

AmBank (M) Berhad **Pillar 3 Disclosures**

**For the financial period
1 April 2014 to 30 September 2014**

RWCAF - Pillar 3 Disclosures
30 September 2014

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1.0 Scope of Application

The Pillar 3 Disclosure Framework

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

The 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 Banking and Financial Institutions Act 1989 ("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) issued on 19 April 2007.

AmBank Group Pillar 3 Disclosure Policy

The banking entity at AmBank (M) Berhad Group level to which the RWCAF 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 RWA of the Bank refers to the combined capital base and RWA of the Bank and AMIL.

The Pillar 3 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.

Frequency of Disclosure

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

Medium and Location of Disclosure

These Pillar 3 disclosures of the Group together with the individual Pillar 3 disclosures of the Group and the Bank are available on the Group's corporate website at www.ambankgroup.com.

Capital Adequacy Ratios

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

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

1.0 Scope of Application (Contd.)

Capital Adequacy Ratios (contd.)

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

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

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

1.1 Basis of Consolidation

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

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

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

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

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

2.0 Capital Management

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

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of 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 CEOs Committee is also responsible for managing the Group’s statement of financial position, capital and liquidity.

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

2.0 Capital Management (Contd.)

Group CEOs Committee proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ended 31 March 2015 ("FY 2015"), these ranges are 8.0% to 10.0% for the CET 1 Capital ratio, 9.5% to 11.5% for the Tier 1 Capital ratio and 14.0% to 16.0% 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.

Table 2.1: Capital Adequacy Ratio

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

	Group		Bank	
	30 September 2014	31 March 2014	30 September 2014	31 March 2014
Before deducting proposed dividends:				
CET 1 Capital	10.819%	9.864%	10.453%	9.453%
Tier 1 Capital ratio	12.882%	11.832%	12.513%	11.418%
Total Capital ratio	16.891%	15.711%	16.480%	14.916%
After deducting proposed dividends:				
CET 1 Capital	10.271%	9.557%	9.905%	9.146%
Tier 1 Capital ratio	12.333%	11.525%	11.965%	11.112%
Total Capital ratio	16.342%	15.404%	15.932%	14.609%

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.

2.0 Capital Management (Contd.)

Table 2.1: Capital Adequacy Ratio (contd.)

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

	AMIL	
	30 September 2014	31 March 2014
Core capital ratio	92.060%	86.773%
Risk weighted capital ratio	92.320%	87.019%

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 Amlslamic Bank Berhad ("Amlslamic") 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 Amlslamic records its exposure as "financing and advances". The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and Amlslamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by Amlslamic 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.

Upon expiry of the RPSIA contract on 2 May 2014, the Bank derecognised the collective allowance. Accordingly, Amlslamic now accounts for the collective allowance in its financial statements. The gross exposure and collective allowance relating to the RPSIA financing as at 31 March 2014 are RM450.1 million and RM2.5 million. There was no individual allowance provided for the RPSIA financing. RPSIA assets excluded from the risk-weighted capital adequacy computation of Amlslamic for 31 March 2014 amounted to RM450.1 million and the risk-weight on these RPSIA assets were 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 2014					
Exposure class	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")		Net exposures/ EAD after CRM	Risk weighted assets	Minimum capital requirement at 8%
	RM'000		RM'000	RM'000	RM'000
1. Credit risk					
On balance sheet exposures					
Sovereigns/Central banks	6,622,935		6,608,191	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	6,578,211		6,578,211	1,352,597	108,208
Insurance companies, Securities firms and Fund managers	85,880		85,880	85,880	6,870
Corporates	33,360,442		30,626,326	27,246,545	2,179,724
Regulatory retail	20,276,498		20,127,585	15,141,020	1,211,282
Residential mortgages	10,428,131		10,406,230	3,713,415	297,073
Higher risk assets	109,800		109,800	164,700	13,176
Other assets	2,493,803		2,493,803	2,065,048	165,204
Securitisation exposures	148,062		148,062	65,016	5,201
Equity exposures	9,582		9,582	9,582	767
Defaulted exposures	886,493		875,217	991,277	79,302
Total on balance sheet exposures	80,999,837		78,068,887	50,835,080	4,066,807
Off balance sheet exposures					
Over the counter ("OTC") derivatives	2,436,941		2,436,941	1,168,530	93,482
Credit derivatives	16		16	8	1
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,779,153		8,089,361	7,229,058	578,325
Defaulted exposures	75,964		66,818	100,163	8,013
Total off balance sheet exposures	11,292,074		10,593,136	8,497,759	679,821
Total on and off balance sheet exposures	92,291,911		88,662,023	59,332,839	4,746,628
2. Large exposure risk requirement	-		-	72,938	5,835
3. Market risk	Long position	Short position			
Interest rate risk					
- General interest rate risk	73,825,066	71,896,394		1,694,351	135,548
- Specific interest rate risk	2,225,818	271,200		218,491	17,479
Foreign currency risk	250,241	7,690		250,240	20,019
Equity risk					
- General risk	268,576	1,357		267,219	21,378
- Specific risk	268,576	1,357		398,342	31,867
Option risk	384,387	190,899		13,506	1,080
Total	77,222,664	72,368,897		2,842,149	227,371
4. Operational risk				5,050,574	404,046
5. Total RWA and capital requirements				67,298,500	5,383,880

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

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

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

31 March 2014 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	9,910,054		9,910,054	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")	5,208,851		5,208,851	1,120,688	89,655
Insurance companies, Securities firms and Fund managers	32,857		32,857	32,857	2,629
Corporates	33,581,695		31,540,951	28,534,338	2,282,747
Regulatory retail	21,980,477		21,835,871	16,451,961	1,316,157
Residential mortgages	10,370,131		10,349,003	3,678,252	294,260
Higher risk assets	112,185		112,185	168,278	13,462
Other assets	2,494,888		2,494,888	2,079,453	166,356
Securitisation exposures	171,382		171,382	113,723	9,098
Equity exposures	9,386		9,386	9,386	751
Defaulted exposures	954,587		945,155	1,016,560	81,325
Total on balance sheet exposures	84,826,493		82,610,583	53,205,496	4,256,440
Off balance sheet exposures					
Over the counter ("OTC") derivatives	2,272,990		2,272,990	1,297,888	103,831
Credit derivatives	16		16	8	1
Off balance sheet exposures other than OTC derivatives or Credit derivatives	9,531,656		8,826,398	7,863,839	629,107
Defaulted exposures	35,944		31,148	46,657	3,733
Total off balance sheet exposures	11,840,606		11,130,552	9,208,392	736,672
Total on and off balance sheet exposures	96,667,099		93,741,135	62,413,888	4,993,112
2. Large exposure risk requirement				143,864	11,509
3. Market risk	Long position	Short position			
Interest rate risk					
- General interest rate risk	62,182,420	60,291,040		1,602,686	128,215
- Specific interest rate risk	2,401,052	323,439		321,237	25,699
Foreign currency risk	242,079	58,505		242,079	19,366
Equity risk					
- General risk	209,669	1,485		208,184	16,655
- Specific risk	209,669	1,485		301,755	24,140
Option risk	1,262,074	2,147,956		163,182	13,055
Total	66,506,963	62,823,910		2,839,123	227,130
4. Operational risk				5,128,626	410,290
5. Total RWA and capital requirements				70,525,501	5,642,041

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

3.0 Capital Structure

Table 3.3 Capital Structure summarises the consolidated capital position of the Group and the Bank. The capital structure of the Group and the Bank includes capital under the following headings:

- CET 1 Capital;
- Additional Tier 1 Capital; and
- Tier 2 Capital.

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

3.1 CET 1 Capital

CET 1 Capital consists of the following:

Paid-up Ordinary Share Capital

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

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

Other Disclosed Reserves

Other disclosed reserves comprise the following:

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

3.1 CET 1 Capital (Contd.)

Other Disclosed Reserves (contd.)

- **Foreign Currency Translation Reserve**

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statement of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

- **Available-for-Sale Reserve**

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

- **Cash Flow Hedging Reserve**

Cash flow hedging 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 Capital balance outstanding as at 1 January 2013. For 2014, the amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios are capped at 80% of the total qualifying Additional Tier 1 Capital balance outstanding as at 1 January 2013. This is in accordance to the transitional gradual phase-out treatment under the Basel III regime. Table 3.1 outlines the application of the grandfathering provisions in respect of the Additional Tier 1 Capital Instruments of the Group and the Bank. Details of the Additional Tier 1 Capital Instruments are outlined below.

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

Base for Additional Tier 1 Capital Instruments outstanding on 1 January 2013

Instruments	RM'000
Non-cumulative Non-voting Guaranteed Preference Shares	750,100
Innovative Tier 1 Capital - Tranche 1	300,000
Innovative Tier 1 Capital - Tranche 2	185,000
Non-Innovative Tier 1 Capital - Tranche 1	200,000
Non-Innovative Tier 1 Capital - Tranche 2	300,000
Total qualifying base	1,735,100

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

3.2 Additional Tier 1 Capital (Contd.)

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%, if not redeemed on 27 January 2016. The non-cumulative dividends are payable on a semi-annual basis.
- (ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

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

(b) Innovative Tier 1 Capital Securities

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

3.2 Additional Tier 1 Capital (Contd.)

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 SubNotes will be assigned to the Bank pursuant to the forward purchase contract entered into by the Bank unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities. If none of the assignment events as stipulated under the terms of the Stapled Capital Securities occur, the Stapled Capital Securities will unstaple on the 20th interest payment date or 10 years from the issuance date of the SubNotes.

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

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

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

3.3 Tier 2 Capital

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

The amount of Tier 2 Capital issued prior to 2013 that can be recognised in the computation of the capital adequacy ratios of the Group and the Bank for 2013, has been capped at 90% of the total qualifying Tier 2 Capital balance outstanding as at 1 January 2013. For 2014, the amount of such Tier 2 Capital that can be recognised in the computation of the capital adequacy ratios is capped at 80% per cent of the total qualifying Tier 2 Capital balance outstanding as at 1 January 2013. This is in accordance to the transitional gradual phase-out treatment under the Basel III regime. Table 3.2 outlines the application of the grandfathering provisions in respect of the Tier 2 Capital Instruments for the Group and the Bank. Details of the Tier 2 Capital Instruments are outlined below.

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

Base for Tier 2 Capital Instruments outstanding on 1 January 2013

Instruments	RM'000
Medium Term Notes ("MTN") - Tranche 1	200,000
MTN - Tranche 2	165,000
MTN - Tranche 3	75,000
MTN - Tranche 4	45,000
MTN - Tranche 5	75,000
MTN - Tranche 6	600,000
MTN - Tranche 7	97,800
MTN - Tranche 8	710,000
Total qualifying base	1,967,800

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

Medium Term Notes

In the financial year 2008, the Bank implemented a RM2.0 billion nominal value MTN Programme whereby the proceeds raised from the MTN Programme had been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

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

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

3.3 Tier 2 Capital (Contd.)

Medium Term Notes (Contd.)

The salient features of the MTNs issued and outstanding are as follows:

- (i) Tranche 3 amounting to RM75 million was issued on 14 March 2008 is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.
- (ii) Tranche 5 amounting to RM75 million was issued on 28 March 2008 is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.
- (iii) Tranche 6 amounting to RM600 million was issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25% per annum.
- (iv) Tranche 7 amounting to RM97.8 million was issued on 10 December 2009 is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum.
- (v) Tranche 8 amounting to RM710 million was 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 3 – at the beginning of the 8th year
- (ii) Tranche 5 – at the beginning of the 8th year
- (iii) Tranche 6 – at the beginning of the 11th year
- (iv) 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 outstanding in issuance has amounted to RM1,557.8 million (31 March 2014: RM1,557.8 million).

Basel III Subordinated Notes

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

The programme has a tenor of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenor of at least five (5) years from the issue date, and is callable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM Rating Services Berhad ("RAM").

On 30 December 2013, the Bank issued the first tranche of Tier 2 Subordinated Notes under the programme, of RM400.0 million. The interest rate of this tranche is at 5.20%, payable on a half-yearly basis. The full amount issued qualified for recognition of capital adequacy ratio computation.

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 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 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	4,854,046	4,607,531	4,655,181	4,408,666
Available-for-sale reserve	(37,694)	(71,094)	(38,019)	(72,241)
Foreign currency translation reserve	(47)	(1,990)	(47)	(1,990)
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	48,516	48,516
Cash flow hedging reserve	6,855	3,029	6,855	3,029
Less: Regulatory adjustments applied on CET 1 Capital				
Intangible assets	(317,768)	(334,857)	(314,357)	(330,679)
Deferred tax assets	(65,378)	(90,488)	(45,588)	(51,825)
Cash flow hedging reserve	(6,855)	(3,029)	(6,855)	(3,029)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(329)	(613)	(7,722)	(67,722)
Total CET 1 Capital	7,281,156	6,956,815	7,042,141	6,676,902
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	1,388,080	1,388,080	1,388,080
Total Tier 1 Capital	8,669,236	8,344,895	8,430,221	8,064,982
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,557,800	1,557,800	1,557,800	1,557,800
Collective allowance and regulatory reserves	741,660	780,174	745,523	783,541
Less: Regulatory adjustments applied on Tier 2 Capital	(1,315)	(2,450)	(30,888)	(270,888)
Total Tier 2 Capital	2,698,145	2,735,524	2,672,435	2,470,453
Total Capital	11,367,381	11,080,419	11,102,656	10,535,435

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

	Group		Bank	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Credit RWA	59,332,839	62,413,888	59,641,879	62,683,302
Market RWA	2,842,149	2,839,123	2,842,149	2,839,123
Operational RWA	5,050,574	5,128,626	4,815,212	4,965,805
Large exposure risk RWA for equity holdings	72,938	143,864	72,938	143,864
Total RWA	67,298,500	70,525,501	67,372,178	70,632,094

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

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

We 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.

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

The Group manages Shariah risk by ensuring that its operations, business, affairs and activities are in compliance with rulings of the BNM's Shariah Advisory Council (SAC) and the bank's Shariah Committee.

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

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.

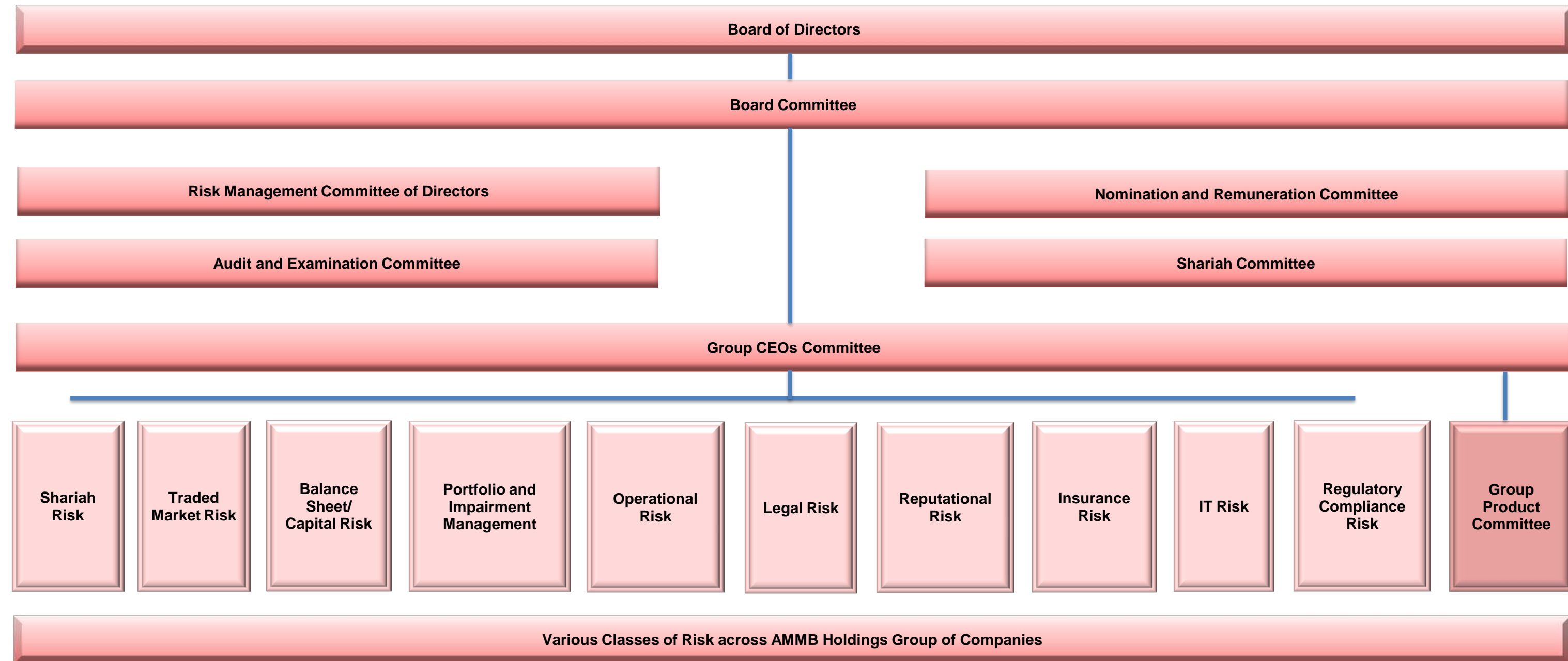
The Board has also established the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance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

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 (chart)

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.

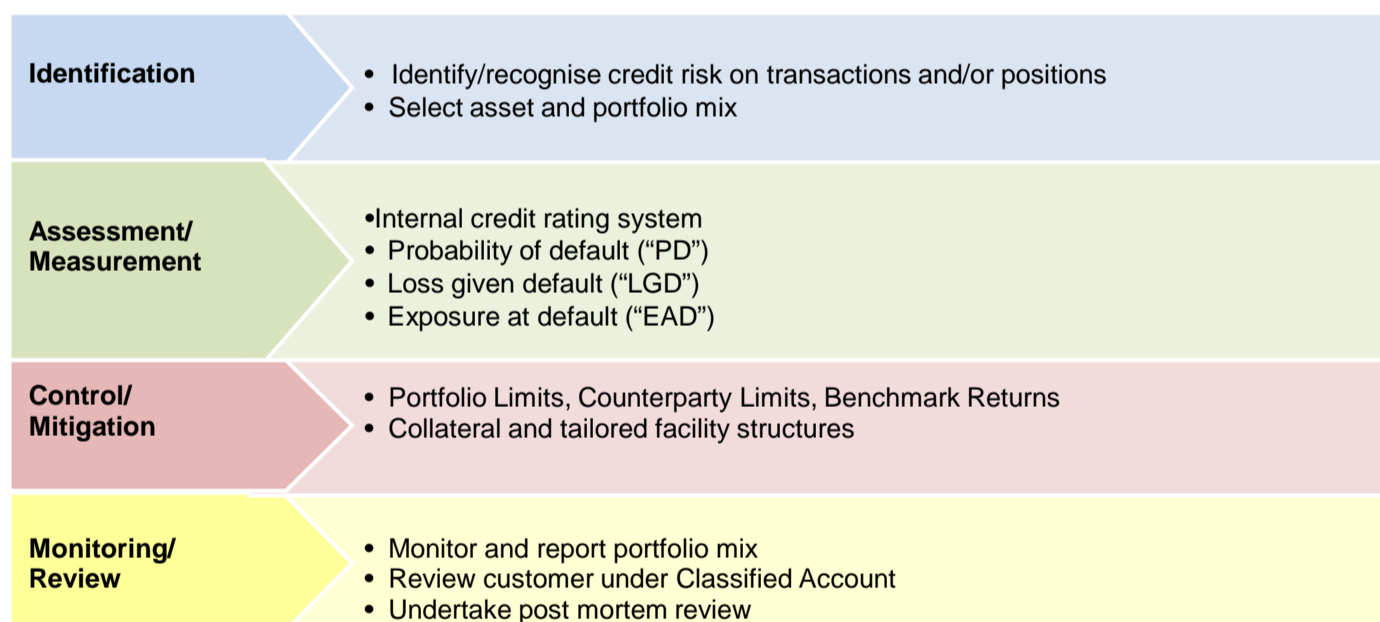
Reputational Risk

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.

5.0 Credit Risk Management

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



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 Groups 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.

5.0 Credit Risk Management (Contd.)

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 (i.e., property exposures and other collateral);
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

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 delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

5.1 Impairment

5.1.1 Definition of past due and impaired loans and advances

All loans and advances are categorised as either:

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

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

A loan is classified as impaired under the following circumstances:

- (a) where the principal or interest or both is past due¹ or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months on any material² obligation; or
- (b) for loans where repayments are scheduled on intervals of 3 months or longer, the loan is to be classified as impaired 1+30 days or 1 day+1 month past due (the 30-days grace period is to allow for exclusion of administrative default³).
- (c) for trade bills/facilities, an account is deemed default and impaired when the past due is 90 days from due date of the bill.
- (d) A loan may also be classified as impaired:
 - i. as deemed appropriate by the Watch and Control Committee where it is determined the loans have a high probability of default; or
 - ii. Cross-default occurs when:
 - a default of a loan obligation of a borrower triggers a default of another loan obligation of the same borrower or
 - a default of a loan obligation of a borrower triggers a default of a loan obligation of other borrowers within the same borrower group.The Credit and Commitments Committee (CACC) is allowed to waive the declaration of cross-default across all accounts of the same borrower or accounts of all borrowers within the same borrower group.
- (e) debt instruments (for example, fixed income securities, debt converted instrument etc.) shall be classified as impaired when the coupon or interest payment is 1 day past due.

¹ 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.

² Material obligation is defined as determined by Management.

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

5.1 Impairment (Contd.)

5.1.2 Methodology for Determination of Individual and Collective Allowances

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

Individual Assessment

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

(a) Trigger management

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

(b) Valuation of assets

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

Collective Assessment

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

Table 5.1 : Distribution of gross credit exposures by sector

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

30 September 2014	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	-	-	-	-	64,661	-	-	4,698,991	-	-	1,859,283	-	-	6,622,935
Banks, DFIs and MDBs	-	-	-	-	-	-	-	6,497,848	-	-	70,297	-	10,066	6,578,211
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	85,880	-	-	-	-	-	85,880
Corporates	2,837,650	3,083,150	5,666,307	1,125,930	4,015,033	3,388,371	1,410,082	3,029,681	5,048,737	856,509	1,142,637	1,623,310	133,045	33,360,442
Regulatory retail	64,052	14,471	179,729	2,575	175,098	249,112	76,742	244,469	72,560	87,452	102,915	18,974,406	32,917	20,276,498
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	10,428,131	-	10,428,131
Higher risk assets	-	-	-	-	-	-	-	922	-	-	-	20,479	88,399	109,800
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	2,493,803	2,493,803
Securitisation exposures	-	-	-	-	-	-	92,004	50,627	-	-	5,431	-	-	148,062
Equity exposures	-	-	10	-	-	-	1,395	7,944	-	33	-	-	200	9,582
Defaulted exposures	11,297	3,684	60,521	166	99,277	40,466	46,225	7,913	170	7,340	8,612	595,252	5,570	886,493
Total for on balance sheet exposures	2,912,999	3,101,305	5,906,567	1,128,671	4,354,069	3,677,949	1,626,448	14,624,275	5,121,467	951,334	3,189,175	31,641,578	2,764,000	80,999,837
Off balance sheet exposures														
OTC derivatives	3,430	37,025	67,701	-	5,446	6,605	36,568	2,247,667	2,084	26,865	-	-	3,550	2,436,941
Credit derivatives	-	-	-	-	-	-	-	16	-	-	-	-	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	250,205	362,570	1,402,461	157,835	1,660,216	685,280	257,798	573,931	938,819	110,922	278,817	2,092,446	7,853	8,779,153
Defaulted exposures	-	1,156	2,954	-	60,963	4,083	500	5,085	-	1,096	2	-	125	75,964
Total for off balance sheet exposures	253,635	400,751	1,473,116	157,835	1,726,625	695,968	294,866	2,826,699	940,903	138,883	278,819	2,092,446	11,528	11,292,074
Total on and off balance sheet exposures	3,166,634	3,502,056	7,379,683	1,286,506	6,080,694	4,373,917	1,921,314	17,450,974	6,062,370	1,090,217	3,467,994	33,734,024	2,775,528	92,291,911

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 2014	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	-	-	-	-	63,114	-	-	7,661,588	-	-	2,185,352	-	-	9,910,054
Banks, DFIs and MDBs	-	-	-	-	-	-	-	5,128,339	-	798	69,627	-	10,087	5,208,851
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	32,857	-	-	-	-	-	32,857
Corporates	2,925,699	3,077,946	5,920,444	1,369,545	3,985,242	3,371,951	2,055,762	3,172,887	4,834,558	1,109,240	1,061,660	470,450	226,311	33,581,695
Regulatory retail	80,415	18,092	195,804	2,837	206,883	283,546	91,940	244,852	77,816	96,470	115,065	20,522,974	43,783	21,980,477
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	10,370,131	-	10,370,131
Higher risk assets	-	-	-	-	-	-	-	918	417	-	-	22,439	88,411	112,185
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	2,494,888	2,494,888
Securitisation exposures	-	-	-	-	-	-	91,586	74,397	-	-	5,399	-	-	171,382
Equity exposures	-	-	18	-	-	-	1,860	5,642	1,650	36	-	-	180	9,386
Defaulted exposures	11,144	570	97,011	276	87,876	29,809	41,425	8,457	6,489	4,587	10,237	643,676	13,030	954,587
Total for on balance sheet exposures	3,017,258	3,096,608	6,213,277	1,372,658	4,343,115	3,685,306	2,282,573	16,329,937	4,920,930	1,211,131	3,447,340	32,029,670	2,876,690	84,826,493
Off balance sheet exposures														
OTC derivatives	4,450	9,672	60,514	-	9,338	6,197	45,270	2,102,887	2,671	26,132	-	-	5,859	2,272,990
Credit derivatives	-	-	-	-	-	-	-	16	-	-	-	-	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	250,538	184,432	1,655,272	192,670	1,881,639	756,911	361,858	536,365	944,233	133,447	342,595	2,271,181	20,515	9,531,656
Defaulted exposures	-	-	4,072	-	17,686	4,166	500	5,156	-	4,183	12	47	122	35,944
Total for off balance sheet exposures	254,988	194,104	1,719,858	192,670	1,908,663	767,274	407,628	2,644,424	946,904	163,762	342,607	2,271,228	26,496	11,840,606
Total on and off balance sheet exposures	3,272,246	3,290,712	7,933,135	1,565,328	6,251,778	4,452,580	2,690,201	18,974,361	5,867,834	1,374,893	3,789,947	34,300,898	2,903,186	96,667,099

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

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

30 September 2014	Wholesale and retail trade and hotels and restaurants														
	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction 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	14,485	8,415	175,093	483	15,897	36,531	47,957	1,591	77,370	14,010	8,035	770,160	1,515	-	1,171,542
Past due loans	19,889	50,417	192,872	1,091	101,004	105,311	116,855	11,670	122,662	55,754	36,134	8,728,096	7,304	-	9,549,059
Individual allowances	5	4,434	101,004	-	2,126	4,101	1,319	-	26,022	427	375	9,683	-	-	149,496
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	1,122,265	1,122,265
Charges/(writeback) for individual allowances	(6)	1,403	15,169	(21,240)	(420)	4,101	(4,921)	-	25,934	338	375	2,553	-	-	23,286
Write-offs against individual allowances	-	96	5,325	-	40	-	2,084	-	-	-	-	-	-	-	7,545

31 March 2014	Wholesale and retail trade and hotels and restaurants														
	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Transport, storage and communication RM'000	Finance and insurance RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Unallocated RM'000	Total RM'000	
Impaired loans and advances	5,990	4,005	194,862	24,193	24,022	33,832	57,136	1,155	4,680	15,042	9,082	922,845	1,667	-	1,298,511
Past due loans	32,865	15,492	229,420	24,193	112,961	117,742	171,600	5,476	133,268	72,433	47,147	9,229,636	5,560	-	10,197,793
Individual allowances	11	3,127	91,160	21,240	2,586	-	8,324	-	88	89	-	7,130	-	-	133,755
Collective allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	1,411,219	1,411,219
Charges/(writeback) for individual allowances	(5,161)	4,059	82,817	(3,249)	3,078	4,348	37,290	-	606	2,666	26,020	4,881	(5,523)	-	151,832
Write-offs against individual allowances	-	15,618	84,115	-	14,784	6,046	35,052	-	567	4,080	26,410	-	245	-	186,917

Table 5.3 : Geographical distribution of credit exposures

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

30 September 2014	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	6,426,137	196,798	6,622,935
Banks, DFIs and MDBs	5,882,469	695,742	6,578,211
Insurance companies, Securities firms and Fund managers	53,078	32,802	85,880
Corporates	30,948,911	2,411,531	33,360,442
Regulatory retail	20,258,519	17,979	20,276,498
Residential mortgages	10,428,131	-	10,428,131
Higher risk assets	108,878	922	109,800
Other assets	2,493,366	437	2,493,803
Securitisation exposures	148,062	-	148,062
Equity exposures	9,548	34	9,582
Defaulted exposures	886,326	167	886,493
Total for on balance sheet exposures	77,643,425	3,356,412	80,999,837
Off balance sheet exposures			
OTC derivatives	2,436,941	-	2,436,941
Credit derivatives	16	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,183,166	595,987	8,779,153
Defaulted exposures	75,964	-	75,964
Total for off balance sheet exposures	10,696,087	595,987	11,292,074
Total on and off balance sheet exposures	88,339,512	3,952,399	92,291,911

Table 5.3 : Geographical distribution of credit exposures (contd.)

The geographic distribution of credit exposures of the Group is as follows (contd.):

31 March 2014	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	9,387,649	522,405	9,910,054
Banks, DFIs and MDBs	4,170,009	1,038,842	5,208,851
Insurance companies, Securities firms and Fund managers	155	32,702	32,857
Corporates	32,189,501	1,392,194	33,581,695
Regulatory retail	21,980,477	-	21,980,477
Residential mortgages	10,370,131	-	10,370,131
Higher risk assets	111,267	918	112,185
Other assets	2,494,158	730	2,494,888
Securitisation exposures	171,382	-	171,382
Equity exposures	9,350	36	9,386
Defaulted exposures	954,587	-	954,587
Total for on balance sheet exposures	81,838,666	2,987,827	84,826,493
Off balance sheet exposures			
OTC derivatives	2,272,990	-	2,272,990
Credit derivatives	16	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	9,292,879	238,777	9,531,656
Defaulted exposures	35,944	-	35,944
Total for off balance sheet exposures	11,601,829	238,777	11,840,606
Total on and off balance sheet exposures	93,440,495	3,226,604	96,667,099

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 2014	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,171,542	-	1,171,542
Past due loans	9,549,059	-	9,549,059
Individual allowances	149,496	-	149,496
Collective allowances	1,109,063	13,202	1,122,265

31 March 2014	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans and advances	1,298,511	-	1,298,511
Past due loans	10,197,793	-	10,197,793
Individual allowances	133,755	-	133,755
Collective allowances	1,396,448	14,771	1,411,219

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 2014	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/Central banks	1,878,189	1,205,473	-	-	-	380,039	3,159,234	-	6,622,935
Banks, DFIs and MDBs	3,774,412	1,514,085	959,425	10,171	42,447	115,273	75,298	87,100	6,578,211
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	85,880	-	85,880
Corporates	8,476,445	2,201,378	1,531,968	638,366	4,882,171	3,859,077	11,753,506	17,531	33,360,442
Regulatory retail	1,492,472	60,737	94,076	266,510	2,026,560	3,849,166	12,486,977	-	20,276,498
Residential mortgages	778	268	778	4,645	55,768	126,533	10,239,361	-	10,428,131
Higher risk assets	14	11	5	84	542	1,450	19,295	88,399	109,800
Other assets	567,909	2,991	3,324	6,744	20,292	203,050	-	1,689,493	2,493,803
Securitisation exposures	406	-	-	-	-	-	147,656	-	148,062
Equity exposures	7,943	-	-	-	-	-	1,439	200	9,582
Defaulted exposures	101,675	21,815	13,903	46,874	105,039	127,875	469,312	-	886,493
Total for on balance sheet exposures	16,300,243	5,006,758	2,603,479	973,394	7,132,819	8,662,463	38,437,958	1,882,723	80,999,837
Off balance sheet exposures									
OTC derivatives	88,024	72,503	129,467	166,609	482,166	690,602	807,570	-	2,436,941
Credit derivatives	-	-	-	-	11	-	5	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	982,976	912,217	1,002,615	1,556,055	1,456,633	791,622	2,077,035	-	8,779,153
Defaulted exposures	21,267	11,769	11,360	13,970	15,065	-	2,533	-	75,964
Total for off balance sheet exposures	1,092,267	996,489	1,143,442	1,736,634	1,953,875	1,482,224	2,887,143	-	11,292,074
Total on and off balance sheet exposures	17,392,510	6,003,247	3,746,921	2,710,028	9,086,694	10,144,687	41,325,101	1,882,723	92,291,911

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 2014	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	4,751,818	1,024,994	217,140	394,031	-	264,850	3,257,221	-	9,910,054
Banks, DFIs and MDBs	3,476,350	768,201	696,008	-	51,671	114,844	95,475	6,302	5,208,851
Insurance companies, Securities firms and Fund managers	156	-	-	-	-	-	32,701	-	32,857
Corporates	9,277,340	2,649,973	2,089,322	1,124,366	2,707,638	4,576,016	11,157,040	-	33,581,695
Regulatory retail	1,638,985	78,334	118,378	249,678	2,163,202	4,057,957	13,673,943	-	21,980,477
Residential mortgages	1,338	389	1,489	3,904	62,469	133,082	10,167,460	-	10,370,131
Higher risk assets	462	26	62	119	607	1,373	21,125	88,411	112,185
Other assets	564,742	2,864	3,277	6,684	-	230,201	-	1,687,120	2,494,888
Securitisation exposures	4,040	-	-	-	-	-	167,342	-	171,382
Equity exposures	5,641	-	-	-	-	-	3,565	180	9,386
Defaulted exposures	139,537	12,502	15,179	28,629	114,132	130,670	513,938	-	954,587
Total for on balance sheet exposures	19,860,409	4,537,283	3,140,855	1,807,411	5,099,719	9,508,993	39,089,810	1,782,013	84,826,493
Off balance sheet exposures									
OTC derivatives	48,620	53,943	40,875	100,438	557,388	721,878	749,848	-	2,272,990
Credit derivatives	-	-	-	-	10	-	6	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	1,194,506	901,202	1,028,835	1,652,562	1,386,236	824,042	2,544,273	-	9,531,656
Defaulted exposures	13,214	1,360	5,186	6,114	6,124	193	3,753	-	35,944
Total for off balance sheet exposures	1,256,340	956,505	1,074,896	1,759,114	1,949,758	1,546,113	3,297,880	-	11,840,606
Total on and off balance sheet exposures	21,116,749	5,493,788	4,215,751	3,566,525	7,049,477	11,055,106	42,387,690	1,782,013	96,667,099

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:

	Collective impairment allowances		Individual impairment allowances	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	1,411,219	1,492,899	133,755	168,840
Charge to income statement, net	150,219	360,079	23,286	151,832
Amount transferred from Amlslamic *	(2,463)	-	-	-
Amount written-off and others	(436,649)	(443,170)	(7,545)	(186,917)
Foreign exchange differences	(61)	1,411	-	-
Balance at end of financial year/period	1,122,265	1,411,219	149,496	133,755

* Upon expiry of the RPSIA contract on 2 May 2014, the Bank derecognised the collective allowance. Accordingly, Amlslamic now accounts for the collective allowance in its financial statements. The gross exposure and collective allowance relating to the RPSIA financing as at 31 March 2014 for the Group and the Bank was RM450.1 million and RM2.5 million respectively.

There was no individual allowance provided for the PSIA financing.

	(Charge offs)/ recoveries	
	30 September 2014 RM'000	31 March 2014 RM'000
Bad debts written off during the year/period	(39,067)	(68,396)
Bad debt recoveries during the year/period	215,213	730,944

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 2014	Exposures after netting and credit risk mitigation											Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Sovereigns and Central banks	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation exposures	Equity exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
0%	6,612,691	5,000	-	1,556,140	-	-	-	428,754	-	-	8,602,585	-	
20%	12,001	7,650,966	-	2,432,149	6,469	-	-	-	145,184	-	10,246,769	2,049,352	
35%	-	-	-	-	-	9,939,439	-	-	-	-	9,939,439	3,478,804	
50%	-	1,039,614	-	288,595	24,886	580,124	-	-	-	-	1,933,219	966,610	
75%	-	-	-	-	21,723,127	-	-	-	-	-	21,723,127	16,292,345	
100%	-	5,937	110,987	32,963,537	347,510	119,921	-	2,065,049	-	9,582	35,622,523	35,622,523	
150%	-	-	-	263,531	203,982	-	123,970	-	-	-	591,483	887,225	
1250%	-	-	-	-	-	-	-	-	2,878	-	2,878	35,980	
Total	6,624,692	8,701,517	110,987	37,503,952	22,305,974	10,639,484	123,970	2,493,803	148,062	9,582	88,662,023	59,332,839	
Deduction from capital base													

31 March 2014	Exposures after netting and credit risk mitigation											Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Sovereigns and Central banks	Banks, DFIs and MDBs	Insurance companies, Securities firms and Fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation exposures	Equity exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
0%	9,910,054	-	-	1,354,331	-	-	-	410,276	-	-	11,674,661	-	
20%	200	5,372,868	-	2,232,102	11,436	-	-	6,449	164,923	-	7,787,978	1,557,595	
35%	-	-	-	-	-	9,986,815	-	-	-	-	9,986,815	3,495,385	
50%	-	1,836,476	-	288,222	23,684	534,120	-	-	-	-	2,682,502	1,341,251	
75%	-	-	-	-	23,799,318	-	-	-	-	-	23,799,318	17,849,488	
100%	-	66	53,410	34,592,191	379,746	118,386	-	2,078,163	-	9,386	37,231,348	37,231,348	
150%	-	-	-	241,145	204,510	-	126,399	-	-	-	572,054	858,082	
1250%	-	-	-	-	-	-	-	-	6,459	-	6,459	80,739	
Total	9,910,254	7,209,410	53,410	38,707,991	24,418,694	10,639,321	126,399	2,494,888	171,382	9,386	93,741,135	62,413,888	
Deduction from capital base													

Table 6.2: Rated exposures according to ratings by ECAIs

30 September 2014		Ratings of corporate by approved ECAIs				
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	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	110,987	-	-	-	-	110,987
Corporates	40,910,796	2,014,460	184,503	-	31	38,711,802
Total	41,021,783	2,014,460	184,503	-	31	38,822,789

31 March 2014		Ratings of corporate by approved ECAIs				
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	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	53,410	-	-	-	-	53,410
Corporates	41,423,922	1,899,110	193,743	-	33	39,331,036
Total	41,477,332	1,899,110	193,743	-	33	39,384,446

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

30 September 2014		Short term ratings of banking institutions and corporate by approved ECAs					Unrated
		Moody's	P-1	P-2	P-3	Others	
Exposure class	S&P	A-1	A-2	A-3	Others	Unrated	
	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAM	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
	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, DFIs and MDBs		-	-	-	-	-	
Total		-	-	-	-	-	
31 March 2014		Short term ratings of banking institutions and corporate by approved ECAs					Unrated
		Moody's	P-1	P-2	P-3	Others	
Exposure class	S&P	A-1	A-2	A-3	Others	Unrated	
	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAM	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
	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, DFIs and MDBs		104,813	104,813	-	-	-	
Total		104,813	104,813	-	-	-	

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

30 September 2014		Ratings of sovereigns and central banks by approved ECAs				
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	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		6,639,436	196,798	6,442,638	-	-
Total		6,639,436	196,798	6,442,638	-	-

31 March 2014		Ratings of sovereigns and central banks by approved ECAs				
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	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		9,910,254	522,405	9,387,849	-	-
Total		9,910,254	522,405	9,387,849	-	-

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

30 September 2014		Ratings of banking institutions by approved ECAs				
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	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, DFIs and MDBs	8,701,517	4,271,977	1,758,320	27,936	48	2,643,236
Total	8,701,517	4,271,977	1,758,320	27,936	48	2,643,236

31 March 2014		Ratings of banking institutions by approved ECAs				
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	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, DFIs and MDBs	7,104,597	1,046,138	914,704	925,132	62	4,218,561
Total	7,104,597	1,046,138	914,704	925,132	62	4,218,561

Table 6.3: Securitisation according to ratings by ECAs

30 September 2014	Ratings of securitisation by approved ECAs			
	Moody's	Aaa to Aa3	A1 to A3	Unrated
Exposure class	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 exposures	148,062	145,184	-	2,878
Total	148,062	145,184	-	2,878

31 March 2014	Ratings of securitisation by approved ECAs			
	Moody's	Aaa to Aa3	A1 to A3	Unrated
Exposure class	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 exposures	171,382	164,923	-	6,459
Total	171,382	164,923	-	6,459

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 2014			
Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000
<i>Credit risk</i>			
<i>On balance sheet exposures</i>			
Sovereigns/Central banks	6,622,935	-	14,989
Banks, DFIs and MDBs	6,578,211	-	-
Insurance companies, Securities firms and Fund managers	85,880	-	-
Corporates	33,360,442	73,096	5,841,407
Regulatory retail	20,276,498	4,960	307,443
Residential mortgages	10,428,131	-	109,753
Higher risk assets	109,800	-	-
Other assets	2,493,803	-	-
Securitisation exposures	148,062	-	-
Equity exposures	9,582	-	-
Defaulted exposures	886,493	4,090	31,539
Total for on balance sheet exposures	80,999,837	82,146	6,305,131
<i>Off balance sheet exposures</i>			
OTC derivatives	2,436,941	-	-
Credit derivatives	16	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	8,779,153	3,114	1,223,326
Defaulted exposures	75,964	50	14,659
Total for off balance sheet exposures	11,292,074	3,164	1,237,985
Total on and off balance sheet exposures	92,291,911	85,310	7,543,116

Table 7.1 : Credit Risk Mitigation (Contd.)

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

31 March 2014			
Exposures	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000
<i>Credit risk</i>			
<i>On balance sheet exposures</i>			
Sovereigns/Central banks	9,910,054	-	-
Banks, DFIs and MDBs	5,208,851	-	-
Insurance companies, Securities firms and Fund managers	32,857	-	-
Corporates	33,581,695	28,791	5,456,996
Regulatory retail	21,980,477	9,262	306,585
Residential mortgages	10,370,131	-	98,531
Higher risk assets	112,185	-	-
Other assets	2,494,888	-	-
Securitisation exposures	171,382	-	-
Equity exposures	9,386	-	-
Defaulted exposures	954,587	5,897	36,149
Total for on balance sheet exposures	84,826,493	43,950	5,898,261
<i>Off balance sheet exposures</i>			
OTC derivatives	2,272,990	-	-
Credit derivatives	16	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	9,531,656	1,845	1,410,492
Defaulted exposures	35,944	50	11,836
Total for off balance sheet exposures	11,840,606	1,895	1,422,328
Total on and off balance sheet exposures	96,667,099	45,845	7,320,589

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 2014	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	1,070,735		691,145	640,539
Transaction related contingent items	4,451,565		2,411,908	1,784,910
Short term self liquidating trade related contingencies	639,340		129,336	97,804
Assets sold with recourse	200		200	200
Forward asset purchases	222,002		10,394	1,828
Obligations under an on-going underwriting agreement	250,000		-	-
Foreign exchange related contracts				
One year or less	26,639,176	179,112	401,633	228,002
Over one year to five years	3,115,346	118,575	292,129	231,707
Over five years	1,227,308	85,871	333,545	271,227
Interest rate related contracts				
One year or less	6,421,415	4,135	14,362	3,738
Over one year to five years	28,261,239	136,942	874,705	259,699
Over five years	6,153,439	43,354	474,025	138,780
Equity and commodity related contracts				
One year or less	597,835	10,766	40,608	32,409
Over one year to five years	72,782	3,022	5,934	2,967
Credit derivative contracts				
Over one year to five years	307,216	4,639	11	5
Over five years	306,662	16,293	5	3
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,342,199		2,171,264	1,884,982
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,546,034		2,735,206	2,392,741
Unutilised credit card lines	3,528,318		705,664	526,218
Total	101,152,811	602,709	11,292,074	8,497,759

Table 8.1: Off Balance Sheet Exposures

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

31 March 2014	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	1,092,935		964,135	865,605
Transaction related contingent Items	4,663,740		2,396,271	1,682,429
Short term self liquidating trade related contingencies	616,860		123,366	91,046
Assets sold with recourse	200		200	200
Forward asset purchases	105,872		6,360	3,710
Obligations under an on-going underwriting agreement	250,000		-	-
Foreign exchange related contracts				
One year or less	22,196,436	84,533	211,519	134,918
Over one year to five years	3,018,618	118,761	331,810	271,535
Over five years	895,569	89,634	272,947	225,831
Interest rate related contracts				
One year or less	4,377,755	3,947	12,754	4,554
Over one year to five years	28,591,959	153,942	927,330	392,518
Over five years	6,250,838	48,801	476,900	244,942
Equity and commodity related contracts				
One year or less	419,790	4,928	19,603	13,526
Over one year to five years	331,103	480	20,127	10,063
Credit derivative contracts				
One year or less	-	-	-	-
Over one year to five years	306,519	4,651	10	5
Over five years	305,967	19,153	6	3
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,145,833		2,552,853	2,170,244
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,898,239		2,800,012	2,557,267
Unutilised credit card lines	3,622,016		724,403	539,996
Total	96,090,249	528,830	11,840,606	9,208,392

Table 8.2 : Credit Derivatives Counterparty Credit Risk

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

Usage	Product	30 September 2014		31 March 2014	
		Sell Leg	Buy Leg *	Sell Leg	Buy Leg *
		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	313,878	300,000	312,485	300,000

* Out of the total notional exposure for protection bought as at 30 September 2014, RM283,500,000 (31 March 2014: RM283,500,000) has no counterparty credit risk exposure because it is on a fully funded basis.

9.0 Securitisation

Table 9.1: Securitisation (Trading and Banking Book)

The securitised exposures of the Group are as follows:

30 September 2014 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	159,290	-	96,254	-
Mortgage loans	775,146	-	766,311	-
Total traditional securitisation	934,436	-	862,565	-
Total synthetic securitisation	-	-	-	-
Total traditional and synthetic securitisation	934,436	-	862,565	-

31 March 2014 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	199,373	-	129,895	-
Mortgage loans	747,256	-	738,154	-
Total traditional securitisation	946,629	-	868,049	-
Total synthetic securitisation	-	-	-	-
Total traditional and synthetic securitisation	946,629	-	868,049	-

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

30 September 2014	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 applicable risk weights				Risk weighted assets RM'000
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
				20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	
Securitisation exposures by exposure type								
Traditional securitisation originated by third party								
On Balance Sheet Exposures	145,184	145,184	-	145,184	-	-	-	29,037
Originated by the Group								
On Balance Sheet Exposures	2,878	2,878	-	-	-	2,878	-	35,980
Total traditional securitisation	148,062	148,062	-	145,184	-	2,878	-	65,017
Total synthetic securitisation	-	-	-	-	-	-	-	-
Total traditional and synthetic securitisation	148,062	148,062	-	145,184	-	2,878	-	65,017

31 March 2014	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 applicable risk weights				Risk weighted assets RM'000
				Rated securitisation exposures or risk weights of guarantees/credit derivatives			Unrated (look-through)	
				20% RM'000	50% RM'000	1250% RM'000	Exposure amount RM'000	
Securitisation exposures by exposure type								
Traditional securitisation originated by third party								
On Balance Sheet Exposures	164,923	164,923	-	164,923	-	-	-	32,984
Originated by the Group								
On Balance Sheet Exposures	6,459	6,459	-	-	-	6,459	-	80,739
Total traditional securitisation	171,382	171,382	-	164,923	-	6,459	-	113,723
Total synthetic securitisation	-	-	-	-	-	-	-	-
Total traditional and synthetic securitisation	171,382	171,382	-	164,923	-	6,459	-	113,723

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

30 September 2014 Securitisation exposures by exposure type	Total exposures value of positions purchased or retained RM'000	Exposures subject to deduction RM'000	General risk charge RM'000	Specific risk charge RM'000	Risk weighted assets RM'000
<u>Traditional securitisation</u> <u>originated by third party</u>					
On balance sheet by exposure type - others	30,496	-	702	610	16,396
Total traditional securitisation	30,496	-	702	610	16,396
Total synthetic securitisation	-	-	-	-	-
Total traditional and synthetic securitisation	30,496	-	702	610	16,396

31 March 2014 Securitisation exposures by exposure type	Total exposures value of positions purchased or retained RM'000	Exposures subject to deduction RM'000	General risk charge RM'000	Specific risk charge RM'000	Risk weighted assets RM'000
<u>Traditional securitisation</u> <u>originated by third party</u>					
On balance sheet by exposure type - others	40,685	-	895	814	21,363
Total traditional securitisation	40,685	-	895	814	21,363
Total synthetic securitisation	-	-	-	-	-
Total traditional and synthetic securitisation	40,685	-	895	814	21,363

10.0 Non-Traded Market Risk

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

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

30 September 2014	Interest Rate/Rate of Return +100 bps RM'000	Interest Rate/Rate of Return -100 bps RM'000
Currency (MYR)		
Impact on Profit Before Taxation	132,151	(132,151)
Impact on Equity	(218,354)	251,444

31 March 2014	Interest Rate/Rate of Return +100 bps RM'000	Interest Rate/Rate of Return -100 bps RM'000
Currency (MYR)		
Impact on Profit Before Taxation	152,296	(152,196)
Impact on Equity	(264,141)	299,765

11.0 Equities (Banking Book Positions)

Table 11.1: Equity investments and capital requirement

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

Non traded equity investments	30 September 2014 RM'000	31 March 2014 RM'000
Value of quoted (publicly traded) equities	187,567	188,288
Value of unquoted (privately held) equities	88,460	88,470
Total	276,027	276,758
Net realised and unrealised (losses)/gains		
Cumulative realised gains from sales and liquidations	2,424	41,052
Total unrealised (losses)/gains	(538)	(10,751)
Total	1,886	30,301
Risk weighted assets		
Equity investments subject to a 100% risk weight	187,567	188,288
Equity investments subject to a 150% risk weight	132,691	132,706
Total	320,258	320,994
Total minimum capital requirement (8%)	25,621	25,680