

**HSBC BANK MALAYSIA BERHAD**  
**(Company No.198401015221 (127776-V))**  
**(Incorporated in Malaysia)**  
**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures**  
**As at 30 June 2021**

**CHIEF EXECUTIVE OFFICER'S ATTESTATION**

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I, Stuart Paterson Milne, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Interim Disclosures set out on pages 2 to 40 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

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**STUART PATERSON MILNE**

CHIEF EXECUTIVE OFFICER  
30 July 2021

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

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The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2021 do not include all of the information required for full (Basel II) Pillar 3 Disclosures, and should be read in conjunction with the audited financial statements of HSBC Bank Malaysia Berhad (the Bank) and its subsidiaries (collectively known as the Group) for the financial year ended 31 December 2020 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2020.

The tables attached in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures provide an understanding of the quantitative changes relating to Pillar 3 Disclosures of the Group since the financial year ended 31 December 2020. There are no material changes relating to qualitative disclosures during the interim reporting period.

### **Stress Testing**

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

As well as undertaking regulatory-driven stress tests, we conduct our own 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 understand the nature and extent of vulnerabilities to which the Group is exposed and informs decisions about preferred capital or liquidity levels.

Separately, reverse stress tests are conducted at 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 designed to mitigate risks.

Stress testing and scenario analysis form an integral part of Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate that the Group's capital positions remains sufficient to sustain operations during an economic downturn.

### **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) and Risk Committee (RC) of the Board for approval.

### **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 <sup>[1]</sup> is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 Capital. CET1 Capital includes ordinary share capital <sup>[2]</sup>, 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 has also issued a perpetual capital term loan as at 31 December 2020 which qualifies as Additional Tier 1 Capital.
- Tier 2 capital <sup>[1]</sup>, which includes qualifying subordinated liabilities <sup>[3]</sup> and subordinated term financing, 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 Component) issued on the 9 December 2020, the Group has elected to apply the transitional arrangement as specified in paragraph 39.

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

**Capital structure (Cont'd)**

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 CET-1, subject to a 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:

- (i) the Capital Ratios computed in accordance with the transitional arrangement
- (ii) the Capital Ratios, had the transitional arrangement not been applied.

**30 June 2021**

**Group**

(RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	9,174,006	15.698	9,140,384	15.640
Tier 1 Capital	9,674,006	16.553	9,640,384	16.496
Tier 2 Capital	845,418	-	845,418	-
Total Capital	10,519,424	18.000	10,485,801	17.942

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**Group**

(RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	9,630,466	17.030	9,472,058	16.750
Tier 1 Capital	10,130,466	17.914	9,972,058	17.634
Tier 2 Capital	821,167	-	922,784	-
Total Capital	10,951,633	19.366	10,894,842	19.266

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**Bank**

(RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	7,297,918	15.833	7,239,325	15.706
Tier 1 Capital	7,797,918	16.918	7,739,325	16.791
Tier 2 Capital	263,186	-	285,651	-
Total Capital	8,061,104	17.489	8,024,976	17.410

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**Bank**

(RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	7,595,278	17.033	7,486,920	16.790
Tier 1 Capital	8,095,278	18.155	7,986,920	17.912
Tier 2 Capital	184,269	-	265,909	-
Total Capital	8,279,547	18.568	8,252,829	18.508

<sup>[1]</sup> Refer to Note 36 of the unaudited condensed interim financial statements as at 30 June 2021 for the amount and breakdown of capital components.

<sup>[2]</sup> Refer to Note 28 of the financial statements as at 31 December 2020 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

<sup>[3]</sup> Refer to Note 27 of the unaudited condensed interim financial statements as at 30 June 2021 for terms and conditions of the subordinated liabilities.

**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures (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 balance sheet date.

As at 30 June 2021, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM2,914m (31 December 2020: RM2,744m) with principal amount of RM3,598m (31 December 2020 : RM3,551m). 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.

**30 June 2021**

**Group**

**(RM'000)**

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	26,138,586	26,138,586	657,457	52,597
PSEs	1,666,740	1,664,020	823,784	65,903
Banks, DFIs & MDBs	7,797,790	4,066,124	1,226,693	98,135
Corporates	23,984,194	23,534,773	21,883,394	1,750,671
Regulatory Retail	4,870,075	4,802,024	3,726,255	298,101
Residential Mortgages	16,444,546	16,444,546	6,017,456	481,396
Higher Risk Assets	22,708	22,559	33,836	2,707
Other Assets	1,624,463	1,624,463	1,207,662	96,613
Equity Exposure	224,667	224,667	224,667	17,973
Defaulted Exposures	1,177,575	1,159,608	1,146,126	91,690
<b>Total for On-Balance Sheet Exposures</b>	<b>83,951,344</b>	<b>79,681,370</b>	<b>36,947,330</b>	<b>2,955,786</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,330,295	1,866,505	1,164,099	93,128
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,339,814	17,886,724	13,384,997	1,070,800
Defaulted Exposures	64,255	54,795	39,707	3,177
<b>Total for Off-Balance Sheet Exposures</b>	<b>21,734,364</b>	<b>19,808,024</b>	<b>14,588,803</b>	<b>1,167,105</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>105,685,708</b>	<b>99,489,394</b>	<b>51,536,133</b>	<b>4,122,891</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,660,809	35,469,533	(808,724)	938,005
Foreign Currency Risk	145,718	25,408	145,718	11,658
Equity Risk	-	-	-	289,381
Options Risk	-	-	-	12,938
	<b>34,806,527</b>	<b>35,494,941</b>	<b>(663,006)</b>	<b>1,386,042</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>5,519,322</b>
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>58,441,497</b>
				<b>4,675,320</b>

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

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

**1) RWA and Capital Requirement (Cont'd)**

31 Dec 2020

Group

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	23,314,235	23,314,235	874,961	69,997
PSEs	1,632,932	1,629,770	669,235	53,539
Banks, DFIs & MDBs	9,900,857	6,056,816	1,617,416	129,393
Corporates	23,299,273	22,845,823	20,735,257	1,658,820
Regulatory Retail	5,186,505	5,122,098	3,993,437	319,475
Residential Mortgages	17,179,184	17,179,184	6,362,652	509,012
Higher Risk Assets	24,445	24,295	36,442	2,915
Other Assets	1,435,630	1,435,630	1,091,735	87,339
Equity Exposure	213,295	213,295	213,295	17,064
Defaulted Exposures	1,228,160	1,223,927	1,312,053	104,964
<b>Total for On-Balance Sheet Exposures</b>	<b>83,414,516</b>	<b>79,045,073</b>	<b>36,906,483</b>	<b>2,952,518</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,190,870	1,990,831	1,199,898	95,992
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,330,221	15,901,394	11,551,630	924,130
Defaulted Exposures	10,319	10,319	13,792	1,104
<b>Total for Off-Balance Sheet Exposures</b>	<b>20,531,410</b>	<b>17,902,544</b>	<b>12,765,320</b>	<b>1,021,226</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>103,945,926</b>	<b>96,947,617</b>	<b>49,671,803</b>	<b>3,973,744</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,099,800	36,111,988	(2,012,188)	998,661
Foreign Currency Risk	19,834	115,718	115,718	9,257
Options Risk	-	-	-	101,225
	<b>34,119,634</b>	<b>36,227,706</b>	<b>(1,896,470)</b>	<b>97,248</b>
Operational Risk (Standardised Approach)	-	-	-	5,662,957
<b>Total RWA and Capital Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,524,029</b>

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

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

Refer to Note 36 of the unaudited condensed interim financial statements as at 30 June 2021 for disclosure on RWA breakdown by various risk categories.

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

**1) RWA and Capital Requirement ( Cont'd)**

30 June 2021

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,161,451	21,161,451	520,474	41,638
PSEs	1,186,580	1,183,860	543,662	43,493
Banks, DFIs & MDBs	8,124,404	4,392,738	1,125,330	90,026
Corporates	18,436,564	18,094,162	16,755,585	1,340,447
Regulatory Retail	2,776,468	2,722,385	2,029,544	162,364
Residential Mortgages	12,610,750	12,610,750	4,600,830	368,066
Higher Risk Assets	17,660	17,660	26,488	2,119
Other Assets	1,358,067	1,358,067	1,129,995	90,400
Equity Exposure	224,667	224,667	224,667	17,973
Defaulted Exposures	743,092	739,379	757,637	60,611
<b>Total for On-Balance Sheet Exposures</b>	<b>66,639,703</b>	<b>62,505,119</b>	<b>27,714,212</b>	<b>2,217,137</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,343,535	1,879,746	1,010,896	80,872
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,967,845	14,596,308	11,122,676	889,814
Defaulted Exposures	36,025	26,565	19,571	1,566
<b>Total for Off-Balance Sheet Exposures</b>	<b>18,347,405</b>	<b>16,502,619</b>	<b>12,153,143</b>	<b>972,252</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>84,987,108</b>	<b>79,007,738</b>	<b>39,867,355</b>	<b>3,189,389</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	33,282,165	33,022,854	259,311	902,850
Foreign Currency Risk	142,809	24,571	142,809	11,425
Equity Risk	-	-	-	289,381
Options Risk	-	-	-	12,938
	<b>33,424,974</b>	<b>33,047,425</b>	<b>402,120</b>	<b>1,347,978</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>4,878,039</b>
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>46,093,372</b>
				<b>3,687,470</b>

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

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

**1) RWA and Capital Requirement ( Cont'd)**

31 Dec 2020

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	18,859,029	18,859,029	812,296	64,984
PSEs	1,152,467	1,149,305	388,795	31,104
Banks, DFIs & MDBs	10,048,297	6,401,117	1,528,833	122,307
Corporates	17,424,903	17,086,218	15,509,137	1,240,731
Regulatory Retail	2,909,131	2,856,412	2,127,205	170,176
Residential Mortgages	13,165,459	13,165,459	4,865,710	389,257
Higher Risk Assets	18,551	18,551	27,826	2,226
Other Assets	1,269,238	1,269,238	1,048,412	83,873
Equity Exposure	213,295	213,295	213,295	17,064
Defaulted Exposures	931,906	929,210	987,965	79,037
<b>Total for On-Balance Sheet Exposures</b>	<b>65,992,276</b>	<b>61,947,834</b>	<b>27,509,474</b>	<b>2,200,759</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,212,781	2,012,742	1,124,738	89,979
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,488,970	13,127,231	9,780,989	782,479
Defaulted Exposures	7,264	7,264	9,444	756
<b>Total for Off-Balance Sheet Exposures</b>	<b>17,709,015</b>	<b>15,147,237</b>	<b>10,915,171</b>	<b>873,214</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>83,701,291</b>	<b>77,095,071</b>	<b>38,424,645</b>	<b>3,073,973</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	33,195,104	34,123,185	(928,081)	76,462
Foreign Currency Risk	17,032	106,051	106,051	8,484
Options Risk	-	-	-	8,098
	<b>33,212,136</b>	<b>34,229,236</b>	<b>(822,030)</b>	<b>93,044</b>
Operational Risk (Standardised Approach)	-	-	-	400,205
<b>Total RWA and Capital Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,567,222</b>

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

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

Refer to Note 36 of the unaudited condensed interim financial statements as at 30 June 2021 for disclosure on RWA breakdown by various risk categories.

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

**30 June 2021**  
(RM'000)

*Group*

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%	22,870,331	-	-	38,115	17,436	-	-	416,801	-	23,342,683	-
20%	3,361,539	1,288,594	3,832,315	3,190,262	31,849	-	-	-	-	11,704,559	2,340,913
35%	-	-	-	-	-	18,141,364	-	-	-	18,141,364	6,349,477
50%	-	179,268	1,657,777	779,441	21,981	894,379	-	-	-	3,532,846	1,766,423
75%	-	-	-	-	7,264,083	152,731	-	-	-	7,416,814	5,562,610
100%	-	1,231,668	219,037	30,781,022	801,055	554,854	-	1,207,662	224,667	35,019,965	35,019,965
150%	-	-	23,975	50,467	108,181	122,168	26,372	-	-	331,163	496,745
<b>Total</b>										<b>99,489,394</b>	<b>51,536,133</b>
Average Risk Weight	3%	58%	32%	92%	78%	39%	150%	74%	100%	52%	

**31 Dec 2020**  
(RM'000)

*Group*

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%	18,939,660	-	-	41,604	17,486	-	-	343,895	-	19,342,645	-
20%	4,426,025	1,426,443	5,844,977	3,650,342	37,033	-	-	-	-	15,384,820	3,076,966
35%	-	-	-	-	-	18,574,346	-	-	-	18,574,346	6,501,021
50%	-	177,897	1,766,841	775,273	33,666	882,229	-	-	-	3,635,906	1,817,954
75%	-	-	-	-	7,199,642	377,943	-	-	-	7,577,585	5,683,189
100%	-	971,910	145,785	27,908,001	900,611	880,264	-	1,091,735	213,295	32,111,601	32,111,601
150%	-	-	28,551	65,477	80,025	118,681	27,980	-	-	320,714	481,072
<b>Total</b>										<b>96,947,617</b>	<b>49,671,803</b>
Average Risk Weight	4%	52%	29%	90%	78%	40%	150%	76%	100%	51%	

Note:

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



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

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

30 June 2021

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%	18,559,311	-	-	27,023	7,044	-	-	228,072	-	18,821,450	-
20%	2,676,624	862,129	4,869,303	2,560,760	31,498	-	-	-	-	11,000,314	2,200,063
35%	-	-	-	-	-	14,144,618	-	-	-	14,144,618	4,950,616
50%	-	179,268	1,031,814	473,312	8,936	654,046	-	-	-	2,347,376	1,173,688
75%	-	-	-	-	4,920,848	127,295	-	-	-	5,048,143	3,786,107
100%	-	832,822	217,238	24,472,265	124,926	421,836	-	1,129,995	224,667	27,423,749	27,423,749
150%	-	-	22,664	47,675	43,549	87,590	20,610	-	-	222,088	333,132
Total										79,007,738	39,867,355
Average Risk Weight	3%	58%	28%	92%	76%	38%	150%	83%	100%	50%	

31 Dec 2020

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%	14,797,781	-	-	25,166	8,786	-	-	220,827	-	15,052,560	-
20%	4,112,699	1,005,689	6,790,850	2,749,174	36,421	-	-	-	-	14,694,833	2,938,967
35%	-	-	-	-	-	14,460,145	-	-	-	14,460,145	5,061,051
50%	-	177,897	1,161,611	570,842	16,893	654,962	-	-	-	2,582,205	1,291,103
75%	-	-	-	-	4,836,046	301,951	-	-	-	5,137,997	3,853,498
100%	-	673,388	145,785	22,017,037	120,232	723,793	-	1,048,412	213,295	24,941,942	24,941,942
150%	-	-	28,551	48,932	42,609	83,589	21,708	-	-	225,389	338,084
Total										77,095,071	38,424,645
Average Risk Weight	4%	52%	26%	90%	76%	40%	150%	83%	100%	50%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

**3) Credit Risk**

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

Group (RM'000)	30 June 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	111,045	80,273	470,375	41,917	703,610
Term loans/financing					
Housing loans/financing	2,890,044	2,358,640	10,366,727	802,778	16,418,189
Syndicated term loan/financing	58,939	99,825	3,774,275	-	3,933,039
Factoring receivables	22,512	35,986	597,248	92,312	748,058
Hire purchase receivables	70,491	53,411	78,582	17,626	220,110
Other term loans/financing	1,047,681	1,327,558	7,420,216	423,535	10,218,990
Bills receivables	162,885	171,700	3,631,148	28,265	3,993,998
Trust receipts	630,716	851,370	1,887,929	51,761	3,421,776
Claims on customers under acceptance credits	291,716	212,604	331,583	14,575	850,478
Staff loans/financing	8,584	4,603	44,571	2,797	60,555
Credit/charge cards	514,854	436,024	1,768,728	230,335	2,949,941
Revolving financing	261,793	317,080	7,151,062	114,363	7,844,298
Other loans/financing	3,279	1,828	6,315	3,260	14,682
	<b>6,074,539</b>	<b>5,950,902</b>	<b>37,528,759</b>	<b>1,823,524</b>	<b>51,377,724</b>

Group (RM'000)	31 Dec 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	88,944	76,197	340,357	64,247	569,745
Term loans/financing					
Housing loans/financing	3,020,884	2,473,234	10,765,522	850,252	17,109,892
Syndicated term loan/financing	58,643	106,176	3,979,650	-	4,144,469
Factoring receivables	15,002	43,479	489,829	170,491	718,801
Hire purchase receivables	50,343	62,665	76,202	17,338	206,548
Other term loans/financing	1,095,266	1,301,962	7,517,375	468,530	10,383,133
Bills receivables	119,695	153,790	3,627,395	25,203	3,926,083
Trust receipts	424,206	653,790	1,295,382	35,119	2,408,497
Claims on customers under acceptance credits	282,369	263,903	316,196	12,331	874,799
Staff loans/financing	9,086	5,006	47,169	3,114	64,375
Credit/charge cards	584,903	494,518	2,033,146	260,369	3,372,936
Revolving financing	251,700	303,736	7,150,614	107,884	7,813,934
Other loans/financing	3,311	1,753	6,091	2,812	13,967
	<b>6,004,352</b>	<b>5,940,209</b>	<b>37,644,928</b>	<b>2,017,690</b>	<b>51,607,179</b>

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, 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 Interim Disclosures (Cont'd)**

**3) Credit Risk (Cont'd)**

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

Bank (RM'000)	30 June 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts	74,561	63,215	427,754	41,917	607,447
Term loans/financing					
Housing loans/financing	2,380,632	1,879,798	7,553,011	677,594	12,491,035
Syndicated term loan/financing	-	99,825	2,601,982	-	2,701,807
Factoring receivables	22,512	35,986	579,248	92,312	730,058
Other term loans/financing	777,653	729,377	5,164,199	291,254	6,962,483
Bills receivables	121,854	108,148	2,965,508	28,265	3,223,775
Trust receipts	605,985	847,841	1,555,401	51,761	3,060,988
Claims on customers under acceptance credits	221,944	154,890	233,182	14,121	624,137
Staff loans/financing	7,480	4,593	42,964	2,797	57,834
Credit/charge cards	343,042	273,161	1,186,580	181,250	1,984,033
Revolving financing	224,857	232,135	5,029,025	114,363	5,600,380
Other loans/financing	2,351	1,178	4,049	3,222	10,800
	<b>4,782,871</b>	<b>4,430,147</b>	<b>27,342,903</b>	<b>1,498,856</b>	<b>38,054,777</b>

  

Bank (RM'000)	31 Dec 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts	77,000	58,039	299,862	64,247	499,148
Term loans/financing					
Housing loans/financing	2,493,996	1,971,046	7,881,700	719,149	13,065,891
Syndicated term loan/financing	58,643	106,176	2,814,896	-	2,979,715
Factoring receivables	15,002	43,479	489,829	170,491	718,801
Other term loans/financing	809,324	676,593	4,904,719	323,011	6,713,647
Bills receivables	79,723	98,340	3,069,949	25,203	3,273,215
Trust receipts	418,976	635,988	871,231	35,119	1,961,314
Claims on customers under acceptance credits	209,217	158,985	213,040	11,463	592,705
Staff loans/financing	8,361	4,973	45,648	3,107	62,089
Credit/charge cards	394,022	308,051	1,373,178	207,362	2,282,613
Revolving financing	207,982	195,156	5,096,068	107,598	5,606,804
Other loans/financing	2,402	1,164	3,994	2,786	10,346
	<b>4,774,648</b>	<b>4,257,990</b>	<b>27,064,114</b>	<b>1,669,536</b>	<b>37,766,288</b>

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

**3) Credit Risk (Cont'd)**

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

Group (RM'000)	30 June 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	3,733	15,369	52,210	9,756	81,068
Term loans/financing					
Housing loans/financing	273,758	267,112	1,045,112	66,383	1,652,365
Syndicated term loan/financing	-	-	242,550	-	242,550
Factoring receivables	-	-	-	88,784	88,784
Hire purchase receivables	-	182	172	-	354
Other term loans/financing	55,931	121,147	569,287	24,989	771,354
Bills receivables	30	3,718	95,096	-	98,844
Trust receipts	-	2,211	10,306	480	12,997
Claims on customers under acceptance credits	1,720	9,966	23,100	-	34,786
Staff loans/financing	-	-	743	-	743
Credit/charge cards	8,407	8,559	27,434	3,344	47,744
Revolving financing	-	20,122	309,320	11,295	340,737
Other loans/financing	3,058	1,601	5,797	3,157	13,613
	<b>346,637</b>	<b>449,987</b>	<b>2,381,127</b>	<b>208,188</b>	<b>3,385,939</b>

Group (RM'000)	31 Dec 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	3,638	15,336	50,072	9,576	78,622
Term loans/financing					
Housing loans/financing	141,138	126,243	579,062	36,554	882,997
Hire purchase receivables	-	374	61	-	435
Other term loans/financing	42,760	23,282	474,181	33,277	573,500
Bills receivables	30	4,072	12,007	-	16,109
Trust receipts	-	3,961	8,648	-	12,609
Claims on customers under acceptance credits	1,720	10,393	18,121	-	30,234
Staff loans/financing	-	-	354	-	354
Credit/charge cards	13,410	15,037	47,390	7,079	82,916
Revolving financing	-	-	129,506	10,930	140,436
Other loans/financing	3,043	1,703	5,751	2,792	13,289
	<b>205,739</b>	<b>200,401</b>	<b>1,325,153</b>	<b>100,208</b>	<b>1,831,501</b>

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

**3) Credit Risk (Cont'd)**

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

	30 June 2021				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	3,340	11,313	47,694	9,756	72,103
Term loans/financing					
Housing loans/financing	223,101	194,498	703,268	55,356	1,176,223
Syndicated term loan/financing	-	-	242,550	-	242,550
Factoring receivables	-	-	-	88,784	88,784
Other term loans/financing	36,928	101,176	294,601	16,261	448,966
Bills receivables	-	-	4,171	-	4,171
Trust receipts	-	2,211	10,306	480	12,997
Claims on customers under acceptance credits	1,720	9,966	23,100	-	34,786
Staff loans/financing	-	-	743	-	743
Credit/charge cards	5,525	5,029	18,074	2,552	31,180
Revolving financing	-	20,122	72,120	11,295	103,537
Other loans/financing	2,142	1,037	3,649	3,125	9,953
	<b>272,756</b>	<b>345,352</b>	<b>1,420,276</b>	<b>187,609</b>	<b>2,225,993</b>

	31 Dec 2020				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	3,245	11,076	48,028	9,576	71,925
Term loans/financing					
Housing loans/financing	110,316	93,321	383,036	32,024	618,697
Other term loans/financing	28,243	8,128	223,987	24,992	285,350
Trust receipts	-	3,961	8,648	-	12,609
Claims on customers under acceptance credits	1,720	10,393	18,121	-	30,234
Staff loans/financing	-	-	354	-	354
Credit/charge cards	8,604	8,841	32,488	5,503	55,436
Revolving financing	-	-	129,506	10,930	140,436
Other loans/financing	2,167	1,127	3,703	2,768	9,765
	<b>154,295</b>	<b>136,847</b>	<b>847,871</b>	<b>85,793</b>	<b>1,224,806</b>

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

**3) Credit Risk (Cont'd)**

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

		30 June 2021				
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	703,610	-	-	-	703,610	
Term loans/financing						
Housing loans/financing	62,198	59,008	139,598	16,157,385	16,418,189	
Syndicated term loan/financing	758,330	2,559,873	482,028	132,808	3,933,039	
Factoring receivables	748,058	-	-	-	748,058	
Hire purchase receivables	11,279	95,809	113,022	-	220,110	
Other term loans/financing	882,996	3,543,511	2,310,562	3,481,921	10,218,990	
Bills receivables	3,993,998	-	-	-	3,993,998	
Trust receipts	3,421,776	-	-	-	3,421,776	
Claims on customers under acceptance credits	850,478	-	-	-	850,478	
Staff loans/financing	983	5,927	12,764	40,881	60,555	
Credit/charge cards	2,949,941	-	-	-	2,949,941	
Revolving financing	7,824,293	20,005	-	-	7,844,298	
Other loans/financing	14,682	-	-	-	14,682	
	<b>22,222,622</b>	<b>6,284,133</b>	<b>3,057,974</b>	<b>19,812,995</b>	<b>51,377,724</b>	

		31 Dec 2020				
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	569,745	-	-	-	569,745	
Term loans/financing						
Housing loans/financing	60,518	57,828	149,428	16,842,118	17,109,892	
Syndicated term loan/financing	224,493	3,190,824	611,828	117,324	4,144,469	
Factoring receivables	718,801	-	-	-	718,801	
Hire purchase receivables	11,352	92,216	102,980	-	206,548	
Other term loans/financing	1,109,997	3,021,488	2,563,725	3,687,923	10,383,133	
Bills receivables	3,926,083	-	-	-	3,926,083	
Trust receipts	2,408,497	-	-	-	2,408,497	
Claims on customers under acceptance credits	874,799	-	-	-	874,799	
Staff loans/financing	774	7,018	13,613	42,970	64,375	
Credit/charge cards	3,372,936	-	-	-	3,372,936	
Revolving financing	7,753,922	60,012	-	-	7,813,934	
Other loans/financing	13,967	-	-	-	13,967	
	<b>21,045,884</b>	<b>6,429,386</b>	<b>3,441,574</b>	<b>20,690,335</b>	<b>51,607,179</b>	

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

**3) Credit Risk (Cont'd)**

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

		30 June 2021			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	607,447	-	-	-	607,447
Term loans/financing					
Housing loans/financing	51,834	55,137	124,928	12,259,136	12,491,035
Syndicated term loan/financing	166,400	2,140,987	394,420	-	2,701,807
Factoring receivables	730,058	-	-	-	730,058
Other term loans/financing	733,316	2,829,681	1,416,707	1,982,779	6,962,483
Bills receivables	3,223,775	-	-	-	3,223,775
Trust receipts	3,060,988	-	-	-	3,060,988
Claims on customers under acceptance credits	624,137	-	-	-	624,137
Staff loans/financing	957	5,810	12,229	38,838	57,834
Credit/charge cards	1,984,033	-	-	-	1,984,033
Revolving financing	5,580,375	20,005	-	-	5,600,380
Other loans/financing	10,800	-	-	-	10,800
	<b>16,774,120</b>	<b>5,051,620</b>	<b>1,948,284</b>	<b>14,280,753</b>	<b>38,054,777</b>

		31 Dec 2020			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	499,148	-	-	-	499,148
Term loans/financing					
Housing loans/financing	54,409	54,777	133,558	12,823,147	13,065,891
Syndicated term loan/financing	167,576	2,205,977	577,330	28,832	2,979,715
Factoring receivables	718,801	-	-	-	718,801
Other term loans/financing	774,330	2,106,503	1,811,488	2,021,326	6,713,647
Bills receivables	3,273,215	-	-	-	3,273,215
Trust receipts	1,961,314	-	-	-	1,961,314
Claims on customers under acceptance credits	592,705	-	-	-	592,705
Staff loans/financing	725	6,829	12,885	41,650	62,089
Credit/charge cards	2,282,613	-	-	-	2,282,613
Revolving financing	5,546,792	60,012	-	-	5,606,804
Other loans/financing	10,346	-	-	-	10,346
	<b>15,881,974</b>	<b>4,434,098</b>	<b>2,535,261</b>	<b>14,914,955</b>	<b>37,766,288</b>

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

**3) Credit Risk (Cont'd)**

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

30 June 2021  
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	12,076	-	-	-	-	41,568	-	-	15,028	-	38	35,052	-	103,762
Mining and quarrying	10,020	-	-	88,784	880	125,282	9,079	1,585	2,836	-	69	85,089	-	323,624
Manufacturing	193,985	-	416,537	269,351	120,846	2,334,935	629,456	1,849,879	438,778	-	2,605	1,039,569	3,640	7,299,581
Electricity, gas and water	2,792	-	-	125	-	18,589	1,820	3,190	3,445	-	41	140,901	-	170,903
Construction	90,601	-	154,439	18,000	1,743	1,100,901	81,398	104,077	11,663	-	48	1,714,245	192	3,277,307
Real estate	9,541	-	1,625,143	-	-	1,967,385	-	64,869	535	-	121	859,432	135	4,527,161
Wholesale & retail trade and restaurants & hotels	226,008	-	35,023	150,771	26,899	741,042	506,835	1,119,260	354,275	-	3,041	1,157,863	503	4,321,520
Transport, storage and communication	12,666	-	-	9,541	28,343	367,935	30,091	82,293	12,575	-	173	157,775	57	701,449
Finance, insurance/takaful and business services	59,723	-	242,550	150,263	9,811	366,445	61,473	69,162	9,088	-	2,035	2,242,776	125	3,213,451
Household-retail	70,420	16,418,189	-	-	-	2,404,856	-	-	-	60,555	2,941,482	-	9,907	21,905,409
Others	15,778	-	1,459,347	61,223	31,588	750,052	2,673,846	127,461	2,255	-	288	411,596	123	5,533,557
	<b>703,610</b>	<b>16,418,189</b>	<b>3,933,039</b>	<b>748,058</b>	<b>220,110</b>	<b>10,218,990</b>	<b>3,993,998</b>	<b>3,421,776</b>	<b>850,478</b>	<b>60,555</b>	<b>2,949,941</b>	<b>7,844,298</b>	<b>14,682</b>	<b>51,377,724</b>

31 Dec 2020  
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	12,422	-	-	-	1,404	50,397	-	-	15,436	-	32	38,087	-	117,778
Mining and quarrying	4,500	-	-	168,038	995	172,802	-	505	3,031	-	74	85,078	-	435,023
Manufacturing	163,447	-	320,739	277,575	115,260	2,384,222	627,272	1,016,954	496,672	-	1,595	777,415	3,149	6,184,300
Electricity, gas and water	2,678	-	-	456	-	20,858	14,671	4,413	2,513	-	25	62,414	4	108,032
Construction	46,901	-	154,457	-	2,575	1,087,378	156,508	221,012	18,381	-	351	2,027,764	161	3,715,488
Real estate	10,104	-	1,777,956	-	-	2,119,759	-	59,278	-	-	30	701,913	59	4,669,099
Wholesale & retail trade and restaurants & hotels	111,583	-	34,685	124,100	9,543	765,129	414,749	859,915	316,363	-	817	1,163,854	383	3,801,121
Transport, storage and communication	17,739	-	-	12,313	29,597	321,055	31,224	104,552	8,575	-	120	163,464	65	688,704
Finance, insurance/takaful and business services	87,479	-	266,963	131,516	12,415	344,967	72,322	53,511	10,867	-	1,981	2,433,112	133	3,415,266
Household-retail	98,638	17,109,892	-	-	-	2,548,967	-	-	-	64,375	3,367,587	-	9,931	23,199,390
Others	14,254	-	1,589,669	4,803	34,759	567,599	2,609,337	88,357	2,961	-	324	360,833	82	5,272,978
	<b>569,745</b>	<b>17,109,892</b>	<b>4,144,469</b>	<b>718,801</b>	<b>206,548</b>	<b>10,383,133</b>	<b>3,926,083</b>	<b>2,408,497</b>	<b>874,799</b>	<b>64,375</b>	<b>3,372,936</b>	<b>7,813,934</b>	<b>13,967</b>	<b>51,607,179</b>



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

**3) Credit Risk (Cont'd)**

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

30 June 2021  
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	10,311	-	-	-	33,385	-	-	13,682	-	38	35,052	-	92,468
Mining and quarrying	5,361	-	-	88,784	37,997	-	1,585	1,450	-	69	80,083	-	215,329
Manufacturing	167,536	-	196,122	269,351	1,659,857	524,708	1,778,086	336,461	-	2,605	886,012	3,090	5,823,828
Electricity, gas and water	1,842	-	-	125	12,704	35	3,190	2,723	-	41	2,004	-	22,664
Construction	59,936	-	154,439	-	891,131	20,863	104,077	7,035	-	48	1,189,011	177	2,426,717
Real estate	9,541	-	1,329,351	-	1,575,261	-	64,869	535	-	121	583,840	135	3,563,653
Wholesale & retail trade and restaurants & hotels	214,570	-	35,023	150,771	573,957	233,341	921,515	248,496	-	3,041	1,110,706	368	3,491,788
Transport, storage and communication	11,745	-	-	9,541	352,163	22,576	54,591	5,407	-	173	100,621	57	556,874
Finance, insurance/takaful and business services	53,112	-	242,550	150,263	253,968	55,330	69,162	6,093	-	2,035	1,357,157	6	2,189,676
Household-retail	70,410	12,491,035	-	-	1,100,851	-	-	-	57,834	1,975,574	-	6,858	15,702,562
Others	3,083	-	744,322	61,223	471,209	2,366,922	63,913	2,255	-	288	255,894	109	3,969,218
	<b>607,447</b>	<b>12,491,035</b>	<b>2,701,807</b>	<b>730,058</b>	<b>6,962,483</b>	<b>3,223,775</b>	<b>3,060,988</b>	<b>624,137</b>	<b>57,834</b>	<b>1,984,033</b>	<b>5,600,380</b>	<b>10,800</b>	<b>38,054,777</b>

31 Dec 2020  
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	10,616	-	-	-	41,236	-	-	15,436	-	32	35,066	-	102,386
Mining and quarrying	2,186	-	-	168,038	50,641	-	505	1,236	-	74	80,073	-	302,753
Manufacturing	141,410	-	279,957	277,575	1,579,512	495,145	976,911	353,774	-	1,595	682,712	2,655	4,791,246
Electricity, gas and water	2,675	-	-	456	14,637	164	4,413	1,510	-	25	2,106	4	25,990
Construction	39,761	-	154,457	-	885,289	75,850	199,758	9,464	-	351	1,294,026	146	2,659,102
Real estate	10,104	-	1,486,918	-	1,676,829	-	59,278	-	-	30	566,902	59	3,800,120
Wholesale & retail trade and restaurants & hotels	96,806	-	34,685	124,100	619,517	281,070	560,405	197,244	-	817	1,099,380	268	3,014,292
Transport, storage and communication	17,029	-	-	12,313	250,978	30,954	61,491	2,468	-	120	127,310	57	502,720
Finance, insurance/takaful and business services	78,432	-	266,963	131,516	196,909	59,212	53,511	9,300	-	1,981	1,521,059	20	2,318,903
Household-retail	98,610	13,065,891	-	-	1,169,480	-	-	-	62,089	2,277,264	-	7,072	16,680,406
Others	1,519	-	756,735	4,803	228,619	2,330,820	45,042	2,273	-	324	198,170	65	3,568,370
	<b>499,148</b>	<b>13,065,891</b>	<b>2,979,715</b>	<b>718,801</b>	<b>6,713,647</b>	<b>3,273,215</b>	<b>1,961,314</b>	<b>592,705</b>	<b>62,089</b>	<b>2,282,613</b>	<b>5,606,804</b>	<b>10,346</b>	<b>37,766,288</b>

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

3) Credit Risk (Cont'd)

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

30 June 2021 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	264	-	-	-	-	-	-	-	-	-	-	-	264
Mining and quarrying	-	-	-	88,784	-	-	480	-	-	-	-	-	89,264
Manufacturing	28,622	-	-	-	172	11,253	15,058	12,294	-	-	17,613	3,640	119,784
Construction	1,920	-	-	-	182	11,791	5,499	-	-	-	132,903	189	152,484
Real estate	578	-	-	-	-	98,845	-	-	-	-	20,122	135	119,680
Wholesale & retail trade and restaurants & hotels	45,167	-	-	-	-	15,141	2,478	187	-	-	-	504	67,131
Transport, storage and communication	-	-	-	-	-	51,888	-	-	-	-	61,240	57	113,185
Finance, insurance/takaful and business services	1,702	-	242,550	-	-	10,257	3,698	36	-	-	104,297	125	362,665
Household-retail	2,815	1,652,365	-	-	-	568,346	-	-	743	47,744	-	8,840	2,280,853
Others	-	-	-	-	-	3,833	72,111	-	-	-	4,562	123	80,629
	<b>81,068</b>	<b>1,652,365</b>	<b>242,550</b>	<b>88,784</b>	<b>354</b>	<b>771,354</b>	<b>98,844</b>	<b>12,997</b>	<b>34,786</b>	<b>743</b>	<b>47,744</b>	<b>340,737</b>	<b>3,385,939</b>

31 Dec 2020 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	319	-	-	-	-	-	-	-	-	-	-	-	319
Manufacturing	26,361	-	-	-	-	16,176	7,843	12,352	-	-	17,419	3,149	109,880
Electricity, gas and water	-	-	-	-	-	483	-	-	-	-	-	4	487
Construction	1,476	-	-	-	230	13,186	1,328	-	-	-	-	161	16,381
Real estate	578	-	-	-	-	11,527	-	-	-	-	-	59	12,164
Wholesale & retail trade and restaurants & hotels	45,317	-	-	-	-	13,483	3,239	222	-	-	-	383	66,298
Transport, storage and communication	-	-	-	-	205	-	-	-	-	-	117,799	65	118,069
Finance, insurance/takaful and business services	2,314	-	-	-	-	1,930	3,699	35	-	-	-	133	8,111
Household-retail	2,257	882,997	-	-	-	493,429	-	-	354	82,916	-	9,253	1,471,206
Others	-	-	-	-	-	23,286	-	-	-	-	5,218	82	28,586
	<b>78,622</b>	<b>882,997</b>	<b>-</b>	<b>-</b>	<b>435</b>	<b>573,500</b>	<b>16,109</b>	<b>12,609</b>	<b>30,234</b>	<b>354</b>	<b>82,916</b>	<b>13,289</b>	<b>1,831,501</b>

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

**3) Credit Risk (Cont'd)**

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

30 June 2021 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
Mining and quarrying	-	-	-	88,784	-	-	480	-	-	-	-	89,264
Manufacturing	23,117	-	-	-	6,506	-	12,294	31,132	-	17,613	3,090	93,752
Construction	881	-	-	-	10,864	4,171	-	-	-	-	174	16,090
Real estate	578	-	-	-	98,845	-	-	-	-	20,122	135	119,680
Wholesale & retail trade and restaurants & hotels	44,713	-	-	-	7,884	-	187	3,654	-	-	369	56,807
Transport, storage and communication	-	-	-	-	51,888	-	-	-	-	61,240	57	113,185
Finance, insurance/takaful and business services	-	-	242,550	-	1,805	-	36	-	-	-	6	244,397
Household-retail	2,814	1,176,223	-	-	269,605	-	-	743	31,180	-	6,013	1,486,578
Others	-	-	-	-	1,569	-	-	-	-	4,562	109	6,240
<b>72,103</b>	<b>1,176,223</b>	<b>242,550</b>	<b>88,784</b>	<b>448,966</b>	<b>4,171</b>	<b>12,997</b>	<b>34,786</b>	<b>743</b>	<b>31,180</b>	<b>103,537</b>	<b>9,953</b>	<b>2,225,993</b>

31 Dec 2020 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
Manufacturing	23,190	-	-	-	10,561	-	12,352	26,580	-	17,419	2,655	92,757
Electricity, gas and water	-	-	-	-	483	-	-	-	-	-	4	487
Construction	437	-	-	-	12,088	-	-	-	-	-	146	12,671
Real estate	578	-	-	-	11,527	-	-	-	-	-	59	12,164
Wholesale & retail trade and restaurants & hotels	44,863	-	-	-	5,912	-	222	3,654	-	-	268	54,919
Transport, storage and communication	-	-	-	-	-	-	-	-	-	117,799	57	117,856
Finance, insurance/takaful and business services	601	-	-	-	1,467	-	35	-	-	-	20	2,123
Household-retail	2,256	618,697	-	-	241,625	-	-	354	55,436	-	6,491	924,859
Others	-	-	-	-	1,687	-	-	-	-	5,218	65	6,970
<b>71,925</b>	<b>618,697</b>	<b>-</b>	<b>-</b>	<b>285,350</b>	<b>-</b>	<b>12,609</b>	<b>30,234</b>	<b>354</b>	<b>55,436</b>	<b>140,436</b>	<b>9,765</b>	<b>1,224,806</b>

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

**3) Credit Risk (Cont'd)**

**Table 6: All past due loans/financing and advances breakdown by sector <sup>[1]</sup>**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Agricultural, hunting, forestry and fishing	264	319	-	-
Manufacturing	82,641	71,077	66,494	64,260
Electricity, gas and water	2,430	4	2,430	4
Construction	11,302	7,251	7,958	3,689
Real estate	39,887	16,565	18,410	16,059
Wholesale & retail trade and restaurants & hotels	73,951	72,163	63,111	54,753
Transport, storage and communication	19,701	18,073	19,701	17,860
Household-retail	1,959,650	2,046,114	1,389,227	1,410,139
Others	32,518	192,393	10,667	188,390
	<b>2,222,344</b>	<b>2,423,959</b>	<b>1,577,998</b>	<b>1,755,154</b>

**Table 7: All past due loans/financing and advances breakdown by geographical location <sup>[1]</sup>**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Northern region	338,876	361,983	259,241	281,368
Southern region	341,818	346,536	253,398	254,720
Central region	1,407,241	1,572,530	950,437	1,100,649
Eastern region	134,409	142,910	114,922	118,417
	<b>2,222,344</b>	<b>2,423,959</b>	<b>1,577,998</b>	<b>1,755,154</b>

<sup>[1]</sup> of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 18 (ii) and 18 (iv) of the unaudited condensed interim financial statements as at 30 June 2021 respectively.

**Table 8: Impairment allowance breakdown by sector**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Agricultural, hunting, forestry and fishing	183	381	136	298
Mining and quarrying	68,673	158	68,418	133
Manufacturing	66,791	63,950	54,581	55,955
Electricity, gas and water	60	49	15	47
Construction	146,271	16,516	47,369	11,671
Real estate	55,376	86,498	45,398	80,232
Wholesale & retail trade and restaurants & hotels	44,352	32,689	42,406	30,084
Transport, storage and communication	53,498	52,364	53,396	51,473
Finance, insurance/takaful and business services	205,377	836	171,385	770
Household-retail	555,455	588,930	285,989	268,518
Others	78,229	12,024	14,276	6,899
	<b>1,274,265</b>	<b>854,395</b>	<b>783,369</b>	<b>506,080</b>

**Table 9: Impairment allowance breakdown by geographical location**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Northern region	78,163	77,210	49,827	41,597
Southern region	133,160	168,797	99,541	128,874
Central region	965,860	578,466	544,809	316,895
Eastern region	97,082	29,922	89,192	18,714
	<b>1,274,265</b>	<b>854,395</b>	<b>783,369</b>	<b>506,080</b>

The breakdown of loan/financing impairment provisions during the year is disclosed in Note 19 (i) of the unaudited condensed interim financial statements as at 30 June 2021.

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

**3) Credit Risk (Cont'd)**

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

<b>Charges / (Release)</b>	<b>Group (RM'000)</b>		<b>Bank (RM'000)</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
Agricultural, hunting, forestry and fishing	(186)	640	(154)	550
Mining and quarrying	68,515	240	68,285	111
Manufacturing	2,222	28,429	(1,938)	22,749
Electricity, gas and water	6	13,761	(31)	(9)
Construction	114,058	10,923	19,998	9,077
Real estate	(31,189)	14,217	(34,895)	7,169
Wholesale & retail trade and restaurants & hotels	11,474	30,948	12,116	26,587
Transport, storage and communication	(142)	442	512	696
Finance, insurance/takaful and business services	204,539	3,632	170,614	4,004
Household-retail	24,502	199,310	54,176	109,079
Others	65,923	12,457	7,230	6,411
	<b>459,722</b>	<b>314,999</b>	<b>295,913</b>	<b>186,424</b>

The breakdown of loan/financing impairment provisions during the year is disclosed in Note 33 (i) of the unaudited condensed interim financial statements as at 30 June 2021.

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

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### **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
- 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)
- 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 Interim Disclosures (Cont'd)**

**3) Credit Risk (Cont'd)**

**i) ECAs (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	<b>S &amp; P</b>	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ and below	Unrated
	<b>Moody's</b>	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 to B3	Caa1 and below	Unrated
	<b>Fitch</b>	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ and below	Unrated
	<b>RAM</b>	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to BB3	B1 to B3	C1 and below	Unrated
	<b>MARC</b>	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	<b>S &amp; P</b>	A-1	A-2	A-3	Others	Unrated
	<b>Moody's</b>	P-1	P-2	P-3	Others	Unrated
	<b>Fitch</b>	F1+,F1	F2	F3	B to D	Unrated
	<b>RAM</b>	P-1	P-2	P-3	NP	Unrated
	<b>MARC</b>	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 Interim Disclosures (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:

**30 June 2021**

**Group (RM '000)**

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	22,870,331	3,361,539	-	-	-	-		26,231,870
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	140,732	179,268	223,384	-	-	-		543,384
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	1,202,505	4,018,898	1,785,156	5,402	226,734	11,404		7,250,099
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	11,303	-	-	-	-	-		11,303
- Exposures risk-weighted using ratings of Banking Institutions	3,800	312	-	-	-	-		4,112
- Exposures risk-weighted using ratings of Corporates	3,041,259	286,174	493,958	-	-	-		3,821,391
	27,269,930	7,846,191	2,502,498	5,402	226,734	11,404	-	37,862,159
<b>(ii) Total unrated exposures</b>								
							64,245,347	64,245,347
<b>Total Long Term Exposure</b>	<b>27,269,930</b>	<b>7,846,191</b>	<b>2,502,498</b>	<b>5,402</b>	<b>226,734</b>	<b>11,404</b>	<b>64,245,347</b>	<b>102,107,506</b>



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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

**30 June 2021**

**Group (RM '000)**

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b><u>On and Off Balance Sheet Exposures</u></b>						
<b>(i) Total rated exposures</b>						
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	147,673	-	-	-		147,673
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	2,399,573	521,855	81,648	-		3,003,076
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	423,117	4,336	-	-		427,453
	2,970,363	526,191	81,648	-	-	3,578,202
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	<b>2,970,363</b>	<b>526,191</b>	<b>81,648</b>	<b>-</b>	<b>-</b>	<b>3,578,202</b>

Group Total Long Term and Short Term Exposure : **105,685,708**

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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

31 Dec 2020

Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	18,939,660	4,426,025	-	-	-	-		23,365,685
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	276,014	179,227	264,730	-	-	-		719,971
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	2,353,637	1,889,285	4,226,113	80,661	148,355	8,750		8,706,801
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	18,135	-	-	-	-	-		18,135
- Exposures risk-weighted using ratings of Banking Institutions	3,902	384	-	-	-	-		4,286
- Exposures risk-weighted using ratings of Corporates	3,344,677	434,498	534,552	-	-	-		4,313,727
	24,936,025	6,929,419	5,025,395	80,661	148,355	8,750	-	37,128,605
<b>(ii) Total unrated exposures</b>								
							61,191,665	61,191,665
<b>Total Long Term Exposure</b>	24,936,025	6,929,419	5,025,395	80,661	148,355	8,750	61,191,665	98,320,270

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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

31 Dec 2020

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	150,303	-	-	-	-	150,303
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	2,632,235	1,871,764	21,622	-	-	4,525,621
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	933,454	16,278	-	-	-	949,732
	3,715,992	1,888,042	21,622	-	-	5,625,656
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	3,715,992	1,888,042	21,622	-	-	5,625,656
<b>Group Total Long Term and Short Term Exposure :</b>						103,945,926

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

**30 June 2021**

**Bank (RM '000)**

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	18,559,311	2,676,624	-	-	-	-	-	21,235,935
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	111,987	179,268	223,384	-	-	-	-	514,639
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	1,679,305	3,667,940	1,785,156	5,402	226,734	11,404	-	7,375,941
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	9,544	-	-	-	-	-	-	9,544
- Exposures risk-weighted using ratings of Banking Institutions	3,800	312	-	-	-	-	-	4,112
- Exposures risk-weighted using ratings of Corporates	2,463,401	219,085	435,203	-	-	-	-	3,117,689
	22,827,348	6,743,229	2,443,743	5,402	226,734	11,404	-	32,257,860
<b>(ii) Total unrated exposures</b>								
							49,217,141	49,217,141
<b>Total Long Term Exposure</b>	<b>22,827,348</b>	<b>6,743,229</b>	<b>2,443,743</b>	<b>5,402</b>	<b>226,734</b>	<b>11,404</b>	<b>49,217,141</b>	<b>81,475,001</b>

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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

**30 June 2021**

**Bank (RM '000)**

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b><u>On and Off Balance Sheet Exposures</u></b>						
<b>(i) Total rated exposures</b>						
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	2,661,207	521,110	81,648	-		3,263,965
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	243,806	4,336	-	-		248,142
	2,905,013	525,446	81,648	-	-	3,512,107
<b>(ii) Total unrated exposures</b>					-	-
<b>Total Short Term Exposure</b>	<b>2,905,013</b>	<b>525,446</b>	<b>81,648</b>	<b>-</b>	<b>-</b>	<b>3,512,107</b>
<b>Bank Total Long Term and Short Term Exposure :</b>						<b>84,987,108</b>

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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

31 Dec 2020

Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	14,797,781	4,112,699	-	-	-	-	-	18,910,480
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	255,594	179,227	264,730	-	-	-	-	699,551
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	2,640,733	1,654,029	4,029,252	80,661	148,355	8,750	-	8,561,780
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	14,632	-	-	-	-	-	-	14,632
- Exposures risk-weighted using ratings of Banking Institutions	3,902	384	-	-	-	-	-	4,286
- Exposures risk-weighted using ratings of Corporates	2,774,348	354,025	414,425	-	-	-	-	3,542,798
	20,486,990	6,300,364	4,708,407	80,661	148,355	8,750	-	31,733,527
<b>(ii) Total unrated exposures</b>								
							46,684,509	46,684,509
<b>Total Long Term Exposure</b>	20,486,990	6,300,364	4,708,407	80,661	148,355	8,750	46,684,509	78,418,036

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

**3) Credit Risk (Cont'd)**

**i) ECAIs (Cont'd)**

31 Dec 2020

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	2,888,337	1,870,716	21,622	-	-	4,780,675
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	486,302	16,278	-	-	-	502,580
	3,374,639	1,886,994	21,622	-	-	5,283,255
<b>(ii) Total unrated exposures</b>					-	-
<b>Total Short Term Exposure</b>	3,374,639	1,886,994	21,622	-	-	5,283,255
<b>Bank Total Long Term and Short Term Exposure :</b>						83,701,291

Note:

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

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

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### **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 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 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 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 Interim Disclosures (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.

**30 June 2021  
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
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	26,138,586	-	-	-
PSEs	1,666,740	-	2,720	-
Banks, DFIs & MDBs	7,797,790	-	3,731,666	-
Corporates	23,984,194	591,002	449,421	-
Regulatory Retail	4,870,075	42,298	68,051	-
Residential Mortgages	16,444,546	-	-	-
Higher Risk Assets	22,708	-	149	-
Other Assets	1,624,463	-	-	-
Equity Exposure	224,667	-	-	-
Defaulted Exposures	1,177,575	10,592	17,967	-
<b>Total for On-Balance Sheet Exposures</b>	<b>83,951,344</b>	<b>643,892</b>	<b>4,269,974</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,330,295	-	257,976	1,205,814
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,339,814	177,653	453,090	-
Defaulted Exposures	64,255	-	9,460	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>21,734,364</b>	<b>177,653</b>	<b>720,526</b>	<b>1,205,814</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>105,685,708</b>	<b>821,545</b>	<b>4,990,500</b>	<b>1,205,814</b>

**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures (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 2020  
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
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	23,314,235	-	-	-
PSEs	1,632,932	150,426	3,162	-
Banks, DFIs & MDBs	9,900,857	-	3,844,041	-
Corporates	23,299,273	1,040,532	453,450	-
Regulatory Retail	5,186,505	55,102	64,407	-
Residential Mortgages	17,179,184	-	-	-
Higher Risk Assets	24,445	-	150	-
Other Assets	1,435,630	-	-	-
Equity Exposure	213,295	-	-	-
Defaulted Exposures	1,228,160	7,809	4,233	-
<b>Total for On-Balance Sheet Exposures</b>	<b>83,414,516</b>	<b>1,253,869</b>	<b>4,369,443</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,190,870	-	773,705	1,426,334
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,330,221	264,452	428,827	-
Defaulted Exposures	10,319	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>20,531,410</b>	<b>264,452</b>	<b>1,202,532</b>	<b>1,426,334</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>103,945,926</b>	<b>1,518,321</b>	<b>5,571,975</b>	<b>1,426,334</b>

**Note:**

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

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

**30 June 2021**

**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
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,161,451	-	-	-
PSEs	1,186,580	-	2,720	-
Banks, DFIs & MDBs	8,124,404	-	3,731,666	-
Corporates	18,436,564	452,743	342,402	-
Regulatory Retail	2,776,468	33,431	54,083	-
Residential Mortgages	12,610,750	-	-	-
Higher Risk Assets	17,660	-	-	-
Other Assets	1,358,067	-	-	-
Equity Exposure	224,667	-	-	-
Defaulted Exposures	743,092	4,591	3,713	-
<b>Total for On-Balance Sheet Exposures</b>	<b>66,639,703</b>	<b>490,765</b>	<b>4,134,584</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,343,535	-	257,976	1,205,813
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,967,845	139,372	371,537	-
Defaulted Exposures	36,025	-	9,460	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>18,347,405</b>	<b>139,372</b>	<b>638,973</b>	<b>1,205,813</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>84,987,108</b>	<b>630,137</b>	<b>4,773,557</b>	<b>1,205,813</b>

**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures (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 2020  
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
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	18,859,029	-	-	-
PSEs	1,152,467	150,426	3,162	-
Banks, DFIs & MDBs	10,048,297	-	3,647,180	-
Corporates	17,424,903	897,968	338,685	-
Regulatory Retail	2,909,131	47,883	52,719	-
Residential Mortgages	13,165,459	-	-	-
Higher Risk Assets	18,551	-	-	-
Other Assets	1,269,238	-	-	-
Equity Exposure	213,295	-	-	-
Defaulted Exposures	931,906	3,741	2,696	-
<b>Total for On-Balance Sheet Exposures</b>	<b>65,992,276</b>	<b>1,100,018</b>	<b>4,044,442</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,212,781	-	773,705	1,426,334
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,488,970	224,748	361,739	-
Defaulted Exposures	7,264	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>17,709,015</b>	<b>224,748</b>	<b>1,135,444</b>	<b>1,426,334</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>83,701,291</b>	<b>1,324,766</b>	<b>5,179,886</b>	<b>1,426,334</b>

**Note:**

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

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

**4) 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)			
	30 Jun 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	195,809	(218,166)	232,718	(254,271)
USD	74,270	(35,345)	52,128	(23,906)
Others	(3,524)	(555)	4,570	(159)
	<b>266,555</b>	<b>(254,066)</b>	<b>289,416</b>	<b>(278,336)</b>

	Bank (RM'000)			
	30 Jun 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	208,716	(221,301)	247,136	(260,942)
USD	69,415	(34,081)	49,748	(23,650)
Others	(4,879)	(73)	(1,984)	(1,725)
	<b>273,252</b>	<b>(255,455)</b>	<b>294,900</b>	<b>(286,317)</b>

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)			
	30 Jun 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(87,611)	117,758	(6,220)	35,277
USD	(12,510)	6,702	(20,130)	11,540
Others	(302)	129	(2,151)	1,036
	<b>(100,423)</b>	<b>124,589</b>	<b>(28,501)</b>	<b>47,853</b>

	Bank (RM'000)			
	30 Jun 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	15,493	404	101,744	(88,846)
USD	(10,416)	5,790	(6,755)	4,621
Others	304	(268)	(109)	(77)
	<b>5,381</b>	<b>5,926</b>	<b>94,880</b>	<b>(84,302)</b>

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

**4) 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 financial investments at fair value through other comprehensive income (FVOCI) portfolios and cash flow hedges 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)			
	30 Jun 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(106,084)	106,084	(95,513)	95,513
USD	(2,871)	2,871	(5,055)	5,055
	<b>(108,955)</b>	<b>108,955</b>	<b>(100,568)</b>	<b>100,568</b>

	Bank (RM'000)			
	30 Jun 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(77,919)	77,919	(71,838)	71,838
USD	(2,871)	2,871	(5,055)	5,055
	<b>(80,790)</b>	<b>80,790</b>	<b>(76,893)</b>	<b>76,893</b>

**5) Equities**

As at 30 June 2021, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2021 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 15 of the unaudited condensed interim financial statements as at 30 June 2021 on the Group's holdings of equity investments.

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

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### **6) 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 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 outlined 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 decisions 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 a delegated authority of the Shariah Committee in providing Shariah advisory to 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, and expectations for effective Shariah governance arrangements in accordance with the guidelines laid down by Shariah-Regulatory Framework Policy Document (PD) 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 of BNM (SAC) and decisions of 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 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 identify, measure, monitor and report Shariah non-compliance risks in the operations, businesses, affairs and activities of HBMS.

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 Interim Disclosures (Cont'd)**

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

###### **ii) Shariah Advisory**

To perform in-depth research and studies 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 Shariah committee to relevant parties, including the Management, product development and business teams as well as the supporting functions.

###### **iii) Shariah Secretariat**

To coordinate, communicate and disseminate information among the Shariah committee, the board and senior management, and to ensure proper dissemination of decisions or advice of the Shariah Committee within HBMS.

###### **iv) 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 cycle of HBMS products.

#### **Quantitative Disclosure**

##### **a. Shariah Non-Compliance Events:**

During the financial period ending 30 June 2021, no actual Shariah non-compliance event has been identified.

##### **b. Shariah Non-Compliance Income:**

During the financial period ending 30 June 2021, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM944 in the Account was carried forward from 2020 to 2021.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS' management amounted to RM949 as at 30 June 2021 received from transactions via Nostro Accounts has been reversed to the Account.

The balance of RM1,893 in the Account is pending distribution in second half of 2021.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ending 30 June 2021.