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THIS INFORMATION MEMORANDUM IS STRICTLY CONFIDENTIAL AND ANY DISTRIBUTION OF THIS INFORMATION MEMORANDUM WITHOUT THE PRIOR CONSENT OF THE ISSUER, AmINVESTMENT BANK BERHAD (REGISTRATION NO. 197501002220 (23742-V)) IN ITS CAPACITY AS THE PRINCIPAL ADVISER, THE LEAD ARRANGER AND THE LEAD MANAGER ("PRINCIPAL ADVISER / LEAD ARRANGER / LEAD MANAGER) ARE UNAUTHORISED. THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER, THE PRINCIPAL ADVISER / LEAD ARRANGER / THE LEAD MANAGER AND ITS/THEIR RESPECTIVE AGENTS IS PROHIBITED FROM DISCLOSING THIS INFORMATION MEMORANDUM, ALTERING THE CONTENTS OF THIS INFORMATION MEMORANDUM OR FORWARDING A COPY OF THIS INFORMATION MEMORANDUM OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR OTHERWISE TO ANY PERSON.

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THIS TRANSMISSION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE AT1 NOTES AND T2 NOTES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE LAWS OF SUCH JURISDICTIONS.

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AMBANK (M) BERHAD

(Registration No. 196901000166 (8515-D))

INFORMATION MEMORANDUM

PROPOSED ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF ADDITIONAL TIER 1 NOTES AND TIER 2 NOTES PURSUANT TO A SUBORDINATED NOTES PROGRAMME OF UP TO RM8.0 BILLION IN NOMINAL VALUE

Principal Adviser, Lead Arranger and Lead Manager

AmINVESTMENT BANK BERHAD
(Registration No. 197501002220 (23742-V))

This Information Memorandum is dated 11 October 2023

RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of AmBank (M) Berhad (Registration No. 196901000166 (8515-D)) ("**AmBank**" or the "**Issuer**" or the "**Bank**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries in the circumstances, and to the best of their knowledge, information and belief, there are no false or misleading statements or other material facts the omission of which would make any statement in this Information Memorandum false or misleading and that there are no material omissions in this Information Memorandum. The opinions expressed in this Information Memorandum with regard to the Issuer have been reached after considering all relevant circumstances and are based on reasonable assumptions. Enquiries have been made by the Issuer to ascertain all material facts and to verify the accuracy of all such information and statements. In this context, the Issuer accepts responsibility for such information contained in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

This Information Memorandum is provided to prospective investors by the Issuer on a private and confidential basis for use solely in connection with the issue, offer, sale or invitation to subscribe for or purchase of Additional Tier 1 Notes ("**AT1 Notes**") and Tier 2 Notes ("**T2 Notes**") under the Subordinated Notes programme of up to RM8.0 billion in nominal value ("**Subordinated Notes Programme**") by the Issuer.

The Issuer has authorised AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V)) as the principal adviser ("**Principal Adviser**"), the lead arranger ("**Lead Arranger**") and the lead manager ("**Lead Manager**") to distribute this Information Memorandum, which is now being provided by the Lead Manager on a confidential basis to potential investors for the sole purpose of assisting them to decide whether to subscribe for or purchase the AT1 Notes and T2 Notes. The AT1 Notes and T2 Notes shall not be offered, sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith including this Information Memorandum be distributed, in Malaysia other than to persons falling within Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the Capital Markets and Services Act 2007, as amended from time to time ("**CMSA**"); and Schedule 6 and Schedule 7 of the CMSA; read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any change in the applicable law, order, regulation or official directive from time to time, if they consider subscribing for or purchasing the AT1 Notes and T2 Notes at issuance, and Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and Schedule 6 (or Section 229(1)(b)) of the CMSA; read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any change in the applicable law, order, regulation or official directive from time to time, if they consider subscribing for or purchasing the AT1 Notes and T2 Notes after issuance.

This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior written consent of the Issuer or the Lead Manager unless as may be required under Malaysian laws, regulations and/or guidelines.

The Lead Manager has not verified the information contained herein. The Lead Manager does not accept any responsibility for the information and data contained in this Information Memorandum and no responsibility or liability is accepted by the Lead Manager as to the adequacy, legality, effectiveness, validity, genuineness, enforceability, admissibility, reasonableness, authenticity, origin, validity, accuracy or completeness of such information and data or for any other information, data or statement provided by the Issuer or made or purported to be made by the Lead Manager or on its behalf in connection with the Issuer, its future performance, or the issue and offering or distribution of the AT1 Notes and T2 Notes. The Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement. No statement, representation, warranty or undertaking, express or implied, is made, given or assumed by the Lead Manager as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum.

The persons preparing this Information Memorandum have made all enquiries as were reasonable in the circumstances and after making such enquiries, have reasonable grounds to believe and do believe up to the time of the issue of this Information Memorandum that the information herein is true and not misleading and there is no material omission herein. This Information Memorandum or any document delivered under or in relation to the Subordinated Notes Programme is not and should not be construed as a recommendation by the Issuer, Lead Manager and/or any other party to subscribe for or purchase the AT1 Notes and T2 Notes. Further, the information contained herein should not be read as a representation or warranty, express or implied, as to the merits of the AT1 Notes and T2 Notes or the purchase thereof. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis. Each recipient should perform and is deemed to have made his/her/its own independent investigation and analysis of the Issuer, the AT1 Notes, the T2 Notes and all other relevant matters, including but not limited to the information and data set out in this Information Memorandum, and each recipient should consult its own professional advisers.

No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Lead Manager or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction outside Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authority or other relevant body) of any Foreign Jurisdiction and it does not constitute an issue, an offer of, a sale, or an invitation to subscribe for or purchase the AT1 Notes and T2 Notes or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus and has not been registered or lodged under the laws of Malaysia or of any Foreign Jurisdiction as a prospectus. Unless otherwise specified in this Information Memorandum, the information and data contained in this Information Memorandum is current as at the date hereof. No action has been or will be taken in any country or jurisdiction by the Issuer or the Lead Manager that would permit an issue or offering or an invitation to subscribe for or purchase the AT1 Notes and T2 Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Information Memorandum comes are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the AT1 Notes and T2 Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The distribution or possession of this Information Memorandum in or from certain Foreign Jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Lead Manager accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

None of the Issuer and the Lead Manager represents that the AT1 Notes and T2 Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that:

(a) it will keep confidential all information and data contained in this Information Memorandum;

(b) it is lawful for the recipient to receive this Information Memorandum and to subscribe for, purchase or in any other way to receive the AT1 Notes and T2 Notes under all jurisdictions to which the recipient is subject;

(c) it will comply with all the applicable laws in connection with such subscription or purchase or acceptance of the AT1 Notes and T2 Notes;

(d) the Issuer, the Lead Manager and all other parties involved in the preparation of this Information Memorandum and their respective directors, officers, employees, agents and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of the subscription, purchase or acceptance of the AT1 Notes and T2 Notes by the recipient and they shall not have any responsibility or liability in the event that such subscription or acceptance of the AT1 Notes and T2 Notes is or shall become unlawful, unenforceable, voidable or void;

(e) it is aware that the AT1 Notes and T2 Notes can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws;

(f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the AT1 Notes and T2 Notes, and is able and prepared to bear the economic and financial risks of investing in or holding the AT1 Notes and T2 Notes; and

(g) it is a person to whom an issue, offer or invitation to subscribe or purchase the AT1 Notes and T2 Notes would constitute a person falling within Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and Schedule 6 and Schedule 7 of the CMSA; read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any change in the applicable law, order, regulation or official directive from time to time, if they consider subscribing for or purchasing the AT1 Notes and T2 Notes at issuance, and Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and Schedule 6 (or Section 229(1)(b)) of the CMSA; read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any change in the applicable law, order, regulation or official directive from time to time, if they consider subscribing for or purchasing AT1 Notes and T2 Notes after issuance ("**Selling Restrictions**").

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject at its own cost and expense. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the AT1 Notes and T2 Notes in relation to any recipient who does not fall within the Selling Restrictions stated in item (g) above.

Neither this Information Memorandum nor any other information supplied in connection with the AT1 Notes and T2 Notes is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer and/or the Lead Manager that any recipient of this Information Memorandum should purchase any of the AT1 Notes and T2 Notes. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive.

Each recipient contemplating purchasing the AT1 Notes and T2 Notes should perform and is deemed to have made its own independent investigation and analysis of the financial condition, status and affairs, and its own appraisal of the creditworthiness and nature, of the Issuer and of its subsidiaries and associated companies, the terms of the offering of the AT1 Notes and T2 Notes, including the merits and risks involved, and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any AT1 Notes and T2 Notes shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof, or that any other information supplied in connection with the AT1 Notes and T2 Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Lead Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the AT1 Notes and T2 Notes or to advise any investor in the AT1 Notes and T2 Notes of any information coming to their attention. The recipient of this Information Memorandum or the prospective investors should review, inter-alia, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any AT1 Notes and T2 Notes.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "INVESTMENT CONSIDERATIONS" IN SECTION 4.0 HEREOF.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the material businesses in which the Issuer operates and certain other matters. Such information and reports have been included solely for illustrative or informational purposes. No representation or warranty is made as to the accuracy of any information, estimates or report thereon derived from such and other third-party sources.

This Information Memorandum includes "forward-looking statements". These statements include, among other things, disclosure of the Issuer's business strategy and expectation concerning its position in the Malaysian economy, future operations, liquidity and financial position. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may affect actual outcomes, many of which are outside the control of the Issuer. All these statements are based on assumptions made by the Issuer that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and no assurance is given that any of such statements will be realised. Therefore, the contingencies and inherent uncertainties underlying such information should be carefully considered by investors and the inclusion of a forward-looking statement in this Information Memorandum is not a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved. Further, such parties are not under any obligation to update or revise such forward-looking statements to reflect any change in expectations or circumstances. Any difference in the expectations of the Issuer and its actual performance may result in the Issuer's financial and operating performance and plans being materially different from those anticipated.

The information in this Information Memorandum supersedes all other information and materials previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Lead Manager or any other persons.

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown, after rounding off.

STATEMENTS OF DISCLAIMER – SECURITIES COMMISSION MALAYSIA

The issue, offer or invitation in relation to the AT1 Notes and T2 Notes in this Information Memorandum is subject to the fulfilment of various conditions precedent including without limitation the lodgement of required information and documents in relation to the proposed establishment of the Subordinated Notes Programme for the issuance of the AT1 Notes and T2 Notes thereunder, pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia ("**SC**") on 9 March 2015 and revised on 29 August 2023 (as amended from time to time) ("**LOLA Guidelines**"). Each recipient of this Information Memorandum acknowledges and agrees that the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the AT1 Notes and T2 Notes. The lodgement with the SC pursuant to the LOLA Guidelines in relation to the proposed establishment of the Subordinated Notes Programme was made on 11 October 2023.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in the Information Memorandum.

EACH TRANCHE OF THE AT1 NOTES AND T2 NOTES WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

(a) the most recently published annual audited financial statements and, if published later, the most recently published interim condensed financial statements (if any) of the Issuer; and

(b) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

(c) all announcements of the Issuer in the Bursa Malaysia Securities Berhad's website, where applicable.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been properly delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer.

CONFIDENTIALITY

This Information Memorandum and its contents are strictly confidential, and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to selected persons specifically to whom an issue, offer or invitation to subscribe or purchase the AT1 Notes and T2 Notes would constitute persons falling within the ambit of the Selling Restrictions.

In the event that there is any contravention of the confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, each of the Issuer and the Lead Manager may, at its discretion, apply for any remedy available to the Issuer and the Lead Manager whether at law or equity, including without limitation, injunctions. Each of the Issuer and the Lead Manager is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

The recipient must return this Information Memorandum and all reproductions thereof whether in whole or in part and any other information in connection therewith to the Lead Manager promptly upon the request of the Lead Manager, unless the recipient provides proof of a written undertaking satisfactory to the Lead Manager with respect to destroying these documents as soon as reasonably practicable after the said request from the Lead Manager.

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GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

Except where the context otherwise requires, the following abbreviations shall apply throughout this Information Memorandum:

"ANZ"	Australia and New Zealand Banking Group Limited
"AmBank" or "Bank" or "Issuer"	AmBank (M) Berhad (Registration No. 196901000166 (8515-D)).
"AMMB Group"	AMMB and its subsidiaries (for so long as AMMB is the holding company of AmBank).
"AMMB Holdings"	AMMB Holdings Berhad (Registration No. 199101012723 (223035-V)).
"AmInvestment Bank"	AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V)).
"AT1 Noteholders"	The bearer for the time being of that tranche of AT1 Notes or the person for the time being entitled to that tranche of AT1 Notes.
"AT1 Notes"	The Additional Tier 1 notes to be issued under the Subordinated Notes Programme.
"BNM"	Bank Negara Malaysia.
"Board"	Board of directors of AmBank.
"CAF" or "Capital Adequacy Framework"	Capital Adequacy Framework (Capital Components) issued by BNM on 9 December 2020, as amended from time to time.
"CET1"	Common equity Tier-1.
"CMSA"	Capital Markets and Services Act, 2007 (Act 671) or any statutory modification, amendment or re-enactment thereof for the time being in force.
"Companies Act"	Companies Act, 2016 (Act 777) or any statutory modification, amendment or re-enactment thereof for the time being in force.
"Facility Agent"	AmInvestment Bank, in its capacity as the facility agent in respect of the Subordinated Notes Programme.
"FSA"	Financial Services Act, 2013 (Act 758) or any statutory modification, amendment or re-enactment thereof for the time being in force.
"Government"	Government of Malaysia.
"Group"	AmBank and its subsidiaries.
"IFRS"	International Financial Reporting Standards.
"Information Memorandum"	This Information Memorandum dated 11 October 2023 in relation to the Subordinated Notes Programme.
"Lead Arranger"	AmInvestment Bank, in its capacity as the lead arranger in respect of the Subordinated Notes Programme.
"Lead Manager"	AmInvestment Bank, in its capacity as the lead manager in respect of the Subordinated Notes Programme.
"LOLA Guidelines"	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 29 August 2023, as amended from time to time.
"LPD"	The latest practicable date, being 15 August 2023.
"MFRS"	Malaysian Financial Reporting Standards.
"Notes"	Collectively, the AT1 Notes and T2 Notes.

"Noteholders"	Collectively, the AT1 Noteholders and T2 Noteholders.
"PIDM"	Malaysia Deposit Insurance Corporation.
"Principal Adviser"	AmInvestment Bank, in its capacity as the principal adviser in respect of the Subordinated Notes Programme.
"RAM"	RAM Rating Services Berhad (Registration No. 200701005589 (763588-T)).
"RM" or "Ringgit"	Malaysian Ringgit, the lawful currency of Malaysia.
"SC"	Securities Commission Malaysia.
"SME"	Small and medium-sized enterprises
"Subordinated Notes Programme"	The subordinated notes programme of up to RM8.0 billion in nominal value (with option to upsize) for the issuance of AT1 Notes and T2 Notes.
"T2 Notes"	The Tier 2 notes to be issued under the Subordinated Notes Programme.
"T2 Noteholders"	The bearer for the time being of that tranche of T2 Notes or the person for the time being entitled to that tranche of T2 Notes.
"Trustee"	Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V)).
"Trust Deeds"	Collectively, the trust deed made between the Issuer and the Trustee in respect of the AT1 Notes and the trust deed made between the Issuer and the Trustee in respect of the T2 Notes.

SECTION 1.0 EXECUTIVE SUMMARY

The summary below aims to provide an overview of the information contained in the Information Memorandum. As such, it does not contain all the information that may be important to you and should therefore be read with this entire Information Memorandum.

1.1 Brief Information of the Issuer

The Issuer is a public limited company incorporated in Malaysia on 25 March 1969 under the Companies Act with the registration number of 196901000166 (8515-D) and the name of Malaysia Borneo Finance Corporation (M) Berhad. It changed its name to MBf Finance Berhad on 19 December 1985.

On 3 April 2002, MBf Finance Berhad changed its name to AmFinance Berhad. The name change was prior to the transfer of the entire business of AMFB Holdings Berhad (formerly known as Arab-Malaysian Finance Berhad and now dissolved) to AmFinance Berhad, which was effected on 15 June 2002. AmBank assumed its present name, AmBank (M) Berhad on 1 June 2005 upon the merger of AmFinance Berhad and AmBank Berhad.

The Issuer is a licensed commercial bank under FSA and is regulated by BNM. The Issuer offers commercial banking services which include loans and advancing, deposit services, credit cards, remittance and foreign exchange services which focused on retail, corporate and institutional customers.

Please refer to Section 5.0 of this Information Memorandum on "**Description of the Issuer**" for more details on the description of the Issuer.

1.2 The Subordinated Notes Programme

Kindly refer to the principal terms and conditions of the Subordinated Notes Programme as set out in Section 2.0 of this Information Memorandum for terms not defined in this sub-section.

The Subordinated Notes Programme has a programme limit of RM8.0 billion in nominal value. The AT1 Notes and T2 Notes are intended to qualify respectively as Additional Tier 1 and Tier 2 regulatory capital of the Issuer (at the consolidated and entity level) and the consolidated capital of AMMB Group, and shall comply with the Capital Adequacy Framework with respect to the requirements of Additional Tier 1 capital instruments and Tier-2 capital instruments respectively. The Subordinated Notes Programme has a perpetual tenure. In respect of the AT1 Notes, the tenure of the AT1 Notes is perpetual, subject to Call Option (where applicable). In respect of the T2 Notes, the issuance of T2 Notes shall have a tenure of at least five (5) years from the issue date, subject to the Call Option.

Pursuant to the Subordinated Notes Programme, the Issuer shall have the option to upsize the Subordinated Notes Programme at any time and from time to time provided that the following conditions have been fulfilled:

(a) the relevant regulatory approvals (including but not limited to the approval from BNM) where applicable, all necessary corporate authorisation and other consents have been obtained by the Issuer;

(b) such upsizing will not result in any adverse impact on the rating of the Subordinated Notes Programme; and

(c) the Issuer has complied with the relevant requirements under the LOLA Guidelines, in relation to such upsizing.

The Trust Deeds will provide that the Noteholders have consented to any upsizing of the Subordinated Notes Programme limit from time to time. Accordingly, no further consent will be required from the Noteholders or the Trustee or any other party under the Subordinated Notes

Programme for the Issuer to exercise the option to upsize the limit of the Subordinated Notes Programme from time to time.

The Notes may be issued via a private/direct placement on a best effort basis, bought deal on a best effort basis and book building on a best effort basis. The Notes are tradable and transferable, subject to the selling restrictions as described in Section 3 of this Information Memorandum on "**Selling Restrictions**". Further, the Notes may be issued at par or at a premium, which shall be determined prior to each issuance.

Subject to, inter alia, the provisions on Limitation on Payment in respect of AT1 Notes, the AT1 Notes confers a right to receive Distributions at the applicable Distribution Rate payable on a date falling semi-annually or such other frequency to be determined prior to issuance in arrears. The T2 Notes confer a right to receive Coupons at the applicable Coupon Rate, payable on a date falling semi-annually in arrears from the issue date with the last Coupon payment to be made on the respective maturity dates or upon the early redemption of the T2 Notes.

<u>Status of the Notes</u>

<u>AT1 Notes</u>

The AT1 Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the AT1 Noteholders are subordinated in the manner described below.

In the event of a winding-up of the Issuer, the rights of the AT1 Noteholders to payment of principal and Distributions on the AT1 Notes and any other obligations in respect of the AT1 Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors and holders of Tier-2 capital instruments, and will rank senior to all Junior Obligations. The AT1 Notes will rank pari passu with other Parity Obligations.

<u>T2 Notes</u>

The T2 Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The rights and claims of the T2 Noteholders are subordinated in the manner described below.

In the event of a winding-up of the Issuer, the rights of the T2 Noteholders to payment of principal and Coupons on the T2 Notes and any other obligations in respect of the T2 Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors and will rank senior to all Junior Obligations and Additional Tier 1 capital instruments. The T2 Notes will rank at least pari passu with other Subordinated Indebtedness.

<u>Early redemption of the Notes</u>

<u>Optional Redemption</u>

In respect of each tranche of the Notes with a Call Option, the Issuer may, after a minimum of five (5) years, at its option, and subject to the Redemption Conditions being satisfied, redeem that tranche of Notes (in whole or in part) at their Redemption Amount.

<u>Tax Redemption</u>

The Notes may be redeemed at the option of the Issuer in whole or in part, and subject to the Redemption Conditions being satisfied, at any time at the Redemption Amount, if a Tax Event has occurred and is continuing. In the case of a partial redemption of any tranche of the Notes, the selection of the Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

Regulatory Redemption

The Notes may be redeemed at the option of the Issuer in whole or in part, and subject to the Redemption Conditions being satisfied, at any time at the Redemption Amount, if a Regulatory Event has occurred and is continuing. In the case of a partial redemption of any tranche of the Notes, the selection of the Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

Limitation on Payment

The payment of Distributions under the AT1 Notes shall be at the Issuer's sole and absolute discretion and is subject to:

(a) such payment not resulting in a breach of the capital requirements applicable to the Issuer under the relevant BNM's capital guidelines;

(b) the Issuer is solvent at the time of payment of the Distribution and the payment of the Distribution will not result in the Issuer becoming, or likely to become insolvent; and

(c) such payment being made from Distributable Reserves only.

If the Issuer is unable to meet any of the conditions (a), (b) or (c) above, the Issuer shall cancel the Distributions which would otherwise have been payable on such Distribution Payment Date.

The Issuer may, at its sole discretion and without prior notice to the AT1 Noteholders, taking into account its specific financial and solvency condition, elect to cancel any payment of Distribution, in whole or in part, on a non-cumulative basis. Any Distribution that has been cancelled shall be no longer due and payable at any time by the Issuer and shall not accrue, whether in a winding-up situation or otherwise. Cancellation of a Distribution shall not constitute an Enforcement Event and does not entitle the AT1 Noteholders to petition for the insolvency or winding-up of the Issuer. If the Issuer does not make a Distribution payment on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Distribution payment), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Distribution payment (or the portion of such Distribution payment not paid), and accordingly such Distribution payment (or the portion thereof not paid) shall not be due and payable. If practicable, the Issuer shall provide notice of any cancellation of Distribution (in whole or in part) to the AT1 Noteholders on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five (5) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of Distribution, or give the AT1 Noteholders any rights as a result of such failure.

No AT1 Noteholder shall have any claim whatsoever in respect of any Distribution or any part thereof cancelled and/or not due or payable as described under this provision on Limitation on Payment. Accordingly, such cancelled Distribution or any part thereof shall not accrue or accumulate for the benefit of the AT1 Noteholders or entitle the AT1 Noteholders to any claim in respect thereof against the Issuer. Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding AT1 Notes issued under the Subordinated Notes Programme.

Breach of CET1 Capital Ratio

If the CET1 Capital Ratio of the Issuer (at the consolidated and entity level) or AMMB Group falls below 5.125% (or such other percentage as may be prescribed by the Capital Adequacy Framework), the Issuer shall, without the need for the consent of the Trustee or the AT1 Noteholders, write-off the AT1 Notes (in whole or in part). Upon a breach of the CET1 Capital Ratio below 5.125% (or such other percentage as may be prescribed by the Capital Adequacy

Framework), the aggregate amount of the AT1 Notes to be written-off must be at least the amount required to restore the Issuer's and its consolidated or AMMB Group's (as the case may be) CET1 Capital Ratio to at least 5.75% (or such other percentage as may be prescribed by the Capital Adequacy Framework). If this is not possible, then the full principal value of the AT1 Notes will be written-off.

Each of the AT1 Noteholders hereby irrevocably waives its right to receive payment of the principal amount of the AT1 Notes which are written off pursuant to the above, and irrevocably waives its right to any Distribution of the AT1 Notes (including Distributions and/or Coupons accrued but unpaid up to the date of the occurrence of the breach of CET1 Capital Ratio). Such write-off of the AT1 Notes shall not constitute an Enforcement Event nor trigger a cross-default clause under any other outstanding AT1 Notes issued under the Subordinated Notes Programme.

Non-Viability Event

If a Non-Viability Event occurs, the Issuer shall irrevocably, without the need for the consent of the Trustee or the AT1 Noteholders and/or T2 Noteholders, write-off the AT1 Notes and/or T2 Notes (in whole or in part) if so required by BNM and/or PIDM at their full discretion. A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from the Relevant Malaysian Authority or on the day the public announcement is made, as the case may be.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the AT1 Noteholders and/or the T2 Noteholders (as the case may be) (via the Trustee) and the rating agency in respect of the Subordinated Notes Programme (RAM) in accordance with the terms of the AT1 Notes and/or T2 Notes, then as of the relevant write-off date:

(i) the write-off shall reduce:

    (a) the claim of the AT1 Notes and/or T2 Notes in liquidation. The AT1 Noteholders and/or T2 Noteholders will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any repayment of the aggregate nominal value of the AT1 Notes and/or T2 Notes written-off;

    (b) the amount re-paid when a Call Option is exercised; and

    (c) the Distributions of the AT1 Notes and/or the Coupons of the T2 Notes; and

(ii) the write-off shall be permanent and the full or part (as the case may be) of the nominal value of the AT1 Notes and/or T2 Notes will automatically be written-off to zero and the whole or part (as the case may be) of the AT1 Notes and/or T2 Notes will be cancelled.

Each of the AT1 Noteholders and/or T2 Noteholders hereby irrevocably waives its right to receive payment of the principal amount of the AT1 Notes and/or T2 Notes which are written off pursuant to the above, and irrevocably waives its right to any Distribution of the AT1 Notes and/or Coupons of the T2 Notes (including Distributions and/or Coupons accrued but unpaid up to the date of the occurrence of the breach of a Non-Viability Event). Such write-off of the AT1 Notes and/or T2 Notes shall not constitute an Enforcement Event nor trigger a cross-default clause under any other outstanding AT1 Notes and/or T2 Notes issued under the Subordinated Notes Programme.

Contingent Settlement

If on any Distribution Payment Date, a Capital Disqualification Event of a tranche of AT1 Notes has occurred prior to or on such date and is continuing, the Issuer shall, in respect of such tranche of AT1 Notes, be obliged to pay the Distributions accrued and payable in respect of the Distributions period which ended on that Distribution Payment Date and the on Limitation on Payment shall cease to apply immediately thereafter.

1.3 Details of Utilisation of Proceeds

The proceeds from the issuances of the AT1 Notes and/or T2 Notes shall be made available to the Issuer, without limitation, for its working capital, general banking purposes and/or refinancing its outstanding capital instruments.

1.4 Rating

AT1 Notes

The AT1 Notes has been accorded a final rating of A2 by RAM, pursuant to its letter to the Issuer dated 21 September 2023.

T2 Notes

The T2 Notes has been accorded a final rating of AA3 by RAM, pursuant to its letter to the Issuer dated 21 September 2023.

1.5 Approvals

Approval from BNM

BNM had via its letter dated 10 October 2023 approved the proposed establishment of the Subordinated Notes Programme.

Lodgement with SC

The lodgement with the SC pursuant to the LOLA Guidelines in relation to the proposed establishment of the Subordinated Notes Programme has been made on 11 October 2023.

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SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUBORDINATED NOTES PROGRAMME

Words and expressions used and defined in this Section 2.0 shall, in the event of any inconsistency with the definitions section of this Information Memorandum, only be applicable for this Section 2.0.

(1)	**Name of facility/programme**	:	A subordinated notes programme of up to RM8.0 billion in nominal value ("**Subordinated Notes Programme**") for the issuances of Additional Tier 1 Notes ("**AT1 Notes**") and Tier 2 Notes ("**T2 Notes**") (collectively, the AT1 Notes and T2 Notes are known as "**Notes**").
(2)	**One-time issue or programme**	:	☐ One-time issue ☒ Programme
(3)	**Type of issuance under the facility/programme** **(a) Corporate Bonds;** **(b) ASEAN Corporate Bonds;** **(c) Sukuk;** **(d) ASEAN Sukuk;** **(e) SRI Sukuk; and/or** **(f) ASEAN SRI Sukuk**	:	Corporate Bonds.
(4)	**For ASEAN Corporate Bonds/Sukuk, to state whether the corporate bonds/sukuk to be issued are –** **(a) ASEAN Green Corporate Bonds/Sukuk;** **(b) ASEAN Social Corporate Bonds/Sukuk; and/or** **(c) ASEAN Sustainability Corporate Bonds/Sukuk**	:	Not applicable.
(5)	**Shariah principles (for sukuk)**	:	Not applicable.
(6)	**Facility description (for ringgit-denominated sukuk, to provide**	:	A subordinated notes programme of up to RM8.0 billion in nominal value for the issuances of Additional Tier 1 Notes and Tier 2 Notes.

	description as cleared by the SC)		The AT1 Notes and T2 Notes are intended to qualify respectively as Additional Tier 1 and Tier 2 regulatory capital of the Issuer (at the consolidated and entity level) and the consolidated capital of AMMB Group (as defined below), and shall comply with Bank Negara Malaysia's ("**BNM**") Capital Adequacy Framework (Capital Components) issued on 9 December 2020 (as amended from time to time) ("**Capital Adequacy Framework**") with respect to the requirements of Additional Tier 1 capital instruments and Tier-2 capital instruments respectively. "**AMMB Group**" means AMMB and its subsidiaries (for so long as AMMB is the holding company of the Issuer). "**AMMB**" means AMMB Holdings Berhad (Registration No. 199101012723 (223035-V)).
(7)	**Currency**	:	Ringgit.
(8)	**Expected facility/ programme size (for programme, to state the option to upsize)**	:	see table below
(9)	**Option to upsize (for programme)**	:	see below

Expected facility/programme size:

☒	Up to	RM8,000,000,000.00
☐	Combined limit with	
☐	Sub-limit of	

Option to upsize:

☒	Yes
☐	No

Additional Notes:

The Issuer shall have the option to upsize the Subordinated Notes Programme at any time and from time to time provided that the following conditions have been fulfilled:

(i) the relevant regulatory approvals (including but not limited to the approval from BNM) where applicable, all necessary corporate authorisation and other consents have been obtained by the Issuer;

(ii) such upsizing will not result in any adverse impact on the rating of the Subordinated Notes Programme; and

(iii) the Issuer has complied with the relevant requirements under the LOLA Guidelines, in relation to such upsizing.

The Trust Deeds (as defined under the paragraph entitled "*Other terms and conditions – Transaction Documents*") will provide that the AT1 Note holders ("**AT1 Noteholders**") and/or T2 Note holders ("**T2 Noteholders**") (collectively, the AT1 Noteholders and T2 Noteholders are known as "**Noteholders**") have consented to any upsizing of the Subordinated Notes Programme limit from time to time. Accordingly, no further consent will be required from the AT1 Noteholders and/or T2 Noteholders or the Trustee or any other party under the Subordinated Notes Programme for the Issuer to exercise the option to upsize the limit of the Subordinated Notes Programme from time to time.

(10)	**Tenure of facility/ programme**	:	Perpetual. Year(s) – Not applicable. Month(s) – Not applicable. Day(s) – Not applicable.
(11)	**Availability period of debt or sukuk programme**	:	The AT1 Notes and T2 Notes shall be available for issuance from the period commencing from the date all conditions precedent are fulfilled to the satisfaction of the Lead Arranger (unless waived by the Lead Arranger) as set out in the relevant Transaction Documents (as defined under the paragraph entitled "*Other terms and conditions – Transaction Documents*") so long as the Subordinated Notes Programme subsists. The first issuance of the AT1 Notes and/or T2 Notes under the Subordinated Notes Programme shall be made within ninety (90) business days from the date of the lodgement of the required information and documents in relation to the Subordinated Notes Programme with the SC as required under the LOLA Guidelines ("**Lodgement**") or such other period as may be approved by the SC.
(12)	**Clearing and settlement platform**	:	BNM or its successors-in-title or successor in such capacity, in relation to the Subordinated Notes Programme.
(13)	**Mode of issue**	:	

☒	Private/direct placement
☒	Bought deal
☒	Book building
☐	Tender

(14) **Selling restrictions** : **(i) At Issuance**

☐	Exclusively to persons in Labuan or outside Malaysia
☐	Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
☐	Part 1 of Schedule 7 of the CMSA
☒	Read together with Schedule 9 of the CMSA
☐	Schedule 5, Part 1, 1(b) of the CMSA (consideration not less than RM250,000 or equivalent in foreign currencies for each transaction)
☐	Schedule 8 of the CMSA
☐	Section 2(6) of the Companies Act 2016
☒	Other

(ii) After Issuance

☐	Exclusively to persons in Labuan or outside Malaysia
☐	Part 1 of Schedule 6 of the CMSA
☒	Read together with Schedule 9 of the CMSA
☐	Schedule 5, Part 1, 1(b) of the CMSA (consideration not less than RM250,000 or equivalent in foreign currencies for each transaction)
☐	Schedule 8 of the CMSA
☐	Section 2(6) of the Companies Act 2016
☒	Other

Additional Notes:

Selling Restrictions at issuance

The Notes under the Subordinated Notes Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe for or purchase the Notes may be made and to whom the Notes are issued would fall within:

(i) Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the Capital Markets and Services Act 2007, as amended from time to time ("**CMSA**"); and

(ii) Schedule 6 and Schedule 7 of the CMSA; read together with

(iii) Schedule 9 (or Section 257(3)) of the CMSA,

subject to any change in the applicable law, order, regulation or official directive from time to time.

Selling Restrictions after issuance

The Notes under the Subordinated Notes Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for or purchase the Notes may be made and to whom the Notes are issued would fall within:

(i) Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and

(ii) Schedule 6 (or Section 229(1)(b)) of the CMSA; read together with

(iii) Schedule 9 (or Section 257(3)) of the CMSA,

subject to any change in the applicable law, order, regulation or official directive from time to time.

(15) Tradability and transferability :

☒	Tradable & transferable	
	RM	8,000,000,000.00
☐	Non-tradable & non-transferable	
☐	Restricted transferability	

(16) Details of security/ collateral pledged, if applicable :

☒	Unsecured
☐	Secured/ combination of unsecured and secured, details as follows:

(17) Details of guarantee, if applicable :

☒	Not guaranteed
☐	Guaranteed, details as follows:

(18) Convertibility of issuance and details of the convertibility, if applicable :

☒	Non-convertible
☐	Convertible, details as follows:

(19) Exchangeability of issuance and details of the exchangeability, if applicable :

☒	Non-exchangeable
☐	Exchangeable, details as follows:

(20) Call option and details, if applicable :

☐	No call option
☒	Call option, details as follows:

Each tranche of the AT1 Notes and/or T2 Notes may have a call option ("**Call Option**") (to be determined prior to the relevant issue date). Under the Call Option, the Issuer may, after a minimum of five (5) years, at its option, and subject to the Redemption Conditions (as defined under the paragraph entitled "*Provisions on early redemption, if applicable*") being satisfied, redeem that tranche of AT1 Notes and/or T2 Notes (in whole or in part) at the Redemption Amount (as defined under the paragraph entitled "*Provisions on early redemption, if applicable*").

(21) Put option and details, if applicable :

☒	No put option
☐	Put option, details as follows:

(22) Details of covenants, including – : **Positive covenants**

☐	No positive covenant
☒	Positive covenant, details as follows:

Positive covenants which are typical and customary for transactions of this nature including but not limited to the following:

(i) The Issuer shall at all times maintain its corporate legal existence and exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices and will ensure, amongst others, that all necessary approvals and relevant licences for the operation of the Issuer's business are obtained and maintained;

(ii) The Issuer shall at all times maintain a Paying Agent (or its equivalent) who is based in Malaysia;

(iii) The Issuer shall procure the Facility Agent to notify the Trustee, if the Paying Agent does not receive payment from the Issuer on the due dates and in the manner as required under the Transaction Documents and the terms and conditions of the relevant Notes;

(iv) The Issuer shall at all times keep proper books and accounting records on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia and provide the Trustee and any person appointed by it access to such books and accounts to the extent permitted by law;

(v) The Issuer shall ensure that the provisions of the information memorandum in respect of the

Subordinated Notes Programme ("**Information Memorandum**") does not contain any matter or information which is inconsistent with the Transaction Documents and the terms and conditions of the relevant Notes;

(vi) The Issuer shall ensure that any conditions subsequent in relation to the issuance of the AT1 Notes and/or T2 Notes are complied with in accordance with the terms and conditions of the AT1 Notes and/or the T2 Notes, and that any request from the Issuer to add, extend, vary or otherwise modify any conditions subsequent shall be subject to the approval of the AT1 Noteholders and/or the T2 Noteholders;

(vii) The Issuer shall at all times perform all its obligations and promptly comply with all provisions of the Trust Deeds and the Transaction Documents and the terms and conditions of the AT1 Notes and/or T2 Notes, and immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Trust Deeds and the Transaction Documents;

(viii) The Issuer shall at all times comply with any and all requirements and rules, regulations and guidelines as may be issued and/or imposed by the SC and BNM from time to time and the applicable provisions of the CMSA; and

(ix) Such other positive covenants as required under the SC's Guidelines on Trust Deeds issued by SC on 12 July 2011 and revised on 23 July 2020 ("**Guidelines on Trust Deeds**") or as may be advised by the solicitors acting for the Lead Arranger and to be mutually agreed between the Lead Arranger and the Issuer.

Negative covenants

☒	No negative covenant
☐	Negative covenant, details as follows:

Financial covenants

☒	No financial covenant
☐	Financial covenant, details as follows:

Information covenants

☐	No information covenant
☒	Information covenant, details as follows:

Information covenants which are typical and customary for transactions of this nature including but not limited to the following:

(i) The Issuer shall deliver to the Trustee:

(a) a copy of its annual audited consolidated financial statements within 180 days after the end of each financial year;

(b) a copy of its semi-annual unaudited consolidated financial statements within 90 days after the end of each half of its financial year end;

(c) copies of any other accounts, reports, notices, statements or circulars issued to its shareholders which are material and substantial to or necessary for the Noteholders to make informed investment decisions within thirty (30) days after the same has been issued;

(d) annually, a certificate confirming that the Issuer has complied with its obligations under the Trust Deeds and relevant Transaction Documents and the terms and conditions of the Notes, and that there did not exist or had not existed, from the date the Notes were issued or from the date of the last certificate, as the case may be, any Enforcement Event (as defined under the paragraph entitled "*Events of default or enforcement events, where applicable, including recourse available to investors*") and if such is not the case, the certificate should specify the same; and

(e) any information which the Trustee may from time to time reasonably require in order for the Trustee to discharge their duties and obligations under the Transaction Documents, relating to the Issuer's affairs to the extent permitted by law;

(ii) The Issuer shall notify the Trustee in the event that the Issuer becomes aware of the following:

(a) any Enforcement Event or that such other right or remedy under the terms, provisions and covenants of the relevant Notes and Trust Deeds have become immediately enforceable;

(b) any substantial change in the nature of the business of the Issuer;

(c) any change in the withholding tax position or tax jurisdiction of the Issuer; or

(d) any other matter that may materially prejudice the interests of the Noteholders; and

(iii) Such other information covenants as required under the Guidelines on Trust Deeds or as may be advised by the solicitors acting for the Lead Arranger and to be mutually agreed between the Lead Arranger and the Issuer.

(23) Details of designated account(s), if applicable, including –

(a) names of account;

(b) parties responsible for opening the account;

(c) parties responsible for maintaining/ operating the account;

(d) signatories to the account;

(e) sources and utilisation of funds; and

(f) diagram illustrating the flow of monies and conditions for disbursements

:

☒	No Designated account
☐	Designated account(s) as follows:

(24) Details of credit rating, if applicable :

☐	Not rated
☐	Combination of rated and unrated as follows:
☒	Rated as follows:

Credit Rating Agency	Credit Rating	Final/ Indicative	Name of Tranche/ Series / Class	Partial rating	Amount Rated
RAM	A_2	Final	Not applicable	Not applicable	RM8.0 billion
RAM	AA_3	Final	Not applicable	Not applicable	RM8.0 billion

<u>Additional Notes:</u>

The respective Notes have been assigned the following final ratings by RAM of up to RM8.0 billion in nominal value each:

(i) AT1 Notes – A2; and

(ii) T2 Notes – AA3.

For the avoidance of doubt, the issuance of the Notes is subject to an aggregate limit of RM8.0 billion in nominal value.

(25) Conditions precedent : Conditions precedent which are typical and customary for transactions of this nature including but not limited to the following:

<u>**Conditions Precedent for the establishment of the Subordinated Notes Programme**</u>

(i) The relevant Transaction Documents in relation to the Subordinated Notes Programme have been duly executed and, where applicable, stamped or endorsed as being exempted from stamp duty and if applicable, presented for registration at the relevant registries;

(ii) Certified true copies of the certificate of incorporation and the constitution or its equivalent of the Issuer;

(iii) Certified true copies of the Return for Allotment of Shares (or Form 24 as prescribed under the Companies Act 1965), the Notification of Change in the Registered Address (or Form 44 as prescribed under the Companies Act 1965) and Notification of Change in the Register of Directors, Managers and Secretaries (or Form 49 as prescribed under the Companies Act 1965) of the Issuer;

(iv) Certified true copy of the board resolutions of the Issuer authorising, amongst others, the establishment of the Subordinated Notes Programme, the issuance of the AT1 Notes and/or T2 Notes and the execution of all relevant documents thereto;

(v) A list of the Issuer's authorised signatories and their respective specimen signatures;

(vi) A report of the relevant company search conducted on the Issuer;

(vii) A report of the relevant winding up search conducted on the Issuer;

(viii) Evidence that all relevant regulatory approvals and acknowledgements in respect of the establishment of the Subordinated Notes Programme and where applicable, issuance of the AT1 Notes and/or T2 Notes, have been obtained, including but not limited to written approval from BNM in relation to the establishment of the Subordinated Notes Programme and where applicable, the issuance of the AT1 Notes and/or T2 Notes and the acknowledgement by the SC of the Lodgement;

(ix) Evidence that the Notes under the Subordinated Notes Programme have obtained the minimum long-term rating as stated in the section entitled "*Details of credit rating, if applicable*";

(x) Evidence that: (a) the TRAs (as defined under the paragraph entitled "*Other terms and conditions – Trustee's Reimbursement Accounts*") have been opened; and (b) the TRAs each has been established and the deposit of Ringgit One Hundred Thousand (RM100,000.00) has been made therein;

(xi) Evidence that all fees, costs, and expenses in relation to the Subordinated Notes Programme have been paid in full to the extent that the same are due and payable and/or evidence that arrangements have been made for all fees, costs and expenses in relation to the Subordinated Notes Programme to be paid;

(xii) Legal opinion from the solicitors with respect to the legality, validity and enforceability of the Transaction Documents and confirmation that all conditions precedent thereto have been fulfilled or waived, as the case may be; and

(xiii) Such other conditions precedent as advised by the solicitors acting for the Lead Arranger and mutually agreed between the Lead Arranger and the Issuer.

Conditions Precedent for each issuance of AT1 Notes and T2 Notes

(i) Evidence of BNM's prior approval or notification to BNM prior to issuance (as the case may be) in respect of issuance of the relevant tranche of AT1 Notes or T2 Notes, pursuant to the requirements under the BNM approval letter dated 10 October 2023 and in accordance with the Capital Adequacy Framework;

(ii) Confirmation from the Issuer that all representations and warranties remain true and accurate in all material respects;

(iii) No Enforcement Event has occurred or is continuing or would occur as a result of an issuance of the AT1 Notes or T2 Notes (as the case may be) under the Subordinated Notes Programme; and

(iv) Such other conditions for issuance as advised by the solicitors acting for the Lead Arranger.

(26) Representations and warranties : Representations and warranties which are usual and customary for transactions of this nature, which shall include but not limited to the following:

(i) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia and has the power and authority to carry out its business;

(ii) The Issuer has the power to enter into, exercise its rights and perform its obligations under the Transaction Documents;

(iii) The Issuer's entry into, exercise of its rights and performance under the Transaction Documents do not and will not violate any existing law or agreements to which it is a party;

(iv) The issuance of the AT1 Notes or T2 Notes (as the case may be) has been duly authorised, and when issued and delivered pursuant to the Transaction Documents, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Issuer enforceable in accordance with its terms;

(v) The Issuer has all licenses, franchises, permits, authorisations, approvals, orders and other concessions of and from all governmental and regulatory officials and bodies that are necessary to own or lease its properties and conduct its business, other than where the failure to obtain such licenses, franchises, permits, authorisations, approvals, orders and other concessions would not have a Material Adverse Effect (as defined below);

(vi) The Transaction Documents create valid and binding obligations which are enforceable on and against the Issuer;

(vii) All necessary actions, authorisations and consents required under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;

(viii) No litigation or arbitration is current or, to the Issuer's knowledge, is threatened, which if adversely determined would have a Material Adverse Effect;

(ix) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and they fairly represent its financial position;

(x) The financial statements and other information supplied are true and accurate in all material aspects and not misleading except that, when the warranted information is a forecast, the warranty will be to the effect that the forecast has been made on the basis of assumptions which were reasonable at the time when they were made and after due enquiry;

(xi) No event has occurred which could constitute an Enforcement Event and/or which with the giving of notice or the lapse of time or fulfilment of the relevant requirement(s) as contemplated under the relevant Transaction Documents would constitute an Enforcement Event;

(xii) No step has been taken by the Issuer, its creditors or any of its shareholders or any other person on its behalf nor have any legal proceedings or applications been started or threatened under Section 366 of the Companies Act 2016;

(xiii) There has been no change in the business or condition (financial or otherwise) of the Issuer or its subsidiaries (if any) since the date of its last audited financial statements which might have a Material Adverse Effect; and

(xiv) Such other representations and warranties as may be advised by the solicitors acting for the Lead Arranger and to be mutually agreed between the Lead Arranger and the Issuer.

"**Material Adverse Effect**" means the occurrence of any event which materially and adversely affects the ability of the Issuer to perform any of its obligations under any of the Transaction Documents or which materially and adversely affects the business, financial position, shareholders' funds or results of the operations of the Issuer.

(27) Events of default or enforcement events, where applicable, including recourse available to investors : There are no events of default applicable for the AT1 Notes and T2 Notes. However, the following enforcement events ("**Enforcement Events**" and each an "**Enforcement Event**") are applicable:

(i) the Issuer defaults in the payment of any monies owing in respect of the AT1 Notes and/or T2 Notes (as the case may be) when the same shall become due and payable in accordance with the Transaction Documents and the Issuer fails to remedy such default within a period of seven (7) business days from the date on which such payment is due; and

(ii) an order is made for the winding-up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation, the terms of which have been approved by the AT1 Noteholders and/or T2 Noteholders (as the case may be) by way of special resolution.

Upon the occurrence of item (i) above, subject to the terms of the relevant Trust Deeds, the Trustee may or shall institute proceedings to enforce the payment obligations under that relevant tranche of the AT1 Notes and/or T2 Notes (as the case may be) and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the relevant AT1 Noteholders and/or T2 Noteholders (as the case may be) shall have the right to accelerate payment of that relevant tranche of AT1 Notes and/or T2 Notes (as the case may be).

Upon occurrence of item (ii) above, subject to the terms of the relevant Trust Deeds, the Trustee may or shall declare (by giving written notice to the Issuer) that the AT1 Notes and/or T2 Notes (as the case may be) with all other sums payable under the AT1 Notes and/or T2 Notes (as the case may be) pursuant to the relevant Transaction Documents shall become immediately due and payable.

For the avoidance of doubt, the occurrence of an Enforcement Event under item (i) above for any tranche of the AT1 Notes and/or T2 Notes (as the case may be) will not trigger an Enforcement Event for other tranches of the outstanding AT1 Notes and/or T2 Notes (as the case may be). However, the occurrence of an Enforcement Event under item (ii) above will trigger an Enforcement Event for all tranches of the outstanding AT1 Notes and/or T2 Notes (as the case may be).

In relation to the AT1 Notes, for the avoidance of doubt, no Distributions (as defined under the paragraph entitled "*Other terms and conditions – Distribution/Coupon Rate"*) shall be due and payable if such Distributions or any part thereof has been cancelled or is deemed cancelled (in whole or in part) under the provisions in the section entitled "*Other terms and conditions – Limitation on Payment*". Accordingly, no default in payment under the AT1 Notes will have occurred or be deemed to have occurred in such circumstances.

(28) Governing laws : Laws of Malaysia.

(29) Provisions on buy-back, if applicable :

☐	No provision on buy-back
☒	Provisions on buy-back, details as follows:

The Issuer or any of its subsidiaries or agent(s) of the Issuer or any other related corporation of the Issuer may at any time, subject to the prior approval of BNM where applicable but which approval shall not be required for a purchase done in the ordinary course of business, purchase the AT1 Notes and/or T2 Notes in full or in part thereof at any price in the open market or by private treaty, provided that no Non-Viability Event (as defined under the paragraph entitled "*Other terms and conditions – Non-Viability Event*") has occurred prior to the date of such purchase. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all the relevant AT1 Noteholders and/or T2 Noteholders of the relevant tranche equally.

All the AT1 Notes and/or T2 Notes purchased by the Issuer or its subsidiaries or agent(s) of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

All the AT1 Notes and/or T2 Notes purchased by other related corporations (other than the Issuer's subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the AT1 Notes and/or T2 Notes subject to any exceptions in the Guidelines on Trust Deeds.

For the avoidance of doubt, all AT1 Notes and/or T2 Notes held by related corporations and the interested person of the Issuer shall not be counted for the purposes of voting and for the purposes of forming a quorum subject to any exceptions in the Guidelines on Trust Deeds.

For the purpose of this clause, the term "*ordinary course of business*" includes those activities performed by the Issuer, any of its subsidiaries or agents or any related corporations of the Issuer for third parties and excludes those performed for the own account of the Issuer, the Issuer's subsidiaries or agents or such related corporations. Third parties herein refer to the Issuer's, the Issuer's subsidiaries' and/or related corporations' clients. The term "*related corporation*" has the same meaning given to it in the Companies Act 2016.

For the avoidance of doubt, subject always to the requirements of the Guidelines on Trust Deeds where the purchase of the AT1 Notes and/or T2 Notes by the Issuer or its subsidiaries or by agent(s) of the Issuer shall be cancelled and shall not be resold, neither the Issuer nor an affiliated party over which it exercises control or significant influence can purchase the AT1 Notes and/or T2 Notes, nor can the Issuer directly or indirectly have financed its purchase, failing which the regulatory adjustments as set out in the Capital Adequacy Framework shall apply.

(30) Provisions on early redemption, if applicable :

☐	No provision on early redemption
☒	Provisions on early redemption, details as follows:

(i) <u>Optional Redemption</u>

In respect of each tranche of the AT1 Notes and/or T2 Notes with a Call Option, the Issuer may, after a minimum of five (5) years, at its option, and subject to the Redemption Conditions being satisfied, redeem that tranche of AT1 Notes and/or T2 Notes (in whole or in part) at their Redemption Amount.

(ii) <u>Tax Redemption</u>

The AT1 Notes and/or T2 Notes may be redeemed at the option of the Issuer in whole or in part, and subject to the Redemption Conditions being satisfied, at any time at the Redemption Amount, if a Tax Event (as defined below) has occurred and is continuing.

"**Tax Event**" means that, if there is more than an insubstantial risk that:

(a) the Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the AT1 Notes and/or T2 Notes; or

(b) the Issuer would no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the AT1 Notes and/or T2 Notes,

as a result of a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations.

In the case of a partial redemption of any tranche of the AT1 Notes and/or T2 Notes, the selection of the AT1 Notes and/or T2 Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

(iii) Regulatory Redemption

The AT1 Notes and/or T2 Notes may be redeemed at the option of the Issuer in whole or in part, and subject to the Redemption Conditions being satisfied, at any time at the Redemption Amount, if a Regulatory Event (as defined below) has occurred and is continuing.

"**Regulatory Event**" means that, if there is more than an insubstantial risk, as determined by the Issuer, that:

(a) any tranche of the AT1 Notes and/or T2 Notes (in whole or in part) will, either immediately or with the passage of time or upon either the giving of notice or the fulfilment of a condition, in the case of AT1 Notes no longer qualify as Additional Tier 1 capital of the Issuer or AMMB Group (as the case may be), or in the case of T2 Notes no longer qualify as Tier 2 capital of the Issuer or AMMB Group (as the case may be), for the purposes of BNM's capital adequacy requirements under any applicable regulations; or

(b) changes in law will make it unlawful to continue performing its obligations under any tranche of the AT1 Notes and/or T2 Notes.

In the case of a partial redemption of any tranche of the AT1 Notes and/or T2 Notes, the selection of the AT1 Notes and/or T2 Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

"**Redemption Conditions**" means:

(i) the Issuer has received a written approval from BNM prior to redemption of such tranche of AT1 Notes and/or T2 Notes or any part thereof;

(ii) the Issuer is solvent at the time of redemption of such tranche of the AT1 Notes and/or T2 Notes or any part thereof and immediately thereafter;

(iii) the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of such tranche of AT1 Notes and/or T2 Notes or any part thereof; and

(iv) the Issuer shall:

   (a) replace the called or redeemed tranche of the AT1 Notes and/or T2 Notes or any part thereof with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or

   (b) demonstrate to the satisfaction of BNM that its capital position is and can be sustained well above the capital adequacy and capital buffer requirements after redemption of such tranche of AT1 Notes and/or T2 Notes or any part thereof.

"**Redemption Amount**" means the principal amount of the outstanding AT1 Notes and/or T2 Notes, together with any accrued and not cancelled but unpaid (if any) Distributions and/or Coupons (as defined under the paragraph entitled "*Other terms and conditions – Distribution/Coupon Rate"*) (as the case may be) up to (but not including) the redemption date.

(31) Voting : **<u>Prior to upsizing of the Subordinated Notes Programme</u>**

All matters which require consent from the AT1 Noteholders and T2 Noteholders shall be carried out on a collective basis by the AT1 Noteholders and T2 Noteholders respectively.

<u>Post upsizing of the Subordinated Notes Programme</u>

All matters which require consent from the AT1 Noteholders and T2 Noteholders shall be carried out on a "per series" basis by the AT1 Noteholders and T2 Noteholders respectively.

(32) Permitted investments, if applicable :

☒	No permitted investments
☐	Permitted investments, details as follows:

(33) Ta`widh : Not applicable.

(34) Ibra' : Not applicable.

(35) Kafalah : Not applicable.

(36) Other terms and conditions

(i) Tenure of Issuance : **<u>AT1 Notes</u>**

Perpetual, subject to the Call Option.

<u>T2 Notes</u>

The issuance of T2 Notes shall have a tenure of at least five (5) years from the issue date, subject to the Call Option.

(ii) Utilisation of proceeds : The proceeds from the issuances of the AT1 Notes and/or T2 Notes shall be made available to the Issuer, without limitation, for its working capital, general banking purposes and/or refinancing its outstanding capital instruments.

(iii) Issue Price : The AT1 Notes and/or T2 Notes may be issued at par or at a premium, which shall be determined prior to each issuance.

(iv) Distribution / Coupon Rate : **<u>AT1 Notes</u>**

Subject to the provisions in the section entitled "*Limitation on Payment*", the AT1 Notes confer a right to receive either a fixed or floating rate distribution ("**Distributions**") from (and including) the issue date at the Distribution Rate (as defined below), payable on the Distribution Payment Date (as defined under the paragraph entitled "*Other terms and conditions –*

Distribution/Coupon Frequency"), out of the Distributable Reserves (as defined under the paragraph entitled "*Other terms and conditions – Limitation on Payment*") of the Issuer.

Such rate of the Distribution ("**Distribution Rate**") shall be determined prior to the issuance of each tranche of the AT1 Notes:

(i) If fixed, the Distribution Rate shall be a fixed rate throughout the tenure of the AT1 notes.

(ii) If floating, the Distribution Rate is to be reset semi-annually or at such other frequency to be determined prior to issuance, at a rate per annum comprising the Initial Spread for Floating Rate (as defined below) above the Relevant Floating Rate Benchmark (as defined below), of the nominal value of that tranche.

T2 Notes

The T2 Notes confer a right to receive either a fixed or floating rate coupon ("**Coupons**") from (and including) the issue date at the Coupon Rate (as defined below), payable on the Coupon Payment Date (as defined under the paragraph entitled "*Other terms and conditions – Distribution/Coupon Frequency*").

Such rate of the Coupon ("**Coupon Rate**") shall be determined prior to the issuance of each tranche of the T2 Notes.

(i) If fixed, the Coupon Rate shall be a fixed rate throughout the tenure of the T2 Notes.

(i) If floating, the Coupon Rate is to be reset semi-annually or at such other frequency to be determined prior to issuance, at a rate per annum comprising the Initial Spread for Floating Rate above the Relevant Floating Rate Benchmark, of the nominal value of that tranche.

For avoidance of doubt, there is no step-up Distribution Rate/Coupon Rate after the call date of the AT1 Notes and/or T2 Notes, in the event the Call Option is not exercised by the Issuer.

"**Initial Spread for Floating Rate**" means the initial spread for the floating rate to be determined at the point of issuance of the relevant tranche of the AT1 Notes and/or T2 Notes, where applicable, and expressed as a rate in per cent. per annum, being the initial spread above the Relevant Floating Rate Benchmark. The Initial Spread for the Floating Rate shall be calculated at the point of issuance and shall be applicable throughout the tenure of the relevant AT1 Notes and/or T2 Notes.

"**Relevant Floating Rate Benchmark**" means Kuala Lumpur Interbank Offered Rates for six-months (or such other relevant period) Ringgit deposits or such other benchmark curve as may be identified prior to the issuance of the relevant AT1 Notes and/or T2 Notes.

(v) Distribution / Coupon Frequency : **<u>AT1 Notes</u>**

Subject to, inter alia, the provisions in the section entitled "*Limitation on Payment*", the AT1 Notes confer a right to receive Distributions at the applicable Distribution Rate, payable on a date falling semi-annually or such other frequency to be determined prior to issuance in arrears ("**Distribution Payment Date**").

<u>T2 Notes</u>

The T2 Notes confer a right to receive Coupons at the applicable Coupon Rate, payable on a date falling semi-annually in arrears from the issue date ("**Coupon Payment Date**") with the last Coupon payment to be made on the respective maturity dates or upon the early redemption of the T2 Notes.

(vi) Status : **<u>AT1 Notes</u>**

The AT1 Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The rights and claims of the AT1 Noteholders are subordinated in the manner described below.

In the event of a winding-up of the Issuer, the rights of the AT1 Noteholders to payment of principal and Distributions on the AT1 Notes and any other obligations in respect of the AT1 Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (as defined below) and holders of Tier-2 capital instruments, and will rank senior to all Junior Obligations (as defined below). The AT1 Notes will rank pari passu with other Parity Obligations (as defined below).

<u>T2 Notes</u>

The T2 Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The rights and claims of the T2 Noteholders are subordinated in the manner described below.

In the event of a winding-up of the Issuer, the rights of the T2 Noteholders to payment of principal and Coupons on the T2 Notes and any other obligations in respect of the T2 Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors and will rank senior to all Junior Obligations and Additional Tier 1 capital instruments. The T2 Notes will rank at least pari passu with other Subordinated Indebtedness (as defined below).

"**Junior Obligation**" means any ordinary share of the Issuer.

"**Parity Obligation**" means the most junior class of preference shares, and any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 capital of the Issuer on an unconsolidated or consolidated basis, pursuant to the relevant requirements set out in Capital Adequacy Framework, or otherwise ranks or is expressed to rank, by its terms or by operation of law, pari passu with the AT1 Notes.

"**Senior Creditors**" means creditors of the Issuer other than those whose claims rank or are expressed to rank, by its terms or by operation of law, pari passu or junior to the claims of the AT1 Noteholders and/or T2 Noteholders.

"**Subordinated Indebtedness**" means all indebtedness which is subordinated, in the event of the winding-up or liquidation of the Issuer, in right of payment to the claims of depositors and other unsubordinated financiers/creditors of the Issuer, and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

(vii) Limitation on Payment : **AT1 Notes**

The payment of Distribution under the AT1 Notes shall be at the Issuer's sole and absolute discretion and is subject to:

(i) such payment not resulting in a breach of the capital requirements applicable to the Issuer under the relevant BNM's capital guidelines;

(ii) the Issuer is solvent at the time of payment of the Distribution and the payment of the Distribution will not result in the Issuer becoming, or likely to become insolvent; and

(iii) such payment being made from Distributable Reserves only.

"**Distributable Reserves**" means at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 131 of the Companies Act 2016 (or its equivalent under any successor laws), as of the date of the Issuer's latest audited financial statements provided that if the Issuer reasonably believes that the available amounts as of any Distribution Determination Date (as defined below) are lower than the available amounts as of the date of the Issuer's latest audited financial statements and are insufficient to pay the Distributions and for payments of any dividends or other distributions in respect of Parity Obligations on the relevant Distribution Payment Date, then two (2) directors of the Issuer shall provide a certificate, on or prior to such Distribution Determination Date, to the AT1 Noteholders of the available amounts as of such Distribution Determination Date (which certificate of the two (2) directors will be binding in the absence of manifest error) and the Distributable Reserves as of such Distribution Determination Date for the purposes of such Distribution will mean the available amounts as set forth in such certificate.

"**Distribution Determination Date**" means, with respect to any Distribution Payment Date, the day falling two (2) business days prior to that Distribution Payment Date.

If the Issuer is unable to meet any of the conditions (i), (ii) or (iii) above, the Issuer shall cancel the Distribution which would otherwise have been payable on such Distribution Payment Date.

The Issuer may, at its sole discretion and without prior notice to the AT1 Noteholders, taking into account its specific financial and solvency condition, elect to cancel any payment of Distribution, in whole or in part, on a non-cumulative basis. Any Distribution that has been cancelled shall be no longer due and payable at any time by the Issuer and shall not accrue, whether in a winding-up situation or otherwise. Cancellation of a Distribution shall not constitute an Enforcement Event and does not entitle the AT1 Noteholders to petition for the insolvency or winding-up of the Issuer. If the Issuer does not make a Distribution payment on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Distribution payment), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Distribution payment (or the portion of such Distribution payment not paid), and accordingly such Distribution payment (or the portion thereof not paid) shall not be due and payable.

If practicable, the Issuer shall provide notice of any cancellation of Distribution (in whole or in part) to the AT1 Noteholders on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five (5) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of Distribution, or give the AT1 Noteholders any rights as a result of such failure.

No AT1 Noteholder shall have any claim whatsoever in respect of any Distribution or any part thereof cancelled and/or not due or payable as described under this section entitled "*Limitation on Payment*". Accordingly, such cancelled Distribution or any part thereof shall not accrue or accumulate for the benefit of the AT1 Noteholders or entitle the AT1 Noteholders to any claim in respect thereof against the Issuer.

Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding AT1 Notes issued under the Subordinated Notes Programme.

T2 Notes

Not applicable.

(viii) Distribution Stopper : **AT1 Notes**

If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of the provisions in the section entitled "*Limitation on Payment*", the Issuer shall not:

(i) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Junior Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Junior Obligations);

(ii) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Parity Obligations the terms of which provide that the Issuer is not required to make payments of such dividends or other distributions in respect thereof (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Parity Obligations);

(iii) redeem, reduce, cancel, buy-back or acquire, or permit any subsidiary of the Issuer to redeem, reduce, cancel, buy-back or acquire, any Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Junior Obligations); and

(iv) redeem, reduce, cancel, buy-back or acquire, or permit any subsidiary of the Issuer to redeem, reduce, cancel, buy-back or acquire, any Parity Obligations the terms of which provide that the Issuer is not required to redeem, reduce, cancel, buy-back or acquire such Parity Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Parity Obligations),

in each case, until (a) the next scheduled Distributions to be paid in respect of such number of consecutive Distribution periods as shall be equal to or exceed twelve (12) calendar months have been paid in full (or an amount equivalent thereto has been paid, or irrevocably set aside in a separately designated trust account for payment to the AT1 Noteholders); or (b) the Issuer is permitted to do so by an extraordinary resolution of the AT1 Noteholders.

<u>T2 Notes</u>

Not applicable.

(ix) No equity conversion : The AT1 Notes and the T2 Notes shall not entitle the AT1 Noteholders and the T2 Noteholders to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the AT1 Noteholders and the T2 Noteholders upon the occurrence of a Non-Viability Event or otherwise. The AT1 Noteholders and the T2 Noteholders shall not be entitled to participate in any distributions or entitlements to the Issuer’s shareholders or to attend or vote at any general meeting of the Issuer.

(x) Setting off : No AT1 Noteholder and T2 Noteholder (as the case may be) may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the AT1 Notes and T2 Notes (as the case may be), and each AT1 Noteholder and T2 Noteholder (as the case may be) shall, by virtue of his holding of any AT1 Notes and T2 Notes (as the case may be), be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the AT1 Notes and T2 Notes (as the case may be) to the fullest extent permitted by law. If at any time any AT1 Noteholder and T2 Noteholder (as the case may be) receives payment or benefit of any sum in respect of the AT1 Notes and T2 Notes (as the case may be) (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the AT1 Notes and T2 Notes (as the case may be), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such AT1 Noteholder and T2 Noteholder (as the case may be) by virtue of his holding of any AT1 Notes and T2 Notes (as the case may be), shall, agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the AT1 Notes and T2 Notes (as the case may be).

(xi) Breach of CET1 Capital Ratio :

<u>AT1 Notes</u>

If the CET1 Capital Ratio (as defined below) of the Issuer (at the consolidated and entity level) or AMMB Group falls below 5.125% (or such other percentage as may be prescribed by the Capital Adequacy Framework), the Issuer shall, without the need for the consent of the Trustee or the AT1 Noteholders, write-off the AT1 Notes (in whole or in part).

"**CET1 Capital Ratio**" means the common equity tier 1 capital ratio as determined by the Capital Adequacy Framework.

Details of the loss absorption mechanism are set out in the section entitled "*Loss Absorption Mechanism*".

<u>T2 Notes</u>

Not applicable.

(xii) Non-Viability Event :

If a Non-Viability Event (as defined below) occurs, the Issuer shall irrevocably, without the need for the consent of the Trustee or the AT1 Noteholders and/or T2 Noteholders, write-off the AT1 Notes and/or T2 Notes (in whole or in part) if so required by BNM and/or Malaysia Deposit Insurance Corporation ("**PIDM**") at their full discretion.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from the Relevant Malaysian Authority (as defined below) or on the day the public announcement is made, as the case may be.

Details of the loss absorption mechanism are set out in the section entitled "*Loss Absorption Mechanism*".

"**Non-Viability Event**" means the earlier of the following:

(i) the Relevant Malaysian Authority notifying the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a write-off is necessary, without which the Issuer or the AMMB Group (as the case may be) would become non-viable; or

(ii) the Relevant Malaysian Authority publicly announces that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection, or equivalent support, to the Issuer without which the Issuer or the AMMB Group (as the case may be) would cease to be viable.

"**Relevant Malaysian Authority**" means the following:

(i) BNM, jointly with PIDM, where the Issuer is a member institution (as prescribed under the Malaysia Deposit Insurance Corporation Act 2011) ("**Member Institution**"); or

(ii) BNM, where the Issuer is no longer a Member Institution.

(xiii) Loss Absorption Mechanism :

(i) Write-off mechanism in the case of a Breach of CET1 Capital Ratio (only applicable to AT1 Notes)

Upon a breach of the CET1 Capital Ratio below 5.125% (or such other percentage as may be prescribed by the Capital Adequacy Framework), the aggregate amount of the AT1 Notes to be written-off must be at least the amount required to restore the Issuer's and its consolidated or AMMB Group's (as the case may be) CET1 Capital Ratio to at least 5.75% (or such other percentage as may be prescribed by the Capital Adequacy Framework). If this is not possible, then the full principal value of the AT1 Notes will be written-off.

(ii) Write-off mechanism in the case of a Non-Viability Event (applicable to AT1 Notes and T2 Notes)

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the AT1 Noteholders and/or the T2 Noteholders (as the case may be) (via the Trustee) and the rating agency in respect of the Subordinated Notes Programme in accordance with the terms of the AT1 Notes and/or T2 Notes, then as of the relevant write-off date:

(i) the write-off shall reduce:

(a) the claim of the AT1 Notes and/or T2 Notes in liquidation. The AT1 Noteholders and/or T2 Noteholders will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any repayment of the aggregate nominal value of the AT1 Notes and/or T2 Notes written-off;

(b) the amount re-paid when a Call Option is exercised; and

(c) the Distributions of the AT1 Notes and/or the Coupons of the T2 Notes; and

(ii) the write-off shall be permanent and the full or part (as the case may be) of the nominal value of the AT1 Notes and/or T2 Notes will automatically be written-off to zero and the whole or part (as the case may be) of the AT1 Notes and/or T2 Notes will be cancelled.

Each of the AT1 Noteholders and/or T2 Noteholders hereby irrevocably waives its right to receive payment of the principal amount of the AT1 Notes and/or T2 Notes which are written off pursuant to the above, and irrevocably waives its right to any Distribution of the AT1 Notes and/or Coupons of the T2 Notes (including Distributions and/or Coupons accrued but unpaid up to the date of the occurrence of the breach of CET1 Capital Ratio and/or a Non-Viability Event).

Such write-off of the AT1 Notes and/or T2 Notes shall not constitute an Enforcement Event nor trigger a cross-default clause under any other outstanding AT1 Notes and/or T2 Notes issued under the Subordinated Notes Programme.

(xiv) Contingent Settlement : **AT1 Notes**

If on any Distribution Payment Date, a Capital Disqualification Event (as defined below) of a tranche of AT1 Notes has occurred prior to or on such date and is continuing, the Issuer shall, in respect of such tranche of AT1 Notes, be obliged to pay the Distributions accrued and payable in respect of the Distributions period which ended on that Distribution Payment Date and the provisions in the section entitled "*Limitation on Payment*" shall cease to apply immediately thereafter.

"**Capital Disqualification Event**" means that the whole (and not just a part) of any tranche of AT1 Notes no longer qualify for inclusion as Additional Tier 1 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations.

T2 Notes

Not applicable.

(xv) Distribution / Coupon payment basis : Actual number of days over three hundred and sixty-five (365) days in the relevant period.

