

AmBank (M) Berhad

Pillar 3 Disclosures

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

<u>Contents</u>	<u>Page</u>
1.0 Scope of Application	1
2.0 Capital Management	2
3.0 Capital Structure	7
4.0 Credit Risk Management	12
5.0 Credit Risk Exposure under the Standardised Approach	20
6.0 Credit Risk Mitigation	25
7.0 Off-Balance Sheet Exposures and Counterparty Credit Risk	27
8.0 Securitisation	30
9.0 Equities (Banking Book Positions)	33
10.0 Non-Traded Market Risk	34

1.0 Scope of Application

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

The banking entity at AmBank (M) Berhad Group level to which the RWCAF framework applies is AmBank (M) Berhad.

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

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

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

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

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

1.1 Basis of Consolidation

For statutory accounting purposes, the consolidated financial statements of the Bank comprise the financial statements of the Bank and the financial statements of all its controlled entities (individually referred to as "group entities") where it is determined that there is a capacity to control. Control means the power to govern directly or indirectly the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Type of entity	Accounting treatment	
	Statutory reporting	Basel II regulatory reporting
Subsidiaries licensed under BAFIA or engaged in financial activities	Fully consolidated	Fully consolidated
Subsidiaries engaged in non-financial activities	Fully consolidated	Deducted from capital base
Associates which are licensed under BAFIA	Equity accounted	Pro-rata consolidated
Associates which are not licensed under BAFIA	Equity accounted	Reported as investment and risk weighted

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

Any such transfers would require the approvals of the respective Boards of Directors, as well as the concurrence of BNM.

2.0 Capital Management

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

Strategic, business and capital plans are drawn up annually covering a 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 modelling process is a key part of the Group’s management disciplines.

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

2.0 Capital Management (Contd.)

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

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.

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 the 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 ultimate holding company, AMMB and its group entities when due.

Table 2.1: Capital Adequacy Ratio

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

	Group		Bank	
	30 September 2011	31 March 2011	30 September 2011	31 March 2011
Before deducting proposed dividends:				
Core capital ratio	10.1%	9.8%	10.2%	10.0%
Risk weighted capital ratio	14.7%	14.5%	14.9%	14.8%
After deducting proposed dividends:				
Core capital ratio	10.1%	9.3%	10.2%	9.5%
Risk weighted capital ratio	14.7%	14.1%	14.9%	14.4%

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

	AMIL	
	30 September 2011	31 March 2011
Before deducting proposed dividends:		
Core capital ratio	17.2%	47.3%
Risk weighted capital ratio	17.4%	47.5%
After deducting proposed dividends:		
Core capital ratio	17.2%	47.3%
Risk weighted capital ratio	17.4%	47.5%

Note:

- 1) The capital position and RWA of the Bank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary company, AmInternational (L) Ltd ("AMIL").

Table 2.2 : Risk-Weighted Assets and Capital Requirements

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

30 September 2011	Gross Exposures/ Exposure-at-default ("EAD") before Credit Risk Mitigation ("CRM") RM'000		Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Exposure Class					
1. Credit Risk					
On Balance Sheet Exposures					
Sovereigns/Central banks	7,420,349		6,914,725	-	-
Banks, Development financial institutions ("DFI") and Multilateral development banks ("MDB")	5,573,655		5,573,655	1,397,338	111,787
Insurance companies, Securities firms and Fund managers	388,966		388,477	388,477	31,078
Corporates	25,748,868		23,681,755	22,414,479	1,793,158
Regulatory retail	23,896,324		23,762,845	17,797,325	1,423,786
Residential mortgages	7,647,304		7,635,471	2,907,599	232,608
Higher risk assets	183,042		183,042	274,563	21,965
Other assets	1,619,327		1,619,327	1,227,563	98,205
Equity	49,827		49,827	49,827	3,986
Securitisation	147,763		147,763	29,841	2,387
Defaulted Exposures	1,420,687		1,380,843	1,789,309	143,145
Total for On Balance Sheet Exposures	74,096,112		71,337,730	48,276,321	3,862,105
Off-Balance Sheet Exposures					
Over the counter ("OTC") Derivatives	2,177,252		2,177,252	1,103,762	88,301
Credit Derivatives	68		68	25	2
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,974,632		6,423,372	5,924,292	473,943
Defaulted Exposures	65,507		60,016	90,024	7,202
Total for Off-Balance Sheet Exposures	9,217,459		8,660,708	7,118,103	569,448
Total On and Off-Balance Sheet Exposures	83,313,571		79,998,438	55,394,424	4,431,553
2. Large Exposure Risk Requirement	-		-	3,897	312
3. Market Risk	Long Position	Short Position			
Interest rate risk					
- General interest rate risk	61,409,619	54,914,314		2,299,366	183,949
- Specific interest rate risk	6,971,777	497,927		765,482	61,239
Foreign currency risk	84,311	39,616		84,311	6,745
Equity risk					
- General risk	329,075	55,924		273,151	21,852
- Specific risk	329,075	55,924		518,951	41,516
Option risk	678,135	1,271,959		32,727	2,618
Total	69,801,992	56,835,664		3,973,988	317,919
4. Operational Risk				5,350,299	428,024
5. Total RWA and Capital Requirements				64,722,608	5,177,808

