group	Balance at beginning of the financial year RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	Transfer to conventional fund RM'000	Balance at end of the financial year RM'000
2022					
Other temporary differences	87,150	(16,187)	-	(133)	70,830
Fair value reserve	-	-	3,988	-	3,988
Deferred income	5,132	863	-	-	5,995
Deferred tax assets	92,282	(15,324)	3,988	(133)	80,813
Excess of capital allowance over depreciation	(265)	159	-	-	(106)
Deferred charges	(17,265)	(2,266)	-	-	(19,531)
Other temporary differences	(2,371)	2,371	-	-	-
Fair value reserve	(10,885)	-	10,885	-	-
Deferred tax liabilities	(30,786)	264	10,885	-	(19,637)

(VIII) OTHER ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000
Other receivables, deposits and prepayments		90,832	104,698
Amount due from related companies	(a)	206,712	-
Profit receivable		96,058	70,527
Tax recoverable		5,955	28,916
Deferred charges	(b)	98,242	82,684
		497,799	286,825

(a) Amount due from related companies, which related to banking operations, are unsecured, non-profit bearing and are repayable on demand.

(b) Deferred charges represent prepaid expenses for handling fees, marketing and promotion expenses relating to financing and advances.

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(IX) PROPERTY AND EQUIPMENT

Group	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
2023					
Cost					
At beginning of the financial year	528	446	844	173	1,991
Additions	-	-	72	-	72
Disposals	-	-	(35)	-	(35)
Transfer from related companies	-	-	5	-	5
At end of the financial year	528	446	886	173	2,033
Accumulated Depreciation					
At beginning of the financial year	304	438	717	169	1,628
Depreciation for the financial year	54	8	52	2	116
Disposals	-	-	(35)	-	(35)
At end of the financial year	358	446	734	171	1,709
Net Book Value					
As at 31 March 2023	170	-	152	2	324

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(IX) PROPERTY AND EQUIPMENT (CONT'D.)

Group	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
2022						
Cost						
At beginning of the financial year	528	534	817	251	20	2,150
Additions	-	-	58	5	-	63
Written off	-	-	-	(2)	-	(2)
Reclassification/adjustment	-	-	-	-	(7)	(7)
Transfer to conventional fund	-	(88)	(44)	(81)	-	(213)
Transfer from/(to) work-in-progress	-	-	13	-	(13)	-
At end of the financial year	528	446	844	173	-	1,991
Accumulated Depreciation						
At beginning of the financial year	251	505	711	243	-	1,710
Depreciation for the financial year	53	21	50	9	-	133
Written off	-	-	-	(2)	-	(2)
Transfer to conventional fund	-	(88)	(44)	(81)	-	(213)
At end of the financial year	304	438	717	169	-	1,628
Net Book Value						
As at 31 March 2022	224	8	127	4	-	363

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(X) RIGHT-OF-USE ASSETS

Premises	Group 2023 RM'000	Group 2022 RM'000
Cost		
At beginning of the financial year	2,793	2,793
Additions	227	-
Remeasurement	403	-
At end of the financial year	3,423	2,793
Accumulated depreciation		
At beginning of the financial year	727	442
Depreciation charged for the financial year	412	285
At end of the financial year	1,139	727
Carrying amount		
At end of the financial year	2,284	2,066

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 55(XVI)(a).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XI) INTANGIBLE ASSETS

Computer Software	Group 2023 RM'000	Group 2022 RM'000
Cost		
At beginning of the financial year	2,976	2,856
Additions	148	136
Transfer to conventional fund	-	(16)
At end of the financial year	3,124	2,976
Accumulated amortisation		
At beginning of the financial year	2,481	2,138
Amortisation for the financial year	345	359
Transfer to conventional fund	-	(16)
At end of the financial year	2,826	2,481
Carrying amount		
At end of the financial year	298	495

(XII) DEPOSITS FROM CUSTOMERS

(i) By type of deposit:

	Group 2023 RM'000	Group 2022 RM'000
Savings deposits		
Commodity Murabahah	4,664,808	3,850,631
Qard	159,012	146,823
Demand deposits		
Commodity Murabahah	11,178,667	9,587,153
Qard	1,782,776	861,168
Term deposits		
Commodity Murabahah	27,373,974	22,994,199
Qard	93,273	150,276
	45,252,510	37,590,250

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XII) DEPOSITS FROM CUSTOMERS (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
Business enterprises	25,081,487	22,820,946
Government and statutory bodies	5,719,815	3,180,849
Individuals	13,361,210	10,600,240
Others	1,089,998	988,215
	45,252,510	37,590,250

(iii) The maturity structure of term deposits are as follows:

	Group	
	2023 RM'000	2022 RM'000
Due within six months	23,623,778	18,084,514
Over six months to one year	3,148,741	4,774,000
Over one year to three years	662,291	214,910
Over three years to five years	32,437	71,051
	27,467,247	23,144,475

(XIII) INVESTMENT ACCOUNTS OF CUSTOMERS

	Group	
	2023 RM'000	2022 RM'000
Unrestricted investment accounts:		
Without maturity		
- Wakalah	13,734	16,573
With maturity		
- Mudarabah	2,740	361,288
	16,474	377,861

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XIII) INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

(a) Movement in the investment accounts are as follows:

	Wakalah RM'000	Mudarabah RM'000
As at 1 April 2021	18,342	76,492
Funding inflows/(outflows)		
New placements during the financial year	-	1,125,826
Redemptions/withdrawals during the financial year	(1,777)	(844,652)
Income from investment	287	6,804
AmBank Islamic's share of profit		
Profit distributed to mudarib	(279)	(3,182)
As at 31 March 2022	16,573	361,288
Funding inflows/(outflows)		
New placements during the financial year	-	12,267
Redemptions/withdrawals during the financial year	(2,846)	(372,279)
Income from investment	373	2,662
AmBank Islamic's share of profit		
Profit distributed to mudarib	(366)	(1,198)
As at 31 March 2023	13,734	2,740
Investment asset:		
2022		
Interbank placement	16,573	-
Housing financing	-	361,288
Total investment	16,573	361,288
2023		
Interbank placement	13,734	-
Housing financing	-	2,740
Total investment	13,734	2,740

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XIII) INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

(a) Movement in the investment accounts are as follows: (cont'd.)

The investment accounts are sourced from the following types of customers:

	2023 RM'000	2022 RM'000
Business enterprises	34	354,618
Individuals	16,440	23,243
	16,474	377,861

The Group did not impose Wakalah fees to the Investment Account Holders for financial year ended 31 March 2023 and 31 March 2022.

(b) Average Profit Sharing Ratio, Average Rate of Return and Average Performance Incentive Fee for the investment accounts are as follows:

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
2023			
Unrestricted investment accounts:			
less than 3 months	55.13	1.71	2.37
over 3 months to 1 year	54.62	2.24	-

	Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
2022			
Unrestricted investment accounts:			
less than 3 months	53.12	1.92	1.75
over 3 months to 1 year	54.01	2.16	-

(c) The maturity structure of investment accounts are as follows:

	Group	
	2023 RM'000	2022 RM'000
Unrestricted investment accounts:		
- Without maturity	13,734	16,573
- With maturity		
Due within six months	2,740	361,288
	16,474	377,861

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XIV) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	Group	
		2023 RM'000	2022 RM'000
Non-Mudarabah:			
Licensed investment banks		375,519	252,836
Other financial institutions		1,386,726	1,434,174
Licensed banks	(a)	2,620,016	1,519,729
Licensed Islamic banks		298,767	379,066
Bank Negara Malaysia		82,192	48,630
		4,763,220	3,634,435

(a) Included in the deposit and placements of licensed banks was RM136.7 million (2022: RM136.7 million) of interbank placement from AmBank at below market rate with six-year (6) to eight and half year (8.5) maturities. This placement was part of the fund received by AmBank under the government financing scheme for COVID-19 relief measures, for the purpose of lending to SME at below market rate.

As a result, RM18.9 million of fair value gain arose from the difference between the concession rates received and market rates was recognised as income attributable to deposits and placements of banks and other financial institutions in the previous financial year. Total unwinding amount of RM4.4 million (2022: RM3.5 million) was recognised as income attributable to deposits and placements of banks and other financial institutions as disclosed in as disclosed in Note 55(XXIV).

(XV) INVESTMENT ACCOUNT DUE TO A LICENSED BANK

	Note	Group	
		2023 RM'000	2022 RM'000
Restricted investment account ("RA")			
- Mudarabah Muqayyadah	(a)	1,538,521	1,710,663

(a) The RA contract is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by AmBank Islamic as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider. The capital provider for the RA contracts is AmBank, a related company.

As at 31 March 2023, the tenure of the RA contracts is for a period ranging between 4 to 7 years (2022: 8 months to 8 years).

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XV) INVESTMENT ACCOUNT DUE TO A LICENSED BANK (CONT'D.)

(b) Movements in the investment account are as follows:

	2023 RM'000	2022 RM'000
At beginning of the financial year	1,710,663	718,034
Funding (outflows)/inflows		
New placements during the financial year	-	1,000,000
Redemptions during the financial year, net*	(172,142)	(7,371)
Income attributable to investment account holders	(52,264)	(44,216)
Income from investment	58,071	49,128
AmBank Islamic's share of profit		
Profit distributed to mudarib	(5,807)	(4,912)
At end of the financial year	1,538,521	1,710,663
Investment asset:		
Financing	1,538,521	1,710,663
Total investment	1,538,521	1,710,663

(c) Average Profit Sharing Ratio and Average Rate of Return for the investment account based on original contractual maturity are as follows:

	Investment account holder			
	2023		2022	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Maturity:				
over 2 years to 5 years	90	3.19	90	2.64
more than 5 years	90	3.39	90	2.80

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVI) OTHER LIABILITIES

	Note	Group 2023 RM'000	Group 2022 RM'000
Other payables and accruals		308,803	354,912
Lease liabilities	(a)	2,347	2,092
Provision for reinstatement of leased properties	(b)	84	82
Deferred income		15,502	16,022
Provision for zakat		4,172	2,130
Allowances for ECL on financing commitments and financial guarantees	(c)	32,300	24,808
Advance rentals		12,081	11,354
		375,289	411,400

(a) The movements in lease liabilities are as follows:

Premises	Group 2023 RM'000	Group 2022 RM'000
At beginning of the financial year	2,092	2,341
Additions	227	-
Remeasurement	403	-
Finance cost charged	88	64
Payment of lease liabilities	(463)	(313)
At end of the financial year	2,347	2,092

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Group is committed.

The costs relating to leases for which the Group applied the practical expedient of MFRS 16 for the current financial year end amounted to approximately RM900 (2022: RM1,000) for low-value assets. There was no lease with contract term of less than 12 months.

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVI) OTHER LIABILITIES (CONT'D.)

(a) Lease liabilities analysed by undiscounted contractual payments are as follows:

	Group	
Premises	**2023 RM'000**	**2022 RM'000**
Up to 1 month	29	26
> 1 month to 3 months	57	41
> 3 months to 6 months	85	62
> 6 months to 12 months	171	123
> 1 year to 5 years	1,433	984
Over 5 years	737	1,168
	2,512	2,404

(b) The movements for provision for reinstatement of leased properties are as follows:

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	82	81
Finance cost charged	2	1
At end of the financial year	84	82

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVI) OTHER LIABILITIES (CONT'D.)

