

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 2022

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Omar Siddiq bin Amin Noer Rashid, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 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.

.....
OMAR SIDDIQ BIN AMIN NOER RASHID

CHIEF EXECUTIVE OFFICER
21 July 2022

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

The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2022 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 2021 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2021.

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 2021. 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.

In addition to undertaking regulatory-driven stress tests, we conduct our own internal stress tests, 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 either Executive Committee (EXCO) or Risk Management Meeting (RMM) and Risk Committee (RC) for further approval by the Board.

Capital structure

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

- Tier 1 capital ^[1] is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 (AT1) Capital. CET1 Capital includes ordinary share capital ^[2], retained earnings, reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. On 27 June 2022, the Group has issued non-cumulative, non-convertible, redeemable Basel III compliant preference shares which qualify as AT1 Capital ^[2].
- Tier 2 capital ^[1], which includes qualifying subordinated liabilities ^[3] 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 Components) 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 CET1, 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 2022

Group

(RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	8,066,934	14.355	8,066,934	14.355
Tier 1 Capital	9,566,934	17.024	9,566,934	17.024
Tier 2 Capital	706,687	-	706,687	-
Total Capital	10,273,621	18.282	10,273,621	18.282

31 Dec 2021 (restated
after dividend payment)
(RM'000)

Group

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	9,298,885	16.495	9,209,670	16.337
Tier 1 Capital	9,798,885	17.382	9,709,670	17.223
Tier 2 Capital	810,237	-	815,682	-
Total Capital	10,609,122	18.819	10,525,352	18.670

30 June 2022

Bank

(RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	6,227,161	14.356	6,211,321	14.320
Tier 1 Capital	7,727,161	17.814	7,711,321	17.778
Tier 2 Capital	243,384	-	243,384	-
Total Capital	7,970,545	18.375	7,954,705	18.339

31 Dec 2021 (restated
after dividend payment)
(RM'000)

Bank

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	7,374,677	16.576	7,296,486	16.401
Tier 1 Capital	7,874,677	17.700	7,796,486	17.524
Tier 2 Capital	230,783	-	259,767	-
Total Capital	8,105,460	18.219	8,056,253	18.108

^[1] Refer to Note 37 of the unaudited condensed interim financial statements as at 30 June 2022 for the amount and breakdown of capital components.

^[2] Refer to Note 28 of the unaudited condensed interim financial statements as at 30 June 2022 for further details on ordinary share and the Basel III compliant preference share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

^[3] Refer to Note 27 of the unaudited condensed interim financial statements as at 30 June 2022 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 2022, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM3,004m (31 December 2021: RM2,941m) with principal amount of RM3,778m (31 December 2021 : RM3,799m). 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 2022

Group

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	32,883,575	32,883,575	896,662	71,733
PSEs	1,477,038	1,476,987	636,833	50,946
Banks, DFIs & MDBs	8,693,473	4,725,455	1,558,554	124,685
Corporates	22,499,729	21,840,307	20,141,773	1,611,343
Regulatory Retail	5,011,783	4,946,061	3,830,815	306,465
Residential Mortgages	15,570,361	15,570,361	5,810,355	464,829
Higher Risk Assets	19,862	19,712	29,567	2,366
Other Assets	2,289,029	2,289,029	1,368,641	109,491
Equity Exposure	228,178	228,178	228,178	18,254
Defaulted Exposures	887,416	828,754	915,846	73,267
Total for On-Balance Sheet Exposures	89,560,444	84,808,419	35,417,224	2,833,379
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,983,505	2,209,407	1,406,342	112,507
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,276,578	16,677,555	12,213,534	977,082
Defaulted Exposures	30,925	30,924	25,114	2,009
Total for Off-Balance Sheet Exposures	21,291,008	18,917,886	13,644,990	1,091,598
Total On and Off-Balance Sheet Exposures ^[1]	110,851,452	103,726,305	49,062,214	3,924,977
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	39,653,346	40,273,666	(620,320)	1,406,728
Foreign Currency Risk	18,592	161,452	161,452	12,916
Equity Risk	-	-	-	7,531
Options Risk	-	-	-	269,206
	39,671,938	40,435,118	(458,868)	1,844,917
Operational Risk (Standardised Approach)	-	-	-	5,288,202
Operational Risk (Standardised Approach)	-	-	-	423,057
Total RWA and Capital Requirement	-	-	-	56,195,333
				4,495,626

^[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 (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 2021

Group

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	28,703,818	28,703,818	794,183	63,535
PSEs	1,630,745	1,628,871	627,716	50,217
Banks, DFIs & MDBs	8,185,746	3,959,472	1,373,569	109,886
Corporates	23,487,487	22,970,965	20,923,600	1,673,888
Regulatory Retail	5,010,573	4,942,787	3,839,901	307,192
Residential Mortgages	16,207,221	16,207,221	6,081,343	486,507
Higher Risk Assets	21,698	21,548	32,323	2,586
Other Assets	1,846,614	1,846,614	1,224,559	97,965
Equity Exposure	224,667	224,667	224,667	17,973
Defaulted Exposures	990,763	986,128	999,219	79,938
Total for On-Balance Sheet Exposures	86,309,332	81,492,091	36,121,080	2,889,687
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,023,815	1,643,894	950,261	76,021
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,723,097	17,174,705	12,624,020	1,009,922
Defaulted Exposures	59,970	48,711	36,640	2,931
Total for Off-Balance Sheet Exposures	20,806,882	18,867,310	13,610,921	1,088,874
Total On and Off-Balance Sheet Exposures ^[1]	107,116,214	100,359,401	49,732,001	3,978,561
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	33,601,472	34,535,616	(934,144)	1,150,776
Foreign Currency Risk	25,964	64,990	68,568	68,568
Equity Risk	-	-	-	3,687
Options Risk	-	-	-	50,683
	33,627,436	34,600,606	(865,576)	1,273,714
Operational Risk (Standardised Approach)	-	-	-	5,369,068
Total RWA and Capital Requirement	-	-	-	56,374,783
				4,509,983

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 (3) (ii) CRM within this disclosure document.