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

31 March 2011	Gross Exposures/ EAD before Credit Risk Mitigation ("CRM") RM'000		Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Exposure Class					
1. Credit Risk					
On Balance Sheet Exposures					
Sovereigns/Central banks	8,913,240		8,627,683	-	-
Banks, Development financial institutions ("DFI") and Multilateral development banks ("MDB")	7,633,456		7,633,456	1,784,418	142,753
Insurance companies, Securities firms and Fund managers	54,968		54,968	31,732	2,539
Corporates	24,874,291		22,691,482	21,087,007	1,686,961
Regulatory retail	25,023,133		24,889,156	18,641,377	1,491,310
Residential mortgages	6,860,275		6,848,849	2,752,168	220,173
Higher risk assets	217,560		217,560	326,340	26,107
Other assets	1,442,090		1,442,090	1,123,365	89,869
Securitisation	137,943		137,943	26,895	2,152
Equity	62,374		62,374	62,374	4,990
Defaulted exposures	2,276,362		2,211,082	3,052,751	244,220
Total for On Balance Sheet Exposures	77,495,692		74,816,643	48,888,427	3,911,074
Off-Balance Sheet Exposures					
Over the counter ("OTC") Derivatives	1,478,374		1,478,374	744,556	59,564
Credit Derivatives	1,045		1,044	522	42
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,926,395		6,609,086	6,048,183	483,855
Defaulted exposures	89,268		87,515	131,272	10,502
Total for Off-Balance Sheet Exposures	8,495,082		8,176,019	6,924,533	553,963
Total On and Off-Balance Sheet Exposures	85,990,774		82,992,662	55,812,960	4,465,037
2. Large Exposure Risk Requirement	-		-	-	-
3. Market Risk	Long Position	Short Position			
Interest rate risk					
- General interest rate risk	53,451,775	51,102,848		1,020,954	81,676
- Specific interest rate risk	4,489,674	1,950,806		355,633	28,451
Foreign currency risk	8,768	17,927		17,927	1,434
Equity risk					
- General risk	349,668	25,751		323,917	25,913
- Specific risk	349,668	25,751		519,835	41,587
Option risk	294,367	302,792		3,931	315
Total	58,943,920	53,425,875		2,242,197	179,376
4. Operational Risk				5,176,229	414,098
5. Total RWA and Capital Requirements				63,231,386	5,058,511

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

3.0 Capital Structure

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

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

All capital instruments included in the capital base have been issued in accordance with the Bank Negara Malaysia 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, the Bank 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 the Bank on the basis of one (1) new ordinary share for every one (1) INCPS held.

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

Retained Earnings

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

3.1 Tier 1 Capital (Contd.)

Eligible Reserves

Eligible reserves comprise the following:

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

Innovative Tier 1 Capital

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

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

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

The salient features of the Hybrid Securities are as follows:

- (i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month US dollar LIBOR plus 2.90 percent, if not redeemed on 27 January 2016. The non-cumulative dividends are payable on a semi-annual basis.
- (ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

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

(b) Innovative Tier 1 Capital Securities

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

3.1 Tier 1 Capital (Contd.)

Non-innovative Tier 1 Capital

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

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

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

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

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of the Bank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a 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.

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

3.2 Tier 2 capital

The main components of Tier 2 capital are collective allowance for bad and doubtful debts and subordinated debt instruments as follows:

Medium Term Notes

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

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

The MTNs issued under the MTN Programme was included as Tier 2 capital in compliance with the Risk Weighted Capital Adequacy Framework 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.

Innovative and Non-innovative Tier 1 Capital Securities

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

Table 3.1 : Capital Structure

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

	The Group		The Bank	
	30 September 2011 RM'000	31 March 2011 RM'000	30 September 2011 RM'000	31 March 2011 RM'000
Tier 1 capital				
Paid-up ordinary share capital	820,364	670,364	820,364	670,364
Share premium	942,844	942,844	942,844	942,844
Statutory reserve	680,459	680,459	680,459	680,459
Merger reserve	48,516	48,516	48,516	48,516
Exchange fluctuation reserve	1,168	(709)	1,168	(709)
Irredeemable non-cumulative convertible preference shares	-	150,000	-	150,000
Innovative Tier 1 capital	982,278	926,409	978,264	925,373
Non-innovative Tier 1 capital	500,000	500,000	500,000	500,000
Retained earnings	3,073,322	2,690,387	3,049,228	2,684,567
Non-controlling interests	50	50	-	-
Total	7,049,001	6,608,320	7,020,843	6,601,414
Less:				
Deferred tax assets	(500,484)	(432,260)	(499,081)	(432,260)
Total Tier 1 capital	6,548,517	6,176,060	6,521,762	6,169,154
Tier 2 capital				
Medium term notes	1,557,800	1,557,800	1,557,800	1,557,800
Innovative Tier 1 capital	252,822	308,691	256,836	309,727
Collective allowance for bad and doubtful debts [#]	1,184,635	1,166,407	1,180,772	1,161,406
Total Tier 2 capital	2,995,257	3,032,898	2,995,408	3,028,933
Total capital funds	9,543,774	9,208,958	9,517,170	9,198,087
Less:				
Investment in subsidiaries	(32,769)	(32,769)	(32,780)	(32,780)
Other deduction	(13,909)	(18,672)	(13,909)	(18,672)
Capital base	9,497,096	9,157,517	9,470,481	9,146,635

[#] Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank as at 30 September 2011 of RM344,411,000 (31 March 2011: RM480,983,000) and RM344,387,000 (31 March 2011: RM480,964,000) respectively.

