

# **Amlslamic Bank Berhad**

(Company No. 295576–U)

(Incorporated in Malaysia)

## **CAFIB - Pillar 3 Disclosures**

**For the Financial Period**

**1 April 2011 to**

**30 September 2011**

**CAFIB - Pillar 3 Disclosures**  
**As at 30 September 2011**

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## **1.0 Scope of Application**

The Bank Negara Malaysia's ("BNM") Capital Adequacy Framework for Islamic Bank - CAFIB – Disclosure Requirements ("Pillar 3") is applicable to 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 CAFIB framework is applicable to the Bank, a subsidiary of AMMB Holdings Berhad ("AMMB"), which offers Islamic banking services.

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

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

The capital adequacy ratios are computed in accordance with BNM's CAFIB, which are based on the Basel II capital accord. The Bank 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.

## 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, for example by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

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

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

## 2.0 Capital Management (Contd.)

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

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

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 evolving regulatory debate on banking institutions' capital structures, we believe it is appropriate to remain strongly capitalised above our target ranges.

## 2.0 Capital Management (Contd.)

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 holding company, AMMB and its group entities when due.

**Table 2.1: Capital Adequacy Ratio**

The capital adequacy ratios of the Bank are as follows:

	Bank	
	30 September	31 March
	2011	2011
<b>Before deducting proposed dividends:</b>		
Core capital ratio	8.2%	8.0%
Risk weighted capital ratio	14.3%	12.5%
<b>After deducting proposed dividends:</b>		
Core capital ratio	8.2%	8.0%
Risk weighted capital ratio	14.3%	12.5%

**Table 2.2: Risk Weighted Assets and Capital Requirements**

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

**30 September 2011**

Exposure class		Gross exposures/ Exposure-at-default ("EAD") before credit risk mitigation ("CRM")	Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>1. Credit risk</b>					
<b>On balance sheet exposures</b>					
Sovereigns/central Banks		3,110,203	3,110,203	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")		1,237,154	1,237,154	256,602	20,528
Corporates		5,630,011	5,506,868	5,388,304	431,064
Regulatory retail		8,788,923	8,779,866	6,641,115	531,289
Residential mortgages		171,635	171,600	61,949	4,956
Other assets		195,810	195,810	192,090	15,368
Defaulted exposures		157,353	150,214	193,604	15,488
<b>Total for on balance sheet exposures</b>		<b>19,291,089</b>	<b>19,151,715</b>	<b>12,733,664</b>	<b>1,018,693</b>
<b>Off-balance sheet exposures</b>					
Over the counter ("OTC") derivatives		25,555	25,555	11,575	926
Off-balance sheet exposures other than OTC Derivatives or credit derivatives		2,639,120	2,565,530	2,141,824	171,346
Defaulted Exposures		8,640	8,523	12,219	978
<b>Total for off-balance sheet exposures</b>		<b>2,673,315</b>	<b>2,599,608</b>	<b>2,165,618</b>	<b>173,250</b>
<b>Total on and off-balance sheet exposures</b>		<b>21,964,404</b>	<b>21,751,323</b>	<b>14,899,282</b>	<b>1,191,943</b>
<b>2. Large exposure risk requirement</b>					
<b>3. Market risk</b>	<b>Long Position</b>	<b>Short Position</b>			
Rate of Return Risk					
- General profit rate risk	1,871,795	183,700		358,876	28,710
- Specific profit rate risk	1,871,795	183,700		137,691	11,015
Foreign Currency Risk	2,886	-		2,886	231
<b>Total</b>	<b>3,746,476</b>	<b>367,400</b>		<b>499,453</b>	<b>39,956</b>
<b>4. Operational risk</b>				1,268,665	101,493
<b>5. Total RWA and capital requirements</b>				16,667,400	1,333,392

The Bank 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 Bank is as follows:

**31 March 2011**

Exposure class		Gross Exposures/ EAD before Credit Risk Mitigation ("CRM")	Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>1. Credit risk</b>					
<b>On balance sheet exposures</b>					
Sovereigns/central banks		4,376,818	4,376,818	-	-
Banks, development financial institutions ("DFI") and multilateral development banks ("MDBs")		1,150,629	1,150,629	230,126	18,410
Corporates		5,418,211	5,357,854	5,047,676	403,814
Regulatory retail		8,099,780	8,085,710	6,113,478	489,078
Residential mortgages		176,840	176,805	64,894	5,192
Other assets		150,280	150,280	142,564	11,405
Defaulted exposures		217,621	214,348	267,201	21,376
<b>Total for on balance sheet exposures</b>		<b>19,590,179</b>	<b>19,512,444</b>	<b>11,865,939</b>	<b>949,275</b>
<b>Off-balance sheet exposures</b>					
Over the counter ("OTC") derivatives		15,113	15,113	6,131	490
Off-balance sheet exposures other than OTC Derivatives or credit derivatives		2,992,328	2,925,378	2,494,708	199,577
Defaulted exposures		8,971	8,970	12,940	1,035
<b>Total for off-balance sheet exposures</b>		<b>3,016,412</b>	<b>2,949,461</b>	<b>2,513,779</b>	<b>201,102</b>
<b>Total on and off-balance sheet exposures</b>		<b>22,606,591</b>	<b>22,461,905</b>	<b>14,379,718</b>	<b>1,150,377</b>
<b>2. Large exposure risk requirement</b>					
<b>3. Market risk</b>					
	<b>Long Position</b>	<b>Short Position</b>			
Rate of Return Risk					
- General profit rate risk	1,332,171	59,852		340,368	27,229
- Specific profit rate risk	1,332,171	59,852		119,496	9,560
<b>Total</b>	<b>2,664,342</b>	<b>119,704</b>		<b>459,864</b>	<b>36,789</b>
<b>4. Operational risk</b>				1,209,490	96,759
<b>5. Total RWA and capital requirements</b>				16,049,072	1,283,925

The Bank 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 capital position of the Bank. The capital structure of the Bank includes capital under the following headings:

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

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

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

### 3.1 Tier 1 Capital

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

#### **Paid-up Ordinary Share Capital**

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

#### **Retained Earnings**

Retained earnings at the end of the financial year/period and eligible reserves are accumulated resources included in the 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 entity.

### 3.1 Tier 1 Capital (Contd.)

- **Statutory Reserve**

Statutory reserve is maintained in compliance with the provisions of IBA and is not distributable as cash dividends.

### 3.2 Tier 2 capital

The main components of Tier 2 capital are collective allowance for bad and doubtful financing and Subordinated Sukuk Musharakah.

#### **Subordinated Sukuk Musharakah**

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

The salient features of the Sukuk Musharakah are as follows:

- (i) The Sukuk Musharakah carries a profit rate of 4.80% per annum for the first five (5) years and shall be stepped up by 0.50% per annum for every subsequent year to maturity date. The profit 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.
- (b) (b) On 30 September 2011, the Bank implemented a new Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of RM2.0 billion. The purpose of the programme is to increase the 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 Musharakah are as follows:

- (i) The Sukuk Musyarakah carries a profit rate of 4.40% per annum and is payable on a semi-annual basis.
- (ii) The Sukuk Musyarakah 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 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.

**Table 3.1: Capital Structure**

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

	<b>The Bank</b>	
	<b>30 September 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	403,038	403,038
Share premium	534,068	534,068
Statutory reserve	304,316	304,316
Retained earnings	260,739	162,515
	<u>1,502,161</u>	<u>1,403,937</u>
Less : Deferred tax asset	(140,896)	(116,298)
<b>Total Tier 1 capital</b>	<u>1,361,265</u>	<u>1,287,639</u>
<b>Tier 2 capital</b>		
Subordinated Sukuk Musharakah	1,000,000	400,000
Collective allowance #	346,196	324,004
<b>Total Tier 2 capital</b>	<u>1,346,196</u>	<u>724,004</u>
Less: Restriction on Subordinated Bonds/Sukuk	(319,367)	-
<b>Maximum Allowable Tier 2 Capital</b>	<u>1,026,829</u>	<u>724,004</u>
<b>Capital base</b>	<u>2,388,094</u>	<u>2,011,643</u>

# Excludes collective allowance on impaired financing restricted from Tier 2 capital of the Bank of RM118,320,000 as at 30 September 2011 (31 March 2011: RM155,006,000).