(xvi) Listing status and types of listing, where applicable : The AT1 Notes and T2 Notes (as the case may be) may be listed on Bursa Malaysia Securities Berhad (under the Exempt Regime).

(xvii) Form and Denomination : The AT1 Notes and T2 Notes shall be issued in accordance with:

(a) the Central Securities Depository and Paying Agency Rules issued by BNM or its successor in title, assigns or any successor in such capacity (as amended and/or substituted from time to time);

(b) the Participation Rules for Payments and Securities Services issued by BNM or its successor in title, assigns or any successor in such capacity (as amended and/or substituted from time to time);

(c) the Operational Procedures for Securities Services and Operational Procedures for Malaysian Ringgit Settlement in the Real Time Electronic Transfer of Funds and Securities System (RENTAS) issued by BNM or its successor in title, assigns or any successor in such capacity (as amended and/or substituted from time to time); and

(d) any other procedures/guidelines/rules issued by the relevant authorities from time to time (as the same may be amended and/or substituted from time to time).

<u>Form</u>

The AT1 Notes and T2 Notes shall be represented by global certificate(s) to be deposited with BNM and may be exchanged for definitive bearer form only in certain limited circumstances.

<u>Denomination</u>

The denomination of each AT1 Notes and T2 Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

(xviii) Transaction Documents : The transaction documents in respect of the Subordinated Notes Programme ("**Transaction Documents**") shall include but is not limited to the following documents:

(i) the Programme Agreement;

(ii) the AT1 Notes Trust Deed;

(iii) the T2 Notes Trust Deed;

(iii) the Securities Lodgement Form;

(iv) the AT1 Notes and/or T2 Notes represented by the Global Certificates or the Definitive Certificates; and

(v) any other relevant documentation in connection with the AT1 Notes and/or T2 Notes which may be advised by the solicitors acting for the Principal Adviser and Lead Arranger and mutually agreed by the Issuer and Lead Arranger, and includes any amendments, variations and/or supplementals made or entered into from time to time and references to "**Transaction Document**" shall mean any one of them.

The AT1 Notes Trust Deed and T2 Notes Trust Deed shall collectively be referred to as the "**Trust Deeds**".

Any reference to the Transaction Documents shall mean each or any one or more of them.

(xix)	**Trustee's Reimbursement Accounts**	:	**<u>AT1 Notes</u>** The Issuer shall, or the Trustee shall on behalf of the Issuer, set up and maintain an account with a financial institution to be named the "Trustee's Reimbursement Account" ("**AT1 Notes TRA**") with a sum of RM100,000.00 to be deposited therein (which shall be maintained at all times throughout the tenure of the Subordinated Notes Programme). The AT1 Notes TRA shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence or declaration of an Enforcement Event as provided in the AT1 Notes Trust Deed. The monies in the AT1 Notes TRA may be invested in the manner provided in the AT1 Notes Trust Deed, with interest from the investment to accrue to the Issuer. The monies in the AT1 Notes TRA shall be returned to the Issuer upon cancellation of the Subordinated Notes Programme. **<u>T2 Notes</u>** The Issuer shall, or the Trustee shall on behalf of the Issuer, set up and maintain an account with a financial institution to be named the "Trustee's Reimbursement Account" ("**T2 Notes TRA**") with a sum of RM100,000.00 to be deposited therein (which shall be maintained at all times throughout the tenure of the Subordinated Notes Programme). The T2 Notes TRA shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence or declaration of an Enforcement Event as provided in the T2 Notes Trust Deed. The monies in the T2 Notes TRA may be invested in the manner provided in the T2 Notes Trust Deed, with interest from the investment to accrue to the Issuer. The monies in the T2 Notes TRA shall be returned to the Issuer upon cancellation of the Subordinated Notes Programme. The AT1 Notes TRA and T2 Notes TRA shall collectively be referred to as the "**TRAs**".
(xx)	**Jurisdiction**	:	The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
(xxi)	**Taxation**	:	All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction or any authority therein or thereof having the power to tax unless such withholding or deduction is required by law. In the event such taxes are imposed, the Issuer shall be required to pay additional amounts as may be necessary in order that the net amounts received by the AT1 Noteholders and/or T2 Noteholders (as the case may) after the withholding or deduction shall equal the respective amounts which would have

been receivable in respect of the AT1 Notes and/or T2 Notes (as the case may) in the absence of the withholding or deduction.

(xxii) Cost and Expenses	:	All legal fees, stamp duties (if any) and reasonable expenses incurred in connection with the Subordinated Notes Programme, including professional fees and fees payable to the SC, where applicable, shall be for the account of the Issuer.

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SECTION 3.0 SELLING RESTRICTIONS

The Notes are tradable and transferable, subject to the following selling restrictions described below:

Selling Restrictions at Issuance

The Notes under the Subordinated Notes Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe for or purchase the Notes may be made and to whom the Notes are issued would fall within:

(a) Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and

(b) Schedule 6 and Schedule 7 of the CMSA; read together with

(c) Schedule 9 (or Section 257(3)) of the CMSA,

subject to any change in the applicable law, order, regulation or official directive from time to time.

Selling Restrictions after Issuance

The Notes under the Subordinated Notes Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for or purchase the Notes may be made and to whom the Notes are issued would fall within:

(a) Paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and

(b) Schedule 6 (or Section 229(1)(b)) of the CMSA; read together with

(c) Schedule 9 (or Section 257(3)) of the CMSA,

subject to any change in the applicable law, order, regulation or official directive from time to time.

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SECTION 4.0 INVESTMENT CONSIDERATIONS

An investment in the Notes involves risks and such investment is only suitable for investors who have knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of such an investment.

Prospective investors of the Notes should consider carefully all information set out in this Information Memorandum and, in particular, the following risks involved. The Notes are subject to certain risks that could adversely affect the business of the Issuer. The following section summarises certain risks associated with the investment in the Notes and does not purport to be complete or exhaustive. Prospective investors are strongly encouraged to undertake their own investigation and analysis on the Issuer, its business and risks associated with the Notes and consult their own professional advisors on the risks associated with the investment in the Notes prior to making an investment in the Notes.

The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in these forward-looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.

4.1 Considerations Relating to the Issuer and its business

In the course of its business activities, the Issuer is exposed to a variety of risks. While the Issuer believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately control these risks could be greater than anticipated and which could result in adverse effects on the Issuer's business, financial condition, results of operations and/or prospects.

(a) Credit risk

Credit risk arising from adverse changes in the credit quality and recoverability of loans, advances and amounts due from counterparties are inherent in a wide range of the Issuer's business. Credit risk could arise from a deterioration in the credit quality of the Issuer's specific counterparties, from a general deterioration in local or global economic and market conditions or from systemic risks within the financial system, all of which could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provisions for the impairment of its assets and other credit exposures. The Issuer's business, financial condition, results of operations or prospects could be adversely affected if the Issuer's provisions are insufficient, the value of the Issuer's collateral declines, a material amount of the Issuer's loans becomes uncollectible, or there is a downturn in the Malaysian economy. Any significant decline in the Issuer's asset quality could adversely affect its business, financial condition, results of operations or prospects.

The Issuer has adopted credit risk management policies to manage its asset quality. The Issuer recognises the need for credit policies to be responsive to the changing environment and diverse market conditions and that lending rules, policies and guidelines must be consistently applied throughout the Group. Although the Issuer believes that it has adopted a sound asset quality management system and intends to maintain it, there is no assurance that such system will remain effective or adequate in the future. A significant deterioration in the Issuer's asset quality, any material non-compliance with its credit risk management policies or deficiencies in its asset quality management system may adversely affect the business, financial condition and results of operations of the Issuer.

(b) Interest rate risks

The Issuer's exposure to interest rates arises mainly from its loan portfolio, holdings of securities, its funding profile and its interbank deposit/placement position. When interest rates rise, the Issuer's net interest margin generally improves, since a significant portion of the Issuer's loan portfolio consists of variable-rate loans, while its liabilities include fixed-rate short term customer deposits. However, in a rising interest rate environment, the market value of fixed income securities portfolio and economic value of the Issuer's capital can deteriorate. Conversely, when interest rates decline, the opposite generally occurs. To mitigate the risk of mismatch of interest rates on fixed rate auto finance loans, the Issuer also provides, among other measures, floating rate auto finance loans. As a hedge against these interest rate risks, the Issuer has also entered into interest rate swaps. However, the actual effect on earnings due to a change in interest rates depends on the direction, degree and timing of such change in interest rates, the behaviour and contractual repricing dates of the Issuer's funding operations, assets and liabilities and its ability to respond to changes in interest rates. Although the Issuer believes that it has adopted sound interest rate risk management strategies, there is no assurance that such strategies will remain effective or adequate in the future.

(c) Liquidity risks

The funding requirements of Malaysian banks are primarily met through short-term funding with up to one-year tenure, namely term deposits from customers and from other financial institutions. The Issuer's experience is that a substantial portion of its customers' term deposits are rolled over upon maturity. More recently, the Issuer has sought to diversify its funding portfolio to more stable sources with effective maturity beyond one year. However, no assurance can be given that this will continue in the future. If a substantial number of depositors, or a small number of large depositors, fail to roll over deposited funds upon maturity, the Issuer's liquidity position could be adversely affected and the Issuer may be required to seek alternative sources of short-term or long-term funding, which may be more expensive than deposits, to finance its operations. Furthermore, there can be no guarantee that the Issuer will be able to obtain such funds.

Although the Issuer's policy is to adopt prudent liquidity risk management, which includes maintaining a diversified and stable source of funding, capital and credit markets may be volatile and the availability of funds may be limited during times of volatility. Volatility in domestic and international capital markets may result in the Issuer incurring increased financing costs associated with its debt and with the issuance of debt securities. Moreover, it is possible that the Issuer's ability to access the capital and credit markets may be limited by these or other factors at a time when the Issuer would like, or need, to do so, and as a result could have an impact on the Issuer's ability to grow its business, refinance maturing debt, maintain credit ratings and/or react to changing economic and business conditions. The Issuer may require additional financing to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Issuer.

(d) Changes in market conditions

The Malaysian economy is affected by changes in the global economic and market environment. Any widespread global financial instability may adversely affect the Malaysian economy, which could materially and adversely affect the Issuer's business, financial conditions and results of operations or prospects. There can be no assurance that changes in market conditions will not adversely affect the Issuer's business, financial condition, results of operations or prospects.

In addition, to the extent that any of the Issuer's customers have been adversely affected by the changes in market conditions and the global credit and financial markets generally, the ability of such customers to service their debt obligations to the Issuer may also be affected. If loans to these customers were to become impaired, this could adversely affect the Issuer's business, financial condition, results of operations or prospects.

(e) Risk of significant fraud, system failures, calamities or security breaches

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems, equipment and external systems (such as those of Issuer's counterparties or vendors) and the occurrence of natural disasters. Although the Issuer has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, there can be no assurance that such operational risks and losses can be fully mitigated or avoided.

In addition, the Issuer seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by the Issuer's increased use of the internet. Cyber security incidents and power disruptions could affect the security of information stored in, and transmitted through, these computer systems and network infrastructure. Driven by the constantly evolving nature and sophistication of cyber threats and attack vectors, the Issuer employs cyber security controls, security awareness, mitigation strategies and parameter defences designed to minimise the risk of security breaches. There can be no assurance that the risks of such security can be fully mitigated or avoided.

Significant fraud, system failure, calamity or failure in security measures could have an adverse effect on the Issuer's business, financial condition, results of operations, prospects and reputation.

(f) The Issuer's risk management system may be inadequate or ineffective in managing risks

As a banking institution covering activities that include retail, commercial and corporate banking, the Issuer is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly divided into:

(i) Market risk, which is the risk of loss associated with changes in the value of portfolios and financial instruments caused by movements in market variables, such as interest or profit/coupon rates, foreign exchange rates and equity prices;

(ii) Liquidity and funding risk, which is the risk that the Issuer is not able to fund its day-to-day operations at a reasonable cost;

(iii) Credit risk, which is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations;

(iv) Operational risk, which is 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 and Shariah compliance risk;

(v) Legal and regulatory risk, which is the risk of breaches of applicable laws and regulatory requirements, breaches of obligations of fidelity, unenforceability of counterparty obligations, and flawed or inappropriate documentation of contractual obligations; and

(vi) Technology and cyber security risk which is the risk of financial loss, disruption or damage to the reputation of an organisation as a result of the failure of its information technology systems.

Each of the business risks above has an implication on the Issuer's financial condition and every transaction that the Issuer undertakes is subject to, inter-alia, the abovementioned risks. The Issuer's financial position may be adversely affected as a result of any of the risks operating on its own. For example, the Issuer's investment position in certain assets may require a significant mark-down as a result of a slump in the market price of those assets, or the Issuer may find that it will not be able to enforce a counterparty obligation due to flawed documentation. Also, the Group's operations are highly dependent on the continued employment of information technology systems. Any breakdown or system failure could have a major impact on the Group's businesses.

Far more critical to the Issuer's financial condition is a risk that has a 'chain reaction' effect whereby the occurrence of one risk leads to the occurrence of one or more other risks. For example, a market downturn may result in the Issuer's customers incurring losses thus weakening their financial condition and triggering an increase in credit risk. Such increased credit risk may require the Issuer to set aside additional loss provisions which could potentially affect the Issuer's credit rating adversely thereby increasing liquidity risk. In an extreme case, the additional loss provisions (if large) may lead to the Issuer breaching regulatory capital requirements.

To counter the business risk it faces, the Issuer has put in place a risk management framework to manage uncertainties such that exceptions from the Issuer's intended objectives are kept within acceptable levels. The risk management framework thus serves to identify, capture and analyse the risks assumed by the Issuer at an early stage, continuously measuring and monitoring the risks and to set limits, policies and procedures to control them to ensure sustainable risk-taking and sufficient returns.

However, the risk management framework as a whole may not always be fully effective as there may be risks that have not been anticipated or identified and certain risks may be significantly greater than indicated by historical data. Further, the data relied upon to formulate the risk management framework may not be accurate, complete, up-to-date or properly evaluated. The process to manage operational, legal and regulatory risks would require proper recording and verification of a large number of transactions and events. Such process may not be fully effective in all cases. Accordingly, any failure in the effectiveness of the Issuer's risk management procedures could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

(g) If the Issuer is unable to adapt to rapid technological changes on a timely basis, or is not successful in integrating new technologies into its existing technology framework, its business could suffer

The Issuer's future success and ability to compete with other banks will depend, in part, on its ability to respond to technological advances and emerging banking industry standards and practices on a cost-effective and timely basis. Any failure to keep pace with technological advances or to maintain an appropriate level of investment in information technology may adversely affect the Issuer's competitiveness, business, financial condition, results of operations, prospects and reputation. While the Issuer has dedicated significant resources to implementing the latest technological advances to improve the accessibility of its services, for instance through internet and mobile phone banking, and has already implemented certain digital banking services such as its mobile application terminal, there can be no assurance that the Issuer will successfully implement new technologies effectively or adapt its transaction-processing systems to customer requirements or industry standards, which may, in turn, have a material adverse effect on its business and financial condition. The implementation of new technology may expose the Issuer to technical or operational risks or difficulties associated with transitioning or integrating its existing systems and infrastructure with the introduction of new technologies, systems or other equipment, which could adversely affect its business, financial condition, results of operations, prospects and reputation.

(h) Attracting and retaining qualified personnel is necessary to enable the Group to effectively operate and grow its business

The Group ensures that it hires qualified personnel and continuously build the workforce towards the needs of the business. This includes capabilities, technical knowledge, and certification where applicable and ensure talents are retained through effective employee engagement programmes, robust performance management system, competitive rewards that promotes employee well-being and internal mobility opportunities for career growth. Key talents are groomed to take over leadership roles through various development programmes.

(i) Risk of possible future mergers and acquisitions within the banking industry

Given the consolidation of financial institutions in the domestic banking industry, there can be no assurance that the AMMB Group will not be affected by or involved in any mergers or acquisitions in the future or that successful implementation of any such mergers or acquisitions will be guaranteed or that such mergers or acquisitions will not have any adverse effect on the AMMB Group's and consequently, the Issuer's business, financial condition, results of operations or prospects. In particular, if the AMMB Group makes a decision relating to any acquisition or merger in uncertain or highly competitive economic or market conditions or for a substantial consideration, such an acquisition or a merger may result in it being riskier or may cause a depletion of the resources of the AMMB Group, which could have an adverse effect on the business, financial condition and results of operations or prospects of the Issuer.

(j) Political and economic factors

Political and economic conditions and developments in Malaysia as well as abroad could have a profound effect on the financial performance of the Issuer. Adverse political and economic conditions or developments, such as an unstable political backdrop, nationalisation and severe fluctuations in interest and currency exchange rates, are highly likely to cause uncertainties that could discourage the free flow of capital investment and affect international trade, ultimately resulting in adverse developments in national economic activity. This, in turn, may have a material adverse impact on the financial performance of the Issuer as a financial services provider. As a result of globalisation, economic or market problems in a single country or region are increasingly interconnected which may pose the spill over risk to other markets. Persistent uncertainties could adversely affect global economic conditions and world markets and, in turn, could cause a chain reaction effect and thus adversely affect the Issuer's businesses.

(k) The Issuer may be required to raise additional capital if its capital adequacy ratio deteriorates in the future or in order to comply with any new regulatory capital framework

On 9 December 2020, BNM issued an updated regulatory capital adequacy framework entitled "*Capital Adequacy Framework (Capital Components)*" implementing the Basel III reforms. All financial institutions shall maintain at all times the following minimum capital adequacy ratios:

(i) a CET1 capital ratio of 4.5 per cent;

(ii) a Tier 1 capital ratio of 6.0 per cent; and

(iii) a total capital ratio of 8.0 per cent,

which would result in the Issuer requiring to maintain the minimum quantity and quality of capital which it is obliged to maintain.

In addition to complying with the minimum capital adequacy ratio requirements, financial institutions, including the Issuer, will be required to maintain capital buffers in the form of CET1 capital above the minimum CET1, Tier 1 and total capital adequacy levels set out above. The capital buffers shall comprise the sum of the following:

(aa) a capital conservation buffer ("**CCB**") of 2.5 per cent;

(bb) a countercyclical capital buffer ("**CcyB**"), determined as the weighted average of the prevailing CcyB rates applied in the jurisdictions in which financial institutions (including the Issuer) have credit exposures; and

(cc) a higher loss absorbency ("**HLA**") requirement for a financial institution that is designated as a domestic systemically important bank ("**D-SIB**").

On 5 February 2020, BNM issued a D-SIB framework titled "*Domestic Systemically Important Bank Framework*". The HLA requirements set out by BNM in the aforesaid D-SIB framework requires D-SIB to operate with higher levels of capital buffer, commensurate with their size, interconnectedness with other parts of the financial system and substitutability. The Issuer is not identified as a D-SIB. However, the list of D-SIB will be updated annually and published together with the release of the BNM's Financial Stability Review in the second half of each year. If the Issuer is identified as a D-SIB in the future, the Issuer has to maintain higher levels of capital buffer and meet the HLA requirements as provided in the D-SIB framework.

As of 30 June 2023, the capital adequacy ratios of the Group and the Issuer under the transitional arrangement provided under the CAF were as follows:

	The Group (%)	**The Issuer (%)**
CET1 capital ratio	12.498	12.385
Tier 1 capital ratio	12.498	12.385
Total capital ratio	17.719	17.583

The Issuer's capital base and capital adequacy ratios and, when applicable, required capital buffers, may deteriorate in the future if its results of operation or financial condition deteriorate for any reason, including as a result of any deterioration in the asset quality of its financings, or if the Issuer is not able to deploy its funding into suitably low-risk assets. If any of the Issuer's capital adequacy ratios and, when applicable, required capital buffers, deteriorate it may be required to raise additional Tier 1 or Tier 2 capital in order to remain in compliance with the applicable capital adequacy guidelines. However, the Issuer may not be able to raise additional capital on favourable terms, or at all.

There is no assurance that the Issuer will not face increased pressure on its capital in the future to comply with Basel III standards which may have an adverse effect on the Issuer's business, financial condition, results of operation and prospects. To the extent a bank fails to maintain such a ratio, BNM may impose penalties on such a bank ranging from a fine to revocation of its banking licence.

Furthermore, there can be no assurance that Basel Committee on Banking Supervision will not amend the package of reforms described above or that BNM will not amend the CAF framework in a manner which imposes additional capital requirements on, or otherwise affects the capital adequacy requirements relating to Malaysian banks. The approach and local implementation of Basel III will depend on BNM's response which may potentially impact the Issuer in various ways depending on the composition of its qualifying capital, risk weighted assets, assets and liabilities. Although the Issuer has always maintained a strong capital position that consistently ensures an optimal capital and balance sheet structure to meet the requirements of various stakeholders, there can be no assurance that the Issuer will not face increased pressure on its capital in the future to comply with Basel III standards and the CAF framework which may have an adverse effect on the Issuer's business, financial condition, results of operation and prospects.

4.2 Considerations Relating to the Malaysian Banking Industry

(a) Regulatory environment

The Issuer is a financial institution licensed under the FSA and regulated by BNM. The Issuer is also subject to relevant securities and other laws in Malaysia. BNM is given extensive powers to regulate the Malaysian banking industry under the FSA. This includes the authority to establish limits on lending to certain sectors of the Malaysian economy, establish priority lending guidelines in furtherance of certain social and economic objectives, and establish measures requiring maintenance of reserves and minimum capital adequacy requirement. Accordingly, prospective investors should be aware that BNM could, in the future, set interest rates at levels or significantly restrict business activities or restrict credit in a way which may be adverse to the operations, financial condition or asset quality of banks and financial institutions in Malaysia, including the Issuer, and may otherwise significantly restrict the activities of the Issuer and Malaysian banks and financial institutions generally.

The regulatory measures presently imposed on the financial services sector, and as may be introduced from time to time, by the regulatory authorities and agencies could affect the Issuer's business activities.

BNM and other regulatory authorities and law enforcement agencies also have broad investigative and enforcement powers. Contravention of BNM's or other regulatory authorities' and law enforcement agencies' regulations and guidelines may expose the Issuer to enquiries from or investigations by BNM, and any other regulatory authorities and law enforcement agencies. Where enquiries or investigations conclude that the Issuer has contravened BNM's and/or other regulatory authorities' and law enforcement agencies' regulations and guidelines, the Issuer may be exposed to punitive actions including fines, corrective orders, restriction of business lines and possible loss of licences required for the Issuer to operate its businesses which may adversely affect the Issuer's reputation. Future contravention of regulations, policies or guidelines of BNM and/or other regulatory authorities and law enforcement agencies may carry with it financial and reputational risks that could materially and adversely affect the Issuer's business, financial condition, results of operations and prospects.

(b) Increasing competition and market liberalisation

The banking industry's transformation through a deregulation process as part of BNM's implementation of its first Financial Sector Master Plan (2001-2010), which has resulted in the liberalisation of the banking industry to allow greater presence of foreign and Islamic banks as well as providing greater opportunities for banks to widen their scope of business beyond traditional commercial banking. BNM's second Financial Sector Master Plan (2011-2020), which was released in December 2011, is more focused on the future development of the financial sector in promoting the effective intermediation towards the achievement of a high income economy. This liberalisation has also brought about greater competition among banking institutions with the trend being expected to continue. As a result, banking institutions are encouraged to become more efficient by improving customer service and exploring more effective uses of available technology and to explore cost effective solutions. On 24 January 2022, BNM published the Financial Sector Blueprint for 2022-2026 which focuses on enabling technology and data-driven innovation, enhancing the competitiveness of the financial sector, expanding access, responsible usage of financial solutions, and ensuring financial intermediation remains effective in supporting the future needs of the economy. The Financial Sector Blueprint for 2022-2026 also emphasises the catalytic role of the financial sector in advancing the sustainability agenda in Malaysia. On April 2022, BNM announced the issuance of five digital banking licenses. The successful applicants are undergoing a period of operational readiness that will be subject to BNM's validation via an audit before they are permitted to commence operations, expected in 12 to 24 months from approval. The digital banks' assets are capped to RM3 billion during foundational phase due to regulatory restrictions.

There can be no assurance that the Issuer will be able to maintain or increase its present market share in the future or that increased competition will not materially and adversely impact the business, financial conditions and results of operation or prospects of the Issuer. The Group has assessed, reviewed and anticipated the potential threats arising from market liberalisation and the incoming digital banks entrance as well as the increasing competitiveness of alternative lending providers in the market. While the Group has started rolling out the counter measures through specific initiatives to combat these threats and launch parallel initiatives to drive differentiated banking proposition to ride the competition waves, the continuous evolving consumer behaviour and emerging fintech players will further evolve banking roles in the future that will increasingly change how consumer and clients will bank with incumbent banks moving forward. The Group will continuously innovate to maintain its competitiveness as part of our strategy in facing the evolving emerging banking trends.

(c) Deposits in Malaysia are not insured up to the full amount

BNM is not required to act as lender of last resort to meet liquidity needs in the banking system generally or for specific institutions. In the past, BNM has on a case-by-case basis provided a safety net for individual banks with an isolated liquidity crisis. However, there can be no assurance that BNM will provide such assistance in the future.

Effective from 1 September 2005, BNM introduced a deposit insurance system ("**Deposit Insurance System**"). The Deposit Insurance System is administrated by Malaysia Deposit Insurance Corporation (*Perbadanan Insurans Deposit Malaysia*), an independent statutory body. All licensed commercial banks (including subsidiaries of foreign banks operating in Malaysia) and Islamic banks are member institutions of the Deposit Insurance System.

Under the Deposit Insurance System, explicit deposit protection is provided to eligible deposits up to the prescribed limit of RM250,000 per depositor, per member institution and such amount is inclusive of principal and profit effective as of 31 December 2010. A separate coverage for the same amount is provided for Islamic deposits (i.e. those accepted under Shariah principles), accounts held under joint ownership and trust accounts, sole proprietorships and partnerships.

Notwithstanding the aforesaid, the fact that not all deposits are insured up to their full amount could lead to or exacerbate liquidity problems, which, if severe, could have an adverse effect on the Issuer's business, financial condition, results of operation or prospects, or on the Malaysian financial markets generally. In addition, the Deposit Insurance System could potentially encourage risk taking on the part of the Issuer.

(d) Winding-up of the Issuer

Under the FSA, no application for the winding-up of an approved person (which includes the Issuer) may be presented to the High Court without the prior written approval of BNM. In addition, a copy of such an application to the High Court must also be delivered to BNM at the same time as it is presented to the High Court. Also, BNM shall be party to the winding-up proceedings and shall be entitled to appear and be heard in all proceedings relating to the application and to call, examine and cross-examine any witness. Failure to comply with such requirements is an offence and a person convicted of such offence is liable to imprisonment and/or a fine as stipulated in the said section in the FSA. As there is no precedent for the winding-up of a major financial institution in Malaysia, there is uncertainty as to the manner in which such proceeding would occur and the results thereof.

4.3 Considerations Relating to the Notes

Except where the context otherwise requires, all capitalised terms appearing under this sub-section 4.3 shall have the same meanings ascribed thereto in Section 2.0 (*Principal Terms and Conditions of the Subordinated Notes Programme*) of this Information Memorandum.

(a) Rating of the Notes

A final rating of A2 has been accorded to the AT1 Notes by RAM and a final rating of AA3 has been accorded to the T2 Notes by RAM, pursuant to its letter to the Issuer dated 21 September 2023. A rating is not a recommendation to buy, hold or sell the Notes and may not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Notes.

Although the Issuer will endeavour to maintain the credit ratings, there is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be suspended, downgraded or withdrawn by the rating agency if the circumstances in the future so warrant. In the event that the ratings initially assigned to the Notes are subsequently suspended, downgraded or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Notes. Any downgrade or withdrawal of the rating will not constitute a dissolution event under the Notes or an event obliging the Issuer to redeem the Notes. Any downgrade or withdrawal of the rating may have an adverse effect on the liquidity and market price of the Notes.

(b) No prior market for the Notes

There is no existing market for the Notes and there can be no assurance that a secondary market for the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes.

Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Notes and an investor in the Notes must be prepared to hold the bond for an indefinite period of time or until the redemption of the Notes. Further, no assurance can be given on the ability of the Noteholders to sell the Notes, or the prices at which the Noteholders would be able to sell the Notes.

(c) The market value of the Notes may be subject to fluctuation

Trading prices of the Notes are subject to fluctuations and may be influenced by numerous factors, including the prevailing interest rates, the market for similar securities, the operating results and/or the financial condition of the Issuer, political, economic, financial and any other factors that can affect the capital markets or the industry in which the Issuer are operating in. Consequently, any sale of the Notes by the Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price. Adverse economic developments could also have a material adverse effect on the market value of the Notes.

(d) An investment in the Notes is subject to interest rate risks

Investment in the Notes involves the risk of subsequent changes in the market conditions, interest rates, government's policies and regulations concerning, inter alia, monetary and fiscal issues, which may adversely affect the value of the Notes. Generally, a rise in the benchmark interest rates may cause a fall in the prices of fixed income securities. The Notes may be similarly affected, resulting in a capital loss for the Noteholders. Conversely, when the benchmark interest rates fall, prices of fixed income securities and the prices at which the Notes are traded may rise. Noteholders may enjoy a capital gain, but the interest received may be reinvested for lower returns.

(e) An investment in the Notes is subject to inflation risk

The Noteholders may suffer erosion on the return of their investments due to inflation. The Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual return to the Noteholders.

(f) Suitability of investments

The Notes may not be a suitable investment for all investors. Each potential Noteholder of the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential Noteholder should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency of payment is different from the prospective investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a legal, financial and other adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or to enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A prospective investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a legal, financial and other adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

(g) No limitation on issuing further securities or incur further financing or indebtedness

The Issuer may from time to time without the consent of the Noteholders create or issue additional senior and/or subordinated indebtedness (including additional Notes), which may confer greater rights for the holders/creditors thereof or may rank *pari passu* in right and priority of payment with the Notes or may be subordinated to the Notes in the case of any distribution of assets in any winding up of the Issuer.

There is no limitation imposed on the Issuer under the Notes to incur further financing or indebtedness via the issuance of new Notes without the consent of the Noteholders. Any such further indebtedness may reduce the amount recoverable by the Noteholders in the event of dissolution or winding-up of the Issuer. Further, the issue of any such securities or the incurrence of any such other indebtedness might also have an adverse impact on the trading price of the Notes and/or the ability of the Noteholders to sell their Notes.

(h) Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent: (i) the Notes are legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to their purchase or pledge of any Notes. Financial institutions investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

(i) No right to set-off under the Notes

No Noteholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes, and the Noteholder shall, by virtue of his holding of any Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the Notes to the fullest extent permitted by law. If at any time the Noteholder receives payment or benefit of any sum in respect of the Notes (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the Notes, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and the Noteholder by virtue of his holding of any Notes, shall, agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Notes.

(j) Investors has no right to require redemption

The AT1 Notes are perpetual and have no maturity date. AT1 Noteholders have no ability to require the Issuer to redeem their AT1 Notes whereas the Issuer may, at its sole discretion elect to exercise its option to redeem any tranche of the AT1 Notes, in whole or in part, pursuant to the Call Option, Regulatory Redemption and/or Tax Redemption. However, the Issuer is under no obligation to redeem the AT1 Notes at any time. The ability of the Issuer to redeem the AT1 Notes is subject to the Issuer satisfying the Redemption Conditions (including the prior written consent of BNM for the redemption) at such time.

In respect of the T2 Notes, T2 Noteholders have no ability to require the Issuer to redeem their T2 Notes before its respective maturity date whereas the Issuer may, at its sole discretion elect to exercise its option to redeem any tranche of the T2 Notes, in whole or in part, before its maturity date, pursuant to the Call Option, Regulatory Redemption and/or Tax Redemption. However, the Issuer is under no obligation to redeem the T2 Notes at any time before maturity. The ability of the Issuer to redeem the T2 Notes is subject to the Issuer satisfying the Redemption Conditions (including the prior written consent of BNM for the redemption) at such time.

This means that Noteholders have no ability to cash in their investment, except if the Issuer exercises its right to redeem the Notes or by selling their Notes in the secondary market. There can be no guarantee that the Issuer will be able to meet the Redemption Conditions. Noteholders who wish to sell their Notes may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Notes.

Further, there is no step-up Distribution Rate and/or Coupon Rate after the call date of the AT1 Notes and/or T2 Notes, in the event the Call Option is not exercised by the Issuer.

(k) The Issuer may upsize the Subordinated Notes Programme limit

The Issuer shall have the option to upsize the Subordinated Notes Programme at any time and from time to time provided that the following conditions have been fulfilled:

(i) the relevant regulatory approvals (including but not limited to the approval from BNM) where applicable, all necessary corporate authorisation and other consents have been obtained by the Issuer;

(ii) such upsizing will not result in any adverse impact on the rating of the Subordinated Notes Programme; and

(iii) the Issuer has complied with the relevant requirements under the LOLA Guidelines, in relation to such upsizing.

The Trust Deeds will provide that the Noteholders have consented to any upsizing of the Subordinated Notes Programme limit from time to time. Accordingly, no further consent will be required to be obtained from the Trustee, the Noteholders or any other party under the Subordinated Notes Programme for the Issuer to exercise the option to upsize the Subordinated Notes Programme limit from time to time.

(l) The Issuer may early redeem the Notes under certain circumstances

The issuance of each tranche of the Notes under the Subordinated Notes Programme may have a Call Option, to be determined by the Issuer prior to the issuance of such tranche of Notes, to allow the Issuer to redeem such tranche of Notes in whole or in part after a minimum of five (5) years from the issue date at the Redemption Amount, subject to the Redemption Conditions being satisfied.

An optional redemption feature is likely to affect the market value of Notes. During any period when the Issuer may elect to early redeem any tranche of the Notes pursuant to the Call Option, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed.

The Issuer may early redeem the relevant tranche of Notes by exercising the Call Option and such decision may be due to myriad of reasons including but not limited to in the event that its cost of financing is lower than the interest rate on the Notes. At those times and depending on market conditions, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as or at the same interest rate on the Notes being redeemed and may only be able to do so at a lower rate of return. Prospective investors should consider the potential reinvestment risks.

The Issuer may also, at its option, exercise its right to redeem the Notes as a result of Tax Redemption or Regulatory Redemption, subject to the Redemption Conditions being satisfied.

In the case of a partial redemption of a tranche of the Notes, the selection of the Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

(m) The AT1 Notes may be written-off upon breach of CET1 capital ratio

If the CET1 Capital Ratio (as determined by the Capital Adequacy Framework) of the Issuer, at the consolidated or entity level (whichever is applicable) or AMMB Group, falls below 5.125 per cent (or such other percentage as may be prescribed by the CAF), the Issuer shall, without the need for the consent of the Trustee or the AT1 Noteholders, write-off the AT1 Notes (in whole or in part).

Upon a breach of the CET1 Capital Ratio, the aggregate amount of AT1 Notes to be written-off must be at least the amount required to restore the Issuer's and its consolidated or AMMB Group's CET1 Capital Ratio to at least 5.75 per cent (or such other percentage as may be prescribed by the Capital Adequacy Framework). If this is not possible, then the full nominal value of the AT1 Notes will be written-off.

Such write-off shall not constitute an Enforcement Event, nor trigger a cross-default clause under any other outstanding AT1 Notes under the Subordinated Notes Programme.

As there is no precedent for the application of such write-off requirement in respect of a financial institution in Malaysia, there is uncertainty as to the manner in which such requirement would be applied and the results thereof. The AT1 Noteholders should note that any amount that is written-off upon the occurrence of such event in accordance with the terms of the AT1 Notes is permanent and will not be restored under any circumstances, even after the CET1 Capital Ratio is restored to at least 5.75 per cent (or such other percentage as may be prescribed by the Capital Adequacy Framework). Accordingly, there is a potential risk that an investor of the AT1 Notes will lose all or some of his investment and will not receive a full or any return of the principal amount or any unpaid amounts due under the AT1 Notes should the requirement be applied.

(n) The Notes may be written-off in the case of a Non-Viability Event

The purpose of the Basel III rules is to ensure greater stability of the banking institutions by requiring them to hold more capital to serve as a buffer against losses and reduce the likelihood of bank failures, and, ultimately, government intervention. The Basel III rules are intended to ensure that all classes of capital instruments can, as fully as possible, absorb losses at the point in time of non-viability of the banking institution. The CAF requires that the terms and conditions of all Additional Tier 1 capital and Tier 2 instruments issued from 1 January 2013 onwards to contain features that ensure loss absorbency at the point of non-viability. All Additional Tier 1 and Tier 2 capital instruments shall have a provision that requires such instruments to be either written-off in whole or in part or converted in whole or in part into ordinary shares upon the occurrence of a trigger event.

Such write-off shall not constitute an Enforcement Event, nor trigger a cross default under any other outstanding AT1 Notes and/or T2 Notes issued under the Subordinated Notes Programme.

The AT1 Notes and the T2 Notes shall not entitle the AT1 Noteholders and the T2 Noteholders to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the AT1 Noteholders and the T2 Noteholders upon the occurrence of a Non-Viability Event or otherwise. The AT1 Noteholders and the T2 Noteholders shall not be entitled to participate in any distributions or entitlements to the Issuer's shareholders or to attend or vote at any general meeting of the Issuer.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from the Relevant Malaysia Authority or on the day the public announcement is made, as the case may be. If a Non-Viability Event occurs, the Issuer shall irrevocably, without the need for the consent of the Trustee or the Noteholders, write-off the AT1 Notes and/or T2 Notes (in whole or in part), if so required by BNM and/or PIDM at their full discretion.

Due to the inherent uncertainty regarding BNM's determination on whether a Non-Viability Event exists, it will be difficult to predict when, if at all, such event will occur. Accordingly, the trading behaviour in respect of Notes which have the non-viability loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Issuer may potentially be moving towards a Non-Viability Event could have a material adverse effect on the market price of the relevant Notes.

Further, the regulations on non-viability loss absorption are untested, and will be subject to the interpretation and application by BNM. It is uncertain how BNM would determine the occurrence of a Non-Viability Event, and it is possible that the grounds that constitute Non-Viability Events may change (including that additional grounds may be introduced). Accordingly, the operation of any such future legislation, guidelines or regulations may have an adverse effect on the Notes and the interests of the Noteholders.

A potential investor should not invest in the Notes unless it has the knowledge and expertise to evaluate how the Notes will perform under changing conditions and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Information Memorandum. Potential investors should consider the risk that they may lose all of their investment in the Notes in the event that a Non-Viability Event occurs.

(o) In certain events, the distribution of the AT1 Notes are discretionary, non-cumulative and may be cancelled

The Issuer may, at its sole discretion and without prior notice to the AT1 Noteholders, taking into account its specific financial and solvency condition, elect to cancel any payment of Distribution, in whole or in part, on a non-cumulative basis.

Any Distribution that has been cancelled shall be no longer due and payable at any time by the Issuer and shall not accrue, whether in a winding-up situation or otherwise. Cancellation of a Distribution shall not constitute an Enforcement Event and does not entitle the AT1 Noteholders to petition for the insolvency or winding-up of the Issuer.

In addition, the Issuer will not be obliged to pay, and will not pay, any Distribution if the Issuer has insufficient Distributable Reserves. The level of the Issuer's Distributable Reserves is affected by a number of factors, principally its ability to remain profitable from its operations in a manner which creates Distributable Reserves for the Issuer.

Consequently, the Issuer's future Distributable Reserves, and therefore its ability to make Distributions, are a function of its existing Distributable Reserves, future profitability and the ability to distribute or dividend profits from its operating subsidiaries up the group structure to the Issuer. In addition, the Issuer's Distributable Reserves may also be adversely affected by the servicing of more senior instruments.

The Issuer's Distributable Reserves, and therefore its ability to make Distributions, may be adversely affected by the performance of the Issuer's business in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Issuer operates and other factors outside of the Issuer's control.

Further, the ability of the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws.

The level of the Issuer's Distributable Reserves may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Reserves in the future.

If the Issuer does not make a Distribution payment on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Distribution payment), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Distribution payment (or the portion of such Distribution payment not paid), and accordingly such Distribution payment (or the portion thereof not paid) shall not be due and payable.

If practicable, the Issuer shall provide notice of the cancellation of Distribution (in whole or in part) to the AT1 Noteholders (via the Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five (5) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of Distribution, or give the AT1 Noteholders any rights as a result of such failure.

No AT1 Noteholders shall have any claim whatsoever in respect of any Distribution or any part thereof cancelled and/or not due or payable as described under the '*Limitation on Payment*' section in Section 2.0 of this Information Memorandum. Accordingly, such cancelled Distribution or any part thereof shall not accrue or accumulate for the benefit of the AT1 Noteholders or entitle the AT1 Noteholders to any claim in respect thereof against the Issuer.

If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of this clause, the "*Distribution Stopper*" section in Section 2.0 of this Information Memorandum shall be applicable.

If Distributions are not paid for whatever reason, the AT1 Notes may trade at a lower price. If a AT1 Noteholders sells his AT1 Notes during such a period, he may not receive the same return on investment as a AT1 Noteholders who continues to hold his AT1 Notes until Distributions are resumed.

Notwithstanding the above, if on any Distribution Payment Date, a Capital Disqualification Event of a tranche of AT1 Notes has occurred prior to or on such date and is continuing, the Issuer shall, in respect of such tranche of AT1 Notes, be obliged to pay the Distributions accrued and payable in respect of the Distributions period which ended on that Distribution Payment Date and the provisions under the '*Limitation on Payment*' section in Section 2.0 of this Information Memorandum shall cease to apply immediately thereafter.

(p) Subordination of the Notes could impair an investor's ability to enforce its rights or realise any claims on the Notes

If the Issuer defaults on the payment of any amount due and payable on the Notes, subject to the terms of the Trust Deed, the Trustee may or shall institute proceedings to enforce the payment obligations under that relevant tranche of the Notes and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the relevant Noteholders of that relevant tranche of the Notes shall have the right to accelerate payment of that relevant tranche of the Notes.

In respect of the AT1 Notes, the AT1 Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. In the event of a winding up of the Issuer, the rights of the AT1 Noteholders to payment of principal and Distributions on the AT1 Notes and any other obligations in respect of the AT1 Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors and holders of Tier-2 capital instruments, and will rank senior to all Junior Obligations. The AT1 Notes will rank *pari passu* with other Parity Obligations.

The T2 Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. In the event of a winding-up of the Issuer, the rights of the T2 Noteholders to payment of principal and Coupons on the T2 Notes and any other obligations in respect of the T2 Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors and will rank senior to all Junior Obligations and Additional Tier 1 capital instruments. The T2 Notes will rank at least pari passu with other Subordinated Indebtedness.

For the avoidance of doubt, the Senior Creditors includes, amongst others, the depositors of the Group. As a result of the above, the Noteholders may recover less than the Senior Creditors of the Issuer and there is a risk that a Noteholder will lose all or some of its investment in the Notes and will not receive a full payment of the principal amount or any unpaid amounts due under the Notes.

(q) The Issuer's ability to meet its obligations under the Notes

The AT1 Notes constitutes direct, unconditional, unsecured and subordinated obligations of the Issuer and are payable out of the Distributable Reserves of the Issuer and thus will not be the obligations or responsibilities of any person other than the Issuer. The ability of the Issuer to meet its obligations to pay the nominal value of the AT1 Notes and the Distributions thereon will be largely dependent on the revenue generated by its operations.

The T2 Notes constitutes direct, unconditional, unsecured and subordinated obligations of the Issuer and are payable out of the Issuer's income and thus will not be the obligations or responsibilities of any person other than the Issuer. The ability of the Issuer to meet its obligations to pay the nominal value of the T2 Notes and the Coupons thereon will largely be dependent on the revenue generated by its operations.

(r) Investors should pay attention to any modification and waivers

The terms and conditions of the Notes contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including the Noteholders who did not attend and vote at the relevant meeting and the Noteholders who voted in a manner contrary to the majority.

(s) Change of law or regulations

The issue of the Notes is based on Malaysian law, tax and administrative practices in effect at the date hereof and have due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax or administrative practice will not change after the issuance of the Notes or that such changes will not adversely impact the structure of the transaction and the treatment of the Notes.

4.4 General Considerations

(a) Economic Factors

The Issuer's business, prospects, financial condition and results of operation may be adversely affected by social, political, regulatory and economic developments in Malaysia. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, nationalism, nullification of contract, changes in rates of return, imposition of capital controls and methods of taxation. Negative developments in Malaysia's socio-political environment may adversely affect the business, financial condition, results of operation and prospects of the Issuer.

(b) Force Majeure

An event of force majeure is an event which is not within the control of the party affected, which that party is unable to prevent, avoid or remove and shall include war and acts of terrorism, riot and disorders, natural catastrophes and others. Force majeure events do not include economic downturn, non-availability of or insufficient or lack of financing on the part of the Issuer. The occurrence of a force majeure event may have a material impact on the Issuer's business.

(c) Forward-Looking Statements

Certain statements in this Information Memorandum are forward-looking in nature. These statements include, among other things, discussions of the Issuer's business strategy and expectation concerning its position in the Malaysian economy, future operations, profitability, liquidity, capital resources and financial position. All forward-looking statements are based on estimates and assumptions made by the Issuer and third-party consultants that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

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SECTION 5.0 DESCRIPTION OF THE ISSUER AND THE GROUP

5.1 History and Background Information on Issuer

The Issuer is a public limited company incorporated in Malaysia on 25 March 1969 under the Companies Act with the registration number of 196901000166 (8515-D) and the name of Malaysia Borneo Finance Corporation (M) Berhad. It changed its name to MBf Finance Berhad on 19 December 1985.

On 3 April 2002, MBf Finance Berhad changed its name to AmFinance Berhad. The name change was prior to the transfer of the entire business of AMFB Holdings Berhad (formerly known as Arab-Malaysian Finance Berhad and now dissolved) to AmFinance Berhad, which was effected on 15 June 2002. AmBank assumed its present name, AmBank (M) Berhad on 1 June 2005 upon the merger of AmFinance Berhad and AmBank Berhad.

The Issuer is a licensed commercial bank under FSA and is regulated by BNM. The Issuer offers commercial banking services which include loans and advancing, deposit services, credit cards, remittance and foreign exchange services which focused on retail, corporate and institutional customers.

The registered office of the Issuer is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia while its principal place of business is Menara AmBank, No. 8 Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

5.2 Share Capital

As of the LPD, the share capital of the Issuer is as follows:

Number of issued shares	949,927,564
Class of shares	Ordinary shares

5.3 Shareholder

As of the LPD, the sole shareholder of the Issuer is AMMB Holdings.

5.4 Subsidiaries

The following is a description of the Issuer's subsidiaries as of the LPD:

Name	Principal activities	Effective Interest (%)
AmCard Services Berhad	Outsourcing servicer for mortgage related services	100.00
AmMortgage One Berhad	Undertaking securitisation transactions	100.00
AmProperty Holdings Sdn Bhd	Property investment	100.00
Bougainvillaea Development Sdn Bhd	Property investment	100.00
MBf Information Services Sdn Bhd	Property investment	100.00
MBf Trustees Berhad * #	Dormant	60.00
MBf Nominees (Tempatan) Sdn Bhd #	Dormant	100.00
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.00

Name	Principal activities	Effective Interest (%)
Malco Properties Sdn Bhd #	Dormant	81.51
AmLabuan Holdings (L) Ltd @	Investment holding	100.00

Note:
* *The investment in MBf Trustees Berhad is classified as investment in subsidiary at the Group level through additional equity interests held by two other subsidiaries of the Bank, MBf Information Services Sdn Bhd and MBf Nominees (Tempatan) Sdn Bhd.*
\# *Subsidiaries under member's voluntary liquidation.*
@ *Incorporated under the Labuan Companies Act 1990.*

5.5 Business Overview

The Group offers a wide range of conventional financial services and banking products in the retail banking, business banking and transaction management areas. As of 30 June 2023, the Issuer and the Group had:

(a) RM134,644 million and RM134,703 million in total assets, respectively;
(b) RM81,707 million and RM81,743 million in loans and advances, respectively;
(c) RM85,501 million and RM85,498 million in customer deposits, respectively; and
(d) RM11,280 million and RM11,331 million in total equity, respectively.

As of the LPD, the Group's operations are divided into five (5) business segments:

(i) the Retail Banking segment;
(ii) the Business Banking segment;
(iii) the Wholesale Banking segment (comprising the Corporate and Transaction Banking and Treasury and Markets);
(iv) the Investment Banking segment; and
(v) the Group Funding and Others segment.

AMMB Holdings controls 100.0 per cent of the share capital of the Issuer. AMMB Holdings and its subsidiaries taken as a whole, was the sixth largest financial services group in Malaysia (in terms of market capitalisation) with total assets RM194.1 billion as of 30 June 2023. As of 30 June 2023, the consolidated total assets of the Issuer represented 69.4 per cent of the consolidated total assets of AMMB Group. AMMB Group's business operations include investment banking, business banking, retail banking, Islamic banking, corporate and institutional banking, markets, insurance, life assurance and other related financial services.

5.6 Business Segments of the Group

5.6.1 Retail Banking

The Retail Banking segment offers, among others, the following services and products:

(a) Auto finance;
(b) Mortgages;
(c) Credit cards;
(d) Small business loans;
(e) Priority banking services;
(f) Wealth management; and
(g) Deposits.

As of 30 June 2023, the Retail Banking segment accounted for 14.6 per cent of the Group's consolidated net profits and served approximately 2.4 million customer accounts through its extensive distribution network of branches, automated teller machines ("**ATM**"), cash deposit machines ("**CDM**"), cheque deposit machines

(“**CQM**”), self-service electronic banking centres (“**EBC**”), a 24-hour customer contact centre, mobile banking and internet banking services.

During the financial period ended 30 June 2023, Retail Banking net income totalled RM326.7 million, an increase of 2.0 per cent compared with the previous financial period.

As of 30 June 2023, gross loans and advances provided by the Retail Banking segment totalled RM48.1 billion.

In addition, the Group carries out its operations under a ‘sales and service centres’ model to integrate its bancassurance and branch network to improve performance and efficiency and to focus on both sales and service at all branches. Personal banking officers have also been placed at branches to offer the full range of retail banking products.

(A) Auto finance

As of 30 June 2023, the Group had RM9.0 billion in gross loans in auto financing.

The Group has historically focused on financing for new cars. The Group has established relationships with multiple new, used and reconditioned vehicle dealers in Malaysia. The Group provides financing for vehicles through a wide range of car manufacturers and distributors.

Auto financing can be offered on a fixed or floating rate basis, generally secured by the vehicle being purchased and typically up to 9 years.

(B) Mortgages

In the mortgages segment, the Group’s gross loans as of 30 June 2023 is at RM31.9 billion, based on official statistics published by BNM.

The Issuer’s residential property loans have terms of up to 35 years. Residential property loans are typically variable rate for the life of the loan and are secured by a registered charge on the property being financed. Customers have the option of choosing between a fully flexi home loan with a small fee, or a semi-flexi loan based on their financial needs.

(C) Credit cards

As of 30 June 2023, the Group had a total of 481,542 credit cards in circulation. The credit card business’ gross loan receivables as of 30 June 2023 amounted to RM2.0 billion.

Revenues from the Group’s credit card business consist principally of income generated by the card-issuing aspect of its business, including finance charges on outstanding balances, late payment charges, cash advance fees, interchange fees and annual fees. The Group issues “Mastercard” and “Visa” compliant chip-based credit cards. The Group has wide range of card types offer to its customers such as Cashback Platinum, Visa Signature, World Mastercard and Visa Infinite credit cards catering for the customers’ different needs and lifestyle.

The Group offers co-branded cards with a number of strategic partners. The Group also offers the “Signature”, “World” and “Infinite” credit cards which are designed to cater for the affluent and high net worth customers.

The Group also garners substantial fee-based income (including merchant discount revenue and terminal rental charges) from its comprehensive array of card acceptance services, serving a network of over 33,752 merchants throughout Malaysia with all major card brands i.e., Visa, MasterCard, MyDebit, JCB and UPI.

(D) Small business loans

The Group provides financial solutions which are focused on working capital and property assets financing facilities to SME. These financial solutions include industrial hire purchase solutions, loans funded by BNM, loans backed by Credit Guarantee Corporation Malaysia Berhad and Syarikat Jaminan Pembiayaan Perniagaan, business property loans and overdrafts.

As of 30 June 2023, the Group's gross small business loans portfolio amounted to RM4.8 billion. Besides than providing loans, there is collaboration across the Group to service customer needs in the areas of foreign currency exchange, insurance, remittances, merchant acquiring business and priority banking services.

(E) Priority banking services

The Group's priority banking services are operated under the AmBank SIGNATURE Priority Banking brand. Each priority banking customer will be assigned to a dedicated relationship manager who will assist with management of their banking and wealth portfolio. Customers will also have access to a team of financial experts such as investment consultants and service managers to support their day-to-day banking.

Through AmBank SIGNATURE Priority Banking, the Group provides customers with day-to-day banking convenience as well as tailored wealth solutions and lifestyle privileges that befits their financial standings.

(F) Wealth management

The Group offers wealth management solution catering to clients' financial wealth solution needs from three major aspect of investment, protection and wealth distribution needs. The Group offers investment solutions such as unit trusts, structured investments and retail bonds, protection solutions for life protection, credit protection, savings endowment, investment-linked plan, child education, medical/critical illness coverage, retirement needs, motor insurance, houseowner and householder, personal accident plans, home content and travel insurance, among others.

(G) Deposits

The Group provides a range of financial solutions to cater to the needs of customers and their families.

The Group offers current accounts, savings accounts, foreign currency accounts and conventional fixed deposits. The Group's deposit products are available to both individual and non-individual customers. The Group's current and savings account enables customers to link their AmEquities Trading Account to facilitate seamless share purchases.

AmOnline internet banking and mobile banking services offer easy, simple, and secure digital banking solutions to our customers, in three languages. Customers can conduct their everyday banking transactions such as bill payments, fund transfers, scheduled and repeat transactions, application of card, savings account or fixed deposit and many other banking services at their convenience, without having to visit the branches. Customers can now open their current or savings account online and start a banking relationship with the Group.

The Group's "AmBank@Work" product is designed to offer comprehensive banking solutions to both employer and employee, including payroll and cash management services. Upon the opening of a salary crediting deposit account, the customer is offered special fee savings, bonus interest and rewards, plus full access to the Group's extensive branch network and electronic banking services. In addition, such customers benefit from special rates for automobile and home financing, investment in equity funds offered by the AMMB Group's fund management division, AmInvestment Bank and premiums for the Group's comprehensive personal accident policy.

5.6.2 Business Banking

Business Banking serves small, medium and large enterprises, with a full range of financial products and services ranging from cash management and bancassurance to full working capital and capital expenditures propositions:

(a) **Enterprise Banking / Industrial Hire Purchase** – combines the speed and effectiveness of lending programs with the experience and service levels of full-fledged relationship managers to serve the mid- and upper-SME segment; and

(b) **Commercial Banking** – serving large commercial enterprises with all the financial services available to a commercial bank, and including bespoke structures such as project financing, development loans and collaborations with AmInvestment Bank for corporate exercises.

To ensure accessibility, the Group has presence in strategic locations across Malaysia with its fifty-five enterprise and commercial business centres. These centres are each equipped with dedicated Relationship Managers who can assist with the needs of small to large enterprises. As of 30 June 2023, the Business Banking segment accounted for 16.6 per cent of the Group's consolidated net profits.

5.6.3 Wholesale Banking

The Wholesale Banking segment comprises Corporate and Transaction Banking and Treasury and Markets.

(A) Corporate and Transaction Banking

The Corporate and Transaction Banking focuses on building and developing strong relationships with government-linked corporations, the Government and state-owned public entities, foreign and local multi-national companies, financial institutional groups, privately held conglomerates and publicly listed corporates. The Corporate and Transaction Banking also works closely with other divisions within the Group to structure comprehensive financial solutions, which include lending, deposit taking, liability management solutions, transaction banking covering cash and trade, foreign exchange and derivatives, offshore banking, debt and equity capital markets, as well as advisory and investment products.

For the financial period ended 30 June 2023, the Corporate and Transaction Banking accounted for 34.0 per cent of the Group's consolidated net profits and net income of RM91.7 million, an increase of 29.7 per cent compared to previous financial period. The increase in income growth of the Corporate and Transaction Banking was underpinned by higher net interest income from loans and current account savings account ("**CASA**"). As of 30 June 2023, gross loans and advances of Corporate and Transaction Banking amounted to RM11.4 billion.

(B) Treasury and Markets

For the financial period ended 30 June 2023, Treasury and Markets accounted for 41.9 per cent of the Group's consolidated net profits, where the market trading business comprised approximately 64.1 per cent of Treasury and Markets' net profit.

The Treasury and Markets covers all secondary market activities relating to treasury, including foreign exchange, rates, derivatives, commodities and fixed income offerings. The focus of Treasury and Markets includes managing the liquidity requirements for the Group, especially in relation to the diversification of the Group's funding sources, while ensuring key liquidity indicators comply with regulatory standards. The Treasury and Markets also facilitates business flow across all asset classes, which includes foreign exchange and equity derivatives. The Treasury and Markets' role as principal dealer with BNM reflects the Group's strength in the fixed income franchise and this complements the flow business. The strategy to improve the flow business franchise is led by the Group's sales team, which manages and develops client relationships. The sales team, supported by a team of traders, provides customised solutions for clients across all asset classes to cater to different clients' needs.

5.6.4 Investment Banking

Under the Investment Banking of the Group, the core products are Capital Markets, Private Banking and Equity Markets. For the financial period ended 30 June 2023, the Investment Banking accounted for 2.6 per cent of the Group's consolidated net profits.

Capital Markets focuses on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which include corporate bond issuances, loan syndication, structured finance, capital and project advisory services, primary syndication and underwriting services and equity derivatives business. Private Banking primarily services high net worth clients and offers financing and deposit products. Equity Markets offers margin financing to retail and corporate clients.

5.7 Competitive Strengths

The AMMB Group's principal competitive strengths are as follows:

(a) Leverage of international banking and financial services capabilities and experience

ANZ is one of the AMMB Group's major shareholder where the Group can leverage their board members expertise and access to best practices and learnings from their experiences covering areas across risk management, business strategies, product innovation, technology and operational excellence, employee training and development, branding leverage, as well as access to their wider network.

(b) Extensive and diversified distribution network

As of 30 June 2023, AMMB Group operated 170 branches (including two digital branch and one sales and service kiosk) throughout Malaysia. As of 30 June 2023, AMMB Group had 790 ATMs, 263 cash recycler machines (CRMs), 194 cheque deposit machines (CQMs) and 171 self-service electronic banking centres (EBCs) in Malaysia. Besides its network of dedicated nationwide marketing officers and personal bankers, the Group also leverages the sales agents across the AMMB Group.

In addition, AMMB Group initiated the weekend banking and extended-hour banking concepts in Malaysia, and offers internet and mobile banking facilities, through its "AmOnline" channel, to all of its customers. AmOnline is an internet and mobile banking platform for retail customers. After going through a technological upgrade, AmOnline now offers trilingual language options available in Malaysia as well as easier navigational design, as well as an online chatbot. The AMMB Group also introduced wealth feature in AmOnline to make investment easier and more accessible to new and young investors, allowing them to invest in funds catered to their risk appetite and track their portfolio via mobile round-the-clock. AMMB Group also partnered with Tabung Haji, Amanah Saham Nasional Berhad and BonusLink to integrate their digital capabilities into AmOnline to strengthen its ecosystem play. AmAccess Biz is an online banking platform for SME. AmAccess Biz is part of the AMMB Group's continuous digital agenda to bring forth easier, simpler and faster way for non-retail and corporate segments to manage their day-to-day business banking.

(c) Extensive and diversified retail banking business

AMMB Group has a well-established retail franchise and offers a diversified range of retail banking products and services covering six principal areas:

(i) Auto finance;
(ii) Mortgages, margin financing and other consumer loans;
(iii) Credit cards and line of credit;
(iv) Asset financing and small business (including leasing and equipment financing);
(v) Transactional banking, bancassurance and wealth management (including investment products and insurance products); and
(vi) Deposits (including savings accounts, demand deposits, fixed term deposits, the "AmBank-ANZ Get Set" product and the "AmBank@Work" product (the Group's employer and employee focused banking solution)).

(d) Leading market position in key products

AMMB Group is one of the top five auto finance providers in Malaysia, with a market share of approximately 7.26 per cent as of 30 June 2023, and currently has relationships with 2,000 auto dealers in Malaysia. These relationships provide an extensive distribution network for the Group's auto financing products.

(e) Ability to provide and cross-sell a wide range of products and services

As part of the AMMB Group, the Group is able to leverage a groupwide sales force to assist it in offering a wide range of products and services provided by other members of the AMMB Group, making it a "one-stop" financial centre for customers. At the Group's branches, customers can purchase, for example, unit trust funds (which the Group cross-sells with AmInvestment Bank), insurance products (which the Group cross-sells with AmMetLife Insurance Berhad and Liberty General Insurance Berhad) and securities trading services offered by other members of the AMMB Group.

(f) Strategic partnerships

AMMB Group has strategic partnerships in place which give it a competitive advantage in providing financing services by enabling it to expand its business network. AMMB Group offers co-branded cards with its strategic partner, BonusLink and is expanding its collaboration with partners to provide a holistic customer proposition beyond just banking. AMMB Group also has partnerships with Merchantrade through which it offers foreign currency, remittances and other related products and services.

5.8 Strategy

The Group's principal strategies, which are aligned with AMMB Group's key strategic agenda, are as follows:

(a) Increase market share in fast-growing markets, SMEs space

AMMB Group plans to capture opportunities in the domestic market by building a business that delivers sustainable return and growth which in turn creates significant value for its stakeholders. To do so, AMMB Group aims to increase its income by increasing its market share in fast-growing segments, such as the SMEs, mid-corp, mass affluent and affluent segments. AMMB Group strives to be one of the market leaders in each of these segments by focusing on products, segments and people. To achieve this, AMMB Group has set up clear segmentation separating the lines of businesses and conducts monthly monitoring of strategies deployed. There are dedicated relationship managers serving each segment. Other than capturing opportunities in the market, AMMB continues to review and explore new operating models where AMMB Group can leverage on partnerships for footprint expansion. AMMB Group is also exploring light capital asset operating model for virtual banking plans in the future.

(b) Accelerate organic growth by attaining market leadership in key products

AMMB Group plans to build up its Transaction Banking division and Treasury and Markets division. In the Transaction Banking division, AMMB Group has introduced virtual accounts, JomPay, hybrid e-wallet (collaboration with Merchantrade) and electronic invoicing presentment and payment, in order to increase the number of main operating accounts with AMMB Group, which would in turn encourage growth in deposits as well as customer base. In addition, AMMB Group targets to increase balances in current account and savings accounts through the provision of collection and payment solutions, as well as increase in the utilisation of "AmAccess Biz", an online banking platform for businesses to perform online transactions.

The Treasury and Markets division is aiming to leverage on the customer base and current account and savings accounts balances of the business banking, wholesale banking and retail banking segments to cross-sell foreign exchange products and to drive more foreign exchange volume through campaigns.

As part of the initiatives implemented to drive merchant acquiring for card payment facility, AMMB Group introduced a merchant portal for transaction checking and reconciliation, and "same-day settlement" for transaction settlement to merchant for all payment that comes through card.

(c) Leverage on partnerships

The Group intends to leverage on AMMB Group's partnerships to further enhance development of new products and services and to take advantage of cross-border opportunities through its expanded distribution capabilities. AMMB Group continues to build ecosystem play to create new market space and diversify revenue through partnership and e-wallet play. AMMB Group will assess entering into other partnerships on an ongoing basis and plans to capitalise on beneficial opportunities as and when they may arise.

(d) Optimise capital

The Group targets optimum returns on capital by proactively managing capital in accordance with evolving regulatory requirements and AMMB Group policies while simultaneously evaluating business opportunities on a risk-adjusted basis. For better use of capital, AMMB Group will continue to divest its non-core business to focus on core business.

5.9 Board of Directors

The Board of the Bank has collective responsibility for leadership and management of the Bank's business and for promoting its success by directing and supervising its affairs. The Board of the Bank consists of seven (7) directors. The Bank has adopted a set of formal, considered and transparent procedures for the appointment of new directors. The appointment of each new director is discussed at the AMMB Group's Group Nominating and Remuneration Committee before recommendation is made to the AmBank's board of directors for consideration and approval. The appointment of directors is also subject to BNM's approval.

The member of the Board and their respective profiles as of the LPD are set out below:

Mr. Voon Seng Chuan

Chairman / Independent Non-Executive Chairman

Mr. Voon Seng Chuan ("**Mr. Voon**"), a Malaysian, aged 64, was appointed to the Board of AmBank on 18 June 2015 as Independent Non-Executive Director. He assumed the Chairmanship of the Board on 1 January 2019. Mr. Voon also sits on the board of AMMB Holdings, and he is currently the Senior Independent Non-Executive Director of AMMB Holdings. Mr. Voon is a Member of the Group Nomination and Remuneration Committee and Group Information Technology Committee of AMMB Holdings.

Mr. Voon has been part of the information technology industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010. In his 27 years of service with IBM, Mr. Voon held a number of roles delivering all aspects of information technology products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific. From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Mr. Voon responded to the Government's call to transform the nation into an international shared services and outsourcing hub by leading IBM's investment in seven regional centres/ operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr. Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr. Voon is currently an Independent Non-Executive Director of Mesiniaga Berhad (an information technology company listed on the Main Market of Bursa Malaysia Securities Berhad). He is also a Member of the Board of Trustees of Cardiac Vascular Sentral Kuala Lumpur (CVSKL) Foundation. Mr. Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

Mr. Soo Kim Wai

Non-Independent Non-Executive Director

Mr. Soo Kim Wai ("**Mr. Soo**"), a Malaysian, aged 62, was appointed to the Board of AmBank on 2 January 2019 as Non-Independent Non-Executive Director. He is a Member of the Board Credit Committee of AmBank. Mr. Soo is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager, Finance and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn. Bhd. from 1985 to 1989, and in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985.

Mr. Soo has been a Non-Independent Non-Executive Director of AMMB Holdings for over 22 years and he is a Member of the Group Nomination and Remuneration Committee of AMMB Holdings. Mr. Soo is currently the Non-Independent Non-Executive Chairman of AmREIT Managers Sdn. Bhd., the Manager of AmFirst Real Estate Investment Trust and AmREIT Holdings Sdn. Bhd. Apart from AMMB Holdings, his directorships in other public companies include RCE Capital Berhad (listed on the Main Market of Bursa Malaysia Securities Berhad) and Amcorp Properties Berhad. Mr. Soo is currently the Non-Independent Non-Executive Chairman of Amcorp Global Limited (a company listed on the Mainboard of Singapore Exchange Limited). He also sits on the board of directors of other private limited companies and foreign companies.

Mr. Soo is a Member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). He is also a Fellow of the Certified Practising Accountant (CPA), Australia and the Association of Chartered Certified Accountants (ACCA), United Kingdom.

Dato' Sri Abdul Hamidy Abdul Hafiz

Independent Non-Executive Director

Dato' Sri Abdul Hamidy Abdul Hafiz ("**Dato' Sri Hamidy**"), a Malaysian, aged 66, was appointed to the Board of AmBank on 7 January 2016 as Independent Non-Executive Director. He is the Chairman of the Board Credit Committee of AmBank. Dato' Sri Hamidy also sits on the board of a subsidiary of AMMB Holdings, namely AmBank Islamic Berhad as the Independent Non-Executive Chairman and serves as the Chairman of the Board Credit Committee of AmBank Islamic Berhad.

Dato' Sri Hamidy is an experienced banker with over 30 years of extensive banking experience in the fields of Commercial and Finance banking, Investment Banking and Islamic Banking. Dato' Sri Hamidy was previously the Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad and prior to that, he was the Chairman of Danajamin Nasional Berhad. He was also previously the Managing Director / Chief Executive Officer of Affin Bank Berhad, Chairman of the Association of Banks Malaysia and Managing Director of Pengurusan Danaharta Nasional Berhad. Dato' Sri Hamidy was an Independent Non-Executive Director of Chubb Insurance Malaysia Berhad and Sime Darby Berhad. He also served as the Chairman of Corporate Debt Restructuring Committee (CDRC) from 2009 until the end of February 2020.

Dato' Sri Hamidy currently serves as a member of the Appeals Committee of Bursa Malaysia Berhad. Dato' Sri Hamidy holds a bachelor's degree and a master's in business administration from Ohio University, United States of America (USA).

Dr Veerinderjeet Singh a/l Tejwant Singh

Independent Non-Executive Director

Dr Veerinderjeet Singh a/l Tejwant Singh ("**Dr Veerinderjeet**"), a Malaysian, aged 66, was appointed to the Board of AmBank on 1 June 2017 as Independent Non-Executive Director. He is the Chairman of the Audit and Examination Committee and a Member of the Risk Management Committee of AmBank.

Dr Veerinderjeet had served as a Tax Partner/ Executive Director at Arthur Andersen and Ernst & Young in Malaysia and had also served in the Malaysian Inland Revenue Department. He has over 35 years of experience in the tax profession as an Inland Revenue Officer, academician, consultant, author and tax observer. Dr Veerinderjeet was a co-founder and Chairman of Axcelasia Taxand Sdn. Bhd., which is a member of the Taxand Global organisation of independent tax advisory firms in nearly 50 countries. In April 2020, the company was acquired by the Tricor Group and is now known as Tricor Taxand Sdn. Bhd. where Dr Veerinderjeet remains as a director. Dr Veerinderjeet currently serves as a council member of the Malaysian Institute of Certified Public Accountants ("**MICPA**") and was a past president of MICPA. He was also a council member and past president of the Malaysian Institute of Accountants ("**MIA**") and the Chartered Tax Institute of Malaysia ("**CITM**"). Dr Veerinderjeet was appointed as ex-officio member of the Financial Reporting Foundation in conjunction with his presidentship in MIA. He is also an Adjunct Professor at the School of Business, Monash University in Malaysia.