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

	The Group		The Bank	
	30 September 2011 RM'000	31 March 2011 RM'000	30 September 2011 RM'000	31 March 2011 RM'000
Credit risk	55,394,424	55,812,960	55,317,234	55,732,987
Market risk	3,973,988	2,242,197	3,973,988	2,242,197
Operational risk	5,350,299	5,176,229	4,339,231	3,997,167
Large exposure risk requirements for equity holdings	3,897	-	3,897	-
Total risk weighted assets	64,722,608	63,231,386	63,634,350	61,972,351

4.0 Credit Risk Management

Table 4.1 : Distribution of gross credit exposures by sector

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

30 September 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 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	-	-	-	-	-	-	-	7,064,236	356,113	-	-	7,420,349
Banks, Development financial institutions and Multilateral development banks	-	-	-	-	-	42	-	5,533,085	36	9,371	31,121	5,573,655
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	388,966	-	-	-	388,966
Corporates	1,864,350	1,403,422	4,776,521	2,349,776	2,006,845	2,652,010	1,898,047	6,546,952	666,685	545,146	1,039,114	25,748,868
Regulatory retail	86,357	23,775	322,556	8,889	267,220	458,353	165,540	255,405	107,353	22,198,343	2,533	23,896,324
Residential mortgages	-	-	-	-	-	-	-	-	-	7,647,304	-	7,647,304
Higher risk assets	-	-	-	-	-	-	-	-	64,034	31,260	87,748	183,042
Other assets	-	-	-	-	-	-	-	-	-	-	1,619,327	1,619,327
Securitisation	65,179	-	-	-	-	-	-	82,584	-	-	-	147,763
Equity	-	-	-	-	-	-	-	-	21,337	7	28,483	49,827
Defaulted exposures	9,499	497	195,812	103,328	134,753	92,279	11,442	134,935	43,672	687,665	6,805	1,420,687
Total for On Balance Sheet Exposures	2,025,385	1,427,694	5,294,889	2,461,993	2,408,818	3,202,684	2,075,029	20,006,163	1,259,230	31,119,096	2,815,131	74,096,112
Off-Balance Sheet Exposures												
OTC Derivatives	10,691	29,165	90,841	-	19,000	6,362	33,576	1,890,688	-	-	96,929	2,177,252
Credit Derivatives	-	-	-	-	-	-	-	68	-	-	-	68
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	232,185	93,025	1,225,570	155,798	1,846,938	660,032	358,799	1,026,089	66,626	1,252,291	57,279	6,974,632
Defaulted exposures	30	-	1,437	-	47,396	8,197	465	2,522	-	3,960	1,500	65,507
Total for Off-Balance Sheet Exposures	242,906	122,190	1,317,848	155,798	1,913,334	674,591	392,840	2,919,367	66,626	1,256,251	155,708	9,217,459
Total On and Off-Balance Sheet Exposures	2,268,291	1,549,884	6,612,737	2,617,791	4,322,152	3,877,275	2,467,869	22,925,530	1,325,856	32,375,347	2,970,839	83,313,571

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

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

31 March 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 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	-	-	-	-	-	-	-	8,913,240	-	-	-	8,913,240
Banks, Development financial institutions and Multilateral development banks	-	-	-	539	-	-	-	7,566,729	-	9,371	56,817	7,633,456
Insurance companies, Securities firms and Fund managers	-	-	-	-	8,496	-	-	46,472	-	-	-	54,968
Corporates	1,844,540	1,051,084	4,369,138	2,603,220	2,149,044	2,682,856	2,008,719	6,324,877	270,198	314,012	1,256,603	24,874,291
Regulatory retail	179,750	24,812	24,695	13,176	349,722	60,000	348,711	180,796	159,111	23,666,464	15,896	25,023,133
Residential mortgages	-	-	-	-	368	-	-	3	-	6,859,904	-	6,860,275
Higher risk assets	-	-	-	-	-	-	-	-	95,504	34,309	87,747	217,560
Other assets	-	-	-	-	-	-	-	-	-	-	1,442,090	1,442,090
Securitisation	68,184	-	-	-	-	-	-	64,302	-	-	5,457	137,943
Equity	-	-	-	-	-	-	-	-	32,857	7	29,510	62,374
Defaulted exposures	9,075	2	226,708	118,338	245,045	431,386	75,128	364,870	36,337	742,198	27,275	2,276,362
Total for On Balance Sheet Exposures	2,101,549	1,075,898	4,620,541	2,735,273	2,752,675	3,174,242	2,432,558	23,461,289	594,007	31,626,265	2,921,395	77,495,692
Off-Balance Sheet Exposures												
OTC Derivatives	319	9,646	24,161	-	509	6,226	16,507	1,307,927	3	-	113,076	1,478,374
Credit Derivatives	-	-	-	-	-	-	-	1,045	-	-	-	1,045
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatitives	168,888	105,189	757,566	222,617	2,010,337	515,360	392,150	1,006,579	52,009	1,140,126	555,574	6,926,395
Defaulted exposures	285	-	4,431	-	30,167	6,599	43,260	4,296	-	-	230	89,268
Total for Off-Balance Sheet Exposures	169,492	114,835	786,158	222,617	2,041,013	528,185	451,917	2,319,847	52,012	1,140,126	668,880	8,495,082
Total On and Off-Balance Sheet Exposures	2,271,041	1,190,733	5,406,699	2,957,890	4,793,688	3,702,427	2,884,475	25,781,136	646,019	32,766,391	3,590,275	85,990,774

