AmBank (M) Berhad
Pillar 3 Disclosures

For the Financial Period
1 April 2012 to
30 September 2012

Contents

1.0 Scope of Application

The Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework-Basel II ("RWCAF") - Disclosure Requirements ("Pillar 3") is applicable to all banking institutions licensed under the Banking and Financial Institutions Act 1989 ("BAFIA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

The Bank has provided explicit guarantee against the liabilities of its wholly owned Labuan offshore banking subsidiary, AmInternational (L) Ltd. ("AMIL"), a Labuan company licensed under the Labuan Financial Services and Securities Act to carry out Labuan banking business. In accordance with the RWCAF, the capital position and risk weighted assets ("RWA") of the Bank refers to the combined capital base and RWA of the Bank and AMIL.

The following information has been provided in order to highlight the capital adequacy of the Group and the Bank. The information provided has been verified by the Group internal auditors and certified by the Chief Executive Officer.

BNM guidelines on capital adequacy require regulated banking entities to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations.

The capital adequacy ratios are computed in accordance with BNM's RWCAF, which are based on the Basel II capital accord. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk.

The minimum regulatory capital adequacy requirement is 8.0% for the risk weighted capital ratio.

1.1 Basis of Consolidation

For statutory accounting purposes, the consolidated financial statements of the Bank comprise the financial statements of the Bank 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. Control means the power to govern directly or indirectly the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Type of entity	Accounting treatment	
	Statutory reporting	**Basel II regulatory reporting**
Subsidiaries licensed under BAFIA or engaged in financial activities	Fully consolidated	Fully consolidated
Subsidiaries engaged in non-financial activities	Fully consolidated	Deducted from capital base
Associates which are licensed under BAFIA	Equity accounted	Pro-rata consolidated
Associates which are not licensed under BAFIA	Equity accounted	Reported as investment and 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 Boards of Directors, as well as the concurrence of BNM.

2.0 Capital Management

The capital and risk management of the banking subsidiaries of the parent company, AMMB Holdings Berhad ("AMMB") are managed collectively at Group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board of Directors ("Board"). The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements:
- forecast demand for capital to support the credit ratings; and
- increases in demand for capital due to business growth and market shocks.

(b) Or stresses:
- available supply of capital and capital raising options; and
- internal controls and governance for managing the Group's risk, performance and capital.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, for example, by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the 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 Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its balance sheet, off-balance sheet, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. We discuss these outcomes with BNM on a regular basis as part of our normal regulatory liaison activities. BNM has the right to impose further capital requirements on Malaysian Financial Institutions via its Financial Market Supervision remit.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Asset and Liability Committee ("GALCO"), which is responsible for managing the Group's statement of financial position, capital and liquidity.

2.0 Capital Management (Contd.)

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 of Directors (“RMCD”) is specifically delegated the task of reviewing all risk management issues including oversight of the Group’s capital position and any actions impacting the capital levels. The Audit and Examination Committee (“AEC”) reviews specific risk areas and the issues discussed at the key capital management committees.

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ending 31 March 2013 ("FY 2013"), these ranges are 9.33 per cent to 11.33 per cent for the Tier 1 capital ratio and 13.33 per cent to 15.33 per cent for the total capital ratio. The Group has been (knowingly) operating in excess of these ranges as the Group was conservatively positioned for any repercussions from the Global Financial Crisis.

A dedicated team, the Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group’s capital plan.

In light of the uncertain economic environment and evolving global regulatory debate on banking institutions’ capital structures, we believe it is appropriate to remain strongly capitalised above our target ranges.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the parent company, AMMB, and its group entities when due.

Table 2.1: Capital Adequacy Ratio

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

	Group		Bank	
	30 September 2012	**31 March 2012**	**30 September 2012**	**31 March 2012**
Before deducting proposed dividends:				
Core capital ratio	10.6%	11.2%	10.6%	11.3%
Risk weighted capital ratio	14.6%	15.4%	14.7%	15.6%
After deducting proposed dividends:				
Core capital ratio	10.2%	10.1%	10.3%	10.1%
Risk weighted capital ratio	14.3%	14.4%	14.4%	14.6%

Note:
The capital position and RWA of the Bank refers to the combined capital base and RWA of the Bank and its wholly-owned offshore banking subsidiary company, AMIL.

(b) The capital adequacy ratios of AMIL are as follows:

	AMIL	
	30 September 2012	**31 March 2012**
Before deducting proposed dividends:		
Core capital ratio	26.0%	19.2%
Risk weighted capital ratio	26.0%	19.4%
After deducting proposed dividends:		
Core capital ratio	26.0%	19.2%
Risk weighted capital ratio	26.0%	19.4%

Table 2.2 : Risk-Weighted Assets ("RWA") and Capital Requirements

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

30 September 2012 Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")		Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
	RM'000		RM'000	RM'000	RM'000
1. **Credit risk**					
On balance sheet exposures					
Sovereigns/ central banks	8,848,343		8,751,493	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDB")	5,104,811		5,104,811	1,276,537	102,123
Insurance companies, securities firms and fund managers	24,096		24,096	24,096	1,928
Corporates	29,685,615		28,025,272	25,730,359	2,058,429
Regulatory retail	21,609,859		21,458,056	16,092,405	1,287,392
Residential mortgages	9,259,198		9,243,681	3,470,162	277,613
Higher risk assets	113,952		113,952	170,927	13,674
Other assets	1,794,874		1,794,874	1,261,559	100,925
Securitisation	90,483		90,483	19,982	1,599
Equity	61,309		61,309	61,309	4,905
Defaulted exposures	1,606,162		1,434,801	1,742,076	139,366
Total on balance sheet exposures	**78,198,702**		**76,102,828**	**49,849,412**	**3,987,954**
Off balance sheet exposures					
Over the counter ("OTC") derivatives	2,224,149		2,224,149	1,162,833	93,027
Credit derivatives	66		66	27	2
Off balance sheet exposures other than OTC derivatives or credit derivatives	9,215,049		8,592,075	7,802,605	624,208
Defaulted exposures	55,830		53,615	80,422	6,434
Total off balance sheet exposures	**11,495,094**		**10,869,905**	**9,045,887**	**723,671**
Total on and off balance sheet exposures	**89,693,796**		**86,972,733**	**58,895,299**	**4,711,625**
2. **Large exposure risk requirement**	-		-	2,698	216
3. **Market risk**	**Long position**	**Short position**			
Interest rate risk					
- General interest rate risk	61,181,656	52,957,777		3,545,731	283,658
- Specific interest rate risk	8,652,561	625,758		898,471	71,878
Foreign currency risk	138,654	86,672		138,654	11,092
Equity risk					
- General risk	214,930	16,204		198,726	15,898
- Specific risk	214,930	16,204		295,609	23,649
Option risk	2,644,976	3,499,208		23,387	1,871
Total	**73,047,707**	**57,201,823**		**5,100,578**	**408,046**
4. **Operational risk**				5,368,030	429,442
5. **Total RWA and capital requirements**				**69,366,605**	**5,549,329**

Table 2.2 : Risk-Weighted Assets ("RWA") and Capital Requirements (Contd.)

