



ALLIANCE BANK

Alliance Bank Malaysia Berhad 198201008390 (88103-W)

BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)

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Overview

The Group's Pillar 3 Disclosure is governed by the Bank's Pillar 3 Disclosure. This policy outlines the minimum disclosure standards, approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process.

1.0 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis and comprises information on Alliance Bank Malaysia Berhad ("the Bank"), its subsidiaries, associate companies and joint venture. The Group offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via the Bank's wholly-owned subsidiary, Alliance Islamic Bank Berhad.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate companies and joint venture are deducted from regulatory capital.

There were no significant restrictions or other major impediments on transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group as at the financial period end.

The capital adequacy information was computed in accordance with BNM's Capital Adequacy Framework. The Group has adopted the Standardised Approach for credit risk and market risk; and the Basic Indicator Approach for operational risk.

2.0 Capital

In managing its capital, the Group's objectives are:

- (i) To maintain sufficient capital to meet the regulatory capital requirements as set forth by BNM;
- (ii) To maintain sufficient capital to support the Group's risk appetite and facilitate future business growth; and
- (iii) To meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are above the regulatory requirements, while balancing shareholders' desire for sustainable returns and prudential standards.

The Group carries out stress testing to estimate the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital. The results of the stress tests are to facilitate the formulation of contingency plan(s) where warranted. The results of the stress tests are tabled to the Group Risk Management Committee ("GRMC") for approval.

2.0 Capital (cont'd.)

2.1 Capital Adequacy Ratios

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

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020	31 March 2020	30 September 2020	31 March 2020
CET I capital ratio	15.381%	13.826%	14.561%	12.899%
Tier I capital ratio	16.318%	14.593%	15.448%	13.771%
Total capital ratio	20.658%	18.902%	20.369%	18.634%

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2020		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.419%	99.689%
Tier I capital ratio	12.534%	99.689%
Total capital ratio	15.153%	100.579%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.419%	64.156%
Tier I capital ratio	12.534%	64.156%
Total capital ratio	15.153%	65.046%
31 March 2020		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.507%	98.737%
Tier I capital ratio	11.617%	98.737%
Total capital ratio	14.233%	99.682%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.507%	97.246%
Tier I capital ratio	11.617%	97.246%
Total capital ratio	14.233%	98.190%

The Group's and the Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework.

2.0 Capital (cont'd.)

2.2 Capital Structure

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital.

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
<u>CET I Capital/Tier 1 Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,386,681	3,974,847	3,681,695	3,346,890
Regulatory reserves	21,001	224,579	14,250	182,292
Financial investments at fair value through other comprehensive income ("FVOCI") reserves	357,684	140,966	216,372	79,612
Capital reserves	100,150	100,150	15,515	15,515
	<u>6,413,622</u>	<u>5,988,648</u>	<u>5,475,938</u>	<u>5,172,415</u>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(440,142)	(437,086)	(336,508)	(332,680)
- Deferred tax assets	(13,614)	(28,125)	-	(14,074)
- 55% of FVOCI reserves	(196,726)	(77,531)	(119,005)	(43,787)
- Regulatory reserves	(21,001)	(224,579)	(14,250)	(182,292)
- Investment in subsidiaries, associate and joint venture	(956)	(903)	(909,102)	(909,102)
Total CET I capital	<u>5,741,183</u>	<u>5,220,424</u>	<u>4,097,073</u>	<u>3,690,480</u>
Additional Tier 1 Capital Securities	<u>349,871</u>	<u>289,844</u>	<u>249,657</u>	<u>249,584</u>
Total Additional Tier 1 Capital	<u>349,871</u>	<u>289,844</u>	<u>249,657</u>	<u>249,584</u>
Total Tier I Capital	<u>6,091,054</u>	<u>5,510,268</u>	<u>4,346,730</u>	<u>3,940,064</u>
<u>Tier II Capital</u>				
Subordinated obligations	1,199,948	1,199,829	1,199,894	1,199,719
Expected credit losses* and regulatory reserves	419,813	427,020	314,833	321,754
Less: Regulatory adjustment				
- Investment in Tier 2 capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	<u>1,619,761</u>	<u>1,626,849</u>	<u>1,384,727</u>	<u>1,391,473</u>
Total Capital	<u>7,710,815</u>	<u>7,137,117</u>	<u>5,731,457</u>	<u>5,331,537</u>

*Expected credit losses for stage 1 and stage 2 only.

2.0 Capital (cont'd.)

2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirements of the Group and the Bank:

GROUP 30 September 2020 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	9,959,998	9,959,998	2,659	213
Public sector entities	747,365	747,365	149,473	11,958
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	1,252,724	1,252,724	266,131	21,290
Insurance companies, securities firms and fund managers	6,371	6,371	6,147	492
Corporates	19,546,760	18,276,446	14,248,024	1,139,842
Regulatory retail	10,654,164	9,847,279	7,541,105	603,288
Residential mortgages	17,099,807	17,089,485	6,753,483	540,279
Higher risk assets	6,140	6,135	9,203	736
Other assets	1,260,531	1,260,531	772,961	61,837
Equity exposures	-	-	-	-
Defaulted exposures	537,625	533,825	552,845	44,228
Total on-balance sheet exposures	61,071,485	58,980,159	30,302,031	2,424,163
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,957,621	3,395,891	2,944,175	235,534
Derivative financial instruments	713,789	713,789	338,341	27,067
Defaulted exposures	340	311	457	37
Total off-balance sheet exposures	4,671,750	4,109,991	3,282,973	262,638
Total on and off-balance sheet exposures	65,743,235	63,090,150	33,585,004	2,686,801
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	22,794,415	(22,305,741)	476,600	38,128
Foreign currency risk	16,964	(50,363)	50,363	4,029
	22,811,379	(22,356,104)		
Option risk			29,939	2,395
Total			556,902	44,552
(iii) Operational Risk	-	-	3,184,888	254,791
Total	65,743,235	63,090,150	37,326,794	2,986,144

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd.):

BANK 30 September 2020 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	7,288,360	7,288,360	2,659	213
Public sector entities	295,139	295,139	59,028	4,722
Banks, DFIs and Multilateral Development Banks	1,899,737	1,899,737	530,264	42,421
Insurance companies, securities firms and fund managers	2,633	2,633	2,409	193
Corporates	14,351,193	13,299,318	10,707,007	856,561
Regulatory retail	8,108,411	7,427,909	5,502,043	440,163
Residential mortgages	12,290,538	12,280,485	4,643,475	371,478
Higher risk assets	5,485	5,480	8,219	657
Other assets	1,179,738	1,179,738	697,796	55,824
Equity exposures	-	-	-	-
Defaulted exposures	401,594	399,270	426,671	34,134
Total on-balance sheet exposures	45,822,828	44,078,069	22,579,571	1,806,366
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,077,077	2,618,623	2,268,310	181,465
Derivative financial instruments	713,789	713,789	338,341	27,067
Defaulted exposures	338	309	454	36
Total off-balance sheet exposures	3,791,204	3,332,721	2,607,105	208,568
Total on and off-balance sheet exposures	49,614,032	47,410,790	25,186,676	2,014,934
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	22,794,415	(22,305,741)	476,600	38,128
Foreign currency risk	26,033	(49,321)	49,321	3,946
	22,820,448	(22,355,062)		
Option risk			538	43
Total			526,459	42,117
(iii) Operational Risk				
	-	-	2,424,368	193,949
Total	49,614,032	47,410,790	28,137,503	2,251,000

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd.):

GROUP 31 March 2020 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	9,409,103	9,409,103	-	-
Public sector entities	691,368	691,368	138,273	11,062
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	620,046	620,046	128,440	10,275
Insurance companies, securities firms and fund managers	14,870	14,870	14,870	1,190
Corporates	20,583,524	19,156,000	15,246,603	1,219,728
Regulatory retail	9,933,347	9,324,614	7,398,375	591,870
Residential mortgages	16,789,019	16,779,130	6,520,758	521,661
Higher risk assets	5,672	5,668	8,501	680
Other assets	1,291,944	1,291,944	758,493	60,679
Equity exposures	-	-	-	-
Defaulted exposures	579,637	578,198	557,724	44,618
Total on-balance sheet exposures	59,918,530	57,870,941	30,772,037	2,461,763
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures				
Derivative financial instruments	3,918,895	3,405,404	2,999,358	239,949
Defaulted exposures	829,742	829,742	389,154	31,132
Defaulted exposures	747	742	1,098	88
Total off-balance sheet exposures	4,749,384	4,235,888	3,389,610	271,169
Total on and off-balance sheet exposures	64,667,914	62,106,829	34,161,647	2,732,932
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	24,637,343	(24,078,252)	374,470	29,958
Foreign currency risk	17,508	(97,129)	97,125	7,770
Option risk	24,654,851	(24,175,381)	713	57
Total			472,308	37,785
(iii) Operational Risk	-	-	3,125,054	250,004
Total	64,667,914	62,106,829	37,759,009	3,020,721