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

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

30 September 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 Communication RM'000	Finance, Insurance, Real Estate and Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Unallocated RM'000	Total RM'000
Impaired loans and advances	27,000	3,730	211,219	132,766	122,560	300,851	5,974	65,167	34,424	907,574	9,008	-	1,820,273
Past due loans	44,032	12,022	259,609	3,379	244,002	449,756	206,527	326,588	98,356	10,825,055	17,982	-	12,487,308
Individual allowances	14,865	-	3,601	27,949	9,814	1,482	1,094	14	38	-	4,751	-	63,608
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	1,529,046	1,529,046
Charges for individual allowances - net	(3,164)	-	27,986	11,373	(10,649)	122,111	992	3,596	1,213	(341)	218	-	153,335
Write-offs against individual allowances	7,210	-	71,740	153,614	49,115	121,525	8,767	20,093	3,856	6,520	-	-	442,440

31 March 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 Communication RM'000	Finance, Insurance, Real Estate and Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Unallocated RM'000	Total RM'000
Impaired loans and advances	38,356	355	244,898	288,508	284,056	58,724	19,562	116,756	41,337	1,018,435	12,260	-	2,123,247
Past due loans	64,445	9,065	277,919	3,913	399,864	236,024	92,164	259,916	94,921	11,588,164	16,120	-	13,042,515
Individual allowances	25,239	-	47,355	170,190	69,578	898	8,870	9,070	2,681	887	6,303	-	341,071
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	1,647,390	1,647,390
Charges for individual allowances - net	1,213	-	10,907	(3,536)	59,769	12,029	8,744	(6,103)	3,197	1,428	4,733	-	92,381
Write-offs against individual allowances	-	-	17,459	-	105,920	9,727	175	6,674	11,188	48,417	2,939	-	202,499

Table 4.3 : Geographical distribution of credit exposures

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

30 September 2011	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On Balance Sheet Exposures			
Sovereigns/Central banks	7,420,349	-	7,420,349
Banks, Development financial institutions and Multilateral development banks	5,487,458	86,197	5,573,655
Insurance companies, Securities firms and Fund managers	363,884	25,082	388,966
Corporates	25,223,083	525,785	25,748,868
Regulatory retail	23,896,324	-	23,896,324
Residential mortgages	7,647,304	-	7,647,304
Higher risk assets	182,147	895	183,042
Other assets	1,619,327	-	1,619,327
Securitisation	147,763	-	147,763
Equity	49,827	-	49,827
Defaulted exposures	1,420,687	-	1,420,687
Total for On Balance Sheet Exposures	73,458,153	637,959	74,096,112
Off-Balance Sheet Exposures			
OTC Derivatives	2,177,252	-	2,177,252
Credit Derivatives	68	-	68
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,920,160	54,472	6,974,632
Defaulted exposures	65,507	-	65,507
Total for Off-Balance Sheet Exposures	9,162,987	54,472	9,217,459
Total On and Off-Balance Sheet Exposures	82,621,140	692,431	83,313,571

31 March 2011	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On Balance Sheet Exposures			
Sovereigns/Central banks	8,913,240	-	8,913,240
Banks, Development financial institutions and Multilateral development banks	6,396,539	1,236,917	7,633,456
Insurance companies, Securities firms and Fund managers	54,968	-	54,968
Corporates	24,429,823	444,468	24,874,291
Regulatory retail	25,023,133	-	25,023,133
Residential mortgages	6,860,275	-	6,860,275
Higher risk assets	216,710	850	217,560
Other assets	1,442,090	-	1,442,090
Securitisation	137,943	-	137,943
Equity	62,374	-	62,374
Defaulted exposures	2,276,362	-	2,276,362
Total for On Balance Sheet Exposures	75,813,457	1,682,235	77,495,692
Off-Balance Sheet Exposures			
OTC Derivatives	1,478,374	-	1,478,374
Credit Derivatives	1,045	-	1,045
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,880,856	45,539	6,926,395
Defaulted exposures	89,268	-	89,268
Total for Off-Balance Sheet Exposures	8,449,543	45,539	8,495,082
Total On and Off-Balance Sheet Exposures	84,263,000	1,727,774	85,990,774

