

AMMB Banking Group **Pillar 3 Disclosures**

**For the Financial Period
1 April 2011 to
30 September 2011**

RWCAF- Pillar 3 Disclosures
(Applicable to the regulated banking subsidiaries of the Group)
30 September 2011

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1.0 Scope of Application

The Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework-Basel II and Capital Adequacy Framework for Islamic Banks ("RWCAF") – Disclosure Requirement ("Pillar 3") is applicable to all banking institutions licensed under the Banking and Financial Institutions Act 1989 ("BAFIA") and all Islamic banks licensed under section 3(4) of the Islamic Banking Act 1983 ("IBA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

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

AmBank has provided explicit guarantee against the liabilities of its wholly owned Labuan offshore banking subsidiary, AmlInternational (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 AmBank refers to the combined capital base and RWA of AmBank and AMIL.

The following information has been provided in order to highlight the capital adequacy of our regulated banking subsidiaries and a pro-forma view of the Group position on an aggregated basis. The information provided has been verified by the Group internal auditors and certified by the Group Managing Director.

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. Each of these entities is independently held by AMMB as a regulated banking institution – there are no cross-shareholdings within or between these entities. Each entity's standalone and consolidated capital adequacy position and more detailed quantitative disclosures are provided within their respective published financial statements that are available via our website at www.ambankgroup.com.

The capital adequacy ratios are computed in accordance with BNM's Risk Weighted Capital Adequacy Framework or Risk Weighted Capital Adequacy Framework for Islamic Banks (as applicable), which are based on the Basel II capital accord. Each entity has 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 AMMB comprise the financial statements of the Company and the financial statements of all its controlled entities (individually referred to as "group entities") where it is determined that there is a capacity to control. 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 ¹ or IBA ² or engaged in financial activities	Fully consolidated	Fully consolidated
Subsidiaries engaged in non-financial activities	Fully consolidated	Deducted from capital base
Associates and jointly controlled entities which are licensed under BAFIA or IBA	Equity accounted	Pro-rata consolidated
Associates and jointly controlled entities which are not licensed under BAFIA or IBA	Equity accounted	Reported as investment and risk weighted

¹ BAFIA denotes the Banking and Financial Institutions Act 1989.

² IBA denotes the Islamic Banking Act 1983.

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 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 5 year horizon and approved by the Board of Directors. 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 compute the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the 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 modeling 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 organization. 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.

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 of Directors. 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.)

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. These ranges are 7 per cent to 9 per cent for the common equity Tier 1 ratio, 8.5 per cent to 11.5 per cent for the Tier 1 capital ratio and 12 per cent to 16 per cent for the total capital ratio. The Group has been (knowingly) operating in excess of these ranges as the Group remains 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 AMMB Banking Group's capital plan.

In light of the uncertain economic environment and the 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

The capital adequacy ratios of our regulated banking subsidiaries and a pro-forma Group view are as follows:

30.09.2011	AmBank	AmIslamic	AmInvestment	Group
Before deducting proposed dividends:				
Core capital ratio	10.2%	8.2%	33.4%	10.4%
Risk-weighted capital ratio	14.9%	14.3%	33.4%	14.9%
After deducting proposed dividends:				
Core capital ratio	10.2%	8.2%	30.4%	10.4%
Risk-weighted capital ratio	14.9%	14.3%	30.4%	14.9%

31.03.2011	AmBank	AmIslamic	AmInvestment	Group
Before deducting proposed dividends:				
Core capital ratio	10.0%	8.0%	24.7%	10.2%
Risk-weighted capital ratio	14.8%	12.5%	24.7%	14.4%
After deducting proposed dividends:				
Core capital ratio	9.5%	8.0%	21.7%	9.8%
Risk-weighted capital ratio	14.4%	12.5%	21.7%	14.0%

Notes:

- Group figures presented in this Report represent an **aggregation** of the consolidated capital positions and RWA of our regulated banking institutions – as noted above, the consolidated positions of each entity are published at www.ambankgroup.com.
- The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank and AMIL, its wholly-owned offshore banking subsidiary.

Table 2.2: Risk-Weighted Assets and Capital Requirements

The aggregated breakdown of risk-weighted assets ("RWA") by exposures in major risk category of the Group is as follows:

Exposure Class	30.09.2011				
	RM'000	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
1. Credit risk					
On balance sheet exposures					
Sovereigns/ central banks		10,539,239	10,033,615	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDB")		7,510,298	7,510,298	1,793,838	143,507
Insurance companies, securities firms and fund managers		388,966	388,477	388,477	31,078
Corporates		31,867,405	29,256,436	27,810,143	2,224,811
Regulatory retail		32,726,127	32,550,855	24,444,632	1,955,570
Residential mortgages		7,818,939	7,807,071	2,969,548	237,564
Higher risk assets		198,392	198,392	297,588	23,807
Other assets		2,666,567	2,666,567	2,095,987	167,679
Securitisation		147,763	147,763	29,841	2,387
Equity		49,827	49,827	49,827	3,986
Defaulted exposures		1,585,474	1,534,491	1,988,064	159,045
Total for on balance sheet exposures		95,498,997	92,143,792	61,867,945	4,949,434
Off balance sheet exposures					
Over the counter ("OTC") derivatives		2,202,807	2,202,807	1,115,337	89,227
Credit derivatives		68	68	25	2
Off balance sheet exposures other than OTC derivatives or credit derivatives		9,859,395	9,186,417	8,238,003	659,040
Defaulted exposures		74,152	68,544	102,251	8,181
Total for off balance sheet exposures		12,136,422	11,457,836	9,455,616	756,450
Total on and off balance sheet exposures		107,635,419	103,601,628	71,323,561	5,705,884
2. Large exposure risk requirement		-	-	3,897	312
3. Market risk	Long Position	Short Position			
Interest rate risk					
- General interest rate risk	63,281,414	55,098,014		2,658,242	212,659
- Specific interest rate risk	8,843,572	681,627		903,173	72,254
Foreign currency risk	93,309	45,511		93,309	7,465
Equity risk					
- General risk	337,686	55,924		281,762	22,541
- Specific risk	337,686	55,924		533,114	42,649
Option risk	678,135	1,271,959		32,727	2,618
Total	73,571,802	57,208,959		4,502,327	360,186
4. Operational risk				7,139,309	571,145
5. Total RWA and capital requirements				82,969,094	6,637,527