(c) Movements in allowances for ECL on financing commitments and financial guarantees are as follows:

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2023					
Balance at beginning of the financial year		8,454	10,567	5,787	24,808
Net allowances for/(writeback of) ECL	55(XXIII)	3,115	(3,564)	7,923	7,474
- Transfer to 12-month ECL (Stage 1)		339	(1,981)	-	(1,642)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(477)	2,290	-	1,813
- Transfer to Lifetime ECL credit impaired (Stage 3)		(14)	(181)	197	2
- New exposures originated		5,299	2,609	7,943	15,851
- Net remeasurement of allowances		336	(3,706)	(197)	(3,567)
- Exposures derecognised		(2,368)	(2,595)	(20)	(4,983)
Foreign exchange difference		11	7	-	18
Balance at end of the financial year		11,580	7,010	13,710	32,300

Group	Note	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2022					
Balance at beginning of the financial year		9,012	6,804	15	15,831
Net (writeback of)/allowances for ECL	55(XXIII)	(558)	3,761	5,772	8,975
- Transfer to 12-month ECL (Stage 1)		185	(2,533)	-	(2,348)
- Transfer to Lifetime ECL not credit impaired (Stage 2)		(318)	1,722	-	1,404
- Transfer to Lifetime ECL credit impaired (Stage 3)		(10)	(77)	87	-
- New exposures originated		3,587	6,110	5,780	15,477
- Net remeasurement of allowances		(1,813)	(74)	(87)	(1,974)
- Exposures derecognised		(2,189)	(1,387)	(8)	(3,584)
Foreign exchange difference		-	2	-	2
Balance at end of the financial year		8,454	10,567	5,787	24,808

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVI) OTHER LIABILITIES (CONT'D.)

(c) Movements in allowances for ECL on financing commitments and financial guarantees are as follows: (cont'd.)

The movements in allowances for ECL are as follows:

(a) 12-month ECL (Stage 1) increased by RM3.1 million mainly due to new exposures originated and net remeasurement of allowances offset by financial exposures derecognised.

(b) Lifetime ECL not credit impaired (Stage 2) decreased by RM3.6 million mainly due to net remeasurement of allowances and financial exposures derecognised offset by new exposures originated.

(c) Lifetime ECL credit impaired (Stage 3) increased by RM7.9 million mainly due to new exposures originated.

(XVII) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Group	
Premises	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing and advances*	1,690,020	1,258,163
Impaired financing and advances	966	2,567
Financial assets at fair value through profit or loss	35,586	54,421
Financial investments at amortised cost	149,333	115,684
Financial investments at fair value through other comprehensive income	179,181	147,762
Deposits and placements with banks and other financial institutions	43,969	72,805
	2,099,055	1,651,402
(Loss)/gain from sale of financial investments at fair value through other comprehensive income	(69)	549
Gain/(loss) from sale of financial assets at fair value through profit and loss	3,003	(3,827)
Gain/(loss) on revaluation of financial assets at fair value through profit and loss	1,945	(416)
Gain on foreign exchange	1,598	2,935
Loss on derivatives	(6,822)	(8,576)
Others	28	6
	(317)	(9,329)
Fee and commission income:		
Commission	22,467	19,912
Other fee income	52,647	40,097
	75,114	60,009
Total	2,173,852	1,702,082

* Included the net gain of RM79,000 (2022: net loss of RM17,098,000) arising from government support measures implemented in response to COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVIII) INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

Premises		Group	
		2023 RM'000	2022 RM'000
Income derived from investment of:			
(i)	Restricted investment account	58,071	49,128
(ii)	Unrestricted investment account	3,035	7,091
		61,106	56,219
(i)	Income derived from investment of restricted investment account		
	Finance income and hibah:		
	Financing and advances	58,071	49,128
(ii)	Income derived from investment of unrestricted investment account		
	Finance income and hibah:		
	Financing and advances	2,662	6,804
	Deposits and placements with banks and other financial institutions	373	287
	Total finance income and hibah	3,035	7,091

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XIX) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

	Group	
	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing and advances*	142,220	107,262
Impaired financing and advances	81	219
Financial assets at fair value through profit or loss	2,995	4,640
Financial investments at fair value through other comprehensive income	15,079	12,597
Financial investments at amortised cost	12,567	9,862
Deposits and placements with banks and other financial institutions	3,700	6,207
Others	-	22
	176,642	140,809
Gain/(loss) from sale of financial assets at fair value through profit and loss	253	(326)
Gain/(loss) on revaluation of financial assets at fair value through profit and loss	164	(36)
(Loss)/gain from sale of financial investments at fair value through other comprehensive income	(6)	47
Gain on foreign exchange	134	250
Loss on derivatives	(574)	(731)
Others	2	1
	(27)	(795)
Fee and commission income:		
Commission	15,304	17,550
Other fee income	10,522	11,946
	25,826	29,496
Total	202,441	169,510

* Included the net gain of RM6,000 (2022: net loss of RM1,457,000) arising from government support measures implemented in response to COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XX) IMPAIRMENT ON FINANCING AND ADVANCES

	Group	
	2023 RM'000	2022 RM'000
Allowances for impairment on financing and advances:		
Allowances for ECL (Note 55(VI)(h))	294,473	335,811
Impaired financing and advances recovered, net	(130,715)	(93,940)
	163,758	241,871

(XXI) ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT ON FINANCIAL INVESTMENTS

	Group	
	2023 RM'000	2022 RM'000
Financial investments at amortised cost - sukuk	14,095	256,019
Financial investments at fair value through other comprehensive income - sukuk	(5,287)	(59)
	8,808	255,960

(XXII) (WRITEBACK OF)/ALLOWANCES FOR OTHER FINANCIAL ASSETS

	Group	
	2023 RM'000	2022 RM'000
Cash and short-term funds	(143)	75

(XXIII) PROVISION FOR FINANCIAL COMMITMENTS AND CONTINGENCIES

	Group	
	2023 RM'000	2022 RM'000
Allowances for ECL on financial commitments and financial guarantee contracts	7,474	8,975

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXIV) INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Group	
	2023 RM'000	2022 RM'000
Deposits from customers:		
Non-Mudarabah Fund	877,697	680,685
Deposits and placements of banks and other financial institutions:		
Non-Mudarabah Fund*	143,778	40,580
Others	67,562	29,001
	211,340	69,581
Total	1,089,037	750,266

* Income attributable to deposits and placements of banks and other financial institutions included the fair value gain of RM18.9 million arising from the placements by AmBank from the funds received by AmBank under the government financing scheme for COVID-19 relief measures for previous financial year. Total unwinding amount for the financial year of RM4.4 million (2022: RM3.5 million), as disclosed in Note 55(XIV).

(XXV) INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Group	
	2023 RM'000	2022 RM'000
Unrestricted		
Customers - investment accounts	1,472	3,629
Restricted		
Licensed bank - investment account	52,264	44,216
	53,736	47,845

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXVI) OTHER OPERATING EXPENSES

	Group	
	2023 RM'000	2022 RM'000
Personnel costs	27,421	21,773
Establishment costs	2,628	2,814
Marketing and communication expenses	5,957	3,826
Administration and general expenses	13,205	9,120
Service transfer pricing expense, net	285,989	247,761
	335,200	285,294

(XXVII) TAXATION AND ZAKAT

	Group	
	2023 RM'000	2022 RM'000
Taxation	156,340	49,508
Zakat	3,789	2,168
Taxation and zakat	160,129	51,676

(XXVIII) NET INCOME FROM ISLAMIC BANKING

For consolidation with the conventional business, net income from the operations of Islamic banking comprises the followings:

	Group	
	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds	2,173,852	1,702,082
Income derived from investment of investment account funds	61,106	56,219
Income derived from Islamic banking funds	202,441	169,510
Less: Income attributable to the depositors and others	(1,089,037)	(750,266)
Income attributable to investment account holders	(53,736)	(47,845)
Income attributable to the Group	1,294,626	1,129,700
Less: Finance costs	(87,469)	(97,455)
	1,207,157	1,032,245
Consolidation adjustments	94,113	29,781
	1,301,270	1,062,026

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXIX) CAPITAL ADEQUACY RATIO

(a) The capital adequacy ratios under the Islamic banking operations of the Group are as follows:

	Group	
	2023	2022
Under transitional arrangements, refer Note (1) below		
Common Equity Tier 1 ("CET1") Capital Ratio	12.560%	12.302%
Tier 1 Capital Ratio	12.560%	12.302%
Total Capital Ratio	17.052%	17.033%

(1) The capital adequacy ratios of the Islamic banking operations of the Group are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (Basel II) and the Capital Adequacy Framework for Islamic Banks Capital Components ("CAFIB"). The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

Pursuant to the revised BNM policy document, Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios of the Group had been computed applying transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back a portion of the loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group are as follows:

	Group	
	2023	2022
Common Equity Tier 1 ("CET1") Capital Ratio	11.973%	11.586%
Tier 1 Capital Ratio	11.973%	11.586%
Total Capital Ratio	16.728%	16.693%

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXIX) CAPITAL ADEQUACY RATIO (CONT'D.)

(b) The components of CET1 Capital, Tier 1 and Tier 2 Capital of the Islamic banking operations of the Group are as follows:

	Group	
	2023 RM'000	2022 RM'000
CET1 Capital		
Ordinary share capital	1,387,107	1,387,107
Retained earnings	3,022,623	2,490,692
Fair value reserve	(9,188)	(3,893)
Less : Regulatory adjustments applied on CET1 Capital		
Other intangibles	(298)	(495)
Deferred tax assets	(62,097)	(61,249)
Unrealised fair value gains and losses on financial liabilities due to changes in own credit risk	(75)	(92)
Other CET1 regulatory adjustments specified by BNM	212,690	235,578
CET1/Tier 1 Capital	4,550,762	4,047,648
Tier 2 Capital		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,300,000	1,300,000
General provisions*	327,419	256,523
Tier 2 Capital	1,627,419	1,556,523
Total Capital	6,178,181	5,604,171
The breakdown of the risk weighted assets ("RWA") in various categories of risk are as follows:		
Credit RWA	35,344,046	32,508,336
Less : Credit RWA absorbed by Profit Sharing Investment Account	(1,545,037)	(2,075,074)
Total Credit RWA	33,799,009	30,433,262
Market RWA	304,677	634,019
Operational RWA	2,127,143	1,835,409
Total Risk Weighted Assets	36,230,829	32,902,690

* Consists of Stage 1 and Stage 2 loss allowances.

55. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXX) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the operations of Islamic banking of the Group makes various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's assets.

As at the reporting date, the principal amounts of the commitments and contingencies and notional contracted amounts of derivatives are as follows:

Group	2023 RM'000	2022 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- up to one year	5,029,138	5,992,817
- over one year	1,047,668	896,617
Unutilised credit card lines	1,705,540	1,430,460
Forward asset purchases	-	10,114
	7,782,346	8,330,008
Contingent Liabilities		
Obligations under on-going underwriting agreements	150,000	130,000
Certain transaction-related contingent items	970,420	905,845
Short-term self-liquidating trade-related contingencies	87,309	81,317
Direct credit substitutes	723,168	614,836
	1,930,897	1,731,998
Derivative Financial Instruments		
Profit rate related contracts:		
- Over one year to five years	350,000	350,000
Foreign exchange related contracts:		
- One year or less	2,882,476	2,636,545
- Over one year to five years	1,018,061	1,582,530
Commodity related contracts:		
- Over one year to five years	74,952	71,367
	4,325,489	4,640,442
Total	14,038,732	14,702,448

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

56. SIGNIFICANT EVENT

Disposal of AmGeneral Insurance Berhad to Liberty Insurance Berhad

On 19 July 2021, AmGeneral Holdings Berhad ("AGHB"), a 51%-owned subsidiary of the Company entered into an Implementation Agreement with Liberty Insurance Berhad ("LIB") whereby AGHB will dispose its wholly-owned subsidiary, AmGeneral Insurance Berhad ("AGIB"), to LIB for approximately RM2,290 million (subject to adjustments), to be satisfied via a combination of cash and shares in LIB.

Upon receiving the approval from the Higher Court of Malaysia on 7 July 2022, AGHB undertook selective capital reduction ("SCR") and capital repayment in respect of IAG International Pty Limited's 49% shareholding in AGHB comprising of 93,100,000 ordinary shares. IAG received a total capital repayment amount of RM1,076 million and ceased to be a shareholder of AGHB.