Refer to Note 37 of the unaudited condensed interim financial statements as at 30 June 2022 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 2022

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	27,045,357	27,045,357	849,953	67,996
PSEs	1,005,721	1,005,670	365,530	29,242
Banks, DFIs & MDBs	10,595,534	6,627,515	1,677,635	134,211
Corporates	16,266,388	15,764,462	14,470,899	1,157,672
Regulatory Retail	2,860,912	2,807,340	2,106,217	168,497
Residential Mortgages	11,899,861	11,899,861	4,436,171	354,894
Higher Risk Assets	14,894	14,894	22,341	1,787
Other Assets	1,706,738	1,706,738	1,314,099	105,128
Equity Exposure	228,178	228,178	228,178	18,254
Defaulted Exposures	538,300	531,031	613,742	49,099
Total for On-Balance Sheet Exposures	72,161,883	67,631,046	26,084,765	2,086,780
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,153,507	2,279,409	1,253,643	100,291
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,626,584	13,133,347	9,642,843	771,427
Defaulted Exposures	12,218	12,218	10,404	832
Total for Off-Balance Sheet Exposures	17,792,309	15,424,974	10,906,890	872,550
Total On and Off-Balance Sheet Exposures ^[1]	89,954,192	83,056,020	36,991,655	2,959,330
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	37,285,418	36,122,631	1,162,787	1,326,043
Foreign Currency Risk	15,876	157,154	157,154	12,572
Equity Risk	-	-	-	7,531
Options Risk	-	-	-	269,206
	37,301,294	36,279,785	1,319,941	1,759,934
Operational Risk (Standardised Approach)	-	-	-	4,625,059
Total RWA and Capital Requirement	-	-	-	43,376,648
				3,470,128

^[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 (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 2021

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,691,496	22,691,496	656,565	52,525
PSEs	952,387	950,513	310,188	24,815
Banks, DFIs & MDBs	9,389,678	5,163,404	1,422,137	113,771
Corporates	18,033,569	17,695,647	16,187,846	1,295,028
Regulatory Retail	2,867,026	2,811,897	2,104,613	168,369
Residential Mortgages	12,404,274	12,404,274	4,639,803	371,184
Higher Risk Assets	16,645	16,645	24,968	1,997
Other Assets	1,476,812	1,476,812	1,155,005	92,400
Equity Exposure	224,667	224,667	224,667	17,973
Defaulted Exposures	677,284	673,818	687,879	55,030
Total for On-Balance Sheet Exposures	68,733,838	64,109,173	27,413,671	2,193,092
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,074,449	1,694,529	874,632	69,971
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,305,177	13,847,768	10,208,972	816,718
Defaulted Exposures	53,790	44,790	27,604	2,208
Total for Off-Balance Sheet Exposures	17,433,416	15,587,087	11,111,208	888,897
Total On and Off-Balance Sheet Exposures ⁽¹⁾	86,167,254	79,696,260	38,524,879	3,081,989
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	32,095,479	31,840,167	255,312	1,093,889
Foreign Currency Risk	22,047	64,651	64,651	5,172
Equity Risk	-	-	-	3,687
Options Risk	-	-	-	50,683
	32,117,526	31,904,818	319,963	1,212,910
Operational Risk (Standardised Approach)	-	-	-	4,751,416
				380,113
Total RWA and Capital Requirement	-	-	-	44,489,205
				3,559,135

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 (3) (ii) CRM within this disclosure document.

Refer to Note 37 of the unaudited condensed interim financial statements as at 30 June 2022 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 for credit risk of the Group and the Bank at balance sheet date.

30 June 2022

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	28,419,493	-	-	46,246	21,613	-	-	920,386	-	29,407,738	-
20%	4,635,565	1,234,577	3,958,920	3,517,360	22,416	-	-	-	-	13,368,838	2,673,767
35%	-	-	-	-	-	16,891,002	-	-	-	16,891,002	5,911,850
50%	-	180,803	2,023,063	472,849	23,402	956,794	-	-	-	3,656,911	1,828,456
75%	-	-	-	-	7,081,185	512,290	-	-	-	7,593,475	5,695,107
100%	-	1,069,765	353,253	28,258,159	725,973	514,989	-	1,368,640	228,178	32,518,957	32,518,957
150%	-	-	355	41,189	125,194	100,169	22,477	-	-	289,384	434,077
625%	-	-	-	-	-	-	-	-	-	-	-
Total										103,726,305	49,062,214
Average Risk Weight	3%	57%	34%	90%	78%	39%	150%	60%	100%	47%	

31 Dec 2021

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%	24,749,942	-	-	36,789	16,237	-	-	622,075	-	25,425,043	-
20%	3,974,667	1,405,759	3,556,615	3,788,399	29,609	-	-	-	-	12,755,049	2,551,010
35%	-	-	-	-	-	17,424,137	-	-	-	17,424,137	6,098,448
50%	-	180,198	1,802,885	785,672	8,938	1,008,312	-	-	-	3,786,005	1,893,003
75%	-	-	-	-	7,000,861	555,523	-	-	-	7,556,384	5,667,288
100%	-	876,008	417,197	28,978,196	880,893	592,386	-	1,224,536	224,667	33,193,883	33,193,883
150%	-	-	483	22,153	58,634	112,428	25,198	-	-	218,896	328,344
625%	-	-	-	-	-	-	-	4	-	4	25
Total										100,359,401	49,732,001
Average Risk Weight	3%	51%	35%	90%	78%	40%	150%	66%	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)

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

30 June 2022

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	22,795,819	-	-	27,302	10,268	-	-	392,638	-	23,226,027	-
20%	4,402,020	859,320	6,828,410	2,903,418	22,416	-	-	-	-	15,015,584	3,003,117
35%	-	-	-	-	-	13,118,618	-	-	-	13,118,618	4,591,516
50%	-	180,803	1,272,016	109,155	2,733	697,453	-	-	-	2,262,160	1,131,080
75%	-	-	-	-	4,716,919	399,219	-	-	-	5,116,138	3,837,104
100%	-	669,450	286,107	21,096,510	121,235	379,225	-	1,314,099	228,178	24,094,804	24,094,804
150%	-	-	355	38,302	101,782	65,153	17,097	-	-	222,689	334,034
625%	-	-	-	-	-	-	-	-	-	-	-
Total										83,056,020	36,991,655
Average Risk Weight	3%	54%	27%	90%	77%	39%	150%	77%	100%	45%	

31 Dec 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%	19,408,911	-	-	22,718	9,409	-	-	321,827	-	19,762,865	-
20%	3,286,576	874,845	5,431,699	3,070,347	29,609	-	-	-	-	12,693,076	2,538,615
35%	-	-	-	-	-	13,570,957	-	-	-	13,570,957	4,749,835
50%	-	180,198	1,171,696	355,660	2,782	738,842	-	-	-	2,449,178	1,224,589
75%	-	-	-	-	4,690,004	441,707	-	-	-	5,131,711	3,848,783
100%	-	564,055	382,225	22,989,474	197,981	425,959	-	1,154,982	224,667	25,939,343	25,939,343
150%	-	-	483	22,150	32,011	74,911	19,571	-	-	149,126	223,689
625%	-	-	-	-	-	-	-	4	-	4	25
Total										79,696,260	38,524,879
Average Risk Weight	3%	51%	29%	90%	76%	39%	150%	78%	100%	48%	