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

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

The aggregated breakdown of risk-weighted assets ("RWA") by exposures in major risk category of the Group is as follows:

31.03.2011					
Exposure Class	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%	
	RM'000	RM'000	RM'000	RM'000	RM'000
1. Credit risk					
On balance sheet exposures					
Sovereigns/ central banks	13,292,208	13,006,651	-	-	
Banks, DFIs and MDBs	9,529,996	9,529,996	2,168,461	173,476	
Insurance companies, securities firms and fund managers	54,968	54,968	31,732	2,539	
Corporates	30,800,739	28,113,558	26,198,897	2,095,912	
Regulatory retail	33,170,998	32,984,359	24,762,011	1,980,960	
Residential mortgages	7,037,115	7,025,654	2,817,062	225,365	
Higher risk assets	233,347	233,347	350,021	28,001	
Other assets	2,698,609	2,698,608	2,367,130	189,371	
Securitisation	137,943	137,943	26,895	2,152	
Equity	62,374	62,374	62,374	4,990	
Defaulted exposures	2,494,671	2,425,519	3,320,085	265,607	
Total for on balance sheet exposures	99,512,968	96,272,977	62,104,668	4,968,373	
Off balance sheet exposures					
Over the counter ("OTC") derivatives	1,493,487	1,493,487	750,687	60,054	
Credit derivatives	1,045	1,044	522	42	
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,172,954	9,736,937	8,745,244	699,620	
Defaulted exposures	98,255	96,501	144,236	11,539	
Total for off balance sheet exposures	11,765,741	11,327,969	9,640,689	771,255	
Total on and off balance sheet exposures	111,278,709	107,600,946	71,745,357	5,739,628	
2. Large exposure risk requirement			-	-	
3. Market Risk	Long Position	Short Position			
Interest rate risk					
- General interest rate risk	54,783,946	51,162,700	1,361,322	108,905	
- Specific interest rate risk	5,821,845	2,010,658	475,129	38,011	
Foreign currency risk	10,536	17,927	19,695	1,575	
Equity risk					
- General risk	357,053	27,932	329,121	26,329	
- Specific risk	357,053	27,932	529,706	42,377	
Option risk	294,367	302,792	3,931	315	
Total	61,624,800	53,549,941	2,718,904	217,512	
4. Operational risk			6,890,899	551,271	
5. Total RWA and capital requirements			81,355,160	6,508,411	

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 summarizes the aggregated capital position of the Group. The capital structure includes capital under the following headings:

- paid-up ordinary share capital, irredeemable non-cumulative convertible preference shares, and eligible reserves;
- innovative Tier 1 capital and qualifying subordinated liabilities; and
- collective allowance (netted against loans, advances and financing).

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, irredeemable non-cumulative convertible preference shares, 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.

Irredeemable Non-cumulative Convertible Preference Shares

Irredeemable non-cumulative convertible preference shares are permanent holdings for which there are no obligation to pay a dividend, and the dividend payment is not cumulative. Such shares do not generally carry voting rights, but rank higher than ordinary shares for dividend payments and in the event of a winding-up or other return of capital.

In the financial year 2008, AmBank issued RM150 million Irredeemable Non-Cumulative Convertible Preference Shares ("INCPS") to its holding company, AMFB Holdings Berhad. The INCPS are convertible into new ordinary shares of AmBank on the basis of one (1) new ordinary share for every one (1) INCPS held.

The INCPS were converted to ordinary shares of AmBank on 30 September 2011.

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.

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 IBA and is not distributable as cash dividends.
- **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.
- **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.

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 AmBank 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 AmBank. The gross proceeds from the issuance was on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank'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 is 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, AmBank issued up to RM485 million Innovative Tier I Capital Securities under its RM500 million Innovative Tier I Capital Securities ("ITICS") Programme. The ITICS bears 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 AmBank's ordinary shares. Upon BNM's approval, AmBank 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.

Non-innovative Tier 1 Capital

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

- Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank 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 AmBank (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 SubNotes will be assigned to AmBank pursuant to the forward purchase contract entered into by AmBank 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 AmBank 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 AmBank 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 tenure 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.

Non-innovative Tier 1 Capital (Contd.)

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of AmBank. Claims in respect of the NCPCS rank pari passu and without preference among themselves and with the most junior class of preference shares of AmBank but in priority to the rights and claims of the ordinary shareholders of AmBank. 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 bad and doubtful debts and subordinated debt instruments as follows.

Medium Term Notes

In the financial year 2008, AmBank 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.

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 5th 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.

Subordinated Sukuk Musyarakah

- (a) On 21 December 2006, Amlslamic Bank issued RM400,000,000 Subordinated Sukuk Musyarakah ("Sukuk Musyarakah") for the purpose of increasing Amlslamic Bank's capital funds.

The salient features of the Sukuk Musyarakah are as follows:

- (i) The Sukuk Musyarakah carries a profit rate of 4.80% per annum for the first 5 years and shall be stepped up by 0.5% per annum for every subsequent year to maturity date. The profit is payable on a semi-annual basis.
- (ii) The Sukuk Musyarakah is for a period of 10 years. Amlslamic Bank may exercise its call option and redeem in whole (but not in part) the Sukuk Musyarakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

On 28 February 2011, Amlslamic Bank was transferred to AMMB.

- (b) On 30 September 2011, Amlslamic Bank implemented a new Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of RM2.0 billion. The purpose of the programme is to increase Amlslamic Bank's Tier 2 capital. On the same date, RM600.0 million subordinated securities were issued under this programme.