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd.):

BANK 31 March 2020 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	6,896,805	6,896,805	-	-
Public sector entities	239,371	239,371	47,874	3,830
Banks, DFIs and Multilateral Development Banks	1,182,409	1,182,409	390,093	31,207
Insurance companies, securities firms and fund managers	8,008	8,008	8,008	641
Corporates	15,113,912	13,985,139	11,499,187	919,935
Regulatory retail	7,424,239	6,892,810	5,366,560	429,325
Residential mortgages	12,180,706	12,171,122	4,560,056	364,804
Higher risk assets	5,451	5,446	8,170	654
Other assets	1,223,138	1,223,138	689,686	55,175
Equity exposures	-	-	-	-
Defaulted exposures	421,576	421,119	416,251	33,300
Total on-balance sheet exposures	<u>44,695,615</u>	<u>43,025,367</u>	<u>22,985,885</u>	<u>1,838,871</u>
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,055,715	2,639,204	2,364,494	189,160
Derivative financial instruments	829,742	829,742	389,154	31,132
Defaulted exposures	545	540	800	64
Total off-balance sheet exposures	<u>3,886,002</u>	<u>3,469,486</u>	<u>2,754,448</u>	<u>220,356</u>
Total on and off-balance sheet exposures	<u>48,581,617</u>	<u>46,494,853</u>	<u>25,740,333</u>	<u>2,059,227</u>
(ii) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest rate risk	24,637,343	(24,078,252)	374,470	29,958
Foreign currency risk	17,486	(97,129)	97,125	7,770
	24,654,829	(24,175,381)		
Option risk			713	57
Total			<u>472,308</u>	<u>37,785</u>
(iii) Operational Risk				
	-	-	2,398,815	191,905
Total	<u>48,581,617</u>	<u>46,494,853</u>	<u>28,611,456</u>	<u>2,288,917</u>

Note:

Under Islamic banking, the Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Group and the Bank do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

3.0 Credit Risk

3.1 Distribution of Credit Exposures

(a) Geographical Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account of any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

GROUP	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
30 September 2020							
Cash and short-term funds (exclude cash in hand)	-	3,528,236	-	-	-	28,906	3,557,142
Deposits and placements with banks and other financial institutions	-	303,422	-	-	-	-	303,422
Amounts due from clients and brokers	16,967	62,261	7,884	-	-	-	87,112
Financial assets at fair value through profit or loss (exclude equity securities)	-	379,514	-	-	-	-	379,514
Financial investments at fair value through other comprehensive income (exclude equity securities)	-	10,850,623	-	-	-	-	10,850,623
Financial investments at amortised cost	-	1,360,206	-	-	-	-	1,360,206
Derivative financial assets	-	314,681	-	-	-	-	314,681
Loans, advances and financing (exclude sales commissions and handling fees)	3,136,112	30,990,106	5,414,613	2,983,518	998,887	-	43,523,236
Statutory deposits with Bank Negara Malaysia	-	105,756	-	-	-	-	105,756
Total on-balance sheet	3,153,079	47,894,805	5,422,497	2,983,518	998,887	28,906	60,481,692
Contingent liabilities	96,279	1,134,511	87,006	106,192	42,528	-	1,466,516
Commitments	1,424,106	8,309,076	1,418,373	981,467	573,130	-	12,706,152
Total off-balance sheet	1,520,385	9,443,587	1,505,379	1,087,659	615,658	-	14,172,668
Total credit exposure	4,673,464	57,338,392	6,927,876	4,071,177	1,614,545	28,906	74,654,360

BANK	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
30 September 2020							
Cash and short-term funds (exclude cash in hand)	-	2,826,808	-	-	-	28,906	2,855,714
Deposits and placements with banks and other financial institutions	-	303,422	-	-	-	-	303,422
Financial assets at fair value through profit or loss (exclude equity securities)	-	379,514	-	-	-	-	379,514
Financial investments at fair value through other comprehensive income (exclude equity securities)	-	7,601,324	-	-	-	-	7,601,324
Financial investments at amortised cost	-	1,330,159	-	-	-	-	1,330,159
Derivative financial assets	-	314,681	-	-	-	-	314,681
Loans, advances and financing (exclude sales commissions and handling fees)	2,200,780	23,316,444	4,160,523	2,036,418	772,429	-	32,486,594
Statutory deposits with Bank Negara Malaysia	-	75,668	-	-	-	-	75,668
Total on-balance sheet	2,200,780	36,148,020	4,160,523	2,036,418	772,429	28,906	45,347,076
Contingent liabilities	79,041	905,603	62,033	100,393	39,432	-	1,186,502
Commitments	849,896	6,920,073	1,014,636	698,533	366,622	-	9,849,760
Total off-balance sheet	928,937	7,825,676	1,076,669	798,926	406,054	-	11,036,262
Total credit exposure	3,129,717	43,973,696	5,237,192	2,835,344	1,178,483	28,906	56,383,338

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(a) Geographical Distribution (cont'd.)

The following tables represent the Group's and Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account of any collateral held or other credit enhancements and after allowance for impairment, where appropriate (cont'd.).

GROUP	Geographical region						Total
	Northern	Central	Southern	Sabah	Sarawak	Outside	
31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	Malaysia	RM'000
Cash and short-term funds (exclude cash in hand)	-	2,579,019	-	-	-	6,743	2,585,762
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Amounts due from clients and brokers	10,906	36,558	3,701	-	-	-	51,165
Financial assets at fair value through profit or loss (exclude equity securities)	-	447,954	-	-	-	-	447,954
Financial investments at fair value through other comprehensive income (exclude equity securities)	-	11,544,502	-	-	-	-	11,544,502
Financial investments at amortised cost	-	121,607	-	-	-	-	121,607
Derivative financial assets	-	436,910	-	-	-	-	436,910
Loans, advances and financing (exclude sales commissions and handling fees)	3,161,881	30,874,283	5,351,408	2,929,864	1,057,482	-	43,374,918
Statutory deposits with Bank Negara Malaysia	-	949,049	-	-	-	-	949,049
Total on-balance sheet	3,172,787	46,989,882	5,355,109	2,929,864	1,057,482	6,743	59,511,867
Contingent liabilities (Note 1)	101,232	1,239,731	82,469	101,020	42,473	-	1,566,925
Commitments (Note 1)	1,294,000	8,090,803	1,363,831	710,777	461,572	-	11,920,983
Total off-balance sheet	1,395,232	9,330,534	1,446,300	811,797	504,045	-	13,487,908
Total credit exposure	4,568,019	56,320,416	6,801,409	3,741,661	1,561,527	6,743	72,999,775

BANK	Geographical region						Total
	Northern	Central	Southern	Sabah	Sarawak	Outside	
31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	Malaysia	RM'000
Cash and short-term funds (exclude cash in hand)	-	1,948,332	-	-	-	6,743	1,955,075
Financial assets at fair value through profit or loss (exclude equity securities)	-	447,954	-	-	-	-	447,954
Financial investments at fair value through other comprehensive income (exclude equity securities)	-	8,426,773	-	-	-	-	8,426,773
Financial investments at amortised cost	-	170,777	-	-	-	-	170,777
Derivative financial assets	-	436,910	-	-	-	-	436,910
Loans, advances and financing (exclude sales commissions and handling fees)	2,184,597	23,300,250	4,070,243	2,043,579	737,733	-	32,336,402
Statutory deposits with Bank Negara Malaysia	-	700,355	-	-	-	-	700,355
Total on-balance sheet	2,184,597	35,431,351	4,070,243	2,043,579	737,733	6,743	44,474,246
Contingent liabilities (Note 1)	87,233	1,010,729	59,916	95,172	40,286	-	1,293,336
Commitments (Note 1)	816,450	6,675,442	982,760	548,676	344,169	-	9,367,497
Total off-balance sheet	903,683	7,686,171	1,042,676	643,848	384,455	-	10,660,833
Total credit exposure	3,088,280	43,117,522	5,112,919	2,687,427	1,122,188	6,743	55,135,079

Note 1:

The off-balance sheet items disclosure have been updated to align with industry practice.