Table 4.4 : Geographical distribution of Impaired and past due loans and advances, Individual and collective allowances

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

30 September 2011	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,820,273	-	1,820,273
Past due loans	12,487,308	-	12,487,308
Individual allowances	63,608	-	63,608
Collective allowances	1,525,648	3,398	1,529,046

31 March 2011	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	2,123,247	-	2,123,247
Past due loans	13,042,515	-	13,042,515
Individual allowances	341,071	-	341,071
Collective allowances	1,643,896	3,494	1,647,390

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

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

30 September 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	4,853,871	600,855	-	152,162	35,126	10,246	158,580	1,609,509	7,420,349
Banks, Development financial institutions and Multilateral development banks	1,632,887	2,416,509	267,870	20,109	327,047	494,306	211,620	203,307	5,573,655
Insurance companies, Securities firms and Fund managers	277,955	-	-	85,322	11,050	-	14,639	-	388,966
Corporates	2,841,602	2,850,595	1,062,550	1,156,506	5,625,134	2,848,737	9,363,744	-	25,748,868
Regulatory retail	662,905	68,816	93,180	219,783	2,318,511	4,701,858	15,831,271	-	23,896,324
Residential mortgages	599	2,136	4,404	8,365	39,756	82,975	7,509,069	-	7,647,304
Higher risk assets	522	35,020	46	3,372	19,099	5,393	30,910	88,680	183,042
Other assets	-	-	-	-	-	-	1,139,055	480,272	1,619,327
Securitisation	47	-	-	-	-	-	147,716	-	147,763
Equity	-	-	-	-	8,372	-	3,827	37,628	49,827
Defaulted exposures	193,774	29,739	22,714	41,545	162,395	135,243	835,277	-	1,420,687
Total for On Balance Sheet Exposures	10,464,162	6,003,670	1,450,764	1,687,164	8,546,490	8,278,758	35,245,708	2,419,396	74,096,112
Off-Balance Sheet Exposures									
OTC Derivatives	121,448	127,351	67,601	82,949	278,429	944,500	554,974	-	2,177,252
Credit Derivatives	-	-	-	1	38	19	10	-	68
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	1,057,321	579,854	806,176	1,432,458	1,204,352	277,283	1,617,188	-	6,974,632
Defaulted exposures	5,550	10,998	706	14,825	21,073	5,414	6,941	-	65,507
Total for Off-Balance Sheet Exposures	1,184,319	718,203	874,483	1,530,233	1,503,892	1,227,216	2,179,113	-	9,217,459
Total On and Off-Balance Sheet Exposures	11,648,481	6,721,873	2,325,247	3,217,397	10,050,382	9,505,974	37,424,821	2,419,396	83,313,571

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

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

31 March 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	6,567,706	2,000,308	-	-	25,491	50,106	125,818	143,811	8,913,240
Banks, Development financial institutions and Multilateral development banks	3,502,313	2,717,606	291,907	4,334	140,749	752,534	111,900	112,113	7,633,456
Insurance companies, Securities firms and Fund managers	-	-	-	-	18,968	36,000	-	-	54,968
Corporates	4,187,357	1,917,732	1,695,266	1,311,230	5,264,278	3,636,500	6,861,928	-	24,874,291
Regulatory retail	1,520,539	38,979	72,078	238,698	1,909,145	5,040,704	16,202,990	-	25,023,133
Residential mortgages	3,010	880	4,267	7,873	38,811	80,966	6,724,468	-	6,860,275
Higher risk assets	18,490	-	4	35,075	8,360	27,570	39,061	89,000	217,560
Other assets	92,530	33	56,818	2,244	52,958	1,386	-	1,236,121	1,442,090
Securitisation	42	-	-	-	-	108,710	29,191	-	137,943
Equity	6,801	-	-	-	18,887	-	-	36,686	62,374
Defaulted exposures	856,493	32,502	29,077	17,375	181,392	222,884	936,586	53	2,276,362
Total for On Balance Sheet Exposures	16,755,281	6,708,040	2,149,417	1,616,829	7,659,039	9,957,360	31,031,942	1,617,784	77,495,692
Off-Balance Sheet Exposures									
OTC Derivatives	106,677	96,509	32,116	35,233	378,295	498,603	330,941	-	1,478,374
Credit Derivatives	-	-	50	-	995	-	-	-	1,045
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	1,650,481	645,969	1,066,536	1,533,269	973,252	245,511	811,377	-	6,926,395
Defaulted exposures	15,714	23,101	5,095	12,480	9,090	21,562	2,226	-	89,268
Total for Off-Balance Sheet Exposures	1,772,872	765,579	1,103,797	1,580,982	1,361,632	765,676	1,144,544	-	8,495,082
Total On and Off-Balance Sheet Exposures	18,528,153	7,473,619	3,253,214	3,197,811	9,020,671	10,723,036	32,176,486	1,617,784	85,990,774