The salient features of the Sukuk Musyarakah are as follows:

- (i) The Sukuk Musharakah carries a profit rate of 4.40% per annum and is payable on a semi-annual basis.
- (ii) The Sukuk Musharakah is for a period of ten (10) years. The Bank may exercise its call option and redeem in whole (but not in part) the Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

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

30.09.2011

	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
	RM'000	RM'000	RM'000	RM'000
Tier 1 capital				
Paid-up ordinary share capital	820,364	403,038	200,000	1,423,402
Share premium	942,844	534,068	-	1,476,912
Statutory reserve	680,459	304,316	200,000	1,184,775
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	1,168	-	-	27,875
Irredeemable non-cumulative convertible preference	-	-	-	-
Innovative Tier 1 capital	978,264	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,049,228	260,739	114,666	3,443,153
Non controlling interest	-	-	-	50
Total	7,020,843	1,502,161	514,666	9,350,254
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(499,081)	(140,896)	(15,804)	(657,376)
Total Tier 1 capital	6,521,762	1,361,265	498,862	8,681,635
Deduction in excess of allowable Tier 2 capital	-	-	(102,982)	(14,751)
Maximum allowable Tier 1 capital	6,521,762	1,361,265	395,880	8,666,884
Tier 2 capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds / sukuks	-	1,000,000	-	1,000,000
Innovative Tier 1 capital	256,836	-	-	-
Collective allowance for bad and doubtful debts [#]	1,180,772	346,196	8,060	1,538,891
Total Tier 2 capital	2,995,408	1,346,196	8,060	4,096,691
Less: Restriction on subordinated bonds/sukuks	-	(319,367)	-	(319,367)
Maximum Allowable Tier 2 Capital	2,995,408	1,026,829	8,060	3,777,324
Total capital funds	9,517,170	2,388,094	403,940	12,444,208
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(13,909)	-	(22,811)	(36,720)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	102,982	14,751
Capital base	9,470,481	2,388,094	395,880	12,389,470

[#] Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM463,576,000.

The risk-weighted assets of the Group are derived by aggregating the consolidated risk-weighted assets of the banking subsidiaries. The breakdown of risk-weighted assets of the Group in the various risk categories are as follows:

Credit risk	55,317,234	14,899,282	713,275	71,323,561
Market risk	3,973,988	499,453	19,633	4,502,327
Operational risk	4,339,231	1,268,665	451,409	7,139,309
Large exposure risk requirements for equity holdings	3,897	-	-	3,897
Total risk-weighted assets	63,634,350	16,667,400	1,184,317	82,969,094

Table 3.1: Capital Structure (Contd)

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

31.03.2011

	AmBank	Amlslamic Bank	AmInvestment Bank	Group *
	RM'000	RM'000	RM'000	RM'000
Tier 1 capital				
Paid-up ordinary share capital	670,364	403,038	200,000	1,273,402
Share premium	942,844	534,068	-	1,476,912
Statutory reserve	680,459	304,316	200,000	1,184,775
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	(709)	-	-	25,998
Irredeemable non-cumulative convertible preference shares	150,000	-	-	150,000
Innovative Tier 1 capital	925,373	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	2,684,567	162,515	130,227	2,988,249
Non controlling interest	-	-	-	50
Total	6,601,414	1,403,937	530,227	8,893,473
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(432,260)	(116,298)	(19,477)	(568,228)
Total Tier 1 capital	6,169,154	1,287,639	510,750	8,314,002
Deduction in excess of allowable Tier 2 capital	-	-	(103,707)	(15,476)
Maximum allowable Tier 1 capital	6,169,154	1,287,639	407,043	8,298,526
Tier 2 capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	400,000	-	400,000
Innovative Tier 1 capital	309,727	-	-	-
Collective allowance for bad and doubtful debts [#]	1,161,406	324,004	8,362	1,498,773
Total Tier 2 capital	3,028,933	724,004	8,362	3,456,573
Total capital funds	9,198,087	2,011,643	415,405	11,755,099
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(18,672)	-	(23,838)	(42,510)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital made against Tier 1 capital	-	-	103,707	15,476
Capital base	9,146,635	2,011,643	407,043	11,695,296

[#] Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM636,830,000.

The risk-weighted assets of the Group are derived by aggregating the consolidated risk-weighted assets of the banking subsidiaries. The breakdown of risk-weighted assets of the Group in the various risk categories are as follows:

Credit risk	55,732,987	14,379,718	1,219,262	71,745,357
Market risk	2,242,197	459,864	9,729	2,718,904
Operational risk	3,997,167	1,209,490	416,225	6,890,899
Total risk-weighted assets	61,972,351	16,049,072	1,645,216	81,355,160

4.0: CREDIT RISK MANAGEMENT**Table 4.1: Distribution of gross credit exposures by sector**

The aggregated distribution of credit exposures by sector of the Group is as follows:

	30.09.2011											
	Primary 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, Insurance, Real Estate and 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	-	-	-	-	-	-	-	9,827,480	711,759	-	-	10,539,239
Banks, DFIs and MDBs	-	-	-	-	-	42	-	7,469,728	36	9,371	31,121	7,510,298
Insurance companies, securities firms and fund managers	-	-	-	-	-	-	-	388,966	-	-	-	388,966
Corporates	2,130,309	1,483,760	6,407,260	2,531,710	2,472,933	3,121,856	2,698,205	8,021,935	842,140	1,049,070	1,108,227	31,867,405
Regulatory retail	124,921	30,744	386,541	10,612	336,320	540,067	214,711	303,577	150,367	30,625,734	2,533	32,726,127
Residential mortgages	-	-	-	-	-	-	-	-	-	7,818,939	-	7,818,939
Higher risk assets	-	-	-	-	-	-	-	-	64,034	31,260	103,098	198,392
Other assets	-	-	-	-	-	-	-	515,507	-	218,066	1,932,994	2,666,567
Securitisation	65,179	-	-	-	-	-	-	82,584	-	-	-	147,763
Equity	-	-	-	-	-	-	-	-	21,337	7	28,483	49,827
Defaulted exposures	9,791	572	202,132	103,407	136,321	95,602	27,551	156,127	46,640	800,526	6,805	1,585,474
Total for on balance sheet exposures	2,330,200	1,515,076	6,995,933	2,645,729	2,945,574	3,757,567	2,940,467	26,765,904	1,836,313	40,552,973	3,213,261	95,498,997
Off balance sheet exposures												
OTC derivatives	10,691	29,165	90,841	-	19,000	6,362	33,576	1,916,243	-	-	96,929	2,202,807
Credit derivatives	-	-	-	-	-	-	-	68	-	-	-	68
Off balance sheet exposures other than OTC derivatives or credit derivatives	244,073	100,959	1,469,379	174,136	2,180,781	848,608	418,148	1,381,320	79,916	2,888,511	73,564	9,859,395
Defaulted exposures	30	-	3,401	-	47,486	8,320	465	2,633	5	10,312	1,500	74,152
Total for off balance sheet exposures	254,794	130,124	1,563,621	174,136	2,247,267	863,290	452,189	3,300,264	79,921	2,898,823	171,993	12,136,422
Total on and off balance sheet exposures	2,584,994	1,645,200	8,559,554	2,819,865	5,192,841	4,620,857	3,392,656	30,066,168	1,916,234	43,451,796	3,385,254	107,635,419

Table 4.1: Distribution of gross credit exposures by sector (Contd.)