Dr Veerinderjeet is currently the Non-Executive Chairman of MARC Ratings Berhad and Tricor Services (Malaysia) Sdn. Bhd. He also sits on the boards of Malaysian Rating Corporation Berhad, UMW Holdings Berhad and ICC Malaysia Berhad as an Independent Non-Executive Director. Prior to joining the Board, he was on the board of the Bank of Nova Scotia Berhad. In addition, Dr Veerinderjeet also serves on the Board of Trustees of the International Bureau of Fiscal Documentation (a world-renowned tax research body in the Netherlands). He is also a member of the ICC Global Tax Commission and has been appointed Vice Chair of the Commission from 1 June 2022 for a three-year term.

As an accomplished author and tax observer, Dr Veerinderjeet has published books and numerous articles in local and international tax, law and accounting journals. Among the books he has authored are “Veerinder on Taxation”, “Malaysian Taxation: Administrative and Technical Aspects”, “Tax Compliance & Ethical Decision-Making: A Malaysian Perspective” and “Tax Thoughts on Today’s Taxing Times”. Dr Veerinderjeet has spoken at various local and international events on tax policy and tax reforms and has a grasp of economic developments.

Dr Veerinderjeet received a first-class honours degree in accounting from the University of Malaya and a Doctorate from the Universiti Putra Malaysia. Dr Veerinderjeet is a Member of MICPA, MIA and CTIM.

Mr. U Chen Hock

Independent Non-Executive Director

Mr. U Chen Hock (“**Mr. U**”), a Malaysian, aged 66, was appointed to the Board of AmBank on 3 July 2018 as Independent Non-Executive Director where he currently serves as the Chairman of the Risk Management Committee and a Member of the Audit and Examination Committee of AmBank.

Mr. U is a highly accomplished banker with over 36 years of extensive experience in corporate, commercial, investment and consumer banking. Throughout his career, Mr. U has held senior leadership roles in Malaysia, Taiwan and Hong Kong at a global banking group. He also served as the Chief Executive Officer of an investment bank and an Executive Director of a major local banking group in Malaysia prior to his retirement in April 2017. Mr. U’s contributions to the banking industry extend beyond his professional roles. He served as the Chairman of the Financial Planning Association of Malaysia for two terms between 2005 to 2007. He is currently an Independent Non-Executive Director of Tokio Marine Life Insurance Malaysia Bhd and a member of its Audit Committee, Nomination Committee, Remuneration Committee, Risk Management and Compliance Committee.

He holds a Bachelor of Economics and Management (Honours) degree from the National University of Malaysia (UKM), as well as his accreditation as a Certified Financial Planner by the Financial Planning Standards Board, USA. Mr. U has also attended numerous Senior Executive Leadership Programmes at INSEAD, London Business School, Duke Corporate Education and IMD Business School.

Mr. Ng Chih Kaye

Independent Non-Executive Director

Mr. Ng Chih Kaye (“**Mr. Ng**”), a Malaysian, aged 67, was appointed to the Board of AmBank on 2 January 2019 as Independent Non-Executive Director. He is a Member of the Board Credit Committee of AmBank.

Mr. Ng began his career at a firm of Chartered Accountants in London and later at KPMG, Kuala Lumpur. He then served Malayan Banking Berhad (Maybank) for 25 years in the areas of internal audit, credit control and asset recovery until he retired as Executive Vice President in 2010. Presently, Mr. Ng is an examiner with the Asian Institute of Chartered Bankers (AICB). Mr. Ng is currently an Independent Non-Executive Director of AmFunds Management Berhad (a subsidiary of AmInvestment Bank).

Mr. Ng is a Member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom.

Ms. Foong Pik Yee

Independent Non-Executive Director

Ms. Foong Pik Yee ("**Ms. Foong**"), a Malaysian, aged 63, was appointed to the Board of AmBank on 26 September 2021 as Independent Non-Executive Director. She is a Member of the Audit and Examination Committee and Risk Management Committee of AmBank.

Ms. Foong has over 40 years of experience in the banking sector and the accounting profession (audit and consultancy). Her experience in the banking sector was with international banks and a Malaysian public listed bank covering all aspects of general management, finance, risk management, sales and marketing, product management and operations. She had worked in Malaysia, Hong Kong, Singapore, Australia and Middle East. Ms. Foong returned to Malaysia under Talentcorp's Returning Expert Programme and was the Chief Financial Officer of Hong Leong Bank from January 2013 until her retirement in June 2019 where she directed and oversaw all matters relating to finance covering financial accounting, statutory and management reporting, capital management, taxation, corporate finance and investor relations.

Ms. Foong is currently an Independent Non-Executive Director of Prudential Assurance Malaysia Berhad, Paramount Corporation Berhad and QSR Brands (M) Holdings Bhd. Prior to joining the Board of AmBank, she was on the board of AmBank Islamic Berhad, a subsidiary of AMMB Holdings. Besides directorship in companies, Ms. Foong also serves on the Industry Advisory Board of the Business School of Monash University, Malaysia from 2016 to now. She is also a mentor in Institute of Chartered Accountants in England and Wales (ICAEW)'s Women in Leadership programme and in the Malaysia Australia Business Council mentoring programme. Ms. Foong is a Chartered Accountant and Chartered Banker. She obtained her Bachelor of Commerce from the University of Melbourne, Australia and Master of Business Administration from Monash University, Australia.

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SECTION 6.0 SELECTED FINANCIAL INFORMATION

The following tables set out the summary of selected financial information of the Bank and the Group, as at the dates indicated. A prospective investor should read the following summary of selected financial information in conjunction with the historical financial statements of the Bank and the Group.

The Bank's and the Group's financial statements are reported in Ringgit and prepared in accordance with MFRS, IFRS and the requirements of the Companies Act.

The summary of selected financial information set out below as at and for the financial years ended 31 March 2023 and 31 March 2022 has been derived from the Bank's and the Group's audited financial statements and is qualified in its entirety by reference to those financial statements and the notes thereto. The summary of selected financial information set out below as at and for the three-month period ended 30 June 2023 has been derived from the Bank's and the Group's unaudited condensed interim financial statements. The results for the first three months of the financial year should not be considered indicative of results for any other period or for the full financial year.

THE GROUP – STATEMENTS OF FINANCIAL POSITION

	Unaudited 30 June 2023 RM'000	**Audited 31 March 2023 RM'000**	**Audited 31 March 2022 RM'000**
ASSETS			
Cash and short-term funds	5,723,090	6,874,702	9,894,325
Securities purchased under resale agreements	20,905	-	-
Deposits and placements with banks and other financial institutions	2,041,121	1,084,465	2,184,788
Investment account placement	1,384,544	1,537,252	1,708,484
Derivative financial assets	1,513,427	923,673	832,821
Financial assets at fair value through profit or loss	9,641,269	10,191,801	2,675,904
Financial investments at fair value through other comprehensive income	19,116,286	20,306,352	14,339,584
Financial investments at amortised cost	8,230,686	9,214,717	5,929,515
Loans and advances	81,743,154	82,466,414	78,817,487
Statutory deposit with Bank Negara Malaysia	1,630,424	1,552,337	200,000
Deferred tax assets	124,374	164,294	139,318
Investment in associates	18,388	18,395	15,597
Other assets	2,968,324	1,948,382	1,819,943
Right-of-use assets	205,428	224,596	172,789
Property and equipment	139,878	146,013	151,787
Intangible assets	202,189	202,069	221,538
TOTAL ASSETS	134,703,487	136,855,462	119,103,880
LIABILITIES AND EQUITY			
Deposits from customers	85,497,578	85,378,545	85,856,896
Deposits and placements of banks and other financial institutions	9,549,428	8,661,694	7,377,743
Securities sold under repurchase agreements	13,387,571	16,466,674	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	6,050,029	6,600,036	6,875,023
Derivative financial liabilities	1,325,207	966,427	806,634
Term funding	1,220,444	1,337,427	1,045,260
Debt capital	3,595,000	3,095,000	3,095,000
Other liabilities	2,747,664	3,149,963	2,382,585
TOTAL LIABILITIES	123,372,921	125,655,766	109,021,858

THE GROUP – STATEMENTS OF FINANCIAL POSITION

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
Share capital	3,040,465	3,040,465	3,040,465
Reserves	8,289,956	8,159,086	7,041,411
Equity attributable to equity holder of the Bank	11,330,421	11,199,551	10,081,876
Non-controlling interests	145	145	146
TOTAL EQUITY	11,330,566	11,199,696	10,082,022
TOTAL LIABILITIES AND EQUITY	134,703,487	136,855,462	119,103,880
COMMITMENTS AND CONTINGENCIES	119,437,156	115,723,975	113,360,229
NET ASSETS PER SHARE (RM)	11.93	11.79	10.61

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THE BANK – STATEMENTS OF FINANCIAL POSITION

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
ASSETS			
Cash and short-term funds	5,691,798	6,873,677	9,874,911
Securities purchased under resale agreements	20,905	-	-
Deposits and placements with banks and other financial institutions	2,041,121	1,084,465	2,184,788
Investment account placement	1,384,544	1,537,252	1,708,484
Derivative financial assets	1,513,427	923,673	832,821
Financial assets at fair value through profit or loss	9,641,232	10,191,764	2,675,869
Financial investments at fair value through other comprehensive income	19,116,286	20,306,352	14,339,584
Financial investments at amortised cost	8,230,686	9,214,717	5,929,515
Loans and advances	81,707,029	82,435,658	78,784,319
Statutory deposit with Bank Negara Malaysia	1,630,424	1,552,337	200,000
Deferred tax assets	124,374	164,294	139,318
Investment in subsidiaries	13,487	22,487	30,964
Investment in associates	19,617	19,617	19,617
Other assets	2,966,857	1,946,952	1,820,212
Right-of-use assets	206,360	225,632	174,238
Property and equipment	133,603	139,705	133,683
Intangible assets	202,189	202,069	221,538
TOTAL ASSETS	134,643,939	136,840,651	119,069,861
LIABILITIES AND EQUITY			
Deposits from customers	85,501,280	85,391,198	85,870,989
Deposits and placements of banks and other financial institutions	9,554,628	8,701,757	7,387,387
Securities sold under repurchase agreements	13,387,571	16,466,674	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	6,050,029	6,600,036	6,875,023
Derivative financial liabilities	1,325,207	966,427	806,634
Term funding	1,220,444	1,337,427	1,045,260
Debt capital	3,595,000	3,095,000	3,095,000
Other liabilities	2,729,404	3,131,790	2,371,270
TOTAL LIABILITIES	123,363,563	125,690,309	109,034,280
Share capital	3,040,465	3,040,465	3,040,465
Reserves	8,239,911	8,109,877	6,995,116
TOTAL EQUITY	11,280,376	11,150,342	10,035,581
TOTAL LIABILITIES AND EQUITY	134,643,939	136,840,651	119,069,861
COMMITMENTS AND CONTINGENCIES	119,495,705	115,768,995	113,437,579
NET ASSETS PER SHARE (RM)	11.87	11.74	10.56

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THE GROUP – STATEMENTS OF PROFIT OR LOSS

	Unaudited 1 April 2023 to 30 June 2023 RM'000	Audited 1 April 2022 to 31 March 2023 RM'000	Audited 1 April 2021 to 31 March 2022 RM'000
Interest income	1,510,341	5,059,927	3,940,247
Interest expense	(959,119)	(2,713,306)	(1,784,418)
Net interest income	551,222	2,346,621	2,155,829
Other operating income	210,348	673,920	540,756
Share in results of an associate	(7)	2,798	(708)
Net income	761,563	3,023,339	2,695,877
Other operating expenses	(329,986)	(1,428,435)	(1,300,780)
Operating profit	431,577	1,594,904	1,395,097
Allowance for impairment on loans and advances	(132,868)	(258,991)	(72,066)
(Provision for)/writeback of provision for commitments and contingencies	(3,948)	85,280	(174,204)
Impairment (loss)/writeback on:			
Financial investments	(12,664)	(1,344)	(14,279)
Other financial assets	(2,467)	993	(1,273)
Other recoveries, net	4	527	171
Profit before taxation	279,634	1,421,369	1,133,446
Taxation	(60,327)	(327,632)	(119,824)
Profit for the financial period/year	219,307	1,093,737	1,013,622
Attributable to:			
Equity holder of the Bank	219,307	1,093,738	1,013,622
Non-controlling interests	-	(1)	-
Profit for the financial period/year	219,307	1,093,737	1,013,622
Earnings per share (sen)			
Basic/diluted	23.09	115.14	107.57

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THE BANK – STATEMENTS OF PROFIT OR LOSS

	Unaudited 1 April 2023 to 30 June 2023 RM'000	Audited 1 April 2022 to 31 March 2023 RM'000	Audited 1 April 2021 to 31 March 2022 RM'000
Interest income	1,509,724	5,054,626	3,935,654
Interest expense	(959,191)	(2,713,392)	(1,784,621)
Net interest income	550,533	2,341,234	2,151,033
Other operating income	210,352	677,365	559,949
Net income	760,885	3,018,599	2,710,982
Other operating expenses	(330,155)	(1,428,131)	(1,300,101)
Operating profit	430,730	1,590,468	1,410,881
Allowance for impairment on loans and advances	(133,075)	(258,911)	(72,059)
(Provision for)/writeback of provision for commitments and contingencies	(3,976)	85,306	(174,213)
Impairment (loss)/writeback on:			
Financial investments	(12,664)	(1,344)	(14,279)
Other financial assets	(2,422)	981	(1,270)
Associate	-	-	(12,683)
Subsidiary	-	-	(528)
Other recoveries, net	4	527	171
Profit before taxation	278,597	1,417,027	1,136,020
Taxation	(60,113)	(326,190)	(118,358)
Profit for the financial period/year	218,484	1,090,837	1,017,662

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SECTION 7.0 FUNDING AND CAPITAL ADEQUACY

The Group's funding strategy is to continue to diversify its funding sources, customer base and maturity profile. The Group's funding strategy is guided by such factors as the Group's target loan-to-available funds-ratio ("**LAFR**"), loan-to-deposit ratio ("**LDR**"), liquidity coverage ratio ("**LCR**"), net stable funding ratio ("**NSFR**"), the maturity profile of its deposit base and the Group's ratio of retail deposits to corporate deposits. These targets and parameters are set by and monitored by the AMMB's Group Assets and Liabilities Committee and benchmarked against BNM's guidelines and targets where applicable.

7.1 Funding

Most of the Group's funding is denominated in Ringgit and is sourced from retail and business customer deposits. As of 30 June 2023, customer deposits accounted for 84.0 per cent of the Group's total sources of funds, while deposits and placements of banks and other financial institutions accounted for 9.4 per cent of the Group's total sources of funds. Other funding sources include funding obtained from Cagamas Berhad and funding obtained through the issuance of senior notes and terms loans. The Group is also a contributor to the Kuala Lumpur Interbank Offer Rate ("**KLIBOR**") setting process reflecting its access to the interbank markets.

As of 30 June 2023, retail customer deposits accounted for 41.7 per cent of the Group's total customer deposits, with the balance of customer deposits originating from business enterprises, the Government, statutory bodies and other customers.

(a) Customer Deposits

Funding from customer deposits is divided into four categories: demand deposits, savings deposits, term / investment deposits and negotiable instruments of deposit. As of 30 June 2023, 69.0 per cent of the total customer deposits of the Group were in the form of term and/or investment deposits (deposits with fixed maturities, with tenures mainly ranging from one month to 12 months), with demand deposits and savings deposits accounting for 25.7 per cent and 5.3 per cent, respectively. The Group has concentration and large depositor limits that are designed to reduce the likelihood of the Group relying on a small number of larger depositors. Term and/or investment deposits may be withdrawn by the depositor prior to maturity, subject to withdrawal penalties. However, based on the Group's experience, a substantial portion of term deposits are rolled over upon maturity thereby providing a stable source of funding. The Group's customer deposits are mostly denominated in Ringgit.

The following table sets out the profile of customer deposits by type for the Group as at the dates indicated:

	Unaudited 30 June 2023 RM'000	**Audited 31 March 2023 RM'000**	**Audited 31 March 2022 RM'000**
Demand deposits	22,004,673	25,489,922	24,114,121
Savings deposits	4,549,627	5,840,339	5,400,230
Term/investment deposits	58,943,278	54,048,284	56,342,545
	85,497,578	85,378,545	85,856,896

(b) Deposits and Placements of banks and other financial institutions

The Group also obtains funding through deposits and placements of banks and other financial institutions (including interbank borrowings). The following table sets out the deposits and placements of banks and other financial institutions held by the Group as at the dates indicated:

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
Licensed banks	5,178,377	5,617,181	4,146,076
Licensed investment banks	1,913,884	782,226	845,298
Other financial institutions	1,118,998	953,673	1,164,875
Bank Negara Malaysia	1,338,169	1,308,614	1,221,494
	9,549,428	8,661,694	7,377,743

The Group is an active interbank participant. It also acts as a principal dealer on BNM money market tender operations. Interbank borrowings may be used to fund short-term mismatches in the Group's maturity profiles or for on-lending and arbitrage opportunities, where there are opportunities to do so. The Group seeks to maintain borrowings from the interbank market within manageable levels and internal limits to tap into the market optimally without over-reliance on the interbank market for borrowings. As at the LPD, the Group is a net interbank borrower. The Group also issues negotiable instruments of deposit to raise short-term funds.

(c) Other Funding Sources

(i) Sale of credit facilities to Cagamas Berhad

The Group can secure longer-term sources of funds of one to five years tenure by selling consumer loans to Cagamas Berhad (the Malaysian national mortgage corporation) with recourse to the Group. The Group continues to service such loans, retaining the fixed or floating interest collected on the loans, and pays a fixed or floating rate of interest to Cagamas Berhad as selected by the Group at the time of the sale. As of 30 June 2023, the Group's recourse obligation on loans and advancing sold to Cagamas Berhad amounted to RM6.1 billion.

(ii) Senior notes

The Group has established a domestic senior notes programme with a programme limit of RM7.0 billion which enables it to tap the Malaysian debt capital markets to meet its long-term funding requirements. The programme also facilitates the Group's liquidity risk management activities by enabling medium-term funds to be raised for the purpose of liquidity management. As of 30 June 2023, the amounts of senior notes outstanding under the programme was RM250.0 million.

(iii) Term Funding

The Group has also diversified its term funding alternatives to include term loans and structured deposits, in order to reduce its reliance on a single funding source.

7.2 Liquidity Management

The Group adopts a conservative, low-risk approach to liquidity management. The Group's liquidity management principles are aligned with the LCR guidelines issued by BNM and comply with all other BNM requirements, including the BNM's Liquidity Stress Testing requirements. The Group targets a diversified funding base avoiding concentrations by investor type, product, maturity, source and currency and implements wholesale funding diversification and maturity concentration limits. In setting its funding diversification policy, the Group takes into consideration the cost/benefit trade-off to ensure optimum level of funding cost. In addition, the Group also aims to hold a portfolio of high-quality liquid assets to protect itself against short-term adverse conditions and to support its day-to-day liquidity requirements.

The Group has established various liquidity metrics so that it is able to monitor and manage its liquidity status effectively. These metrics include:

(A) Liquidity risk management measures, such as LCR and NSFR. Liquidity risk management measures are measures that capture all the main sources and uses of funds and may also be mitigants that are used to manage liquidity risk as a whole; and

(B) Balance sheet management measures, such as LAFR, LDR, depositor concentration ratio and core funds indicator. Balance sheet management measures are related to the structure of the balance sheet which, if not addressed in the medium term, may adversely impact the day-to-day liquidity profile over time.

7.2 Capital Adequacy

The Group employs a capital management strategy that balances and optimises risk tolerance with earnings capability. The Group continues to rely on retained earnings to enlarge its capital resources to drive its business and the Group's policy is to maintain a strong capital base to support the development of its business and to ensure that shareholder's returns are optimised. It also seeks to maintain a prudent balance between the different components of its capital between CET1, Tier 1 and Tier 2 capital.

On 9 December 2020, BNM issued an updated regulatory capital adequacy framework entitled "*Capital Adequacy Framework (Capital Components)*" implementing the Basel III reforms. All financial institutions, including the Group, shall maintain the following minimum capital adequacy ratios at all times:

(i) a CET1 capital ratio of 4.5 per cent;

(ii) a Tier 1 capital ratio of 6.0 per cent; and

(iii) a total capital ratio of 8.0 per cent,

In addition to complying with the minimum capital adequacy ratio requirements, financial institutions, including the Group, will be required to maintain capital buffers in the form of CET1 capital above the minimum CET1, Tier 1 and total capital adequacy levels set out above. The capital buffers shall comprise the sum of the following:

(aa) a capital conservation buffer ("**CCB**") of 2.5 per cent;

(bb) a countercyclical capital buffer ("**CcyB**"), determined as the weighted average of the prevailing CcyB rates applied in the jurisdictions in which financial institutions (including the Bank) have credit exposures; and

(cc) a higher loss absorbency ("**HLA**") requirement for a financial institution that is designated as a domestic systemically important bank ("**D-SIB**").

On 5 February 2020, BNM issued a D-SIB framework titled "*Domestic Systemically Important Bank Framework*". The HLA requirements set out by BNM in the aforesaid D-SIB framework requires D-SIB to operate with higher levels of capital buffer, commensurate with their size, interconnectedness with other parts of the financial system and substitutability. The Group is not identified as a D-SIB. However, the list of D-SIB will be updated annually and published together with the release of the BNM's Financial Stability Review in the second half of each year. If the Group is identified as a D-SIB in the future, the Group has to maintain higher levels of capital buffer and meet the HLA requirements as provided in the D-SIB framework.

Further, the CAF also provides transitional arrangement for financial institutions on provisions for expected credit loss ("**ECL**"). Under the CAF, 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.

The capital adequacy ratios of the Group are as follows:

Under transitional arrangement:	**Unaudited 30 June 2023**	**Audited 31 March 2023**	**Audited 31 March 2022**
Before deducting proposed dividends:			
CET 1 Capital Ratio	12.498%	12.450%	11.767%
Tier 1 Capital Ratio	12.498%	12.450%	11.767%
Total Capital Ratio	17.719%	17.026%	16.233%
After deducting proposed dividends:			
CET 1 Capital Ratio	12.498%	12.259%	11.767%
Tier 1 Capital Ratio	12.498%	12.259%	11.767%
Total Capital Ratio	17.719%	16.835%	16.233%

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

	Unaudited 30 June 2023 RM'000	**Audited 31 March 2023 RM'000**	**Audited 31 March 2022 RM'000**
CET 1 Capital			
Share capital	3,040,465	3,040,465	3,040,465
Retained earnings	7,549,987	7,456,999	6,470,027
Fair value reserve	358,503	299,138	293,346
Foreign currency translation reserve	117,167	101,830	88,488
Regulatory reserve	162,629	201,229	94,463
Merger reserve	104,149	104,149	104,149
Cash flow hedging deficit	(3,061)	(4,259)	(9,062)
Less: - Regulatory adjustments applied on CET 1 Capital			
- Intangible assets	(202,189)	(202,069)	(221,538)
- Deferred tax assets	(149,024)	(182,451)	(158,227)
- 55% of cumulative gains of fair value reserve	(197,176)	(164,526)	(161,340)
- Cash flow hedging deficit	3,061	4,259	9,062
- Regulatory reserve	(162,629)	(201,229)	(94,463)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,873)	(2,756)	(648)
- Other CET1 regulatory adjustments specified by the BNM	212,502	300,815	413,454
Total CET 1 Capital	10,832,511	10,751,594	9,868,176
Additional Tier 1 Capital			
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	2	2	2
Total Tier 1 Capital	10,832,513	10,751,596	9,868,178
Tier 2 Capital			
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,595,000	3,095,000	3,095,000
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	1

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
General provisions*	930,706	857,075	650,038
Total Tier 2 Capital	4,525,707	3,952,076	3,745,039
Total Capital	15,358,220	14,703,672	13,613,217

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

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

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
Credit RWA	78,945,706	78,754,012	75,218,030
Market RWA	2,443,054	1,624,390	2,859,494
Operational RWA	5,285,438	5,197,465	4,802,415
Large exposure risk RWA for equity holdings	-	785,485	980,771
Total RWA	86,674,198	86,361,352	83,860,710

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SECTION 8.0 ASSET QUALITY

8.1 Loan Portfolio

The Group has a diversified loan portfolio with approximately 57.8 per cent of its net loans in the retail banking sector as of 30 June 2023. Currently, the Group's largest loan exposures by sector are for the household and manufacturing sectors. As of 30 June 2023, the Group's total outstanding gross loans amounted to RM83.1 billion.

The following table shows a breakdown of gross loans and advances by type of the Group as at the dates indicated:

	Unaudited 30 June 2023 RM'000	**Audited 31 March 2023 RM'000**	**Audited 31 March 2022 RM'000**
Overdrafts	2,001,762	2,156,953	2,029,703
Term loans	26,113,887	25,688,680	23,981,311
Housing loan receivables	29,287,005	28,985,834	27,857,289
Hire purchase receivables	9,750,594	9,535,473	9,598,644
Bills receivables	1,932,065	2,223,438	1,802,396
Trust receipts	2,011,900	2,074,012	2,196,281
Claims on customers under acceptance credits	4,151,428	4,604,485	4,346,521
Card receivables	1,621,457	1,600,986	1,455,413
Revolving credits	6,006,696	6,684,854	6,535,875
Staff loans	81,523	81,377	87,344
Others	159,319	134,228	158,454
Gross loans and advances	83,117,636	83,770,320	80,049,231
Less: Allowances for ECL:			
- Stage 1 - 12-month ECL	(191,806)	(160,839)	(154,044)
- Stage 2 - Lifetime ECL not credit-impaired	(693,599)	(719,574)	(758,197)
- Stage 3 - Lifetime ECL credit-impaired	(489,077)	(423,493)	(319,503)
Net loans and advances	81,743,154	82,466,414	78,817,487

The following table shows a breakdown of gross loans and advances by sector of the Group as at the dates indicated:

	Unaudited 30 June 2023 RM'000	**Audited 31 March 2023 RM'000**	**Audited 31 March 2022 RM'000**
Agriculture	1,072,841	1,196,390	1,455,342
Mining and quarrying	1,551,495	1,536,699	1,772,651
Manufacturing	10,164,672	10,909,186	11,084,348
Electricity, gas and water	828,214	984,557	909,608
Construction	3,480,716	3,499,629	3,295,894
Wholesale and retail trade and hotels and restaurants	8,980,440	8,885,936	7,578,695
Transport, storage and communication	3,513,111	3,474,022	3,340,069
Finance and insurance	1,058,201	1,321,740	1,163,013
Real estate	5,560,241	5,416,597	4,431,674
Business activities	1,562,381	1,750,699	1,666,498
Education and health	1,067,869	1,086,144	1,022,743

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
Household of which:	44,223,475	43,703,372	42,303,665
- Purchase of residential properties	29,534,145	29,236,771	28,148,654
- Purchase of transport vehicles	8,749,081	8,552,962	8,659,412
- Others	5,940,249	5,913,639	5,495,599
Others	53,980	5,349	25,031
	83,117,636	83,770,320	80,049,231

8.2 Credit Approval Process

Non-retail banking and retail banking

For non-retail banking, the relationship manager will prepare the credit proposal and submit it to the respective Credit Approval Delegated ("**CAD**") holder for approval, which then requires concurrence by the Credit Evaluation Team ("**CET**") within the Group Risk Management. The CET will validate that credit risk is adequately evaluated, appropriately mitigated and that the proposal is within the Group's credit policies, guidelines and Group Risk Appetite Framework, prior to providing their concurrence or making a recommendation to the Credit and Commitments Committee ("**CACC**"), the Board Credit Committee ("**BCC**") or the Board of Directors.

For retail banking, most credit applications are processed via an automated credit scoring system and all credit applications are managed through a loan origination system or credit proposal paper, based on the Group Risk Appetite Framework and/or asset writing strategies and other relevant Group policies and guidelines. Upon verification and/or credit review a final decision will be made via the automated system or the relevant Individual Delegated Approving Authority. Concurrence by the CET will be obtained for applications of higher amounts or with policy / guideline exceptions. The Individual Delegated Approving Authorities are individuals, usually selected from senior staff, vested with discretionary authority to approve the relevant credit.

For non-retail banking, material credits and commitments approved by CAD holders with concurrence by CET shall be submitted to CACC and/or BCC for notation in accordance with their respective terms of reference. The BCC has the power to review and endorse or veto credit approved by the CACC.

All approved loan applications are sent to the respective relationship manager teams for issuance of facility offers. The Credit Administration Department is responsible for transaction management, for ensuring that all terms of the transaction are complied with and that external lawyers have correctly reflected the agreed commercial terms in the relevant documents.

Generally, loan approvals are guided by a Group Risk Appetite Framework. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix.

Collateral

As of 31 March 2023, approximately 73.9 per cent of all loans by book value granted by the Group were secured by collateral. The value of the collateral depends on the type of collateral being pledged and is determined, for example, by professional evaluations or market prices in accordance with the Group's policy. The Group reviews such policies periodically. For example, properties offered as collateral are valued by independent professional valuers. The collateral is revalued periodically.

Single counterparty exposure limit

Pursuant to the Single Counterparty Exposure Limit guidelines issued by BNM which came into effect on 9 July 2014, banks are prohibited from extending credit facilities to a single counterparty (including the exposure to any group of persons connected to such single counterparty but shall not include any exposure to, and any exposure explicitly guaranteed by, BNM or the Government) in excess of 25.0 per cent of the total capital of the bank (total capital has the same meaning assigned to it in the relevant framework issued by BNM), subject to certain exemptions.

The single counterparty exposure limit is exempted for the following:

(a) Exposures of an overseas branch or subsidiary of a banking institution to the sovereign government or central banks in the jurisdiction where it is located, where the exposure is denominated in local currency and held to meet regulatory requirements imposed by the central bank in that jurisdiction;

(b) Exposures to a banking institution licensed by BNM, or a development financial institution, arising from interbank money market transactions;

(c) Exposures arising from granting of intra-day facilities; and

(d) Exposures deducted in the calculation of a banking institution's total capital as specified in regulatory adjustments of the relevant frameworks issued by BNM such as investments in financial subsidiaries.

As of 30 June 2023, the Group's largest exposure (inclusive of loan commitments limit, private debt securities limit and pre-settlement limit only) to a single customer was RM1.7 billion or 11 per cent of the Group's capital base, which was RM15,358 million. Exposures to customers are aggregated based on Bank Negara Malaysia's guideline on single counterparty exposure limit. Furthermore, the Group seeks to limit its exposure to any one particular industry sector by the application of appropriate sector limits for industry sectors.

8.3 Loan Collection and Recovery

Non-Retail Banking

Primary responsibility for the management of each performing account lies with the relevant Group's business unit. The relationship manager performs a full review of the account (including a review of the credit rating of the customers and/or guarantors) at least annually, except for low ticket customers that are portfolio managed. The review is submitted to the appropriate credit evaluation team in the Risk Management division and the relevant approving authorities for review and approval.

For accounts requiring close monitoring or deemed as underperforming (prior to impairment), primary accountability lies with the relevant business units, where the relationship manager shall manage such account in accordance with the Non-Retail Credit Policy and Guidelines. The relationship manager reports the status of the account to the Group's Monitoring Forum or Watchlist and Classification Committee ("**WACC**") on a monthly basis. However, there may be occasions where at the recommendation of CACC and subsequent approval from WACC that the underperforming accounts be transferred to the Loan Rehabilitation division for monitoring and/or recovery actions.

Impaired accounts should be transferred to the Loan Rehabilitation division to optimise the account recovery in the shortest time possible. Any exceptions are to be approved by the appropriate approving authority.

Retail Banking

With regards to Retail banking, all delinquent, impaired and written-off accounts are managed by the Retail Collections and Recovery Management Department. This department is responsible for all collection activities relating to the early care, remedial, recovery, litigation and foreclosure aspects.

8.4 Impaired Loans and Advances

Impairment

The Group's Classified Account Management requirements set out in the Non-Retail Credit Policy / Retail Credit Policy and their corresponding guidelines for the respective line of business are established to align with the MFRS and related BNM's policies and 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.

(c) Other indicators stipulated in the Group's Non-Retail Credit Guideline indicate the unlikeliness to repay.

The Group adopts accounting policies that are consistent with BNM's requirements with regard to classification and provisioning of impaired loans and complies with the requirements specified under MFRS 9.

The ECL model under MFRS 9 applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and loan commitments.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

Although the Group believes that its loan and/or financing portfolio is adequately provided, no assurance can be given that the level of provisions would prove to be adequate or that the Group would not have to make significant additional provisions for possible loan and/or financing losses in the future.

Loan loss provisioning policy

The Group assesses on a forward-looking basis the ECL model associated with debt instrument assets carried at amortised cost and fair value through other comprehensive income and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date.

The measurement of ECL, which complies with MFRS 9, 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, to reflect changes in the credit risk of a financial instrument. The model is forward looking and incorporates historical, current and forecasted information into ECL estimation.

Under MFRS 9, financial instruments are segregated into three 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.

8.5 Write-off Policy

The Group's write-off policy (embedded within the Non-Retail Credit Policy and Retail Credit Policy) sets out the broad principles applying to the writing-off of loans and financing. Generally, accounts (or portions thereof) which are classified by the Group as impaired or are deemed uncollectable can be subject to a Stage 1 write-off or a Stage 2 write-off.

A Stage 1 write-off applies where an account (or portion thereof) is impaired. In this instance, a write-off is permissible up to the amount of impairment provision that has been made in respect of such an account and all possible avenues for recovery have been generally exhausted or the debts are statute barred. Legal action for these credit exposures will continue unabated.

A Stage 2 write-off applies when all necessary recovery actions against credit exposures have been exhausted and there is minimal prospect of recovery and/or further recovery is uneconomical.

The Board has delegated the authority to write-off loans and financing to the Head of Group Loans Rehabilitation (only for specific scenarios) and the Management Committee while a set of rules for automatic write-offs for Retail Banking has been approved by the Board.

The total loans and financing written-off on a total portfolio basis (including quarter-to-date and year-to-date write-off information) are reported on a quarterly basis to the Audit and Examinations Committee and the Board. In addition, written-off accounts for large loans and financing are also reported to the Audit and Examinations Committee and the Board.

Profile of impaired loans and advances

The Group's gross impaired loans were RM1,559 million and net impaired loans were RM1,070 million as of 30 June 2023, representing a ratio of gross impaired loan to total gross loans and advances of 1.88 per cent and a ratio of net impaired loans to total net loans and advances of 1.31 per cent respectively. Based on BNM statistics, as of 30 June 2023, the ratio of net impaired loans to net loans for the industry was 1.09 per cent.

The table below shows the Group's impaired loans as at the dates indicated:

	Unaudited 30 June 2023 RM'000	**Audited 31 March 2023 RM'000**	**Audited 31 March 2022 RM'000**
Balance at beginning of the financial period/year	1,375,292	1,047,502	1,157,246
Impaired during the financial period/year	505,059	1,141,705	638,568
Reclassified as performing	(122,367)	(161,738)	(128,657)
Recoveries	(96,997)	(285,277)	(205,367)
Amount written off	(102,216)	(367,276)	(413,969)
Foreign exchange differences	430	376	(319)
Balance at end of the financial period/year	1,559,201	1,375,292	1,047,502
Gross impaired loans and advances as % of gross loans and advances	1.88%	1.64%	1.31%

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
Loan loss coverage (including regulatory reserve)	111.3%	123.5%	153.2%

The following table sets out the Group's gross impaired loan portfolio according to sector as at the dates indicated herein:

	Unaudited 30 June 2023 RM'000	Audited 31 March 2023 RM'000	Audited 31 March 2022 RM'000
Agriculture	6,435	6,539	8,832
Mining and quarrying	19,456	4,397	13,093
Manufacturing	217,161	164,355	174,821
Electricity, gas and water	47,548	47,199	4,639
Construction	159,239	152,544	96,951
Wholesale and retail trade and hotels and restaurants	170,155	143,014	106,915
Transport, storage and communication	21,620	19,777	14,852
Finance and insurance	8,661	11,201	1,493
Real estate	10,461	10,915	22,237
Business activities	46,186	41,238	37,207
Education and health	22,189	10,217	6,217
Household of which:	830,090	763,896	560,245
- Purchase of residential properties	628,919	581,738	420,936
- Purchase of transport vehicles	85,964	85,358	59,989
- Others	115,207	96,800	79,320
	1,559,201	1,375,292	1,047,502

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SECTION 9.0 RISK MANAGEMENT FRAMEWORK

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

The Group Risk Appetite Framework ("**GRAF**") is reviewed and approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on capital employed ("**ROCE**") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/enhancements taking into consideration the prevailing or in anticipation of challenges to the environment that the Group operates in. The Risk Appetite Framework provides portfolio limits/triggers for Credit Risk, Traded Market Risk, Non-Traded Market Risk Operational Risk, Technology Risk incorporating, inter alia, limits/triggers for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and Operational Risk Management ("**ORM**") tools.

<u>Board Approved Group Risk Direction Statement</u>

The AMMB Group's FY2021 to 2024 Strategy Blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("**ROE**") of equal to or more than 10%, (2) Sharpening Our Segment Play, (3) Harnessing expertise across AMMB Group to deliver AmBank Holistic Customer Value Proposition, (4) Offer differentiated and profitable products, (5) Building Capacity and Efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P2ACE") DNA, (7) Integrating Environmental, Social, and Governance ("ESG") focusing on Responsible Banking and (8) Exploring Digital Bank option.

1. The AMMB Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM.

2. The AMMB Group aims to maintain a minimum ROCE of 12% and RWA efficiency ("**CRWA/EAD**") in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("**FIRB**").

3. The AMMB Group aims to maintain its Total Capital Ratio at the AMMB Group's Internal Capital Target under normal conditions.

4. The AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("**ICAAP**").

5. The AMMB 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 AMMB 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 AMMB 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 financial year 2030.

8. The AMMB Group aims to maintain its IRRBB/RORBB Internal Capital Adequacy Assessment Programme Pillar 2 over total capital ratio for the Bank at below 8.5%.

Risk Management Governance

The Board is ultimately accountable for the management of risks within the Group. The Risk Management Committee ("**RMC**") is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering including but not limited to market risk, liquidity risk, credit risk, operational risk, technology and cyber risk.

The Board has also established the Management Committees to assist in managing the risks and businesses of the Group. The Management Committees address all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, reputational risk, product and business risk, information technology ("**IT**") project risk and ESG risk.

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

(a) 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;

(b) 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

(c) through the RMC, has access to the Board and the board of directors of the respective banking subsidiaries to facilitate suitable escalation of issues of concern across the organisation.

9.1 Credit Risk Management

The Group's 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, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

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

For non-retail credits, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the 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 credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, the AMMB Group's rating models for major portfolios have been upgraded to facilitate:

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

Lending and financing activities are guided by the internal credit policies and Group Risk Appetite framework that are approved by the Board. The AMMB Group's Risk Appetite framework 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:

(a) Concentration threshold and review triggers on single counterparty credit, industry sector and country;

(b) Setting loan/financing to value limits for asset backed loans (i.e., property exposures and other collateral);

(c) 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;

(d) Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;

(e) 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;

(f) 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 and financing portfolio and review the portfolio risk profile against the Group Risk Appetite framework and recommend or approve new and amended Credit Risk policies and guidelines.

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

Impact of Expired Payment Holiday/Repayment Assistance

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

9.2 Capital Risk Management

The capital and risk management of the banking subsidiaries of the AMMB Group are managed collectively at AMMB Group level. The AMMB Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to always meet regulatory capital requirements and to maintain good credit ratings. Strategic, business and capital plans are drawn up annually covering a three-year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of different components of capital are maintained by the AMMB Group to support its strategy. The capital plan takes into account the following considerations:

(a) Regulatory capital requirements; and

(b) Capital requirement to support business growth, strategic objectives, buffer for material regulatory risks and stress test results.

The AMMB Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the AMMB Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis. Stress testing and scenario analysis are used to ensure that the AMMB Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the AMMB Group and how these events could be mitigated. The AMMB 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 AMMB Group's assessment of risk appetite is closely integrated with the AMMB Group's strategy, business planning and capital assessment processes, and is used to form senior management's views on the level of capital required to support the AMMB Group's business activities. The AMMB Group uses a capital model to assess the capital demand for material risks and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the AMMB Group's management disciplines. The capital that the AMMB Group is required to hold is determined by its statement of financial position, commitments and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the AMMB Group's risk rating methodologies and systems. BNM has the right to impose further capital requirements on Malaysian financial institutions. The AMMB Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where the AMMB Group operates in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the AMMB's Group Assets and Liabilities Committee ("**GALCO**"). The GALCO committee is also responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the AMMB Group's capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The 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. The Audit and Examinations Committee reviews specific risk areas and the issues discussed at the key capital management committees.

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these triggers and target ranges. The Group has been operating within appropriate target ranges. The Capital and Balance Sheet Management department is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan. Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

9.3 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest rates, credit spreads, equity prices and foreign exchange rates. The 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 responsibility of the Investment Banking and Markets Risk ("**IBMR**").

<u>Traded Market Risk</u>

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 GMRC approved limit structures and risk appetite. This is done via robust TMR measurement, limit setting, limit monitoring, and collaboration and agreement with the 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 historic 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 endeavor.

Non-Traded Market Risk

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

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

The risk management process is depicted in the table below:

Identification	• Identification of IRRBB within existing and new products. • Review market-related information such as market trend and economic data.
Assessment/ Measurement	• PV01 • Earnings-at-Risk ("EaR") • ICAAP IRRBB Economic Value of Equity ("EVE") • ICAAP IRRBB EaR
Control/ Mitigation	• PV01 Triggers • EaR Triggers • ICAAP IRRBB EVE / Total Capital Trigger • ICAAP IRRBB EaR / Total Net Interest Income ("NII") Trigger
Monitoring/ Review	• Monitor controls • Periodical review and reporting

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

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

The Board's oversight of IRRBB is supported by 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 IRRBB 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 rate outlook. The Group has successfully engaged long-term borrowings and written interest rate swaps to manage IRRBB and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, IRRBB positions are monitored monthly and hedging strategies are employed to ensure risk exposures are maintained within management established limits.

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

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

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

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

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

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

9.4 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, market disruption and, to a lesser extent, significant draw down 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 Triggers/Targets
Monitoring/ Review	• Monitor controls • Periodical review and reporting

The liquidity risk management strategy 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 to 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 liquidity risk management oversight, including setting and reviewing the liquidity risk appetite and approving 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 problems. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crisis occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the Group.

Various liquidity measurements have been put in place to support the broader strategic objectives of the Group and, amongst others, include the BNM's LCR & NSFR, Depositor Concentration Ratio and other Liquidity Ratios. IBMR is responsible for developing and monitoring the controls and limits, while Group Treasury and Markets ("**GTM**") and CBSM are responsible to ensure that 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 and loans to customers. They are monitored using the LAFR, which compares loans 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 are defined as deposits from retail and small business customers, operational deposits, non-financial institutions deposits more than one year and debt instruments or long-term borrowings more than one year.

9.5 Operational Risk Management

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

Identification	• Identify and analyse risks in key processes/ activities within Line of Business (including new products).
Assessment/ Measurement	• Incident Management and Data Collection. • Risk and Control Self Assessment. • Key Risk Indicators. • Key Control Testing.
Control/ Mitigation	• Policies addressing control and governance requirements to mitigate specific operational risk. • Advisory on the establishment of internal controls. • Contingency planning.
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. • Periodical review of risk profile within Line of Business.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which include but are not limited to outsourcing risk, technology (including cyber security) risk, reputational risk and Shariah risk.

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

(1) the first line of defence 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 actions are taken to manage the risks. Enhanced first line of defence provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risk;

(2) in the second line, the Group Operational Risk department is responsible for exercising governance over operational risk through the management of the operational risk management framework, policy development, quality assurance of internal controls, operational risk measurement and capital allocation, operational risk management training and reporting of operational risk issues to GMRC, RMC and the Board; and

(3) the Group Internal Audit Division acts as the third and final line of defence by providing independent assurance on the effectiveness of internal controls through its periodic audit programme.

The Group Operational Risk department maintains close working relationships with all lines of business, 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 Business Continuity Management ("**BCM**") process of the Group is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality.
Assessment/ Measurement	• Business Impact Analysis. • Three Assessment.
Control/ Mitigation	• Policies governing the BCM implementation. • BCM methodologies controlling the process flow. • Implementing the Business Continuity Plan.
Monitoring/ Review	• BCM Plan testing and exercise. • Review of BCM Plan. • Plan maintenance.

The BCM function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. 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 efforts of the recovery team and specialist units to ensure that the Group has the required critical capabilities and resources, such as IT disaster recovery, alternate workspace and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency and conducts periodical testing to enhance BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten BCM awareness and foster business resilience across the Group.

Technology and Cyber Risk

Technology and cyber security risk refers to any risk of financial loss, disruption or damage to the reputation of an organisation as a result of the failure of its information technology systems. The Group's operations are highly dependent on the continued employment of information technology systems. Any breakdown or system failure could have a major impact on our businesses.

Similar to operational risk, technology and cyber risk management is guided by the three lines of defence concept (please refer to Operational Risk Management).

The Group's Technology Risk Management Framework and Cyber Resilience Policy provide the guiding principles to the Group's management of technology risks, as well as the resilience of the Group's IT infrastructure and cyber security capabilities, especially with regards to safeguarding customers' information and critical technology assets.

Regular reporting into the GMRC, and subsequently, the RMC and Board is made to ensure that senior management and members of the Board are kept apprised of technology and cyber risks.

Driven by the constantly evolving nature and sophistication of cyber threats and attack vectors, the Group aims to identify threats in a timely manner and build or enhance the right defences to mitigate risks. The Group continues to enhance cyber security capabilities, execute internal assessment reviews, provide oversight over defence mechanisms and uplift governance processes alongside the Group's cyber risk management strategy. Creating a security mindset for employees and customers via its cyber security awareness programs also remains a priority.

9.6 Legal Risk

In all jurisdictions that the Group conducts its business, there could be potential legal risks arising from breaches of applicable laws, unenforceability of contracts, lawsuits, adverse judgment, failure to respond to changes in regulatory requirements and failure to protect assets (including intellectual properties) owned by the Group which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

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

9.7 Regulatory Compliance Risk

AMMB 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 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 AMMB Group's processes and increasing awareness on the role of every employee to be compliant and safeguard AMMB Group's reputation against any potential legal violations and/or regulatory non-compliance. The senior management team is responsible for communicating the compliance framework to all employees, as well as implementing appropriate actions for non-compliances.

The Group Management Governance and Compliance Committee ("**GMGCC**"), comprising of the senior management team from Group Compliance, Group Risk, Group Internal Audit and the Business, meets regularly to discuss and deliberate on regulatory updates, compliance issues and areas of non-compliance. The Group believes in and embraces a strong compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board and senior management lead by example. The Group has zero tolerance for any form of bribery or corruption.

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

9.8 Hedging Strategy

<u>Financial derivatives</u>

As part of its risk management strategy, the Group uses financial derivatives instruments to manage the Group's market risk exposure. The Group's involvement in financial derivatives comprises mainly of interest rate derivatives, amongst other hedging instruments.

Interest rate swap contracts generally involve the exchange of fixed and/or floating interest rates between two parties based on the underlying principal amounts. As derivatives are contracts which transfer risks, they expose the Group to the same type of market and credit risks as other financial instruments and the Group seeks to manage these risks in a consistent manner under the overall risk management framework.

Interest rate risk

Interest rate risk within the Group typically arises from the mismatch between assets and liabilities. While most of the Group's assets are floating in nature, the Group has adopted and practice strict asset liability management to ensure that any interest rate risk attributed to fixed rate assets and securities are managed within internally prescribed risk limits. This includes entering into financial derivatives, writing more floating-rate loans for natural hedge and bringing in longer-tenure term funding with maturity above one year, among other things.

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SECTION 10.0 OVERVIEW OF THE MALAYSIAN BANKING INDUSTRY

10.1 Economic, Monetary and Financial Developments in 2022

2022: Firmer Domestic Recovery Amid A Challenging Global Environment

Global economic growth moderated amid a challenging environment

The impact from the COVID-19 pandemic, domestic issues in China, military conflict in Ukraine, elevated inflation and tighter monetary policy were among the key developments that shaped the global economic landscape in 2022. Amid these challenges, growth in the global economy and global trade moderated to 3.4% and 5.4%, respectively (2021: 6.2% and 10.4% respectively).

As the year began, the recovery path of the global economy continued to be heavily influenced by the policy response to the COVID-19 pandemic. With the emergence of the highly transmissible Omicron variant in the last quarter of 2021, many economies faced a resurgence of cases. As cases peaked and vaccination levels improved, many countries subsequently lifted their containment measures and reopened international borders. By the first half of 2022, containment measures were fully lifted for most economies. The shift towards endemicity supported global trade activity steadily through the year amid the realisation of pent-up demand. Labour markets and services activity recorded significant recovery, supported by this return to normalcy. The reopening of factories, reduced labour absenteeism from COVID, and improved adaptability of firms also helped ease supply chain conditions that were strained by the pandemic. Tourism activity also recorded a significant recovery in 2022, following the reopening of international borders. Nevertheless, the lift from pent-up demand faded as the year progressed, more so following the withdrawal of policy support and as inflation began rising.

Meanwhile, China faced its own domestic headwinds throughout the year. China maintained its zero COVID policy for most of the year before lifting restrictions in December. The multiple resurgences of cases during the year caused sporadic lockdowns, dampening economic growth. In April, Shanghai experienced a 2-month citywide lockdown which caused severe disruption to economic activity and depressed consumer confidence in China. In December, the sudden lifting of containment measures caused economic disruptions through risk aversion and labour absenteeism as COVID cases soared from heightened domestic mobility. This steadily faded in the early part of 2023, as normalcy returned. Meanwhile, the property sector continued to weaken, as many major developers faced debt defaults, affecting real estate investments. Home sales also declined given concerns on developers' ability to complete existing and future projects.

The military conflict in Ukraine led to severe global disruptions. Sanctions were imposed on Russia. Initially, sanctions imposed were financial and technological in nature. However, as the conflict protracted, the sanctions became wider and more severe. The European Union imposed a ban on imports of seaborne oil and coal, as well as a maritime insurance ban. Global supply chain disruptions deteriorated further in March and April as the conflict worsened, affecting products such as commodities and automotive-related E&E goods. This then led to a rapid increase in commodity prices and a rapid rise in global inflation. The abrupt shortage in gas supply and spikes in gas prices led to an energy crunch for oil importers particularly Europe, given their higher exposure to Russian energy. This stifled household spending and affected manufacturing activity, especially for energy intensive products. Meanwhile, commodity exporting countries benefitted from the high commodity prices through higher exports growth.

The environment of stronger demand, tight labour markets and elevated commodity prices caused inflation to soar to historical highs. In some economies, notably the US, strong demand conditions were exacerbated by labour shortages, contributing to strong wage growth that led to increased price pressures. In Europe, the military conflict compounded the effects through high gas and energy prices. Conversely, while inflation in regional economies in Asia increased, it remained relatively lower. This was due to prevalence of price controls and subsidies on energy in some economies, as well as lower inflation on staple food, especially rice. In addition, Asia experienced lower pent-up demand effects due to the relatively slower reopening and more moderate fiscal support compared to advanced economies. Global inflation peaked in the third quarter. It dropped off slightly thereafter but remained at an elevated level. Despite easing of supply-side inflationary pressures in the second half of the year, underlying inflation stayed persistent.

Global financial conditions tightened amid central banks' monetary policy actions and global investor risk aversion

In 2022, global financial markets faced unprecedented monetary tightening as central banks raised interest rates significantly and at a rapid pace to manage the risks from higher and more persistent-than-expected inflation. In particular, central banks and investors continually revised their monetary policy outlook as global inflationary pressures turned out less transient than earlier anticipated. This, along with heightened economic and geopolitical uncertainties throughout most of the year, contributed towards a broad tightening in financial conditions and higher risk aversion. These developments affected all asset classes, globally.

Market participants began the year primarily concerned with the shifting narratives surrounding the pace of global monetary policy tightening. Amid higher inflationary pressures, central banks started to withdraw monetary support in the second half of 2021, with the US Federal Reserve (the "**Fed**") indicating a quicker pace of interest rate hikes for 2022. Expectations for faster and larger interest rate hikes became increasingly prominent in the first quarter of 2022, as the military conflict in Ukraine and its impact on global commodity prices generated expectations for a more aggressive monetary policy response. By the end of 2022, the Fed had sharply raised the federal funds rate cumulatively by 425 basis points to its highest level in 15 years. Furthermore, the Fed continued to withdraw support to market liquidity through the tapering of its bond-buying programme. US Treasury yields surged during the year. This was accompanied by large and highly synchronised policy rate increases across other AEs and EMEs, which spurred corresponding adjustments to global bond yields.

Throughout the year, sentiments remained highly sensitive to developments surrounding global central banks' actions and their ability to curb the high and persistent inflation. As the authorities affirmed their commitment to bring down inflation, market participants grew increasingly concerned on the potential risks to economic growth and corporate earnings. This led to intermittent surges of financial market volatility as investors' expectations of the Fed's monetary policy action reacted to the latest developments in US inflation and labour market data. Global equity markets declined. The relatively higher US interest rates and weaker global economic outlook also induced portfolio rebalancing towards US financial assets, such as US Treasury securities. This provided strong demand for the US dollar, which rose to its strongest level in two decades as indicated by the US Dollar Index (DXY), which in turn depressed the currencies of most other AEs and EMEs against the US dollar. Towards the end of the year, however, these sentiments eased following expectations for a slower pace of monetary policy tightening in the US as labour market and inflation conditions showed signs of cooling.

Aside from the tighter global monetary conditions, the pessimistic growth outlook was compounded by the prospects of a prolonged conflict in Ukraine, the energy crisis in Europe and the economic slowdown in China, with the latter particularly affecting EMEs with close trade linkages with China. Against this backdrop, the outlook on global growth weakened, with the IMF lowering its 2023 global growth forecast to 2.7% from 2.9% and the US Treasury yield curve inverting sharply. In turn, the slower growth prospects further weighed on investor sentiments and generated stronger demand for safe-haven assets in countries such as the US. In January 2023, however, the IMF raised its 2023 global growth forecast back to 2.9% following positive growth surprises and greater-than expected resilience in many economies.

Going into 2023, global financial conditions began the year on an easing trend but remained susceptible to shifts in investor sentiments, especially on the pace and upper bound of global policy rate hikes. Markets were news driven. For instance, US data releases in February and continued hawkish signals by the Fed generated some pressure on UST yields and renewed strength in the broad US dollar index. This has in turn spurred bouts of market volatility and asset price adjustments globally.

Domestic financial markets were affected by external conditions, but were supported by positive domestic factors

For Malaysia, the domestic financial markets were affected by these external developments. In the bond market, yields trended higher across tenures for most of the year, in line with the upward trend in global bond yields as well as reflecting the impact from four consecutive 25 bps increases in the Overnight Policy Rate ("**OPR**"). However, the increase in yields was relatively smaller compared to those in other regional bond markets. In line with global bond yield movements, domestic bond yields partly retraced from the fourth quarter of 2022 onwards amid expectations for a slower pace of global monetary policy tightening. Overall, the domestic bond market experienced non-resident outflows amounting to RM37.1 billion amid the narrowing interest rate differentials between Malaysia and AEs. The 3-year, 5-year and 10-year MGS yield increased by 86, 68 and 47 bps, respectively, in 2022.

In contrast to the domestic bond market, the domestic equity market experienced non-resident portfolio inflows during the year. While domestic equities were also weighed down by external factors, they were partly supported by positive domestic factors, particularly the strong domestic growth momentum during the year. Of note, the FBM KLCI began the year supported by positive corporate earnings prospects following higher commodity prices, continued recovery in domestic economic activity and the reopening of international borders. Subsequently, domestic equities were largely affected by the shifts in global investor sentiments, with the FBM KLCI trending lower in the second and third quarters amid the global risk-off sentiment and higher interest rates. Towards year end, the improvement in global risk appetite provided some support to equity markets, offsetting part of the earlier declines. Overall, the FBM KLCI declined by 4.6% (2021: -3.7%) to close at 1,495.5 points. Notably, there was also some sectoral differentiation across the equity market. In particular, stocks in the plantation and energy sectors recorded strong positive performance driven by high global commodity prices.

In the foreign exchange (FX) market, movements in the ringgit exchange rate reflected mostly the strength of the US dollar. The ringgit depreciated to its weakest level for the year of RM4.7465 against the US dollar in November 2022, before partly retracing towards the end of the year. For the year as a whole, the ringgit depreciated by 5.4% to end the year at RM4.4130 against the US dollar. This was in line with the performance of most regional emerging market currencies, which depreciated between 3.3% and 8.5% against the US dollar. The weakening of the Chinese renminbi also exerted some pressure on the ringgit given the close trade linkages between Malaysia and China. Notwithstanding these factors, pressures on the ringgit from broad US dollar strength and weaker Chinese renminbi were partly mitigated by positive impetus from higher commodity prices and stronger domestic economic recovery. While the ringgit traded weaker against the US dollar, its performance against other major and regional currencies was more stable. Among others, the ringgit appreciated against the Euro (+0.5%), Japanese yen (+9.1%) and British pound (+6.0%). As a result, the Nominal Effective Exchange Rate (NEER) posted a marginal appreciation of 0.05% for 2022. More recently, the ringgit depreciated by 1.5% (YTD as at 20 March) against the US dollar, driven by the shifting expectations surrounding Fed policy rate increases.

While overall domestic financial conditions tightened and markets experienced periods of higher volatility, spillovers to financial intermediation were contained. Financing remained supportive of the domestic economy, with sustained fund-raising activity in the capital market and continued flow of bank credit. This was partly attributed to the dominant role of domestic and ringgit-based financing in Malaysia, limiting the FX risks from a stronger US dollar. The strength and resilience of the domestic banking system, which intermediates the bulk of financing in the domestic economy, continued to underpin an effective intermediation of funds. Banks' cost of funds were largely unaffected by the higher bond yields given that they remain well anchored to the central bank policy rate, albeit with money market rates partly affected by expectations of future movements in the OPR. Active risk management by banks further mitigated revaluation losses from their bond holdings. Trading activity in the domestic FX market remained healthy, while the BNM's liquidity and foreign exchange operations provided further support in mitigating excessive market volatility and preserving orderly market conditions. Importantly, the flexibility of the ringgit to facilitate adjustments in the external sector has continued to play an important role in cushioning the impact of adverse global shocks to the domestic economy.

In 2022, the domestic economy grew strongly and exceeded its pre-pandemic level as economic activity continued to normalise

Despite the challenges faced throughout the year ranging from a volatile external environment, surges in Omicron cases at the start of the year, labour shortages, supply chain disruptions, and rising inflation, the Malaysian economy expanded strongly by 8.7% in 2022 (2021: 3.1%). Domestically, the full upliftment of containment measures and the revival of tourism activity amid continued policy support had led to a broad-based improvement in growth. Externally, the impact of lower global growth and trade activity arising from the geopolitical conflicts, and tightening monetary policy was contained. This was evidenced by the resilient growth in exports, led by the electrical and electronic (E&E) sector, amid the continued upcycle in global technology. Furthermore, as a net commodity exporter, Malaysia benefited from increased demand and higher prices for commodity exports. This, in turn, brought some positive income effects on households and firms in certain segments such as the oil & gas and palm oil industries.

In terms of trajectory, growth peaked in the third quarter of 2022 reflecting the firm expansion in domestic demand, amid the full reopening of international borders on 1 April 2022, and policy support from the government. However, the growth momentum slowed towards the end of the year due mainly to the softening global demand and dissipating base effects.

The pace of recovery however, remained uneven across sectors. Export-oriented industries continued to be resilient, while pandemic-induced trends like remote working spurred growth in selected domestic-oriented subsectors. In contrast, activities in sectors such as leisure-related services, mining and quarrying, agriculture and construction sectors which account for about 20% of the economy, remained below pre-pandemic levels. Activities in these sectors were constrained by the more gradual recovery in tourist arrivals, facility closures for maintenance purposes, as well as labour shortages and higher input prices, respectively.

Overall, the recovery in 2022 was largely driven by domestic demand, mainly from firm private sector expenditure. Labour market conditions improved further, with strong labour demand throughout the year leading to increased employment, higher labour force participation, and declining unemployment rate. Wage growth also improved across key sectors, supported by the pickup in economic activity and the RM300 increase in minimum wage to RM1,500. Household spending was also supported by the realisation of pent-up demand, as well as continued policy support. In particular, Government policies such as cash transfers, subsidies on select consumer items, and seasonal price controls provided some shelter against sharp increase in prices to households and supported their spending amid the rising cost of living. Gross fixed capital formation rebounded to grow at 6.8% (2021: -0.9%) supported by resumption of construction activity, continued automation and digitalisation efforts, and public infrastructure projects.

On the external front, Malaysia's gross export growth remained strong across products and markets (2022: 25.0%, 2021: 26.1%). Growth was driven by continued demand for E&E products and fulfilment of backlog orders by firms, and elevated commodity prices. The weaker ringgit also helped in terms of higher valuation of export turnovers. The current account of the balance of payments continued to record a surplus, supported by strong goods exports, and improving travel receipts. The surplus, however, narrowed from 2021 due to the strong domestic demand fuelling imports, amid the full reopening of the economy. In addition, firms built up their inventory buffers to mitigate against supply chain disruptions arising from the lockdowns in China and the military conflict in Ukraine.

Headline and underlying inflation trended higher in 2022

Headline inflation increased in 2022, averaging at 3.3% for the year (2021: 2.5%) due to a combination of both supply and demand factors. Higher inflation for food and non-alcoholic beverages (2022: 5.8%; 2021: 1.7%) was the main driver that contributed to around half of the increase in headline inflation. In terms of trajectory, headline inflation peaked during the third quarter of 2022, due mainly to the base effect from the discount on electricity bills implemented in the third quarter of 2021. Thereafter, headline inflation moderated in the fourth quarter, albeit remaining elevated, upon dissipation of the base effect, as well as moderating cost pressures amid the easing of global supply chain conditions and ringgit appreciation.

High global commodity prices and prolonged supply-related disruptions continued to drive cost-push inflationary pressures throughout the year, as reflected in the sustained increase in the Producer Price Index (PPI) which rose by 7.8% in 2022 (2021: 9.5%). In particular, global energy and food commodity prices surged higher following the escalation in the military conflict in Ukraine, which was further exacerbated by export restrictions in key commodity-exporting countries. This particularly impacted the cost of key inputs for food production, such as fertilisers and animal feed. Sustained US dollar strength against the ringgit also led to higher import prices, which generated additional cost pressures during the year. Domestically, food supply shortages and seasonal factors such as adverse weather conditions also partly contributed to the higher prices of selected food items. Combined with the improvements in demand conditions following the reopening of the Malaysian economy, these factors led to higher cost pass-through to consumer prices. Nevertheless, the extent of cost pass-through to consumer price inflation remained partly contained by existing price controls, subsidies, and the remaining spare capacity in the economy.

Underlying inflation, as measured by core inflation, trended higher throughout the year, averaging at 3.0% (2021: 0.7%). Strengthening demand conditions following the reopening of the economy accelerated the increase in core inflation, after a period of subdued demand and lower profit margins during the pandemic. Notably, the transition to endemicity in Malaysia spurred a shift in demand from consumer goods to services. As such, price pressures were most prominent in core CPI services, particularly for food away from home and rental. Prices for other discretionary services, such as cultural services and restaurants and hotels, also rose.

Overall, price pressures became more broad-based during the year. The share of CPI items recording monthly price increases remained above the long term average for most of the year (2022 average: 57.5%; 2011-2019 average: 45.6%), albeit with some moderation in the pervasiveness from September 2022 onwards. Risks of second-round effects from wage-price dynamics remain contained at this juncture, as inflation expectations remain firmly anchored while real wage growth has not been excessive. The higher inflationary pressure has, however, continued to place stress on households' cost of living, particularly given the elevated prices for essential and frequently purchased items, such as food products and services. Nevertheless, various policy measures remained in place to partly alleviate households' rising cost of living, including the price controls and subsidies on key consumer necessities and targeted income transfers to vulnerable households.

Monetary policy was recalibrated amid firmer domestic economic recovery

During the year, the OPR was raised from a historical low of 1.75% by 100 basis points to 2.75% through a series of four consecutive adjustments beginning in May 2022. This recalibration of the OPR, which continued to focus on balancing the risks to domestic inflation and sustainable growth, was warranted as the unprecedented conditions experienced during the height of the pandemic have since abated.

The MPC began adjusting the degree of monetary accommodation against the backdrop of a firmer domestic economic recovery. This was reflected in the better labour market conditions and stronger domestic demand, especially following the transition to endemicity in the second quarter. The improvements in domestic demand partly contributed towards inflationary pressures in a higher cost environment, amid elevated commodity prices and persistent supply chain disruptions. Global developments, such as the military conflict in Ukraine, strict containment measures in China and aggressive monetary policy adjustments by other central banks also induced further uncertainties in the global environment. Given these considerations, the MPC undertook a gradual and measured approach towards adjusting the monetary policy settings through 25-basis point increments beginning in May 2022. This ensured that the recalibration of monetary policy did not weigh on the recovery while also enabling the BNM to pre-emptively manage the risk of excessive demand on price pressures.

Domestic monetary and financing conditions remained conducive, with limited adverse spillovers from external developments and tighter financial conditions globally, on account of resilience in the domestic banking system and orderly adjustments in the capital markets. The BNM's monetary operations continued to focus on ensuring sufficient liquidity to support financial intermediation. These operations were conducted through various instruments, including reverse repos, the outright purchase of Government securities and foreign exchange swaps to ensure orderly market conditions. Following the higher liquidity injection operations, the level of outstanding liquidity placed with BNM increased towards year end, after declining throughout most of the year. At the system level, aggregate outstanding liquidity placed with the BNM remained ample at RM163.4 billion (2021: RM160.1 billion). At the institution level, most banking institutions continued to maintain surplus liquidity positions with the BNM. Adjustments to banks' liquidity positions remained orderly, even with the lapse in the Statutory Reserve Requirement (SRR) flexibility.

Increases in the OPR saw a smooth pass-through to money market rates, with higher Kuala Lumpur Interbank Offered Rate (KLIBOR) and interbank rates recorded across all tenures. Of note, increases in the KLIBOR exceeded the magnitude of the OPR hikes, especially at the longer tenures, mainly reflecting markets' expectations of further OPR hikes throughout the year as well as in 2023. The tighter interbank market conditions, particularly towards year end, were also caused by greater competition for funding among banks to strengthen regulatory ratios.

Similarly, higher deposit and lending rates were observed following the OPR adjustments. Nominal weighted average fixed deposit (FD) rates increased, by between 89 and 94 basis points across tenures of 1 to 12 months, as compared to end-2021. Correspondingly, real FD rates also trended upwards, although to a lesser extent, given expectations for higher inflation. Meanwhile, lending rates also increased with the repricing of new and existing floating-rate loans. By the end of the year, the weighted average lending rate (ALR) on outstanding loans increased by 98 basis points as compared to end-2021. For new borrowers, lending rates also increased for households and businesses across purposes and sectors, in line with increases in the OPR.

Continued expansion of credit to the private non-financial sector, underpinned by stronger economic recovery

Growth in credit to the private non-financial sector was strong in 2022, amid firmer recovery in economic activity. Despite some moderation towards the year end, financing activity was sustained for the most part of 2022, with credit expanding at a higher rate of 4.7% (2021: 4.1%). This higher growth in credit to the private non-financial sector was supported by higher growth in both outstanding loans (2022: 4.7%; 2021: 4.1%) and corporate bonds (4.6%; 2021: 4.2%).

The household segment was a key driver of loan growth, with outstanding household loans growing at 5.4% (2021: 3.9%; 2017-19 average: 5.0%). This reflected the strong growth in loan disbursements (22.0%; 2021: 3.9%), especially for the purchases of houses and cars, in line with the improvements in labour market conditions during the year. Of note, the growth in credit demand, as measured by loan applications, was also strong throughout the year (16.8%; 2021: 11.7%) before moderating in the fourth quarter, amid the lapse of the sales tax relief on new vehicles and increases in the OPR. In addition, most households, including those exiting repayment assistance programmes, continue to be able to sustain loan repayments. The growth in loan repayments increased to 19% in 2022 (2021: 7.4%) amid the gradual lapse in repayment assistance programmes within the first half of the year.

For businesses, outstanding loans recorded a growth of 3.4% (2021: 4.5%; 2017-19 average: 3.1%), supported mainly by working capital loans. While outstanding loan growth was sustained above pre-pandemic levels throughout the year, some moderation was observed towards the year end as the growth in loan repayments outpaced that of disbursements. Notwithstanding this, the level of disbursements for working capital loans remained high from the second quarter onwards, as firms continued to rely on their existing credit lines to manage cash flow in a high-cost environment. Of note, investment-related loans gradually gained momentum as the year progressed amid continuation of large infrastructure projects and resumption in business expansion. Fundraising in the corporate bond market has also remained forthcoming, driven by issuances from large private firms and government linked corporations (RM120 bn; 2021: RM89 bn). These have also supported large investment projects in the construction and utilities sectors.

Overall, credit conditions remained supportive of the financing needs of households and businesses as the economy fully reopened. While monetary policy has been adjusted in line with the firmer recovery prospects, targeted support remained available, particularly for viable borrowers and those in the most affected segments that may take longer to recover. Banks continued to provide repayment assistance to such borrowers, alongside various debt advisory and restructuring arrangements that remain in place. The BNM's various financing facilities were also repurposed to provide targeted support to SMEs in catalysing their recovery and growth prospects. These included credit facilities such as the Business Recapitalisation Facility (BRF), the Low Carbon Transition Facility (LCTF) as well as the High Tech & Green Facility (HTG). In addition, credit guarantees also continued to be available throughout the year to facilitate bank lending. Collectively, these measures provided continued support to banks, firms, and households in ensuring that financing conditions remained supportive of economic activity.