The disposal completed on 28 July 2022 and has resulted in an estimated loss of RM53.9 million to the Group as shown below:

	Group	
	RM'000	RM'000
Cash and short-term funds		187,774
Deposits and placements with banks and other financial institutions		21,486
Financial assets at fair value through profit or loss		3,695,277
Loans, advances and financing		292
Deferred tax assets		46,427
Other assets		81,628
Reinsurance assets and other insurance receivables		567,502
Property and equipment		11,582
Right-of-use assets		8,003
Intangible assets (excluding goodwill)		35,657
Assets held for sale		1,562
Other liabilities		(333,765)
Insurance contract liabilities and other insurance payables		(2,647,451)
Net assets disposed		1,675,974
Attributable goodwill recognised in income statement		717,070
Disposal cost incurred		15,715
Agreed ceded amount from IAG International Pty Limited ("IAG")		(58,100)
Total estimated sales considerations:		
Agreed proceeds settled by cash	(1,351,000)	
Agreed proceeds settled by shares in LIB	(939,000)	
Estimated adjustment to disposal proceeds settled by cash	12,381	
Estimated adjustment - settled by shares in LIB	(19,147)	(2,296,766)
Estimated net loss on disposal to the Group		53,893
Estimated net loss on the disposal of AGIB, attributable to equity holders of the Company		6,621
Estimated net loss on the disposal of AGIB, attributable to IAG		47,272
Estimated net loss on disposal to the Group		53,893

57. DISCONTINUED OPERATION

As disclosed in Note 56, the results of AGIB for the period up to disposal date have been presented separately in the income statements as “Profit after taxation from discontinued operation”.

Corresponding reclassifications have been made to the prior year's income statements to allow for fair comparison of operational performance of AGIB.

(I) STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 28 JULY 2022

Group	Note	1.04.2022 to 28.07.2022 RM'000	1.04.2021 to 31.03.2022 RM'000
Interest income		42,389	124,537
Income from insurance business		457,976	1,334,847
Insurance claims and commissions		(290,902)	(858,280)
Net income from insurance business	57(II)	167,074	476,567
Other operating loss	57(III)	(26,027)	(36,411)
Estimated loss on disposal of subsidiary	56	(53,893)	-
Net income		129,543	564,693
Other operating expenses	57(IV)	(101,256)	(305,246)
Operating profit		28,287	259,447
Writeback of impairment on insurance receivables		2,736	1,681
Other recoveries/(write-offs), net		6	(31)
Impairment of Kurnia Brand, agent relationship and other assets		(115,981)	-
(Loss)/profit before taxation from discontinued operation		(84,952)	261,097
Taxation		18,879	(32,529)
(Loss)/profit for the period/year from discontinued operation		(66,073)	228,568
Attributable to:			
Equity holders of the Company		(7,015)	136,713
Non-controlling interests		(59,058)	91,855
		(66,073)	228,568

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

57. DISCONTINUED OPERATION (CONT'D.)

(II) NET INCOME FROM INSURANCE BUSINESS

	Note	Group	
		1.04.2022 to 28.07.2022 RM'000	1.04.2021 to 31.03.2022 RM'000
Income from general insurance		457,976	1,334,847
	(a)	457,976	1,334,847
Insurance claims and commissions			
Insurance commissions		41,905	131,020
Insurance claims	(b)	248,997	727,260
		290,902	858,280
		167,074	476,567
(a) Income from general insurance business			
Gross Premium			
- insurance contract		489,157	1,518,013
- change in unearned premium provision		27,496	(11,323)
		516,653	1,506,690
Premium ceded			
- insurance contract		(56,614)	(175,215)
- change in unearned premium provision		(2,063)	3,372
		(58,677)	(171,843)
		457,976	1,334,847
(b) Insurance claims			
- gross benefits and claims paid		275,020	742,971
- claims ceded to reinsurers		(27,887)	(72,786)
- change in contract liabilities-insurance contract		(231)	190,985
- change in contract liabilities ceded to reinsurers - insurance contract		2,095	(133,910)
		248,997	727,260

57. DISCONTINUED OPERATION (CONT'D.)

(III) OTHER OPERATING LOSS

	Group	
	1.04.2022 to 28.07.2022 RM'000	1.04.2021 to 31.03.2022 RM'000
Investment and trading income:		
Net gain from sale of financial assets at fair value through profit or loss	405	537
Net loss on revaluation of financial assets at fair value through profit or loss	(27,798)	(41,604)
Gain on foreign exchange	27	3
Dividend income from financial assets at fair value through profit or loss	1,138	5,425
	(26,228)	(35,639)
Other income:		
Net gain on disposal of property and equipment	9	-
Rental income	9	80
Others	183	(852)
	201	(772)
	(26,027)	(36,411)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

57. DISCONTINUED OPERATION (CONT'D.)

(IV) OTHER OPERATING EXPENSES

	Group	
	1.04.2022 to 28.07.2022 RM'000	1.04.2021 to 31.03.2022 RM'000
Personnel costs:		
Salaries, allowances and bonuses	41,033	127,479
Shares granted under ESS - charge/(writeback)	109	(447)
Contributions to Employees' Provident Fund ("EPF")/private retirement schemes	6,343	19,905
Social security cost	377	1,141
Other staff related expenses	6,153	10,619
	54,015	158,697
Establishment costs:		
Depreciation of property and equipment	1,237	4,079
Depreciation of right-of-use assets	4,009	12,449
Amortisation of intangible assets	6,065	18,953
Computerisation costs	7,731	23,347
Cleaning, maintenance and security	1,638	4,154
Finance costs:		
- interest on lease liabilities	144	1,060
Others	521	1,797
	21,345	65,839
Marketing and communication expenses:		
Advertising, promotional and other marketing activities	13,005	42,233
Telephone charges	650	2,254
Postage	93	292
Travelling and entertainment	1,361	2,782
Others	153	1,058
	15,262	48,619
Administration and general expenses:		
Professional services	2,887	6,254
Travelling	173	390
Insurance	60	193
Subscriptions and periodicals	26	131
Others	7,488	25,123
	10,634	32,091
Total	101,256	305,246

57. DISCONTINUED OPERATION (CONT'D.)

(V) STATEMENT OF CASH FLOWS DISCLOSURES

Net cash flows incurred by AGIB are as follows:

	Group	
	1.04.2022 to 28.07.2022 RM'000	1.04.2021 to 31.03.2022 RM'000
Operating activities	97,806	69,050
Investing activities	(2,968)	(10,066)
Financing activities	(4,140)	(12,944)
Net increase in cash and cash equivalents	90,698	46,040

APPENDIX

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY

The following is the list of directors who have served on the boards of the subsidiary companies of the Company since the beginning of the current financial year to the date of the Directors' Report.

No	Name of Subsidiary Company	Name of Director
1	AmInvestment Group Berhad	Tan Sri Azman Hashim Ling Fou-Tsong @ Jamie Ling
2	AmREIT Holdings Sdn Bhd	Soo Kim Wai Azlan Baqee bin Abdullah Yap Huey Wen
3	AmREIT Managers Sdn Bhd	Soo Kim Wai Dato' Wong Nam Loong Dato' Abdullah Thalith bin Md Thani Azlan Baqee bin Abdullah Raja Nazirin Shah bin Raja Mohamad (Resigned on 1 December 2022) Yap Huey Wen
4	AmInvestment Management Sdn Bhd (Under Members' Voluntary Liquidation)	Pushparani a/p A Moothathamby Datin Maznah binti Mahbob Mohd Fauzi bin Mohd Tahir
5	Malaysian Ventures Management Incorporated Sdn Bhd (Under Members' Voluntary Liquidation)	Lim Kien Hock Khoo Teck Beng
6	AmPrivate Equity Sdn Bhd (Under Members' Voluntary Liquidation)	Lim Kien Hock Khoo Teck Beng
7	AmSecurities Holding Sdn Bhd	Khoo Teck Beng Gan Kim Khoon
8	AMAB Holdings Sdn Bhd	Tan Sri Azman Hashim Dato' Sulaiman Mohd Tahir
9	AmGeneral Holdings Berhad	Tan Sri Azman Hashim Dato' Sulaiman Mohd Tahir Daniel Francis Coman (Resigned on 28 July 2022)
10	AmBank (M) Berhad	Voon Seng Chuan Soo Kim Wai Dato' Sri Abdul Hamidy bin Abdul Hafiz Dr Veerinderjeet Singh a/l Tejwant Singh U Chen Hock Ng Chih Kaye Foong Pik Yee

APPENDIX

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY (CONT'D.)

The following is the list of directors who have served on the boards of the subsidiary companies of the Company since the beginning of the current financial year to the date of the Directors' Report. (cont'd.)

No	Name of Subsidiary Company	Name of Director
11	AmLabuan Holdings (L) Ltd	Datuk Iswaraan a/l Suppiah
12	MBf Information Services Sdn Bhd	Khoo Teck Beng
		Lim Kien Hock
13	MBf Nominees (Tempatan) Sdn Bhd	Lim Kien Hock
	(Under Members' Voluntary Winding Up)	Khoo Teck Beng
14	MBf Trustees Berhad	Lim Hock Aun
	(Under Members' Voluntary Winding Up)	Khoo Teck Beng
15	AmProperty Holdings Sdn Bhd	Khoo Teck Beng
		Lim Kien Hock
16	AmCard Services Berhad	Ling Fou-Tsong @ Jamie Ling
		Loo Boon Seng
17	Teras Oak Pembangunan Sendirian Berhad	Lim Kien Hock
		Khoo Teck Beng
18	Bougainvillaea Development Sdn Bhd	Khoo Teck Beng
		Lim Kien Hock
19	Malco Properties Sdn Bhd	Lim Kien Hock
	(Under Members' Voluntary Winding Up)	Khoo Teck Beng
20	AmMortgage One Berhad	Loo Boon Seng
		Dato' Ng Mann Cheong
		Syed Ihsanputra bin Syed Mohd Fudzan
21	AmInvestment Bank Berhad	Jeyaratnam a/l Tamotharam Pillai
		Lum Sing Fai
		Ramesh Pillai
		Chee Li Har
		Seow Yoo Lin
		Dato' Kong Sooi Lin
		Datin Hayati Aman binti Hashim
22	AmFutures Sdn Bhd	StephenNoel Kwong Yong Shian
	(Under Members' Voluntary Liquidation)	Hon Chu Nyaw
23	AMMB Nominees (Tempatan) Sdn Bhd	Khoo Teck Beng
	(Under Members' Voluntary Winding Up)	Goh Wee Peng

APPENDIX

DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY (CONT'D.)

The following is the list of directors who have served on the boards of the subsidiary companies of the Company since the beginning of the current financial year to the date of the Directors' Report. (cont'd.)

No	Name of Subsidiary Company	Name of Director
24	AM Nominees (Asing) Sdn Bhd	Khoo Teck Beng
		Hon Chu Nyaw
25	AM Nominees (Tempatan) Sdn Bhd	Khoo Teck Beng
		Hon Chu Nyaw
26	AMSEC Nominees (Tempatan) Sdn Bhd	Hon Chu Nyaw
		Gan Kim Khoon
27	AMSEC Nominees (Asing) Sdn Bhd	Hon Chu Nyaw
		Gan Kim Khoon
28	AmFunds Management Berhad	Jeyaratnam a/l Tamotharam Pillai
		Dato' Mustafa bin Mohd Nor (Retired on 3 March 2023)
		Tai Terk Lin
		Ng Chih Kaye
		Jas Bir Kaur a/p Lol Singh
		Goh Wee Peng
29	AmIslamic Funds Management Sdn Bhd	Chee Li Har
		Zainal Abidin bin Mohd Kassim
		Izad Shahadi bin Mohd Sallehuddin
		Goh Wee Peng
		Wong Weng Tuck
30	AmResearch Sdn Bhd	Lee Yew Kin
	(Under Members' Voluntary Liquidation)	Khoo Teck Beng
31	AmBank Islamic Berhad	Dato' Sri Abdul Hamidy bin Abdul Hafiz
		Hajjah Rosmah binti Ismail
		Farina binti Farikhullah Khan
		Azlan Baqee bin Abdullah
		Dr Mohd Nordin bin Mohd Zain
		K. Vithyatharan a/l V Karunakaran
32	MBF Cards (M'sia) Sdn Bhd	Ling Fou-Tsong @ Jamie Ling
		Loo Boon Seng

PILLAR 3 DISCLOSURES

1.0 SCOPE OF APPLICATION

The Risk Weighted Capital Adequacy Framework - (Basel II) Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) - Disclosure Requirements (Pillar 3) policy documents issued by Bank Negara Malaysia (“BNM”) aim to enhance the transparency of disclosures on the risk management practices and capital adequacy of banking institutions. The two policy documents are applicable to all banking institutions licensed under the Financial Services Act 2013 (“FSA”) and Islamic Financial Service Act 2013 (“IFSA”).