The aggregated distribution of credit exposures by sector of the Group is as follows:

	31.03.2011											
	Primary 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, Insurance, Real Estate and 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	-	-	-	-	-	-	-	13,292,208	-	-	-	13,292,208
Banks, DFIs and MDBs	-	-	-	539	-	-	-	9,463,269	-	9,371	56,817	9,529,996
Insurance companies, securities firms and fund managers	-	-	-	-	8,496	-	-	46,472	-	-	-	54,968
Corporates	1,932,736	1,108,368	5,651,161	2,848,070	2,960,297	3,064,995	2,689,252	7,500,186	578,307	1,109,494	1,357,873	30,800,739
Regulatory retail	186,366	24,812	50,434	13,599	358,609	75,930	352,472	206,562	172,819	31,713,499	15,896	33,170,998
Residential mortgages	-	-	-	-	368	-	-	3	-	7,036,744	-	7,037,115
Higher risk assets	-	-	-	-	-	-	-	-	95,504	34,309	103,534	233,347
Other assets	44	-	219	42	372	10	872	612,103	20	383,707	1,701,220	2,698,609
Securitisation	68,184	-	-	-	-	-	-	64,302	-	-	5,457	137,943
Equity	-	-	-	-	-	-	-	-	32,857	7	29,510	62,374
Defaulted exposures	9,075	22	236,858	118,338	247,766	455,087	75,128	377,408	36,337	911,377	27,275	2,494,671
Total for on balance sheet exposures	2,196,405	1,133,202	5,938,672	2,980,588	3,575,907	3,596,022	3,117,724	31,562,514	915,844	41,198,508	3,297,582	99,512,968
Off balance sheet exposures												
OTC derivatives	319	9,646	24,161	-	509	6,226	16,507	1,323,040	3	-	113,076	1,493,487
Credit derivatives	-	-	-	-	-	-	-	1,045	-	-	-	1,045
Off balance sheet exposures other than OTC derivatives or credit derivatives	196,973	107,609	928,973	247,624	2,499,173	586,316	484,008	1,527,246	54,489	2,844,100	696,442	10,172,954
Defaulted exposures	285	3,511	5,127	-	30,567	7,244	43,260	4,508	16	3,402	335	98,255
Total for off balance sheet exposures	197,577	120,766	958,261	247,624	2,530,249	599,786	543,776	2,855,839	54,508	2,847,502	809,853	11,765,741
Total on and off balance sheet exposures	2,393,983	1,253,967	6,896,933	3,228,212	6,106,156	4,195,808	3,661,500	34,418,353	970,352	44,046,010	4,107,435	111,278,709

Table 4.2: Impaired and past due loans, advances and financing, Individual and collective allowances by sector

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

	30.09.2011												
	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 Communic ation RM'000	Finance, Insurance, Real Estate and Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	27,270	3,730	230,873	132,851	124,753	306,106	7,695	66,448	38,958	1,103,356	13,204	-	2,055,244
Past due loans/ financing	68,723	14,044	311,948	4,101	284,544	487,279	257,570	368,124	118,232	14,667,210	18,141	-	16,599,916
Individual allowances	14,865	-	16,566	27,949	9,814	1,482	1,094	14	38	797	8,159	-	80,778
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	2,002,467	2,002,467
Charges for individual allowances	(3,164)	-	29,667	11,373	(9,247)	121,398	992	3,596	1,213	(1,048)	218	-	154,998
Write-offs against individual allowances	7,210	-	73,910	153,614	51,859	131,463	8,767	20,093	3,856	6,520	-	-	457,292

Table 4.2: Impaired and past due loans, advances and financing, Individual and collective allowances by sector (Contd.)

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

	31.03.2011												
	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 Communic ation RM'000	Finance, Insurance, Real Estate and Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	38,785	461	273,295	288,509	289,257	82,308	21,276	119,704	43,171	1,275,779	17,040	-	2,449,585
Past due loans/ financing	87,927	13,073	342,665	4,548	446,694	300,638	117,175	287,013	113,547	15,149,401	16,449	-	16,879,130
Individual allowances	25,239	-	60,808	170,190	70,920	11,550	8,870	9,070	2,681	1,891	10,211	-	371,430
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	2,135,602	2,135,602
Charges for individual allowances	1,213	-	23,947	(3,536)	61,111	21,986	8,744	(6,103)	3,197	1,825	4,733	-	117,117
Write-offs against individual allowances	-	-	17,459	-	105,920	9,727	175	6,674	11,188	48,925	2,938	-	203,006

Table 4.3: Geographical distribution of credit exposures

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

	30.09.2011		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On Balance Sheet Exposures			
Sovereigns/ central banks	10,539,239	-	10,539,239
Banks, DFIs and MDBs	7,405,301	104,997	7,510,298
Insurance companies, securities firms and fund managers	363,884	25,082	388,966
Corporates	31,126,660	740,745	31,867,405
Regulatory retail	32,726,127	-	32,726,127
Residential mortgages	7,818,939	-	7,818,939
Higher risk assets	197,497	895	198,392
Other assets	2,653,267	13,300	2,666,567
Securitisation	147,763	-	147,763
Equity	49,827	-	49,827
Defaulted exposures	1,585,474	-	1,585,474
Total for on balance sheet exposures	94,613,978	885,019	95,498,997
Off balance sheet exposures			
OTC derivatives	2,202,807	-	2,202,807
Credit derivatives	68	-	68
Off balance sheet exposures other than OTC derivatives or credit derivatives	9,804,061	55,334	9,859,395
Defaulted exposures	74,152	-	74,152
Total for off balance sheet exposures	12,081,088	55,334	12,136,422
Total on and off balance sheet exposures	106,695,066	940,353	107,635,419