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

	<b>The Bank</b>	
	<b>30 September 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
Credit risk	14,899,282	14,379,718
Market risk	499,453	459,864
Operation risk	1,268,665	1,209,490
<b>Total risk weighted assets</b>	<u>16,667,400</u>	<u>16,049,072</u>

#### 4.0 Credit Risk Management

**Table 4.1: Distribution of gross credit exposures by sector**

The distribution of credit exposures by sector of the Bank 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
<b>On balance sheet exposures</b>												
Sovereigns/central Banks	-	-	-	-	-	-	-	2,754,557	355,646	-	-	3,110,203
Banks, development financial institutions and multilateral development banks	-	-	-	-	-	-	-	1,237,154	-	-	-	1,237,154
Corporates	263,099	80,338	1,629,888	181,934	466,088	466,640	800,158	1,471,348	125,687	84,728	60,103	5,630,011
Regulatory retail	38,564	6,969	63,985	1,723	69,100	81,714	49,171	48,172	43,014	8,386,511	-	8,788,923
Residential mortgages	-	-	-	-	-	-	-	-	-	171,635	-	171,635
Other assets	-	-	-	-	-	-	-	-	-	-	195,810	195,810
Defaulted exposures	292	75	6,320	79	1,568	3,323	16,109	21,192	1,035	107,360	-	157,353
<b>Total for on balance sheet exposures</b>	<b>301,955</b>	<b>87,382</b>	<b>1,700,193</b>	<b>183,736</b>	<b>536,756</b>	<b>551,677</b>	<b>865,438</b>	<b>5,532,423</b>	<b>525,382</b>	<b>8,750,234</b>	<b>255,913</b>	<b>19,291,089</b>
<b>Off-balance sheet exposures</b>												
OTC derivatives	-	-	-	-	-	-	-	25,555	-	-	-	25,555
Off-balance sheet exposures other than OTC derivatives or credit derivatives	11,888	7,934	243,809	18,338	230,916	188,556	59,349	264,033	7,018	1,591,864	15,415	2,639,120
Defaulted exposures	-	-	1,964	-	90	123	-	111	-	6,352	-	8,640
<b>Total for off-balance sheet exposures</b>	<b>11,888</b>	<b>7,934</b>	<b>245,773</b>	<b>18,338</b>	<b>231,006</b>	<b>188,679</b>	<b>59,349</b>	<b>289,699</b>	<b>7,018</b>	<b>1,598,216</b>	<b>15,415</b>	<b>2,673,315</b>
<b>Total on and off-balance sheet exposures</b>	<b>313,843</b>	<b>95,316</b>	<b>1,945,966</b>	<b>202,074</b>	<b>767,762</b>	<b>740,356</b>	<b>924,787</b>	<b>5,822,122</b>	<b>532,400</b>	<b>10,348,450</b>	<b>271,328</b>	<b>21,964,404</b>

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

The distribution of credit exposures by sector of the Bank 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
<b>On balance sheet exposures</b>												
Sovereigns/central Banks	-	-	-	-	-	-	-	4,376,818	-	-	-	4,376,818
Banks, development financial institutions and multilateral development banks	-	-	-	-	-	-	-	1,150,629	-	-	-	1,150,629
Corporates	86,196	57,284	1,279,919	244,850	811,253	378,010	680,533	1,132,848	308,109	340,658	98,551	5,418,211
Regulatory retail	6,616	-	25,739	423	8,887	15,930	3,761	25,766	13,708	7,998,950	-	8,099,780
Residential mortgages	-	-	-	-	-	-	-	-	-	176,840	-	176,840
Other assets	-	-	-	-	-	-	-	-	-	-	150,280	150,280
Defaulted exposures	-	20	10,150	-	2,721	23,701	-	12,538	-	168,491	-	217,621
<b>Total for on balance sheet exposures</b>	<b>92,812</b>	<b>57,304</b>	<b>1,315,808</b>	<b>245,273</b>	<b>822,861</b>	<b>417,641</b>	<b>684,294</b>	<b>6,698,599</b>	<b>321,817</b>	<b>8,684,939</b>	<b>248,831</b>	<b>19,590,179</b>
<b>Off-balance sheet exposures</b>												
OTC derivatives	-	-	-	-	-	-	-	15,113	-	-	-	15,113
Off-balance sheet exposures other than OTC derivatives or credit derivatives	28,085	2,420	171,407	25,007	488,836	70,956	91,858	269,095	2,456	1,701,389	140,819	2,992,328
Defaulted exposures	-	3,511	696	-	400	645	-	212	-	3,402	105	8,971
<b>Total for off-balance sheet exposures</b>	<b>28,085</b>	<b>5,931</b>	<b>172,103</b>	<b>25,007</b>	<b>489,236</b>	<b>71,601</b>	<b>91,858</b>	<b>284,420</b>	<b>2,456</b>	<b>1,704,791</b>	<b>140,924</b>	<b>3,016,412</b>
<b>Total on and off-balance sheet exposures</b>	<b>120,897</b>	<b>63,235</b>	<b>1,487,911</b>	<b>270,280</b>	<b>1,312,097</b>	<b>489,242</b>	<b>776,152</b>	<b>6,983,019</b>	<b>324,273</b>	<b>10,389,730</b>	<b>389,755</b>	<b>22,606,591</b>

**Table 4.2: Impaired and past due financing, individual and collective allowances by sector**

The amounts of impaired and past due financing, individual and collective allowances, charges for individual impairment allowances and write offs during the year by sector of the Bank 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	Not Allocated RM'000	Total RM'000
Impaired financing	270	-	19,654	85	2,193	5,255	1,721	1,281	4,534	194,760	-	-	229,753
Past due financing	24,691	2,022	52,339	722	40,542	37,523	51,043	41,536	19,876	3,842,155	159	-	4,112,608
Individual allowances	-	-	12,965	-	-	-	-	-	-	-	-	-	12,965
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	464,516	464,516
Charges for individual allowances - net	-	-	1,681	-	1,402	(713)	-	-	-	-	-	-	2,370
Write-offs against individual allowances	-	-	2,170	-	2,744	9,938	-	-	-	-	-	-	14,852

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	Not Allocated RM'000	Total RM'000
Impaired financing	429	106	28,397	1	5,201	23,584	1,714	2,948	1,834	256,119	85	-	320,418
Past due financing	23,482	4,008	64,746	635	46,830	64,614	25,011	27,097	18,626	3,561,237	329	-	3,836,615
Individual allowances	-	-	13,453	-	1,342	10,652	-	-	-	-	-	-	25,447
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	479,010	479,010
Charges for individual allowances	-	-	13,040	-	1,342	9,957	-	-	-	-	-	-	24,339
Write-offs against individual allowances	-	-	-	-	-	-	-	-	-	-	-	-	-

**Table 4.3: Geographical distribution of credit exposures**

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

30 September 2011	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
<b>On balance sheet exposures</b>			
Sovereigns/central banks	3,110,203	-	3,110,203
Banks, development financial institutions and multilateral development banks	1,237,154		1,237,154
Corporates	5,630,011		5,630,011
Regulatory retail	8,788,923		8,788,923
Residential mortgages	171,635		171,635
Other assets	195,810		195,810
Defaulted exposures	157,353		157,353
<b>Total for on balance sheet exposures</b>	<b>19,291,089</b>	<b>-</b>	<b>19,291,089</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	25,555		25,555
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,639,120		2,639,120
Defaulted exposures	8,640		8,640
<b>Total for off-balance sheet exposures</b>	<b>2,673,315</b>	<b>-</b>	<b>2,673,315</b>
<b>Total on and off-balance sheet exposures</b>	<b>21,964,404</b>	<b>-</b>	<b>21,964,404</b>

31 March 2011	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
<b>On balance sheet exposures</b>			
Sovereigns/central banks	4,376,818	-	4,376,818
Banks, development financial institutions and multilateral development banks	1,150,629	-	1,150,629
Corporates	5,418,211	-	5,418,211
Regulatory retail	8,099,780	-	8,099,780
Residential mortgages	176,840	-	176,840
Other assets	150,280	-	150,280
Defaulted exposures	217,621	-	217,621
<b>Total for on balance sheet exposures</b>	<b>19,590,179</b>	<b>-</b>	<b>19,590,179</b>
<b>Off-balance sheet exposures</b>			
OTC derivatives	15,113	-	15,113
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,992,328	-	2,992,328
Defaulted exposures	8,971	-	8,971
<b>Total for off-balance sheet exposures</b>	<b>3,016,412</b>	<b>-</b>	<b>3,016,412</b>
<b>Total on and off-balance sheet exposures</b>	<b>22,606,591</b>	<b>-</b>	<b>22,606,591</b>

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

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

30 September 2011	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
Impaired financing	229,753	-	229,753
Past due financing	4,112,608	-	4,112,608
Individual allowances	12,965	-	12,965
Collective allowances	464,516	-	464,516

31 March 2011	In Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
Impaired financing	320,418	-	320,418
Past due financing	3,836,615	-	3,836,615
Individual allowances	25,447	-	25,447
Collective allowances	479,010	-	479,010



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

The residual contractual maturity by major type of gross credit exposures of the Bank is as follows:

<b>30 September 2011</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1 to 3 months RM'000</b>	<b>&gt;3 to 6 months RM'000</b>	<b>&gt;6 to 12 months RM'000</b>	<b>&gt;1 to 3 years RM'000</b>	<b>&gt;3 to 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No Maturity specified RM'000</b>	<b>Total RM'000</b>
<b>On balance sheet exposures</b>									
Sovereigns/central banks	2,605,557	-	-	75,762	70,252	85,891	123,741	149,000	3,110,203
Banks, development financial institutions and multilateral development banks	602,414	601,284	-	-	-	30,571	2,885	-	1,237,154
Corporates	1,145,701	605,060	375,639	360,409	748,443	490,543	1,904,216	-	5,630,011
Regulatory retail	292,793	34,428	15,579	51,507	787,988	1,650,312	5,956,316	-	8,788,923
Residential mortgages	26	5	12	151	1,679	2,884	166,878	-	171,635
Other assets	73,661	-	-	-	-	-	-	122,149	195,810
Defaulted exposures	19,711	8,417	1,561	1,691	15,894	42,467	67,612	-	157,353
<b>Total for on balance sheet exposures</b>	<b>4,739,863</b>	<b>1,249,194</b>	<b>392,791</b>	<b>489,520</b>	<b>1,624,256</b>	<b>2,302,668</b>	<b>8,221,648</b>	<b>271,149</b>	<b>19,291,089</b>
<b>Off-balance sheet exposures</b>									
OTC derivatives	-	4,009	-	-	21,546	-	-	-	25,555
Off-balance sheet exposures other than OTC derivatives or credit derivatives	177,569	84,322	110,653	390,291	170,051	166,243	1,539,991	-	2,639,120
Defaulted exposures	-	-	-	1,964	111	113	6,452	-	8,640
<b>Total for off-balance sheet exposures</b>	<b>177,569</b>	<b>88,331</b>	<b>110,653</b>	<b>392,255</b>	<b>191,708</b>	<b>166,356</b>	<b>1,546,443</b>	<b>-</b>	<b>2,673,315</b>
<b>Total on and off-balance sheet exposures</b>	<b>4,917,432</b>	<b>1,337,525</b>	<b>503,444</b>	<b>881,775</b>	<b>1,815,964</b>	<b>2,469,024</b>	<b>9,768,091</b>	<b>271,149</b>	<b>21,964,404</b>

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

The residual contractual maturity by major type of gross credit exposures of the Bank 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
<b>On balance sheet exposures</b>									
Sovereigns/central banks	4,186,056	-	-	-	25,501	115,231	50,030	-	4,376,818
Banks, development financial institutions and multilateral development banks	551,584	599,045	-	-	-	-	-	-	1,150,629
Corporates	2,342,911	138,950	75,763	43,834	823,749	399,973	1,593,031	-	5,418,211
Regulatory retail	295,566	14,642	15,181	86,188	620,275	1,908,685	5,159,243	-	8,099,780
Residential mortgages	24	19	10	82	1,681	2,817	172,207	-	176,840
Other assets	42,778	-	-	-	-	-	-	107,502	150,280
Defaulted exposures	13,892	9,678	3,704	4,230	15,434	54,841	115,842	-	217,621
<b>Total for on balance sheet exposures</b>	<b>7,432,811</b>	<b>762,334</b>	<b>94,658</b>	<b>134,334</b>	<b>1,486,640</b>	<b>2,481,547</b>	<b>7,090,353</b>	<b>107,502</b>	<b>19,590,179</b>
<b>Off-balance sheet exposures</b>									
OTC derivatives	-	-	-	-	10,674	4,439	-	-	15,113
Off-balance sheet exposures other than OTC derivatives or credit derivatives	253,945	141,687	114,681	374,494	176,776	323,375	1,607,370	-	2,992,328
Defaulted exposures	4,363	244	646	-	211	52	3,455	-	8,971
<b>Total for off-balance sheet exposures</b>	<b>258,308</b>	<b>141,931</b>	<b>115,327</b>	<b>374,494</b>	<b>187,661</b>	<b>327,866</b>	<b>1,610,825</b>	<b>-</b>	<b>3,016,412</b>
<b>Total on and off-balance sheet exposures</b>	<b>7,691,119</b>	<b>904,265</b>	<b>209,985</b>	<b>508,828</b>	<b>1,674,301</b>	<b>2,809,413</b>	<b>8,701,178</b>	<b>107,502</b>	<b>22,606,591</b>

**Table 4.6: Reconciliation of changes to financing impairment allowances**

The reconciliation of changes to financing impairment allowances of the Bank are as follows:

<b>30 September 2011</b>	<b>Individual impairment allowances RM'000</b>	<b>Collective impairment allowances RM'000</b>
<b>Balance at 1 April</b>	25,447	479,010
Charge for the period – net	2,370	112,406
Amount written-off	(14,852)	(126,900)
<b>Balance at 30 September</b>	<u>12,965</u>	<u>464,516</u>

<b>31 March 2011</b>	<b>Individual impairment allowances RM'000</b>	<b>Collective impairment allowances RM'000</b>
<b>Balance at 1 April</b>	1,108	287,844
Charge for the year – net	24,339	281,169
Amount written-off	-	(90,003)
<b>Balance at 31 March</b>	<u>25,447</u>	<u>479,010</u>

<b>30 September 2011</b>	<b>(Charge off)/recoveries RM'000</b>
Bad financing written off during the period	(6,424)
Bad financing recoveries during the period	28,826

<b>31 March 2011</b>	<b>(Charge off)/ recoveries RM'000</b>
Bad financing written off during the year	(14,373)
Bad financing recoveries during the year	72,090

## **5.0 Credit Risk Exposure under the Standardised Approach**

The Bank 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 Bank is as follows:

**30 September 2011**

Risk Weights	Exposures after Netting and Credit Risk Mitigation										
	Sovereigns and central banks	Public sector entities	Banks, MDBs and FDIs	Insurance companies, securities firms and fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Total exposures after netting and credit risk mitigation	Total risk weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	3,110,203	-	-	-	54,301	-	-	-	3,717	3,168,221	-
20%	-	-	1,215,992	-	26,965	-	-	-	5	1,242,962	248,592
35%	-	-	-	-	-	-	159,023	-	-	159,023	55,658
50%	-	-	56,221	-	113,454	21,827	12,601	-	-	204,103	102,052
75%	-	-	-	-	-	10,168,824	-	-	-	10,168,824	7,626,618
100%	-	-	-	14,285	6,240,882	239,124	5,466	-	192,089	6,691,846	6,691,846
150%	-	-	-	-	34,484	80,363	-	1,497	-	116,344	174,516
Average Risk Weight											
Total	3,110,203	-	1,272,213	14,285	6,470,086	10,510,138	177,090	1,497	195,811	21,751,323	14,899,282
Deduction from Capital Base											

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

The breakdown of credit risk exposures by risk weights of the Bank is as follows:

**31 March 2011**

Risk Weights	Exposures after Netting and Credit Risk Mitigation										Total risk weighted assets
	Sovereigns and central banks	Public sector entities	Banks, MDBs and FDIs	Insurance companies, securities firms and fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Total exposures after netting and credit risk mitigation	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
0%	4,376,818	-	-	-	200,000	-	-	-	7,713	4,584,531	-
20%	-	-	1,155,681	-	111,075	-	-	-	5	1,266,761	253,352
35%	-	-	-	-	-	-	156,735	-	-	156,735	54,857
50%	-	-	14,711	-	51,297	18,394	20,082	-	-	104,484	52,242
75%	-	-	-	-	-	9,591,708	-	-	-	9,591,708	7,193,781
100%	-	-	-	26,650	6,191,450	255,993	5,432	-	142,562	6,622,087	6,622,087
150%	-	-	-	-	66,827	67,734	-	1,038	-	135,599	203,399
Average Risk Weight											
Total	4,376,818	-	1,170,392	26,650	6,620,649	9,933,829	182,249	1,038	150,280	22,461,905	14,379,718
Deduction from Capital Base											

**Table 5.2: Rated Exposures according to Ratings by ECAls**

**30 September 2011**

Exposure Class	Ratings of Corporate by Approved ECAls				
	Moody's S & P Fitch RAM MARC Rating and Investment information, Inc.	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A- A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- BBB+ to BB-	Unrated Unrated Unrated Unrated Unrated Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and off-balance sheet exposures</b>					
<b>Credit exposures (using corporate risk weights)</b>					
Insurance Companies, securities firms and fund managers	14,285	-	-	-	14,285
Corporates	6,470,086	-	102,228	11,899	6,355,959
<b>Total</b>	<b>6,484,371</b>	<b>-</b>	<b>102,228</b>	<b>11,899</b>	<b>6,370,244</b>

**31 March 2011**

Exposure Class	Ratings of Corporate by Approved ECAls				
	Moody's S & P Fitch RAM MARC Rating and Investment information, Inc.	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A- A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- BBB+ to BB-	Unrated Unrated Unrated Unrated Unrated Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and off-balance sheet exposures</b>					
<b>Credit exposures (using corporate risk weights)</b>					
Insurance Companies, securities firms and fund managers	26,650	-	-	-	26,650
Corporates	6,620,649	110,780	47,740	11,308	6,450,821
<b>Total</b>	<b>6,647,299</b>	<b>110,780</b>	<b>47,740</b>	<b>11,308</b>	<b>6,477,471</b>

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

**30 September 2011**

Exposure class	Ratings of sovereigns and central banks by approved ECAs				
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Rating and Investment information, Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	RM'000	RM'000	RM'000	RM'000	
<b><u>On and off-balance sheet exposures</u></b>					
Sovereigns and central banks	3,110,203	-	3,110,203	-	-
<b>Total</b>	3,110,203	-	3,110,203	-	-

**31 March 2011**

Exposure class	Ratings of sovereigns and central banks by approved ECAs				
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Rating and Investment information, Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	RM'000	RM'000	RM'000	RM'000	
<b><u>On and Off-Balance Sheet Exposures</u></b>					
Sovereigns and central banks	4,376,818	-	-	-	4,376,818
<b>Total</b>	4,376,818	-	-	-	4,376,818



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

30 September 2011

Exposure class	Ratings of banking institutions by approved ECAs				
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Rating and Investment information, Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
		RM'000	RM'000	RM'000	RM'000
<b>On and off-balance sheet exposures</b>					
Banks, MDBs and FDIs	1,272,213	310,394	440	218,902	742,477
<b>Total</b>	1,272,213	310,394	440	218,902	742,477

31 March 2011

Exposure class	Ratings of banking institutions by approved ECAs				
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
	Rating and Investment information, Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	Unrated
		RM'000	RM'000	RM'000	RM'000
<b>On and off-balance sheet exposures</b>					
Banks, MDBs and FDIs	1,170,392	305,921	1,793	301,601	561,077
<b>Total</b>	1,170,392	305,921	1,793	301,601	561,077

**Table 6.0: Credit Risk Mitigation**

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

30 September 2011

Exposures	Exposures before credit risk mitigation ("CRM") RM'000	Exposures covered by guarantees / credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
<b><i>Credit Risk</i></b>			
<b><u>On balance sheet exposures</u></b>			
Sovereigns/central banks	3,110,203	-	-
Banks, development financial institutions and multilateral development banks	1,237,154	-	-
Corporates	5,630,011	61,278	123,143
Regulatory retail	8,788,923	-	9,057
Residential mortgages	171,635	-	35
Other assets	195,810	-	-
Defaulted exposures	157,353	-	7,139
<b>Total for on balance sheet exposures</b>	<b>19,291,089</b>	<b>61,278</b>	<b>139,374</b>
<b><u>Off-balance sheet exposures</u></b>			
OTC derivatives	25,555	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,639,120	10,715	73,590
Defaulted exposures	8,640	-	117
<b>Total for off-balance sheet exposures</b>	<b>2,673,315</b>	<b>10,715</b>	<b>73,707</b>
<b>Total on and off-balance sheet exposures</b>	<b>21,964,404</b>	<b>71,993</b>	<b>213,081</b>

**Table 6.0: Credit Risk Mitigation (Contd.)**

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

31 March 2011

Exposures	Exposures before credit risk mitigation ("CRM") RM'000	Exposures covered by guarantees / credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
<b><i>Credit Risk</i></b>			
<b><u>On balance sheet exposures</u></b>			
Sovereigns/central banks	4,376,818	-	-
Banks, development financial institutions and multilateral development banks	1,150,629	-	-
Corporates	5,418,211	202,894	60,357
Regulatory retail	8,099,780	-	14,070
Residential mortgages	176,840	-	35
Other assets	150,280	-	-
Defaulted exposures	217,621	-	3,273
<b>Total for on balance sheet exposures</b>	<b>19,590,179</b>	<b>202,894</b>	<b>77,735</b>
<b><u>Off-balance sheet exposures</u></b>			
OTC derivatives	15,113	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,992,328	1,190	66,950
Defaulted exposures	8,971	-	1
<b>Total for off-balance sheet exposures</b>	<b>3,016,412</b>	<b>1,190</b>	<b>66,951</b>
<b>Total on and off-balance sheet exposures</b>	<b>22,606,591</b>	<b>204,084</b>	<b>144,686</b>

**Table 7.0: Off-Balance Sheet Exposures**

The off-balance sheet exposures and counterparty credit risk of the Bank 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	124,937		124,648	112,345
Transaction related contingent items	645,383		322,836	271,737
Short term self liquidating trade related contingencies	158,941		25,890	21,910
Assets sold with recourse	1,492,737		1,491,428	1,123,172
Forward asset purchases	175,311		10,405	4,032
Obligations under an on-going underwriting agreement	137,500		-	-
Equity related contracts	78,019	2,060	5,181	2,590
Over one year to five years	78,019	2,060	5,181	2,590
Other commodity contracts	314,435	2,310	20,374	8,985
One year or less	80,185	-	4,009	802
Over one year to five years	234,250	2,310	16,365	8,183
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	765,742		153,148	136,461
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,107,463		421,493	411,269
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 customer's creditworthiness	7,676		-	-
Unutilised credit card lines	489,558		97,912	73,117
<b>Total</b>	<b>6,497,702</b>	<b>4,370</b>	<b>2,673,315</b>	<b>2,165,618</b>

**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	247,796		247,796	247,796
Transaction related contingent items	413,461		206,731	207,213
Short term self liquidating trade related contingencies	148,770		29,754	29,754
Assets sold with recourse	1,589,790		1,588,126	1,193,405
Forward asset purchases	145,137		4,650	2,235
Obligations under an on-going underwriting agreement	192,500		-	-
Equity related contracts	74,822	1,446	4,439	2,220
Over one year to five years	74,822	1,446	4,439	2,220
Other commodity contracts	147,704	1,812	10,674	3,911
Over one year to five years	147,704	1,812	10,674	3,911
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,520,857		304,174	300,562
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,636,090		527,218	457,220
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 customer's creditworthiness	14,804		-	-
Unutilised credit card lines	464,251		92,850	69,463
<b>Total</b>	<b>7,595,982</b>	<b>3,258</b>	<b>3,016,412</b>	<b>2,513,779</b>

## **8.0 Securitisation**

The Bank does not have any securitisation exposure in its trading book and banking book nor did it undertake any securitisation activities during the current financial period and year ended 31 March 2011.

## 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 Bank are as follows:

	<b>30 September 2011</b>	<b>31 March 2011</b>
<b>Non Traded Equity Investments</b>	<b>RM'000</b>	<b>RM'000</b>
Value of quoted (publicly traded) equities	30,000	10,000
Value of unquoted (privately held) equities	-	-
<b>Total</b>	<b>30,000</b>	<b>10,000</b>
<b>Net Realised and Unrealised Gains/(Losses)</b>		
Cumulative realised gains/(losses) from sales and liquidations	-	-
Total unrealised gains/(losses)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Risk Weighted Assets</b>		
Equity investments subject to a 100% risk weight	30,000	10,000
Equity investments subject to a 150% risk weight	-	-
<b>Total</b>	<b>30,000</b>	<b>10,000</b>
<b>Total Minimum Capital Requirement (8%)</b>	<b>2,400</b>	<b>800</b>

## 10.0 Non-Traded Market Risk

### Market Risk Sensitivity – Rate of Return Risk ("RORBB") in the Banking Book

The RORBB sensitivity for the Bank is as follows:

#### 30 September 2011

##### MYR

	Rate of Return + 100 bps RM'000	Rate of Return - 100 bps RM'000
Impact on profit before taxation	(26,380)	26,380
Impact on equity	(215,728)	234,418

#### 31 March 2011

##### MYR

	Rate of Return + 100 bps RM'000	Rate of Return - 100 bps RM'000
Impact on profit before taxation	(29,091)	29,091
Impact on equity	(217,817)	233,984

The sensitivity above excluded non profit sensitive items. The Bank manages profit rate risk in the banking book by including all asset 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 BNM.