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

The Pillar 3 Disclosure and regulatory capital ratio calculations are prepared at the consolidated AMMB Holdings Berhad level excluding investment in insurance entities and joint ventures (“the Group”). Investment in insurance entities is deducted from the regulatory capital. The information provided in this Pillar 3 Disclosure has been verified by the Group internal auditors and certified by the Group Chief Executive Officer.

Capital Adequacy

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

The capital adequacy ratios are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020. Pursuant to BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), financial institution is required to maintain minimum Common Equity Tier 1 (“CET1”) Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. In addition, a financial institution is also required to maintain capital buffers which comprise the sum of the following:

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

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

Frequency of Disclosure

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

Medium and Location of Disclosure

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

1.1 Basis of Consolidation

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

1.0 SCOPE OF APPLICATION (CONT'D.)

1.1 Basis of Consolidation (cont'd.)

For purposes of this Pillar 3 Disclosure, the consolidation basis used is the same as that used for regulatory capital adequacy purposes except for the exclusion of investment in insurance entities and joint ventures. The following table shows the differences between the scope of statutory and regulatory consolidation.

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

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

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

2.0 CAPITAL MANAGEMENT

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

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

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

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

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

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

2.0 CAPITAL MANAGEMENT (CONT'D.)

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels.

On 9 December 2020, BNM issued revised policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components). The key addition to the revised policy documents is the transitional arrangements for financial institutions on provisions for expected credit loss ("ECL"). Under these revised policy documents, a financial institution is allowed to add back a portion of the loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital from financial year 2021 to financial year 2024.

Table 2.1: Capital Adequacy Ratios

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

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

	31 March 2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Tier 1 Capital Ratio	11.659%	12.489%	33.393%	12.342%
Total Capital Ratio	16.109%	17.292%	34.077%	15.456%
After deducting proposed dividends:				
CET1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Tier 1 Capital Ratio	11.659%	12.489%	25.771%	12.202%
Total Capital Ratio	16.109%	17.292%	26.456%	15.315%

2.0 CAPITAL MANAGEMENT (CONT'D.)

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

Notes:

(1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios of the Group and the banking subsidiaries had been computed applying transitional arrangements on provision for ECL. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries as at 31 March 2023 and 31 March 2022 are as follows:

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

	31 March 2022			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Tier 1 Capital Ratio	11.168%	11.763%	33.393%	11.791%
Total Capital Ratio	15.967%	16.948%	34.077%	15.324%
After deducting proposed dividends:				
CET1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Tier 1 Capital Ratio	11.168%	11.763%	25.771%	11.651%
Total Capital Ratio	15.967%	16.948%	26.456%	15.184%

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

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

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

2.0 CAPITAL MANAGEMENT (CONT'D.)

Table 2.2 Risk-Weighted Assets and Capital Requirements

The breakdown of RWA by exposures in major risk category of the Group is as follows:

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

2.0 CAPITAL MANAGEMENT (CONT'D.)

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

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

Exposure class	31 March 2022						
	RM'000	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM") RM'000	Net exposures/ EAD after CRM RM'000	Risk weighted assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum capital requirement at 8% RM'000
1. Credit risk							
On-balance sheet exposures:							
Sovereigns/central banks		19,370,480	19,370,480	-	-	-	-
Public Sector Entities (PSEs)		2,391	2,391	478	-	478	38
Banks, Development Financial Institutions (DFIs) and Multilateral Development Banks (MDBs)		9,024,654	9,024,654	1,881,234	-	1,881,234	150,499
Corporates		64,706,105	62,344,751	51,638,720	-	51,638,720	4,131,098
Regulatory retail		40,750,084	35,823,071	28,710,853	361,288	28,349,565	2,267,965
Residential mortgages		26,550,853	26,546,213	10,339,413	-	10,339,413	827,153
Higher risk assets		692,625	692,615	1,038,922	-	1,038,922	83,114
Other assets		2,568,755	2,568,755	1,829,480	-	1,829,480	146,358
Securitisation exposures		90	90	1,125	-	1,125	90
Equity exposures		79	79	79	-	79	6
Defaulted exposures		1,242,890	1,236,743	1,228,688	-	1,228,688	98,295
Total for on-balance sheet exposures		**164,909,006**	**157,609,842**	**96,668,992**	**361,288**	**96,307,704**	**7,704,616**
Off-balance sheet exposures:							
Over the counter ("OTC") derivatives		1,860,867	1,637,225	1,096,035	-	1,096,035	87,683
Off-balance sheet exposures other than OTC derivatives or credit derivatives		13,410,296	9,562,490	8,284,969	-	8,284,969	662,798
Defaulted exposures		36,721	28,320	42,297	-	42,297	3,384
Total for off-balance sheet exposures		**15,307,884**	**11,228,035**	**9,423,301**	**-**	**9,423,301**	**753,865**
Total on and off-balance sheet exposures		**180,216,890**	**168,837,877**	**106,092,293**	**361,288**	**105,731,005**	**8,458,481**
2. Large exposures risk requirement				981,925	-	981,925	78,554
3. Market risk							
Interest rate risk/rate of return risk	**Long Position**	**Short Position**					
- General interest rate risk/rate of return risk	94,489,381	92,045,367		1,367,905	-	1,367,905	109,432
- Specific interest rate risk/rate of return risk	2,601,300	279,488		20,208	-	20,208	1,617
Foreign currency risk	1,008,576	1,973,119		2,464,919	-	2,464,919	197,193
Equity risk							
- General risk	36,868	9,928		26,939	-	26,939	2,155
- Specific risk	36,868	9,928		54,450	-	54,450	4,356
Option risk	162,356	167,677		39,048	-	39,048	3,124
Total	**98,335,349**	**94,485,507**		**3,973,469**	**-**	**3,973,469**	**317,877**
4. Operational risk				**7,114,901**	**-**	**7,114,901**	**569,192**
5. Total RWA and capital requirements				**118,162,588**	**361,288**	**117,801,300**	**9,424,104**

3.0 CAPITAL STRUCTURE

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

- Common Equity Tier 1 (“CET1”) Capital;
- Additional Tier 1 Capital; and
- Tier 2 Capital

3.1 CET1 Capital

CET1 Capital consists of the following:

(a) Paid-up Capital

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

(b) Retained Earnings

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

(c) Fair Value Reserve

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

(d) Foreign Currency Translation Reserve/(Deficit)

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

(e) Regulatory Reserve

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

(f) Cash Flow Hedging Reserve/(Deficit)

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

3.0 CAPITAL STRUCTURE (CONT'D.)

3.1 CET1 Capital (cont'd.)

(g) Other disclosed reserves comprise:

(i) Executive Share Scheme reserve

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

(ii) Treasury shares

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

During the current financial year, the Company bought back 10,949,250 (2022: 5,330,700) ordinary shares of the Company for a total consideration of RM43.7 million (2022: RM16.8 million) (including transaction costs) from the open market at an average price of RM4.00 per share (2022: RM3.15 per share).

3.2 Additional Tier 1 Capital

No Additional Tier 1 ("AT1") issuance was made during the financial year 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, AmBank 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, AmBank 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 31 March 2023 are as follows:

Issue Date	First Call Date	Tenure	Interest Rate	Nominal value outstanding (RM million)
15 November 2018	15 November 2023	10 years Non-Callable 5 years	4.98% per annum	1,000
30 March 2021	30 March 2026	10 years Non-Callable 5 years	4.18% per annum	400
8 March 2022	8 March 2027	10 years Non-Callable 5 years	4.30% per annum	600
12 October 2022	12 October 2027	10 years Non-Callable 5 years	5.20% per annum	745
28 March 2023	28 March 2028	10 years Non-Callable 5 years	4.58% per annum	350
Total				**3, 095**

3.0 CAPITAL STRUCTURE (CONT'D.)

3.3 TIER 2 Capital (cont'd.)

Basel III Subordinated Sukuk Murabahah

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

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

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

The salient features of the Sukuk Murabahah issued under this programme and outstanding as at 31 March 2023 are as follows:

Issue Date	First Call Date	Tenure	Profit Rate	Nominal value outstanding (RM million)
18 October 2018	18 October 2023	10 years Non-Callable 5 years	4.88% per annum	500
8 December 2020	8 December 2025	10 years Non-Callable 5 years	3.13% per annum	400
8 March 2022	8 March 2027	10 years Non-Callable 5 years	4.25% per annum	250
28 March 2023	28 March 2028	10 years Non-Callable 5 years	4.53% per annum	150
Total				**1,300**

3.0 CAPITAL STRUCTURE (CONT'D.)

Table 3.2: Capital Structure

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

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

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

	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
Credit RWA	79,287,050	35,344,046	582,070	112,344,226
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,545,037)	-	(2,740)
Total Credit RWA	79,287,050	33,799,009	582,070	112,341,486
Market RWA	1,624,350	304,677	6,231	2,841,539
Operational RWA	5,186,909	1,969,050	334,056	7,762,466
Large exposure risk RWA for equity holdings	785,485	-	-	785,485
Total RWA	**86,883,794**	**36,072,736**	**922,357**	**123,730,976**

3.0 CAPITAL STRUCTURE (CONT'D.)

Table 3.2: Capital Structure (cont'd.)

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

	31 March 2022			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
CET1 Capital				
Ordinary share capital	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	6,524,068	2,490,692	139,315	9,251,065
Fair value reserve	293,346	(3,893)	1,703	485,759
Foreign exchange translation reserve	92,301	-	-	98,871
Treasury shares	-	-	-	(11,041)
Regulatory reserve	94,463	-	8,457	102,920
Cash flow hedging deficit	(9,062)	-	-	(9,062)
Other remaining disclosed reserves	-	-	-	36,472
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(221,538)	(495)	(2,063)	(225,116)
Deferred tax assets	(158,227)	(61,249)	(5,446)	(216,855)
55% of cumulative gains in fair value reserve	(161,340)	-	(937)	(267,168)
Cash flow hedging deficit	9,062	-	-	9,062
Regulatory reserve	(94,463)	-	(8,457)	(102,920)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(648)	(92)	-	(681)
Other CET1 regulatory adjustments specified by BNM	413,471	235,578	1	649,031
CET1 Capital	**9,813,410**	**4,047,648**	**412,764**	**14,539,085**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	431
Tier 1 Capital	**9,813,410**	**4,047,648**	**412,764**	**14,539,516**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,752,328
General provisions*	650,081	256,523	8,460	914,980
Tier 2 Capital	**3,745,081**	**1,556,523**	**8,460**	**3,667,308**
Total Capital	**13,558,491**	**5,604,171**	**421,224**	**18,206,824**

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

	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group RM'000
Credit RWA	75,535,958	32,508,336	891,418	106,092,293
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(2,075,074)	-	(361,288)
Total Credit RWA	75,535,958	30,433,262	891,418	105,731,005
Market RWA	2,859,665	215,113	17,652	3,973,469
Operational RWA	4,792,198	1,760,237	327,009	7,114,901
Large exposure risk RWA for equity holdings	980,771	-	-	981,925
Total RWA	**84,168,592**	**32,408,612**	**1,236,079**	**117,801,300**

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

4.0 GENERAL RISK MANAGEMENT

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

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

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

The Group Risk Direction

The Group's FY2021 to 2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("ROE") of ≥10%, (2) Sharpening Our Segment Play, (3) Harnessing expertise across the Group to deliver AmBank Holistic Customer Value Proposition, (4) Offers differentiated and profitable products, (5) Building capacity and efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P^{2}ACE") DNA, (7) Integrating Environmental, Social, and Governance ("ESG") focusing on Responsible banking and (8) Exploring Digital Bank option.

1 The Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad (RAM).
2 The Group aims to maintain a minimum ROCE of 12% and RWA efficiency (""CRWA/EAD"") in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").
3 The Group aims to maintain its Total Capital Ratio at the Group's Internal Capital Target under normal conditions.
4 The Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
5 The Group recognises the importance of funding its own business. It aims to maintain the following:
    a. Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
    b. Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
    c. Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) above the prevailing regulatory minimum (effective July 2020).
6 The Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
    a. Keep operational losses and regulatory penalties below 2% of Profit After Tax and Non-controlling interests ("PATMI"); and
    b. Remain vigilant in risk identification and management to protect its reputation and business franchise.
7 The Group aims for at least 70% of its loan/financing portfolio to constitute exposures with low Environmental, Social and Governance Risk Grade ("ESG-RG") by FY2030.
8 The Group aims to maintain its IRRBB/RORBB Internal Capital Adequacy Assessment Programme ("ICAAP") Pillar 2 over total capital ratio at entity level as follows:
    a. ICAAP IRRBB/RORBB at below 8.5% of its Total Capital for AmBank and AmBank Islamic (entity level);
    b. ICAAP IRRBB/RORBB at below 5% of its Total Capital for AmInvestment Bank (entity level).

4.0 GENERAL RISK MANAGEMENT (CONT'D.)

Risk Management Governance

The Board is ultimately accountable for the management of risks within the Group. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational risk, technology and cyber risk.

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

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

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

Impact of Expired Payment Holiday/Repayment Assistance

There is potential emerging risk on small SMEs following the expiry of payment holiday and repayment assistance plans offered to customers during the COVID-19 pandemic. Close monitoring is being carried out on this segment.

4.1 Internal Capital Adequacy Assessment Process

The core objectives of the Group's Internal Capital Adequacy Assessment Process ("ICAAP") Policy are:

- To protect the interests of depositors, creditors and shareholders;
- To ensure the safety and soundness of the Group's capital position; and
- To ensure that the capital base supports the Group's Risk Appetite and strategic business objectives, in an efficient and effective manner.

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

The following key principles underpin the ICAAP:

4.1.1 The Group shall maintain an approved, documented, risk based and auditable ICAAP. The aim is to ensure the Group maintains, on a continuous basis, an adequate level of capitalisation which is sized following the identification, measurement, monitoring, and effective management and oversight of material risks across the Group, consistent with:

- The Group Risk Appetite, including the Group's target credit rating category;
- Regulatory Capital requirements;
- The Board and Management's targeted financial performance; and
- The Group's planned asset growth and strategic business objectives.

4.0 GENERAL RISK MANAGEMENT (CONT'D.)

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

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

4.1.2 Board and Senior Management Oversight

The ICAAP must be subject to Board and senior management oversight, forms an integral part of the Group's capital management and decision making processes, and will:

- Ensure all elements of the ICAAP are established and functioning effectively and subject to independent review on a periodic basis; and
- Ensure comprehensive assessment of capital adequacy conducted annually.

4.1.3 Capital Management Framework

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

4.1.4 The Group's quality and level of capital shall commensurate with the level of risks exposures. Sufficient capital shall be maintained to:

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

4.1.5 Capital allocation:

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

4.1.6 Material Risks

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

4.0 GENERAL RISK MANAGEMENT (CONT'D.)

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

ICAAP Framework

Requirements of the Banks

Principal 1:
- Banks have an ICAAP in relation to their risk profile and a strategy for maintaining capital levels

Principal 3:
- Banks are expected to operate above the minimum regulatory capital ratios and should have the ability to hold capital in excess of the minimum

Requirements of the Regulators

Principal 2:
- Regulators to review and evaluate the Bank's ICAAP strategies
- Regulators to monitor and ensure Bank's compliance with regulatory capital ratios
- Regulators undertake appropriate supervisory action if unsatisfactory results

Principal 4:
- Early intervention by the Regulator to prevent capital from falling below the required minimum levels

Internal Capital Adequacy Assessment Process

Board and Management Oversight
- Material Risks identified
- Material thresholds
- Group Risk Appetite
- Sufficient Capital Adequacy
- Targeted Financial Performance
- Planned Asset Growth and Strategic business objectives
- Policy/Frameworks

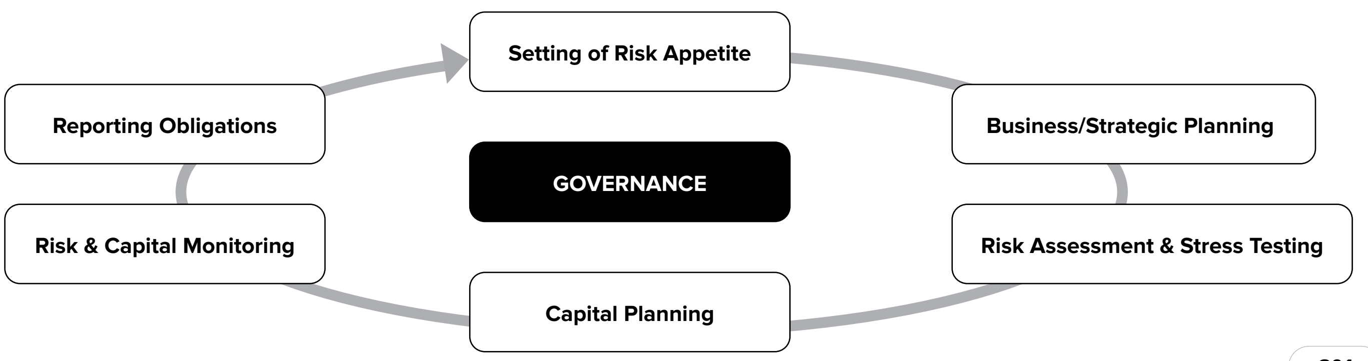
Sound Capital Assessment
- Identification, Measurement and Reporting of Material Risks
- Compliance with minimum regulatory standards
- Clear linkage between risks and capital
- Capital Plan

Comprehensive Risk Assessment and Management Processes
- Credit Risk
- Market Risk
- Operational Risk
- Rate Risk in the Banking Book
- Credit Concentration Risk
- Large exposure risk requirements

Monitoring and Reporting
- Level and Trend of Material Risks
- Sensitivity Analysis of key assumptions
- Regulatory
- Reporting to Board and Senior Management

Internal Control and Review
- Independent reviews of ICAAP (internal audit)
- Ongoing compliance monitoring
- Stress Testing
- Documented processes/frameworks

Overview of ICAAP process and setting Internal Capital Targets



5.0 CREDIT RISK MANAGEMENT

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

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

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/ financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk (please refer to section 14 for discussion on Shariah Governance Structure).

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

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

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

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

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

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure;
- Setting Loan/Financing to Value limits for asset backed loans/financing;
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP") which sets out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB") and Retail Banking ("RB") portfolios;
- Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB, and RCP for RB) sets out the controls in managing R&R loans/financing;
- Setting Retail risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

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

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

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

5.1 Impairment

The relevant governance for the respective Line of Businesses are established to align with the Malaysian Financial Reporting Standards ("MFRS") and related BNM's standards/guidelines. In general, an asset is considered impaired when:

a. the Group considers that an obligor is "unlikely to repay" in full its credit obligations to the Group;
b. the obligor has breached its contractual payment obligations and past due for more than 90 days; or
c. other indicators stipulated in the relevant guidelines indicating the unlikeliness to repay are hit.

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

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

5.1 Impairment (cont'd.)

5.1.1 Group Provisioning Methodology

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

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

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

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

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

Changes in credit quality since initial recognition

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

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

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

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

Table 5.1: Distribution of gross credit exposures by sector

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

	31 March 2023														
	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	24,112,318	-	-	-	-	-	24,112,318
PSEs	-	-	-	-	-	-	-	-	1,814	-	-	-	-	-	1,814
Banks, DFIs and MDBs	-	-	-	-	-	-	-	7,293,311	-	-	-	-	-	-	7,293,311
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	2,588	-	-	-	-	-	-	2,588
Corporates	3,721,221	2,465,023	15,204,511	3,233,380	7,753,652	12,062,410	6,762,951	10,247,611	-	8,869,895	1,910,403	2,579,992	1,281,475	50,575	76,143,099
Regulatory retail	65,045	21,353	779,179	92,639	535,345	1,567,287	293,245	26,105	-	152,724	510,620	108,537	36,306,121	7,053	40,465,253
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	30,390,626	-	30,390,626
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	11,530	2,652	14,182
Other assets	-	11	-	-	-	-	-	51,942	145,000	671	20,007	-	71,060	2,057,149	2,345,840
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	680,324	680,324
Defaulted exposures	4,994	139,594	141,958	12,974	76,650	121,253	20,190	10,322	-	14,523	37,068	8,127	827,395	-	1,415,048
Total for on-balance sheet exposures	**3,791,260**	**2,625,981**	**16,125,648**	**3,338,993**	**8,365,647**	**13,750,950**	**7,076,386**	**17,631,969**	**24,259,132**	**9,037,813**	**2,478,098**	**2,696,656**	**68,888,207**	**2,797,753**	**182,864,493**
Off-balance sheet exposures															
OTC derivatives	5,996	198,488	348,403	895	129	12,977	5,078	1,392,042	79,581	2,861	23,983	1,909	46,223	-	2,118,565
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	222,255	187,877	2,654,094	407,973	3,067,983	1,316,892	556,348	6,767,189	11,602,509	635,994	185,501	152,863	3,026,494	991	30,784,963
Defaulted exposures	-	18,158	24,865	-	22,684	864	80	-	-	3,563	81	-	18,181	-	88,476
Total for off-balance sheet exposures	**228,251**	**404,523**	**3,027,362**	**408,868**	**3,090,796**	**1,330,733**	**561,506**	**8,159,231**	**11,682,090**	**642,418**	**209,565**	**154,772**	**3,090,898**	**991**	**32,992,004**
Total on and off-balance sheet exposures	**4,019,511**	**3,030,504**	**19,153,010**	**3,747,861**	**11,456,443**	**15,081,683**	**7,637,892**	**25,791,200**	**35,941,222**	**9,680,231**	**2,687,663**	**2,851,428**	**71,979,105**	**2,798,744**	**215,856,497**

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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 2022														
	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	19,370,480	-	-	-	-	-	19,370,480
PSEs	-	-	-	-	-	-	-	-	2,391	-	-	-	-	-	2,391
Banks, DFIs and MDBs	-	-	-	-	-	-	-	9,024,654	-	-	-	-	-	-	9,024,654
Corporates	2,500,161	1,944,893	14,867,468	2,507,244	5,582,485	10,046,287	6,136,010	5,114,910	-	7,645,759	2,772,775	4,670,696	912,039	5,378	64,706,105
Regulatory retail	58,442	18,252	780,335	84,358	500,487	1,370,450	269,073	26,077	-	136,852	446,861	101,726	36,956,489	682	40,750,084
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	26,550,853	-	26,550,853
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	17,501	675,124	692,625
Other assets	-	-	-	-	-	-	-	18,315	170,000	10	31,472	-	74,342	2,274,616	2,568,755
Securitisation exposures	-	-	-	-	-	-	-	90	-	-	-	-	-	-	90
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	79	79
Defaulted exposures	7,969	42,733	147,358	1,928	57,454	100,891	125,374	1,144	-	181,372	22,677	5,872	548,118	-	1,242,890
Total for on-balance sheet exposures	**2,566,572**	**2,005,878**	**15,795,161**	**2,593,530**	**6,140,426**	**11,517,628**	**6,530,457**	**14,185,190**	**19,542,871**	**7,963,993**	**3,273,785**	**4,778,294**	**65,059,342**	**2,955,879**	**164,909,006**
Off-balance sheet exposures															
OTC derivatives	13,428	22,511	329,996	476	-	11,466	227,341	1,207,599	6,308	-	12,712	5,821	23,209	-	1,860,867
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	304,533	105,596	2,700,600	473,331	2,857,720	1,099,771	418,776	2,020,463	-	774,923	141,155	160,709	2,351,858	861	13,410,296
Defaulted exposures	-	3,012	7,891	-	10,896	133	-	-	-	484	81	-	14,224	-	36,721
Total for off-balance sheet exposures	**317,961**	**131,119**	**3,038,487**	**473,807**	**2,868,616**	**1,111,370**	**646,117**	**3,228,062**	**6,308**	**775,407**	**153,948**	**166,530**	**2,389,291**	**861**	**15,307,884**
Total on and off-balance sheet exposures	**2,884,533**	**2,136,997**	**18,833,648**	**3,067,337**	**9,009,042**	**12,628,998**	**7,176,574**	**17,413,252**	**19,549,179**	**8,739,400**	**3,427,733**	**4,944,824**	**67,448,633**	**2,956,740**	**180,216,890**

