

HSBC BANK MALAYSIA BERHAD
(Company No.198401015221 (127776-V))
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
As at 31 December 2023

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Dato' Omar Siddiq bin Amin Noer Rashid, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Disclosures set out on pages 2 to 43 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

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DATO' OMAR SIDDIQ BIN AMIN NOER RASHID

Chief Executive Officer
07 February 2024

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As at 31 December 2023

(a) Introduction

HSBC Bank Malaysia Berhad (the Bank) is principally engaged in the provision of banking and other related financial services. The subsidiaries of the Bank are principally engaged in the businesses of Islamic Banking and nominee services. Islamic Banking operations refer generally to the acceptance of deposits and granting of financing under the principles of Shariah. The Bank and its subsidiaries are herein referred to as 'the Group' in this document.

(b) Basel II

The Group's lead regulator, Bank Negara Malaysia (BNM) sets and monitors capital requirements for the Group as a whole. The Group is required to comply with the provisions of the Basel II framework in respect of regulatory capital. The Bank adopts the Standardised Approach for Credit, Operational and Market Risk. Its fully owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS), adopts the Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

Basel II is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline. Pillar 3 aims to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess certain specific information on the capital management processes, and risk assessment processes, and hence the capital adequacy of the Group. Disclosures consist of both quantitative and qualitative information and are provided at the Group and the Bank level. Banks are required to disclose all their material risks as part of the Pillar 3 framework. All material and non-proprietary information required by Pillar 3 is included in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures as at 31 December 2023. BNM permits certain Pillar 3 requirements to be satisfied by inclusion within the financial statements. Where this is the case, references are provided to relevant sections in the Financial Statements as at 31 December 2023.

(c) Consolidation basis

The basis of consolidation for financial accounting purposes is described in Note 3(a) of the financial statements as at 31 December 2023 and it is the same basis of consolidation that is used for regulatory purposes. The Bank's subsidiary companies are listed in Note 16 of the financial statements, and are fully consolidated for both financial accounting and regulatory purposes.

(d) Transferability of capital and funds within the Group

The Bank is the primary provider of equity capital to its subsidiaries. Each subsidiary manages its own capital to support its planned business growth. The Group is not aware of any impediments on transfer of funds or regulatory capital.

(e) Internal assessment of capital adequacy

The Group assesses the adequacy of its capital by considering the resources necessary to cover unexpected losses arising from discretionary risks, such as credit risk and market risk, or non-discretionary risks, such as operational and reputational risk.

The key objective of Internal Capital Adequacy Assessment Process (ICAAP) is to ensure that sufficient capital is maintained, given the risk profile of the Bank on an ongoing and forward looking basis. The ICAAP permits the setting of target amounts for internal capital consistent to the Group's risk profile and the environment in which it pursues business.

The ICAAP is an internal assessment of the Group's capital adequacy given its risk appetite, risk profile and regulatory minimum requirements. The Group assesses the adequacy of its capital by considering the resources necessary to cover unexpected losses arising from discretionary risks, such as credit risk and market risk, or non-discretionary risks, such as operational and reputational risk. On a forward looking basis, the ICAAP ensures that the Group's capital position:

- exceeds the minimum regulatory capital requirements as prescribed by the BNM;
- remains sufficient to support the Group's Risk Appetite and business strategies;
- remains sufficient to support the underlying and projected risk profile; and
- remains sufficient to sustain business growth and in adverse business or economic conditions.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures

(e) Internal assessment of capital adequacy (Cont'd)

In order to achieve this, the Group has a robust ICAAP framework in place which underlines the foundation of its risk and capital management process. It has the following key features:

- a strong and encompassing governance framework;
- a forward-looking risk appetite framework to ensure our business and risk profiles are in line with the Board of Directors' (BOD) expectations;
- a robust capital management, planning and forecasting framework; and
- an internal risk assessment process based on the economic capital and stress testing frameworks to support the Group's capital adequacy positions.

Refer to Note 39 of the financial statements as at 31 December 2023 for the total capital ratio and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

Stress Testing

The Group operates a wide-ranging stress testing programme that is a key part of our risk management and capital and liquidity planning. Stress testing provides management with key insights into the impact of adverse events, and provides confidence to regulators on the Group's financial stability.

As well as undertaking regulatory-driven stress tests, the Group conducts internal stress tests, in order to understand the nature and level of all material risks, quantify the impact of such risks and develop plausible business-as-usual mitigating actions.

The stress testing programme assesses capital and liquidity strength through a rigorous examination of resilience to external shocks from a range of stress scenarios. They include potential adverse macroeconomic, geopolitical and operational risk events, and other potential events that are specific to the Group. Stress testing analysis helps management to understand the nature and extent of vulnerabilities to which the Group is exposed to and informed decisions about capital or liquidity levels.

Separately, reverse stress tests are conducted by the Group in order to understand which potential extreme conditions would make the business model non-viable. Reverse stress testing identifies potential stresses and vulnerabilities which the Group might face, and helps inform early warning triggers, management actions and contingency plans to mitigate risks.

Governance

The Stress Test Working Group (STWG) will actively manage and drive cohesion and consistency across all stress testing activities, including the execution of enterprise wide stress tests and enhancements to stress testing and data capability. Stress test results and the proposed mitigating actions will be recommended by Risk Management Meeting (RMM) or Executive Committee (EXCO) and Risk Committee (RC) to the Board for approval.

Risk Appetite

Risk appetite is a key component in our management of risk. It describes the type and quantum of risk that the Group is willing to accept in achieving our strategic goals. At HSBC, risk appetite is managed through a global risk appetite framework and articulated in a Risk Appetite Statement (RAS), which is reviewed and approved by the Board, on the advice of the group's Risk Committee, twice a year to make sure it remains fit for purpose.

The Group's risk appetite informs our strategic and financial planning process, defining the desired forward-looking risk profile of the Group. It is also integrated within other risk management tools, such as stress testing, to ensure consistency in risk management.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(f) Capital structure

The Group's regulatory capital comprises of 2 categories - Tier 1 and Tier 2.

- Tier 1 capital ^[1] is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 (AT1) Capital. CET1 Capital includes ordinary share capital ^[2], retained earnings, reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes, while AT1 Capital includes qualifying preference shares.
- Tier 2 capital ^[1], which includes impairment allowances equal to 12-months and lifetime expected credit losses for non-credit impaired loans (commonly known as Stage 1 and 2 provisions), regulatory reserve, and the element of the fair value reserve relating to revaluation of property which are disclosed as regulatory adjustments.

Pursuant to BNM's Guidelines on Capital Adequacy Framework (Capital Components) issued on the 9 December 2020, the Group has elected to apply the transitional arrangement as specified in paragraph 39.

From 1 January 2020 to 31 December 2023, under the transitional arrangements, the expected credit loss (ECL) allowance measured at an amount equal to 12-month and lifetime ECL to the extent they are related to non-credit-impaired exposures (hereinafter referred to as Stage 1 and Stage 2 provisions), are allowed to be added back to CET1, subject to capping. The transitional arrangement commenced from financial year beginning 1 January 2020, with an add-back factor that will gradually reduce over a four-year transitional duration.

As required by the Guideline, below is the disclosure on the capital ratios with comparison of:

- the Capital Ratios computed in accordance with the transitional arrangement
- the Capital Ratios had the transitional arrangement not been applied

31 Dec 2023
(RM'000)

Group

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	9,981,827	17.452	9,937,790	17.375
Tier 1 Capital	11,481,827	20.075	11,437,790	19.998
Tier 2 Capital	671,394	-	671,394	-
Total Capital	12,153,221	21.249	12,109,184	21.172

31 Dec 2022 (restated
after dividend payment)
(RM'000)

Group

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	8,756,658	15.631	8,746,951	15.613
Tier 1 Capital	10,256,658	18.308	10,246,951	18.291
Tier 2 Capital	693,318	-	693,318	-
Total Capital	10,949,976	19.546	10,940,269	19.529

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(f) Capital structure (cont'd)

31 Dec 2023
(RM'000)

Bank

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	7,456,968	17.261	7,432,558	17.204
Tier 1 Capital	8,455,905	19.573	8,431,495	19.517
Tier 2 Capital	508,165	-	508,165	-
Total Capital	8,964,070	20.749	8,939,660	20.693

31 Dec 2022 (restated
after dividend payment)
(RM'000)

Bank

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	6,616,842	15.693	6,605,793	15.667
Tier 1 Capital	7,615,779	18.062	7,604,730	18.036
Tier 2 Capital	531,244	-	531,244	-
Total Capital	8,147,023	19.322	8,135,974	19.296

^[1] Refer to Note 39 of the financial statements as at 31 December 2023 for the amount and breakdown of capital components.

^[2] Refer to Note 26 of the financial statements as at 31 December 2023 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

(g) Risk management

Risk management framework

We aim to use a comprehensive risk management approach across our organisation and across all risk types, underpinned by our risk culture and values. This is outlined in our risk management framework, including the key principles and practices that we employ in managing material risks, both financial and non-financial.

The framework fosters continuous monitoring of the risk environment, promotes risk awareness, sound operational and strategic decision making and escalation process. It also ensures we have a consistent approach to monitoring, managing and mitigating the risks we accept and incur in our activities. We continue to actively review and develop our risk management framework and enhance our approach to managing risk, through our activities with regard to people and capabilities, governance, reporting and management information, credit risk management models and data.

Culture

HSBC understands the importance of a strong culture. Our culture refers to our shared attitudes, values and standards that shape behaviours related to risk awareness, risk taking and risk management. It is instrumental in aligning the behaviours of individuals with our attitude to assuming and managing risk, which helps to ensure that our risk profile remains in line with our risk appetite. The fostering of a strong culture is a key responsibility of our senior executives.

Our culture is also reinforced by our approach to remuneration. Individual awards, including those for senior executives, are based on compliance with our values and the achievement of financial and non-financial objectives, which are aligned to our risk appetite and strategy.

Risk governance

The Board has ultimate responsibility for the effective management of risk and approves our risk appetite. It is advised on risk-related matters by the group's Risk Committee.

Executive accountability for the ongoing monitoring, assessment and management of the risk environment, and the effectiveness of the risk management framework resides with the Country Chief Risk Officer (CRO), supported by the RMM.

Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making. All employees have a role to play in risk management. These roles are defined using the Three Lines of Defence model, which takes into account our business and functional structures.

We use a defined executive risk governance structure to ensure appropriate oversight and accountability for risk, which facilitates the reporting and escalation to the RMM.

Refer to Note 4 of the financial statements as at 31 December 2023 for the Group's risk managements policies on the above mentioned risks.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

1) RWA and Capital Requirement

The tables below disclose the gross and net exposures, risk weighted assets (RWA) and capital requirements for credit risk, market risk and operational risk of the Group and the Bank at reporting date.

As at 31 December 2023, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM940m (31 December 2022: RM1,007m) with principal amount of RM2,070m (31 December 2022 : RM2,177m). This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

31 Dec 2023

Group

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	31,141,358	31,141,358	1,904,878	152,391
PSEs	1,922,321	1,916,682	505,470	40,437
Banks, DFIs & MDBs	15,350,210	4,992,629	1,646,868	131,749
Corporates	21,156,834	20,643,446	18,931,352	1,514,509
Regulatory Retail	5,517,156	5,453,553	4,179,870	334,389
Residential Mortgages	14,434,460	14,434,460	5,361,946	428,955
Higher Risk Assets	11,045	10,894	16,341	1,307
Other Assets	1,676,235	1,676,235	1,453,446	116,275
Equity Exposure	234,854	234,854	234,854	18,788
Defaulted Exposures	781,028	780,695	828,078	66,246
Total for On-Balance Sheet Exposures	92,225,501	81,284,806	35,063,103	2,805,046
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,746,503	1,867,903	1,135,350	90,829
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,595,504	17,015,277	12,765,116	1,021,210
Defaulted Exposures	10,205	10,205	13,881	1,111
Total for Off-Balance Sheet Exposures	21,352,212	18,893,385	13,914,347	1,113,150
Total On and Off-Balance Sheet Exposures ^[1]	113,577,713	100,178,191	48,977,450	3,918,196
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	37,870,909	39,349,672	(1,478,763)	114,183
Foreign Currency Risk	115,155	10,702	116,654	9,332
Equity Risk	-	-	-	852
Options Risk	-	-	657,877	52,630
	37,986,064	39,360,374	(1,362,109)	176,997
Operational Risk (Standardised Approach)	-	-	-	480,370
Total RWA and Capital Requirement	-	-	-	57,194,556

^[1] The variance between Gross Exposures and Net Exposures, represents the 'Total On and Off-Balance Sheet Exposures covered by Eligible Collateral'. Refer to Note (g) (3) (ii) Credit risk mitigation (CRM) within this disclosure document.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2022
(RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	33,701,471	33,701,471	1,482,437	118,595
PSEs	2,022,976	2,019,884	662,074	52,966
Banks, DFIs & MDBs	9,454,079	5,930,958	1,761,277	140,902
Corporates	20,436,521	19,815,992	18,212,895	1,457,032
Regulatory Retail	5,343,989	5,280,725	4,075,874	326,070
Residential Mortgages	15,131,137	15,131,137	5,660,246	452,819
Higher Risk Assets	21,543	21,392	32,089	2,567
Other Assets	1,697,572	1,697,572	1,326,239	106,100
Equity Exposure	228,178	228,178	228,178	18,254
Defaulted Exposures	763,400	759,275	783,570	62,685
Total for On-Balance Sheet Exposures	88,800,866	84,586,584	34,224,879	2,737,990
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,769,889	2,163,583	1,253,024	100,241
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,081,454	17,487,943	13,245,338	1,059,627
Defaulted Exposures	15,627	15,627	17,647	1,412
Total for Off-Balance Sheet Exposures	22,866,970	19,667,153	14,516,009	1,161,280
Total On and Off-Balance Sheet Exposures ^[1]	111,667,836	104,253,737	48,740,888	3,899,270
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	42,302,057	42,148,253	153,804	113,745
Foreign Currency Risk	24,081	247,867	247,867	19,829
Equity Risk	-	-	-	879
Options Risk	-	-	-	16,070
	42,326,138	42,396,120	401,671	150,523
Operational Risk (Standardised Approach)	-	-	-	431,946
Total RWA and Capital Requirement	-	-	-	56,021,764

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

^[1] The variance between Gross Exposures and Net Exposures, represents the 'Total On and Off-Balance Sheet Exposures covered by Eligible Collateral'. Refer to Note (g) (3) (ii) CRM within this disclosure document.

Refer to Note 39 of the financial statements as at 31 December 2023 for disclosure on RWA breakdown by various risk categories.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2023

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	24,960,171	24,960,171	1,601,820	128,146
PSEs	1,266,113	1,260,474	291,580	23,326
Banks, DFIs & MDBs	16,120,100	5,762,519	1,556,815	124,545
Corporates	14,003,376	13,599,075	12,532,308	1,002,585
Regulatory Retail	3,338,554	3,287,455	2,466,090	197,287
Residential Mortgages	10,866,466	10,866,466	4,030,830	322,466
Higher Risk Assets	7,875	7,875	11,812	945
Other Assets	1,532,960	1,532,960	1,409,953	112,796
Equity Exposure	234,854	234,854	234,854	18,788
Defaulted Exposures	501,379	501,046	538,300	43,064
Total for On-Balance Sheet Exposures	72,831,848	62,012,895	24,674,362	1,973,948
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,919,976	2,041,375	1,065,546	85,244
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,888,593	13,411,528	10,172,815	813,825
Defaulted Exposures	5,081	5,081	6,359	509
Total for Off-Balance Sheet Exposures	17,813,650	15,457,984	11,244,720	899,578
Total On and Off-Balance Sheet Exposures ^[1]	90,645,498	77,470,879	35,919,082	2,873,526
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	35,869,831	35,390,496	479,335	101,715
Foreign Currency Risk	113,786	7,834	113,786	9,103
Equity Risk	-	-	-	852
Options Risk	-	-	-	52,630
	35,983,617	35,398,330	593,121	164,300
Operational Risk (Standardised Approach)	-	-	-	418,321
Total RWA and Capital Requirement	-	-	-	3,456,147

^[1] The variance between Gross Exposures and Net Exposures, represents the 'Total On and Off-Balance Sheet Exposures covered by Eligible Collateral'. Refer to Note (g) (3) (ii) Credit risk mitigation (CRM) within this disclosure document.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2022

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	26,295,840	26,295,840	1,165,590	93,247
PSEs	1,334,433	1,331,341	391,542	31,323
Banks, DFIs & MDBs	10,948,013	7,424,892	1,836,325	146,906
Corporates	13,908,081	13,426,637	12,169,200	973,536
Regulatory Retail	3,104,683	3,051,687	2,293,323	183,466
Residential Mortgages	11,553,479	11,553,479	4,320,203	345,616
Higher Risk Assets	16,486	16,486	24,729	1,978
Other Assets	1,474,276	1,474,276	1,273,932	101,915
Equity Exposure	228,178	228,178	228,178	18,254
Defaulted Exposures	481,875	478,888	504,528	40,362
Total for On-Balance Sheet Exposures	69,345,344	65,281,704	24,207,550	1,936,603
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,000,416	2,294,109	1,193,451	95,476
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,049,780	13,564,918	10,366,323	829,306
Defaulted Exposures	6,096	6,096	7,603	608
Total for Off-Balance Sheet Exposures	19,056,292	15,865,123	11,567,377	925,390
Total On and Off-Balance Sheet Exposures ^[1]	88,401,636	81,146,827	35,774,927	2,861,993
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	38,918,883	36,605,220	2,313,663	1,215,998
Foreign Currency Risk	22,812	244,913	244,913	19,593
Equity Risk	-	-	-	10,987
Options Risk	-	-	-	200,880
	38,941,695	36,850,133	2,558,576	1,672,778
Operational Risk (Standardised Approach)	-	-	-	4,716,651
Total RWA and Capital Requirement	-	-	-	42,164,356
				3,373,147

Note:

MDBs - Multilateral Development Banks
DFIs - Development Financial Institutions
PSEs - Public Sector Entities
OTC - Over the counter

^[1] The variance between Gross Exposures and Net Exposures, represents the 'Total On and Off-Balance Sheet Exposures covered by Eligible Collateral'. Refer to Note (g) (3) (ii) CRM within this disclosure document.

Refer to Note 39 of the financial statements as at 31 December 2023 for disclosure on RWA breakdown by various risk categories.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

2) Risk Weight Profile and RWA

The tables below are disclosures on risk weights profile and RWA for credit risk of the Group and the Bank at reporting date.

31 Dec 2023

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	21,637,162	-	-	-	102,375	31,099	-	-	230,736	-	22,001,372	-
20%	9,537,073	2,044,514	4,316,825	-	3,231,342	9,821	-	-	-	-	19,139,575	3,827,915
35%	-	-	-	-	-	-	15,622,594	-	-	-	15,622,594	5,467,907
50%	-	116,151	2,002,330	-	518,019	41,582	918,687	-	-	-	3,596,769	1,798,385
75%	-	-	-	-	-	7,733,083	396,304	-	-	-	8,129,387	6,097,040
100%	-	704,927	407,628	2,262	27,571,392	567,197	575,212	-	1,444,809	234,854	31,508,281	31,508,281
150%	-	-	-	-	15,612	46,856	103,560	13,494	-	-	179,522	269,284
1250%	-	-	-	-	-	-	-	-	691	-	691	8,638
Total											100,178,191	48,977,450
Average Risk Weight	6%	41%	34%	100%	91%	77%	39%	150%	87%	100%	49%	

31 Dec 2022

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	26,308,573	-	-	-	48,924	21,748	-	-	371,333	-	26,750,578	-
20%	7,488,886	2,011,191	5,209,298	-	3,144,656	15,650	-	-	-	-	17,869,681	3,573,935
35%	-	-	-	-	-	-	16,325,268	-	-	-	16,325,268	5,713,844
50%	-	178,701	2,409,062	-	322,721	40,575	989,026	-	-	-	3,940,085	1,970,043
75%	-	-	-	-	-	7,397,526	505,370	-	-	-	7,902,896	5,927,172
100%	-	782,040	211,122	-	27,493,191	657,905	585,225	-	1,326,239	228,178	31,283,900	31,283,900
150%	-	-	-	-	13,860	41,774	101,314	24,381	-	-	181,329	271,994
Total											104,253,737	48,740,888
Average Risk Weight	4%	43%	31%	0%	91%	77%	40%	150%	78%	100%	47%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

2) Risk Weight Profile and RWA (Cont'd)

31 Dec 2023

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	16,951,263	-	-	-	52,318	17,205	-	-	130,953	-	17,151,739	-
20%	8,021,785	1,368,905	5,985,684	-	2,352,617	9,821	-	-	-	-	17,738,812	3,547,762
35%	-	-	-	-	-	-	11,971,607	-	-	-	11,971,607	4,190,062
50%	-	116,151	1,184,402	-	249,452	16,890	644,663	-	-	-	2,211,558	1,105,779
75%	-	-	-	-	-	5,266,079	276,308	-	-	-	5,542,387	4,156,790
100%	-	445,359	370,523	2,262	19,766,467	111,303	410,070	-	1,401,316	234,854	22,742,154	22,742,154
150%	-	-	-	-	5,509	24,382	73,042	8,998	-	-	111,931	167,897
1250%	-	-	-	-	-	-	-	-	691	-	691	8,638
Total											77,470,879	35,919,082
Average Risk Weight	6%	40%	29%	100%	91%	75%	39%	150%	92%	100%	46%	

31 Dec 2022

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	20,468,177	-	-	-	27,414	9,369	-	-	200,344	-	20,705,304	-
20%	5,904,651	1,301,105	7,495,874	-	2,488,291	15,650	-	-	-	-	17,205,571	3,441,114
35%	-	-	-	-	-	-	12,658,198	-	-	-	12,658,198	4,430,369
50%	-	178,701	1,759,942	-	129,621	15,169	723,492	-	-	-	2,806,925	1,403,463
75%	-	-	-	-	-	4,930,838	382,835	-	-	-	5,313,673	3,985,255
100%	-	511,764	143,492	-	19,643,024	118,044	423,582	-	1,273,932	228,178	22,342,016	22,342,016
150%	-	-	-	-	3,184	23,070	69,887	18,999	-	-	115,140	172,710
Total											81,146,827	35,774,927
Average Risk Weight	4%	43%	27%	0%	91%	76%	39%	150%	86%	100%	44%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk

Table 1: Geographical distribution of loans/financing and advances breakdown by type

Group (RM'000)	31 Dec 2023				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	91,966	62,909	304,050	21,179	480,104
Term loans/financing					
Housing loans/financing	2,474,879	1,916,997	9,280,962	647,118	14,319,956
Syndicated term loan/financing	130,460	21,404	2,363,742	-	2,515,606
Factoring receivables	559,079	107,365	1,569,591	1,617	2,237,652
Hire purchase receivables	49,625	87,781	42,973	18,196	198,575
Other term loans/financing	668,421	1,085,271	5,966,260	278,918	7,998,870
Bills receivables	225,841	505,518	4,299,430	18,417	5,049,206
Trust receipts	489,406	871,026	1,937,125	47,396	3,344,953
Claims on customers under acceptance credits	308,771	341,990	252,487	8,204	911,452
Staff loans/financing	4,460	2,867	34,274	1,465	43,066
Credit/charge cards	692,315	594,220	2,523,438	275,063	4,085,036
Revolving financing	379,347	569,929	5,039,459	11,961	6,000,696
Other loans/financing	1,734	1,788	6,441	224	10,187
	6,076,304	6,169,065	33,620,232	1,329,758	47,195,359

Group (RM'000)	31 Dec 2022				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	84,548	70,592	628,233	23,875	807,248
Term loans/financing					
Housing loans/financing	2,616,683	2,086,785	9,558,612	699,822	14,961,902
Syndicated term loan/financing	33,798	56,592	1,738,998	-	1,829,388
Factoring receivables	47,558	145,670	581,502	2,328	777,058
Hire purchase receivables	63,310	105,427	51,050	14,601	234,388
Other term loans/financing	819,494	1,243,307	7,639,663	352,480	10,054,944
Bills receivables	278,142	119,790	4,098,098	65,185	4,561,215
Trust receipts	622,933	572,621	2,010,979	89,341	3,295,874
Claims on customers under acceptance credits	239,549	579,006	340,580	8,997	1,168,132
Staff loans/financing	5,137	3,500	37,084	1,669	47,390
Credit/charge cards	641,160	543,495	2,285,248	264,382	3,734,285
Revolving financing	403,568	375,958	5,199,132	301	5,978,959
Other loans/financing	1,816	1,521	5,600	201	9,138
	5,857,696	5,904,264	34,174,779	1,523,182	47,459,921

Concentration by location for loans, advances and financing is based on the location of branches where facilities were captured.

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Pahang, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Melaka and Negeri Sembilan.

The Central region consists of the state of Selangor, the Federal Territory of Kuala Lumpur and the Federal Territory of Putrajaya.

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 1: Geographical distribution loans/financing and advances breakdown by type (Cont'd)

Bank (RM'000)	31 Dec 2023				
	Northern	Southern	Central	Eastern	Total
Overdrafts	70,006	41,159	264,552	21,179	396,896
Term loans/financing					
Housing loans/financing	2,017,914	1,509,843	6,584,765	550,275	10,662,797
Syndicated term loan/financing	97,097	21,404	1,017,897	-	1,136,398
Factoring receivables	559,079	107,365	1,569,591	1,617	2,237,652
Other term loans/financing	393,732	655,280	2,811,933	163,423	4,024,368
Bills receivables	177,576	191,595	3,579,721	18,417	3,967,309
Trust receipts	442,766	836,457	1,385,331	47,396	2,711,950
Claims on customers under acceptance credits	218,791	308,335	170,785	7,375	705,286
Staff loans/financing	4,149	2,866	33,329	1,465	41,809
Credit/charge cards	470,907	383,923	1,756,061	221,631	2,832,522
Revolving financing	273,843	345,293	3,469,644	11,961	4,100,741
Other loans/financing	1,433	1,546	4,362	213	7,554
	4,727,293	4,405,066	22,647,971	1,044,952	32,825,282

Bank (RM'000)	31 Dec 2022				
	Northern	Southern	Central	Eastern	Total
Overdrafts	64,625	42,826	591,525	23,875	722,851
Term loans/financing					
Housing loans/financing	2,140,027	1,662,417	6,902,688	590,524	11,295,656
Syndicated term loan/financing	-	56,592	897,899	-	954,491
Factoring receivables	47,558	145,670	581,502	2,328	777,058
Other term loans/financing	493,848	747,069	3,939,191	224,061	5,404,169
Bills receivables	183,968	75,006	3,267,377	65,185	3,591,536
Trust receipts	618,594	527,618	1,316,561	89,341	2,552,114
Claims on customers under acceptance credits	174,404	543,438	246,255	8,090	972,187
Staff loans/financing	4,731	3,496	35,846	1,669	45,742
Credit/charge cards	429,112	345,679	1,563,114	210,972	2,548,877
Revolving financing	261,665	304,477	3,676,542	301	4,242,985
Other loans/financing	1,500	1,087	4,161	174	6,922
	4,420,032	4,455,375	23,022,661	1,216,520	33,114,588

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 2: Geographical distribution of impaired loans/financing breakdown by type

Group (RM'000)	31 Dec 2023				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	9,092	4,604	9,477	1,134	24,307
Term loans/financing					
Housing loans/financing	146,681	152,636	656,973	37,216	993,506
Syndicated term loan/financing	-	-	96,268	-	96,268
Factoring receivables	-	-	925	-	925
Hire purchase receivables	6,074	-	172	-	6,246
Other term loans/financing	29,305	78,665	376,488	11,852	496,310
Bills receivables	-	980	13,305	-	14,285
Trust receipts	2,362	4,119	52,793	-	59,274
Staff loans/financing	-	-	694	-	694
Credit/charge cards	4,391	4,374	16,648	1,783	27,196
Revolving financing	-	17,452	60,499	-	77,951
Other loans/financing	1,475	1,433	5,567	138	8,613
	199,380	264,263	1,289,809	52,123	1,805,575

Group (RM'000)	31 Dec 2022				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	2,834	4,412	4,435	1,292	12,973
Term loans/financing					
Housing loans/financing	209,036	210,874	974,665	56,014	1,450,589
Syndicated term loan/financing	-	-	237,708	-	237,708
Factoring receivables	-	-	854	-	854
Hire purchase receivables	-	-	172	-	172
Other term loans/financing	34,837	103,491	560,205	19,810	718,343
Bills receivables	-	874	29,385	-	30,259
Trust receipts	2,681	4,977	4,758	-	12,416
Claims on customers under acceptance credits	333	-	-	-	333
Staff loans/financing	-	-	932	-	932
Credit/charge cards	9,027	8,972	33,998	3,627	55,624
Revolving financing	-	18,739	222,136	-	240,875
Other loans/financing	1,594	1,390	5,127	130	8,241
	260,342	353,729	2,074,375	80,873	2,769,319

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 2: Geographical distribution of impaired loans/financing breakdown by type (Cont'd)

Bank (RM'000)	31 Dec 2023				
	Northern	Southern	Central	Eastern	Total
Overdrafts	9,092	1,507	4,804	1,134	16,537
Term loans/financing					
Housing loans/financing	121,611	114,848	426,985	32,497	695,941
Syndicated term loan/financing	-	-	96,268	-	96,268
Factoring receivables	-	-	925	-	925
Other term loans/financing	22,585	70,900	181,220	6,410	281,115
Trust receipts	2,362	4,119	52,793	-	59,274
Staff loans/financing	-	-	694	-	694
Credit/charge cards	2,513	2,317	9,419	1,211	15,460
Revolving financing	-	17,452	1,990	-	19,442
Other loans/financing	1,237	1,305	3,795	133	6,470
	159,400	212,448	778,893	41,385	1,192,126

Bank (RM'000)	31 Dec 2022				
	Northern	Southern	Central	Eastern	Total
Overdrafts	2,834	1,975	1,241	1,292	7,342
Term loans/financing					
Housing loans/financing	170,289	157,451	655,308	48,480	1,031,528
Syndicated term loan/financing	-	-	237,708	-	237,708
Factoring receivables	-	-	854	-	854
Other term loans/financing	23,485	91,617	311,966	9,622	436,690
Bills receivables	-	-	2,502	-	2,502
Trust receipts	2,681	4,977	4,758	-	12,416
Claims on customers under acceptance credits	333	-	-	-	333
Staff loans/financing	-	-	932	-	932
Credit/charge cards	5,806	5,487	22,757	2,610	36,660
Revolving financing	-	18,739	5,389	-	24,128
Other loans/financing	1,298	1,022	3,871	104	6,295
	206,726	281,268	1,247,286	62,108	1,797,388

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 3: Residual contractual maturity loans/financing and advances breakdown by type

31 Dec 2023					
Group (RM'000)	Maturing within one year	More than one year to three years	More than three years to five years	More than five years	Total
Overdrafts/Cash line-i	480,104	-	-	-	480,104
Term loans/financing					
Housing loans/financing	67,063	53,234	156,979	14,042,680	14,319,956
Syndicated term loan/financing	1,193,582	973,686	234,008	114,330	2,515,606
Factoring receivables	2,191,729	45,923	-	-	2,237,652
Hire purchase receivables	10,089	72,561	113,576	2,349	198,575
Other term loans/financing	1,223,334	2,263,220	1,921,302	2,591,014	7,998,870
Bills receivables	5,049,206	-	-	-	5,049,206
Trust receipts	3,344,953	-	-	-	3,344,953
Claims on customers under acceptance credits	911,452	-	-	-	911,452
Staff loans/financing	994	4,149	9,043	28,880	43,066
Credit/charge cards	4,085,036	-	-	-	4,085,036
Revolving financing	6,000,696	-	-	-	6,000,696
Other loans/financing	10,187	-	-	-	10,187
	24,568,425	3,412,773	2,434,908	16,779,253	47,195,359

31 Dec 2022					
Group (RM'000)	Maturing within one year	More than one year to three years	More than three years to five years	More than five years	Total
Overdrafts/Cash line-i	807,248	-	-	-	807,248
Term loans/financing					
Housing loans/financing	71,749	61,375	146,683	14,682,095	14,961,902
Syndicated term loan/financing	27,667	1,499,957	301,764	-	1,829,388
Factoring receivables	752,531	-	24,527	-	777,058
Hire purchase receivables	14,351	73,538	146,499	-	234,388
Other term loans/financing	714,101	3,612,695	2,676,615	3,051,533	10,054,944
Bills receivables	4,561,215	-	-	-	4,561,215
Trust receipts	3,295,874	-	-	-	3,295,874
Claims on customers under acceptance credits	1,168,132	-	-	-	1,168,132
Staff loans/financing	606	4,905	9,828	32,051	47,390
Credit/charge cards	3,734,285	-	-	-	3,734,285
Revolving financing	5,978,959	-	-	-	5,978,959
Other loans/financing	9,138	-	-	-	9,138
	21,135,856	5,252,470	3,305,916	17,765,679	47,459,921

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 3: Residual contractual maturity loans/financing and advances breakdown by type (Cont'd)

31 Dec 2023					
Bank (RM'000)	Maturing within one year	More than one year to three years	More than three years to five years	More than five years	Total
Overdrafts	396,896	-	-	-	396,896
Term loans/financing					
Housing loans/financing	46,508	46,425	132,967	10,436,897	10,662,797
Syndicated term loan/financing	783,500	255,801	97,097	-	1,136,398
Factoring receivables	2,191,729	45,923	-	-	2,237,652
Other term loans/financing	677,811	1,452,498	497,923	1,396,136	4,024,368
Bills receivables	3,967,309	-	-	-	3,967,309
Trust receipts	2,711,950	-	-	-	2,711,950
Claims on customers under acceptance credits	705,286	-	-	-	705,286
Staff loans/financing	971	4,062	8,748	28,028	41,809
Credit/charge cards	2,832,522	-	-	-	2,832,522
Revolving financing	4,100,741	-	-	-	4,100,741
Other loans/financing	7,554	-	-	-	7,554
	18,422,777	1,804,709	736,735	11,861,061	32,825,282

31 Dec 2022					
Bank (RM'000)	Maturing within one year	More than one year to three years	More than three years to five years	More than five years	Total
Overdrafts	722,851	-	-	-	722,851
Term loans/financing					
Housing loans/financing	48,873	55,213	123,805	11,067,765	11,295,656
Syndicated term loan/financing	27,667	899,989	26,835	-	954,491
Factoring receivables	752,531	-	24,527	-	777,058
Other term loans/financing	554,955	1,970,657	1,216,664	1,661,893	5,404,169
Bills receivables	3,591,536	-	-	-	3,591,536
Trust receipts	2,552,114	-	-	-	2,552,114
Claims on customers under acceptance credits	972,187	-	-	-	972,187
Staff loans/financing	588	4,689	9,462	31,003	45,742
Credit/charge cards	2,548,877	-	-	-	2,548,877
Revolving financing	4,242,985	-	-	-	4,242,985
Other loans/financing	6,922	-	-	-	6,922
	16,022,086	2,930,548	1,401,293	12,760,661	33,114,588

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 4: Distribution loans/financing and advances by sector, breakdown by type

	31 Dec 2023 Group (RM'000)													
	Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/ financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	11,206	-	-	-	1,751	14,556	-	-	2,406	-	849	-	3	30,771
Mining and quarrying	10,961	-	124,931	-	3,753	2,172	21,560	918	4,674	-	206	106,310	-	275,485
Manufacturing	155,895	-	246,008	853,505	119,759	1,732,458	1,111,135	1,850,223	417,642	-	31,832	1,088,440	136	7,607,033
Electricity, gas and water	1,070	-	-	1,109	-	9,756	-	8,019	5,691	-	96	260,797	-	286,538
Construction	84,014	-	568,194	15,484	116	403,281	81,599	126,842	21,736	-	1,668	1,087,645	58	2,390,637
Real estate	1,806	-	510,192	-	-	1,243,031	-	27,479	250	-	117	410,682	-	2,193,557
Wholesale & retail trade and restaurants & hotels	89,518	-	27,389	489,087	15,866	538,337	494,376	1,171,124	441,486	-	8,342	514,880	50	3,790,455
Transport, storage and communication	10,364	-	-	33,500	29,711	320,973	104,490	22,177	8,156	-	702	131,884	8	661,965
Finance, insurance/takaful and business services	40,158	-	96,268	164,896	1,487	912,953	35,884	35,228	6,719	-	5,539	1,900,125	10	3,199,267
Household-retail	60,265	14,319,956	-	-	-	1,880,498	-	-	-	43,066	4,034,477	-	9,922	20,348,184
Others	14,847	-	942,624	680,071	26,132	940,855	3,200,162	102,943	2,692	-	1,208	499,933	-	6,411,467
	480,104	14,319,956	2,515,606	2,237,652	198,575	7,998,870	5,049,206	3,344,953	911,452	43,066	4,085,036	6,000,696	10,187	47,195,359

	31 Dec 2022 Group (RM'000)													
	Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/ financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	7,832	-	-	-	2,229	20,472	-	-	10,854	-	688	-	-	42,075
Mining and quarrying	11,988	-	26,835	-	516	7,175	24,310	4,694	5,620	-	161	92,090	-	173,389
Manufacturing	372,157	-	209,121	276,331	146,660	1,759,536	749,217	1,831,943	494,213	-	16,274	1,043,447	165	6,899,064
Electricity, gas and water	1,513	-	-	599	-	12,439	3,016	3,010	4,916	-	48	59,828	-	85,369
Construction	67,730	-	464,681	3,700	177	820,576	73,738	185,610	23,196	-	343	1,354,530	5	2,994,286
Real estate	4,033	-	10	-	-	1,992,493	-	27,593	505	-	85	449,087	-	2,473,806
Wholesale & retail trade and restaurants & hotels	169,195	-	28,989	228,981	18,237	603,759	778,357	819,407	605,506	-	7,020	890,696	25	4,150,172
Transport, storage and communication	8,389	-	-	215	22,426	498,156	78,741	110,037	6,779	-	652	46,894	12	772,301
Finance, insurance/takaful and business services	91,986	-	237,708	165,454	4,460	991,097	83,049	48,019	14,224	-	5,952	1,847,755	-	3,489,704
Household-retail	57,403	14,961,902	-	-	-	2,098,579	-	-	-	47,390	3,701,278	-	8,930	20,875,482
Others	15,022	-	862,044	101,778	39,683	1,250,662	2,770,787	265,561	2,319	-	1,784	194,632	1	5,504,273
	807,248	14,961,902	1,829,388	777,058	234,388	10,054,944	4,561,215	3,295,874	1,168,132	47,390	3,734,285	5,978,959	9,138	47,459,921

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 4: Distribution loans/financing and advances by sector, breakdown by type (Cont'd)

31 Dec 2023													
Bank (RM'000)													
Overdraft	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Other term loans/ financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	11,206	-	-	-	10,770	-	-	2,405	-	849	-	3	25,233
Mining and quarrying	7,262	-	124,931	-	2,169	-	918	2,101	-	206	75,277	-	212,864
Manufacturing	138,683	-	103,097	853,505	1,181,057	703,262	1,752,577	322,739	-	31,832	967,809	106	6,054,667
Electricity, gas and water	1,070	-	-	1,109	5,652	-	8,019	5,691	-	96	202,288	-	223,925
Construction	61,747	-	382,667	15,484	145,714	9,963	126,292	12,448	-	1,668	596,525	47	1,352,555
Real estate	1,806	-	160,060	-	441,721	-	27,479	250	-	117	293,904	-	925,337
Wholesale & retail trade and restaurants & hotels	80,673	-	27,389	489,087	365,691	257,501	708,884	344,271	-	8,342	397,099	40	2,678,977
Transport, storage and communication	9,831	-	-	33,500	150,761	97,288	12,845	8,000	-	702	85,988	-	398,915
Finance, insurance/takaful and business services	22,259	-	96,268	164,896	567,983	18,447	35,228	4,689	-	5,539	1,332,130	10	2,247,449
Household-retail	60,262	10,662,797	-	-	871,077	-	-	41,809	2,781,963	-	-	7,348	14,425,256
Others	2,097	-	241,986	680,071	281,773	2,880,848	39,708	2,692	-	1,208	149,721	-	4,280,104
	396,896	10,662,797	1,136,398	2,237,652	4,024,368	3,967,309	2,711,950	705,286	41,809	2,832,522	4,100,741	7,554	32,825,282

31 Dec 2022													
Bank (RM'000)													
Overdraft	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Other term loans/ financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	7,792	-	-	-	14,819	-	-	10,854	-	688	-	-	34,153
Mining and quarrying	7,702	-	26,835	-	7,173	-	4,694	2,076	-	161	75,162	-	123,803
Manufacturing	345,848	-	43,670	276,331	1,129,555	605,109	1,494,613	424,402	-	16,274	949,429	132	5,285,363
Electricity, gas and water	1,513	-	-	599	7,388	-	3,010	2,905	-	48	2,002	-	17,465
Construction	56,534	-	317,534	3,700	465,099	29,367	185,610	6,413	-	343	952,835	5	2,017,440
Real estate	4,033	-	10	-	861,991	-	27,593	505	-	85	311,201	-	1,205,418
Wholesale & retail trade and restaurants & hotels	155,317	-	28,989	228,981	418,859	301,488	542,842	505,055	-	7,020	836,603	21	3,025,175
Transport, storage and communication	8,375	-	-	215	325,431	59,893	59,707	6,530	-	652	5,738	12	466,553
Finance, insurance/takaful and business services	75,842	-	237,708	165,454	670,025	42,840	48,019	11,128	-	5,952	1,054,809	-	2,311,777
Household-retail	57,341	11,295,656	-	-	966,561	-	-	45,742	2,515,870	-	-	6,752	14,887,922
Others	2,554	-	299,745	101,778	537,268	2,552,839	186,026	2,319	-	1,784	55,206	-	3,739,519
	722,851	11,295,656	954,491	777,058	5,404,169	3,591,536	2,552,114	972,187	45,742	2,548,877	4,242,985	6,922	33,114,588

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 5: Distribution of impaired loans/financing and advances by sector, breakdown by type

31 Dec 2023 Group (RM'000)													
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/ financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	3,792	-	-	-	2,915	-	-	-	-	-	-	-	6,707
Manufacturing	10,055	-	-	-	172	4,746	1,250	6,137	-	-	-	142	22,502
Electricity, gas and water	-	-	-	-	-	-	-	-	-	-	58,509	-	58,509
Construction	4,980	-	-	-	-	7,618	7,436	48,418	-	-	1,990	51	70,493
Real estate	-	-	-	-	-	63,036	-	-	-	-	17,452	-	80,488
Wholesale & retail trade and restaurants & hotels	1,167	-	-	925	6,074	12,463	982	1,073	-	-	-	50	22,734
Transport, storage and communication	271	-	-	-	-	2,142	1,285	-	-	-	-	8	3,706
Finance, insurance/takaful and business services	2,840	-	96,268	-	-	709	3,332	3,646	-	-	-	10	106,805
Household-retail	1,202	993,506	-	-	-	402,681	-	-	694	27,196	-	8,352	1,433,631
	24,307	993,506	96,268	925	6,246	496,310	14,285	59,274	-	694	27,196	77,951	1,805,575

31 Dec 2022 Group (RM'000)													
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/ financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	1,076	-	-	-	2,029	-	-	-	-	-	-	-	3,105
Manufacturing	6,717	-	-	-	172	4,887	5,061	7,314	-	-	-	165	24,316
Electricity, gas and water	516	-	-	-	-	-	-	-	-	-	57,826	-	58,342
Construction	1,237	-	-	-	-	7,830	2,502	344	-	-	114,841	-	126,754
Real estate	-	-	-	-	-	170,195	-	-	-	-	18,738	-	188,933
Wholesale & retail trade and restaurants & hotels	466	-	-	854	-	8,993	517	1,089	333	-	-	23	12,275
Transport, storage and communication	-	-	-	-	-	-	1,532	-	-	-	802	11	2,345
Finance, insurance/takaful and business services	946	-	237,708	-	-	6,786	3,036	3,669	-	-	44,080	-	296,225
Household-retail	2,015	1,450,589	-	-	-	500,883	-	-	932	55,624	-	8,041	2,018,084
Others	-	-	-	-	-	16,740	17,611	-	-	-	4,588	1	38,940
	12,973	1,450,589	237,708	854	172	718,343	30,259	12,416	333	55,624	240,875	8,241	2,769,319

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 5: Distribution of impaired loans/financing and advances by sector, breakdown by type (Cont'd)

31 Dec 2023													
Bank (RM'000)													
Overdraft	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	3,792	-	-	2,463	-	-	-	-	-	-	-	6,255	
Manufacturing	5,869	-	-	838	-	6,137	-	-	-	-	106	12,950	
Construction	3,076	-	-	6,695	-	48,418	-	-	-	1,990	47	60,226	
Real estate	-	-	-	59,790	-	-	-	-	-	17,452	-	77,242	
Wholesale & retail trade and restaurants & hotels	206	-	-	925	11,077	1,073	-	-	-	-	40	13,321	
Transport, storage and communication	261	-	-	264	-	-	-	-	-	-	-	525	
Finance, insurance/takaful and business services	2,131	-	96,268	709	-	3,646	-	-	-	-	10	102,764	
Household-retail	1,202	695,941	-	199,279	-	-	-	694	15,460	-	6,267	918,843	
	16,537	695,941	96,268	925	281,115	-	59,274	-	694	15,460	19,442	6,470	1,192,126

31 Dec 2022													
Bank (RM'000)													
Overdraft	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	1,036	-	-	2,029	-	-	-	-	-	-	-	3,065	
Manufacturing	2,074	-	-	767	-	7,314	-	-	-	-	132	10,287	
Electricity, gas and water	516	-	-	-	-	-	-	-	-	-	-	516	
Construction	1,237	-	-	6,601	2,502	344	-	-	-	-	-	10,684	
Real estate	-	-	-	166,556	-	-	-	-	-	18,738	-	185,294	
Wholesale & retail trade and restaurants & hotels	466	-	-	854	5,441	1,089	333	5,441	-	-	19	8,202	
Transport, storage and communication	-	-	-	-	-	-	-	-	-	802	11	813	
Finance, insurance/takaful and business services	-	-	237,708	972	-	3,669	-	-	-	-	-	242,349	
Household-retail	2,013	1,031,528	-	238,325	-	-	-	932	36,660	-	6,133	1,315,591	
Others	-	-	-	15,999	-	-	-	-	-	4,588	-	20,587	
	7,342	1,031,528	237,708	854	436,690	2,502	12,416	333	932	36,660	24,128	6,295	1,797,388

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 6: All past due loans/financing and advances breakdown by sector ^[1]

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Agricultural, hunting, forestry and fishing	5,921	4,806	5,469	4,314
Mining and quarrying	64	31	64	31
Manufacturing	39,538	25,235	31,123	11,784
Electricity, gas and water	58,509	58,485	-	515
Construction	165,303	24,769	156,016	15,541
Real estate	78,629	110,735	77,319	106,567
Wholesale & retail trade and restaurants & hotels	27,964	45,737	23,262	33,726
Transport, storage and communication	3,416	25,473	1,519	24,631
Finance, insurance/takaful and business services	8,736	367,178	8,115	315,026
Household-retail	1,890,447	2,282,535	1,290,370	1,560,124
Others	177,778	509,938	173,164	486,463
	2,456,305	3,454,922	1,766,421	2,558,722

Table 7: All past due loans/financing and advances breakdown by geographical location ^[1]

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Northern region	320,930	400,516	253,392	308,385
Southern region	376,656	464,357	289,809	366,989
Central region	1,659,621	2,476,186	1,149,546	1,797,211
Eastern region	99,098	113,863	73,674	86,137
	2,456,305	3,454,922	1,766,421	2,558,722

Table 8: Impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Agricultural, hunting, forestry and fishing	612	387	569	357
Mining and quarrying	429	95	372	50
Manufacturing	17,668	16,920	6,071	6,999
Electricity, gas and water	56,925	56,723	67	235
Construction	53,408	114,003	45,824	12,586
Real estate	59,058	42,411	54,917	39,052
Wholesale & retail trade and restaurants & hotels	16,048	11,540	6,622	9,895
Transport, storage and communication	2,298	3,296	556	2,043
Finance, insurance/takaful and business services	105,165	306,620	103,751	255,118
Household-retail	503,036	525,667	248,981	267,280
Others	2,386	29,922	437	11,647
	817,033	1,107,584	468,167	605,262

Table 9: Impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Northern region	74,073	65,738	40,947	40,774
Southern region	92,802	96,799	58,755	67,022
Central region	629,183	924,638	356,571	485,037
Eastern region	20,975	20,409	11,894	12,429
	817,033	1,107,584	468,167	605,262

^[1] of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 12 (ii) and 12 (iv) of the financial statements as at 31 December 2023 respectively.

The breakdown of loan/financing impairment allowance during the year is disclosed in Note 13 (i) of the financial statements as at 31 December 2023.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 10: Net impairment allowance in profit or loss during the period breakdown by sector

(Releases) / Charges	Group (RM'000)		Bank (RM'000)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Agricultural, hunting, forestry and fishing	224	224	211	201
Mining and quarrying	334	7	322	(22)
Manufacturing	459	(6,369)	(1,060)	(3,499)
Electricity, gas and water	(1,803)	52,872	(194)	(726)
Construction	(75,797)	(23,337)	23,708	(21,019)
Real estate	14,046	(15,393)	13,264	(10,955)
Wholesale & retail trade and restaurants & hotels	4,506	(13,055)	(3,270)	(12,764)
Transport, storage and communication	(1,114)	(33,674)	(1,518)	(34,773)
Finance, insurance/takaful and business services	517	67,364	967	69,202
Household-retail	94,799	(66,832)	33,902	(22,094)
Others	(10,555)	7,967	(11,324)	8,604
	25,616	(30,226)	55,008	(27,845)

The breakdown of loan/financing net impairment allowance during the year is disclosed in Note 33 (i) of the financial statements as at 31 December 2023.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

The standardised approach requires banks to use risk assessments prepared by ECAIs to determine the risk weightings applied to rated counterparties.

ECAIs are used by the Group as part of the determination of risk weightings for the following classes of exposure:

- Sovereigns and Central Banks
- Multilateral development banks
- Public sector entities
- Corporates
- Banks

For the purpose of Pillar 3 reporting to BNM, the Group and the Bank uses the external credit ratings from the following ECAIs:

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

Data files of external ratings from the nominated ECAIs are matched with the customer records in the Group's centralised credit database. When calculating the risk-weighted value of any exposure under the standardised approach, the customer in question is identified and matched to a rating, according to BNM's selection rules. The relevant risk weight is then derived using the BNM's detailed risk weights and rating categories. All other exposure classes are assigned risk weightings as detailed in the BNM Capital Adequacy Framework (Basel II-Risk-Weighted Assets).

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

Below are the summary tables of long and short term ratings governing the high level assignment of risk weights under the standardised approach:

Long Term Rating Category		1	2	3	4	5	6	7
Rating Agency	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ and below	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 to B3	Caa1 and below	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ and below	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to BB3	B1 to B3	C1 and below	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	C+ and below	Unrated

Short Term Rating Category		1	2	3	4	5
Rating Agency	S & P	A-1	A-2	A-3	Others	Unrated
	Moody's	P-1	P-2	P-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

Risk Weights Based on Credit Rating of the Counterparty Exposure Class						
Rating Category	Long Term Rating					Short Term Rating
	Sovereigns and Central Banks	Corporates	Banking Institutions			
			Risk weight (original maturity greater than 6 months)	Risk weight (original maturity of 6 months or less)	Risk weight (original maturity of 3 months or less)	
1	0%	20%	20%	20%	20%	20%
2	20%	50%	50%	20%	20%	50%
3	50%	100%	50%	20%	20%	100%
4	100%	100%	100%	50%	20%	150%
5	100%	150%	100%	50%	20%	N/A
6	150%	150%	150%	150%	20%	N/A
7	100%	100%	50%	20%	20%	N/A

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

The rated and unrated exposures according to ratings by ECAIs at reporting date are as follows:

31 Dec 2023

Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
On and Off Balance Sheet Exposures								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	18,749,041	9,537,073	-	-	-	-	-	28,286,114
PSEs								
- Exposures risk-weighted using ratings of Corporates	433,831	143,300	80,586	-	-	-	-	657,717
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,829,934	3,897,333	6,841,548	1,494	399,171	-	-	12,969,480
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	55,038	-	-	-	-	-	-	55,038
- Exposures risk-weighted using ratings of Banking Institutions	-	313	-	-	-	-	-	313
- Exposures risk-weighted using ratings of Corporates	2,703,694	318,910	491,161	-	27,500	-	-	3,541,265
	23,771,538	13,896,929	7,413,295	1,494	426,671	-	-	45,509,927
(ii) Total unrated exposures							59,375,444	59,375,444
Total Long Term Exposure	23,771,538	13,896,929	7,413,295	1,494	426,671	-	59,375,444	104,885,371

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	2,888,121	-	-		2,888,121
PSEs						
- Exposures risk-weighted using ratings of Corporates	23,052	-	-	-		23,052
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,876,222	1,730,872	38,731	-		4,645,825
Corporates						
- Exposures risk-weighted using ratings of Corporates	1,129,582	5,762	-	-		1,135,344
	4,028,856	4,624,755	38,731	-	-	8,692,342
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	4,028,856	4,624,755	38,731	-	-	8,692,342
Group Total Long Term and Short Term Exposure :						113,577,713

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2022

Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	24,377,219	7,609,007	-	-	-	-		31,986,226
PSEs								
- Exposures risk-weighted using ratings of Corporates	297,478	180,803	86,407	-	-	-		564,688
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,379,423	3,979,099	1,782,421	4,458	147,019	-		8,292,420
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	9,963	-	-	-	-	-		9,963
- Exposures risk-weighted using ratings of Banking Institutions	3,683	313	-	-	-	-		3,996
- Exposures risk-weighted using ratings of Corporates	3,166,488	171,635	466,168	-	-	-		3,804,291
	30,234,254	11,940,857	2,334,996	4,458	147,019	-	-	44,661,584
(ii) Total unrated exposures								
							60,663,215	60,663,215
Total Long Term Exposure	30,234,254	11,940,857	2,334,996	4,458	147,019	-	60,663,215	105,324,799

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2022

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,931,354	-	-		1,931,354
PSEs						
- Exposures risk-weighted using ratings of Corporates	118,648	-	-	-		118,648
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,284,057	1,440,915	99,162	-		3,824,134
Corporates						
- Exposures risk-weighted using ratings of Corporates	464,506	4,395	-	-		468,901
	2,867,211	3,376,664	99,162	-	-	6,343,037
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	2,867,211	3,376,664	99,162	-	-	6,343,037
Group Total Long Term and Short Term Exposure :						111,667,836

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023

Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	15,449,248	8,021,785	-	-	-	-		23,471,033
PSEs								
- Exposures risk-weighted using ratings of Corporates	231,171	143,300	80,586	-	-	-		455,057
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,735,080	3,555,744	6,841,548	1,494	370,255	-		12,504,121
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	26,497	-	-	-	-	-		26,497
- Exposures risk-weighted using ratings of Banking Institutions	-	313	-	-	-	-		313
- Exposures risk-weighted using ratings of Corporates	2,046,304	289,390	477,777	-	27,500	-		2,840,971
	19,488,300	12,010,532	7,399,911	1,494	397,755	-	-	39,297,992
(ii) Total unrated exposures								
							43,138,585	43,138,585
Total Long Term Exposure	19,488,300	12,010,532	7,399,911	1,494	397,755	-	43,138,585	82,436,577

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,502,015	-	-	-	1,502,015
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	4,315,287	1,730,367	38,731	-	-	6,084,385
Corporates						
- Exposures risk-weighted using ratings of Corporates	616,759	5,762	-	-	-	622,521
	4,932,046	3,238,144	38,731	-	-	8,208,921
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	4,932,046	3,238,144	38,731	-	-	8,208,921

Bank Total Long Term and Short Term Exposure :	90,645,498
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Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2022

Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
On and Off Balance Sheet Exposures								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	18,732,232	6,024,772	-	-	-	-		24,757,004
PSEs								
- Exposures risk-weighted using ratings of Corporates	198,731	180,803	86,407	-	-	-		465,941
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,253,567	3,744,576	1,782,421	4,458	142,130	-		7,927,152
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	5,072	-	-	-	-	-		5,072
- Exposures risk-weighted using ratings of Banking Institutions	3,683	313	-	-	-	-		3,996
- Exposures risk-weighted using ratings of Corporates	2,508,561	130,550	453,312	-	-	-		3,092,423
	23,701,846	10,081,014	2,322,140	4,458	142,130	-	-	36,251,588
(ii) Total unrated exposures								
							44,235,485	44,235,485
Total Long Term Exposure	23,701,846	10,081,014	2,322,140	4,458	142,130	-	44,235,485	80,487,073

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2022

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,735,945	-	-		1,735,945
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	4,387,766	1,438,327	98,103	-		5,924,196
Corporates						
- Exposures risk-weighted using ratings of Corporates	250,027	4,395	-	-		254,422
	4,637,793	3,178,667	98,103	-	-	7,914,563
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	4,637,793	3,178,667	98,103	-	-	7,914,563
Bank Total Long Term and Short Term Exposure :						88,401,636

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) Credit Risk Mitigation (CRM)

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Group's policy when granting credit facilities is on the basis of the customer's capacity to repay, rather than placing primary reliance on credit risk mitigants. Depending on the customer's standing and the type of product, facilities may be provided unsecured. Mitigation of credit risk is nevertheless a key aspect of effective risk management in the Group and takes many forms.

The Group's general policy is to promote the use of CRM, justified by commercial prudence and good practice as well as capital efficiency. Specific, detailed policies cover acceptability, structuring and terms of various types of business with regard to the availability of credit risk mitigants, for example in the form of collateral security, and these policies, together with the determination of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

The most common method of mitigating credit risk is to take collateral. The principal collateral types employed by the Group are as follows:

- under the residential and real estate business, the financed property will be taken as collateral;
- under the Retail Wealth Portfolio Lending, liquid marketable securities are accepted as collaterals;
- under certain Islamic specialised financing and leasing transactions (such as machinery financing) where physical assets form the principal source of facility repayment, physical collateral is typically taken;
- in the commercial and industrial sectors, charges over business assets such as premises, stock and debtors;
- facilities provided to small and medium enterprises are commonly granted against guarantees by their owners/directors; or by third party credit guarantee institutions;
- guarantees from third parties can arise where facilities are extended without the benefit of any alternative form of security; e.g. where the Group issues a bid or performance sukuk in favour of a non-customer at the request of another bank;
- under the institutional sector, certain trading facilities are supported by charges over financial instruments such as cash, debt securities and equities;
- financial collateral in the form of cash and marketable securities are used in much of the over-the-counter (OTC) derivatives activities and in the Group's securities financing business (securities lending and borrowing or repos and reverse repos); and
- netting is used where appropriate, and supported by market standard documentation.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt of cash, securities or equities. Daily settlement limits are established for counterparties to cover the aggregate of all the settlement risk arising from all the transactions involved on a single day. Settlement risk on many transactions, particularly those involving securities and equities, is substantially mitigated by settling through assured payment systems or on a delivery-versus-payment basis.

Policies and procedures govern the protection of the Group's position from the outset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed documentation permitting the offset of credit balances against debt obligations and through controls over the integrity, current valuation and, if necessary, realisation of collateral security.

The valuation of credit risk mitigants seeks to monitor and ensure that they will continue to provide the secured repayment source anticipated at the time they were taken. The Group's policy prescribes valuation annually, or more frequently as the need may arise, for impaired accounts. For property taken as collateral for new or additional facilities, a valuation report is required from a panel valuer. For auction purposes, full valuations are compulsory. This is to avoid the risk of the settlement sum being challenged by the borrower/charger on the grounds that the correct valuation was not applied.

The appointment of panel valuers is conducted via Vendor Risk Management whereby due diligence is undertaken in accordance with Suppliers Risk Management and Third Party Associated Persons Bribery Risk Assessment and Due Diligence Policy at the origination of the relationship in accordance with Group Third Party Risk Management Policy.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

The table below shows the on and off balance sheet exposures before and after CRM.

31 Dec 2023
Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	31,141,358	-	-	-
PSEs	1,922,321	-	5,639	-
Banks, DFIs & MDBs	15,350,210	-	10,357,581	-
Corporates	21,156,834	444,017	513,388	-
Regulatory Retail	5,517,156	36,938	63,603	-
Residential Mortgages	14,434,460	-	-	-
Higher Risk Assets	11,045	-	151	-
Other Assets	1,676,235	-	-	-
Equity Exposure	234,854	-	-	-
Defaulted Exposures	781,028	4,543	333	-
Total for On-Balance Sheet Exposures	92,225,501	485,498	10,940,695	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,746,503	-	191,457	1,687,143
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,595,504	369,083	580,227	-
Defaulted Exposures	10,205	-	-	-
Total for Off-Balance Sheet Exposures	21,352,212	369,083	771,684	1,687,143
Total On and Off-Balance Sheet Exposures	113,577,713	854,581	11,712,379	1,687,143

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

The table below shows on and off balance sheet exposures before and after CRM.

31 Dec 2022
Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	33,701,471	-	-	-
PSEs	2,022,976	-	3,092	-
Banks, DFIs & MDBs	9,454,079	-	3,523,121	-
Corporates	20,436,521	450,551	620,529	-
Regulatory Retail	5,343,989	32,081	63,264	-
Residential Mortgages	15,131,137	-	-	-
Higher Risk Assets	21,543	-	151	-
Other Assets	1,697,572	-	-	-
Equity Exposure	228,178	-	-	-
Defaulted Exposures	763,400	6,743	4,125	-
Total for On-Balance Sheet Exposures	88,800,866	489,375	4,214,282	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,769,889	-	603,648	2,002,658
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,081,454	164,260	593,511	-
Defaulted Exposures	15,627	-	-	-
Total for Off-Balance Sheet Exposures	22,866,970	164,260	1,197,159	2,002,658
Total On and Off-Balance Sheet Exposures	111,667,836	653,635	5,411,441	2,002,658

Note:

MDBs - Multilateral Development Banks
DFIs - Development Financial Institutions
PSEs - Public Sector Entities

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

The table below shows the on and off balance sheet exposures before and after CRM.

31 Dec 2023
Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<i>Credit Risk</i>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	24,960,171	-	-	-
PSEs	1,266,113	-	5,639	-
Banks, DFIs & MDBs	16,120,100	-	10,357,581	-
Corporates	14,003,376	283,420	404,301	-
Regulatory Retail	3,338,554	24,554	51,099	-
Residential Mortgages	10,866,466	-	-	-
Higher Risk Assets	7,875	-	-	-
Other Assets	1,532,960	-	-	-
Equity Exposure	234,854	-	-	-
Defaulted Exposures	501,379	833	333	-
Total for On-Balance Sheet Exposures	72,831,848	308,807	10,818,953	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,919,976	-	191,458	1,687,143
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,888,593	249,379	477,065	-
Defaulted Exposures	5,081	-	-	-
Total for Off-Balance Sheet Exposures	17,813,650	249,379	668,523	1,687,143
Total On and Off-Balance Sheet Exposures	90,645,498	558,186	11,487,476	1,687,143

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

The table below shows on and off balance sheet exposures before and after CRM.

31 Dec 2022
Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	26,295,840	-	-	-
PSEs	1,334,433	-	3,092	-
Banks, DFIs & MDBs	10,948,013	-	3,523,121	-
Corporates	13,908,081	344,382	481,444	-
Regulatory Retail	3,104,683	22,317	52,996	-
Residential Mortgages	11,553,479	-	-	-
Higher Risk Assets	16,486	-	-	-
Other Assets	1,474,276	-	-	-
Equity Exposure	228,178	-	-	-
Defaulted Exposures	481,875	1,335	2,987	-
Total for On-Balance Sheet Exposures	69,345,344	368,034	4,063,640	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,000,416	-	703,649	2,002,658
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,049,780	92,345	484,862	-
Defaulted Exposures	6,096	-	-	-
Total for Off-Balance Sheet Exposures	19,056,292	92,345	1,188,511	2,002,658
Total On and Off-Balance Sheet Exposures	88,401,636	460,379	5,252,151	2,002,658

Note:

MDBs - Multilateral Development Banks
DFIs - Development Financial Institutions
PSEs - Public Sector Entities

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

iii) Counterparty Credit Risk

In respect of counterparty credit risk exposures which arise from OTC derivative transactions, a credit limit for counterparty credit risk (CCR) is assigned, monitored and reported in accordance with the Group risk methodology. The credit limit established takes into account the mark to market and the future potential exposure measured on the basis of 95 percentile potential worst case loss estimates for the product involved. These methods of calculating credit exposures apply to all counterparties and differences in credit quality are reflected in the size of the limits.

The policy for secured collateral on derivatives is guided by the Group's Internal Best Practice Guidelines ensuring the due diligence necessary to fully understand the effectiveness of netting and collateralisation by jurisdiction, counterparty, product and agreement type is fully assessed and that the due-diligence standards are high and consistently applied.

4) Collateral Arrangements

To calculate counterparty's net risk position for counterparty credit risk, the Group revalue all financial instruments and associated collateral positions on a daily basis. A dedicated Collateral Management function independently monitors counterparties' associated collateral positions and manages a process which ensures that calls for collateral top-ups or exposure reductions are made promptly. Processes exist for the resolution of situations where the level of collateral is disputed or the collateral sought is not received.

Eligible collateral types are documented by Credit Support Annexes (CSA) of the International Swaps and Derivatives Association (ISDA) Master Agreement and are controlled under a policy which ensures the collateral agreed to be taken exhibits characteristics such as price transparency, price stability, liquidity, enforceability, independence, reusability and eligibility for regulatory purposes. A valuation 'haircut' policy generally reflects the fact that collateral may fall in value between the date the collateral was called and the date of regular margining or date of liquidation or enforcement. Generally, collateral held as credit risk mitigants under CSAs is either cash or government securities.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

5) Interest Rate Risk/Profit Rate Risk

Sensitivity of projected Net Interest/Finance Income

The interest/profit rate sensitivities set out in the table below are illustrative only and are based on simplified scenarios.

Change in projected net interest/finance income in next 12 months arising from a shift in interest/profit rates of:

	Group (RM'000)			
	31 Dec 2023		31 Dec 2022	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	185,210	(201,823)	196,986	(212,713)
USD	88,289	(94,636)	112,378	(113,693)
Others	(5,065)	2,532	4,065	(4,668)
	268,434	(293,927)	313,429	(331,074)

	Bank (RM'000)			
	31 Dec 2023		31 Dec 2022	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	142,218	(157,817)	190,948	(205,713)
USD	86,478	(92,613)	94,412	(95,746)
Others	(7,785)	5,235	(3,009)	2,388
	220,911	(245,195)	282,351	(299,071)

The increase or decline in economic value for upward and downward rate shocks for measuring interest rate risk/rate of return risk in the banking book are as follows:

Sensitivity of projected Economic value of equity

Change in projected economic value of equity arising from a shift in interest/profit rates of:

	Group (RM'000)			
	31 Dec 2023		31 Dec 2022	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(203,601)	225,315	138,383	(142,678)
USD	(33,138)	36,497	123,116	(135,187)
Others	10,218	(9,899)	7,066	(6,268)
	(226,521)	251,913	268,565	(284,133)

	Bank (RM'000)			
	31 Dec 2023		31 Dec 2022	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(127,943)	140,827	180,722	(193,244)
USD	(32,150)	35,031	124,923	(137,858)
Others	8,069	(7,963)	6,166	(5,852)
	(152,024)	167,895	311,811	(336,954)

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

5) Interest Rate Risk/Profit Rate Risk (Cont'd)

The sensitivity of reported reserves in 'other comprehensive income' to interest/profit rate movements are monitored on a monthly basis by assessing the expected reduction in valuation of financial investments at fair value through other comprehensive income (FVOCI) portfolios to parallel movements of plus or minus 100 basis points in all yield curves.

Sensitivity of reported reserves in 'other comprehensive income' to interest/profit rate movements

	Group (RM'000)			
	31 Dec 2023		31 Dec 2022	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(28,258)	28,258	(51,391)	51,391
USD	(23,838)	23,838	(2,944)	2,944
	(52,096)	52,096	(54,335)	54,335

	Bank (RM'000)			
	31 Dec 2023		31 Dec 2022	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(20,136)	20,136	(38,432)	38,432
USD	(23,838)	23,838	(2,944)	2,944
	(43,974)	43,974	(41,376)	41,376

6) Equities

As at 31 December 2023, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 31 December 2023 was mainly of shares held for the purpose of gaining strategic advantage. These shares are not held for capital gains and are recorded based on net tangible assets as measurement of fair value. The unquoted equities are risk weighted at 100% or 150% as per Risk Weighted Capital Adequacy Framework (Basel II).

Refer to Note 9 of the financial statements as at 31 December 2023 on the Group's holdings of equity investments.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

7) Shariah Governance (for HSBC Amanah Malaysia Berhad only)

Overview

Shariah compliance is a cornerstone and is integral to the stability of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight accountabilities of the Board of Directors (BOD), the Shariah Committee (SC) and the Management to ensure that the operations and business activities of the Islamic Financial Institutions (IFI) remain consistent with Shariah principles and requirements.

To ensure Shariah compliance in all aspects of day-to-day Islamic finance activities, the Malaysian regulatory bodies such as BNM and Securities Commission Malaysia have outlined several laws and regulations on Shariah in particular the provisions on the establishment of a SC and internal Shariah control functions. The SC is an independent Shariah advisory body which plays a vital role in providing Shariah views and decisions and performs an oversight role on Shariah governance implementation related to the IFI's business operations and activities. At the institutional level, the Shariah Department acts as a delegated authority of the SC in providing Shariah advisory to the Management team of the IFI. The Shariah control functions have the role to assist the Management in ensuring that all activities of the IFI are in compliance with the Shariah rules and principles, and expectations for effective Shariah governance arrangements in accordance with the guidelines outlined by Shariah-Regulatory Framework Policy Documents (PDs) and Shariah Governance Policy Document (SGPD) of BNM, respectively. However, the accountability to ensure Shariah compliance remains with the IFI's BOD.

Qualitative Disclosures - Key Components and Core Shariah Functions in Implementing and Monitoring the Shariah Governance Practices as per the SGPD

The governance structure of HBMS and the primary responsibilities of each function are set out below:

a. Board of Directors

To have the ultimate oversight accountability for the institutionalisation of overall Shariah governance framework and Shariah compliance of HBMS.

b. Shariah Committee

To have the oversight responsibility and accountability in providing objective and sound advice or decisions to ensure on the operations, affairs and business activities of HBMS are in compliance with Shariah.

c. CEO and Management

To be primarily responsible over the day-to-day management of HBMS in ensuring compliance with Shariah in all aspects of its operations, affairs and business activities by observing and implementing the Shariah rulings by the Shariah Advisory Council (SAC) of BNM and SAC of Securities Commission Malaysia, as well as decisions of the SC, and to identify and refer any Shariah issues to the SC for its decisions, views and opinions.

d. Shariah Audit

To provide independent assessment on the quality and effectiveness of HBMS' internal control, risk management systems, governance processes as well as the overall compliance of HBMS' operations, businesses, affairs and activities with Shariah.

e. Shariah Risk Management

To coordinate the identification, measurement, monitoring and reporting of Shariah non-compliance risks in the operations, businesses, affairs and activities of HBMS and to formulate and recommend appropriate Shariah non-compliance risk management policies and procedures and risk awareness programmes.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management (Cont'd)

7) Shariah Governance (Cont'd)

Qualitative Disclosures - Key Components and Core Shariah Functions in Implementing and Monitoring the Shariah Governance Practices as per the SGPD (Cont'd)

f. Shariah Department

i) Shariah Review

To conduct regular assessment on the compliance of the operations, businesses, affairs and activities of HBMS with Shariah requirements.

To ensure that all procedural guidelines, rules and regulations issued by BNM and other regulatory bodies relating to Shariah as well as internal guidelines, policies and procedures, manuals and all Shariah rules and principles issued by the SC and Shariah Department are adhered to, with due regard to the business needs and Shariah requirements.

ii) Shariah Risk Stewardship

To implement the identification, measurement, monitoring and reporting of Shariah non-compliance risks in the operations, businesses, affairs and activities of HBMS, as well as to formulate and recommend appropriate Shariah compliance controls.

iii) Shariah Research and Advisory

To perform in-depth research as and when required by the SC on Shariah issues and to provide day-to-day Shariah advice and approval on Shariah matters based on the rulings of the SAC and decisions or advice of the SC to the relevant stakeholders, including the Management, product development and business teams as well as the supporting functions.

iv) Shariah Secretariat

To serve and provide operational support for effective functioning of the SC which includes to coordinate, communicate and disseminate information among the SC, the Board and senior management, and to ensure proper dissemination of decisions or advice of the SC within HBMS.

v) Knowledge and Skills Monitoring

To develop content and learning materials on knowledge relevant to HBMS Products and to run the training programmes and monitor the level of Shariah related knowledge and skills by the staff involved in the end-to-end life cycle of HBMS products.

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial year ended 31 December 2023, two (2) actual Shariah non-compliance events have been identified.

b. Shariah Non-Compliance Income:

During the financial year ended 31 December 2023, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM3,104 in the Account was carried forward from 2022 to 2023.
- ii) RM230,801 income received from Shariah non-compliant activities have been transferred to the Account. The income was from transactions in nostro accounts and from financing and advances.
- iii) RM117,274 was donated to charitable organisations.

A balance of RM116,631 in the Account is pending distribution in 2024. The amount in the Account is reported net of income tax liabilities.

Additionally, a total of RM73,303 Shariah non-compliant income from compounding of profit for financing and advances was refunded directly to the impacted customers' account.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2023.