AmInvestment Bank Group

RWCAF - Pillar 3 Disclosures

For the Financial Period
1 April 2014 to 30 September 2014

AmInvestment Bank Berhad Group
RWCAF - Pillar 3 Disclosures
for 30 September 2014

Contents

1.0 Scope of Application

The Pillar 3 Disclosure Framework
The Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework (Basel II) ("RWCAF") and Capital Adequacy Framework for Islamic Banks ("CAFIB") – Disclosure Requirements ("Pillar 3") is applicable to all banking institutions licensed under the Financial Services Act 2013 ("FSA") and all Islamic banks licensed under the Islamic Financial Services Act 2013 ("IFSA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

The FSA and IFSA have come into effect on 30 June 2013, providing for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market, to promote financial stability and for related, consequential or incidental matters. The FSA and IFSA have replaced the Banking and Financial Institutions Act 1989 ("BAFIA") and Islamic Banking Act 1983 ("IBA") respectively. On 27 June 2013, BNM has issued the Capital Adequacy Framework (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Basel II – Risk Weighted Assets) which provide the framework and guidelines on computation of risk weighted assets ("RWA"), replacing the previous Guidelines on Risk - Weighted Capital Adequacy Framework (Basel II – Risk Weighted Assets Computation) issued on 19 April 2007.

The banking subsidiaries of AMMB Holdings Berhad ("AMMB") to which the RWCAF apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("the Bank") and AmIslamic Bank Berhad ("AmIslamic Bank") – which offers Islamic banking services.

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

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

Medium and Location of Disclosure
These Pillar 3 disclosures of the Group are available on Group's corporate website at www.ambankgroup.com.

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

With effect from 1 January 2013, the capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued by the Prudential Financial Policy Department on 28 November 2012, which is based on the Basel III capital accord. Prior to that, the capital adequacy ratios of the banking subsidiaries of AMMB were computed in accordance to BNM's Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Components) (as applicable), which are based on the Basel II capital accord. Each banking entity has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Basel II – Risk Weighted Assets).

The minimum regulatory capital adequacy requirements for the risk weighted capital ratios are as follows:

Calendar year	Common Equity Tier 1 ("CET1") Capital ratio	Tier 1 Capital ratio	Total Capital ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015	4.5%	6.0%	8.0%

The minimum regulatory capital adequacy requirements as stipulated in the above table have not factored in capital buffers that will be introduced in calendar year 2016 onwards.

1.1 Basis of Consolidation

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

For purposes of this Pillar 3 Disclosures, 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 III regulatory reporting
Subsidiaries licensed under FSA or IFSA or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Fully consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the banking subsidiary entity level; Consolidated in calculation of capital adequacy at the banking subsidiary consolidated level
Associates and jointly controlled entities which are licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Deducted in calculation of capital
Associates and jointly controlled entities which are not licensed under FSA or IFSA and not engaged in financial activities	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 ("Board"), as well as the concurrence of BNM.

2.0 Capital Management

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at AMMB Group level. AMMB Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to 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. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by AMMB 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 AMMB Group's risk, performance and capital.

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

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

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

AMMB Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of AMMB Group's management disciplines.

The capital that AMMB Group 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 AMMB 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.

AMMB 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 Chief Executive Officers Committee ("Group CEOs Committee"). The Group Asset and Liability Committee ("GALCO"), which is a sub-committee within the Group CEOs Committee, is the governance committee within the Group CEOs Committee that is responsible for managing the Group's statement of financial position, capital and liquidity.

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.

2.0 Capital Management (Contd.)

Group CEOs Committee proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ended 31 March 2015 (“FY 2015”), these ranges are 8.0% to 10.0% for the Common Equity Tier 1 Capital Ratio, 9.5% to 11.5% for the Tier 1 Capital Ratio, and 14.0% to 16.0% for the Total Capital Ratio. The Group has been operating within these ranges.

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 AMMB Group’s capital plan.

Appropriate policies are also in place governing the transfer of capital within AMMB 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 Ratios

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

	30.09.2014		31.03.2014	
	Group	Bank	Group	Bank
Before deducting proposed dividends:				
CET 1 Capital Ratio	26.563%	25.518%	24.652%	21.207%
Tier 1 Capital Ratio	26.563%	25.518%	24.652%	21.207%
Total Capital Ratio	26.563%	25.518%	24.652%	21.207%
After deducting proposed dividends:				
CET 1 Capital Ratio	25.783%	24.522%	24.652%	21.207%
Tier 1 Capital Ratio	25.783%	24.522%	24.652%	21.207%
Total Capital Ratio	25.783%	24.522%	24.652%	21.207%

(b) The capital adequacy ratios of the Islamic window of the Bank are as follows:

	30.09.2014 Islamic Window	31.03.2014 Islamic Window
Before deducting proposed dividends:		
CET 1 Capital Ratio	113.907%	75.606%
Tier 1 Capital Ratio	113.907%	75.606%
Total Capital Ratio	113.907%	75.606%
After deducting proposed dividends:		
CET 1 Capital Ratio	113.907%	75.606%
Tier 1 Capital Ratio	113.907%	75.606%
Total Capital Ratio	113.907%	75.606%

Table 2.2 Risk-Weighted Assets and Capital Requirements

(a) The breakdown of risk weighted assets (“RWA”) by exposure in each major risk category of the Group is as follows:

	30.09.14					
Exposure class		**Gross exposures/ Exposure at default (“EAD”) before credit risk mitigation (“CRM”)**	**Net exposures/ EAD after CRM**	**Risk weighted assets**	**Total Risk Weighted Assets after effects of PSIA**	**Minimum capital requirement at 8%**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1. **Credit risk**						
On balance sheet exposures						
Sovereigns/ Central banks		336,774	336,774	-	-	-
Banks, DFIs & MDBs		1,322,098	1,322,098	350,743	350,743	28,059
Corporates		550,659	195,327	119,898	119,898	9,592
Regulatory retail		43,727	15,223	11,417	11,417	913
Higher risk assets		11,894	11,894	17,841	17,841	1,427
Other assets		572,621	572,621	572,607	572,607	45,809
Equity exposures		-	-	-		-
Defaulted exposures		1	1	1	1	-
Total for on balance sheet exposures		2,837,774	2,453,938	1,072,507	1,072,507	85,800
Off balance sheet exposures:						
Off balance sheet exposures other than OTC derivatives or Credit derivatives		156,768	118,353	81,956	81956	6,556
Total for off balance sheet exposures		156,768	118,353	81,956	81,956	6,556
Total on and off balance sheet exposures		2,994,542	2,572,291	1,154,463	1,154,463	92,356
2. **Large exposures risk requirement**		-	-	-	-	-
3. **Market risk**	**Long Position**	**Short Position**				
Interest rate risk /Rate of return risk						
- General interest rate risk/Rate of return risk	1,210	1,210		-		-
Foreign currency risk	109,184	-		109,184	109,184	8,735
Equity risk						
- General risk	680	-		680	680	54
- Specific risk	680	-		680	680	54
Option risk	39,324	-		54,071	54,071	4,326
Total	151,078	1,210		164,615	164,615	13,169
4. **Operational risk**				411,435	411,435	32,915
5. **Total RWA and capital requirements**				1,730,513	1,730,513	138,440

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

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

		31.03.14				
Exposure class		**Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")**	**Net exposures/ EAD after CRM**	**Risk weighted assets**	**Total Risk Weighted Assets after effects of PSIA**	**Minimum capital requirement at 8%**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1. **Credit risk**						
On balance sheet exposures						
Sovereigns/ Central banks		567,883	567,883	-	-	-
Banks, development financial institutions ("DFIs") & multilateral development banks ("MDBs")		875,054	875,054	175,023	175,023	14,002
Corporates		1,250,580	253,028	177,617	177,617	14,209
Regulatory retail		55,223	18,807	14,105	14,105	1,128
Higher risk assets		14,095	14,095	21,142	21,142	1,691
Other assets		808,812	808,812	808,798	808,798	64,704
Defaulted exposures		1	1	1	1	-
Total for on balance sheet exposures		3,571,648	2,537,680	1,196,686	1,196,686	95,734
Off balance sheet exposures:						
Off balance sheet exposures other than OTC derivatives or Credit derivatives		192,786	133,916	93,782	93,782	7,503
Total for off balance sheet exposures		192,786	133,916	93,782	93,782	7,503
Total on and off balance sheet exposures		3,764,434	2,671,596	1,290,468	1,290,468	103,237
2. **Large exposures risk requirement**		-	-	-		-
3. **Market risk**	**Long Position**	**Short Position**				
Interest rate risk /Rate of return risk						
- General interest rate risk/Rate of return risk	4,540	4,537		-		-
Foreign currency risk	8,536	-		8,536	8,536	683
Equity risk						
- General risk	659	637		22	22	2
- Specific risk	659	637		819	819	65
Option risk	21,375	-		29,391	29,391	2,351
Total	35,769	5,811		38,768	38,768	3,101
4. **Operational risk**				428,605	428,605	34,288
5. **Total RWA and capital requirements**				1,757,841	1,757,841	140,626

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

Table 2.2 Risk-Weighted Assets and Capital Requirements

(b) The breakdown of RWA by exposure in each major risk category of the Islamic window of the Bank is as follows:

	30.09.14					
Exposure class		**Gross exposures/ EAD before CRM**	**Net exposures/ EAD after CRM**	**Risk weighted assets**	**Total Risk Weighted Assets after effects of PSIA**	**Minimum capital requirement at 8%**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1. **Credit risk**						
On balance sheet exposures						
Sovereigns/ Central banks		58	58	-	-	-
Banks, DFIs & MDBs		207,163	207,163	41,433	41,433	3,315
Other assets		17,467	17,467	17,467	17,467	1,397
Total for on balance sheet exposures		224,688	224,688	58,900	58,900	4,712
Off balance sheet exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives		77,650	77,650	56,330	56,330	4,506
Total for off balance sheet exposures		77,650	77,650	56,330	56,330	4,506
Total on and off balance sheet exposures		302,338	302,338	115,230	115,230	9,218
2. **Large exposures risk requirement**		-	-	-	-	-
	Long Position	**Short Position**				
3. **Market risk**	-	-				
4. **Operational risk**				28,887	28,887	2,311
5. **Total RWA and capital requirements**				144,117	144,117	11,529

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

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

		31.03.14				
Exposure class		**Gross exposures/ EAD before CRM**	**Net exposures/ EAD after CRM**	**Risk weighted assets**	**Total Risk Weighted Assets after effects of PSIA**	**Minimum capital requirement at 8%**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1. **Credit risk**						
On balance sheet exposures						
Sovereigns/ Central banks		46	46	-	-	-
Banks, DFIs & MDBs		480,387	480,387	96,077	96,077	7,686
Other assets		15,898	15,898	15,898	15,898	1,272
Total for on balance sheet exposures		496,331	496,331	111,975	111,975	8,958
Off balance sheet exposures:						
Off balance sheet exposures other than OTC derivatives or Credit derivatives		77,650	77,650	56,330	56,330	4,506
Total for off balance sheet exposures		77,650	77,650	56,330	56,330	4,506
Total on and off balance sheet exposures		573,981	573,981	168,305	168,305	13,464
2. **Large exposures risk requirement**		-	-	-	-	-
	Long Position	**Short Position**				
3. **Market risk**	-	-				
4. **Operational risk**				42,678	42,678	3,414
5. **Total RWA and capital requirements**				210,983	210,983	16,878

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

3.0 Capital Structure

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

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

All capital instruments included in the capital base have been issued in accordance with the BNM rules and guidelines. The Additional Tier 1 and Tier 2 capital instruments of the Group that were issued prior to 2013 do not meet all qualifying criteria for full recognition of capital instruments under the Basel III accord, on the requirements for loss absorbency at the point of non-viability, and write-off or conversion mechanisms for achieving principal loss absorption and/or loss absorbency at the point of non-viability. These Additional Tier 1 and Tier 2 capital instruments qualify for the gradual phase-out treatment under the transitional arrangements of the Basel III accord. Under this treatment, the amount of capital instruments that can be recognised for each banking entity (and its consolidated group level) shall be capped at 90% of the base in 2013 (as counted separately for Additional Tier 1 Capital and Tier 2 Capital respectively), with the cap reducing by 10% in each subsequent year. To the extent that an instrument is redeemed or derecognised after 1 January 2013, the amount serving as the base is not reduced.

3.1 CET 1 Capital

CET 1 Capital consists of the following:

(a) 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.

(b) Share Premium

Share premium is used to record premium arising from new shares issued in the group entity.

(c) Retained Earnings

Retained earnings at the end of the financial year and eligible reserves are accumulated resources included in the shareholders' funds in an entity's statement of financial position, with certain regulatory adjustments applied. The retained earnings is included in CET 1 Capital net of any interim and/or final dividend declared, and net of any interim losses. Quarterly interim profits have been included in CET 1 Capital subject to review/audit by the external auditors.

(d) Other Disclosed Reserves

Other disclosed reserves comprise the following:

(i) Statutory Reserve

Statutory reserve is maintained in compliance with Section 47(2) f of FSA, Section 57(2) of IFSA and is not distributable as cash dividends.

(ii) Capital Reserve and Merger Reserve

The capital reserve and merger reserve represent reserves arising from the transfer of subsidiaries pursuant to schemes of arrangement under group restructuring which involved capital reduction and was accounted for using the merger accounting method.

(iii) Foreign Exchange Translation Reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

(iv) Available-for-Sale Reserve

This comprises the unrealised fair value gains and losses on financial investments available-for-sale. Where the available-for-sale reserve is a net gain outstanding balance, the banking subsidiary can recognise 45% of the total outstanding balance as part of CET 1 Capital. Where the available-for-sale reserve is a net loss outstanding balance, the entire outstanding balance is deducted in CET 1 Capital.

3.2 Additional Tier 1 Capital

The amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios of the banking subsidiaries, at both the entity and consolidated level for 2013, has been capped at 90% of the total qualifying Additional Tier 1 Capital balance outstanding as at 1 January 2013. For 2014, the amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios are capped at 80% of the total qualifying Additional Tier 1 Capital balance outstanding as at 1 January 2013. This is in accordance with the transitional gradual phase-out treatment under the Basel III regime. As at 1 January 2013 and at present, only AmBank has Additional Tier 1 Capital Instrument in issuance. Table 3.1 outlines the application of the grandfathering provisions in respect of the Additional Tier 1 Capital Instruments of AmBank. Details of the Additional Tier 1 Capital Instruments are outlined below.

Table 3.1: Capital Structure

(a) The components of Common Equity Tier 1 Capital, Additional Tier 1 Capital, Tier 2 Capital, and Total Capital of the Group are as follows:

	Group		Bank	
	30.09.14 RM'000	**31.03.14 RM'000**	**30.09.14 RM'000**	**31.03.14 RM'000**
CET1 Capital				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	56,281	38,006	75,651	57,377
Unrealised gains on financial investment available-for-sale ("AFS")	1,413	1,760	1,362	1,707
Foreign exchange translation reserve	34,200	34,517	-	-
Statutory reserve fund	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815		
Merger reserve	7,656	7,656		
Less : Regulatory adjustments applied on CET1 capital				
Goodwill	(11,243)	(11,243)	-	-
Other intangibles	(2,553)	(1,811)	(1,323)	(1,714)
Deferred tax assets	(2,693)	(14,164)	(2,693)	(14,164)
55% of cumulative gains of AFS financial instruments	(777)	(968)	(749)	(939)
Investments in ordinary shares of unconsolidated financial and insurance/ takaful entities	(192)	(333)	(20,408)	(20,408)
Deduction in excess of Tier 2*	(25,234)	(22,891)	(106,101)	(103,190)
CET1 Capital	**459,673**	**433,344**	**345,739**	**318,669**
Additional Tier 1 Capital				
Tier 1 Capital	**459,673**	**433,344**	**345,739**	**318,669**
Tier 2 Capital				
Collective impairment provisions and regulatory reserves #	1,316	4,085	1,316	4,085
Less : Regulatory adjustments applied on Tier 2 Capital	(1,316)	(4,085)	(1,316)	(4,085)
Tier 2 Capital	**-**	**-**	**-**	**-**
Total Capital	**459,673**	**433,344**	**345,739**	**318,669**

*The portion of regulatory adjustments not deducted from Tier 2 Capital (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

#Excludes collective allowance on impaired loans restricted from Tier 2 Capital of the Group and the Bank of RM NIL.(31 March 2014 : RM787,973)

3.0 Capital Structure (Contd.)

Table 3.1: Capital Structure (Contd.)

The breakdown of risk weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group		Bank	
	30.09.14	**31.03.14**	**30.09.14**	**31.03.14**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Credit risk	1,154,463	1,290,468	946,208	1,097,505
Market risk	164,615	38,768	68,415	38,766
Operational risk	411,435	428,605	340,254	366,407
Total risk weighted assets	1,730,513	1,757,841	1,354,877	1,502,678

(b) The components of Tier 1 Capital of the Islamic window of the Bank is as follows:

	30.09.14	**31.03.14**
	RM'000	**RM'000**
CET1 Capital		
Ordinary shares	30,000	30,000
Retained earnings	134,189	129,810
Less : Regulatory adjustments applied on CET1 Capital		
Other intangibles	(1)	(2)
Deferred tax assets	(29)	(292)
CET1 capital	**164,159**	**159,516**
Tier 2 capital	-	-
Total Capital	**164,159**	**159,516**

The breakdown of risk weighted assets of the Islamic window of the Bank in the various risk categories are as follows:

	30.09.14	**31.03.14**
	RM'000	**RM'000**
Credit risk	115,229	168,305
Operational risk	28,887	42,678
Total risk weighted assets	144,116	210,983

4.0 Risk Management Framework

The Risk Management Framework takes its lead from the Board of Directors' ("Board") 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 of Directors 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, 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 strategic goals are to sustain the top quartile ROE, and to maintain the credit rating of BBB+ or better (from international rating agencies) for the next one to two years. This is supported by sustainable asset quality and continued portfolio diversification within retail, non-retail, and insurance businesses, with greater contribution from non-interest income, complemented by robust management of liquidity, disciplined execution of interest rate risk/rate of return risk in the balance sheet, and with support from strong level of capital.

The Group intends to maintain sufficient quantity and quality of capital in excess of Basel 3 requirement for Common Equity Tier 1, Tier 1 Capital, and Total Capital. Our capital requirements are robustly tested over a 3 year period.

We enforce conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel 3 liquidity matrix (Net Stable Funds Ratio, and Liquidity Coverage Ratios). Our targeted Adjusted Loan Deposit Ratio is within 90% range with continually improving current account and savings account ("CASA") deposit composition and market share.

The Group manages operational risk by setting the operational risk appetite statements and measurements that the Group is willing to tolerate to support its business strategies and objectives. The Group manages its reputational risk by not engaging in any activity that has potential to result in a material event or loss that would be outside the expectations of its stakeholders. The Group also manages its regulatory compliance risk by setting positive compliance culture and ensuring that the letter and spirit of regulatory requirements, applicable laws, rules, and standards in the respective jurisdictions are complied with.

The Group manages Shariah risk by ensuring that its operations, business, affairs and activities are in compliance with rulings of the BNM's Shariah Advisory Council ("SAC") and the bank's Shariah Committee.

The Group manages trading activities by instituting appropriate governance, culture, and controls to promote acceptable trading behaviour.

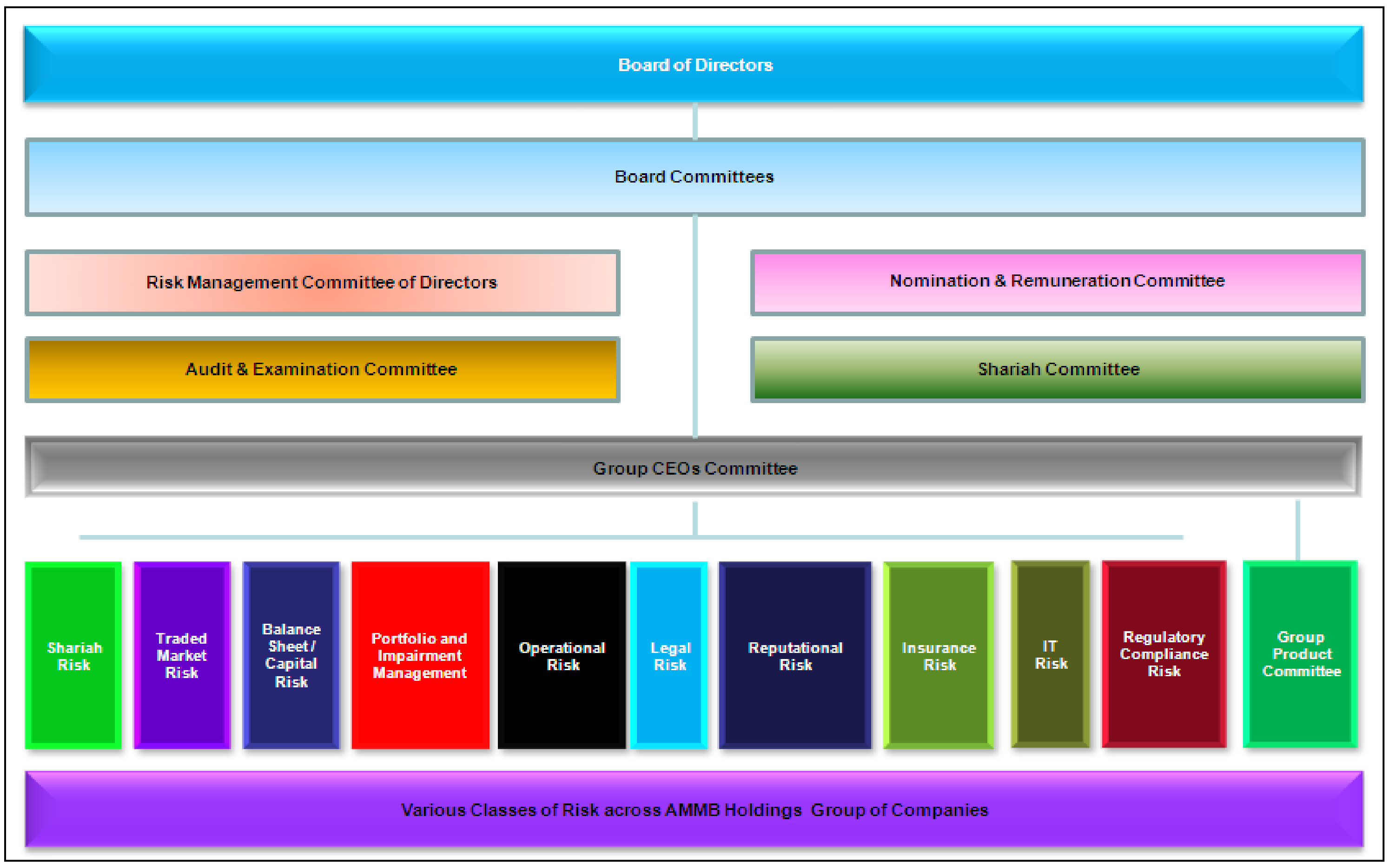
4.0 Risk Management Governance

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 the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, regulatory compliance risk, reputational risk, product risk and business and IT project risk.

In July 2013, the Group Product Committee ("GPC") was re-established as a sub-committee of the Group CEOs Committee. The GPC is to oversee activities in managing products for the Group; and to advise and report to the Group CEOs Committee on product related matters.

The following chart sets out the organisational structure of the Group CEOs Committee and an overview of the Group CEOs Committee's roles and responsibilities.



Strategic Risk

Strategic risk is the risk of not achieving the Group's corporate strategic goals. The Group's overall strategic planning reflects the Group's vision and mission, taking into consideration the Group's internal capabilities and external factors.

The Board is actively involved in setting of strategic goals, and is regularly updated on matters affecting corporate strategy implementation and corporate projects/initiatives.

Reputational Risk

The Group recognizes that maintaining its reputation among clients, investors, regulators and the general public is an important aspect of minimizing legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and business partners and the conduct of our business activities.

The Group seeks to maintain its reputation by screening potential clients and business partners and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

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 & tailored facility structures
Monitoring/ Review	•Monitor and report portfolio mix •Review customer under Classified Account •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's transactions and/or positions as well as Shariah compliance risk (please refer to Section 14 for discussion on Shariah Governance Structure).

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

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

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

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

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

Lending/financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The Group's Risk Appetite Framework 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 threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country.
- Asset writing strategies for industry sectors and portfolio composition (by Risk Grade and Security Indicator);
- Setting Loan/Financing to Value limits for asset backed loans/financing (i.e., property exposures and other collateral);
- Classified Account 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.

5.0 Credit Risk Management (Contd.)

Individual credit risk exposure exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds CACC authority it will be reported to Executive Committee of Directors ("EXCO"). Portfolio credit risk is reported to the relevant management and board committees.

The Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policy, and review the portfolio risk profile against the Group Risk Appetite Framework.

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

5.1 Impairment

5.1.1 Definition of past due and impaired loans and advances

All loans, financing 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) (a) When the principal or interest or both is past due[1] or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months on any material[2] obligation; or

(b) For loans/financing where repayments are scheduled on intervals of 3 months or longer, the loan/financing is to be classified as impaired 1+30 days or 1 day+1 month past due (the 30-days grace period is to allow for exclusion of administrative default[3] .

(c) For trade bills/facilities, an account is deemed default and impaired when the past due is 90 days from due date of the bill.

(d) A loan/financing may also be classified as impaired:
   i. As deemed appropriate by the Watch and Control Committee where it is determined the loans/financing have a high probability of default; or
   ii. Cross-default occurs when:
   - a default of a loan/financing obligation of a borrower triggers a default of another loan/financing obligation of the same borrower or
   - a default of a loan/financing obligation of a borrower triggers a default of a loan/financing obligation of other borrowers within the same borrower group.

   The CACC is allowed to waive the declaration of cross-default across all accounts of the same borrower or accounts of all borrowers within the same borrower group.

(e) Debt instruments (for example, fixed income securities, debt converted instrument etc.) shall be classified as impaired when the coupon or interest payment is 1 day past due.

(f) In the case of stock broking and futures broking:
   i. For margin lending, it is impaired when there is a shortfall to the carrying value i.e. difference between the collateral value (if any) and the outstanding balance.
   ii. For contra losses, it is impaired when the facility is overdue by 30 days.

[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.

[2] Material obligation as determined by Management.

[3] Administrative defaults include cases where exposures become overdue because of oversight on the part of the obligor and/or the banking institution. Instances of administrative defaults may be excluded from the historical default count, subject to appropriate policies and procedures established by the banking institution to evaluate and approve such cases.

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 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 i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than the carrying value or fair value is less than the carrying value.

Collective Assessment

Loans/financing and advances, and commitments and contingencies 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. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions are computed after making the necessary adjustments to reflect current economic conditions.

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

	30.09.14													
	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	-	-	-	-	-	-	-	33,252	-	-	303,522	-	-	336,774
Banks, DFIs and MDBs	-	-	-	-	-	-	-	1,322,098	-	-	-	-	-	1,322,098
Corporates	15,542	-	21,755	-	-	2,921	-	76,130	21,289	3,061	52,455	345,407	12,099	550,659
Regulatory retail	-	-	-	-	-	-	-	-	-	-	-	43,727	-	43,727
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	11,894	11,894
Other assets	-	-	-	-	-	-	-	44,198	-	-	-	383,062	145,361	572,621
Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	1	-	1
Total for on balance sheet exposures	15,542	-	21,755	-	-	2,921	-	1,475,678	21,289	3,061	355,977	772,197	169,354	2,837,774
Off balance sheet exposures														
Off balance sheet exposures other than OTC derivatives or Credit derivatives	400	-	59	328	56,264	109	-	100	1,469	51,400	10,170	36,284	185	156,768
Total for off balance sheet exposures	400	-	59	328	56,264	109	-	100	1,469	51,400	10,170	36,284	185	156,768
Total on and off balance sheet exposures	**15,942**	**-**	**21,814**	**328**	**56,264**	**3,030**	**-**	**1,475,778**	**22,758**	**54,461**	**366,147**	**808,481**	**169,539**	**2,994,542**

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

	31.03.14												
	Agriculture 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	-	-	-	-	-	-	567,883	-	-	-	-	-	567,883
Banks, DFIs and MDBs	-	-	-	-	-	-	875,054	-	-	-	-	-	875,054
Corporates	11,302	12,838	-	-	1,093	-	-	18,631	49,123	401	1,154,875	2,317	1,250,580
Regulatory retail	-	-	-	-	-	-	-	-	-	-	55,223	-	55,223
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	14,095	14,095
Other assets	129	286	-	1,956	83	367	42,402	315	162,581	-	590,692	10,001	808,812
Defaulted exposures	-	-	-	-	-	-	-	-	-	-	1	-	1
Total for on balance sheet exposures	11,431	13,124	-	1,956	1,176	367	1,485,339	18,946	211,704	401	1,800,791	26,413	3,571,648
Off balance sheet exposures													
Off balance sheet exposures other than OTC derivatives or Credit derivatives	1,027	1,822	327	37,297	85	-	100	26,650	51,400	13,996	59,718	364	192,786
Total for off balance sheet exposures	1,027	1,822	327	37,297	85	-	100	26,650	51,400	13,996	59,718	364	192,786
Total on and off balance sheet exposures	**12,458**	**14,946**	**327**	**39,253**	**1,261**	**367**	**1,485,439**	**45,596**	**263,104**	**14,397**	**1,860,509**	**26,777**	**3,764,434**

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

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

	30.09.14			
	Business Activities RM'000	**Household RM'000**	**Not allocated RM'000**	**Total RM'000**
Impaired loans, advances and financing	2,311	-	-	**2,311**
Past due loans / financing				**-**
Individual allowances	2,311	-	-	**2,311**
Collective allowances	-	-	1,316	**1,316**
Charges for individual allowances	(692)	115	-	**(577)**
Write-offs against individual allowances	788	434		**1,222**

Impaired and past due loans, advances and financing, Individual and collective allowances by sect

The aggregated amounts of impaired and past due loans, advances and financing, individual and collective allowances, charges fo individual impairment allowances and write offs during the year by sector of AMMB Banking Group are as follows:

	31.03.14			
	Business Activities RM'000	**Household RM'000**	**Not allocated RM'000**	**Total RM'000**
Impaired loans, advances and financing	3,194	18,484	-	**21,678**
Individual allowances	2,407	11,920	-	**14,327**
Collective allowances	-	-	4,872	**4,872**
Charges for individual allowances	305	(11,624)	-	**(11,319)**

Company No: 23742-V

Table 5.3: Geographical distribution of credit exposures

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

	30.09.14		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/ Central banks	336,774	-	336,774
Banks, DFIs and MDBs	1,205,208	116,890	1,322,098
Corporates	550,659	-	550,659
Regulatory retail	33,626	10,101	43,727
Higher risk assets	11,888	6	11,894
Other assets	393,135	179,486	572,621
Defaulted exposures	1	-	1
Total for on balance sheet exposures	2,531,291	306,483	2,837,774
Off balance sheet exposures			
Off balance sheet exposures other than OTC derivatives or credit derivatives	156,768	-	156,768
Total for off balance sheet exposures	156,768	-	156,768
Total on and off balance sheet exposures	**2,688,059**	**306,483**	**2,994,542**

	31.03.14		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/ Central banks	567,883	-	567,883
Banks, DFIs and MDBs	763,797	111,257	875,054
Corporates	1,250,580	-	1,250,580
Regulatory retail	55,223	-	55,223
Higher risk assets	14,089	6	14,095
Other assets	623,112	185,700	808,812
Equity exposures	-	-	-
Defaulted exposures	1	-	1
Total for on balance sheet exposures	3,274,685	296,963	3,571,648
Off balance sheet exposures			
Off balance sheet exposures other than OTC derivatives or Credit derivatives	192,786	-	192,786
Total for off balance sheet exposures	192,786	-	192,786
Total on and off balance sheet exposures	**3,467,471**	**296,963**	**3,764,434**

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

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

	30.09.14		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances & financing	2,311	-	2,311
Individual allowances	2,311	-	2,311
Collective allowances	1,316	-	1,316

	31.03.14		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances & financing	3,194	18,484	21,678
Individual allowances	2,407	11,920	14,327
Collective allowances	4,872	-	4,872

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 are as follows:

	30.09.14								
	Up to 1 month RM'000	**>1 to 3 months RM'000**	**>3 to 6 months RM'000**	**>6 to 12 months RM'000**	**>1 to 3 years RM'000**	**>3 to 5 years RM'000**	**> 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
On balance sheet exposures									
Sovereigns/ central banks	-	303,522	-	-	-	-	-	33,252	336,774
Banks, DFIs & MDBs	1,149,646	-	150,081	-	-	-	15,253	7,118	1,322,098
Corporates	552	3,291	-	3,119	543,697	-	-	-	550,659
Regulatory retail	-	403	43	160	718	42,403	-	-	43,727
Higher risk assets	-	-	-	-	-	-	-	11,894	11,894
Other assets	549,302	-	-	-	-	-	-	23,319	572,621
Defaulted exposures	-	-	-	-	-	1	-	-	1
Total for on balance sheet exposures	1,699,500	307,216	150,124	3,279	544,415	42,404	15,253	75,583	2,837,774
Off balance sheet exposures									
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,188	5,277	2,474	53,680	29,954	64,195	-	-	156,768
Defaulted exposures									
Total for off balance sheet exposures	1,188	5,277	2,474	53,680	29,954	64,195	-	-	156,768
Total on and off balance sheet exposures	**1,700,688**	**312,493**	**152,598**	**56,959**	**574,369**	**106,599**	**15,253**	**75,583**	**2,994,542**

	31.03.14								
	Up to 1 month RM'000	**>1 to 3 months RM'000**	**>3 to 6 months RM'000**	**>6 to 12 months RM'000**	**>1 to 3 years RM'000**	**>3 to 5 years RM'000**	**> 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
On balance sheet exposures									
Sovereigns/ Central banks	-	547,165	-	-	-	-	-	20,718	567,883
Banks, DFIs & MDBs	847,207	-	-	-	-	-	4,437	23,410	875,054
Corporates	346,044	235,756	535,903	48,748	46,683	33,645	2,142	1,659	1,250,580
Regulatory retail	-	-	333	547	781	53,562	-	-	55,223
Higher risk assets	-	-	-	-	-	-	2,076	12,019	14,095
Other assets	784,365	-	-	-	-	-	-	24,447	808,812
Equity exposures	-	-	-	-	-	-	-	-	-
Defaulted exposures	-	-	-	-	-	1	-	-	1
Total for on balance sheet exposures	1,977,616	782,921	536,236	49,295	47,464	87,208	8,655	82,253	3,571,648
Off balance sheet exposures									
Off balance sheet exposures other than OTC derivatives or Credit derivatives	54,642	8,180	17,859	1,230	787	110,088	-	-	192,786
Defaulted exposures									
Total for off balance sheet exposures	54,642	8,180	17,859	1,230	787	110,088	-	-	192,786
Total on and off balance sheet exposures	**2,032,258**	**791,101**	**554,095**	**50,525**	**48,251**	**197,296**	**8,655**	**82,253**	**3,764,434**

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

The reconciliation of changes to loan/financing impairment allowances of the Group is as follows:

	30.09.14	
	Individual impairment allowances RM'000	**Collective impairment allowances RM'000**
Balance at beginning of financial year	14,327	4,872
Charge for the year – net	577	(3,508)
Reclassification to assets held for sale	(11,290)	
Amount written-off	(1,222)	
Exchange differences	(81)	(48)
Balance at end of financial year	2,311	1,316

	(Charge off)/recoveries RM'000
Bad debts written off during the year	-
Bad debt recoveries during the year	1,075
	1,075

	31.03.14	
	Individual impairment allowances RM'000	**Collective impairment allowances RM'000**
Balance at beginning of financial year	2,831	3,664
Charge for the year – net	11,319	1,208
Exchange differences	177	-
Balance at end of financial year	14,327	4,872

	(Charge off)/recoveries RM'000
Bad debts written off during the year	-
Bad debt recoveries during the year	1
	1

6.0 Credit Risk Exposure under the Standardised Approach

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

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

	30.09.14								
	Exposures after netting and credit risk mitigation								
Risk Weights	Sovereigns & Central banks RM'000	Banks, DFIs and MDBs RM'000	Corporates RM'000	Regulatory retail RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000	Total Exposures after Netting & CRM RM'000	Total Risk Weighted Assets RM'000
0%	336,774	-	75,428	-	-	14	-	412,216	-
20%	-	1,034,353	26,650	-	-	-	-	1,061,003	212,201
50%	-	287,745	29,614	-	-	-	-	317,359	158,680
75%	-	-	-	16,307	-	-	-	16,307	12,230
100%	-	-	180,904	1	-	572,607	-	753,512	753,511
150%	-	-	-	-	11,894	-	-	11,894	17,841
Total	336,774	1,322,098	312,596	16,308	11,894	572,621	-	2,572,291	1,154,463
Deduction from Capital Base	-	-	-	-	-	-	-	-	

	31.03.14								
	Exposures after netting and credit risk mitigation								
Risk Weights	Sovereigns & Central banks RM'000	Banks, DFIs and MDBs RM'000	Corporates RM'000	Regulatory retail RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000	Total Exposures after Netting & CRM RM'000	Total Risk Weighted Assets RM'000
0%	567,883	-	75,411	-	-	14	-	643,308	-
20%	-	875,013	26,650	-	-	-	-	901,663	180,332
50%	-	41	37,297	-	-	-	-	37,338	18,669
75%	-	-	-	19,469	-	-	-	19,469	14,602
100%	-	-	246,924	-	-	808,798	-	1,055,722	1,055,722
150%	-	-	-	1	14,095	-	-	14,096	21,143
Total	567,883	875,054	386,282	19,470	14,095	808,812	-	2,671,596	1,290,468
Deduction from Capital Base	-	-	-	-	-	-	-	-	

Table 6.2: Rated Exposures according to Ratings by ECAIs

	30.09.14					
	Ratings of Corporate 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	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Corporates	694,565	-	-	-	-	694,565
Total	694,565	-	-	-	-	694,565

	31.03.14					
	Ratings of Corporate 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	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Corporates	1,430,779	-	-	-	-	1,430,779
Total	1,430,779	-	-	-	-	1,430,779

Table 6.2: Rated Exposures according to Ratings by ECAIs (Contd)

Exposure Class	30.09.14						
	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures							
Sovereigns and Central banks	336,774	-	336,774	-	-	-	-
Total	**336,774**	-	**336,774**	-	-	-	-

Exposure Class	31.03.14						
	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures							
Sovereigns and Central banks	567,883	-	567,883	-	-	-	-
Total	**567,883**	-	**567,883**	-	-	-	-

Exposure class	30.09.14						
	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures							
Banks, DFIs and MDBs	1,322,098	-	10,821	-	-	-	1,311,277
Total	**1,322,098**	-	**10,821**	-	-	-	**1,311,277**

Exposure class	31.03.14						
	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures							
Banks, DFIs and MDBs	**875,054**	-	-	-	-	-	875,054
Total	**875,054**	-	-	-	-	-	**875,054**

7.0 Credit Risk Mitigation

Table 7.1: Credit Risk Mitigation

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

	30.09.14	
Exposures	**Exposures before CRM RM'000**	**Exposures covered by Eligible Financial Collateral RM'000**
Credit risk		
On balance sheet exposures		
Sovereigns/ Central banks	336,774	-
Banks, DFIs And MDBs	1,322,098	-
Corporates	550,659	394,524
Regulatory retail	43,727	28,766
Higher risk assets	11,894	-
Other assets	572,621	-
Defaulted exposures	1	-
Total for on balance sheet exposures	2,837,774	423,290
Off balance sheet exposures		
Off balance sheet exposures other than OTC derivatives or Credit derivatives	156,768	39,620
Total for off balance sheet exposures	156,768	39,620
Total on and off balance sheet exposures	**2,994,542**	**462,910**

	31.03.14	
Exposures	**Exposures before CRM RM'000**	**Exposures covered by Eligible Financial Collateral RM'000**
Credit risk		
On balance sheet exposures		
Sovereigns/ Central banks	567,883	-
Banks, DFIs And MDBs	875,054	-
Corporates	1,250,580	1,060,108
Regulatory retail	55,223	36,736
Higher risk assets	14,095	-
Other assets	808,812	-
Equity exposures	-	-
Defaulted exposures	1	-
Total for on balance sheet exposures	3,571,648	1,096,844
Off balance sheet exposures		
Off balance sheet exposures other than OTC derivatives or Credit derivatives	192,786	63,162
Total for off balance sheet exposures	192,786	63,162
Total on and off balance sheet exposures	**3,764,434**	**1,160,006**

8.0 Off Balance Sheet Exposures and Counterparty Credit Risk

Table 8.1: Off Balance Sheet Exposures

The off balance sheet and counterparty credit risk of the Group are as follows:

	30.09.14			
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	107,197	-	107,197	71,104
Assets sold with recourse	100		100	100
Obligations under underwriting agreements	39,324		-	-
Foreign exchange related contracts				
One year or less	4,392	-	-	-
Equity and commodity related contracts				
One year or less	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	619		309	7
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	245,808		49,162	10,745
Total	**397,440**	**-**	**156,768**	**81,956**

	31.03.14			
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	114,947	-	114,947	74,979
Assets sold with recourse	100		100	100
Obligations under underwriting agreements	21,375		-	-
Foreign exchange related contracts				
One year or less	4,537	-	-	-
Equity and commodity related contracts				
One year or less	642	-	-	-
Over five years				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19		259	257
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	387,900		77,480	18,446
Total	**529,520**	**-**	**192,786**	**93,782**

Table 8.2 : Credit Derivatives Counterparty Credit Risk ("CCR")

As at the balance sheet date, the Group does not have any credit derivatives.

9.0 Securitisation

The Group and the Bank do not have any securitisation exposure in its trading and banking books nor did it undertake any securitisation activities during the current financial period and for year ended 31 March 2014.

10.0 Non-Traded Market Risk

Table 10.1 : Market Risk Sensitivity-Interest Rate Risk / Rate of Return Risk in the Banking Book (IRR / RORBB)

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

Impact on Profit or Loss

	30.09.14		31.03.14	
Currency	**Interest Rate + 100 bps (RM'000)**	**Interest Rate - 100 bps (RM'000)**	**Interest Rate + 100 bps (RM'000)**	**Interest Rate - 100 bps (RM'000)**
MYR	**4,208**	**(4,208)**	**3,712**	**(3,712)**

Impact on Equity

	30.09.14		31.03.14	
Currency	**Interest Rate + 100 bps (RM'000)**	**Interest Rate - 100 bps (RM'000)**	**Interest Rate + 100 bps (RM'000)**	**Interest Rate - 100 bps (RM'000)**
MYR	**(603)**	**1,010**	**(1,423)**	**1,832**

Note:

The sensitivity above excluded non interest sensitive items. The Group manages interest rate risk in the banking book by including all asset and liabilities, adjusted by internal Fund Transfer Pricing ("FTP") practices.

11.0 Equities (Banking Book Positions)

Table 11.1: Equity investments and capital requirement

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

	30.09.14	31.03.14
Non traded equity investments	**RM'000**	**RM'000**
Value of quoted (publicly traded) equities	-	-
Value of unquoted (privately held) equities	11,794	13,995
Total	11,794	13,995
Net realised and unrealised gains/ (losses)		
Cumulative realised gains/ (losses) from sales and liquidations	-	152
Total unrealised gains/ (losses)	(346)	(1,403)
Total	(346)	(1,251)
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	-	-
Equity investments subject to a 150% risk weight	17,691	20,993
Total	17,691	20,993
Total minimum capital requirement (8%)	1,415	1,679

12.0 Shariah Governance Structure

Group Islamic Banking operations observe the Shariah Governance Framework for Islamic Financial Institutions issued by BNM.