(Source: Economic & Monetary Review 2022 – Economic, Monetary and Financial Developments in 2022, Bank Negara Malaysia)

10.2 BNM's Policy Considerations

Monetary policy remains slightly accommodative and supportive of the economy

At the July Monetary Policy Committee ("**MPC**") meeting, the MPC decided to maintain the OPR at 3.00 percent.

The MPC assessed that the global economy continues to expand, driven by resilient domestic demand supported by strong labour market conditions. Global growth, however, is weighed down by persistent core inflation and higher interest rates. While China's reopening remains supportive of the global economy, its pace of recovery has slowed in recent months. Globally, headline inflation continued to moderate, but core inflation remains above historical averages. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from a slower momentum in major economies, higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

Following a strong outturn in the first quarter of the year, the Malaysian economy expanded at a more moderate pace in recent months as exports were weighed down by slower external demand, as expected. Growth for the remainder of the year will continue to be driven by resilient domestic demand. Household spending continues to be underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. Tourist arrivals have been steadily improving, and are expected to continue rising, thereby lifting tourism-related activities. Investment activity would be supported by continued progress of multi-year infrastructure projects. Domestic financial conditions also remain conducive to financial intermediation amid sustained credit growth. While the growth outlook is subject to some downside risks stemming from weaker-than-expected global growth, upside risks mainly emanate from domestic factors such as stronger-than expected tourism activity and faster implementation of projects.

Headline inflation has continued to ease amid lower cost factors. While core inflation has also moderated, it remained elevated relative to the long-term average amid lingering demand and cost factors. For the second half of 2023, both headline and core inflation are projected to trend lower, broadly within expectations. Risks to the inflation outlook remain highly subject to the degree of persistence in core inflation, changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

At the current OPR level, the MPC deemed the monetary policy stance to be slightly accommodative and remain supportive of the economy. The MPC continues to see limited risks of future financial imbalances. The MPC remains vigilant to ongoing developments, and will continue to monitor incoming data to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

(Source: Quarterly Bulletin for the Second Quarter 2023 – BNM's Policy Considerations, Bank Negara Malaysia)

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SECTION 11.0 OTHER INFORMATION

11.1 Material Contracts

As at the LPD, the Issuer has not entered into any material contract which is not in the ordinary course of business within the last two (2) years.

11.2 Material Litigations

As at the LPD, the Issuer is not involved in any material litigation, claims or arbitration which would have had a significant and material effect on the financial position or business of the Issuer and/or the ability of the Issuer to perform its obligations under the Subordinated Notes Programme and the Board is not aware of any proceedings that are pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Issuer and/or the ability of the Issuer to perform its obligations under the Subordinated Notes Programme.

11.3 Commitments and Contingent Liabilities

Save as those disclosed in the Issuer's audited financial statements for the financial year ended 31 March 2023 and the Issuer's unaudited condensed interim financial statements for the financial period ended 30 June 2023 , the Board is not aware of any material commitment and contingent liabilities, which upon becoming enforceable may have substantial impact on the financial position and the business of the Issuer as at the LPD.

11.4 Potential Conflict of Interest and Appropriate Mitigating Measures

(a) AmInvestment Bank Berhad

Save as disclosed below, after making enquiries as were reasonable in the circumstances, AmInvestment Bank is not aware of any circumstances that would give rise to a conflict-of-interest.

AmInvestment Bank and the Issuer are both subsidiaries of AMMB Holdings. As such, AmInvestment Bank and the Issuer are related corporations to each other. Potential conflict-of-interest situations may arise on the part of AmInvestment Bank in terms of duties owed to potential investors on the one hand and its relationship with the Issuer on the other.

The following are existing mitigating measures or measures that will be adopted by AmInvestment Bank to mitigate or address the potential conflict-of-interest situations set out above:

(i) Messrs. Adnan Sundra & Low, an external independent legal counsel, has been appointed to conduct a legal due diligence inquiry on the Issuer;

(ii) the Notes will be issued by way of a direct placement or bought deal or book-running on a best effort basis whereby pricing of the Notes will be market driven; and

(iii) AmInvestment Bank, in all its appointed roles in respect of the Subordinated Notes Programme has considered the factors involved and believes that its objectivity and independence in carrying out its various roles have been/will be maintained at all times for the following reasons:

(aa) AmInvestment Bank is a licensed investment bank and its appointment as, amongst others, the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent in respect of the Subordinated Notes Programme is in the ordinary course of its business;

(bb) the conduct of AmInvestment Bank is regulated strictly by BNM and the SC and governed under, amongst others, the FSA and the CMSA, and AmInvestment Bank has in place its own internal policies, controls and checks with regard to transactions involving its related corporations; and

(cc) save for the professional fees charged in relation to the Subordinated Notes Programme, AmInvestment Bank will not be deriving any other monetary benefits from the Subordinated Notes Programme outside its aforesaid roles.

The potential conflict-of-interest situations have been brought to the attention of the Board and hence the Board is fully aware of the same. The Board has confirmed that having considered the above situation, they intend to proceed with the appointment of AmInvestment Bank as, amongst others, the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent of the Subordinated Notes Programme.

(b) Messrs. Adnan Sundra & Low

After making enquiries as were reasonable in the circumstances, Messrs. Adnan Sundra & Low has confirmed that to the best of its knowledge, it is not aware of any circumstances that would give rise to a conflict-of-interest or potential conflict-of-interest situation in its capacity as the solicitors for the Principal Adviser and Lead Arranger in relation to the Subordinated Notes Programme.

(c) Malaysian Trustees Berhad

After making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad has confirmed that to the best of its knowledge, it is not aware of any circumstances that would give rise to a conflict-of-interest or potential conflict-of-interest situation in its capacity as the Trustee in relation to the Subordinated Notes Programme.

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APPENDIX 1

Audited Financial Statements for the Financial Year ended 31 March 2023

AMBANK (M) BERHAD

Registration No. 196901000166 (8515-D)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2023

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of AmBank (M) Berhad ("the Bank") and its subsidiaries ("the Group") for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Bank is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 17 to the financial statements.

There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit for the financial year	1,093,737	1,090,837
Attributable to:		
Equity holder of the Bank	1,093,738	1,090,837
Non-controlling interests	(1)	-
	1,093,737	1,090,837

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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 Bank for the current financial year in which this report is made.

DIVIDENDS

The Directors propose the payment of a final single-tier dividend of 17.3 sen per ordinary share on 949,927,564 ordinary shares amounting to approximately RM164.3 million in respect of the current financial year ended 31 March 2023. 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.

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.

OUTLOOK FOR NEXT FINANCIAL YEAR (CONT'D.)

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 AMMB Holdings Berhad ("AMMB") Group’s 2022 income, 2023 will see funding cost catching up as a direct consequences of deposit competition, inevitably leading to margin compression. In this environment, the AMMB Group will continue to maintain cost discipline through paced hiring and smart investments.

Notwithstanding, the AMMB 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 AMMB Group maintains its credit vigilance against borrowers with higher debt service burdens.

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

SIGNIFICANT EVENT

There was no significant event during the financial year.

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

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

For the financial year ended 31 March 2023, the Group’s net profit improved from RM1,013.6 million to RM1,093.7 million whilst profit before impairment improved by 14.3% to RM1,594.9 million. These were on the back of income growth of 12.1% to RM3,023.3 million with net interest income (“NII”) and non-interest income growing strongly by 8.9% to RM2,346.6 million and 25.3% to RM676.7 million respectively. This strong NII growth was driven by a 4.6% loans growth, partly offset by net interest margin compression to 1.95% (2022: 2.01%) as cost of funds raised. Expenses grew 9.8% to RM1,428.4 million. However, the higher income growth has translated to improve Cost-to-Income ratio at 47.2% (2022: 48.3%).

Further, net impairment charge for the financial year fell 33.7% from RM261.7 million to RM173.5 million. Gross impaired loans ratio stood at 1.64% (2022: 1.31%), with a loan loss coverage ratio (includes regulatory reserves) of 123.5% (2022: 153.2%). With the improved profitability, the CET1 Capital ratio after deducting proposed final dividend increased to 12.259% from 11.767% and Total Capital ratio increased to 16.835% from 16.233% 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 5.7%, resulting in CASA ratio of 29.9%.

(b) Strategic Highlights

As FOCUS 8 enters its last year of execution in FY24, digitalisation and Environmental, Social and Governance (“ESG”) initiatives remain a priority, alongside a continued focus on strengthening capital and liquidity, vigilant monitoring of loans portfolio and maximising cost efficiencies.

BUSINESS PLAN AND STRATEGY (CONT'D.)

(b) Strategic Highlights (Cont'd.)

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.

ISSUANCE OF SHARES AND DEBENTURES

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

Issuance of debt securities

(a) On 12 October 2022, the Bank issued Tranche 9 with nominal amount of RM745.0 million under its RM4.0 billion Subordinated Notes Issuance Programme. The interest rate of this tranche is at 5.20% per annum payable half-yearly with a tenure of 10 years (callable in the 5th year).

(b) On 28 March 2023, the Bank issued Tranche 10 with a nominal amount of RM350.0 million under its RM4.0 billion Subordinated Notes Issuance Programme. The interest rate of this tranche is 4.58% per annum payable half-yearly with a tenure of 10 years (callable in the 5th year).

Repayment of debt securities

On its first call date of 17 October 2022, 23 February 2023 and 14 March 2023, the Bank fully redeemed Tranche 3, Tranche 4 and Tranche 5 of Subordinated Notes with nominal amount of RM570.0 million, RM175.0 million and RM350.0 million respectively issued under its Subordinated Notes programme of RM4.0 billion.

Save as disclosed above and in Notes 26 and 27 to the financial statements, there were no other issuances and/or repayments of shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Bank through the holding company, AMMB has maintained a Directors' and Officers' Liability Insurance on a group basis 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 within the AMMB Group including for the Bank. 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 AMMB for the Directors and Officers of AMMB and its subsidiaries for the current financial year was RM418,425 (2022: RM398,500).

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Bank 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 the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts.

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

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank 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 Bank that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Bank 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 Bank.

No contingent or other liability of the Group and of the Bank 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 Bank 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 Bank that would render any amount stated in the financial statements misleading.

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any 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 Bank have been written down to their estimated realisable values.

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

DIRECTORS

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

Voon Seng Chuan
Soo Kim Wai
Dato' Sri Abdul Hamidy Abdul Hafiz
Dr Veerinderjeet Singh a/l Tejwant Singh
U Chen Hock
Ng Chih Kaye
Foong Pik Yee

The Directors of the Bank's subsidiaries who have served since the beginning of the current financial year to the date of this report are:

No.	Name of Subsidiary	Name of Director
1.	AmCard Services Berhad	Ling Fou-Tsong @ Jamie Ling Loo Boon Seng
2.	AmMortgage One Berhad	Loo Boon Seng Dato' Ng Mann Cheong Syed Ihsanputra bin Syed Mohd Fudzan
3.	AmProperty Holdings Sdn Bhd	Lim Kien Hock Khoo Teck Beng
4.	Bougainvillaea Development Sdn Bhd	Lim Kien Hock Khoo Teck Beng
5.	MBf Information Services Sdn Bhd	Lim Kien Hock Khoo Teck Beng
6.	Teras Oak Pembangunan Sendirian Berhad	Lim Kien Hock Khoo Teck Beng
7.	AmLabuan Holdings (L) Ltd	Datuk Iswaraan a/l Suppiah
8.	MBf Trustees Berhad (under members' voluntary winding-up)	Lim Hock Aun Khoo Teck Beng
9.	Malco Properties Sdn Bhd (under members' voluntary winding-up)	Lim Kien Hock Khoo Teck Beng
10.	MBf Nominees (Tempatan) Sdn Bhd (under member's voluntary winding-up)	Lim Kien Hock Khoo Teck Beng

DIRECTORS' INTERESTS

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

None of the Directors in office at the end of the financial year had any interest in shares in the Bank and in the related corporations during and at the end of the financial year.

AMMB EXECUTIVES' SHARE SCHEME

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

The awards under the ESS are up to ten percent (10%) of the total number of issued shares of AMMB (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.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 36 to the financial statements and from related corporations) by reason of a contract made by the Bank 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, other than for the related party transactions as shown in Note 43 to the financial statements.

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

CORPORATE GOVERNANCE

(a) Directors' Profiles

The following are the profiles of the Directors of the Bank:

MR VOON SENG CHUAN
Independent Non-Executive Chairman

Mr Voon Seng Chuan, a Malaysian, aged 64, was appointed to the Board of AmBank on 18 June 2015 as Independent Non-Executive Director. He assumed the Chairmanship of the Board on 1 January 2019.

Mr Voon also sits on the board of AMMB Holdings Berhad ("AMMB") and he is currently the Senior Independent Non-Executive Director of AMMB. Mr Voon is a Member of the GNRC and Group Information Technology Committee of AMMB.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

MR VOON SENG CHUAN
Independent Non-Executive Chairman (Cont'd.)

Mr Voon has been part of the Information Technology (“IT”) industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010.

In his 27 years of service with IBM, Mr Voon held a number of roles delivering all aspects of IT products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific.

From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Mr Voon responded to the Malaysian Government’s call to transform the nation into an international shared services and outsourcing hub by leading IBM’s investment in seven regional centres/operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr Voon was recognised with the “Outsourcing Leader of the Year” award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr Voon is currently an Independent Non-Executive Director of Mesiniaga Berhad (an IT company listed on the Main Market of Bursa Malaysia Securities Berhad). He is also a Member of the Board of Trustees of Cardiac Vascular Sentral Kuala Lumpur ("CVSKL") Foundation.

Mr Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

MR SOO KIM WAI
Non-Independent Non-Executive Director

Mr Soo Kim Wai, a Malaysian, aged 62, was appointed to the Board of AmBank on 2 January 2019 as Non-Independent Non-Executive Director. He is a Member of the Board Credit Committee ("BCC") of AmBank.

Mr Soo is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager, Finance and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985.

Mr Soo has been a Non-Independent Non-Executive Director of AMMB for over 22 years and he is a Member of the GNRC of AMMB. Mr Soo is currently the Non-Independent Non-Executive Chairman of AmREIT Managers Sdn Bhd, the manager of AmFirst Real Estate Investment Trust and AmREIT Holdings Sdn Bhd. Apart from AMMB, his directorships in other public companies include RCE Capital Berhad (listed on Bursa Malaysia) and Amcorp Properties Berhad. Mr Soo is currently the Non-Independent Non-Executive Chairman of Amcorp Global Limited (a company listed on the Mainboard of Singapore Exchange Limited). He also sits on the Board of other private limited companies and foreign companies.

Mr Soo is a Member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also a Fellow of the Certified Practising Accountant ("CPA"), Australia and the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

DATO' SRI ABDUL HAMIDY ABDUL HAFIZ
Independent Non-Executive Director

Dato' Sri Abdul Hamidy Abdul Hafiz, a Malaysian, aged 66, was appointed to the Board of AmBank on 7 January 2016 as Independent Non-Executive Director. He is the Chairman of the BCC of AmBank.

Dato' Sri Hamidy also sits on the board of a subsidiary of AMMB Holdings Berhad, namely AmBank Islamic Berhad ("AmBank Islamic") as the Independent Non-Executive Chairman and serves as the Chairman of the BCC of AmBank Islamic.

Dato' Sri Hamidy is an experienced banker with over 30 years of extensive banking experience in the fields of Commercial and Finance Banking, Investment Banking and Islamic Banking. Dato' Sri Hamidy was previously the Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad and prior to that, he was the Chairman of Danajamin Nasional Berhad. Dato' Sri Hamidy was also previously the Managing Director/Chief Executive Officer of Affin Bank Berhad, Chairman of the Association of Banks Malaysia, Managing Director of Pengurusan Danaharta Nasional Berhad and an Independent Non-Executive Director of Chubb Insurance Malaysia Berhad. Dato' Sri Hamidy also served as the Chairman of Corporate Debt Restructuring Committee ("CDRC") from 2009 until the end of February 2020.

Dato' Sri Hamidy currently serves as a member of the Appeals Committee of Bursa Malaysia Berhad.

Dato' Sri Hamidy holds a Bachelor's Degree and a Master in Business Administration from Ohio University, United States of America ("USA").

DR VEERINDERJEET SINGH A/L TEJWANT SINGH
Independent Non-Executive Director

Dr Veerinderjeet Singh a/l Tejwant Singh, a Malaysian, aged 66, was appointed to the Board of AmBank on 1 June 2017 as Independent Non-Executive Director. Dr Veerinderjeet is the Chairman of the Audit and Examination Committee ("AEC") and a Member of the Risk Management Committee ("RMC") of AmBank.

Dr Veerinderjeet had served as a Tax Partner/Executive Director at Arthur Andersen and Ernst & Young in Malaysia and had also served in the Malaysian Inland Revenue Department. Dr Veerinderjeet has over 35 years of experience in the tax profession as an Inland Revenue Officer, academician, consultant, author and tax observer.

Dr Veerinderjeet was a co-founder and Chairman of Axcelasia Taxand Sdn Bhd, which is a member of the Taxand Global organisation of independent tax advisory firms in nearly 50 countries. In April 2020, the company was acquired by the Tricor Group and is now known as Tricor Taxand Sdn Bhd where Dr Veerinderjeet remains as a Director.

Dr Veerinderjeet currently serves as a council member of the MICPA and was a Past President of MICPA. He was also a council member and Past President of the MIA and the Chartered Tax Institute of Malaysia ("CTIM"). Dr Veerinderjeet was appointed as ex-officio member of the Financial Reporting Foundation in conjunction with his presidentship in MIA. Dr Veerinderjeet is also an Adjunct Professor at the School of Business, Monash University in Malaysia.

Dr Veerinderjeet is currently the Non-Executive Chairman of MARC Ratings Berhad and Tricor Services (Malaysia) Sdn Bhd. Dr Veerinderjeet also sits on the boards of Malaysian Rating Corporation Berhad, UMW Holdings Berhad and ICC Malaysia Berhad as an Independent Non-Executive Director. Prior to joining the Board of AmBank, he was on the board of the Bank of Nova Scotia Berhad. In addition, Dr Veerinderjeet also serves on the Board of Trustees of the International Bureau of Fiscal Documentation (a world renowned tax research body in the Netherlands). Dr Veerinderjeet is also a member of the ICC Global Tax Commission and has been appointed as Vice Chair of the Commission from 1 June 2022 for a three year term.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

DR VEERINDERJEET SINGH A/L TEJWANT SINGH
Independent Non-Executive Director (Cont'd.)

As an accomplished author and tax observer, Dr Veerinderjeet has published books and numerous articles in local and international tax, law and accounting journals. Among the books he has authored are “Veerinder on Taxation”, “Malaysian Taxation: Administrative and Technical Aspects”, “Tax Compliance and Ethical Decision-Making: A Malaysian Perspective” and “Tax Thoughts on Today’s Taxing Times”. Dr Veerinderjeet has spoken at various local and international events on tax policy and tax reforms and also has a grasp of economic developments.

Dr Veerinderjeet received a first class honours degree in accounting from the University of Malaya and a Doctorate from the Universiti Putra Malaysia. Dr Veerinderjeet is a Member of MICPA, MIA and CTIM.

MR U CHEN HOCK
Independent Non-Executive Director

Mr U Chen Hock, a Malaysian, aged 66, was appointed to the Board of AmBank on 3 July 2018 as an Independent Non-Executive Director, where he currently serves as the Chairman of the RMC and a Member of the AEC of AmBank.

Mr U is a highly accomplished banker with over 36 years of extensive experience in corporate, commercial, investment, and consumer banking. Throughout his career, Mr U has held senior leadership roles in Malaysia, Taiwan, and Hong Kong at a global banking group. He also served as the Chief Executive Officer of an investment bank and an Executive Director of a major local banking group in Malaysia prior to his retirement in April 2017.

Mr U's contributions to the banking industry extend beyond his professional roles. He served as the Chairman of the Financial Planning Association of Malaysia for two terms between 2005 to 2007.

He is currently also an Independent Non-Executive Director of Tokio Marine Life Insurance Malaysia Bhd and also a member of its Audit Committee, Nomination Committee, Remuneration Committee, Risk Management & Compliance Committee.

He holds a Bachelor of Economics and Management (Honours) degree from the National University of Malaysia (“UKM”), as well as his accreditation as a Certified Financial Planner (“CFP”) by the Financial Planning Standards Board, USA. Mr U has also attended numerous Senior Executive Leadership Programmes at INSEAD, London Business School, Duke Corporate Education, and IMD Business School.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

MR NG CHIH KAYE
Independent Non-Executive Director

Mr Ng Chih Kaye, a Malaysian, aged 67, was appointed to the Board of AmBank on 2 January 2019 as Independent Non-Executive Director. He is a Member of the BCC of AmBank.

Mr Ng began his career at a firm of Chartered Accountants in London and later at KPMG, Kuala Lumpur. He then served Malayan Banking Berhad ("Maybank") for 25 years in the areas of internal audit, credit control and asset recovery until he retired as Executive Vice President in 2010.

Presently, Mr Ng is an examiner with the Asian Institute of Chartered Bankers ("AICB").

Mr Ng is currently an Independent Non-Executive Director of AmFunds Management Berhad (a subsidiary of AmInvestment Bank Berhad).

Mr Ng is a Member of MIA and a Fellow of ACCA, United Kingdom.

MS FOONG PIK YEE
Independent Non-Executive Director

Ms Foong Pik Yee, a Malaysian, aged 63, was appointed to the Board of AmBank on 26 September 2021 as Independent Non-Executive Director. She is a Member of the AEC and RMC of AmBank.

Ms Foong has over 40 years of experience in the banking sector and the accounting profession (audit and consultancy). Her experience in the banking sector was with international banks and a Malaysian public listed bank covering all aspects of general management, finance, risk management, sales and marketing, product management and operations. She had worked in Malaysia, Hong Kong, Singapore, Australia and the Middle East.

Ms Foong returned to Malaysia under Talentcorp’s Returning Expert Programme and was the Chief Financial Officer of Hong Leong Bank from January 2013 until her retirement in June 2019 where she directed and oversaw all matters relating to finance covering financial accounting, statutory and management reporting, capital management, taxation, corporate finance and investor relations.

Ms Foong is currently an Independent Non-Executive Director of Prudential Assurance Malaysia Berhad, Paramount Corporation Berhad and QSR Brands (M) Holdings Bhd. Prior to joining the Board of AmBank, she was on the board of AmBank Islamic Berhad, a subsidiary of AMMB Holdings Berhad. Besides directorship in companies, Ms Foong also serves on the Industry Advisory Board of the Business school of Monash University, Malaysia since 2016. She is also a mentor in Institute of Chartered Accountants in England and Wales ("ICAEW") Women in Leadership programme and in the Malaysia Australia Business Council mentoring programme.

Ms Foong is a Chartered Accountant and Chartered Banker. She obtained her Bachelor of Commerce from the University of Melbourne, Australia and Master of Business Administration from Monash University, Australia.

CORPORATE GOVERNANCE (CONT'D.)

(b) Directors' Training

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board will attend a formal induction programme to familiarise themselves with the Bank’s strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and organised by the Group Learning and Development unit. The Company Secretary will also provide the new Directors with an information kit regarding disclosure obligations of a Director, Board Charter, Code of Ethics, Constitution of the Bank, Board Committees’ Terms of Reference, Schedule of Matters Reserved for the Board, amongst others.

Apart from the Financial Institutions Directors’ Education ("FIDE") Programme accredited by International Centre for Leadership In Finance ("ICLIF"), all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Bank. The Directors also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the AMMB Group’s strategic direction. In addition, the Directors are constantly updated on information relating to the AMMB Group’s development and industry development through discussion at Board meetings with the Senior Management team.

(c) Board Responsibility and Oversight

The Board remains fully committed in ensuring that the principles and recommendations in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the recommendations on corporate governance as set out in the Malaysian Code on Corporate Governance.

The Board supervises the management of the Bank’s businesses, policies and affairs with the goal of long term sustainability of the Group. The Board meets twelve (12) times in the 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, corporate and business developments, human resource (subject to matters reserved for shareholders’ meetings by law), promote sustainability in the Group's and the Bank'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 seven (7) Directors with wide skills and experience, six (6) of whom are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board

The Board delegates certain responsibilities to the Board Committees. The Board Committees together with the Committees established at AMMB Group level, which were created to assist the Board in certain areas of deliberations, are:

1. Audit and Examination Committee (at Bank level);
2. Risk Management Committee (at Bank level);
3. Board Credit Committee (at Bank level);
4. Group Nomination and Remuneration Committee (at AMMB Group level); and
5. Group Information Technology Committee (at AMMB Group level).

The roles and responsibilities of each Committee are set out under their 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.

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:

Number of meetings attended in Financial Year 2023 ("FY2023")				
	Board of Directors	Audit and Examination Committee	Risk Management Committee	Board Credit Committee
Voon Seng Chuan	12/12 (Chairman)	N/A	N/A	N/A
Soo Kim Wai	12/12	N/A	N/A	28/28
Dato' Sri Abdul Hamidy Abdul Hafiz	12/12	N/A	N/A	28/28 (Chairman)
Dr Veerinderjeet Singh a/l Tejwant Singh	12/12	6/6 (Chairman)	6/6	N/A
U Chen Hock	12/12	6/6	6/6 (Chairman)	N/A
Ng Chih Kaye	12/12	N/A	N/A	28/28
Foong Pik Yee	12/12	6/6	6/6	N/A
Number of meetings held in FY2023	12	6	6	28

Note:
1. All attendances reflect the number of meetings attended during the respective Directors' tenure of service.
2. N/A represents non-Committee member.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Audit and Examination Committee

The Board has appointed the Committee to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Bank’s assets and stakeholders' interest. The Committee comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee met six (6) times during the financial year ended 31 March 2023 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The Committee also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in their audit reports. The financial statements were reviewed by the Committee prior to their submission to the Board of the Bank for adoption.

In addition, the Committee has reviewed the procedures set up by the Bank to identify and report, and where necessary, seeks approval for related party transactions entered by the Bank with related parties and, with the assistance of the internal auditors, reviewed related party transactions to ensure such transactions were carried out at arms-length.

The minutes of the Committee meetings are formally tabled to the Board for notation and action, where necessary.

Internal Audit Function

The Internal Audit function is established at AMMB Group level, headed by the Group Chief Internal Auditor.

The Group Chief Internal Auditor reports to the Committee. Group Internal Audit assists the Committee in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The Committee approves the Group Internal Audit’s annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the Committee and significant findings are discussed during the Committee meeting. The Group Chief Internal Auditor attends the Committee meeting by invitation. The Committee also holds separate meetings with the Group Chief Internal Auditor and the external auditors whenever necessary.

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

Group Internal Audit prioritises its efforts in performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of banking activities. The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

Risk Management Committee

Risk management is an integral part of the Bank’s strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the Risk Appetite Framework and sets the broad risk tolerance level and activities after considering the risk bearing capacity and readiness of the Bank.

The RMC exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, funding, operational, legal, regulatory capital, strategic, reputation, shariah, information technology and cyber risks impacting the Bank.

The Committee is independent from the Management and comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director. The Committee ensures that the Board’s risk tolerance level is effectively enforced, the risk and compliance management processes are in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank’s ability to accommodate risks under normal and stress scenarios.

There were six (6) meetings held during the financial year ended 31 March 2023.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Risk Management Functions

The AMMB Group Risk Management is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the AMMB Group. The AMMB Group Risk Management encompasses Wholesale Credit Risk, Business Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Technology Risk, Governance and Provisioning (which is responsible for the development of credit models) and Credit Model Validation.

AMMB Group Risk Management takes its lead from the AMMB Group's Board's approved Risk Appetite Framework that forms the foundation of the AMMB Group to set its risk/reward profile. The framework is reviewed and approved annually by the Board taking into account the AMMB Group's desired external rating and targeted profitability/return on capital employed ("ROCE") and is also periodically reviewed throughout the financial year by the executive management and subsequently the Board to consider any fine tuning/enhancements based on the prevailing economic condition or situation that may affect the operating environment which the Group operates in.

AMMB's Group Management Risk Committee meets at least 6 times a year to review and deliberate on all risk related matters, such as framework, policies, methodologies and limits; and to review and monitor the Group's major risk exposures. It also ensures that the Group's business and operational activities are in line with the overall Group's risk appetite, strategy and profile. In addition, all frameworks, policies and guidelines are required to be reviewed at least once every 2 years to ensure they remain relevant.

Board Credit Committee

The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Board has established the Committee to assist in ensuring the credit facilities and commitments, and connected party credit transactions are approved in accordance with policies approved by the Board.

There were twenty-eight (28) meetings held during the financial year ended 31 March 2023.

Group Nomination and Remuneration Committee

The Board delegated the nomination and remuneration functions to the Committee which is established at AMMB Group level. The Committee comprises five (5) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director. The Bank is represented by Mr Voon Seng Chuan and Mr Soo Kim Wai in the Committee. The Committee is responsible for, among others, the following:

- regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Bank with regard to any changes that are deemed necessary;
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive Directors should bring to the Board;
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board;
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved; and
- to implement the Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of AMMB.

The Committee met eight (8) times during the financial year ended 31 March 2023.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Group Information Technology Committee ("GITC")

The Committee is established at AMMB Group level. The Committee comprises three (3) members, all of whom are Non-Executive Directors and chaired by an Independent Non-Executive Director.

The Committee is responsible for providing governance for Information Technology ("IT") and to ensure that the overall strategic IT direction is aligned with the AMMB Group’s business objectives and strategy. The key responsibilities of the Committee include, amongst others, the following functions:

- to provide strategic direction for IT, digital and cyber security development within the AMMB Group and ensuring that IT, cyber security, digitalisation and technology-related innovation strategic plans are aligned and integrated with the AMMB Group’s business objectives and strategy, and cover a period of at least three (3) years;
- to review and recommend to the Board for approval of the AMMB Group-wide IT policies, procedures and frameworks including IT security and IT risk management and e-banking services to ensure the effectiveness of internal control systems and the reliability of the management information systems;
- to review and approve the long term IT, digital and cyber security strategic plans, budgets and implementation, at least once every three (3) years;
- to ensure the Senior Management regularly provides status updates on both key performance indicators and forward-looking risk indicators, together with sufficient information on key technology risks and critical technology operations;
- to oversee the adequacy and utilisation of the AMMB Group’s IT resources including computer hardware, software, personnel who involved in the development, modification and maintenance of computer programs and related standard procedures;
- to advise the Board on matters within the scope of GITC, as well as any major IT related issues that merit the attention of the Board;
- to review and recommend any deviation from Bank Negara Malaysia technology-related policies and guidelines after having carefully considered a robust assessment of related risks;
- to review IT, digital and cyber security planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives; and
- to be responsible for overall oversight functions on IT matters including ex-ante risk assessments on e-banking services.

The Committee met six (6) times during the financial year ended 31 March 2023.

MANAGEMENT INFORMATION

The Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank 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 Bank, 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 in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on AMMB Group policies.

HOLDING COMPANY

The Directors regard AMMB Holdings Berhad, which is incorporated in Malaysia, as the holding company.

RATING BY EXTERNAL AGENCIES

The Bank continues to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad.

Details of the Bank's ratings are as follows:

Rating agency	Date accorded	Rating Classification	Ratings
Moody's Investors Service	27 June 2022	Long-term Bank deposits (Foreign) rating	A3
		Short-term Bank deposits (Foreign) rating	P-2
		Outlook	Stable
S&P Global Ratings	11 November 2022	Long-term foreign currency rating	BBB+
		Short-term foreign currency rating	A-2
		Outlook	Stable
RAM Rating Services Berhad ("RAM Rating")	10 January 2023	Long-term financial institution rating	AA3
		Short-term financial institution rating	P1
		Outlook	Positive
Fitch Ratings	23 August 2022	Long-term foreign currency rating	BBB-
		Short-term foreign currency rating	F3
		Outlook	Stable

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

AUDITORS AND AUDITORS' REMUNERATION

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

VOON SENG CHUAN
Director

DR VEERINDERJEET SINGH A/L TEJWANT SINGH
Director

Kuala Lumpur, Malaysia
29 May 2023

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **VOON SENG CHUAN** and **DR VEERINDERJEET SINGH A/L TEJWANT SINGH**, being two of the Directors of **AMBANK (M) BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 24 to 213 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 Bank 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.

VOON SENG CHUAN
Director

DR VEERINDERJEET SINGH A/L TEJWANT SINGH
Director

Kuala Lumpur, Malaysia
29 May 2023

Registration No. 196901000166 (8515-D)

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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 **AMBANK (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 213 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 the state of Wilayah Persekutuan this 29 May 2023

LING FOU-TSONG @ JAMIE LING

Before me,

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.

COMMISSIONER FOR OATHS
Lodged on behalf by:
Address: 22nd Floor, Bangunan AmBank Group,
No. 55 Jalan Raja Chulan,
50200 Kuala Lumpur
Telephone Number: 03-20362633

EY
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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of AmBank (M) Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmBank (M) Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Bank, 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 Bank for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 24 to 213.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank 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 Bank 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.

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Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of AmBank (M) Berhad (cont'd.) (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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

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

If, based on the work we have performed, 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.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank 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 Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group and the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

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Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of AmBank (M) Berhad (cont'd.) (Incorporated in Malaysia)

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 Bank 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 Bank, 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 Bank'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 and the Bank'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 or of the Bank 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 Bank to cease to continue as a going concern.

Building a better working world

Registration No. 196901000166 (8515-D)

Independent auditors' report to the member of AmBank (M) Berhad (cont'd.)
(Incorporated in Malaysia)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank 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.

Other matters

This report is made solely to the member of the Bank, 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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds	6	6,874,702	9,894,325	6,873,677	9,874,911
Deposits and placements with banks and other financial institutions	8	1,084,465	2,184,788	1,084,465	2,184,788
Investment account placement	9	1,537,252	1,708,484	1,537,252	1,708,484
Derivative financial assets	10	923,673	832,821	923,673	832,821
Financial assets at fair value through profit or loss	11	10,191,801	2,675,904	10,191,764	2,675,869
Financial investments at fair value through other comprehensive income	12	20,306,352	14,339,584	20,306,352	14,339,584
Financial investments at amortised cost	13	9,214,717	5,929,515	9,214,717	5,929,515
Loans and advances	14	82,466,414	78,817,487	82,435,658	78,784,319
Statutory deposit with Bank Negara Malaysia	15	1,552,337	200,000	1,552,337	200,000
Deferred tax assets	16	164,294	139,318	164,294	139,318
Investment in subsidiaries	17	-	-	22,487	30,964
Investment in associates	18	18,395	15,597	19,617	19,617
Other assets	19	1,948,382	1,819,943	1,946,952	1,820,212
Right-of-use assets	20	224,596	172,789	225,632	174,238
Property and equipment	21	146,013	151,787	139,705	133,683
Intangible assets	22	202,069	221,538	202,069	221,538
TOTAL ASSETS		136,855,462	119,103,880	136,840,651	119,069,861
LIABILITIES AND EQUITY					
Deposits from customers	23	85,378,545	85,856,896	85,391,198	85,870,989
Deposits and placements of banks and other financial institutions	24	8,661,694	7,377,743	8,701,757	7,387,387
Securities sold under repurchase agreements	7	16,466,674	1,582,717	16,466,674	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	25	6,600,036	6,875,023	6,600,036	6,875,023
Derivative financial liabilities	10	966,427	806,634	966,427	806,634
Term funding	26	1,337,427	1,045,260	1,337,427	1,045,260
Debt capital	27	3,095,000	3,095,000	3,095,000	3,095,000
Other liabilities	28	3,149,963	2,382,585	3,131,790	2,371,270
TOTAL LIABILITIES		125,655,766	109,021,858	125,690,309	109,034,280
Share capital	29	3,040,465	3,040,465	3,040,465	3,040,465
Reserves	30	8,159,086	7,041,411	8,109,877	6,995,116
Equity attributable to equity holder of the Bank		11,199,551	10,081,876	11,150,342	10,035,581
Non-controlling interests	31	145	146	-	-
TOTAL EQUITY		11,199,696	10,082,022	11,150,342	10,035,581
TOTAL LIABILITIES AND EQUITY		136,855,462	119,103,880	136,840,651	119,069,861
COMMITMENTS AND CONTINGENCIES	46	115,723,975	113,360,229	115,768,995	113,437,579
NET ASSETS PER SHARE (RM)		11.79	10.61	11.74	10.56

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Bank	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Interest income	32	5,059,927	3,940,247	5,054,626	3,935,654
Interest expense	33	(2,713,306)	(1,784,418)	(2,713,392)	(1,784,621)
Net interest income		2,346,621	2,155,829	2,341,234	2,151,033
Other operating income	34	673,920	540,756	677,365	559,949
Share in results of an associate	18	2,798	(708)	-	-
Net income		3,023,339	2,695,877	3,018,599	2,710,982
Other operating expenses	35	(1,428,435)	(1,300,780)	(1,428,131)	(1,300,101)
Operating profit		1,594,904	1,395,097	1,590,468	1,410,881
Allowance for impairment on loans and advances	37	(258,991)	(72,066)	(258,911)	(72,059)
Writeback of/(provision for) commitments and contingencies	28(c)&(d)	85,280	(174,204)	85,306	(174,213)
Impairment (loss)/writeback on:					
Financial investments	38	(1,344)	(14,279)	(1,344)	(14,279)
Other financial assets	39	993	(1,273)	981	(1,270)
Associate	18	-	-	-	(12,683)
Subsidiary	17	-	-	-	(528)
Other recoveries, net		527	171	527	171
Profit before taxation		1,421,369	1,133,446	1,417,027	1,136,020
Taxation	40	(327,632)	(119,824)	(326,190)	(118,358)
Profit for the financial year		1,093,737	1,013,622	1,090,837	1,017,662
Attributable to:					
Equity holder of the Bank		1,093,738	1,013,622	1,090,837	1,017,662
Non-controlling interests	31	(1)	-	-	-
Profit for the financial year		1,093,737	1,013,622	1,090,837	1,017,662
Earnings per share (sen)					
Basic/diluted	41	115.14	107.57		

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Bank	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year		1,093,737	1,013,622	1,090,837	1,017,662
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to statement of profit or loss					
Equity instruments					
Financial investments at fair value through other comprehensive income					
- net changes in fair value		(1,085)	(5,250)	(1,085)	(5,250)
Tax effect	16	2,202	1,982	2,202	1,982
Items that may be reclassified subsequently to statement of profit or loss					
Currency translation on offshore operations		13,342	3,900	13,329	3,858
Cash flow hedge					
- gain arising during the financial year	10(v)	-	1,654	-	1,654
- amortisation of fair value changes of terminated hedge		6,320	8,724	6,320	8,724
Tax effect	16	(1,517)	(2,491)	(1,517)	(2,491)
Debt instruments					
Financial investments at fair value through other comprehensive income					
- net unrealised gain/(loss) on changes in fair value		7,883	(198,928)	7,883	(198,928)
- net gain reclassified to statements of profit or loss		(286)	(4,218)	(286)	(4,218)
- expected credit loss	12(b)	(1,111)	2,322	(1,111)	2,322
- foreign exchange differences		12	2	12	2
Tax effect	16	(1,823)	48,755	(1,823)	48,755
Other comprehensive income/(loss), net of tax		23,937	(143,548)	23,924	(143,590)
Total comprehensive income for the financial year, net of tax		1,117,674	870,074	1,114,761	874,072
Attributable to:					
Equity holder of the Bank		1,117,675	870,074	1,114,761	874,072
Non-controlling interests	31	(1)	-	-	-
		1,117,674	870,074	1,114,761	874,072

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Attributable to equity holder of the Bank									
			Non-distributable					Distributable			
Group	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable equity holder RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2021		2,590,465	-	104,149	457,552	(16,949)	84,588	5,541,997	8,761,802	146	8,761,948
Profit for the financial year		-	-	-	-	-	-	1,013,622	1,013,622	-	1,013,622
Other comprehensive (loss)/income		-	-	-	(155,335)	7,887	3,900	-	(143,548)	-	(143,548)
Total comprehensive (loss)/income for the financial year		-	-	-	(155,335)	7,887	3,900	1,013,622	870,074	-	870,074
Transfer of net gain on disposal of financial investments at fair value through other comprehensive income to retained earnings	12(a)	-	-	-	(8,871)	-	-	8,871	-	-	-
Transfer to regulatory reserve		-	94,463	-	-	-	-	(94,463)	-	-	-
Issuance of ordinary shares	29	450,000	-	-	-	-	-	-	450,000	-	450,000
Transactions with owner and other equity movements		450,000	94,463	-	(8,871)	-	-	(85,592)	450,000	-	450,000
At 31 March 2022		3,040,465	94,463	104,149	293,346	(9,062)	88,488	6,470,027	10,081,876	146	10,082,022

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Attributable to equity holder of the Bank									
			Non-distributable					Distributable			
Group	**Note**	**Share capital RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable equity holder RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2022		3,040,465	94,463	104,149	293,346	(9,062)	88,488	6,470,027	10,081,876	146	10,082,022
Profit/(loss) for the financial year		-	-	-	-	-	-	1,093,738	1,093,738	(1)	1,093,737
Other comprehensive income		-	-	-	5,792	4,803	13,342	-	23,937	-	23,937
Total comprehensive income/(loss) for the financial year		-	-	-	5,792	4,803	13,342	1,093,738	1,117,675	(1)	1,117,674
Transfer to regulatory reserve		-	106,766	-	-	-	-	(106,766)	-	-	-
Transactions with owner and other equity movements		-	106,766	-	-	-	-	(106,766)	-	-	-
At 31 March 2023		3,040,465	201,229	104,149	299,138	(4,259)	101,830	7,456,999	11,199,551	145	11,199,696

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

AMBANK (M) BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Attributable to equity holder of the Bank						
			Non-distributable				Distributable	
Bank	**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**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2021		2,590,465	-	457,552	(16,949)	88,443	5,591,998	8,711,509
Profit for the financial year		-	-	-	-	-	1,017,662	1,017,662
Other comprehensive (loss)/income		-	-	(155,335)	7,887	3,858	-	(143,590)
Total comprehensive (loss)/income for the financial year		-	-	(155,335)	7,887	3,858	1,017,662	874,072
Transfer of net gain on disposal of financial investments at fair value through other comprehensive income to retained earnings	12(a)	-	-	(8,871)	-	-	8,871	-
Transfer to regulatory reserve		-	94,463	-	-	-	(94,463)	-
Issuance of ordinary shares	29	450,000	-	-	-	-	-	450,000
Transactions with owner and other equity movements		450,000	94,463	(8,871)	-	-	(85,592)	450,000
At 31 March 2022		3,040,465	94,463	293,346	(9,062)	92,301	6,524,068	10,035,581

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

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Attributable to equity holder of the Bank						
			Non-distributable				Distributable	
Bank	**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**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2022		3,040,465	94,463	293,346	(9,062)	92,301	6,524,068	10,035,581
Profit for the financial year		-	-	-	-	-	1,090,837	1,090,837
Other comprehensive income		-	-	5,792	4,803	13,329	-	23,924
Total comprehensive income for the financial year		-	-	5,792	4,803	13,329	1,090,837	1,114,761
Transfer to regulatory reserve		-	106,766	-	-	-	(106,766)	-
Transactions with owner and other equity movements		-	106,766	-	-	-	(106,766)	-
At 31 March 2023		3,040,465	201,229	299,138	(4,259)	105,630	7,508,139	11,150,342

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

AMBANK (M) BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,421,369	1,133,446	1,417,027	1,136,020
Adjustments for:					
Accretion of discount less amortisation of premium		(154,869)	(15,539)	(154,869)	(15,539)
Amortisation of fair value loss on terminated hedge		6,320	8,724	6,320	8,724
Amortisation of intangible assets	22 & 35	77,237	87,034	77,237	87,034
Amortisation of issuance costs and premium for term funding	26	1,166	3,401	1,166	3,401
Depreciation of property and equipment	21 & 35	49,883	56,646	49,505	56,119
Depreciation of right-of-use assets	20 & 35	73,770	66,403	74,183	66,542
Finance cost for lease liabilities	28(a) & 35	6,181	6,642	6,296	6,671
Finance cost for provision for reinstatement for leased properties	28(b) & 35	77	102	77	102
Net gain on disposal of property and equipment	34	(8,957)	(73)	(133)	(73)
Gain on capital reduction of a subsidiary		-	-	(1,523)	-
Distribution income from financial investments at fair value through other comprehensive income	34	(8,546)	(8,359)	(8,546)	(8,359)
Dividend income from subsidiaries	34	-	-	(10,560)	(4,958)
Dividend income from associate	34	-	-	-	(15,000)
Impairment loss on financial investments	38	1,344	14,279	1,344	14,279
(Writeback of)/allowance for impairment loss of other financial assets	39	(993)	1,273	(981)	1,270
Impairment loss on an associate	18	-	-	-	12,683
Impairment loss on subsidiary	17	-	-	-	528
Loans and advances - allowances, net of writeback	37	438,620	218,509	438,540	218,502
Net adjustment on COVID-19 relief measures		(35,936)	(84,592)	(35,936)	(84,592)
Net loss on revaluation of derivatives		68,941	14,941	68,941	14,941
Net loss/(gain) on revaluation of financial assets at fair value through profit or loss	34	1,402	(604)	1,404	(607)
Net gain on sale of financial assets at fair value through profit or loss	34	(42,316)	(3,172)	(42,316)	(3,172)
Net gain on sale of financial assets at fair value through other comprehensive income	34	(286)	(4,218)	(286)	(4,218)

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Gain on termination of lease arrangement		(116)	(54)	(116)	(54)
Property and equipment written off	21 & 35	18	39	1	39
Intangible assets written off	22 & 35	-	5	-	5
Share of results of an associate	18(e)	(2,798)	708	-	-
Scheme shares and options granted under AMMB ESS - charge/(writeback)	35	14,939	(392)	14,939	(392)
Unrealised foreign exchange loss on term funding		21,125	6,897	21,125	6,897
(Writeback of provision)/provision for commitments and contingencies	28(c) & (d)	(85,280)	174,204	(85,306)	174,213
Operating profit before working capital changes		1,842,295	1,676,250	1,837,533	1,671,006
Decrease/(increase) in operating assets:					
Deposits and placements with banks and other financial institutions		40,000	(899,500)	40,000	(899,500)
Investment account placement		172,142	(992,629)	172,142	(992,629)
Financial assets at fair value through profit or loss		(7,368,549)	1,151,846	(7,368,549)	1,151,846
Loans and advances		(4,020,835)	(3,454,993)	(4,023,166)	(3,462,300)
Statutory deposit with Bank Negara Malaysia		(1,352,337)	105,773	(1,352,337)	105,773
Other assets		(83,902)	(248,429)	(82,304)	(248,971)
(Decrease)/increase in operating liabilities:					
Deposits from customers		(478,351)	6,226,932	(479,791)	6,225,257
Deposits and placements of banks and other financial institutions		1,248,749	304,103	1,279,168	303,542
Securities sold under repurchase agreements		14,883,957	772,546	14,883,957	772,546
Recourse obligation of loans sold to Cagamas Berhad		(274,987)	400,005	(274,987)	400,005
Term funding	26	269,876	319,859	269,876	319,859
Other liabilities		815,340	(1,531,870)	808,394	(1,531,451)
Cash generated from operating activities		5,693,398	3,829,893	5,709,936	3,814,983
Net taxation paid		(414,593)	(135,382)	(412,585)	(136,522)
Net cash generated from operating activities		5,278,805	3,694,511	5,297,351	3,678,461

AMBANK (M) BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received from subsidiaries	34	-	-	10,560	4,958
Distribution income received from financial investments at fair value through other comprehensive income	34	8,546	8,359	8,546	8,359
Dividend received from an associate		-	15,000	-	15,000
Net purchase of financial investments at fair value through other comprehensive income		(5,914,485)	(806,421)	(5,914,485)	(806,421)
Purchase of financial investments at amortised cost		(3,284,695)	(2,182,609)	(3,284,695)	(2,182,609)
Proceeds from disposal of property and equipment		20,378	352	153	352
Proceeds from capital reduction of a subsidiary		-	-	10,000	-
Purchase of intangible assets	22	(61,573)	(66,283)	(61,573)	(66,283)
Additions through purchase of property and equipment	21	(56,029)	(21,051)	(56,029)	(21,051)
Net cash used in investing activities		(9,287,858)	(3,052,653)	(9,287,523)	(3,047,695)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issuance of share capital	29	-	450,000	-	450,000
Payment of lease liabilities	28(a)	(77,068)	(73,648)	(77,560)	(73,809)
Net proceeds from issuance of Subordinated Notes	27(a)	-	100,000	-	100,000
Net cash (used in)/generated from financing activities		(77,068)	476,352	(77,560)	476,191
Net (decrease)/increase in cash and cash equivalents		(4,086,121)	1,118,210	(4,067,732)	1,106,957
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,139,096	10,021,441	11,119,682	10,013,280
Effect of exchange rate changes		146	(555)	146	(555)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		7,053,121	11,139,096	7,052,096	11,119,682

AMBANK (M) BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D.)

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents comprise:					
Cash and short-term funds	6	6,874,702	9,894,325	6,873,677	9,874,911
Deposits and placements with banks and other financial institutions	8	1,084,465	2,184,788	1,084,465	2,184,788
		7,959,167	12,079,113	7,958,142	12,059,699
Less: Deposits with original maturity more than 3 months	6 & 8	(907,860)	(943,435)	(907,860)	(943,435)
		7,051,307	11,135,678	7,050,282	11,116,264
Add back:					
Allowances for expected credit loss ("ECL") for cash and cash equivalents at end of the financial year	6 & 8	1,814	3,418	1,814	3,418
		7,053,121	11,139,096	7,052,096	11,119,682

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

1. CORPORATE INFORMATION

The principal activity of AmBank (M) Berhad ("the Bank") is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 17.

There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

The Bank is a licensed Commercial Bank under Financial Services Act, 2013, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 22nd Floor, Bangunan AmBank Group, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business is located at Menara AmBank, Jalan Yap Kwan Seng, 50450 Kuala Lumpur and Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Bank is a wholly-owned subsidiary of AMMB Holdings Berhad ("AMMB"), a company incorporated in Malaysia. AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Bank and its subsidiaries ("the Group") and the separate financial statements of the Bank have been approved and authorised for issue by the Board of Directors on 27 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 Bank have made an assessment of the ability of the Group and the Bank 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 Bank'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 Bank 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 (“current”) and more than 12 months after the reporting date (“non-current”) is presented in Note 47.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank 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. that its existing rights 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 losses 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 Bank 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 losses 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

2.5a Business combinations and goodwill

Business combinations, other than business combinations between entities under common control, 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 re-measured 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, 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 Bank 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").

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5a Business combinations and goodwill (Cont'd.)

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.

The Group applies merger accounting to account for business combinations between entities under common control. Under merger accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate common control shareholder and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The comparative information is restated to reflect the combined results of both entities.

2.5b Investment in subsidiaries

In the Bank's separate financial statements, investment in subsidiaries are 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.

2.5c Investment in associates

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.

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 is accounted for using the equity method.

Under the equity method, the investment in an associate 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 since the acquisition date. Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate 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. 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, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

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

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5c Investment in associates (Cont'd.)

When the Group’s share of losses in an associate 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.

The financial statements of the associates 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.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and recognises the loss as “impairment loss on associates” in profit or loss.

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

In the Bank’s separate financial statements, investment in associates is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between the net disposal proceeds and its carrying amounts is recognised in profit or loss.

2.5d 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.

2.5e 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 Bank's separate financial statements are presented in Ringgit Malaysia (“RM”), which is also the Bank’s functional currency.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5e Foreign currencies (Cont'd.)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities 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).

2.5f 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 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5f Property and equipment (Cont'd.)

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	20%
Computer equipment	12.5% to 33.3%
Office equipment, furniture and fittings	15% 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.

2.5g 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 the asset, even if that right is not explicitly specified in an arrangement.

(i) The Group and the Bank 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 and the Bank.

At the commencement date of the leases, the Group and the Bank recognise 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 the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank 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 and the Bank use 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5g Leases (Cont'd.)

(i) The Group and the Bank as a lessee (Cont'd.)

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 and the Bank are 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 and the Bank are 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 and the Bank apply 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 and the Bank as a lessor

Leases in which the Group and the Bank do 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5h 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.

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 it 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 years to 10 years. During the period of development, the asset is tested for impairment annually.

2.5i Financial instruments - initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Group and the Bank 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 Bank apply trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5i Financial instruments - initial recognition and measurement (Cont'd.)

(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 Bank 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 the fair value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

2.5j Financial assets – classification and subsequent measurement

The Group and the Bank 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").

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 Bank manage the financial assets in order to generate cash flows. That is, whether the Group's and the Bank'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 Bank 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5j Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

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

Based on these factors, the Group and the Bank 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, and that are not designated at FVTPL, are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the methodology described in Note 2.5o. 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"). The EIR amortisation is included in "interest 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, "impairment losses on loans and advances" for loans and advances or "doubtful receivables" for losses other than bonds, loans and advances.

FVOCI

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through OCI, except for interest income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Interest earned whilst holding the assets are reported as "interest income" using the effective interest 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 gains or losses previously recognised in OCI are 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.)

2.5j Financial assets – classification and subsequent measurement (Cont'd.)

The classification requirements for debt and equity instruments are described below (Cont'd.):

(i) Debt instruments (Cont'd.)

Based on these factors, the Group and the Bank classify the debt instruments into one of the following three measurement categories (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 earned whilst holding the assets are reported as "interest income" using the effective interest 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 earned is recognised in "interest income" using the effective interest method.

(ii) Reclassification of debt investments

The Group and the Bank 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 Bank 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 other comprehensive income 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5k Financial liabilities – classification and subsequent measurement

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

- financial liabilities at FVTPL; and
- financial guarantee contracts and loan commitments (see Note 2.5x).

(i) Amortised cost

Financial liabilities issued by the Group and the Bank, 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 Bank 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 are subsequently measured at amortised cost using the effective interest 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.

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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5l 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 Bank 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 Bank have transferred substantially all the risks and rewards of the asset; or
  - the Group and the Bank 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 Bank 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 Bank's continuing involvement in the asset. In that case, the Group and the Bank 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 Bank have retained.

(ii) Modification of loans and advances

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

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower 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;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; or
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a "new" asset at fair value and recalculates a new EIR 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 and the Bank also assess 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 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 and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5l Derecognition of financial instruments (Cont'd.)

(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 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, 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, 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.

2.5m Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Group and the Bank retain substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement 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 and the Bank. 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 and the Bank reclassify those securities in the statement 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 and the Bank. The difference between the purchase and resale prices is recorded in “net 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”.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5n Fair value measurement

The Group and the Bank measure 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 and to the Bank.

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 and the Bank use valuation techniques that are appropriate 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.

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 and the Bank determine whether transfers have occurred between levels in the hierarchy by reassessing 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:

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

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5o Financial instruments - expected credit losses

The Group and the Bank assess on a forward-looking basis the expected credit losses ("ECL") associated with debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group and the Bank 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 continues to be accrued in profit or loss on the reduced carrying amount and is accrued using the rate of interest 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 commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

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

Loans 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 and the Bank. The Group and the Bank 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.

(i) Rescheduled and restructured loans

Where possible, the Group and the Bank seek to reschedule or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EIR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured loans 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5o Financial instruments - expected credit losses (Cont'd.)

(ii) Collateral valuation

The Group and the Bank seek 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 and the Bank'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 and the Bank use 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 mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See Note 49.2 for further analysis of collateral).

(iii) Collateral repossessed

The Group’s and the Bank'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 2.5n. 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.

2.5p Hedge accounting

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

At inception of the hedge relationship, the Group and the Bank formally document 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.

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 and the Bank also assess whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5p Hedge accounting (Cont'd.)

(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 method. EIR 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.

2.5q Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5r Impairment of non-financial assets

The Group and the Bank 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 Bank 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 Bank 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.

2.5s Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts. The policy for the measurement of foreclosed properties is in accordance with Note 2.5o(iii) on collateral repossessed.

2.5t 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 less than 3 months, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5u Assets held for sale

The Group and the Bank classify 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 statements 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.

2.5v Provisions

Provisions are recognised when the Group and the Bank have 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 and the Bank expect 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.

2.5w 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 and of the Bank are 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 and of the Bank. The Group and the Bank do not recognise contingent assets in the financial statements but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5x Financial guarantee contracts and loans commitments

Financial guarantee contracts issued by the Group and the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor 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 2.5o) and the premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

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

2.5y Recognition of income and expenses

Operating revenue of the Group and of the Bank comprises all types of revenue derived from commercial banking and non-financial services rendered by the subsidiaries.

Operating revenue of the Bank comprises gross interest income, fee and commission earned and other income derived from commercial banking operations.

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

(i) Interest income and similar income and expense

For all interest-bearing financial assets and financial liabilities measured at amortised cost, interest bearing financial investments at FVOCI and financial assets and financial liabilities at FVTPL, interest income or expense is calculated using the effective interest method ("EIR"). EIR 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, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group and the Bank revise its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group and the Bank 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 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 continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loan commitment fees for loans 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 on the loan.

(ii) Dividend income

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

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5y Recognition of income and expenses (Cont'd.)

(A) Recognition of income and expenses relating to financial instruments (Cont'd.)

(iii) Investment and trading income

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

(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 and the Bank transfer 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 the Bank and its customer have approved the contract and intend to perform their respective obligations, the Group’s and the Bank'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 and the Bank 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 and the Bank assess 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 and the Bank expect 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 and the Bank estimate 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 and the Bank determine 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 and the Bank earn 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 arrangement, commission income, custody and other management and advisory fees. Loan commitment fees for loans that are unlikely to be drawn down are recognised over the commitment period on a straight-line basis.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5y 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. Commission income from the sale of unit trusts is recognised upon allotment of units, calculated 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 and the Bank estimate 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.

2.5z 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 the Bank 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 and the Bank make 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 and the Bank have no further payment obligations.

(iii) 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 and the Bank recognise termination benefits when the Group and the Bank are 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5z Employee benefits (Cont'd.)

(iv) Share-based payment transactions

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

The cost of equity-settled transactions is recognised by the Group and the Bank, together with a corresponding increase in the amount payable to, or the amount receivable from, AMMB 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 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 from the beginning to the end of that period.

2.5aa Dividends on ordinary shares

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

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

2.5ab 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5ab Taxes (Cont'd.)

(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.

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 profit 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

2.5ab Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

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.

2.5ac Earnings Per Share (“EPS”)

The Group presents basic and diluted (where applicable) EPS data for its ordinary shares in Note 41. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.5ad 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 five operating segments: retail banking, business banking, wholesale banking, investment banking and group funding and others, as disclosed in Note 52.

2.5ae Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Bank 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.

2.5af 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.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of Amendments and Annual Improvement to Standards

The accounting policies adopted are consistent with those adopted in 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 *Property, Plant and Equipment*)
- Onerous Contracts - Cost of Fulfilling a Contract
  (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)
- Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)
- 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 Bank. The Group and the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting the amendments to published standards.

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

3.1a Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)

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 Bank.

3.1b Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)

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 Bank.

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

3.1 Adoption of Amendments and Annual Improvement to Standards (Cont'd.)

3.1c Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)

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.

3.1d 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 Bank.

(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 Bank.

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

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 Bank's financial statements. The Group and the Bank 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 Contracts*)	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

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 Bank are assessing the financial effects of their adoption except for MFRS 17 which is not relevant as the Group and the Bank do not issue any insurance contract or investment contract with discretionary participation features.

3.2a Amendments to published standards effective for financial year ending 31 March 2024

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. As the Group and the Bank 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.

3.2b 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.

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

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

3.2b Amendments to published standards effective for financial year ending 31 March 2025 (Cont'd.)

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.

3.2c 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 REQUIREMENT

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with MFRSs requires management to make judgments, 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. Judgments, estimates and assumptions are continually evaluated and are based on 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 judgments, 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, 9, 12, 13, 14, 19, 28, 37, 38 and 39)

The measurement of the ECL allowances for financial assets measured at amortised cost, FVOCI, loan 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.

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

5.1 Measurement of ECL allowances (Notes 6, 8, 9, 12, 13, 14, 19, 28, 37, 38 and 39) (Cont'd.)

Components of ECL models that involve significant judgment 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 formulas 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 and the Bank determine 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 and the Bank have 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 or the Bank and not by the respective lessor. In determining the lease term, the Group and the Bank consider 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 and the Bank reassess 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 and the Bank 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 Deferred tax assets and income taxes (Notes 16, 19, 28 and 40)

The Group’s and the Bank’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 judgment 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 judgment 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 judgment 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.

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

5.3 Deferred tax assets and income taxes (Notes 16, 19, 28 and 40) (Cont'd.)

In the previous financial year, the Bank has claimed tax deduction on the settlement of RM2.535 billion with Ministry of Finance Malaysia and its related expenses of RM19.0 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, the Bank recognised a portion of tax deduction amounting to RM220.5 million as tax recoverable.

During the financial year, the Inland Revenue Board ("IRB") has formally communicated to the Bank 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 the Bank in prior year remains unchanged as the tax deduction on the settlement sum still hold merits. As such, the Bank maintained the same tax position with the total of RM220.5 million as tax recoverable that is consistent with prior year tax treatment, resulting in nil tax impact to the Bank'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 Bank's tax position in the current financial year. The Bank 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.

5.4 Fair value measurements of financial instruments (Notes 10, 11, 12, 34 and 50)

When the fair value 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, judgment is required to establish fair values. Judgments 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.

5.5 Development costs (Note 22)

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 judgment 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.

5.6 Impairment of investments in subsidiaries and associates (Note 17 and 18)

Investments in subsidiaries and associates ("investments") are for a long-term basis and the Group and the Bank 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 value-in-use ("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.

6. CASH AND SHORT-TERM FUNDS

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Cash and bank balances	2,437,035	1,354,847	2,436,010	1,353,622
Deposits and placements maturing within one month:				
Licensed banks	3,009,415	3,139,771	3,009,415	3,121,582
Bank Negara Malaysia	1,430,000	5,401,800	1,430,000	5,401,800
	4,439,415	8,541,571	4,439,415	8,523,382
Total cash and bank balances and deposits and placements	6,876,450	9,896,418	6,875,425	9,877,004
Less: Allowances for ECL	(1,748)	(2,093)	(1,748)	(2,093)
	6,874,702	9,894,325	6,873,677	9,874,911
Deposits and placements with original maturity of:				
Three months or less	4,439,415	8,501,571	4,439,415	8,483,382
More than three months	-	40,000	-	40,000
	4,439,415	8,541,571	4,439,415	8,523,382

Movements in allowances for ECL are as follows:

Group and Bank	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	2,072	21	2,093
Net (writeback of)/allowance for ECL (Note 39):	(715)	341	(374)
New financial assets originated	16,914	685	17,599
Financial assets derecognised	(23,664)	(585)	(24,249)
Transfer from deposits and placements with banks and other financial institutions (Note 8)	6,204	35	6,239
Transfer to Stage 1	5	(24)	(19)
Net remeasurement of allowances	(174)	230	56
Foreign exchange differences	91	(62)	29
Balance at end of the financial year	1,448	300	1,748
2022			
Balance at beginning of the financial year	2,234	22	2,256
Net writeback of ECL (Note 39):	(135)	-	(135)
New financial assets originated	22,653	4	22,657
Financial assets derecognised	(26,313)	(2)	(26,315)
Transfer from deposits and placements with banks and other financial institutions (Note 8)	3,325	-	3,325
Net remeasurement of allowances	200	(2)	198
Foreign exchange differences	(27)	(1)	(28)
Balance at end of the financial year	2,072	21	2,093

The decrease in allowances for ECL for the current financial year is mainly due to decrease in the Group's and the Bank'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 and the Bank retain substantially all of the risks and rewards of ownership of the securities.

8. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Licensed banks	176,671	1,282,678
Licensed Islamic bank (a related company)	107,860	103,435
Licensed investment bank	800,000	800,000
	1,084,531	2,186,113
Less: Allowances for ECL	(66)	(1,325)
	1,084,465	2,184,788
Deposits and placements with original maturity of:		
More than three months	907,860	903,435
	907,860	903,435

Deposits and placements with licensed Islamic bank, represents net interbank placements from the Group and the Bank to a related company, AmBank Islamic at below market rate with six-year (6) to eight and half year (8.5) maturities (2022: six-year (6) to eight and half year (8.5) maturities). No additional placements to AmBank Islamic were made during the current financial year.

In the previous financial year, total additional placements of RM60.0 million made to AmBank Islamic were part of the funds received by the Group and the Bank under government financing scheme for COVID-19 relief measures, for the purpose of lending to small and medium-sized enterprises ("SMEs") at below market rate. As a result, RM18.9 million of fair value loss arose from the difference between the concession rates received and market rates.

Total unwinding amount of RM4.4 million (2022: RM3.5 million) was recognised as net of interest income on short term funds and deposits with financial institutions in the current year as disclosed in Note 32.

Movements in allowances for ECL are as follows:

Group and Bank	**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 (Note 39):	(1,259)	-	(1,259)
New financial assets originated	5,042	35	5,077
Transfer to cash and short-term funds (Note 6)	(6,204)	(35)	(6,239)
Net remeasurement of allowances	(97)	-	(97)
Balance at end of the financial year	66	-	66
2022			
Balance at beginning of the financial year	42	-	42
Net allowance for ECL (Note 39):	1,283	-	1,283
New financial assets originated	4,573	-	4,573
Transfer to cash and short-term funds (Note 6)	(3,325)	-	(3,325)
Net remeasurement of allowances	35	-	35
Balance at end of the financial year	1,325	-	1,325

The decrease in allowances for ECL for the current financial year is mainly due to transfer to cash and short-term fund offset by new financial assets originated.

9. INVESTMENT ACCOUNT PLACEMENT

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Licensed Islamic bank	1,538,521	1,710,663
Less: Allowances for ECL	(1,269)	(2,179)
	1,537,252	1,708,484

This represents investment placed under Restricted Investment Account ("RA") arrangement with AmBank Islamic. The contract is based on the Shariah concept of Mudarabah between two parties, that is, the investor ("the Bank") and the entrepreneur ("AmBank Islamic") to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor. The investment assets financed under this arrangement are financing and advances extended by AmBank Islamic to its external customers. As losses are borne solely by the investor, the related ECL allowance for financing and advances extended by AmBank Islamic is recorded by the Bank.

As at 31 March 2023, the gross exposure (inclusive interest receivable disclosed in other assets) relating to the RA financing for the Group and the Bank amounted to RM1,541.9 million (31 March 2022: RM1,713.5 million). No stage 3 ECL is provided for the RA financing as at 31 March 2023 and 31 March 2022.

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
2023		
Balance at beginning of the financial year	2,179	2,179
Net allowance for ECL (Note 39):	(910)	(910)
Net remeasurement of allowances	(910)	(910)
Balance at end of the financial year	1,269	1,269
2022		
Balance at beginning of the financial year	1,943	1,943
Net allowance for ECL (Note 39):	236	236
New financial assets originated	1,024	1,024
Net remeasurement of allowances	(788)	(788)
Balance at end of the financial year	2,179	2,179

The decrease in allowances of ECL during the current financial year for the Group and the Bank are mainly contributed by net remeasurement of allowances.

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group and Bank	2023 Contract/ Notional amount RM'000	2023 Fair value assets RM'000	2023 Fair value liabilities RM'000	2022 Contract/ Notional amount RM'000	2022 Fair value assets RM'000	2022 Fair value liabilities RM'000
Trading Derivatives						
Interest rate related contracts:						
- One year or less	12,307,294	24,561	18,526	12,051,407	54,274	49,463
- Over one year to three years	10,601,808	127,175	62,926	16,551,862	137,012	130,733
- Over three years	12,338,331	250,386	135,228	10,942,648	244,293	176,628
Foreign exchange related contracts:						
- One year or less	46,163,847	304,654	380,021	41,939,583	156,603	138,248
- Over one year to three years	3,196,283	111,043	147,727	3,654,224	112,816	116,211
- Over three years	3,253,945	86,880	198,102	3,134,050	72,353	120,965
Equity and commodity related contracts:						
- 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
Total	89,293,883	923,673	966,427	89,919,527	832,821	806,634

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

Derivative Financial Instruments and Hedge Accounting

(i) Cash flow hedge

Interest rate risk

The Group's and the Bank'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 and the Bank adopt 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 and the Bank establish 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 and the Bank in profit or loss during the current and previous financial years in respect of cash flow hedges.

In the previous financial year, the Group and the bank 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: loss of RM8,724,000).

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

Derivative Financial Instruments and Hedge Accounting (Cont'd.)

(ii) The following table contains details of the hedging instruments used in the Group’s and the Bank's hedging strategies:

	Notional	Carrying amount of		Changes in fair value used for calculating hedge ineffectiveness during the year
		Derivative Financial Assets	Derivative Financial Liabilities	
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
2022				
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	-	-	-	1,654

(iii) The following table contains details of the hedged item covered by the Group’s and the Bank's hedging strategies:

	Carrying amount of		Statement of financial position line item	Changes in fair value used for calculating hedge ineffectiveness during the year	Continuing hedge	Discontinued hedge
	Assets	Liabilities				
	RM'000	RM'000		RM'000	RM'000	RM'000
Group and Bank						
2022						
Cash flow hedge						
Interest rate risk						
- Deposits	-	-	-	(1,654)	-	-

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

Derivative Financial Instruments and Hedge Accounting (Cont'd.)