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

31 March 2012 **Exposure class**	**Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")**		**Net exposures/ EAD after CRM**	**Risk weighted assets**	**Minimum capital requirement at 8%**
	RM'000		**RM'000**	**RM'000**	**RM'000**
1. **Credit risk**					
On balance sheet exposures					
Sovereigns/ central banks	6,315,458		5,933,395	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDB")	4,740,473		4,740,473	1,208,330	96,666
Insurance companies, securities firms and fund managers	30,666		30,666	30,666	2,453
Corporates	26,286,936		24,710,388	23,439,468	1,875,157
Regulatory retail	22,143,955		22,012,228	16,466,924	1,317,354
Residential mortgages	8,926,278		8,911,475	3,366,102	269,288
Higher risk assets	131,249		131,249	196,873	15,750
Other assets	1,813,378		1,813,378	1,351,401	108,112
Securitisation	97,462		97,462	20,692	1,655
Equity	49,319		49,319	49,319	3,946
Defaulted exposures	2,203,455		1,895,563	2,537,125	202,970
Total on balance sheet exposures	**72,738,629**		**70,325,596**	**48,666,900**	**3,893,351**
Off balance sheet exposures					
Over the counter ("OTC") derivatives	1,973,266		1,973,266	1,002,309	80,185
Credit derivatives	69		69	28	2
Off balance sheet exposures other than OTC derivatives or credit derivatives	8,648,919		8,002,234	7,291,696	583,336
Defaulted exposures	239,260		220,846	331,269	26,502
Total off balance sheet exposures	**10,861,514**		**10,196,415**	**8,625,302**	**690,025**
Total on and off balance sheet exposures	**83,600,143**		**80,522,011**	**57,292,202**	**4,583,376**
2. **Large exposure risk requirement**	-		-	3,298	264
3. **Market risk**	**Long position**	**Short position**			
Interest rate risk					
- General interest rate risk	62,857,452	53,938,867		2,913,139	233,051
- Specific interest rate risk	9,254,122	55,154		633,877	50,710
Foreign currency risk	140,062	52,699		140,062	11,205
Equity risk					
- General risk	349,065	40,715		308,351	24,668
- Specific risk	349,065	40,715		475,614	38,049
Option risk	1,138,490	1,853,397		23,770	1,902
Total	**74,088,256**	**55,981,547**		**4,494,813**	**359,585**
4. **Operational risk**				5,401,295	432,104
5. **Total RWA and capital requirements**				**67,191,608**	**5,375,329**

The Group does not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent.

3.0 Capital Structure

Table 3.1 Capital Structure summarises the consolidated capital position of the Group. The capital structure includes capital under the following headings:

- paid-up ordinary share capital and eligible reserves;
- innovative Tier 1 capital and qualifying subordinated liabilities; and
- collective allowance (netted against loans and advances).

All capital instruments included in the capital base have been issued in accordance with the BNM rules and guidelines.

For regulatory purposes, capital is categorised into two main categories, or tiers, depending on the degree of permanency and loss absorbency exhibited. These are Tier 1 and Tier 2 capital which are described below.

3.1 Tier 1 Capital

Tier 1 capital comprises paid-up ordinary share capital, retained earnings, eligible reserves and innovative and non-innovative Tier 1 capital, after the deduction of certain regulatory adjustments.

Paid-up Ordinary Share Capital

Paid-up ordinary share capital is an item of capital issued by an entity to an investor, which is fully paid-up and where the proceeds of issue are immediately and fully available. There is no obligation to pay a coupon or dividend to the equity holder of ordinary shares. The capital is available for unrestricted and immediate use to cover risks and losses, and enable the entity to continue trading. It can only be redeemed on the winding-up of the entity.

Retained Earnings

Retained earnings at the end of the financial year/ period and eligible reserves are accumulated resources included in the shareholder's funds in an entity's statement of financial position, with certain regulatory adjustments applied.

Eligible Reserves

Eligible reserves comprise the following:

- **Share Premium**
  Share premium is used to record premium arising from new shares issued in the group entity.
- **Statutory Reserve**
  Statutory reserve is maintained in compliance with the provisions of BAFIA and is not distributable as cash dividends.
- **Merger Reserve**
  The merger reserve represent reserves arising from the transfer of subsidiaries pursuant to schemes of arrangement under group restructuring and was accounted for using the merger accounting method.
- **Exchange Fluctuation Reserve**
  Exchange fluctuation reserve is used to record exchange differences arising from the translation of the net investment in foreign operations, net of the effects of hedging (if any).

3.1 Tier 1 Capital (Contd.)

Innovative Tier 1 Capital

Innovative Tier 1 capital comprises deeply subordinated debt instruments which despite their legal form, have loss absorbency qualities and can therefore be included as Tier 1 capital. The Innovative Tier 1 securities in issue and their primary terms are as follows:

(a) Non-cumulative Non-voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of the Bank issued United States Dollar ("USD") 200,000,000 Innovative Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are subordinated and guaranteed by the Bank. The gross proceeds from the issuance was on-lent to the Bank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing the Bank's working capital requirements.

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month US dollar LIBOR plus 2.90 percent, if not redeemed on 27 January 2016. The non-cumulative dividends are payable on a semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

The Hybrid Securities are listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and are offered to international institutional investors outside Malaysia.

(b) Innovative Tier 1 Capital Securities

On 18 August 2009, the Bank issued up to RM485 million Innovative Tier I Capital Securities under its RM500 million Innovative Tier I Capital Securities ("ITICS") Programme. The ITICS bear a fixed interest (non-cumulative) rate at issuance date (interest rate is 8.25% per annum) and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenor of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of the Bank's ordinary shares. Upon BNM's approval, the Bank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

3.1 Tier 1 Capital (Contd.)

Non-innovative Tier 1 Capital

In the financial year 2009, the Bank issued RM500 million Non-Innovative Tier 1 Capital ("NIT1") in nominal value comprising:

- Non-Cumulative Perpetual Capital Securities (“NCPCS”), which are issued by the Bank and stapled to the Subordinated Notes described below; and
- Subordinated Notes (“SubNotes”), which are issued by AmPremier Capital Berhad (“AmPremier”), a wholly-owned subsidiary of the Bank (collectively known as “Stapled Capital Securities”).

The proceeds from the NIT1 programme were used as working capital. The Stapled Capital Securities cannot be traded separately until the occurrence of certain assignment events. Upon occurrence of an assignment event, the Stapled Capital Securities will “unstaple”, leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be assigned to the Bank pursuant to the forward purchase contract entered into by the Bank unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities. If none of the assignment events as stipulated under the terms of the Stapled Capital Securities occur, the Stapled Capital Securities will unstaple on the 20th interest payment date or 10 years from the issuance date of the SubNotes.

The SubNotes have a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to the Bank as referred to above.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of the Bank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenor of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM’s Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of the Bank. Claims in respect of the NCPCS rank pari passu and without preference among themselves and with the most junior class of preference shares of the Bank but in priority to the rights and claims of the ordinary shareholders of the Bank. The SubNotes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of AmPremier.

3.2 Tier 2 capital

The main components of Tier 2 capital are collective allowance for loans and advances and subordinated debt instruments as follows:

Medium Term Notes

In the financial year 2008, the Bank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme. The proceeds raised from the MTN Programme had been utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

3.2 Tier 2 capital (Contd.)

Medium Term Notes (Contd.)

The MTNs issued under the MTN Programme was included as Tier 2 capital in compliance with the RWCAF issued by BNM.

The salient features of the MTNs issued are as follows:

(i) Tranche 1 amounting to RM500 million was issued on 4 February 2008 and is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.23% per annum.

(ii) Tranche 2 and 3 totalling RM240 million was issued on 14 March 2008 as follows:

- Tranche 2 amounting to RM165 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
- Tranche 3 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

(iii) Tranche 4 and 5 totalling RM120 million was issued on 28 March 2008 as follows:

- Tranche 4 amounting to RM45 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
- Tranche 5 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

(iv) Tranche 6 amounting to RM600 million issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25% per annum.

(v) Tranche 7 amounting to RM97.8 million issued on 10 December 2009 is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum.

The interest rate of the MTN will step up by 0.5% per annum as follows:

(i) Tranche 1 – at the beginning of the 6th year
(ii) Tranche 2 – at the beginning of the 6th year
(iii) Tranche 3 – at the beginning of the 8th year
(iv) Tranche 4 – at the beginning of the 6th year
(v) Tranche 5 – at the beginning of the 8th year
(vi) Tranche 6 – at the beginning of the 11th year
(vii) Tranche 7 – at the beginning of the 6th year

and every anniversary thereafter, preceding the maturity date of the MTN.

On 8 October 2012, the Bank has early redeemed RM300.0 million nominal value of its MTN under Tranche 1, via open market buy-back mechanism. Subsequently, on 10 October 2012, the Bank has cancelled RM300.0 million nominal value of Tranche 1 of the MTN, with original issuance size of RM500.0 million. This tranche of MTN was initially due for redemption at the next step-up date in February 2013.

On 16 October 2012, the Bank issued a new tranche of MTN (Tranche 8), amounting to a total of RM710.0 million for a tenor of 10 years Non-Callable 5 years, bearing interest at 4.45% per annum. The step-up proviso does not apply to the interest rate on the MTN Tranche 8. RM300.0 million of the MTN under Tranche 8 was utilized as a one-to-one replacement for the MTN early redeemed under Tranche 1.

Total MTN in issuance post the completion of these transactions has amounted to RM1,967.8 million.