Table 4.6 : Reconciliation of changes to loans impairment allowances

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

	30 September 2011		31 March 2011	
	Individual impairment allowances RM'000	Collective impairment allowances RM'000	Individual impairment allowances RM'000	Collective impairment allowances RM'000
Balance at 1 April	341,071	1,647,390	452,386	1,797,171
Charge for the year/period – net	153,335	207,264	92,381	784,839
Amount written-off	(442,440)	(325,930)	(202,499)	(472,658)
Repurchase of loan	-	-	-	4,142
Transfer from debt converted instrument	11,642	-	12,356	-
Arising from disposal of subsidiary	-	-	(13,553)	(465,603)
Exchange differences	-	322	-	(501)
Balance at 31 March	63,608	1,529,046	341,071	1,647,390

	30 September 2011 (Charge offs)/ recoveries RM'000	31 March 2011 (Charge offs)/ recoveries RM'000
Bad debts written off during the year/period	(49,966)	(106,733)
Bad debt recoveries during the year/period	306,315	532,056

5.0 Credit Risk Exposure under the 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 & 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 is as follows:

30 September 2011	Exposures after Netting and Credit Risk Mitigation											
	Sovereigns and Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
Risk Weights												
0%	6,921,361	-	-	6,611	-	-	-	391,724	-	-	7,319,696	-
20%	-	5,244,107	-	1,427,610	9,073	-	-	50	123,620	-	6,804,460	1,360,892
35%	-	-	-	-	-	6,076,343	-	-	-	-	6,076,343	2,126,720
50%	-	2,242,809	-	483,060	238,021	1,580,926	-	-	10,235	-	4,555,051	2,277,526
75%	-	-	-	-	24,746,409	-	-	-	-	-	24,746,409	18,559,807
100%	11,945	20,807	489,575	27,192,711	142,476	173,858	-	1,227,553	-	49,827	29,308,752	29,308,752
150%	-	-	-	589,532	396,629	-	187,657	-	-	-	1,173,818	1,760,727
1250%	-	-	-	-	-	-	-	-	13,909	-	13,909	-
Average Risk Weight												
Total	6,933,306	7,507,723	489,575	29,699,524	25,532,608	7,831,127	187,657	1,619,327	147,764	49,827	79,998,438	55,394,424
Deduction from Capital Base									13,909		13,909	

31 March 2011	Exposures after Netting and Credit Risk Mitigation											
	Sovereigns and Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000	Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
Risk Weights												
0%	8,632,200	-	-	-	-	-	-	316,498	-	-	8,948,698	-
20%	-	7,281,299	-	1,852,965	10,248	-	-	2,784	109,134	-	9,256,430	1,851,286
35%	-	-	-	-	-	4,491,048	-	-	-	-	4,491,048	1,571,867
50%	-	1,662,142	46,472	638,483	239,147	2,369,758	-	-	10,137	-	4,966,139	2,483,070
75%	-	-	-	-	25,843,658	380	-	-	-	-	25,844,038	19,383,028
100%	77,948	7,588	41,296	25,811,247	47,742	184,489	-	1,122,808	-	62,374	27,355,492	27,355,492
150%	-	-	-	1,377,785	516,239	-	218,121	-	-	-	2,112,145	3,168,217
1250%	-	-	-	-	-	-	-	-	18,672	-	18,672	-
Average Risk Weight												
Total	8,710,148	8,951,029	87,768	29,680,480	26,657,034	7,045,675	218,121	1,442,090	137,943	62,374	82,992,662	55,812,960
Deduction from Capital Base									18,672		18,672	

Table 5.2: Rated Exposures according to Ratings by ECAIs

30 September 2011		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	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating and 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		489,575	-	-	-	489,575
Corporates		29,699,524	521,713	430,424	129,317	28,618,070
Total		30,189,099	521,713	430,424	129,317	29,107,645

31 March 2011		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	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating and 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		87,768	-	46,472	8,496	32,800
Corporates		29,680,480	1,343,329	589,398	123,669	27,618,638
Total		29,768,248	1,343,329	635,870	132,165	27,651,438

30 September 2011		Short term Ratings of Banking Institutions and Corporate by Approved ECAIs				
Exposure Class	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating and 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, MDBs and FDIs		123,354	123,354	-	-	-
Total		123,354	123,354	-	-	-

There was no short-term ratings of Banking Institutions and Corporates by approved ECAIs as at 31 March 2011.