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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

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

31 March 2023	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Impaired loans, advances and financing	7,152	43,082	214,954	47,366	172,476	213,270	23,594	11,201	11,413	44,095	11,863	1,095,981	-	1,896,447
Past due but not impaired loans/ financing	97,342	12,754	221,700	22,396	300,484	352,461	71,188	5,372	105,320	140,538	85,829	7,206,996	-	8,622,380
Allowances for Expected Credit Losses	5,817	8,112	233,099	4,516	117,473	166,114	152,902	80,683	41,760	124,839	8,065	1,040,337	449	1,984,166
Charges for/ (Writeback) individual allowance	510	14,886	20,620	30,399	10,039	64,827	926	1,001	(5,720)	764	184	(61)	-	138,375
Net write-offs against individual allowance and other movements	-	145,496	28,480	-	(26,010)	46,835	-	-	-	445	-	-	-	195,246

31 March 2022	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Impaired loans, advances and financing	8,834	175,741	226,687	4,639	112,676	170,049	18,518	1,494	188,167	37,595	6,218	725,426	-	1,676,044
Past due but not impaired loans/financing	167,317	10,345	52,439	3,222	138,862	147,445	33,997	2,504	27,942	58,449	23,451	4,854,319	-	5,520,292
Allowances for Expected Credit Losses	11,482	139,070	314,061	11,147	86,636	132,313	146,239	60,480	36,881	29,206	7,230	948,436	4,325	1,927,506
(Writeback)/ Charges for individual allowance	(1,532)	266,515	12,032	471	34,182	16,052	(4,456)	-	13,137	2,819	264	(323))	-	339,170
Write-offs against individual allowance and other movements	-	165,519	8,597	-	30,814)	55,902	-	-	15,536	-	-	-	-	276,368

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

Table 5.3: Geographical distribution of credit exposures

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

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

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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 2022		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-balance sheet exposures			
Sovereigns/Central banks	19,370,480	-	19,370,480
PSEs	2,391	-	2,391
Banks, DFIs and MDBs	6,054,899	2,969,755	9,024,654
Corporates	63,803,199	902,906	64,706,105
Regulatory retail	40,743,743	6,341	40,750,084
Residential mortgages	26,550,853	-	26,550,853
Higher risk assets	691,988	637	692,625
Other assets	2,452,071	116,684	2,568,755
Securitisation exposures	90	-	90
Equity exposures	79	-	79
Defaulted exposures	1,242,862	28	1,242,890
Total for on-balance sheet exposures	**160,912,655**	**3,996,351**	**164,909,006**
Off-balance sheet exposures			
OTC derivatives	1,330,057	530,810	1,860,867
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	13,365,927	44,369	13,410,296
Defaulted exposures	36,721	-	36,721
Total for off-balance sheet exposures	**14,732,705**	**575,179**	**15,307,884**
Total on and off-balance sheet exposures	**175,645,360**	**4,571,530**	**180,216,890**

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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

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

	31 March 2023		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,896,447	-	1,896,447
Past due but not impaired loans/financing	8,622,380	-	8,622,380
Allowances for Expected Credit Losses	1,984,031	135	1,984,166

	31 March 2022		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,666,873	9,171	1,676,044
Past due but not impaired loans/financing	5,520,292	-	5,520,292
Allowances for Expected Credit Losses	1,915,629	11,877	1,927,506

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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

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

	31 March 2023								
	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	>5 years RM'000	No maturity specified RM'000	Total RM'000
On-balance sheet exposures									
Sovereigns/Central banks	3,559,653	965,972	1,820,544	883,052	4,053,754	2,279,383	10,549,960	-	24,112,318
PSEs	-	-	-	-	1,367	447	-	-	1,814
Banks, DFIs and MDBs	5,380,907	530,786	-	292,286	274,454	78,684	736,194	-	7,293,311
Insurance companies, Securities firms and Fund managers	-	-	-	2,588	-	-	-	-	2,588
Corporates	23,973,321	8,894,159	4,834,452	7,094,506	8,037,751	8,943,988	14,364,922	-	76,143,099
Regulatory retail	243,236	91,223	123,567	3,060,985	1,866,256	4,294,150	30,785,836	-	40,465,253
Residential mortgages	1,122	175	507	2,454	38,986	110,827	30,236,555	-	30,390,626
Higher risk assets	23	-	34	41	198	434	10,800	2,652	14,182
Other assets	950,219	-	-	-	-	-	-	1,395,621	2,345,840
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	1,631	678,693	680,324
Defaulted exposures	147,325	17,443	2,501	90,580	52,919	94,538	1,009,742	-	1,415,048
Total for on-balance sheet exposures	**34,255,806**	**10,499,758**	**6,781,605**	**11,426,492**	**14,325,685**	**15,802,451**	**87,695,730**	**2,076,966**	**182,864,493**
Off-balance sheet exposures									
OTC derivatives	84,001	114,889	187,908	351,085	303,590	293,018	784,074	-	2,118,565
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	8,823,925	6,689,150	3,952,756	9,195,618	14,682	22,761	2,086,071	-	30,784,963
Defaulted exposures	6,417	5,305	9,160	52,562	231	260	14,541	-	88,476
Total for off-balance sheet exposures	**8,914,343**	**6,809,344**	**4,149,824**	**9,599,265**	**318,503**	**316,039**	**2,884,686**	**-**	**32,992,004**
Total on and off-balance sheet exposures	**43,170,149**	**17,309,102**	**10,931,429**	**21,025,757**	**14,644,188**	**16,118,490**	**90,580,416**	**2,076,966**	**215,856,497**

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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 2022								
	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 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	8,271,542	-	344,891	295,916	2,372,790	2,226,089	5,859,252	-	19,370,480
PSEs	-	-	-	-	-	2,391	-	-	2,391
Banks, DFIs and MDBs	5,788,557	1,282,878	15,063	-	1,166,935	149,115	622,106	-	9,024,654
Corporates	20,458,725	6,208,212	3,901,574	5,821,948	7,607,240	6,599,594	14,108,812	-	64,706,105
Regulatory retail	243,742	106,633	146,143	2,694,472	1,713,959	4,222,113	31,623,022	-	40,750,084
Residential mortgages	1,173	216	1,172	4,446	53,006	152,649	26,338,191	-	26,550,853
Higher risk assets	12	5	44	18	537	562	16,323	675,124	692,625
Other assets	1,409,549	-	-	-	-	-	-	1,159,206	2,568,755
Securitisation exposures	-	-	-	-	-	-	90	-	90
Equity exposures	-	-	-	-	-	-	-	79	79
Defaulted exposures	302,833	3,509	2,030	97,164	69,365	57,760	710,229	-	1,242,890
Total for on-balance sheet exposures	**36,476,133**	**7,601,453**	**4,410,917**	**8,913,964**	**12,983,832**	**13,410,273**	**79,278,025**	**1,834,409**	**164,909,006**
Off-balance sheet exposures									
OTC derivatives	42,384	84,182	87,121	342,818	313,437	142,172	848,753	-	1,860,867
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	2,794,241	1,852,997	650,222	6,944,903	8,867	65,554	1,093,512	-	13,410,296
Defaulted exposures	8,097	99	1,854	14,909	312	406	11,044	-	36,721
Total for off-balance sheet exposures	**2,844,722**	**1,937,278**	**739,197**	**7,302,630**	**322,616**	**208,132**	**1,953,309**	**-**	**15,307,884**
Total on and off-balance sheet exposures	**39,320,855**	**9,538,731**	**5,150,114**	**16,216,594**	**13,306,448**	**13,618,405**	**81,231,334**	**1,834,409**	**180,216,890**

5.0 CREDIT RISK MANAGEMENT (CONT'D.)

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

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

Financial year ended 31 March 2023	(Charge off)/ Recoveries RM'000
Bad debts written off during the financial year	(38,906)
Bad debt recoveries during the financial year	349,246

Financial year ended 31 March 2022	(Charge off)/ Recoveries RM'000
Bad debts written off during the financial year	(39,770)
Bad debt recoveries during the financial year	280,154

6.0 CREDIT RISK EXPOSURE UNDER STANDARDISED APPROACH

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

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

6.0 CREDIT RISK EXPOSURE UNDER STANDARDISED APPROACH (CONT'D.)

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

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

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

	31 March 2022												
	Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns and Central Banks RM'000	PSEs RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation Exposures RM'000	Equity Exposures RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	19,370,480	-	355,748	-	4,981,599	125,008	-	-	415,716	-	-	25,248,551	-
20%	-	2,391	8,823,039	-	7,883,332	1,300,457	-	-	404,449	-	-	18,413,668	3,682,734
35%	-	-	-	-	-	-	19,632,063	-	-	-	-	19,632,063	6,871,222
50%	6,308	-	909,060	-	250,039	16,560	7,078,830	-	-	-	-	8,260,797	4,130,399
75%	-	-	-	-	-	25,919,455	-	-	-	-	-	25,919,455	19,439,591
100%	-	-	-	8,210	57,456,268	10,822,498	119,668	-	1,748,590	-	79	70,155,313	70,155,313
150%	-	-	-	-	344,116	154,018	-	709,806	-	-	-	1,207,940	1,811,909
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**19,376,788**	**2,391**	**10,087,847**	**8,210**	**70,915,354**	**38,337,996**	**26,830,561**	**709,806**	**2,568,755**	**90**	**79**	**168,837,877**	**106,092,293**

6.0 CREDIT RISK EXPOSURE UNDER STANDARDISED APPROACH (CONT'D.)

Table 6.2: Rated Exposures according to Ratings by ECAIs

	31 March 2023					
	Ratings of Corporate by Approved ECAIs					
Group Exposure class	Moody's Fitch RAM MARC RM'000	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA- RM'000-	A1 to A3 A+ to A- A to A3 A+ to A- RM'000-	Baa1 to Ba3 BBB+ to BB- BBB1 to BB3 BBB+ to BB- RM'000-	B1 to C B+ to D B1 to D B+ to D RM'000	Unrated Unrated Unrated Unrated RM'000
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
PSE (applicable for entities risk weighted based on their external ratings as corporates)	1,814	-	-	-	-	1,814
Insurance companies, Securities firms and Fund managers	21,696	-	-	-	-	21,696
Corporates	86,910,667	8,398,502	84,831	13,364	-	78,413,970
Total	**86,934,177**	**8,398,502**	**84,831**	**13,364**	**-**	**78,437,480**

	31 March 2022					
	Ratings of Corporate by Approved ECAIs					
Group Exposure class	Moody's Fitch RAM MARC RM'000	Aaa to Aa3 AAA to AA- AAA to AA3 AAA to AA- RM'000	A1 to A3 A+ to A- A to A3 A+ to A- RM'000	Baa1 to Ba3 BBB+ to BB- BBB1 to BB3 BBB+ to BB- RM'000	B1 to C B+ to D B1 to D B+ to D RM'000	Unrated Unrated Unrated Unrated RM'000
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
PSE (applicable for entities risk weighted based on their external ratings as corporates)	2,391	-	-	-	-	2,391
Insurance companies, Securities firms and Fund managers	8,210	-	-	-	-	8,210
Corporates	75,423,301	5,939,373	-	13,672	-	69,470,256
Total	**75,433,902**	**5,939,373**	**-**	**13,672**	**-**	**69,480,857**

6.0 CREDIT RISK EXPOSURE UNDER STANDARDISED APPROACH (CONT'D.)

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

Group Exposure Class	31 March 2023					
	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's Fitch RM'000	Aaa to Aa3 AAA to AA- RM'000	A1 to A3 A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- RM'000	Unrated Unrated RM'000
On and off-balance sheet exposures						
Sovereigns and Central banks	35,794,409	2,873,938	-	32,920,471	-	-
Total	**35,794,409**	**2,873,938**	**-**	**32,920,471**	**-**	**-**

Group Exposure Class	31 March 2022					
	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's Fitch RM'000	Aaa to Aa3 AAA to AA- RM'000	A1 to A3 A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- RM'000	Unrated Unrated RM'000
On and off-balance sheet exposures						
Sovereigns and Central banks	19,376,788	-	-	19,376,788	-	-
Total	**19,376,788**	**-**	**-**	**19,376,788**	**-**	**-**

Group Exposure Class	31 March 2023					
	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's Fitch RM'000	Aaa to Aa3 AAA to AA- RM'000	A1 to A3 A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- RM'000	Unrated Unrated RM'000
On and off-balance sheet exposures						
Sovereigns and Central banks	15,042,596	8,908,180	2,487,567	15,280	471	3,631,098
Total	**15,042,596**	**8,908,180**	**2,487,567**	**15,280**	**471**	**3,631,098**

Group Exposure Class	31 March 2022					
	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's Fitch RM'000	Aaa to Aa3 AAA to AA- RM'000	A1 to A3 A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- RM'000	Unrated Unrated RM'000
On and off-balance sheet exposures						
Sovereigns and Central banks	11,770,389	3,675,902	461,029	129,295	-	7,504,163
Total	**11,770,389**	**3,675,902**	**461,029**	**129,295**	**-**	**7,504,163**

6.0 CREDIT RISK EXPOSURE UNDER STANDARDISED APPROACH (CONT'D.)

Table 6.3: Securitisation according to Ratings by ECAIs

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

	31 March 2022			
	Ratings of Securitisation by Approved ECAIs			
Group **Exposure class**	**Moody's** **Fitch** **RAM** **MARC** **RM'000**	**Aaa to Aa3** **AAA to AA-** **AAA to AA3** **AAA to AA-** **RM'000**	**A1 to A3** **A+ to A-** **A1 to A3** **A+ to A-** **RM'000**	**Unrated** **Unrated** **Unrated** **Unrated** **RM'000**
On and off-balance sheet exposures				
Securitisation exposures	90	-	-	90
Total	**90**	**-**	**-**	**90**

7.0 CREDIT RISK MITIGATION

Collateral taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. The collateral accepted for credit risk mitigation comprises financial collateral, real estate, other physical asset and guarantees.

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

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 is not eligible for capital relief for regulatory capital purposes.

Processes for collateral management

The concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee support

Guarantee support for lending/financing proposals are an integral component in transaction structuring for the Group. Where a counterparty's corporate guarantor is rated better than the counterparty, the credit risk rating of the counterparty is able to be substituted with that of the corporate guarantor subject to fulfilling certain stipulated conditions for Non-Retail portfolio.

Use of credit derivatives and netting for risk mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction structuring to mitigate credit risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the tenure of the loan/financing, amortisation schedules and loan/financing covenants. These assist in managing credit risk and providing early warning signals to enable pre-emptive actions to protect the quality or recoverability of loan/financing assets.

Concentrations of credit risk mitigation

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

7.0 CREDIT RISK MITIGATION (CONT'D.)

Table 7.1: Credit Risk Mitigation

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

	31 March 2023		
Exposure Class	**Exposures before CRM RM'000**	**Exposures covered by Guarantees RM'000**	**Exposures covered by Eligible Financial Collateral RM'000**
Credit risk			
On-balance sheet exposures			
Sovereigns/Central banks	24,112,318	-	-
PSEs	1,814	-	-
Banks, DFIs and MDBs	7,293,311	-	-
Insurance companies, Securities firms and Fund managers	2,588	-	-
Corporates	76,143,099	3,242,893	4,948,554
Regulatory retail	40,465,253	1,091,532	6,926,161
Residential mortgages	30,390,626	-	21,551
Higher risk assets	14,182	-	-
Other assets	2,345,840	-	-
Securitisation exposures	90	-	-
Equity exposures	680,324	-	-
Defaulted exposures	1,415,048	100,989	16,821
Total for on-balance sheet exposures	**182,864,493**	**4,435,414**	**11,913,087**
Off-balance sheet exposures			
OTC derivatives	2,118,565	-	615,484
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	30,784,963	162,177	9,545,392
Defaulted exposures	88,476	-	24,644
Total for off-balance sheet exposures	**32,992,004**	**162,177**	**10,185,520**
Total on and off-balance sheet exposures	**215,856,497**	**4,597,591**	**22,098,607**

7.0 CREDIT RISK MITIGATION (CONT'D.)

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

The total exposures and eligible guarantees, credit derivatives and collateral of the Group are as follows: (cont'd.)

	31 March 2022		
Exposure Class	**Exposures before CRM RM'000**	**Exposures covered by Guarantees RM'000**	**Exposures covered by Eligible Financial Collateral RM'000**
Credit risk			
On-balance sheet exposures			
Sovereigns/Central banks	19,370,480	-	-
PSEs	2,391	-	-
Banks, DFIs and MDBs	9,024,654	-	-
Corporates	64,706,105	709,117	4,716,471
Regulatory retail	40,750,084	1,381,361	6,490,947
Residential mortgages	26,550,853	-	25,577
Higher risk assets	692,625	-	10
Other assets	2,568,755	-	-
Securitisation exposures	90	-	-
Equity exposures	79	-	-
Defaulted exposures	1,242,890	54,760	18,495
Total for on-balance sheet exposures	**164,909,006**	**2,145,238**	**11,251,500**
Off-balance sheet exposures			
OTC derivatives	1,860,867	-	412,595
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	13,410,296	382,077	4,763,881
Defaulted exposures	36,721	-	14,387
Total for off-balance sheet exposures	**15,307,884**	**382,077**	**5,190,863**
Total on and off-balance sheet exposures	**180,216,890**	**2,527,315**	**16,442,363**

8.0 OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK

8.1 Off-Balance Sheet exposures

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

(1) Credit related exposures, e.g. direct credit substitute, guarantees given on behalf of customers, certain transaction-related contingent items, obligation under underwriting agreement, short-term self-liquidating trade-related contingencies, irrevocable commitment to extend credit and unutilised credit card line.
(2) Derivative Financial Instruments, e.g. forward exchange contracts (forward exchange contracts and cross currency swaps), interest/profit rate related contracts (interest/profit rates futures and interest/profit rates swap), equity related contracts (option and futures) and commodity related contract (option).
(3) Other treasury-related exposures, e.g. forward purchase commitment.

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

8.2 Counterparty Credit Risk

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

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

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

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

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

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

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

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

8.0 OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CONT'D.)

Table 8.1: Off-Balance Sheet Exposures

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

	31 March 2023			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	3,190,357		3,083,134	2,568,637
Transaction-related contingent Items	4,472,380		2,202,022	1,728,627
Short-term self-liquidating trade-related contingencies	750,231		127,501	123,399
Forward Asset Purchases	174,223		5,118	3,069
Obligations under on-going underwriting agreements	210,000		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	17,904,209		18,045,991	139,627
Foreign exchange related contracts				
One year or less	46,455,996	308,143	302,201	222,036
Over one year to five years	4,130,063	116,765	349,668	305,394
Over five years	1,041,311	1,189	127,979	112,120
Interest/Profit rate related contracts				
One year or less	622,094	11,143	18,367	9,184
Over one year to five years	3,969,273	119,263	195,858	52,928
Over five years	2,048,469	129,182	282,761	73,503
Equity and commodity related contracts				
One year or less	1,352,573	12,452	124,618	84,221
Over one year to five years	4,850	116	180	36
Other Commodity Contracts				
One year or less	-	-	-	-
Over one year to five years	74,952	6,406	10,953	5,476
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	29,186,185	216,450	705,980	355,683
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	17,852,995		1,781,487	1,363,247
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,654,631		4,491,720	2,624,759
Unutilised credit card lines	5,682,369		1,136,466	844,427
Total	**142,777,161**	**921,109**	**32,992,004**	**10,616,373**

8.0 OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CONT'D.)

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

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

	31 March 2022			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	2,972,783		2,896,505	2,522,218
Transaction-related contingent Items	4,295,291		2,038,081	1,592,769
Short-term self-liquidating trade-related contingencies	604,427		99,199	89,086
Forward Asset Purchases	60,257		3,500	2,500
Obligations under on-going underwriting agreements	130,000		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	1,687,548		1,729,929	40,560
Foreign exchange related contracts				
One year or less	19,845,570	28,549	183,577	143,375
Over one year to five years	4,312,476	111,905	406,445	341,260
Over five years	1,114,259	992	144,921	126,483
Interest/Profit rate related contracts				
One year or less	789,332	6,587	7,839	3,311
Over one year to five years	2,898,059	63,609	105,215	36,826
Over five years	2,346,446	97,146	280,462	137,862
Equity and commodity related contracts				
One year or less	1,463,602	38,395	71,670	36,810
Over one year to five years	75,367	8,214	180	36
Other Commodity Contracts				
One year or less	106,784	8,861	4,196	2,759
Over one year to five years	71,367	8,264	12,546	2,151
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	56,447,261	448,851	643,816	265,162
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	17,485,076		1,252,625	968,274
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,516,528		4,401,879	2,348,850
Unutilised credit card lines	5,126,496		1,025,299	763,009
Total	**124,348,929**	**821,373**	**15,307,884**	**9,423,301**

8.2: Credit Derivatives Counterparty Credit Risk ("CCR")

The Group did not have any counterparty credit risk exposure as at 31 March 2023 and 31 March 2022.

9.0 SECURITISATION

9.1 Objectives, roles and involvement

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

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

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

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

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

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

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

9.3 Governance

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

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

9.4 Risk measurement and reporting of securitisation exposures

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

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

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

9.0 SECURITISATION (CONT'D.)

9.6 Accounting Policies for Securitisation

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

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

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

9.7 Use of external rating agencies

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

Table 9.1: Securitisation (Trading and Banking Book)

The securitised exposures of the Group are as follows:

Underlying Asset	31 March 2023 Total Exposures Securitised RM'000	Past Due RM'000	Impaired RM'000	Gains/Losses recognised during the financial year RM'000
Traditional Securitisation				
Originated by the Group				
Banking Book				
Mortgage loans	1,123,518	-	1,112,256	-
Total Traditional Securitisation	**1,123,518**	**-**	**1,112,256**	-

Underlying Asset	31 March 2022 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	1,078,947	-	1,069,023	-
Total Traditional Securitisation	**1,078,947**	**-**	**1,069,023**	-

The Group did not have any exposures under synthetic securitisation as at 31 March 2023 and 31 March 2022.

9.0 SECURITISATION (CONT'D.)

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

Group Securitisation Exposures by Exposure Type	31 March 2023 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 Applicable Risk Weights – Rated Securitisation Exposures or Risk Weights of Guarantees/Credit Derivatives 20% RM'000	50% RM'000	1250% 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**

Group Securitisation Exposures by Exposure Type	31 March 2022 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 Applicable Risk Weights – Rated Securitisation Exposures or Risk Weights of Guarantees/Credit Derivatives 20% RM'000	50% RM'000	1250% RM'000	Risk Weighted Assets RM'000
Traditional Securitisation							
Originated by Third Party							
On-Balance Sheet Exposures	-	-	-	-	-	-	-
Originated by the Group							
On-Balance Sheet Exposures	90	90	-	-	-	90	1,125
Total Traditional Securitisation	**90**	**90**	**-**	**-**	**-**	**90**	**1,125**

There is no securitisation exposure under trading book as at 31 March 2023 and 31 March 2022.