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 2022				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	87,065	72,979	390,699	27,881	578,624
Term loans/financing					
Housing loans/financing	2,682,375	2,182,186	9,768,476	727,649	15,360,686
Syndicated term loan/financing	17,169	77,371	3,782,066	-	3,876,606
Factoring receivables	38,723	104,663	518,478	3,607	665,471
Hire purchase receivables	65,366	60,051	63,144	16,723	205,284
Other term loans/financing	885,615	1,224,136	6,468,476	385,502	8,963,729
Bills receivables	230,517	112,959	4,056,919	23,966	4,424,361
Trust receipts	544,903	1,277,167	2,152,415	89,872	4,064,357
Claims on customers under acceptance credits	313,603	194,851	299,997	10,180	818,631
Staff loans/financing	5,287	3,614	38,809	1,890	49,600
Credit/charge cards	583,332	496,104	2,066,909	247,100	3,393,445
Revolving financing	407,909	292,205	6,104,216	7,343	6,811,673
Other loans/financing	2,380	1,921	5,869	332	10,502
	5,864,244	6,100,207	35,716,473	1,542,045	49,222,969

Group (RM'000)	31 Dec 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	87,199	70,623	461,407	38,354	657,583
Term loans/financing					
Housing loans/financing	2,790,886	2,278,132	10,131,952	772,788	15,973,758
Syndicated term loan/financing	9,786	93,747	3,629,606	-	3,733,139
Factoring receivables	33,718	97,358	534,331	1,932	667,339
Hire purchase receivables	64,227	56,237	69,460	20,624	210,548
Other term loans/financing	1,081,846	1,286,758	7,141,667	389,637	9,899,908
Bills receivables	189,256	86,525	4,850,139	21,527	5,147,447
Trust receipts	504,448	868,588	1,773,393	98,472	3,244,901
Claims on customers under acceptance credits	292,069	300,888	263,772	9,808	866,537
Staff loans/financing	5,857	3,943	41,199	2,293	53,292
Credit/charge cards	579,912	477,786	1,989,504	252,720	3,299,922
Revolving financing	405,578	286,387	6,811,939	44,701	7,548,605
Other loans/financing	2,926	1,994	6,798	3,538	15,256
	6,047,708	5,908,966	37,705,167	1,656,394	51,318,235

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

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

The Southern region consists of the states of Johor, 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)

		30 June 2022			
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	65,449	49,977	348,547	27,881	491,854
Term loans/financing					
Housing loans/financing	2,200,050	1,740,533	7,066,296	612,748	11,619,627
Syndicated term loan/financing	-	77,371	2,772,757	-	2,850,128
Factoring receivables	38,723	104,663	518,478	3,607	665,471
Other term loans/financing	539,351	675,594	3,656,035	254,338	5,125,318
Bills receivables	143,158	55,715	3,314,225	23,966	3,537,064
Trust receipts	539,006	1,238,423	1,444,393	89,872	3,311,694
Claims on customers under acceptance credits	215,249	134,059	215,394	9,623	574,325
Staff loans/financing	4,898	3,609	37,407	1,890	47,804
Credit/charge cards	388,667	313,502	1,401,821	195,795	2,299,785
Revolving financing	212,056	247,555	4,257,100	7,343	4,724,054
Other loans/financing	1,666	1,314	4,039	325	7,344
	4,348,273	4,642,315	25,036,492	1,227,388	35,254,468

	31 Dec 2021				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	71,087	53,980	424,069	38,354	587,490
Term loans/financing					
Housing loans/financing	2,293,314	1,811,568	7,359,613	651,750	12,116,245
Syndicated term loan/financing	-	93,747	2,617,150	-	2,710,897
Factoring receivables	33,718	97,358	534,331	1,932	667,339
Other term loans/financing	738,480	718,580	4,961,981	268,976	6,688,017
Bills receivables	123,332	20,241	3,834,691	21,461	3,999,725
Trust receipts	500,127	806,041	1,382,471	98,472	2,787,111
Claims on customers under acceptance credits	216,635	241,161	200,892	9,351	668,039
Staff loans/financing	5,572	3,937	40,003	2,293	51,805
Credit/charge cards	386,695	298,854	1,341,712	198,839	2,226,100
Revolving financing	366,627	234,612	4,778,539	44,701	5,424,479
Other loans/financing	2,194	1,280	4,552	3,514	11,540
	4,737,781	4,381,359	27,480,004	1,339,643	37,938,787

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

		30 June 2022				
Group (RM'000)		Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i		2,218	4,293	6,387	1,309	14,207
Term loans/financing						
Housing loans/financing		347,234	321,086	1,418,824	86,345	2,173,489
Syndicated term loan/financing		-	-	237,708	-	237,708
Factoring receivables		-	-	2,687	-	2,687
Hire purchase receivables		-	222	172	-	394
Other term loans/financing		59,347	127,990	555,848	36,853	780,038
Bills receivables		-	1,914	29,854	-	31,768
Trust receipts		1,019	6,426	4,964	-	12,409
Claims on customers under acceptance credits		-	-	5,844	-	5,844
Staff loans/financing		-	-	1,110	-	1,110
Credit/charge cards		9,443	10,338	35,405	3,650	58,836
Revolving financing		-	19,009	296,740	-	315,749
Other loans/financing		2,097	1,705	5,457	272	9,531
		421,358	492,983	2,601,000	128,429	3,643,770

		31 Dec 2021				
Group (RM'000)		Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i		3,106	13,319	59,173	9,504	85,102
Term loans/financing						
Housing loans/financing		327,953	314,010	1,275,015	80,965	1,997,943
Syndicated term loan/financing		-	-	237,708	-	237,708
Hire purchase receivables		-	-	172	-	172
Other term loans/financing		59,478	132,775	610,433	31,155	833,841
Bills receivables		-	2,128	37,591	-	39,719
Trust receipts		-	-	1,701	-	1,701
Claims on customers under acceptance credits		1,720	9,500	22,390	-	33,610
Staff loans/financing		-	-	527	-	527
Credit/charge cards		11,317	12,215	41,890	4,642	70,064
Revolving financing		-	19,502	226,368	11,347	257,217
Other loans/financing		2,752	1,739	6,116	3,459	14,066
		406,326	505,188	2,519,084	141,072	3,571,670

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 2022				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	1,825	1,594	2,931	1,309	7,659
Term loans/financing					
Housing loans/financing	277,569	238,339	958,103	74,008	1,548,019
Syndicated term loan/financing	-	-	237,708	-	237,708
Factoring receivables	-	-	2,687	-	2,687
Other term loans/financing	36,234	106,745	252,708	22,685	418,372
Bills receivables	-	-	2,619	-	2,619
Trust receipts	1,019	6,426	4,964	-	12,409
Claims on customers under acceptance credits	-	-	5,844	-	5,844
Staff loans/financing	-	-	1,110	-	1,110
Credit/charge cards	6,434	6,853	23,438	2,806	39,531
Revolving financing	-	19,009	5,388	-	24,397
Other loans/financing	1,407	1,202	3,787	265	6,661
	324,488	380,168	1,501,287	101,073	2,307,016