Innovative and Non-innovative Tier 1 Capital Securities

Please refer to Section 3.1 for details of the innovative and non-innovative Tier 1 capital securities in issue.

Table 3.1 : Capital Structure

The components of Tier 1 and Tier 2 Capital of the Group and the Bank are as follows:

	The Group		The Bank	
	30 September 2012	31 March 2012	30 September 2012	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Tier 1 capital				
Paid-up ordinary share capital	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	48,516	48,516	48,516	48,516
Exchange fluctuation reserve	(11,979)	2,077	(11,979)	2,077
Innovative Tier 1 capital	1,100,126	1,129,210	1,094,755	1,124,271
Non-innovative Tier 1 capital	500,000	500,000	500,000	500,000
Retained earnings	3,143,924	3,264,831	3,112,061	3,235,856
Non controlling interests	50	50	-	-
Total	**7,524,814**	**7,688,861**	**7,487,530**	**7,654,897**
Less:				
Deferred tax assets	(190,642)	(160,792)	(189,164)	(159,755)
Total Tier 1 capital	**7,334,172**	**7,528,069**	**7,298,366**	**7,495,142**
Tier 2 capital				
Medium term notes	1,557,800	1,557,800	1,557,800	1,557,800
Innovative Tier 1 capital	134,974	105,890	140,345	110,829
Collective allowance for loans and advances[#]	1,147,431	1,202,562	1,147,339	1,198,932
Total Tier 2 capital	**2,840,205**	**2,866,252**	**2,845,484**	**2,867,561**
Total capital funds	**10,174,377**	**10,394,321**	**10,143,850**	**10,362,703**
Less:				
Investment in subsidiaries	(32,769)	(32,769)	(32,780)	(32,780)
Other deduction	(6,136)	(9,446)	(6,136)	(9,446)
Capital base	**10,135,472**	**10,352,106**	**10,104,934**	**10,320,477**

[#] Excludes collective allowance on impaired loans and advances restricted from Tier 2 capital of the Group and the Bank as at 30 September 2012 of RM407,975,000 (31 March 2012: RM336,203,000) and RM407,800,000 (31 March 2012: RM336,161,000) respectively.

4.0 Credit Risk Management Framework

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework which provides the catalyst to setting the risk/ reward profile required by the Board, together with the related business strategies, limit framework and policies required to enable successful execution.

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/ return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/ amendments taking into account prevailing or expected changes to the operational environment.

The Risk Appetite Framework provides portfolio parameters for Credit Risk, Traded Market Risk, Non-traded Market Risk and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty's, value at risk, capital at risk, earnings at risk, stop loss, stable funding ratio and liquidity. Each Business Unit has asset writing strategies which tie into the overall Risk Appetite Framework providing detailed strategies of how the Business Units will execute their business plans in compliance with the Risk Appetite Framework.

Board Approved Risk Appetite Statement

The Group's strategic goals are for top quartile shareholder returns and target ROE which will be progressively improved over a three year period wherein the growth will come via, further diversification of the loan portfolio into less volatile earnings streams.

The Group targets to maintain credit rating of BBB+ (from international rating agencies), supported by continued improvement in overall asset quality and portfolio diversification, and through prudent management of our capital, funding, liquidity, and interest rate risk in the balance sheet.

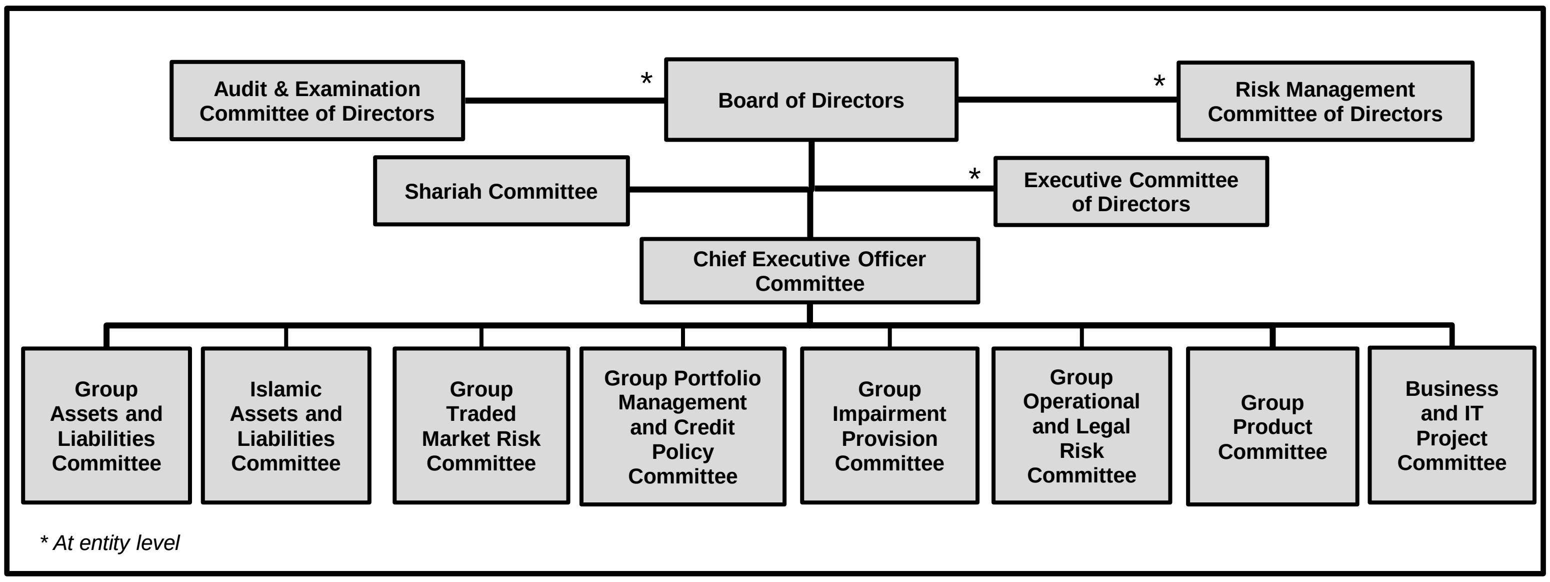
The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for Common Equity Tier 1, Tier 1 Capital and Total Regulatory Capital. Our capital requirements are robustly tested over a three year period.

We enforce conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel III liquidity matrix (Net Stable Funds Ratio, and Liquidity Coverage Ratios). Our targeted Adjusted Loan Deposit Ratio is within 90 per cent range with continually improving current account and savings account ("CASA") deposit composition and market share.

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The Risk Management Committee of Directors is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management.

The Board has also established various Management Committees at the Group level to assist it in managing the risks and businesses of the Group. The following chart sets out the organisational structure of the risk management committees and an overview of the respective committee's roles and responsibilities:



4.0 Credit Risk Management Framework (Contd.)

Risk Management Governance (Contd.)

Committee	Roles and Responsibilities
Risk Management Committee of Directors ("RMCD")	- Oversee senior management activities in managing risk (covering credit, market, funding, operational, legal, regulatory capital and strategic risk) and to ensure that the risk management process is in place and functioning. - Report and advise the Board on risk issues.
Audit & Examination Committee of Directors ("AEC")	- Provide assistance to the Board in relation to fulfilling fiduciary responsibilities and monitoring of the accounting and financial reporting practices of the Group. - Provide assistance to the Board in ensuring the Islamic Banking operations of the Group are Shariah compliant.
Shariah Committee	- Responsible and accountable on matters related to Shariah, which includes advising the Board and management on Shariah matters and endorsing and validating products and services, and the relevant documentation in relation to Islamic Banking operations of the Group. - The Shariah Oversight Committee, which is a sub-committee to the Shariah committee performs an oversight function for the key Shariah functions; Shariah review, Shariah audit, and Shariah Risk Management.
Executive Committee of Directors ("EXCO")	- Responsible to consider and approve credit facilities and commitment that are not in accordance with the policies approved by the Board for which EXCO has been granted powers to exempt. - Review credit facilities and commitment that exceeds certain thresholds.
Chief Executive Officer Committee ("CEO Committee")	- Responsible for overall day to day operations of the Group such as oversee management's activities in managing risk, review high level risk exposures, portfolio composition and risk strategies; and evaluate the existence and effectiveness of the control and risk management infrastructure. - Report and advise the Board on risk issues.
Group Assets and Liabilities Committee (Conventional and Islamic) ("GALCO")	- Responsible for the development of capital and balance sheet management policy, approve and oversee non-traded interest/ profit rate risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing is effective and fair and capital is managed.
Islamic Assets and Liabilities Committee	- Responsible for the development of Islamic capital and balance sheet management policy, approve and oversee rate of return risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing is effective and fair and capital is managed.
Group Traded Market Risk Committee ("GTMRC")	- Responsible for development of traded market risk policy framework, oversee the trading book portfolio, approve new trading products and ensure the compliance with internal and regulatory requirements throughout the Group.
Group Portfolio Management and Credit Policy Committee("GPMCP")	- Responsible for development for credit policy framework, oversee credit portfolio, endorse asset writing strategies, review credit provisioning policies and process and ensure compliance with internal and regulatory requirements throughout the Group.
Group Impairment Provision Committee	- Responsible for the development of key policies relating to impairment provisions, ensure provisions are assessed and made in accordance with the Board approved policies and MFRS 139 and 137 standards and establish adequate management governance for the determination of provisions.
Group Operational and Legal Risk Committee ("GOLRC")	- Responsible for endorsing operational risk, legal risk and regulatory compliance framework, oversee operational risk and legal risk management and reviews regulatory actions or any incidences that may give rise to operational and legal risk along with the actions taken to mitigate such risks.