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

30 September 2011	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
Exposure Class	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 and 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
On and Off-Balance Sheet Exposures						
Sovereigns and Central Banks		6,933,306	6,635	6,926,671		-
Total		6,933,306	6,635	6,926,671	-	-

31 March 2011	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
Exposure Class	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 and 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
On and Off-Balance Sheet Exposures						
Sovereigns and Central Banks		8,710,148	4,500	-	-	8,705,648
Total		8,710,148	4,500	-	-	8,705,648

30 September 2011	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Exposure Class	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 and 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
On and Off-Balance Sheet Exposures							
Banks, MDBs and FDIs		7,384,370	1,541,849	1,357,413	2,079,078	22	2,402,535
Total		7,384,370	1,541,849	1,357,413	2,079,078	22	2,402,535

31 March 2011	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Exposure Class	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 and 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
On and Off-Balance Sheet Exposures							
Banks, MDBs and FDIs		8,951,029	1,538,447	143,449	85,828	68	7,183,237
Total		8,951,029	1,538,447	143,449	85,828	68	7,183,237

Table 5.3: Securitisation according to Ratings by ECAIs

30 September 2011		Ratings of Securitisation by Approved ECAls			
Exposure Class	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 and Investment information Inc.	AAA to AA-	A+ to A-	Unrated	
		RM'000	RM'000	RM'000	
<u>On and Off-Balance Sheet Exposures</u>					
Securitisation		147,764	123,620	10,235	13,909
Total		147,764	123,620	10,235	13,909

31 March 2011		Ratings of Securitisation by Approved ECAls			
Exposure Class	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 and Investment information Inc.	AAA to AA-	A+ to A-	Unrated	
		RM'000	RM'000	RM'000	
	<u>On and Off-Balance Sheet Exposures</u>				
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 under Standardised Approach

Table 6.1 : Credit Risk Mitigation

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

30 September 2011	Exposures before	Exposures covered	Exposures
Exposure class	Credit Risk Mitigation ("CRM") RM'000	by guarantees / credit derivatives RM'000	covered by eligible financial collateral RM'000
<i>Credit Risk</i>			
<u>On Balance Sheet Exposures</u>			
Sovereigns/Central banks	7,420,349	-	505,623
Banks, Development financial institutions and Multilateral development banks	5,573,655	-	-
Insurance companies, Securities firms and Fund managers	388,966	-	489
Corporates	25,748,868	37,955	2,067,113
Regulatory retail	23,896,324	164,380	133,479
Residential mortgages	7,647,304	-	11,833
Higher risk assets	183,042	-	-
Other assets	1,619,327	-	-
Securitisation	147,763	-	-
Equity	49,827	-	-
Defaulted exposures	1,420,687	28,369	39,845
Total for On Balance Sheet Exposures	74,096,112	230,704	2,758,382
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	2,177,252	-	-
Credit Derivatives	68	-	-
Off Balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,974,632	3,107	551,260
Defaulted exposures	65,507	-	5,491
Total for Off-Balance Sheet Exposures	9,217,459	3,107	556,751
Total On and Off-Balance Sheet Exposures	83,313,571	233,811	3,315,133

Table 6.1 : Credit Risk Mitigation (Contd.)

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

31 March 2011	Exposures before	Exposures covered	Exposures
Exposure class	Credit Risk Mitigation ("CRM") RM'000	by guarantees / credit derivatives RM'000	covered by eligible financial collateral RM'000
<i>Credit Risk</i>			
<i>On Balance Sheet Exposures</i>			
Sovereigns/Central banks	8,913,240	-	285,557
Banks, Development financial institutions and Multilateral development banks	7,633,456	-	-
Insurance companies, Securities firms and Fund managers	54,968	-	-
Corporates	24,874,291	43,131	2,182,808
Regulatory retail	25,023,133	191,841	133,977
Residential mortgages	6,860,275	-	11,426
Higher risk assets	217,560	-	-
Other assets	1,442,090	-	-
Securitisation	137,943	-	-
Equity	62,374	-	-
Defaulted exposures	2,276,362	22,238	65,280
Total for On Balance Sheet Exposures	77,495,692	257,210	2,679,048
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	1,478,374	-	-
Credit Derivatives	1,045	-	-
Off Balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,926,395	2,097	317,310
Defaulted exposures	89,268	-	1,753
Total for Off-Balance Sheet Exposures	8,495,082	2,097	319,063
Total On and Off-Balance Sheet Exposures	85,990,774	259,307	2,998,111

7.0 Off Balance Sheet Exposures and Counterparty Credit Risk

Table 7.1: Off-Balance Sheet Exposures

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

30 September 2011				
Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	1,617,162		1,593,179	1,439,737
Transaction related contingent Items	2,585,168		1,304,575	902,838
Short Term Self Liquidating trade related contingencies	1,062,343		106,306	94,587
Forward Asset Purchases	397,730		8,157	7,489
Obligations under on-going underwriting agreements	265,000		-	-
Foreign exchange related contracts				
One year or less	20,385,871	232,484	353,584	222,909
Over one year to five years	3,982,397	58,883	369,330	213,888
Over five years	60,842	-	12,168	6,084
Interest rate related contracts				
One year or less	8,717,782	12,693	31,502	9,097
Over one year to five years	26,172,480	191,897	826,513	368,538
Over five years	5,647,699	129,924	542,806	257,656
Equity and commodity related contracts				
One year or less	917,348	2,500	14,287	12,190
Over one year to five years	469,301	8,263	27,087	13,438
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	5,637,789		1,122,166	967,755
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	11,426,006		2,289,118	2,141,124
Any commitments that are unconditionally cancelled at any time by the Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others	52,560		200	200
Unutilised credit card lines	3,082,065		616,413	460,548
Total	93,418,698	690,589	9,217,459	7,118,103

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

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

31 March 2011				
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	2,259,750		2,178,611	1,886,616
Transaction related contingent Items	1,869,799		975,469	881,252
Short Term Self Liquidating trade related contingencies	615,999		123,200	123,761
Forward Asset Purchases	424,290		14,821	6,228
Obligations under on-going underwriting agreements	260,000		-	-
Foreign exchange related contracts				
One year or less	28,584,266	83,225	214,374	154,875
Over one year to five years	929,849	23,831	125,379	78,059
Over five years	151,265	-	-	-
Interest 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 and commodity related contracts				
One year or less	601,986	26,137	21,074	10,473
Over one year to five years	521,072	8,726	29,191	17,330
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	4,498,060		888,393	766,187
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	10,796,440		2,170,507	2,018,435
Any commitments that are unconditionally cancelled at any time by the Group without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others	31,406		200	200
Unutilised credit card lines	3,322,322		664,464	496,776
Total	92,223,151	396,673	8,495,082	6,924,533

Table 7.2 : Credit Derivatives Counterparty Credit Risk

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

30 September 2011

No.	Transaction Date	Usage	Name of Product	Sell Leg		Buy Leg	
				Protection Type/ Counterparty	Notional Exposure for Protection Sold RM'000	Protection 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 March 2011

No.	Transaction Date	Usage	Name of Product	Sell Leg		Buy Leg	
				Protection Type/ Counterparty	Notional Exposure for Protection Sold RM'000	Protection 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 securitised exposures of the Group are as follows:

30 September 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 Banking Institution ("BI")</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 and Synthetic Securitisation	1,524,373	-	1,150,565	-

31 March 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 BI</u>				
Corporate loans	1,245,892	-	1,220,344	-
Mortgage loans	540,349	-	205,500	-
Total Traditional Securitisation	1,786,241	-	1,425,844	-
Total Synthetic Securitisation	-	-	-	-
Total Traditional and Synthetic Securitisation	1,786,241	-	1,425,844	-

For the financial period ended 30 September 2011 and year ended 31 March 2011, there were no securitisation activities under the Trading and Banking Books.

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

30 September 2011	Exposure value of positions purchased or retained RM'000	Eligible CRM RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	Distribution of exposures after CRM according to applicable risk weights				Risk weighted assets RM'000
					Rated securitisation exposures or risk weights of guarantees/ credit derivatives		Unrated (look-through)		
					20% RM'000	50% RM'000	Average Risk Weight RM'000	Exposure amount RM'000	
Securitisation exposures by exposure type									
<u>Traditional securitisation</u>									
<u>Originated by third party</u>									
On Balance Sheet Exposures	91,158	-	91,158	-	80,923	10,234	%	-	21,302
<u>Originated by the Group</u>									
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 and synthetic securitisation	147,764	-	147,764	13,909	123,620	10,234	-	-	29,841

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

Table 8.2: Securitisation under the Standardised Approach for Banking Book Exposures (Contd.)

31 March 2011	Exposure value of positions purchased or retained RM'000	Eligible CRM RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	Distribution of exposures after CRM according to applicable risk weights				Risk weighted assets RM'000
					Rated securitisation exposures or risk weights of guarantees/ credit derivatives		Unrated (look-through)		
					20% RM'000	50% RM'000	Average Risk Weight RM'000	Exposure Amount RM'000	
<u>Traditional securitisation</u>									
<u>Originated by third party</u>									
On Balance Sheet Exposures	119,271		119,271	-	109,134	10,137	%	-	26,895
<u>Originated by the Group</u>									
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 and synthetic securitisation	137,943	-	137,943	18,672	109,134	10,137	-	-	26,895

For financial year ended 31 March 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 equity investments by appropriate equity groupings and risk weighted assets of the Group are as follows:

Non Traded Equity Investments	30 September 2011 RM'000	31 March 2011 RM'000
Value of quoted (publicly traded) equities	72,386	51,419
Value of unquoted (privately held) equities	87,784	87,738
Total	160,170	139,157
Net Realised and Unrealised Gains/(Losses)		
Cumulative realised gains/ (losses) from sales and liquidations	1,952	1,361
Total unrealised gains/ (losses)	710	5,120
Total	2,662	6,481
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	71,455	50,104
Equity investments subject to a 150% risk weight	133,074	133,579
Total	204,529	183,683
Total Minimum Capital Requirement (8%)	16,362	14,695

10.0 Non-Traded Market Risk

Table 10.1 : Market Risk Sensitivity – Interest Rate Risk

The IRR sensitivity for the Group is as follows:

30 September 2011	Interest Rate +100 bps	Interest Rate -100 bps
Currency (MYR)	RM'000	RM'000
Impact on Profit Before Taxation	112,021	(112,021)
Impact on Equity	53,785	(45,538)

31 March 2011	Interest Rate +100 bps	Interest Rate -100 bps
Currency (MYR)	RM'000	RM'000
Impact on Profit Before Taxation	155,679	(155,679)
Impact on Equity	51,803	(50,731)

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