AmInvestment Bank Group

Pillar 3 Disclosures

For the Financial Period
1 April 2013 to 30 September 2013

AmInvestment Bank Berhad Group
RWCAF - Pillar 3 Disclosures
For 30 September 2013

Contents

1.0 Scope of Application

The Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks ("RWCAFCAFIB") – Disclosure Requirements ("Pillar 3") is applicable to all banking institutions licensed under the Banking and Financial Services Act 2013 ("FSA")Institutions Act 1989 ("BAFIA") and all Islamic banks licensed under section 3(4) of the Islamic Financial Services Act 2013 ("IFSA") Islamic Banking Act 1983 ("IBA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

The FSA and IFSA 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 and IFSA have replaced the Banking and Financial Institutions Act 1989 ("BAFIA") and Islamic Banking Act 1983 ("IBA") respectively. On 27 June 2013, BNM has issued the Capital Adequacy Framework (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (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 AmInvestment Bank Berhad Group ("Group") level to which the RWCAF framework applies is AmInvestment Bank Berhad ("Bank").

The following information has been provided in order to highlight the capital adequacy of the Group and Bank. The information provided has been verified by the Group internal auditors and certified by the 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) and Capital Adequacy Framework for Islamic Banks (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 banking subsidiaries of AMMB were computed in accordance to BNM's Risk-Weighted Capital Adequacy Framework andCapital Adequacy Framework for Islamic Banks (General Requirements and Capital Components) (as applicable), which are based on the Basel II capital accord. Each entity has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

The minimum regulatory capital adequacy requirementsfor 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.

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

For purposes of this Pillar 3 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 FSA or IFSA or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Fully consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk-weighted at the banking subsidiary entity level; Consolidated in calculation of capital adequacy at the banking subsidiary consolidated level
Associates and jointly controlled entities which are licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Deducted in calculation of capital
Associates and jointly controlled entities which are not licensed under FSA or IFSA 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 approvals of the respective Boards of Directors, as well as the concurrence of BNM.

2.0 Capital Management

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

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board of Directors. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements:
- forecast demand for capital to support the credit ratings; and
- increases in demand for capital due to business growth and market shocks.

(b) Or stresses:
- available supply of capital and capital raising options; and
- internal controls and governance for managing the Group's risk, performance and capital.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

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

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

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

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

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Chief Executive Officers Committee ("Group CEOs Committee"). The Group Assets and Liabilities Committee ("GALCO"), which is a sub-committee within the Group CEO's Committee, is the governance committee within the Group CEO's 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 of Directors. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

2.0 Capital Management (Contd.)

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 per cent to 9.5 per cent for the Common Equity Tier 1 capital ratio, 9.5 per cent to 11.5 per cent for the Tier 1 capital ratio, and 13.5 per cent to 15.5 per cent 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 parent company, AMMB and its group entities when due.

Table 2.1: Capital Adequacy Ratios

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

	30.09.2013		31.03.2013	
	Group	Bank	Group	Bank
Before deducting proposed dividends:				
Common Equity Tier 1 Capital Ratio	23.925%	23.085%	24.385%	25.749%
Tier 1 Capital Ratio	23.925%	23.085%	24.385%	25.749%
Total Capital Ratio	23.925%	23.085%	24.385%	25.749%
After deducting proposed dividends:				
Common Equity Tier 1 Capital Ratio	23.925%	23.085%	24.385%	25.749%
Tier 1 Capital Ratio	23.925%	23.085%	24.385%	25.749%
Total Capital Ratio	23.925%	23.085%	24.385%	25.749%

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

	30.09.2013 Islamic Window	31.03.2013 Islamic Window
Before deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	100.650%	94.515%
Tier 1 Capital Ratio	100.650%	94.515%
Total Capital Ratio	100.650%	94.515%
After deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	100.650%	94.515%
Tier 1 Capital Ratio	100.650%	94.515%
Total Capital Ratio	100.650%	94.515%