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(b) Industry Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

	Government & Central Bank	Financial, Insurance, Business Services & Real Estate	Transport, Storage & Communication	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP								
30 September 2020								
Cash and short-term funds (exclude cash in hand)	2,790,749	766,393	-	-	-	-	-	3,557,142
Deposits and placements with banks and other financial institutions	-	303,422	-	-	-	-	-	303,422
Amounts due from clients and brokers	-	7,036	-	-	-	-	80,076	87,112
Financial assets at fair value through profit or loss (exclude equity securities)	379,514	-	-	-	-	-	-	379,514
Financial investments at fair value through other comprehensive income (exclude equity securities)	5,819,500	2,954,356	1,623,336	238,098	215,333	-	-	10,850,623
Financial investments at amortised cost	1,238,674	101,001	-	-	-	-	20,531	1,360,206
Derivative financial assets	-	194,489	-	-	-	-	120,192	314,681
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,550,525	731,587	12,900,167	1,368,243	23,584,934	387,780	43,523,236
Statutory deposits with Bank Negara Malaysia	105,756	-	-	-	-	-	-	105,756
Total on-balance sheet	10,334,193	8,877,222	2,354,923	13,138,265	1,583,576	23,584,934	608,579	60,481,692
Contingent liabilities	-	207,978	47,806	751,195	439,142	5,445	14,950	1,466,516
Commitments	53,100	1,557,791	156,891	6,026,947	1,399,442	3,194,936	317,045	12,706,152
Total off-balance sheet	53,100	1,765,769	204,697	6,778,142	1,838,584	3,200,381	331,995	14,172,668
Total credit risk	10,387,293	10,642,991	2,559,620	19,916,407	3,422,160	26,785,315	940,574	74,654,360
BANK								
30 September 2020								
Cash and short-term funds (exclude cash in hand)	1,931,217	924,497	-	-	-	-	-	2,855,714
Deposits and placements with banks and other financial institutions	-	303,422	-	-	-	-	-	303,422
Financial assets at fair value through profit or loss (exclude equity securities)	379,514	-	-	-	-	-	-	379,514
Financial investments at fair value through other comprehensive income (exclude equity securities)	4,251,114	2,094,310	1,032,668	131,408	91,824	-	-	7,601,324
Financial investments at amortised cost	1,025,042	284,586	-	-	-	-	20,531	1,330,159
Derivative financial assets	-	194,489	-	-	-	-	120,192	314,681
Loans, advances and financing (exclude sales commissions and handling fees)	-	3,502,403	584,020	10,013,174	1,063,092	17,056,110	267,795	32,486,594
Statutory deposits with Bank Negara Malaysia	75,668	-	-	-	-	-	-	75,668
Total on-balance sheet	7,662,555	7,303,707	1,616,688	10,144,582	1,154,916	17,056,110	408,518	45,347,076
Contingent liabilities	-	185,737	42,209	559,911	378,390	5,443	14,812	1,186,502
Commitments	53,100	1,215,310	121,422	4,326,772	1,266,212	2,564,311	302,633	9,849,760
Total off-balance sheet	53,100	1,401,047	163,631	4,886,683	1,644,602	2,569,754	317,445	11,036,262
Total credit risk	7,715,655	8,704,754	1,780,319	15,031,265	2,799,518	19,625,864	725,963	56,383,338

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(b) Industry Distribution (cont'd.)

The following tables represent the Group's and Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged (cont'd.).

GROUP	Government & Central Bank	Financial, Insurance, Business Services & Real Estate	Transport, Storage & Communication	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction	Household	Others	Total
31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds (exclude cash in hand)	2,152,462	433,300	-	-	-	-	-	2,585,762
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Amounts due from clients and brokers	-	-	-	-	-	-	51,165	51,165
Financial assets at fair value through profit or loss (exclude equity securities)	437,930	10,024	-	-	-	-	-	447,954
Financial investments at fair value through other comprehensive income (exclude equity securities)	6,307,593	3,122,011	1,567,617	313,311	233,970	-	-	11,544,502
Financial investments at amortised cost	-	101,076	-	-	-	-	20,531	121,607
Derivative financial assets	33,426	199,579	-	-	-	-	203,905	436,910
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,517,619	729,312	13,224,820	1,412,148	23,097,057	393,962	43,374,918
Statutory deposits with Bank Negara Malaysia	949,049	-	-	-	-	-	-	949,049
Total on-balance sheet	9,880,460	8,383,609	2,296,929	13,538,131	1,646,118	23,097,057	669,563	59,511,867
Contingent liabilities (Note 1)	-	307,344	47,493	681,207	508,518	5,921	16,442	1,566,925
Commitments (Note 1)	-	1,067,092	111,798	5,121,523	1,167,882	4,336,335	116,353	11,920,983
Total off-balance sheet	-	1,374,436	159,291	5,802,730	1,676,400	4,342,256	132,795	13,487,908
Total credit risk	9,880,460	9,758,045	2,456,220	19,340,861	3,322,518	27,439,313	802,358	72,999,775
BANK								
31 March 2020								
Cash and short-term funds (exclude cash in hand)	1,437,791	517,284	-	-	-	-	-	1,955,075
Financial assets at fair value through profit or loss (exclude equity securities)	437,930	10,024	-	-	-	-	-	447,954
Financial investments at fair value through other comprehensive income (exclude equity securities)	4,758,660	2,360,920	998,180	200,474	108,539	-	-	8,426,773
Financial investments at amortised cost	-	150,246	-	-	-	-	20,531	170,777
Derivative financial assets	33,426	199,579	-	-	-	-	203,905	436,910
Loans, advances and financing (exclude sales commissions and handling fees)	-	3,505,767	555,358	10,098,255	1,094,274	16,810,288	272,460	32,336,402
Statutory deposits with Bank Negara Malaysia	700,355	-	-	-	-	-	-	700,355
Total on-balance sheet	7,368,162	6,743,820	1,553,538	10,298,729	1,202,813	16,810,288	496,896	44,474,246
Contingent liabilities (Note 1)	-	185,596	42,241	593,365	450,067	5,899	16,168	1,293,336
Commitments (Note 1)	-	803,707	99,603	3,834,387	1,046,245	3,479,637	103,918	9,367,497
Total off-balance sheet	-	989,303	141,844	4,427,752	1,496,312	3,485,536	120,086	10,660,833
Total credit risk	7,368,162	7,733,123	1,695,382	14,726,481	2,699,125	20,295,824	616,982	55,135,079

Note 1:

The off-balance sheet items disclosure have been updated to align with industry practice.

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank:

GROUP	<u>Up to 1 month</u>	<u>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>>1 year</u>	<u>Total</u>
30 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds (exclude cash in hand)	3,557,142	-	-	-	-	3,557,142
Deposits and placements with banks and other financial institutions	-	303,422	-	-	-	303,422
Amounts due from clients and brokers	87,112	-	-	-	-	87,112
Financial assets at fair value through profit or loss (exclude equity securities)	-	-	-	-	379,514	379,514
Financial investments at fair value through other comprehensive income (exclude equity securities)	223,082	111,937	217,390	915,306	9,382,908	10,850,623
Financial investments at amortised cost	-	-	16	10,263	1,349,927	1,360,206
Derivative financial assets	26,640	73,796	60,230	23,297	130,718	314,681
Loans, advances and financing (exclude sales commissions and handling fees)	7,744,454	2,070,528	779,136	325,479	32,603,639	43,523,236
Statutory deposits with Bank Negara Malaysia	-	-	-	-	105,756	105,756
Total on-balance sheet exposure	11,638,430	2,559,683	1,056,772	1,274,345	43,952,462	60,481,692

BANK

30 September 2020

Cash and short-term funds (exclude cash in hand)	2,855,714	-	-	-	-	2,855,714
Deposits and placements with banks and other financial institutions	-	303,422	-	-	-	303,422
Financial assets at fair value through profit or loss (exclude equity securities)	-	-	-	-	379,514	379,514
Financial investments at fair value through other comprehensive income (exclude equity securities)	223,082	55,962	60,612	771,101	6,490,567	7,601,324
Financial investments at amortised cost	-	-	-	10,263	1,319,896	1,330,159
Derivative financial assets	26,640	73,796	60,230	23,297	130,718	314,681
Loans, advances and financing (exclude sales commissions and handling fees)	5,309,610	1,572,487	605,359	257,639	24,741,499	32,486,594
Statutory deposits with Bank Negara Malaysia	-	-	-	-	75,668	75,668
Total on-balance sheet exposure	8,415,046	2,005,667	726,201	1,062,300	33,137,862	45,347,076

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(c) Residual Contractual Maturity (cont'd.)