Table 4.3: Geographical distribution of credit exposures

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

	31.03.2011		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On Balance Sheet Exposures			
Sovereigns/ central banks	13,292,208	-	13,292,208
Banks, DFIs and MDBs	8,279,362	1,250,634	9,529,996
Insurance companies, securities firms and fund managers	54,968	-	54,968
Corporates	30,105,997	694,742	30,800,739
Regulatory retail	33,170,998	-	33,170,998
Residential mortgages	7,037,115	-	7,037,115
Higher risk assets	231,412	1,935	233,347
Other assets	2,698,609	-	2,698,609
Securitisation	137,943	-	137,943
Equity	62,374	-	62,374
Defaulted exposures	2,494,671	-	2,494,671
Total for on balance sheet exposures	97,565,657	1,947,311	99,512,968
Off balance sheet exposures			
OTC derivatives	1,493,487	-	1,493,487
Credit derivatives	1,045	-	1,045
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,127,415	45,539	10,172,954
Defaulted exposures	98,255	-	98,255
Total for off balance sheet exposures	11,720,202	45,539	11,765,741
Total on and off balance sheet exposures	109,285,860	1,992,850	111,278,710

Table 4.4: Geographical distribution of impaired and past due loans, advances and financing, individual and collective allowances

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

30.09.2011			
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	2,055,244	-	2,055,244
Past due loans/ financing	16,599,916	-	16,599,916
Individual allowances	80,778	-	80,778
Collective allowances	1,999,069	3,398	2,002,467

31.03.2011			
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	2,449,585	-	2,449,585
Past due loans/ financing	16,879,130	-	16,879,130
Individual allowances	371,430	-	371,430
Collective allowances	2,132,108	3,494	2,135,602

Table 4.5: Residual contractual maturity by major types of credit exposure

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

	30.09.2011								
	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	7,459,428	600,855	-	227,924	105,378	96,137	282,321	1,767,196	10,539,239
Banks, DFIs and MDBs	2,933,494	3,017,793	267,870	20,109	327,047	524,877	215,801	203,307	7,510,298
Insurance companies, securities firms and fund managers	277,955	-	-	85,322	11,050	-	14,639	-	388,966
Corporates	3,996,344	3,455,655	1,438,189	1,994,718	6,375,259	3,339,280	11,267,960	-	31,867,405
Regulatory retail	955,757	103,246	108,886	302,692	3,107,573	6,353,213	21,794,760	-	32,726,127
Residential mortgages	625	2,141	4,416	8,516	41,435	85,859	7,675,947	-	7,818,939
Higher risk assets	522	35,020	46	18,722	19,099	5,393	30,910	88,680	198,392
Other assets	813,066	-	37,450	13,961	-	-	1,139,220	662,870	2,666,567
Securitisation	47	-	-	-	-	-	147,716	-	147,763
Equity	-	-	-	-	8,372	-	3,827	37,628	49,827
Defaulted exposures	213,485	38,156	24,275	50,670	178,289	177,710	902,889	-	1,585,474
Total for on balance sheet exposures	16,650,723	7,252,866	1,881,132	2,722,634	10,173,502	10,582,469	43,475,990	2,759,681	95,498,997
Off balance sheet exposures									
OTC derivatives	121,448	131,360	67,601	82,949	299,975	944,500	554,974	-	2,202,807
Credit derivatives	-	-	-	1	38	19	10	-	68
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,234,890	664,436	932,929	1,832,037	1,425,779	612,145	3,157,179	-	9,859,395
Defaulted exposures	5,550	10,998	706	16,794	21,184	5,527	13,393	-	74,152
Total for off balance sheet exposures	1,361,888	806,794	1,001,236	1,931,781	1,746,976	1,562,191	3,725,556	-	12,136,422
Total on and off balance sheet exposures	18,012,611	8,059,660	2,882,368	4,654,415	11,920,478	12,144,660	47,201,546	2,759,681	107,635,419

Table 4.5: Residual contractual maturity by major types of credit exposure (Contd.)

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

	31.03.2011								
	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	10,753,762	2,000,308	-	-	50,992	165,337	175,847	145,961	13,292,208
Banks, DFIs and MDBs	4,793,328	3,316,651	291,907	10,814	140,749	752,534	111,900	112,113	9,529,996
Insurance companies, securities firms and fund managers	-	-	-	-	18,968	36,000	-	-	54,968
Corporates	6,553,146	2,120,888	1,815,283	1,689,733	6,089,457	4,075,265	8,456,967	-	30,800,739
Regulatory retail	1,818,269	59,696	91,446	356,550	2,531,296	6,951,318	21,362,423	-	33,170,998
Residential mortgages	3,034	899	4,277	7,955	40,492	83,783	6,896,675	-	7,037,115
Higher risk assets	18,490	-	4	50,862	8,360	27,570	39,061	89,000	233,347
Other assets	1,164,051	709	73,587	2,836	52,958	27,593	403	1,376,472	2,698,609
Securitisation	42	-	-	-	-	108,710	29,191	-	137,943
Equity	6,801	-	-	-	18,887	-	-	36,686	62,374
Defaulted exposures	871,074	42,180	32,781	21,605	196,826	277,725	1,052,427	53	2,494,671
Total for on balance sheet exposures	25,981,996	7,541,331	2,309,285	2,140,355	9,148,985	12,505,835	38,124,894	1,760,285	99,512,968
Off balance sheet exposures									
OTC derivatives	106,677	96,509	32,116	35,233	388,969	503,042	330,941	-	1,493,487
Credit derivatives	-	-	50	-	995	-	-	-	1,045
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,906,006	792,965	1,188,875	1,950,771	1,202,472	713,118	2,418,747	-	10,172,954
Defaulted exposures	20,093	23,345	5,742	12,480	9,301	21,614	5,681	-	98,255
Total for off balance sheet exposures	2,032,776	912,819	1,226,782	1,998,484	1,601,737	1,237,774	2,755,369	-	11,765,741
Total on and off balance sheet exposures	28,014,772	8,454,150	3,536,068	4,138,839	10,750,722	13,743,609	40,880,263	1,760,285	111,278,709

Table 4.6: Reconciliation of changes to loans/financing impairment allowances

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

	30.09.2011	
	Individual impairment allowances	Collective impairment allowances
	RM'000	RM'000
Balance at beginning of period	371,430	2,135,602
Charge for the period – net	154,998	319,373
Amount written-off	(457,292)	(452,830)
Repurchase of loans/financing	-	-
Transfer from debt converted instrument	11,642	-
Arising from disposal of subsidiary	-	-
Exchange differences	-	322
Balance at 30 September	80,778	2,002,467
		(Charge off)/recoveries
		RM'000
Bad debts written off during the period		(56,390)
Bad debt recoveries during the period		335,141