10.0 OPERATIONAL RISK

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

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

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk, outsourcing risk, technology (including cyber) risk and Shariah risk (Please refer to section 14 for discussion on Shariah Governance Structure). It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of the Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via IMDC, KRI and KCT:

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

The strategy for managing operational risk in the Group is anchored on the three (3) lines of defence concept which are as follows:

- The first line of defence ("FLOD") is responsible for the management of operational risk in order that accountability and ownership is as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced FLOD provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.
- In the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development and communication, quality assurance of internal controls, operational risk measurement, validation of FLOD effectiveness, ORM training and reporting of operational risk triggers, breaches, KCT exceptions, operational loss incidents to GMRC, RMC and the Board.
- GIAD acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

10.0 OPERATIONAL RISK (CONT'D.)

Group Operational Risk maintains close working relationships with all Business and Functional Lines, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The ORM process contains the following ORM tools:

- The IMDC module provides a common platform for reporting operational risk incidents that fall within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge.
- The RCSA is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group.
- The KRI module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.
- The KCT is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks.
- Root cause analysis is conducted by the Operational Risk Relationship Managers within Group Operational Risk to prevent recurrence of operational risk incidents.
- Scenario analysis is a forward-looking assessment tool to assess the severity impact on the Group's profitability and capital adequacy should the plausible and worse case scenarios materialise.

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

10.1 Business Continuity Management (“BCM”)

The 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
Control/Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity (“BC”) plan
Monitoring/Review	• BC plan testing and exercise • Review of BC Plan • BC site readiness and maintenance

The BCM function is an integral part of ORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group’s operations and the identification of critical functions through BIA exercise, for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of the Group’s stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team units to ensure that the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace arrangements and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an integral part of the process to heighten BCM awareness and inculcate a business resiliency culture.

10.0 OPERATIONAL RISK (CONT'D.)

10.2 Cyber Risk Management

Cybersecurity risks remain a persistent threat for the financial industry. The constantly evolving nature and sophistication of cyber threats and attack vectors calls for increased vigilance, readiness and ability to respond to upcoming threats. The resilience of the Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information.

The Group continues to enhance its cyber security controls framework, execute internal assessment reviews, build defense mechanisms and uplift governance processes alongside the Group's cyber risk management strategy - to identify threats in a timely manner, and build or enhance the right defenses to mitigate risks. Creating a security mindset for employees and customers via its Cyber Security awareness programs also remains a priority.

The Group Technology Risk team acts as a second line of defence to monitor alongside the first line of defence to ensure that risks and controls are properly managed. The Group's technology risk management capabilities include oversight over infrastructure security risk, data leakage risk, application security risk and third party security risk.

10.3 Legal Risk

In all jurisdictions that the Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgement, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

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

10.4 Regulatory Compliance Risk

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

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

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

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

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

11.0 MARKET RISK MANAGEMENT

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of Investment Banking and Markets Risk ("IBMR").

11.1 Traded Market Risk ("TMR")

The TMR management process is depicted in the table below.

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

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

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Group applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified time horizon (i.e. holding period). Loss Limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g. Greek Limits/PV01 Limits) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR independently monitors risk exposures against limits on a daily basis. Portfolio market risk positions are independently monitored and reported by IBMR to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits and to provide an explanation for any non-adherence event to Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

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

11.0 MARKET RISK MANAGEMENT (CONT'D.)

11.2 Non-Traded Market Risk ("NTMR")

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

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

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

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

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

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

11.0 MARKET RISK MANAGEMENT (CONT'D.)

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

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

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

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

The Group complements PV01 by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

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

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

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

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

11.0 MARKET RISK MANAGEMENT (CONT'D.)

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

Table 11.2: Interest Rate Risk/Rate of Return Risk Sensitivity in the Banking Book

The IRR/RORBB sensitivity for the Group is as follows:

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

	31 March 2022	
	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Zakat and Taxation	197,177	(197,177)
Impact on Equity	(1,060,900)	1,178,793

12.0 EQUITIES (BANKING BOOK POSITIONS)

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

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

Measurement of equity securities - Upon adoption of MFRS 9, management has elected at initial recognition to irrevocably designate certain equity investment not held for trading at financial assets at fair value through profit or loss ("FVTPL") and FVOCI. When this election is used, fair value gains and losses for equity investment at FVTPL are recognised in profit or loss and equity investment at FVOCI are recognised in other comprehensive income.

Table 12.1: Equity investments and capital requirement

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

	31 March 2023 RM'000	31 March 2022 RM'000
Non-traded equity investments		
Value of quoted (publicly traded) equities	1,238	1,207
Value of unquoted (privately held) equities	682,895	675,124
Total	**684,133**	**676,331**
Net realised and unrealised gains		
Cumulative realised gains from sales and liquidations	-	8,871
Total unrealised gains	7,773	3,151
Total	**7,773**	**12,022**
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	681,481	1,207
Equity investments subject to a 150% risk weight	3,978	1,012,686
Total	**685,459**	**1,013,893**
Total minimum capital requirement (8%)	**54,837**	**81,111**

13.0 LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

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

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

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

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

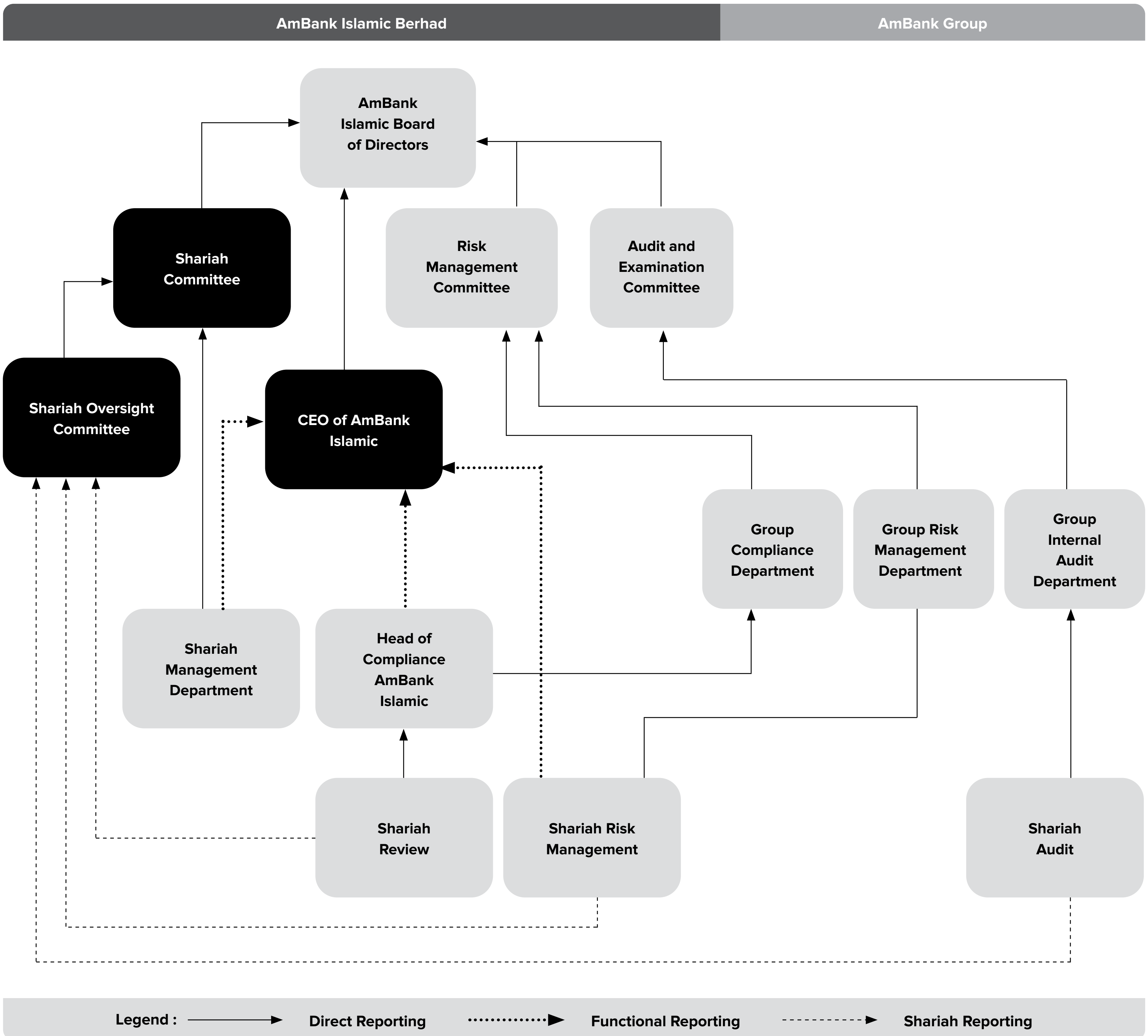
The Group has put in place a Contingency Funding Plan which is established by Capital and Balance Sheet Management ("CBSM") to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event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

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

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

To measure the quality of the Group's funding sources, the composition of core funds indicators is monitored on a regular basis. The core funds is defined as deposits from retail and small business customers, operational deposits, non-financial institution deposits more than 1 year and debt instruments/long term borrowings more than 1 year.

14.0 SHARIAH GOVERNANCE STRUCTURE



14.0 SHARIAH GOVERNANCE STRUCTURE (CONT'D.)

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

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

Board of Directors

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

Audit and Examination Committee (“AEC”)

AEC is a Board committee responsible for assisting the Board in ensuring that AmBank Islamic's operations are Shariah compliant through the independent assurance from the Shariah Audit function. The reports from the Shariah Review Section are also presented to the AEC for information.

Risk Management Committee (“RMC”)

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

Shariah Committee

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

Shariah Oversight Committee

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

Senior Management

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

Shariah Management Department

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

14.0 SHARIAH GOVERNANCE STRUCTURE (CONT'D.)

Shariah Risk Management

The Shariah Risk Management ("SRM") is accountable to the Group Risk Management Department and the CEO of AmBank Islamic, and has Shariah reporting to the Shariah Oversight Committee. SRM is a function that systematically identifies, assesses, measures, mitigates, control, monitors and reports any Shariah non-compliance risks to prevent any SNC incident in the businesses, operations, affairs and activities of AmBank Islamic.

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

Shariah Review

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

Shariah Audit

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

14.1 Shariah Non-Compliant Incident

There were no Shariah non-compliant ("SNC") incidents for the financial year ended 31 March 2023 and 31 March 2022.

15.0 PROFIT SHARING INVESTMENT ACCOUNT ("PSIA")

Investment Account ("IA")

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

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

As part of the measures to further enhance financing capacity of AmBank Islamic, AmBank Islamic is allowed to recognise the placement of Investment accounts for the purpose of:

a. Computation of Single Customer Exposure ("SCEL"); where the RA placement maintained by AmBank Islamic shall be captured via look-through approach whereby the exposure to the counterparty in relation to the underlying asset invested by AmBank Islamic. The exposure shall be aggregated with all other exposure to such counterparty which in this case AmBank (M) Berhad;
b. Credit and market risk weighted assets funded by RA and UA are allowed to be excluded from AmBank Islamic's calculation of Risk Weighted Capital Ratio ("RWCR"). Hence, allowing AmBank Islamic to enhance its financing capacity.

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

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

Restricted Investment Account ("RA")

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

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

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

AmBank Islamic conducts regular review of the disclosure policies to ensure reliable, relevant and timely information to AmBank Islamic to facilitate the evaluation of RA performance and the risks associated with the assets portfolio.

15.0 PROFIT SHARING INVESTMENT ACCOUNT (“PSIA”) (CONT’D.)

Restricted Investment Account (“RA”) (cont’d.)

The contract or Aqad encompassed terms and conditions including but not limited to the followings:

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

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

Mudarabah Term Investment Account (“MTIA”)

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

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

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

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

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

Mudarabah Term Investment Account (“MTIA”) Performance

As at 31 March 2023, balance of MTIA stood at RM2.7 million (31 March 2022: RM361.3 million). The performance of MTIA is as described in the table below:

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

As at 31 March 2022	%
Return on Assets (“ROA”)	4.00
Average Net Distributable Income Attributable to IAH	2.12
Average Profit Sharing Ratio to IAH	53.23

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