AmInvestment Bank Group

Pillar 3 Disclosures (Abridged Template)

30 September 2012

RWCAF - Pillar 3 Disclosures
For 30 September 2012

Contents

1.0 Scope of Application

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

The banking entity at AmInvestment Bank Berhad Group ("Group") level to which the RWCAF framework applies is AmInvestment Bank Berhad ("Bank").

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 Group Managing Director.

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

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

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

1.1 Basis of Consolidation

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

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

Type of entity	Accounting Treatment	
	Statutory reporting	Basel II regulatory reporting
Subsidiaries licensed under BAFIA[1] or IBA[2] or engaged in financial activities	Fully consolidated	Fully consolidated
Subsidiaries engaged in non-financial activities	Fully consolidated	Deducted from capital base
Associates and jointly controlled entities which are licensed under BAFIA or IBA	Equity accounted	Pro-rata consolidated
Associates and jointly controlled entities which are not licensed under BAFIA or IBA	Equity accounted	Reported as investment and risk weighted

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.

[1] BAFIA denotes the Banking and Financial Institutions Act 1989.

[2] IBA denotes the Islamic Banking Act 1983.

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 3 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 simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, 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.

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. For the current financial year ending 31 march 2013 ("FY2013"), these ranges are 9.33 per cent to 11.33 per cent for the Tier 1 capital ratio and 13.33 per cent to 15.33 per cent for the total capital ratio. The Group has been (knowingly) operating in excess of these ranges as the Group was conservatively positioned for any 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 parent company, AMMB and its group entities when due.

Table 2.1 Capital Adequacy Ratios

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

	Group		Bank	
	30.09.12	**31.03.12**	**30.09.12**	**31.03.12**
Before deducting proposed dividends:				
Core capital ratio	24.1%	21.7%	25.2%	21.0%
Risk weighted capital ratio	24.1%	21.7%	25.2%	21.0%
After deducting proposed dividends:				
Core capital ratio	24.1%	20.6%	25.2%	19.7%
Risk weighted capital ratio	24.1%	20.6%	25.2%	19.7%

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

	Islamic Window	
	30.09.12	**31.03.12**
Before deducting proposed dividends:		
Core capital ratio	69.6%	51.4%
Risk-weighted capital ratio	69.6%	51.4%
After deducting proposed dividends:		
Core capital ratio	69.6%	51.4%
Risk-weighted capital ratio	69.6%	51.4%

Table 2.2: Risk Weighted Assets and Capital Requirements

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

30.09.12

	Exposure Class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")		Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
		RM'000		RM'000	RM'000	RM'000
1.	**Credit risk**					
	On balance sheet exposures					
	Sovereigns/ central banks		8,506	8,506	-	-
	Banks, development financial institutions ("DFI") and multilateral development banks ("MDB")		842,169	842,169	168,434	13,475
	Corporates		627,466	96,252	96,428	7,714
	Regulatory retail		33,073	6,806	5,105	408
	Higher risk assets		14,310	14,310	21,465	1,717
	Other assets		964,003	964,003	788,905	63,113
	Equity		16,672	16,672	16,672	1,334
	Defaulted exposures		3,317	1,424	1,305	104
	Total on balance sheet exposures		**2,509,516**	**1,950,142**	**1,098,314**	**87,865**
	Off balance sheet exposures					
	Off balance sheet exposures other than OTC derivatives or credit derivatives		221,610	179,342	127,378	10,190
	Defaulted exposures		132	5	8	1
	Total off balance sheet exposures		**221,742**	**179,347**	**127,386**	**10,191**
	Total on and off balance sheet exposures		**2,731,258**	**2,129,489**	**1,225,700**	**98,056**
2.	**Large exposure risk requirement**		-	-	-	-
3.	**Market risk**	**Long Position**	**Short Position**			
	Interest rate risk					
	- General interest rate risk	4,175	6,725		-	-
	Foreign currency risk	4,258	3,179		4,258	341
	Equity risk					
	- General risk	9,177	4,822		4,356	349
	- Specific risk	9,177	4,822		13,268	1,061
	Option risk	155,919	-		214,389	17,151
	Total	**182,706**	**19,548**		**236,271**	**18,902**
4.	**Operational risk**				**488,092**	**39,047**
5.	**Total RWA and capital requirements**				**1,950,063**	**156,005**

Table 2.2: Risk Weighted Assets and Capital Requirements

31.03.12

	Exposure Class	Gross exposures/ EAD before CRM		Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
		RM'000		RM'000	RM'000	RM'000
1.	**Credit risk**					
	On balance sheet exposures					
	Sovereigns/ central banks	12,239		12,239	-	-
	Banks, DFI and MDB	565,294		565,294	113,262	9,061
	Corporates	573,715		145,903	146,390	11,711
	Regulatory retail	39,824		7,904	6,009	481
	Higher risk assets	14,310		14,310	21,465	1,717
	Other assets	1,218,349		1,218,349	976,046	78,084
	Equity	11,337		11,337	11,337	907
	Defaulted exposures	450		150	225	18
	Total on balance sheet exposures	**2,435,518**		**1,975,486**	**1,274,734**	**101,979**
	Off balance sheet exposures					
	Off balance sheet exposures other than OTC derivatives or credit derivatives	252,145		213,270	178,730	14,298
	Defaulted exposures	461		461	692	55
	Total off balance sheet exposures	**252,606**		**213,731**	**179,422**	**14,353**
	Total on and off balance sheet exposures	**2,688,124**		**2,189,217**	**1,454,156**	**116,332**
2.	**Large exposure risk requirement**	-		-	-	-
3.	**Market risk**	**Long Position**	**Short Position**			
	Interest rate risk					
	- General interest rate risk	1,802	1,797		-	-
	Foreign currency risk	2,212	2,090		2,212	177
	Equity risk					
	- General risk	30,821	30,515		306	25
	- Specific risk	30,821	30,515		38,483	3,079
	Option risk	148,100	-		203,638	16,291
	Total	**213,756**	**64,917**		**244,639**	**19,572**
4.	**Operational risk**				**541,955**	**43,356**
5.	**Total RWA and capital requirements**				**2,240,750**	**179,260**

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.)

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

30.09.12

	Exposure Class	Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
1.	**Credit risk**					
	On balance sheet exposures					
	Sovereigns/ Central Banks	53		53	-	-
	Banks, DFI and MDB	189,154		189,154	37,831	3,026
	Other assets	19,598		19,598	19,366	1,549
	Total on balance sheet exposures	**208,805**		**208,805**	**57,197**	**4,575**
	Off balance sheet exposures					
	Off balance sheet exposures other than OTC derivatives or credit derivatives	114,792		114,792	93,472	7,478
	Total off balance sheet exposures	**114,792**		**114,792**	**93,472**	**7,478**
	Total on and off balance sheet exposures	**323,597**		**323,597**	**150,669**	**12,053**
2.	**Large exposure risk requirement**	-		-	-	-
		Long Position	Short Position			
3.	**Market Risk**	-	-	-	-	-
4.	Operational risk				**51,118**	**4,089**
5.	Total RWA and capital requirements				**201,787**	**16,142**

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

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

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

31.03.12

	Exposure Class	Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
1.	**Credit risk**					
	On balance sheet exposures					
	Sovereigns/ Central Banks	60		60	-	-
	Banks, DFI and MDB	173,732		173,732	34,746	2,780
	Other assets	19,120		19,120	18,938	1,515
	Total on balance sheet exposures	**192,912**		**192,912**	**53,684**	**4,295**
	Off balance sheet exposures					
	Off balance sheet exposures other than OTC derivatives or credit derivatives	114,792		114,792	114,792	9,183
	Total off balance sheet exposures	**114,792**		**114,792**	**114,792**	**9,183**
	Total on and off balance sheet exposures	**307,704**		**307,704**	**168,476**	**13,478**
2.	**Large exposure risk requirement**	-		-	-	-
		Long Position	Short Position			
3.	**Market Risk**	-	-	-	-	-
4.	**Operational risk**				**93,271**	**7,462**
5.	**Total RWA and capital requirements**				**261,747**	**20,940**

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

3.0 Capital Structure

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

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

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

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

3.1 Tier 1 Capital

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

Paid-up Ordinary Share Capital

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

Retained Earnings

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

Eligible Reserves

Eligible reserves comprise the following:

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

3.2 Tier 2 Capital

The main component of Tier 2 capital is the collective allowance for loans and financing.

Table 3.1: Capital Structure

(a) The aggregated components of Tier 1 and Tier 2 Capital of the Group and the Bank are as follows:

	Group		Bank	
	30.09.12	**31.03.12**	**30.09.12**	**31.03.12**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tier 1 capital				
Paid-up ordinary share capital	200,000	200,000	200,000	200,000
Statutory reserve	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Exchange fluctuation reserve	28,066	28,066	-	-
Retained profits at end of year	77,239	92,444	97,715	102,299
Total	515,776	530,981	497,715	502,299
Less: Goodwill	(11,243)	(11,243)	-	-
Deferred tax (assets)/liabilities - net	(14,904)	(20,003)	(11,744)	(16,844)
Total Tier 1 capital	489,629	499,735	485,971	485,455
Less: Deduction in excess of allowable Tier 2 capital	(19,807)	(13,860)	(108,038)	(102,091)
Maximum allowable Tier 1 capital	469,822	485,875	377,933	383,364
Tier 2 capital				
Collective allowance for bad and doubtful debts#	3,858	9,218	3,858	9,218
Total Tier 2 capital	3,858	9,218	3,858	9,218
Total capital funds	473,680	495,093	381,791	392,582
Less: Investment in capital of related financial institutions	(23,665)	(23,078)	(23,665)	(23,078)
Less: Investment in subsidiaries	-	-	(88,231)	(88,231)
Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	19,807	13,860	108,038	102,091
Capital base	469,822	485,875	377,933	383,364

Excludes collective allowance on loans/ financing restricted from Tier 2 capital of the Group and the Bank of RM835,000 for 30 September 2012 (31 March 2012 : RM825,000)

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

	Group		Bank	
	30.09.12	**31.03.12**	**30.09.12**	**31.03.12**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Credit risk	1,225,700	1,454,156	835,893	1,103,164
Market risk	236,271	244,639	233,232	478,318
Operational risk	488,092	541,955	430,657	244,709
Total risk weighted assets	1,950,063	2,240,750	1,499,782	1,826,191

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

	30.09.12 RM'000	31.03.12 RM'000
Tier 1 Capital		
Islamic Banking Funds	30,000	30,000
Retained profits at end of year	111,956	106,005
	141,956	136,005
Less: Deferred tax assets	(1,489)	(1,541)
Total Tier 1 Capital and Capital Base	140,467	134,464

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

	30.09.12 RM'000	31.03.12 RM'000
Credit risk	150,669	168,476
Market risk	-	-
Operational risk	51,118	93,271
Total risk weighted assets	201,787	261,747

4.0 Credit Risk Management Framework

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

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

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

Board Approved Risk Appetite Statement

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

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

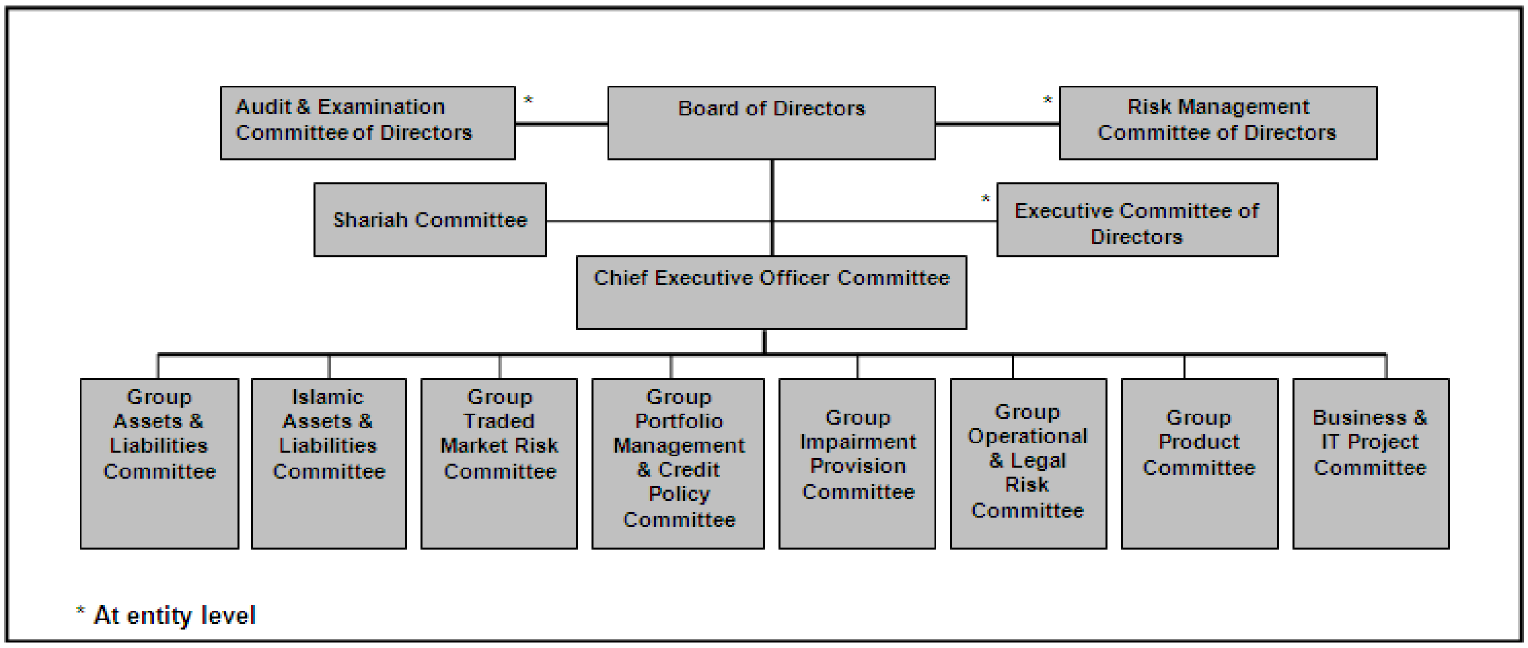
The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for Common Equity Tier 1, Tier 1 Capital and Total Regulatory Capital. Our capital requirements are robustly tested over a three year period.

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

Risk Management Governance

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

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



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

5.0 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/ recognise credit risk on transactions and/ or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, Benchmark Returns • Collateral and tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Watchlist • Undertake post mortem review

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

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

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

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

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

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

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

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

5.1 Impairment

5.1.1 Definition of Past Due and Impaired Loans and Financing

All loans, financing and advances are categorised as either:

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

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

A loan/ financing is classified as impaired under the following circumstances:

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

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

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

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

5.1.2 Methodology for Determination of Individual and Collective Allowances

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

Individual Assessment

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

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

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

Collective Assessment

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

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

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

(b) Full MFRS139 compliance approach – where collective allowances are computed using models based on the banking institutions' history of experience.

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

<table>
<tr><th>Prior applications of FRS</th><th>Full adoption of MFRS</th></tr>
<tr><td><u>Individual allowance under FRS 139</u>
o Individual significant loans are assessed using the discounted cashflow method for individual provisions
o Loans which are individually assessed but where no individual provisions required will be collectively assessed</td><td><u>Individual allowance under MFRS 139 (full compliance)</u>
o No change</td></tr>
<tr><td><u>Collective allowance under FRS 139 (transitional provision)</u>
o PD
- Non retail: weighted portfolio
- Retail: flow Rate methodology with PD computed based on months-in-arrears (“MIA”) buckets
o LGD
- Combination of interest in suspense, specific provision, write-offs and recoveries as proxy for losses
o EAD
- Basel 2 credit conversion factor (“CCF”)
o Model risk adjustments
- Covers only PD models

o Macro risk adjustment
- Based on the impact of macro economic events incurred but not reflected in the provisions yet</td><td><u>Collective allowance under MFRS 139 (full compliance)</u>
o PD
- Non retail: facility by facility basis
- Retail: a pool of homogeneous assets with more granular definitions
o LGD
- Actual historical recoveries and incorporated discounting factor
o EAD
- Actual historical experience
o Model risk adjustments
- Covers possible model risks within each component of the collective provisioning model
o Macro risk adjustment
- Enhanced to cover impact from economic portfolio and procedurals issues incurred but not reflected in the provisions yet</td></tr>
<tr><td><u>Provision for commitments and contingencies (off balance sheet)</u>
o EAD
- Basel 2 CCF
o PD, LGD as above applies</td><td><u>Provision for commitments and contingencies (off balance sheet)</u>
o EAD
- Actual historical experience
o New basis of PD, LGD applies (as above)</td></tr>
</table>

Table 5.1: Distribution of gross credit exposures by sector

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

Reporting date: 30 September 2012	Agriculture RM'000	Manufacturing RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures												
Sovereigns/ central banks	-	-	-	-	-	8,506	-	-	-	-	-	8,506
Banks, DFI and MDB	-	-	-	-	-	842,169	-	-	-	-	-	842,169
Corporates	860	1,236	-	2,090	367	702	10,820	45,989	1,252	553,276	10,874	627,466
Regulatory retail	-	-	-	-	-	-	-	-	-	33,073	-	33,073
Higher risk assets	-	-	-	-	-	-	-	-	-	-	14,310	14,310
Other assets	-	-	-	-	-	595,958	-	-	-	292,989	75,056	964,003
Equity	-	-	-	-	-	-	-	-	-	-	16,672	16,672
Defaulted exposures	-	-	-	-	-	-	-	-	950	2,367	-	3,317
Total on balance sheet exposures	**860**	**1,236**	**-**	**2,090**	**367**	**1,447,335**	**10,820**	**45,989**	**2,202**	**881,705**	**116,912**	**2,509,516**
Off balance sheet exposures												
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	-	86,955	-	714	842	36,979	51,000	9,907	34,689	524	221,610
Defaulted exposures	-	-	-	-	-	-	-	-	132	-	-	132
Total off balance sheet exposures	**-**	**-**	**86,955**	**-**	**714**	**842**	**36,979**	**51,000**	**10,039**	**34,689**	**524**	**221,742**
Total on and off balance sheet exposures	**860**	**1,236**	**86,955**	**2,090**	**1,081**	**1,448,177**	**47,799**	**96,989**	**12,241**	**916,394**	**117,436**	**2,731,258**

Table 5.1: Distribution of Gross Credit Exposures by Sector (Contd.)

	Reporting date: 31 March 2012											
	Agriculture RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures												
Sovereigns/ central banks	-	-	-	-	-	12,239	-	-	-	-	-	12,239
Banks, DFI and MDB	-	-	-	-	-	565,294	-	-	-	-	-	565,294
Corporates	4,856	851	-	-	3,096	702	3,456	45,486	1,101	502,988	11,179	573,715
Regulatory retail	-	-	-	-	-	-			-	39,824	-	39,824
Higher risk assets	-	-	-	-	-	-	-	-	-	-	14,310	14,310
Other assets	284	2,350	103	170	864	705,888	-	295,037	46	213,380	227	1,218,349
Equity	-	-	-	-	-	-			-	-	11,337	11,337
Defaulted exposures	-	-	-	-	-	-			-	450	-	450
Total on balance sheet exposures	**5,140**	**3,201**	**103**	**170**	**3,960**	**1,284,123**	**3,456**	**340,523**	**1,147**	**756,642**	**37,053**	**2,435,518**
Off balance sheet exposures												
Off balance sheet exposures other than OTC derivatives or credit derivatives	239	86	-	94,463	40	-	36,446	84,051	729	35,693	398	252,145
Defaulted exposures	-	-	-	-	-	-			461	-	-	461
Total off balance sheet exposures	**239**	**86**	**-**	**94,463**	**40**	**-**	**36,446**	**84,051**	**1,190**	**35,693**	**398**	**252,606**
Total on and off balance sheet exposures	**5,379**	**3,287**	**103**	**94,633**	**4,000**	**1,284,123**	**39,902**	**424,574**	**2,337**	**792,335**	**37,451**	**2,688,124**

Table 5.2: Impaired and Past Due Loans, Advances and Financing, Individual and Collective Allowances by Sector

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

30 September 2012	**Business Activities RM'000**	**Household RM'000**	**Others RM'000**	**Not allocated RM'000**	**Total RM'000**
Impaired loans, advances and financing	3,604	529	-	-	4,133
Individual allowances	2,816	299	-	-	3,115
Collective allowances	-	-	-	3,934	3,934
Charges for individual allowances	-	446	-	-	446
Write-offs against individual allowances	-	-	-	-	-
31 March 2012					
Impaired loans, advances and financing	-	684	3,870	-	4,554
Individual allowances	-	479	3,082	-	3,561
Collective allowances	-	-	-	4,116	4,116
Charges for individual allowances	-	1,213	-	-	1,213
Write-offs against individual allowances	-	138	-	-	138

Table 5.3: Geographical Distribution of Credit Exposures

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

30 September 2012	**In Malaysia**	**Outside Malaysia**	**Total**
	RM'000	**RM'000**	**RM'000**
On balance sheet exposures			
Sovereigns/ central banks	8,506	-	8,506
Banks, DFI and MDB	830,019	12,150	842,169
Corporates	311,066	316,400	627,466
Regulatory retail	33,073	-	33,073
Higher risk assets	14,188	122	14,310
Other assets	950,803	13,200	964,003
Equity	16,672	-	16,672
Defaulted exposures	3,317	-	3,317
Total on balance sheet exposures	2,167,644	341,872	2,509,516
Off balance sheet exposures			
Off balance sheet exposures other than OTC derivatives or credit derivatives	221,609	1	221,610
Defaulted exposures	132	-	132
Total off balance sheet exposures	221,741	1	221,742
Total on and off balance sheet exposures	**2,389,385**	**341,873**	**2,731,258**

31 March 2012	**In Malaysia**	**Outside Malaysia**	**Total**
	RM'000	**RM'000**	**RM'000**
On balance sheet exposures			
Sovereigns/ central banks	12,239	-	12,239
Banks, DFI and MDB	535,930	29,364	565,294
Corporates	294,315	279,400	573,715
Regulatory retail	39,824	-	39,824
Higher risk assets	14,188	122	14,310
Other assets	1,206,349	12,000	1,218,349
Equity	11,337	-	11,337
Defaulted exposures	450	-	450
Total on balance sheet exposures	2,114,632	320,886	2,435,518
Off balance sheet exposures			
Off balance sheet exposures other than OTC derivatives or credit derivatives	252,144	1	252,145
Defaulted exposures	461	-	461
Total off balance sheet exposures	252,605	1	252,606
Total on and off balance sheet exposures	**2,367,237**	**320,887**	**2,688,124**

Table 5.4: Geographical Distribution of Impaired and Past Due Loans, Advances and Financing, Individual and Collective Allowances

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

30 September 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	4,133	-	4,133
Individual allowances	3,115	-	3,115
Collective allowances	3,934	-	3,934
31 March 2012			
Impaired loans, advances and financing	4,554	-	4,554
Individual allowances	3,561	-	3,561
Collective allowances	4,116	-	4,116

Table 5.5: Residual Contractual Maturity by Major Types of Credit Exposure

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

	Reporting date: 30 September 2012								
	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	-	-	-	-	-	-	-	8,506	8,506
Banks, DFI and MDB	839,411	-	-	-	-	-	2,758	-	842,169
Corporates	1,531	-	1,457	587,442	748	34,740	1,548	-	627,466
Regulatory retail	-	261	369	432	1,503	30,508	-	-	33,073
Higher risk assets	-	-	-	-	-	-	2,200	12,110	14,310
Other assets	891,575	-	-	13,499	-	-	165	58,764	964,003
Equity	-	-	-	-	-	-	-	16,672	16,672
Defaulted exposures	788	-	-	2,444	20	65	-	-	3,317
Total on balance sheet exposures	**1,733,305**	**261**	**1,826**	**603,817**	**2,271**	**65,313**	**6,671**	**96,052**	**2,509,516**
Off balance sheet exposures									
Off balance sheet exposures other than OTC derivatives or credit derivatives	375	2,139	3,700	53,465	37,305	124,626	-	-	221,610
Defaulted exposures	-	-	-	-	-	-	132	-	132
Total off balance sheet exposures	**375**	**2,139**	**3,700**	**53,465**	**37,305**	**124,626**	**132**	**-**	**221,742**
Total on and off balance sheet exposures	**1,733,680**	**2,400**	**5,526**	**657,282**	**39,576**	**189,939**	**6,803**	**96,052**	**2,731,258**

Table 5.5: Residual Contractual Maturity by Major Types of Credit Exposure (Contd.)

	Reporting date: 31 March 2012								
	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	-	-	-	-	-	-	-	12,239	12,239
Banks, DFI and MDB	560,156	1,816	-	-	-	-	3,322	-	565,294
Corporates	222,891	56,729	134,706	125,799	952	29,761	-	2,877	573,715
Regulatory retail	175	2	34	687	975	34,154	3,797	-	39,824
Higher risk assets	-	-	-	-	-	-	2,200	12,110	14,310
Other assets	1,139,115	-	-	8,230	-	-	165	70,839	1,218,349
Equity	-	-	-	-	-	-	-	11,337	11,337
Defaulted exposures	93	-	-	207	150	-	-	-	450
Total on balance sheet exposures	**1,922,430**	**58,547**	**134,740**	**134,923**	**2,077**	**63,915**	**9,484**	**109,402**	**2,435,518**
Off balance sheet exposures									
Off balance sheet exposures other than OTC derivatives or credit derivatives	135	1,449	3,027	53,831	36,714	131,080	25,909	-	252,145
Defaulted exposures	-	-	-	-	-	-	461	-	461
Total off balance sheet exposures	**135**	**1,449**	**3,027**	**53,831**	**36,714**	**131,080**	**26,370**	**-**	**252,606**
Total on and off balance sheet exposures	**1,922,565**	**59,996**	**137,767**	**188,754**	**38,791**	**194,995**	**35,854**	**109,402**	**2,688,124**

Table 5.6: Reconciliation of Changes to Loans/ Financing Impairment Allowances

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

	Reporting date: 30 September 2012	
	Individual impairment alowances RM'000	**Collective impairment allowances RM'000**
Balance at 1 April	3,561	4,116
Charge for the year – net	(446)	(182)
Amount written-off	-	-
Balance at 30 September	3,115	3,934

	(Charge offs)/ Recoveries RM'000
Bad debts written off during the year	(4)
Bad debt recoveries during the year	-

	Reporting date: 31 March 2012	
	Individual impairment alowances RM'000	**Collective impairment allowances RM'000**
Balance at 1 April	4,912	3,946
Charge for the year – net	(1,213)	194
Amount written-off	(138)	(24)
Balance at 31 March	3,561	4,116

	(Charge offs)/ Recoveries RM'000
Bad debts written off during the year	-
Bad debt recoveries during the year	2

6.0 Credit Risk Exposure under the Standardised Approach

Table 6.1: Credit Exposures by Risk Weights under the Standardised Approach

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

30.09.12
Group

Risk weights	Exposures after netting and credit risk mitigation								Total exposures after netting and credit risk mitigation	Total risk weighted assets
	Sovereigns and central banks	Banks, DFI and MDB	Insurance companies, securities firms and fund managers	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	8,506	-	-	-	-	-	14	-	8,520	-
20%	-	842,169	-	26,650	-	-	218,855	-	1,087,674	217,535
50%	-	-	-	61,093	-	-	-	-	61,093	30,546
75%	-	-	-	-	8,071	-	-	-	8,071	6,053
100%	-	-	-	187,375	85	-	745,134	16,672	949,266	949,266
150%	-	-	-	6	551	14,310	-	-	14,867	22,300
Total	8,506	842,169	-	275,124	8,707	14,310	964,003	16,672	2,129,491	1,225,700
Deduction from Capital Base										

31.03.12
Group

Risk weights	Exposures after netting and credit risk mitigation								Total exposures after netting and credit risk mitigation	Total risk weighted assets
	Sovereigns and central banks	Banks, DFI and MDB	Insurance companies, securities firms and fund managers	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	12,239	-	-	-	-	-	14	-	12,253	-
20%	-	564,617	-	-	-	-	302,862	-	867,479	173,496
50%	-	677	-	67,813	-	-	-	-	68,490	34,245
75%	-	-	-	-	8,165	-	-	-	8,165	6,124
100%	-	-	26,650	264,123	326	-	915,473	11,337	1,217,909	1,217,909
150%	-	-	-	461	150	14,310	-	-	14,921	22,382
Total	12,239	565,294	26,650	332,397	8,641	14,310	1,218,349	11,337	2,189,217	1,454,156
Deduction from Capital Base										

Table 6.2: Rated Exposures According to Ratings by ECAIs

30.09.12
Group

EXPOSURE CLASS	Ratings of corporate by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, securities firms and fund managers	**-**	-	-	-	-	-
Corporates	**275,123**	714	841	-	-	273,568
Total	**275,123**	714	841	-	-	273,568

31.03.12
Group

EXPOSURE CLASS	Ratings of corporate by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, securities firms and fund managers	**26,650**	-	-	-	-	26,650
Corporates	**332,396**	714	742	-	-	330,940
Total	**359,046**	714	742	-	-	357,590

30.09.12
Group

Exposure Class	Short term ratings of banking institutions and corporate by approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+ F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating & Investment Inc.	a-1+,a-1	a-2	a-3	b,c	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Banks, MDBs and FDIs	**-**	-	-	-	-	-
Total	**-**	-	-	-	-	-

31.03.12
Group

Exposure Class	Short term ratings of banking institutions and corporate by approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+ F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating & Investment Inc.	a-1+,a-1	a-2	a-3	b,c	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Banks, MDBs and FDIs	**-**	-	-	-	-	-
Total	**-**	-	-	-	-	-

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

30.09.12
Group

Exposure Class	Ratings of sovereigns and central banks by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Sovereigns and Central Banks	**8,506**	-	8,506	-	-	-	-
Total	**8,506**	**-**	**8,506**	**-**	**-**	**-**	**-**

31.03.12
Group

Exposure Class	Ratings of sovereigns and central banks by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Sovereigns and Central Banks	**12,239**	-	12,239	-	-	-	-
Total	**12,239**	**-**	**12,239**	**-**	**-**	**-**	**-**

30.09.12
Group

Exposure Class	Ratings of banking institutions by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Banks, MDBs and FDIs	**842,169**	-	1,683	578,250	-	-	262,236
Total	**842,169**	**-**	**1,683**	**578,250**	**-**	**-**	**262,236**

31.03.12
Group

Exposure Class	Ratings of banking institutions by approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures							
Banks, MDBs and FDIs	**565,294**	-	2,063	286,156	-	-	277,075
Total	**565,294**	**-**	**2,063**	**286,156**	**-**	**-**	**277,075**

Table 6.3: Securitisation According to Ratings by ECAIs

30.09.12
Group

EXPOSURE CLASS	Ratings of securitisation by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Securitisation	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

31.03.12
Group

EXPOSURE CLASS	Ratings of securitisation by approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Securitisation	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

30.09.12
Group

EXPOSURE CLASS	Short term ratings of securitisation by approved ECAIs				
	Moodys	P-1	P-2	P-3	Others or Unrated
	S&P	A-1	A-2	A-3	Others or Unrated
	Fitch	F1+, F1	F2	F3	Others or Unrated
	RAM	P-1	P-2	P-3	NP
	MARC	MARC-1	MARC-2	MARC-3	MARC-4
	Rating & Investment Inc.	a-1+, a-1	a-2	a-3	b, c
	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures					
Securitisation	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

31.03.12
Group

EXPOSURE CLASS	Short term ratings of securitisation by approved ECAIs				
	Moodys	P-1	P-2	P-3	Others or Unrated
	S&P	A-1	A-2	A-3	Others or Unrated
	Fitch	F1+, F1	F2	F3	Others or Unrated
	RAM	P-1	P-2	P-3	NP
	MARC	MARC-1	MARC-2	MARC-3	MARC-4
	Rating & Investment Inc.	a-1+, a-1	a-2	a-3	b, c
	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures					
Securitisation	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

7.0 Credit Risk Mitigation under the Standardised Approach

Table 7.1: Credit Risk Mitigation

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

30.09.12
Group

Exposures	Exposures before CRM	Exposures covered by eligible financial collateral
Credit Risk	**RM'000**	**RM'000**
On balance sheet exposures		
Sovereigns/ central banks	8,506	-
Banks, DFI and MDB	842,169	-
Corporates	627,466	604,091
Regulatory retail	33,073	35,123
Higher risk assets	14,310	-
Other Assets	964,003	-
Equity	16,672	-
Defaulted exposures	3,317	2,563
Total on balance sheet exposures	**2,509,516**	**641,777**
Off balance sheet exposures		
Off balance sheet exposures other than OTC derivatives or credit derivatives	221,610	-
Defaulted exposures	132	-
Total off Balance sheet exposures	**221,742**	**-**
Total on and off balance sheet exposures	**2,731,258**	**641,777**

31.03.12
Group

Exposures	Exposures before CRM	Exposures covered by eligible financial collateral
Credit Risk	**RM'000**	**RM'000**
On balance sheet exposures		
Sovereigns/ central banks	12,239	-
Banks, DFI and MDB	565,294	-
Corporates	573,715	491,240
Regulatory retail	39,824	44,237
Higher risk assets	14,310	-
Other Assets	1,218,349	-
Securitisation	-	-
Equity	11,337	-
Defaulted exposures	450	300
Total on balance sheet exposures	**2,435,518**	**535,777**
Off balance sheet exposures		
Off balance sheet exposures other than OTC derivatives or credit derivatives	252,145	-
Defaulted exposures	461	-
Total off Balance sheet exposures	252,606	-
Total on and off balance sheet exposures	**2,688,124**	**535,777**

8.0 Off Balance Sheet Exposures and Counterparty Credit Risk

Table 8.1: Off Balance Sheet Exposures

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

30.09.2012	Principal amount	Positive fair value of derivative contracts	Credit equivalent amount	Risk weighted assets
Description	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Direct Credit Substitutes	174,382	-	174,382	122,910
Obligations under an on-going underwriting agreement	155,919	-	-	-
Foreign exchange related contracts				
One year or less	7,005	11	-	-
Equity related contracts				
One year or less	4,827	-	1	1
Over five years	21	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	175	-	88	66
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	236,354	-	47,271	4,409
Total	**578,683**	**11**	**221,742**	**127,386**

31.03.2012	Principal amount	Positive fair value of derivative contracts	Credit equivalent amount	Risk weighted assets
Description	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Direct Credit Substitutes	181,890	-	181,890	147,984
Obligations under an on-going underwriting agreement	148,100	-	-	-
Foreign exchange related contracts				
One year or less	1,292	1	-	-
Equity related contracts				
One year or less	30,429	86	1	1
Over five years	20	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	175	-	88	66
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	353,134	-	70,627	31,371
Total	**715,040**	**87**	**252,606**	**179,422**

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

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

9.0 Equities (Banking Book Positions)

Table 9.1: Equity Investments and Capital Requirement

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

Non traded equity investments	30.09.2012 RM'000	31.03.2012 RM'000
Value of quoted (publicly traded) equities	16,672	11,337
Value of unquoted (privately held) equities	14,310	14,310
Total	30,982	25,647
Net realised and unrealised gains/(losses)		
Cumulative realised gains/(losses) from sales and liquidations	-	1,206
Total unrealised gains/(losses)	720	(1,013)
Total	720	193
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	16,672	11,337
Equity investments subject to a 150% risk weight	21,465	21,465
Total	38,137	32,802
Total minimum capital requirement (8%)	3,051	2,624

10.0 Non-Traded Market Risk

Table 10.1 : Market Risk Sensitivity – Interest Rate Risk/ Rate of Return Risk in the Banking Book

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

Impact on Profit or Loss	30.09.12		31.03.12	
Currency	Rate of return + 100 bps (RM'000)	Rate of return - 100 bps (RM'000)	Rate of return + 100 bps (RM'000)	Rate of return - 100 bps (RM'000)
MYR	**5,431**	**(5,431)**	**6,355**	**(6,355)**

Impact on Equity	30.09.12		31.03.12	
Currency	Rate of return + 100 bps (RM'000)	Rate of return - 100 bps (RM'000)	Rate of return + 100 bps (RM'000)	Rate of return - 100 bps (RM'000)
MYR	**159**	**(121)**	**720**	**(699)**

11.0 Shariah Governance Structure

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