AmBank (M) Berhad
Pillar 3 Disclosures

As at 30 September 2015

RWCAF - Pillar 3 Disclosures
30 September 2015

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1.0 Scope of Application

The Pillar 3 Disclosure Framework

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

AmBank Group Pillar 3 Disclosure

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

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

Frequency of Disclosure

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

Medium and Location of Disclosure

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

Capital Adequacy Ratios

BNM guidelines on capital adequacy require regulated banking subsidiaries to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. Each of these entities is independently held by AMMB as a regulated banking institution - there are no cross-shareholdings within or between these entities.

With effect from 1 January 2013, the capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by the Prudential Financial Policy Department on 28 November 2012, which is based on the Basel III capital accord. Prior to that, the capital adequacy ratios of the Bank and its Group were computed in accordance to BNM's Risk Weighted Capital Adequacy Framework (General Requirements and Capital Components) (as applicable), 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, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

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

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

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

1.1 Basis of Consolidation

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

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

Type of entity	**Accounting treatment**	
	Statutory reporting	**Basel III regulatory reporting**
Subsidiaries licensed under FSA or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Fully consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level.
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the banking subsidiary entity level; Consolidated in calculation of capital adequacy at the banking subsidiary consolidated level.
Associates which are licensed under FSA or engaged in financial activities	Equity accounted	Deducted in the calculation of capital.
Associates which are not licensed under FSA or engaged in financial activities	Equity accounted	Reported as investment and risk weighted.

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

Any such transfers would require the approval of the Board of Directors ("Board"), as well as the concurrence of BNM.

2.0 Capital Management

The capital and risk management of the banking subsidiaries of AMMB 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. The capital plan ensures that adequate levels of capital and an optimum mix of 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.

2.0 Capital Management (Cont'd.)

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 statement of financial position, commitments & contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. BNM has the right to impose further capital requirements on Malaysian Financial Institutions.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. It is overseen by the Group Chief Executive Officers Committee ("Group CEOs Committee"). The Group CEOs Committee is also responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

Group CEOs Committee proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ending 31 March 2016 ("FY 2016"), these ranges are 8.1% to 10.1% for the CET 1 Capital Ratio, 9.6% to 11.6% for the Tier 1 Capital Ratio, and 14.0% to 16.0% for the Total Capital Ratio.

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.

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.

2.0 Capital Management (Cont'd.)

Table 2.1: Capital Adequacy Ratio

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

	Group		Bank	
	30 September 2015	31 March 2015	30 September 2015	31 March 2015
Before deducting proposed dividends:				
CET 1 Capital ratio	10.961%	11.228%	10.361%	10.653%
Tier 1 Capital ratio	12.685%	13.021%	12.076%	12.446%
Total Capital ratio	16.124%	16.649%	15.468%	16.020%
After deducting proposed dividends:				
CET 1 Capital ratio	10.670%	10.599%	10.071%	10.023%
Tier 1 Capital ratio	12.394%	12.391%	11.786%	11.816%
Total Capital ratio	15.833%	16.019%	15.178%	15.390%

As part of Restricted Profit Sharing Investment Accounts ("RPSIA") arrangements with AmBank Islamic Berhad ("AmBank Islamic"), the Bank records the amount it provides as financing under the arrangement as investment accounts with banks and other financial institutions. The financing to external parties made by AmBank Islamic is recorded by AmBank Islamic as financing and advances. As losses from the business venture is borne solely by the Bank, the related collective allowance is recorded by the Bank.

As at 30 September 2015, the gross exposure and collective allowance relating to the RPSIA financing for the Group and the Bank amounted to RM1,367,987,000 and RM1,561,000 (31 March 2015: RM1,363,811,000 and RM1,553,000) respectively.

Table 2.2 : Risk-Weighted Assets and Capital Requirements

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

30 September 2015 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	4,911,410	4,854,658	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	8,366,371	8,366,371	1,771,379	141,710
Insurance companies, Securities firms and Fund managers	2	-	-	-
Corporates	36,221,787	35,205,471	28,957,397	2,316,592
Regulatory retail	17,847,299	16,737,580	13,318,982	1,065,519
Residential mortgages	10,719,018	10,696,720	3,807,418	304,593
Higher risk assets	100,492	100,492	150,738	12,059
Other assets	3,661,833	3,661,833	3,256,990	260,559
Securitisation exposures	53,668	53,668	20,183	1,615
Equity exposures	4,214	4,214	4,214	337
Defaulted exposures	788,521	776,451	903,478	72,278
Total on balance sheet exposures	**82,674,615**	**80,457,458**	**52,190,779**	**4,175,262**
Off balance sheet exposures				
Over the counter ("OTC") derivatives	6,030,297	6,030,297	2,731,425	218,514
Credit derivatives	16	16	8	1
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,926,900	8,229,782	7,283,913	582,713
Defaulted exposures	36,587	35,438	53,157	4,253
Total off balance sheet exposures	**14,993,800**	**14,295,533**	**10,068,503**	**805,481**
Total on and off balance sheet exposures	**97,668,415**	**94,752,991**	**62,259,282**	**4,980,743**
2. **Large exposure risk requirement**	-	-	-	-
3. **Market risk**	**Long position**	**Short position**		
Interest rate risk				
- General interest rate risk	99,815,023	98,338,950	2,188,881	175,110
- Specific interest rate risk	2,027,404	597,417	191,085	15,287
Foreign currency risk	476,222	46,063	476,222	38,098
Equity risk				
- General risk	201,472	5,699	195,773	15,662
- Specific risk	201,472	5,699	271,644	21,732
Option risk	699,744	542,829	5,983	479
Total	**103,421,337**	**99,536,657**	**3,329,588**	**266,368**
4. **Operational risk**			4,866,290	389,303
5. **Total RWA and capital requirements**			**70,455,160**	**5,636,414**

Table 2.2 : Risk-Weighted Assets and Capital Requirements (Cont'd.)

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

31 March 2015 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	6,443,021	6,443,021	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	7,853,681	7,853,681	1,588,258	127,061
Insurance companies, Securities firms and Fund managers	35,068	35,068	35,068	2,805
Corporates	35,633,673	32,953,612	28,020,500	2,241,640
Regulatory retail	18,651,391	18,503,150	13,918,235	1,113,459
Residential mortgages	10,841,769	10,818,697	3,848,069	307,846
Higher risk assets	108,339	108,339	162,508	13,001
Other assets	3,086,190	3,086,190	2,686,930	214,954
Securitisation exposures	54,626	54,626	27,088	2,167
Equity exposures	5,395	5,395	5,395	432
Defaulted exposures	689,566	678,740	732,557	58,605
Total on balance sheet exposures	**83,402,719**	**80,540,519**	**51,024,608**	**4,081,970**
Off balance sheet exposures				
Over the counter ("OTC") derivatives	3,706,971	3,706,971	1,586,235	126,899
Credit derivatives	16	16	8	1
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,891,650	8,205,668	7,320,458	585,637
Defaulted exposures	34,631	31,881	47,777	3,822
Total off balance sheet exposures	**12,633,268**	**11,944,536**	**8,954,478**	**716,359**
Total on and off balance sheet exposures	**96,035,987**	**92,485,055**	**59,979,086**	**4,798,329**
2. **Large exposure risk requirement**	-	-	1,036	83

3. **Market risk**	Long position	Short position			
Interest rate risk					
- General interest rate risk	84,724,264	82,729,152		1,819,070	145,526
- Specific interest rate risk	2,971,911	909,130		146,730	11,738
Foreign currency risk	378,458	28,795		378,458	30,277
Equity risk					
- General risk	170,601	4,855		165,746	13,260
- Specific risk	170,601	4,855		257,840	20,627
Option risk	549,005	306,933		7,112	569
Total	**88,964,840**	**83,983,720**		**2,774,956**	**221,997**
4. **Operational risk**				5,012,317	400,985
5. **Total RWA and capital requirements**				**67,767,395**	**5,421,394**

3.0 Capital Structure

The capital structure of the Group and the Bank includes capital under the following headings:

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

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

3.1 CET 1 Capital

CET 1 Capital consists of the following:

a) Paid-up Ordinary Share Capital

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

b) Share Premium

Share premium is used to record premium arising from new shares issued by the Bank.

c) 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. The retained earnings is included in CET 1 Capital net of any interim and/or final dividend declared, and net of any interim losses. Quarterly interim profits have been included in CET 1 Capital subject to review/audit by the external auditors.

3.1 CET 1 Capital (Cont'd.)

d) Other Disclosed Reserves

Other disclosed reserves comprise the following:

i) Statutory Reserve

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

ii) Merger Reserve

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

iii) Foreign Currency Translation Reserve/(Deficit)

Exchange gain (foreign currency translation reserve) and exchange losses (foreign currency translation deficit) arise from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

iv) Available-for-Sale Reserve/(Deficit)

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

v) Cash Flow Hedging Reserve/(Deficit)

This account relates to the amount of the hedging of the items that are not fair valued in the statement of financial position (including projected cash flows). Cash flow hedging gain as at the reporting period is classified as cash flow hedging reserve and cash flow hedging losses is classified as cash flow hedging deficit. The amount of the cash flow hedging reserve/(deficit) is derecognised in the calculation of CET 1 Capital.

3.2 Additional Tier 1 Capital

The amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios of the Group and the Bank for 2013, has been capped at 90% of the total qualifying Additional Tier 1 balance outstanding as at 1 January 2013. For 2015, the amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios are capped at 70% of the total qualifying Additional Tier 1 balance outstanding as at 1 January 2013. This is in accordance to the transitional gradual phase-out treatment under the Basel III regime. Table 3.1 outlines the application of the grandfathering provisions in respect of the Additional Tier 1 Capital Instruments of the Group and the Bank. Details of the Additional Tier 1 Capital Instruments are outlined below.

Table 3.1: Additional Tier 1 Capital Instruments of the Group and the Bank and the Basel III Gradual Phase-Out Treatment

Base for Additional Tier 1 Capital Instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Non-cumulative Non-voting Guaranteed Preference Shares	750,100
Innovative Tier 1 Capital - Tranche 1	300,000
Innovative Tier 1 Capital - Tranche 2	185,000
Non-Innovative Tier 1 Capital - Tranche 1	200,000
Non-Innovative Tier 1 Capital - Tranche 2	300,000
Total qualifying base	**1,735,100**

Calendar year	**Cap on Additional Tier 1 Capital Instruments that can be recognised in capital adequacy computation each year**	
	Cap (%)	**Cap (RM'000)**
2013	90%	1,561,590
2014	80%	1,388,080
2015	70%	1,214,570
2016	60%	1,041,060
2017	50%	867,550
2018	40%	694,040
2019	30%	520,530
2020	20%	347,020
2021	10%	173,510
2022	0%	-

3.2 Additional Tier 1 Capital (Cont'd.)

Innovative Tier 1 Capital

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

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

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

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month USD LIBOR plus 2.90%, if not redeemed on 27 January 2016. The non-cumulative dividends are payable on a semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

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

(b) Innovative Tier 1 Capital Securities

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

3.2 Additional Tier 1 Capital (Cont'd.)

Non-innovative Tier 1 Capital

In the financial year ended 31 March 2009, the Bank issued RM500 million Non-Innovative Tier 1 Capital ("NIT1") under its programme of up to RM500 million in nominal value comprising:

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

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

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

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of the Bank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

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

3.3 Tier 2 Capital

The main components of Tier 2 Capital are collective allowance and regulatory reserves (subject to a maximum of 1.25% of total credit risk-weighted assets determined under the Standardised Approach) and subordinated debt instruments.

The amount of Tier 2 Capital issued prior to 2013 that can be recognised in the computation of the capital adequacy ratios of the Group and the Bank for 2013, has been capped at 90% of the total qualifying Tier 2 Capital balance outstanding as at 1 January 2013. For 2015, the amount of such Tier 2 Capital that can be recognised in the computation of the capital adequacy ratios is capped at 70% of the total qualifying Tier 2 Capital balance outstanding as at 1 January 2013. This is in accordance to the transitional gradual phase-out treatment under the Basel III regime. Table 3.2 outlines the application of the grandfathering provisions in respect of the Tier 2 Capital Instruments for the Group and the Bank. Details of the Tier 2 Capital Instruments are outlined below.

Table 3.2: Tier 2 Capital Instruments of the Group and the Bank and the Basel III Gradual Phase-Out Treatment

Base for Tier 2 Capital Instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Medium Term Notes ("MTN") - Tranche 1	200,000
MTN - Tranche 2	165,000
MTN - Tranche 3	75,000
MTN - Tranche 4	45,000
MTN - Tranche 5	75,000
MTN - Tranche 6	600,000
MTN - Tranche 7	97,800
MTN - Tranche 8	710,000
Total qualifying base	**1,967,800**

Calendar year	**Cap on Tier 2 Capital Instruments that can be recognised in capital adequacy computation each year**	
	Cap (%)	**Cap (RM'000)**
2013	90%	1,771,020
2014	80%	1,574,240
2015	70%	1,377,460
2016	60%	1,180,680
2017	50%	983,900
2018	40%	787,120
2019	30%	590,340
2020	20%	393,560
2021	10%	196,780
2022	0%	-

Medium Term Notes

In the financial year ended 31 March 2008, the Bank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme whereby the proceeds raised from the MTN Programme had been utilised for the refinancing of existing subordinated debts and for general working capital requirements.

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

3.3 Tier 2 Capital (Cont'd.)

Medium Term Notes (Cont'd.)

The MTNs issued under the MTN Programme was included as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are eligible for gradual phase-out treatment under the transitional arrangement of the Basel III accord, for recognition as Tier 2 Capital for capital adequacy calculation.

The salient features of the MTNs issued under this programme and outstanding as at 30 September 2015 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
9 April 2008	9 April 2018	15 years Non-Callable 10 years	6.25% per annum (step up by 0.5% per annum after its first call date).	600
16 October 2012	16 October 2017	10 years Non-Callable 5 years	4.45% per annum	710
Total				**1,310**

Basel III Subordinated Notes

On 30 December 2013, the Bank established a new Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the Bank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM. Securities issued under this programme are fully Basel III compliant and qualified for recognition as Tier 2 Capital for the purpose of capital adequacy ratio computation.

The programme has a tenor of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenor of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche.

The salient features of the Subordinated Notes issued under this programme and outstanding as at 30 September 2015 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
30 December 2013	30 December 2018	10 years Non-Callable 5 years	5.20% per annum	400
Total				**400**

Table 3.3: Capital Structure

The components of CET 1, Additional Tier 1, Tier 2 and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
CET 1 Capital				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	5,211,857	5,147,900	4,944,444	4,874,087
Available-for-sale reserve/(deficit)	(50,193)	1,207	(50,471)	1,323
Foreign currency translation reserve	122,802	50,537	115,648	50,585
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	-	-
Cash flow hedging (deficit)/reserve	14,932	(481)	14,932	(481)
Less: Regulatory adjustments applied on CET 1 Capital				
Intangible assets	(340,415)	(334,749)	(334,395)	(327,689)
Deferred tax assets	(68,599)	(102,546)	(67,546)	(98,869)
55% of cumulative gains of available-for-sale financial instruments	-	(664)	-	(728)
Cash flow hedging (deficit)/reserve	(14,932)	481	(14,932)	481
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(1,068)	(825)	(15,444)	(28,652)
Total CET 1 Capital	**7,722,710**	**7,609,186**	**7,336,413**	**7,214,234**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	1,214,570	1,214,570	1,214,570
Total Tier 1 Capital	**8,937,280**	**8,823,756**	**8,550,983**	**8,428,804**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	1,310,000	1,310,000	1,310,000
Collective allowance and regulatory reserves	714,696	749,739	714,737	753,172
Less: Regulatory adjustments applied on Tier 2 Capital	(1,601)	(1,237)	(23,166)	(42,978)
Total Tier 2 Capital	**2,423,095**	**2,458,502**	**2,401,571**	**2,420,194**
Total Capital	**11,360,375**	**11,282,258**	**10,952,554**	**10,848,998**

The breakdown of the risk weighed assets ("RWA") in various categories of risk are as follows:

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Credit RWA	62,259,282	59,979,086	62,992,175	60,253,770
Market RWA	3,329,588	2,774,956	3,330,039	2,774,466
Operational RWA	4,866,290	5,012,317	4,487,624	4,694,931
Large exposure risk RWA for equity holdings	-	1,036	-	-
Total RWA	**70,455,160**	**67,767,395**	**70,809,838**	**67,723,167**

4.0 General Risk Management

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

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board 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, Operational Risk and Regulatory Compliance incorporating inter alia, limit structures for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and operational risk and regulatory compliance triggers.

Board Approved Risk Appetite Statement

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

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

We adopt a 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 Unadjusted Loan Deposit Ratio is up to maximum 100% with continually improving current account and savings account ("CASA") deposit composition and market share.

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

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

Risk Management Governance

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

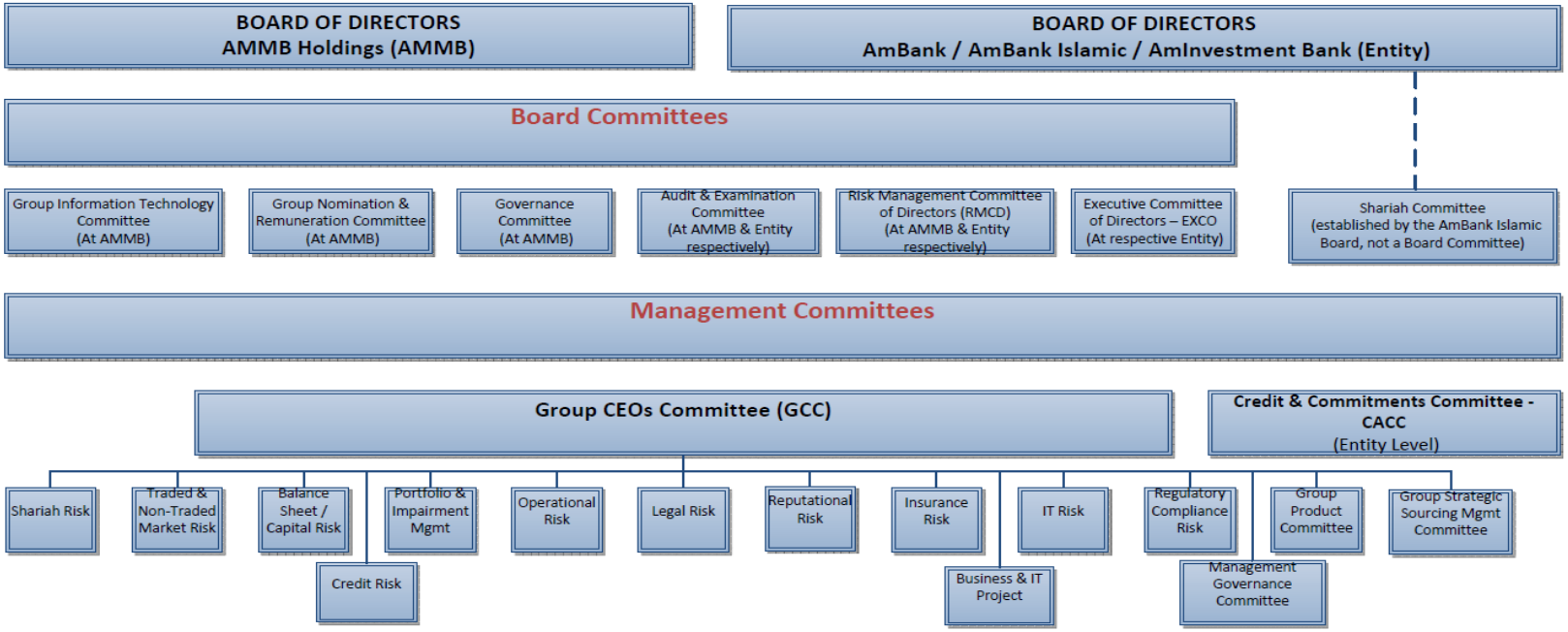
The Board has also established the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance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

Group Product Committee ("GPC") a sub-committee of the Group CEOs Committee is responsible to oversee activities in managing products for the Group; and to advise and report to the Group CEOs Committee on product related matters.

4.0 General Risk Management (Cont'd.)

Risk Management Governance (Cont'd.)

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



5.0 Credit Risk Management

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

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

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

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 ("GRAF") and related credit policies.

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

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

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

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

Lending activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. 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 threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country.
- setting Loan to Value limits for asset backed loans (i.e., property exposures and other collateral);
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

5.0 Credit Risk Management (Cont'd.)

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

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

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan 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 advances

All loans and advances are categorised as either:

- neither past due nor impaired;
- past due but not impaired; or
- impaired

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

A loan is classified as impaired under the following circumstances:

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

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

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1 *For credit card facilities, an account is "past due" when the cardmember fails to settle the minimum monthly repayment due before the next billing date.*

2 *Material obligation as determined by Management.*

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

5.1 Impairment (Cont'd)

5.1.1 Definition of past due and impaired loans and advances (Cont'd.)

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

(d) a loan may also be classified as impaired:

i. as deemed appropriate by the Watch and Control Committee where it is determined the loans have a high probability of default; or

ii. cross-default occurs when:

- a default of a loan obligation of a borrower triggers a default of another loan obligation of the same borrower or
- a default of a loan obligation of a borrower triggers a default of a loan obligation of other borrowers within the same borrower group.

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

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

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

Loans and advances and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions are computed after making the necessary adjustments to reflect current economic conditions.

Table 5.1 : Distribution of gross credit exposures by sector

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

30 September 2015	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	93,789	-	-	-	4,817,621	-	-	-	-	-	4,911,410
Banks, DFIs and MDBs	-	-	-	-	-	-	-	8,286,206	-	-	-	70,097	-	10,068	8,366,371
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	2	-	-	-	-	-	-	2
Corporates	2,536,487	1,766,784	6,135,758	619,414	3,463,946	3,721,601	1,513,202	4,485,659	-	5,593,853	577,669	2,308,947	3,318,062	180,405	36,221,787
Regulatory retail	38,299	12,442	182,763	2,701	131,707	222,862	63,049	187,931	-	83,401	76,680	84,330	16,716,995	44,139	17,847,299
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	10,719,018	-	10,719,018
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	12,023	88,469	100,492
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	3,661,833	3,661,833
Securitisation exposures	-	-	-	-	-	-	-	31,475	-	22,193	-	-	-	-	53,668
Equity exposures	-	-	8	-	-	-	-	4,066	-	-	-	-	-	140	4,214
Defaulted exposures	5,247	434	40,729	239	34,264	39,318	5,859	5,539	-	145,053	3,557	7,208	489,462	11,612	788,521
Total for on balance sheet exposures	2,580,033	1,779,660	6,359,258	622,354	3,723,706	3,983,781	1,582,110	13,000,878	4,817,621	5,844,500	657,906	2,470,582	31,255,560	3,996,666	82,674,615
Off balance sheet exposures															
OTC derivatives	14,420	308,057	320,092	-	7,572	7,831	75,042	5,218,261	-	5,549	72,830	519	-	124	6,030,297
Credit derivatives	-	-	-	-	-	-	-	16	-	-	-	-	-	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatitives	211,190	417,067	1,518,468	270,108	1,623,957	665,997	218,169	630,158	-	1,072,707	116,894	310,624	1,838,746	32,815	8,926,900
Defaulted exposures	-	-	1,217	-	20,654	12,507	500	1,204	-	-	280	61	40	124	36,587
Total for off balance sheet exposures	225,610	725,124	1,839,777	270,108	1,652,183	686,335	293,711	5,849,639	-	1,078,256	190,004	311,204	1,838,786	33,063	14,993,800
Total on and off balance sheet exposures	**2,805,643**	**2,504,784**	**8,199,035**	**892,462**	**5,375,889**	**4,670,116**	**1,875,821**	**18,850,517**	**4,817,621**	**6,922,756**	**847,910**	**2,781,786**	**33,094,346**	**4,029,729**	**97,668,415**

Table 5.1 : Distribution of gross credit exposures by sector (Cont'd.)

The distribution of credit exposures by sector of the Group is as follows (Cont'd.):

31 March 2015	Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hotels and restaurants	Transport, storage and communication	Finance and insurance	Government and central banks	Real estate	Business activities	Education and health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	96,036	-	-	-	6,346,985	-	-	-	-	-	6,443,021
Banks, DFIs and MDBs	-	-	-	-	-	-	-	7,727,009	-	-	-	71,389	-	55,283	7,853,681
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	35,068	-	-	-	-	-	-	35,068
Corporates	2,460,675	1,548,624	6,046,116	1,269,253	3,445,741	3,895,351	1,479,358	4,552,583	-	5,479,681	860,617	2,129,663	2,356,251	109,760	35,633,673
Regulatory retail	52,503	12,496	170,765	2,431	153,223	216,655	60,231	222,068	-	77,698	81,611	89,677	17,476,113	35,920	18,651,391
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	10,841,769	-	10,841,769
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	18,868	89,471	108,339
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	3,086,190	3,086,190
Securitisation exposures	-	-	-	-	-	-	-	23,669	-	-	-	30,957	-	-	54,626
Equity exposures	-	-	7	-	-	-	-	5,227	-	-	-	-	-	161	5,395
Defaulted exposures	7,975	297	43,549	117	22,755	28,285	8,637	7,821	-	48,277	5,930	7,407	503,303	5,213	689,566
Total for on balance sheet exposures	2,521,153	1,561,417	6,260,437	1,271,801	3,717,755	4,140,291	1,548,226	12,573,445	6,346,985	5,605,656	948,158	2,329,093	31,196,304	3,381,998	83,402,719
Off balance sheet exposures															
OTC derivatives	3,161	185,794	125,565	-	6,474	4,125	68,813	3,259,513	-	8,953	41,354	629	-	2,590	3,706,971
Credit derivatives	-	-	-	-	-	-	-	16	-	-	-	-	-	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatitives	161,327	515,681	1,416,233	173,741	1,835,231	631,725	223,814	619,903	-	883,965	123,555	292,832	2,001,447	12,196	8,891,650
Defaulted exposures	-	1,134	1,990	-	22,559	2,419	652	5,146	-	-	332	15	259	125	34,631
Total for off balance sheet exposures	164,488	702,609	1,543,788	173,741	1,864,264	638,269	293,279	3,884,578	-	892,918	165,241	293,476	2,001,706	14,911	12,633,268
Total on and off balance sheet exposures	**2,685,641**	**2,264,026**	**7,804,225**	**1,445,542**	**5,582,019**	**4,778,560**	**1,841,505**	**16,458,023**	**6,346,985**	**6,498,574**	**1,113,399**	**2,622,569**	**33,198,010**	**3,396,909**	**96,035,987**

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

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

30 September 2015	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotels and restaurants 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	Unallocated RM'000	Total RM'000
Impaired loans and advances	5,846	4,144	168,474	339	15,576	42,143	20,563	525	198,768	7,880	4,347	575,044	10,342	-	**1,053,991**
Past due loans	14,594	40,627	227,654	1,971	53,574	101,050	57,172	4,925	281,338	22,117	22,463	6,639,901	25,010	-	**7,492,396**
Individual allowance	-	3,031	107,428	-	2,094	2,150	10,391	-	29,055	3,306	-	3,435	-	-	**160,890**
Collective allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	897,789	**897,789**
Charges/(writeback) for individual allowance	-	(2,918)	1,844	-	(210)	(1,563)	8,905	-	4,009	(236)	(442)	(215)	-	-	**9,174**
Write-offs against individual allowance	-	-	4,417	-	106	4,433	832	-	-	266	536	5,151	-	-	**15,741**

31 March 2015	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotels and restaurants 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	Unallocated RM'000	Total RM'000
Impaired loans and advances	8,788	7,034	172,735	261	12,095	36,526	12,201	418	76,276	9,419	6,434	609,513	12,285	-	**963,985**
Past due loans	11,750	9,175	155,982	760	50,769	92,569	79,059	7,078	98,224	26,234	33,744	6,954,151	29,059	-	**7,548,554**
Individual allowance	-	5,949	110,001	-	2,410	8,146	2,318	-	25,046	3,808	978	8,801	-	-	**167,457**
Collective allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	953,660	**953,660**
Charges/(writeback) for individual allowance	(11)	2,959	24,703	(21,240)	(64)	8,146	(3,319)	-	24,958	3,719	978	4,471	-	-	**45,300**
Write-offs against individual allowance	-	137	5,862	-	112	-	2,687	-	-	-	-	2,800	-	-	**11,598**

Table 5.3 : Geographical distribution of credit exposures

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

30 September 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	4,076,289	835,121	4,911,410
Banks, DFIs and MDBs	7,857,598	508,773	8,366,371
Insurance companies, Securities firms and Fund managers	2	-	2
Corporates	32,861,962	3,359,825	36,221,787
Regulatory retail	17,842,370	4,929	17,847,299
Residential mortgages	10,719,018	-	10,719,018
Higher risk assets	100,454	38	100,492
Other assets	3,382,898	278,935	3,661,833
Securitisation exposures	53,668	-	53,668
Equity exposures	4,214	-	4,214
Defaulted exposures	788,394	127	788,521
Total for on balance sheet exposures	**77,686,867**	**4,987,748**	**82,674,615**
Off balance sheet exposures			
OTC derivatives	6,030,297	-	6,030,297
Credit derivatives	16	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivative	8,189,533	737,367	8,926,900
Defaulted exposures	36,587	-	36,587
Total for off balance sheet exposures	**14,256,433**	**737,367**	**14,993,800**
Total on and off balance sheet exposures	**91,943,300**	**5,725,115**	**97,668,415**

Table 5.3 : Geographical distribution of credit exposures (Cont'd.)

The geographic distribution of credit exposures of the Group is as follows (Cont'd.):

31 March 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	5,924,535	518,486	6,443,021
Banks, DFIs and MDBs	6,940,256	913,425	7,853,681
Insurance companies, Securities firms and Fund managers	35,068	-	35,068
Corporates	32,889,890	2,743,783	35,633,673
Regulatory retail	18,644,431	6,960	18,651,391
Residential mortgages	10,841,769	-	10,841,769
Higher risk assets	107,262	1,077	108,339
Other assets	2,881,212	204,978	3,086,190
Securitisation exposures	54,626	-	54,626
Equity exposures	5,395	-	5,395
Defaulted exposures	689,409	157	689,566
Total for on balance sheet exposures	**79,013,853**	**4,388,866**	**83,402,719**
Off balance sheet exposures			
OTC derivatives	3,706,966	5	3,706,971
Credit derivatives	16	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivative	8,189,026	702,624	8,891,650
Defaulted exposures	34,631	-	34,631
Total for off balance sheet exposures	**11,930,639**	**702,629**	**12,633,268**
Total on and off balance sheet exposures	**90,944,492**	**5,091,495**	**96,035,987**

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

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

30 September 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,053,991	-	1,053,991
Past due loans	7,492,396	-	7,492,396
Individual allowance	160,890	-	160,890
Collective allowance	884,935	12,854	897,789

31 March 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	963,985	-	963,985
Past due loans	7,548,554	-	7,548,554
Individual allowance	167,457	-	167,457
Collective allowance	939,685	13,975	953,660

Table 5.5 : Residual contractual maturity by major types of credit exposure

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

30 September 2015	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	1,170,191	219,754	300,162	28,272	163,166	110,460	2,919,405	-	4,911,410
Banks, DFIs and MDBs	5,422,043	2,241,183	457,482	-	120,175	-	125,488	-	8,366,371
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	2	-	2
Corporates	8,652,383	2,301,406	2,761,185	881,104	3,926,485	3,150,506	14,548,718	-	36,221,787
Regulatory retail	1,258,215	64,085	88,232	229,375	1,911,079	3,468,050	10,828,263	-	17,847,299
Residential mortgages	284	371	850	4,278	55,918	125,801	10,531,516	-	10,719,018
Higher risk assets	31	-	26	11	275	814	10,866	88,469	100,492
Other assets	555,352	4,512	5,607	11,541	293,068	-	-	2,791,753	3,661,833
Securitisation exposures	13	-	-	-	-	-	53,655	-	53,668
Equity exposures	4,066	-	-	-	-	-	8	140	4,214
Defaulted exposures	147,620	10,497	11,491	33,946	69,354	106,369	409,244	-	788,521
Total for on balance sheet exposures	**17,210,198**	**4,841,808**	**3,625,035**	**1,188,527**	**6,539,520**	**6,962,000**	**39,427,165**	**2,880,362**	**82,674,615**
Off balance sheet exposures									
OTC derivatives	515,157	798,183	714,815	1,337,455	398,594	747,959	1,518,134	-	6,030,297
Credit derivatives	-	-	-	11	-	-	5	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	908,685	1,186,218	979,423	1,635,168	1,701,066	699,406	1,816,934	-	8,926,900
Defaulted exposures	9,063	13,988	1,528	10,451	-	25	1,532	-	36,587
Total for off balance sheet exposures	**1,432,905**	**1,998,389**	**1,695,766**	**2,983,085**	**2,099,660**	**1,447,390**	**3,336,605**	**-**	**14,993,800**
Total on and off balance sheet exposures	**18,643,103**	**6,840,197**	**5,320,801**	**4,171,612**	**8,639,180**	**8,409,390**	**42,763,770**	**2,880,362**	**97,668,415**

Table 5.5 : Residual contractual maturity by major types of credit exposure (Cont'd.)

The residual contractual maturity by major types of gross credit exposures of the Group is as follows (Cont'd.):

31 March 2015	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	2,894,975	518,486	39,691	-	-	111,715	2,878,154	-	6,443,021
Banks, DFIs and MDBs	3,496,105	3,850,032	202,669	41,929	25,205	95,456	137,071	5,214	7,853,681
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	35,068	-	35,068
Corporates	8,923,385	2,251,727	1,377,906	1,991,449	3,983,711	3,614,180	13,491,315	-	35,633,673
Regulatory retail	1,325,324	61,134	102,687	218,663	1,922,213	3,575,152	11,446,218	-	18,651,391
Residential mortgages	711	279	1,062	3,697	56,218	126,460	10,653,342	-	10,841,769
Higher risk assets	1	25	14	59	479	1,444	16,846	89,471	108,339
Other assets	544,944	7,473	8,999	18,329	325,450	203,050	-	1,977,945	3,086,190
Securitisation exposures	6	-	-	-	-	-	54,620	-	54,626
Equity exposures	5,226	-	-	-	-	-	8	161	5,395
Defaulted exposures	65,930	7,662	8,745	11,612	71,348	98,102	426,167	-	689,566
Total for on balance sheet exposures	**17,256,607**	**6,696,818**	**1,741,773**	**2,285,738**	**6,384,624**	**7,825,559**	**39,138,809**	**2,072,791**	**83,402,719**
Off balance sheet exposures									
OTC derivatives	301,996	250,729	264,208	383,479	644,305	555,126	1,307,128	-	3,706,971
Credit derivatives	-	-	-	-	10	-	6	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	1,146,875	945,570	981,657	1,601,580	1,608,007	743,789	1,864,172	-	8,891,650
Defaulted exposures	3,734	8,497	806	18,598	300	-	2,696	-	34,631
Total for off balance sheet exposures	**1,452,605**	**1,204,796**	**1,246,671**	**2,003,657**	**2,252,622**	**1,298,915**	**3,174,002**	**-**	**12,633,268**
Total on and off balance sheet exposures	**18,709,212**	**7,901,614**	**2,988,444**	**4,289,395**	**8,637,246**	**9,124,474**	**42,312,811**	**2,072,791**	**96,035,987**

Table 5.6 : Reconciliation of changes to loans impairment allowances

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

	Collective impairment allowance		Individual impairment allowances	
	30 September 2015	31 March 2015	30 September 2015	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	953,660	1,411,219	167,457	133,755
Charge to income statement, net	161,160	282,957	9,174	45,300
Amount transferred to AmBank Islamic*	-	(2,463)	-	-
Amount written-off and others	(220,361)	(740,094)	(15,741)	(11,598)
Foreign exchange differences	3,330	2,041	-	-
Balance at end of the financial year/period **	**897,789**	**953,660**	**160,890**	**167,457**

* On 2 May 2014, upon expiry of the RPSIA contract entered into with AmBank Islamic in the financial year ended 31 March 2013, the Bank had derecognised the collective allowance previously recognised in its financial statements. Accordingly, AmBank Islamic now accounts for the collective allowance in its financial statements.

** As at 30 September 2015, the gross exposure and collective allowance relating to the RPSIA financing for the Group and the Bank amounted to RM1,367,987,000 and RM1,561,000 (31 March 2015: RM1,363,811,000 and RM1,553,000) respectively.

There was no individual allowance provided for the RPSIA financing for 30 september 2015 and 31 March 2015.

	(Charge offs)/ recoveries	
	30 September 2015	31 March 2015
	RM'000	RM'000
Bad debts written off during the financial year/period	(43,061)	(79,780)
Bad debt recoveries during the financial year/period	311,503	563,750

6.0 Credit Risk Exposure under the Standardised Approach

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

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

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

- Standard & Poor’s Rating Services ("S&P")
- Moody’s Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

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

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

30 September 2015	Exposures after netting and credit risk mitigation											
Risk weights	Sovereigns and Central banks	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residental mortgages	Higher risk assets	Other assets	Securitisation exposures	Equity exposures	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	RM'000
0%	4,854,658	4,969	-	2,656,695	-	-	-	404,409	-	-	7,920,731	-
20%	54,104	10,551,914	-	4,523,470	2,058	-	-	542	52,900	-	15,184,988	3,036,998
35%	-	-	-	-	-	10,280,688	-	-	-	-	10,280,688	3,598,241
50%	-	2,253,883	-	85,434	15,665	449,780	-	-	-	-	2,804,762	1,402,381
75%	-	-	-	-	18,460,056	-	-	-	-	-	18,460,056	13,845,042
100%	-	3,484	46,445	35,698,177	342,512	217,246	-	3,256,882	-	4,214	39,568,960	39,568,960
150%	-	-	-	277,451	139,621	-	114,966	-	-	-	532,038	798,057
1250%	-	-	-	-	-	-	-	-	768	-	768	9,603
Total	**4,908,762**	**12,814,250**	**46,445**	**43,241,227**	**18,959,912**	**10,947,714**	**114,966**	**3,661,833**	**53,668**	**4,214**	**94,752,991**	**62,259,282**
Deduction from capital base									-		-	

31 March 2015	Exposures after netting and credit risk mitigation											
Risk weights	Sovereigns and Central banks	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residental mortgages	Higher risk assets	Other assets	Securitisation exposures	Equity exposures	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	RM'000
0%	6,443,021	5,101	-	2,627,395	-	-	-	399,260	-	-	9,474,777	-
20%	-	9,279,532	-	3,628,603	3,248	-	-	-	53,312	-	12,964,695	2,592,939
35%	-	-	-	-	-	10,417,502	-	-	-	-	10,417,502	3,646,126
50%	-	1,592,307	-	259,888	18,011	454,579	-	-	-	-	2,324,785	1,162,392
75%	-	-	-	-	19,764,726	-	-	-	-	-	19,764,726	14,823,544
100%	-	553	86,303	33,847,048	287,329	222,891	-	2,686,930	-	5,395	37,136,449	37,136,449
150%	-	-	-	165,464	114,132	-	121,211	-	-	-	400,807	601,210
1250%	-	-	-	-	-	-	-	-	1,314	-	1,314	16,426
Total	**6,443,021**	**10,877,493**	**86,303**	**40,528,398**	**20,187,446**	**11,094,972**	**121,211**	**3,086,190**	**54,626**	**5,395**	**92,485,055**	**59,979,086**
Deduction from capital base									-		-	

Table 6.2: Rated exposures according to ratings by ECAIs

30 September 2015	Ratings of corporate by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
Exposure class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, Securities firms and Fund managers	46,447	-	-	-	-	46,447
Corporates	45,879,511	2,720,776	1,918	431	-	43,156,386
Total	**45,925,958**	**2,720,776**	**1,918**	**431**	**-**	**43,202,833**

31 March 2015	Ratings of corporate by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
Exposure class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, Securities firms and Fund managers	86,303	-	-	-	-	86,303
Corporates	43,874,508	2,179,264	179,884	134	56	41,515,170
Total	**43,960,811**	**2,179,264**	**179,884**	**134**	**56**	**41,601,473**

Table 6.2: Rated exposures according to ratings by ECAIs (Cont'd.)

30 September 2015	Short term ratings of banking institutions and corporate by approved ECAIs					
	Moody's	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
Exposure class	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFIs and MDBs	-	-	-	-	-	-
Total	**-**	**-**	-	-	-	**-**

31 March 2015	Short term ratings of banking institutions and corporate by approved ECAIs					
	Moody's	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
Exposure class	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFIs and MDBs	-	-	-	-	-	-
Total	**-**	**-**	-	-	-	**-**

Table 6.2: Rated exposures according to ratings by ECAIs (Cont'd.)

30 September 2015	Ratings of sovereigns and central banks by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Sovereigns and Central banks	4,965,515	835,121	4,130,394	-	-	-
Total	**4,965,515**	**835,121**	4,130,394	-	-	**-**

31 March 2015	Ratings of sovereigns and central banks by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Sovereigns and Central banks	6,443,021	518,486	5,924,535	-	-	-
Total	**6,443,021**	**518,486**	5,924,535	-	-	**-**

Table 6.2: Rated exposures according to ratings by ECAIs (Cont'd.)

30 September 2015	Ratings of banking institutions by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
Exposure class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFIs and MDBs	12,814,250	4,053,495	3,753,462	803,540	90	4,203,663
Total	**12,814,250**	**4,053,495**	**3,753,462**	**803,540**	**90**	**4,203,663**

31 March 2015	Ratings of banking institutions by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
Exposure class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, DFIs and MDBs	10,877,493	4,136,402	2,560,872	845,387	49	3,334,783
Total	**10,877,493**	**4,136,402**	**2,560,872**	**845,387**	**49**	**3,334,783**

Table 6.3: Securitisation according to ratings by ECAIs

30 September 2015	Ratings of securitisation by approved ECAIs			
	Moody's	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	Unrated
Exposure class	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC	AAA to AA-	A+ to A-	Unrated
		RM'000	RM'000	RM'000
On and off balance sheet exposures				
Securitisation exposures	53,668	52,900	-	768
Total	**53,668**	**52,900**	**-**	**768**

31 March 2015	Ratings of securitisation by approved ECAIs			
	Moody's	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	Unrated
Exposure class	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC	AAA to AA-	A+ to A-	Unrated
		RM'000	RM'000	RM'000
On and off balance sheet exposures				
Securitisation exposures	54,626	53,312	-	1,314
Total	**54,626**	**53,312**	**-**	**1,314**

7.0 Credit Risk Mitigation

Table 7.1 : Credit Risk Mitigation

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

30 September 2015 Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	4,911,410	-	56,752
Banks, DFIs and MDBs	8,366,371	-	-
Insurance companies, Securities firms and Fund managers	2	-	2
Corporates	36,221,787	182,278	5,184,576
Regulatory retail	17,847,299	1,768	290,701
Residential mortgages	10,719,018	-	125,353
Higher risk assets	100,492	-	-
Other assets	3,661,833	-	-
Securitisation exposures	53,668	-	-
Equity exposures	4,214	-	-
Defaulted exposures	788,521	1,201	65,116
Total for on balance sheet exposures	82,674,615	185,247	5,722,500
Off balance sheet exposures			
OTC derivatives	6,030,297	-	-
Credit derivatives	16	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,926,900	5,123	1,297,030
Defaulted exposures	36,587	-	1,161
Total for off balance sheet exposures	14,993,800	5,123	1,298,191
Total on and off balance sheet exposures	**97,668,415**	**190,370**	**7,020,691**

Table 7.1 : Credit Risk Mitigation (Cont'd.)

The total exposures and eligible guarantees and collateral of the Group are as follows (Cont'd.):

31 March 2015 Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	6,443,021	-	-
Banks, DFIs and MDBs	7,853,681	-	-
Insurance companies, Securities firms and Fund managers	35,068	-	-
Corporates	35,633,673	91,241	6,256,551
Regulatory retail	18,651,391	2,423	279,967
Residential mortgages	10,841,769	-	125,998
Higher risk assets	108,339	-	-
Other assets	3,086,190	-	-
Securitisation exposures	54,626	-	-
Equity exposures	5,395	-	-
Defaulted exposures	689,566	1,943	64,298
Total for on balance sheet exposures	83,402,719	95,607	6,726,814
Off balance sheet exposures			
OTC derivatives	3,706,971	-	-
Credit derivatives	16	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,891,650	4,402	1,305,010
Defaulted exposures	34,631	35	6,685
Total for off balance sheet exposures	12,633,268	4,437	1,311,695
Total on and off balance sheet exposures	**96,035,987**	**100,044**	**8,038,509**

8.0 Off Balance Sheet exposures and Counterparty Credit Risk

Table 8.1: Off Balance Sheet Exposures

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

30 September 2015	Principal/ Notional amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Direct credit substitutes	1,846,114		1,846,112	1,422,790
Transaction related contingent items	4,379,154		2,189,577	1,487,372
Short term self liquidating trade related contingencies	694,275		138,865	99,487
Assets sold with recourse	200		200	200
Forward asset purchases	503,665		19,768	14,015
Foreign exchange related contracts				
One year or less	52,502,007	2,712,294	3,332,138	1,643,094
Over one year to five years	562,492	66,240	123,179	91,349
Over five years	2,191,188	428,540	850,481	468,434
Interest rate related contracts				
One year or less	7,424,548	5,176	20,845	6,995
Over one year to five years	31,818,239	215,230	1,015,738	323,888
Over five years	8,163,353	73,454	667,653	181,418
Equity and commodity related contracts				
One year or less	250,028	809	12,626	12,429
Over one year to five years	82,877	4,322	7,637	3,819
Credit derivative contracts				
One year or less	360,681	5,239	11	5
Over five years	359,938	51,889	5	3
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,763,535		1,882,778	1,741,953
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,043,364		2,422,079	2,226,687
Unutilised credit card lines	2,320,541		464,108	344,565
Total	**129,266,199**	**3,563,193**	**14,993,800**	**10,068,503**

Table 8.1: Off Balance Sheet Exposures (Cont'd.)

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

31 March 2015	Principal/ Notional amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Direct credit substitutes	788,743		788,743	708,022
Transaction related contingent items	5,609,010		2,804,505	2,016,836
Short term self liquidating trade related contingencies	634,176		126,835	99,942
Assets sold with recourse	200		200	200
Forward asset purchases	824,066		55,226	25,761
Obligations under an on-going underwriting agreement	250,000		-	-
Foreign exchange related contracts				
One year or less	33,934,956	784,769	1,160,541	618,669
Over one year to five years	2,500,277	203,211	350,443	104,415
Over five years	1,950,414	228,324	616,206	340,259
Interest rate related contracts				
One year or less	4,922,516	1,988	10,347	3,796
Over one year to five years	30,856,561	114,312	835,984	275,939
Over five years	8,433,307	68,173	644,172	195,048
Equity and commodity related contracts				
One year or less	606,219	1,504	29,503	20,073
Over one year to five years	69,830	1,757	4,549	2,275
Credit derivative contracts				
Over one year to five years	327,515	7,572	10	5
Over five years	326,889	33,133	6	3
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,993,436		2,022,254	1,824,186
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,491,550		2,511,436	2,218,208
Unutilised credit card lines	3,361,539		672,308	500,841
Total	**111,881,204**	**1,444,743**	**12,633,268**	**8,954,478**

Table 8.2 : Credit Derivatives Counterparty Credit Risk

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

		30 September 2015		31 March 2015	
		Sell Leg	Buy Leg *	Sell Leg	Buy Leg *
Usage	**Product**	**Notional Exposure for Protection Sold RM'000**	**Notional Exposure for Protection Bought RM'000**	**Notional Exposure for Protection Sold RM'000**	**Notional Exposure for Protection Bought RM'000**
Intermediation	Credit default swap	420,619	300,000	354,399	300,000

* Out of the total notional exposure for protection bought as at 30 September 2015, RM283,500,000 (31 March 2015: RM283,500,000) has no counterparty credit risk exposure because it is on a fully funded basis.

9.0 Securitisation

Table 9.1: Securitisation (Trading and Banking Book)

The securitised exposures of the Group are as follows:

30 September 2015 Underlying asset	Total exposures securitised RM'000	Past due RM'000	Impaired RM'000	Gains/losses recognised during the financial year RM'000
Traditional securitisation originated by the Group				
Banking book				
Corporate loans	121,710	-	55,348	-
Mortgage loans	833,822	-	825,342	-
Total traditional securitisation	**955,532**	**-**	**880,690**	**-**
Total synthetic securitisation	-	-	-	-
Total traditional and synthetic securitisation	**955,532**	**-**	**880,690**	**-**

31 March 2015 Underlying asset	Total exposures securitised RM'000	Past due RM'000	Impaired RM'000	Gains/losses recognised during the financial year RM'000
Traditional securitisation originated by the Group				
Banking book				
Corporate loans	165,580	-	100,918	-
Mortgage loans	801,925	-	792,193	-
Total traditional securitisation	**967,505**	**-**	**893,111**	**-**
Total synthetic securitisation	-	-	-	-
Total traditional and synthetic securitisation	**967,505**	**-**	**893,111**	**-**

Table 9.2: Securitisation under the Standardised Approach for Banking Book Exposures

30 September 2015 Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	Distribution of exposures after CRM according to appplicable risk weights				Risk weighted assets RM'000
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
				20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	
Traditional securitisation originated by third party								
On Balance Sheet Exposures	52,900	52,900	-	52,900	-	-	-	10,580
Originated by the Group								
On Balance Sheet Exposures	768	768	-	-	-	768	-	9,603
Total traditional securitisation	**53,668**	**53,668**	-	**52,900**	-	**768**	-	**20,183**
Total synthetic securitisation	-	-	-	-	-	-	-	-
Total traditional and synthetic securitisation	**53,668**	**53,668**	-	**52,900**	-	**768**	-	**20,183**

31 March 2015 Securitisation exposures by exposure type	Exposure value of positions purchased or retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	Distribution of exposures after CRM according to appplicable risk weights				Risk weighted assets RM'000
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
				20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	
Traditional securitisation originated by third party								
On Balance Sheet Exposures	53,312	53,312	-	53,312	-	-	-	10,662
Originated by the Group								
On Balance Sheet Exposures	1,314	1,314	-	-	-	1,314	-	16,426
Total traditional securitisation	**54,626**	**54,626**	-	**53,312**	-	**1,314**	-	**27,088**
Total synthetic securitisation	-	-	-	-	-	-	-	-
Total traditional and synthetic securitisation	**54,626**	**54,626**	-	**53,312**	-	**1,314**	-	**27,088**

Table 9.3: Securitisation under the Standardised Approach for Trading Book Exposures

30 September 2015 Securitisation exposures by exposure type	Total exposure value of positions purchased or retained RM'000	Exposures subject to deduction RM'000	General risk charge RM'000	Specific risk charge RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party					
On balance sheet by exposure type - others	-	-	-	-	-
Total traditional securitisation	**-**	**-**	**-**	**-**	**-**
Total synthetic securitisation	**-**	**-**	**-**	**-**	**-**
Total traditional and synthetic securitisation	**-**	**-**	**-**	**-**	**-**

31 March 2015 Securitisation exposures by exposure type	Total exposure value of positions purchased or retained RM'000	Exposures subject to deduction RM'000	General risk charge RM'000	Specific risk charge RM'000	Risk weighted assets RM'000
Traditional securitisation originated by third party					
On balance sheet by exposure type - others	-	-	-	-	-
Total traditional securitisation	**-**	**-**	**-**	**-**	**-**
Total synthetic securitisation	**-**	**-**	**-**	**-**	**-**
Total traditional and synthetic securitisation	**-**	**-**	**-**	**-**	**-**

10.0 Non-Traded Market Risk

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

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

30 September 2015 Currency (MYR)	Interest Rate/Rate of Return +100 bps RM'000	Interest Rate/Rate of Return -100 bps RM'000
Impact on Profit Before Taxation	123,785	(123,785)
Impact on Equity	(284,001)	321,771

31 March 2015 Currency (MYR)	Interest Rate/Rate of Return +100 bps RM'000	Interest Rate/Rate of Return -100 bps RM'000
Impact on Profit Before Taxation	156,248	(156,248)
Impact on Equity	(231,823)	268,300

11.0 Equities (Banking Book Positions)

Table 11.1: Equity investments and capital requirement

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

Non traded equity investments	30 September 2015 RM'000	31 March 2015 RM'000
Value of quoted (publicly traded) equities	150,128	176,996
Value of unquoted (privately held) equities	87,570	88,573
Total	**237,698**	**265,569**
Net realised and unrealised (losses)/gains		
Cumulative realised gains from sales and liquidations	21,715	12,081
Total unrealised (losses)/gains	(897)	(9,183)
Total	**20,818**	**2,898**
Risk weighted assets		
Equity investments subject to a 100% risk weight	150,088	176,957
Equity investments subject to a 150% risk weight	131,415	132,917
Total	**281,503**	**309,874**
Total minimum capital requirement (8%)	**22,520**	**24,790**

12.0 Liquidity Risk and Funding Management

The liquidity risk management of the Group is aligned to BNM's policy document on Liquidity Coverage Ratio ("LCR") issued by BNM on 31 March 2015.