	31 Dec 2021				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	2,713	10,480	55,265	9,504	77,962
Term loans/financing					
Housing loans/financing	263,281	236,198	856,256	70,558	1,426,293
Syndicated term loan/financing	-	-	237,708	-	237,708
Other term loans/financing	35,279	110,262	310,751	21,891	478,183
Bills receivables	-	-	4,145	-	4,145
Trust receipts	-	-	1,701	-	1,701
Claims on customers under acceptance credits	1,720	9,500	22,390	-	33,610
Staff loans/financing	-	-	527	-	527
Credit/charge cards	7,270	7,620	27,942	3,296	46,128
Revolving financing	-	19,502	48,948	11,347	79,797
Other loans/financing	2,032	1,115	4,014	3,444	10,605
	312,295	394,677	1,569,647	120,040	2,396,659

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 2022					
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	578,624	-	-	-	578,624
Term loans/financing					
Housing loans/financing	69,289	60,780	139,628	15,090,989	15,360,686
Syndicated term loan/financing	2,165,611	1,488,851	204,975	17,169	3,876,606
Factoring receivables	636,003	-	29,468	-	665,471
Hire purchase receivables	7,849	76,985	120,450	-	205,284
Other term loans/financing	914,926	2,424,293	2,203,839	3,420,671	8,963,729
Bills receivables	4,424,361	-	-	-	4,424,361
Trust receipts	4,064,357	-	-	-	4,064,357
Claims on customers under acceptance credits	818,631	-	-	-	818,631
Staff loans/financing	762	4,788	10,997	33,053	49,600
Credit/charge cards	3,393,445	-	-	-	3,393,445
Revolving financing	6,811,673	-	-	-	6,811,673
Other loans/financing	10,502	-	-	-	10,502
	23,896,033	4,055,697	2,709,357	18,561,882	49,222,969

31 Dec 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	657,583	-	-	-	657,583
Term loans/financing					
Housing loans/financing	54,633	59,546	133,486	15,726,093	15,973,758
Syndicated term loan/financing	2,896,458	530,253	165,657	140,771	3,733,139
Factoring receivables	634,436	-	32,903	-	667,339
Hire purchase receivables	10,218	80,026	120,304	-	210,548
Other term loans/financing	559,936	3,515,237	2,492,440	3,332,295	9,899,908
Bills receivables	5,147,447	-	-	-	5,147,447
Trust receipts	3,244,901	-	-	-	3,244,901
Claims on customers under acceptance credits	866,537	-	-	-	866,537
Staff loans/financing	1,279	5,201	11,410	35,402	53,292
Credit/charge cards	3,299,922	-	-	-	3,299,922
Revolving financing	7,548,605	-	-	-	7,548,605
Other loans/financing	15,256	-	-	-	15,256
	24,937,211	4,190,263	2,956,200	19,234,561	51,318,235

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 2022			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	491,854	-	-	-	491,854
Term loans/financing					
Housing loans/financing	47,271	55,871	120,591	11,395,894	11,619,627
Syndicated term loan/financing	1,931,590	865,537	53,001	-	2,850,128
Factoring receivables	636,003	-	29,468	-	665,471
Other term loans/financing	659,490	1,445,804	1,226,167	1,793,857	5,125,318
Bills receivables	3,537,064	-	-	-	3,537,064
Trust receipts	3,311,694	-	-	-	3,311,694
Claims on customers under acceptance credits	574,325	-	-	-	574,325
Staff loans/financing	748	4,635	10,510	31,911	47,804
Credit/charge cards	2,299,785	-	-	-	2,299,785
Revolving financing	4,724,054	-	-	-	4,724,054
Other loans/financing	7,344	-	-	-	7,344
	18,221,222	2,371,847	1,439,737	13,221,662	35,254,468

		31 Dec 2021			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	587,490	-	-	-	587,490
Term loans/financing					
Housing loans/financing	49,451	56,316	117,936	11,892,542	12,116,245
Syndicated term loan/financing	2,102,519	468,812	139,566	-	2,710,897
Factoring receivables	634,436	-	32,903	-	667,339
Other term loans/financing	210,325	3,069,845	1,600,708	1,807,139	6,688,017
Bills receivables	3,999,725	-	-	-	3,999,725
Trust receipts	2,787,111	-	-	-	2,787,111
Claims on customers under acceptance credits	668,039	-	-	-	668,039
Staff loans/financing	1,267	5,076	11,056	34,406	51,805
Credit/charge cards	2,226,100	-	-	-	2,226,100
Revolving financing	5,424,479	-	-	-	5,424,479
Other loans/financing	11,540	-	-	-	11,540
	18,702,482	3,600,049	1,902,169	13,734,087	37,938,787

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 2022														
Group (RM'000)														
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	6,425	-	-	-	2,457	25,782	-	-	8,968	-	856	135,170	-	179,658
Mining and quarrying	11,059	-	-	-	641	31,364	24,750	21,548	2,556	-	110	168,880	-	260,908
Manufacturing	171,695	-	246,736	240,016	113,690	1,853,575	730,694	2,265,487	498,182	-	12,878	1,012,757	212	7,145,922
Electricity, gas and water	1,950	-	-	106	-	14,589	2,821	1,611	4,344	-	37	135,799	-	161,257
Construction	54,691	-	311,593	5,864	204	942,892	108,592	178,468	21,028	-	422	1,497,000	-	3,120,754
Real estate	8,553	-	1,621,571	-	-	1,837,557	-	13,089	495	-	16	712,716	-	4,193,997
Wholesale & retail trade and restaurants & hotels	153,986	-	31,936	205,146	20,733	681,107	433,860	1,307,259	264,206	-	6,659	807,490	294	3,912,676
Transport, storage and communication	23,907	-	-	2,209	23,552	427,849	103,553	48,257	7,282	-	500	74,495	11	711,615
Finance, insurance/takaful and business services	71,308	-	237,708	105,907	5,306	305,905	90,691	56,967	7,967	-	5,093	1,980,461	166	2,867,479
Household-retail	60,659	15,360,686	-	-	-	2,210,612	-	-	-	49,600	3,365,483	-	9,708	21,056,748
Others	14,391	-	1,427,062	106,223	38,701	632,497	2,929,400	171,671	3,603	-	1,391	286,905	111	5,611,955
	578,624	15,360,686	3,876,606	665,471	205,284	8,963,729	4,424,361	4,064,357	818,631	49,600	3,393,445	6,811,673	10,502	49,222,969

31 Dec 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	11,612	-	-	-	-	32,889	-	-	14,760	-	61	15,027	-	74,349
Mining and quarrying	7,898	-	-	-	763	77,781	13,362	5,461	3,381	-	157	80,109	-	188,912
Manufacturing	196,390	-	269,501	304,918	119,900	2,425,704	707,883	1,780,379	490,703	-	11,136	1,106,250	4,112	7,416,876
Electricity, gas and water	2,302	-	-	62	-	16,854	204,173	3,702	4,121	-	37	136,305	-	367,556
Construction	49,095	-	154,457	-	760	1,033,990	115,547	177,920	15,410	-	207	1,846,878	2	3,394,266
Real estate	10,021	-	1,621,567	-	-	2,012,137	-	4,880	435	-	39	821,944	-	4,471,023
Wholesale & retail trade and restaurants & hotels	213,736	-	33,841	184,921	23,652	673,234	504,914	1,039,850	325,715	-	4,202	1,066,831	395	4,071,291
Transport, storage and communication	21,236	-	-	4,110	25,254	331,224	22,698	41,350	5,506	-	352	137,166	57	588,953
Finance, insurance/takaful and business services	68,118	-	237,708	126,486	6,877	339,538	46,840	56,546	4,070	-	3,277	2,040,285	159	2,929,904
Household-retail	61,864	15,973,758	-	-	-	2,311,541	-	-	-	53,292	3,279,949	-	10,412	21,690,816
Others	15,311	-	1,416,065	46,842	33,342	645,016	3,532,030	134,813	2,436	-	505	297,810	119	6,124,289
	657,583	15,973,758	3,733,139	667,339	210,548	9,899,908	5,147,447	3,244,901	866,537	53,292	3,299,922	7,548,605	15,256	51,318,235

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 2022 Bank (RM'000)												
Overdraft	Housing loans/financing	Syndicated term loans/financing	Factoring receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/financing	Credit/charge cards	Revolving financing	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	4,791	-	-	19,333	-	-	8,968	-	856	-	-	33,948
Mining and quarrying	7,646	-	-	13,881	-	4,205	556	-	110	75,117	-	101,515
Manufacturing	143,824	-	77,593	240,016	1,099,321	577,753	1,951,288	355,189	12,878	922,815	132	5,380,809
Electricity, gas and water	1,949	-	-	106	9,263	-	1,611	2,478	37	2,002	-	17,446
Construction	43,510	-	311,593	5,864	558,797	30,662	173,428	8,900	422	1,014,388	-	2,147,564
Real estate	8,553	-	1,326,119	-	978,915	-	13,089	495	16	525,845	-	2,853,032
Wholesale & retail trade and restaurants & hotels	141,694	-	31,936	205,146	483,493	236,416	982,845	183,586	6,659	746,148	277	3,018,200
Transport, storage and communication	21,511	-	-	2,209	323,913	96,372	14,654	5,279	500	17,350	11	481,799
Finance, insurance/takaful and business services	56,146	-	237,708	105,907	249,455	50,964	56,967	5,271	5,093	1,277,330	-	2,044,841
Household-retail	60,648	11,619,627	-	998,730	-	-	-	47,804	2,271,823	-	6,813	15,005,445
Others	1,582	-	865,179	106,223	390,217	2,544,897	113,607	3,603	1,391	143,059	111	4,169,869
	491,854	11,619,627	2,850,128	665,471	5,125,318	3,537,064	3,311,694	574,325	47,804	2,299,785	7,344	35,254,468

31 Dec 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	9,897	-	-	25,592	-	-	13,164	-	61	15,027	-	63,741
Mining and quarrying	5,594	-	-	25,408	-	2,598	2,155	-	157	75,101	-	111,013
Manufacturing	171,773	-	102,639	304,918	1,738,607	545,831	1,663,939	387,067	11,136	1,000,987	3,529	5,930,426
Electricity, gas and water	2,131	-	-	62	11,250	-	3,702	3,502	37	2,003	-	22,687
Construction	45,111	-	154,457	-	781,157	38,182	155,678	5,236	207	1,250,419	2	2,430,449
Real estate	10,021	-	1,326,107	-	1,637,566	-	4,880	435	39	535,220	-	3,514,268
Wholesale & retail trade and restaurants & hotels	201,738	-	33,841	184,921	501,632	244,450	806,002	248,259	4,202	1,006,747	365	3,232,157
Transport, storage and communication	20,552	-	-	4,110	317,597	17,988	1,956	3,015	352	77,005	57	442,632
Finance, insurance/takaful and business services	57,172	-	237,708	126,486	258,709	30,348	56,546	2,770	3,277	1,256,638	2	2,029,656
Household-retail	61,843	12,116,245	-	1,051,781	-	-	-	51,805	2,206,127	-	7,468	15,495,269
Others	1,658	-	856,145	46,842	338,718	3,122,926	91,810	2,436	505	205,332	117	4,666,489
	587,490	12,116,245	2,710,897	667,339	6,688,017	3,999,725	2,787,111	668,039	51,805	2,226,100	11,540	37,938,787

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 2022 Group (RM'000)												
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	1,219	-	-	-	2,182	-	-	-	-	-	-	3,401
Manufacturing	6,522	-	-	394	4,407	6,102	6,426	4,299	-	-	212	28,362
Electricity, gas and water	1,471	-	-	-	-	1,127	-	-	-	133,797	-	136,395
Construction	835	-	-	-	18,778	2,619	1,205	-	-	113,627	-	137,064
Real estate	-	-	-	-	97,414	-	-	-	-	19,009	-	116,423
Wholesale & retail trade and restaurants & hotels	376	-	-	-	14,482	241	19	1,545	-	-	294	19,644
Transport, storage and communication	-	-	-	-	-	1,532	49	-	-	802	11	2,394
Finance, insurance/takaful and business services	1,359	-	237,708	-	8,516	3,669	3,583	-	-	43,928	166	298,929
Household-retail	2,425	2,173,489	-	-	632,113	-	-	1,110	58,836	-	8,737	2,876,710
Others	-	-	-	-	2,146	17,605	-	-	-	4,586	111	24,448
14,207	2,173,489	237,708	394	780,038	31,768	12,409	5,844	1,110	58,836	315,749	9,531	3,643,770

31 Dec 2021 Group (RM'000)												
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	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	214	-	-	-	-	-	-	-	-	-	-	214
Manufacturing	27,873	-	-	172	9,440	14,876	62	30,345	-	17,495	4,112	104,375
Electricity, gas and water	1,506	-	-	-	-	1,530	-	-	-	-	-	3,036
Construction	580	-	-	-	18,533	4,145	-	-	-	136,015	2	159,275
Real estate	578	-	-	-	97,079	-	-	-	-	19,502	-	117,159
Wholesale & retail trade and restaurants & hotels	50,091	-	-	-	15,115	615	109	3,265	-	-	375	69,570
Transport, storage and communication	-	-	-	-	51,719	-	-	-	-	38,729	57	90,505
Finance, insurance/takaful and business services	1,602	-	237,708	-	7,553	3,835	-	-	-	41,405	158	292,261
Household-retail	2,658	1,997,943	-	-	632,055	-	-	527	70,064	-	9,243	2,712,490
Others	-	-	-	-	2,347	16,248	-	-	-	4,071	119	22,785
85,102	1,997,943	237,708	172	833,841	39,719	1,701	33,610	527	70,064	257,217	14,066	3,571,670

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 2022											
Bank (RM'000)											
Overdraft	Housing loans/ financing	Syndicated term loans/financing	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	1,080	-	-	2,182	-	-	-	-	-	-	3,262
Manufacturing	1,473	-	-	2,399	-	6,426	4,299	-	-	132	14,729
Electricity, gas and water	1,471	-	-	-	-	1,127	-	-	-	-	2,598
Construction	835	-	-	17,451	2,619	1,205	-	-	-	-	22,110
Real estate	-	-	-	93,596	-	-	-	-	19,009	-	112,605
Wholesale & retail trade and restaurants & hotels	376	-	-	7,356	-	19	1,545	-	-	277	12,260
Transport, storage and communication	-	-	-	-	-	49	-	-	802	11	862
Finance, insurance/takaful and business services	-	-	237,708	2,239	-	3,583	-	-	-	-	243,530
Household-retail	2,424	1,548,019	-	291,779	-	-	1,110	39,531	-	6,130	1,888,993
Others	-	-	-	1,370	-	-	-	-	4,586	111	6,067
	7,659	1,548,019	237,708	418,372	2,619	12,409	5,844	1,110	39,531	24,397	2,307,016

31 Dec 2021											
Bank (RM'000)											
Overdraft	Housing loans/ financing	Syndicated term loans/financing	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	22,551	-	-	4,891	-	62	30,345	-	-	17,495	78,873
Electricity, gas and water	1,506	-	-	-	-	1,530	-	-	-	-	3,036
Construction	580	-	-	17,627	4,145	-	-	-	-	2	22,354
Real estate	578	-	-	97,079	-	-	-	-	19,502	-	117,159
Wholesale & retail trade and restaurants & hotels	50,091	-	-	7,548	-	109	3,265	-	-	346	61,359
Transport, storage and communication	-	-	-	51,719	-	-	-	-	38,729	57	90,505
Finance, insurance/takaful and business services	-	-	237,708	1,277	-	-	-	-	-	-	238,985
Household-retail	2,656	1,426,293	-	296,523	-	-	527	46,128	-	6,554	1,778,681
Others	-	-	-	1,519	-	-	-	-	4,071	117	5,707
	77,962	1,426,293	237,708	478,183	4,145	1,701	33,610	527	46,128	79,797	2,396,659

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 ^[1]

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Agricultural, hunting, forestry and fishing	3,015	3,384	3,015	3,170
Manufacturing	16,107	66,114	9,441	63,298
Electricity, gas and water	136,398	3,036	2,601	3,036
Construction	25,934	4,780	22,997	4,774
Real estate	11,352	12,535	11,036	12,535
Wholesale & retail trade and restaurants & hotels	23,089	64,612	16,771	58,161
Transport, storage and communication	2,721	19,334	2,086	18,686
Finance, insurance/takaful and business services	298,572	53,127	246,195	2,997
Household-retail	1,664,638	996,624	1,141,354	722,699
Others	284,620	194,466	265,397	177,388
	2,466,446	1,418,012	1,720,893	1,066,744

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

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Northern region	291,534	188,885	232,545	151,747
Southern region	307,369	206,760	223,803	157,630
Central region	1,790,964	948,832	1,204,222	691,706
Eastern region	76,579	73,535	60,323	65,661
	2,466,446	1,418,012	1,720,893	1,066,744

Table 8: Impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Agricultural, hunting, forestry and fishing	241	164	232	156
Mining and quarrying	80	86	23	72
Manufacturing	11,472	84,190	2,166	70,337
Electricity, gas and water	57,933	1,205	817	961
Construction	116,903	137,340	15,428	33,606
Real estate	43,142	58,288	41,605	50,493
Wholesale & retail trade and restaurants & hotels	23,630	76,129	21,923	74,198
Transport, storage and communication	4,980	52,541	4,160	52,363
Finance, insurance/takaful and business services	297,643	239,698	245,320	187,704
Household-retail	609,992	638,739	301,596	313,050
Others	18,968	20,951	1,547	3,009
	1,184,984	1,309,331	634,817	785,949

Table 9: Impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Northern region	77,796	87,671	42,296	48,462
Southern region	104,913	133,276	69,786	89,587
Central region	978,739	1,034,814	508,511	604,927
Eastern region	23,536	53,570	14,224	42,973
	1,184,984	1,309,331	634,817	785,949

^[1] of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 18 (ii) and 13 (iv) of the unaudited condensed interim financial statements as at 30 June 2022 respectively.

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 2022.

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

Charges / (Release)	Group (RM'000)		Bank (RM'000)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Agricultural, hunting, forestry and fishing	77	(186)	75	(154)
Mining and quarrying	(6)	68,515	(49)	68,285
Manufacturing	(12,336)	2,222	(8,428)	(1,938)
Electricity, gas and water	54,109	6	(144)	(31)
Construction	(20,438)	114,058	(18,178)	19,998
Real estate	(14,661)	(31,189)	(8,402)	(34,895)
Wholesale & retail trade and restaurants & hotels	(962)	11,474	(733)	12,116
Transport, storage and communication	(32,047)	(142)	(32,690)	512
Finance, insurance/takaful and business services	54,849	204,539	56,864	170,614
Household-retail	(16,182)	24,502	1,710	54,176
Others	(3,028)	65,923	(1,532)	7,230
	9,375	459,722	(11,507)	295,913

The breakdown of loan/financing impairment provisions during the year is disclosed in Note 34 (i) of the unaudited condensed interim financial statements as at 30 June 2022.

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

3) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

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

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

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

For the purpose of Pillar 3 reporting to BNM, the Group and the Bank use 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) ECAIs (Cont'd)

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

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

Short Term Rating Category		1	2	3	4	5
Rating Agency	S & P	A-1	A-2	A-3	Others	Unrated
	Moody's	P-1	P-2	P-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated

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

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 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 2022

Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	28,419,493	4,635,566	-	-	-	-		33,055,059
PSEs								
- Exposures risk-weighted using ratings of Corporates	168,664	180,803	83,723	-	-	-		433,190
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,337,509	4,252,357	1,741,253	17,530	298,734	-		7,647,383
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	11,534	-	-	-	-	-		11,534
- Exposures risk-weighted using ratings of Banking Institutions	3,606	313	-	-	-	-		3,919
- Exposures risk-weighted using ratings of Corporates	3,259,970	115,698	481,971	-	-	-		3,857,639
	33,200,776	9,184,737	2,306,947	17,530	298,734	-	-	45,008,724
(ii) Total unrated exposures							62,350,344	62,350,344
Total Long Term Exposure	33,200,776	9,184,737	2,306,947	17,530	298,734	-	62,350,344	107,359,068

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2022

Group (RM '000)

Group (RM 000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
PSEs						
- Exposures risk-weighted using ratings of Corporates	65,841	-	-	-		65,841
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	1,622,110	1,052,444	88,363	-		2,762,917
Corporates						
- Exposures risk-weighted using ratings of Corporates	657,740	5,886	-	-		663,626
	2,345,691	1,058,330	88,363	-	-	3,492,384
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	2,345,691	1,058,330	88,363	-	-	3,492,384

Group Total Long Term and Short Term Exposure :	110,851,452
---	-------------

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	24,749,942	3,980,739	-	-	-	-		28,730,681
PSEs								
- Exposures risk-weighted using ratings of Corporates	164,164	179,274	88,962	-	-	-		432,400
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,100,909	4,593,133	1,485,853	123,011	391,516	-		7,694,422
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	3,989	-	-	-	-	-		3,989
- Exposures risk-weighted using ratings of Banking Institutions	3,768	312	-	-	-	-		4,080
- Exposures risk-weighted using ratings of Corporates	3,421,523	163,995	466,566	-	-	-		4,052,084
	29,444,295	8,917,453	2,041,381	123,011	391,516	-	-	40,917,656
(ii) Total unrated exposures								
							61,869,388	61,869,388
Total Long Term Exposure								
	29,444,295	8,917,453	2,041,381	123,011	391,516	-	61,869,388	102,787,044

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

Group (RM '000)

Group (RM: 000)

Exposure Class	Short Term Rating Category					
	1	2	3	4	5	Total
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
PSEs						
- Exposures risk-weighted using ratings of Corporates	241,209	-	-	-	-	241,209
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,132,836	710,416	274,186	-	-	3,117,438
Corporates						
- Exposures risk-weighted using ratings of Corporates	962,782	7,741	-	-	-	970,523
	3,336,827	718,157	274,186	-	-	4,329,170
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	3,336,827	718,157	274,186	-	-	4,329,170
Group Total Long Term and Short Term Exposure :						
						107,116,214

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 2022

Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	22,795,819	4,402,020	-	-	-	-		27,197,839
PSEs								
- Exposures risk-weighted using ratings of Corporates	109,266	180,803	83,723	-	-	-		373,792
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,984,962	3,888,749	1,741,253	17,530	286,350	-		7,918,844
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	6,486	-	-	-	-	-		6,486
- Exposures risk-weighted using ratings of Banking Institutions	3,606	313	-	-	-	-		3,919
- Exposures risk-weighted using ratings of Corporates	2,666,139	105,684	469,119	-	-	-		3,240,942
	27,566,278	8,577,569	2,294,095	17,530	286,350	-	-	38,741,822
(ii) Total unrated exposures								
							46,197,458	46,197,458
Total Long Term Exposure								
	27,566,278	8,577,569	2,294,095	17,530	286,350	-	46,197,458	84,939,280

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2022

Bank (RM '000)

Exposure Class	Short Term Rating Category					
	1	2	3	4	5	Total
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	3,580,505	1,051,944	88,363	-		4,720,812
Corporates						
- Exposures risk-weighted using ratings of Corporates	288,214	5,886	-	-		294,100
	3,868,719	1,057,830	88,363	-	-	5,014,912
(ii) Total unrated exposures					-	-
Total Short Term Exposure	3,868,719	1,057,830	88,363	-	-	5,014,912
Bank Total Long Term and Short Term Exposure :						
						89,954,192

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	19,408,911	3,292,647	-	-	-	-		22,701,558
PSEs								
- Exposures risk-weighted using ratings of Corporates	124,556	179,274	88,962	-	-	-		392,792
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,529,092	4,217,983	1,485,853	123,011	386,102	-		7,742,041
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	2,489	-	-	-	-	-		2,489
- Exposures risk-weighted using ratings of Banking Institutions	3,768	312	-	-	-	-		4,080
- Exposures risk-weighted using ratings of Corporates	2,813,033	155,379	424,485	-	-	-		3,392,897
	23,881,849	7,845,595	1,999,300	123,011	386,102	-	-	34,235,857
(ii) Total unrated exposures								
							47,202,041	47,202,041
Total Long Term Exposure								
	23,881,849	7,845,595	1,999,300	123,011	386,102	-	47,202,041	81,437,898

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

Bank (RM '000)

Bank (PwC 000)

Exposure Class	Short Term Rating Category					
	1	2	3	4	5	Total
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	3,292,486	710,010	274,186	-	-	4,276,682
Corporates						
- Exposures risk-weighted using ratings of Corporates	444,933	7,741	-	-	-	452,674
	3,737,419	717,751	274,186	-	-	4,729,356
(ii) Total unrated exposures					-	-
Total Short Term Exposure	3,737,419	717,751	274,186	-	-	4,729,356

Bank Total Long Term and Short Term Exposure :	86,167,254
---	------------

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) 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 annually, or more frequently as the need may arise, for impaired accounts. For property taken as collateral for new or additional facilities, a valuation report is required from a panel valuer. For auction purposes, full valuations are compulsory. This is to avoid the risk of the settlement sum being challenged by the borrower/charger on the grounds that the correct valuation was not applied.

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

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 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 2022

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	32,883,575	-	-	-
PSEs	1,477,038	-	51	-
Banks, DFIs & MDBs	8,693,473	-	3,968,018	-
Corporates	22,499,729	560,520	659,422	-
Regulatory Retail	5,011,783	35,736	65,722	-
Residential Mortgages	15,570,361	-	-	-
Higher Risk Assets	19,862	-	150	-
Other Assets	2,289,029	-	-	-
Equity Exposure	-	-	-	-
Defaulted Exposures	887,416	8,778	58,662	-
Total for On-Balance Sheet Exposures	89,332,266	605,034	4,752,025	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,983,505	-	137,700	1,636,398
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,276,578	192,921	599,023	-
Defaulted Exposures	30,925	-	1	-
Total for Off-Balance Sheet Exposures	21,291,008	192,921	736,724	1,636,398
Total On and Off-Balance Sheet Exposures	110,623,274	797,955	5,488,749	1,636,398

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 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
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	28,703,818	-	-	-
PSEs	1,630,745	-	1,874	-
Banks, DFIs & MDBs	8,185,746	-	4,226,274	-
Corporates	23,487,487	571,576	516,522	-
Regulatory Retail	5,010,573	38,992	67,786	-
Residential Mortgages	16,207,221	-	-	-
Higher Risk Assets	21,698	-	150	-
Other Assets	1,846,614	-	-	-
Equity Exposure	224,667	-	-	-
Defaulted Exposures	990,763	10,220	4,635	-
Total for On-Balance Sheet Exposures	86,309,332	620,788	4,817,241	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,023,815	-	263,400	1,116,521
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,723,097	268,647	548,392	-
Defaulted Exposures	59,970	-	11,259	-
Total for Off-Balance Sheet Exposures	20,806,882	268,647	823,051	1,116,521
Total On and Off-Balance Sheet Exposures	107,116,214	889,435	5,640,292	1,116,521

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 2022

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	27,045,357	-	-	-
PSEs	1,005,721	-	51	-
Banks, DFIs & MDBs	10,595,534	-	3,968,019	-
Corporates	16,266,388	411,844	501,926	-
Regulatory Retail	2,860,912	27,595	53,572	-
Residential Mortgages	11,899,861	-	-	-
Higher Risk Assets	14,894	-	-	-
Other Assets	1,706,738	-	-	-
Equity Exposure	-	-	-	-
Defaulted Exposures	538,300	3,991	7,269	-
Total for On-Balance Sheet Exposures	71,933,705	443,430	4,530,837	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,153,507	-	237,699	1,636,399
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,626,584	156,099	493,237	-
Defaulted Exposures	12,218	-	-	-
Total for Off-Balance Sheet Exposures	17,792,309	156,099	730,936	1,636,399
Total On and Off-Balance Sheet Exposures	89,726,014	599,529	5,261,773	1,636,399

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 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
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,691,496	-	-	-
PSEs	952,387	-	1,874	-
Banks, DFIs & MDBs	9,389,678	-	4,226,274	-
Corporates	18,033,569	420,186	337,922	-
Regulatory Retail	2,867,026	33,642	55,129	-
Residential Mortgages	12,404,274	-	-	-
Higher Risk Assets	16,645	-	-	-
Other Assets	1,476,812	-	-	-
Equity Exposure	224,667	-	-	-
Defaulted Exposures	677,284	4,621	3,466	-
Total for On-Balance Sheet Exposures	68,733,838	458,449	4,624,665	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,074,449	-	263,399	1,116,521
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,305,177	232,479	457,409	-
Defaulted Exposures	53,790	-	9,000	-
Total for Off-Balance Sheet Exposures	17,433,416	232,479	729,808	1,116,521
Total On and Off-Balance Sheet Exposures	86,167,254	690,928	5,354,473	1,116,521

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 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	198,449	(217,883)	191,542	(214,978)
USD	75,956	(79,756)	59,953	(54,666)
Others	(533)	(1,516)	(3,719)	570
	273,872	(299,155)	247,776	(269,074)

	Bank (RM'000)			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	204,507	(220,027)	203,728	(52,200)
USD	71,267	(74,994)	57,129	(52,200)
Others	(1,585)	(483)	(3,955)	612
	274,189	(295,504)	256,902	(51,588)

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

Sensitivity of projected Economic value of equity

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

	Group (RM'000)			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(44,378)	66,962	(86,740)	112,045
USD	2,874	(1,138)	(15,170)	9,050
Others	1,270	(1,595)	(3,460)	488
	(40,234)	64,229	(105,370)	121,583

	Bank (RM'000)			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	30,424	(18,396)	14,640	(2,442)
USD	2,264	(1,028)	(10,182)	6,600
Others	1,612	(1,713)	(2,056)	168
	34,300	(21,137)	2,402	4,326

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

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

The sensitivity of reported reserves in 'other comprehensive income' to interest/profit rate movements are monitored on a monthly basis by assessing the expected reduction in valuation of financial investments at fair value through other comprehensive income (FVOCI) portfolios 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 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(76,278)	76,278	(140,076)	140,076
USD	(1,257)	1,257	(3,766)	3,766
	(77,535)	77,535	(143,842)	143,842

	Bank (RM'000)			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(55,749)	55,749	(110,511)	110,511
USD	(1,257)	1,257	(3,766)	3,766
	(57,006)	57,006	(114,277)	114,277

5) Equities

As at 30 June 2022, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2022 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 2022 on the Group's holdings of equity investments.

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

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 Board of Directors (BOD), the Shariah Committee and the Management to ensure that the operations and business activities of the Islamic Financial Institutions (IFI) remain consistent with Shariah principles and requirements.

To ensure Shariah compliance in all aspects of day-to-day Islamic finance activities, the Malaysian regulatory bodies such as BNM and Securities Commission (SC) have outlined several laws and regulations on Shariah in particular the provisions on the establishment of a Shariah Committee and internal Shariah control functions. The Shariah Committee is an independent Shariah advisory body which plays a vital role in providing Shariah views and decisions and performs an oversight role on Shariah governance implementation related to the IFI's business operations and activities. At the institutional level, the Shariah Department acts as a delegated authority of the Shariah Committee in providing Shariah advisory to the Management team of the IFI. The Shariah control functions 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 the Bank in ensuring compliance with Shariah in all aspects of its operations, affairs and business activities by observing and implementing the Shariah rulings by the Shariah Advisory Council (SAC) of BNM and SAC of SC, as well as 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 coordinate the identification, measurement, monitoring and reporting of Shariah non-compliance risks in the operations, businesses, affairs and activities of the Bank and to formulate and recommend appropriate Shariah non-compliance risk management policies and procedures and risk awareness programmes.

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

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 Risk Stewardship

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

iii) Shariah Research and Advisory

To perform in-depth research as and when required by the Shariah Committee 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 the relevant stakeholders, including the Management, product development and business teams as well as the supporting functions.

iv) Shariah Secretariat

To serve and provide operational support for effective functioning of the Shariah Committee which includes 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.

v) Knowledge and Skills Monitoring

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

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial period ending 30 June 2022, no actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:

During the financial period ending 30 June 2022, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM773 in the Account was carried forward from 2021 to 2022.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS' management as at 30 June 2022 is itemised as follows:-
 - RM1,440 received from transactions via Nostro Accounts has been reversed to the Account.
 - RM245 received due to refund of overprovisioned tax year 2020.

The balance of RM2,458 in the Account is pending distribution in second half of 2022.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ending 30 June 2022.