Registration No. 199101012723 (223035-V)

AMMB Holdings Berhad

Pillar 3 Disclosure

30 September 2021

RWCAF- Pillar 3 Disclosure
(Applicable to the regulated banking subsidiaries of the Group)
For 30 September 2021

Contents

1.0 Scope of Application

The Risk Weighted Capital Adequacy Framework - (Basel II) Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosure Requirements (Pillar 3) policy documents issued by Bank Negara Malaysia (“BNM”) aim to enhance the transparency of disclosures on the risk management practices and capital adequacy of banking institutions. The two policy documents are applicable to all banking institutions licensed under the Financial Services Act 2013 (“FSA”) and Islamic Financial Service Act 2013 ("IFSA").

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

The Pillar 3 Disclosure and regulatory capital ratio calculations are prepared at the consolidated AMMB Holdings Berhad level excluding investment in insurance entities and joint ventures ("the Group"). Investment in insurance entities is deducted from the regulatory capital. The information provided in this Pillar 3 Disclosure has been verified by the Group internal auditors and certified by the Group Chief Executive Officer.

Capital Adequacy

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

The capital adequacy ratios are computed in accordance with BNM's policy document on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020. Pursuant to BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), financial institution is required to maintain minimum Common Equity Tier 1 (“CET1”) Capital Ratio of 4.5%, Tier 1 Capital Ratio of 6.0% and Total Capital Ratio of 8.0% at all times. In addition, a financial institution is also required to maintain capital buffers which comprise the sum of the following:

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

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

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

The Group and banking group subsidiaries have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets).

1.0 Scope of Application (Cont'd.)

Frequency of Disclosure

Full disclosure requirements under the BNM guidelines are made on an annual and semi-annual basis except for disclosures under paragraph 10.1 of the guidelines and all qualitative disclosures which are made on an annual basis if there are no material changes in the interim reporting period.

Medium and Location of Disclosure

The Pillar 3 disclosure of the Group is available on the Group's corporate website at www.ambankgroup.com.

1.1 Basis of Consolidation

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

For purposes of this Pillar 3 Disclosure, the consolidation basis used is the same as that used for regulatory capital adequacy purposes except for the exclusion of investment in insurance entities and joint ventures. The following table shows the differences between the scope of statutory and regulatory consolidation.

Type of entity	Accounting treatment	
	Statutory reporting	Basel III regulatory reporting
Subsidiaries licensed under FSA or IFSA or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level and FHC level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the banking subsidiary entity level; Consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level and FHC level
Associates and jointly controlled entities which are licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Deducted in the calculation of capital
Associates and jointly controlled entities which are not licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Risk weighted

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

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

2.0 Capital Management

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

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

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

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

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

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

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the Group’s capital position and any actions impacting the capital levels.

On 25 March 2020, BNM announced several regulatory and supervisory measures in support of efforts by banking institutions to manage the impact of the COVID-19 outbreak, which include allowing banking institutions to drawdown on the capital conservation buffer ("CCB") of 2.5% and to reduce the regulatory reserves held against expected losses to zero. Banking institutions will be given reasonable time to rebuild the buffers after 31 December 2020 and are expected to restore to the minimum regulatory requirement by 30 September 2021. As at the reporting date, the Group and its banking subsidiaries continued to maintain sufficient buffer above the CCB and minimum regulatory requirement.

On 9 December 2020, BNM issued revised policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components). The key addition to the revised policy documents is the transitional arrangements for financial institutions on provisions for expected credit loss ("ECL"). Under these revised policy documents, a financial institution is allowed to add back a portion of the loss allowance for non-credit-impaired exposures (i.e. Stage 1 and Stage 2 provisions) to Common Equity Tier 1 ("CET1") Capital.

Table 2.1: Capital Adequacy Ratios

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

	30 September 2021			
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group**
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	12.239%	12.639%	41.515%	12.688%
Tier 1 Capital Ratio	12.239%	12.639%	41.515%	12.688%
Total Capital Ratio	16.760%	17.093%	42.351%	15.622%
After deducting proposed dividends:				
CET1 Capital Ratio	12.239%	12.639%	36.080%	12.688%
Tier 1 Capital Ratio	12.239%	12.639%	36.080%	12.688%
Total Capital Ratio	16.760%	17.093%	36.917%	15.622%

	31 March 2021			
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group**
Under transitional arrangements, refer Note (1) below				
Before deducting proposed dividends:				
CET1 Capital Ratio	11.095%	12.146%	27.374%	11.333%
Tier 1 Capital Ratio	11.095%	12.146%	27.374%	11.333%
Total Capital Ratio	15.650%	16.661%	27.374%	14.481%
After deducting proposed dividends:				
CET1 Capital Ratio	11.095%	12.038%	27.374%	11.333%
Tier 1 Capital Ratio	11.095%	12.038%	27.374%	11.333%
Total Capital Ratio	15.650%	16.553%	27.374%	14.481%

Notes:

(1) Pursuant to the revised BNM policy documents, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020, the capital ratios computed as at 30 September 2021 and 31 March 2021 had applied transitional arrangements on provision for ECL. Under the transitional arrangements, the Group is allowed to add back the amount of loss allowance for non-credit-impaired exposure (i.e. Stage 1 and Stage 2 provisions) to CET1 Capital. Had the transitional arrangements not been applied, the capital ratios of the Group and the banking subsidiaries are as follows:

	30 September 2021			
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group**
Before deducting proposed dividends:				
CET1 Capital Ratio	11.425%	10.769%	41.515%	11.562%
Tier 1 Capital Ratio	11.425%	10.769%	41.515%	11.563%
Total Capital Ratio	16.358%	15.669%	42.351%	15.106%
After deducting proposed dividends:				
CET1 Capital Ratio	11.425%	10.769%	36.080%	11.562%
Tier 1 Capital Ratio	11.425%	10.769%	36.080%	11.563%
Total Capital Ratio	16.358%	15.669%	36.917%	15.106%

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

	31 March 2021			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET1 Capital Ratio	10.415%	10.687%	27.374%	10.423%
Tier 1 Capital Ratio	10.415%	10.687%	27.374%	10.423%
Total Capital Ratio	15.378%	15.631%	27.374%	14.135%
After deducting proposed dividends:				
CET1 Capital Ratio	10.415%	10.580%	27.374%	10.423%
Tier 1 Capital Ratio	10.415%	10.580%	27.374%	10.423%
Total Capital Ratio	15.378%	15.523%	27.374%	14.135%

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

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

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

Table 2.2 Risk-Weighted Assets and Capital Requirements

The breakdown of RWA by exposures in major risk category of the Group is as follows:

	30 SEPTEMBER 2021						
Exposure class	RM'000	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM") RM'000	Net exposures/ EAD after CRM RM'000	Risk weighted assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum capital requirement at 8% RM'000
1. **Credit risk**							
On-balance sheet exposures:							
Sovereigns/central banks		12,649,926	12,649,926	-	-	-	-
Public Sector Entities ("PSEs")		2,666	2,666	533	-	533	43
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")		8,403,390	8,403,390	2,098,622	-	2,098,622	167,890
Insurance companies, Securities firms and Fund managers		2,352	2,352	2,352	-	2,352	188
Corporates		61,524,103	59,122,379	47,792,212	-	47,792,212	3,823,377
Regulatory retail		43,733,984	39,351,972	32,453,989	149,615	32,304,374	2,584,350
Residential mortgages		21,025,694	21,020,698	8,118,872	-	8,118,872	649,510
Higher risk assets		709,638	709,628	1,064,443	-	1,064,443	85,155
Other assets		1,996,638	1,996,638	1,535,895	-	1,535,895	122,872
Securitisation exposures		5,627	5,627	2,232	-	2,232	178
Equity exposures		83	83	83	-	83	7
Defaulted exposures		1,146,846	1,140,979	1,212,394	-	1,212,394	96,991
Total for on-balance sheet exposures		**151,200,947**	**144,406,338**	**94,281,627**	**149,615**	**94,132,012**	**7,530,561**
Off-balance sheet exposures:							
Over the counter ("OTC") derivatives		1,856,811	1,769,026	1,200,469	-	1,200,469	96,037
Off-balance sheet exposures other than OTC derivatives or credit derivatives		11,390,098	8,872,086	7,793,955	-	7,793,955	623,516
Defaulted exposures		24,871	21,345	31,948	-	31,948	2,556
Total for off-balance sheet exposures		**13,271,780**	**10,662,457**	**9,026,372**	**-**	**9,026,372**	**722,109**
Total on and off-balance sheet exposures		**164,472,727**	**155,068,795**	**103,307,999**	**149,615**	**103,158,384**	**8,252,670**
2. **Large exposures risk requirement**				974,322	-	974,322	77,946
3. **Market risk**	**Long Position**	**Short Position**					
Interest rate risk/rate of return risk							
- General interest rate risk/rate of return risk	92,562,265	86,817,162		1,526,980	-	1,526,980	122,158
- Specific interest rate risk/rate of return risk	5,932,384	275,761		22,594	-	22,594	1,808
Foreign currency risk	1,202,167	1,601,758		2,233,463	-	2,233,463	178,677
Equity risk							
- General risk	64,767	10,394		54,372	-	54,372	4,350
- Specific risk	64,767	10,394		59,870	-	59,870	4,790
Option risk	200,505	130,262		33,454	-	33,454	2,676
Total	**100,026,855**	**88,845,731**		**3,930,733**	**-**	**3,930,733**	**314,459**
4. **Operational risk**				**6,848,527**	**-**	**6,848,527**	**547,882**
5. **Total RWA and capital requirements**				**115,061,581**	**149,615**	**114,911,966**	**9,192,957**

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

		31 MARCH 2021					
Exposure class	**RM'000**	**Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM") RM'000**	**Net exposures/ EAD after CRM RM'000**	**Risk weighted assets RM'000**	**Risk Weighted Assets Absorbed by PSIA RM'000**	**Total Risk Weighted Assets after effects of PSIA RM'000**	**Minimum capital requirement at 8% RM'000**
1. **Credit risk**							
On-balance sheet exposures:							
Sovereigns/central banks		21,587,043	21,587,043	-	-	-	-
Public Sector Entities ("PSEs")		2,932	2,932	586	-	586	47
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")		7,727,264	7,727,264	2,123,220	-	2,123,220	169,858
Corporates		60,759,972	58,501,953	47,563,929	-	47,563,929	3,805,114
Regulatory retail		42,599,347	38,547,265	31,517,258	76,493	31,440,765	2,515,261
Residential mortgages		21,142,874	21,137,335	8,170,678	-	8,170,678	653,654
Higher risk assets		706,252	706,242	1,059,364	-	1,059,364	84,749
Other assets		2,248,801	2,248,801	1,786,430	-	1,786,430	142,914
Securitisation exposures		5,655	5,655	2,238	-	2,238	179
Equity exposures		69	69	69	-	69	6
Defaulted exposures		1,245,639	1,234,210	1,337,833	-	1,337,833	107,027
Total for on-balance sheet exposures		**158,025,848**	**151,698,769**	**93,561,605**	**76,493**	**93,485,112**	**7,478,809**
Off-balance sheet exposures:							
Over the counter ("OTC") derivatives		2,135,453	2,000,377	1,332,992	-	1,332,992	106,639
Credit derivatives		11	11	5	-	5	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives		11,669,945	8,465,243	7,405,385	-	7,405,385	592,431
Defaulted exposures		31,204	26,987	37,893	-	37,893	3,031
Total for off-balance sheet exposures		**13,836,613**	**10,492,618**	**8,776,275**	**-**	**8,776,275**	**702,101**
Total on and off-balance sheet exposures		**171,862,461**	**162,191,387**	**102,337,880**	**76,493**	**102,261,387**	**8,180,910**
2. **Large exposures risk requirement**				878,254	-	878,254	70,260
3. **Market risk**	**Long Position**	**Short Position**					
Interest rate risk/rate of return risk							
- General interest rate risk/rate of return risk	106,827,131	101,038,200		2,116,625	-	2,116,625	169,330
- Specific interest rate risk/rate of return risk	5,857,391	91,764		36,204	-	36,204	2,896
Foreign currency risk	938,769	1,100,582		1,455,670	-	1,455,670	116,454
Equity risk							
- General risk	51,416	20,571		30,845	-	30,845	2,468
- Specific risk	51,416	20,571		64,812	-	64,812	5,185
Option risk	83,720	174,680		30,311	-	30,311	2,425
Total	**113,809,843**	**102,446,368**		**3,734,467**	**-**	**3,734,467**	**298,758**
4. **Operational risk**				**6,598,842**	**-**	**6,598,842**	**527,907**
5. **Total RWA and capital requirements**				**113,549,443**	**76,493**	**113,472,950**	**9,077,835**

3.0 Capital Structure

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

- Common Equity Tier 1 (“CET1”) Capital;
- Additional Tier 1 Capital; and
- Tier 2 Capital

3.1 CET1 Capital

CET1 Capital consists of the following:

(a) Paid-up Capital
Issued and paid-up capital that represents the most subordinated claim in liquidation of the financial institution.

The Company had on 1 April 2021 announced its intention to undertake a private placement of up to 300,000,000 new ordinary shares in the Company, representing approximately 9.97% of the Company's existing issued ordinary share capital (excluding treasury shares), in accordance with the general mandate obtained pursuant to Sections 75 and 76 of the Companies Act 2016 from the shareholders of the Company at its 29th Annual General Meeting held on 27 August 2020. On 14 April 2021, the Company announced the completion of the private placement with issuance of 300 million shares at RM2.75 per share. The total share capital raised amounted to RM825.0 million.

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

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

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

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

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

3.1 CET1 Capital (Cont'd.)

(g) Other disclosed reserves comprise
(i) Executive Share Scheme reserve

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

(ii) Treasury shares

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

During the current financial period, the Company bought back from the open market, a total of 3,224,900 ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM3.06 per share. The total consideration paid for the share buy-back including transaction costs was approximately RM9.9 million and was financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

3.2 Additional Tier 1 Capital

No Additional Tier 1 ("AT1") issuance was made during the financial period under review.

3.3 Tier 2 Capital

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

Basel III Subordinated Notes

On 30 December 2013, AmBank established a Basel III compliant Subordinated Notes programme of RM4.0 billion (“Programme”) to enable the issuance of Tier 2 capital instruments from time to time. The Programme has a tenure of 30 years from the date of the first issuance under the Programme. Each issuance of Tier 2 Subordinated Notes under the Programme shall have a tenure of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance.

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

The salient features of the Subordinated Notes issued under this programme and outstanding as at 30 September 2021 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
15 March 2017	15 March 2022	10 years Non-Callable 5 years	5.20% per annum	500
16 October 2017	17 October 2022	10 years Non-Callable 5 years	4.90% per annum	570
23 February 2018	23 February 2023	10 years Non-Callable 5 years	5.23% per annum	175
14 March 2018	14 March 2023	10 years Non-Callable 5 years	5.23% per annum	350
15 November 2018	15 November 2023	10 years Non-Callable 5 years	4.98% per annum	1,000
30 March 2021	30 March 2026	10 years Non-Callable 5 years	4.18% per annum	400
Total				**2,995**

3.3 Tier 2 Capital (Cont'd.)

Basel III Subordinated Sukuk Murabahah

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

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

The salient features of the Sukuk Murabahah issued under this programme and outstanding as at 30 September 2021 are as follows:

Issue Date	First Call Date	Tenor	Profit Rate	Nominal value outstanding (RM million)
30 December 2016	30 December 2021	10 years Non-Callable 5 years	5.50% per annum	10
15 March 2017	15 March 2022	10 years Non-Callable 5 years	5.20% per annum	240
23 February 2018	23 February 2023	10 years Non-Callable 5 years	5.23% per annum	150
18 October 2018	18 October 2023	10 years Non-Callable 5 years	4.88% per annum	500
8 December 2020	8 December 2025	10 years Non-Callable 5 years	3.13% per annum	400
Total				**1,300**

Table 3.2: Capital Structure

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

	30 September 2021			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group RM'000**
CET1 Capital				
Ordinary share capital[Note 1]	3,040,465	1,387,107	330,000	6,376,240
Retained earnings	5,996,174	2,442,851	109,148	8,550,759
Fair value reserve	432,739	34,373	1,646	661,272
Foreign exchange translation reserve	91,074	-	-	97,633
Treasury shares	-	-	-	(4,110)
Regulatory reserve	-	-	7,839	7,839
Cash flow hedging deficit	(12,025)	-	-	(12,025)
Other remaining disclosed reserves	-	-	-	26,613
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(227,266)	(578)	(1,685)	(229,946)
Deferred tax assets	(111,934)	(82,019)	(4,587)	(189,886)
55% of cumulative gains in fair value reserve	(238,006)	(18,905)	(906)	(363,700)
Cash flow hedging deficit	12,025	-	-	12,025
Regulatory reserve	-	-	(7,839)	(7,839)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(635)	(87)	-	(708)
Other CET1 regulatory adjustments specified by BNM	639,761	653,321	3	1,293,076
CET1 Capital	**9,613,884**	**4,416,063**	**383,810**	**14,579,751**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	436
Tier 1 Capital	**9,613,884**	**4,416,063**	**383,810**	**14,580,187**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,995,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,551,804
General provisions*	555,618	256,523	7,734	819,899
Tier 2 Capital	**3,550,618**	**1,556,523**	**7,734**	**3,371,703**
Total Capital	**13,164,502**	**5,972,586**	**391,544**	**17,951,890**

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

	AmBank	AmBank Islamic	AmInvestment Bank	Group
Credit RWA	70,381,275	34,860,161	618,708	103,307,999
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(1,872,455)	-	(149,615)
Total Credit RWA	70,381,275	32,987,706	618,708	103,158,384
Market RWA	2,553,693	268,427	14,943	3,930,733
Operational RWA	4,640,590	1,685,108	290,862	6,848,527
Large exposure risk RWA for equity holdings	973,169	-	-	974,322
Total RWA	**78,548,727**	**34,941,241**	**924,513**	**114,911,966**

Note 1: On 14 April 2021, the Company increased its issued and paid-up ordinary share capital by RM825.0 million through the issuance of 300,000,000 new ordinary shares.

On 31 May 2021, AmBank increased its issued and paid-up ordinary share capital by RM450.0 million through the issuance of 46,680,498 new ordinary shares.

Table 3.2: Capital Structure (Cont'd.)

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

	31 March 2021			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group RM'000**
CET1 Capital				
Ordinary share capital[Note2]	2,590,465	1,387,107	330,000	5,551,557
Retained earnings	5,591,998	2,341,323	35,695	7,876,333
Fair value reserve	457,552	43,972	1,539	691,067
Foreign exchange translation reserve	88,443	-	-	94,992
Treasury shares	-	-	-	(20,970)
Cash flow hedging deficit	(16,949)	-	-	(16,949)
Other remaining disclosed reserves	-	-	-	67,778
Less: Regulatory adjustments applied on CET1 Capital				
Goodwill	-	-	-	(303,492)
Other intangible assets	(254,134)	(718)	(1,872)	(257,225)
Deferred tax assets	(95,580)	(62,877)	(5,841)	(157,666)
55% of cumulative gains in fair value reserve	(251,654)	(24,185)	(846)	(380,087)
Cash flow hedging deficit	16,949	-	-	16,949
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(8,488)	-	(49,809)	(1,334,000)
Unrealised fair value gains on financial liabilities due to changes in own credit risk	(1,197)	(183)	-	(1,254)
Other CET1 regulatory adjustments specified by BNM	529,759	502,728	-	1,032,479
CET1 Capital	**8,647,164**	**4,187,167**	**308,866**	**12,859,512**
Additional Tier 1 Capital				
Qualifying CET1, Additional Tier 1 Capital instruments held by third parties	-	-	-	445
Tier 1 Capital	**8,647,164**	**4,187,167**	**308,866**	**12,859,957**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	2,995,000	1,300,000	-	-
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-	-	2,759,714
General provisions*	555,618	256,523	3	812,060
Tier 2 Capital	**3,550,618**	**1,556,523**	**3**	**3,571,774**
Total Capital	**12,197,782**	**5,743,690**	**308,869**	**16,431,731**

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

	AmBank	AmBank Islamic	AmInvestment Bank	Group
Credit RWA	69,875,702	33,139,511	839,127	102,337,880
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(796,005)	-	(76,493)
Total Credit RWA	69,875,702	32,343,506	839,127	102,261,387
Market RWA	2,681,941	508,561	15,027	3,734,468
Operational RWA	4,505,648	1,622,712	274,163	6,598,842
Large exposure risk RWA for equity holdings	877,587	-	-	878,254
Total RWA	**77,940,878**	**34,474,779**	**1,128,317**	**113,472,951**

Note 2: On 30 March 2021, AmBank and AmInvestment Bank increased its issued and paid-up ordinary share capital by RM650.0 million and RM130.0 million through the issuance of 66,394,280 and 114,035,088 new ordinary shares respectively.

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

4.0 General Risk Management

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

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

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

The Group Risk Direction

The Group's FY2021 – 2024 Strategy blueprint is to focus on 8 key areas, namely, (1) Attaining a Return on Equity ("ROE") of ≥10%, (2) Sharpening Our Segment Play, (3) Delivering Holistic Customer Value Proposition, Leveraging a Collaborative Culture and Partnerships, (4) Pushing Capital-Light Revenue, (5) Ramping Up the Next Wave of Digital Initiatives, (6) Future-Proofing Our Workforce, (7) Integrating Environmental, Social, and Governance ("ESG") Considerations into Our Business and (8) Exploring Digital Bank.

1. The Group aspires to have a minimum financial institution external rating of AA2 based on reference ratings by RAM Rating Services Berhad ("RAM").
2. The Group aims to maintain a minimum ROCE of 12% and RWA efficiency ("CRWA/EAD") in the range of 40% to 50%, both based on Foundation Internal Ratings-Based ("FIRB").
3. The Group aims to maintain its Total Capital Ratio at the Group's Internal Capital Trigger under normal conditions.
4. The Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").
5. The Group recognises the importance of funding its own business. It aims to maintain the following:
   a. Liquidity Coverage Ratio ("LCR") (both consolidated and entity level) at least 10 percentage points above prevailing regulatory minimum;
   b. Stressed LCR (both consolidated and entity level) above the regulatory requirement; and
   c. Net Stable Funding Ratio ("NSFR") (Financial Holding Company ("FHC") level) at the prevailing regulatory minimum (effective July 2020).
6. The Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
   a. Keep operational losses and regulatory penalties below 2% of Profit After Tax and Non-controlling interests ("PATMI"); and
   b. Remain vigilant in risk identification and management to protect its reputation and business franchise.
7. The Group aims for at least 70% of its loan/financing portfolio to constitute exposures with low Environmental, Social and Governance Risk Grade ("ESG-RG") by FY2030.

4.0 General Risk Management (CONT'D.)

Risk Management Governance

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

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

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

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

Impact of COVID-19

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

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

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

Although some risks within the portfolio has begin emerging post the auto-moratorium period, especially in Retail Banking, the effects of the efforts put in to reach out to customers during the moratorium is seen. The Group is continuously proactively engaging customers to manage the portfolio with close monitoring of the portfolio health carried out.

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

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

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

A review of vulnerable segments (e.g. tourism, restaurants and aviation) has also been undertaken.

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

5.0 Credit Risk Management

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

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits • Non-Retail Pricing and Risk-based pricing for Retail • Collateral and tailored facility structures (discretionary lending) • Pre-set assessment criteria and acceptance criteria (program lending)
Monitoring/ Review	• Monitor and report portfolio mix • Review Classified Accounts • Review Rescheduled and Restructured Accounts • Undertake post mortem credit review • Annual refresh of customers' credit risk rating

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk (please refer to section 13 for discussion on Shariah Governance Structure).

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

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

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

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

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

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

- Concentration threshold/review triggers:
  - single counterparty credit exposure;
  - industry sector exposure; and
  - country risk exposure;
- Setting Loan/Financing to Value limits for asset backed loans/financing;
- Non-Retail Credit Policy ("NRCP") and Retail Credit Policy ("RCP") which sets out the credit principles and requirements for managing credit risk in the Wholesale Banking ("WB"), Business Banking ("BB") and Retail Banking ("RB") portfolios;
- Classified Account Management processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management (embedded within the NRCP for WB and BB, and RCP for RB) sets out the controls in managing R&R loans/financing;
- Setting Retail risk controls capping for exceptional credit approval, to ensure credit approval practice is aligned with the credit policies and GRAF.

5.0 Credit Risk Management (Cont'd.)

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

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

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

5.1 Impairment

The Classified Account Management ("CAM") governance for the respective Line of Businesses are established to align with the Malaysian Financial Reporting Standards ("MFRS") and related BNM's standards/guidelines. In general, an asset is considered impaired when:

a. the Group considers that an obligor is "unlikely to repay" in full its credit obligations to the Group;
b. the obligor has breached its contractual payment obligations and past due for more than 90 days; and
c. other indicators stipulated in the CAM guidelines indicating the unlikeliness to repay are hit.

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

5.1.1 Group Provisioning Methodology

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

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

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

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

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

iii. Stage 3: For financial instruments which are credit impaired.

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

Changes in credit quality since initial recognition

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

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

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

Table 5.1: Distribution of gross credit exposures by sector
The distribution of credit exposures by sector of the Group is as follows:

	30 SEPTEMBER 2021														
	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	12,649,926	-	-	-	-	-	12,649,926
PSEs	-	-	-	-	-	-	-	-	2,666	-	-	-	-	-	2,666
Banks, DFIs and MDBs	-	-	-	-	-	-	-	8,403,390	-	-	-	-	-	-	8,403,390
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	2,352	-	-	-	-	-	-	2,352
Corporates	2,582,967	2,006,344	13,967,426	2,287,953	5,502,599	8,592,600	5,421,959	5,110,914	-	7,904,995	2,640,927	4,669,593	830,746	5,080	61,524,103
Regulatory retail	60,899	18,326	731,442	86,597	492,474	1,305,749	256,055	22,389	-	129,936	448,017	95,336	40,086,763	1	43,733,984
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	21,025,694	-	21,025,694
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	19,324	690,314	709,638
Other assets	-	636	-	-	-	-	-	13,623	170,488	894	37,682	-	97,253	1,676,062	1,996,638
Securitisation exposures	-	-	-	-	-	-	-	5,627	-	-	-	-	-	-	5,627
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	83	83
Defaulted exposures	9,547	5,365	145,523	2,499	53,238	91,270	16,503	1,082	-	279,961	27,271	4,234	510,353	-	1,146,846
Total for on-balance sheet exposures	**2,653,413**	**2,030,671**	**14,844,391**	**2,377,049**	**6,048,311**	**9,989,619**	**5,694,517**	**13,559,377**	**12,823,080**	**8,315,786**	**3,153,897**	**4,769,163**	**62,570,133**	**2,371,540**	**151,200,947**
Off-balance sheet exposures															
OTC derivatives	13,343	20,338	331,697	177	260	7,959	289,277	1,160,375	-	815	8,490	2,208	21,872	-	1,856,811
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	272,290	307,985	2,268,692	442,371	2,798,326	1,177,123	443,745	355,190	-	807,384	161,259	171,403	2,183,842	488	11,390,098
Defaulted exposures	-	3	7,006	-	1,007	63	-	-	-	3,550	884	-	12,358	-	24,871
Total for off-balance sheet exposures	**285,633**	**328,326**	**2,607,395**	**442,548**	**2,799,593**	**1,185,145**	**733,022**	**1,515,565**	**-**	**811,749**	**170,633**	**173,611**	**2,218,072**	**488**	**13,271,780**
Total on and off-balance sheet exposures	**2,939,046**	**2,358,997**	**17,451,786**	**2,819,597**	**8,847,904**	**11,174,764**	**6,427,539**	**15,074,942**	**12,823,080**	**9,127,535**	**3,324,530**	**4,942,774**	**64,788,205**	**2,372,028**	**164,472,727**

Table 5.1: Distribution of gross credit exposures by sector (cont'd.)
The distribution of credit exposures by sector of the Group is as follows: (con'td.)

	31 MARCH 2021														
	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	21,587,043	-	-	-	-	-	21,587,043
PSEs	-	-	-	-	-	-	-	-	2,932	-	-	-	-	-	2,932
Banks, DFIs and MDBs	-	-	-	-	-	-	-	7,727,264	-	-	-	-	-	-	7,727,264
Corporates	2,535,683	2,309,201	13,763,659	2,541,039	6,908,322	8,292,639	4,647,714	4,583,161	-	8,324,547	2,956,875	3,116,631	778,182	2,319	60,759,972
Regulatory retail	63,291	19,628	734,965	85,092	482,200	1,270,026	247,058	13,469	-	127,390	494,532	94,504	38,967,191	1	42,599,347
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	21,142,874	-	21,142,874
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	19,422	686,830	706,252
Other assets	-	177	-	-	-	-	-	28,234	170,000	36	101,441	-	114,894	1,834,019	2,248,801
Securitisation exposures	-	-	-	-	-	-	-	5,655	-	-	-	-	-	-	5,655
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	69	69
Defaulted exposures	77,169	5,941	118,823	1,328	41,561	96,654	51,634	1,121	-	303,972	28,554	4,569	514,313	-	1,245,639
Total for on-balance sheet exposures	**2,676,143**	**2,334,947**	**14,617,447**	**2,627,459**	**7,432,083**	**9,659,319**	**4,946,406**	**12,358,904**	**21,759,975**	**8,755,945**	**3,581,402**	**3,215,704**	**61,536,876**	**2,523,238**	**158,025,848**
Off-balance sheet exposures															
OTC derivatives	23,845	22,182	345,068	265	1,573	7,348	305,790	1,244,028	38,965	2,276	123,153	514	20,446	-	2,135,453
Credit derivatives	-	-	-	-	-	-	-	11	-	-	-	-	-	-	11
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	309,460	335,806	1,919,414	307,742	2,731,632	1,116,041	383,274	1,331,612	-	805,378	180,441	156,932	2,091,652	561	11,669,945
Defaulted exposures	-	68	6,821	-	5,222	712	68	-	-	5,627	81	-	12,605	-	31,204
Total for off-balance sheet exposures	**333,305**	**358,056**	**2,271,303**	**308,007**	**2,738,427**	**1,124,101**	**689,132**	**2,575,651**	**38,965**	**813,281**	**303,675**	**157,446**	**2,124,703**	**561**	**13,836,613**
Total on and off-balance sheet exposures	**3,009,448**	**2,693,003**	**16,888,750**	**2,935,466**	**10,170,510**	**10,783,420**	**5,635,538**	**14,934,555**	**21,798,940**	**9,569,226**	**3,885,077**	**3,373,150**	**63,661,579**	**2,523,799**	**171,862,461**

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

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

30 SEPTEMBER 2021	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Impaired loans, advances and financing	10,555	37,500	229,489	5,318	118,920	220,086	23,888	1,402	277,357	41,480	6,019	696,091	-	**1,668,105**
Past due but not impaired loans/financing	93,005	2,005	96,461	4,679	139,877	136,172	30,169	376	24,977	60,150	16,188	4,954,205	-	**5,558,264**
Allowances for Expected Credit Losses	13,183	55,812	338,893	9,436	116,547	208,441	179,367	23,836	60,219	47,577	7,149	1,445,113	4,495	**2,510,068**
Charges/(writeback) for individual allowance	(1,567)	285	(4,234)	585	12,689	13,780	119	-	106	10,827	66	(104)	-	**32,552**
Write-offs against individual allowance and other movements	-	421	131	-	8	413	-	-	124	8,424	-	-	-	**9,521**

31 MARCH 2021	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale and Retail Trade and Hotels and Restaurants RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Impaired loans, advances and financing	79,621	37,955	194,000	3,521	92,315	202,228	59,268	1,325	312,785	41,736	6,548	739,018	-	**1,770,320**
Past due but not impaired loans/financing	180,159	1,702	106,249	6,204	171,423	197,421	129,163	297	50,423	62,107	13,869	3,243,503	-	**4,162,520**
Allowances for Expected Credit Losses	12,660	36,780	253,062	6,626	89,340	154,803	41,660	30,802	39,480	25,822	5,537	1,578,773	4,775	**2,280,120**
Charges/(writeback) for individual allowance	1,504	33,511	16,657	2,033	10,828	84,640	(13,196)	-	20,132	4,550	1,425	(3,806)	-	**158,278**
Write-offs against individual allowance and other movements	-	15,579	9,104	-	1,296	5,866	-	-	36,901	5,779	3,466	-	-	**77,991**

Table 5.3: Geographical distribution of credit exposures

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

	30 SEPTEMBER 2021		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-balance sheet exposures			
Sovereigns/Central banks	12,649,926	-	12,649,926
PSEs	2,666	-	2,666
Banks, DFIs and MDBs	5,586,517	2,816,873	8,403,390
Insurance companies, Securities firms and Fund managers	2,352	-	2,352
Corporates	60,889,967	634,136	61,524,103
Regulatory retail	43,725,263	8,721	43,733,984
Residential mortgages	21,025,694	-	21,025,694
Higher risk assets	709,001	637	709,638
Other assets	1,850,341	146,297	1,996,638
Securitisation exposures	5,627	-	5,627
Equity exposures	83	-	83
Defaulted exposures	1,146,800	46	1,146,846
Total for on-balance sheet exposures	**147,594,237**	**3,606,710**	**151,200,947**
Off-balance sheet exposures			
OTC derivatives	1,426,543	430,268	1,856,811
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	11,345,426	44,672	11,390,098
Defaulted exposures	24,871	-	24,871
Total for off-balance sheet exposures	**12,796,840**	**474,940**	**13,271,780**
Total on and off-balance sheet exposures	**160,391,077**	**4,081,650**	**164,472,727**

	31 MARCH 2021		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-balance sheet exposures			
Sovereigns/Central banks	21,587,043	-	21,587,043
PSEs	2,932	-	2,932
Banks, DFIs and MDBs	4,964,396	2,762,868	7,727,264
Corporates	60,022,306	737,666	60,759,972
Regulatory retail	42,588,574	10,773	42,599,347
Residential mortgages	21,142,874	-	21,142,874
Higher risk assets	705,718	534	706,252
Other assets	2,142,348	106,453	2,248,801
Securitisation exposures	5,655	-	5,655
Equity exposures	69	-	69
Defaulted exposures	1,245,595	44	1,245,639
Total for on-balance sheet exposures	**154,407,510**	**3,618,338**	**158,025,848**
Off-balance sheet exposures			
OTC derivatives	1,618,305	517,148	2,135,453
Credit derivatives	-	11	11
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	11,614,970	54,975	11,669,945
Defaulted exposures	31,204	-	31,204
Total for off-balance sheet exposures	**13,264,479**	**572,134**	**13,836,613**
Total on and off-balance sheet exposures	**167,671,989**	**4,190,472**	**171,862,461**

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

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

	30 SEPTEMBER 2021		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,637,121	30,984	1,668,105
Past due but not impaired loans/financing	5,558,264	-	5,558,264
Allowances for Expected Credit Losses	2,477,344	32,724	2,510,068

	31 MARCH 2021		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,739,359	30,961	1,770,320
Past due but not impaired loans/financing	4,162,520	-	4,162,520
Allowances for Expected Credit Losses	2,248,100	32,020	2,280,120

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

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

	30 SEPTEMBER 2021								
	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	>5 years RM'000	No maturity specified RM'000	Total RM'000
On-balance sheet exposures									
Sovereigns/Central banks	5,113,843	117,954	636,372	153,061	1,163,564	2,569,831	2,895,301	-	12,649,926
PSEs	-	-	-	-	-	2,063	603	-	2,666
Banks, DFIs and MDBs	5,905,592	214,241	129,888	25,390	1,174,268	151,475	802,536	-	8,403,390
Insurance companies, Securities firms and Fund managers	-	-	-	2,352	-	-	-	-	2,352
Corporates	17,348,016	6,699,926	4,981,289	6,467,869	6,402,032	5,381,822	14,243,149	-	61,524,103
Regulatory retail	177,834	138,113	213,134	2,487,877	1,777,195	4,294,526	34,645,305	-	43,733,984
Residential mortgages	1,363	504	821	4,015	52,247	148,512	20,818,232	-	21,025,694
Higher risk assets	251	-	4	54	483	697	17,835	690,314	709,638
Other assets	1,052,148	-	-	-	-	-	-	944,490	1,996,638
Securitisation exposures	-	-	-	-	-	-	5,627	-	5,627
Equity exposures	-	-	-	-	-	-	-	83	83
Defaulted exposures	367,142	10,225	2,620	111,466	50,841	61,241	543,311	-	1,146,846
Total for on-balance sheet exposures	**29,966,189**	**7,180,963**	**5,964,128**	**9,252,084**	**10,620,630**	**12,610,167**	**73,971,899**	**1,634,887**	**151,200,947**
Off-balance sheet exposures									
OTC derivatives	61,124	67,627	82,012	312,566	294,132	204,110	835,240	-	1,856,811
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	1,500,837	847,629	1,767,500	6,291,248	474	33,650	948,760	-	11,390,098
Defaulted exposures	2,153	1,234	4,851	5,876	238	273	10,246	-	24,871
Total for off-balance sheet exposures	**1,564,114**	**916,490**	**1,854,363**	**6,609,690**	**294,844**	**238,033**	**1,794,246**	**-**	**13,271,780**
Total on and off-balance sheet exposures	**31,530,303**	**8,097,453**	**7,818,491**	**15,861,774**	**10,915,474**	**12,848,200**	**75,766,145**	**1,634,887**	**164,472,727**

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

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

	31 MARCH 2021								
	Up to 1 month RM'000	**>1 month to 3 months RM'000**	**>3 months to 6 months RM'000**	**>6 months to 12 months RM'000**	**>1 year to 3 years RM'000**	**>3 years to 5 years RM'000**	**>5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
On-balance sheet exposures									
Sovereigns/Central banks	13,567,107	-	149,949	895,401	903,230	2,398,155	3,673,201	-	21,587,043
PSEs	-	-	-	-	-	2,281	651	-	2,932
Banks, DFIs and MDBs	5,477,030	294,746	14,455	40,116	1,067,675	212,698	620,544	-	7,727,264
Corporates	17,212,364	6,059,923	3,553,142	8,628,297	4,035,700	6,248,659	15,021,887	-	60,759,972
Regulatory retail	176,461	122,336	201,034	2,450,270	2,232,366	4,622,568	32,794,312	-	42,599,347
Residential mortgages	1,184	460	668	3,954	51,941	140,222	20,944,445	-	21,142,874
Higher risk assets	6	-	282	7	425	776	17,926	686,830	706,252
Other assets	1,191,189	-	-	-	-	-	-	1,057,612	2,248,801
Securitisation exposures	-	-	-	-	-	-	5,655	-	5,655
Equity exposures	-	-	-	-	-	-	-	69	69
Defaulted exposures	391,805	4,486	10,004	114,819	45,139	81,438	597,948	-	1,245,639
Total for on-balance sheet exposures	**38,017,146**	**6,481,951**	**3,929,534**	**12,132,864**	**8,336,476**	**13,706,797**	**73,676,569**	**1,744,511**	**158,025,848**
Off-balance sheet exposures									
OTC derivatives	71,989	149,930	111,347	376,770	147,511	395,055	882,851	-	2,135,453
Credit derivatives	-	-	11	-	-	-	-	-	11
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	1,706,736	1,255,252	964,097	6,789,507	2,961	53,536	897,856	-	11,669,945
Defaulted exposures	4,105	5,334	1,376	10,162	554	324	9,349	-	31,204
Total for off-balance sheet exposures	**1,782,830**	**1,410,516**	**1,076,831**	**7,176,439**	**151,026**	**448,915**	**1,790,056**	**-**	**13,836,613**
Total on and off-balance sheet exposures	**39,799,976**	**7,892,467**	**5,006,365**	**19,309,303**	**8,487,502**	**14,155,712**	**75,466,625**	**1,744,511**	**171,862,461**

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

The disclosure on reconciliation of loan loss allowances can be found in Note A13 of the interim financial statements. Charge offs and recoveries that have been taken up directly to the statement of profit or loss are as follows:

FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021	
	(Charge off)/ recoveries
	RM'000
Bad debts written off during the financial period	(16,690)
Bad debt recoveries during the financial period	134,909

FINANCIAL YEAR ENDED 31 MARCH 2021	
	(Charge off)/ recoveries
	RM'000
Bad debts written off during the financial year	(44,013)
Bad debt recoveries during the financial year	395,627

6.0 Credit Risk Exposure under Standardised Approach

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

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

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

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

30 SEPTEMBER 2021													
	Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns and Central Banks	PSEs	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residental Mortgages	Higher Risk Assets	Other Assets	Securitisation Exposures	Equity Exposures	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	12,649,926	-	355,552	-	5,077,729	57	-	-	396,118	-	-	18,479,382	-
20%	-	2,666	6,876,555	-	8,561,502	1,263,853	-	-	80,781	5,537	-	16,790,894	3,358,178
35%	-	-	-	-	-	-	15,987,209	-	-	-	-	15,987,209	5,595,523
50%	-	-	2,116,898	-	127,766	21,427	5,165,420	-	-	-	-	7,431,511	3,715,756
75%	-	-	-	-	-	25,511,507	-	-	-	-	-	25,511,507	19,133,630
100%	-	-	-	11,072	53,154,573	14,838,338	73,227	-	1,519,739	-	83	69,597,032	69,597,032
150%	-	-	-	-	436,099	108,082	-	726,989	-	-	-	1,271,170	1,906,755
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**12,649,926**	**2,666**	**9,349,005**	**11,072**	**67,357,669**	**41,743,264**	**21,225,856**	**726,989**	**1,996,638**	**5,627**	**83**	**155,068,795**	**103,307,999**

31 MARCH 2021													
	Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns and Central Banks	PSEs	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residental Mortgages	Higher Risk Assets	Other Assets	Securitisation Exposures	Equity Exposures	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	21,587,043	-	357,002	-	6,025,599	61	-	-	424,967	-	-	28,394,672	-
20%	-	2,932	5,865,648	-	6,758,473	1,288,291	-	-	46,756	5,565	-	13,967,665	2,793,533
35%	-	-	-	-	-	-	16,034,687	-	-	-	-	16,034,687	5,612,140
50%	-	-	2,650,303	-	238,423	14,771	5,263,517	-	-	-	-	8,167,014	4,083,507
75%	-	-	-	-	-	25,829,707	-	-	-	-	-	25,829,707	19,372,280
100%	-	-	-	8,649	52,982,527	13,622,456	51,288	-	1,777,078	-	69	68,442,067	68,442,067
150%	-	-	-	-	535,409	96,276	-	723,800	-	-	-	1,355,485	2,033,228
1250%	-	-	-	-	-	-	-	-	-	90	-	90	1,125
Total	**21,587,043**	**2,932**	**8,872,953**	**8,649**	**66,540,431**	**40,851,562**	**21,349,492**	**723,800**	**2,248,801**	**5,655**	**69**	**162,191,387**	**102,337,880**

Table 6.2: Rated Exposures according to Ratings by ECAIs

		30 SEPTEMBER 2021				
		Ratings of Corporate by Approved ECAIs				
Moody's		**Aaa to Aa3**	**A1 to A3**	**Baa1 to Ba3**	**B1 to C**	**Unrated**
Fitch		**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**B+ to D**	**Unrated**
RAM		**AAA to AA3**	**A to A3**	**BBB1 to BB3**	**B to D**	**Unrated**
MARC		**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**B+ to D**	**Unrated**
Group						
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
PSE (applicable for entities risk weighted based on their external ratings as corporates)	2,666	-	-	-	-	2,666
Insurance companies, Securities firms and Fund managers	11,072	-	-	-	-	11,072
Corporates	72,065,385	6,737,743	-	14,347	-	65,313,295
Total	**72,079,123**	**6,737,743**	**-**	**14,347**	**-**	**65,327,033**

		31 MARCH 2021				
		Ratings of Corporate by Approved ECAIs				
Moody's		**Aaa to Aa3**	**A1 to A3**	**Baa1 to Ba3**	**B1 to C**	**Unrated**
Fitch		**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**B+ to D**	**Unrated**
RAM		**AAA to AA3**	**A to A3**	**BBB1 to BB3**	**B to D**	**Unrated**
MARC		**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**B+ to D**	**Unrated**
Group						
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
PSE (applicable for entities risk weighted based on their external ratings as corporates)	2,932	-	-	-	-	2,932
Insurance companies, Securities firms and Fund managers	8,649	-	-	-	-	8,649
Corporates	71,007,917	4,295,593	21,169	74,340	-	66,616,815
Total	**71,019,498**	**4,295,593**	**21,169**	**74,340**	**-**	**66,628,396**

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

		30 SEPTEMBER 2021				
		Ratings of Sovereigns and Central Banks by Approved ECAIs				
Moody's		Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
Fitch		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Group						
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures						
Sovereigns and Central banks	12,649,926	-	-	12,649,926	-	-
Total	12,649,926	-	-	12,649,926	-	-

		31 MARCH 2021				
		Ratings of Sovereigns and Central Banks by Approved ECAIs				
Moody's		Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
Fitch		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Group						
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures						
Sovereigns and Central banks	21,587,043	-	-	21,587,043	-	-
Total	21,587,043	-	-	21,587,043	-	-

		30 SEPTEMBER 2021				
		Ratings of Banking Institutions by Approved ECAIs				
Moody's		Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
Fitch		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
RAM		AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
MARC		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Group						
Exposure class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures						
Banks, DFIs and MDBs	9,394,053	4,449,336	252,275	795,814	1,322	3,895,306
Total	9,394,053	4,449,336	252,275	795,814	1,322	3,895,306

		31 MARCH 2021				
		Ratings of Banking Institutions by Approved ECAIs				
Moody's		Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
Fitch		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
RAM		AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
MARC		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Group						
Exposure class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off-balance sheet exposures						
Banks, DFIs and MDBs	9,757,963	4,175,133	619,975	872,926	-	4,089,929
Total	9,757,963	4,175,133	619,975	872,926	-	4,089,929

Table 6.3: Securitisation according to Ratings by ECAIs

		30 SEPTEMBER 2021		
		Ratings of Securitisation by Approved ECAIs		
Moody's		**Aaa to Aa3**	**A1 to A3**	**Unrated**
Fitch		**AAA to AA-**	**A+ to A-**	**Unrated**
RAM		**AAA to AA3**	**A1 to A3**	**Unrated**
MARC		**AAA to AA-**	**A+ to A-**	**Unrated**
Group				
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures				
Securitisation exposures	5,627	5,537	-	90
Total	**5,627**	**5,537**	**-**	**90**

		31 MARCH 2021		
		Ratings of Securitisation by Approved ECAIs		
Moody's		**Aaa to Aa3**	**A1 to A3**	**Unrated**
Fitch		**AAA to AA-**	**A+ to A-**	**Unrated**
RAM		**AAA to AA3**	**A1 to A3**	**Unrated**
MARC		**AAA to AA-**	**A+ to A-**	**Unrated**
Group				
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off-balance sheet exposures				
Securitisation exposures	5,655	5,565	-	90
Total	**5,655**	**5,565**	**-**	**90**

7.0 Credit Risk Mitigation

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

Exposure Class	30 SEPTEMBER 2021		
	Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial Collateral RM'000
Credit risk			
On-balance sheet exposures			
Sovereigns/Central banks	12,649,926	-	-
PSEs	2,666	-	-
Banks, DFIs and MDBs	8,403,390	-	-
Insurance companies, Securities firms and Fund managers	2,352	-	-
Corporates	61,524,103	713,623	4,634,744
Regulatory retail	43,733,984	1,223,779	5,818,559
Residential mortgages	21,025,694	-	28,528
Higher risk assets	709,638	-	10
Other assets	1,996,638	-	-
Securitisation exposures	5,627	-	-
Equity exposures	83	-	-
Defaulted exposures	1,146,846	50,824	86,309
Total for on-balance sheet exposures	**151,200,947**	**1,988,226**	**10,568,150**
Off-balance sheet exposures			
OTC derivatives	1,856,811	-	389,698
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	11,390,098	382,991	3,251,324
Defaulted exposures	24,871	-	3,819
Total for off-balance sheet exposures	**13,271,780**	**382,991**	**3,644,841**
Total on and off-balance sheet exposures	**164,472,727**	**2,371,217**	**14,212,991**

Exposure Class	31 MARCH 2021		
	Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial Collateral RM'000
Credit risk			
On-balance sheet exposures			
Sovereigns/Central banks	21,587,043	-	-
PSEs	2,932	-	-
Banks, DFIs and MDBs	7,727,264	-	-
Corporates	60,759,972	938,851	4,575,143
Regulatory retail	42,599,347	1,254,619	5,283,230
Residential mortgages	21,142,874	-	31,004
Higher risk assets	706,252	-	10
Other assets	2,248,801	-	-
Securitisation exposures	5,655	-	-
Equity exposures	69	-	-
Defaulted exposures	1,245,639	44,184	106,277
Total for on-balance sheet exposures	**158,025,848**	**2,237,654**	**9,995,664**
Off-balance sheet exposures			
OTC derivatives	2,135,453	-	398,032
Credit derivatives	11	-	-
Off-balance sheet exposures other than OTC derivatives or Credit derivatives	11,669,945	343,246	3,931,779
Defaulted exposures	31,204	-	4,562
Total for off-balance sheet exposures	**13,836,613**	**343,246**	**4,334,373**
Total on and off-balance sheet exposures	**171,862,461**	**2,580,900**	**14,330,037**

8.0 Off-Balance Sheet Exposures and Counterparty Credit Risk

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

	30 SEPTEMBER 2021			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	2,347,913		2,252,050	1,846,322
Transaction related contingent Items	4,420,612		2,225,840	1,730,810
Short-term self-liquidating trade-related contingencies	559,034		102,811	97,921
Forward Asset Purchases	63,410		2,752	760
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-		-	-
Foreign exchange related contracts				
One year or less	17,522,641	72,007	181,253	147,362
Over one year to five years	4,470,900	145,739	458,938	385,033
Over five years	715,934	7,582	90,712	82,678
Interest/Profit rate related contracts				
One year or less	312,745	-	376	188
Over one year to five years	3,016,893	29,904	74,447	34,810
Over five years	1,961,078	80,327	261,687	200,460
Equity and commodity related contracts				
One year or less	1,493,517	25,199	70,600	56,131
Over one year to five years	8,100	177	108	22
Other Commodity Contracts				
Over one year to five years	71,049	6,012	10,275	1,914
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	55,001,464	664,662	708,415	291,871
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	18,527,669		1,045,137	819,438
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,103,815		4,766,420	2,571,028
Unutilised credit card lines	5,099,795		1,019,959	759,624
Total	**117,696,569**	**1,031,609**	**13,271,780**	**9,026,372**

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

The off-balance sheet exposures and counterparty credit risk of the Group are as follows: (cont'd.)

	31 MARCH 2021			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	2,113,258		1,958,624	1,604,866
Transaction related contingent Items	4,303,726		2,196,695	1,738,216
Short-term self-liquidating trade-related contingencies	694,409		114,338	104,153
Forward Asset Purchases	894,498		73,825	18,916
Obligations under an on-going underwriting agreements	-		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	825,944		837,672	5,500
Foreign exchange related contracts				
One year or less	27,247,609	167,058	335,234	209,651
Over one year to five years	4,235,120	150,928	463,331	391,396
Over five years	551,219	2,124	68,888	60,048
Interest/Profit rate related contracts				
One year or less	365,550	326	801	465
Over one year to five years	2,937,669	33,400	75,199	34,260
Over five years	1,833,937	86,232	261,535	197,964
Equity and commodity related contracts				
One year or less	1,153,901	15,623	70,177	35,362
Over one year to five years	14,350	410	446	89
Other Commodity Contracts				
One year or less	280,489	6,600	3,700	2,954
Over one year to five years	140,664	4,812	9,031	620
Credit Derivative Contracts				
One year or less	347,950	1,347	11	5
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	64,992,843	822,330	847,111	400,183
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	17,722,506		944,566	746,194
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,018,731		4,545,182	2,457,905
Unutilised credit card lines	5,151,236		1,030,247	767,528
Total	137,825,609	1,291,190	13,836,613	8,776,275

Table 8.2: Credit Derivatives Counterparty Credit Risk ("CCR")
Credit derivatives that create exposures to counterparty credit risk are as follows:

Group		30 September 2021		31 March 2021	
		Sell Leg	Buy Leg *	Sell Leg	Buy Leg *
Usage	Product	Notional Exposure for Protection Sold RM'000	Notional Exposure for Protection Bought RM'000	Notional Exposure for Protection Sold RM'000	Notional Exposure for Protection Bought RM'000
Intermediation	Credit default swap	-	-	197,950	150,000

* No exposure as at 30 September 2021 due to expiry of the credit derivatives contract on 14 September 2021. As at 31 March 2021, out of the total notional exposure for protection bought, RM150.0 million has no counterparty credit risk exposure because it was on a fully funded basis.

9.0 Securitisation

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

	30 SEPTEMBER 2021			
Underlying Asset	**Total Exposures Securitised RM'000**	**Past Due RM'000**	**Impaired RM'000**	**Gains/Losses recognised during the financial period RM'000**
Traditional Securitisation				
Originated by the Group				
Banking Book				
Mortgage loans	1,058,298	-	1,048,692	-
Total Traditional Securitisation	**1,058,298**	**-**	**1,048,692**	**-**

	31 MARCH 2021			
Underlying Asset	**Total Exposures Securitised RM'000**	**Past Due RM'000**	**Impaired RM'000**	**Gains/Losses recognised during the financial year RM'000**
Traditional Securitisation				
Originated by the Group				
Banking Book				
Mortgage loans	1,036,853	-	1,028,904	-
Total Traditional Securitisation	**1,036,853**	**-**	**1,028,904**	**-**

The Group did not have any exposures under synthetic securitisation as at 30 September 2021 and 31 March 2021.

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

30 SEPTEMBER 2021							
Group Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Appplicable Risk Weights Rated Securitisation Exposures or Risk Weights of Guarantees/Credit Derivatives 20%	50%	1250%	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On-Balance Sheet Exposures	5,537	5,537	-	5,537	-	-	1,107
Originated by the Group							
On-Balance Sheet Exposures	90	90	-	-	-	90	1,125
Total Traditional Securitisation	**5,627**	**5,627**	**-**	**5,537**	**-**	**90**	**2,232**

31 MARCH 2021							
Group Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Appplicable Risk Weights Rated Securitisation Exposures or Risk Weights of Guarantees/Credit Derivatives 20%	50%	1250%	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On-Balance Sheet Exposures	5,565	5,565	-	5,565	-	-	1,113
Originated by the Group							
On-Balance Sheet Exposures	90	90	-	-	-	90	1,125
Total Traditional Securitisation	**5,655**	**5,655**	**-**	**5,565**	**-**	**90**	**2,238**

There is no securitisation exposure under trading book as at 30 September 2021 and 31 March 2021.

10.0 Non-Trade Markert Risk ("NTMR")

Table 10.1: Interest Rate Risk/Rate of Return Risk Sensitivity in the Banking Book ("IRR/RORBB")
The IRR/RORBB sensitivity for the Group is as follows:

	30 SEPTEMBER 2021	
	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Taxation	117,231	(117,231)
Impact on Equity	(1,041,234)	1,156,035

	31 MARCH 2021	
	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Taxation	132,893	(132,893)
Impact on Equity	(863,697)	947,864

11.0 Equities (Banking Book Positions)

Measurement of equity securities - Upon adoption of MFRS 9, management has elected at initial recognition to irrevocably designate certain equity investment not held for trading at FVTPL and FVOCI. When this election is used, fair value gains and losses for equity investment at FVTPL are recognised in profit or loss and equity investment at FVOCI are recognised in other comprehensive income.

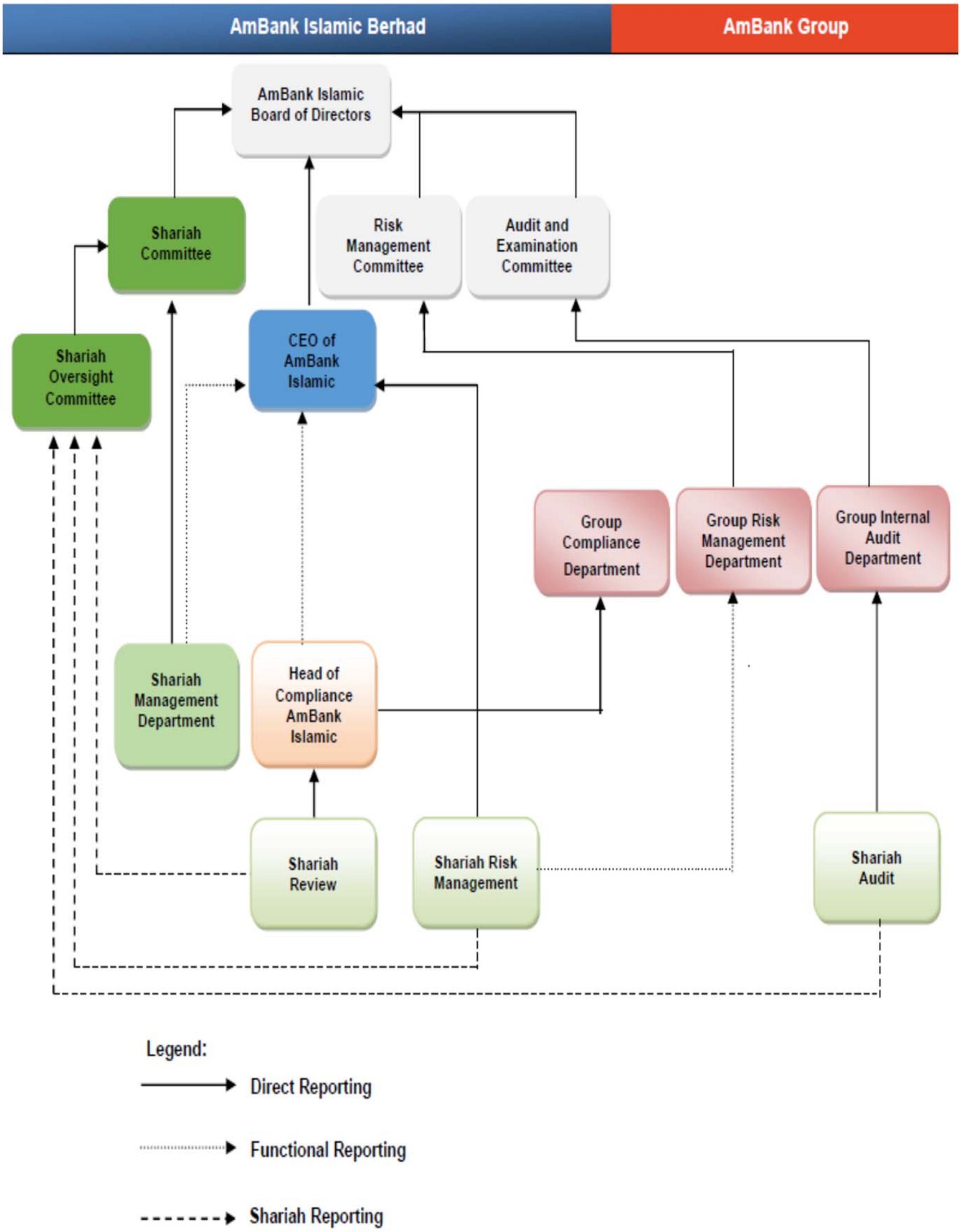
Table 11.1: Equity investments and capital requirement
An analysis of equity investments by appropriate equity groupings and risk weighted assets of the Group is as follows:

	30 SEPTEMBER 2021 RM'000	31 MARCH 2021 RM'000
Non traded equity investments		
Value of quoted (publicly traded) equities	1,199	1,173
Value of unquoted (privately held) equities	690,314	686,830
Total	**691,513**	**688,003**
Net realised and unrealised gains/(losses)		
Cumulative realised gains from sales and liquidations	-	-
Total unrealised (losses)/gains	(5,131)	93,578
Total	**(5,131)**	**93,578**
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	1,199	1,173
Equity investments subject to a 150% risk weight	1,035,471	1,030,245
Total	**1,036,670**	**1,031,418**
Total minimum capital requirement (8%)	**82,934**	**82,513**

12.0 Liquidity Risk and Funding Management

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

13.0 Shariah Governance Structure



13.0 Shariah Governance Structure (Cont'd.)

AmBank Islamic

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

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

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

Audit and Examination Committee ("AEC")
AEC is a Board committee responsible for assisting the Board in ensuring that AmBank Islamic's operations are Shariah compliant through the independent assurance from the Shariah Audit function. The reports from the Shariah Review Section are also presented to the AEC for information.

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

Shariah Committee
The Shariah Committee is responsible on matters related to Shariah. This includes advising the Board and Senior Management on Shariah matters as well as endorsing and validating products and services, Shariah policies and the relevant documentation in relation to AmBank Islamic's business and operations. The Shariah Committee also provides advice and guidance on management of the zakat fund, charity and other social programmes or activities.

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

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

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

13.0 Shariah Governance Structure (Cont'd.)

AmBank Islamic (Cont'd.)

Shariah Risk Management

The Shariah Risk Management ("SRM") Department is accountable to the Group Risk Management and CEO of AmBank Islamic with Shariah reporting to the Shariah Oversight Committee. SRM is a function that systematically identifies, measures, monitors and reports Shariah non-compliance risks in the businesses, operations, affairs and activities of AmBank Islamic.

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

Shariah Review

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

Shariah Audit

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

AmInvestment Bank

Upon notification to BNM, with effect from 15 June 2021, AmInvestment Bank had ceased to carry out Islamic banking business. Accordingly all other regulations applicable for Islamic banking windows will no longer apply to AmInvestment Bank. Therefore, AmInvestment Bank will not be required to comply to Pillar 3 disclosure requirements for Islamic banking institutions at balance sheet date as these requirements apply to Islamic banking institutions and focus more on risk disclosure rather than financial disclosure.

The existing operations of Islamic investment banking of AmInvestment Bank relating to stockbroking and capital market activities undertaken in compliance with Shariah principles, are regulated by the Securities Commission and Bursa Malaysia Berhad and not within the definition of Islamic Banking as per Islamic Financial Services Act 2013, hence no disclosure required. This change is also aligned to the presentation of financial information presented to management to manage the business.

13.0 Shariah Governance Structure (Cont'd.)

13.1 Shariah Non-Compliant Incidents and Income

AmBank Islamic

For the financial period ended 30 September 2021, there were no Shariah non-compliant ("SNC") incident.

For the financial year ended 31 March 2021, there were two (2) SNC incidents involving SNC income of approximately RM353,000.

13.2 Profit Sharing Investment Account ("PSIA")

Mudarabah Term Invesmtment Account ("MTIA") Performance

As at 30 September 2021, balance of MTIA stood at RM149.6 million (31 March 2021: RM76.5 million). The performance of MTIA is as described in the table below :

As at 30 September 2021	%
Return on Assets ("ROA")	4.00
Average Net Distributable Income Attributable to IAH*	2.07
Average Profit Sharing Ratio to IAH	51.68

As at 31 March 2021	%
Return on Assets ("ROA")	4.08
Average Net Distributable Income Attributable to IAH*	4.71
Average Profit Sharing Ratio to IAH	57.98

* Investment Account Holder