4.0 Risk Management Framework (Contd.)

Risk Management Governance (Contd.)

Committee	Roles and Responsibilities
Group Product Committee ("GPC")	- Responsible for ensuring adequate infrastructure and resources are in place for product management, endorse proposal for new product and product launching strategies, approve proposal for product variation and reactivation of dormant product and review post implementation activities and product performance.
Business and IT Project Committee ("BITPC")	- Responsible to review and approve (or where required recommend for approval) requests relating to the Group's major business and Information Technology ("IT") investments. - To ensure all projects are aligned to the business and IT plans, appropriate prioritisation of Business and IT projects, and the allocation of resources. - Responsible to optimise the allocation of shared resources and change capacity to programmes, projects and initiatives across the Group.

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, Benchmark Returns • Collateral and tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Watchlist • Undertake post mortem review

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

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 and related credit policies.

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using an internally developed credit rating model. A suite of new credit rating models have been developed and deployed recently to replace the pre-existing models, thus ensuring that the Bank is utilising the most recent advancements in credit risk model structures. The new models consist of quantitative and qualitative scores that are then translated into a rating grade, ranging from "1" (representing the best risk grade) to "24" (that is, the worst performing risk grade). The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures. New LGD and EAD models have also been developed and deployed recently in FY 2013.

For retail credits, third generation credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes. New LGD and EAD models have also been developed and deployed recently in FY 2013.

5.0 Credit Risk Management (Contd.)

The new rating models pertaining to credit risk (obligor's PD, LGD and EAD) which support credit risk management's observation of disciplines governed by the Basel II Framework and Malaysian Financial Reporting Standards ("MFRS") will:

- improve the accuracy of individual obligor risk ratings and calculation of expected loss;
- enhance pricing models;
- facilitate loan/ financing loss provision calculation;
- automate stress-testing; and
- enhance portfolio management.

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

- concentration limits:
  - single counterparty credit;
  - industry sector;
  - country; and
  - portfolio composition (by risk grade)
- Asset writing strategies for industry sectors and individual customers;
- Setting Loan/ Financing to Value limits for asset backed loans/ financing (that is property exposures and other collateral);
- Watchlist processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- Setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure is reported to Credit and Commitment Committee ("CACC"). In the event such exposure exceeds CACC authority, it will be reported to EXCO. Portfolio credit risk is reported to the relevant management and board committees.

The GPMCP regularly meets to review the quality and diversification of the Group's loan/ financing portfolio, approve new and amended credit risk policy, review watchlist reports and post mortem review of loans/ financing (to extract lessons learned for facilitating credit training and refinement of credit policies or guidelines, towards enhancing risk identification and control).

Group Risk 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 by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

5.1 Impairment

5.1.1 Definition of Past Due and Impaired Loans

All loans and advances are categorised as either:

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired

An asset is considered past due when any payment (whether principal and/ or interest) due under the contractual terms are received late or missed.

A loan is classified as impaired under the following circumstances:

(a) where the principal or interest or both[1] is past due or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months; or

(b) the loan exhibits weaknesses that render a classification appropriate to the Group's Credit Risk Rating Framework, which requires it to fall under the "unlikeliness to repay" category under the Group's Watchlist Policy.

(c) for loans with repayment schedules on quarterly basis or longer intervals to be classified as impaired as soon as default occurs, unless it does not exhibit any weakness that would render it classified according to the Group's Credit Risk Rating Framework. Notwithstanding that, these loans shall be classified as impaired when the principal or interest or both is past due for more than 90 days or 3 months.

(d) for distressed rescheduled and restructured ("R/R") facilities, these loans are categorised as "unlikeliness to repay" and classified as impaired. Non-performing R/R facilities remain impaired until re-aged.

5.1.2 Methodology for Determination of Individual and Collective Allowances

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment

Individual assessment is divided into 2 main processes – detection of an event (s) and an assessment of impairment:

(a) Trigger management

In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets

Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment, that is, estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

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1 For credit card facilities, an account is "past due" when the card member fails to settle the minimum monthly repayment due before the next billing date.

5.1 Impairment (Contd.)

5.1.2 Methodology for Determination of Individual and Collective Allowances (contd.)

Collective Assessment

All financial assets below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly.

As a transitional arrangement up to 2012, BNM has given banking institutions the choice of applying either one of the following approaches in computing the required collective assessment:

(a) Transitional approach – where, banking institutions may maintain an allowance of at least 1.5 per cent of total outstanding loans net of individual impairment allowance; or

(b) Full MFRS 139 compliance approach – where collective allowances are computed using models based on the banking institutions' historical experience.

The Group has opted for the transitional approach and has modified it to reflect its historical loss experience. However, beginning the first quarter FY2013, the Group has prepared its financial statements in full compliance with the MFRS 139. The change in accounting policy on the collective assessment for loans and advances are accounted for retrospectively. The changes are tabulated below:

Prior applications of FRS	**Full adoption of MFRS**
Individual allowance under FRS 139 - Individual significant loans are assessed using the discounted cashflow method for individual provisions - Loans which are individually assessed but where no individual provisions required will be collectively assessed	**Individual allowance under MFRS 139 (full compliance)** - No change
Collective allowance under FRS 139 (transitional provision) - **PD** * Non retail: **weighted portfolio** * Retail: flow rate methodology with PD computed based on months-in-arrears ("MIA") buckets - **LGD** * Combination of interest in suspense, specific provision, write-offs and recoveries as proxy for losses - **EAD** * Basel II credit conversion factor ("CCF") - **Model risk adjustments** * Covers only PD models - **Macro risk adjustment** * Based on the impact of macro economic events incurred but not reflected in the provisions yet	**Collective allowance under MFRS 139 (full compliance)** - **PD** * Non retail: facility by facility basis * Retail: a pool of homogeneous assets with more granular definitions - **LGD** * Actual historical recoveries and incorporated discounting factor - **EAD** * Actual historical experience - **Model risk adjustments** * Covers possible model risks within each component of the collective provisioning model - **Macro risk adjustment** * Enhanced to cover impact from economic portfolio and procedurals issues incurred but not reflected in the provisions yet
Provision for commitments and contingencies (off balance sheet) - **EAD** * Basel II CCF - **PD, LGD** as above applies	**Provision for commitments and contingencies (off balance sheet)** - **EAD** * Actual historical experience - New basis of **PD, LGD** applies (as above)