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

	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	Amounts 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						
Cash flow hedges						
Interest rate risk						
- Deposits	1,654	-	Other operating income	-	-	-

(v) The following table shows a reconciliation of cash flow hedging deficit and an analysis of other comprehensive income in relation to hedge accounting:

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Cash flow hedges		
Interest rate risk:		
Balance at beginning of the financial year	(9,062)	(16,949)
Effective portion of changes in fair value of interest rate swaps	-	1,654
Amortisation of fair value	6,320	8,724
Taxation	(1,517)	(2,491)
Balance at end of the financial year	(4,259)	(9,062)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
At fair value					
Money market instruments:					
Bank Negara Monetary Notes		2,163,416	-	2,163,416	-
Malaysian Treasury Bills		5,057,052	777,589	5,057,052	777,589
Malaysian Government Investment Issues		287,727	60,920	287,727	60,920
Malaysian Government Securities		582,357	258,277	582,357	258,277
		8,090,552	1,096,786	8,090,552	1,096,786
Quoted securities:					
In Malaysia:					
Shares	(a)	627,691	566,314	627,691	566,314
Unit trusts		20,537	12,466	20,537	12,466
Sukuk		10,236	13,315	10,236	13,315
		658,464	592,095	658,464	592,095
Outside Malaysia:					
Shares	(a)	446,560	481,104	446,556	481,100
Unquoted securities:					
In Malaysia:					
Shares		33	31	-	-
Corporate bonds and sukuk		996,192	505,888	996,192	505,888
		996,225	505,919	996,192	505,888
		10,191,801	2,675,904	10,191,764	2,675,869

Note (a): Shares held for purposes of derivative transactions.

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

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	247,160	-	247,160	-
Malaysian Government Investment Issues ("MGII")	3,430,007	2,931,442	3,430,007	2,931,442
Malaysian Government Securities ("MGS")	4,243,108	3,099,232	4,243,108	3,099,232
Foreign Government Investment Issues	13,309	13,619	13,309	13,619
Malaysian Treasury Bills	1,625,810	-	1,625,810	-
Negotiable Instruments of Deposit	1,193,273	450,001	1,193,273	450,001
	10,752,667	6,494,294	10,752,667	6,494,294
Quoted securities:				
In Malaysia:				
Unit trusts	60,551	69,726	60,551	69,726
	60,551	69,726	60,551	69,726
Unquoted securities:				
In Malaysia:				
Corporate bonds and sukuk	8,805,585	7,095,973	8,805,585	7,095,973
Shares	676,523	668,557	676,523	668,557
	9,482,108	7,764,530	9,482,108	7,764,530
Outside Malaysia:				
Corporate bonds and sukuk	10,291	10,423	10,291	10,423
Shares	735	611	735	611
	11,026	11,034	11,026	11,034
	20,306,352	14,339,584	20,306,352	14,339,584

In the previous financial year, the Group and the Bank had recognised a total carrying amount of RM1.27 billion (RM1.23 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.

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

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

	Group and Bank			
	2023		2022	
	Carrying value RM'000	Dividend income RM'000	Carrying value RM'000	Dividend income RM'000
Quoted securities in Malaysia:				
Unit trusts				
AmFIRST Real Estate Investment Trust	60,551	5,633	69,726	4,606
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 Berhad	83,412	-	89,834	-
Financial Park (Labuan) Sdn Bhd	84,647	500	82,185	1,000
Payments Network Malaysia Sdn Bhd	103,958	-	89,659	-
RAM Holdings Berhad	-	-	-	340
	676,523	2,913	668,557	3,753
Unquoted securities outside Malaysia:				
Shares				
S.W.I.F.T. SCRL	735	-	611	-

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

The Bank owns 26.7% of AmFIRST Real Estate Investment Trust ("AmFirst REIT"). However, the Bank has restricted voting power as stated in the Trust Deed. As such, the Bank is deemed to have no significant influence and the investment is recognised as financial investments at fair value through other comprehensive income.

In the previous financial year, the Group and the Bank 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 the 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 years.

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

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

Group	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	8,038	3,602	11,640
Net allowances for/(writeback of) ECL (Note 38):	512	(1,623)	(1,111)
- Transfer to Stage 1	153	(2,411)	(2,258)
- Transfer to Stage 2	(1,106)	2,365	1,259
New financial assets originated	9,852	-	9,852
Financial assets derecognised	(6,467)	(2,996)	(9,463)
Net remeasurement of allowances	(1,920)	1,419	(501)
Foreign exchange differences	12	-	12
Balance at end of the financial year	8,562	1,979	10,541
2022			
Balance at beginning of the financial year	9,297	19	9,316
Net (writeback of)/allowances for ECL (Note 38):	(1,261)	3,583	2,322
- Transfer to Stage 2	(893)	3,602	2,709
New financial assets originated	3,316	-	3,316
Financial assets derecognised	(3,111)	(19)	(3,130)
Net remeasurement of allowances	(573)	-	(573)
Foreign exchange differences	2	-	2
Balance at end of the financial year	8,038	3,602	11,640

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

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

Bank	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	8,038	3,602	11,640
Net allowances for/(writeback of) ECL (Note 38):	512	(1,623)	(1,111)
- Transfer to Stage 1	153	(2,411)	(2,258)
- Transfer to Stage 2	(1,106)	2,365	1,259
New financial assets originated	9,852	-	9,852
Financial assets derecognised	(6,467)	(2,996)	(9,463)
Net remeasurement of allowances	(1,920)	1,419	(501)
Foreign exchange differences	12	-	12
Balance at end of the financial year	8,562	1,979	10,541
2022			
Balance at beginning of the financial year	9,297	19	9,316
Net (writeback of)/allowances for ECL (Note 38):	(1,261)	3,583	2,322
- Transfer to Stage 2	(893)	3,602	2,709
New financial assets originated	3,316	-	3,316
Financial assets derecognised	(3,111)	(19)	(3,130)
Net remeasurement of allowances	(573)	-	(573)
Foreign exchange differences	2	-	2
Balance at end of the financial year	8,038	3,602	11,640

The decrease in allowances for ECL during the current financial year for the Group and the Bank are mainly due to financial assets derecognised, transfer to Stage 1, offset by new financial assets originated.

13. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Investment Issues	2,459,308	980,886
Malaysian Government Securities	1,346,712	907,429
	3,806,020	1,888,315
Unquoted securities:		
In Malaysia:		
Corporate bonds and sukuk	5,448,738	4,078,786
	9,254,758	5,967,101
Less: Allowances for ECL	(40,041)	(37,586)
	9,214,717	5,929,515

Movements in allowances for ECL are as follows:

Group and Bank	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	3,314	-	34,272	37,586
Net allowances for ECL (Note 38):	1,444	-	1,011	2,455
New financial assets originated	2,811	-	-	2,811
Net remeasurement of allowances	(473)	-	1,011	538
Financial assets derecognised	(894)	-	-	(894)
Balance at end of the financial year	4,758	-	35,283	40,041
2022				
Balance at beginning of the financial year	2,939	22,690	-	25,629
Net allowances for/(writeback of) ECL (Note 38):	375	(22,690)	34,272	11,957
- Transfer to Stage 1	209	(8,124)	-	(7,915)
- Transfer to Stage 3	-	(772)	34,272	33,500
New financial assets originated	135	-	-	135
Net remeasurement of allowances	34	-	-	34
Financial assets derecognised	(3)	-	-	(3)
Changes in model assumptions and methodologies	-	(13,794)	-	(13,794)
Balance at end of the financial year	3,314	-	34,272	37,586

The increase in allowances for ECL for the current financial year contributed by new financial assets originated during the financial year.

14. LOANS AND ADVANCES

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	2,156,953	2,029,703	2,156,953	2,029,703
Term loans	25,688,680	23,981,311	25,688,680	23,981,311
Housing loan receivables	28,985,834	27,857,289	28,598,522	27,750,900
Hire purchase receivables	9,535,473	9,598,644	9,535,473	9,598,644
Bills receivables	2,223,438	1,802,396	2,223,438	1,802,396
Trust receipts	2,074,012	2,196,281	2,074,012	2,196,281
Claims on customers under acceptance credits	4,604,485	4,346,521	4,604,485	4,346,521
Card receivables	1,600,986	1,455,413	1,600,986	1,455,413
Revolving credits	6,684,854	6,535,875	7,041,064	6,608,831
Staff loans	81,377	87,344	81,377	87,344
Others	134,228	158,454	134,228	158,454
Gross loans and advances	83,770,320	80,049,231	83,739,218	80,015,798
Less: Allowances for ECL (Note 14(i)):				
- Stage 1 - 12-month ECL	(160,839)	(154,044)	(160,826)	(154,074)
- Stage 2 - Lifetime ECL not credit-impaired	(719,574)	(758,197)	(719,487)	(758,182)
- Stage 3 - Lifetime ECL credit-impaired	(423,493)	(319,503)	(423,247)	(319,223)
Net loans and advances	82,466,414	78,817,487	82,435,658	78,784,319

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

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	1,053,846	1,045,624	1,410,056	1,118,579
Domestic business enterprises				
- Small and medium enterprises	19,814,532	17,804,425	19,814,532	17,804,425
- Others	18,233,263	17,768,448	18,233,263	17,768,448
Government and statutory bodies	43,059	60,790	43,059	60,790
Individuals	43,187,593	41,794,021	42,800,281	41,687,633
Other domestic entities	8,730	6,850	8,730	6,850
Foreign individuals and entities	1,429,297	1,569,073	1,429,297	1,569,073
	83,770,320	80,049,231	83,739,218	80,015,798

14. LOANS AND ADVANCES (CONT'D.)

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

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
In Malaysia	83,487,307	79,155,058	83,456,205	79,121,625
Outside Malaysia	283,013	894,173	283,013	894,173
	83,770,320	80,049,231	83,739,218	80,015,798

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Fixed rate				
- Housing loans	451,584	154,240	64,272	47,851
- Hire purchase receivables	9,202,544	9,155,918	9,202,544	9,155,918
- Other fixed rate loans	7,217,452	6,799,568	7,217,452	6,799,568
Variable rate				
- Base rate and base lending rate plus	46,088,162	43,732,877	46,088,162	43,732,877
- Cost plus	19,809,770	19,095,010	20,165,980	19,167,966
- Other variable rates	1,000,808	1,111,618	1,000,808	1,111,618
	83,770,320	80,049,231	83,739,218	80,015,798

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

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Agriculture	1,196,390	1,455,342	1,196,390	1,455,342
Mining and quarrying	1,536,699	1,772,651	1,536,699	1,772,651
Manufacturing	10,909,186	11,084,348	10,909,186	11,084,348
Electricity, gas and water	984,557	909,608	984,557	909,608
Construction	3,499,629	3,295,894	3,499,629	3,295,894
Wholesale and retail trade and hotels and restaurants	8,885,936	7,578,695	8,885,936	7,578,695
Transport, storage and communication	3,474,022	3,340,069	3,474,022	3,340,069
Finance and insurance	1,321,740	1,163,013	1,677,950	1,235,969
Real estate	5,416,597	4,431,674	5,416,597	4,431,674
Business activities	1,750,699	1,666,498	1,750,699	1,666,498
Education and health	1,086,144	1,022,743	1,086,144	1,022,743
Household of which:	43,703,372	42,303,665	43,316,060	42,197,276
- Purchase of residential properties	29,236,771	28,148,654	28,849,459	28,042,265
- Purchase of transport vehicles	8,552,962	8,659,412	8,552,962	8,659,412
- Others	5,913,639	5,495,599	5,913,639	5,495,599
Others	5,349	25,031	5,349	25,031
	83,770,320	80,049,231	83,739,218	80,015,798

14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Maturing within one year	20,735,269	19,457,299	21,088,410	19,526,853
Over one year to three years	5,362,794	4,746,704	5,356,972	4,740,692
Over three years to five years	9,504,168	9,568,951	9,496,464	9,560,548
Over five years	48,168,089	46,276,277	47,797,372	46,187,705
	83,770,320	80,049,231	83,739,218	80,015,798

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	1,047,502	1,157,246	1,046,185	1,156,027
Impaired during the financial year	1,141,705	638,568	1,141,134	638,204
Reclassified as performing	(161,738)	(128,657)	(161,143)	(128,512)
Recoveries	(285,277)	(205,367)	(285,036)	(205,246)
Amount written off	(367,276)	(413,969)	(367,276)	(413,969)
Foreign exchange differences	376	(319)	376	(319)
Balance at end of the financial year	1,375,292	1,047,502	1,374,240	1,046,185
Gross impaired loans and advances as % of gross loans and advances	1.64%	1.31%	1.64%	1.31%
Loan loss coverage (including regulatory reserve)	123.5%	153.2%	123.6%	153.4%

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
In Malaysia	1,375,292	1,038,331	1,374,240	1,037,014
Outside Malaysia	-	9,171	-	9,171
	1,375,292	1,047,502	1,374,240	1,046,185

14. LOANS AND ADVANCES (CONT'D.)

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

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Agriculture	6,539	8,832	6,539	8,832
Mining and quarrying	4,397	13,093	4,397	13,093
Manufacturing	164,355	174,821	164,355	174,821
Electricity, gas and water	47,199	4,639	47,199	4,639
Construction	152,544	96,951	152,544	96,951
Wholesale and retail trade and hotels and restaurants	143,014	106,915	143,014	106,915
Transport, storage and communication	19,777	14,852	19,777	14,852
Finance and insurance	11,201	1,493	11,201	1,493
Real estate	10,915	22,237	10,915	22,237
Business activities	41,238	37,207	41,238	37,207
Education and health	10,217	6,217	10,217	6,217
Household of which:	763,896	560,245	762,844	558,928
- Purchase of residential properties	581,738	420,936	580,686	419,619
- Purchase of transport vehicles	85,358	59,989	85,358	59,989
- Others	96,800	79,320	96,800	79,320
	1,375,292	1,047,502	1,374,240	1,046,185

(i) Movements in allowances for ECL 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	154,044	758,197	319,503	1,231,744
Net allowances for/(writeback of) ECL (Note 37):	6,413	(38,586)	470,793	438,620
- Transfer to Stage 1	10,466	(124,287)	(4,853)	(118,674)
- Transfer to Stage 2	(10,416)	116,349	(16,850)	89,083
- Transfer to Stage 3	(1,020)	(25,135)	174,011	147,856
New financial assets originated	42,982	53,894	6,981	103,857
Net remeasurement of allowances	890	42,961	332,873	376,724
Modification of contractual cash flows of financial assets	-	(66)	1,651	1,585
Financial assets derecognised	(28,084)	(81,891)	(59,837)	(169,812)
Changes in model assumptions and methodologies	(8,405)	(20,411)	36,817	8,001
Foreign exchange differences	382	(37)	473	818
Amount written-off	-	-	(367,276)	(367,276)
Balance at end of the financial year	160,839	719,574	423,493	1,303,906

14. LOANS AND ADVANCES (CONT'D.)

(i) Movements in allowances for ECL are as follows (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				
Balance at beginning of the financial year	286,308	707,881	432,998	1,427,187
Net (writeback of)/allowances for ECL (Note 37):	(132,369)	50,301	300,577	218,509
- Transfer to Stage 1	8,013	(87,575)	(3,139)	(82,701)
- Transfer to Stage 2	(15,965)	128,595	(17,001)	95,629
- Transfer to Stage 3	(762)	(19,071)	76,875	57,042
New financial assets originated	35,000	54,786	4,428	94,214
Net remeasurement of allowances	(17,347)	(2,308)	314,749	295,094
Modification of contractual cash flows of financial assets	(1,376)	1,599	567	790
Financial assets derecognised	(25,092)	(50,295)	(75,902)	(151,289)
Changes in model assumptions and methodologies	(114,840)	24,570	-	(90,270)
Foreign exchange differences	105	15	(103)	17
Amount written-off	-	-	(413,969)	(413,969)
Balance at end of the financial year	154,044	758,197	319,503	1,231,744

Bank	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	154,074	758,182	319,223	1,231,479
Net allowances for/(writeback of) ECL (Note 37):	6,370	(38,657)	470,827	438,540
- Transfer to Stage 1	10,468	(124,281)	(4,681)	(118,494)
- Transfer to Stage 2	(10,416)	116,328	(16,843)	89,069
- Transfer to Stage 3	(1,020)	(25,131)	173,862	147,711
New financial assets originated	42,982	53,894	6,981	103,857
Net remeasurement of allowances	1,071	42,960	332,877	376,908
Modification of contractual cash flows of financial assets	-	(66)	1,651	1,585
Financial assets derecognised	(28,310)	(81,950)	(59,837)	(170,097)
Changes in model assumptions and methodologies	(8,405)	(20,411)	36,817	8,001
Foreign exchange differences	382	(38)	473	817
Amount written-off	-	-	(367,276)	(367,276)
Balance at end of the financial year	160,826	719,487	423,247	1,303,560

14. LOANS AND ADVANCES (CONT'D.)

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

Bank	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	286,338	707,855	432,736	1,426,929
Net (writeback of)/allowances for ECL (Note 37):	(132,369)	50,312	300,559	218,502
- Transfer to Stage 1	8,012	(87,556)	(3,139)	(82,683)
- Transfer to Stage 2	(15,964)	128,583	(16,984)	95,635
- Transfer to Stage 3	(762)	(19,071)	76,822	56,989
New financial assets originated	35,000	54,786	4,428	94,214
Net remeasurement of allowances	(17,351)	(2,306)	314,748	295,091
Modification of contractual cash flows of financial assets	(1,376)	1,599	567	790
Financial assets derecognised	(25,088)	(50,293)	(75,883)	(151,264)
Changes in model assumptions and methodologies	(114,840)	24,570	-	(90,270)
Foreign exchange differences	105	15	(103)	17
Amount written-off	-	-	(413,969)	(413,969)
Balance at end of the financial year	154,074	758,182	319,223	1,231,479

Overall, the total allowances for impairment on loans and advances for the Bank increased by RM72,081,000 due to the following:

a) 12-month ECL (Stage 1) – increase by RM6,752,000 mainly due to newly originated loans and advances; partially offset by the financial assets derecognised and the change in model assumptions and methodologies.

b) Lifetime ECL not credit-impaired (Stage 2) – decrease by RM38,695,000 mainly due to impact from the migration of loans and advances to Stage 1 and Stage 3, financial asset derecognised and change in model assumption and methodologies; partially offset by impact from migration of loans and advances to Stage 2, newly originated loans and advances and net remeasurement of allowance.

c) Lifetime ECL credit-impaired (Stage 3) – increase by RM104,024,000 mainly due to net remeasurement of allowances, impact from migration of loans and advances to Stage 3, change in model assumptions and methodologies and newly originated loans and advances; partially offset by the impacts from written-off loans and advances, financial assets derecognised and impact from migration of loans and advances to Stage 1 and Stage 2.

15. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is 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 a set percentage of total eligible liabilities. The Statutory Reserve Requirement ("SRR") rate for banking industries is 2.0% of eligible liabilities.

16. DEFERRED TAX ASSETS

	Group and Bank	
	2023 RM'000	2022 RM'000
Balance at beginning of the financial year	139,318	74,858
Recognised in statements of profit or loss (Note 40)	26,114	16,214
Recognised in other comprehensive income	(1,138)	48,246
Balance at end of the financial year	164,294	139,318

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 and Bank	
	2023 RM'000	2022 RM'000
Deferred tax assets	164,294	139,318

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

Deferred tax assets	220,121	195,645
Deferred tax liabilities	(55,827)	(56,327)
	164,294	139,318

16. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

	Balance at beginning of the financial year RM'000	Recognised in statement of profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
Group and Bank				
Deferred tax assets				
2023				
Provision for expenses	69,223	21,597	-	90,820
Provision for commitments and contingencies	810	30	-	840
Allowances for ECL	76,464	7,921	-	84,385
Cash flow hedging deficit	2,861	-	(1,517)	1,344
Fair value reserve	24,026	-	379	24,405
Other temporary differences	22,261	(3,934)	-	18,327
	195,645	25,614	(1,138)	220,121
2022				
Provision for expenses	50,647	18,576	-	69,223
Provision for commitments and contingencies	859	(49)	-	810
Allowances for ECL	72,175	4,289	-	76,464
Cash flow hedging deficit	5,352	-	(2,491)	2,861
Fair value reserve	-	-	24,026	24,026
Other temporary differences	35,340	(13,079)	-	22,261
	164,373	9,737	21,535	195,645
Deferred tax liabilities				
2023				
Deferred charges	(25,572)	(1,150)	-	(26,722)
Excess of capital allowance over depreciation and amortisation	(30,755)	1,650	-	(29,105)
	(56,327)	500	-	(55,827)
2022				
Deferred charges	(28,221)	2,649	-	(25,572)
Excess of capital allowance over depreciation and amortisation	(34,583)	3,828	-	(30,755)
Fair value reserve	(26,711)	-	26,711	-
	(89,515)	6,477	26,711	(56,327)

As at 31 March 2023, the Group and the Bank respectively, have unabsorbed capital allowances of approximately RM450,526,000 and RM164,557,000 (2022: RM450,606,000 and RM164,637,000) that are available for offset against future taxable profit of leasing business. The Group's unabsorbed capital allowances that are available for offset against future taxable profit of non-leasing business for current financial year is RM506,000 (2022: RM474,000). Deferred tax assets are not recognised due to uncertainty in timing of their recoverability.

17. INVESTMENT IN SUBSIDIARIES

	Bank 2023 RM'000	Bank 2022 RM'000
Unquoted shares:		
Cost		
Balance at beginning of the financial year	98,796	98,796
Capital reduction of a subsidiary (Note c)	(8,477)	-
Dissolution of a subsidiary (Note d)	(13,759)	-
Balance at end of the financial year	76,560	98,796
Accumulated impairment losses		
Balance at beginning of the financial year	67,832	67,304
Impairment loss during the financial year	-	528
Dissolution of a subsidiary (Note d)	(13,759)	-
Balance at end of the financial year	54,073	67,832
Carrying amount		
Balance at end of the financial year	22,487	30,964

All subsidiaries are incorporated in Malaysia.

a) Details of the subsidiaries are as follows:

Name of subsidiary	**Principal activities**	**Effective equity interest 2023 %**	**Effective equity interest 2022 %**
AmCard Services Berhad	Outsourcing servicer for mortgage related services	100.0	100.0
AmMortgage One Berhad	Securitisation of mortgage loans	100.0	100.0
AmProperty Holdings Sdn Bhd	Property investment	100.0	100.0
Bougainvillaea Development Sdn Bhd	Property investment	100.0	100.0
MBf Information Services Sdn Bhd	Property investment	100.0	100.0
MBf Trustees Berhad *#	Dormant	60.0	60.0
MBf Nominees (Tempatan) Sdn Bhd #	Dormant	100.0	100.0
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.0	100.0
Komuda Credit & Leasing Sdn Bhd (Note d)	Dormant	-	100.0
Malco Properties Sdn Bhd #	Dormant	81.5	81.5
AmLabuan Holdings (L) Ltd @	Investment holding	100.0	100.0

* The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank, MBf Information Services Sdn Bhd and MBf Nominees (Tempatan) Sdn Bhd (see Note 18).

@ Incorporated under the Labuan Companies Act 1990.

\# Subsidiaries under member's voluntary liquidation.

b) 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 Bank depends on their financial and operating performance.

c) Capital reduction of a subsidiary

On 14 July 2022, AmCard Services Berhad ("AmCard") being wholly-owned subsidiary of the Bank, had obtained the Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016. On 29 July 2022, AmCard had returned paid-up share capital in excess of the subsidiary needs which amounted to a total equivalent of RM10.0 million to the Bank. The capital repayment did not have any effect on the reported cash flows from operations, financial position and performance of the Group for the current financial year.

d) Dissolution of a wholly-owned dormant subsidiary under member's voluntary winding up

The Bank's wholly-owned subsidiary, Komuda Credit & Leasing Sdn Bhd, was dissolved on 7 July 2022. As the subsidiary was dormant, there was no significant impact on the Group's and Bank's statement of comprehensive income or statement of financial position arising from the dissolution.

e) The subsidiaries which are not wholly-owned are not material individually or in aggregate to the financial position or performance of the Group. Hence the disclosure requirements under MFRS 12 *Disclosure of Interests in Other Entities* paragraph 12 are not presented.

18. INVESTMENT IN ASSOCIATES

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Unquoted shares, at cost:				
Balance at beginning of the financial year	32,280	32,280	32,330	32,330
Less: Accumulated impairment losses	-	-	(12,713)	(12,713)
	32,280	32,280	19,617	19,617
Share of post acquisition reserves	(13,885)	(16,683)	-	-
Balance at end of the financial year	18,395	15,597	19,617	19,617

The movements in accumulated impairment losses for the Bank are as follows:

	Bank 2023 RM'000	Bank 2022 RM'000
Balance at beginning of the financial year	12,713	30
Impairment loss during the financial year	-	12,683
Balance at end of the financial year	12,713	12,713

(a) Details of the associates, which are incorporated and with principal place of business in Malaysia, are as follows:

Name of associate	Principal activity	Bank Effective equity interest 2023 %	Bank Effective equity interest 2022 %
MBf Trustees Berhad[1]	Dormant	20.0	20.0
Bonuskad Loyalty Sdn Bhd ("Bonuskad")[2]	Managing customer loyalty schemes	33.3	33.3

[1] The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank. MBf Trustees Berhad is currently under members' voluntary liquidation (see Note 17).

[2] The financial year end of Bonuskad is 31 December 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 Bank's financial reporting date.

In the previous financial year, the Bank recognised impairment loss for investment in Bonuskad Loyalty Sdn Bhd of RM12,683,000.

The investment is reviewed for impairment when there are indications of impairment. No impairment loss is recognised in the current financial year. In the previous financial year, the recoverable amount used in the impairment assessment was based on VIU. This VIU used pre-tax cash flows projection based on the financial budget approved by the Board of Directors of the associate for 31 December 2022. The estimated cash flows beyond the period covered by the financial budgets were estimated using a growth rate and terminal growth rate of 3%. The discount rate applied was 10% which was based on the Group's and the Bank's estimated return of its investment in the associate.

18. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) The following table summarises the information of the associate at the Group:

	2023 RM'000	2022 RM'000
Operating revenue	34,716	61,676
Profit/(loss) after tax from continuing operations/Total comprehensive income/(loss)	8,393	(2,123)
Total assets	193,383	157,450
Total liabilities	(127,749)	(100,208)
Net assets	65,634	57,242

(c) The above profit/(loss) after tax from continuing operations/total comprehensive income/(loss) for the associate include the following:

	2023 RM'000	2022 RM'000
Interest income	159	2,504
Fee and other operating income	34,557	19,041
Depreciation of property and equipment	(3,058)	(2,809)
Taxation	(1,331)	294

(d) The above amounts of assets and liabilities for the associate include the following:

	2023 RM'000	2022 RM'000
Cash and cash equivalents	2,221	777
Current financial liabilities (excluding trade, other payables and provisions)	(9,908)	(7,427)

(e) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2023 RM'000	2022 RM'000
Proportion of net assets at date of recognition	33.3%	33.3%
Balance at beginning of the financial year	15,597	31,305
Dividend received	-	(15,000)
Share of net results for the financial year	2,798	(708)
Carrying amount at the end of the financial year	18,395	15,597

19. OTHER ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Other receivables, deposits and prepayments	(a)	734,680	585,561	733,229	583,880
Interest receivable	(b)	428,273	356,902	428,274	356,902
Amount due from subsidiaries and related companies	(c)	35,123	211,743	35,268	213,715
Collateral pledged for derivative transactions	51	467,034	446,809	467,034	446,809
Foreclosed properties	(d)	2,644	2,635	2,337	2,327
Deferred charges		111,338	106,545	111,338	106,545
Tax recoverable		172,744	111,722	172,471	111,534
		1,951,836	1,821,917	1,949,951	1,821,712
Less: Accumulated impairment losses		(3,454)	(1,974)	(2,999)	(1,500)
		1,948,382	1,819,943	1,946,952	1,820,212

(a) As at 31 March 2023, the impairment losses for other receivables, deposits and prepayments of the Group and of the Bank are RM3,297,000 (2022: RM1,817,000) and RM2,999,000 (2022: RM1,500,000) respectively.

The movements of Lifetime ECL/allowances for impairment losses for other receivables, deposits and prepayments using simplified approach are as follows:

(i) The movements in accumulated impairment losses of other receivables, deposits and prepayments are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Balance at beginning of the financial year	1,817	1,911	1,500	1,597
Impairment loss/(writeback) during the financial year, net	1,550	(111)	1,562	(114)
Amount written off	(86)	-	(79)	-
Foreign exchange differences	16	17	16	17
Balance at end of the financial year	3,297	1,817	2,999	1,500

(b) Interest receivable includes interest receivable of investment account of RM3,399,000 (2022: RM2,811,000).

(c) Amounts due from subsidiaries and related companies are unsecured, non-interest bearing and are repayable on demand.

(d) The accumulated impairment losses on foreclosed properties is as follows:

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Balance at beginning and end of the financial year	157	157	-	-

20. RIGHT-OF-USE ASSETS

	Premises RM'000	Computer equipment RM'000	Total RM'000
Group			
2023			
Cost			
Balance at beginning of the financial year	366,180	8,858	375,038
Additions	76,456	-	76,456
Remeasurements	51,329	-	51,329
Termination	(3,717)	-	(3,717)
Balance at end of the financial year	490,248	8,858	499,106
Accumulated depreciation			
Balance at beginning of the financial year	196,443	5,806	202,249
Depreciation for the financial year (Note 35)	72,625	1,145	73,770
Termination	(1,509)	-	(1,509)
Balance at end of the financial year	267,559	6,951	274,510
Carrying amount			
Balance at end of the financial year	222,689	1,907	224,596
2022			
Cost			
Balance at beginning of the financial year	350,727	8,858	359,585
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Termination	(1,901)	-	(1,901)
Balance at end of the financial year	366,180	8,858	375,038
Accumulated depreciation			
Balance at beginning of the financial year	132,700	3,617	136,317
Depreciation for the financial year (Note 35)	64,214	2,189	66,403
Termination	(471)	-	(471)
Balance at end of the financial year	196,443	5,806	202,249
Carrying amount			
Balance at end of the financial year	169,737	3,052	172,789

20. RIGHT-OF-USE ASSETS (CONT'D.)

	Premises RM'000	Computer equipment RM'000	Total RM'000
Bank			
2023			
Cost			
Balance at beginning of the financial year	368,483	8,858	377,341
Additions	76,456	-	76,456
Remeasurements	51,329	-	51,329
Termination	(3,717)	-	(3,717)
Balance at end of the financial year	492,551	8,858	501,409
Accumulated depreciation			
Balance at beginning of the financial year	197,297	5,806	203,103
Depreciation for the financial year (Note 35)	73,038	1,145	74,183
Termination	(1,509)	-	(1,509)
Balance at end of the financial year	268,826	6,951	275,777
Carrying amount			
Balance at end of the financial year	223,725	1,907	225,632
2022			
Cost			
Balance at beginning of the financial year	353,030	8,858	361,888
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Termination	(1,901)	-	(1,901)
Balance at end of the financial year	368,483	8,858	377,341
Accumulated depreciation			
Balance at beginning of the financial year	133,415	3,617	137,032
Depreciation for the financial year (Note 35)	64,353	2,189	66,542
Termination	(471)	-	(471)
Balance at end of the financial year	197,297	5,806	203,103
Carrying amount			
Balance at end of the financial year	171,186	3,052	174,238

As at 31 March 2023, the carrying amount of the right-of-use assets of the Group and of the Bank includes estimated cost for reinstatement amounted to RM1.8 million (2022: RM2.6 million).

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 28(a).

The Group and the Bank have 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 and the Bank are 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 and twelve years. These options, which are exercisable only by the Group and the Bank 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 and of the Bank. Management exercises significant judgment 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 and the Bank. As such, substantially all of the future cash outflows that the Group and the Bank are exposed in relation to leases, have been reflected in the measurement of lease liabilities.

21. PROPERTY AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2023										
Cost										
Balance at beginning of the financial year	8,897	4,977	321	36,183	202,388	162,426	615,134	4,056	4,007	1,038,389
Additions	-	-	-	-	5,800	3,297	23,156	-	23,776	56,029
Transfer to related companies, net	-	-	-	-	-	-	-	-	(45)	(45)
Disposals	(6,500)	-	-	(13,015)	-	(7,499)	(17,106)	-	-	(44,120)
Written off	-	-	-	-	(728)	(2,333)	(133)	-	-	(3,194)
Transfer to intangible assets (Note 22)	-	-	-	-	-	-	-	-	(219)	(219)
Reclassification/adjustments	-	-	-	(521)	999	(994)	3,183	-	(3,405)	(738)
Foreign exchange differences	-	-	-	-	-	86	16	8	-	110
Balance at end of the financial year	2,397	4,977	321	22,647	208,459	154,983	624,250	4,064	24,114	1,046,212
Accumulated depreciation										
Balance at beginning of the financial year	-	2,236	257	18,972	186,745	153,685	520,442	3,125	-	885,462
Depreciation for the financial year (Note 35)	-	90	7	666	7,191	3,932	37,945	52	-	49,883
Disposals	-	-	-	(8,114)	-	(7,487)	(17,098)	-	-	(32,699)
Written off	-	-	-	-	(712)	(2,331)	(133)	-	-	(3,176)
Reclassification/adjustments	-	-	-	(521)	999	(999)	-	-	-	(521)
Foreign exchange differences	-	-	-	-	-	86	16	8	-	110
Balance at end of the financial year	-	2,326	264	11,003	194,223	146,886	541,172	3,185	-	899,059
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	2,397	2,397	57	10,758	14,236	8,097	83,078	879	24,114	146,013

21. 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	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2022										
Cost										
Balance at beginning of the financial year	8,897	4,977	321	36,183	199,023	164,261	598,400	4,838	6,966	1,023,866
Additions	-	-	-	-	2,513	2,110	12,821	-	3,607	21,051
Transfer (to)/from related companies, net	-	-	-	-	-	-	(8)	139	(106)	25
Disposals	-	-	-	-	-	(907)	(3,294)	(923)	-	(5,124)
Written off	-	-	-	-	(2)	(3,084)	(1,716)	-	-	(4,802)
Transfer from intangible assets (Note 22)	-	-	-	-	-	-	-	-	3,837	3,837
Reclassification/adjustments	-	-	-	-	854	19	8,926	-	(10,297)	(498)
Foreign exchange differences	-	-	-	-	-	27	5	2	-	34
Balance at end of the financial year	8,897	4,977	321	36,183	202,388	162,426	615,134	4,056	4,007	1,038,389
Accumulated depreciation										
Balance at beginning of the financial year	-	2,145	250	18,264	176,993	152,871	484,250	3,480	-	838,253
Depreciation for the financial year (Note 35)	-	91	7	708	9,753	4,758	41,179	150	-	56,646
Transfer (to)/from related companies, net	-	-	-	-	-	-	(1)	139	-	138
Disposals	-	-	-	-	-	(906)	(3,293)	(646)	-	(4,845)
Written off	-	-	-	-	(1)	(3,065)	(1,697)	-	-	(4,763)
Foreign exchange differences	-	-	-	-	-	27	4	2	-	33
Balance at end of the financial year	-	2,236	257	18,972	186,745	153,685	520,442	3,125	-	885,462
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	8,897	2,487	64	16,325	15,643	8,741	94,692	931	4,007	151,787

21. PROPERTY AND EQUIPMENT (CONT'D.)

Bank	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2023										
Cost										
Balance at beginning of the financial year	90	3,806	303	16,663	201,702	160,660	614,827	3,888	4,007	1,005,946
Additions	-	-	-	-	5,800	3,297	23,156	-	23,776	56,029
Transfer to related companies, net	-	-	-	-	-	-	-	-	(45)	(45)
Disposals	-	-	-	-	-	(7,499)	(17,106)	-	-	(24,605)
Written off	-	-	-	-	(27)	(2,151)	(40)	-	-	(2,218)
Transfer to intangible assets (Note 22)	-	-	-	-	-	-	-	-	(219)	(219)
Reclassification/adjustments	-	-	-	-	-	5	3,183	-	(3,405)	(217)
Balance at end of the financial year	90	3,806	303	16,663	207,475	154,312	624,020	3,888	24,114	1,034,671
Accumulated depreciation										
Balance at beginning of the financial year	-	1,823	199	7,988	186,099	151,922	520,135	2,957	-	871,123
Depreciation for the financial year (Note 35)	-	76	3	330	7,168	3,931	37,945	52	-	49,505
Disposals	-	-	-	-	-	(7,487)	(17,098)	-	-	(24,585)
Written off	-	-	-	-	(27)	(2,150)	(40)	-	-	(2,217)
Balance at end of the financial year	-	1,899	202	8,318	193,240	146,216	540,942	3,009	-	893,826
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	90	1,653	101	7,459	14,235	8,096	83,078	879	24,114	139,705

21. PROPERTY AND EQUIPMENT (CONT'D.)

Bank	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2022										
Cost										
Balance at beginning of the financial year	90	3,806	303	16,663	198,337	162,522	598,066	4,672	6,965	991,424
Additions	-	-	-	-	2,513	2,110	12,821	-	3,607	21,051
Transfer (to)/from related companies, net	-	-	-	-	-	-	(8)	139	(106)	25
Disposals	-	-	-	-	-	(907)	(3,294)	(923)	-	(5,124)
Written off	-	-	-	-	(2)	(3,084)	(1,683)	-	-	(4,769)
Transfer from intangible assets (Note 22)	-	-	-	-	-	-	-	-	3,837	3,837
Reclassification/adjustments	-	-	-	-	854	19	8,925	-	(10,296)	(498)
Balance at end of the financial year	90	3,806	303	16,663	201,702	160,660	614,827	3,888	4,007	1,005,946
Accumulated depreciation										
Balance at beginning of the financial year	-	1,747	196	7,658	176,477	151,136	483,913	3,314	-	824,441
Depreciation for the financial year (Note 35)	-	76	3	330	9,623	4,757	41,180	150	-	56,119
Transfer (to)/from related companies, net	-	-	-	-	-	-	(1)	139	-	138
Disposals	-	-	-	-	-	(906)	(3,293)	(646)	-	(4,845)
Written off	-	-	-	-	(1)	(3,065)	(1,664)	-	-	(4,730)
Balance at end of the financial year	-	1,823	199	7,988	186,099	151,922	520,135	2,957	-	871,123
Accumulated impairment losses										
Balance at beginning and end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
Balance at end of the financial year	90	1,729	104	7,789	15,603	8,738	94,692	931	4,007	133,683

22. INTANGIBLE ASSETS

	Computer software RM'000	Work-in-progress RM'000	Total RM'000
Group			
2023			
Cost			
Balance at beginning of the financial year	1,153,119	39,383	1,192,502
Additions	21,081	40,492	61,573
Transfer from property and equipment (Note 21)	-	219	219
Written off	(43)	-	(43)
Reclassification/adjustments	35,743	(39,426)	(3,683)
Foreign exchange differences	3	-	3
Balance at end of the financial year	1,209,903	40,668	1,250,571
Accumulated amortisation			
Balance at beginning of the financial year	970,964	-	970,964
Amortisation for the financial year (Note 35)	77,237	-	77,237
Written off	(43)	-	(43)
Reclassification/adjustments	341	-	341
Foreign exchange differences	3	-	3
Balance at end of the financial year	1,048,502	-	1,048,502
Carrying amount			
Balance at end of the financial year	161,401	40,668	202,069
2022			
Cost			
Balance at beginning of the financial year	1,095,876	42,122	1,137,998
Additions	17,753	48,530	66,283
Transfer to related companies, net	(2)	-	(2)
Transfer to property and equipment (Note 21)	-	(3,837)	(3,837)
Written off	(77)	-	(77)
Reclassification/adjustments	39,568	(47,432)	(7,864)
Foreign exchange differences	1	-	1
Balance at end of the financial year	1,153,119	39,383	1,192,502
Accumulated amortisation			
Balance at beginning of the financial year	883,864	-	883,864
Amortisation for the financial year (Note 35)	87,034	-	87,034
Transfer to related companies, net	(2)	-	(2)
Written off	(72)	-	(72)
Reclassification/adjustments	139	-	139
Foreign exchange differences	1	-	1
Balance at end of the financial year	970,964	-	970,964
Carrying amount			
Balance at end of the financial year	182,155	39,383	221,538

22. INTANGIBLE ASSETS (CONT'D.)

	Computer software RM'000	Work-in-progress RM'000	Total RM'000
Bank			
2023			
Cost			
Balance at beginning of the financial year	1,153,063	39,383	1,192,446
Additions	21,081	40,492	61,573
Transfer from property and equipment (Note 21)	-	219	219
Reclassification/adjustments	35,743	(39,426)	(3,683)
Balance at end of the financial year	1,209,887	40,668	1,250,555
Accumulated amortisation			
Balance at beginning of the financial year	970,908	-	970,908
Amortisation for the financial year (Note 35)	77,237	-	77,237
Reclassification/adjustments	341	-	341
Balance at end of the financial year	1,048,486	-	1,048,486
Carrying amount			
Balance at end of the financial year	161,401	40,668	202,069
2022			
Cost			
Balance at beginning of the financial year	1,095,821	42,122	1,137,943
Additions	17,753	48,530	66,283
Transfer to related companies, net	(2)	-	(2)
Transfer to property and equipment (Note 21)	-	(3,837)	(3,837)
Written off	(77)	-	(77)
Reclassification/adjustments	39,568	(47,432)	(7,864)
Balance at end of the financial year	1,153,063	39,383	1,192,446
Accumulated amortisation			
Balance at beginning of the financial year	883,809	-	883,809
Amortisation for the financial year (Note 35)	87,034	-	87,034
Transfer to related companies, net	(2)	-	(2)
Written off	(72)	-	(72)
Reclassification/adjustments	139	-	139
Balance at end of the financial year	970,908	-	970,908
Carrying amount			
Balance at end of the financial year	182,155	39,383	221,538

23. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Demand deposits	25,489,922	24,114,121	25,501,758	24,126,407
Savings deposits	5,840,339	5,400,230	5,840,339	5,400,230
Term/investment deposits	54,048,284	56,342,545	54,049,101	56,344,352
	85,378,545	85,856,896	85,391,198	85,870,989

Included in deposits from customers of the Group and of the Bank are deposits of RM1,517,846,000 (2022: RM1,653,383,000 for the Group and the Bank) held as collateral for loans and advances.

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	868,756	1,549,251	868,756	1,549,251
Business enterprises	39,229,447	39,347,970	39,242,100	39,362,063
Individuals	38,941,377	35,321,255	38,941,377	35,321,255
Others	6,338,965	9,638,420	6,338,965	9,638,420
	85,378,545	85,856,896	85,391,198	85,870,989

(ii) The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Due within six months	42,012,274	44,037,037	42,013,091	44,038,844
Over six months to one year	9,984,599	10,871,790	9,984,599	10,871,790
Over one year to three years	1,998,352	1,325,160	1,998,352	1,325,160
Over three years to five years	53,059	108,558	53,059	108,558
	54,048,284	56,342,545	54,049,101	56,344,352

24. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Licensed banks		5,617,181	4,146,076	5,617,181	4,146,076
Licensed investment banks		782,226	845,298	782,226	845,298
Other financial institutions		953,673	1,164,875	993,736	1,174,519
Bank Negara Malaysia	(a)	1,308,614	1,221,494	1,308,614	1,221,494
		8,661,694	7,377,743	8,701,757	7,387,387

(a) Deposits and placements from Bank Negara Malaysia for the current financial year had included the amounts received by the Group and the Bank under government financing scheme amounting to RM1,100,590,000 (2022: RM1,100,590,000) respectively, as part of the support measures by the government in response to the COVID-19 pandemic for the purpose of lending to SME at below market rate with six-year (6) to eight and half year (8.5) maturities (2022: six-year (6) to eight and half year (8.5) maturities). In the previous financial year, the fair value gain arising from the deposits from Bank Negara Malaysia with the Group and the Bank was applied to address the financial and accounting impact arising from lending at concession rates and was recognised in the profit or loss.

25. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

Recourse obligation on loans sold to Cagamas Berhad represents the proceeds received from the sale of loans directly from the Bank to Cagamas Berhad with recourse. Under this arrangement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans, which are regarded as defective based on prudential criteria with recourse to the Bank.

26. TERM FUNDING

		Group and Bank	
		2023	2022
	Note	RM'000	RM'000
Senior Notes	(a)	400,000	400,000
Credit-Linked Notes	(b)	-	-
Other borrowings	(c)	937,427	645,260
		1,337,427	1,045,260

26. TERM FUNDING (CONT'D.)

(a) Senior Notes comprise of the following:

Senior Notes

The movements in Senior Notes are as follows:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Balance at beginning of the financial year	400,000	-
Issuance	-	400,000
Balance at end of the financial year	400,000	400,000

The Senior Notes issued by the Bank is under a Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value. The proceeds from the issuance of the Senior Notes are to be utilised for the Bank'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, the Bank 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 the Bank.

On 30 December 2021, the Bank issued Tranche 8 - Series 1 and Series 2 of Senior Notes with total nominal amount of RM150.0 million and RM250.0 million respectively under its Senior Notes programme of RM7.0 billion. Tranche 8 - Series 1 bears interest rate at 2.94% per annum payable half-yearly with a tenure of 18 months and Tranche 8 - Series 2 bears interest at 3.14% per annum payable half-yearly with a tenure of 2 years.

As at 31 March 2023, RAM Rating has assigned a long-term rating of AA3/Positive to the SNP.

26. TERM FUNDING (CONT'D.)

(b) The movements in Credit-Linked Notes ("CLN") are as follows:

	Group and Bank 2023 RM'000	Group and Bank 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 the Bank 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 which matured on 14 September 2021.

(c) Other borrowings comprise of the following:

	Note	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Structured deposit	(i)	496,335	226,459
Term loan	(ii)	441,092	418,801
		937,427	645,260

(i) Structured deposit

This includes non-principal guaranteed deposit placed by customers and structured products that are only principal guaranteed on maturity. The structured products include investment products with an embedded derivative, where the embedded derivative is normally linked to the performance of an underlying asset such as interest rates, equities, commodities and foreign currency rates. Upon maturity, the customer will receive either cash payment or pre-determined units of the underlying asset. The structured products will mature from 1 month to 5 years (2022: 1 month to 12 months).

The movements are as follows:

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Balance at beginning of the financial year	226,459	153,664
Net issuance	269,876	72,795
Balance at end of the financial year	496,335	226,459

26. TERM FUNDING (CONT'D.)

(c) Other borrowings comprise of the following (Cont'd.):

(ii) Term loan

On 22 December 2021, the Bank drawdown a new term loan of USD100.0 million from Wells Fargo Bank, National Association. This loan is utilised for diversifying the sources of funding the growth of the USD balance sheet. This term loan is for a period of two years and interest is charged at 3-month LIBOR +0.55%, payable on quarterly basis.

The movements are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Balance at beginning of the financial year	418,801	413,748
Repayment during the financial year	-	(422,250)
Drawdown during the financial year	-	421,450
Amortisation of issuance expenses	1,166	1,092
Capitalisation of issuance expense	-	(2,136)
Foreign exchange differences	21,125	6,897
Balance at end of the financial year	441,092	418,801

27. DEBT CAPITAL

		Group and Bank	
		2023	2022
	Note	RM'000	RM'000
Subordinated notes	(a)	3,095,000	3,095,000

(a) Subordinated notes

The movements in Subordinated notes are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Balance at beginning of the financial year	3,095,000	2,995,000
Issuance during the financial year	1,095,000	600,000
Repayment during the financial year	(1,095,000)	(500,000)
Balance at end of the financial year	3,095,000	3,095,000

During the financial year ended 31 March 2014, the Bank established a new 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 the Bank'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.

27. DEBT CAPITAL (CONT'D.)

(a) Subordinated notes (Cont'd.)

The salient features of the Subordinated notes issued and outstanding are as follows:

(i) Tranche 3 which amounted to RM570.0 million was issued on 16 October 2017. The interest rate is 4.90%, payable on a half-yearly basis. The Tranche 3 was fully redeemed on its first call date on 17 October 2022.

(ii) Tranche 4 which amounted to RM175.0 million was issued on 23 February 2018. The interest rate is 5.23%, payable on a half-yearly basis. The Tranche 4 was fully redeemed on its first call date on 23 February 2023.

(iii) Tranche 5 which amounted to RM350.0 million was issued on 14 March 2018. The interest rate is 5.23%, payable on a half-yearly basis. The Tranche 5 was fully redeemed on its first call date on 14 March 2023.

(iv) Tranche 6 which amounted to RM1.0 billion was issued on 15 November 2018. The interest rate is 4.98%, payable on a half-yearly basis.

(v) Tranche 7 which amounted to RM400.0 million was issued on 30 March 2021. The interest rate is 4.18%, payable on a half-yearly basis.

(vi) Tranche 8 which amounted to RM600.0 million was issued on 8 March 2022. The interest rate is 4.30%, payable on a half-yearly basis.

(vii) Tranche 9 which amounted to RM745.0 million was issued on 12 October 2022. The interest rate is 5.20%, payable on a half-yearly basis.

(viii) Tranche 10 which amounted to RM350.0 million was issued on 28 March 2023. The interest rate is 4.58%, payable on a half-yearly basis.

All the above tranches are for a tenure of 10 years (callable in the 5th year).

The full amounts issued qualify as Tier 2 Capital for the purpose of capital adequacy ratio computation.

28. OTHER LIABILITIES

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Other payables and accruals		1,229,782	1,161,187	1,210,739	1,149,050
Lease liabilities	(a)	228,707	174,133	229,836	175,639
Provision for reinstatement of leased properties	(b)	6,207	6,130	6,207	6,130
Interest payable		674,008	429,512	674,008	429,512
Amount due to holding company and other related companies		206,711	8,291	206,712	8,291
Collateral received for derivative transactions	51	510,844	229,098	510,844	229,098
Lease deposits and advance rentals		39,718	36,476	39,718	36,476
Provision for commitments and contingencies	(c)	3,502	3,372	3,502	3,372
Allowances for ECL on loan commitments and financial guarantees	(d)	193,085	278,389	193,105	278,435
Provision for taxation		1,119	2,489	839	1,759
Deferred income		56,280	53,508	56,280	53,508
		3,149,963	2,382,585	3,131,790	2,371,270

Amounts due to holding company and other related companies relate to normal operating activities which are unsecured, non-interest bearing and repayable on demand.

(a) The movements for lease liabilities are as follows:

Group	Premises RM'000	Computer equipment RM'000	Total RM'000
2023			
Balance at beginning of the financial year	174,133	-	174,133
Additions	76,456	-	76,456
Remeasurements	51,329	-	51,329
Finance cost charged (Note 35)	6,181	-	6,181
Payment of lease liabilities	(77,068)	-	(77,068)
Termination	(2,324)	-	(2,324)
Balance at end of the financial year	228,707	-	228,707
2022			
Balance at beginning of the financial year	221,273	3,996	225,269
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Finance cost charged (Note 35)	6,566	76	6,642
Payment of lease liabilities	(69,576)	(4,072)	(73,648)
Termination	(1,484)	-	(1,484)
Balance at end of the financial year	174,133	-	174,133
Bank			
2023			
Balance at beginning of the financial year	175,639	-	175,639
Additions	76,456	-	76,456
Remeasurements	51,329	-	51,329
Finance cost charged (Note 35)	6,296	-	6,296
Payment of lease liabilities	(77,560)	-	(77,560)
Termination	(2,324)	-	(2,324)
Balance at end of the financial year	229,836	-	229,836
2022			
Balance at beginning of the financial year	222,911	3,996	226,907
Additions	11,114	-	11,114
Remeasurements	6,240	-	6,240
Finance cost charged (Note 35)	6,595	76	6,671
Payment of lease liabilities	(69,737)	(4,072)	(73,809)
Termination	(1,484)	-	(1,484)
Balance at end of the financial year	175,639	-	175,639

28. OTHER LIABILITIES (CONT'D.)

(a) The movements for 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 and the Bank are committed.

Payment of lease liabilities to related parties during the financial year for the Group and the Bank were RM48.3 million and RM48.6 million (2022: RM43.4 million and RM43.9 million) respectively.

The costs relating to leases for which the Group and the Bank applied the practical expedient described in Note 2.5g for the current financial year end amounted to RM1.6 million (2022: RM1.7 million) for low-value assets and RM47,800 (2022: RM4.5 million) for short-term leases with contract term of less than 12 months.

Lease liabilities analysed by undiscounted contractual payments are as follows:

Group	**Buildings RM'000**
2023	
Up to 1 month	6,061
>1 month to 3 months	12,120
>3 months to 6 months	17,647
>6 months to 12 months	34,455
>1 year to 5 years	139,718
Over 5 years	34,234
	244,235
2022	
Up to 1 month	4,569
>1 month to 3 months	9,120
>3 months to 6 months	11,996
>6 months to 12 months	16,915
>1 year to 5 years	93,222
Over 5 years	56,045
	191,867

Bank	
2023	
Up to 1 month	6,102
>1 month to 3 months	12,201
>3 months to 6 months	17,769
>6 months to 12 months	34,698
>1 year to 5 years	141,872
Over 5 years	35,958
	248,600
2022	
Up to 1 month	4,610
>1 month to 3 months	9,202
>3 months to 6 months	12,118
>6 months to 12 months	17,158
>1 year to 5 years	95,169
Over 5 years	58,463
	196,720

28. OTHER LIABILITIES (CONT'D.)

(b) The movements in provision for reinstatement of leased properties are as follows:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Balance at beginning of the financial year	6,130	6,028
Finance cost charged (Note 35)	77	102
Balance at end of the financial year	6,207	6,130

As at 31 March 2023, the Group has estimated that it is contingently liable to incur restoration costs of RM14.5 million (2022: RM13.4 million) upon termination of lease contracts for certain properties leased from a related party.

(c) The movement in provision for commitments and contingencies are as follows:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Balance at beginning of the financial year	3,372	3,575
Charge during the year	130	497
Reversal of provision under impaired loans and advances recovered*	-	(700)
Balance at end of the financial year	3,502	3,372

* Arising from the disposal of non-performing loans in the financial year ended 31 March 2019, the Bank had set aside provision to cover the expenditure required to settle any put-back by the purchaser of the disposed non-performing loans. On 30 August 2019, the Bank has entered into a Supplemental Sales and Purchase Agreement ("Supplemental SPA") with the purchaser of non-performing loans, Aiqon Amanah Sdn Bhd. The Supplemental SPA for variation of terms and conditions of the original Sales and Purchase Agreement had included a limit of RM12.5 million to the Bank's liabilities for repurchase of loans. In the previous financial year, the Bank had fully reversed the provision for estimated expenditure in respect of the Bank's obligations to repurchase loans of RM0.7 million due to expiry of the repurchase obligation.

28. OTHER LIABILITIES (CONT'D.)

(d) Movements in allowances for ECL on loan commitments and financial guarantees which reflect the ECL model on impairment 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	20,472	15,763	242,154	278,389
Net allowances for/(writeback of) ECL:	10,465	11,040	(106,915)	(85,410)
- Transfer to Stage 1	827	(4,554)	-	(3,727)
- Transfer to Stage 2	(894)	7,787	-	6,893
- Transfer to Stage 3	(28)	(304)	3,702	3,370
New exposure originated	14,224	13,861	-	28,085
Net remeasurement of allowances	2,708	(331)	(110,225)	(107,848)
Financial exposure derecognised/withdrawn	(6,372)	(5,419)	(392)	(12,183)
Foreign exchange differences	120	5	(19)	106
Balance at end of the financial year	31,057	26,808	135,220	193,085
2022				
Balance at beginning of the financial year	21,416	30,544	52,718	104,678
Net (writeback of)/allowances for ECL:	(957)	(14,772)	189,436	173,707
- Transfer to Stage 1	593	(6,341)	-	(5,748)
- Transfer to Stage 2	(1,391)	5,622	-	4,231
- Transfer to Stage 3	(49)	(401)	190,368	189,918
New exposure originated	8,765	5,356	-	14,121
Net remeasurement of allowances	(2,023)	(6,263)	(932)	(9,218)
Financial exposure derecognised/withdrawn	(6,852)	(12,745)	-	(19,597)
Foreign exchange differences	13	(9)	-	4
Balance at end of the financial year	20,472	15,763	242,154	278,389

28. OTHER LIABILITIES (CONT'D.)

(d) Movements in allowances for ECL on loan commitments and financial guarantees which reflect the ECL model on impairment are as follows (Cont'd.):

Bank	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	20,518	15,763	242,154	278,435
Net allowances for/(writeback of) ECL:	10,439	11,040	(106,915)	(85,436)
- Transfer to Stage 1	827	(4,554)	-	(3,727)
- Transfer to Stage 2	(894)	7,787	-	6,893
- Transfer to Stage 3	(28)	(304)	3,702	3,370
New exposure originated	14,224	13,861	-	28,085
Net remeasurement of allowances	2,682	(331)	(110,225)	(107,874)
Financial exposure derecognised/withdrawn	(6,372)	(5,419)	(392)	(12,183)
Foreign exchange differences	120	5	(19)	106
Balance at end of the financial year	31,077	26,808	135,220	193,105
2022				
Balance at beginning of the financial year	21,453	30,544	52,718	104,715
Net (writeback of)/allowances for ECL:	(948)	(14,772)	189,436	173,716
- Transfer to Stage 1	593	(6,341)	-	(5,748)
- Transfer to Stage 2	(1,391)	5,622	-	4,231
- Transfer to Stage 3	(49)	(401)	190,368	189,918
New exposure originated	8,765	5,356	-	14,121
Net remeasurement of allowances	(2,014)	(6,263)	(932)	(9,209)
Financial exposure derecognised/withdrawn	(6,852)	(12,745)	-	(19,597)
Foreign exchange differences	13	(9)	-	4
Balance at end of the financial year	20,518	15,763	242,154	278,435

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

a) Overall 12-month ECL (Stage 1) increased due to new exposure originated, net remeasurement of allowances; partially offset by exposures derecognised;

b) Overall Lifetime ECL not credit impaired (Stage 2) increased due to new exposure originated, impacts on migration from Stage 1; partially 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).

29. SHARE CAPITAL

	Number of ordinary shares Group and Bank		Group and Bank	
	2023	2022	2023	2022
	Units'000	Units'000	RM'000	RM'000
Issued and fully paid				
Balance at beginning of the financial year	949,927	903,247	3,040,465	2,590,465
Issuance of ordinary shares	-	46,680	-	450,000
Balance at end of the financial year	949,927	949,927	3,040,465	3,040,465

30. RESERVES

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Regulatory reserve	(a)	201,229	94,463	201,229	94,463
Merger reserve	(b)	104,149	104,149	-	-
Fair value reserve	(c)	299,138	293,346	299,138	293,346
Cash flow hedging deficit	(d)	(4,259)	(9,062)	(4,259)	(9,062)
Foreign currency translation reserve	(e)	101,830	88,488	105,630	92,301
Retained earnings	(f)	7,456,999	6,470,027	7,508,139	6,524,068
		8,159,086	7,041,411	8,109,877	6,995,116

(a) Regulatory reserve is maintained in accordance with paragraph 10.5 of the BNM's Policy Document on *Financial Reporting* as an additional credit risk absorbent.

(b) Merger reserve represents reserve arising from the acquisitions of AmLabuan Holdings (L) Ltd and AmCard Services Berhad which were accounted for using the merger accounting method.

(c) 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 assets.

(d) Cash flow hedging deficit comprises the portion of the losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge.

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

(f) The Bank can distribute dividends out of its entire retained earnings under the single-tier system.

31. NON-CONTROLLING INTERESTS

	Group 2023 RM'000	Group 2022 RM'000
Balance at beginning of the financial year	146	146
Share in net results of subsidiaries	(1)	-
Balance at end of the financial year	145	146

32. INTEREST INCOME

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Short-term funds and deposits with financial institutions	(a)	220,520	64,978	220,058	64,809
Financial assets at fair value through profit or loss		150,596	82,033	150,596	82,033
Financial investments at fair value through other comprehensive income		565,534	449,763	565,534	449,763
Financial investments at amortised cost		321,968	183,091	321,968	183,091
Loans and advances	(b)	3,716,142	3,098,953	3,711,302	3,094,529
Investment account placement		52,265	44,215	52,265	44,215
Impaired loans and advances		4,164	2,796	4,164	2,796
Others		28,738	14,418	28,739	14,418
		5,059,927	3,940,247	5,054,626	3,935,654

Note:

(a) Included in the interest income on short term funds and deposits placements with financial institution in the previous financial year is the fair value loss of RM18.9 million arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial year of RM4.4 million (2022: RM3.5 million) as disclosed in Note 8. There was no fair value loss recognised in the current financial year.

(b) Included in the interest income of loans and advances of the Group and of the Bank are the net loss of RM4.9 million (2022: gain of RM28.5 million) arising from government support measures implemented in response to COVID-19 pandemic.

33. INTEREST EXPENSE

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Deposits from customers	1,824,286	1,307,106	1,824,371	1,307,309
Deposits and placements of banks and other financial institutions	210,628	86,226	210,628	86,226
Securities sold under repurchase agreements	260,748	22,515	260,748	22,515
Recourse obligation on loans sold to Cagamas Berhad	200,244	203,717	200,244	203,717
Term funding	56,016	15,584	56,016	15,584
Debt capital	151,500	148,393	151,500	148,393
Others	9,884	877	9,885	877
	2,713,306	1,784,418	2,713,392	1,784,621

34. OTHER OPERATING INCOME

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Fee and commission income:				
Bancassurance commission	34,924	28,882	34,924	28,882
Brokerage fees, commission and rebates	1,516	2,877	1,516	2,877
Fees on loans, advances and securities	128,337	113,130	128,337	113,130
Fees, service and commission charges	32,277	24,878	32,082	24,317
Unit trust fees, commission and charges	32,483	58,081	32,483	58,081
Guarantee fees	51,239	47,120	51,239	47,120
Remittances	27,543	24,947	27,543	24,947
Other fee and commission income	23,329	13,004	23,329	13,004
	331,648	312,919	331,453	312,358
Investment and trading income:				
Foreign exchange gain	247,498	80,543	247,469	80,543
Dividend income/distribution from:				
Financial assets at fair value through profit or loss	25,479	25,322	25,479	25,322
Financial investments at fair value through other comprehensive income	8,546	8,359	8,546	8,359
Subsidiaries	-	-	10,560	4,958
Associate	-	-	-	15,000
Net gain on sale/redemption of:				
Financial assets at fair value through profit or loss	42,316	3,172	42,316	3,172
Financial investments at fair value through other comprehensive income	286	4,218	286	4,218
Net (loss)/gain on revaluation of financial assets at fair value through profit or loss	(1,402)	604	(1,404)	607
Net (loss)/gain on derivatives	(21,490)	66,780	(21,490)	66,780
Others	1,415	5,387	2,990	5,393
	302,648	194,385	314,752	214,352
Other income:				
Gain on termination of lease arrangement	116	54	116	54
Net gain on disposal of property and equipment	8,957	73	133	73
Net non-trading foreign exchange gain	271	826	271	817
Profit from sale of goods and services	16,425	17,300	16,425	17,300
Rental income	7,494	8,354	7,906	8,257
Others	6,361	6,845	6,309	6,738
	39,624	33,452	31,160	33,239
	673,920	540,756	677,365	559,949

35. OTHER OPERATING EXPENSES

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Personnel costs:					
Medical		23,747	20,192	23,747	20,192
Insurance		19,185	24,567	19,185	24,567
Contributions to EPF/Private Retirement Scheme		139,712	130,315	139,712	130,315
Salaries, bonuses, allowances and incentives		902,747	827,001	902,747	827,001
Shares granted under AMMB's ESS - charge/(writeback)		14,939	(392)	14,939	(392)
Social security cost		7,194	6,486	7,194	6,486
Recruitment costs		20,553	10,110	20,553	10,110
Training		13,356	7,525	13,356	7,525
Other staff benefits		19,378	(5,788)	19,377	(5,829)
		1,160,811	1,020,016	1,160,810	1,019,975
Establishment costs:					
Amortisation of intangible assets	22	77,237	87,034	77,237	87,034
Cleaning, maintenance and security		29,598	26,858	28,991	26,348
Computerisation cost		184,649	155,700	184,649	155,700
Depreciation of property and equipment	21	49,883	56,646	49,505	56,119
Depreciation of right-of-use assets	20	73,770	66,403	74,183	66,542
Finance costs:					
- Lease liabilities	28(a)	6,181	6,642	6,296	6,671
- Provision for reinstatement of leased properties	28(b)	77	102	77	102
Others		32,939	31,496	33,293	31,886
		454,334	430,881	454,231	430,402
Marketing and communication expenses:					
Advertising and marketing		13,617	13,011	13,617	13,011
Commission		2,283	4,502	2,283	4,502
Communication		39,606	31,133	39,605	31,131
Others		4,798	2,158	4,798	2,158
		60,304	50,804	60,303	50,802
Administration and general expenses:					
Bank charges		10,812	9,178	10,812	9,178
Insurance		9,197	6,299	9,114	6,216
Professional services		49,707	44,190	49,615	44,119
Travelling		2,128	917	2,128	917
Subscriptions and periodical		1,131	910	1,131	910
Others		23,528	32,147	23,504	32,144
		96,503	93,641	96,304	93,484
Service transfer pricing recovery, net		(343,517)	(294,562)	(343,517)	(294,562)
		1,428,435	1,300,780	1,428,131	1,300,101

35. OTHER OPERATING EXPENSES (CONT'D.)

Included in operating expenses are the following:

		Group		Bank	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:					
Parent auditor					
- Audit		2,038	2,130	2,006	2,097
- Regulatory and assurance related		1,060	1,073	1,060	1,073
- Other services		313	974	313	974
Operating lease		-	5	-	5
Property and equipment written off	21	18	39	1	39
Intangible assets written off	22	-	5	-	5

36. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors of the Group and of the Bank are as follows:

	Remuneration received from Group and Bank				
	Salary	Other emoluments[1]	Bonus[2]	Benefits-in-kind[3]	Total
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Chief Executive Officer:					
Dato' Sulaiman Bin 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
- Remuneration charged to holding company via service transfer pricing	(661)	(1,049)	(1,202)	(9)	(2,921)

[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 Group and Bank					
	Fees	Salary	Other emoluments	Bonus	Benefits-in-kind	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-Executive Directors:						
Voon Seng Chuan	160	-	270	-	2	432
Dato' Sri Abdul Hamidy Abdul Hafiz	150	-	130	-	-	280
Dr Veerinderjeet Singh a/l Tejwant Singh	150	-	115	-	2	267
U Chen Hock	150	-	115	-	4	269
Soo Kim Wai	150	-	120	-	20	290
Ng Chih Kaye	150	-	125	-	10	285
Foong Pik Yee	150	-	103	-	6	259
	1,060	-	978	-	44	2,082

	Remuneration received from Group and Bank					
	Fees	Salary	Other emoluments	Bonus*	Benefits-in-kind	Total
2022	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Chief Executive Officer:						
Dato' Sulaiman Bin Mohd Tahir**	-	1,703	2,103	233	22	4,061
Non-Executive Directors:						
Voon Seng Chuan	160	-	268	-	2	430
Dato' Sri Abdul Hamidy Abdul Hafiz	150	-	110	-	-	260
Dr Veerinderjeet Singh a/l Tejwant Singh	150	-	115	-	2	267
U Chen Hock	150	-	120	-	2	272
Soo Kim Wai	150	-	102	-	19	271
Ng Chih Kaye	150	-	108	-	9	267
Foong Pik Yee (appointed on 26 September 2021)	77	-	58	-	1	136
Raymond Fam Chye Soon (retired on 26 September 2021)	73	-	57	-	3	133
	1,060	-	938	-	38	2,036

* Relates to bonus received for the services rendered in the preceding year.

** Represent remuneration charged to the Bank for the financial year. The remuneration for the CEO was paid by the Bank and charged to the holding company under Service Transfer Pricing ("STP") expenses.

37. ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Allowance for impairment on loans and advances (Note 14(i))	438,620	218,509	438,540	218,502
Impaired loans and advances recovered, net	(179,629)	(146,443)	(179,629)	(146,443)
	258,991	72,066	258,911	72,059

38. IMPAIRMENT LOSS ON FINANCIAL INVESTMENTS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial investments at fair value through other comprehensive income (Note 12(b))	(1,111)	2,322	(1,111)	2,322
Financial investments at amortised cost (Note 13)	2,455	11,957	2,455	11,957
	1,344	14,279	1,344	14,279

39. (WRITEBACK OF)/ALLOWANCE FOR IMPAIRMENT LOSS ON OTHER FINANCIAL ASSETS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and short-term funds (Note 6)	(374)	(135)	(374)	(135)
Deposits and placements with banks and other financial institutions (Note 8)	(1,259)	1,283	(1,259)	1,283
Investment account placement (Note 9)	(910)	236	(910)	236
Other assets	1,550	(111)	1,562	(114)
	(993)	1,273	(981)	1,270

40. TAXATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax:				
- Estimated tax payable	361,379	366,245	359,936	364,812
- Tax effect relating to the settlement sum (Notes 5.3)	-	(220,499)	-	(220,499)
- Under/(Over)provision in prior financial years	(7,633)	(9,708)	(7,632)	(9,741)
	353,746	136,038	352,304	134,572
Deferred tax (Note 16):				
- Origination and reversal of temporary differences	(20,585)	(11,761)	(20,585)	(11,761)
- Overprovision of deferred tax in prior financial years	(5,529)	(4,453)	(5,529)	(4,453)
	(26,114)	(16,214)	(26,114)	(16,214)
Taxation	327,632	119,824	326,190	118,358

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 and the Bank for the financial year for taxable income in excess of RM100.0 million taxed at 33% was RM93.1 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%.