	31.03.2011	
	Individual impairment allowances	Collective impairment allowances
	RM'000	RM'000
Balance at 1 April	459,310	2,091,639
Charge for the year – net	116,323	1,068,597
Amount written-off	(203,007)	(562,672)
Repurchase of loans/financing	-	4,142
Transfer from debt converted instrument	12,356	-
Arising from disposal of subsidiary	(13,552)	(465,603)
Exchange differences	-	(501)
Balance at 31 March	371,430	2,135,602
		(Charge off)/recoveries
		RM'000
Bad debts written off during the year		(121,142)
Bad debt recoveries during the year		604,150

5.0 Credit Risk Exposure under Standardised Approach

The Group adopts the list of eligible External Credit Assessment Institutions ("ECAIs") that is allowed by BNM for the following exposure classes:

- Sovereigns and Central Banks
- Banking Institutions
- Corporate
- Securitisations

Depending on the exposure class, the following ratings by the following ECAIs are allowed:

- Standard and Poor's Rating Services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- Rating and Investment Information, Inc
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

Table 5.1: Credit exposures by risk weights under the Standardised Approach

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

30.09.2011												
Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns & Central Banks	Banks, DFIs and MDBs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation	Equity	Total Exposures after Netting & 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%	10,040,251	-	-	60,912	-	-	-	395,455	-	-	10,496,618	-
20%	-	7,159,588	-	1,530,137	9,073	-	-	218,906	123,620	-	9,041,323	1,808,265
35%	-	-	-	-	-	6,235,366	-	-	-	-	6,235,366	2,182,378
50%	-	2,299,030	-	647,514	259,848	1,593,527	-	-	10,234	-	4,810,154	2,405,078
75%	-	-	-	-	34,923,560	-	-	-	-	-	34,923,560	26,192,670
100%	11,945	20,807	530,510	33,545,200	381,932	179,324	-	2,052,207	-	49,827	36,771,752	36,771,752
150%	-	-	-	624,021	480,420	-	204,504	-	-	-	1,308,945	1,963,418
1250.00%	-	-	-	-	-	-	-	-	13,909	-	13,909	-
Total	10,052,196	9,479,425	530,510	36,407,784	36,054,833	8,008,217	204,504	2,666,568	147,763	49,827	103,601,627	71,323,561
Deduction from Capital Base	-	-	-	-	-	-	-	-	13,909	-	13,909	

Table 5.1: Credit exposures by risk weights under the Standardised Approach (Contd.)

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

31.03.2011												
Exposures after Netting and Credit Risk Mitigation												
Risk Weights	Sovereigns & Central Banks	Banks, DFIs and MDBs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation	Equity	Total Exposures after Netting & 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%	13,011,168	-	-	200,000	-	-	-	324,224	-	-	13,535,392	-
20%	-	9,167,108	-	1,964,041	10,248	-	-	9,068	109,134	-	11,259,598	2,251,920
35%	-	-	-	-	-	4,647,783	-	-	-	-	4,647,783	1,626,724
50%	-	1,692,637	46,472	689,781	257,541	2,389,840	-	-	10,137	-	5,086,408	2,543,204
75%	-	-	-	-	35,445,228	380	-	-	-	-	35,445,608	26,584,206
100%	77,948	7,588	94,596	32,242,217	303,891	189,921	-	2,365,314	-	62,374	35,343,849	35,343,850
150%	-	-	-	1,444,628	584,061	-	234,947	-	-	-	2,263,636	3,395,454
1250.00%	-	-	-	-	-	-	-	-	18,672	-	18,672	-
Total	13,089,116	10,867,333	141,068	36,540,666	36,600,969	7,227,923	234,947	2,698,606	137,943	62,374	107,600,946	71,745,357
Deduction from Capital Base	-	-	-	-	-	-	-	-	18,672	-	18,672	

Table 5.2: Rated Exposures according to Ratings by ECAIs

30.09.2011						
Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	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
On and Off Balance Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Insurance companies, securities firms and fund managers						
		530,510	-	-	-	530,510
Corporates		36,407,786	521,713	532,652	141,216	35,212,204
Total		36,938,296	521,713	532,652	141,216	35,742,714

31.03.2011						
Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	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
On and Off Balance Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Insurance companies, securities firms and fund managers						
		141,068	-	46,472	8,496	86,100
Corporates		36,540,666	1,454,109	637,138	134,977	34,308,994
Total		36,681,733	1,454,109	683,610	143,473	34,395,094

Table 5.2: Rated Exposures according to Ratings by ECAs (Contd.)

Exposure Class	30.09.2011					
	Short term Ratings of Banking Institutions and Corporate by Approved ECAs					
	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
	Rating & Investment Information, Inc.	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, DFIs and MDBs	123,354	123,354	-	-	-	-
<u>Rated Credit Exposures</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	-	-	-	-	-	-
Insurance companies, securities firms and fund managers	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Total	123,354	123,354	-	-	-	-

Table 5.2: Rated Exposures according to Ratings by ECAIs (Contd)

		30.09.2011					
Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	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	
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off Balance Sheet Exposures							
Sovereigns and central banks	10,052,196	6,635	10,036,874	-	-	8,687	
Total	10,052,196	6,635	10,036,874	-	-	8,687	

		31.03.2011					
Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	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	
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off Balance Sheet Exposures							
Sovereigns and central banks	13,089,116	4,500	-	-	-	13,084,616	
Total	13,089,116	4,500	-	-	-	13,084,616	

Table 5.2: Rated Exposures according to Ratings by ECAls (Contd)

		30.09.2011					
Exposure Class	Ratings of Banking Institutions by Approved ECAls						
	Moody's	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	
	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	
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures							
Banks, DFIs and MDBs		9,356,071	1,852,243	1,358,707	2,767,886	22	3,373,739
Total		9,356,071	1,852,243	1,358,707	2,767,886	22	3,373,739

		31.03.2011					
Exposure Class	Ratings of Banking Institutions by Approved ECAls						
	Moody's	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	
	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	
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures							
Banks, DFIs and MDBs		10,867,332	1,844,368	145,358	914,713	68	7,962,825
Total		10,867,332	1,844,368	145,358	914,713	68	7,962,825

Table 5.3: Securitisation according to Ratings by ECAs

30.09.2011				
Exposure Class	Ratings of Securitisation by Approved ECAs			
	Moody's	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
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	Unrated
	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures				
Securitisation	147,763	123,619	10,234	13,910
Total	147,763	123,619	10,234	13,910

31.03.2011				
Exposure Class	Ratings of Securitisation by Approved ECAs			
	Moody's	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
	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	Unrated
	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures				
Securitisation	137,943	109,134	10,137	18,672
Total	137,943	109,134	10,137	18,672

Note: All securitisations are for periods exceeding 12 months.

6.0 Credit Risk Mitigation**Table 6.1: Credit Risk Mitigation**

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

Exposures	31.09.2011		
	Exposures before credit risk mitigation ("CRM")	Exposures covered by Guarantees / Credit Derivatives	Exposures covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
<i>Credit risk</i>			
<u>On-Balance Sheet Exposures</u>			
Sovereigns/ central banks	10,539,239	-	505,623
Banks, DFIs and MDBs	7,510,298	-	-
Insurance companies, securities firms and fund managers	388,966	-	489
Corporates	31,867,405	99,233	2,676,479
Regulatory retail	32,726,127	164,380	186,228
Residential mortgages	7,818,939	-	11,868
Higher risk assets	198,392	-	-
Other assets	2,666,567	-	-
Securitisation	147,763	-	-
Equity	49,827	-	-
Defaulted exposures	1,585,474	28,369	54,413
Total for on balance sheet exposures	95,498,997	291,982	3,435,100
<u>Off balance sheet exposures</u>			
OTC derivatives	2,202,807	-	-
Credit derivatives	68	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	9,859,395	13,822	624,851
Defaulted exposures	74,152	-	5,608
Total for off balance sheet exposures	12,136,422	13,822	630,459
Total on and off balance sheet exposures	107,635,419	305,804	4,065,559

Table 6.1: Credit Risk Mitigation (Contd.)

Exposures	31.03.2011		
	Exposures before credit risk mitigation ("CRM")	Exposures covered by Guarantees / Credit Derivatives	Exposures covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
Credit risk			
<u>On-Balance Sheet Exposures</u>			
Sovereigns/ central banks	13,292,208	-	285,557
Banks, DFIs and MDBs	9,529,996	-	-
Insurance companies, securities firms and fund managers	54,968	-	-
Corporates	30,800,739	246,025	2,753,536
Regulatory retail	33,170,998	191,841	200,933
Residential mortgages	7,037,115	-	11,461
Higher risk assets	233,347	-	-
Other assets	2,698,608	-	-
Securitisation	137,943	-	-
Equity	62,374	-	-
Defaulted exposures	2,494,671	22,238	69,241
Total for on balance sheet exposures	99,512,968	460,104	3,320,728
<u>Off balance sheet exposures</u>			
OTC derivatives	1,493,487	-	-
Credit derivatives	1,045	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,172,954	3,287	384,260
Defaulted exposures	98,255	-	1,754
Total for off balance sheet exposures	11,765,740	3,287	386,014
Total on and off balance sheet exposures	111,278,708	463,391	3,706,742

7.0 Off Balance Sheet Exposures and Counterparty Credit Risk**Table 7.1: Off-Balance Sheet Exposures**

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

Description	30.09.2011			
	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	1,947,076		1,922,804	1,718,155
Transaction related contingent Items	3,230,551		1,627,411	1,174,575
Short term self liquidating trade related contingencies	1,221,284		132,196	116,497
Assets sold with recourse	1,492,737		1,491,428	1,123,172
Forward asset purchases	573,041		18,562	11,521
Obligations under an on-going underwriting agreement	402,500		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions)	199,043		39,809	4,960
Foreign exchange related contracts				
One year or less	20,390,981	232,484	353,584	222,909
Over one year to five years	3,982,397	58,884	369,330	213,888
Over five years	60,842	-	12,168	6,084
Interest/Profit rate related contracts				
One year or less	8,717,782	1,317	31,502	9,097
Over one year to five years	26,172,480	205,462	826,513	368,538
Over five years	5,647,699	127,734	542,806	257,656
Equity related contracts				
One year or less	922,372	3,384	15,149	13,052
Over one year to five years	547,320	10,323	32,268	16,028
Over five years	-	-	-	-
Other commodity contracts				
One year or less	80,185	-	4,009	802
Over one year to five years	234,250	2,310	16,365	8,183
Credit derivative contracts				
One year or less	63,709	1,258	1	-
Over one year to five years	571,159	37,550	57	23
Over five years	304,287	15,137	10	2
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,403,531		1,275,314	1,104,216
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,533,469		2,710,611	2,552,393
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others	60,236		200	200
Unutilised credit card lines	3,571,623		714,325	533,665
Total	100,330,554	695,843	12,136,422	9,455,616

Table 7.1: Off-Balance Sheet Exposures (Contd.)

Description	31.03.2011			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct credit substitutes	2,717,125		2,635,986	2,330,587
Transaction related contingent Items	2,283,260		1,182,199	1,088,464
Short term self liquidating trade related contingencies	764,769		152,954	153,515
Assets sold with recourse	1,589,790		1,588,126	1,193,405
Forward asset purchases	569,427		19,471	8,463
Obligations under an on-going underwriting agreement	452,500		-	-
Foreign exchange related contracts				
One year or less	28,586,641	83,235	214,374	154,875
Over one year to five years	929,849	23,831	125,379	78,059
Over five years	151,265	-	-	-
Interest/Profit rate related contracts				
One year or less	5,870,000	6,171	17,327	6,556
Over one year to five years	27,256,982	203,205	740,086	334,006
Over five years	3,900,759	39,882	330,941	143,257
Equity related contracts				
One year or less	604,233	26,137	21,074	10,473
Over one year to five years	595,894	10,172	33,630	19,549
Over five years	13,480	303	-	-
Other commodity contracts				
Over one year to five years	147,704	1,812	10,674	3,911
Credit derivative contracts				
One year or less	76,473	132	50	25
Over one year to five years	252,433	5,364	995	497
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,026,270		1,194,170	1,066,971
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,629,979		2,740,790	2,481,636
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others	46,210		200	200
Unutilised credit card lines	3,786,573		757,314	566,239
Total	100,251,616	400,244	11,765,740	9,640,688