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 2012	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale, retail trade, restaurant and hotel 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
On balance sheet exposures														
Sovereigns/ central banks	-	-	-	-	-	-	-	8,521,208	-	-	327,135	-	-	8,848,343
Banks, DFI and MDB	-	-	-	-	-	33	-	5,104,752	-	-	26	-	-	5,104,811
Insurance companies, securities firms and fund managers	-	-	-	-	-	-	-	24,096	-	-	-	-	-	24,096
Corporates	2,249,025	2,015,087	5,099,979	1,251,823	2,801,244	3,847,761	2,020,242	3,538,375	4,671,288	586,838	950,404	454,502	199,047	29,685,615
Regulatory retail	92,845	22,092	275,010	7,219	263,796	423,196	149,209	16,206	22,490	165,176	86,525	20,084,707	1,388	21,609,859
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	9,259,198	-	9,259,198
Higher risk assets	-	-	2,132	-	-	-	-	859	1,386	-	-	21,229	88,346	113,952
Other assets	-	-	-	-	-	7,910	-	120	-	-	-	-	1,786,844	1,794,874
Securitisation	57,976	-	-	-	-	-	-	32,507	-	-	-	-	-	90,483
Equity	-	-	17	-	110	377	5,712	5,980	4,336	38	-	-	44,739	61,309
Defaulted exposures	13,096	97,664	159,105	100	320,715	39,543	166,388	23,357	41,379	7,247	34,203	700,662	2,703	1,606,162
Total on balance sheet exposures	2,412,942	2,134,843	5,536,243	1,259,142	3,385,865	4,318,820	2,341,551	17,267,460	4,740,879	759,299	1,398,293	30,520,298	2,123,067	78,198,702
Off balance sheet exposures														
OTC derivatives	5,389	10,246	55,632	-	11,241	8,921	66,004	2,048,776	716	1,144	11	-	16,069	2,224,149
Credit derivatives	-	-	-	-	-	-	-	66	-	-	-	-	-	66
Off balance sheet exposures other than OTC derivatives or credit derivatitives	288,841	168,898	1,536,593	82,202	2,148,186	871,235	363,920	595,508	772,928	197,926	100,892	2,071,183	16,737	9,215,049
Defaulted exposures	30	-	5,744	-	42,200	2,134	-	1,164	4,195	-	98	265	-	55,830
Total off balance sheet exposures	294,260	179,144	1,597,969	82,202	2,201,627	882,290	429,924	2,645,514	777,839	199,070	101,001	2,071,448	32,806	11,495,094
Total on and off balance sheet exposures	**2,707,202**	**2,313,987**	**7,134,212**	**1,341,344**	**5,587,492**	**5,201,110**	**2,771,475**	**19,912,974**	**5,518,718**	**958,369**	**1,499,294**	**32,591,746**	**2,155,873**	**89,693,796**

Table 5.1 : Distribution of gross credit exposures by sector (contd.)

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

31 March 2012	**Agriculture RM'000**	**Mining and quarrying RM'000**	**Manufacturing RM'000**	**Electricity, gas and water RM'000**	**Construction RM'000**	**Wholesale, retail trade, restaurant and hotel 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**
On balance sheet exposures														
Sovereigns/ central banks	-	-	-	-	-	-	-	6,249,023	-	-	66,435	-	-	6,315,458
Banks, DFI and MDB	-	-	-	-	-	36	-	4,740,406	-	-	31	-	-	4,740,473
Insurance companies, securities firms and fund managers	-	-	-	-	-	-	-	30,666	-	-	-	-	-	30,666
Corporates	2,006,557	1,677,609	4,887,094	1,974,227	1,785,737	3,331,660	1,715,025	2,953,534	4,162,898	627,502	554,573	436,648	173,872	26,286,936
Regulatory retail	87,223	22,366	294,515	7,780	268,083	436,116	157,358	16,363	24,861	185,935	95,333	20,540,386	7,636	22,143,955
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	8,926,278	-	8,926,278
Higher risk assets	-	-	4,817	-	-	-	9,209	861	4,853	-	-	23,239	88,270	131,249
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	1,813,378	1,813,378
Securitisation	61,741	-	-	-	-	-	-	35,721	-	-	-	-	-	97,462
Equity	-	-	41	-	9	480	6,982	7,224	4,249	42	-	-	30,292	49,319
Defaulted exposures	9,318	154,439	183,420	99,989	363,140	248,696	271,026	34,994	98,726	13,628	32,922	686,755	6,402	2,203,455
Total on balance sheet exposures	2,164,839	1,854,414	5,369,887	2,081,996	2,416,969	4,016,988	2,159,600	14,068,792	4,295,587	827,107	749,294	30,613,306	2,119,850	72,738,629
Off balance sheet exposures														
OTC derivatives	5,608	9,878	44,919	-	15,006	26,542	57,333	1,776,755	-	332	-	-	36,893	1,973,266
Credit derivatives	-	-	-	-	-	-	-	69	-	-	-	-	-	69
Off balance sheet exposures other than OTC derivatives or credit derivatitives	198,531	150,371	1,407,293	106,297	2,299,982	799,897	351,619	467,681	625,630	182,476	105,820	1,909,625	43,697	8,648,919
Defaulted exposures	30	-	180,074	-	41,773	3,996	100	954	3,426	-	-	8,907	-	239,260
Total off balance sheet exposures	204,169	160,249	1,632,286	106,297	2,356,761	830,435	409,052	2,245,459	629,056	182,808	105,820	1,918,532	80,590	10,861,514
Total on and off balance sheet exposures	**2,369,008**	**2,014,663**	**7,002,173**	**2,188,293**	**4,773,730**	**4,847,423**	**2,568,652**	**16,314,251**	**4,924,643**	**1,009,915**	**855,114**	**32,531,838**	**2,200,440**	**83,600,143**

Table 5.2 : Impaired and past due loans and advances, individual and collective allowances by sector

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

30 September 2012	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale, retail trade, restaurant and hotel 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	Unallocated RM'000	Total RM'000
Impaired loans and advances	22,831	154,910	178,257	25,822	85,269	48,515	4,494	32,701	12,845	13,420	48,124	917,426	11,527	-	**1,556,141**
Past due loans	55,282	161,484	336,483	3,890	472,419	165,966	182,032	27,301	237,526	40,644	230,358	10,259,967	13,661	-	**12,187,013**
Individual allowances	8,290	57,444	16,302	25,257	39,991	2,761	1,094	5	52	1,461	577	2,658	6,688	-	**162,580**
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	1,555,406	**1,555,406**
Charges for individual allowances	(3,238)	64,483	3,614	(4,007)	11,329	(173)	30	425	(11,908)	(68)	1,153	(857)	1,716	-	**62,499**
Write-offs against individual allowances	-	7,039	781	168	3,236	-	30	463	1,463	-	1,156	57	-	-	**14,393**

31 March 2012	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale, retail trade, restaurant and hotel 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	Unallocated RM'000	Total RM'000
Impaired loans and advances	23,935	154,677	184,869	132,130	94,839	42,430	4,089	37,628	26,200	12,369	44,805	895,513	10,413	-	**1,663,897**
Past due loans	44,525	164,142	230,982	134,720	258,783	177,584	52,843	39,490	181,606	47,518	262,950	10,422,081	10,413	-	**12,027,637**
Individual allowances	11,528	-	13,469	29,432	31,898	2,934	1,094	43	13,423	1,529	580	3,572	4,972	-	**114,474**
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	1,584,690	**1,584,690**
Charges for individual allowances	(6,502)	227,490	44,331	13,113	11,579	2,036	1,020	977	16,454	1,529	3,011	3,909	(2)	-	**318,945**
Write-offs against individual allowances	7,209	227,490	78,217	153,871	49,259	-	8,796	3,275	9,760	-	5,112	1,224	1,329	-	**545,542**

Table 5.3 : Geographical distribution of credit exposures

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

30 September 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/ central banks	8,848,343	-	8,848,343
Banks, DFI and MDB	4,123,108	981,703	5,104,811
Insurance companies, securities firms and fund managers	-	24,096	24,096
Corporates	28,703,441	982,174	29,685,615
Regulatory retail	21,609,859	-	21,609,859
Residential mortgages	9,259,198	-	9,259,198
Higher risk assets	113,093	859	113,952
Other assets	1,794,874	-	1,794,874
Securitisation	90,483	-	90,483
Equity	61,271	38	61,309
Defaulted exposures	1,606,162	-	1,606,162
Total on balance sheet exposures	**76,209,832**	**1,988,870**	**78,198,702**
Off balance sheet exposures			
OTC derivatives	2,224,149	-	2,224,149
Credit derivatives	66	-	66
Off balance sheet exposures other than OTC derivatives or credit derivatives	9,175,364	39,685	9,215,049
Defaulted exposures	55,830	-	55,830
Total off balance sheet exposures	**11,455,409**	**39,685**	**11,495,094**
Total on and off balance sheet exposures	**87,665,241**	**2,028,555**	**89,693,796**

Table 5.3 : Geographical distribution of credit exposures (contd.)

The geographic distribution of credit exposures of the Group is as follows (contd.):

31 March 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/ central banks	6,315,458	-	6,315,458
Banks, DFI and MDB	3,617,556	1,122,917	4,740,473
Insurance companies, securities firms and fund managers	-	30,666	30,666
Corporates	25,406,124	880,812	26,286,936
Regulatory retail	22,143,955	-	22,143,955
Residential mortgages	8,926,128	150	8,926,278
Higher risk assets	127,693	3,556	131,249
Other assets	1,812,555	823	1,813,378
Securitisation	97,462	-	97,462
Equity	49,319	-	49,319
Defaulted exposures	2,203,455	-	2,203,455
Total on balance sheet exposures	**70,699,705**	**2,038,924**	**72,738,629**
Off balance sheet exposures			
OTC derivatives	1,973,266	-	1,973,266
Credit derivatives	69	-	69
Off balance sheet exposures other than OTC derivatives or credit derivatives	8,561,697	87,222	8,648,919
Defaulted exposures	239,260	-	239,260
Total off balance sheet exposures	**10,774,292**	**87,222**	**10,861,514**
Total on and off balance sheet exposures	**81,473,997**	**2,126,146**	**83,600,143**

Table 5.4 : Geographical distribution of impaired and past due loans and advances, individual and collective allowances

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

30 September 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,556,141	-	1,556,141
Past due loans	12,187,013	-	12,187,013
Individual allowances	162,580	-	162,580
Collective allowances	1,543,150	12,256	1,555,406

31 March 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,663,897	-	1,663,897
Past due loans	12,027,637	-	12,027,637
Individual allowances	114,474	-	114,474
Collective allowances	1,579,754	4,936	1,584,690

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 2012	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	4,968,574	1,503,312	-	-	15,301	-	2,361,156	-	8,848,343
Banks, DFI and MDB	2,175,368	1,748,491	286,107	101,418	752,726	-	40,701	-	5,104,811
Insurance companies, securities firms and fund managers	4	-	-	-	-	-	24,092	-	24,096
Corporates	6,003,815	2,808,812	1,588,599	3,026,162	3,675,672	3,532,366	9,020,189	30,000	29,685,615
Regulatory retail	1,573,782	56,936	59,624	193,154	2,568,391	4,278,527	12,879,445	-	21,609,859
Residential mortgages	18,300	684	2,016	4,871	46,158	117,616	9,069,553	-	9,259,198
Higher risk assets	439	271	22	17	532	2,448	22,737	87,486	113,952
Other assets	-	-	-	-	-	201,621	23,941	1,569,312	1,794,874
Securitisation	2,763	-	-	-	-	-	87,720	-	90,483
Equity	-	-	-	7,226	-	-	18,406	35,677	61,309
Defaulted exposures	522,024	21,792	12,050	152,440	211,424	97,537	588,895	-	1,606,162
Total on balance sheet exposures	**15,265,069**	**6,140,298**	**1,948,418**	**3,485,288**	**7,270,204**	**8,230,115**	**34,136,835**	**1,722,475**	**78,198,702**
Off balance sheet exposures									
OTC derivatives	97,052	116,305	65,055	75,940	200,316	711,911	957,570	-	2,224,149
Credit derivatives	-	-	-	38	-	19	9	-	66
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,341,412	982,272	1,065,887	1,582,559	1,263,359	632,535	2,347,025	-	9,215,049
Defaulted exposures	4,121	3,543	1,964	21,676	22,386	945	1,195	-	55,830
Total off balance sheet exposures	**1,442,585**	**1,102,120**	**1,132,906**	**1,680,213**	**1,486,061**	**1,345,410**	**3,305,799**	**-**	**11,495,094**
Total on and off balance sheet exposures	**16,707,654**	**7,242,418**	**3,081,324**	**5,165,501**	**8,756,265**	**9,575,525**	**37,442,634**	**1,722,475**	**89,693,796**

Table 5.5 : Residual contractual maturity by major types of credit exposure (contd.)

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

31 March 2012	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	4,237,734	-	-	-	45,528	-	2,032,196	-	6,315,458
Banks, DFI and MDB	1,805,243	1,712,403	363,649	822	558,529	279,412	20,415	-	4,740,473
Insurance companies, securities firms and fund managers	-	-	30,666	-	-	-	-	-	30,666
Corporates	4,937,355	2,133,015	1,455,783	1,013,337	5,640,677	2,942,615	8,134,149	30,005	26,286,936
Regulatory retail	1,565,677	49,154	69,439	151,781	2,501,778	4,484,207	13,321,919	-	22,143,955
Residential mortgages	10,657	849	843	5,888	47,777	110,869	8,749,395	-	8,926,278
Higher risk assets	3,766	81	30	269	9,776	5,064	24,853	87,410	131,249
Other assets	-	-	-	-	-	166,664	21,001	1,625,713	1,813,378
Securitisation	3,601	-	-	-	-	-	93,861	-	97,462
Equity	-	-	-	-	8,202	-	10,957	30,160	49,319
Defaulted exposures	567,234	54,598	294,612	13,792	366,986	152,288	753,945	-	2,203,455
Total on balance sheet exposures	**13,131,267**	**3,950,100**	**2,215,022**	**1,185,889**	**9,179,253**	**8,141,119**	**33,162,691**	**1,773,288**	**72,738,629**
Off balance sheet exposures									
OTC derivatives	102,536	95,104	55,025	93,670	217,818	722,535	686,578	-	1,973,266
Credit derivatives	-	1	-	-	39	19	10	-	69
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,633,652	479,375	953,073	1,835,276	1,106,966	447,015	2,193,562	-	8,648,919
Defaulted exposures	27,208	10,422	4,593	113,674	64,430	5,371	13,562	-	239,260
Total off balance sheet exposures	**1,763,396**	**584,902**	**1,012,691**	**2,042,620**	**1,389,253**	**1,174,940**	**2,893,712**	**-**	**10,861,514**
Total on and off balance sheet exposures	**14,894,663**	**4,535,002**	**3,227,713**	**3,228,509**	**10,568,506**	**9,316,059**	**36,056,403**	**1,773,288**	**83,600,143**

Table 5.6 : Reconciliation of changes to loans impairment allowances exposure

The reconciliation of changes to loans impairment allowances of the Group is as follows:

	30 September 2012		31 March 2012	
	Individual impairment allowances RM'000	Collective impairment allowances RM'000	Individual impairment allowances RM'000	Collective impairment allowances RM'000
Balance at beginning of financial year/ period				
- as previously stated	114,474	1,538,765	341,071	1,647,390
- effect of change in accounting policy	-	45,925	-	45,925
As restated	114,474	1,584,690	341,071	1,693,315
Charge for the year/ period – net	62,499	162,962	318,945	413,104
Amount written-off	(14,393)	(192,153)	(545,542)	(521,758)
Exchange differences	-	(93)	-	29
Balance at end of financial year/ period	**162,580**	**1,555,406**	**114,474**	**1,584,690**

	30 September 2012 (Charge offs)/ recoveries RM'000	31 March 2012 (Charge offs)/ recoveries RM'000
Bad debts written off during the year/ period	(41,875)	(99,214)
Bad debt recoveries during the year/ period	307,748	554,758

6.0 Credit Risk Exposure under the Standardised Approach

Depending on the exposure class, the following ratings by the following External Credit Assessment Institutions ("ECAIs") are allowed:

- Standard & Poor's Rating Services ("S&P")
- Moody's Investors Service ("Moodys")
- Fitch Rating ("Fitch")
- Rating and Investment Information, Inc ("RII")
- 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 2012 Risk weights	Exposures after netting and credit risk mitigation											
	Sovereigns and central banks	Banks, DFI and MDB	Insurance companies, securities firms and fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation	Equity	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
0%	8,751,493	19,941	-	1,142,576	-	-	-	524,254	-	-	10,438,264	-
20%	81,741	4,803,204	-	1,407,459	116,213	-	-	11,326	73,973	-	6,493,916	1,298,783
35%	-	-	-	-	-	7,692,081	-	-	-	-	7,692,081	2,692,228
50%	-	2,176,476	-	392,937	25,030	1,668,775	-	-	10,374	-	4,273,592	2,136,797
75%	-	-	-	-	23,187,223	-	-	-	-	-	23,187,223	17,390,417
100%	-	58	64,853	31,894,822	486,060	124,019	-	1,259,294	-	61,309	33,890,415	33,890,415
150%	-	-	-	655,059	204,323	-	131,724	-	-	-	991,106	1,486,659
1250%	-	-	-	-	-	-	-	-	6,136	-	6,136	-
Total	**8,833,234**	**6,999,679**	**64,853**	**35,492,853**	**24,018,849**	**9,484,875**	**131,724**	**1,794,874**	**90,483**	**61,309**	**86,972,733**	**58,895,299**
Deduction from capital base									6,136		6,136	

31 March 2012 Risk weights	Exposures after netting and credit risk mitigation											
	Sovereigns and central banks	Banks, DFI and MDB	Insurance companies, securities firms and fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation	Equity	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
0%	5,933,395	-	-	6,311	-	-	-	453,936	-	-	6,393,642	-
20%	63,530	4,424,854	-	1,415,861	159,004	-	-	10,051	77,720	-	6,151,020	1,230,204
35%	-	-	-	-	-	7,274,262	-	-	-	-	7,274,262	2,545,992
50%	-	1,991,025	-	579,872	56,415	1,661,677	-	-	10,296	-	4,299,285	2,149,643
75%	-	-	-	-	23,647,135	-	-	-	-	-	23,647,135	17,735,351
100%	-	14	80,525	29,109,801	181,999	208,589	-	1,349,391	-	49,319	30,979,638	30,979,638
150%	-	-	-	1,266,865	360,183	-	140,535	-	-	-	1,767,583	2,651,374
1250%	-	-	-	-	-	-	-	-	9,446	-	9,446	-
Total	**5,996,925**	**6,415,893**	**80,525**	**32,378,710**	**24,404,736**	**9,144,528**	**140,535**	**1,813,378**	**97,462**	**49,319**	**80,522,011**	**57,292,202**
Deduction from capital base									9,446		9,446	

Table 6.2: Rated exposures according to ratings by ECAIs

30 September 2012		Ratings of corporates by approved ECAIs				
Exposure class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	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
	RII	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, securities firms and fund managers	64,853	-	-	-	-	64,853
Corporates	35,492,853	994,109	313,792	112,112	5,465	34,067,375
Total	**35,557,706**	**994,109**	**313,792**	**112,112**	**5,465**	**34,132,228**

31 March 2012		Ratings of corporates by approved ECAIs				
Exposure class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	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
	RII	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, securities firms and fund managers	80,525	-	-	-	-	80,525
Corporates	32,378,710	988,794	467,747	99,306	3,617	30,819,246
Total	**32,459,235**	**988,794**	**467,747**	**99,306**	**3,617**	**30,899,771**

30 September 2012		Short term ratings of banking institutions and corporates by approved ECAIs				
Exposure class	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	RII	a-1+, a-1	a-2	a-3	b,c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFI and MDB	134,172	134,172	-	-	-	-
Total	**134,172**	**134,172**	-	-	-	**-**

31 March 2012		Short term ratings of banking institutions and corporates by approved ECAIs				
Exposure class	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	RII	a-1+, a-1	a-2	a-3	b,c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFI and MDB	135,459	135,459	-	-	-	-
Total	**135,459**	**135,459**	-	-	-	**-**

Table 6.2: Rated exposures according to ratings by ECAIs (contd.)

30 September 2012	Ratings of sovereigns and central banks by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RII	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Sovereigns and central banks	8,833,234	-	8,833,234	-	-	-
Total	**8,833,234**	**-**	8,833,234	-	-	**-**

31 March 2012	Ratings of sovereigns and central banks by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RII	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Sovereigns and central banks	5,996,925	-	5,996,925	-	-	-
Total	**5,996,925**	**-**	5,996,925	-	-	**-**

30 September 2012	Ratings of banking institutions by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	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
	RII	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFI and MDB	6,865,507	1,964,203	743,704	2,049,744	58	2,107,798
Total	**6,865,507**	**1,964,203**	**743,704**	**2,049,744**	**58**	**2,107,798**

31 March 2012	Ratings of banking institutions by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	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
	RII	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFI and MDB	6,280,434	2,413,931	438,934	1,154,668	14	2,272,887
Total	**6,280,434**	**2,413,931**	**438,934**	**1,154,668**	**14**	**2,272,887**

Table 6.3: Securitisation according to ratings by ECAIs

30 September 2012	Ratings of securitisation by approved ECAIs			
Exposure class	Moodys	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	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
	RII	AAA to AA-	A+ to A-	Unrated
		RM'000	RM'000	RM'000
On and off balance sheet exposures				
Securitisation	90,483	73,973	10,374	6,136
Total	**90,483**	**73,973**	**10,374**	**6,136**

31 March 2012	Ratings of securitisation by approved ECAIs			
Exposure class	Moodys	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	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
	RII	AAA to AA-	A+ to A-	Unrated
		RM'000	RM'000	RM'000
On and off balance sheet exposures				
Securitisation	97,462	77,720	10,296	9,446
Total	**97,462**	**77,720**	**10,296**	**9,446**

Note: All securitisations are for periods exceeding 12 months.

7.0 Credit Risk Mitigation under the Standardised Approach

Table 7.1 : Credit Risk Mitigation

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

30 September 2012 Exposure class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
Credit risk			
On balance sheet exposures			
Sovereigns/ central banks	8,848,343	-	96,850
Banks, DFI and MDB	5,104,811	-	-
Insurance companies, securities firms and fund managers	24,096	-	-
Corporates	29,685,615	38,407	1,669,392
Regulatory retail	21,609,859	104,539	152,042
Residential mortgages	9,259,198	-	15,517
Higher risk assets	113,952	-	-
Other assets	1,794,874	-	-
Securitisation	90,483	-	-
Equity	61,309	-	-
Defaulted exposures	1,606,162	12,831	162,072
Total on balance sheet exposures	78,198,702	155,777	2,095,873
Off balance sheet exposures			
OTC derivatives	2,224,149	-	-
Credit derivatives	66	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	9,215,049	3,142	613,685
Defaulted exposures	55,830	-	11,505
Total off balance sheet exposures	11,495,094	3,142	625,190
Total on and off balance sheet exposures	**89,693,796**	**158,919**	**2,721,063**

Table 7.1 : Credit Risk Mitigation under the Standardised Approach (contd.)

The total exposures and eligible guarantees, credit derivatives and collateral of the Group are as follows (contd.):

31 March 2012 **Exposures**	**Exposures before CRM** **RM'000**	**Exposures covered by guarantees/ credit derivatives** **RM'000**	**Exposures covered by eligible financial collateral** **RM'000**
Credit risk			
On balance sheet exposures			
Sovereigns/ central banks	6,315,458	-	382,063
Banks, DFI and MDB	4,740,473	-	-
Insurance companies, securities firms and fund managers	30,666	-	-
Corporates	26,286,936	32,313	1,576,549
Regulatory retail	22,143,955	132,160	131,727
Residential mortgages	8,926,278	-	14,803
Higher risk assets	131,249	-	-
Other assets	1,813,378	-	-
Securitisation	97,462	-	-
Equity	49,319	-	-
Defaulted exposures	2,203,455	28,191	307,893
Total on balance sheet exposures	72,738,629	192,664	2,413,035
Off balance sheet exposures			
OTC derivatives	1,973,266	-	-
Credit derivatives	69	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	8,648,919	3,577	646,685
Defaulted exposures	239,260	-	18,414
Total off balance sheet exposures	10,861,514	3,577	665,099
Total on and off balance sheet exposures	**83,600,143**	**196,241**	**3,078,134**

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 2012 Description	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	1,346,749		1,346,750	1,200,302
Transaction related contingent Items	3,119,694		1,559,847	1,115,716
Short term self liquidating trade related contingencies	719,434		143,537	118,335
Forward asset purchases	238,127		15,417	14,017
Obligations under an on-going underwriting agreement	250,000		-	-
Foreign exchange related contracts				
One year or less	21,616,129	147,543	289,627	148,825
Over one year to five years	2,756,294	19,671	264,194	198,880
Over five years	838,708	26,411	207,312	157,510
Interest rate related contracts				
One year or less	11,668,042	14,337	36,515	19,351
Over one year to five years	19,441,846	108,926	629,805	235,693
Over five years	8,408,258	161,712	750,258	377,067
Equity related contracts				
One year or less	426,320	2,262	11,547	8,066
Over one year to five years	550,504	5,877	34,896	17,447
Credit Derivative Contracts				
One year or less	266,008	3,420	38	19
Over one year to five years	296,549	985	19	6
Over five years	296,032	5,424	10	2
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,322,298		2,630,577	2,245,464
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,013,517		3,015,126	2,771,608
Any commitments that are unconditionally cancelled at any time by the Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	100		200	200
Unutilised credit card lines	2,797,099		559,419	417,379
Total	**95,371,708**	**496,568**	**11,495,094**	**9,045,887**

Table 8.1: Off Balance Sheet Exposures (Contd.)

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

31 March 2012 **Description**	**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	1,608,754		1,608,753	1,443,945
Transaction related contingent Items	3,120,757		1,560,379	1,127,086
Short term self liquidating trade related contingencies	615,243		122,765	111,477
Forward asset purchases	360,899		13,873	4,542
Obligations under an on-going underwriting agreement	265,000		-	-
Foreign exchange related contracts				
One year or less	20,064,852	112,201	280,483	143,525
Over one year to five years	3,145,654	26,001	325,855	240,346
Over five years	58,532	-	11,706	5,854
Interest rate related contracts				
One year or less	14,448,655	19,931	55,617	33,130
Over one year to five years	18,849,399	94,269	587,236	217,854
Over five years	8,042,138	93,824	674,872	338,101
Equity related contracts				
One year or less	484,281	2,046	10,250	10,215
Over one year to five years	362,369	10,464	27,261	13,308
Credit Derivative Contracts				
One year or less	61,290	140	1	-
Over one year to five years	549,473	14,974	58	25
Over five years	292,733	6,185	10	2
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,682,068		2,341,038	2,020,626
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,251,953		2,650,444	2,473,956
Any commitments that are unconditionally cancelled at any time by the Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	100		200	200
Unutilised credit card lines	2,953,565		590,713	441,110
Total	**93,217,715**	**380,035**	**10,861,514**	**8,625,302**

Table 8.2 : Credit Derivatives Counterparty Credit Risk

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

		30 September 2012		31 March 2012	
		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	420,141	438,448	451,749	468,693

* Out of the total notional exposure for protection bought as at 30 September 2012, RM421,948,000 (31 March 2012: RM452,193,000) has no counterparty credit risk exposure because it is on a fully funded basis.

9.0 Securitisation

Table 9.1: Securitisation (Trading and Banking Book)

The securitised exposures of the Group are as follows:

30 September 2012 **Underlying asset**	**Total exposures securitised RM'000**	**Past due RM'000**	**Impaired RM'000**	**Gains/(losses) recognised during the year/ period RM'000**
Traditional securitisation originated by the Group				
Banking book				
Corporate loans	517,701	-	434,965	-
Mortgage loans	964,626	-	680,128	-
Total traditional securitisation	**1,482,327**	**-**	**1,115,093**	**-**
Total synthetic securitisation	**-**	**-**	**-**	**-**
Total traditional and synthetic securitisation	**1,482,327**	**-**	**1,115,093**	**-**

31 March 2012 **Underlying asset**	**Total exposures securitised RM'000**	**Past due RM'000**	**Impaired RM'000**	**Gains/(losses) recognised during the year/ period RM'000**
Traditional securitisation originated by the Group				
Banking book				
Corporate loans	1,000,418	-	918,939	-
Mortgage loans	496,890	-	198,667	-
Total traditional securitisation	**1,497,308**	**-**	**1,117,606**	**-**
Total synthetic securitisation	**-**	**-**	**-**	**-**
Total traditional and synthetic securitisation	**1,497,308**	**-**	**1,117,606**	**-**

There were no securitisation activities undertaken during the current financial period and for the year ended 31 March 2012.

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

30 September 2012				Distribution of exposures after CRM according to appplicable risk weights				
				Rated securitisation exposures or risk weights of guarantees/ credit derivatives		Unrated (look-through)		
Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	20% RM'000	50% RM'000	Average Risk Weight RM'000	Exposure amount RM'000	Risk weighted assets RM'000
<u>Traditional securitisation originated by third party</u>								
On balance sheet exposures	84,347	84,347	-	73,973	10,374	-	-	19,982
<u>Originated by the Group</u>								
On balance sheet exposures	6,136	6,136	6,136	-	-	-	-	-
Total traditional securitisation	**90,483**	**90,483**	**6,136**	**73,973**	**10,374**	**-**	**-**	**19,982**
Total synthetic securitisation	-	-	-	-	-	-	-	-
Total traditional and synthetic securitisation	**90,483**	**90,483**	**6,136**	**73,973**	**10,374**	**-**	**-**	**19,982**

31 March 2012				Distribution of exposures after CRM according to appplicable risk weights				
				Rated securitisation exposures or risk weights of guarantees/ credit derivatives		Unrated (look-through)		
Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	20% RM'000	50% RM'000	Average Risk Weight RM'000	Exposure amount RM'000	Risk weighted assets RM'000
<u>Traditional securitisation originated by third party</u>								
On balance sheet exposures	88,016	88,016	-	77,719	10,296	-	-	20,692
<u>Originated by the Group</u>								
On balance sheet exposures	9,446	9,446	9,446	-	-	-	-	-
Total traditional securitisation	**97,462**	**97,462**	**9,446**	**77,719**	**10,296**	**-**	**-**	**20,692**
Total synthetic securitisation	-	-	-	-	-	-	-	-
Total traditional and synthetic securitisation	**97,462**	**97,462**	**9,446**	**77,719**	**10,296**	**-**	**-**	**20,692**

Table 9.3: Securitisation under the Standardised Approach for Trading Book Exposures

30 September 2012 Securitisation exposures by exposure type	Total exposures value of positions purchased or retained RM'000	Exposures subject to deduction RM'000	General risk charge RM'000	Specific risk charge RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party					
On balance sheet by exposure type - others	5,119	-	11	13	297
Total traditional securitisation	**5,119**	**-**	**11**	**13**	**297**
Total synthetic securitisation	**-**	**-**	**-**	**-**	**-**
Total traditional and synthetic securitisation	**5,119**	**-**	**11**	**13**	**297**

31 March 2012 Securitisation exposures by exposure type	Total exposures value of positions purchased or retained RM'000	Exposures subject to deduction RM'000	General risk charge RM'000	Specific risk charge RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party					
On balance sheet by exposure type - others	10,461	-	84	105	2,363
Total traditional securitisation	**10,461**	**-**	**84**	**105**	**2,363**
Total synthetic securitisation	**-**	**-**	**-**	**-**	**-**
Total traditional and synthetic securitisation	**10,461**	**-**	**84**	**105**	**2,363**

10.0 Equities (Banking Book Positions)

Table 10.1: Equity investments and capital requirement

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

Non traded equity investments	30 September 2012 RM'000	31 March 2012 RM'000
Value of quoted (publicly traded) equities	85,034	72,233
Value of unquoted (privately held) equities	88,345	88,271
Total	**173,379**	**160,504**
Net realised and unrealised gains/ (losses)		
Cumulative realised gains/ (losses) from sales and liquidations	44	2,907
Total unrealised gains/ (losses)	2,051	610
Total	**2,095**	**3,517**
Risk weighted assets		
Equity investments subject to a 100% risk weight	84,083	71,117
Equity investments subject to a 150% risk weight	133,944	134,081
Total	**218,027**	**205,198**
Total minimum capital requirement (8%)	**17,442**	**16,416**

11.0 Non Traded Market Risk

Table 11.1 Market Risk Sensitivity – Interest/ Profit Rate Risk ("IRR")/ Rate of Return Risk in the Banking Book ("RORBB")

The IRR/RORBB sensitivity for the Group is as follows:

30 September 2012	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Taxation	66,600	(66,600)
Impact on Equity	(115,486)	135,083

31 March 2012	Interest Rate/ Rate of Return +100 bps RM'000	Interest Rate/ Rate of Return -100 bps RM'000
Impact on Profit Before Taxation	97,791	(97,791)
Impact on Equity	11,679	(4,187)