The following tables represent the residual contractual maturity for major types of gross credit exposures for on-balance sheet financial assets of the Group and the Bank (cont'd.):

GROUP	<u>Up to 1 month</u>	<u>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>>1 year</u>	<u>Total</u>
31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds (exclude cash in hand)	2,585,762	-	-	-	-	2,585,762
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-
Amounts due from clients and brokers	51,165	-	-	-	-	51,165
Financial assets at fair value through profit or loss (exclude equity securities)	-	-	-	2	447,952	447,954
Financial investments at fair value through other comprehensive income (exclude equity securities)	172,324	532,002	317,104	464,092	10,058,980	11,544,502
Financial investments at amortised cost	-	-	-	16	121,591	121,607
Derivative financial assets	76,325	53,116	60,838	103,827	142,804	436,910
Loans, advances and financing (exclude sales commissions and handling fees)	8,600,960	2,197,009	781,874	230,668	31,564,407	43,374,918
Statutory deposits with Bank Negara Malaysia	-	-	-	-	949,049	949,049
Total on-balance sheet exposure	11,486,536	2,782,127	1,159,816	798,605	43,284,783	59,511,867
BANK						
31 March 2020						
Cash and short-term funds (exclude cash in hand)	1,955,075	-	-	-	-	1,955,075
Financial assets at fair value through profit or loss (exclude equity securities)	-	-	-	2	447,952	447,954
Financial investments at fair value through other comprehensive income (exclude equity securities)	131,528	399,860	221,729	230,243	7,443,413	8,426,773
Financial investments at amortised cost	-	-	-	-	170,777	170,777
Derivative financial assets	76,325	53,116	60,838	103,827	142,804	436,910
Loans, advances and financing (exclude sales commissions and handling fees)	5,967,999	1,559,464	621,672	178,300	24,008,967	32,336,402
Statutory deposits with Bank Negara Malaysia	-	-	-	-	700,355	700,355
Total on-balance sheet exposure	8,130,927	2,012,440	904,239	512,372	32,914,268	44,474,246

3.0 Credit Risk (cont'd.)

3.2 Past Due but Not Impaired Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than 3 months. Under MFRS9, exposures more than 30 days past due are transferred to Stage 2. For loans that are structured to pay principal and/ or interest at quarterly interval or longer, a default of payment will trigger an impairment.

The following tables represent the past due but not impaired loans, advances and financing analysed by sector:

	GROUP		BANK	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Financial, insurance & business services and real estate	77,634	158,176	41,823	129,408
Transport, storage & communication	5,421	37,851	4,871	33,643
Agriculture, manufacturing, wholesale & retail trade	235,574	1,345,067	192,014	1,075,631
Construction	177,204	335,890	151,548	245,883
Household	1,295,653	1,618,582	799,309	1,028,837
Others	38,358	38,168	13,388	13,783
	<u>1,829,844</u>	<u>3,533,734</u>	<u>1,202,953</u>	<u>2,527,185</u>

Past due but not impaired loans, advances and financing analysed by significant geographical areas:

	GROUP		BANK	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Northern region	124,381	294,640	85,044	214,750
Central region	1,418,390	2,555,013	928,788	1,821,590
Southern region	205,310	430,123	142,608	303,884
Sabah region	69,550	192,336	38,467	133,145
Sarawak region	12,213	61,622	8,046	53,816
	<u>1,829,844</u>	<u>3,533,734</u>	<u>1,202,953</u>	<u>2,527,185</u>

3.0 Credit Risk (cont'd.)

3.3 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/ or interest payment for more than 3 months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

Impaired loans, advances and financing analysed by sectors:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2020 RM'000	31 March 2020 RM'000	30 September 2020 RM'000	31 March 2020 RM'000
Financial, insurance & business services and real estate	67,052	30,230	65,792	29,030
Transport, storage & communication	6,348	6,135	4,300	4,088
Agriculture, manufacturing, wholesale & retail trade	161,993	192,991	127,343	152,272
Construction	35,787	48,822	22,137	34,653
Household	488,894	588,904	347,185	414,043
Others	4,272	4,258	4,271	4,257
	<u>764,346</u>	<u>871,340</u>	<u>571,028</u>	<u>638,343</u>

3.0 Credit Risk (cont'd.)

3.3 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis
(cont'd.)

Allowance for expected credit losses on loans, advances and financing analysed by sectors:

GROUP	12 months ECL (Stage 1)	Lifetime ECL Not-credit impaired (Stage 2)	Lifetime ECL Credit impaired (Stage 3)	ECL	Stage 3 write-off for the period
				charged/ (write-back) for the period (net)	
30 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	9,862	17,522	8,288	(510)	(297)
Transport, storage & communication	2,358	3,863	5,235	232	(9)
Agriculture, manufacturing, wholesale & retail trade	45,588	109,138	75,183	4,671	(24,410)
Construction	4,030	36,299	27,347	(315)	(10,818)
Household	158,476	196,907	110,051	(4,913)	(25,627)
Others	1,569	3,178	1,680	20	(5)
	<u>221,883</u>	<u>366,907</u>	<u>227,784</u>	<u>(815)</u>	<u>(61,166)</u>
BANK					
30 September 2020					
Financial, insurance & business services and real estate	7,583	12,780	7,945	(533)	(297)
Transport, storage & communication	2,062	3,303	3,186	220	(9)
Agriculture, manufacturing, wholesale & retail trade	35,829	94,871	65,467	3,912	(22,535)
Construction	3,428	23,183	15,353	(342)	(10,295)
Household	91,741	112,073	76,858	(477)	(15,852)
Others	1,200	1,091	1,680	20	(5)
	<u>141,843</u>	<u>247,301</u>	<u>170,489</u>	<u>2,800</u>	<u>(48,993)</u>

3.0 Credit Risk (cont'd.)

3.3 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis
(cont'd.)

Allowance for expected credit losses on loans, advances and financing analysed by sectors (cont'd.):

GROUP	12 months ECL (Stage 1)	Lifetime ECL Not-credit impaired (Stage 2)	Lifetime ECL Credit impaired (Stage 3)	ECL	Stage 3 write-off for the year
				charged/ (write-back) for the year (net)	
31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Financial, insurance & business services and real estate	5,962	16,634	9,235	3,959	(1,028)
Transport, storage & communication	1,824	3,837	5,033	2,190	(383)
Agriculture, manufacturing, wholesale & retail trade	30,706	88,028	94,844	36,270	(16,132)
Construction	2,854	16,624	38,242	13,543	(417)
Household	54,415	142,702	144,348	149,145	(101,018)
Others	792	1,462	1,726	(161)	(595)
	<u>96,553</u>	<u>269,287</u>	<u>293,428</u>	<u>204,946</u>	<u>(119,573)</u>
BANK					
31 March 2020					
Financial, insurance & business services and real estate	4,527	12,614	8,902	3,877	(1,023)
Transport, storage & communication	1,661	3,259	2,995	434	(363)
Agriculture, manufacturing, wholesale & retail trade	23,866	70,418	83,674	34,330	(13,738)
Construction	2,146	13,981	25,710	7,491	(290)
Household	30,921	76,442	95,364	88,358	(64,670)
Others	556	482	1,725	(161)	(595)
	<u>63,677</u>	<u>177,196</u>	<u>218,370</u>	<u>134,329</u>	<u>(80,679)</u>

3.0 Credit Risk (cont'd.)

3.3 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis
(cont'd.)

Impaired loans, advances and financing and allowance for expected credit losses analysed by significant geographical areas:

GROUP	Impaired loans, advances and financing RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000
30 September 2020				
Northern region	69,981	19,085	27,188	32,371
Central region	566,251	164,207	274,086	152,643
Southern region	91,014	24,250	36,578	33,497
Sabah region	27,114	10,100	24,167	4,973
Sarawak region	9,986	4,241	4,888	4,300
	764,346	221,883	366,907	227,784

BANK
30 September 2020

Northern region	47,049	11,485	19,268	22,814
Central region	422,572	104,639	181,654	112,911
Southern region	73,572	16,239	22,504	27,178
Sabah region	19,977	6,042	19,601	3,756
Sarawak region	7,858	3,438	4,274	3,830
	571,028	141,843	247,301	170,489

GROUP	Impaired loans, advances and financing RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000
31 March 2020				
Northern region	85,202	9,813	22,862	39,715
Central region	623,066	70,575	192,653	194,895
Southern region	118,968	9,782	30,035	47,533
Sabah region	32,649	4,081	18,414	5,815
Sarawak region	11,455	2,302	5,323	5,470
	871,340	96,553	269,287	293,428

BANK
31 March 2020

Northern region	60,317	5,833	15,713	28,643
Central region	449,333	46,695	127,073	142,883
Southern region	94,908	6,634	15,424	37,819
Sabah region	24,474	2,697	14,215	4,133
Sarawak region	9,311	1,818	4,771	4,892
	638,343	63,677	177,196	218,370

3.0 Credit Risk (cont'd.)

3.3 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd.)

Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	88,161	(119,865)	(3,647)	(35,351)
Transfer to Stage 2	(40,093)	170,077	(24,941)	105,043
Transfer to Stage 3	(89)	(13,211)	29,830	16,530
New financial assets originated or purchased	33,669	68,730	8,678	111,077
Financial assets derecognised other than write-off	(25,927)	(67,513)	(12,866)	(106,306)
Changes due to change in credit risk	69,635	59,488	2,144	131,267
Other adjustments	(26)	(35)	(13)	(74)
	125,330	97,671	(815)	222,186
Unwinding of discount	-	-	(3,663)	(3,663)
Total charge to/(write-back from) income statement	125,330	97,671	(4,478)	218,523
Write-off	-	(51)	(61,166)	(61,217)
At 30 September 2020	221,883	366,907	227,784	816,574
BANK				
At 1 April 2020	63,677	177,196	218,370	459,243
Transfer to Stage 1	52,555	(79,038)	(2,311)	(28,794)
Transfer to Stage 2	(24,545)	111,144	(18,927)	67,672
Transfer to Stage 3	(24)	(10,439)	23,322	12,859
New financial assets originated or purchased	23,639	52,083	7,349	83,071
Financial assets derecognised other than write-off	(18,001)	(47,759)	(10,471)	(76,231)
Changes due to change in credit risk	44,568	44,149	3,851	92,568
Other adjustments	(26)	(35)	(13)	(74)
	78,166	70,105	2,800	151,071
Unwinding of discount	-	-	(1,688)	(1,688)
Total charge to/(write-back from) income statement	78,166	70,105	1,112	149,383
Write-off	-	-	(48,993)	(48,993)
At 30 September 2020	141,843	247,301	170,489	559,633

3.0 Credit Risk (cont'd.)

3.3 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd.)

Movements in the allowance for expected credit losses on loans, advances and financing are as follows (cont'd.):

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	31,354	(165,725)	(4,458)	(138,829)
Transfer to Stage 2	(44,896)	286,244	(105,254)	136,094
Transfer to Stage 3	(98)	(135,779)	342,624	206,747
New financial assets originated or purchased	57,681	139,436	19,768	216,885
Financial assets derecognised other than write-off	(26,835)	(138,100)	(27,367)	(192,302)
Changes due to change in credit risk	6,655	71,828	(20,379)	58,104
Other adjustments	16	33	12	61
	23,877	57,937	204,946	286,760
Unwinding of discount	-	-	(9,410)	(9,410)
Total charge to/(write-back from) income statement	23,877	57,937	195,536	277,350
Write-off	(3)	(1,169)	(119,573)	(120,745)
At 31 March 2020	96,553	269,287	293,428	659,268
BANK				
At 1 April 2019	49,135	142,622	171,332	363,089
Transfer to Stage 1	21,575	(116,457)	(3,908)	(98,790)
Transfer to Stage 2	(29,604)	197,930	(75,350)	92,976
Transfer to Stage 3	(81)	(82,648)	238,931	156,202
New financial assets originated or purchased	35,395	113,212	12,829	161,436
Financial assets derecognised other than write-off	(17,721)	(114,040)	(18,108)	(149,869)
Changes due to change in credit risk	4,962	37,191	(20,077)	22,076
Other adjustments	16	33	12	61
	14,542	35,221	134,329	184,092
Unwinding of discount	-	-	(6,612)	(6,612)
Total charge to/(write-back from) income statement	14,542	35,221	127,717	177,480
Write-off	-	(647)	(80,679)	(81,326)
At 31 March 2020	63,677	177,196	218,370	459,243

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

GROUP	Exposures after netting and credit risk mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns /Central Banks	Public Sector Entities	Banks, DFIs and Multilateral Development Banks	Insurance Companies, Securities Firms and Fund Managers	Regulatory Corporates	Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
30 September 2020	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%	10,007,779	-	5,277	-	1,556,607	-	-	-	481,942	-	12,051,605	-
20%	8,104	829,590	1,566,408	280	3,055,123	495,940	504	-	7,036	-	5,962,985	1,192,597
35%	-	-	-	-	-	-	14,573,262	-	-	-	14,573,262	5,100,641
50%	5,319	-	187,769	-	70,867	17,615	2,068,191	-	-	-	2,349,761	1,174,880
75%	-	-	-	-	-	8,420,757	8,751	-	-	-	8,429,508	6,322,131
100%	-	-	71	16,913	16,074,182	1,758,935	957,924	-	771,549	-	19,579,574	19,579,574
150%	-	-	-	-	92,912	42,302	458	7,780	3	-	143,455	215,181
Total exposures	10,021,202	829,590	1,759,525	17,193	20,849,691	10,735,549	17,609,090	7,780	1,260,530	-	63,090,150	33,585,004
Risk-weighted assets by exposures	4,280	165,918	407,237	16,969	16,860,006	8,245,951	7,100,012	11,670	772,961	-	33,585,004	
Average risk-weight	0%	20%	23%	99%	81%	77%	40%	150%	61%	-	53%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables represent the credit exposures by risk- weights and after credit risk mitigation (cont'd.):

BANK 30 September 2020 Risk- <u>Weights</u>	Exposures after netting and credit risk mitigation											Total Exposures after Netting and Credit Risk <u>Mitigation</u> RM'000	Total Risk- Weighted <u>Assets</u> RM'000
	Sovereigns	Public	Banks,	Insurance				Higher	Other	Equity			
	/Central	Sector	DFIs and	Companies,	Firms and	Regulatory	Residential	Risk	Assets	Exposures			
	<u>Banks</u>	<u>Entities</u>	<u>Banks</u>	<u>Managers</u>	<u>Corporates</u>	<u>Retail</u>	<u>Mortgages</u>	<u>Assets</u>	<u>Assets</u>	<u>Exposures</u>	<u>Mitigation</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
0%	7,336,141	-	-	-	980,465	-	-	-	481,943	-	-	8,798,549	-
20%	8,104	359,365	1,773,113	280	1,989,722	509,391	404	-	-	-	-	4,640,379	928,076
35%	-	-	-	-	-	-	11,095,387	-	-	-	-	11,095,387	3,883,385
50%	5,318	-	633,270	-	54,457	12,810	1,025,112	-	-	-	-	1,730,967	865,484
75%	-	-	-	-	-	6,783,067	5,408	-	-	-	-	6,788,475	5,091,356
100%	-	-	71	9,155	12,176,717	879,868	470,745	-	697,792	-	-	14,234,348	14,234,348
150%	-	-	-	-	81,268	33,907	458	7,049	3	-	-	122,685	184,027
Total exposures	7,349,563	359,365	2,406,454	9,435	15,282,629	8,219,043	12,597,514	7,049	1,179,738	-	-	47,410,790	25,186,676
Risk-weighted assets by exposures	4,280	71,873	671,329	9,211	12,723,791	6,126,312	4,871,510	10,574	697,796	-	-	25,186,676	
Average risk-weight	0%	20%	28%	98%	83%	75%	39%	150%	59%	-	-	53%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables represent the credit exposures by risk- weights and after credit risk mitigation (cont'd.):

GROUP 31 March 2020	Exposures after netting and credit risk mitigation										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns	Public	Banks,	Insurance				Higher	Other	Equity		
	/Central	Sector	DFIs and	Companies,	Firms and	Regulatory	Residential	Risk	Assets	Exposures		
	<u>Banks</u>	<u>Entities</u>	<u>Banks</u>	<u>Managers</u>	<u>Corporates</u>	<u>Retail</u>	<u>Mortgages</u>	<u>Assets</u>	<u>Assets</u>	<u>Exposures</u>		
<u>Weights</u>	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%	9,409,103	-	-	-	1,459,459	-	-	-	533,453	-	11,402,015	-
20%	50,238	795,897	952,136	-	3,022,211	-	355	-	-	-	4,820,837	964,167
35%	-	-	-	-	-	-	14,539,783	-	-	-	14,539,783	5,088,924
50%	-	-	158,497	-	74,698	33,993	2,038,507	-	-	-	2,305,695	1,152,848
75%	-	-	-	-	-	8,568,446	3,143	-	-	-	8,571,589	6,428,692
100%	-	-	141	15,722	17,103,749	1,670,231	798,366	-	758,488	-	20,346,697	20,346,697
150%	-	-	-	-	64,007	48,822	69	7,312	3	-	120,213	180,319
Total exposures	9,459,341	795,897	1,110,774	15,722	21,724,124	10,321,492	17,380,223	7,312	1,291,944	-	62,106,829	34,161,647
Risk-weighted assets by exposures	10,048	159,179	269,817	15,722	17,841,551	8,186,794	6,909,075	10,968	758,493	-	34,161,647	
Average risk-weight	0%	20%	24%	100%	82%	79%	40%	150%	59%	-	55%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables represent the credit exposures by risk- weights and after credit risk mitigation (cont'd.):

BANK 31 March 2020 Risk- Weights	Exposures after netting and credit risk mitigation											Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns	Public	Banks,	Insurance				Higher	Other	Equity			
	/Central	Sector	DFIs and	Companies,	Firms and	Regulatory	Residential	Risk	Assets	Exposures			
	<u>Banks</u>	<u>Entities</u>	<u>Banks</u>	<u>Managers</u>	<u>Corporates</u>	<u>Retail</u>	<u>Mortgages</u>	<u>Assets</u>	<u>Assets</u>	<u>Exposures</u>			
	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%	6,896,805	-	-	-	957,161	-	-	-	533,453	-	-	8,387,419	-
20%	50,238	339,900	1,017,233	-	1,880,391	-	274	-	-	-	-	3,288,036	657,607
35%	-	-	-	-	-	-	11,075,916	-	-	-	-	11,075,916	3,876,570
50%	-	-	655,876	-	57,475	23,741	1,036,757	-	-	-	-	1,773,849	886,925
75%	-	-	-	-	-	6,791,868	3,021	-	-	-	-	6,794,889	5,096,167
100%	-	-	141	8,840	13,134,899	826,858	417,684	-	689,682	-	-	15,078,104	15,078,104
150%	-	-	-	-	52,525	37,027	69	7,016	3	-	-	96,640	144,960
Total exposures	6,947,043	339,900	1,673,250	8,840	16,082,451	7,679,494	12,533,721	7,016	1,223,138	-	-	46,494,853	25,740,333
Risk-weighted assets by exposures	10,048	67,980	531,526	8,840	13,618,501	5,988,170	4,815,057	10,524	689,687	-	-	25,740,333	
Average risk-weight	0%	20%	32%	100%	85%	78%	38%	150%	56%	-	-	55%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), Standard and Poor's ("S&P"), Moody's, Fitch, and Rating and Investment ("R&I"). In the context of the Group's portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM's Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved Eligible Credit Assessment Institutions ("ECAIs"):

GROUP
30 September 2020

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	R&I (Note 1)	AAA to AA- / a-1+, a-1	A+ to A- / a-2	BBB+ to BB- / a-3	B+ to D / b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Public Sector Entities	-	430,886	-	-	-	-	430,886
Sovereigns and Central Banks (See Note 2)	-	10,015,883	5,319	-	-	-	10,021,202
Corporates	-	1,556,608	-	-	-	-	1,556,608
Banks, DFIs and Multilateral Development Banks	-	5,277	-	-	-	-	5,277
	-	12,008,654	5,319	-	-	-	12,013,973
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks	582,444	648,334	2,893	-	520,576	-	1,754,247
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	-
	582,444	648,334	2,893	-	520,576	-	1,754,247
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities	46,897	-	-	-	351,807	-	398,704
Corporates	2,880,697	63,951	293,171	-	17,594,558	-	20,832,377
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	17,199	-	17,199
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-
	2,927,594	63,951	293,171	-	17,963,564	-	21,248,280

Note 1: "R&I" rating is not recognised for Islamic debt securities.

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

*Upper Range = Long-Term Rating,
Lower Range = Short-Term Rating

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECAIs (cont'd.):

BANK
30 September 2020

Exposure Class	Ratings by Approved ECAIs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	R&I (Note 1)	AAA to AA- / a-1+, a-1	A+ to A- / a-2	BBB+ to BB- / a-3	B+ to D / b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Public Sector Entities		-	115,742	-	-	-	115,742
Sovereigns and Central Banks (See Note 2)		-	7,344,245	5,319	-	-	7,349,564
Corporates		-	980,465	-	-	-	980,465
Banks, DFIs and Multilateral Development Banks		-	-	-	-	-	-
		-	8,440,452	5,319	-	-	8,445,771
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks		576,718	1,315,673	2,893	-	511,170	2,406,454
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks		-	-	-	-	-	-
		576,718	1,315,673	2,893	-	511,170	2,406,454
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities		30,996	-	-	-	212,627	243,623
Corporates		1,832,862	48,654	212,379	-	13,458,867	15,552,762
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	9,441	9,441
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	-	-
		1,863,858	48,654	212,379	-	13,680,935	15,805,826

Note 1: "R&I" rating is not recognised for Islamic debt securities.

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

*Upper Range = Long-Term Rating,
Lower Range = Short-Term Rating

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECAIs (cont'd.):

GROUP
31 March 2020

Exposure Class	Ratings by Approved ECAIs *					Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated
	R&I (Note 1)	AAA to AA- / a-1+, a-1	A+ to A- / a-2	BBB+ to BB- / a-3	B+ to D / b, c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
	Public Sector Entities	-	410,923	-	-	410,923
	Sovereigns and Central Banks (See Note 2)	-	9,459,341	-	-	9,459,341
	Corporates	-	1,459,459	-	-	1,459,459
	Banks, DFIs and Multilateral Development Banks	-	-	-	-	-
		-	11,329,723	-	-	11,329,723
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
	Banks, DFIs and Multilateral Development Banks	615,927	349,354	487	-	75,770
Exposures risk-weighted using Banking Institutions short-term rating						
	Banks, DFIs and Multilateral Development Banks	69,234	-	-	-	69,234
		685,161	349,354	487	-	75,770
(iii) Exposures risk-weighted using Corporate long-term rating						
	Public Sector Entities	97,599	-	-	-	287,375
	Corporates	2,922,229	64,336	-	-	18,902,026
	Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	15,726
Exposures risk-weighted using Corporate short-term rating						
	Public Sector Entities	-	-	-	-	-
	Corporates	99,983	-	-	-	99,983
	Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-
		3,119,811	64,336	-	-	19,205,127
						22,389,274

Note 1: "R&I" rating is not recognised for Islamic debt securities.

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

*Upper Range = Long-Term Rating,
Lower Range = Short-Term Rating

3.0 Credit Risk (cont'd.)

3.4 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

The following tables show the rated credit exposures according to ratings by approved ECAs (cont'd.):

BANK
31 March 2020

Exposure Class	Ratings by Approved ECAs *						Total
	Moody's	Aaa to Aa3 / P-1	A1 to A3 / P-2	Baa1 to Ba3 / P-3	B1 to C / Others	Unrated	
	S&P	AAA to AA- / A-1	A+ to A- / A-2	BBB+ to BB- / A-3	B+ to D / Others	Unrated	
	Fitch	AAA to AA- / F1+, F1	A+ to A- / A-2	BBB+ to BB- / F3	B+ to D	Unrated	
	RAM	AAA to AA3 / P-1	A+ to A3 / P-2	BBB1+ to BB3 / P-3	B to D / NP	Unrated	
	MARC	AAA to AA- / MARC-1	A+ to A- / MARC-2	BBB+ to BB- / MARC-3	B+ to D / MARC-4	Unrated	
	R&I (Note 1)	AAA to AA- / a-1+, a-1	A+ to A- / a-2	BBB+ to BB- / a-3	B+ to D / b, c	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Public Sector Entities	-	108,114	-	-	-	108,114	
Sovereigns and Central Banks (See Note 2)	-	6,947,043	-	-	-	6,947,043	
Corporates	-	957,161	-	-	-	957,161	
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-	
	-	8,012,318	-	-	-	8,012,318	
(ii) Exposures risk-weighted using Banking Institutions long-term rating							
Banks, DFIs and Multilateral Development Banks	600,299	957,106	487	-	75,809	1,633,701	
Exposures risk-weighted using Banking Institutions short-term rating							
Banks, DFIs and Multilateral Development Banks	39,549	-	-	-	-	39,549	
	639,848	957,106	487	-	75,809	1,673,250	
(iii) Exposures risk-weighted using Corporate long-term rating							
Public Sector Entities	30,897	-	-	-	200,890	231,787	
Corporates	1,780,409	48,955	-	-	14,545,019	16,374,383	
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	8,844	8,844	
Exposures risk-weighted using Corporate short-term rating							
Public Sector Entities	-	-	-	-	-	-	
Corporates	99,983	-	-	-	-	99,983	
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	
	1,911,289	48,955	-	-	14,754,753	16,714,997	

Note 1: "R&I" rating is not recognised for Islamic debt securities.

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

*Upper Range = Long-Term Rating,
Lower Range = Short-Term Rating

Note:

There is no outstanding securitisation contract in the Bank that requires disclosure of ratings and short-term rating of securitisation by approved ECAs.

3.0 Credit Risk (cont'd.)

3.5 Credit Risk Mitigation ("CRM")

As a practical approach towards mitigating credit risk, the Group accepts a wide range of collaterals. Main types of collateral acceptable to the Group include cash, guarantees, commercial and residential real estate, and physical collateral/financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, the BNM guidelines apply more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

The following tables represent the Group's/Bank's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

GROUP	Exposures	Exposures	Exposures	Exposures
30 September 2020	before CRM	covered by	covered by	covered by
Exposure Class	RM'000	guarantees/ credit derivatives	eligible financial collateral	other eligible collateral
		(Note 1)	RM'000	RM'000
		RM'000		
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	9,959,998	-	-	-
Public sector entities	747,365	-	-	-
Banks, DFIs and Multilateral Development Banks	1,252,724	-	-	-
Insurance companies, securities firms and fund managers	6,371	280	-	-
Corporates	19,546,760	174,150	1,270,314	-
Regulatory retail	10,654,164	495,712	806,885	-
Residential mortgages	17,099,807	504	10,322	-
Higher risk assets	6,140	-	5	-
Other assets	1,260,531	-	-	-
Equity exposures	-	-	-	-
Defaulted exposures	537,625	229	3,800	-
Total on-balance sheet exposures	<u>61,071,485</u>	<u>670,875</u>	<u>2,091,326</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	4,671,410	275	561,730	-
Defaulted exposures	340	-	29	-
Total off-balance sheet exposures	<u>4,671,750</u>	<u>275</u>	<u>561,759</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>65,743,235</u>	<u>671,150</u>	<u>2,653,085</u>	<u>-</u>

Note 1: The Exposures covered by guarantees/credit derivative refers to the exposures guaranteed by eligible guarantor.

3.0 Credit Risk (cont'd.)

3.5 Credit Risk Mitigation ("CRM") (cont'd.)

BANK 30 September 2020 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,288,360	-	-	-
Public sector entities	295,139	-	-	-
Banks, DFIs and Multilateral				
Development Banks	1,899,737	-	-	-
Insurance companies, securities				
firms and fund managers	2,633	280	-	-
Corporates	14,351,193	156,585	1,051,875	-
Regulatory retail	8,108,411	509,162	680,502	-
Residential mortgages	12,290,538	404	10,054	-
Higher risk assets	5,485	-	5	-
Other assets	1,179,738	-	-	-
Equity exposures	-	-	-	-
Defaulted exposures	401,594	229	2,323	-
Total on-balance sheet exposures	<u>45,822,828</u>	<u>666,660</u>	<u>1,744,759</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	3,790,866	275	458,454	-
Defaulted exposures	338	-	29	-
Total off-balance sheet exposures	<u>3,791,204</u>	<u>275</u>	<u>458,483</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>49,614,032</u>	<u>666,935</u>	<u>2,203,242</u>	<u>-</u>

Note 1: The Exposures covered by guarantees/credit derivative refers to the exposures guaranteed by eligible guarantor.

3.0 Credit Risk (cont'd.)

3.5 Credit Risk Mitigation ("CRM") (cont'd.)

<u>GROUP</u> 31 March 2020 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	9,409,103	-	-	-
Public sector entities	691,368	-	-	-
Banks, DFIs and Multilateral Development Banks	620,046	-	-	-
Insurance companies, securities firms and fund managers	14,870	-	-	-
Corporates	20,583,524	-	1,427,524	-
Regulatory retail	9,933,347	-	608,733	-
Residential mortgages	16,789,019	-	9,889	-
Higher risk assets	5,672	-	4	-
Other assets	1,291,944	-	-	-
Equity exposures	-	-	-	-
Defaulted exposures	579,637	-	1,439	-
Total on-balance sheet exposures	<u>59,918,530</u>	<u>-</u>	<u>2,047,589</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,748,637	-	513,491	-
Defaulted exposures	747	-	5	-
Total off-balance sheet exposures	<u>4,749,384</u>	<u>-</u>	<u>513,496</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>64,667,914</u>	<u>-</u>	<u>2,561,085</u>	<u>-</u>

3.0 Credit Risk (cont'd.)

3.5 Credit Risk Mitigation ("CRM") (cont'd.)

BANK	Exposures	Exposures	Exposures	Exposures
31 March 2020	before CRM	covered by	covered by	covered by
Exposure Class	RM'000	guarantees/ credit derivatives	eligible financial collateral	other eligible collateral
		RM'000	RM'000	RM'000
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,896,805	-	-	-
Public sector entities	239,371	-	-	-
Banks, DFIs and Multilateral				
Development Banks	1,182,409	-	-	-
Insurance companies, securities				
firms and fund managers	8,008	-	-	-
Corporates	15,113,912	-	1,128,773	-
Regulatory retail	7,424,239	-	531,429	-
Residential mortgages	12,180,706	-	9,584	-
Higher risk assets	5,451	-	5	-
Other assets	1,223,138	-	-	-
Equity exposures	-	-	-	-
Defaulted exposures	421,576	-	457	-
Total on-balance sheet exposures	<u>44,695,615</u>	<u>-</u>	<u>1,670,248</u>	<u>-</u>
Off-balance sheet exposures:				
Off-balance sheet exposures other than				
OTC derivatives or credit derivatives	3,885,457	-	416,511	-
Defaulted exposures	545	-	5	-
Total off-balance sheet exposures	<u>3,886,002</u>	<u>-</u>	<u>416,516</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>48,581,617</u>	<u>-</u>	<u>2,086,764</u>	<u>-</u>

3.0 Credit Risk (cont'd.)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

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

GROUP	Principal	Positive	Credit	Risk-
30 September 2020	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
<u>Credit-related exposures</u>				
Direct credit substitutes	772,771	-	772,739	688,043
Transaction-related contingent items	590,867	-	292,807	196,623
Short-term self-liquidating trade-related contingencies	102,878	-	20,575	18,115
Forward asset purchase	53,100	-	53,100	-
Obligations under an on-going underwriting agreement	30,000	-	15,000	15,000
Irrevocable commitments to extend credit:				
• maturity exceeding 1 year	931,758	-	465,503	349,902
• maturity not exceeding 1 year	10,387,347	-	2,077,466	1,475,367
Unutilised credit card lines	1,303,947	-	260,771	201,582
	<u>14,172,668</u>	<u>-</u>	<u>3,957,961</u>	<u>2,944,632</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• 1 year or less	11,378,395	68,780	174,085	46,277
• over 1 year to 3 years	676,377	2,900	47,586	32,405
• over 3 years	684,660	8,911	78,416	39,116
Interest rate related contracts:				
• 1 year or less	1,968,607	5,285	8,577	2,248
• over 1 year to 3 years	4,209,863	70,717	133,705	43,947
• over 3 years	1,759,595	33,315	97,848	32,147
Equity related contracts:				
• 1 year or less	631,000	107,124	144,984	129,847
• over 1 year to 3 years	255,265	8,167	28,588	12,354
• over 3 years	-	-	-	-
	<u>21,563,762</u>	<u>305,199</u>	<u>713,789</u>	<u>338,341</u>
	<u>35,736,430</u>	<u>305,199</u>	<u>4,671,750</u>	<u>3,282,973</u>

3.0 Credit Risk (cont'd.)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

BANK	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 September 2020				
<u>Credit-related exposures</u>				
Direct credit substitutes	578,670	-	578,638	504,851
Transaction-related contingent items	525,125	-	259,936	175,322
Short-term self-liquidating trade-related contingencies	82,707	-	16,541	14,330
Forward asset purchase	53,100	-	53,100	-
Obligations under an on-going underwriting agreement	-	-	-	-
Irrevocable commitments to extend credit:				
• maturity exceeding 1 year	700,892	-	350,068	276,147
• maturity not exceeding 1 year	7,791,821	-	1,558,361	1,096,891
Unutilised credit card lines	1,303,947	-	260,771	201,223
	<u>11,036,262</u>	<u>-</u>	<u>3,077,415</u>	<u>2,268,764</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• 1 year or less	11,378,395	68,780	174,085	46,277
• over 1 year to 3 years	676,377	2,900	47,586	32,405
• over 3 years	684,660	8,911	78,416	39,116
Interest rate related contracts:				
• 1 year or less	1,968,607	5,285	8,577	2,248
• over 1 year to 3 years	4,209,863	70,717	133,705	43,947
• over 3 years	1,759,595	33,315	97,848	32,147
Equity related contracts:				
• 1 year or less	631,000	107,124	144,984	129,847
• over 1 year to 3 years	255,265	8,167	28,588	12,354
• over 3 years	-	-	-	-
	<u>21,563,762</u>	<u>305,199</u>	<u>713,789</u>	<u>338,341</u>
	<u>32,600,024</u>	<u>305,199</u>	<u>3,791,204</u>	<u>2,607,105</u>

3.0 Credit Risk (cont'd.)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

<u>GROUP</u> 31 March 2020	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	814,317	-	814,317	727,430
Transaction-related contingent items	621,684	-	308,011	219,703
Short-term self-liquidating trade-related contingencies	130,924	-	26,185	22,599
Forward asset purchase	-	-	-	-
Obligations under an on-going underwriting agreement	51,150	-	25,575	25,575
Irrevocable commitments to extend credit:				
• maturity exceeding 1 year	1,239,933	-	619,574	459,805
• maturity not exceeding 1 year	9,273,334	-	1,854,667	1,335,023
Unutilised credit card lines	1,356,566	-	271,313	210,321
	<u>13,487,908</u>	<u>-</u>	<u>3,919,642</u>	<u>3,000,456</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• 1 year or less	12,470,667	195,374	321,999	89,529
• over 1 year to 3 years	621,349	11,435	52,881	39,633
• over 3 years	315,762	3,106	33,001	21,621
Interest rate related contracts:				
• 1 year or less	3,505,421	6,113	10,496	2,460
• over 1 year to 3 years	3,386,675	43,874	93,269	28,991
• over 3 years	2,230,984	49,133	125,429	44,342
Equity related contracts:				
• 1 year or less	533,770	91,660	123,686	110,910
• over 1 year to 3 years	273,868	32,542	54,451	45,912
• over 3 years	145,300	-	14,530	5,756
	<u>23,483,796</u>	<u>433,237</u>	<u>829,742</u>	<u>389,154</u>
	<u>36,971,704</u>	<u>433,237</u>	<u>4,749,384</u>	<u>3,389,610</u>

3.0 Credit Risk (cont'd.)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd.)

BANK	Principal	Positive	Credit	Risk-
31 March 2020	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
<u>Credit-related exposures</u>				
Direct credit substitutes	622,481	-	622,481	552,127
Transaction-related contingent items	559,957	-	277,147	200,759
Short-term self-liquidating trade-related contingencies	110,898	-	22,180	19,110
Forward asset purchase	-	-	-	-
Obligations under an on-going underwriting agreement	-	-	-	-
Irrevocable commitments to extend credit:				
• maturity exceeding 1 year	871,143	-	435,182	345,761
• maturity not exceeding 1 year	7,139,788	-	1,427,957	1,037,216
Unutilised credit card lines	1,356,566	-	271,313	210,321
	<u>10,660,833</u>	<u>-</u>	<u>3,056,260</u>	<u>2,365,294</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
• 1 year or less	12,470,667	195,374	321,999	89,529
• over 1 year to 3 years	621,349	11,435	52,881	39,633
• over 3 years	315,762	3,106	33,001	21,621
Interest rate related contracts:				
• 1 year or less	3,505,421	6,113	10,496	2,460
• over 1 year to 3 years	3,386,675	43,874	93,269	28,991
• over 3 years	2,230,984	49,133	125,429	44,342
Equity related contracts:				
• 1 year or less	533,770	91,660	123,686	110,910
• over 1 year to 3 years	273,868	32,542	54,451	45,912
• over 3 years	145,300	-	14,530	5,756
	<u>23,483,796</u>	<u>433,237</u>	<u>829,742</u>	<u>389,154</u>
	<u>34,144,629</u>	<u>433,237</u>	<u>3,886,002</u>	<u>2,754,448</u>

4.0 Market Risk

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	Risk-Weighted Assets RM'000	Capital Requirements RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
30 September 2020				
Interest rate risk				
• General interest rate risk	476,600	38,128	476,600	38,128
• Specific interest rate risk	-	-	-	-
	<u>476,600</u>	<u>38,128</u>	<u>476,600</u>	<u>38,128</u>
Foreign exchange risk	50,363	4,029	49,321	3,946
Option risk	29,939	2,395	538	43
	<u>556,902</u>	<u>44,552</u>	<u>526,459</u>	<u>42,117</u>
31 March 2020				
Interest rate risk				
• General interest rate risk	364,445	29,156	364,445	29,156
• Specific interest rate risk	10,025	802	10,025	802
	<u>374,470</u>	<u>29,958</u>	<u>374,470</u>	<u>29,958</u>
Foreign exchange risk	97,125	7,770	97,125	7,770
Option risk	713	57	713	57
	<u>472,308</u>	<u>37,785</u>	<u>472,308</u>	<u>37,785</u>

5.0 Equity Exposures in Banking Book

The following table shows the equity exposures in banking book:

	GROUP		BANK	
	Gross credit exposures	Risk-weighted assets	Gross credit exposures	Risk-weighted assets
	RM'000	RM'000	RM'000	RM'000
30 September 2020				
Publicly traded				
Holding of equity investments	16	16	16	16
Privately held				
For socio-economic purposes	225,101	225,101	154,907	154,907
Not for socio-economic purposes	3	4	3	4
	<u>225,120</u>	<u>225,121</u>	<u>154,926</u>	<u>154,927</u>
31 March 2020				
Publicly traded				
Holding of equity investments	5	5	5	5
Privately held				
For socio-economic purposes	202,157	202,157	137,765	137,765
Not for socio-economic purposes	3	4	3	4
	<u>202,165</u>	<u>202,166</u>	<u>137,773</u>	<u>137,774</u>

Gains and losses on equity exposures in the banking book

The table below present the gains and losses on equity exposures in banking book:

	GROUP		BANK	
	30 September 2020	31 March 2020	30 September 2020	31 March 2020
	RM'000	RM'000	RM'000	RM'000
Unrealised (losses)/gains recognised in revaluation reserve				
• Publicly traded equity investments	11	(3)	11	(3)
• Privately held equity investments	22,944	14,749	17,142	11,141
	<u>22,955</u>	<u>14,746</u>	<u>17,153</u>	<u>11,138</u>

7.0 Interest Rate Risk/Rate of Return Risk in the Banking Book (cont'd.)

The following tables present the Bank's projected sensitivity to a 100 basis point parallel shock to interest rates across all maturities applied on the Bank's interest sensitivity gap as at reporting date.

	Group + 100 bps RM'000	Bank + 100 bps RM'000
30 September 2020		
Impact on net interest income ("NII")		
Ringgit Malaysia	<u>121,367</u>	<u>93,838</u>
Impact on Economic Value ("EV")		
Ringgit Malaysia	<u>(302,936)</u>	<u>(200,951)</u>
31 March 2020		
Impact on net interest income ("NII")		
Ringgit Malaysia	<u>121,554</u>	<u>98,263</u>
Impact on Economic Value ("EV")		
Ringgit Malaysia	<u>(230,134)</u>	<u>(137,755)</u>

Note:

The foreign currency impact on NII/EV are considered insignificant as the exposure is less than 5% of the respective total Banking Book assets and liabilities.

7.0 Shariah Governance Disclosures

Shariah Non-Compliance Risk arises from the risk of failure to comply with Shariah rules and principles as determined by Shariah Advisory Council of Bank Negara Malaysia and Alliance Islamic Bank's (AIS) Shariah Committee. To manage the risks, AIS has adopted the following guiding principles:

- (i) A sound Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process. This is in line with the Shariah Governance Framework issued by BNM.
- (ii) The Board of Directors, assisted by the Shariah Committee and Senior Management, provides oversight on Shariah compliance aspects of AIS' overall operations. This amongst others include:
 - Oversight and implementation of the Shariah Compliance Framework.
 - Regular review of Shariah non-compliant income and issues.
 - Addressing Shariah non-compliance findings.
 - Ensuring compliance with regulatory and internal requirements including disclosures.
- (iii) Appointment of a qualified Shariah Committee member who also serves as AIS' Board member; serving as a 'bridge' between the Board and the Shariah Committee.
- (iv) Ongoing Shariah reviews and training to raise risk awareness and ensure compliance to Shariah rules and principles. This includes:
 - Regular assessment on Shariah compliance in the activities and operations of AIS. The findings of the review are reported to the Shariah Committee for deliberation and decision.
 - Performing research and studies on Shariah issues, including providing day-to-day Shariah advice and consultancy to relevant parties.
 - Conducting Shariah-related training and ongoing engagement with relevant parties to raise awareness on Shariah non-compliance risk.
- (v) Escalation and reporting processes of Shariah non-compliant income and issues governed through designated escalation channels, which include the Board and the Shariah Committee.
- (vi) Periodic engagement between the Board and the Shariah Committee to discuss on Shariah research, Shariah compliance and scholar's view on Islamic banking activities.

Shariah Non-Compliant Income And Events

During the financial period, there were no Shariah non-compliance events detected from the ongoing reviews of the Bank's operational processes.