# <u>AmBank (M) Berhad</u>

## Pillar 3 Disclosures

**For the financial period**
**1 April 2013 to 30 September 2013**

**Contents**

## 1.0 Scope of Application

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 Banking and Financial Institutions Act 1989 ("BAFIA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

The Financial Services Act 2013 ("FSA") have come into effect on 30 June 2013, providing for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market, to promote financial stability and for related, consequential or incidental matters. The FSA have replaced the BAFIA. On 27 June 2013, BNM has issued the Capital Adequacy Framework (Basel II – Risk Weighted Assets) which provide the framework and guidelines on computation of risk weighted assets ("RWA"), replacing the previous Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II – Risk Weighted Assets Computation) issued on 19 April 2007.

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

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

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

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

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, which is 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 Risk-Weighted Capital Adequacy Framework (Basel II - Risk-Weighted Assets).

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

| Calendar year | Common Equity Tier 1 ("CET1") Capital Ratio | Tier 1 Capital Ratio | Total Capital Ratio |
|---|---|---|---|
| 2013 | 3.5% | 4.5% | 8.0% |
| 2014 | 4.0% | 5.5% | 8.0% |
| 2015 | 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. 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 III regulatory reporting** |
| Subsidiaries licensed under BAFIA/FSA or engaged in financial activities | Fully consolidated | Deducted from capital at the banking subsidiary entity level.<br><br>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.<br><br>Consolidated in calculation of capital adequacy at the banking subsidiary consolidated level. |
| Associates which are licensed under BAFIA/FSA or engaged in financial activities | Equity accounted | Deducted in calculation of capital. |
| Associates which are not licensed under BAFIA/FSA and not 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 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.

## 2.0 Capital Management (Contd.)

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

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

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

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 and contingencies, 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 Chief Executive Officers Committee ("Group CEOs Committee"). The Group Assets and Liabilities Committee ("GALCO"), which is a sub-committee within the Group CEOs Committee, is the governance committee within the Group CEOs committee that 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. 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 2014 ("FY 2014"), these ranges are 7.5% to 9.5% for the CET 1 capital ratio, 9.5% to 11.5% for the Tier 1 capital ratio and 13.5% to 15.5% for the Total Capital ratio. The Group has been operating within these ranges.

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.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the holding company, AMMB, and its group entities when due.

## 2.0 Capital Management (Contd.)

### Table 2.1: Capital Adequacy Ratio

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

| | Group | | Bank | |
|---|---|---|---|---|
| | 30 September 2013 | 31 March 2013 (Restated) | 30 September 2013 | 31 March 2013 (Restated) |
| **Before deducting proposed dividends:** | | | | |
| CET 1 | 8.899% | 9.336% | 8.833% | 9.196% |
| Tier 1 Capital Ratio | 11.157% | 11.586% | 11.087% | 11.450% |
| Total Capital Ratio | 14.511% | 14.916% | 14.432% | 14.792% |
| **After deducting proposed dividends:** | | | | |
| CET 1 | 8.899% | 8.759% | 8.833% | 8.619% |
| Tier 1 Capital Ratio | 11.157% | 11.009% | 11.087% | 10.872% |
| Total Capital Ratio | 14.511% | 14.339% | 14.432% | 14.215% |

Notes:
The capital position and RWA of the Bank refers to the combined capital base and RWA of the Bank and its wholly-owned offshore banking subsidiary company, AMIL.

The restated comparative capital adequacy ratios and balances in the respective tables was due to the effect of the pooling of interests method arising from the acquisition of a subsidiary, AmCard Services Berhad ("AmCard") and transfer of assets, liabilities, activities, business and undertakings of the credit card business from MBF Cards (M'sia) Sdn Bhd ("MBF Cards"). The Bank, AmCard and MBF Cards are under common control, accordingly, the abovementioned acquisitions had been accounted for by the Group and the Bank via the pooling of interests method.

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

| | AMIL | |
|---|---|---|
| | 30 September 2013 | 31 March 2013 |
| Core capital ratio | 79.225% | 61.253% |
| Risk-weighted capital ratio | 79.391% | 61.382% |

The capital adequacy ratios of AMIL for capital compliance on a standalone basis as reported by the subsidiary are computed in accordance with the BNM guidelines of RWCAF based on the Basel II capital accord.

On 28 December 2012, as part of an arrangement between the Bank and AmIslamic Bank Berhad (“AmIslamic”) in relation to a Restricted Profit Sharing Investment Account (“RPSIA”) agreement, the Bank records as "deposits and placements with banks and other financial institutions" its exposure in the arrangement, whereas AmIslamic records its exposure as "financing and advances". The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and AmIslamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by AmIslamic as the entrepreneur. The RPSIA exposes the Bank to the risks and rewards of the financing, and accordingly the Bank accounts for all impairment allowances and risk-weighted assets arising from the RPSIA financing.

As at 30 September 2013, the gross exposure and collective allowance relating to the RPSIA financing are RM478.5 million and RM2.8 million (31 March 2013: RM500.9 million and RM2.1 million) respectively. There was no individual allowance provided for the RPSIA financing. RPSIA assets excluded from the risk-weighted capital adequacy computation of AmIslamic amounted to RM478.5 million (31 March 2013: RM500.9 million) and the risk-weight on these RPSIA assets are accounted for in the computation of capital adequacy of the Bank.

**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 2013<br>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 | 11,706,370 | | 11,706,370 | - | - |
| Banks, development financial institutions ("DFI") and multilateral development banks ("MDB") | 4,265,122 | | 4,265,122 | 936,946 | 74,956 |
| Insurance companies, securities | | | | | - |
| firms and fund managers | 58,241 | | 58,241 | 58,241 | 4,659 |
| Corporates | 31,886,531 | | 30,388,469 | 27,395,400 | 2,191,632 |
| Regulatory retail | 22,328,286 | | 22,166,519 | 16,646,747 | 1,331,740 |
| Residential mortgages | 10,018,950 | | 10,000,677 | 3,563,147 | 285,052 |
| Higher risk assets | 107,664 | | 107,664 | 161,495 | 12,920 |
| Other assets | 2,059,222 | | 2,059,222 | 1,555,341 | 124,427 |
| Securitisation | 28,651 | | 28,651 | 38,174 | 3,054 |
| Equity | 8,667 | | 8,667 | 8,667 | 693 |
| Defaulted exposures | 1,021,840 | | 906,079 | 970,182 | 77,614 |
| **Total on balance sheet exposures** | **83,489,544** | | **81,695,681** | **51,334,340** | **4,106,747** |
| **Off balance sheet exposures** | | | | | |
| Over the counter ("OTC") derivatives | 2,397,706 | | 2,397,706 | 1,387,180 | 110,974 |
| Credit derivatives | 5 | | 5 | 2 | - |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 10,002,547 | | 9,317,858 | 8,290,432 | 663,235 |
| Defaulted exposures | 59,137 | | 56,995 | 85,492 | 6,839 |
| **Total off balance sheet exposures** | **12,459,395** | | **11,772,564** | **9,763,106** | **781,048** |
| **Total on and off balance sheet exposures** | **95,948,939** | | **93,468,245** | **61,097,446** | **4,887,795** |
| 2. **Large exposure risk requirement** | - | | - | 713 | 57 |
| 3. **Market risk** | **Long position** | **Short position** | | | |
| Interest rate risk | | | | | |
| - General interest rate risk | 60,578,205 | 58,367,550 | | 1,669,952 | 133,596 |
| - Specific interest rate risk | 2,762,161 | 398,631 | | 359,748 | 28,780 |
| Foreign currency risk | 281,153 | 68,938 | | 281,153 | 22,492 |
| Equity risk | | | | | |
| - General risk | 225,048 | 1,806 | | 223,242 | 17,859 |
| - Specific risk | 225,048 | 1,806 | | 308,073 | 24,646 |
| Option risk | 1,255,921 | 1,746,627 | | 52,370 | 4,190 |
| **Total** | **65,327,536** | **60,585,358** | | **2,894,538** | **231,563** |
| 4. **Operational risk** | | | | 5,153,107 | 412,249 |
| 5. **Total RWA and capital requirements** | | | | **69,145,804** | **5,531,664** |

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**

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

| 31 March 2013 (Restated) 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 | 10,493,675 | | 10,493,675 | - | - |
| Banks, development financial institutions ("DFI") and multilateral development banks ("MDB") | 3,974,876 | | 3,974,876 | 919,402 | 73,552 |
| Insurance companies, securities firms and fund managers | 24,380 | | 24,380 | 24,380 | 1,950 |
| Corporates | 31,009,057 | | 29,366,059 | 26,859,025 | 2,148,722 |
| Regulatory retail | 22,501,971 | | 22,337,729 | 16,770,857 | 1,341,669 |
| Residential mortgages | 9,536,578 | | 9,520,796 | 3,485,231 | 278,819 |
| Higher risk assets | 110,768 | | 110,768 | 166,152 | 13,292 |
| Other assets | 1,818,834 | | 1,818,834 | 1,293,353 | 103,468 |
| Securitisation | 84,001 | | 84,001 | 64,746 | 5,180 |
| Equity | 192,104 | | 192,104 | 192,104 | 15,368 |
| Defaulted exposures | 1,185,809 | | 1,042,304 | 1,179,286 | 94,343 |
| **Total on balance sheet exposures** | **80,932,053** | | **78,965,526** | **50,954,536** | **4,076,363** |
| **Off balance sheet exposures** | | | | | |
| Over the counter ("OTC") derivatives | 2,238,495 | | 2,238,495 | 1,216,583 | 97,327 |
| Credit derivatives | 68 | | 68 | 20 | 2 |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 9,713,334 | | 9,049,823 | 8,087,538 | 647,003 |
| Defaulted exposures | 85,219 | | 81,509 | 122,264 | 9,781 |
| **Total off balance sheet exposures** | **12,037,116** | | **11,369,895** | **9,426,405** | **754,113** |
| **Total on and off balance sheet exposures** | **92,969,169** | | **90,335,421** | **60,380,941** | **4,830,476** |
| 2. **Large exposure risk requirement** | - | | - | 713 | 57 |
| 3. **Market risk** | **Long position** | **Short position** | | | |
| Interest rate risk | | | | | |
| - General interest rate risk | 58,153,060 | 54,013,804 | | 2,176,400 | 174,112 |
| - Specific interest rate risk | 4,260,577 | 79,756 | | 801,741 | 64,139 |
| Foreign currency risk | 233,121 | 57,029 | | 233,121 | 18,650 |
| Equity risk | | | | | |
| - General risk | 238,867 | 28,745 | | 210,122 | 16,810 |
| - Specific risk | 238,867 | 28,745 | | 229,726 | 18,378 |
| Option risk | 1,038,718 | 2,398,407 | | 71,071 | 5,686 |
| **Total** | **64,163,210** | **56,606,486** | | **3,722,181** | **297,775** |
| 4. **Operational risk** | | | | 5,286,074 | 422,886 |
| 5. **Total RWA and capital requirements** | | | | **69,389,909** | **5,551,194** |

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

## 3.0 Capital Structure

All capital instruments included in the capital base have been issued in accordance with the BNM rules and guidelines. The existing Additional Tier 1 and Tier 2 Capital instruments of the Group and the Bank 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. All of the Group's and the Bank's 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 Common Equity Tier 1 Capital

Common Equity Tier 1 Capital ("CET 1") consists of the following:

**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 Bank.

**Share Premium**

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

**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 net of any interim and/or final dividend declared, and net of any interim losses. Quarterly interim profits have been included in CET 1 subject to review/audit by the external auditors.

**Other Disclosed Reserves**

Other disclosed reserves comprise the following:

- **Statutory Reserve**

  Statutory reserve is maintained in compliance with the provisions of BAFIA and is not distributable as cash dividends. When FSA came into effect to replace BAFIA, the maintenance of this reserve is in accordance with BNM guidelines on Capital Funds, which was effective from 30 June 2013.

- **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.

- **Foreign Exchange Translation Reserve**

  Foreign exchange translation reserve is used to record exchange differences arising from the translation of the net investment in foreign operations, net of the effects of hedging (if any).

- **Unrealised Gains/(Loss) on Financial Investments Available-for-Sale**

  This comprises the unrealised gains/(loss) arising from changes in fair value of financial investments (other than loans and receivables) classified as 'available-for-sale'. Where the outstanding balance of available-for-sale reserve is a net gain, the Bank can recognise 45% of the total outstanding balance as part of CET 1. Where the outstanding balance of available-for-sale reserve is a net loss, the entire outstanding balance is deducted in CET 1.

- **Cash Flow Hedging Reserve**

  Cash flow hedge reserve 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). The amount of the cash flow hedging reserve 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. 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% | 0 |

### Innovative Tier 1 Capital

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

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

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

The salient features of the Hybrid Securities are as follows:

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

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

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

### 3.2 Additional Tier 1 Capital (Contd.)

**Innovative Tier 1 Capital (Contd.)**

**(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.

**Non-innovative Tier 1 Capital**

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

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

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

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

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

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

### 3.3 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 (Tier 2 capital instruments).

The amount of Tier 2 capital instruments 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 balance outstanding as at 1 January 2013. This is in accordance with 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% | 0 |

**Medium Term Notes**

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

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

The MTNs issued under the MTN Programme was included as Tier 2 capital in compliance with the RWCAF issued by BNM.

The salient features of the MTNs issued are as follows:

(i) Tranche 1 amounting to RM500 million was issued on 4 February 2008 and is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.23% per annum.

RM300 million of Tranche 1 was early redeemed on 8 October 2012. The remaining RM200 million of Tranche 1 was called and cancelled on its first call date of 4 February 2013.

### 3.3 Tier 2 Capital (Contd.)

**Medium Term Notes (Contd.)**

The salient features of the MTNs issued are as follows (contd.):

(ii) Tranche 2 and 3 totalling RM240 million was issued on 14 March 2008 as follows:

- Tranche 2 amounting to RM165 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
- Tranche 3 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.
- Tranche 2 of RM165 million was fully called and cancelled on its first call date of 14 March 2013.

(iii) Tranche 4 and 5 totalling RM120 million was issued on 28 March 2008 as follows:

- Tranche 4 amounting to RM45 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
- Tranche 5 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.
- Tranche 4 of RM45 million was fully called and cancelled on its first call date of 28 March 2013.

(iv) Tranche 6 amounting to RM600 million issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25% per annum.

(v) Tranche 7 amounting to RM97.8 million issued on 10 December 2009 is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum.

(vi) Tranche 8 amounting to RM710 million issued on 16 October 2012 is for a tenor of 10 years Non-Callable 5 years and bears interest at 4.45% per annum.

The interest rate of the MTN will step up by 0.5% per annum as follows:

(i) Tranche 1 - at the beginning of the 6th year
(ii) Tranche 2 - at the beginning of the 6th year
(iii) Tranche 3 - at the beginning of the 8th year
(iv) Tranche 4 - at the beginning of the 6th year
(v) Tranche 5 - at the beginning of the 8th year
(vi) Tranche 6 - at the beginning of the 11th year
(vii) Tranche 7 - at the beginning of the 6th year

and every anniversary thereafter, preceding the maturity date of the MTN. The step-up feature does not apply to Tranche 8.

Total MTN in issuance post the completion of these transactions amounted to RM1,557.8 million.

**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 2013 | 31 March 2013 (Restated) | 30 September 2013 | 31 March 2013 (Restated) |
| | RM'000 | RM'000 | RM'000 | 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 | 3,776,497 | 3,543,804 | 3,734,283 | 3,501,590 |
| Less: Proposed dividend - final | - | (400,338) | - | (400,338) |
| Unrealised losses on financial investments available-for-sale | (54,763) | (9,174) | (54,604) | (8,402) |
| Foreign exchange translation reserve | (2,635) | (14,760) | (2,635) | (14,760) |
| Statutory reserve | 980,969 | 980,969 | 980,969 | 980,969 |
| Merger reserve | 104,149 | 570,473 | 48,516 | 507,017 |
| Cash flow hedging reserve | (7,875) | (12,644) | (7,875) | (12,644) |
| Less: Regulatory adjustments applied on CET 1 capital | | | | |
| Intangible assets | (287,674) | (235,655) | (283,025) | (235,655) |
| Deferred tax assets | (126,650) | (120,781) | (68,018) | (120,523) |
| Cash flow hedging reserve | 7,875 | 12,644 | 7,875 | 12,644 |
| **Total CET 1 capital** | **6,153,101** | **6,077,746** | **6,118,694** | **5,973,106** |
| **Additional Tier 1 capital** | | | | |
| Additional Tier 1 capital instruments (subject to gradual phase-out treatment) | 1,561,590 | 1,561,590 | 1,561,590 | 1,561,590 |
| **Total Tier 1 capital** | **7,714,691** | **7,639,336** | **7,680,284** | **7,534,696** |
| **Tier 2 capital** | | | | |
| Tier 2 capital instruments (subject to gradual phase-out treatment) | 1,557,800 | 1,557,800 | 1,557,800 | 1,557,800 |
| Collective allowance and regulatory reserves | 763,718 | 754,762 | 768,060 | 758,815 |
| Less: Regulatory adjustments applied on Tier 2 capital | (2,365) | (1,955) | (8,609) | (133) |
| **Total Tier 2 capital** | **2,319,153** | **2,310,607** | **2,317,251** | **2,316,482** |
| **Total capital** | **10,033,844** | **9,949,943** | **9,997,535** | **9,851,178** |

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

| | Group | | Bank | |
|---|---|---|---|---|
| | 30 September 2013 | 31 March 2013 (Restated) | 30 September 2013 | 31 March 2013 (Restated) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Credit RWA | 61,097,446 | 60,380,942 | 61,444,822 | 60,705,227 |
| Market RWA | 2,894,538 | 3,722,181 | 2,894,538 | 3,722,181 |
| Operational RWA | 5,153,107 | 5,286,074 | 4,931,192 | 4,875,083 |
| Large exposure risk RWA for equity holdings | 713 | 713 | 713 | 713 |
| **Total RWA** | **69,145,804** | **69,389,910** | **69,271,265** | **69,303,204** |

## 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 related business strategies, 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 and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty, 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 Group will DeRisk, further Diversify and have a differentiated growth within its various business lines.

The Group targets to improved credit rating of BBB+ (from international rating agencies) to be achieved within one to two years, supported by continued improvement in overall asset quality and portfolio diversification, continued growth and diversification of its Funding and Treasury & Market businesses and strong management of liquidity and interest rate risk/rate of return in the statement of financial position.

The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for CET 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% range with continually improving current account and savings account ("CASA") deposit composition and market share.

**Risk Management Governance**

The Board is ultimately responsible for the management of risks within the Group. The Risk Management Committee of Directors is formed to assist the Board 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.

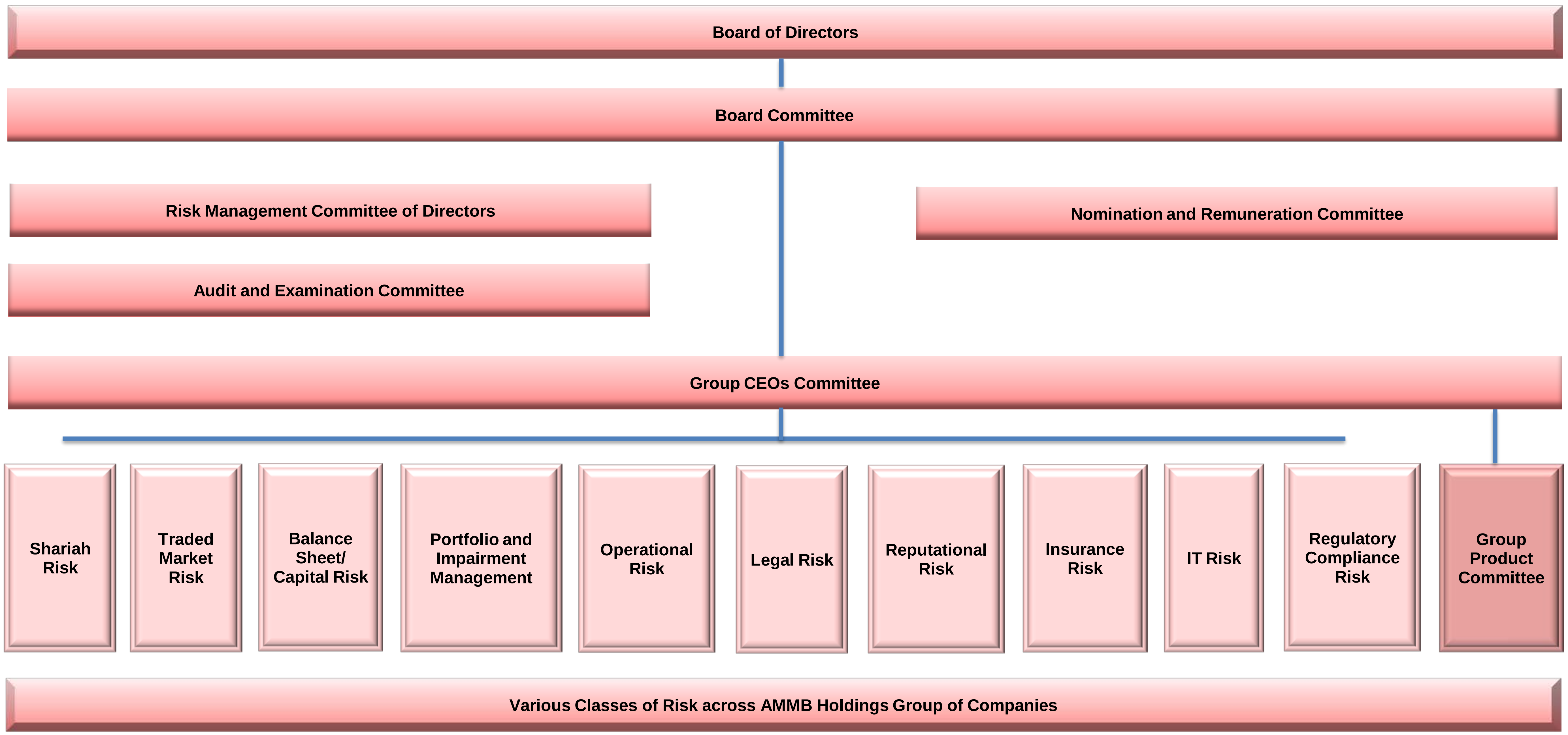
The Board has also established the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, shariah risk, compliance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

In July 2013, the Group Product Committee ("GPC") was re-established as a sub-committee of the Group CEOs Committee. The GPC is 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 (Contd.)**

Risk Management Governance (Contd.)

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.



## 4.0 General Risk Management (Contd.)

### Risk Management Governance (Contd.)

#### Strategic Risk

Strategic risk is the risk of not achieving the Group's corporate strategic goals. The Group's overall strategic planning reflects the Group's vision and mission, taking into consideration the Group's internal capabilities and external factors.

The Board is actively involved in setting of strategic goals, and is regularly updated on matters affecting corporate strategy implementation and corporate projects/initiatives.

#### Reputational Risk

The Group recognises that maintaining its reputation among clients, investors, regulators and the general public is an important aspect of minimizing legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and business partners and the conduct of our business activities.

The Group seeks to maintain its reputation by screening potential clients and business partners and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

#### Regulatory Compliance Risk

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practice. Group Regulatory Compliance undertakes the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out online. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with internal and external requirements.

Compliance awareness is performed on a regular basis to ensure staff keeps abreast of banking, insurance, securities and anti-money laundering law as well as other regulatory developments. The awareness helps staff develop their skills to identify compliance issues as well as cultivate good corporate ethics. In addition to the training provided, the Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations to various search modes.

Group Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the department facilitates briefings, disseminates information and leads coordination efforts.

## 4.1 Internal Capital Adequacy Assessment Process

The core objectives of the Group's Internal Capital Adequacy Assessment Process ("ICAAP") Policy are to:

- protect the interests of depositors, creditors and shareholders;
- ensure the safety and soundness of the Group's capital position; and
- ensure that the capital base supports the Group's Risk Appetite, and strategic business objectives, in an efficient and effective manner.

The requirements of the ICAAP Policy are consistent and calibrated with the Group's Risk Appetite as set and approved by the Board.

## 5.0 Credit Risk Management

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.

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.

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.
- asset writing strategies for industry sectors and portfolio composition (by Risk Grade and Security Indicator);
- setting Loan to value limits for asset backed loans (that is, 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 exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. in the event such exposure exceeds CACC authority it will be reported to Executive Committee of Directors. 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 portfolio, approve new and amended credit risk policy and review the portfolio risk profile against Group Risk Appetite Framework ("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/rate of return) 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[1] 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 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 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 shall be classified as impaired when the principal or interest or both is past due for more than 90 days or 3 months.

(d) for distressed rescheduled and restructured ("R/R") facilities, these loans 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, that is, 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 allowance is computed after making the necessary adjustments to reflect current economic conditions.

*[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.*

**Table 5.1 : Distribution of gross credit exposures by sector**

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

| 30 September 2013 | 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 | 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 |
| **On balance sheet exposures** | | | | | | | | | | | | | | |
| Sovereigns/central banks | - | - | - | - | 15,072 | - | - | 10,654,362 | - | - | 1,036,936 | - | - | 11,706,370 |
| Banks, DFI and MDB | - | - | - | - | - | 22 | - | 4,245,648 | - | 9,331 | - | - | 10,121 | 4,265,122 |
| Insurance companies, securities firms and fund managers | - | - | - | - | - | - | - | 58,241 | - | - | - | - | - | 58,241 |
| Corporates | 3,027,755 | 2,765,680 | 5,545,283 | 999,083 | 3,074,422 | 4,285,141 | 1,778,705 | 2,378,666 | 5,572,619 | 759,069 | 1,039,115 | 535,146 | 125,847 | 31,886,531 |
| Regulatory retail | 79,118 | 20,345 | 222,116 | 5,006 | 226,693 | 348,918 | 133,782 | 711,474 | 36,908 | 120,200 | 64,701 | 20,357,061 | 1,964 | 22,328,286 |
| Residential mortgages | - | - | - | - | - | - | - | - | - | - | - | 10,018,950 | - | 10,018,950 |
| Higher risk assets | - | - | 5 | - | - | - | - | 961 | 417 | - | - | 17,964 | 88,317 | 107,664 |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | 2,059,222 | 2,059,222 |
| Securitisation | - | - | - | - | - | - | - | 23,022 | - | - | 5,629 | - | - | 28,651 |
| Equity | - | - | 26 | - | - | 227 | 1,550 | 5,224 | 1,448 | 36 | - | - | 156 | 8,667 |
| Defaulted exposures | 12,106 | 2,634 | 90,328 | 152 | 63,429 | 25,172 | 177,622 | 12,305 | 6,072 | 4,926 | 4,241 | 620,947 | 1,906 | 1,021,840 |
| **Total for on balance sheet exposures** | 3,118,979 | 2,788,659 | 5,857,758 | 1,004,241 | 3,379,616 | 4,659,480 | 2,091,659 | 18,089,903 | 5,617,464 | 893,562 | 2,150,622 | 31,550,068 | 2,287,533 | 83,489,544 |
| **Off balance sheet exposures** | | | | | | | | | | | | | | |
| OTC derivatives | 10,397 | 18,042 | 88,664 | - | 16,549 | 11,490 | 53,896 | 2,155,355 | 7,789 | 29,192 | 45 | - | 6,287 | 2,397,706 |
| Credit derivatives | - | - | - | - | - | - | - | 5 | - | - | - | - | - | 5 |
| Off balance sheet exposures other than OTC derivatives or credit derivatitives | 277,289 | 195,317 | 1,671,187 | 177,278 | 1,995,600 | 824,792 | 415,075 | 461,612 | 974,116 | 172,617 | 339,208 | 2,494,992 | 3,464 | 10,002,547 |
| Defaulted exposures | 30 | 4,000 | 4,755 | - | 34,308 | 9,334 | 237 | 1,033 | - | 5,064 | 62 | 314 | - | 59,137 |
| **Total for off balance sheet exposures** | 287,716 | 217,359 | 1,764,606 | 177,278 | 2,046,457 | 845,616 | 469,208 | 2,618,005 | 981,905 | 206,873 | 339,315 | 2,495,306 | 9,751 | 12,459,395 |
| **Total on and off balance sheet exposures** | **3,406,695** | **3,006,018** | **7,622,364** | **1,181,519** | **5,426,073** | **5,505,096** | **2,560,867** | **20,707,908** | **6,599,369** | **1,100,435** | **2,489,937** | **34,045,374** | **2,297,284** | **95,948,939** |

**Table 5.1 : Distribution of gross credit exposures by sector (Contd.)**

The distribution of credit exposures by sector of the Group as follows (contd.):

| 31 March 2013 (Restated) | 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 | 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 |
| **On balance sheet exposures** | | | | | | | | | | | | | | |
| Sovereigns/central banks | - | - | - | - | - | - | - | 9,754,372 | - | - | 739,303 | - | - | 10,493,675 |
| Banks, DFI and MDB | - | - | - | - | - | 28 | - | 3,952,695 | - | 22,153 | - | - | - | 3,974,876 |
| Insurance companies, securities firms and fund managers | - | - | - | - | - | - | - | 24,380 | - | - | - | - | - | 24,380 |
| Corporates | 2,605,593 | 1,983,363 | 5,030,211 | 778,837 | 2,877,730 | 4,348,404 | 2,005,021 | 4,062,145 | 5,140,551 | 666,794 | 880,329 | 470,681 | 159,398 | 31,009,057 |
| Regulatory retail | 86,623 | 21,077 | 246,243 | 6,356 | 251,161 | 381,607 | 139,281 | 271,769 | 24,165 | 140,043 | 74,423 | 20,857,605 | 1,618 | 22,501,971 |
| Residential mortgages | - | - | - | - | - | - | - | - | - | - | - | 9,536,578 | - | 9,536,578 |
| Higher risk assets | - | - | 27 | - | - | - | - | 869 | 1,331 | - | - | 20,150 | 88,391 | 110,768 |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | 1,818,834 | 1,818,834 |
| Securitisation | 53,958 | - | - | - | - | - | - | 24,176 | - | - | 5,867 | - | - | 84,001 |
| Equity | - | - | 42 | - | 124 | 240 | 1,550 | 4,060 | 3,903 | 38 | - | - | 182,147 | 192,104 |
| Defaulted exposures | 9,521 | 5,192 | 205,022 | 265 | 64,756 | 40,986 | 153,956 | 23,394 | 27,576 | 5,420 | 28,373 | 619,101 | 2,247 | 1,185,809 |
| **Total for on balance sheet exposures** | 2,755,695 | 2,009,632 | 5,481,545 | 785,458 | 3,193,771 | 4,771,265 | 2,299,808 | 18,117,860 | 5,197,526 | 834,448 | 1,728,295 | 31,504,115 | 2,252,635 | 80,932,053 |
| **Off balance sheet exposures** | | | | | | | | | | | | | | |
| OTC derivatives | 2,966 | 6,780 | 46,989 | - | 9,169 | 12,843 | 61,998 | 2,073,674 | 485 | 18,688 | - | - | 4,903 | 2,238,495 |
| Credit derivatives | - | - | - | - | - | - | - | 68 | - | - | - | - | - | 68 |
| Off balance sheet exposures other than OTC derivatives or credit derivatitives | 289,037 | 207,825 | 1,789,437 | 173,718 | 2,060,594 | 765,183 | 289,438 | 466,434 | 1,013,302 | 169,489 | 96,480 | 2,368,378 | 24,019 | 9,713,334 |
| Defaulted exposures | 30 | 4,000 | 23,335 | - | 41,621 | 11,717 | 815 | 1,088 | 2,300 | - | - | 287 | 26 | 85,219 |
| **Total for off balance sheet exposures** | 292,033 | 218,605 | 1,859,761 | 173,718 | 2,111,384 | 789,743 | 352,251 | 2,541,264 | 1,016,087 | 188,177 | 96,480 | 2,368,665 | 28,948 | 12,037,116 |
| **Total on and off balance sheet exposures** | **3,047,728** | **2,228,237** | **7,341,306** | **959,176** | **5,305,155** | **5,561,008** | **2,652,059** | **20,659,124** | **6,213,613** | **1,022,625** | **1,824,775** | **33,872,780** | **2,281,583** | **92,969,169** |

**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 allowance, charges/(writeback) for individual impairment allowance and write offs during the year by sector of the Group are as follows:

| 30 September 2013 | 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 | 20,891 | 3,479 | 178,815 | 24,005 | 38,204 | 38,638 | 82,206 | 1,428 | 5,775 | 22,061 | 35,944 | 869,617 | 4,240 | - | **1,325,303** |
| Past due loans | 48,609 | 8,907 | 247,947 | 24,005 | 214,222 | 115,758 | 342,371 | 2,439 | 109,789 | 69,146 | 153,296 | 9,683,863 | 4,240 | - | **11,024,592** |
| Individual allowances | 2,154 | 2,846 | 94,283 | 21,953 | 10,428 | 826 | 17,733 | - | - | 625 | 24,523 | 5,428 | 198 | - | **180,997** |
| Collective allowances | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,439,159 | **1,439,159** |
| Charges/(writeback) for individual allowances | (3,018) | 3,630 | 70,122 | (2,536) | 2,140 | 2,906 | 18,649 | 72 | 1,803 | 729 | 26,490 | 3,179 | (5,570) | - | **118,596** |
| Write-offs against individual allowances | - | 15,470 | 68,297 | - | 6,004 | 3,778 | 7,002 | 72 | 1,852 | 1,607 | 2,357 | - | - | - | **106,439** |

| 31 March 2013 (Restated) | 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 | 20,239 | 17,866 | 238,061 | 25,800 | 49,114 | 42,309 | 18,382 | 28,287 | 9,120 | 11,023 | 43,049 | 893,959 | 10,963 | - | **1,408,172** |
| Past due loans | 73,568 | 23,547 | 328,922 | 25,800 | 147,717 | 132,313 | 114,816 | 28,287 | 108,767 | 57,654 | 187,921 | 9,962,934 | 10,963 | - | **11,203,209** |
| Individual allowances | 5,172 | 14,686 | 92,458 | 24,489 | 14,292 | 1,698 | 6,086 | - | 49 | 1,503 | 390 | 2,249 | 5,768 | - | **168,840** |
| Collective allowances | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,492,899 | **1,492,899** |
| Charges/(writeback) for individual allowances | (6,356) | 162,567 | 94,804 | (4,775) | 17,297 | 3,986 | 7,262 | 855 | (3,637) | (26) | 2,241 | (1,255) | 2,313 | - | **275,276** |
| Write-offs against individual allowances | - | 147,881 | 15,815 | 168 | 34,903 | 5,222 | 2,270 | 898 | 9,737 | - | 2,431 | 68 | 1,517 | - | **220,910** |

**Table 5.3 : Geographical distribution of credit exposures**

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

| 30 September 2013 | In Malaysia RM'000 | Outside Malaysia RM'000 | Total RM'000 |
|---|---|---|---|
| **On balance sheet exposures** | | | |
| Sovereigns/central banks | 11,706,370 | - | 11,706,370 |
| Banks, DFI and MDB | 3,798,451 | 466,671 | 4,265,122 |
| Insurance companies, securities firms and fund managers | 32,551 | 25,690 | 58,241 |
| Corporates | 30,091,415 | 1,795,116 | 31,886,531 |
| Regulatory retail | 22,328,286 | - | 22,328,286 |
| Residential mortgages | 10,018,950 | - | 10,018,950 |
| Higher risk assets | 106,748 | 916 | 107,664 |
| Other assets | 2,059,222 | - | 2,059,222 |
| Securitisation | 28,651 | - | 28,651 |
| Equity | 8,631 | 36 | 8,667 |
| Defaulted exposures | 1,021,840 | - | 1,021,840 |
| **Total for on balance sheet exposures** | **81,201,115** | **2,288,429** | **83,489,544** |
| **Off balance sheet exposures** | | | |
| OTC derivatives | 2,397,706 | - | 2,397,706 |
| Credit derivatives | 5 | - | 5 |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 9,855,672 | 146,875 | 10,002,547 |
| Defaulted exposures | 59,137 | - | 59,137 |
| **Total for off balance sheet exposures** | **12,312,520** | **146,875** | **12,459,395** |
| **Total on and off balance sheet exposures** | **93,513,635** | **2,435,304** | **95,948,939** |

| 31 March 2013 (Restated) | In Malaysia RM'000 | Outside Malaysia RM'000 | Total RM'000 |
|---|---|---|---|
| **On balance sheet exposures** | | | |
| Sovereigns/central banks | 10,493,675 | - | 10,493,675 |
| Banks, DFI and MDB | 3,589,200 | 385,676 | 3,974,876 |
| Insurance companies, securities firms and fund managers | - | 24,380 | 24,380 |
| Corporates | 29,947,740 | 1,061,317 | 31,009,057 |
| Regulatory retail | 22,501,971 | - | 22,501,971 |
| Residential mortgages | 9,536,578 | - | 9,536,578 |
| Higher risk assets | 109,899 | 869 | 110,768 |
| Other assets | 1,817,815 | 1,019 | 1,818,834 |
| Securitisation | 84,001 | - | 84,001 |
| Equity | 192,066 | 38 | 192,104 |
| Defaulted exposures | 1,185,809 | - | 1,185,809 |
| **Total for on balance sheet exposures** | **79,458,754** | **1,473,299** | **80,932,053** |
| **Off balance sheet exposures** | | | |
| OTC derivatives | 2,238,495 | - | 2,238,495 |
| Credit derivatives | 68 | - | 68 |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 9,580,097 | 133,237 | 9,713,334 |
| Defaulted exposures | 85,219 | - | 85,219 |
| **Total for off balance sheet exposures** | **11,903,879** | **133,237** | **12,037,116** |
| **Total on and off balance sheet exposures** | **91,362,633** | **1,606,536** | **92,969,169** |

**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 2013 | In Malaysia<br>RM'000 | Outside Malaysia<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| Impaired loans and advances | 1,325,303 | - | 1,325,303 |
| Past due loans | 11,024,592 | - | 11,024,592 |
| Individual allowances | 180,997 | - | 180,997 |
| Collective allowances | 1,427,279 | 11,880 | 1,439,159 |

| 31 March 2013<br>(Restated) | In Malaysia<br>RM'000 | Outside Malaysia<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| Impaired loans and advances | 1,408,172 | - | 1,408,172 |
| Past due loans | 11,203,209 | - | 11,203,209 |
| Individual allowances | 168,840 | - | 168,840 |
| Collective allowances | 1,479,041 | 13,858 | 1,492,899 |

**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 2013 | 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 | 8,270,941 | 163,492 | - | - | - | 260,232 | 3,011,705 | - | 11,706,370 |
| Banks, DFI and MDB | 2,455,872 | 431,473 | 825,332 | 245,650 | 45,840 | 25,417 | 235,538 | - | 4,265,122 |
| Insurance companies, securities firms and fund managers | - | - | 25,690 | - | - | - | 32,551 | - | 58,241 |
| Corporates | 8,079,089 | 2,772,649 | 2,022,550 | 2,024,394 | 2,909,044 | 4,111,636 | 9,967,169 | - | 31,886,531 |
| Regulatory retail | 1,953,087 | 48,999 | 79,727 | 277,272 | 2,318,472 | 4,120,453 | 13,530,276 | - | 22,328,286 |
| Residential mortgages | 17,351 | 532 | 1,664 | 4,427 | 46,286 | 119,196 | 9,829,494 | - | 10,018,950 |
| Higher risk assets | 422 | 46 | 6 | 60 | 330 | 774 | 17,618 | 88,408 | 107,664 |
| Other assets | 487,976 | - | - | - | - | - | - | 1,571,246 | 2,059,222 |
| Securitisation | 116 | - | - | - | - | - | 28,535 | - | 28,651 |
| Equity | 5,224 | - | - | - | - | - | 3,286 | 157 | 8,667 |
| Defaulted exposures | 148,306 | 112,903 | 9,974 | 28,018 | 103,529 | 75,034 | 544,076 | - | 1,021,840 |
| **Total for on balance sheet exposures** | **21,418,384** | **3,530,094** | **2,964,943** | **2,579,821** | **5,423,501** | **8,712,742** | **37,200,248** | **1,659,811** | **83,489,544** |
| **Off balance sheet exposures** | | | | | | | | | |
| OTC derivatives | 30,632 | 81,429 | 61,482 | 136,379 | 690,246 | 513,422 | 884,116 | - | 2,397,706 |
| Credit derivatives | - | - | - | - | 4 | - | 1 | - | 5 |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 1,367,086 | 1,043,409 | 1,091,793 | 1,769,262 | 1,409,873 | 464,600 | 2,856,524 | - | 10,002,547 |
| Defaulted exposures | 5,704 | 18,732 | 5,782 | 20,862 | 6,201 | - | 1,856 | - | 59,137 |
| **Total for off balance sheet exposures** | **1,403,422** | **1,143,570** | **1,159,057** | **1,926,503** | **2,106,324** | **978,022** | **3,742,497** | **-** | **12,459,395** |
| **Total on and off balance sheet exposures** | **22,821,806** | **4,673,664** | **4,124,000** | **4,506,324** | **7,529,825** | **9,690,764** | **40,942,745** | **1,659,811** | **95,948,939** |

**Table 5.5 : Residual contractual maturity by major types of credit exposure (contd.)**

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

| 31 March 2013 (Restated) | 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 | 6,416,334 | 1,215,651 | - | - | 15,272 | 255,669 | 2,590,749 | - | 10,493,675 |
| Banks, DFI and MDB | 1,850,595 | 759,781 | 536,916 | 305,761 | 258,987 | 20,467 | 242,369 | - | 3,974,876 |
| Insurance companies, securities firms and fund managers | 5 | - | 24,375 | - | - | - | - | - | 24,380 |
| Corporates | 7,380,653 | 2,151,645 | 3,130,993 | 1,026,327 | 3,727,881 | 4,253,213 | 9,338,345 | - | 31,009,057 |
| Regulatory retail | 2,035,648 | 36,869 | 76,944 | 191,731 | 2,449,985 | 4,165,054 | 13,545,740 | - | 22,501,971 |
| Residential mortgages | 16,390 | 973 | 1,094 | 4,191 | 44,962 | 118,690 | 9,350,278 | - | 9,536,578 |
| Higher risk assets | 462 | 16 | 16 | 58 | 421 | 688 | 20,716 | 88,391 | 110,768 |
| Other assets | 525,177 | - | - | - | - | - | - | 1,293,657 | 1,818,834 |
| Securitisation | 65 | - | - | - | - | - | 83,936 | - | 84,001 |
| Equity | 5,455 | - | - | - | - | - | 4,502 | 182,147 | 192,104 |
| Defaulted exposures | 225,334 | 99,251 | 69,092 | 87,640 | 92,081 | 86,549 | 525,862 | - | 1,185,809 |
| **Total for on balance sheet exposures** | **18,456,118** | **4,264,186** | **3,839,430** | **1,615,708** | **6,589,589** | **8,900,330** | **35,702,497** | **1,564,195** | **80,932,053** |
| **Off balance sheet exposures** | | | | | | | | | |
| OTC derivatives | 51,289 | 82,489 | 34,920 | 74,989 | 359,653 | 696,361 | 938,794 | - | 2,238,495 |
| Credit derivatives | - | 39 | - | - | - | 18 | 11 | - | 68 |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 1,625,712 | 662,790 | 1,278,646 | 1,637,346 | 1,511,092 | 489,052 | 2,508,696 | - | 9,713,334 |
| Defaulted exposures | 21,502 | 4,533 | 2,145 | 30,059 | 23,953 | 945 | 2,082 | - | 85,219 |
| **Total for off balance sheet exposures** | **1,698,503** | **749,851** | **1,315,711** | **1,742,394** | **1,894,698** | **1,186,376** | **3,449,583** | **-** | **12,037,116** |
| **Total on and off balance sheet exposures** | **20,154,621** | **5,014,037** | **5,155,141** | **3,358,102** | **8,484,287** | **10,086,706** | **39,152,080** | **1,564,195** | **92,969,169** |

**Table 5.6 : Reconciliation of changes to loans impairment allowances exposure**

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

| | 30 September 2013 | | 31 March 2013 | |
|---|---|---|---|---|
| | Individual impairment allowances RM'000 | Collective impairment allowances RM'000 | Individual impairment allowances RM'000 | Collective impairment allowances (Restated) RM'000 |
| **Balance at beginning of financial year** | 168,840 | 1,454,239 | 114,474 | 1,584,690 |
| Effect arising from the pooling of interests | - | 38,660 | - | - |
| **As restated** | 168,840 | 1,492,899 | 114,474 | 1,584,690 |
| Charge to income statement, net | 118,596 | 161,468 | 275,276 | 259,774 |
| Amount transferred from AmIslamic * | - | - | - | 1,871 |
| Amount written-off | (106,439) | (216,551) | (220,910) | (399,183) |
| Effect arising from the pooling of interests | | - | | 40,536 |
| Foreign exchange differences | - | 1,343 | - | 5,211 |
| **Balance at end of financial year/period** | **180,997** | **1,439,159** | **168,840** | **1,492,899** |

* As at 30 September 2013, the gross exposure and collective allowance relating to the RPSIA financing are RM478.5 million and RM2.8 million (31 March 2013: RM500.9 million and RM2.1 million) respectively.

There was no individual allowance provided for the RPSIA financing.

| | (Charge offs)/recoveries | |
|---|---|---|
| | 30 September 2013 RM'000 | 31 March 2013 (Restated) RM'000 |
| Bad debts written off during the year/period | (43,705) | (74,668) |
| Bad debt recoveries during the year/period | 437,238 | 563,400 |

## 6.0 Credit Risk Exposure under the Standardised Approach

Depending on the exposure class, the following ratings by the following External Credit Assessment Institutions (“ECAIs”) are allowed:

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

## 6.0 Credit Risk Exposure under the Standardised Approach

### 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 2013 | Exposures after netting and credit risk mitigation | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk weights | Sovereigns and central banks | Banks, DFI and MDB | Insurance companies, securities firms and fund managers | Corporates | Regulatory retail | Residental mortgages | Higher risk assets | Other assets | Securitisation | Equity | 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% | 11,706,570 | - | - | 1,360,434 | - | - | - | 487,976 | - | - | 13,554,980 | - |
| 20% | 11,233 | 4,463,042 | - | 2,205,268 | 64,741 | - | - | 19,882 | 26,013 | - | 6,790,179 | 1,358,036 |
| 35% | - | - | - | - | - | 9,595,260 | - | - | - | - | 9,595,260 | 3,358,341 |
| 50% | - | 1,706,170 | - | 346,024 | 30,736 | 534,534 | - | - | - | - | 2,617,464 | 1,308,732 |
| 75% | - | - | - | - | 24,491,793 | - | - | - | - | - | 24,491,793 | 18,368,845 |
| 100% | 208 | 2,301 | 95,339 | 33,700,336 | 435,096 | 113,440 | - | 1,551,364 | - | 8,667 | 35,906,751 | 35,906,751 |
| 150% | - | - | - | 233,245 | 154,619 | - | 121,316 | - | - | - | 509,180 | 763,770 |
| 1250% | - | - | - | - | - | - | - | - | 2,638 | - | 2,638 | 32,971 |
| **Total** | **11,718,011** | **6,171,513** | **95,339** | **37,845,307** | **25,176,985** | **10,243,234** | **121,316** | **2,059,222** | **28,651** | **8,667** | **93,468,245** | **61,097,446** |
| Deduction from capital base | | | | | | | | | - | | - | |

| 31 March 2013 (Restated) | Exposures after netting and credit risk mitigation | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk weights | Sovereigns and central banks | Banks, DFI and MDB | Insurance companies, securities firms and fund managers | Corporates | Regulatory retail | Residental mortgages | Higher risk assets | Other assets | Securitisation | Equity | 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% | 10,493,675 | 19,957 | - | 1,383,436 | - | - | - | 525,178 | - | - | 12,422,246 | - |
| 20% | 40,448 | 4,050,030 | - | 1,512,050 | 88,615 | - | - | 379 | 69,963 | - | 5,761,485 | 1,152,297 |
| 35% | - | - | - | - | - | 8,513,940 | - | - | - | - | 8,513,940 | 2,979,879 |
| 50% | - | 1,868,175 | - | 314,357 | 31,502 | 1,124,625 | - | - | 10,394 | - | 3,349,053 | 1,674,527 |
| 75% | - | - | - | - | 24,361,445 | - | - | - | - | - | 24,361,445 | 18,271,084 |
| 100% | 313 | 9,063 | 64,912 | 33,085,411 | 493,467 | 117,078 | - | 1,293,277 | - | 192,104 | 35,255,625 | 35,255,624 |
| 150% | - | - | - | 418,115 | 124,665 | - | 125,203 | - | - | - | 667,983 | 1,001,974 |
| 1250% | - | - | - | - | - | - | - | - | 3,644 | - | 3,644 | 45,556 |
| **Total** | **10,534,436** | **5,947,225** | **64,912** | **36,713,369** | **25,099,694** | **9,755,643** | **125,203** | **1,818,834** | **84,001** | **192,104** | **90,335,421** | **60,380,941** |
| Deduction from capital base | | | | | | | | | - | | - | |

**Table 6.2: Rated exposures according to ratings by ECAIs**

| 30 September 2013 | Ratings of corporate by approved ECAIs | | | | | |
|---|---|---|---|---|---|---|
| **Exposure class** | **Moodys** | **Aaa to Aa3** | **A1 to A3** | **Baa1 to Ba3** | **B1 to C** | **Unrated** |
| | **S&P** | **AAA to AA-** | **A+ to A-** | **BBB+ to 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** |
| | **RII** | **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 | 95,349 | - | - | - | - | 95,349 |
| Corporates | 40,106,088 | 1,793,368 | 230,646 | 101,617 | 3,615 | 37,976,842 |
| **Total** | **40,201,437** | **1,793,368** | **230,646** | **101,617** | **3,615** | **38,072,191** |

| 31 March 2013 | Ratings of corporate by approved ECAIs | | | | | |
|---|---|---|---|---|---|---|
| **(Restated)** | **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** |
| **Exposure class** | **RAM** | **AAA to AA3** | **A to A3** | **BBB1 to BB3** | **B to D** | **Unrated** |
| | **MARC** | **AAA to AA-** | **A+ to A-** | **BBB+ to BB-** | **B+ to D** | **Unrated** |
| | **RII** | **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 | 64,912 | - | - | - | - | 64,912 |
| Corporates | 39,061,652 | 980,896 | 264,375 | 95,599 | - | 37,720,782 |
| **Total** | **39,126,564** | **980,896** | **264,375** | **95,599** | **-** | **37,785,694** |

**Table 6.2: Rated exposures according to ratings by ECAIs (contd.)**

| 30 September 2013 | 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 |
| Exposure class | RAM | P-1 | P-2 | P-3 | NP | Unrated |
| | MARC | MARC-1 | MARC-2 | MARC-3 | MARC-4 | Unrated |
| | RII | a-1+, a-1 | a-2 | a-3 | b,c | Unrated |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **On and off balance sheet exposures** | | | | | | |
| Banks, DFI and MDB | 2,921 | 2,921 | - | - | - | - |
| **Rated credit exposures** | | | | | | |
| Corporates | - | - | - | - | - | - |
| **Total** | **2,921** | **2,921** | - | - | - | **-** |

| 31 March 2013 | 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 |
| Exposure class | RAM | P-1 | P-2 | P-3 | NP | Unrated |
| | MARC | MARC-1 | MARC-2 | MARC-3 | MARC-4 | Unrated |
| | RII | a-1+, a-1 | a-2 | a-3 | b,c | Unrated |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **On and off balance sheet exposures** | | | | | | |
| Banks, DFI and MDB | 133,446 | 133,446 | - | - | - | - |
| **Rated credit exposures** | | | | | | |
| Corporates | 69,608 | 69,608 | - | - | - | - |
| **Total** | **203,054** | **203,054** | - | - | - | **-** |

**Table 6.2: Rated exposures according to ratings by ECAIs (contd.)**

| 30 September 2013 | Ratings of sovereigns and central banks by approved ECAIs | | | | | |
|---|---|---|---|---|---|---|
| | Moodys | 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 |
| | RII | 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 | 11,718,011 | - | 11,702,732 | - | - | 15,279 |
| **Total** | **11,718,011** | **-** | 11,702,732 | - | - | **15,279** |

| 31 March 2013 | Ratings of sovereigns and central banks by approved ECAIs | | | | | |
|---|---|---|---|---|---|---|
| | Moodys | 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 |
| | RII | 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 | 10,534,436 | - | 10,285,305 | - | - | 249,131 |
| **Total** | **10,534,436** | **-** | 10,285,305 | - | - | **249,131** |

| 30 September 2013 | Ratings of banking institutions by approved ECAIs | | | | | |
|---|---|---|---|---|---|---|
| | Moodys | 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 |
| Exposure class | RAM | AAA to AA3 | A1 to A3 | BBB1 to BBB3 | BB1 to B3 | Unrated |
| | MARC | AAA to AA- | A+ to A- | BBB+ to BBB- | BB+ to B- | Unrated |
| | RII | 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, DFI and MDB | 6,168,592 | 2,632,402 | 902,641 | 1,693,408 | 44 | 940,097 |
| **Total** | **6,168,592** | **2,632,402** | **902,641** | **1,693,408** | **44** | **940,097** |

| 31 March 2013 | Ratings of banking institutions by approved ECAIs | | | | | |
|---|---|---|---|---|---|---|
| (Restated) | Moodys | 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 |
| Exposure class | RAM | AAA to AA3 | A1 to A3 | BBB1 to BBB3 | BB1 to B3 | Unrated |
| | MARC | AAA to AA- | A+ to A- | BBB+ to BBB- | BB+ to B- | Unrated |
| | RII | 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, DFI and MDB | 5,813,779 | 1,886,488 | 1,038,943 | 1,863,270 | 61 | 1,025,017 |
| **Total** | **5,813,779** | **1,886,488** | **1,038,943** | **1,863,270** | **61** | **1,025,017** |

**Table 6.3: Securitisation according to ratings by ECAIs**

| 30 September 2013 | Ratings of securitisation by approved ECAIs | | | |
|---|---|---|---|---|
| Exposure class | Moodys | Aaa to Aa3 | A1 to A3 | Unrated |
| | S&P | AAA to AA- | A+ to A- | Unrated |
| | Fitch | AAA to AA- | A+ to A- | Unrated |
| | RAM | AAA to AA3 | A1 to A3 | Unrated |
| | MARC | AAA to AA- | A+ to A- | Unrated |
| | RII | AAA to AA- | A+ to A- | Unrated |
| | | RM'000 | RM'000 | RM'000 |
| **On and off balance sheet exposures** | | | | |
| Securitisation | 28,651 | 26,013 | - | 2,638 |
| **Total** | **28,651** | **26,013** | **-** | **2,638** |

| 31 March 2013 | Ratings of securitisation by approved ECAIs | | | |
|---|---|---|---|---|
| Exposure class | Moodys | Aaa to Aa3 | A1 to A3 | Unrated |
| | S&P | AAA to AA- | A+ to A- | Unrated |
| | Fitch | AAA to AA- | A+ to A- | Unrated |
| | RAM | AAA to AA3 | A1 to A3 | Unrated |
| | MARC | AAA to AA- | A+ to A- | Unrated |
| | RII | AAA to AA- | A+ to A- | Unrated |
| | | RM'000 | RM'000 | RM'000 |
| **On and off balance sheet exposures** | | | | |
| Securitisation | 84,001 | 69,963 | 10,394 | 3,644 |
| **Total** | **84,001** | **69,963** | **10,394** | **3,644** |

## 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 2013**<br><br>**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 | 11,706,370 | - | - |
| Banks, DFI and MDB | 4,265,122 | - | - |
| Insurance companies, securities firms and fund managers | 58,241 | - | - |
| Corporates | 31,886,531 | 26,094 | 5,472,081 |
| Regulatory retail | 22,328,286 | 52,548 | 350,569 |
| Residential mortgages | 10,018,950 | - | 81,531 |
| Higher risk assets | 107,664 | - | - |
| Other assets | 2,059,222 | - | - |
| Securitisation | 28,651 | - | - |
| Equity | 8,667 | - | - |
| Defaulted exposures | 1,021,840 | 14,209 | 120,231 |
| **Total for on balance sheet exposures** | 83,489,544 | 92,851 | 6,024,412 |
| ***Off balance sheet exposures*** | | | |
| OTC derivatives | 2,397,706 | - | - |
| Credit derivatives | 5 | - | - |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 10,002,547 | 1,833 | 1,477,149 |
| Defaulted exposures | 59,137 | - | 10,205 |
| **Total for off balance sheet exposures** | 12,459,395 | 1,833 | 1,487,354 |
| **Total on and off balance sheet exposures** | **95,948,939** | **94,684** | **7,511,766** |

**Table 7.1 : Credit Risk Mitigation (Contd.)**

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

| **31 March 2013 (Restated)** <br> **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 | 10,493,675 | - | - |
| Banks, DFI and MDB | 3,974,876 | - | - |
| Insurance companies, securities firms and fund managers | 24,380 | - | - |
| Corporates | 31,009,057 | 33,515 | 5,594,466 |
| Regulatory retail | 22,501,971 | 76,484 | 335,286 |
| Residential mortgages | 9,536,578 | - | 60,432 |
| Higher risk assets | 110,768 | - | - |
| Other assets | 1,818,834 | - | - |
| Securitisation | 84,001 | - | - |
| Equity | 192,104 | - | - |
| Defaulted exposures | 1,185,809 | 13,219 | 151,393 |
| **Total for on balance sheet exposures** | 80,932,053 | 123,218 | 6,141,577 |
| ***Off balance sheet exposures*** | | | |
| OTC derivatives | 2,238,495 | - | - |
| Credit derivatives | 68 | - | - |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 9,713,334 | 3,026 | 1,485,670 |
| Defaulted exposures | 85,219 | - | 8,323 |
| **Total for off balance sheet exposures** | 12,037,116 | 3,026 | 1,493,993 |
| **Total on and off balance sheet exposures** | **92,969,169** | **126,244** | **7,635,570** |

## 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 2013 | Principal amount RM'000 | Positive fair value of derivative contracts RM'000 | Credit equivalent amount RM'000 | Risk weighted assets RM'000 |
|---|---|---|---|---|
| **Direct credit substitutes** | 1,206,921 | | 1,071,114 | 972,975 |
| **Transaction related contingent Items** | 4,077,034 | | 2,102,573 | 1,477,384 |
| **Short term self liquidating trade related contingencies** | 596,271 | | 120,787 | 90,453 |
| **Forward asset purchases** | 393,353 | | 8,423 | 4,200 |
| **Obligations under on-going underwriting agreement** | 250,000 | | - | - |
| **Foreign exchange related contracts** | | | | |
| One year or less | 17,692,486 | 136,731 | 294,440 | 217,656 |
| Over one year to five years | 3,510,705 | 130,144 | 387,626 | 308,659 |
| Over five years | 907,278 | 78,006 | 265,816 | 218,354 |
| **Interest rate related contracts** | | | | |
| One year or less | 3,126,510 | 940 | 5,840 | 1,699 |
| Over one year to five years | 26,828,013 | 117,079 | 792,934 | 307,546 |
| Over five years | 9,270,883 | 69,808 | 618,300 | 316,765 |
| **Equity and commodity related contracts** | | | | |
| One year or less | 504,743 | 4,306 | 12,498 | 6,375 |
| Over one year to five years | 330,486 | 644 | 20,253 | 10,126 |
| **Credit derivative contracts** | | | | |
| Over one year to five years | 306,207 | 5,712 | 4 | 1 |
| Over five years | 305,656 | 23,966 | 1 | 1 |
| **Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year** | 6,060,693 | | 2,961,180 | 2,448,192 |
| **Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year** | 15,632,943 | | 3,154,349 | 2,902,896 |
| **Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others** | 200 | | 200 | 200 |
| **Unutilised credit card lines** | 3,215,285 | | 643,057 | 479,624 |
| **Total** | **94,215,667** | **567,336** | **12,459,395** | **9,763,106** |

**Table 8.1: Off Balance Sheet Exposures**

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

| 31 March 2013 (Restated) | Principal amount RM'000 | Positive fair value of derivative contracts RM'000 | Credit equivalent amount RM'000 | Risk weighted assets RM'000 |
|---|---|---|---|---|
| **Direct credit substitutes** | 1,253,726 | | 1,141,641 | 1,011,866 |
| **Transaction related contingent Items** | 3,812,587 | | 1,962,335 | 1,422,377 |
| **Short term self liquidating trade related contingencies** | 617,806 | | 123,538 | 89,832 |
| **Forward asset purchases** | 108,266 | | 10,072 | 7,114 |
| **Obligations under on-going underwriting agreement** | 250,000 | | - | - |
| **Foreign exchange related contracts** | | | | |
| One year or less | 22,584,554 | 77,447 | 224,789 | 121,965 |
| Over one year to five years | 3,440,503 | 39,238 | 328,167 | 246,358 |
| Over five years | 837,446 | 32,439 | 212,963 | 164,560 |
| **Interest rate related contracts** | | | | |
| One year or less | 4,548,404 | 5,343 | 13,907 | 4,760 |
| Over one year to five years | 22,110,386 | 96,743 | 694,104 | 271,428 |
| Over five years | 9,682,407 | 112,921 | 725,832 | 383,716 |
| **Equity and commodity related contracts** | | | | |
| One year or less | 322,791 | 1,521 | 5,731 | 2,685 |
| Over one year to five years | 547,989 | 4,661 | 33,743 | 15,106 |
| **Credit derivative contracts** | | | | |
| One year or less | 267,510 | - | 39 | 8 |
| Over one year to five years | 298,274 | 1,978 | 18 | 7 |
| Over five years | 297,752 | 10,952 | 11 | 5 |
| **Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year** | 5,859,056 | | 2,945,915 | 2,529,377 |
| **Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year** | 14,674,911 | | 3,068,177 | 2,747,942 |
| **Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others** | 200 | | 200 | 200 |
| **Unutilised credit card lines** | 3,322,548 | | 545,934 | 407,099 |
| **Total** | **94,837,116** | **383,243** | **12,037,116** | **9,426,405** |

**Table 8.2 : Credit Derivatives Counterparty Credit Risk**

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

| | | 30 September 2013 | | 31 March 2013 | |
|---|---|---|---|---|---|
| | | 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 | 311,863 | 300,000 | 425,088 | 438,448 |

* Out of the total notional exposure for protection bought as at 30 September 2013, RM283,500,000 (31 March 2013: RM421,948,000) 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 2013<br>Underlying asset | Total exposures securitised RM'000 | Past due RM'000 | Impaired RM'000 | Gains/losses recognised during the year RM'000 |
|---|---|---|---|---|
| **<u>Traditional securitisation originated by the Group</u>** | | | | |
| **Banking book** | | | | |
| Corporate loans | 198,543 | - | 130,178 | - |
| Mortgage loans | 723,555 | - | 715,260 | - |
| **Total traditional securitisation** | **922,098** | **-** | **845,438** | **-** |
| **Total synthetic securitisation** | **-** | **-** | **-** | **-** |
| **Total traditional and synthetic securitisation** | **922,098** | **-** | **845,438** | **-** |

| 31 March 2013<br>Underlying asset | Total exposures securitised RM'000 | Past due RM'000 | Impaired RM'000 | Gains/losses recognised during the year RM'000 |
|---|---|---|---|---|
| **<u>Traditional securitisation originated by the Group</u>** | | | | |
| **Banking book** | | | | |
| Corporate loans | 235,946 | - | 144,021 | - |
| Mortgage loans | 701,729 | - | 693,572 | - |
| **Total traditional securitisation** | **937,675** | **-** | **837,593** | **-** |
| **Total synthetic securitisation** | **-** | **-** | **-** | **-** |
| **Total traditional and synthetic securitisation** | **937,675** | **-** | **837,593** | **-** |

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

| 30 September 2013<br>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<br>Rated securitisation exposures or risk weights of guarantees/credit derivatives<br>20% RM'000 | 50% RM'000 | 1250% RM'000 | Unrated (look-through)<br>Exposure amount RM'000 | Risk weighted assets RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Traditional securitisation originated by third party** | | | | | | | | |
| On Balance Sheet Exposures | 26,013 | 26,013 | - | 26,013 | - | - | - | 5,203 |
| **Originated by the Group** | | | | | | | | |
| On Balance Sheet Exposures | 2,638 | 2,638 | - | - | - | 2,638 | - | 32,971 |
| **Total traditional securitisation** | **28,651** | **28,651** | **-** | **26,013** | **-** | **2,638** | **-** | **38,174** |
| **Total synthetic securitisation** | - | - | - | - | - | - | - | - |
| **Total traditional and synthetic securitisation** | **28,651** | **28,651** | **-** | **26,013** | **-** | **2,638** | **-** | **38,174** |

| 31 March 2013<br>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<br>Rated securitisation exposures or risk weights of guarantees/credit derivatives<br>20% RM'000 | 50% RM'000 | 1250% RM'000 | Unrated (look-through)<br>Exposure amount RM'000 | Risk weighted assets RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Traditional securitisation originated by third party** | | | | | | | | |
| On Balance Sheet Exposures | 80,357 | 80,357 | - | 69,963 | 10,394 | - | - | 19,190 |
| **Originated by the Group** | | | | | | | | |
| On Balance Sheet Exposures | 3,644 | 3,644 | - | - | - | 3,644 | - | 45,556 |
| **Total traditional securitisation** | **84,001** | **84,001** | **-** | **69,963** | **10,394** | **3,644** | **-** | **64,746** |
| **Total synthetic securitisation** | - | - | - | - | - | - | - | - |
| **Total traditional and synthetic securitisation** | **84,001** | **84,001** | **-** | **69,963** | **10,394** | **3,644** | **-** | **64,746** |

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

| 30 September 2013<br>Securitisation exposures by exposure type | Total exposures value of positions RM'000 | Exposures subject to deduction RM'000 | General risk charge RM'000 | Specific risk charge RM'000 | Risk weighted assets RM'000 |
|---|---|---|---|---|---|
| **<u>Traditional securitisation originated by third party</u>** | | | | | |
| On balance sheet by exposure type - others | 40,795 | - | 1,178 | 816 | 24,920 |
| **Total traditional securitisation** | **40,795** | **-** | **1,178** | **816** | **24,920** |
| **Total synthetic securitisation** | **-** | **-** | **-** | **-** | **-** |
| **Total traditional and synthetic securitisation** | **40,795** | **-** | **1,178** | **816** | **24,920** |

| 31 March 2013<br>Securitisation exposures by exposure type | Total exposures value of positions RM'000 | Exposures subject to deduction RM'000 | General risk charge RM'000 | Specific risk charge RM'000 | Risk weighted assets RM'000 |
|---|---|---|---|---|---|
| **<u>Traditional securitisation originated by third party</u>** | | | | | |
| On balance sheet by exposure type - others | 111,335 | - | 2,966 | 2,227 | 64,913 |
| **Total traditional securitisation** | **111,335** | **-** | **2,966** | **2,227** | **64,913** |
| **Total synthetic securitisation** | **-** | **-** | **-** | **-** | **-** |
| **Total traditional and synthetic securitisation** | **111,335** | **-** | **2,966** | **2,227** | **64,913** |

## 10.0 Equities (Banking Book Positions)

**Table 10.1: 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 2013 | 31 March 2013 (Restated) |
|---|---|---|
| | RM'000 | RM'000 |
| Value of quoted (publicly traded) equities | 229,495 | 217,545 |
| Value of unquoted (privately held) equities | 88,464 | 88,401 |
| **Total** | **317,959** | **305,946** |
| | | |
| **Net realised and unrealised (losses)/gains** | | |
| Cumulative realised gains from sales and liquidations | 7,284 | 39 |
| Total unrealised (losses)/gains | (2,458) | (4,398) |
| **Total** | **4,826** | **(4,359)** |
| | | |
| **Risk weighted assets** | | |
| Equity investments subject to a 100% risk weight | 229,495 | 216,649 |
| Equity investments subject to a 150% risk weight | 132,697 | 133,946 |
| **Total** | **362,192** | **350,595** |
| | | |
| **Total minimum capital requirement (8%)** | **28,975** | **28,048** |

## 11.0 Non-Traded Market Risk

**Table 11.1: Market Risk Sensitivity – Interest/Profit Rate Risk/Rate of Return Risk in the Banking Book**

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

| 30 September 2013<br>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 | 122,904 | (122,904) |
| Impact on Equity | (214,454) | 244,001 |

| 31 March 2013 (Restated)<br>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 | 111,432 | (111,432) |
| Impact on Equity | (242,087) | 274,431 |