Table 2.2: Risk Weighted Assets and Capital Requirements

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

30.09.13

	Exposure Class	Gross Exposures/ EAD before CRM		Net Exposures/ EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%
		RM'000	RM'000	RM'000	RM'000	RM'000
1.	***Credit Risk***					
	On-Balance Sheet Exposures					
	Sovereigns/Central Banks		171,777	171,777	-	-
	Banks, Development Financial Institutions ("DFI") & Multilateral Development Banks ("MDB")		930,184	930,184	193,586	15,487
	Corporates		1,155,656	247,023	247,023	19,762
	Regulatory Retail		40,472	7,030	5,272	422
	Higher Risk Assets		14,218	14,218	21,327	1,706
	Other Assets		948,510	948,510	948,496	75,880
	Defaulted Exposures		103	66	66	5
	Total for On-Balance Sheet Exposures		**3,260,920**	**2,318,808**	**1,415,770**	**113,262**
	Off-Balance Sheet Exposures					
	Off-balance sheet exposures other than OTC derivatives or credit derivatives		182,053	134,606	90,655	7,252
	Total for Off-Balance Sheet Exposures		**182,053**	**134,606**	**90,655**	**7,252**
	Total On and Off-Balance Sheet Exposures		**3,442,973**	**2,453,414**	**1,506,425**	**120,514**
2.	**Large Exposures Risk Requirement**		-	-	-	-
3.	***Market Risk***	Long Position	Short Position			
	Interest Rate Risk					
	- General risk	5,396	5,396		-	-
	Foreign Currency Risk	5,231	625		5,231	418
	Equity Risk					
	- General risk	656	623		33	3
	- Specific risk	656	623		812	65
	Option Risk	121,981	-		167,724	13,418
	Total	**133,920**	**7,267**		**173,800**	**13,904**
4.	Operational Risk				461,368	36,909
5.	Total RWA and Capital Requirements				**2,141,593**	**171,327**

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

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

31.03.13

	Exposure Class	**Gross Exposures/ EAD before CRM**		**Net Exposures/ EAD after CRM**	**Risk Weighted Assets**	**Minimum Capital Requirement at 8%**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1.	***Credit Risk***					
	On-Balance Sheet Exposures					
	Sovereigns/Central Banks		204,952	204,952	-	-
	Banks, DFIs & MDBs		547,285	547,285	109,457	8,756
	Corporates		992,276	223,060	223,060	17,845
	Regulatory Retail		33,086	6,457	4,843	387
	Higher Risk Assets		14,211	14,211	21,317	1,705
	Other Assets		1,042,243	1,042,243	1,022,356	81,789
	Equity Exposure		16,135	16,135	16,135	1,291
	Defaulted Exposures		1,036	927	533	43
	Total for On-Balance Sheet Exposures		**2,851,224**	**2,055,270**	**1,397,701**	**111,816**
	Off-Balance Sheet Exposures					
	Off-balance sheet exposures other than OTC derivatives or credit derivatives		187,895	139,363	90,009	7,201
	Total for Off-Balance Sheet Exposures		**187,895**	**139,363**	**90,009**	**7,201**
	Total On and Off-Balance Sheet Exposures		**3,039,119**	**2,194,633**	**1,487,710**	**119,017**
2.	**Large Exposures Risk Requirement**		-	-	-	-
3.	***Market Risk***	Long Position	Short Position			
	Interest Rate Risk				-	-
	- General interest rate risk	3,977	3,967			
	Foreign Currency Risk	5,139	4,026		5,139	411
	Equity Risk					
	- General risk	4,082	5,829		2,271	182
	- Specific risk	4,082	5,829		5,736	459
	Total	**17,280**	**19,651**		**13,146**	**1,052**
4.	Operational Risk				470,556	37,644
5.	Total RWA and Capital Requirements				**1,971,412**	**157,713**

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

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

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

30.09.13

	Exposure Class	Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000	RM'000	RM'000	RM'000	RM'000
1.	***Credit Risk***					
	On-Balance Sheet Exposures					
	Sovereigns/Central Banks		53	53	-	-
	Banks, DFIs & MDBs		186,590	186,590	37,318	2,985
	Other Assets		15,632	15,632	15,632	1,251
	Total for On-Balance Sheet Exposures		**202,275**	**202,275**	**52,950**	**4,236**
	Off-Balance Sheet Exposures					
	Off-balance sheet exposures other than OTC derivatives or credit derivatives		77,650	77,650	56,330	4,506
	Total for Off-Balance Sheet Exposures		**77,650**	**77,650**	**56,330**	**4,506**
	Total On and Off-Balance Sheet Exposures		**279,925**	**279,925**	**109,280**	**8,742**
2.	**Large Exposures Risk Requirement**		-	-	-	-
		Long Position	Short Position			
3.	Market Risk	-	-	-	-	-
4.	Operational Risk				43,275	3,462
5.	Total RWA and Capital Requirements				**152,555**	**12,204**

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

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

31.03.13

	Exposure Class	**Gross Exposures**		**Net Exposures**	**Risk Weighted Assets**	**Capital Requirements**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1.	***Credit Risk***					
	On-Balance Sheet Exposures					
	Sovereigns/Central Banks		56	56	-	-
	Banks, DFIs and MDBs		191,705	191,705	38,341	3,067
	Other Assets		17,032	17,032	16,894	1,352
	Total for On-Balance Sheet Exposures		**208,793**	**208,793**	**55,235**	**4,419**
	Off-Balance Sheet Exposures					
	Off-balance sheet exposures other than OTC derivatives or credit derivatives		77,650	77,650	56,330	4,506
	Total for Off-Balance Sheet Exposures		**77,650**	**77,650**	**56,330**	**4,506**
	Total On and Off-Balance Sheet Exposures		**286,443**	**286,443**	**111,565**	**8,925**
2.	**Large Exposures Risk Requirement**		-	-	-	-
		Long Position	Short Position			
3.	Market Risk	-	-	-	-	-
4.	Operational Risk				44,921	3,594
5.	Total RWA and Capital Requirements				**156,486**	**12,519**

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

3.0 Capital Structure

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

- Common Equity Tier 1 capital;
- Additional Tier 1 capital; and
- Tier 2 capital

All capital instruments included in the capital base have been issued in accordance with the BNM rules and guidelines. The existing Additional Tier 1 and Tier 2 capital instruments of the Group 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 the Group'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 each banking entity (and its consolidated group level) shall be capped at 90 per cent of the base in 2013 (as counted separately for Additional Tier 1 Capital and Tier 2 capital respectively), with the cap reducing by 10 per cent 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 consists of the following:

(a) Paid-up Ordinary Share Capital

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

(b) Share Premium

Share premium is used to record premium arising from new shares issued in the entity.

(c) Retained Earnings

Retained earnings at the end of the financial year and eligible reserves are accumulated resources included in the shareholders' funds in an entity's statement of financial position, with certain regulatory adjustments applied. The retained earnings is included in Common Equity Tier 1 net of any interim and/ or final dividend declared, and net of any interim losses. Quarterly interim profits have been included in Common Equity Tier 1 subject to review/audit by the external auditors.

(d) Other Disclosed Reserves

Other disclosed reserves comprise the following:

(i) Statutory Reserve

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

(ii) Capital Reserve and Merger Reserve

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

(iii) Foreign Exchange Translation Reserve

Foreign currency 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.

(iv) Available-for-Sale Reserve

This comprises the unrealised gains arising from changes in fair value of financial instruments (other than loans/ financing and receivables) classified as "available-for-sale". Where the available-for-sale reserve is a net gain outstanding balance, the banking subsidiary can recognise 45 per cent of the total outstanding balance as per Common Equity Tier 1. Where the available-for-sale reserve is a net loss outstanding balance, the entire outstanding balance is deducted in Common Equity Tier 1.

3.2 Additional Tier 1 Capital

The Bank does not have any Additional Tier 1 Capital in issuance.

3.3 Tier 2 Capital

The main components of Tier 2 capital are collective impairment provisions and regulatory reserves (subject to a maximum of 1.25 per cent of total credit risk-weighted assets determined under the Standardised Approach) and subordinated debt instruments. The Group and the Bank do not have any Tier 2 capital instruments in issuance.

Table 3.1: Capital Structure

(a) The components of Common Equity Tier 1, Additional Tier 1,and Tier 2, and Total Capital of the Group are as follows:

	Group		Bank	
	30.09.13	**31.03.13**	**30.09.13**	**31.03.13**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	97,289	90,519	125,077	118,307
Unrealised gains on available-for-sale ("AFS") financial instruments	1,875	3,162	1,822	3,110
Foreign exchange translation reserve	34,590	29,988	-	-
Statutory reserve fund	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Less : Regulatory adjustments applied on CET1 capital				
Goodwill	(11,243)	(11,243)	-	-
Other intangibles	(2,173)	(2,403)	(2,100)	(2,347)
Deferred tax assets	(13,080)	(14,750)	(9,713)	(11,512)
55% of cumulative gains of AFS financial instruments	(1,031)	(1,739)	(1,002)	(1,711)
Deduction in excess of Tier 2*	(22,319)	(23,267)	(146,411)	(110,010)
CET1 capital	**494,379**	**480,738**	**367,673**	**395,837**
T1 capital	**494,379**	**480,738**	**367,673**	**395,837**
Tier 2 ("T2") capital				
Collective impairment provisions and regulatory reserves #	4,300	2,789	4,300	2,789
Less : Regulatory adjustments applied on Tier 2 capital	(4,300)	(2,789)	(4,300)	(2,789)
Tier 2 capital	**-**	**-**	**-**	**-**
Total Capital	**494,379**	**480,738**	**367,673**	**395,837**

*The portion of regulatory adjustments not deducted from Tier 2 (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM835,325.(31 March 2013 : RM875,275)

Table 3.1: Capital Structure (Contd.)

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

	Group		Bank	
	30.09.13	**31.03.13**	**30.09.13**	**31.03.13**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Credit risk	1,506,426	1,487,710	969,400	1,118,859
Market risk	173,799	13,146	173,021	9,366
Operational risk	461,368	470,556	394,327	409,052
Total risk weighted assets	2,141,593	1,971,412	1,536,748	1,537,277

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

	30.09.13	**31.03.13**
	RM'000	**RM'000**
Common Equity Tier 1 ("CET1") Capital		
Ordinary shares	30,000	30,000
Retained earnings	123,757	118,118
Less : Regulatory adjustments applied on CET1 capital		
Other intangibles	(3)	(4)
Deferred tax assets	(207)	(212)
CET1 capital	**153,547**	**147,902**
T1 capital	**153,547**	**147,902**
Tier 2 capital	-	-
Total Capital	**153,547**	**147,902**

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

	30.09.13	**31.03.13**
	RM'000	**RM'000**
Credit risk	109,280	111,565
Operational risk	43,275	44,921
Total risk weighted assets	152,555	156,486

4.0 General Risk Management

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

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

The Risk Appetite Framework provides portfolio parameters for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty, 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 Return on Equity which will be progressively developed over a three year period wherein the Group's will derisk, further Diversify and have a differentiated growth strategy within its various business lines.

The Group targets an 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 & Markets businesses and strong management of liquidity and interest rate risk in the balance sheet.

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

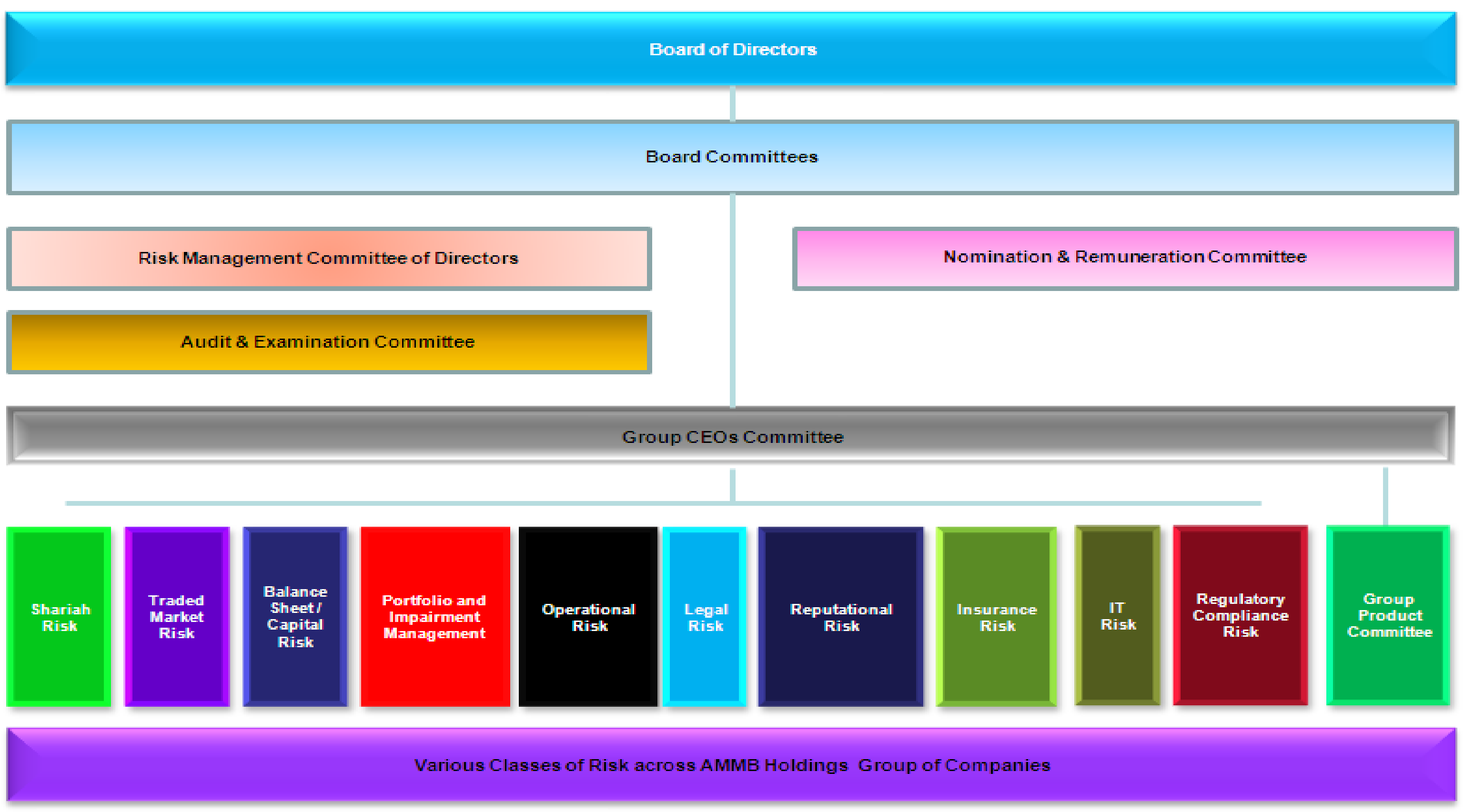
Risk Management Governance

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

The Board 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, product 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.

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 Risk Management Framework (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 Compliance of the Group 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 on line. 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 ("ICAAP')

The core objectives of the Group's 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

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

Identification	• Identify/ recognise credit risk on transactions and/or positions • Selection of asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, Benchmark Returns • Collateral & tailored facility structures
Monitoring/ Review	• Monitoring of portfolio and reporting • Watchlist review • Post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group transactions and/ or positions as well as Shariah compliance risk (please refer to Section 11 for discussion on Shariah Governance).

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 Bank's Risk Appetite Framework and related credit policies.

Lending/ financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. 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/Financing to Value limits for asset backed loans/ financing (i.e., property exposures and other collateral);
- Watchlist processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- Setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure 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 ("EXCO"). Portfolio credit risk is reported to the relevant management and board committees.

The Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policy, and review the portfolio risk profile against the 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/ financing delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

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

5.1 Impairment

5.1.1 Definition of Past Due and Impaired Loans

All loans, financing and advances are categorised as either:

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

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

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

(a) where the principal or interest/profit or both[3] 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 Group's Credit Risk Rating Framework. Notwithstanding that, these loans shall be classified as impaired when the principal or interest/ profit or both is past due for more than 90 days or 3 months.

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

5.1.2 Methodology for Determination of Individual and Collective Allowances

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

Individual Assessment

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

(a) Trigger management

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

(b) Valuation of assets

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

Collective Assessment

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

[3] For credit card facilities, an account is "past due" when the card member 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 is as follows:

Reporting date: 30 September 2013	Primary Agriculture RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education, Health and Others RM'000	Household RM'000	Others RM'000	Total RM'000
On-Balance Sheet Exposures												
Sovereigns/ Central Banks	-	-	-	-	-	171,777			-	-	-	171,777
Banks, DFIs & MDBs	-	-	-	-	-	930,184			-	-	-	930,184
Corporates	10,854	7,477	-	-	2,501	-	19,900	59,824	1,128	1,043,939	10,033	1,155,656
Regulatory Retail	-	-	-	-	-	-			-	40,472	-	40,472
Higher Risk Assets	-	-	-	-	-	-			-	-	14,218	14,218
Other Assets	-	-	-	-	-	171,632	-	-	-	776,878	-	948,510
Defaulted Exposures	-	-	-	-	-	-			-	103	-	103
Total On-Balance Sheet Exposures	**10,854**	**7,477**	**-**	**-**	**2,501**	**1,273,593**	**19,900**	**59,824**	**1,128**	**1,861,392**	**24,251**	**3,260,920**
Off-Balance Sheet Exposures												
Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	1,427	-	44,805	-	100	26,806	51,000	9,195	48,193	527	182,053
Total for Off-Balance Sheet Exposures	**-**	**1,427**	**-**	**44,805**	**-**	**100**	**26,806**	**51,000**	**9,195**	**48,193**	**527**	**182,053**
Total On and Off-Balance Sheet Exposures	**10,854**	**8,904**	**-**	**44,805**	**2,501**	**1,273,693**	**46,706**	**110,824**	**10,323**	**1,909,585**	**24,778**	**3,442,973**

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

	Reporting date: 31 March 2013													
	Primary Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education, Health and Others RM'000	Household RM'000	Others RM'000	Total RM'000
On Balance Sheet Exposures														
Sovereigns/ Central Banks	-	-	-	-	-	-	-	204,952	-	-	-	-	-	204,952
Banks, DFIs & MDBs	-	-	-	-	-	-	-	547,285	-	-	-	-	-	547,285
Corporates	5,874	-	5,576	-	-	3,951	-	-	23,654	135,109	1,655	809,851	6,606	992,276
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	33,086	-	33,086
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-	14,211	14,211
Other Assets	185	82	213	31	382	309	56	208,616	312	339,036	-	492,727	294	1,042,243
Equity	-	-	-	-	-	-	-	-	-	-	-	-	16,135	16,135
Defaulted Exposures	-	-	-	-	-	-	-	-	-	-	788	248	-	1,036
Total On-Balance Sheet Exposures	**6,059**	**82**	**5,789**	**31**	**382**	**4,260**	**56**	**960,853**	**23,966**	**474,145**	**2,443**	**1,335,912**	**37,246**	**2,851,224**
Off-Balance Sheet Exposures														
Off-balance sheet exposures other than OTC derivatives or credit derivatives	514	-	-	-	82,256	12	-	101	360	51,074	9,623	42,482	1,473	187,895
Total for Off-Balance Sheet Exposures	**514**	**-**	**-**	**-**	**82,256**	**12**	**-**	**101**	**360**	**51,074**	**9,623**	**42,482**	**1,473**	**187,895**
Total On and Off-Balance Sheet Exposures	**6,573**	**82**	**5,789**	**31**	**82,638**	**4,272**	**56**	**960,954**	**24,326**	**525,219**	**12,066**	**1,378,394**	**38,719**	**3,039,119**

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

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

30 September 2013	Business Activities RM'000	Household RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	3,354	151	-	3,505
Individual allowance	2,566	(61)	-	2,505
Collective allowance	-	-	5,135	5,135
Charges for individual allowance	146	180	-	326
31 March 2013				
Impaired loans, advances and financing	3,500	354	-	3,854
Individual allowance	2,712	119	-	2,831
Collective allowance	-	-	3,664	3,664
Charges for individual allowance	370	360	-	730

Table 5.3: Geographical distribution of credit exposures

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

	Reporting date: 30 September 2013		
	Inside Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
On-Balance Sheet Exposures			
Sovereigns/ Central Banks	171,777	-	171,777
Banks, DFIs and MDBs	901,747	28,437	930,184
Corporates	1,155,656	-	1,155,656
Regulatory Retail	40,472	-	40,472
Higher Risk Assets	14,088	130	14,218
Other Assets	429,610	518,900	948,510
Defaulted Exposures	103	-	103
Total On-Balance Sheet Exposures	2,713,453	547,467	3,260,920.00
Off-Balance Sheet Exposures			
Off-balance sheet exposures other than OTC derivatives or credit derivatives	182,053	-	182,053
Total for Off-Balance Sheet Exposures	182,053	-	182,053
Total On and Off-Balance Sheet Exposures	**2,895,506**	**547,467**	**3,442,973**

	Reporting date: 31 March 2013		
	Inside Malaysia	Outside Malaysia	Total
	RM'000	RM'000	RM'000
On-Balance Sheet Exposures			
Sovereigns/ Central Banks	204,952	-	204,952
Banks, DFIs and MDBs	531,037	16,248	547,285
Corporates	992,276	-	992,276
Regulatory Retail	33,086	-	33,086
Higher Risk Assets	14,088	123	14,211
Other Assets	691,443	350,800	1,042,243
Equity	16,135	-	16,135
Defaulted Exposures	1,036	-	1,036
Total On-Balance Sheet Exposures	2,484,053	367,171	2,851,224
Off-Balance Sheet Exposures			
Off-balance sheet exposures other than OTC derivatives or credit derivatives	187,894	1	187,895
Total for Off-Balance Sheet Exposures	187,894	1	187,895
Total On and Off-Balance Sheet Exposures	**2,671,947**	**367,172**	**3,039,119**

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

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

30 September 2013	**Inside Malaysia RM'000**	**Outside Malaysia RM'000**	**Total RM'000**
Impaired loans, advances & financing	3,505	-	3,505
Individual allowance	2,505	-	2,505
Collective allowance	5,135	-	5,135
31 March 2013			
Impaired loans, advances & financing	3,854	-	3,854
Individual allowance	2,831	-	2,831
Collective allowance	3,664	-	3,664

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:

Reporting date: 30 September 2013	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On-Balance Sheet Exposures									
Sovereigns/ Central Banks	-	149,301	-	-	-	-	-	22,476	171,777
Banks, DFIs & MDBs	889,310	-	-	-	-	-	6,781	34,093	930,184
Corporates	11,892	4,350	-	1,132,906	2,867	-	3,641	-	1,155,656
Regulatory Retail	2	280	37	424	1,090	38,639	-	-	40,472
Higher Risk Assets	-	-	-	-	-	-	2,200	12,018	14,218
Other Assets	922,376	-	-	-	-	-	-	26,134	948,510
Defaulted Exposures	-	-	-	103	-	-	-	-	103
Total On-Balance Sheet Exposures	1,823,580	153,931	37	1,133,433	3,957	38,639	12,622	94,721	3,260,920
Off-Balance Sheet Exposures									
Off-balance sheet exposures other than OTC derivatives or credit derivatives	51,850	8,878	8,867	4,229	617	107,512	-	100	182,053
Total for Off-Balance Sheet Exposures	51,850	8,878	8,867	4,229	617	107,512	-	100	182,053
Total On and Off-Balance Sheet Exposures	1,875,430	162,809	8,904	1,137,662	4,574	146,151	12,622	94,821	3,442,973

Reporting date: 31 March 2013	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On-Balance Sheet Exposures									
Sovereigns/ Central Banks	-	190,809	-	-	-	-	-	14,143	204,952
Banks, DFIs & MDBs	543,938	-	-	-	-	-	3,347	-	547,285
Corporates	401,744	171,858	259,349	111,395	2,220	41,581	2,747	1,382	992,276
Regulatory Retail	2	-	156	363	1,583	30,982	-	-	33,086
Higher Risk Assets	-	-	-	-	-	-	2,200	12,011	14,211
Other Assets	1,007,711	-	-	-	-	-	165	34,367	1,042,243
Equity	-	-	-	-	-	-	-	16,135	16,135
Defaulted Exposures	788	-	-	191	-	57	-	-	1,036
Total On-Balance Sheet Exposures	1,954,183	362,667	259,505	111,949	3,803	72,620	8,459	78,038	2,851,224
Off-Balance Sheet Exposures									
Off-balance sheet exposures other than OTC derivatives or credit derivatives	52,910	1,964	7,524	1,588	497	123,312	-	100	187,895
Total for Off-Balance Sheet Exposures	52,910	1,964	7,524	1,588	497	123,312	-	100	187,895
Total On and Off-Balance Sheet Exposures	2,007,093	364,631	267,029	113,537	4,300	195,932	8,459	78,138	3,039,119

Table 5.6: Reconciliation of changes to loans impairment allowances

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

	Reporting date: 30 September 2013	
	Individual impairment alowances RM'000	Collective impairment allowances RM'000
Balance at 1 April	2,831	3,664
Charge for the year – net	(326)	1,470
Exchange differences	-	1
Balance at 30 September	2,505	5,135

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

	Reporting date: 31 March 2013	
	Individual impairment alowances RM'000	Collective impairment allowances RM'000
Balance at 1 April	3,561	4,116
Charge for the year – net	(730)	(450)
Exchange differences	-	(2)
Balance at 31 March	2,831	3,664

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

6.0 Credit Risk Exposure under Standardised Approach

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

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

30.09.13
Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000	RM'000	RM'000
0%	171,777	-	-	-	-	-	14	-	171,791	-
20%	-	905,019	-	26,650	-	-	-	-	931,669	186,334
50%	-	25,165	-	44,804	-	-	-	-	69,969	34,985
75%	-	-	-	-	7,946	-	-	-	7,946	5,959
100%	-	-	-	309,258	67	-	948,496	-	1,257,821	1,257,821
150%	-	-	-	-	-	14,218	-	-	14,218	21,327
Average Risk Weight									-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	
Total	171,777	930,184	-	380,712	8,013	14,218	948,510	-	2,453,414	1,506,426

31.03.13
Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000	RM'000	RM'000
0%	204,952	-	-	-	-	-	14	-	204,966	-
20%	-	547,285	-	26,650	-	-	24,841	-	598,776	119,755
50%	-	-	-	56,394	-	-	-	-	56,394	28,197
75%	-	-	-	-	7,379	-	-	-	7,379	5,534
100%	-	-	-	279,245	139	-	1,017,388	16,135	1,312,907	1,312,907
150%	-	-	-	-	-	14,211	-	-	14,211	21,317
Average Risk Weight									-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	
Total	204,952	547,285	-	362,289	7,518	14,211	1,042,243	16,135	2,194,633	1,487,710

Table 6.2: Rated Exposures according to Ratings by ECAIs

30.09.13
Group

EXPOSURE CLASS	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off-Balance Sheet Exposures Credit Exposures						
Corporates	**1,324,911**	-	-	-	-	1,324,911
Total	**1,324,911**	-	-	-	-	1,324,911

31.03.13
Group

EXPOSURE CLASS	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off-Balance Sheet Exposures Credit Exposures						
Corporates	**1,169,987**	-	3,052	-	-	1,166,935
Total	**1,169,987**	-	3,052	-	-	1,166,935

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

30.09.13
Group

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off-Balance Sheet Exposures							
Sovereigns and Central Banks	**171,777**	-	171,777	-	-	-	-
Total	**171,777**	**-**	**171,777**	**-**	**-**	**-**	**-**

31.03.13
Group

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off-Balance Sheet Exposures							
Sovereigns and Central Banks	**204,952**	-	204,952	-	-	-	-
Total	**204,952**	**-**	**204,952**	**-**	**-**	**-**	**-**

30.09.13
Group

Exposure Class	Ratings of Bankings Instutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off Balance Sheet Exposures							
Banks, MDBs and FDIs	**930,184**	-	3,013	526,510	-	-	400,661
Total	**930,184**	**-**	**3,013**	**526,510**	**-**	**-**	**400,661**

31.03.13
Group

Exposure Class	Ratings of Bankings Instutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off Balance Sheet Exposures							
Banks, MDBs and FDIs	**547,285**	-	1,850	325,680	-	-	219,755
Total	**547,285**	**-**	**1,850**	**325,680**	**-**	**-**	**219,755**

7.0 Credit Risk Mitigation

Table 7.1: Credit Risk Mitigation

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

30.09.13
Group

Exposures	Exposures before CRM	Exposures covered by Eligible Financial Collateral
Credit Risk	**RM'000**	**RM'000**
On-Balance Sheet Exposures		
Sovereigns/Central Banks	171,777	-
Bank, DFIs & MDBs	930,184	-
Corporates	1,155,656	993,278
Regulatory Retail	40,472	46,645
Higher Risk Assets	14,218	-
Other Assets	948,510	-
Defaulted Exposures	103	37
Total On-Balance Sheet Exposures	**3,260,920**	**1,039,960**
Off-Balance Sheet Exposures		
Off-balance sheet exposures other than OTC derivatives or credit derivatives	182,053	-
Total for Off-Balance Sheet Exposures	182,053	-
Total On and Off-Balance Sheet Exposures	**3,442,973**	**1,039,960**

31.03.13
Group

Exposures	Exposures before CRM	Exposures covered by Eligible Financial Collateral
Credit Risk	**RM'000**	**RM'000**
On-Balance Sheet Exposures		
Sovereigns/Central Banks	204,952	-
Bank, DFIs & MDBs	547,285	-
Corporates	992,276	877,666
Regulatory Retail	33,086	37,510
Higher Risk Assets	14,211	-
Equity Exposures	16,135	-
Other Assets	1,042,243	-
Defaulted Exposures	1,036	109
Total On-Balance Sheet Exposures	**2,851,224**	**915,285**
Off-Balance Sheet Exposures		
Off-balance sheet exposures other than OTC derivatives or credit derivatives	187,895	-
Total for Off-Balance Sheet Exposures	187,895	-
Total On and Off-Balance Sheet Exposures	**3,039,119**	**915,285**

8.0 Off-Balance Sheet exposures and Counterparty Credit Risk ("CCR")

Table 8.1 Off-Balance Sheet Exposures

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

30.09.2013 Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	122,455	-	122,455	78,732
Assets sold with recourse	100	-	100	100
Obligations under an on-going underwriting agreement	121,981			
Foreign exchange related contracts				
One year or less	5,475	4		
Equity related contracts				
One year or less	622	1	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	-	9	7
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	297,445	-	59,489	11,815
Total	**548,097**	**5**	**182,053**	**90,654**

31.03.2013 Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	130,205	-	130,205	82,607
Assets sold with recourse	100		100	100
Foreign exchange related contracts				
One year or less	3,977	-	-	-
Equity related contracts				
One year or less	5,822	7	1	1
Over five years	21	2		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	-	9	7
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	287,902	-	57,580	7,294
Total	**428,046**	**9**	**187,895**	**90,009**

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

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

9.0 Securitisation

The Group and the Bank do not have any securitisation exposure in its trading and banking books nor did it undertake any securitisation activities during the current financial period and for year ended 31 March 2013.

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	**30.09.2013**	**31.03.2013**
	RM'000	**RM'000**
Value of quoted (publicly traded) equities	-	16,135
Value of unquoted (privately held) equities	14,118	14,111
Total	14,118	30,246
Net realised and unrealised gains/(losses)		
Cumulative realised gains/(losses) from sales and liquidations	152	220
Total unrealised gains/(losses)	(1,289)	825
Total	(1,137)	1,045
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	-	16,135
Equity investments subject to a 150% risk weight	21,177	21,167
Total	21,177	37,302
Total minimum capital requirement (8%)	1,694	2,984

11.0 Non-Traded Market Risk ("NTMR")

Table 11.1 : Interest Rate Risk / Rate of Return Risk in the Banking Book (IRR / RORBB)

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

Impact on Profit or Loss

	30.09.13		31.03.13	
Currency	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)
MYR	2,600	(2,600)	4,391	(4,391)

Impact on Equity

	30.09.13		31.03.13	
Currency	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)
MYR	(897)	1,317	(2,144)	2,619

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

12.0 Shariah Governance Structure

Group Islamic Banking operations observe the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia.

12.1 Shariah non-compliant income

The control structure for handling and reporting of Shariah non-compliance incident has been put in place in the Group. During the period, there were no Shariah non-compliant incident reported and no Shariah non-compliant income declared.