Table 7.2: Credit Derivatives Counterparty Credit Risk ("CCR")

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

31.09.2011							
No.	Transaction Date	Usage	Name of Product	Sell Leg		Buy Leg	
				Product Type/ Counterparty	Notional Exposure for Protection Sold RM'000	Product Type/ Counterparty	Notional Exposure for Protection Bought RM'000
1	1 June 2010	Intermediation	Credit Linked Note ("CLN") - First to Default	Seller/UBS AG	132,898	Buyer/Customer	138,448
2	6 April 2011	Intermediation	CLN - RBS	Seller/BNP Paribas	31,855	Buyer/Customer	30,245
3	24 May 2011	Intermediation	CLN - First to Default 2	Seller/BNP Paribas	101,934	Buyer/Customer	100,000
4	23 August 2011	Intermediation	CLN - First to Default 3	Seller/UBS AG	50,747	Buyer/Customer	50,000
5	14 September 2011	Intermediation	CLN - First to Default 4	Seller/BNP Paribas	152,143	Buyer/Customer	150,000

31.03.2011							
No.	Transaction Date	Usage	Name of Product	Sell Leg		Buy Leg	
				Product Type/ Counterparty	Notional Exposure for Protection Sold RM'000	Product Type/ Counterparty	Notional Exposure for Protection Bought RM'000
1	1 June 2010	Intermediation	CLN - First to Default	Seller/UBS AG	126,217	Buyer/Customer	126,217
2	6 August 2010	Intermediation	CLN - Morgan Stanley	Seller/UBS AG	38,236	Buyer/Customer	38,236

8.0 Securitisation**Table 8.1: Securitisation (Trading and Banking Book)**

The aggregated securitised exposures of the Group are as follows:

31.09.2011				
Underlying Asset	Total Exposures Securitised RM'000	Past Due RM'000	Impaired RM'000	Gains/ (losses) recognised during the year RM'000
<u>Traditional Securitisation</u>				
<u>Originated by the Group</u>				
<u>Banking Book</u>				
Corporate loans	1,007,702	-	948,914	-
Mortgage loans	516,671	-	201,651	-
Total Traditional Securitisation	1,524,373	-	1,150,565	-
Total Synthetic Securitisation	-	-	-	-
Total Traditional & Synthetic Securitisation	1,524,373	-	1,150,565	-

31.03.2011				
Underlying Asset	Total Exposures Securitised RM'000	Past Due RM'000	Impaired RM'000	Gains/ (losses) recognised during the year RM'000
<u>Traditional Securitisation</u>				
<u>Originated by the Group</u>				
<u>Banking Book</u>				
Corporate loans	1,245,892	-	1,220,345	-
Mortgage loans	540,350	-	205,500	-
Total Traditional Securitisation	1,786,241	-	1,425,844	-
Total Synthetic Securitisation	-	-	-	-
Total Traditional & Synthetic Securitisation	1,786,241	-	1,425,844	-

For financial period ended 30 september 2011, there were no securitisation activities for the Trading and Banking Books.

Table 8.2: Securitisation under the Standardised Approach for Banking Book Exposures

30.09.2011							
Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights			Risk Weighted Assets
				Rated Securitisation Exposures or Risk weights of Guarantees/ Credit Derivatives		Unrated (Look-Through)	
				20%	50%	Exposure Amount	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On Balance Sheet Exposures	91,158	91,158	-	80,923	10,234	-	21,302
Originated by the Group							
On Balance Sheet Exposures	56,606	56,606	13,909	42,697	-	-	8,539
Total Traditional Securitisation	147,764	147,764	13,909	123,620	10,234	-	29,841
Total Synthetic Securitisation	-	-	-	-	-	-	-
Total Traditional & Synthetic Securitisation	147,764	147,764	13,909	123,620	10,234	-	29,841

31.03.2011							
Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights			Risk Weighted Assets
				Rated Securitisation Exposures or Risk weights of Guarantees/ Credit Derivatives		Unrated (Look-Through)	
				20%	50%	Exposure Amount	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On Balance Sheet Exposures	119,271	119,271	-	109,134	10,137	-	26,895
Originated by the Group							
On Balance Sheet Exposures	18,672	18,672	18,672	-	-	-	-
Total Traditional Securitisation	137,943	137,943	18,672	109,134	10,137	-	26,895
Total Synthetic Securitisation	-	-	-	-	-	-	-
Total Traditional & Synthetic Securitisation	137,943	137,943	18,672	109,134	10,137	-	26,895

For financial period ended 30 September 2011, there were no securitisation under the Standardised Approach for Trading Book Exposures

9.0 Equities (Banking Book Positions)**Table 9.1: Equity investments and capital requirement**

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

	31.09.2011	31.03.2011
	RM'000	RM'000
Non traded equity investments		
Value of quoted (publicly traded) equities	102,879	61,418
Value of unquoted (privately held) equities	102,441	102,811
Total	205,320	164,229
Net realised and unrealised gains/ (losses)		
Cumulative realised gains/ (losses) from sales and liquidations	1,982	4,829
Total unrealised gains/ (losses)	(1,133)	5,344
Total	849	10,173
Risk weighted assets		
Equity investments subject to a 100% risk weight	101,948	60,104
Equity investments subject to a 150% risk weight	155,060	157,260
Total	257,008	217,364
Total minimum capital requirement (8%)	20,561	17,389

10.0 Non-Traded Market Risk**Table 10.1: Market Risk Sensitivity – Interest Rate Risk/ Rate of Return Risk Sensitivity in the Banking Book**

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

Impact On Profit Before Taxation

	30.09.2011	
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
Currency	+ 100 bps	- 100 bps
	RM'000	RM'000
MYR	89,751	(89,751)

	31.03.2011	
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
Currency	+ 100 bps	- 100 bps
	RM'000	RM'000
MYR	132,417	(132,417)

Impact on Equity

	30.09.2011	
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
Currency	+ 100 bps	- 100 bps
	RM'000	RM'000
MYR	(170,379)	198,081

	31.03.2011	
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
Currency	+ 100 bps	- 100 bps
	RM'000	RM'000
MYR	(166,434)	183,728

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

11.0 Shariah Governance Structure

Group Islamic Banking operations observe the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia.