

HSBC BANK MALAYSIA BERHAD
(Company No.127776-V)
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
at 31 December 2016

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Mukhtar Malik Hussain, 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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MUKHTAR MALIK HUSSAIN

CHIEF EXECUTIVE OFFICER
13 February 2017

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(Company No.127776-V)
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(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 at 31 December 2016. 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 2016.

(c) Consolidation basis

The basis of consolidation for financial accounting purposes is described in Note 3(a) of the financial statements at 31 December 2016 and it is the same basis of consolidation that is used for regulatory purposes. The Bank's subsidiary companies are listed in Note 14 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 37 of the financial statements at 31 December 2016 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

Stress testing is a key risk management tool used to assess a variety of risks to which the Group is exposed, including credit risk, market risk, operational risk, etc. Stress testing is integrated into our market risk management tool to evaluate the potential impact on the entity of more extreme, although plausible, events or movements in a set of financial variables. In such abnormal scenarios, losses can be much greater than those predicted by Value at Risk (VaR) modelling.

A key objective of stress testing is to make risk more transparent by estimating the potential losses on the Group's exposure and impacts on its capital adequacy ratio, capital requirements and profit and loss under abnormal conditions. It will also assess specifically the extent by which risk-weighted assets and capital requirements will increase, and how profit and loss as well as liquidity levels will change. It plays a particularly important role in:

- Providing forward-looking assessments of risk.
- Overcoming limitations of models and historical data.
- Supporting internal and external communication.
- Feeding into capital and liquidity planning process.
- Informing the setting of a banks' risk tolerance.
- Facilitating the development of risk mitigation or contingency plans across a range of stressed conditions.
- Building upon business and strategic planning to the Risk Appetite of the institution.
- Strengthening the Group's corporate governance and the resilience of the financial system.
- Using the experiences of the past held in local operations in addition to the wider experiences that can be obtained from the diversified operation and management.

Stress testing is considered as the collective quantitative and qualitative techniques used to assess all facets to the risks faced by the Group. Stress testing is done in collaboration across all customer groups and functions such as Risks and Finance. The results of the analysis will facilitate informed financial and capital management whilst supporting business lines to manage their business through various measures such as establishing triggers and devising mitigation actions which can be readily implemented should the adverse scenarios materialise.

In line with BNM's Guideline on Stress Testing and the Group's Policy Paper for Stress Testing, a Stress Test Working Group (STWG) has been established.

Stress testing is conducted on entity level and on a bank-wide basis. Stress testing will be carried out subject to regulatory and internal management demands as and when needed. At a minimum, a complete stress testing for the entire Group should be completed on a semi-annual basis. Stress testing results are reviewed by STWG, Risk Management Meeting (RMM) and Risk Committee (RC) or BOD prior to submission to BNM.

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

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

Governance

The 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 propose mitigating actions will be recommended by RMM and RC of the Board for approval.

Risk Appetite

Risk Appetite is a central component of an integrated approach to risk, capital and value management and an important mechanism to realise the Group's strategic vision and corporate strategy. Risk Appetite forms an integral part of the Group's ICAAP to ensure sufficient capital resources for the risk profile across customer groups.

The Risk Appetite Framework describes the quantum and types of risk that the Group is prepared to take in executing its strategy. It aims to introduce a more explicit and consistent consideration of risk and capital into the Group's strategy formulation, business planning, target setting, execution and measurement/ reporting processes throughout the Group. It applies to the Group's planning activities, strategic investments and running of the Group's operations across all regions and group businesses.

The Risk Appetite Framework as well as the Consolidated Risk Appetite Statement (RAS) will be reviewed by all relevant stakeholders namely Risks, Finance and customer groups. It is tabled to the RMM for endorsement, and subsequently tabled to the RC for recommendation to the BOD for approval.

(f) Capital structure

For regulatory purposes, the Group's regulatory capital is divided into two categories, or tiers. These are Tier 1 and Tier 2. The main features of capital securities issued by the Group are disclosed below:

- Tier 1 capital is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 Capital. CET1 Capital includes ordinary share capital^[1], share premium, retained earnings, reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. The Group does not have any Additional Tier 1 capital as at 31 December 2016. (Refer to Note 37 of the financial statements at 31 December 2016 for the amount of Tier 1 capital and a breakdown of its components).
- Tier 2 capital includes qualifying subordinated liabilities^[2], collective impairment allowances (excluding collective impairment allowances attributable to loans classified as impaired), regulatory reserve and the element of the fair value reserve relating to revaluation of property which are disclosed as the regulatory adjustments. (Refer to Note 37 of the financial statements at 31 December 2016 for the amount of Tier 2 capital and a breakdown of its components).

(g) Risk management policies

All of the Group's activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk (includes foreign exchange and interest/profit rate risk)
- operational risk

Refer to Note 4 of the financial statements at 31 December 2016 for the Group's risk managements policies on the above mentioned risks.

^[1] Refer to Note 24 of the financial statements at 31 December 2016 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

^[2] Refer to Note 23 of the financial statements at 31 December 2016 for terms and conditions of the subordinated liabilities.

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

(g) Risk management policies (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 the balance sheet date.

At 31 December 2016, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA)/ Restricted Profit Sharing Investment Account (RPSIA) in the Bank amounted to RM931.5m (31 December 2015: RM1,357.8m). Both the principal amount and RWA are the same. This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At the group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

31 Dec 2016
(RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	29,277,255	29,277,255	226,331	18,106
PSEs	1,299,977	1,299,977	1,299,977	103,999
Banks, DFIs & MDBs	2,149,204	2,149,204	525,091	42,007
Corporates	18,884,047	17,812,922	16,705,288	1,336,423
Regulatory Retail	6,135,979	5,978,373	4,543,252	363,460
Residential Mortgages	20,182,262	20,163,523	7,588,073	607,046
Higher Risk Assets	2,944	2,944	4,416	353
Other Assets	866,774	866,774	551,629	44,130
Equity Exposure	166,887	166,887	166,887	13,351
Defaulted Exposures	832,841	812,350	923,292	73,864
Total for On-Balance Sheet Exposures	79,798,170	78,530,209	32,534,236	2,602,739
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,127,481	3,514,350	1,955,241	156,419
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,220,941	18,814,699	14,355,843	1,148,468
Defaulted Exposures	8,810	8,810	12,238	979
Total for Off-Balance Sheet Exposures	25,357,232	22,337,859	16,323,322	1,305,866
Total On and Off-Balance Sheet Exposures ^[1]	105,155,402	100,868,068	48,857,558	3,908,605
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,969,774	35,645,102	(675,328)	898,671
Foreign Currency Risk	73,193	35,594	73,193	5,855
Options Risk	-	-	-	32,217
	35,042,967	35,680,696	(602,135)	1,004,081
Operational Risk (Standardised Approach)	-	-	-	5,793,257
Total RWA and Capital Requirement	-	-	-	55,654,896

^[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 policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2015
(RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	29,973,809	29,973,809	823,880	65,910
PSEs	1,671,043	1,671,043	1,614,984	129,199
Banks, DFIs & MDBs	4,241,497	4,241,497	1,109,697	88,776
Corporates	20,966,382	19,670,638	18,645,500	1,491,640
Regulatory Retail	6,246,675	6,091,240	4,595,652	367,652
Residential Mortgages	19,837,349	19,816,163	7,527,857	602,229
Higher Risk Assets	2,427	2,427	3,641	291
Other Assets	792,747	792,747	505,369	40,429
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	804,956	801,419	918,182	73,455
Total for On-Balance Sheet Exposures	84,553,793	83,077,891	35,761,670	2,860,934
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,549,598	5,225,432	2,386,008	190,881
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,374,650	18,064,972	13,814,916	1,105,193
Defaulted Exposures	8,885	8,885	12,209	976
Total for Off-Balance Sheet Exposures	24,933,133	23,299,289	16,213,133	1,297,050
Total On and Off-Balance Sheet Exposures ^[1]	109,486,926	106,377,180	51,974,803	4,157,984
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	36,171,170	37,327,255	(1,156,085)	96,335
Foreign Currency Risk	20,137	110,041	110,041	8,803
Options Risk	-	-	-	4,992
	36,191,307	37,437,296	(1,046,044)	110,130
Operational Risk (Standardised Approach)	-	-	-	5,848,312
Total RWA and Capital Requirement	-	-	-	59,199,741
				4,735,979

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 38 of the financial statements at 31 December 2016 for disclosure of off-balance sheet.

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2016

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	25,390,983	25,390,983	226,331	18,106
PSEs	984,657	984,657	984,657	78,773
Banks, DFIs & MDBs	4,640,949	4,640,949	1,023,393	81,871
Corporates	14,334,289	13,379,891	12,496,556	999,724
Regulatory Retail	3,667,359	3,540,556	2,663,606	213,088
Residential Mortgages	15,839,394	15,823,529	5,975,314	478,025
Higher Risk Assets	2,944	2,944	4,416	353
Other Assets	724,879	724,879	516,228	41,298
Equity Exposure	166,887	166,887	166,887	13,351
Defaulted Exposures	650,350	631,829	729,644	58,372
Total for On-Balance Sheet Exposures	66,402,691	65,287,104	24,787,032	1,982,961
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,310,800	3,697,669	1,728,243	138,259
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,899,528	15,591,164	12,172,737	973,819
Defaulted Exposures	7,692	7,692	10,585	847
Total for Off-Balance Sheet Exposures	22,218,020	19,296,525	13,911,565	1,112,925
Total On and Off-Balance Sheet Exposures ^[1]	88,620,711	84,583,629	38,698,597	3,095,886
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,925,282	35,128,197	(202,915)	891,702
Foreign Currency Risk	68,766	34,027	68,766	68,766
Options Risk	-	-	-	32,217
	34,994,048	35,162,224	(134,149)	992,685
Operational Risk (Standardised Approach)	-	-	-	5,227,510
Total RWA and Capital Requirement	-	-	-	44,918,792
				3,593,501

^[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.

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2015
(RM'000)

Bank

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	23,545,092	23,545,092	823,880	65,910
PSEs	1,360,230	1,360,230	1,304,171	104,334
Banks, DFIs & MDBs	7,351,774	7,351,774	1,716,064	137,285
Corporates	15,896,884	14,701,183	14,028,699	1,122,296
Regulatory Retail	3,986,443	3,859,627	2,912,280	232,982
Residential Mortgages	15,640,141	15,622,156	5,952,922	476,234
Higher Risk Assets	2,427	2,427	3,641	291
Other Assets	671,753	671,753	471,854	37,748
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	663,268	660,549	759,660	60,773
Total for On-Balance Sheet Exposures	69,134,920	67,791,699	27,990,079	2,239,206
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,864,486	5,540,320	2,197,488	175,799
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,322,175	15,079,665	11,780,654	942,452
Defaulted Exposures	7,899	7,899	10,806	864
Total for Off-Balance Sheet Exposures	22,194,560	20,627,884	13,988,948	1,119,115
Total On and Off-Balance Sheet Exposures ^[1]	91,329,480	88,419,583	41,979,027	3,358,321
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	35,292,714	37,233,766	(1,941,052)	1,120,889
Foreign Currency Risk	9,471	88,967	88,967	7,117
Options Risk	-	-	-	62,396
	35,302,185	37,322,733	(1,852,085)	1,272,252
Operational Risk (Standardised Approach)	-	-	-	5,272,799
Total RWA and Capital Requirement	-	-	-	48,524,078

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 38 of the financial statements at 31 December 2016 for disclosure of off-balance sheet.

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

(g) Risk management policies (Cont'd)

2) Risk Weight Profile and RWA

The tables below are disclosures on risk weights profile and RWA of the Group and the Bank at balance sheet date.

31 Dec 2016 *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	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	28,146,580	-	-	4,608	17,648	-	-	314,156	-	28,482,992	-
20%	1,310,300	150,000	3,306,332	1,794,359	21,197	-	-	989	-	6,583,177	1,316,636
35%	-	-	-	-	-	21,155,815	-	-	-	21,155,815	7,404,535
50%	-	228,858	1,731,350	1,596,369	5,967	899,083	-	392	-	4,462,019	2,231,010
75%	-	-	-	-	8,031,183	1,572,131	-	-	-	9,603,314	7,202,486
100%	-	2,187,387	54,600	26,511,076	494,590	370,697	-	551,236	166,887	30,336,473	30,336,473
150%	-	-	-	106,474	33,143	101,326	3,335	-	-	244,278	366,418
Total										100,868,068	48,857,558
Average Risk Weight	1%	91%	31%	93%	76%	40%	150%	64%	100%	48%	

31 Dec 2015 *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	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	25,855,341	27,524	-	4,533	8,155	-	-	286,626	-	26,182,179	-
20%	4,155,300	380,746	6,394,422	1,913,610	20,709	-	-	537	-	12,865,324	2,573,064
35%	-	-	-	-	-	20,390,279	-	-	-	20,390,279	7,136,597
50%	-	73,491	2,653,496	856,277	5,901	1,054,685	-	650	-	4,644,500	2,322,251
75%	-	-	-	400	8,156,311	1,774,881	-	-	-	9,931,592	7,448,694
100%	-	2,165,990	211,061	28,503,093	359,018	340,519	-	504,936	16,908	32,101,525	32,101,525
150%	-	-	-	138,021	50,802	70,123	2,835	-	-	261,781	392,672
Total										106,377,180	51,974,803
Average Risk Weight	3%	86%	30%	94%	76%	40%	150%	64%	100%	49%	

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 policies (Cont'd)

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

31 Dec 2016

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	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	24,260,308	-	-	1,165	12,747	-	-	207,664	-	24,481,884	-
20%	1,310,300	-	6,453,424	1,288,892	8,983	-	-	989	-	9,062,588	1,812,518
35%	-	-	-	-	-	16,746,254	-	-	-	16,746,254	5,861,189
50%	-	228,858	1,219,876	1,301,711	5,391	679,819	-	392	-	3,436,047	1,718,024
75%	-	-	-	-	5,288,109	1,337,445	-	-	-	6,625,554	4,969,166
100%	-	1,669,200	48,919	21,128,436	212,762	276,469	-	515,834	166,887	24,018,507	24,018,507
150%	-	-	-	102,584	29,414	77,462	3,335	-	-	212,795	319,193
Total										84,583,629	38,698,597
Average Risk Weight	1%	94%	25%	93%	76%	40%	150%	71%	100%	46%	

31 Dec 2015

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	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	19,426,624	-	-	1,650	5,158	-	-	199,147	-	19,632,579	-
20%	4,155,300	163,350	10,239,909	1,291,752	17,209	-	-	537	-	15,868,057	3,173,611
35%	-	-	-	-	-	16,253,421	-	-	-	16,253,421	5,688,697
50%	-	73,491	2,404,841	546,239	5,620	766,686	-	650	-	3,797,527	1,898,764
75%	-	-	-	400	5,535,981	1,506,275	-	-	-	7,042,656	5,281,992
100%	-	1,753,244	156,123	22,657,922	273,447	275,039	-	471,421	16,908	25,604,104	25,604,104
150%	-	-	-	131,377	33,780	53,247	2,835	-	-	221,239	331,859
Total										88,419,583	41,979,027
Average Risk Weight	4%	92%	27%	95%	76%	40%	150%	70%	100%	47%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

1) Credit Risk (Cont'd)

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

(g) Risk management policies (Cont'd)

3) Credit Risk

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

Group (RM'000)	31 Dec 2016				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	180,827	115,432	800,340	127,615	1,224,214
Term loans/financing					
Housing loans/financing	3,444,997	3,022,819	11,917,084	1,111,654	19,496,554
Syndicated term loan/financing	-	112,305	2,279,342	17,510	2,409,157
Factoring receivables	16,903	61,744	81,170	64,940	224,757
Hire purchase receivables	50,658	62,391	80,610	15,262	208,921
Lease receivables	-	-	2,738	-	2,738
Other term loans/financing	1,273,118	1,491,838	6,821,002	918,154	10,504,112
Bills receivables	114,822	88,356	861,561	35,545	1,100,284
Trust receipts	249,977	716,884	1,094,491	42,834	2,104,186
Claims on customers under acceptance credits	549,770	387,361	836,473	95,508	1,869,112
Staff loans/financing	17,820	8,944	101,707	6,630	135,101
Credit/charge cards	590,111	433,463	1,834,124	297,152	3,154,850
Revolving credit	160,289	190,154	4,726,297	75,882	5,152,622
Other loans/financing	2,146	699	4,455	531	7,831
	6,651,438	6,692,390	31,441,394	2,809,217	47,594,439

Group (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	158,644	134,235	693,063	161,682	1,147,624
Term loans/financing					
Housing loans/financing	3,413,097	3,058,648	11,539,978	1,156,120	19,167,843
Syndicated term loan/financing	-	113,412	2,523,914	29,017	2,666,343
Factoring receivables	19,259	52,041	144,199	56,749	272,248
Hire purchase receivables	65,021	54,213	86,143	24,175	229,552
Lease receivables	-	-	4,103	-	4,103
Other term loans/financing	1,432,791	1,904,526	8,067,305	1,098,952	12,503,574
Bills receivables	119,075	558,628	2,971,469	89,224	3,738,396
Trust receipts	302,324	155,987	1,194,922	28,530	1,681,763
Claims on customers under acceptance credits	861,848	512,724	1,161,321	162,362	2,698,255
Staff loans/financing	21,286	11,076	123,555	8,632	164,549
Credit/charge cards	522,016	373,407	1,651,473	280,919	2,827,815
Revolving credit	235,406	136,249	4,345,930	71,572	4,789,157
Other loans/financing	1,972	794	2,136	600	5,502
	7,152,739	7,065,940	34,509,511	3,168,534	51,896,724

Concentration by location for loans, advances and financing is based on the location of the borrower.

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, Malacca and Negeri Sembilan.

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

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 policies (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2016				
	Northern	Southern	Central	Eastern	Total
Overdrafts	170,134	90,495	739,806	125,939	1,126,374
Term loans/financing					
Housing loans/financing	2,833,888	2,428,581	8,947,712	929,739	15,139,920
Syndicated term loan/financing	-	112,305	1,629,076	17,510	1,758,891
Factoring receivables	16,903	61,744	81,170	64,940	224,757
Other term loans/financing	889,890	854,138	4,194,280	697,114	6,635,422
Bills receivables	108,548	82,397	764,192	34,875	990,012
Trust receipts	168,004	702,826	731,816	39,305	1,641,951
Claims on customers under acceptance credits	446,491	286,239	538,517	93,490	1,364,737
Staff loans/financing	17,214	7,915	97,505	6,274	128,908
Credit/charge cards	434,891	310,317	1,363,794	258,138	2,367,140
Revolving credit	158,089	185,322	3,783,168	75,882	4,202,461
Other loans/financing	2,146	699	4,455	531	7,831
	5,246,198	5,122,978	22,875,491	2,343,737	35,588,404

Bank (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts	148,426	106,236	642,327	160,235	1,057,224
Term loans/financing					
Housing loans/financing	2,812,642	2,462,772	8,715,052	968,611	14,959,077
Syndicated term loan/financing	-	113,412	1,569,355	29,017	1,711,784
Factoring receivables	19,259	52,041	144,199	56,749	272,248
Other term loans/financing	1,030,522	1,174,481	5,555,649	874,390	8,635,042
Bills receivables	90,610	554,563	2,787,489	89,224	3,521,886
Trust receipts	185,590	133,056	731,388	28,048	1,078,082
Claims on customers under acceptance credits	748,672	397,609	784,246	150,268	2,080,795
Staff loans/financing	20,732	9,720	118,450	8,138	157,040
Credit/charge cards	412,305	291,403	1,303,592	251,157	2,258,457
Revolving credit	233,206	131,184	3,546,497	71,572	3,982,459
Other loans/financing	1,972	794	2,136	600	5,502
	5,703,936	5,427,271	25,900,380	2,688,009	39,719,596

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Group (RM'000)	31 Dec 2016				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	7,517	448	6,927	33,116	48,008
Term loans/financing					
Housing loans/financing	97,094	70,564	289,383	21,716	478,757
Factoring receivables	-	-	368	-	368
Hire purchase receivables	1,714	-	351	3,665	5,730
Other term loans/financing	46,721	13,045	236,990	82,753	379,509
Bills receivables	2,626	7,133	1,289	-	11,048
Trust receipts	4,120	-	2,438	-	6,558
Claims on customers under acceptance credits	7,842	164	189	3,026	11,221
Staff loans/financing	547	-	1,909	249	2,705
Credit/charge cards	11,303	8,319	31,867	5,048	56,537
Revolving credit	2,200	-	4,190	12,313	18,703
Other loans/financing	2,141	694	4,443	531	7,809
	183,825	100,367	580,344	162,417	1,026,953

Group (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	5,408	881	7,357	40,093	53,739
Term loans/financing					
Housing loans/financing	86,667	77,193	214,718	21,413	399,991
Factoring receivables	738	-	-	-	738
Hire purchase receivables	1,919	56	542	4,532	7,049
Other term loans/financing	33,591	15,495	194,522	126,859	370,467
Bills receivables	18,283	6,662	950	-	25,895
Trust receipts	84	-	5,339	-	5,423
Claims on customers under acceptance credits	7,541	126	5,954	2,596	16,217
Staff loans/financing	588	201	1,711	54	2,554
Credit/charge cards	9,696	6,419	24,888	3,630	44,633
Revolving credit	2,200	-	6,695	-	8,895
Other loans/financing	1,971	791	2,118	600	5,480
	168,686	107,824	464,794	199,777	941,081

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2016				
	Northern	Southern	Central	Eastern	Total
Overdrafts	5,585	448	2,732	33,116	41,881
Term loans/financing					
Housing loans/financing	76,274	50,394	199,500	17,524	343,692
Factoring receivables	-	-	368	-	368
Other term loans/financing	31,555	5,389	130,059	79,132	246,135
Bills receivables	-	7,133	22	-	7,155
Trust receipts	4,120	-	2,438	-	6,558
Claims on customers under acceptance credits	7,842	164	189	3,026	11,221
Staff loans/financing	547	-	1,879	244	2,670
Credit/charge cards	8,048	5,539	21,881	3,967	39,435
Revolving credit	-	-	4,190	12,313	16,503
Other loans/financing	2,141	694	4,443	531	7,809
	136,112	69,761	367,701	149,853	723,427

Bank (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts	5,226	881	3,538	40,093	49,738
Term loans/financing					
Housing loans/financing	68,117	58,587	158,951	19,353	305,008
Factoring receivables	738	-	-	-	738
Other term loans/financing	23,471	5,942	119,754	124,884	274,051
Bills receivables	-	6,662	950	-	7,612
Trust receipts	84	-	5,339	-	5,423
Claims on customers under acceptance credits	7,541	126	5,954	2,596	16,217
Staff loans/financing	575	201	1,711	46	2,533
Credit/charge cards	6,861	4,367	18,020	3,059	32,307
Revolving credit	-	-	6,695	-	6,695
Other loans/financing	1,971	791	2,118	600	5,480
	114,584	77,557	323,030	190,631	705,802

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2016					
Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts/Cash line-i	1,224,214	-	-	-	1,224,214
Term loans/financing					
Housing loans/financing	100,688	67,679	164,461	19,163,726	19,496,554
Syndicated term loan/financing	1,278,277	603,190	120,420	407,270	2,409,157
Factoring receivables	224,757	-	-	-	224,757
Hire purchase receivables	13,860	101,581	93,480	-	208,921
Lease receivables	534	2,204	-	-	2,738
Other term loans/financing	1,894,283	2,726,117	2,076,242	3,807,470	10,504,112
Bills receivables	1,100,284	-	-	-	1,100,284
Trust receipts	2,104,186	-	-	-	2,104,186
Claims on customers under acceptance credits	1,869,112	-	-	-	1,869,112
Staff loans/financing	1,644	14,632	20,843	97,982	135,101
Credit/charge cards	3,154,850	-	-	-	3,154,850
Revolving credit	5,152,622	-	-	-	5,152,622
Other loans/financing	7,831	-	-	-	7,831
	18,127,142	3,515,403	2,475,446	23,476,448	47,594,439

31 Dec 2015					
Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts/Cash line-i	1,147,624	-	-	-	1,147,624
Term loans/financing					
Housing loans/financing	102,402	69,707	178,697	18,817,037	19,167,843
Syndicated term loan/financing	1,189,675	29,017	977,380	470,271	2,666,343
Factoring receivables	272,248	-	-	-	272,248
Hire purchase receivables	14,620	111,503	103,429	-	229,552
Lease receivables	-	1,243	2,860	-	4,103
Other term loans/financing	2,886,339	3,093,326	2,601,626	3,922,283	12,503,574
Bills receivables	3,738,396	-	-	-	3,738,396
Trust receipts	1,681,763	-	-	-	1,681,763
Claims on customers under acceptance credits	2,698,255	-	-	-	2,698,255
Staff loans/financing	1,898	15,147	27,804	119,700	164,549
Credit/charge cards	2,827,815	-	-	-	2,827,815
Revolving credit	4,789,157	-	-	-	4,789,157
Other loans/financing	5,502	-	-	-	5,502
	21,355,694	3,319,943	3,891,796	23,329,291	51,896,724

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

		31 Dec 2016			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,126,374	-	-	-	1,126,374
Term loans/financing					
Housing loans/financing	87,405	63,882	156,591	14,832,042	15,139,920
Syndicated term loan/financing	628,011	603,190	120,420	407,270	1,758,891
Factoring receivables	224,757	-	-	-	224,757
Other term loans/financing	1,128,700	2,180,045	1,067,058	2,259,619	6,635,422
Bills receivables	990,012	-	-	-	990,012
Trust receipts	1,641,951	-	-	-	1,641,951
Claims on customers under acceptance credits	1,364,737	-	-	-	1,364,737
Staff loans/financing	1,577	13,773	19,921	93,637	128,908
Credit/charge cards	2,367,140	-	-	-	2,367,140
Revolving credit	4,202,461	-	-	-	4,202,461
Other loans/financing	7,831	-	-	-	7,831
	13,770,956	2,860,890	1,363,990	17,592,568	35,588,404

		31 Dec 2015			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,057,224	-	-	-	1,057,224
Term loans/financing					
Housing loans/financing	87,374	66,237	165,362	14,640,104	14,959,077
Syndicated term loan/financing	652,763	29,017	559,733	470,271	1,711,784
Factoring receivables	272,248	-	-	-	272,248
Other term loans/financing	1,824,329	2,567,746	1,650,270	2,592,697	8,635,042
Bills receivables	3,521,886	-	-	-	3,521,886
Trust receipts	1,078,082	-	-	-	1,078,082
Claims on customers under acceptance credits	2,080,795	-	-	-	2,080,795
Staff loans/financing	1,709	14,241	26,198	114,892	157,040
Credit/charge cards	2,258,457	-	-	-	2,258,457
Revolving credit	3,982,459	-	-	-	3,982,459
Other loans/financing	5,502	-	-	-	5,502
	16,822,828	2,677,241	2,401,563	17,817,964	39,719,596

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

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

															31 Dec 2016	
															Group (RM'000)	
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving credit	Other loans/ financing	Total		
Agricultural, hunting, forestry and fishing	44,083	-	585,680	-	3,567	-	284,172	101,891	2,960	38,061	-	11	116,154	-	1,176,579	
Mining and quarrying	5,749	-	-	710	1,269	-	12,734	-	884	34,810	-	-	328,550	-	384,706	
Manufacturing	590,194	-	901,270	168,719	103,494	-	1,577,157	250,944	1,004,112	1,122,550	-	4,318	627,983	294	6,351,035	
Electricity, gas and water	3,481	-	-	-	257	-	25,493	1,182	10,950	4,865	-	5	2,019	-	48,252	
Construction	57,005	-	38,366	-	17,824	-	1,623,311	107,000	24,478	71,228	-	62	528,951	226	2,468,451	
Real estate	3,992	-	464,009	-	-	-	2,038,161	10,199	25,605	622	-	-	556,268	-	3,098,856	
Wholesale & retail trade and restaurants & hotels	172,660	-	155,326	33,637	18,831	-	606,495	402,456	879,356	523,879	-	441	966,912	494	3,760,487	
Transport, storage and communication	36,436	-	-	9,867	26,077	-	115,572	4,050	31,849	14,865	-	2	134,827	34	373,579	
Finance, insurance/takaful and business services	119,432	-	-	10,415	17,767	2,738	888,536	78,414	31,474	55,686	-	684	1,272,704	1,800	2,479,650	
Household-retail	165,207	19,496,554	-	-	-	-	3,066,525	-	-	-	135,101	3,149,138	-	4,981	26,017,506	
Others	25,975	-	264,506	1,409	19,835	-	265,956	144,148	92,518	2,546	-	189	618,254	2	1,435,338	
	1,224,214	19,496,554	2,409,157	224,757	208,921	2,738	10,504,112	1,100,284	2,104,186	1,869,112	135,101	3,154,850	5,152,622	7,831	47,594,439	

															31 Dec 2015	
															Group (RM'000)	
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving credit	Other loans/ financing	Total		
Agricultural, hunting, forestry and fishing	49,563	-	977,380	-	6,601	-	455,304	115,060	-	50,637	-	3	66,028	-	1,720,576	
Mining and quarrying	5,751	-	-	404	3,162	-	106,342	56,116	49	35,122	-	-	272,339	-	479,285	
Manufacturing	478,562	-	710,783	207,696	109,269	-	2,164,444	526,270	886,185	1,559,543	-	3,488	875,200	406	7,521,846	
Electricity, gas and water	3,051	-	-	-	322	-	1,638	1,515	1,101	13,016	-	1	2,022	-	22,666	
Construction	73,936	-	-	-	9,757	-	2,059,408	45,442	36,020	99,525	-	202	405,216	60	2,729,566	
Real estate	16,245	-	211,115	-	-	-	1,812,643	63,560	8,604	-	-	2	725,430	-	2,837,599	
Wholesale & retail trade and restaurants & hotels	171,955	-	113,412	39,671	42,421	-	708,350	957,697	633,911	827,619	-	460	776,429	488	4,272,413	
Transport, storage and communication	23,431	-	-	8,161	22,244	-	138,889	3,080	2,730	20,326	-	41	54,628	14	273,544	
Finance, insurance/takaful and business services	115,846	-	477,229	16,316	13,506	4,103	957,687	83,276	41,415	90,876	-	789	1,203,108	4	3,004,155	
Household-retail	188,866	19,167,843	-	-	-	-	3,281,990	-	-	-	164,549	2,822,725	-	4,530	25,630,503	
Others	20,418	-	176,424	-	22,270	-	816,879	1,886,380	71,748	1,591	-	104	408,757	-	3,404,571	
	1,147,624	19,167,843	2,666,343	272,248	229,552	4,103	12,503,574	3,738,396	1,681,763	2,698,255	164,549	2,827,815	4,789,157	5,502	51,896,724	

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

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

31 Dec 2016													
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 credit	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	40,853	-	585,680	-	161,859	101,891	-	33,759	-	11	116,154	-	1,040,207
Mining and quarrying	4,697	-	-	710	1,590	-	884	34,810	-	-	123,821	-	166,512
Manufacturing	569,015	-	852,414	168,719	912,334	239,018	900,150	895,188	-	4,318	621,644	294	5,163,094
Electricity, gas and water	2,333	-	-	-	6,440	1,182	1,483	3,902	-	5	-	-	15,345
Construction	46,655	-	38,366	-	1,530,633	78,531	20,725	20,705	-	62	377,903	226	2,113,806
Real estate	3,279	-	170,125	-	1,541,110	10,199	25,605	622	-	-	526,062	-	2,277,002
Wholesale & retail trade and restaurants & hotels	150,989	-	112,306	33,637	388,793	395,588	655,425	336,072	-	441	870,419	494	2,944,164
Transport, storage and communication	30,582	-	-	9,867	18,405	4,050	446	4,877	-	2	118,595	34	186,858
Finance, insurance/takaful and business services	89,504	-	-	10,415	305,457	77,530	31,315	34,665	-	684	998,566	1,800	1,549,936
Household-retail	164,913	15,139,920	-	-	1,680,661	-	-	-	128,908	2,361,428	-	4,981	19,480,811
Others	23,554	-	-	1,409	88,140	82,023	5,918	137	-	189	449,297	2	650,669
	1,126,374	15,139,920	1,758,891	224,757	6,635,422	990,012	1,641,951	1,364,737	128,908	2,367,140	4,202,461	7,831	35,588,404

31 Dec 2015													
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 credit	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	45,622	-	559,733	-	264,001	115,060	-	45,869	-	3	66,028	-	1,096,316
Mining and quarrying	4,573	-	-	404	104,996	-	-	35,122	-	-	127,896	-	272,991
Manufacturing	455,094	-	676,539	207,696	1,473,576	457,770	749,710	1,322,442	-	3,488	868,881	406	6,215,602
Electricity, gas and water	2,717	-	-	-	1,638	1,515	1,101	922	-	1	-	-	7,894
Construction	61,688	-	-	-	1,668,288	25,931	28,579	53,112	-	202	294,551	60	2,132,411
Real estate	15,634	-	-	-	1,661,654	63,560	8,604	-	-	2	695,211	-	2,444,665
Wholesale & retail trade and restaurants & hotels	149,283	-	113,412	39,671	465,884	916,657	252,917	546,560	-	460	698,315	488	3,183,647
Transport, storage and communication	19,194	-	-	8,161	30,626	3,080	1,188	6,420	-	41	38,377	14	107,101
Finance, insurance/takaful and business services	95,419	-	362,100	16,316	369,184	61,954	33,934	69,307	-	789	959,686	4	1,968,693
Household-retail	188,753	14,959,077	-	-	1,994,013	-	-	-	157,040	2,253,367	-	4,530	19,556,780
Others	19,247	-	-	-	601,182	1,876,359	2,049	1,041	-	104	233,514	-	2,733,496
	1,057,224	14,959,077	1,711,784	272,248	8,635,042	3,521,886	1,078,082	2,080,795	157,040	2,258,457	3,982,459	5,502	39,719,596

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

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

31 Dec 2016 Group (RM'000)													
Overdraft/ Cash line-i	Housing 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 credit	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	14,148	-	-	49,262	-	-	-	-	-	-	-	63,410	
Manufacturing	14,556	-	-	21,292	1,097	3,820	3,039	-	-	14,513	294	58,611	
Construction	282	-	-	52,358	-	-	-	-	11	-	226	52,877	
Real estate	-	-	-	1,548	-	-	-	-	-	-	-	1,548	
Wholesale & retail trade and restaurants & hotels	9,629	-	368	8,802	9,732	2,143	8,182	-	2	3,908	494	44,973	
Transport, storage and communication	-	-	-	3,665	251	-	-	-	-	-	34	3,950	
Finance, insurance/takaful and business services	4,131	-	-	18,647	219	595	-	-	52	-	1,800	25,796	
Household-retail	5,098	478,757	-	226,867	-	-	-	2,705	56,472	-	4,959	774,858	
Others	164	-	-	482	-	-	-	-	-	282	2	930	
	48,008	478,757	368	5,730	379,509	11,048	6,558	11,221	2,705	56,537	18,703	7,809	1,026,953

31 Dec 2015 Group (RM'000)													
Overdraft/ Cash line-i	Housing 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 credit	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	23,909	-	-	101,758	-	-	-	-	-	-	-	125,667	
Manufacturing	1,340	-	738	678	17,095	17,967	84	4,383	-	2,200	405	44,890	
Construction	1,125	-	-	43,282	-	-	-	-	-	-	60	44,467	
Real estate	-	-	-	700	-	-	-	-	-	-	-	700	
Wholesale & retail trade and restaurants & hotels	16,814	-	-	1,714	10,491	7,928	5,339	11,834	-	3,995	488	58,603	
Transport, storage and communication	614	-	-	3,952	1,388	-	-	-	-	2,700	14	8,668	
Finance, insurance/takaful and business services	3,065	-	-	705	1,757	-	-	-	-	-	4	5,531	
Household-retail	6,733	399,991	-	193,482	-	-	-	2,554	44,633	-	4,509	651,902	
Others	139	-	-	514	-	-	-	-	-	-	-	653	
	53,739	399,991	738	7,049	370,467	25,895	5,423	16,217	2,554	44,633	8,895	5,480	941,081

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

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

31 Dec 2016 Bank (RM'000)												
	Overdraft	Housing 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 credit	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	14,148	-	-	49,262	-	-	-	-	-	-	-	63,410
Manufacturing	14,102	-	-	21,005	-	3,820	3,039	-	-	12,313	294	54,573
Construction	100	-	-	52,336	-	-	-	-	11	-	226	52,673
Real estate	-	-	-	1,548	-	-	-	-	-	-	-	1,548
Wholesale & retail trade and restaurants & hotels	8,432	-	368	1,980	7,155	2,143	8,182	-	2	3,908	494	32,664
Transport, storage and communication	-	-	-	251	-	-	-	-	-	-	34	285
Finance, insurance/takaful and business services	3	-	-	-	-	595	-	-	52	-	1,800	2,450
Household-retail	5,068	343,692	-	119,753	-	-	-	2,670	39,370	-	4,959	515,512
Others	28	-	-	-	-	-	-	-	-	282	2	312
	41,881	343,692	368	246,135	7,155	6,558	11,221	2,670	39,435	16,503	7,809	723,427

31 Dec 2015 Bank (RM'000)												
	Overdraft	Housing 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 credit	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	23,909	-	-	101,758	-	-	-	-	-	-	-	125,667
Manufacturing	1,340	-	738	16,847	-	84	4,383	-	-	-	405	23,797
Construction	943	-	-	43,260	-	-	-	-	-	-	60	44,263
Real estate	-	-	-	700	-	-	-	-	-	-	-	700
Wholesale & retail trade and restaurants & hotels	16,814	-	-	2,849	7,612	5,339	11,834	-	-	3,995	488	48,931
Transport, storage and communication	-	-	-	511	-	-	-	-	-	2,700	14	3,225
Finance, insurance/takaful and business services	-	-	-	-	-	-	-	-	-	-	4	4
Household-retail	6,732	305,008	-	108,126	-	-	-	2,533	32,307	-	4,509	459,215
	49,738	305,008	738	274,051	7,612	5,423	16,217	2,533	32,307	6,695	5,480	705,802

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Agricultural, hunting, forestry and fishing	250,180	535,868	250,180	535,868
Manufacturing	230,456	182,886	215,314	101,475
Construction	208,583	189,533	207,818	188,746
Real estate	6,108	2,985	6,108	2,985
Wholesale & retail trade and restaurants & hotels	175,030	245,981	128,874	208,651
Transport, storage and communication	14,867	34,760	1,124	13,752
Finance, insurance/takaful and business services	97,209	21,349	9,666	17
Household-retail	3,006,418	2,701,879	2,033,917	1,958,180
Others	3,548	2,520	1,231	-
	3,992,399	3,917,761	2,854,232	3,009,674

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Northern region	715,936	697,421	537,021	488,608
Southern region	390,004	447,537	275,237	330,718
Central region	2,248,111	1,924,616	1,450,739	1,377,461
Eastern region	638,348	848,187	591,235	812,887
	3,992,399	3,917,761	2,854,232	3,009,674

^[1] Of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 16 (iii) and 16 (v) of the financial statements at 31 December 2016 respectively.

Table 8: Individual impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Agricultural, hunting, forestry and fishing	1,648	3,763	1,648	3,763
Manufacturing	14,362	33,336	14,275	14,508
Construction	24,380	15,915	24,244	15,795
Real estate	-	112	-	112
Wholesale & retail trade and restaurants & hotels	24,074	21,736	21,478	20,655
Transport, storage and communication	3,686	4,130	51	211
Finance, insurance/takaful and business services	7,880	2,008	1,568	-
Household-retail	153,715	149,297	103,724	106,606
Others	295	-	295	-
	230,040	230,297	167,283	161,650

Table 8a: Collective impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Agricultural, hunting, forestry and fishing	24	112	-	-
Manufacturing	63,797	103,897	30,077	79,096
Electricity, gas and water	2,780	1,856	-	-
Construction	140	12	4	12
Real estate	37,282	28,488	33,962	28,488
Wholesale & retail trade and restaurants & hotels	2,893	5,507	-	-
Transport, storage and communication	6,343	4,791	3,076	680
Household-retail	347,234	287,282	195,649	185,386
Others	8,710	12,289	6,420	10,308
	469,565	444,234	269,550	303,970

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

Table 9: Individual impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Northern region	13,598	25,913	11,444	7,379
Southern region	8,443	8,392	7,865	7,785
Central region	190,213	171,208	134,049	126,285
Eastern region	17,786	24,784	13,925	20,201
	230,040	230,297	167,283	161,650

Table 9a: Collective impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Northern region	70,652	67,339	44,467	48,232
Southern region	66,174	62,260	38,738	42,414
Central region	303,329	286,063	166,386	191,479
Eastern region	29,410	28,572	19,959	21,845
	469,565	444,234	269,550	303,970

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 16 (ii) of the financial statements at 31 December 2016.

Table 10: Charges for individual impairment allowance during the year breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Agricultural, hunting, forestry and fishing	538	3,914	538	3,914
Manufacturing	8,291	24,560	7,782	1,358
Construction	11,720	1,564	11,700	1,564
Real estate	-	75	-	75
Wholesale & retail trade and restaurants & hotels	7,853	15,396	5,788	14,205
Transport, storage and communication	2	2,262	2	234
Finance, insurance/takaful and business services	7,643	2,643	1,631	-
Household-retail	74,007	65,368	52,572	48,603
Others	307	-	307	-
	110,361	115,782	80,320	69,953

Table 10a: Charges for write-offs of individual impairment allowance during the year breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Manufacturing	24,438	11,567	6,080	11,140
Construction	-	2,957	-	2,952
Wholesale & retail trade and restaurants & hotels	1,802	22,359	1,340	21,624
Transport, storage and communication	-	19	-	17
Finance, insurance/takaful and business services	26	-	-	-
Household-retail	17,811	14,179	11,311	9,722
	44,077	51,081	18,731	45,455

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

(g) Risk management policies (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 and the Bank 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
- Securities firms

For the purpose of Pillar 1 reporting to BNM, the Group 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)
- Rating and Investment Information, Inc (R&I)
- 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 prescribed risk weights and rating categories. All other exposure classes are assigned risk weightings as prescribed 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 policies (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
	R & I ^[1]	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
	R & I ^[1]	a-1+, a-1	a-2	a-3	b, c	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			
			(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

^[1] External credit assessments produced by R&I on Islamic debt securities are not recognised by the Group in determining the risk weights for exposures as prescribed 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 policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

Risk weights under the Standardised Approach at the reporting date are reflected in page 5 to 8. Rated and unrated exposures according to ratings by ECAIs at reporting date are as follows:-

31 Dec 2016

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	673,046	11,715,778	-	-	-	-	-	12,388,824
PSEs								
- Exposures risk-weighted using ratings of Corporates	-	3,642	65,539	-	-	-	-	69,181
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,154,398	1,509,455	704,925	17,967	9,164	-	-	4,395,909
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	4,608	-	-	-	-	-	4,608
- Exposures risk-weighted using ratings of Banking Institutions	-	7,022	-	-	-	-	-	7,022
- Exposures risk-weighted using ratings of Corporates	1,625,805	1,447,347	709,358	17,595	-	-	-	3,800,105
	4,453,249	14,687,852	1,479,822	35,562	9,164	-	-	20,665,649
(ii) Total unrated exposures								
							64,010,420	64,010,420
Total Long Term Exposure	4,453,249	14,687,852	1,479,822	35,562	9,164	-	64,010,420	84,676,069

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2016

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	17,050,395	-	-	-	17,050,395
PSEs						
- Exposures risk-weighted using ratings of Corporates	354,580	-	-	-	-	354,580
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	1,922,855	256,942	144,495	-	-	2,324,292
Corporates						
- Exposures risk-weighted using ratings of Corporates	590,562	55,641	103,863	-	-	750,066
	2,867,997	17,362,978	248,358	-	-	20,479,333
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	2,867,997	17,362,978	248,358	-	-	20,479,333
Group Total Long Term and Short Term Exposure :						105,155,402

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2015

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	-	13,545,589	-	-	-	-	-	13,545,589
PSEs								
- Exposures risk-weighted using ratings of Corporates	101,370	159,318	96,250	-	-	-	-	356,938
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	3,387,770	1,562,778	486,458	13,469	28,594	-	-	5,479,069
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	5,426	-	-	-	-	-	5,426
- Exposures risk-weighted using ratings of Banking Institutions	-	220	-	-	-	-	-	220
- Exposures risk-weighted using ratings of Corporates	1,851,124	733,442	1,495,985	27,184	-	-	-	4,107,735
	5,340,264	16,006,773	2,078,693	40,653	28,594	-	-	23,494,977
(ii) Total unrated exposures							64,988,544	64,988,544
Total Long Term Exposure	5,340,264	16,006,773	2,078,693	40,653	28,594	-	64,988,544	88,483,521

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2015

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	16,444,205	-	-		16,444,205
PSEs						
- Exposures risk-weighted using ratings of Corporates	71,073	150,000	-	-		221,073
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	3,222,228	316,288	268,437	5,981		3,812,934
Corporates						
- Exposures risk-weighted using ratings of Corporates	61,978	375,767	87,448	-		525,193
	3,355,279	17,286,260	355,885	5,981	-	21,003,405
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	3,355,279	17,286,260	355,885	5,981	-	21,003,405
Group Total Long Term and Short Term Exposure :						109,486,926

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 policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2016

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	673,046	10,336,691	-	-	-	-	-	11,009,737
PSEs								
- Exposures risk-weighted using ratings of Corporates	-	3,642	28,754	-	-	-	-	32,396
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	3,489,081	1,325,710	379,293	17,967	9,164	-	-	5,221,215
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,165	-	-	-	-	-	1,165
- Exposures risk-weighted using ratings of Banking Institutions	-	4,294	-	-	-	-	-	4,294
- Exposures risk-weighted using ratings of Corporates	1,273,961	1,363,748	708,158	17,595	-	-	-	3,363,462
	5,436,088	13,035,250	1,116,205	35,562	9,164	-	-	19,632,269
(ii) Total unrated exposures							49,666,707	49,666,707
Total Long Term Exposure	5,436,088	13,035,250	1,116,205	35,562	9,164	-	49,666,707	69,298,976

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2016

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	14,543,210	-	-	-	14,543,210
PSEs						
- Exposures risk-weighted using ratings of Corporates	204,580	-	-	-	-	204,580
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	3,784,372	256,942	144,495	-	-	4,185,809
Corporates						
- Exposures risk-weighted using ratings of Corporates	284,273	-	103,863	-	-	388,136
	4,273,225	14,800,152	248,358	-	-	19,321,735
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	4,273,225	14,800,152	248,358	-	-	19,321,735

Bank Total Long Term and Short Term Exposure :	88,620,711
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Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2015

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	-	11,833,461	-	-	-	-	-	11,833,461
PSEs								
- Exposures risk-weighted using ratings of Corporates	73,846	91,922	8,398	-	-	-	-	174,166
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	4,787,709	1,360,603	417,707	13,371	28,527	-	-	6,607,917
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,250	-	-	-	-	-	1,250
- Exposures risk-weighted using ratings of Banking Institutions	-	220	-	-	-	-	-	220
- Exposures risk-weighted using ratings of Corporates	1,272,362	710,558	691,349	27,184	-	-	-	2,701,453
	6,133,917	13,998,014	1,117,454	40,555	28,527	-	-	21,318,467
(ii) Total unrated exposures								
							51,809,979	51,809,979
Total Long Term Exposure	6,133,917	13,998,014	1,117,454	40,555	28,527	-	51,809,979	73,128,446

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2015

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	11,727,613	-	-		11,727,613
PSEs						
- Exposures risk-weighted using ratings of Corporates	71,073	-	-	-		71,073
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	5,625,992	314,494	258,520	5,981		6,204,987
Corporates						
- Exposures risk-weighted using ratings of Corporates	20,175	89,738	87,448	-		197,361
	5,717,240	12,131,845	345,968	5,981	-	18,201,034
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	5,717,240	12,131,845	345,968	5,981	-	18,201,034
Bank Total Long Term and Short Term Exposure :						91,329,480

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 policies (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 balance sheet 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; mortgages over residential and financed properties;
- under certain Islamic specialised lending 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;
- 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
- 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 at intervals of up to three years, 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 Group's panel of approved valuers is subject to an annual review. This takes into consideration the company's financial standing, accreditations, experience, amount of professional liability insurance, major clients and size of its branch network.

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

(g) Risk management policies (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 2016

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
<i>Credit Risk</i>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	29,277,255	-	-	-
PSEs	1,299,977	-	-	-
Banks, DFIs & MDBs	2,149,204	-	-	-
Corporates	18,884,047	502,916	1,071,125	-
Regulatory Retail	6,135,979	31,947	157,606	-
Residential Mortgages	20,182,262	-	18,739	-
Higher Risk Assets	2,944	-	-	-
Other Assets	866,774	-	-	-
Equity Exposure	166,887	-	-	-
Defaulted Exposures	832,841	2,958	20,491	-
Total for On-Balance Sheet Exposures	79,798,170	537,821	1,267,961	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,127,481	-	969,506	1,643,625
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,220,941	217,869	406,242	-
Defaulted Exposures	8,810	-	-	-
Total for Off-Balance Sheet Exposures	25,357,232	217,869	1,375,748	1,643,625
Total On and Off-Balance Sheet Exposures	105,155,402	755,690	2,643,709	1,643,625

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

(g) Risk management policies (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 2015

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
<i>Credit Risk</i>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	29,973,809	-	-	-
PSEs	1,671,043	-	-	-
Banks, DFIs & MDBs	4,241,497	-	-	-
Corporates	20,966,382	699,089	1,295,744	-
Regulatory Retail	6,246,675	22,273	155,435	-
Residential Mortgages	19,837,349	-	21,186	-
Higher Risk Assets	2,427	-	-	-
Other Assets	792,747	-	-	-
Equity Exposure	16,908	-	-	-
Defaulted Exposures	804,956	3,397	3,537	-
Total for On-Balance Sheet Exposures	84,553,793	724,759	1,475,902	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,549,598	-	1,324,166	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,374,650	216,002	309,678	-
Defaulted Exposures	8,885	-	-	-
Total for Off-Balance Sheet Exposures	24,933,133	216,002	1,633,844	-
Total On and Off-Balance Sheet Exposures	109,486,926	940,761	3,109,746	-

Note:

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

Refer to Note 38 of the financial statements at 31 December 2016 for disclosure of off-balance sheet.

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

(g) Risk management policies (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 2016

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	25,390,983	-	-	-
PSEs	984,657	-	-	-
Banks, DFIs & MDBs	4,640,949	-	-	-
Corporates	14,334,289	368,732	954,398	-
Regulatory Retail	3,667,359	17,631	126,803	-
Residential Mortgages	15,839,394	-	15,865	-
Higher Risk Assets	2,944	-	-	-
Other Assets	724,879	-	-	-
Equity Exposure	166,887	-	-	-
Defaulted Exposures	650,350	1,107	18,521	-
Total for On-Balance Sheet Exposures	66,402,691	387,470	1,115,587	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,310,800	-	969,506	1,643,625
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,899,528	106,174	308,364	-
Defaulted Exposures	7,692	-	-	-
Total for Off-Balance Sheet Exposures	22,218,020	106,174	1,277,870	1,643,625
Total On and Off-Balance Sheet Exposures	88,620,711	493,644	2,393,457	1,643,625

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

(g) Risk management policies (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 2015

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	23,545,092	-	-	-
PSEs	1,360,230	-	-	-
Banks, DFIs & MDBs	7,351,774	-	-	-
Corporates	15,896,884	475,335	1,195,701	-
Regulatory Retail	3,986,443	17,908	126,816	-
Residential Mortgages	15,640,141	-	17,985	-
Higher Risk Assets	2,427	-	-	-
Other Assets	671,753	-	-	-
Equity Exposure	16,908	-	-	-
Defaulted Exposures	663,268	1,897	2,719	-
Total for On-Balance Sheet Exposures	69,134,920	495,140	1,343,221	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,864,486	-	1,324,166	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,322,175	145,976	242,510	-
Defaulted Exposures	7,899	-	-	-
Total for Off-Balance Sheet Exposures	22,194,560	145,976	1,566,676	-
Total On and Off-Balance Sheet Exposures	91,329,480	641,116	2,909,897	-

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Refer to Note 38 of the financial statements at 31 December 2016 for disclosure of off-balance sheet.

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

(g) Risk management policies (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 gross contract amount 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 credit equivalent amount and risk-weighted amount of the relevant transaction is determined following the regulatory capital requirements. The risk-weighted amount is calculated in accordance with the counterparty risk weighting as per the standardised approach.

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 reflects the fact that collateral may fall in value between the date the collateral was called and the date of liquidation or enforcement. In practice, 95 percent of collateral held as credit risk mitigants under CSAs is either cash or government securities.

5) Equities

At 31 December 2016, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 31 December 2016 was mainly of shares held for the purpose of gaining strategic advantage.

Quoted equities

Quoted shares are not held for capital gains.

Unquoted equities

These shares are not held for capital gains and are recorded based on net tangible assets as measurement of fair value. The unquoted equities were classified under the non-institutional segment and risk weighted at 100%.

Refer to Note 9 of the financial statements at 31 December 2016 on the Group's holdings of equity investments.

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

(g) Risk management policies (Cont'd)

6) Interest rate risk / profit rate risk

A summary of the Value at Risk position of the Group and the Bank's trading portfolios at the reporting date is as follows:-

Group (RM'000)	31 Dec 2016	Average	Maximum	Minimum
Foreign currency risk	753	472	2,294	69
Interest rate risk	5,905	6,760	11,363	3,415
Credit spread risk	218	168	1,121	38
Overall	5,528	6,529	12,021	2,960
Group (RM'000)				
	31 Dec 2015	Average	Maximum	Minimum
Foreign currency risk	488	579	1,938	114
Interest rate risk	4,616	4,942	10,889	1,828
Credit spread risk	111	178	574	48
Overall	4,356	4,728	10,471	1,765

Bank (RM'000)	31 Dec 2016	Average	Maximum	Minimum
Foreign currency risk	695	470	2,297	66
Interest rate risk	5,906	6,637	11,208	3,360
Credit spread risk	218	168	1,121	38
Overall	5,547	6,426	11,777	3,027
Bank (RM'000)				
	31 Dec 2015	Average	Maximum	Minimum
Foreign currency risk	313	567	1,833	105
Interest rate risk	4,552	4,889	10,846	1,773
Credit spread risk	111	165	574	48
Overall	4,102	4,694	10,332	1,636

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

(g) Risk management policies (Cont'd)

6) Interest rate risk / profit rate risk (Cont'd)

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 2016		31 Dec 2015	
	<i>+ 100 bps</i>	<i>- 100 bps</i>	<i>+ 100 bps</i>	<i>- 100 bps</i>
Basis point parallel shift in yield curves				
MYR	120,794	(175,006)	274,428	(274,913)
USD	2,181	(14,385)	88,970	(77,975)
Others	761	(14,172)	3,980	(2,428)
	123,736	(203,563)	367,378	(355,316)

	Bank (RM'000)			
	31 Dec 2016		31 Dec 2015	
	<i>+ 100 bps</i>	<i>- 100 bps</i>	<i>+ 100 bps</i>	<i>- 100 bps</i>
Basis point parallel shift in yield curves				
MYR	143,505	(187,496)	229,336	(229,856)
USD	6,948	(16,589)	80,009	(71,097)
Others	1,243	(14,046)	173	506
	151,696	(218,131)	309,518	(300,447)

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:

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

	Group (RM'000)			
	31 Dec 2016		31 Dec 2015	
	<i>+ 200 bps</i>	<i>- 200 bps</i>	<i>+ 200 bps</i>	<i>- 200 bps</i>
Basis point parallel shift in yield curves				
MYR	173,566	(224,962)	302,393	(345,592)
USD	(4,449)	(13,505)	99,357	(95,037)
Others	90,104	(54,032)	43,199	(30,239)
	259,221	(292,499)	444,949	(470,868)

	Bank (RM'000)			
	31 Dec 2016		31 Dec 2015	
	<i>+ 200 bps</i>	<i>- 200 bps</i>	<i>+ 200 bps</i>	<i>- 200 bps</i>
Basis point parallel shift in yield curves				
MYR	352,701	(426,058)	341,272	(384,471)
USD	26,575	(37,268)	120,957	(103,677)
Others	87,260	(53,182)	34,559	(25,919)
	466,536	(516,508)	496,788	(514,067)

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

(g) Risk management policies (Cont'd)

6) Interest rate risk / profit rate risk (Cont'd)

Sensitivity of projected Net Interest/Finance Income (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 available-for-sale 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 2016		31 Dec 2015	
Basis point parallel shift in yield curves	<i>+ 100 bps</i>	<i>- 100 bps</i>	<i>+ 100 bps</i>	<i>- 100 bps</i>
MYR	(104,004)	104,004	(129,935)	129,935
USD	(11,996)	11,996	(1,296)	1,296
	(116,000)	116,000	(131,231)	131,231

	Bank (RM'000)			
	31 Dec 2016		31 Dec 2015	
Basis point parallel shift in yield curves	<i>+ 100 bps</i>	<i>- 100 bps</i>	<i>+ 100 bps</i>	<i>- 100 bps</i>
MYR	(76,958)	76,958	(99,586)	99,586
USD	(11,996)	11,996	(1,296)	1,296
	(88,954)	88,954	(100,882)	100,882

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

(g) Risk management policies (Cont'd)

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

Overview

Shariah compliance is a cornerstone of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight of the BOD, the Shariah Committee and the Management to ensure that the operations and business activities of HBMS, a fully owned Islamic subsidiary of the Bank, remain consistent with Shariah principles and its 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 have spelled out several provisions in relation to the establishment of a Shariah Committee and an internal Shariah Department in an Islamic Financial Institution (IFI). The Shariah Committee is an independent Shariah advisory body which plays a vital role in providing Shariah views and rulings pertaining to Islamic finance. The Shariah Committee also performs an oversight role on Shariah matters related to the Bank's business operations and activities. At the institutional level, the Shariah Department acts as an intermediary between the Shariah Committee and the Management team of the IFI. The Shariah Department together with the Shariah Committee has the role to assist the Management in ensuring that all activities of the IFI are in compliance with the Shariah rules and principles, in accordance with the guidelines laid down by Shariah Governance Framework (SGF) of BNM. 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 Shariah Governance Framework.

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

a. Board of Directors

To be ultimately accountable for the overall Shariah governance framework and Shariah compliance in HBMS.

b. Shariah Committee

To maintain oversight on the operations and business activities of HBMS and to be accountable for its decisions, views and opinions on Shariah matters.

c. CEO and Management

To be responsible for day-to-day compliance with Shariah in all aspects of its business activities by observing and implementing the Shariah rulings and decisions made by the Shariah Advisory Council of BNM (SAC) and the Shariah Committee and to identify and refer any Shariah issues to the Shariah Committee for its decisions, views and opinions.

d. Shariah Audit

To conduct periodical assessment to provide an independent assessment and objective assurance of the effectiveness on the internal control system for Shariah compliance.

e. Shariah Risk Management

To assist in developing and implementing a risk identification process, measurement of the potential impact and monitoring of Shariah non-compliance risks and operational/reputation risk within HBMS.

To formulate and recommend appropriate Shariah non-compliance risk management policies and procedures and risk awareness programmes.

f. Shariah Department

i) Shariah Review

To examine and evaluate HBMS' level of compliance with the applicable Shariah rulings and regulations and consequently to provide remedial rectification measures to resolve non-compliance and to ensure that proper control mechanism is in place to avoid recurrences.

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 Shariah Committee and Shariah Department are adhered to, with due regard to the business needs and Shariah requirements.

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

(g) Risk management policies (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 SGF (Cont'd)

f. Shariah Department (Cont'd)

ii) Shariah Advisory

To provide day-to-day Shariah advice and consultancy to relevant parties, including those involved in the product development process as well as the supporting functions.

iii) Shariah Research

To conduct in-depth research and studies on Shariah issues.

iv) Shariah Secretariat

To coordinate meetings, compile proposal papers, prepare and keep accurate record of minutes of the decisions and resolutions made by the Shariah Committee, disseminate Shariah decisions to relevant stakeholders and engage with relevant parties who wish to seek further deliberations from the Shariah Committee.

v) Knowledge and Skills Management

To monitor the level of Shariah related knowledge and skills by the staff involved in the cycle of HBMS's products.

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial year ended 31 December 2016, no actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:

During the financial year ended 31 December 2016, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM70,237 in the Account was carried forward from 2015 to 2016.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS's management amounted to RM77,637 as at 31 December 2016 are as follows:-
 - RM1,162 received from income not supported by the underlying transaction in HSBC Amanah Staff Sundry and Vehicle Financing-i (identified in 2015).
 - RM76,475 received from transactions via Nostro Accounts has been reversed to the Account.
- iii) The amount of RM36,460 was received for Fast-a-Thon purposes.
- iv) The amount distributed as at 31 December 2016 are as follows:-
 - RM16,000 was donated to individual staff.
 - RM40,000 was donated to Muslim Professionals Forum (MPF).
 - RM36,460 was transferred for Fast-a-Thon purposes.
 - RM87,461 was debited for tax imposed on Shariah Non-Compliance Amount.

The balance of RM4,413 in the Account is pending distribution in 2017.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2016.