40. TAXATION (CONT'D.)

A reconciliation of taxation applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation	1,421,369	1,133,446	1,417,027	1,136,020
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	341,129	272,027	340,086	272,645
Effect of Cukai Makmur	-	93,098	-	93,098
Effect of different tax rates in Labuan	(5,856)	(12,216)	(5,856)	(12,216)
Expenses not deductible for tax purposes	16,224	14,773	16,348	17,679
Income not subject to tax	(9,379)	(11,767)	(10,574)	(16,554)
Tax on share in results of associates	(671)	170	-	-
Tax recoverable recognised on income subject to tax remission	(921)	(1,601)	(921)	(1,601)
Tax effect relating to the settlement sum	-	(220,499)	-	(220,499)
Origination or reversal of temporal difference	268	-	268	-
Under/(Over)provision of current tax in prior financial years	(7,633)	(9,708)	(7,632)	(9,741)
Overprovision of deferred tax in prior financial years	(5,529)	(4,453)	(5,529)	(4,453)
Total taxation	327,632	119,824	326,190	118,358

41. BASIC/DILUTED EARNINGS PER SHARE

	Group		Bank	
	2023	2022	2023	2022
Net profit attributable to equity holder of the Bank (RM'000)	1,093,738	1,013,622	1,090,837	1,017,662
Number of ordinary shares at beginning of the financial year ('000)	949,927	903,247	949,927	903,247
Effect of issuance of new ordinary shares ('000)	-	39,007	-	39,007
Weighted average number of ordinary shares in issue at the end of the financial year ('000)	949,927	942,254	949,927	942,254
Basic/diluted earnings per share (sen)	115.14	107.57	114.83	108.00

42. DIVIDENDS

Proposed but not recognised as a liability:

	Group and Bank	
	2023	2022
	RM'000	RM'000
In respect of financial year ended 31 March 2023		
Final single-tier dividend of 17.3 sen per share	164,337	-

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.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and of the Bank are:

(i) Subsidiaries

Transactions between the Bank and its subsidiaries have been eliminated on consolidation. Details of subsidiaries are disclosed in Note 17.

(ii) Related companies

These are the holding company and subsidiaries of the holding company.

(iii) Associates and joint ventures of the holding company ("Associates and joint ventures")

Details of the associates of the Bank are disclosed in Note 18.

Other associate of the holding company is AmFirst REIT and Liberty Insurance Berhad.

The joint ventures of the holding company are AmMetlife Takaful Berhad and AmMetlife Insurance Berhad.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) The related parties of the Group and of the Bank are (Cont'd.):

(iv) 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 Bank, either directly or indirectly. The key management personnel of the Group and of the Bank include the Chief Executive Officer, Executive and Non-Executive Directors of the Bank and of the holding company and certain members of the senior management of the Group (including close members of their families).

(v) Companies in which certain KMP have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain KMP of the Bank.

(vi) Companies which have significant influence over the holding company

These are entities who are substantial shareholders (including its related parties) of the holding company of the Bank.

(b) There were no granting of loans to the Directors of the Bank other than in the normal course of business of the Group and of the Bank. Loans 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 given to Directors and key management personnel.

(c) The Bank incurs intercompany charges for shared operating costs for Wholesale Banking's operations of a related company in Malaysia, included under service transfer pricing recovery, net.

(d) The transactions between the Bank and related parties were executed at terms agreed between the parties during the financial year.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(e) In addition to the transactions detailed elsewhere in the financial statements, the Group and of the Bank had the following transactions with related parties during the financial year:

Group	Holding company		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP 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	2023 RM'000	2022 RM'000
Income												
Bancassurance commission	-	-	6,200	16,543	28,186	12,204	-	-	-	-	-	-
Fee income	-	-	1,610	4,874	3,703	417	1	3	-	-	-	-
Interest on deposits *	-	-	48,715	(1,363)	-	-	-	-	-	-	-	-
Interest on investment account placement	-	-	52,265	44,216	-	-	-	-	-	-	-	-
Interest on financial investments at FVOCI	-	-	36,477	-	-	-	-	-	-	-	-	-
Interest on loans and advances	-	-	54	62	12,779	11,440	170	71	169	2,250	-	-
Interest on derivatives	-	-	6,220	8,148	-	-	-	-	-	-	-	-
(Loss)/gain on derivatives	-	-	(2,005)	3,452	-	-	-	-	-	-	16,068	53,127
Foreign exchange (loss)/gain	-	-	(14,298)	(2,831)	-	-	-	-	-	-	3,963	1,130
Rental income	-	-	7,607	7,646	-	-	-	-	-	-	-	-
Service transfer pricing income	27,973	13,247	316,803	283,753	-	-	-	-	-	-	-	-
	27,973	13,247	459,648	364,500	44,668	24,061	171	74	169	2,250	20,031	54,257
Expenses												
Interest on deposits	3,579	11,479	8,960	2,900	-	24	437	759	9	50	-	-
Insurance premium	-	-	3,056	1,483	19,460	22,817	-	-	-	-	-	-
Rental	-	-	40	40	-	-	-	-	256	283	-	-
Service transfer pricing expense	-	-	1,259	2,438	-	-	-	-	-	-	-	-
Storage	-	-	-	-	2	17	-	-	-	-	-	-
Marketing	-	-	68	65	10	83	-	-	139	1	-	-
Motor vehicle expenses	-	-	9	-	20	-	-	-	-	-	-	-
Travelling	-	-	-	-	-	-	-	-	701	11	-	-
Customer loyalty awards	-	-	-	-	4,425	2,626	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	34	3	-	-
Purchase of non-capitalised assets	-	-	-	-	-	-	-	-	24	24	-	-
Depreciation of right-of-use assets	-	-	2,080	2,080	44,234	34,686	-	-	-	-	-	-
Finance cost for lease liabilities	-	-	37	79	2,074	1,454	-	-	-	-	-	-
	3,579	11,479	15,509	9,085	70,225	61,707	437	759	1,163	372	-	-

* Included fair value loss of Nil (2022: RM18.9 million) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial year of RM4.4 million (2022: RM3.6 million) (Note 32).

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(e) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year (Cont'd.):

	Holding company		Subsidiaries		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income														
Bancassurance commission	-	-	-	-	6,200	16,543	28,186	12,204	-	-	-	-	-	-
Fee income	-	-	-	-	1,610	4,874	3,703	417	1	3	-	-	-	-
Interest on deposits *	-	-	-	-	48,254	(1,532)	-	-	-	-	-	-	-	-
Interest on investment account placement	-	-	-	-	52,265	44,216	-	-	-	-	-	-	-	-
Interest on financial investments at FVOCI	-	-	-	-	36,477	-	-	-	-	-	-	-	-	-
Interest on loans and advances	-	-	7,222	3,593	54	62	12,779	11,440	170	71	169	2,250	-	-
Interest on derivatives	-	-	-	-	6,220	8,148	-	-	-	-	-	-	-	-
(Loss)/gain on derivatives	-	-	-	-	(2,005)	3,452	-	-	-	-	-	-	16,068	53,127
Foreign exchange (loss)/gain	-	-	-	-	(14,298)	(2,831)	-	-	-	-	-	-	3,963	1,130
Rental income	-	-	-	-	7,607	7,646	-	-	-	-	-	-	-	-
Service fee	-	-	1,064	901	-	-	-	-	-	-	-	-	-	-
Service transfer pricing income	27,973	13,247	-	-	316,803	283,753	-	-	-	-	-	-	-	-
	27,973	13,247	8,286	4,494	459,187	364,331	44,668	24,061	171	74	169	2,250	20,031	54,257
Expenses														
Interest on deposits	3,579	11,479	17	37	8,960	2,900	-	24	437	759	9	50	-	-
Insurance premium	-	-	-	-	2,948	1,374	19,460	22,817	-	-	-	-	-	-
Rental	-	-	487	-	40	40	-	-	-	-	256	283	-	-
Service transfer pricing expense	-	-	-	-	1,259	2,438	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	2	17	-	-	-	-	-	-
Marketing	-	-	-	-	68	65	10	83	-	-	139	1	-	-
Motor vehicle expenses	-	-	-	-	9	-	20	-	-	-	-	-	-	-
Travelling	-	-	-	-	-	-	-	-	-	-	701	11	-	-
Customer loyalty awards	-	-	-	-	-	-	4,425	2,626	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-	34	3	-	-
Purchase of non-capitalised assets	-	-	-	-	-	-	-	-	-	-	24	24	-	-
Depreciation of right-of-use assets	-	-	409	412	2,080	2,080	44,234	34,686	-	-	-	-	-	-
Finance cost for lease liabilities	-	-	113	125	37	79	2,074	1,454	-	-	-	-	-	-
	3,579	11,479	1,026	574	15,401	8,976	70,225	61,707	437	759	1,163	372	-	-

* Included fair value loss of Nil (2022: RM18.9 million) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial year of RM4.4 million (2022: RM3.6 million) (Note 32).

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(f) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with its related parties are as follows:

Group	Holding company 2023 RM'000	Holding company 2022 RM'000	Related companies 2023 RM'000	Related companies 2022 RM'000	Associates and joint ventures 2023 RM'000	Associates and joint ventures 2022 RM'000	KMP 2023 RM'000	KMP 2022 RM'000	Companies in which certain KMP have substantial financial interest 2023 RM'000	Companies in which certain KMP have substantial financial interest 2022 RM'000	Companies which have significant influence over the holding company 2023 RM'000	Companies which have significant influence over the holding company 2022 RM'000
Assets:												
Cash and short-term funds	-	-	491,675	410,084	-	-	-	-	-	-	-	-
Deposits and placements	-	-	907,860	903,435	-	-	-	-	-	-	-	-
Investment account placement	-	-	1,537,252	1,708,484	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	14,208	14,446	-	-	-	-	-	-	22,194	3,647
Financial investments at fair value through other comprehensive income	-	-	1,253,823	69,726	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	3,373	320	355,645	4,230	3,269	128,106	99,063	-	-
Interest receivable	-	-	12,693	8,123	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	5,888
Right-of-use assets	-	-	693	2,773	98,170	25,895	-	-	-	-	-	-
Amounts due from subsidiaries and related companies	4,492	-	14,237	202,063	16,394	9,680	-	-	-	-	-	-
	4,492	-	4,232,441	3,322,507	114,884	391,220	4,230	3,269	128,106	99,063	22,194	9,535
Liabilities:												
Deposits and placements	97,612	285,205	350,613	573,373	123,942	13,034	20,563	49,815	-	35,670	79,855	29,980
Derivative financial liabilities	-	-	24,840	48,722	-	-	-	-	-	-	2,719	4,202
Interest payable	-	-	10	1,549	-	-	-	-	-	-	-	-
Lease liabilities	-	-	711	2,817	100,823	28,203	-	-	-	-	-	-
Amounts due to subsidiaries and related companies	-	8,291	206,711	-	-	-	-	-	-	-	-	-
	97,612	293,496	582,885	626,461	224,765	41,237	20,563	49,815	-	35,670	82,574	34,182
Commitments and contingencies:												
Contingent liabilities	-	-	-	141,706	138,797	2,480	-	-	-	-	-	89,514
Commitments	-	-	-	486,394	254,399	65,720	2,918	4,999	22,000	43,500	-	210,000
Contract/notional amount for derivatives	-	-	2,367,427	2,545,062	-	-	-	-	-	-	2,482,795	1,672,873
	-	-	2,367,427	3,173,162	393,196	68,200	2,918	4,999	22,000	43,500	2,482,795	1,972,387

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(f) In addition to the transactions detailed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with its related parties are as follows (Cont'd.):

	Holding company		Subsidiaries		Related companies		Associates and joint ventures		KMP		Companies in which certain KMP have substantial financial interest		Companies which have significant influence over the holding company	
Bank	**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**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Assets:														
Cash and short-term funds	-	-	-	-	491,675	410,084	-	-	-	-	-	-	-	-
Deposits and placements	-	-	-	-	907,860	903,435	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	1,537,252	1,708,484	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	14,208	14,446	-	-	-	-	-	-	22,194	3,647
Financial investments at fair value through other comprehensive income	-	-	-	-	1,253,823	69,726	-	-	-	-	-	-	-	-
Loans and advances	-	-	355,691	72,883	-	3,373	320	355,645	4,230	3,269	128,106	99,063	-	-
Interest receivable	-	-	-	-	12,693	8,122	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	5,888
Right-of-use assets	-	-	3,635	4,044	693	2,773	98,170	25,895	-	-	-	-	-	-
Amounts due from subsidiaries and related companies	4,492	-	145	1,972	14,237	202,063	16,394	9,680	-	-	-	-	-	-
	4,492	-	359,471	78,899	4,232,441	3,322,506	114,884	391,220	4,230	3,269	128,106	99,063	22,194	9,535
Liabilities:														
Deposits and placements	97,612	285,205	41,698	11,450	350,613	573,373	123,942	13,034	20,563	49,815	-	35,670	79,855	29,980
Derivative financial liabilities	-	-	-	-	24,840	48,722	-	-	-	-	-	-	2,719	4,202
Interest payable	-	-	1	1	10	1,549	-	-	-	-	-	-	-	-
Lease liabilities	-	-	3,809	4,183	711	2,817	100,823	28,203	-	-	-	-	-	-
Amounts due to subsidiaries and related companies	-	8,291	1	-	206,711	-	-	-	-	-	-	-	-	-
	97,612	293,496	45,509	15,634	582,885	626,461	224,765	41,237	20,563	49,815	-	35,670	82,574	34,182
Commitments and contingencies:														
Contingent liabilities	-	-	-	-	-	141,706	138,797	2,480	-	-	-	-	-	89,514
Commitments	-	-	44,970	77,300	-	486,394	254,399	65,720	2,918	4,999	22,000	43,500	-	210,000
Contract/notional amount for derivatives	-	-	-	-	2,367,427	2,545,062	-	-	-	-	-	-	2,482,795	1,672,873
	-	-	44,970	77,300	2,367,427	3,173,162	393,196	68,200	2,918	4,999	22,000	43,500	2,482,795	1,972,387

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(g) Key management personnel compensation

The remuneration of Directors of the Bank and other key management personnel during the financial year are as follows:

		Group		Bank	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:					
Fees	36	1,060	1,060	1,060	1,060
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	36	1,022	976	1,022	976
Total short-term employee benefits		2,082	2,036	2,082	2,036
Other key management personnel:					
Salaries and other remuneration		33,082	18,832	33,082	17,832
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)		14,973	11,018	14,973	10,018
Total short-term employee benefits		48,055	29,850	48,055	27,850

44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES

	Group		Bank	
	2023	2022	2023	2022
Outstanding credit exposures with connected parties (RM'000)	3,059,294	4,054,181	3,424,498	4,142,596
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	2.74	4.42	3.07	4.52
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	0.01	0.06	0.01	0.06

The disclosure on Credit Transactions and Exposure with Connected Parties above is presented in accordance with Para 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:

(a) directors of the Bank and their close relatives;

(b) controlling shareholder and his close relatives;

(c) influential shareholder and his close relatives;

(d) executive officer being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank and his close relatives;

(e) officers and their close relatives; officer refers to those 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;

44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES (CONT'D.)

The disclosure on Credit Transactions and Exposure with Connected Parties above is presented in accordance with Para 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 (Cont'd.):

(f) firms, partnerships, companies or any legal entities which control, or are controlled by, any person listed in (a) to (e) above, or in which they have interest as a Director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(g) any person for whom the persons listed in (a) to (e) above is a guarantor; or

(h) subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties 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 are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected parties is not less than that normally required of other persons.

45. CAPITAL COMMITMENTS

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Authorised and contracted for:		
Purchase of computer equipment and software	32,980	26,203
Leasehold improvements	2,931	7,721
	35,911	33,924
Authorised but not contracted for:		
Purchase of computer equipment and software	125,643	94,032
	161,554	127,956

46. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank 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 and the Bank's assets.

As at the reporting date, the principal amounts of the commitments and contingencies and notional contracted amounts of derivatives of the Group and of the Bank are as follows:

	Group		Bank	
	2023 RM'000	**2022 RM'000**	**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	12,845,730	11,640,100	12,890,700	11,717,400
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,606,963	1,619,911	2,606,963	1,619,911
Unutilised credit card lines	3,976,830	3,696,035	3,976,830	3,696,035
Forward asset purchases	174,223	50,143	174,223	50,143
Others	-	-	50	50
	19,603,746	17,006,189	19,648,766	17,083,539
Contingent liabilities				
Direct credit substitutes	2,583,594	2,500,325	2,583,594	2,500,325
Transaction related contingent items	3,519,830	3,411,078	3,519,830	3,411,078
Short-term self-liquidating trade related contingencies	662,922	523,110	662,922	523,110
Obligations under on-going underwriting agreements	60,000	-	60,000	-
	6,826,346	6,434,513	6,826,346	6,434,513
Derivative financial instruments				
Foreign exchange related contracts				
- One year or less	46,163,847	41,939,583	46,163,847	41,939,583
- Over one year to five years	4,810,447	4,572,015	4,810,447	4,572,015
- Over five years	1,639,781	2,216,259	1,639,781	2,216,259
Interest rate related contracts				
- One year or less	12,307,294	12,051,407	12,307,294	12,051,407
- Over one year to five years	19,012,669	21,186,522	19,012,669	21,186,522
- Over five years	3,927,470	6,307,988	3,927,470	6,307,988
Equity and commodity related contracts				
- One year or less	1,352,573	1,570,386	1,352,573	1,570,386
- Over one year to five years	79,802	75,367	79,802	75,367
	89,293,883	89,919,527	89,293,883	89,919,527
Total	115,723,975	113,360,229	115,768,995	113,437,579

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	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
2023			
ASSETS			
Cash and short-term funds	6,874,702	-	6,874,702
Deposits and placements with banks and other financial institutions	976,605	107,860	1,084,465
Investment account placement	-	1,537,252	1,537,252
Derivative financial assets	341,667	582,006	923,673
Financial assets at fair value through profit or loss	9,386,313	805,488	10,191,801
Financial investments at fair value through other comprehensive income	6,962,438	13,343,914	20,306,352
Financial investments at amortised cost	199,478	9,015,239	9,214,717
Loans and advances	20,790,885	61,675,529	82,466,414
Statutory deposit with Bank Negara Malaysia	-	1,552,337	1,552,337
Deferred tax assets	-	164,294	164,294
Investment in associates	-	18,395	18,395
Other assets	1,665,940	282,442	1,948,382
Right-of-use assets	-	224,596	224,596
Property and equipment	-	146,013	146,013
Intangible assets	-	202,069	202,069
TOTAL ASSETS	47,198,028	89,657,434	136,855,462
LIABILITIES			
Deposits from customers	83,327,134	2,051,411	85,378,545
Deposits and placements of banks and other financial institutions	7,357,179	1,304,515	8,661,694
Securities sold under repurchase agreements	16,466,674	-	16,466,674
Recourse obligation on loans sold to Cagamas Berhad	6,600,036	-	6,600,036
Derivative financial liabilities	415,900	550,527	966,427
Term funding	1,014,027	323,400	1,337,427
Debt capital	-	3,095,000	3,095,000
Other liabilities	2,723,771	426,192	3,149,963
TOTAL LIABILITIES	117,904,721	7,751,045	125,655,766

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	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
2022			
ASSETS			
Cash and short-term funds	9,894,325	-	9,894,325
Deposits and placements with banks and other financial institutions	2,081,353	103,435	2,184,788
Investment account placement	499,619	1,208,865	1,708,484
Derivative financial assets	258,133	574,688	832,821
Financial assets at fair value through profit or loss	2,271,188	404,716	2,675,904
Financial investments at fair value through other comprehensive income	1,801,846	12,537,738	14,339,584
Financial investments at amortised cost	809,887	5,119,628	5,929,515
Loans and advances	19,259,494	59,557,993	78,817,487
Statutory deposit with Bank Negara Malaysia	-	200,000	200,000
Deferred tax assets	-	139,318	139,318
Investment in associates	-	15,597	15,597
Other assets	1,541,808	278,135	1,819,943
Right-of-use assets	-	172,789	172,789
Property and equipment	-	151,787	151,787
Intangible assets	-	221,538	221,538
TOTAL ASSETS	38,417,653	80,686,227	119,103,880
LIABILITIES			
Deposits from customers	84,423,178	1,433,718	85,856,896
Deposits and placements of banks and other financial institutions	6,157,835	1,219,908	7,377,743
Securities sold under repurchase agreements	1,582,717	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	1,925,016	4,950,007	6,875,023
Derivative financial liabilities	253,834	552,800	806,634
Term funding	226,459	818,801	1,045,260
Debt capital	-	3,095,000	3,095,000
Other liabilities	2,049,023	333,562	2,382,585
TOTAL LIABILITIES	96,618,062	12,403,796	109,021,858

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.).

Bank	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
2023			
ASSETS			
Cash and short-term funds	6,873,677	-	6,873,677
Deposits and placements with banks and other financial institutions	976,605	107,860	1,084,465
Investment account placement	-	1,537,252	1,537,252
Derivative financial assets	341,667	582,006	923,673
Financial assets at fair value through profit or loss	9,386,276	805,488	10,191,764
Financial investments at fair value through other comprehensive income	6,962,438	13,343,914	20,306,352
Financial investments at amortised cost	199,478	9,015,239	9,214,717
Loans and advances	20,760,129	61,675,529	82,435,658
Statutory deposit with Bank Negara Malaysia	-	1,552,337	1,552,337
Deferred tax assets	-	164,294	164,294
Investment in subsidiaries	-	22,487	22,487
Investment in associates	-	19,617	19,617
Other assets	1,664,510	282,442	1,946,952
Right-of-use assets	-	225,632	225,632
Property and equipment	-	139,705	139,705
Intangible assets	-	202,069	202,069
TOTAL ASSETS	47,164,780	89,675,871	136,840,651
LIABILITIES			
Deposits from customers	83,339,787	2,051,411	85,391,198
Deposits and placements of banks and other financial institutions	7,397,242	1,304,515	8,701,757
Securities sold under repurchase agreements	16,466,674	-	16,466,674
Recourse obligation on loans sold to Cagamas Berhad	6,600,036	-	6,600,036
Derivative financial liabilities	415,900	550,527	966,427
Term funding	1,014,027	323,400	1,337,427
Debt capital	-	3,095,000	3,095,000
Other liabilities	2,705,598	426,192	3,131,790
TOTAL LIABILITIES	117,939,264	7,751,045	125,690,309

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.).

Bank	**Less than 12 months RM'000**	**Over 12 months RM'000**	**Total RM'000**
2022			
ASSETS			
Cash and short-term funds	9,874,911	-	9,874,911
Deposits and placements with banks and other financial institutions	2,081,353	103,435	2,184,788
Investment account placement	499,619	1,208,865	1,708,484
Derivative financial assets	258,133	574,688	832,821
Financial assets at fair value through profit or loss	2,271,153	404,716	2,675,869
Financial investments at fair value through other comprehensive income	1,801,846	12,537,738	14,339,584
Financial investments at amortised cost	809,887	5,119,628	5,929,515
Loans and advances	19,226,326	59,557,993	78,784,319
Statutory deposit with Bank Negara Malaysia	-	200,000	200,000
Deferred tax assets	-	139,318	139,318
Investment in subsidiaries	-	30,964	30,964
Investment in associates	-	19,617	19,617
Other assets	1,542,077	278,135	1,820,212
Right-of-use assets	-	174,238	174,238
Property and equipment	-	133,683	133,683
Intangible assets	-	221,538	221,538
TOTAL ASSETS	38,365,305	80,704,556	119,069,861
LIABILITIES			
Deposits from customers	84,437,271	1,433,718	85,870,989
Deposits and placements of banks and other financial institutions	6,167,479	1,219,908	7,387,387
Securities sold under repurchase agreements	1,582,717	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	1,925,016	4,950,007	6,875,023
Derivative financial liabilities	253,834	552,800	806,634
Term funding	226,459	818,801	1,045,260
Debt capital	-	3,095,000	3,095,000
Other liabilities	2,037,708	333,562	2,371,270
TOTAL LIABILITIES	96,630,484	12,403,796	109,034,280

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 are used to ensure that the AMMB 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 AMMB 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 AMMB 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 AMMB Group’s business activities.

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

The AMMB Group has in place processes and controls to monitor and manage capital adequacy across the organisation. The AMMB 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 RMC is specifically delegated the task of reviewing all risk management issues including oversight of the AMMB Group’s capital position and any actions impacting the capital levels.

On 9 December 2020, BNM issued revised policy document, Capital Adequacy Framework (Capital Components). The key addition to the revised policy document is the transitional arrangement for financial institutions on provisions for expected credit loss ("ECL"). Under this revised policy document, a financial institution is allowed to add back a portion of the loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital from financial year 2021 to financial year 2024.

48. CAPITAL MANAGEMENT (CONT'D.)

(a) Capital adequacy ratios

The capital adequacy ratios of the Group and of the Bank as at 31 March are as follows:

Under transitional arrangement (Note (i)):	31 March 2023		31 March 2022	
	Group	**Bank**	**Group**	**Bank**
Before deducting proposed dividends:				
CET 1 Capital Ratio	12.450%	12.318%	11.767%	11.659%
Tier 1 Capital Ratio	12.450%	12.318%	11.767%	11.659%
Total Capital Ratio	17.026%	16.867%	16.233%	16.109%
After deducting proposed dividends:				
CET 1 Capital Ratio	12.259%	12.129%	11.767%	11.659%
Tier 1 Capital Ratio	12.259%	12.129%	11.767%	11.659%
Total Capital Ratio	16.835%	16.677%	16.233%	16.109%

Notes:

(i) Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, capital ratios of the Group and of the Bank had been computed applying transitional arrangement on provision for ECL. Had the transitional arrangement not been applied, the capital ratios of the Group and of the Bank as at 31 March 2023 and 31 March 2022 are as follow:

	31 March 2023		31 March 2022	
	Group	**Bank**	**Group**	**Bank**
Before deducting proposed dividends:				
CET 1 Capital Ratio	12.101%	11.972%	11.274%	11.168%
Tier 1 Capital Ratio	12.101%	11.972%	11.274%	11.168%
Total Capital Ratio	16.825%	16.675%	16.086%	15.967%
After deducting proposed dividends:				
CET 1 Capital Ratio	11.911%	11.783%	11.274%	11.168%
Tier 1 Capital Ratio	11.911%	11.783%	11.274%	11.168%
Total Capital Ratio	16.635%	16.486%	16.086%	15.967%

(ii) Pursuant to the above BNM's guideline on Capital Adequacy Framework (Capital Components), the minimum capital adequacy ratios to be maintained are at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8.0% for total capital ratio. In addition, banking institutions are also required to maintain capital buffers in form of CET 1 capital above the minimum CET 1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall 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 Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and

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

48. CAPITAL MANAGEMENT (CONT'D.)

(b) The components of CET 1, Additional Tier 1, Tier 2 and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CET 1 Capital				
Share capital	3,040,465	3,040,465	3,040,465	3,040,465
Retained earnings	7,456,999	6,470,027	7,508,139	6,524,068
Fair value reserve	299,138	293,346	299,138	293,346
Foreign currency translation reserve	101,830	88,488	105,630	92,301
Regulatory reserve	201,229	94,463	201,229	94,463
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(4,259)	(9,062)	(4,259)	(9,062)
Less : Regulatory adjustments applied on CET 1 Capital				
- Intangible assets	(202,069)	(221,538)	(202,069)	(221,538)
- Deferred tax assets	(182,451)	(158,227)	(182,451)	(158,227)
- 55% of cumulative gains of fair value reserve	(164,526)	(161,340)	(164,526)	(161,340)
- Cash flow hedging deficit	4,259	9,062	4,259	9,062
- Regulatory reserve	(201,229)	(94,463)	(201,229)	(94,463)
- Investments in ordinary shares of unconsolidated financial and insurance/takaful entities	-	-	(11)	(8,488)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(2,756)	(648)	(2,756)	(648)
- Other CET1 regulatory adjustments specified by the BNM	300,815	413,454	300,721	413,471
Total CET 1 Capital	10,751,594	9,868,176	10,702,280	9,813,410
Additional Tier 1 Capital				
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	2	2	-	-
Total Tier 1 Capital	10,751,596	9,868,178	10,702,280	9,813,410
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,095,000	3,095,000	3,095,000	3,095,000
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provisions*	857,075	650,038	857,088	650,081
Total Tier 2 Capital	3,952,076	3,745,039	3,952,088	3,745,081
Total Capital	14,703,672	13,613,217	14,654,368	13,558,491

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

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Credit RWA	78,754,012	75,218,030	79,287,050	75,535,958
Market RWA	1,624,390	2,859,494	1,624,350	2,859,665
Operational RWA	5,197,465	4,802,415	5,186,909	4,792,198
Large exposure risk RWA for equity holdings	785,485	980,771	785,485	980,771
Total RWA	86,361,352	83,860,710	86,883,794	84,168,592

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

49. RISK MANAGEMENT

49.1 GENERAL RISK MANAGEMENT DISCLOSURE

Risk Management Framework

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

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

AMMB Group Risk Direction

AMMB Group's FY2021 to FY2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("ROE") of ≥10%, (2) Sharpening Our Segment Play, (3) Harnessing Expertise Across the AMMB Group to Deliver AmBank Holistic Customer Value Proposition, (4) Offer Differentiated and Profitable Products, (5) Building Capacity and Efficiency through Digital Initiatives, (6) Retaining and Embedding Principled, Proactive, Appreciative, Collaborative and Experimental ("P^{2}ACE") DNA, (7) Integrating Environmental, Social and Governance ("ESG") Focusing on Responsible Banking and (8) Exploring Digital Bank Option.

1. AMMB Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").

2. AMMB Group aims to maintain a minimum ROCE of 12% and RWA efficiency (CRWA/EAD) in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").

3. AMMB Group aims to maintain its Total Capital Ratio at the AMMB Group's Internal Capital Trigger under normal conditions.

4. AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").

5. AMMB Group recognises the importance of funding its own business. It aims to maintain the following:

   - Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
   - Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   - Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) at the prevailing regulatory minimum (effective from July 2020).

6. AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).

   - Keep operational losses and regulatory penalties below 2% of Profit After Taxation and Non-Controlling Interest ("PATMI"); and
   - Remain vigilant in risk identification and management to protect its reputation and business franchise.

7. AMMB Group aims for at least 70% of its loan portfolio to constitute exposures with low Environmental, Social and Governance Risk Grade ("ESG-RG") by FY2030.

8. AMMB Group aims to maintain its IRRBB ICAAP Pillar 2 over total capital for the Bank at below 8.5%.

49. RISK MANAGEMENT (CONT'D.)

49.1 GENERAL RISK MANAGEMENT DISCLOSURE (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 also has established the Management Committees to assist in managing the risks and businesses of the Group. The Management Committees address all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, technology risk, market risk, compliance risk, reputational risk, product and business risk, IT project risk and ESG risk.

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

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

Impact of Expired Payment Holiday/ Repayment Assistance

There is potential emerging risk on 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. RISK MANAGEMENT (CONT'D.)

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 ("GIL")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits • Non-Retail Pricing and Risk-base 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 Reschedule 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, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

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

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

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

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

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

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

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

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure;
- Setting Loan to Value limits for asset backed loans;
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP"), which sets out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB") and Retail Banking ("RB") portfolios;
- Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured (“R&R”) Account Management (embedded within the NRCP for WB and BB and RCP for RB) sets out the controls in managing R&R loans; and
- Setting Retail risk controls capping for higher risk segment to ensure credit approval practice is aligned with the credit policies and GRAF.

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

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

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

Maximum Credit Risk Exposure and Concentration

Credit Risk Exposure and Concentration

The Group’s concentration of risk is managed by industry sector, risk grade asset quality and single customer limit ("SCL"). The Group applies SCL to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement 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 account of any collateral held or other credit enhancements.

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis

Group	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	28,934	-	29,251	6	79	7,109	283	65,662
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	10,236	-	-	10,236
Unquoted Corporate bonds and sukuk	-	-	-	-	20,017	-	357,898	377,915
Total financial assets at fair value through profit or loss	-	-	-	-	30,253	-	357,898	388,151
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	393,397	8,252	39,960	923,007	1,249,653	272,715	406,935	3,293,919
Total financial investments at fair value through other comprehensive income	393,397	8,252	39,960	923,007	1,249,653	272,715	406,935	3,293,919
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	25,028	41,439	340,000	401,249	1,424,393	1,670,000	534,466	4,436,575
Allowances for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	25,028	41,439	340,000	401,249	1,424,393	1,670,000	534,466	4,436,575
Loans and advances								
Hire purchase	7,213	823	24,413	1,303	22,224	89,478	8,825	154,279
Mortgage	2,075	740	31,656	1,999	31,760	46,040	9,780	124,050
Credit card	-	-	300	-	25	2,852	50	3,227
Others	95,388	31,495	720,909	106,130	676,459	1,656,600	252,774	3,539,755
Corporate loans and advances:								
Term loans and bridging loans	608,274	1,359,319	4,585,965	154,570	963,325	2,601,933	2,690,978	12,964,364
Revolving credits	234,859	103,012	1,200,473	440,401	663,000	432,899	249,419	3,324,063
Overdrafts	49,900	19,084	327,945	34,108	412,776	589,318	65,114	1,498,245
Trade	198,681	22,226	4,017,525	246,046	730,060	3,466,816	197,082	8,878,436
Allowances for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,196,390	1,536,699	10,909,186	984,557	3,499,629	8,885,936	3,474,022	30,486,419
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	1,131	1,026	9,390	30,870	32,023	210	66,321	140,971
Commitments	363,062	447,623	3,837,083	379,979	2,784,511	2,141,077	252,854	10,206,189
Contingent liabilities	88,954	189,110	1,192,103	290,156	2,828,349	677,359	346,851	5,612,882
Total commitments and contingent liabilities	452,016	636,733	5,029,186	670,135	5,612,860	2,818,436	599,705	15,819,071

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) 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	-	5,414,154	1,462,296	-	-	-	-	-	(1,748)	6,874,702
Deposits and placements with banks and other financial institutions	-	1,084,531	-	-	-	-	-	-	(66)	1,084,465
Investment account placement	-	1,538,521	-	-	-	-	-	-	(1,269)	1,537,252
Derivative financial assets	65,662	725,996	-	546	116,235	7,914	4,378	2,942	-	923,673
Financial assets at fair value through profit or loss										
Money Market Securities	-	-	8,090,552	-	-	-	-	-	-	8,090,552
Quoted Sukuk	10,236	-	-	-	-	-	-	-	-	10,236
Unquoted Corporate bonds and sukuk	377,915	405,911	-	172,290	-	30,070	-	10,006	-	996,192
Total financial assets at fair value through profit or loss	388,151	405,911	8,090,552	172,290	-	30,070	-	10,006	-	9,096,980
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	1,193,273	9,559,394	-	-	-	-	-	-	10,752,667
Unquoted Corporate bonds and sukuk	3,293,919	4,654,307	-	285,781	-	38,983	-	542,886	-	8,815,876
Total financial investments at fair value through other comprehensive income	3,293,919	5,847,580	9,559,394	285,781	-	38,983	-	542,886	-	19,568,543
Financial investments at amortised cost										
Money Market Securities	-	-	3,806,020	-	-	-	-	-	-	3,806,020
Unquoted Corporate bonds and sukuk	4,436,575	425,090	-	55,189	20,000	10,529	-	501,355	-	5,448,738
Allowances for ECL	-	-	-	-	-	-	-	-	(40,041)	(40,041)
Total financial investments at amortised cost	4,436,575	425,090	3,806,020	55,189	20,000	10,529	-	501,355	(40,041)	9,214,717
Loans and advances										
Hire purchase	154,279	808	-	3,646	32,406	3,966	8,554,610	-	-	8,749,715
Mortgage	124,050	3,803	-	64,803	50,072	13,105	31,706,895	-	-	31,962,728
Credit card	3,227	-	-	-	52	219	1,933,162	52	-	1,936,712
Others	3,539,755	37,242	-	533,324	572,596	131,149	42,139	-	-	4,856,205
Corporate loans and advances:										
Term loans and bridging loans	12,964,364	422,081	-	3,748,686	892,723	794,131	654,644	-	-	19,476,629
Revolving credits	3,324,063	753,815	-	892,866	39,975	55,039	760,246	5,297	-	5,831,301
Overdrafts	1,498,245	81,709	-	173,272	107,372	36,491	51,676	-	-	1,948,765
Trade	8,878,436	22,282	-	-	55,503	52,044	-	-	-	9,008,265
Allowances for ECL	-	-	-	-	-	-	-	-	(1,303,906)	(1,303,906)
Total loans and advances	30,486,419	1,321,740	-	5,416,597	1,750,699	1,086,144	43,703,372	5,349	(1,303,906)	82,466,414
Statutory deposit with Bank Negara Malaysia	-	-	1,552,337	-	-	-	-	-	-	1,552,337
Other financial assets	140,971	1,017,249	287,333	17,613	8,381	374	19,774	34,919	(3,297)	1,523,317
Commitments	10,206,189	553,937	153,474	427,759	261,002	598,578	7,355,094	47,713	-	19,603,746
Contingent liabilities	5,612,882	486,733	-	475,486	182,212	67,869	1,164	-	-	6,826,346
Total commitments and contingent liabilities	15,819,071	1,040,670	153,474	903,245	443,214	666,447	7,356,258	47,713	-	26,430,092

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

Group	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	4,523	105,139	34,772	-	-	1,532	547	146,513
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	63,204	-	-	63,204
Total financial assets at fair value through profit or loss	-	-	-	-	63,204	-	-	63,204
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Total financial investments at fair value through other comprehensive income	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
Allowances for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
Loans and advances								
Hire purchase	469	446	9,654	974	10,735	51,385	10,825	84,488
Mortgage	3,091	763	37,016	2,355	43,040	56,862	11,208	154,335
Credit card	-	-	-	-	-	-	-	-
Others	99,493	32,029	674,538	83,689	635,591	1,463,111	229,235	3,217,686
Corporate loans and advances:								
Term loans and bridging loans	763,400	1,613,696	4,661,472	95,879	769,142	2,161,289	2,710,974	12,775,852
Revolving credits	354,223	75,182	1,228,425	439,645	855,246	284,621	232,040	3,469,382
Overdrafts	57,294	22,767	321,059	30,758	486,976	478,868	73,376	1,471,098
Trade	177,372	27,768	4,152,184	256,308	495,164	3,082,559	72,411	8,263,766
Allowances for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,455,342	1,772,651	11,084,348	909,608	3,295,894	7,578,695	3,340,069	29,436,607
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	8,764	2,736	2,727	27,152	50,315	10,959	4,160	106,813
Commitments	399,542	171,136	2,911,899	477,812	2,909,868	1,862,691	347,098	9,080,046
Contingent liabilities	62,632	300,589	1,533,217	386,883	2,529,894	393,025	233,391	5,439,631
Total commitments and contingent liabilities	462,174	471,725	4,445,116	864,695	5,439,762	2,255,716	580,489	14,519,677

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) 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	-	4,437,048	5,459,370	-	-	-	-	-	(2,093)	9,894,325
Deposits and placements with banks and other financial institutions	-	2,186,113	-	-	-	-	-	-	(1,325)	2,184,788
Investment account placement	-	1,710,663	-	-	-	-	-	-	(2,179)	1,708,484
Derivative financial assets	146,513	674,017	-	666	2,555	159	3,795	5,116	-	832,821
Financial assets at fair value through profit or loss										
Money Market Securities	-	-	1,096,786	-	-	-	-	-	-	1,096,786
Quoted Sukuk	-	13,315	-	-	-	-	-	-	-	13,315
Unquoted Corporate bonds and sukuk	63,204	175,165	50,001	192,559	-	-	-	24,959	-	505,888
Total financial assets at fair value through profit or loss	63,204	188,480	1,146,787	192,559	-	-	-	24,959	-	1,615,989
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	450,001	6,044,293	-	-	-	-	-	-	6,494,294
Unquoted Corporate bonds and sukuk	1,433,161	2,284,182	2,245,062	131,167	-	-	-	1,012,824	-	7,106,396
Total financial investments at fair value through other comprehensive income	1,433,161	2,734,183	8,289,355	131,167	-	-	-	1,012,824	-	13,600,690
Financial investments at amortised cost										
Money Market Securities	-	-	1,888,315	-	-	-	-	-	-	1,888,315
Unquoted Corporate bonds and sukuk	2,632,133	650,535	295,387	290,246	20,000	-	-	190,485	-	4,078,786
Allowances for ECL	-	-	-	-	-	-	-	-	(37,586)	(37,586)
Total financial investments at amortised cost	2,632,133	650,535	2,183,702	290,246	20,000	-	-	190,485	(37,586)	5,929,515
Loans and advances										
Hire purchase	84,488	578	-	1,098	14,328	3,488	8,659,925	-	-	8,763,905
Mortgage	154,335	4,722	-	73,413	60,200	14,362	30,620,801	-	-	30,927,833
Credit card	-	-	-	-	8,449	-	1,769,472	-	-	1,777,921
Others	3,217,686	32,527	-	465,638	536,296	120,552	25,268	-	-	4,397,967
Corporate loans and advances:										
Term loans and bridging loans	12,775,852	293,107	-	2,892,674	801,035	714,949	430,551	-	-	17,908,168
Revolving credits	3,469,382	663,900	-	869,896	144,829	59,047	743,512	25,031	-	5,975,597
Overdrafts	1,471,098	44,838	-	128,369	63,465	66,195	54,136	-	-	1,828,101
Trade	8,263,766	123,341	-	586	37,896	44,150	-	-	-	8,469,739
Allowances for ECL	-	-	-	-	-	-	-	-	(1,231,744)	(1,231,744)
Total loans and advances	29,436,607	1,163,013	-	4,431,674	1,666,498	1,022,743	42,303,665	25,031	(1,231,744)	78,817,487
Statutory deposit with Bank Negara Malaysia	-	-	200,000	-	-	-	-	-	-	200,000
Other financial assets	106,813	896,682	170,852	16,017	9,430	1	5,458	25,765	(1,817)	1,229,201
Commitments	9,080,046	608,902	50,143	558,702	257,700	230,512	6,194,740	25,444	-	17,006,189
Contingent liabilities	5,439,631	268,177	-	435,521	152,164	138,877	143	-	-	6,434,513
Total commitments and contingent liabilities	14,519,677	877,079	50,143	994,223	409,864	369,389	6,194,883	25,444	-	23,440,702

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

Bank	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 Hotel 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	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	28,934	-	29,251	6	79	7,109	283	65,662
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	10,236	-	-	10,236
Unquoted Corporate bonds and sukuk	-	-	-	-	20,017	-	357,898	377,915
Total financial assets at fair value through profit or loss	-	-	-	-	30,253	-	357,898	388,151
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	393,397	8,252	39,960	923,007	1,249,653	272,715	406,935	3,293,919
Total financial investments at fair value through other comprehensive income	393,397	8,252	39,960	923,007	1,249,653	272,715	406,935	3,293,919
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	25,028	41,439	340,000	401,249	1,424,393	1,670,000	534,466	4,436,575
Allowances for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	25,028	41,439	340,000	401,249	1,424,393	1,670,000	534,466	4,436,575
Loans and advances								
Hire purchase	7,213	823	24,413	1,303	22,224	89,478	8,825	154,279
Mortgage	2,075	740	31,656	1,999	31,760	46,040	9,780	124,050
Credit card	-	-	300	-	25	2,852	50	3,227
Others	95,388	31,495	720,909	106,130	676,459	1,656,600	252,774	3,539,755
Corporate loans and advances:								
Term loans and bridging loans	608,274	1,359,319	4,585,965	154,570	963,325	2,601,933	2,690,978	12,964,364
Revolving credits	234,859	103,012	1,200,473	440,401	663,000	432,899	249,419	3,324,063
Overdrafts	49,900	19,084	327,945	34,108	412,776	589,318	65,114	1,498,245
Trade	198,681	22,226	4,017,525	246,046	730,060	3,466,816	197,082	8,878,436
Allowances for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,196,390	1,536,699	10,909,186	984,557	3,499,629	8,885,936	3,474,022	30,486,419
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	1,131	1,026	9,390	30,870	32,023	210	66,321	140,971
Commitments	363,062	447,623	3,837,083	379,979	2,784,511	2,141,077	252,854	10,206,189
Contingent liabilities	88,954	189,110	1,192,103	290,156	2,828,349	677,359	346,851	5,612,882
Total commitments and contingent liabilities	452,016	636,733	5,029,186	670,135	5,612,860	2,818,436	599,705	15,819,071

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

Bank	**Subtotal from previous page**	**Finance and Insurance**	**Government and Central Banks**	**Real Estate**	**Business Activities**	**Education and Health**	**Household**	**Others**	**Allowances for ECL**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2023										
Cash and short-term funds	-	5,413,129	1,462,296	-	-	-	-	-	(1,748)	6,873,677
Deposits and placements with banks and other financial institutions	-	1,084,531	-	-	-	-	-	-	(66)	1,084,465
Investment account placement	-	1,538,521	-	-	-	-	-	-	(1,269)	1,537,252
Derivative financial assets	65,662	725,996	-	546	116,235	7,914	4,378	2,942	-	923,673
Financial assets at fair value through profit or loss										
Money Market Securities	-	-	8,090,552	-	-	-	-	-	-	8,090,552
Quoted Sukuk	10,236	-	-	-	-	-	-	-	-	10,236
Unquoted Corporate bonds and sukuk	377,915	405,911	-	172,290	-	30,070	-	10,006	-	996,192
Total financial assets at fair value through profit or loss	388,151	405,911	8,090,552	172,290	-	30,070	-	10,006	-	9,096,980
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	1,193,273	9,559,394	-	-	-	-	-	-	10,752,667
Unquoted Corporate bonds and sukuk	3,293,919	4,654,307	-	285,781	-	38,983	-	542,886	-	8,815,876
Total financial investments at fair value through other comprehensive income	3,293,919	5,847,580	9,559,394	285,781	-	38,983	-	542,886	-	19,568,543
Financial investments at amortised cost										
Money Market Securities	-	-	3,806,020	-	-	-	-	-	-	3,806,020
Unquoted Corporate bonds and sukuk	4,436,575	425,090	-	55,189	20,000	10,529	-	501,355	-	5,448,738
Allowances for ECL	-	-	-	-	-	-	-	-	(40,041)	(40,041)
Total financial investments at amortised cost	4,436,575	425,090	3,806,020	55,189	20,000	10,529	-	501,355	(40,041)	9,214,717
Loans and advances										
Hire purchase	154,279	808	-	3,646	32,406	3,966	8,554,610	-	-	8,749,715
Mortgage	124,050	3,803	-	64,803	50,072	13,105	31,319,583	-	-	31,575,416
Credit card	3,227	-	-	-	52	219	1,933,162	52	-	1,936,712
Others	3,539,755	37,242	-	533,324	572,596	131,149	42,139	-	-	4,856,205
Corporate loans and advances:									-	
Term loans and bridging loans	12,964,364	422,081	-	3,748,686	892,723	794,131	654,644	-	-	19,476,629
Revolving credits	3,324,063	1,110,025	-	892,866	39,975	55,039	760,246	5,297	-	6,187,511
Overdrafts	1,498,245	81,709	-	173,272	107,372	36,491	51,676	-	-	1,948,765
Trade	8,878,436	22,282	-	-	55,503	52,044	-	-	-	9,008,265
Allowances for ECL	-	-	-	-	-	-	-	-	(1,303,560)	(1,303,560)
Total loans and advances	30,486,419	1,677,950	-	5,416,597	1,750,699	1,086,144	43,316,060	5,349	(1,303,560)	82,435,658
Statutory deposit with Bank Negara Malaysia	-	-	1,552,337	-	-	-	-	-	-	1,552,337
Other financial assets	140,971	1,018,975	287,333	17,655	8,203	374	19,774	34,627	(2,999)	1,524,913
Commitments	10,206,189	598,957	153,474	427,759	261,002	598,578	7,355,094	47,713	-	19,648,766
Contingent liabilities	5,612,882	486,733	-	475,486	182,212	67,869	1,164	-	-	6,826,346
Total commitments and contingent liabilities	15,819,071	1,085,690	153,474	903,245	443,214	666,447	7,356,258	47,713	-	26,475,112

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

Bank	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade and Hotel and Restaurants	Transport, Storage and Communication	Subtotal
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account placement	-	-	-	-	-	-	-	-
Derivative financial assets	4,523	105,139	34,772	-	-	1,532	547	146,513
Financial assets at fair value through profit or loss								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	63,204	-	-	63,204
Total financial assets at fair value through profit or loss	-	-	-	-	63,204	-	-	63,204
Financial investments at fair value through other comprehensive income								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Total financial investments at fair value through other comprehensive income	-	8,542	-	767,616	34,123	273,776	349,104	1,433,161
Financial investments at amortised cost								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
Allowances for ECL	-	-	-	-	-	-	-	-
Total financial investments at amortised cost	94,971	41,500	-	381,105	829,557	1,205,000	80,000	2,632,133
Loans and advances								
Hire purchase	469	446	9,654	974	10,735	51,385	10,825	84,488
Mortgage	3,091	763	37,016	2,355	43,040	56,862	11,208	154,335
Credit card	-	-	-	-	-	-	-	-
Others	99,493	32,029	674,538	83,689	635,591	1,463,111	229,235	3,217,686
Corporate loans and advances:								
Term loans and bridging loans	763,400	1,613,696	4,661,472	95,879	769,142	2,161,289	2,710,974	12,775,852
Revolving credits	354,223	75,182	1,228,425	439,645	855,246	284,621	232,040	3,469,382
Overdrafts	57,294	22,767	321,059	30,758	486,976	478,868	73,376	1,471,098
Trade	177,372	27,768	4,152,184	256,308	495,164	3,082,559	72,411	8,263,766
Allowances for ECL	-	-	-	-	-	-	-	-
Total loans and advances	1,455,342	1,772,651	11,084,348	909,608	3,295,894	7,578,695	3,340,069	29,436,607
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	8,764	2,736	2,727	27,152	50,315	10,959	4,160	106,813
Commitments	399,542	171,136	2,911,899	477,812	2,909,868	1,862,691	347,098	9,080,046
Contingent liabilities	62,632	300,589	1,533,217	386,883	2,529,894	393,025	233,391	5,439,631
Total commitments and contingent liabilities	462,174	471,725	4,445,116	864,695	5,439,762	2,255,716	580,489	14,519,677

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

Bank	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	-	4,417,634	5,459,370	-	-	-	-	-	(2,093)	9,874,911
Deposits and placements with banks and other financial institutions	-	2,186,113	-	-	-	-	-	-	(1,325)	2,184,788
Investment account placement	-	1,710,663	-	-	-	-	-	-	(2,179)	1,708,484
Derivative financial assets	146,513	674,017	-	666	2,555	159	3,795	5,116	-	832,821
Financial assets at fair value through profit or loss										
Money Market Securities	-	-	1,096,786	-	-	-	-	-	-	1,096,786
Quoted Sukuk	-	13,315	-	-	-	-	-	-	-	13,315
Unquoted Corporate bonds and sukuk	63,204	175,165	50,001	192,559	-	-	-	24,959	-	505,888
Total financial assets at fair value through profit or loss	63,204	188,480	1,146,787	192,559	-	-	-	24,959	-	1,615,989
Financial investments at fair value through other comprehensive income										
Money Market Securities	-	450,001	6,044,293	-	-	-	-	-	-	6,494,294
Unquoted Corporate bonds and sukuk	1,433,161	2,284,182	2,245,062	131,167	-	-	-	1,012,824	-	7,106,396
Total financial investments at fair value through other comprehensive income	1,433,161	2,734,183	8,289,355	131,167	-	-	-	1,012,824	-	13,600,690
Financial investments at amortised cost										
Money Market Securities	-	-	1,888,315	-	-	-	-	-	-	1,888,315
Unquoted Corporate bonds and sukuk	2,632,133	650,535	295,387	290,246	20,000	-	-	190,485	-	4,078,786
Allowances for ECL	-	-	-	-	-	-	-	-	(37,586)	(37,586)
Total financial investments at amortised cost	2,632,133	650,535	2,183,702	290,246	20,000	-	-	190,485	(37,586)	5,929,515
Loans and advances										
Hire purchase	84,488	578	-	1,098	14,328	3,488	8,659,925	-	-	8,763,905
Mortgage	154,335	4,722	-	73,413	60,200	14,362	30,514,412	-	-	30,821,444
Credit card	-	-	-	-	8,449	-	1,769,472	-	-	1,777,921
Others	3,217,686	32,527	-	465,638	536,296	120,552	25,268	-	-	4,397,967
Corporate loans and advances:									-	
Term loans and bridging loans	12,775,852	293,107	-	2,892,674	801,035	714,949	430,551	-	-	17,908,168
Revolving credits	3,469,382	736,856	-	869,896	144,829	59,047	743,512	25,031	-	6,048,553
Overdrafts	1,471,098	44,838	-	128,369	63,465	66,195	54,136	-	-	1,828,101
Trade	8,263,766	123,341	-	586	37,896	44,150	-	-	-	8,469,739
Allowances for ECL	-	-	-	-	-	-	-	-	(1,231,479)	(1,231,479)
Total loans and advances	29,436,607	1,235,969	-	4,431,674	1,666,498	1,022,743	42,197,276	25,031	(1,231,479)	78,784,319
Statutory deposit with Bank Negara Malaysia	-	-	200,000	-	-	-	-	-	-	200,000
Other financial assets	106,813	897,383	170,852	15,993	9,117	1	5,478	25,473	(1,500)	1,229,610
Commitments	9,080,046	686,252	50,143	558,702	257,700	230,512	6,194,740	25,444	-	17,083,539
Contingent liabilities	5,439,631	268,177	-	435,521	152,164	138,877	143	-	-	6,434,513
Total commitments and contingent liabilities	14,519,677	954,429	50,143	994,223	409,864	369,389	6,194,883	25,444	-	23,518,052

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2023			
Cash and short-term funds	3,549,913	3,326,537	6,876,450
Less: Allowances for ECL	(707)	(1,041)	(1,748)
Total cash and short-term funds	3,549,206	3,325,496	6,874,702
Deposits and placements with banks and other financial institutions	1,084,531	-	1,084,531
Less: Allowances for ECL	(66)	-	(66)
Total deposits and placements with banks and other financial institutions	1,084,465	-	1,084,465
Investment account placement	1,538,521	-	1,538,521
Less: Allowances for ECL	(1,269)	-	(1,269)
Total investment account placement	1,537,252	-	1,537,252
Derivative financial assets	564,221	359,452	923,673
Financial assets at fair value through profit or loss			
Money Market Securities	8,090,552	-	8,090,552
Quoted Sukuk	10,236	-	10,236
Unquoted Corporate bonds and sukuk	996,192	-	996,192
Total financial assets at fair value through profit or loss	9,096,980	-	9,096,980
Financial investments at fair value through other comprehensive income			
Money Market Securities	10,739,358	13,309	10,752,667
Unquoted Corporate bonds and sukuk	8,805,585	10,291	8,815,876
Total financial investments at fair value through other comprehensive income	19,544,943	23,600	19,568,543
Financial investments at amortised cost			
Money Market Securities	3,806,020	-	3,806,020
Unquoted Corporate bonds and sukuk	5,448,738	-	5,448,738
Less: Allowances for ECL	(40,041)	-	(40,041)
Total financial investments at amortised cost	9,214,717	-	9,214,717
Loans and advances			
Hire purchase	8,749,715	-	8,749,715
Mortgage	31,962,728	-	31,962,728
Credit card	1,936,712	-	1,936,712
Others	4,856,205	-	4,856,205
Corporate loans and advances:			
Term loans and bridging loans	19,227,102	249,527	19,476,629
Revolving credits	5,797,815	33,486	5,831,301
Overdrafts	1,948,765	-	1,948,765
Trade	9,008,265	-	9,008,265
Less: Allowances for ECL	(1,303,772)	(134)	(1,303,906)
Total loans and advances	82,183,535	282,879	82,466,414
Statutory deposit with Bank Negara Malaysia	1,552,337	-	1,552,337
Other financial assets	1,385,003	141,611	1,526,614
Less: Allowances for ECL	(2,814)	(483)	(3,297)
Total other financial assets	1,382,189	141,128	1,523,317
Commitments	19,490,748	112,998	19,603,746
Contingent liabilities	6,804,262	22,084	6,826,346
Total commitments and contingent liabilities	26,295,010	135,082	26,430,092

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2022			
Cash and short-term funds	7,871,078	2,025,340	9,896,418
Less: Allowances for ECL	(1,187)	(906)	(2,093)
Total cash and short-term funds	7,869,891	2,024,434	9,894,325
Deposits and placements with banks and other financial institutions	1,450,150	735,963	2,186,113
Less: Allowances for ECL	(856)	(469)	(1,325)
Total deposits and placements with banks and other financial institutions	1,449,294	735,494	2,184,788
Investment account placement	1,710,663	-	1,710,663
Less: Allowances for ECL	(2,179)	-	(2,179)
Total investment account placement	1,708,484	-	1,708,484
Derivative financial assets	549,424	283,397	832,821
Financial assets at fair value through profit or loss			
Money Market Securities	1,096,786	-	1,096,786
Quoted Sukuk	13,315	-	13,315
Unquoted Corporate bonds and sukuk	505,888	-	505,888
Total financial assets at fair value through profit or loss	1,615,989	-	1,615,989
Financial investments at fair value through other comprehensive income			
Money Market Securities	6,480,675	13,619	6,494,294
Unquoted Corporate bonds and sukuk	7,095,973	10,423	7,106,396
Total financial investments at fair value through other comprehensive income	13,576,648	24,042	13,600,690
Financial investments at amortised cost			
Money Market Securities	1,888,315	-	1,888,315
Unquoted Corporate bonds and sukuk	4,078,786	-	4,078,786
Less: Allowances for ECL	(37,586)	-	(37,586)
Total financial investments at amortised cost	5,929,515	-	5,929,515
Loans and advances			
Hire purchase	8,763,905	-	8,763,905
Mortgage	30,927,833	-	30,927,833
Credit card	1,777,921	-	1,777,921
Others	4,397,967	-	4,397,967
Corporate loans and advances:			
Term loans and bridging loans	17,064,977	843,191	17,908,168
Revolving credits	5,924,615	50,982	5,975,597
Overdrafts	1,828,101	-	1,828,101
Trade	8,469,739	-	8,469,739
Less: Allowances for ECL	(1,219,867)	(11,877)	(1,231,744)
Total loans and advances	77,935,191	882,296	78,817,487
Statutory deposit with Bank Negara Malaysia	200,000	-	200,000
Other financial assets	1,114,693	116,325	1,231,018
Less: Allowances for ECL	(1,730)	(87)	(1,817)
Total other financial assets	1,112,963	116,238	1,229,201
Commitments	16,836,913	169,276	17,006,189
Contingent liabilities	6,413,485	21,028	6,434,513
Total commitments and contingent liabilities	23,250,398	190,304	23,440,702

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2023			
Cash and short-term funds	3,548,888	3,326,537	6,875,425
Less: Allowances for ECL	(707)	(1,041)	(1,748)
Total cash and short-term funds	3,548,181	3,325,496	6,873,677
Deposits and placements with banks and other financial institutions	1,084,531	-	1,084,531
Less: Allowances for ECL	(66)	-	(66)
Total deposits and placements with banks and other financial institutions	1,084,465	-	1,084,465
Investment account placement	1,538,521	-	1,538,521
Less: Allowances for ECL	(1,269)	-	(1,269)
Total investment account placement	1,537,252	-	1,537,252
Derivative financial assets	564,221	359,452	923,673
Financial assets at fair value through profit or loss			
Money Market Securities	8,090,552	-	8,090,552
Quoted Sukuk	10,236	-	10,236
Unquoted Corporate bonds and sukuk	996,192	-	996,192
Total financial assets at fair value through profit or loss	9,096,980	-	9,096,980
Financial investments at fair value through other comprehensive income			
Money Market Securities	10,739,358	13,309	10,752,667
Unquoted Corporate bonds and sukuk	8,805,585	10,291	8,815,876
Total financial investments at fair value through other comprehensive income	19,544,943	23,600	19,568,543
Financial investments at amortised cost			
Money Market Securities	3,806,020	-	3,806,020
Unquoted Corporate bonds and sukuk	5,448,738	-	5,448,738
Less: Allowances for ECL	(40,041)	-	(40,041)
Total financial investments at amortised cost	9,214,717	-	9,214,717
Loans and advances			
Hire purchase	8,749,715	-	8,749,715
Mortgage	31,575,416	-	31,575,416
Credit card	1,936,712	-	1,936,712
Others	4,856,205	-	4,856,205
Corporate loans and advances:			
Term loans and bridging loans	19,227,102	249,527	19,476,629
Revolving credits	6,154,025	33,486	6,187,511
Overdrafts	1,948,765	-	1,948,765
Trade	9,008,265	-	9,008,265
Less: Allowances for ECL	(1,303,426)	(134)	(1,303,560)
Total loans and advances	82,152,779	282,879	82,435,658
Statutory deposit with Bank Negara Malaysia	1,552,337	-	1,552,337
Other financial assets	1,386,301	141,611	1,527,912
Less: Allowances for ECL	(2,516)	(483)	(2,999)
Total other financial assets	1,383,785	141,128	1,524,913
Commitments	19,535,768	112,998	19,648,766
Contingent liabilities	6,804,262	22,084	6,826,346
Total commitments and contingent liabilities	26,340,030	135,082	26,475,112

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2022			
Cash and short-term funds	7,851,664	2,025,340	9,877,004
Less: Allowances for ECL	(1,187)	(906)	(2,093)
Total cash and short-term funds	7,850,477	2,024,434	9,874,911
Deposits and placements with banks and other financial institutions	1,450,150	735,963	2,186,113
Less: Allowances for ECL	(856)	(469)	(1,325)
Total deposits and placements with banks and other financial institutions	1,449,294	735,494	2,184,788
Investment account placement	1,710,663	-	1,710,663
Less: Allowances for ECL	(2,179)	-	(2,179)
Total investment account placement	1,708,484	-	1,708,484
Derivative financial assets	549,424	283,397	832,821
Financial assets at fair value through profit or loss			
Money Market Securities	1,096,786	-	1,096,786
Quoted Sukuk	13,315	-	13,315
Unquoted Corporate bonds and sukuk	505,888	-	505,888
Total financial assets at fair value through profit or loss	1,615,989	-	1,615,989
Financial investments at fair value through other comprehensive income			
Money Market Securities	6,480,675	13,619	6,494,294
Unquoted Corporate bonds and sukuk	7,095,973	10,423	7,106,396
Total financial investments at fair value through other comprehensive income	13,576,648	24,042	13,600,690
Financial investments at amortised cost			
Money Market Securities	1,888,315	-	1,888,315
Unquoted Corporate bonds and sukuk	4,078,786	-	4,078,786
Less: Allowances for ECL	(37,586)	-	(37,586)
Total financial investments at amortised cost	5,929,515	-	5,929,515
Loans and advances			
Hire purchase	8,763,905	-	8,763,905
Mortgage	30,821,444	-	30,821,444
Credit card	1,777,921	-	1,777,921
Others	4,397,967	-	4,397,967
Corporate loans and advances:			
Term loans and bridging loans	17,064,977	843,191	17,908,168
Revolving credits	5,997,571	50,982	6,048,553
Overdrafts	1,828,101	-	1,828,101
Trade	8,469,739	-	8,469,739
Less: Allowances for ECL	(1,219,602)	(11,877)	(1,231,479)
Total loans and advances	77,902,023	882,296	78,784,319
Statutory deposit with Bank Negara Malaysia	200,000	-	200,000
Other financial assets	1,114,785	116,325	1,231,110
Less: Allowances for ECL	(1,413)	(87)	(1,500)
Total other financial assets	1,113,372	116,238	1,229,610
Commitments	16,914,263	169,276	17,083,539
Contingent liabilities	6,413,485	21,028	6,434,513
Total commitments and contingent liabilities	23,327,748	190,304	23,518,052

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

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 guarantee.

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

Concentrations of Credit Risk Mitigation

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its GRAF and related policies governing Loan-to-Value ("LTV") metrics.

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). The following categories based on the descriptions are appended below.

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

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 of 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 track record. • Exhibits high degree of resilience to adverse development in view of its established employment profile and track record.
13 to 14	Strong	0.5943% to 1.0159%	• Good credit risk profile with low PD of <1.1%. • Exhibit willingness to meet its financial commitments as evidenced by good repayment track record. • Generally in a 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 a position to resolve any apparent shortcoming within an acceptable time frame in view of its satisfactory employment profile and track record.
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 a 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.

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
21 to 24	Substandard	>= 8.2932%	• Substandard credit risk profile with poor PD of >= 8.2932%. • Exhibit 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/guideline.

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.
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.

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
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 fulfillment 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 counter party 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.)

Impairment

The relevant governance for the respective Line of Businesses is established to align with the Malaysian Financial Reporting Standards ("MFRS") and related BNM's standards/guidelines. In general, an asset is considered impaired when:

a. The Group considers that an obligor is "unlikely to repay" in full its credit obligations to the Group;

b. The obligor has breached its contractual payment obligations and past due for more than 90 days; 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 and recognises ECL at all time to reflect changes in the credit risk of a financial instrument. The methodology incorporates historical, current and forecasted information into ECL estimation. Consequently, more timely information is required to be provided about ECL.

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

Under MFRS 9, financial instruments are segregated into 3 stages depending on the changes in credit quality since initial recognition. 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 in credit risk 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.

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL

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

Change in credit quality since initial recognition

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

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

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

The key judgments 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.

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 judgment 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.

Qualitative

The Group may determine that an exposure has undergone a SICR using its expert credit risk judgment 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 and the Bank.

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (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:

<u>Quantitative criteria</u>

The borrower is considered in default if its contractual payments is more than 90 days past due.

<u>Qualitative criteria</u>

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 Exposure At Default ("EAD"), Probability of Default ("PD") and Loss Given Default ("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 to retail customers).

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 and adjusted to reflect forward-looking information.

PD estimates are estimates 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 of into 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.

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL (Cont'd.)

Measuring ECL – Explanation of Inputs, Assumptions and Estimation Techniques (Cont'd.)

LGD is the magnitude of the likely loss if there is a default. The Bank 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 effective interest rate as the discount factor.

EAD represents the expected exposure in the event of default. The Bank 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 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 and Consumer Price Index ("CPI"), house price index, foreign exchange and Brent Crude oil price.

3 scenarios are projected for forward looking namely base case, optimistic and pessimistic which requires management judgment 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.

Key Variables/Assumptions for ECL Calculations

The recognition and measurement of ECL is highly complex and involves the use of significant judgment and estimation. This includes establishing the forward-looking macroeconomic conditions into ECL as required under MFRS 9. The allowance for ECL is sensitive to the input used and economic assumption underlying the estimate.

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (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)

31 March 2023

Macroeconomy 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

31 March 2022

Macroeconomy 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

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

Measurement of ECL (Cont'd.)

Write-off Governance

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 current financial year was RM401.5 million (31 March 2022: RM418.7 million). The Group still seeks legal recovery action, as such, credit exposures for these continue unabated.

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.

Modified financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, 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 judgment of management, indicate that payment will most likely continue. These governance are kept under continuous review. Restructuring is most commonly applied to term loans.

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 or Stage 3 ("Lifetime ECL") to Stage 1 ("12-month ECL") or Stage 2 (“Lifetime ECL”) 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 and the Bank's restructuring activities and their respective effect on the Group’s and of the Bank's financial performance:

	Group and Bank	
	2023	**2022**
Loans and advances to customers	**RM'000**	**RM'000**
Amortised cost before modification	598,295	20,839,398
Net modification loss included under interest income	(2,344)	(32,303)

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets

The table below shows the 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	3,272,187	-	3,272,187
Very strong	3,602,130	-	3,602,130
Strong	1,464		1,464
Substandard	-	669	669
Gross exposure	6,875,781	669	6,876,450
Less: Allowances for ECL	(1,448)	(300)	(1,748)
Net exposure	6,874,333	369	6,874,702

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	6,235,895	-	6,235,895
Very strong	3,658,584	-	3,658,584
Strong	1,552	352	1,904
Substandard	-	35	35
Gross exposure	9,896,031	387	9,896,418
Less: Allowances for ECL	(2,072)	(21)	(2,093)
Net exposure	9,893,959	366	9,894,325

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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.)

Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023			
Risk grade			
Exceptionally strong	3,272,187	-	3,272,187
Very strong	3,601,105	-	3,601,105
Strong	1,464		1,464
Substandard	-	669	669
Gross exposure	6,874,756	669	6,875,425
Less: Allowances for ECL	(1,448)	(300)	(1,748)
Net exposure	6,873,308	369	6,873,677

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	6,235,895	-	6,235,895
Very strong	3,639,170	-	3,639,170
Strong	1,552	352	1,904
Substandard	-	35	35
Gross exposure	9,876,617	387	9,877,004
Less: Allowances for ECL	(2,072)	(21)	(2,093)
Net exposure	9,874,545	366	9,874,911

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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 and Bank	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	5,489,755	-	-	5,489,755
Very strong	1,920,522	-	-	1,920,522
Strong	1,522,953	-	-	1,522,953
Satisfactory	280,089	-	-	280,089
Impaired	-	-	41,439	41,439
Gross exposure	9,213,319	-	41,439	9,254,758
Less: Allowances for ECL	(4,758)	-	(35,283)	(40,041)
Net exposure	9,208,561	-	6,156	9,214,717

	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	2,683,978	-	-	2,683,978
Very strong	2,385,665	-	-	2,385,665
Strong	280,447	-	-	280,447
Satisfactory	280,124	295,387	-	575,511
Impaired	-	-	41,500	41,500
Gross exposure	5,630,214	295,387	41,500	5,967,101
Less: Allowances for ECL	(3,314)	-	(34,272)	(37,586)
Net exposure	5,626,900	295,387	7,228	5,929,515

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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 and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2023			
Risk grade			
Exceptionally strong	11,026,910	-	11,026,910
Very strong	5,821,719	-	5,821,719
Strong	1,752,661	-	1,752,661
Satisfactory	567,480	399,773	967,253
Gross exposure	19,168,770	399,773	19,568,543
Less: Allowances for ECL	(8,562)	(1,979)	(10,541)
Net exposure	19,160,208	397,794	19,558,002

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	7,129,278	-	7,129,278
Very strong	4,834,696	-	4,834,696
Strong	1,310,391	-	1,310,391
Satisfactory	93,782	157,626	251,408
Marginal	-	74,917	74,917
Gross exposure	13,368,147	232,543	13,600,690
Less: Allowances for ECL	(8,038)	(3,602)	(11,640)
Net exposure	13,360,109	228,941	13,589,050

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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 and advances

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	10,173	38	-	10,211
Very strong	39,846,960	215,152	-	40,062,112
Strong	15,327,961	158,285	-	15,486,246
Satisfactory	11,215,412	1,051,183	-	12,266,595
Moderate	4,096,524	1,105,500	-	5,202,024
Marginal	2,436,936	1,786,458	-	4,223,394
Substandard	646,290	4,492,516	-	5,138,806
Unrated	5,640	-	-	5,640
Impaired	-	-	1,375,292	1,375,292
Gross exposure	73,585,896	8,809,132	1,375,292	83,770,320
Less: Allowances for ECL	(160,839)	(719,574)	(423,493)	(1,303,906)
Net exposure	73,425,057	8,089,558	951,799	82,466,414

	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	13,640	-	-	13,640
Very strong	35,690,384	426,504	-	36,116,888
Strong	13,564,943	508,033	-	14,072,976
Satisfactory	11,689,001	2,146,328	-	13,835,329
Moderate	4,498,589	1,751,472	-	6,250,061
Marginal	2,175,888	3,119,194	-	5,295,082
Substandard	588,721	2,823,740	-	3,412,461
Unrated	5,292	-	-	5,292
Impaired	-	-	1,047,502	1,047,502
Gross exposure	68,226,458	10,775,271	1,047,502	80,049,231
Less: Allowances for ECL	(154,044)	(758,197)	(319,503)	(1,231,744)
Net exposure	68,072,414	10,017,074	727,999	78,817,487

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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 and advances

Bank	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	10,173	38	-	10,211
Very strong	39,846,960	215,152	-	40,062,112
Strong	15,327,961	158,285	-	15,486,246
Satisfactory	11,188,848	1,050,862	-	12,239,710
Moderate	4,096,524	1,105,500	-	5,202,024
Marginal	2,436,380	1,785,061	-	4,221,441
Substandard	646,290	4,491,304	-	5,137,594
Unrated	5,640	-	-	5,640
Impaired	-	-	1,374,240	1,374,240
Gross exposure	73,558,776	8,806,202	1,374,240	83,739,218
Less: Allowances for ECL	(160,826)	(719,487)	(423,247)	(1,303,560)
Net exposure	73,397,950	8,086,715	950,993	82,435,658

	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	13,640	-	-	13,640
Very strong	35,690,384	426,504	-	36,116,888
Strong	13,564,943	508,033	-	14,072,976
Satisfactory	11,657,730	2,146,319	-	13,804,049
Moderate	4,498,589	1,751,472	-	6,250,061
Marginal	2,175,887	3,119,071	-	5,294,958
Substandard	588,709	2,823,028	-	3,411,737
Unrated	5,304	-	-	5,304
Impaired	-	-	1,046,185	1,046,185
Gross exposure	68,195,186	10,774,427	1,046,185	80,015,798
Less: Allowances for ECL	(154,074)	(758,182)	(319,223)	(1,231,479)
Net exposure	68,041,112	10,016,245	726,962	78,784,319

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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	328,472	-	328,472
Very strong	572,318	-	572,318
Strong	454,017	-	454,017
Satisfactory	36,091	-	36,091
Moderate	2,656	-	2,656
Marginal	24,448	-	24,448
Substandard	50	-	50
Unrated	105,265	-	105,265
Impaired	-	3,297	3,297
Gross exposure	1,523,317	3,297	1,526,614
Less: Allowances for ECL	-	(3,297)	(3,297)
Net exposure	1,523,317	-	1,523,317

	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
2022			
Risk grade			
Exceptionally strong	255,695	-	255,695
Very strong	757,088	-	757,088
Strong	166,352	-	166,352
Satisfactory	12,470	-	12,470
Moderate	24,674	-	24,674
Marginal	1,750	-	1,750
Substandard	33	-	33
Unrated	11,139	-	11,139
Impaired	-	1,817	1,817
Gross exposure	1,229,201	1,817	1,231,018
Less: Allowances for ECL	-	(1,817)	(1,817)
Net exposure	1,229,201	-	1,229,201

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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.)

Bank	**Lifetime ECL not credit impaired RM'000**	**Lifetime ECL credit impaired RM'000**	**Total RM'000**
2023			
Risk grade			
Exceptionally strong	328,472	-	328,472
Very strong	573,616	-	573,616
Strong	454,017	-	454,017
Satisfactory	36,389	-	36,389
Moderate	2,656	-	2,656
Marginal	24,448	-	24,448
Substandard	50	-	50
Unrated	105,265	-	105,265
Impaired	-	2,999	2,999
Gross exposure	1,524,913	2,999	1,527,912
Less: Allowances for ECL	-	(2,999)	(2,999)
Net exposure	1,524,913	-	1,524,913

	Lifetime ECL not credit impaired RM'000	**Lifetime ECL credit impaired RM'000**	**Total RM'000**
2022			
Risk grade			
Exceptionally strong	255,695	-	255,695
Very strong	757,789	-	757,789
Strong	166,352	-	166,352
Satisfactory	12,153	-	12,153
Moderate	24,674	-	24,674
Marginal	1,750	-	1,750
Substandard	33	-	33
Unrated	11,164	-	11,164
Impaired	-	1,500	1,500
Gross exposure	1,229,610	1,500	1,231,110
Less: Allowances for ECL	-	(1,500)	(1,500)
Net exposure	1,229,610	-	1,229,610

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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 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	156,259	-	-	156,259
Very strong	12,563,958	87,627	-	12,651,585
Strong	5,665,062	68,152	-	5,733,214
Satisfactory	4,625,790	173,368	-	4,799,158
Moderate	1,172,930	299,331	-	1,472,261
Marginal	194,965	163,477	-	358,442
Substandard	132,278	402,991	-	535,269
Impaired	-	-	489,681	489,681
Gross exposure	24,511,242	1,194,946	489,681	26,195,869
Less: Allowances for ECL	(31,057)	(26,808)	(135,220)	(193,085)
Net exposure	24,480,185	1,168,138	354,461	26,002,784

	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	104,543	-	-	104,543
Very strong	12,105,118	36,442	-	12,141,560
Strong	4,145,949	123,323	-	4,269,272
Satisfactory	3,947,256	271,575	-	4,218,831
Moderate	1,014,865	245,354	-	1,260,219
Marginal	230,068	235,087	-	465,155
Substandard	331,378	263,106	-	594,484
Unrated	3,334	-	-	3,334
Impaired	-	-	333,161	333,161
Gross exposure	21,882,511	1,174,887	333,161	23,390,559
Less: Allowances for ECL	(20,472)	(15,763)	(242,154)	(278,389)
Net exposure	21,862,039	1,159,124	91,007	23,112,170

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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 commitments and financial guarantee contracts (Cont'd.)

Bank	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	156,259	-	-	156,259
Very strong	12,608,928	87,627	-	12,696,555
Strong	5,665,062	68,152	-	5,733,214
Satisfactory	4,625,790	173,368	-	4,799,158
Moderate	1,172,930	299,331	-	1,472,261
Marginal	194,965	163,477	-	358,442
Substandard	132,278	402,991	-	535,269
Unrated	-	-	-	-
Impaired	-	-	489,681	489,681
Gross exposure	24,556,212	1,194,946	489,681	26,240,839
Less: Allowances for ECL	(31,077)	(26,808)	(135,220)	(193,105)
Net exposure	24,525,135	1,168,138	354,461	26,047,734

	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	104,543	-	-	104,543
Very strong	12,182,418	36,442	-	12,218,860
Strong	4,145,949	123,323	-	4,269,272
Satisfactory	3,947,256	271,575	-	4,218,831
Moderate	1,014,865	245,354	-	1,260,219
Marginal	230,068	235,087	-	465,155
Substandard	331,378	263,106	-	594,484
Unrated	3,334	-	-	3,334
Impaired	-	-	333,161	333,161
Gross exposure	21,959,811	1,174,887	333,161	23,467,859
Less: Allowances for ECL	(20,518)	(15,763)	(242,154)	(278,435)
Net exposure	21,939,293	1,159,124	91,007	23,189,424

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The table below shows the 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.).

	Deposits and placements with banks and other financial institutions RM'000	Investment account placement RM'000	Statutory deposit with Bank Negara Malaysia RM'000
Stage 1			
Group and Bank			
2023			
Exceptionally strong	-	-	1,552,337
Very strong	1,084,531	1,360,659	-
Satisfactory	-	177,862	-
Gross exposure	1,084,531	1,538,521	1,552,337
Less: Allowances for ECL	(66)	(1,269)	-
Net exposure	1,084,465	1,537,252	1,552,337

	Deposits and placements with banks and other financial institutions RM'000	Investment account placement RM'000	Statutory deposit with Bank Negara Malaysia RM'000
Stage 1			
Group and Bank			
2022			
Exceptionally strong	-	-	200,000
Very strong	2,102,003	1,506,451	-
Satisfactory	84,110	204,212	-
Gross exposure	2,186,113	1,710,663	200,000
Less: Allowances for ECL	(1,325)	(2,179)	-
Net exposure	2,184,788	1,708,484	200,000

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) 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:

	Financial assets at fair value through profit or loss RM'000	Derivative financial assets RM'000
Group and Bank		
2023		
Exceptionally strong	8,300,960	311,584
Very strong	478,892	500,456
Strong	315,858	98,522
Satisfactory	1,270	8,260
Moderate	-	1,756
Marginal	-	99
Sub-standard	-	2,996
Carrying amount	9,096,980	923,673

	Financial assets at fair value through profit or loss RM'000	Derivative financial assets RM'000
2022		
Exceptionally strong	1,170,233	144,357
Very strong	195,433	431,160
Strong	120,899	141,098
Satisfactory	129,424	6,661
Moderate	-	99,015
Marginal	-	218
Sub-standard	-	57
Unrated	-	10,255
Carrying amount	1,615,989	832,821

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(d) 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 and advances:

	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
Group						
Gross loans and advances						
Hire purchase	8,749,715	8,763,905	8,656,418	8,495,377	93,297	268,528
Mortgage	31,962,728	30,927,833	31,756,485	30,668,868	206,243	258,965
Credit card	1,936,712	1,777,921	43,597	39,505	1,893,115	1,738,416
Others	4,856,205	4,397,967	4,027,443	3,585,666	828,762	812,301
Corporate loans and advances:						
Term loans and bridging loans	19,476,629	17,908,168	10,899,705	9,760,100	8,576,924	8,148,068
Revolving credits	5,831,301	5,975,597	2,752,715	2,570,772	3,078,586	3,404,825
Overdrafts	1,948,765	1,828,101	1,286,928	1,296,707	661,837	531,394
Trade	9,008,265	8,469,739	2,471,827	2,362,544	6,536,438	6,107,195
Total	83,770,320	80,049,231	61,895,118	58,779,539	21,875,202	21,269,692
Bank						
Gross loans and advances						
Hire purchase	8,749,715	8,763,905	8,656,418	8,495,377	93,297	268,528
Mortgage	31,575,416	30,821,444	31,376,847	30,563,379	198,569	258,065
Credit card	1,936,712	1,777,921	43,597	39,505	1,893,115	1,738,416
Others	4,856,205	4,397,967	4,027,443	3,585,666	828,762	812,301
Corporate loans and advances:						
Term loans and bridging loans	19,476,629	17,908,168	10,899,705	9,760,100	8,576,924	8,148,068
Revolving credits	6,187,511	6,048,553	2,752,715	2,570,772	3,434,796	3,477,781
Overdrafts	1,948,765	1,828,101	1,286,928	1,296,707	661,837	531,394
Trade	9,008,265	8,469,739	2,471,827	2,362,544	6,536,438	6,107,195
Total	83,739,218	80,015,798	61,515,480	58,674,050	22,223,738	21,341,748

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(e) Collateral Repossessed

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Properties:				
Residential, net of impairment	150	150	-	-
Non-residential, net of impairment	2,337	2,328	2,337	2,327
	2,487	2,478	2,337	2,327

The above assets are accounted for as foreclosed properties under other assets (Note 19). 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.)

(f) 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:

	Gross exposure RM'000	Impairment allowance RM'000	Carrying amount RM'000	Fair value of collateral RM'000
Group				
2023				
Credit-impaired financial assets				
Hire purchase	87,697	27,957	59,740	83,997
Mortgage	650,582	144,967	505,615	611,453
Credit card	32,068	19,069	12,999	5
Other loans and advances	220,488	27,370	193,118	162,015
Corporate loans and advances:				
Term loans and bridging loans	229,404	128,208	101,196	150,405
Revolving credits	27,452	6,777	20,675	21,893
Overdrafts	78,279	34,940	43,339	37,926
Trade	49,322	34,205	15,117	18,667
Total credit-impaired financial assets	1,375,292	423,493	951,799	1,086,361
2022				
Credit-impaired financial assets				
Hire purchase	61,083	18,218	42,865	52,895
Mortgage	481,393	110,212	371,181	385,040
Credit card	28,203	16,462	11,741	186
Other loans and advances	143,123	20,669	122,454	105,376
Corporate loans and advances:				
Term loans and bridging loans	172,802	80,184	92,618	134,182
Revolving credits	41,298	13,458	27,840	34,687
Overdrafts	59,704	22,480	37,224	48,078
Trade	59,896	37,820	22,076	20,429
Total credit-impaired financial assets	1,047,502	319,503	727,999	780,873

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(f) Collateral held for credit-impaired financial assets (Cont'd.)

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 (Cont'd.):

	Gross exposure RM'000	Impairment allowance RM'000	Carrying amount RM'000	Fair value of collateral RM'000
Bank				
2023				
Credit-impaired financial assets				
Hire purchase	87,697	27,957	59,740	83,997
Mortgage	649,530	144,721	504,809	610,401
Credit card	32,068	19,069	12,999	5
Other loans and advances	220,488	27,370	193,118	162,015
Corporate loans and advances:				
Term loans and bridging loans	229,404	128,208	101,196	150,405
Revolving credits	27,452	6,777	20,675	21,893
Overdrafts	78,279	34,940	43,339	37,926
Trade	49,322	34,205	15,117	18,667
Total credit-impaired financial assets	1,374,240	423,247	950,993	1,085,309
2022				
Credit-impaired financial assets				
Hire purchase	61,083	18,218	42,865	52,895
Mortgage	480,076	109,932	370,144	385,040
Credit card	28,203	16,462	11,741	186
Other loans and advances	143,123	20,669	122,454	105,376
Corporate loans and advances:				
Term loans and bridging loans	172,802	80,184	92,618	134,182
Revolving credits	41,298	13,458	27,840	34,687
Overdrafts	59,704	22,480	37,224	48,078
Trade	59,896	37,820	22,076	20,429
Total credit-impaired financial assets	1,046,185	319,223	726,962	780,873

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(g) Exposures to COVID-19 impacted sectors

The table below shows the gross carrying amount of loans and advances by industry sectors that are most impacted by COVID-19:

	Group and Bank	
	2023 RM'000	2022 RM'000
Gross loans and advances:		
Retail and Wholesale/Trading	8,223,733	6,933,429
Accommodation	501,847	502,600
Travel Agencies/Tourism	11,043	13,097
Airline/Aviation	403,922	412,459
Food and Beverage Services/Restaurants	160,357	142,666
	9,300,902	8,004,251

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(h) COVID-19 customer relief and support measures

The Group and the Bank have further supported its customers by providing post moratorium repayment assistance during this challenging and difficult time of COVID-19. The table below shows the total relief and support measures for retail and non-retail customers as at 31 March 2023:

	Retail customers						Non-retail customers			
Group and Bank	**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**
2023										
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	25,007,460	4,933,256	190,747	10,552	2,991,503	33,133,518	7,571,180	7,816,969	97,386	15,485,535
Resumed repayments	21,653,418	3,478,382	138,705	10,300	2,016,011	27,296,816	6,188,812	5,817,144	75,181	12,081,137
Extended and/or repaying as per revised schedules	875,864	281,943	7,756	226	473,658	1,639,447	1,075,954	1,944,738	13,196	3,033,888
Missed payments	2,478,178	1,172,931	44,286	26	501,834	4,197,255	306,414	55,087	9,009	370,510
As a percentage of total:										
Resumed repayments	86%	70%	73%	98%	67%	82%	82%	74%	77%	78%
Extended and/or repaying as per revised schedules	4%	6%	4%	2%	16%	5%	14%	25%	14%	20%
Missed payments	10%	24%	23%	0%	17%	13%	4%	1%	9%	2%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(h) COVID-19 customer relief and support measures (Cont'd.)

The Group and the Bank have further supported its customers by providing post moratorium repayment assistance during this challenging and difficult time of COVID-19. The table below shows the relief and support measures for retail and non-retail customers:(Cont'd.)

	Retail customers						Non-retail customers			
Group and Bank	**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**
2022										
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	27,055,193	6,839,130	342,104	15,322	3,531,932	37,783,681	8,691,085	7,619,509	120,003	16,430,597
Resumed repayments	22,597,007	5,043,082	216,138	14,630	1,959,626	29,830,483	5,468,045	5,269,446	93,098	10,830,589
Extended and/or repaying as per revised schedules	2,549,397	620,800	57,748	610	1,265,123	4,493,678	2,902,436	2,320,440	24,279	5,247,155
Missed payments	1,908,789	1,175,248	68,218	82	307,183	3,459,520	320,604	29,623	2,626	352,853
As a percentage of total:										
Resumed repayments	84%	74%	63%	95%	55%	79%	63%	69%	78%	66%
Extended and/or repaying as per revised schedules	9%	9%	17%	4%	36%	12%	33%	31%	20%	32%
Missed payments	7%	17%	20%	1%	9%	9%	4%	0%	2%	2%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

49. RISK MANAGEMENT (CONT'D.)

49.2 CREDIT RISK MANAGEMENT (CONT'D.)

(i) 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 and advances where relief assistance is provided.

The overlays adjustments involved significant level of judgment 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 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 continues into financial year 2024 ("FY24") amounting to RM440.5 million as at 31 March 2023 (2022: RM534.8 million). The overlay adjustments assumes customers which opted for repayment assistance due to COVID-19 are likely to face challenges in achieving pre-COVID-19 levels of income/cashflow.

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK 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	• LCR • NSFR • Depositor Concentration Ratios • Other Detailed Controls
Control/ Mitigation	• LCR Limits • NSFR Limits/Triggers • Depositor Concentration Ratios • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

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

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

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

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

Various liquidity measurements have been put in place to support the broader strategic objectives of the Bank and amongst others include the BNM LCR, BNM NSFR, Depositor Concentration Ratio and other Liquidity Ratios. 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.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank’s liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance placement and loans to customers. They are monitored using the loans to available funds ratio, which compares loans and advances to customers as a percentage of the Bank'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 institutions deposits more than 1 year and debt instrument/long term borrowings more than 1 year.

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) 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	6,874,702	-	-	-	-	-	-	6,874,702
Deposits and placements with banks and other financial institutions	-	176,605	-	800,000	-	107,860	-	1,084,465
Investment account placement	-	-	-	-	499,750	1,037,502	-	1,537,252
Derivative financial assets	95,034	139,918	56,442	50,273	428,188	153,818	-	923,673
Financial assets at fair value through profit or loss	207,874	4,108,663	2,977,248	2,092,528	719,729	66,086	19,673	10,191,801
Financial investments at fair value through other comprehensive income	924,489	3,025,881	2,038,993	973,075	9,359,619	3,246,486	737,809	20,306,352
Financial investments at amortised cost	129,562	4,995	9,993	54,928	2,638,990	6,376,249	-	9,214,717
Loans and advances	1,235,917	258,181	214,149	19,082,638	14,622,214	47,053,315	-	82,466,414
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	1,552,337	-	1,552,337
Deferred tax assets	-	-	-	-	-	-	164,294	164,294
Investment in associate	-	-	-	-	-	-	18,395	18,395
Other assets	1,180,230	159,619	77,451	248,640	121,896	160,513	33	1,948,382
Right of use assets	-	-	-	-	-	-	224,596	224,596
Property and equipment	-	-	-	-	-	-	146,013	146,013
Intangible assets	-	-	-	-	-	-	202,069	202,069
Total Assets	10,647,808	7,873,862	5,374,276	23,302,082	28,390,386	59,754,166	1,512,882	136,855,462
Liabilities								
Deposits from customers	51,619,778	12,945,376	8,777,381	9,984,599	2,051,411	-	-	85,378,545
Deposits and placements of banks and other financial institutions	2,546,873	3,193,880	1,154,726	461,700	738,540	565,975	-	8,661,694
Securities sold under resale agreements	6,357,289	5,163,831	3,043,381	1,902,173	-	-	-	16,466,674
Recourse obligation on loans sold to Cagamas Berhad	-	2,200,012	2,200,016	2,200,008	-	-	-	6,600,036
Derivative financial liabilities	124,738	126,163	100,050	64,949	422,488	128,039	-	966,427
Term funding	110,375	158,510	24,050	721,092	323,400	-	-	1,337,427
Debt capital	-	-	-	-	-	3,095,000	-	3,095,000
Other liabilities	1,553,499	821,111	106,040	243,121	326,000	100,192	-	3,149,963
Total Liabilities	62,312,552	24,608,883	15,405,644	15,577,642	3,861,839	3,889,206	-	125,655,766
Net Gap	(51,664,744)	(16,735,021)	(10,031,368)	7,724,440	24,528,547	55,864,960	1,512,882	11,199,696

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) 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	9,894,325	-	-	-	-	-	-	9,894,325
Deposits and placements with banks and other financial institutions	-	1,281,353	-	800,000	-	103,435	-	2,184,788
Investment account placement	-	-	-	499,619	-	1,208,865	-	1,708,484
Derivative financial assets	37,061	115,162	35,321	70,589	346,956	227,732	-	832,821
Financial assets at fair value through profit or loss	204,021	442,112	279,328	1,345,727	226,288	166,352	12,076	2,675,904
Financial investments at fair value through other comprehensive income	819,780	129,719	322,119	530,228	8,901,656	2,897,188	738,894	14,339,584
Financial investments at amortised cost	-	284,641	525,246	-	895,105	4,224,523	-	5,929,515
Loans and advances	1,049,518	136,877	439,356	17,633,743	14,081,138	45,476,855	-	78,817,487
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	200,000	-	200,000
Deferred tax assets	-	-	-	-	-	-	139,318	139,318
Investment in associate	-	-	-	-	-	-	15,597	15,597
Other assets	1,142,367	162,304	88,510	148,627	151,374	126,761	-	1,819,943
Right of use assets	-	-	-	-	-	-	172,789	172,789
Property and equipment	-	-	-	-	-	-	151,787	151,787
Intangible assets	-	-	-	-	-	-	221,538	221,538
Total Assets	13,147,072	2,552,168	1,689,880	21,028,533	24,602,517	54,631,711	1,451,999	119,103,880
Liabilities								
Deposits from customers	49,987,084	14,134,006	9,430,298	10,871,790	1,433,718	-	-	85,856,896
Deposits and placements of banks and other financial institutions	2,831,544	1,980,085	769,563	576,643	688,316	531,592	-	7,377,743
Securities sold under resale agreements	751,188	831,529	-	-	-	-	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	725,016	-	-	1,200,000	4,950,007	-	-	6,875,023
Derivative financial liabilities	31,843	114,365	34,240	73,386	350,380	202,420	-	806,634
Term funding	45,264	62,513	63,582	55,100	818,801	-	-	1,045,260
Debt capital	-	-	-	-	-	3,095,000	-	3,095,000
Other liabilities	1,139,006	594,260	115,713	200,044	231,230	102,332	-	2,382,585
Total Liabilities	55,510,945	17,716,758	10,413,396	12,976,963	8,472,452	3,931,344	-	109,021,858
Net Gap	(42,363,873)	(15,164,590)	(8,723,516)	8,051,570	16,130,065	50,700,367	1,451,999	10,082,022

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting* (Cont'd.)

Bank	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	6,873,677	-	-	-	-	-	-	6,873,677
Deposits and placements with banks and other financial institutions	-	176,605	-	800,000	-	107,860	-	1,084,465
Investment account placement	-	-	-	-	499,750	1,037,502	-	1,537,252
Derivative financial assets	95,034	139,918	56,442	50,273	428,188	153,818	-	923,673
Financial assets at fair value through profit or loss	207,837	4,108,663	2,977,248	2,092,528	719,729	66,086	19,673	10,191,764
Financial investments at fair value through other comprehensive income	924,489	3,025,881	2,038,993	973,075	9,359,619	3,246,486	737,809	20,306,352
Financial investments at amortised cost	129,562	4,995	9,993	54,928	2,638,990	6,376,249	-	9,214,717
Loans and advances	1,205,161	258,181	214,149	19,082,638	14,622,214	47,053,315	-	82,435,658
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	1,552,337		1,552,337
Deferred tax assets	-	-	-	-	-	-	164,294	164,294
Investment in subsidiaries	-	-	-	-	-	-	22,487	22,487
Investment in associates	-	-	-	-	-	-	19,617	19,617
Other assets	1,179,073	159,619	77,451	248,367	121,896	160,513	33	1,946,952
Right of use assets	-	-	-	-	-	-	225,632	225,632
Property and equipment	-	-	-	-	-	-	139,705	139,705
Intangible assets	-	-	-	-	-	-	202,069	202,069
Total Assets	10,614,833	7,873,862	5,374,276	23,301,809	28,390,386	59,754,166	1,531,319	136,840,651
Liabilities								
Deposits from customers	51,632,431	12,945,376	8,777,381	9,984,599	2,051,411	-	-	85,391,198
Deposits and placements of banks and other financial institutions	2,586,936	3,193,880	1,154,726	461,700	738,540	565,975	-	8,701,757
Securities sold under resale agreements	6,357,289	5,163,831	3,043,381	1,902,173	-	-	-	16,466,674
Recourse obligation on loans sold to Cagamas Berhad	-	2,200,012	2,200,016	2,200,008	-	-	-	6,600,036
Derivative financial liabilities	124,738	126,163	100,050	64,949	422,488	128,039	-	966,427
Term funding	110,375	158,510	24,050	721,092	323,400	-	-	1,337,427
Debt capital	-	-	-	-	-	3,095,000	-	3,095,000
Other liabilities	1,535,606	821,111	106,040	242,841	326,000	100,192	-	3,131,790
Total Liabilities	62,347,375	24,608,883	15,405,644	15,577,362	3,861,839	3,889,206	-	125,690,309
Net Gap	(51,732,542)	(16,735,021)	(10,031,368)	7,724,447	24,528,547	55,864,960	1,531,319	11,150,342

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities as per requirement of BNM's policy document *Financial Reporting* (Cont'd.)

Bank	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	9,874,911	-	-	-	-	-	-	9,874,911
Deposits and placements with banks and other financial institutions	-	1,281,353	-	800,000	-	103,435	-	2,184,788
Investment account placement	-	-	-	499,619		1,208,865	-	1,708,484
Derivative financial assets	37,061	115,162	35,321	70,589	346,956	227,732	-	832,821
Financial assets at fair value through profit or loss	203,986	442,112	279,328	1,345,727	226,288	166,352	12,076	2,675,869
Financial investments at fair value through other comprehensive income	819,780	129,719	322,119	530,228	8,901,656	2,897,188	738,894	14,339,584
Financial investments at amortised cost	-	284,641	525,246	-	895,105	4,224,523	-	5,929,515
Loans and advances	1,016,350	136,877	439,356	17,633,743	14,081,138	45,476,855	-	78,784,319
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	200,000		200,000
Deferred tax assets	-	-	-	-	-	-	139,318	139,318
Investment in subsidiaries	-	-	-	-	-	-	30,964	30,964
Investment in associates	-	-	-	-	-	-	19,617	19,617
Other assets	1,142,636	162,304	88,510	148,627	151,374	126,761	-	1,820,212
Right of use assets	-	-	-	-	-	-	174,238	174,238
Property and equipment	-	-	-	-	-	-	133,683	133,683
Intangible assets	-	-	-	-	-	-	221,538	221,538
Total Assets	13,094,724	2,552,168	1,689,880	21,028,533	24,602,517	54,631,711	1,470,328	119,069,861
Liabilities								
Deposits from customers	50,001,177	14,134,006	9,430,298	10,871,790	1,433,718	-	-	85,870,989
Deposits and placements of banks and other financial institutions	2,841,188	1,980,085	769,563	576,643	688,316	531,592	-	7,387,387
Securities sold under resale agreements	751,188	831,529	-	-	-	-	-	1,582,717
Recourse obligation on loans sold to Cagamas Berhad	725,016	-	-	1,200,000	4,950,007	-	-	6,875,023
Derivative financial liabilities	31,843	114,365	34,240	73,386	350,380	202,420	-	806,634
Term funding	45,264	62,513	63,582	55,100	818,801	-	-	1,045,260
Debt capital	-	-	-	-	-	3,095,000	-	3,095,000
Other liabilities	1,127,691	594,260	115,713	200,044	231,230	102,332	-	2,371,270
Total Liabilities	55,523,367	17,716,758	10,413,396	12,976,963	8,472,452	3,931,344	-	109,034,280
Net Gap	(42,428,643)	(15,164,590)	(8,723,516)	8,051,570	16,130,065	50,700,367	1,470,328	10,035,581

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(b) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis

Group	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Liabilities								
Deposits from customers	52,192,889	13,085,895	8,872,657	10,092,979	2,073,679	-	-	86,318,099
Deposits and placements of banks and other financial institutions	2,615,016	3,228,549	1,167,260	466,712	746,557	572,119	-	8,796,213
Securities sold under resale agreements	6,424,137	5,229,613	3,093,006	1,966,316	-	-	-	16,713,072
Recourse obligation on loans sold to Cagamas Berhad	-	2,236,892	2,263,521	2,233,900	-	-	-	6,734,313
Derivative financial liabilities	133,526	131,474	112,292	189,501	399,305	32,937	-	999,035
Term funding	110,639	170,857	26,680	731,144	323,400	-	-	1,362,720
Debt capital	12,090	24,582	37,075	73,746	588,763	3,533,737	-	4,269,993
Other liabilities*	1,481,179	809,394	89,435	209,363	200,736	50,422	-	2,840,529
Total Undiscounted Liabilities	62,969,476	24,917,256	15,661,926	15,963,661	4,332,440	4,189,215	-	128,033,974
Commitments								
Irrevocable commitments to extend credit	383,229	1,329,038	1,775,565	2,072,503	93,316	9,799,042	-	15,452,693
Unutilised credit card lines	3,976,830	-	-	-	-	-	-	3,976,830
Forward asset purchase	174,223	-	-	-	-	-	-	174,223
Contingent Liabilities								
Direct credit substitutes	196,035	326,638	338,653	822,749	830,422	69,097	-	2,583,594
Certain transaction-related contingent items	128,408	338,481	394,003	680,255	1,678,520	300,163	-	3,519,830
Short-term self liquidating trade-related contingencies	268,677	382,911	6,170	5,164	-	-	-	662,922
Obligations under underwriting agreements	60,000	-	-	-	-	-	-	60,000
Total commitments and contingent liabilities	5,187,402	2,377,068	2,514,391	3,580,671	2,602,258	10,168,302	-	26,430,092

* The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(b) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Group	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
Liabilities								
Deposits from customers	50,309,432	14,221,142	9,488,435	10,938,814	1,442,557	-	-	86,400,380
Deposits and placements of banks and other financial institutions	2,858,704	1,992,292	774,307	580,198	692,559	534,869	-	7,432,929
Securities sold under resale agreements	753,639	834,001	-	-	-	-	-	1,587,640
Recourse obligation on loans sold to Cagamas Berhad	738,522	52,061	33,469	1,285,770	5,054,424	-	-	7,164,246
Derivative financial liabilities	50,427	112,797	61,435	134,164	375,063	64,706	-	798,592
Term funding	45,351	69,448	63,894	62,868	831,314	-	-	1,072,875
Debt capital	12,141	24,685	37,230	73,651	591,235	3,411,388	-	4,150,330
Other liabilities*	1,078,711	585,082	102,048	174,494	106,530	42,725	-	2,089,590
Total Undiscounted Liabilities	55,846,927	17,891,508	10,560,818	13,249,959	9,093,682	4,053,688	-	110,696,582
Commitments								
Irrevocable commitments to extend credit	361,545	736,465	1,242,296	1,472,483	121,738	9,325,484	-	13,260,011
Unutilised credit card lines	3,696,035	-	-	-	-	-	-	3,696,035
Forward asset purchase	50,143	-	-	-	-	-	-	50,143
Contingent Liabilities								
Direct credit substitutes	581,774	289,031	306,810	754,584	567,867	259	-	2,500,325
Certain transaction-related contingent items	141,365	151,466	442,050	597,475	1,976,872	101,850	-	3,411,078
Short-term self liquidating trade-related contingencies	340,020	140,675	19,348	23,067	-	-	-	523,110
Total commitments and contingent liabilities	5,170,882	1,317,637	2,010,504	2,847,609	2,666,477	9,427,593	-	23,440,702

* The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(b) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Bank	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Liabilities								
Deposits from customers	52,192,889	13,085,895	8,872,657	10,092,979	2,073,679	-	-	86,318,099
Deposits and placements of banks and other financial institutions	2,615,017	3,228,549	1,167,260	466,712	746,557	572,119	-	8,796,214
Securities sold under resale agreements	6,424,137	5,229,613	3,093,006	1,966,316	-	-	-	16,713,072
Recourse obligation on loans sold to Cagamas Berhad	-	2,236,892	2,263,521	2,233,900	-	-	-	6,734,313
Derivative financial liabilities	133,526	131,474	112,292	189,501	399,305	32,937	-	999,035
Term funding	12,090	24,582	37,075	73,746	588,763	3,533,737	-	4,269,993
Debt capital	12,089	24,582	37,075	1,164,223	2,295,949	-	-	3,533,918
Other liabilities*	1,481,179	809,394	89,435	209,363	200,736	50,422	-	2,840,529
Total Undiscounted Liabilities	62,870,927	24,770,981	15,672,321	16,396,740	6,304,989	4,189,215	-	130,205,173
Commitments								
Irrevocable commitments to extend credit	383,229	1,329,038	1,775,565	2,117,473	93,316	9,799,042	-	15,497,663
Unutilised credit card lines	3,976,830	-	-	-	-	-	-	3,976,830
Forward asset purchase	174,223	-	-	-	-	-	-	174,223
Others	-	-	-	-	-	50	-	50
Contingent Liabilities								
Direct credit substitutes	196,035	326,638	338,653	822,749	830,422	69,097	-	2,583,594
Certain transaction-related contingent items	128,408	338,481	394,003	680,255	1,678,520	300,163	-	3,519,830
Short-term self liquidating trade-related contingencies	268,677	382,911	6,170	5,164	-	-	-	662,922
Obligations under underwriting agreements	60,000	-	-	-	-	-	-	60,000
Total commitments and contingent liabilities	5,187,402	2,377,068	2,514,391	3,625,641	2,602,258	10,168,352	-	26,475,112

* The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

49. RISK MANAGEMENT (CONT'D.)

49.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(b) Analysis of Liabilities By Remaining Contractual Maturities on Undiscounted basis (Cont'd.)

Bank	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
Liabilities								
Deposits from customers	50,309,432	14,221,142	9,488,435	10,938,814	1,442,557	-	-	86,400,380
Deposits and placements of banks and other financial institutions	2,858,704	1,992,292	774,307	580,198	692,559	534,869	-	7,432,929
Securities sold under resale agreements	753,639	834,001	-	-	-	-	-	1,587,640
Recourse obligation on loans sold to Cagamas Berhad	738,522	52,061	33,469	1,285,770	5,054,424	-	-	7,164,246
Derivative financial liabilities	50,427	112,797	61,435	134,164	375,063	64,706	-	798,592
Term funding	45,351	69,448	63,894	62,868	831,314	-	-	1,072,875
Debt capital	12,141	24,685	37,230	73,651	591,235	3,411,388	-	4,150,330
Other liabilities*	1,078,711	585,082	102,048	174,494	106,530	42,725	-	2,089,590
Total Undiscounted Liabilities	55,846,927	17,891,508	10,560,818	13,249,959	9,093,682	4,053,688	-	110,696,582
Commitments								
Irrevocable commitments to extend credit	361,545	736,465	1,242,296	1,549,783	121,738	9,325,484	-	13,337,311
Unutilised credit card lines	3,696,035	-	-	-	-	-	-	3,696,035
Forward asset purchase	50,143	-	-	-	-	-	-	50,143
Others	-	-	-	-	-	50	-	50
Contingent Liabilities								
Direct credit substitutes	581,774	289,031	306,810	754,584	567,867	259	-	2,500,325
Certain transaction-related contingent items	141,365	151,466	442,050	597,475	1,976,872	101,850	-	3,411,078
Short-term self liquidating trade-related contingencies	340,020	140,675	19,348	23,067	-	-	-	523,110
Total commitments and contingent liabilities	5,170,882	1,317,637	2,010,504	2,924,909	2,666,477	9,427,643	-	23,518,052

* The balances had included the undiscounted contractual payments for lease liabilities and excluded the non-financial liabilities. Detail maturity analysis for lease commitment is disclosed in Note 28(a).

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 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 IBMR.

Traded Market Risk

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 limits • Periodical review and reporting

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

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which the Bank applies recent historical market conditions to estimate potential losses in market value, at a certain confidence level and over a specified time horizon (i.e. holding period). Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Bank is able to absorb extreme, unanticipated market movements.

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g., Greek Limits/PV01 Limits) and indicators are used to monitor changes in portfolio values due to changes in risk factors under different market conditions.

49. RISK MANAGEMENT (CONT'D.)

49.4 MARKET RISK MANAGEMENT (CONT'D.)

Traded Market Risk (Cont'd.)

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 action plan to address any non-adherence event to Senior Management.

The Bank adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

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

Non-Traded Market Risk

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

Interest Rate Risk in Banking Book ("IRRBB")

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

Identification	• Identify IRRBB within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• PV01 • Earnings-at-Risk ("EaR") • ICAAP IRRBB Economic Value of Equity ("EVE") • ICAAP IRRBB EaR
Control/ Mitigation	• PV01 Triggers • EaR Triggers • ICAAP IRRBB EVE / Total Capital Trigger • ICAAP IRRBB EaR / Total Net Interest Income ("NII") Trigger
Monitoring/ Review	• Monitor limits • Periodical review and reporting

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

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

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

49. RISK MANAGEMENT (CONT'D.)

49.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk (Cont'd.)

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

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

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

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

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

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

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

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, AMMB Group has established an 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. 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 Bank is 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.

49. RISK MANAGEMENT (CONT'D.)

49.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk (Cont'd.)

IBOR reform (Cont'd.)

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 form 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.

The following table is exposure that have yet to transition from IBOR to RFRs as at 31 March 2023 and 31 March 2022:

Group	Non-derivatives financial assets carrying amount RM'000	Derivatives nominal amount RM'000
2023		
USD London Interbank Offered Rate ("LIBOR")	2,334,626	7,399,008
2022		
USD London Interbank Offered Rate ("LIBOR")	3,011,255	9,495,539

Market Risk Sensitivity

(i) Interest Rate Risk

Interest rate risk ("IRR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate and is managed through gap and sensitivity analysis. Interest rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR hedging measures to cushion the interest rate volatility.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in interest rate with all other variables remaining constant.

Traded Market Risk:

	2023		2022	
Group and Bank	Interest rate + 100 bps RM'000	Interest rate - 100 bps RM'000	Interest rate + 100 bps RM'000	Interest rate - 100 bps RM'000
Impact on profit before taxation	(7,986)	7,682	3,364	(2,088)

49. RISK MANAGEMENT (CONT'D.)

49.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(i) Interest Rate Risk (Cont'd.)

Non-Traded Market Risk:

	2023		2022	
	Interest rate + 100 bps RM'000	Interest rate - 100 bps RM'000	Interest rate + 100 bps RM'000	Interest rate - 100 bps RM'000
Group and Bank				
Impact on profit before taxation	556,096	(556,096)	541,953	(541,953)
Impact on equity	(448,572)	477,495	(402,531)	428,716

(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 exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

Impact on profit before taxation:

	2023		2022	
Currency	Foreign exchange rate + 10 % RM'000	Foreign exchange rate - 10 % RM'000	Foreign exchange rate + 10 % RM'000	Foreign exchange rate - 10 % RM'000
Group and Bank				
USD	(13,980)	13,980	(29,749)	29,749
SGD	9,406	(9,406)	6,076	(6,076)
EUR	2,558	(2,558)	(1,140)	1,140
AUD	4,086	(4,086)	2,849	(2,849)
GBP	2,385	(2,385)	4,968	(4,968)
JPY	1,550	(1,550)	(581)	581
HKD	36,036	(36,036)	37,618	(37,618)
Others	2,669	(2,669)	2,033	(2,033)

49. RISK MANAGEMENT (CONT'D.)

49.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk (Cont'd.)

Impact on equity:

	2023		2022	
Currency	**Foreign exchange rate + 10 % RM'000**	**Foreign exchange rate - 10 % RM'000**	**Foreign exchange rate + 10 % RM'000**	**Foreign exchange rate - 10 % RM'000**
Group				
USD	28,142	(28,142)	27,196	(27,196)
EUR	75	(75)	58	(58)
Bank				
USD	28,119	(28,119)	27,194	(27,194)
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 limit, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and of the Bank's profit before taxation and equity to a reasonable possible change in prices with all other variables remaining constant:

	2023		2022	
	Prices + 10 % RM'000	**Prices - 10 % RM'000**	**Prices + 10 % RM'000**	**Prices - 10 % RM'000**
Group				
Impact on profit before taxation	108,902	(108,902)	103,987	(103,987)
Impact on equity	6,055	(6,055)	6,973	(6,973)
Bank				
Impact on profit before taxation	108,901	(108,901)	103,987	(103,987)
Impact on equity	6,055	(6,055)	6,973	(6,973)

49. RISK MANAGEMENT (CONT'D.)

49.5 OPERATIONAL RISK MANAGEMENT

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

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

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk, outsourcing risk and technology (including cyber) risk. It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the 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.

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

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

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

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

49. RISK MANAGEMENT (CONT'D.)

49.5 OPERATIONAL RISK MANAGEMENT (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; and

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

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

(i) **Business Continuity Management (“BCM”)**

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

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Business Impact Analysis ("BIA") • Risk Assessment
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

49. RISK MANAGEMENT (CONT'D.)

49.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)

(i) Business Continuity Management ("BCM") (Cont'd.)

The BCM function is an integral part of ORM. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and the identification of critical business functions through BIA exercise, for the development of recovery strategy. BCM builds the resilience and recovery capability to safeguard the interest of 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 arrangement 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.

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

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

49. RISK MANAGEMENT (CONT'D.)

49.8 REGULATORY COMPLIANCE RISK

AMMB 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 RMC of the Board. A governance structure is in place for escalation and reporting of compliance risks and issues through monthly compliance reports to the RMC and Board.

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

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

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

50. FAIR VALUE MEASUREMENTS 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 investment in subsidiaries and other investments and deferred 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.

The estimated fair values of the Group's and of the Bank's financial instruments are as follows:

a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values).

	Group		**Bank**	
	Carrying value RM'000	**Fair value RM'000**	**Carrying value RM'000**	**Fair value RM'000**
2023				
Financial Assets				
Financial investments at amortised cost	9,214,717	9,234,957	9,214,717	9,234,957
Loans and advances*	9,464,332	8,493,266	9,077,626	8,182,106
	18,679,049	17,728,223	18,292,343	17,417,063
Financial Liabilities				
Recourse obligation of loans sold to Cagamas Berhad	6,600,036	6,658,915	6,600,036	6,658,915
Term funding	1,337,427	1,292,071	1,337,427	1,292,071
Debt capital	3,095,000	3,098,698	3,095,000	3,098,698
	11,032,463	11,049,684	11,032,463	11,049,684
2022				
Financial Assets				
Financial investments at amortised cost	5,929,515	5,959,643	5,929,515	5,959,643
Loans and advances*	9,169,616	8,397,856	9,063,565	8,305,345
	15,099,131	14,357,499	14,993,080	14,264,988
Financial Liabilities				
Recourse obligation of loans sold to Cagamas Berhad	6,875,023	7,374,300	6,875,023	7,374,300
Term funding	1,045,260	994,743	1,045,260	994,743
Debt capital	3,095,000	3,127,608	3,095,000	3,127,608
	11,015,283	11,496,651	11,015,283	11,496,651

Note:

* Excluding loans and advances of RM73,002,081,445 and RM73,358,032,423 for the Group and the Bank respectively (2022: RM69,647,871,109 and RM69,720,753,886 for the Group and the Bank respectively) where the carrying amounts are reasonable approximation of their fair values.

50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) The following table provides the fair value measurement hierarchy of the Group's and of the Bank's assets and liabilities:

	Group				Bank			
	Valuation techniques				Valuation techniques			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	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	923,613	-	923,673	60	923,613	-	923,673
Financial assets at fair value through profit or loss								
- Money market securities	-	8,090,552	-	8,090,552	-	8,090,552	-	8,090,552
- Quoted shares	1,074,251	-	-	1,074,251	1,074,247	-	-	1,074,247
- Unquoted shares	-	-	33	33	-	-	-	-
- Quoted unit trust	20,537	-	-	20,537	20,537	-	-	20,537
- Quoted sukuk	-	10,236	-	10,236	-	10,236	-	10,236
- Unquoted corporate bond and sukuk	-	996,192	-	996,192	-	996,192	-	996,192
Financial investments at fair value through other comprehensive income								
- Money market securities	-	10,752,667	-	10,752,667	-	10,752,667	-	10,752,667
- Unquoted shares	-	-	677,258	677,258	-	-	677,258	677,258
- Quoted unit trust	60,551	-	-	60,551	60,551	-	-	60,551
- Unquoted corporate bond and sukuk	-	8,815,876	-	8,815,876	-	8,815,876	-	8,815,876
Financial assets for which fair values are disclosed								
Financial investments at amortised cost	-	9,234,867	90	9,234,957	-	9,234,867	90	9,234,957
Loans and advances	-	8,493,266	-	8,493,266	-	8,182,106	-	8,182,106
	1,155,399	47,317,269	677,381	49,150,049	1,155,395	47,006,109	677,348	48,838,852
Financial liabilities measured at fair value								
Derivative financial liabilities	10,286	956,141	-	966,427	10,286	956,141	-	966,427
Financial liabilities for which fair values are disclosed								
Recourse obligation of loans sold to Cagamas Berhad	-	6,658,915	-	6,658,915	-	6,658,915	-	6,658,915
Term funding	-	1,292,071	-	1,292,071	-	1,292,071	-	1,292,071
Debt capital	-	3,098,698	-	3,098,698	-	3,098,698	-	3,098,698
	10,286	12,005,825	-	12,016,111	10,286	12,005,825	-	12,016,111

50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) The following table provides the fair value measurement hierarchy of the Group’s and of the Bank's assets and liabilities (Cont'd.):

	Group				Bank			
	Valuation techniques				Valuation techniques			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	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	830,731	-	832,821	2,090	830,731	-	832,821
Financial assets at fair value through profit or loss								
- Money market securities	-	1,096,786	-	1,096,786	-	1,096,786	-	1,096,786
- Quoted shares	1,047,418	-	-	1,047,418	1,047,414	-	-	1,047,414
- Unquoted shares	-	-	31	31	-	-	-	-
- Quoted unit trust	12,466	-	-	12,466	12,466	-	-	12,466
- Quoted sukuk	-	13,315	-	13,315	-	13,315	-	13,315
- Unquoted corporate bond and sukuk	-	505,888	-	505,888	-	505,888	-	505,888
Financial investments at fair value through other comprehensive income								
- Money market securities	-	6,494,294	-	6,494,294	-	6,494,294	-	6,494,294
- Unquoted shares	-	-	669,168	669,168	-	-	669,168	669,168
- Quoted unit trust	69,726	-	-	69,726	69,726	-	-	69,726
- Unquoted corporate bond and sukuk	-	7,106,396	-	7,106,396	-	7,106,396	-	7,106,396
Financial assets for which fair values are disclosed								
Financial investments at amortised cost	-	5,959,553	90	5,959,643	-	5,959,553	90	5,959,643
Loans and advances	-	8,397,856	-	8,397,856	-	8,305,345	-	8,305,345
	1,131,700	30,404,819	669,289	32,205,808	1,131,696	30,312,308	669,258	32,113,262
Financial liabilities measured at fair value								
Derivative financial liabilities	26,964	779,670	-	806,634	26,964	779,670	-	806,634
Financial liabilities for which fair values are disclosed								
Recourse obligation of loans sold to Cagamas Berhad	-	7,374,300	-	7,374,300	-	7,374,300	-	7,374,300
Term funding	-	994,743	-	994,743	-	994,743	-	994,743
Debt capital	-	3,127,608	-	3,127,608	-	3,127,608	-	3,127,608
	26,964	12,276,321	-	12,303,285	26,964	12,276,321	-	12,303,285

There is no transfer between level 1 and level 2 during the current and previous financial year for the Group and the Bank.

50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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 and advances

The fair value of variable rate loans and advances are estimated to approximate their carrying amounts. For fixed rate loans and advances, 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 and advances, 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 sold to Cagamas Berhad

The fair value for recourse obligation on loans 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.

50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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, investment 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 unquoted 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 of the Bank. Therefore, unobservable inputs reflect the Group’s and the Bank'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 Bank's own data, as well as financial information of the counterparties. Unquoted equity instruments at FVOCI was revalued using adjusted net assets method.

About 2.2% of the Group's and of the Bank's (2022: 3.7% of the Group's and of the Bank'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.

50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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 which are recorded at fair value:

Group	Equity instruments at FVTPL RM'000	Equity instruments at FVOCI RM'000	Total RM'000
2023			
Balance at beginning of the financial year	31	669,168	669,199
Gain on revaluation of financial assets taken up in statements of profit or loss and other comprehensive income	2	8,090	8,092
Balance at end of the financial year	33	677,258	677,291
2022			
Balance at beginning of the financial year	34	681,353	681,387
(Loss)/gain on revaluation of financial assets taken up in statements of profit or loss and other comprehensive income	(3)	2,666	2,663
Disposal	-	(14,857)	(14,857)
Addition	-	6	6
Balance at end of the financial year	31	669,168	669,199

Bank	Equity instruments at FVOCI RM'000
2023	
Balance at beginning of the financial year	669,168
Gain on revaluation of financial assets taken up in statement of other comprehensive income	8,090
Balance at end of the financial year	677,258

50. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements In Level 3 financial instruments measured at fair value (Cont'd.)

2022	**Equity instruments at FVOCI RM'000**
Balance at beginning of the financial year	681,353
Gain on revaluation of financial assets taken up in statement of other comprehensive income	2,666
Disposal	(14,857)
Addition	6
Balance at end of the financial year	669,168

Total gains or losses included in the statements of profit or loss and statements of other comprehensive income for financial instruments held at the end of the reporting year:

	Group		**Bank**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Financial assets at FVTPL				
Total gain/(loss) included in:				
- profit or loss	2	(3)	-	-
Financial investments at FVOCI				
Total gains included in:				
- other comprehensive income	8,090	2,666	8,090	2,666

There are no transfers between Level 2 and Level 3 during the current and previous financial year for the Group and the Bank.

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. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g. loans and advances) and similar agreements are as follows:

	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: Financial instruments RM'000	Amount not offset in the statements of financial position: Cash collateral received/pledged RM'000	Net amount RM'000
Group and Bank						
2023						
Derivative financial assets (Note 10)	923,673	-	923,673	(316,276)	(510,844)	96,553
	923,673	-	923,673	(316,276)	(510,844)	96,553
					(Note 28)	
Derivative financial liabilities (Note 10)	966,427	-	966,427	(316,276)	(467,034)	183,117
	966,427	-	966,427	(316,276)	(467,034)	183,117
					(Note 19)	
2022						
Derivative financial assets (Note 10)	832,821	-	832,821	(364,236)	(229,098)	239,487
	832,821	-	832,821	(364,236)	(229,098)	239,487
					(Note 28)	
Derivative financial liabilities (Note 10)	806,634	-	806,634	(364,236)	(446,809)	(4,411)
	806,634	-	806,634	(364,236)	(446,809)	(4,411)
					(Note 19)	

52. 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 providing 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

Under the Investment Banking division of AmBank, the core products are capital markets group, private banking and equity markets.

Capital Markets focuses on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which include corporate bond issuances, loan syndication, structured finance, capital and project advisory services, primary syndication and underwriting services and equity derivatives business. Private Banking primarily services high net worth clients and offers financing and deposit products. Equity markets offers margin financing to retail and corporate clients.

52. BUSINESS SEGMENT ANALYSIS (CONT'D.)

(e) 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.

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.

Notes:

(i) The Chief Operating Decision Maker relies primarily on the net finance 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.

52. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Retail banking RM'000	Business banking RM'000	Wholesale Banking: Corporate banking RM'000	Wholesale Banking: Group treasury and markets RM'000	Investment banking RM'000	Group funding and others RM'000	Total RM'000
2023							
External net income	1,516,223	554,534	873,121	376,850	45,958	(343,347)	3,023,339
Intersegments net income	(201,183)	(42,978)	(301,678)	164,165	(16,863)	398,537	-
Net income	1,315,040	511,556	571,443	541,015	29,095	55,190	3,023,339
Net interest income	1,109,287	391,119	454,100	337,943	25,542	28,630	2,346,621
Other operating income	202,955	120,437	117,343	203,072	3,553	26,560	673,920
Share in results of associate	2,798	-	-	-	-	-	2,798
Total income	1,315,040	511,556	571,443	541,015	29,095	55,190	3,023,339
Other operating expenses	(714,293)	(189,420)	(139,325)	(69,838)	(9,176)	(306,383)	(1,428,435)
of which:							
Depreciation of Property and Equipment	(15,808)	(1,687)	(1,223)	(457)	(10)	(30,698)	(49,883)
Depreciation of Right-of-Use Assets	-	-	-	-	-	(73,770)	(73,770)
Amortisation of Intangible Assets	(21,165)	(1,052)	(6,719)	(6,064)	-	(42,237)	(77,237)
Profit/(loss) before impairment losses	600,747	322,136	432,118	471,177	19,919	(251,193)	1,594,904
(Allowance for)/writeback of impairment on loans and advances	(164,286)	(54,328)	(44,723)	-	167	4,179	(258,991)
(Provision for)/writeback of commitments and contingencies	(10,822)	(12,267)	108,854	-	-	(485)	85,280
Writeback/(loss) of impairment on other assets	157	-	(4,202)	3,683	-	11	(351)
Other recoveries, net	-	-	-	508	-	19	527
Profit/(loss) before taxation	425,796	255,541	492,047	475,368	20,086	(247,469)	1,421,369
Taxation	(101,519)	(61,847)	(114,470)	(110,741)	(3,700)	64,645	(327,632)
Profit/(loss) for the financial year	324,277	193,694	377,577	364,627	16,386	(182,824)	1,093,737
Other information							
Total segment assets	47,845,154	13,762,860	23,327,442	47,463,542	1,572,289	2,884,175	136,855,462
Total segment liabilities	46,048,625	11,885,682	10,951,025	43,428,074	965,002	12,377,358	125,655,766
Cost to income ratio	54.3%	37.0%	24.4%	12.9%	31.5%	>100.0%	47.2%
Gross loans and advances	47,508,311	13,927,926	21,128,736	-	1,566,726	(361,379)	83,770,320
Net loans and advances	46,695,536	13,754,991	20,810,280	-	1,566,727	(361,120)	82,466,414
Impaired loans and advances	990,835	211,804	172,653	-	-	-	1,375,292
Deposits	45,267,639	11,706,604	10,662,393	24,571,677	955,428	876,498	94,040,239
Additions to:							
Property and equipment	13,308	774	362	97	-	41,488	56,029
Intangible assets	21,286	580	3,413	2,493	-	33,801	61,573

52. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Retail banking RM'000	Business banking RM'000	Wholesale Banking Corporate banking RM'000	Wholesale Banking Group treasury and markets RM'000	Investment banking RM'000	Group funding and others RM'000	Total RM'000
2022							
External net income	1,488,992	458,537	637,516	385,282	40,128	(314,578)	2,695,877
Intersegments net income	(273,747)	(45,383)	(198,199)	79,021	(13,415)	451,723	-
Net income	1,215,245	413,154	439,317	464,303	26,713	137,145	2,695,877
Net interest income	996,687	317,590	351,104	354,453	20,698	115,297	2,155,829
Other operating income	219,266	95,564	88,213	109,850	6,015	21,848	540,756
Share in results of associate	(708)	-	-	-	-	-	(708)
Total income	1,215,245	413,154	439,317	464,303	26,713	137,145	2,695,877
Other operating expenses	(662,047)	(137,569)	(129,243)	(70,855)	(7,684)	(293,382)	(1,300,780)
of which:							
Depreciation of Property and Equipment	(17,295)	(1,838)	(1,332)	(315)	(6)	(35,860)	(56,646)
Depreciation of Right-of-Use Assets	-	-	-	-	-	(66,403)	(66,403)
Amortisation of Intangible Assets	(21,890)	(843)	(5,542)	(2,876)	(1)	(55,882)	(87,034)
Profit/(loss) before impairment losses	553,198	275,585	310,074	393,448	19,029	(156,237)	1,395,097
(Allowance for)/writeback of impairment on loans and advances	(172,294)	(41,979)	(42,306)	-	12,202	172,311	(72,066)
Writeback of/(provision for) commitments and contingencies	2,936	(311)	(176,669)	-	-	(160)	(174,204)
(Loss)/writeback of impairment on other assets	(249)	-	(33,442)	4,348	-	13,791	(15,552)
Other recoveries, net	140	-	-	-	-	31	171
Profit before taxation	383,731	233,295	57,657	397,796	31,231	29,736	1,133,446
Taxation	(92,265)	(52,315)	(7,746)	(88,888)	(5,930)	127,320	(119,824)
Profit for the financial year	291,466	180,980	49,911	308,908	25,301	157,056	1,013,622
Other information							
Total segment assets	46,129,489	12,446,073	21,490,898	34,342,967	1,310,996	3,383,457	119,103,880
Total segment liabilities	40,916,223	11,191,008	11,644,200	31,942,788	870,845	12,456,794	109,021,858
Cost to income ratio	54.5%	33.3%	29.4%	15.3%	28.8%	>100.0%	48.3%
Gross loans and advances	45,871,360	12,580,116	20,392,647	-	1,284,923	(79,815)	80,049,231
Net loans and advances	45,043,578	12,436,352	20,136,424	-	1,284,868	(83,735)	78,817,487
Impaired loans and advances	713,802	182,602	151,043	-	55	-	1,047,502
Deposits	40,295,268	11,055,742	11,295,753	28,862,760	854,837	870,279	93,234,639
Additions to:							
Property and equipment	7,038	292	544	363	-	12,814	21,051
Intangible assets	16,557	439	10,044	12,988	-	26,255	66,283

APPENDIX 2

Unaudited Condensed Financial Statements for the Financial Period ended 30 June 2023

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiaries

Condensed Interim Financial Statements
For the Financial Period
1 April 2023 to
30 June 2023

(In Ringgit Malaysia)

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Bank	
	Note	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
ASSETS					
Cash and short-term funds	A8	5,723,090	6,874,702	5,691,798	6,873,677
Securities purchased under resale agreements		20,905	-	20,905	-
Deposits and placements with banks and other financial institutions	A9	2,041,121	1,084,465	2,041,121	1,084,465
Investment account placement	A10	1,384,544	1,537,252	1,384,544	1,537,252
Derivative financial assets		1,513,427	923,673	1,513,427	923,673
Financial assets at Fair Value Through Profit or Loss ("FVTPL")	A11	9,641,269	10,191,801	9,641,232	10,191,764
Financial investments at fair value through other comprehensive income	A12	19,116,286	20,306,352	19,116,286	20,306,352
Financial investments at amortised cost	A13	8,230,686	9,214,717	8,230,686	9,214,717
Loans and advances	A14	81,743,154	82,466,414	81,707,029	82,435,658
Statutory deposit with Bank Negara Malaysia		1,630,424	1,552,337	1,630,424	1,552,337
Deferred tax assets		124,374	164,294	124,374	164,294
Investment in subsidiaries		-	-	13,487	22,487
Investment in associates		18,388	18,395	19,617	19,617
Other assets	A15	2,968,324	1,948,382	2,966,857	1,946,952
Property and equipment		139,878	146,013	133,603	139,705
Right-of-use assets		205,428	224,596	206,360	225,632
Intangible assets		202,189	202,069	202,189	202,069
TOTAL ASSETS		**134,703,487**	**136,855,462**	**134,643,939**	**136,840,651**
LIABILITIES AND EQUITY					
Deposits from customers	A16	85,497,578	85,378,545	85,501,280	85,391,198
Deposits and placements of banks and other financial institutions	A17	9,549,428	8,661,694	9,554,628	8,701,757
Securities sold under repurchase agreements		13,387,571	16,466,674	13,387,571	16,466,674
Recourse obligation on loans sold to Cagamas Berhad		6,050,029	6,600,036	6,050,029	6,600,036
Derivative financial liabilities		1,325,207	966,427	1,325,207	966,427
Term funding		1,220,444	1,337,427	1,220,444	1,337,427
Debt capital		3,595,000	3,095,000	3,595,000	3,095,000
Other liabilities	A18	2,747,664	3,149,963	2,729,404	3,131,790
TOTAL LIABILITIES		**123,372,921**	**125,655,766**	**123,363,563**	**125,690,309**
Share capital		3,040,465	3,040,465	3,040,465	3,040,465
Reserves		8,289,956	8,159,086	8,239,911	8,109,877
Equity attributable to equity holder of the Bank		11,330,421	11,199,551	11,280,376	11,150,342
Non-controlling interests		145	145	-	-
TOTAL EQUITY		11,330,566	11,199,696	11,280,376	11,150,342
TOTAL LIABILITIES AND EQUITY		**134,703,487**	**136,855,462**	**134,643,939**	**136,840,651**
COMMITMENTS AND CONTINGENCIES	A33	**119,437,156**	**115,723,975**	**119,495,705**	**115,768,995**
NET ASSETS PER SHARE (RM)		**11.93**	**11.79**	**11.87**	**11.74**

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group					
Interest income	A19	1,510,341	1,048,949	1,510,341	1,048,949
Interest expense	A20	(959,119)	(481,939)	(959,119)	(481,939)
Net interest income		551,222	567,010	551,222	567,010
Other operating income	A21	210,348	141,008	210,348	141,008
Share in results of an associate		(7)	241	(7)	241
Net income		761,563	708,259	761,563	708,259
Other operating expenses	A22	(329,986)	(339,151)	(329,986)	(339,151)
Operating profit		431,577	369,108	431,577	369,108
Allowance for impairment on loans and advances	A23	(132,868)	(2,618)	(132,868)	(2,618)
Provision for commitments and contingencies		(3,948)	(5,047)	(3,948)	(5,047)
(Allowance)/writeback of allowance for impairment on:					
Financial investments	A24	(12,664)	2,500	(12,664)	2,500
Other financial assets	A25	(2,467)	595	(2,467)	595
Other recoveries		4	3	4	3
Profit before taxation		279,634	364,541	279,634	364,541
Taxation		(60,327)	(78,522)	(60,327)	(78,522)
Profit for the financial period		**219,307**	**286,019**	**219,307**	**286,019**
Attributable to:					
Equity holder of the Bank		219,307	286,019	219,307	286,019
Non-controlling interests		-	-	-	-
Profit for the financial period		219,307	286,019	219,307	286,019
Earnings per share (sen)					
Basic/Diluted	A26	23.09	30.11	23.09	30.11

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Profit for the financial period	219,307	286,019	219,307	286,019
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to statement of profit or loss				
Equity Instruments				
Financial investments at fair value through other comprehensive income				
- net unrealised gain/(loss) on changes in fair value	38,308	(4,374)	38,308	(4,374)
Tax effect	-	(440)	-	(440)
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on offshore operations	15,337	12,581	15,337	12,581
Cash flow hedge				
- amortisation of fair value changes of terminated hedge	1,576	1,576	1,576	1,576
Tax effect	(378)	(378)	(378)	(378)
Debt instruments				
Financial investments at fair value through other comprehensive income				
- net gain/(loss) on changes in fair value	14,910	(165,982)	14,910	(165,982)
- net loss/(gain) reclassified to profit or loss	130	(83)	130	(83)
- changes in expected credit losses ("ECL")	9,626	(1,834)	9,626	(1,834)
- foreign exchange differences	1	(1)	1	(1)
Tax effect	(3,610)	39,856	(3,610)	39,856
Other comprehensive income/(loss), net of tax	75,900	(119,079)	75,900	(119,079)
Total comprehensive income for the financial period, net of tax	295,207	166,940	295,207	166,940
Attributable to:				
Equity holder of the Bank	295,207	166,940	295,207	166,940
Non-controlling interests	-	-	-	-
	295,207	166,940	295,207	166,940

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Note	Individual Quarter 30 June 2023 RM'000	Individual Quarter 30 June 2022 RM'000	Cumulative Quarter 30 June 2023 RM'000	Cumulative Quarter 30 June 2022 RM'000
Bank					
Interest income	A19	1,509,724	1,047,933	1,509,724	1,047,933
Interest expense	A20	(959,191)	(481,989)	(959,191)	(481,989)
Net interest income		550,533	565,944	550,533	565,944
Other operating income	A21	210,352	140,859	210,352	140,859
Net income		760,885	706,803	760,885	706,803
Other operating expenses	A22	(330,155)	(339,023)	(330,155)	(339,023)
Operating profit		430,730	367,780	430,730	367,780
Allowance for impairment on loans and advances	A23	(133,075)	(2,702)	(133,075)	(2,702)
Provision for commitments and contingencies		(3,976)	(5,044)	(3,976)	(5,044)
(Allowance)/writeback of allowance for impairment on:					
Financial investments	A24	(12,664)	2,500	(12,664)	2,500
Other financial assets	A25	(2,422)	595	(2,422)	595
Other recoveries		4	3	4	3
Profit before taxation		278,597	363,132	278,597	363,132
Taxation		(60,113)	(78,212)	(60,113)	(78,212)
Profit for the financial period		**218,484**	**284,920**	**218,484**	**284,920**
Earnings per share (sen)					
Basic/Diluted	A26	23.00	29.99	23.00	29.99

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Bank				
Profit for the financial period	218,484	284,920	218,484	284,920
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to statement of profit or loss				
Equity Instruments				
Financial investments at fair value through other comprehensive income				
- net unrealised gain/(loss) on changes in fair value	38,308	(4,374)	38,308	(4,374)
Tax effect	-	(440)	-	(440)
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on offshore operations	15,324	12,570	15,324	12,570
Cash flow hedge				
- amortisation of fair value changes of terminated hedge	1,576	1,576	1,576	1,576
Tax effect	(378)	(378)	(378)	(378)
Debt instruments				
Financial investments at fair value through other comprehensive income				
- net gain/(loss) on changes in fair value	14,910	(165,982)	14,910	(165,982)
- net loss/(gain) reclassified to profit or loss	130	(83)	130	(83)
- changes in expected credit losses ("ECL")	9,626	(1,834)	9,626	(1,834)
- foreign exchange differences	1	(1)	1	(1)
Tax effect	(3,610)	39,856	(3,610)	39,856
Other comprehensive income/(loss), net of tax	75,887	(119,090)	75,887	(119,090)
Total comprehensive income for the financial period, net of tax	294,371	165,830	294,371	165,830

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Attributable to equity holder of the Bank									
			Non-distributable				Distributable			
Group	**Share capital RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable to equity holder RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2022	3,040,465	94,463	104,149	293,346	(9,062)	88,488	6,470,027	10,081,876	146	10,082,022
Profit for the financial period	-	-	-	-	-	-	286,019	286,019	-	286,019
Other comprehensive (loss)/income, net	-	-	-	(132,858)	1,198	12,581	-	(119,079)	-	(119,079)
Total comprehensive (loss)/income for the financial period	-	-	-	(132,858)	1,198	12,581	286,019	166,940	-	166,940
Transfer to regulatory reserve	-	27,264	-	-	-	-	(27,264)	-	-	-
Transaction with owner and other equity movements	-	27,264	-	-	-	-	(27,264)	-	-	-
At 30 June 2022	3,040,465	121,727	104,149	160,488	(7,864)	101,069	6,728,782	10,248,816	146	10,248,962

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Attributable to equity holder of the Bank									
		Non-distributable					Distributable			
Group	**Share capital RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Fair value reserve RM'000**	**Cash flow hedging deficit RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable to equity holder RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2023	3,040,465	201,229	104,149	299,138	(4,259)	101,830	7,456,999	11,199,551	145	11,199,696
Profit for the financial period	-	-	-	-	-	-	219,307	219,307	-	219,307
Other comprehensive income, net	-	-	-	59,365	1,198	15,337	-	75,900	-	75,900
Total comprehensive income for the financial period	-	-	-	59,365	1,198	15,337	219,307	295,207	-	295,207
Transfer from regulatory reserve	-	(38,600)	-	-	-	-	38,600	-	-	-
Dividends on ordinary shares:										
- final, financial year ended 31 March 2023	-	-	-	-	-	-	(164,337)	(164,337)	-	(164,337)
Transaction with owner and other equity movements	-	(38,600)	-	-	-	-	(125,737)	(164,337)	-	(164,337)
At 30 June 2023	3,040,465	162,629	104,149	358,503	(3,061)	117,167	7,550,569	11,330,421	145	11,330,566

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

Registration No. 196901000166 (8515-D)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Attributable to equity holder of the Bank						
		Non-distributable				Distributable	
Bank	**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**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2022	3,040,465	94,463	293,346	(9,062)	92,301	6,524,068	10,035,581
Profit for the financial period	-	-	-	-	-	284,920	284,920
Other comprehensive (loss)/income, net	-	-	(132,858)	1,198	12,570	-	(119,090)
Total comprehensive (loss)/income for the financial period	-	-	(132,858)	1,198	12,570	284,920	165,830
Transfer to regulatory reserve	-	27,264	-	-	-	(27,264)	-
Transaction with owner and other equity movements	-	27,264	-	-	-	(27,264)	-
At 30 June 2022	3,040,465	121,727	160,488	(7,864)	104,871	6,781,724	10,201,411

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

UNAUDITED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Attributable to equity holder of the Bank						
		Non-distributable				Distributable	
Bank	**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**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2023	3,040,465	201,229	299,138	(4,259)	105,630	7,508,139	11,150,342
Profit for the financial period	-	-	-	-	-	218,484	218,484
Other comprehensive income, net	-	-	59,365	1,198	15,324	-	75,887
Total comprehensive income for the financial period	-	-	59,365	1,198	15,324	218,484	294,371
Transfer from regulatory reserve	-	(38,600)	-	-	-	38,600	-
Dividends on ordinary shares:							
- final, financial year ended 31 March 2023	-	-	-	-	-	(164,337)	(164,337)
Transaction with owner and other equity movements	-	(38,600)	-	-	-	(125,737)	(164,337)
At 30 June 2023	3,040,465	162,629	358,503	(3,061)	120,954	7,600,886	11,280,376

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

	Group		Bank	
	30 June 2023 RM'000	**30 June 2022 RM'000**	**30 June 2023 RM'000**	**30 June 2022 RM'000**
Profit before taxation	279,634	364,541	278,597	363,132
Adjustments for non-operating and non-cash items	(7,521)	73,846	(7,242)	74,184
Operating profit before working capital changes	272,113	438,387	271,355	437,316
Changes in working capital:				
Net change in operating assets	(672,929)	(953,051)	(667,818)	(954,489)
Net change in operating liabilities	(3,091,292)	595,896	(3,135,414)	594,958
Tax paid	(96,875)	(153,068)	(96,250)	(151,830)
Net cash used in operating activities	(3,588,983)	(71,836)	(3,628,127)	(74,045)
Net cash generated from/(used in) investing activities	2,204,304	(2,101,845)	2,213,304	(2,101,845)
Net cash generated from/(used in) financing activities	317,782	(24,067)	317,659	(24,190)
Net decrease in cash and cash equivalents	(1,066,897)	(2,197,748)	(1,097,164)	(2,200,080)
Cash and cash equivalents at beginning of the financial period	7,053,121	11,139,096	7,052,096	11,119,681
Effect of exchange rate changes	276	(117)	276	(117)
Cash and cash equivalents at end of financial period	5,986,500	8,941,231	5,955,208	8,919,484
Cash and cash equivalents comprise:				
Cash and short-term funds	5,723,090	7,396,461	5,691,798	7,374,714
Deposits and placements with banks and other financial institutions	2,041,121	2,446,130	2,041,121	2,446,130
	7,764,211	9,842,591	7,732,919	9,820,844
Less: Deposits and placements with original maturity of more than 3 months	(1,781,489)	(904,520)	(1,781,489)	(904,520)
	5,982,722	8,938,071	5,951,430	8,916,324
Allowances for expected credit loss ("ECL") for cash and cash equivalents at end of the financial period	3,778	3,160	3,778	3,160
	5,986,500	8,941,231	5,955,208	8,919,484

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2023.

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and complies with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2023.

A1.1 Significant Accounting Policies

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

- Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)
- Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)
- International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)

The adoption of the relevant amendments to published standards did not have any material impact on the financial statements of the Group and of the Bank. The Group and the Bank 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 Bank are described below:

(a) Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101 *Presentation of Financial Statements*)

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank.

(b) Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)

The amendments require entities to disclose material accounting policies rather than significant accounting policies in the financial statements. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

An accounting policy is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the users make based on those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Immaterial accounting policy information need not be disclosed. The adoption of these amendments did not result in any material impact to the financial statements of the Group and the Bank.

(c) Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)

The amendments redefined accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty” and provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates.

The amendments further clarified that effects of a change in an input or measurement technique used to develop an accounting estimate (for example, expected credit losses, fair value of an asset or liability, and depreciation for property and equipment) is a change in accounting estimate, if they do not arise from prior period errors. The adoption of these amendments did not result in any material impact to the financial statements of the Group and the Bank.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

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

(d) 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 adoption of these amendments did not result in any material impact to the financial statements of the Group and the Bank.

(e) International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)

The amendments introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules. The adoption of these amendments did not result in any impact to the financial statements of the Group and the Bank as the Group's activities are principally conducted in Malaysia.

Standards issued but not yet effective

	Description	**Effective for annual periods beginning on or after**
-	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
-	Supplier Finance Arrangements (Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures*)	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

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

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

Standards issued but not yet effective (Cont'd.)

(a) 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 retained by the seller-lessee.

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.

Supplier Finance Arrangements (Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures*)

The amendments introduced new disclosure requirements for supplier finance arrangements which include terms and conditions of supplier financing arrangements, the amounts of the liabilities that are the subject of such agreements, the range of payment due dates and information on liquidity risk.

(b) 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 clarifed that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between entity 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.

A1.2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the condensed interim 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 revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities.

Judgements, estimates and assumptions are continually evaluated and are based on 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.

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant Accounting Judgements, Estimates and Assumptions (Cont'd.)

In the process of applying the Group's and the Bank's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2023.

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2023 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Other than as disclosed in Note A1, there were no unusual items during the current financial quarter and period affecting the financial results of the Group and the Bank.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the current financial quarter and period.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

On 27 June 2023, the Bank issued Tranche 11 with nominal amount of RM500.0 million under its RM4.0 billion Subordinated Notes Issuance Programme. The interest rate of this tranche is at 4.59% per annum payable half-yearly with a tenure of 10 years (callable in the 5th years).

On 30 June 2023, the Bank redeemed Tranche 8 - Series 1 of its Senior Notes with nominal value of RM150.0 million issued under its RM7.0 billion nominal value Senior Notes Programme.

Save as disclosed above, there were no new issuance for equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Group and the Bank during the financial quarter.

A7. DIVIDENDS

During the financial quarter, the final single-tier cash dividend of 17.30 sen per ordinary share on 949,927,564 ordinary shares amounting to approximately RM164,337,469 in respect of the financial year ended 31 March 2023 was paid on 16 June 2023.

The Directors did not declare any interim dividend during the financial period for the current financial year ending 31 March 2024.

A8. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Cash and bank balances	2,047,192	2,437,035	2,045,629	2,436,010
Deposit placements maturing within one month:				
Licensed banks	3,538,656	3,009,415	3,508,927	3,009,415
Bank Negara Malaysia	140,000	1,430,000	140,000	1,430,000
	3,678,656	4,439,415	3,648,927	4,439,415
Total cash and bank balances and deposit placements	5,725,848	6,876,450	5,694,556	6,875,425
Less: Allowances for ECL	(2,758)	(1,748)	(2,758)	(1,748)
	5,723,090	6,874,702	5,691,798	6,873,677

Movements in allowances for ECL are as follows:

Group and Bank	**Stage 1 12-Month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Total RM'000**
30 June 2023			
Balance at beginning of the financial period	1,448	300	1,748
Net allowance for/(writeback of) ECL:	1,264	(282)	982
- Transfer to Stage 1	1	(273)	(272)
New financial assets originated	4,473	-	4,473
Financial assets derecognised	(3,903)	-	(3,903)
Transfer from deposits and placements with banks and other financial institution (Note A9)	465	-	465
Net remeasurement of allowances	228	(9)	219
Foreign exchange differences	27	1	28
Balance at end of the financial period	2,739	19	2,758

Group and Bank	**Stage 1 12-Month ECL RM'000**	**Stage 2 Lifetime ECL not credit impaired RM'000**	**Total RM'000**
31 March 2023			
Balance at beginning of the financial year	2,072	21	2,093
Net (writeback of)/allowance for ECL:	(715)	341	(374)
New financial assets originated	16,914	685	17,599
Financial assets derecognised	(23,664)	(585)	(24,249)
Transfer from deposits and placements with banks and other financial institutions (Note A9)	6,204	35	6,239
Transfer to Stage 1	5	(24)	(19)
Net remeasurement of allowances	(174)	230	56
Foreign exchange differences	91	(62)	29
Balance at end of the financial year	1,448	300	1,748

A9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank 30 June 2023 RM'000	Group and Bank 31 March 2023 RM'000
Licensed banks	260,652	176,671
Licensed islamic bank (a related company)	81,489	107,860
Licensed investment bank (a related company)	1,700,000	800,000
	2,042,141	1,084,531
Less: Allowances for ECL	(1,020)	(66)
	2,041,121	1,084,465

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
30 June 2023		
Balance at beginning of the financial period	66	66
Net allowance for ECL:	954	954
New financial assets originated	1,259	1,259
Net remeasurement of allowances	160	160
Transfer to cash and short term funds (Note A8)	(465)	(465)
Balance at end of the financial period	1,020	1,020

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
31 March 2023			
Balance at beginning of the financial year	1,325	-	1,325
Net writeback of ECL:	(1,259)	-	(1,259)
New financial assets originated	5,042	35	5,077
Transfer to cash and short-term funds (Note A8)	(6,204)	(35)	(6,239)
Net remeasurement of allowances	(97)	-	(97)
Balance at end of the financial year	66	-	66

A10. INVESTMENT ACCOUNT PLACEMENT

	Group and Bank 30 June 2023 RM'000	31 March 2023 RM'000
Licensed Islamic bank	1,386,734	1,538,521
Less: Allowances for ECL	(2,190)	(1,269)
	1,384,544	1,537,252

This represent investment placed under Restricted Investment Account ("RA") arrangement with AmBank Islamic Berhad ("AmBank Islamic"). The contract is based on the Shariah concept of Mudarabah between two parties, that is, the investor ("the Bank") and the entrepreneur ("AmBank Islamic") to finance a business venture whereby the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor. The investment assets financed under this arrangement are financing and advances extended by AmBank Islamic to external customers. As the losses are borne solely by the investor, the related ECL allowance for financing and advances extended by AmBank Islamic is recorded by the Bank.

As at 30 June 2023, the gross exposure (inclusive interest receivable disclosed in other assets) relating to the RA financing for the Group and the Bank amounted to RM1,389.8 million (31 March 2023: RM1,541.9 million). No stage 3 ECL is provided for the RA financing as at 30 June 2023 and 31 March 2023.

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
30 June 2023		
Balance at beginning of the financial period	1,269	1,269
Net allowance for ECL:	921	921
Net remeasurement of allowances	921	921
Balance at end of the financial period	2,190	2,190

Group and Bank	Stage 1 12-Month ECL RM'000	Total RM'000
31 March 2023		
Balance at beginning of the financial year	2,179	2,179
Net writeback of ECL:	(910)	(910)
Net remeasurement of allowances	(910)	(910)
Balance at end of the financial year	1,269	1,269

A11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	1,062,800	2,163,416	1,062,800	2,163,416
Malaysian Treasury Bills	3,315,511	5,057,052	3,315,511	5,057,052
Malaysian Government Investment Issues	1,075,338	287,727	1,075,338	287,727
Malaysian Government Securities	1,949,974	582,357	1,949,974	582,357
	7,403,623	8,090,552	7,403,623	8,090,552
Quoted securities:				
In Malaysia:				
Shares	616,166	627,691	616,166	627,691
Unit trusts	20,328	20,537	20,328	20,537
Sukuk	10,234	10,236	10,234	10,236
	646,728	658,464	646,728	658,464
Outside Malaysia:				
Shares	420,729	446,560	420,725	446,556
Unquoted securities:				
In Malaysia:				
Shares	33	33	-	-
Corporate bonds and sukuk	1,170,156	996,192	1,170,156	996,192
	1,170,189	996,225	1,170,156	996,192
	9,641,269	10,191,801	9,641,232	10,191,764

A12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	248,895	247,160	248,895	247,160
Malaysian Government Investment Issues	3,431,990	3,430,007	3,431,990	3,430,007
Malaysian Government Securities	4,165,099	4,243,108	4,165,099	4,243,108
Foreign Government Investment Issues	13,893	13,309	13,893	13,309
Malaysian Treasury Bills	965,203	1,625,810	965,203	1,625,810
Negotiable Instruments of Deposit	399,903	1,193,273	399,903	1,193,273
	9,224,983	10,752,667	9,224,983	10,752,667
Quoted securities:				
In Malaysia:				
Unit trusts	60,551	60,551	60,551	60,551
	60,551	60,551	60,551	60,551
Unquoted securities:				
In Malaysia:				
Corporate bonds and sukuk	9,115,186	8,805,585	9,115,186	8,805,585
Shares	714,780	676,523	714,780	676,523
	9,829,966	9,482,108	9,829,966	9,482,108
Outside Malaysia:				
Sukuk	-	10,291	-	10,291
Shares	786	735	786	735
	786	11,026	786	11,026
	19,116,286	20,306,352	19,116,286	20,306,352

A12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
30 June 2023			
Balance at beginning of the financial period	8,562	1,979	10,541
Net allowance for ECL:	8,463	1,163	9,626
New financial assets originated	3,708	-	3,708
Financial assets derecognised	(2,909)	-	(2,909)
Net remeasurement of allowances	7,664	1,163	8,827
Foreign exchange differences	1	-	1
Balance at end of the financial period	17,026	3,142	20,168

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Total RM'000
31 March 2023			
Balance at beginning of the financial year	8,038	3,602	11,640
Net allowances for/(writeback of) ECL:	512	(1,623)	(1,111)
- Transfer to Stage 1	153	(2,411)	(2,258)
- Transfer to Stage 2	(1,106)	2,365	1,259
New financial assets originated	9,852	-	9,852
Financial assets derecognised	(6,467)	(2,996)	(9,463)
Net remeasurement of allowances	(1,920)	1,419	(501)
Foreign exchange differences	12	-	12
Balance at end of the financial year	8,562	1,979	10,541

A13. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank 30 June 2023 RM'000	Group and Bank 31 March 2023 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Investment Issues	1,626,554	2,459,308
Malaysian Government Securities	1,149,051	1,346,712
	2,775,605	3,806,020
Unquoted securities:		
In Malaysia:		
Corporate bonds and sukuk	5,498,160	5,448,738
	8,273,765	9,254,758
Less: Allowances for ECL	(43,079)	(40,041)
	8,230,686	9,214,717

Movements in allowances for ECL are as follows:

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
30 June 2023			
Balance at beginning of the financial period	4,758	35,283	40,041
Net allowance for ECL:	2,781	257	3,038
New financial assets originated	2,106	-	2,106
Net remeasurement of allowances	1,703	257	1,960
Financial assets derecognised	(1,028)	-	(1,028)
Balance at end of the financial period	7,539	35,540	43,079

Group and Bank	Stage 1 12-Month ECL RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
31 March 2023			
Balance at beginning of the financial year	3,314	34,272	37,586
Net allowances for ECL:	1,444	1,011	2,455
New financial assets originated	2,811	-	2,811
Net remeasurement of allowances	(473)	1,011	538
Financial assets derecognised	(894)	-	(894)
Balance at end of the financial year	4,758	35,283	40,041

A14. LOANS AND ADVANCES

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
At amortised cost:				
Overdraft	2,001,762	2,156,953	2,001,762	2,156,953
Term loans	26,113,887	25,688,680	26,113,887	25,688,680
Housing loan receivables	29,287,005	28,985,834	28,908,092	28,598,522
Hire purchase receivables	9,750,594	9,535,473	9,750,594	9,535,473
Bills receivables	1,932,065	2,223,438	1,932,065	2,223,438
Trust receipts	2,011,900	2,074,012	2,011,900	2,074,012
Claims on customers under acceptance credits	4,151,428	4,604,485	4,151,428	4,604,485
Card receivables	1,621,457	1,600,986	1,621,457	1,600,986
Revolving credits	6,006,696	6,684,854	6,349,345	7,041,064
Staff loans	81,523	81,377	81,523	81,377
Others	159,319	134,228	159,319	134,228
Gross loans and advances	83,117,636	83,770,320	83,081,372	83,739,218
Allowances for ECL:				
- Stage 1 - 12 months ECL	(191,806)	(160,839)	(192,011)	(160,826)
- Stage 2 - Lifetime ECL not credit impaired	(693,599)	(719,574)	(693,563)	(719,487)
- Stage 3 - Lifetime ECL credit impaired	(489,077)	(423,493)	(488,769)	(423,247)
Net loans and advances	81,743,154	82,466,414	81,707,029	82,435,658

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Domestic non-bank financial institutions	929,947	1,053,846	1,272,596	1,410,056
Domestic business enterprises				
- Small medium enterprises	20,182,091	19,814,532	20,182,091	19,814,532
- Others	16,959,060	18,233,263	16,959,060	18,233,263
Government and statutory bodies	39,728	43,059	39,728	43,059
Individuals	43,696,494	43,187,593	43,317,581	42,800,281
Other domestic entities	8,666	8,730	8,666	8,730
Foreign individuals and entities	1,301,650	1,429,297	1,301,650	1,429,297
	83,117,636	83,770,320	83,081,372	83,739,218

A14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
In Malaysia	82,849,772	83,487,307	82,813,508	83,456,205
Outside Malaysia	267,864	283,013	267,864	283,013
	83,117,636	83,770,320	83,081,372	83,739,218

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Fixed rate				
- Housing loans	67,913	451,584	67,913	64,272
- Hire purchase receivables	9,427,493	9,202,544	9,427,493	9,202,544
- Other fixed rate loans	6,825,378	7,217,452	6,825,378	7,217,452
Variable rate				
- Base rate and base lending rate plus	46,604,751	46,088,162	46,225,838	46,088,162
- Cost plus	19,194,790	19,809,770	19,537,439	20,165,980
- Other variable rates	997,311	1,000,808	997,311	1,000,808
	83,117,636	83,770,320	83,081,372	83,739,218

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Agriculture	1,072,841	1,196,390	1,072,841	1,196,390
Mining and quarrying	1,551,495	1,536,699	1,551,495	1,536,699
Manufacturing	10,164,672	10,909,186	10,164,672	10,909,186
Electricity, gas and water	828,214	984,557	828,214	984,557
Construction	3,480,716	3,499,629	3,480,716	3,499,629
Wholesale and retail trade and hotel and restaurants	8,980,440	8,885,936	8,980,440	8,885,936
Transport, storage and communication	3,513,111	3,474,022	3,513,111	3,474,022
Finance and insurance	1,058,201	1,321,740	1,400,850	1,677,950
Real estate	5,560,241	5,416,597	5,560,241	5,416,597
Business activities	1,562,381	1,750,699	1,562,381	1,750,699
Education and health	1,067,869	1,086,144	1,067,869	1,086,144
Household of which:	44,223,475	43,703,372	43,844,562	43,316,060
- purchase of residential properties	29,534,145	29,236,771	29,155,232	28,849,459
- purchase of transport vehicles	8,749,081	8,552,962	8,749,081	8,552,962
- others	5,940,249	5,913,639	5,940,249	5,913,639
Others	53,980	5,349	53,980	5,349
	83,117,636	83,770,320	83,081,372	83,739,218

A14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Maturing within one year	19,195,488	20,735,269	19,535,023	21,088,410
Over one year to three years	5,284,599	5,362,794	5,279,167	5,356,972
Over three years to five years	9,092,491	9,504,168	9,085,087	9,496,464
Over five years	49,545,058	48,168,089	49,182,095	47,797,372
	83,117,636	83,770,320	83,081,372	83,739,218

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Balance at beginning of the financial period/year	1,375,292	1,047,502	1,374,240	1,046,185
Additions during the financial period/year	505,059	1,141,705	504,476	1,141,134
Reclassified as non-impaired	(122,367)	(161,738)	(122,367)	(161,143)
Recoveries	(96,997)	(285,277)	(97,001)	(285,036)
Amount written off	(102,216)	(367,276)	(102,216)	(367,276)
Foreign exchange differences	430	376	430	376
Balance at end of the financial period/year	1,559,201	1,375,292	1,557,562	1,374,240
Gross impaired loans and advances as % of gross loans and advances	1.88%	1.64%	1.87%	1.64%
Loan loss coverage (Including regulatory reserve)	111.3%	123.5%	111.4%	123.6%

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
In Malaysia	1,559,201	1,375,292	1,557,562	1,374,240

A14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Agriculture	6,435	6,539	6,435	6,539
Mining and quarrying	19,456	4,397	19,456	4,397
Manufacturing	217,161	164,355	217,161	164,355
Electricity, gas and water	47,548	47,199	47,548	47,199
Construction	159,239	152,544	159,239	152,544
Wholesale and retail trade and hotel and restaurants	170,155	143,014	170,155	143,014
Transport, storage and communication	21,620	19,777	21,620	19,777
Finance and insurance	8,661	11,201	8,661	11,201
Real estate	10,461	10,915	10,461	10,915
Business activities	46,186	41,238	46,186	41,238
Education and health	22,189	10,217	22,189	10,217
Household of which:	830,090	763,896	828,451	762,844
- purchase of residential properties	628,919	581,738	627,280	580,686
- purchase of transport vehicles	85,964	85,358	85,964	85,358
- others	115,207	96,800	115,207	96,800
	1,559,201	1,375,292	1,557,562	1,374,240

A14. LOANS AND ADVANCES (CONT'D.)

(i) Movements in allowances for ECL 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
30 June 2023				
Balance at beginning of the financial period	160,839	719,574	423,493	1,303,906
Net allowance/(writeback) for ECL:	30,617	(25,981)	167,266	171,902
- Transfer to Stage 1	5,475	(38,049)	(1,345)	(33,919)
- Transfer to Stage 2	(7,203)	73,453	(19,049)	47,201
- Transfer to Stage 3	(589)	(25,388)	96,990	71,013
New financial assets originated	31,110	15,235	117	46,462
Net remeasurement of allowances	20,611	(40,726)	118,522	98,407
Modification of contractual cash flows of financial assets	37	3,374	(166)	3,245
Financial assets derecognised	(15,434)	(10,235)	(34,048)	(59,717)
Changes to model assumptions and methodologies	(3,390)	(3,645)	6,245	(790)
Foreign exchange differences	350	6	534	890
Amount written-off	-	-	(102,216)	(102,216)
Balance at end of the financial period	191,806	693,599	489,077	1,374,482

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
31 March 2023				
Balance at beginning of the financial year	154,044	758,197	319,503	1,231,744
Net allowances for/(writeback of) ECL:	6,413	(38,586)	470,793	438,620
- Transfer to Stage 1	10,466	(124,287)	(4,853)	(118,674)
- Transfer to Stage 2	(10,416)	116,349	(16,850)	89,083
- Transfer to Stage 3	(1,020)	(25,135)	174,011	147,856
New financial assets originated	42,982	53,894	6,981	103,857
Net remeasurement of allowances	890	42,961	332,873	376,724
Modification of contractual cash flows of financial assets	-	(66)	1,651	1,585
Financial assets derecognised	(28,084)	(81,891)	(59,837)	(169,812)
Changes to model assumptions and methodologies	(8,405)	(20,411)	36,817	8,001
Foreign exchange differences	382	(37)	473	818
Amount written-off	-	-	(367,276)	(367,276)
Balance at end of the financial year	160,839	719,574	423,493	1,303,906

A14. LOANS AND ADVANCES (CONT'D.)

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

Bank	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
30 June 2023				
Balance at beginning of the financial period	160,826	719,487	423,247	1,303,560
Net allowance/(writeback) for ECL:	30,835	(25,930)	167,204	172,109
- Transfer to Stage 1	5,472	(38,022)	(1,375)	(33,925)
- Transfer to Stage 2	(7,203)	73,452	(19,049)	47,200
- Transfer to Stage 3	(589)	(25,365)	96,966	71,012
New financial assets originated	31,110	15,235	117	46,462
Net remeasurement of allowances	20,830	(40,724)	118,514	98,620
Modification of contractual cash flows of financial assets	37	3,374	(166)	3,245
Financial assets derecognised	(15,432)	(10,235)	(34,048)	(59,715)
Changes to model assumptions and methodologies	(3,390)	(3,645)	6,245	(790)
Foreign exchange differences	350	6	534	890
Amount written-off	-	-	(102,216)	(102,216)
Balance at end of the financial period	192,011	693,563	488,769	1,374,343

Bank	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
31 March 2023				
Balance at beginning of the financial year	154,074	758,182	319,223	1,231,479
Net allowances for/(writeback of) ECL:	6,370	(38,657)	470,827	438,540
- Transfer to Stage 1	10,468	(124,281)	(4,681)	(118,494)
- Transfer to Stage 2	(10,416)	116,328	(16,843)	89,069
- Transfer to Stage 3	(1,020)	(25,131)	173,862	147,711
New financial assets originated	42,982	53,894	6,981	103,857
Net remeasurement of allowances	1,071	42,960	332,877	376,908
Modification of contractual cash flows of financial assets	-	(66)	1,651	1,585
Financial assets derecognised	(28,310)	(81,950)	(59,837)	(170,097)
Changes to model assumptions and methodologies	(8,405)	(20,411)	36,817	8,001
Foreign exchange differences	382	(38)	473	817
Amount written-off	-	-	(367,276)	(367,276)
Balance at end of the financial year	160,826	719,487	423,247	1,303,560

A15. OTHER ASSETS

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Other receivables, deposits and prepayments	639,384	734,680	638,013	733,229
Interest receivable	448,934	428,273	448,922	428,274
Amount due from related companies	467,414	35,123	467,546	35,268
Collateral pledged for derivative and securities transactions	1,046,393	467,034	1,046,393	467,034
Foreclosed properties	2,577	2,644	2,270	2,337
Deferred charges	121,523	111,338	121,523	111,338
Tax recoverable	245,165	172,744	244,756	172,471
	2,971,390	1,951,836	2,969,423	1,949,951
Less: Accumulated impairment losses	(3,066)	(3,454)	(2,566)	(2,999)
	2,968,324	1,948,382	2,966,857	1,946,952

Amounts due from related companies are unsecured, non-interest bearing and are repayable on demand.

A16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Demand deposits	22,004,673	25,489,922	22,007,553	25,501,758
Savings deposits	4,549,627	5,840,339	4,549,627	5,840,339
Term/Investment deposits	58,943,278	54,048,284	58,944,100	54,049,101
	85,497,578	85,378,545	85,501,280	85,391,198

(i) The deposits are sourced from the following type of customers:

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Government and other statutory bodies	1,025,900	868,756	1,025,900	868,756
Business enterprises	44,270,085	39,229,447	44,273,787	39,242,100
Individuals	35,686,938	38,941,377	35,686,938	38,941,377
Others	4,514,655	6,338,965	4,514,655	6,338,965
	85,497,578	85,378,545	85,501,280	85,391,198

A16. DEPOSITS FROM CUSTOMERS (CONT'D.)

(ii) The maturity structure of term/investment deposits is as follows:

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Due within six months	46,272,142	42,012,274	46,272,964	42,013,091
Over six months to one year	11,920,614	9,984,599	11,920,614	9,984,599
Over one year to three years	699,983	1,998,352	699,983	1,998,352
Over three years to five years	50,539	53,059	50,539	53,059
	58,943,278	54,048,284	58,944,100	54,049,101

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Licensed banks	5,178,377	5,617,181	5,178,377	5,617,181
Licensed investment banks	1,913,884	782,226	1,913,884	782,226
Other financial institutions	1,118,998	953,673	1,124,198	993,736
Bank Negara Malaysia	1,338,169	1,308,614	1,338,169	1,308,614
	9,549,428	8,661,694	9,554,628	8,701,757

A18. OTHER LIABILITIES

	Group		Bank	
	30 June 2023 RM'000	**31 March 2023 RM'000**	**30 June 2023 RM'000**	**31 March 2023 RM'000**
Other payables and accruals	1,096,991	1,229,782	1,077,654	1,210,739
Lease liabilities	210,191	228,707	211,224	229,836
Provision for reinstatement for leased properties	6,223	6,207	6,223	6,207
Interest payable	716,722	674,008	716,722	674,008
Amount due to holding company and other related companies	-	206,711	1	206,712
Collateral received for derivative and securities transactions	422,415	510,844	422,415	510,844
Lease deposits and advance rentals	40,140	39,718	40,140	39,718
Provision for commitments and contingencies	2,239	3,502	2,239	3,502
Allowances for ECL on loan commitments and financial guarantees (Note (a))	198,418	193,085	198,466	193,105
Provision for taxation	1,110	1,119	1,105	839
Deferred income	53,215	56,280	53,215	56,280
	2,747,664	3,149,963	2,729,404	3,131,790

Amounts due to holding company and other related companies relate to normal operating activities which are unsecured, non-interest bearing and repayable on demand.

A18. OTHER LIABILITIES (CONT'D.)

(a) Movements in allowance for ECL on 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
30 June 2023				
Balance at beginning of the financial period	31,057	26,808	135,220	193,085
Net allowances/(writeback) for ECL:	5,406	(1,891)	1,698	5,213
- Transfer to Stage 1	654	(4,828)	-	(4,174)
- Transfer to Stage 2	(582)	3,499	-	2,917
- Transfer to Stage 3	(8)	(314)	-	(322)
New exposure originated	8,965	3,977	-	12,942
Net remeasurement of allowances	560	(2,457)	1,733	(164)
Exposure derecognised/withdrawn	(4,183)	(1,768)	(35)	(5,986)
Foreign exchange differences	114	5	1	120
Balance at end of the financial period	36,577	24,922	136,919	198,418

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
31 March 2023				
Balance at beginning of the financial year	20,472	15,763	242,154	278,389
Net allowances for/(writeback of) ECL:	10,465	11,040	(106,915)	(85,410)
- Transfer to Stage 1	827	(4,554)	-	(3,727)
- Transfer to Stage 2	(894)	7,787	-	6,893
- Transfer to Stage 3	(28)	(304)	3,702	3,370
New exposure originated	14,224	13,861	-	28,085
Net remeasurement of allowances	2,708	(331)	(110,225)	(107,848)
Financial exposure derecognised/withdrawn	(6,372)	(5,419)	(392)	(12,183)
Foreign exchange differences	120	5	(19)	106
Balance at end of the financial year	31,057	26,808	135,220	193,085

A18. OTHER LIABILITIES (CONT'D.)

(a) Movements in allowance for ECL on commitments and financial guarantees are as follows (Cont'd.):

Bank	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
30 June 2023				
Balance at beginning of the financial period	31,077	26,808	135,220	193,105
Net allowances/(writeback) for ECL:	5,434	(1,891)	1,698	5,241
- Transfer to Stage 1	654	(4,828)	-	(4,174)
- Transfer to Stage 2	(582)	3,499	-	2,917
- Transfer to Stage 3	(8)	(314)	-	(322)
New financial instruments originated	8,965	3,977	-	12,942
Net remeasurement of allowances	588	(2,457)	1,733	(136)
Exposure derecognised/withdrawn	(4,183)	(1,768)	(35)	(5,986)
Foreign exchange differences	114	5	1	120
Balance at end of the financial period	36,625	24,922	136,919	198,466

Bank	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
31 March 2023				
Balance at beginning of the financial year	20,518	15,763	242,154	278,435
Net allowances for/(writeback of) ECL:	10,439	11,040	(106,915)	(85,436)
- Transfer to Stage 1	827	(4,554)	-	(3,727)
- Transfer to Stage 2	(894)	7,787	-	6,893
- Transfer to Stage 3	(28)	(304)	3,702	3,370
New exposure originated	14,224	13,861	-	28,085
Net remeasurement of allowances	2,682	(331)	(110,225)	(107,874)
Financial exposure derecognised/withdrawn	(6,372)	(5,419)	(392)	(12,183)
Foreign exchange differences	120	5	(19)	106
Balance at end of the financial year	31,077	26,808	135,220	193,105

A19. INTEREST INCOME

	Note	Individual Quarter 30 June 2023 RM'000	Individual Quarter 30 June 2022 RM'000	Cumulative Quarter 30 June 2023 RM'000	Cumulative Quarter 30 June 2022 RM'000
Group					
Short-term funds and deposits and placements with financial institutions	(a)	85,149	26,633	85,149	26,633
Financial assets at fair value through profit or loss		72,798	17,551	72,798	17,551
Financial investments at fair value through other comprehensive income		171,226	111,115	171,226	111,115
Financial investments at amortised cost		94,451	66,368	94,451	66,368
Loans and advances	(b)	1,063,309	809,608	1,063,309	809,608
Investment account placement		13,810	11,344	13,810	11,344
Impaired loans and advances		1,901	883	1,901	883
Others		7,697	5,447	7,697	5,447
		1,510,341	1,048,949	1,510,341	1,048,949
Bank					
Short-term funds and deposits and placements with financial institutions	(a)	85,003	26,559	85,003	26,559
Financial assets at fair value through profit or loss		72,798	17,551	72,798	17,551
Financial investments at fair value through other comprehensive income		171,226	111,115	171,226	111,115
Financial investments at amortised cost		94,451	66,368	94,451	66,368
Loans and advances	(b)	1,062,838	808,666	1,062,838	808,666
Investment account placement		13,810	11,344	13,810	11,344
Impaired loans and advances		1,901	883	1,901	883
Others		7,697	5,447	7,697	5,447
		1,509,724	1,047,933	1,509,724	1,047,933

Note:

(a) Included in the interest income on short term funds and deposits placements with financial institution is the fair value gain of RM11.8 million (June 2022: RM Nil) arising from the differential between the concession rates received and market rates of the placements made to AmBank Islamic and its unwinding amount for the financial quarter of loss of RM1.0 million (June 2022: gain of RM1.1 million). There was no fair value loss recognised in the current financial quarter.

(b) Included in the interest income of loans and advances of the Group and of the Bank are the net loss of RM9.0 million (June 2022: loss of RM0.9 million) arising from government support measures implemented in response to COVID-19 pandemic.

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	**30 June 2022 RM'000**	**30 June 2023 RM'000**	**30 June 2022 RM'000**
Group				
Deposits from customers	638,550	348,931	638,550	348,931
Deposits and placements of banks and other financial institutions	84,137	27,946	84,137	27,946
Securities sold under repurchase agreements	126,783	12,943	126,783	12,943
Recourse obligation on loans sold to Cagamas Berhad	51,303	44,260	51,303	44,260
Term funding	17,375	10,514	17,375	10,514
Debt capital	36,923	36,826	36,923	36,826
Others	4,048	519	4,048	519
	959,119	481,939	959,119	481,939
Bank				
Deposits from customers	638,558	348,981	638,558	348,981
Deposits and placements of banks and other financial institutions	84,201	27,946	84,201	27,946
Securities sold under repurchase agreements	126,783	12,943	126,783	12,943
Recourse obligation on loans sold to Cagamas Berhad	51,303	44,260	51,303	44,260
Term funding	17,375	10,514	17,375	10,514
Debt capital	36,923	36,826	36,923	36,826
Others	4,048	519	4,048	519
	959,191	481,989	959,191	481,989

A21. OTHER OPERATING INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Fee and commission income:				
Bancassurance commission	8,471	7,186	8,471	7,186
Brokerage fees, commission and rebates	264	386	264	386
Fees on loans, advances and securities	26,575	34,773	26,575	34,773
Fees, service and commission charges	6,104	9,197	6,104	9,197
Unit trust fees, commission and charges	9,371	7,444	9,371	7,444
Guarantee fees	12,113	13,876	12,113	13,876
Remittances	6,521	7,705	6,521	7,705
Other fee and commission	10,163	3,142	10,163	3,142
	79,582	83,709	79,582	83,709
Investment and trading income:				
Foreign exchange gain	167,258	160,805	167,258	160,805
Gross dividend income/distribution from:				
Financial assets at fair value through profit or loss	1,789	2,615	1,789	2,615
Financial investments at fair value through other comprehensive income	4,672	1,810	4,672	1,810
Net gain/(loss) on sale of:				
Financial assets at fair value through profit or loss	18,049	(2,462)	18,049	(2,462)
Financial investments at fair value through other comprehensive income	(130)	83	(130)	83
Net gain on redemption of financial assets at amortised cost	34,855	-	34,855	-
Net loss on revaluation of financial assets at fair value through profit or loss	(85,689)	(37,326)	(85,689)	(37,326)
Net loss on derivatives	(19,475)	(80,009)	(19,475)	(80,009)
Others	288	3,548	288	3,548
	121,617	49,064	121,617	49,064
Other income:				
Net gain on disposal of property and equipment	6	45	6	45
Net (loss)/gain on non trading foreign exchange	(31)	179	(31)	179
Profit from sale of goods and services	4,065	4,062	4,065	4,062
Rental income	2,040	1,955	2,040	1,955
Others	3,069	1,994	3,069	1,994
	9,149	8,235	9,149	8,235
	210,348	141,008	210,348	141,008

A21. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	**30 June 2022 RM'000**	**30 June 2023 RM'000**	**30 June 2022 RM'000**
Bank				
Fee and commission income:				
Bancassurance commission	8,471	7,186	8,471	7,186
Brokerage fees, commission and rebates	264	386	264	386
Fees on loans, advances and securities	26,575	34,773	26,575	34,773
Fees, service and commission charges	6,469	9,049	6,469	9,049
Unit trust fees, commission and charges	9,371	7,444	9,371	7,444
Guarantee fees	12,113	13,876	12,113	13,876
Remittances	6,521	7,705	6,521	7,705
Other fee and commission	10,163	3,142	10,163	3,142
	79,947	83,561	79,947	83,561
Investment and trading income:				
Foreign exchange gain	167,259	160,777	167,259	160,777
Gross dividend income/distribution from:				
Financial assets at fair value through profit or loss	1,789	2,615	1,789	2,615
Financial investments at fair value through other comprehensive income	4,672	1,810	4,672	1,810
Net gain/(loss) on sale of:				
Financial assets at fair value through profit or loss	18,049	(2,462)	18,049	(2,462)
Financial investments at fair value through other comprehensive income	(130)	83	(130)	83
Net gain on redemption of financial assets at amortised cost	34,855	-	34,855	-
Net loss on revaluation of financial assets at fair value through profit or loss	(85,689)	(37,326)	(85,689)	(37,326)
Net loss on derivatives	(19,475)	(80,009)	(19,475)	(80,009)
Others	288	3,548	288	3,548
	121,618	49,036	121,618	49,036
Other income:				
Net gain on disposal of property and equipment	7	45	7	45
Net (loss)/gain on non trading foreign exchange	(31)	179	(31)	179
Profit from sale of goods and services	4,065	4,062	4,065	4,062
Rental income	2,104	2,019	2,104	2,019
Others	2,642	1,957	2,642	1,957
	8,787	8,262	8,787	8,262
	210,352	140,859	210,352	140,859

A22. OTHER OPERATING EXPENSES

	Note	Individual Quarter 30 June 2023 RM'000	Individual Quarter 30 June 2022 RM'000	Cumulative Quarter 30 June 2023 RM'000	Cumulative Quarter 30 June 2022 RM'000
Group					
Personnel costs:					
Medical		6,164	4,108	6,164	4,108
Insurance		5,504	6,675	5,504	6,675
Contributions to Employees' Provident Fund/ Private Retirement Schemes ("PRS")		37,530	33,976	37,530	33,976
Salaries, bonuses, allowances and incentives		240,276	221,504	240,276	221,504
Share granted under AMMB Executives' Share Scheme ("ESS") - charge		1,734	1,572	1,734	1,572
Social security costs		1,983	1,616	1,983	1,616
Recruitment costs		682	3,288	682	3,288
Training		1,053	3,488	1,053	3,488
Others		2,468	1,792	2,468	1,792
		297,394	278,019	297,394	278,019
Establishment costs:					
Amortisation of intangible assets		17,225	18,304	17,225	18,304
Cleaning, maintenance and security		6,643	6,098	6,643	6,098
Computerisation cost		49,027	42,535	49,027	42,535
Depreciation of property and equipment		11,869	11,660	11,869	11,660
Depreciation of right-of-use assets		16,948	23,075	16,948	23,075
Rental of premises		944	(5,418)	944	(5,418)
Finance cost:					
- Lease liabilities		1,586	1,728	1,586	1,728
- Provision for reinstatement for leased properties		15	22	15	22
Others		8,635	8,036	8,635	8,036
		112,892	106,040	112,892	106,040
Marketing and communication expenses:					
Advertising, marketing and communication		11,559	10,942	11,559	10,942
Commission		651	799	651	799
Others		1,401	852	1,401	852
		13,611	12,593	13,611	12,593
Administration and general expenses:					
Bank charges		3,123	2,347	3,123	2,347
Insurance		2,247	3,410	2,247	3,410
Professional services		14,698	9,885	14,698	9,885
Travelling		528	415	528	415
Subscriptions and periodicals		1,169	15	1,169	15
Others		5,544	6,401	5,544	6,401
		27,309	22,473	27,309	22,473
Service transfer pricing recovery - net	(a)	(121,220)	(79,974)	(121,220)	(79,974)
		329,986	339,151	329,986	339,151

A22. OTHER OPERATING EXPENSES (CONT'D.)

	Note	Individual Quarter 30 June 2023 RM'000	Individual Quarter 30 June 2022 RM'000	Cumulative Quarter 30 June 2023 RM'000	Cumulative Quarter 30 June 2022 RM'000
Bank					
Personnel costs:					
Medical		6,164	4,108	6,164	4,108
Insurance		5,504	6,675	5,504	6,675
Contributions to Employees' Provident Fund/ PRS		37,530	33,976	37,530	33,976
Salaries, bonuses, allowances and incentives		240,276	221,504	240,276	221,504
Share granted under AMMB ESS - charge		1,734	1,572	1,734	1,572
Social security costs		1,983	1,616	1,983	1,616
Recruitment costs		682	3,288	682	3,288
Training		1,053	3,488	1,053	3,488
Others		2,468	1,792	2,468	1,792
		297,394	278,019	297,394	278,019
Establishment costs:					
Amortisation of intangible assets		17,225	18,304	17,225	18,304
Cleaning, maintenance and security		6,605	5,983	6,605	5,983
Computerisation cost		49,027	42,535	49,027	42,535
Depreciation of property and equipment		11,835	11,544	11,835	11,544
Depreciation of right-of-use assets		17,052	23,178	17,052	23,178
Rental of premises		1,066	(5,296)	1,066	(5,296)
Finance cost:					
- Lease liabilities		1,613	1,757	1,613	1,757
- Provision for reinstatement for leased properties		15	22	15	22
Others		8,636	8,011	8,636	8,011
		113,074	106,038	113,074	106,038
Marketing and communication expenses:					
Advertising, marketing and communication		11,559	10,942	11,559	10,942
Commission		651	799	651	799
Others		1,401	852	1,401	852
		13,611	12,593	13,611	12,593
Administration and general expenses:					
Bank charges		3,123	2,347	3,123	2,347
Insurance		2,247	3,302	2,247	3,302
Professional services		14,686	9,868	14,686	9,868
Travelling		528	415	528	415
Subscriptions and periodicals		1,169	15	1,169	15
Others		5,543	6,400	5,543	6,400
		27,296	22,347	27,296	22,347
Service transfer pricing recovery - net	(a)	(121,220)	(79,974)	(121,220)	(79,974)
		330,155	339,023	330,155	339,023

Note:
(a) Higher service transfer pricing ("STP") recovery mainly from the revision in allocation methodology of STP recovery.

A23. ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Allowance for impairment on loans and advances	171,902	47,619	171,902	47,619
Impaired loans and advances recovered, net	(39,034)	(45,001)	(39,034)	(45,001)
	132,868	2,618	132,868	2,618
Bank				
Allowance for impairment on loans and advances	172,109	47,703	172,109	47,703
Impaired loans and advances recovered, net	(39,034)	(45,001)	(39,034)	(45,001)
	133,075	2,702	133,075	2,702

A24. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group and Bank				
Financial investments at fair value through other comprehensive income	9,626	(1,834)	9,626	(1,834)
Financial investments at amortised cost	3,038	(666)	3,038	(666)
	12,664	(2,500)	12,664	(2,500)

A25. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON OTHER FINANCIAL ASSETS

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Cash and short-term funds	982	(269)	982	(269)
Deposits and placements with banks and other financial institutions	954	(48)	954	(48)
Investment account placement	921	(334)	921	(334)
Other assets	(390)	56	(390)	56
	2,467	(595)	2,467	(595)
Bank				
Cash and short-term funds	982	(269)	982	(269)
Deposits and placements with banks and other financial institutions	954	(48)	954	(48)
Investment account placement	921	(334)	921	(334)
Other assets	(435)	56	(435)	56
	2,422	(595)	2,422	(595)

A26. EARNINGS PER SHARE ("EPS")

Basic/Diluted

The basic/diluted earnings per share is calculated by dividing the net profit attributable to equity holder of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Group				
Net profit attributable to equity holder of the Bank (RM'000)	219,307	286,019	219,307	286,019
Number of ordinary shares at beginning and end of the financial period representing weighted average number of ordinary shares in issue ('000)	949,927	949,927	949,927	949,927
Basic/diluted earnings per share (sen)	23.09	30.11	23.09	30.11
Bank				
Net profit attributable to equity holder of the Bank (RM'000)	218,484	284,920	218,484	284,920
Number of ordinary shares at beginning and end of the financial period representing weighted average number of ordinary shares in issue ('000)	949,927	949,927	949,927	949,927
Basic/diluted earnings per share (sen)	23.00	29.99	23.00	29.99

A27. 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 provides everyday banking solutions to individuals and small and medium-sized enterprises (“SMEs") customers, covering both conventional and Islamic financial products and services which includes auto finance, mortgage, personal loan, credit cards, small business loans, wealth management, bancassurance, remittance, merchant business solutions 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.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

The Group comprises the following main business segments (Cont'd.):

(c) Wholesale Banking

Wholesale Banking comprises Corporate Banking, Transaction Banking and Group Treasury and Markets.

(i) Corporate and Transaction Banking

Corporate Banking offers a full range of products and services, including corporate lending, investment banking advisory, trade finance, offshore banking and cash management solutions to wholesale banking clients.

Transaction Banking delivers tailor-made digital and cash management solutions, as well as trade financing and remittance services, to corporate and SME clients.

(ii) Group Treasury and Markets

Group Treasury and Markets manages liquidity for the banking group and offers financial market and hedging solutions across all asset classes to a broad range of clients. The sales and trading activities cover fixed income, interest rates, foreign exchange, money market, equity derivatives, commodities and other derivatives.

(d) Investment Banking

Under the Investment Banking division of AmBank, the core products are capital markets group, private banking and equity markets.

Capital Markets focuses on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which include corporate bond issuances, loan syndication, structured finance, capital and project advisory services and primary syndication and underwriting services. Private Banking primarily services high net worth clients and offers financing and deposit products. Equity markets offers margin financing to retail and corporate clients.

(e) Group Funding and Others

Group Funding and Others comprise 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.

Measurement of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised costs, 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 aggregation.

Note:

(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.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 June 2023	Retail Banking RM'000	Business Banking RM'000	Wholesale Banking: Corporate and Transaction Banking RM'000	Wholesale Banking: Group Treasury and Markets RM'000	Investment Banking RM'000	Group Funding and Others RM'000	Total RM'000
External net income	374,043	258,202	158,809	43,701	14,268	(87,460)	761,563
Intersegments net income	(47,371)	(59,224)	(67,066)	110,802	(5,204)	68,063	-
Net income	326,672	198,978	91,743	154,503	9,064	(19,397)	761,563
Net interest income	275,974	150,037	72,655	71,933	7,078	(26,455)	551,222
Other operating income	50,706	48,940	19,087	82,570	1,987	7,058	210,348
Share in results of an associate	(7)	-	-	-	-	-	(7)
Net income	326,673	198,977	91,742	154,503	9,065	(19,397)	761,563
Other operating expenses	(194,080)	(61,140)	(33,527)	(22,915)	(2,058)	(16,266)	(329,986)
of which:							
Depreciation of property and equipment	(3,893)	(420)	(280)	(122)	(3)	(7,151)	(11,869)
Depreciation of right-of-use assets	-	-	-	-	-	(16,948)	(16,948)
Amortisation of intangible assets	(4,861)	(281)	(1,502)	(1,515)	-	(9,066)	(17,225)
Profit/(loss) before impairment losses	132,593	137,837	58,215	131,588	7,007	(35,663)	431,577
(Allowance)/writeback of allowance for impairment on loans and advances	(91,597)	(84,393)	42,905	-	10	207	(132,868)
Writeback of provision/(provision) for commitments and contingencies	1,026	(5,801)	(465)	-	-	1,292	(3,948)
Writeback of allowance/(allowance) for impairment on financial investment and other financial assets	24	(167)	(2,969)	(11,973)	-	(46)	(15,131)
Other recoveries	-	-	-	-	-	4	4
Profit/(loss) before taxation	42,046	47,476	97,686	119,615	7,017	(34,206)	279,634
Taxation	(10,093)	(10,966)	(23,222)	(27,828)	(1,405)	13,187	(60,327)
Profit/(loss) for the financial period	31,953	36,510	74,464	91,787	5,612	(21,019)	219,307
Other information							
Total segment assets	48,243,691	22,375,337	13,588,988	45,663,921	1,570,203	3,261,347	134,703,487
Total segment liabilities	42,621,108	16,619,664	7,414,603	43,672,351	1,050,549	11,994,646	123,372,921
Cost to income ratio	59.4%	30.7%	36.5%	14.8%	22.7%	(83.9%)	43.3%
Gross loans and advances	48,118,698	22,374,360	11,419,762	-	1,552,241	(347,425)	83,117,636
Net loans and advances	47,280,096	22,025,337	11,232,438	-	1,552,241	(346,958)	81,743,154
Impaired loans and advances	1,056,662	380,599	121,940	-	-	-	1,559,201
Total deposits	41,912,142	16,406,725	7,166,936	27,614,879	1,037,757	908,567	95,047,006
Additions to:							
Property and equipment	5,411	187	297	113	-	6,407	12,415
Intangible assets	10,398	52	1,654	759	-	9,881	22,744

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 June 2022 (Restated)	**Retail Banking RM'000**	**Business Banking RM'000**	**Wholesale Banking: Corporate Banking RM'000**	**Wholesale Banking: Group Treasury and Markets RM'000**	**Investment Banking RM'000**	**Group Funding and Others RM'000**	**Total RM'000**
External net income	367,249	195,363	95,268	116,196	9,737	(75,554)	708,259
Intersegments net income	(47,004)	(18,315)	(24,514)	(2,978)	(3,174)	95,985	-
Net income	320,245	177,048	70,754	113,218	6,563	20,431	708,259
Net interest income	265,484	130,697	57,752	94,903	5,718	12,456	567,010
Other operating income	54,520	46,352	13,001	18,315	846	7,974	141,008
Share in results of an associate	241	-	-	-	-	-	241
Net income	320,245	177,049	70,753	113,218	6,564	20,430	708,259
Other operating expenses	(170,123)	(55,157)	(29,841)	(20,435)	(1,541)	(62,054)	(339,151)
of which:							
Depreciation of property and equipment	(4,147)	(466)	(292)	(113)	(2)	(6,640)	(11,660)
Depreciation of right-of-use	-	-	-	-	-	(23,075)	(23,075)
Amortisation of intangible assets	(5,491)	(252)	(1,416)	(1,501)	-	(9,644)	(18,304)
Profit/(loss) before impairment losses	150,122	121,892	40,912	92,783	5,023	(41,624)	369,108
(Allowance)/writeback of allowance for impairment on loans and advances	(13,191)	5,819	17,076	-	55	(12,377)	(2,618)
Provision for commitments and contingencies	(1,373)	(1,067)	(2,442)	-	-	(165)	(5,047)
(Allowance)/writeback of allowance for impairment on financial investment and other financial assets	(45)	2	380	2,758	-	-	3,095
Other recoveries	-	-	-	-	-	3	3
Profit/(loss) before taxation	135,513	126,646	55,926	95,541	5,078	(54,163)	364,541
Taxation	(32,465)	(29,835)	(12,309)	(22,026)	(940)	19,053	(78,522)
Profit/(loss) for the financial period	103,048	96,811	43,617	73,515	4,138	(35,110)	286,019
Other information							
Total segment assets	46,031,459	21,034,976	12,493,326	35,954,689	1,291,709	3,288,840	120,094,999
Total segment liabilities	41,866,276	16,632,594	8,096,814	30,555,065	947,243	11,748,045	109,846,037
Cost to income ratio	53.1%	31.2%	42.2%	18.0%	23.5%	>100.0%	47.9%
Gross loans and advances	45,805,693	21,235,184	11,279,067	-	1,291,384	(76,696)	79,534,632
Net loans and advances	44,976,133	21,025,451	11,119,667	-	1,291,384	(92,993)	78,319,642
Impaired loans and advances	907,089	238,930	73,443	-	-	-	1,219,462
Total deposits	41,245,692	16,486,647	7,778,840	24,061,721	940,145	879,760	91,392,805
Additions to:							
Property and equipment	2,192	44	64	19	-	1,650	3,969
Intangible assets	5,719	306	328	26	-	6,875	13,254

A28. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2023

The Group registered a profit before taxation ("pre-tax profit") of RM279.6 million for the financial period ended 30 June 2023, representing a decrease of RM84.9 million or 23.3% compared to the pre-tax profit for the corresponding period last year.

The decrease in Group's profit before taxation for the period is attributable to higher net impairment allowance for loans and advances, financial investments and other financial assets of RM148.5 million and lower net interest income of RM15.8 million compared to the corresponding period last year.

The decrease was partly offset by higher other operating income and lower other operating expenses.

The Group’s impaired loans and advances ratio stood at 1.88% end June 2023. Loan loss coverage ratio including regulatory reserve is well above 100% at 111.31%.

The Group and the Bank remained well capitalised with risk weighted capital adequacy ratios of 17.72% and 17.58% respectively.

In the opinion of the Directors, the results of operations of the Group and the Bank for the financial period have not been substantially affected by any items, transaction or event of a material and unusual nature.

A29. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2024

Malaysia's economy expanded by 2.9% in the second quarter of 2023, a slower pace compared to the previous quarter's 5.6% growth. The slowdown was due to a combination of slowing external trade and slower-than-expected domestic demand growth. The manufacturing sector, a significant contributor to the economy, also grew marginally by 0.1%. However, domestic-oriented sectors such as services and private consumption continued to support growth. In comparison with other ASEAN peers, Malaysia's growth was lower than Indonesia's (5.2%) and the Philippines' (4.3%), while Singapore had the slowest growth at 0.5%.

We expect the economic situation for the remainder of the year until the early part of 2024 will continue to remain challenging, as most economies are still adjusting to the high interest rates environment implemented by most central banks. Globally, the outlook on the manufacturing sector remains pessimistic, reflected in the latest Global Purchasing Manager’s Index (“PMI”) that has been under the contractionary level since March 2023. In the United States, the Federal Reserve’s (“Fed”) fight against inflation seems successful as inflation and core inflation are receding. However, interest rates are likely to stay elevated at least until the mid of 2024 as tight labour market means that inflation is likely to continue to decline at slower pace. In the United Kingdom and Europe Area, a similar battle where the central banks of these economies need to balance between steep interest rate hikes and economic growth. In China, economic performance has been disappointing throughout the year, where the latest second quarter of 2023 Gross Domestic Product (“GDP”) grew by 6.3%, below of market’s expectation of 7.2%.

We anticipate continued support for growth from domestic demand this year. Wage growth in both the services and manufacturing sectors appears to have peaked, and employment growth has slowed to 2.3% in July 2023. However, the vacancy-to-unemployment ratio remains higher than pre-pandemic levels, suggesting room for improvement in private spending. Furthermore, tourism and related sectors are improving. As for the external front, global economic pessimism is expected to lead to slower trading activities. The impact of higher interest rates has notably affected the tech sector. We now expect the Malaysia’s economy to grow by 4.0% in 2023.

In the Malaysia’s banking industry, the overall outstanding loans grew at a slower pace by 4.4% year-on-year (“yoy”) in June 2023 (May 2023: 4.8%). While the non-household segment loans expanded slower at 3.0%, household loans remained healthy at 5.3%. As the economy is expected to soften in 2023, we expect relatively subdued loan growth in the range of 4.0% to 5.0% for 2023 given that loan growth typically tracks GDP growth. The overall banking system remains healthy underpinned by strong liquidity. This is reflected by the liquidity coverage ratio which was at 155.3% in June 2023 (May 2023: 151.0%). The funding profile was also well-diversified with June 2023's loan-to-fund ratio and loan-to-fund-and-equity ratio at 81.6% and 70.9%, respectively (May 2023: 81.8% and 71.0%, respectively).

A29. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2024 (CONT'D.)

On the Overnight Policy Rate (“OPR”), with core inflation being modest so far due to slower hiring activities and the lag effect from the 125 bps cumulative rate hikes, we do not see any urgency for the interest rates to be increased higher from this point forward. Based on the latest data, core inflation reading was at 3.1% in June 2023, continuing its downward trend after peaking at 4.2% in November 2022. Services inflation is also on a downward trend, declining to 3.9% yoy (April 2023: 3.6% yoy). We are now looking at the lower inflation forecast of 2.7 to 3.2%. Due to these factors, the OPR is likely to stay at 3.00% for the remainder of 2023. Nevertheless, future rate hikes should not be fully discounted although it is not our baseline view. One indicator to watch is the oil price, which is trading at around USD86/barrel, which has been on its upward trend since late-June 2023.

AmBank Group continued to show resilience in its first quarter of the financial year ("FY") 2024 financial performance despite being affected by the expected Net Interest Margin ("NIM") compression arising from fierce deposit competition in FY2023. AmBank Group, however, is encouraged by the expansion of the Malaysian economy observed in calendar year 2023 so far and remains optimistic on its FY2024 prospects. AmBank Group’s focus will continue to be on growing revenue and maintaining cost discipline. At the same time, AmBank Group will continue to strengthen its capital base and ensure liquidity levels remain healthy while closely monitoring asset quality to reduce balance sheet related risk.

AmBank Group is now at the final stretch of its FY2021 to FY2024 Focus 8 strategy journey and remains committed as ever to seeing it through to a successful completion. Looking forward, we will focus efforts on three primary growth accelerators: SME empowerment, advancement of Environmental, Social and Governance ("ESG") initiatives and digital innovation to continue sustainable value creation for our shareholders and stakeholders. As repayment assistance programmes gradually expire this calendar year, AmBank Group will continue to have dialogues with customers who are still in financial difficulty and offer suitable financial assistance programmes to those who qualify.

A30. VALUATION OF PROPERTY AND EQUIPMENT

The Group’s and the Bank’s property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

A31. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

There was no significant event during the current financial quarter and period.

A32. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

There were no material changes in the composition of the Group and the Bank for the current financial quarter and period.

A33. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make 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 and the Bank's assets.

The principal amounts of the commitments and contingencies and notional contracted amounts of derivatives of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,630,368	12,845,730	14,688,867	12,890,700
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,788,655	2,606,963	2,788,655	2,606,963
Unutilised credit card lines	4,051,990	3,976,830	4,051,990	3,976,830
Forward asset purchase	1,001,472	174,223	1,001,472	174,223
Others	-	-	50	50
	22,472,485	19,603,746	22,531,034	19,648,766
Contingencies				
Direct credit substitutes	2,343,247	2,583,594	2,343,247	2,583,594
Transaction related contingent items	3,328,423	3,519,830	3,328,423	3,519,830
Short term self liquidating trade related contingencies	401,096	662,922	401,096	662,922
Obligations under on-going underwriting agreements	1,880,000	60,000	1,880,000	60,000
	7,952,766	6,826,346	7,952,766	6,826,346
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	46,054,063	46,163,847	46,054,063	46,163,847
- Over one year to five years	4,705,041	4,810,447	4,705,041	4,810,447
- Over five years	1,661,260	1,639,781	1,661,260	1,639,781
Interest rate related contracts				
- One year or less	11,517,743	12,307,294	11,517,743	12,307,294
- Over one year to five years	19,651,506	19,012,669	19,651,506	19,012,669
- Over five years	3,847,904	3,927,470	3,847,904	3,927,470
Equity and commodity related contracts				
- One year or less	1,368,595	1,352,573	1,368,595	1,352,573
- Over one year to five years	205,793	79,802	205,793	79,802
	89,011,905	89,293,883	89,011,905	89,293,883
Total	119,437,156	115,723,975	119,495,705	115,768,995

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Group and the Bank determine 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.

Financial assets and liabilities measured using valuation techniques 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 and the Bank. Therefore, unobservable inputs reflect the Group’s and the Bank'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 Bank's own data, as well as financial information of the counterparties. Equity instruments at FVOCI was revalued using net assets method.

About 2.4% of the Group's and the Bank's (31 March 2023: 2.2% of the Group's and the Bank'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.

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

(a) The following tables show the Group's and the Bank's financial instruments that are measured at fair value at the reporting date analysed by levels within the fair value hierarchy.

	Group				Bank			
	Valuation technique				Valuation technique			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2023								
Financial assets measured at fair value								
Derivative financial assets	2,251	1,511,176	-	1,513,427	2,251	1,511,176	-	1,513,427
Financial assets at fair value through profit or loss								
- Money market securities	-	7,403,623	-	7,403,623	-	7,403,623	-	7,403,623
- Quoted shares	1,036,895	-	-	1,036,895	1,036,891	-	-	1,036,891
- Unquoted shares	-	-	33	33	-	-	-	-
- Quoted unit trust	20,328	-	-	20,328	20,328	-	-	20,328
- Quoted sukuk	-	10,234	-	10,234	-	10,234	-	10,234
- Unquoted corporate bonds and sukuk	-	1,170,156	-	1,170,156	-	1,170,156	-	1,170,156
Financial investments at fair value through other comprehensive income								
- Money market securities	-	9,224,983	-	9,224,983	-	9,224,983	-	9,224,983
- Unquoted shares	-	-	715,566	715,566	-	-	715,566	715,566
- Quoted unit trust	60,551	-	-	60,551	60,551	-	-	60,551
- Unquoted corporate bonds and sukuk	-	9,115,186	-	9,115,186	-	9,115,186	-	9,115,186
	1,120,025	28,435,358	715,599	30,270,982	1,120,021	28,435,358	715,566	30,270,945
Financial liabilities measured at fair value								
Derivative financial liabilities	9,951	1,315,256	-	1,325,207	9,951	1,315,256	-	1,325,207

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

(a) The following tables show the Group's and the Bank's financial instruments that are measured at fair value at the reporting date analysed by levels within the fair value hierarchy (Cont'd.).

	Group				Bank			
	Valuation technique				Valuation technique			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2023								
Financial assets measured at fair value								
Derivative financial assets	60	923,613	-	923,673	60	923,613	-	923,673
Financial assets at fair value through profit or loss								
- Money market securities	-	8,090,552	-	8,090,552	-	8,090,552	-	8,090,552
- Quoted shares	1,074,251	-	-	1,074,251	1,074,247	-	-	1,074,247
- Unquoted shares	-	-	33	33	-	-	-	-
- Quoted unit trust	20,537	-	-	20,537	20,537	-	-	20,537
- Quoted sukuk	-	10,236	-	10,236	-	10,236	-	10,236
- Unquoted corporate bonds and sukuk	-	996,192	-	996,192	-	996,192	-	996,192
Financial investments at fair value through other comprehensive income								
- Money market securities	-	10,752,667	-	10,752,667	-	10,752,667	-	10,752,667
- Unquoted shares	-	-	677,258	677,258	-	-	677,258	677,258
- Quoted unit trust	60,551	-	-	60,551	60,551	-	-	60,551
- Unquoted corporate bonds and sukuk	-	8,815,876	-	8,815,876	-	8,815,876	-	8,815,876
	1,155,399	29,589,136	677,291	31,421,826	1,155,395	29,589,136	677,258	31,421,789
Financial liabilities measured at fair value								
Derivative financial liabilities	10,286	956,141	-	966,427	10,286	956,141	-	966,427

There were no transfers between Level 1 and Level 2 during the current financial period and previous financial year for the Group and the Bank.

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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 period. The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	Equity instruments at FVTPL RM'000	Equity instruments at FVOCI RM'000	Total RM'000
Group			
At 1 April 2023	33	677,258	677,291
Gain on revaluation of financial assets taken up in statements of profit or loss and other comprehensive income	-	38,308	38,308
At 30 June 2023	33	715,566	715,599

	Equity instruments at FVTPL RM'000	Equity instruments at FVOCI RM'000	Total RM'000
At 1 April 2022	31	669,168	669,199
Gain on revaluation of financial assets taken up in statements of profit or loss and other comprehensive income	2	8,090	8,092
At 31 March 2023	33	677,258	677,291

	Equity instruments at FVOCI RM'000	Total RM'000
Bank		
At 1 April 2023	677,258	677,258
Gain on revaluation of financial assets taken up in statement of other comprehensive income	38,308	38,308
At 30 June 2023	715,566	715,566

	Equity instruments at FVOCI RM'000	Total RM'000
At 1 April 2022	669,168	669,168
Gain on revaluation of financial assets taken up in statement of other comprehensive income	8,090	8,090
At 31 March 2023	677,258	677,258

A34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (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 reporting period:

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Financial assets at FVTPL				
Total loss included in:				
- profit or loss	-	2	-	-
Financial investments at FVOCI				
Total gain included in:				
- other comprehensive income	38,308	8,090	38,308	8,090

There were no transfers between Level 2 and Level 3 during the current financial period and previous financial year for the Group and the Bank.

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key

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.

A35. CAPITAL ADEQUACY

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

Under transitional arrangement (Note (i))	30 June 2023		31 March 2023	
	Group	**Bank**	**Group**	**Bank**
Before deducting proposed dividends:				
CET 1 Capital Ratio	12.498%	12.385%	12.450%	12.318%
Tier 1 Capital Ratio	12.498%	12.385%	12.450%	12.318%
Total Capital Ratio	17.719%	17.583%	17.026%	16.867%
After deducting proposed dividends:				
CET 1 Capital Ratio	12.498%	12.385%	12.259%	12.129%
Tier 1 Capital Ratio	12.498%	12.385%	12.259%	12.129%
Total Capital Ratio	17.719%	17.583%	16.835%	16.677%

Notes:

(i) Pursuant to the revised BNM policy document, Capital Adequacy Framework (Capital Component) issued on 9 December 2020, capital ratios of the Group and of the Bank had been computed applying transitional arrangement on provision for ECL. Had the transitional arrangement not been applied, the capital ratios of the Group and of the Bank as at 30 June 2023 and 31 March 2023 are as follow:

	30 June 2023		31 March 2023	
	Group	**Bank**	**Group**	**Bank**
Before deducting proposed dividends:				
CET 1 Capital Ratio	12.253%	12.140%	12.101%	11.972%
Tier 1 Capital Ratio	12.253%	12.140%	12.101%	11.972%
Total Capital Ratio	17.539%	17.409%	16.825%	16.675%
After deducting proposed dividends:				
CET 1 Capital Ratio	12.253%	12.140%	11.911%	11.783%
Tier 1 Capital Ratio	12.253%	12.140%	11.911%	11.783%
Total Capital Ratio	17.539%	17.409%	16.635%	16.486%

(ii) Pursuant to the above BNM's guideline on Capital Adequacy Framework (Capital Components), the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8.0% for total capital ratio. In addition, banking institutions are also required to maintain capital buffers in form of CET 1 capital above the minimum CET 1 Capital, Tier 1 Capital and Total Capital adequacy levels. The capital buffers shall 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 Bank has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies; and

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

A35. CAPITAL ADEQUACY (CONT'D.)

(b) The components of CET 1, Additional Tier 1, Tier 2 and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
CET 1 Capital				
Share Capital	3,040,465	3,040,465	3,040,465	3,040,465
Retained earnings	7,549,987	7,456,999	7,600,886	7,508,139
Fair value reserve	358,503	299,138	358,503	299,138
Foreign currency translation reserve	117,167	101,830	120,954	105,630
Regulatory reserve	162,629	201,229	162,629	201,229
Merger reserve	104,149	104,149	-	-
Cash flow hedging deficit	(3,061)	(4,259)	(3,061)	(4,259)
Less: Regulatory adjustments applied on CET 1 Capital				
- Intangible assets	(202,189)	(202,069)	(202,189)	(202,069)
- Deferred tax assets	(149,024)	(182,451)	(149,024)	(182,451)
- 55% of cumulative fair value gains in fair value reserve	(197,176)	(164,526)	(197,177)	(164,526)
- Cash flow hedging deficit	3,061	4,259	3,061	4,259
- Regulatory reserve	(162,629)	(201,229)	(162,629)	(201,229)
- Investment in ordinary shares of unconsolidated financial entities	-	-	(11)	(11)
- Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,873)	(2,756)	(1,873)	(2,756)
- Other CET1 regulatory adjustments specified by the BNM	212,502	300,815	212,588	300,721
Total CET 1 Capital	10,832,511	10,751,594	10,783,122	10,702,280
Additional Tier 1 Capital				
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	2	2	-	-
Total Tier 1 Capital	10,832,513	10,751,596	10,783,122	10,702,280
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	3,595,000	3,095,000	3,595,000	3,095,000
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
General provisions*	930,706	857,075	930,836	857,088
Total Tier 2 capital	4,525,707	3,952,076	4,525,836	3,952,088
Total Capital	15,358,220	14,703,672	15,308,958	14,654,368

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

	Group		Bank	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Credit RWA	78,945,706	78,754,012	79,350,298	79,287,050
Market RWA	2,443,054	1,624,390	2,443,018	1,624,350
Operational RWA	5,285,438	5,197,465	5,275,270	5,186,909
Large exposure risk RWA for equity holdings	-	785,485	-	785,485
Total RWA	86,674,198	86,361,352	87,068,586	86,883,794

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

THE ISSUER

AmBank (M) Berhad
(Registration No. 196901000166 (8515-D))

22nd Floor, Bangunan AmBank Group
No. 55 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

PRINCIPAL ADVISER, LEAD ARRANGER, LEAD MANAGER AND FACILITY AGENT

AmInvestment Bank Berhad
(Registration No. 197501002220 (23742-V))

22nd Floor, Bangunan AmBank Group
No. 55 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

TRUSTEE

Malaysian Trustees Berhad
(Registration No. 197501000080 (21666-V))

Level 11, Tower Three
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur

LEGAL COUNSEL FOR THE PRINCIPAL ADVISER/LEAD ARRANGER

Adnan Sundra & Low
Level 25, Menara Etiqa
No. 3, Jalan Bangsar Utama 1
59000 Kuala Lumpur

RATING AGENCY

RAM Rating Services Berhad
(Registration No. 200701005589 (763588-T))

Level 8, Mercu 2, KL Eco City
No. 3, Jalan Bangsar
59200 Kuala Lumpur

CENTRAL DEPOSITORY AND PAYING AGENT

Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur