

**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 2023**

**CHIEF EXECUTIVE OFFICER'S ATTESTATION**

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I, Dato' Omar Siddiq bin Amin Noer Rashid, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 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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**DATO' OMAR SIDDIQ BIN AMIN NOER RASHID**

CHIEF EXECUTIVE OFFICER  
24 July 2023

## **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 2023 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 2022 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2022.

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 2022. 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 is a key part of our risk management and capital and liquidity planning. Stress testing provides management with key insights into the impact of adverse events, and provides confidence to regulators on the Group's financial stability.

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

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

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) or Executive Committee (EXCO) and Risk Committee (RC) to the Board for approval.

### **Capital structure**

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

- Tier 1 capital <sup>[1]</sup> is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 (AT1) 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. On 27 June 2022, the Group and the Bank had issued preference shares which qualify as AT1 Capital <sup>[2]</sup>.
- Tier 2 capital <sup>[1]</sup>, which includes impairment allowances equal to 12-months and lifetime expected credit losses for non-credit impaired loans (commonly known as Stage 1 and 2 provisions), regulatory reserve, and the element of the fair value reserve relating to revaluation of property which are disclosed as regulatory adjustments. On 2 November 2022, the Group and the Bank had exercised its option to call and redeem its Tier 2 subordinated bonds. The subordinated bonds which were eligible for gradual phase-out as Tier 2 capital had been fully phased-out before the redemption.

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 2023

Group

(RM'000)

| Regulatory Capital | With Transitional Arrangement |        | Without Transitional Arrangement |        |
|--------------------|-------------------------------|--------|----------------------------------|--------|
|                    | Amount                        | %      | Amount                           | %      |
| CET1 Capital       | 9,619,052                     | 16.984 | 9,573,399                        | 16.904 |
| Tier 1 Capital     | 11,119,052                    | 19.633 | 11,073,399                       | 19.552 |
| Tier 2 Capital     | 682,246                       | -      | 682,246                          | -      |
| Total Capital      | 11,801,298                    | 20.837 | 11,755,645                       | 20.757 |

31 Dec 2022 (restated after  
dividend payment)

Group

(RM'000)

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

30 June 2023

Bank

(RM'000)

| Regulatory Capital | With Transitional Arrangement |        | Without Transitional Arrangement |        |
|--------------------|-------------------------------|--------|----------------------------------|--------|
|                    | Amount                        | %      | Amount                           | %      |
| CET1 Capital       | 7,303,800                     | 17.074 | 7,279,071                        | 17.016 |
| Tier 1 Capital     | 8,302,737                     | 19.409 | 8,278,008                        | 19.351 |
| Tier 2 Capital     | 520,470                       | -      | 520,470                          | -      |
| Total Capital      | 8,823,207                     | 20.626 | 8,798,478                        | 20.568 |

31 Dec 2022 (restated after  
dividend payment)

Bank

(RM'000)

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

<sup>[1]</sup> Refer to Note 38 of the unaudited condensed interim financial statements as at 30 June 2023 for the amount and breakdown of capital components.

<sup>[2]</sup> Refer to Note 29 of the unaudited condensed interim financial statements as at 30 June 2023 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.

**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 2023, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM1,035m (31 December 2022: RM1,007m) with principal amount of RM2,192m (31 December 2022 : RM2,177m). This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

**30 Jun 2023**

**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   | 35,691,585           | 35,691,585            | 1,543,462                  | 123,477                           |
| PSEs   | 2,214,103            | 2,209,026             | 792,581                    | 63,406                            |
| Banks, DFIs & MDBs   | 9,190,494            | 5,900,597             | 1,839,122                  | 147,130                           |
| Corporates   | 20,263,498           | 19,697,076            | 18,013,502                 | 1,441,079                         |
| Regulatory Retail  | 5,246,727            | 5,176,861             | 3,980,652                  | 318,452                           |
| Residential Mortgages  | 14,639,551           | 14,639,551            | 5,461,287                  | 436,903                           |
| Higher Risk Assets   | 11,697               | 11,547                | 17,320                     | 1,386                             |
| Other Assets   | 1,477,665            | 1,477,665             | 1,280,584                  | 102,447                           |
| Equity Exposure  | 234,854              | 234,854               | 234,854                    | 18,788                            |
| Defaulted Exposures  | 974,704              | 972,905               | 1,092,467                  | 87,398                            |
| <b>Total for On-Balance Sheet Exposures</b>                                  | <b>89,944,878</b>    | <b>86,011,667</b>     | <b>34,255,831</b>          | <b>2,740,466</b>                  |
| <i>Off-Balance Sheet Exposures</i>   |                      |                       |                            |                                   |
| OTC Derivatives  | 4,879,072            | 2,808,335             | 1,837,818                  | 147,026                           |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 18,083,774           | 17,469,225            | 13,037,639                 | 1,043,011                         |
| Defaulted Exposures  | 11,564               | 11,564                | 15,589                     | 1,247                             |
| <b>Total for Off-Balance Sheet Exposures</b>                                 | <b>22,974,410</b>    | <b>20,289,124</b>     | <b>14,891,046</b>          | <b>1,191,284</b>                  |
| <b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>               | <b>112,919,288</b>   | <b>106,300,791</b>    | <b>49,146,877</b>          | <b>3,931,750</b>                  |
| <b>Market Risk (Standardised Approach)</b>                                   |                      |                       |                            |                                   |
|  | <u>Long Position</u> | <u>Short Position</u> |                            |                                   |
| Interest/Profit Rate Risk  | 39,571,885           | 41,030,642            | (1,458,757)                | 1,671,644                         |
| Foreign Currency Risk  | 76,764               | 21,084                | 76,764                     | 6,142                             |
| Equity Risk  | -                    | -                     | -                          | 5,531                             |
| Options Risk   | -                    | -                     | -                          | 127,118                           |
|  | <b>39,648,649</b>    | <b>41,051,726</b>     | <b>(1,381,993)</b>         | <b>1,881,057</b>                  |
| <b>Operational Risk (Standardised Approach)</b>                              | -                    | -                     | -                          | 5,607,222                         |
| <b>Total RWA and Capital Requirement</b>                                     | -                    | -                     | -                          | <b>56,635,156</b>                 |
|  |                      |                       |                            | <b>4,530,812</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 2022

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   | 33,701,471           | 33,701,471            | 1,482,437                  | 118,595                           |
| PSEs   | 2,022,976            | 2,019,884             | 662,074                    | 52,966                            |
| Banks, DFIs & MDBs   | 9,454,079            | 5,930,958             | 1,761,277                  | 140,902                           |
| Corporates   | 20,436,521           | 19,815,992            | 18,212,895                 | 1,457,032                         |
| Regulatory Retail  | 5,343,989            | 5,280,725             | 4,075,874                  | 326,070                           |
| Residential Mortgages  | 15,131,137           | 15,131,137            | 5,660,246                  | 452,819                           |
| Higher Risk Assets   | 21,543               | 21,392                | 32,089                     | 2,567                             |
| Other Assets   | 1,697,572            | 1,697,572             | 1,326,239                  | 106,100                           |
| Equity Exposure  | 228,178              | 228,178               | 228,178                    | 18,254                            |
| Defaulted Exposures  | 763,400              | 759,275               | 783,570                    | 62,685                            |
| Total for On-Balance Sheet Exposures   | 88,800,866           | 84,586,584            | 34,224,879                 | 2,737,990                         |
| <i>Off-Balance Sheet Exposures</i>   |                      |                       |                            |                                   |
| OTC Derivatives  | 4,769,889            | 2,163,583             | 1,253,024                  | 100,241                           |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 18,081,454           | 17,487,943            | 13,245,338                 | 1,059,627                         |
| Defaulted Exposures  | 15,627               | 15,627                | 17,647                     | 1,412                             |
| Total for Off-Balance Sheet Exposures  | 22,866,970           | 19,667,153            | 14,516,009                 | 1,161,280                         |
| Total On and Off-Balance Sheet Exposures <sup>[1]</sup>                      | 111,667,836          | 104,253,737           | 48,740,888                 | 3,899,270                         |
| <b>Market Risk (Standardised Approach)</b>                                   |                      |                       |                            |                                   |
|  | <u>Long Position</u> | <u>Short Position</u> |                            |                                   |
| Interest/Profit Rate Risk  | 42,302,057           | 42,148,253            | 153,804                    | 1,421,811                         |
| Foreign Currency Risk  | 24,081               | 247,867               | 247,867                    | 19,829                            |
| Equity Risk  | -                    | -                     | -                          | 10,987                            |
| Options Risk   | -                    | -                     | -                          | 200,880                           |
|  | 42,326,138           | 42,396,120            | 401,671                    | 1,881,545                         |
| Operational Risk (Standardised Approach)                                     | -                    | -                     | -                          | 5,399,331                         |
|  | -                    | -                     | -                          | 431,946                           |
| Total RWA and Capital Requirement  | -                    | -                     | -                          | 56,021,764                        |
|  | -                    | -                     | -                          | 4,481,739                         |

**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 38 of the unaudited condensed interim financial statements as at 30 June 2023 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 Jun 2023

*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   | 28,496,871           | 28,496,871            | 1,227,821                  | 98,226                            |
| PSEs   | 1,474,549            | 1,469,472             | 497,791                    | 39,823                            |
| Banks, DFIs & MDBs   | 10,054,403           | 6,764,506             | 1,772,849                  | 141,828                           |
| Corporates   | 13,776,417           | 13,318,532            | 12,167,371                 | 973,389                           |
| Regulatory Retail  | 3,101,376            | 3,043,782             | 2,282,914                  | 182,633                           |
| Residential Mortgages  | 11,111,380           | 11,111,380            | 4,136,969                  | 330,958                           |
| Higher Risk Assets   | 7,950                | 7,950                 | 11,925                     | 954                               |
| Other Assets   | 1,355,195            | 1,355,195             | 1,238,712                  | 99,097                            |
| Equity Exposure  | 234,854              | 234,854               | 234,854                    | 18,788                            |
| Defaulted Exposures  | 648,404              | 647,625               | 741,935                    | 59,355                            |
| <b>Total for On-Balance Sheet Exposures</b>                                  | <b>70,261,399</b>    | <b>66,450,167</b>     | <b>24,313,141</b>          | <b>1,945,051</b>                  |
| <i>Off-Balance Sheet Exposures</i>   |                      |                       |                            |                                   |
| OTC Derivatives  | 5,034,255            | 2,963,518             | 1,527,833                  | 122,227                           |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 14,262,232           | 13,750,193            | 10,355,901                 | 828,472                           |
| Defaulted Exposures  | 6,349                | 6,349                 | 7,950                      | 636                               |
| <b>Total for Off-Balance Sheet Exposures</b>                                 | <b>19,302,836</b>    | <b>16,720,060</b>     | <b>11,891,684</b>          | <b>951,335</b>                    |
| <b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>               | <b>89,564,235</b>    | <b>83,170,227</b>     | <b>36,204,825</b>          | <b>2,896,386</b>                  |
| <b>Market Risk (Standardised Approach)</b>                                   |                      |                       |                            |                                   |
|  | <u>Long Position</u> | <u>Short Position</u> |                            |                                   |
| Interest/Profit Rate Risk  | 38,524,982           | 37,929,913            | 595,069                    | 119,995                           |
| Foreign Currency Risk  | 73,232               | 18,282                | 73,232                     | 5,859                             |
| Equity Risk  | -                    | -                     | -                          | 442                               |
| Options Risk   | -                    | -                     | -                          | 10,169                            |
|  | <b>38,598,214</b>    | <b>37,948,195</b>     | <b>668,301</b>             | <b>136,465</b>                    |
| <b>Operational Risk (Standardised Approach)</b>                              | -                    | -                     | -                          | 389,335                           |
| <b>Total RWA and Capital Requirement</b>                                     | -                    | -                     | -                          | <b>3,422,186</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 2022

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   | 26,295,840           | 26,295,840            | 1,165,590                  | 93,247                            |
| PSEs   | 1,334,433            | 1,331,341             | 391,542                    | 31,323                            |
| Banks, DFIs & MDBs   | 10,948,013           | 7,424,892             | 1,836,325                  | 146,906                           |
| Corporates   | 13,908,081           | 13,426,637            | 12,169,200                 | 973,536                           |
| Regulatory Retail  | 3,104,683            | 3,051,687             | 2,293,323                  | 183,466                           |
| Residential Mortgages  | 11,553,479           | 11,553,479            | 4,320,203                  | 345,616                           |
| Higher Risk Assets   | 16,486               | 16,486                | 24,729                     | 1,978                             |
| Other Assets   | 1,474,276            | 1,474,276             | 1,273,932                  | 101,915                           |
| Equity Exposure  | 228,178              | 228,178               | 228,178                    | 18,254                            |
| Defaulted Exposures  | 481,875              | 478,888               | 504,528                    | 40,362                            |
| Total for On-Balance Sheet Exposures   | 69,345,344           | 65,281,704            | 24,207,550                 | 1,936,603                         |
| <i>Off-Balance Sheet Exposures</i>   |                      |                       |                            |                                   |
| OTC Derivatives  | 5,000,416            | 2,294,109             | 1,193,451                  | 95,476                            |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 14,049,780           | 13,564,918            | 10,366,323                 | 829,306                           |
| Defaulted Exposures  | 6,096                | 6,096                 | 7,603                      | 608                               |
| Total for Off-Balance Sheet Exposures  | 19,056,292           | 15,865,123            | 11,567,377                 | 925,390                           |
| Total On and Off-Balance Sheet Exposures <sup>[1]</sup>                      | 88,401,636           | 81,146,827            | 35,774,927                 | 2,861,993                         |
| <b>Market Risk (Standardised Approach)</b>                                   |                      |                       |                            |                                   |
|  | <u>Long Position</u> | <u>Short Position</u> |                            |                                   |
| Interest/Profit Rate Risk  | 38,918,883           | 36,605,220            | 2,313,663                  | 1,215,998                         |
| Foreign Currency Risk  | 22,812               | 244,913               | 244,913                    | 19,593                            |
| Equity Risk  | -                    | -                     | -                          | 10,987                            |
| Options Risk   | -                    | -                     | -                          | 200,880                           |
|  | 38,941,695           | 36,850,133            | 2,558,576                  | 1,672,778                         |
| Operational Risk (Standardised Approach)                                     | -                    | -                     | -                          | 4,716,651                         |
|  |                      |                       |                            | 377,332                           |
| Total RWA and Capital Requirement  | -                    | -                     | -                          | 42,164,356                        |
|  |                      |                       |                            | 3,373,147                         |

**Note:**

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

<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 38 of the unaudited condensed interim financial statements as at 30 June 2023 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 Jun 2023**

**Group**

(RM'000)

| Risk Weights        | Exposures after Netting and Credit Risk Mitigation |           |                    |   |            |                   |                       |                    |              |         | Total Exposures after Netting & Credit Risk Mitigation | Total Risk Weighted Assets |
|---------------------|--|-----------|--------------------|---|------------|-------------------|-----------------------|--------------------|--------------|---------|--|----------------------------|
|                     | Sovereigns & Central Banks                         | PSEs      | Banks, DFIs & MDBs | Insurance Cos, Securities Firms & Fund Managers | Corporates | Regulatory Retail | Residential Mortgages | Higher Risk Assets | Other Assets | Equity  |  |                            |
| 0%                  | 27,993,778   | -         | -                  | -   | 76,896     | 31,523            | -                     | -                  | 197,080      | -       | 28,299,277   | -                          |
| 20%                 | 8,195,629  | 2,026,023 | 4,849,928          | -   | 3,419,778  | 12,863            | -                     | -                  | -            | -       | 18,504,221   | 3,700,844                  |
| 35%                 | -  | -         | -                  | -   | -          | -                 | 15,913,313            | -                  | -            | -       | 15,913,313   | 5,569,659                  |
| 50%                 | -  | 1,457     | 2,218,587          | -   | 621,462    | 42,464            | 917,041               | -                  | -            | -       | 3,801,011  | 1,900,506                  |
| 75%                 | -  | -         | -                  | -   | -          | 7,402,370         | 474,289               | -                  | -            | -       | 7,876,659  | 5,907,495                  |
| 100%                | -  | 1,291,690 | 300,381            | 169   | 27,192,182 | 610,749           | 671,577               | -                  | 1,280,584    | 234,854 | 31,582,186   | 31,582,186                 |
| 150%                | -  | -         | -                  | -   | 91,077     | 87,358            | 131,776               | 13,913             | -            | -       | 324,124  | 486,187                    |
| Total               |  |           |                    |   |            |                   |                       |                    |              |         | 106,300,791  | 49,146,877                 |
| Average Risk Weight | 5%   | 51%       | 32%                | 100%  | 90%        | 77%               | 40%                   | 150%               | 87%          | 100%    | 46%  |                            |

**31 Dec 2022**

**Group**

(RM'000)

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

Note:

*MDBs - Multilateral Development Banks*

*DFIs - Development Financial Institutions*

*PSEs - Public Sector Entities*



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

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

30 Jun 2023

Bank

(RM'000)

| Risk Weights        | Exposures after Netting and Credit Risk Mitigation |           |                    |   |            |                   |                       |                    |              |         | Total Exposures after Netting & Credit Risk Mitigation | Total Risk Weighted Assets |
|---------------------|--|-----------|--------------------|---|------------|-------------------|-----------------------|--------------------|--------------|---------|--|----------------------------|
|                     | Sovereigns & Central Banks                         | PSEs      | Banks, DFIs & MDBs | Insurance Cos, Securities Firms & Fund Managers | Corporates | Regulatory Retail | Residential Mortgages | Higher Risk Assets | Other Assets | Equity  |  |                            |
| 0%                  | 22,358,271   | -         | -                  | -   | 35,146     | 15,157            | -                     | -                  | 116,483      | -       | 22,525,057   | -                          |
| 20%                 | 6,617,422  | 1,380,224 | 6,888,061          | -   | 2,625,202  | 12,863            | -                     | -                  | -            | -       | 17,523,772   | 3,504,754                  |
| 35%                 | -  | -         | -                  | -   | -          | -                 | 12,278,592            | -                  | -            | -       | 12,278,592   | 4,297,507                  |
| 50%                 | -  | 1,457     | 1,525,635          | -   | 229,688    | 17,307            | 657,596               | -                  | -            | -       | 2,431,683  | 1,215,842                  |
| 75%                 | -  | -         | -                  | -   | -          | 4,992,879         | 349,566               | -                  | -            | -       | 5,342,445  | 4,006,834                  |
| 100%                | -  | 687,607   | 233,750            | 169   | 19,856,015 | 111,479           | 483,673               | -                  | 1,238,712    | 234,854 | 22,846,259   | 22,846,259                 |
| 150%                | -  | -         | -                  | -   | 77,376     | 38,181            | 97,825                | 9,037              | -            | -       | 222,419  | 333,629                    |
| Total               |  |           |                    |   |            |                   |                       |                    |              |         | 83,170,227   | 36,204,825                 |
| Average Risk Weight | 5%   | 47%       | 27%                | 100%  | 90%        | 76%               | 40%                   | 150%               | 91%          | 100%    | 44%  |                            |

31 Dec 2022

Bank

(RM'000)

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

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

**3) Credit Risk**

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

| Group (RM'000)                               | 30 Jun 2023      |                  |                   |                  |                   |
|--|------------------|------------------|-------------------|------------------|-------------------|
|  | Northern         | Southern         | Central           | Eastern          | Total             |
| Overdrafts/Cash line-i                       | 92,845           | 80,032           | 306,991           | 23,411           | 503,279           |
| Term loans/financing                         |                  |                  |                   |                  |                   |
| Housing loans/financing                      | 2,547,875        | 1,983,821        | 9,366,865         | 666,997          | 14,565,558        |
| Syndicated term loan/financing               | 34,699           | 25,904           | 2,320,624         | -                | 2,381,227         |
| Factoring receivables                        | 635,338          | 119,019          | 861,802           | 2,265            | 1,618,424         |
| Hire purchase receivables                    | 57,512           | 98,891           | 54,340            | 20,020           | 230,763           |
| Other term loans/financing                   | 748,189          | 1,187,137        | 6,406,761         | 325,788          | 8,667,875         |
| Bills receivables                            | 223,322          | 107,022          | 3,161,599         | 32,785           | 3,524,728         |
| Trust receipts                               | 649,610          | 879,556          | 1,762,483         | 83,436           | 3,375,085         |
| Claims on customers under acceptance credits | 327,580          | 231,244          | 295,771           | 8,772            | 863,367           |
| Staff loans/financing                        | 4,873            | 2,897            | 35,005            | 1,483            | 44,258            |
| Credit/charge cards                          | 632,999          | 545,769          | 2,303,589         | 260,458          | 3,742,815         |
| Revolving financing                          | 418,206          | 585,485          | 5,063,985         | 11,424           | 6,079,100         |
| Other loans/financing                        | 1,923            | 1,731            | 6,259             | 259              | 10,172            |
|  | <b>6,374,971</b> | <b>5,848,508</b> | <b>31,946,074</b> | <b>1,437,098</b> | <b>45,606,651</b> |

  

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

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)**

| Bank (RM'000)                                | 30 Jun 2023      |                  |                   |                  |                   |
|--|------------------|------------------|-------------------|------------------|-------------------|
|  | Northern         | Southern         | Central           | Eastern          | Total             |
| Overdrafts                                   | 72,354           | 57,380           | 266,153           | 23,411           | 419,298           |
| Term loans/financing                         |                  |                  |                   |                  |                   |
| Housing loans/financing                      | 2,083,683        | 1,572,468        | 6,728,221         | 560,969          | 10,945,341        |
| Syndicated term loan/financing               | -                | 25,904           | 1,092,846         | -                | 1,118,750         |
| Factoring receivables                        | 635,338          | 119,019          | 861,802           | 2,265            | 1,618,424         |
| Other term loans/financing                   | 436,834          | 717,060          | 3,081,451         | 201,433          | 4,436,778         |
| Bills receivables                            | 148,972          | 35,760           | 2,263,073         | 32,785           | 2,480,590         |
| Trust receipts                               | 629,686          | 857,421          | 1,377,743         | 83,436           | 2,948,286         |
| Claims on customers under acceptance credits | 211,768          | 199,099          | 219,163           | 7,826            | 637,856           |
| Staff loans/financing                        | 4,510            | 2,897            | 33,943            | 1,483            | 42,833            |
| Credit/charge cards                          | 424,001          | 347,414          | 1,581,291         | 208,083          | 2,560,789         |
| Revolving financing                          | 302,093          | 380,868          | 3,601,182         | 11,424           | 4,295,567         |
| Other loans/financing                        | 1,546            | 1,432            | 4,548             | 245              | 7,771             |
|  | <b>4,950,785</b> | <b>4,316,722</b> | <b>21,111,416</b> | <b>1,133,360</b> | <b>31,512,283</b> |

  

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

|  | 30 Jun 2023 |          |           |         |           |
|--|-------------|----------|-----------|---------|-----------|
| Group (RM'000)                               | Northern    | Southern | Central   | Eastern | Total     |
| Overdrafts/Cash line-i                       | 10,448      | 6,311    | 6,863     | 1,110   | 24,732    |
| Term loans/financing                         |             |          |           |         |           |
| Housing loans/financing                      | 164,396     | 173,975  | 733,171   | 41,499  | 1,113,041 |
| Syndicated term loan/financing               | -           | -        | 93,261    | -       | 93,261    |
| Factoring receivables                        | -           | -        | 888       | -       | 888       |
| Hire purchase receivables                    | 8,070       | 6        | 172       | -       | 8,248     |
| Other term loans/financing                   | 35,210      | 92,217   | 458,695   | 14,039  | 600,161   |
| Bills receivables                            | -           | 1,674    | 11,567    | -       | 13,241    |
| Trust receipts                               | 2,359       | 4,682    | 4,733     | -       | 11,774    |
| Claims on customers under acceptance credits | 446         | -        | -         | -       | 446       |
| Staff loans/financing                        | -           | -        | 741       | -       | 741       |
| Credit/charge cards                          | 5,567       | 6,082    | 21,690    | 2,169   | 35,508    |
| Revolving financing                          | -           | 18,327   | 153,400   | -       | 171,727   |
| Other loans/financing                        | 1,709       | 1,428    | 5,597     | 165     | 8,899     |
|  | 228,205     | 304,702  | 1,490,778 | 58,982  | 2,082,667 |

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

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

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

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

|  |  | 30 Jun 2023 |          |         |         |           |
|--|--|-------------|----------|---------|---------|-----------|
| Bank (RM'000)                                |  | Northern    | Southern | Central | Eastern | Total     |
| Overdrafts                                   |  | 10,448      | 1,971    | 3,839   | 1,110   | 17,368    |
| Term loans/financing                         |  |             |          |         |         |           |
| Housing loans/financing                      |  | 136,594     | 130,937  | 491,855 | 35,187  | 794,573   |
| Syndicated term loan/financing               |  | -           | -        | 93,261  | -       | 93,261    |
| Factoring receivables                        |  | -           | -        | 888     | -       | 888       |
| Other term loans/financing                   |  | 27,559      | 82,052   | 247,134 | 7,267   | 364,012   |
| Bills receivables                            |  | -           | -        | 2,500   | -       | 2,500     |
| Trust receipts                               |  | 2,359       | 4,682    | 4,733   | -       | 11,774    |
| Claims on customers under acceptance credits |  | 446         | -        | -       | -       | 446       |
| Staff loans/financing                        |  | -           | -        | 741     | -       | 741       |
| Credit/charge cards                          |  | 3,194       | 4,090    | 13,317  | 1,580   | 22,181    |
| Revolving financing                          |  | -           | 18,327   | 801     | -       | 19,128    |
| Other loans/financing                        |  | 1,347       | 1,255    | 4,082   | 155     | 6,839     |
|  |  | 181,947     | 243,314  | 863,151 | 45,299  | 1,333,711 |

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

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

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

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

| 30 Jun 2023                                  |                          |                                   |                                     |                      |            |
|--|--------------------------|-----------------------------------|-------------------------------------|----------------------|------------|
| Group (RM'000)                               | Maturing within one year | More than one year to three years | More than three years to five years | More than five years | Total      |
| Overdrafts/Cash line-i                       | 503,279                  | -                                 | -                                   | -                    | 503,279    |
| Term loans/financing                         |                          |                                   |                                     |                      |            |
| Housing loans/financing                      | 68,566                   | 57,644                            | 152,088                             | 14,287,260           | 14,565,558 |
| Syndicated term loan/financing               | 532,580                  | 1,679,872                         | 168,775                             | -                    | 2,381,227  |
| Factoring receivables                        | 1,590,326                | 22,048                            | -                                   | 6,050                | 1,618,424  |
| Hire purchase receivables                    | 16,964                   | 74,772                            | 135,382                             | 3,645                | 230,763    |
| Other term loans/financing                   | 1,190,901                | 2,257,040                         | 2,485,624                           | 2,734,310            | 8,667,875  |
| Bills receivables                            | 3,524,728                | -                                 | -                                   | -                    | 3,524,728  |
| Trust receipts                               | 3,375,085                | -                                 | -                                   | -                    | 3,375,085  |
| Claims on customers under acceptance credits | 863,367                  | -                                 | -                                   | -                    | 863,367    |
| Staff loans/financing                        | 669                      | 4,893                             | 8,641                               | 30,055               | 44,258     |
| Credit/charge cards                          | 3,742,815                | -                                 | -                                   | -                    | 3,742,815  |
| Revolving financing                          | 6,079,100                | -                                 | -                                   | -                    | 6,079,100  |
| Other loans/financing                        | 10,172                   | -                                 | -                                   | -                    | 10,172     |
|  | 21,498,552               | 4,096,269                         | 2,950,510                           | 17,061,320           | 45,606,651 |

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

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

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

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

| 30 Jun 2023                                  |                          |                                   |                                     |                      |            |
|--|--------------------------|-----------------------------------|-------------------------------------|----------------------|------------|
| Bank (RM'000)                                | Maturing within one year | More than one year to three years | More than three years to five years | More than five years | Total      |
| Overdrafts                                   | 419,298                  | -                                 | -                                   | -                    | 419,298    |
| Term loans/financing                         |                          |                                   |                                     |                      |            |
| Housing loans/financing                      | 46,787                   | 51,332                            | 127,511                             | 10,719,711           | 10,945,341 |
| Syndicated term loan/financing               | 493,406                  | 596,905                           | 28,439                              | -                    | 1,118,750  |
| Factoring receivables                        | 1,590,326                | 22,048                            | -                                   | 6,050                | 1,618,424  |
| Other term loans/financing                   | 550,341                  | 1,490,815                         | 889,874                             | 1,505,748            | 4,436,778  |
| Bills receivables                            | 2,480,590                | -                                 | -                                   | -                    | 2,480,590  |
| Trust receipts                               | 2,948,286                | -                                 | -                                   | -                    | 2,948,286  |
| Claims on customers under acceptance credits | 637,856                  | -                                 | -                                   | -                    | 637,856    |
| Staff loans/financing                        | 659                      | 4,795                             | 8,230                               | 29,149               | 42,833     |
| Credit/charge cards                          | 2,560,789                | -                                 | -                                   | -                    | 2,560,789  |
| Revolving financing                          | 4,295,567                | -                                 | -                                   | -                    | 4,295,567  |
| Other loans/financing                        | 7,771                    | -                                 | -                                   | -                    | 7,771      |
|  | 16,031,676               | 2,165,895                         | 1,054,054                           | 12,260,658           | 31,512,283 |

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

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

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

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

| 30 Jun 2023<br>Group (RM'000)                     |                                |  |                          |                                 |                                   |                      |                   |  |                           |                            |                        |                           |                   |
|---|--------------------------------|--|--------------------------|---------------------------------|-----------------------------------|----------------------|-------------------|--|---------------------------|----------------------------|------------------------|---------------------------|-------------------|
| Overdraft/<br>Cash line-i                         | Housing<br>loans/<br>financing | Syndicated<br>term loans/<br>financing | Factoring<br>receivables | Hire<br>purchase<br>receivables | Other term<br>loans/<br>financing | Bills<br>receivables | Trust<br>receipts | Claims on<br>customers<br>under<br>acceptance<br>credits | Staff loans/<br>financing | Credit/<br>charge<br>cards | Revolving<br>financing | Other loans/<br>financing | Total             |
| Agricultural, hunting, forestry and fishing       | 11,289                         | -                                      | -                        | -                               | 1,993                             | 17,537               | -                 | -  | 5,378                     | -                          | 1,669                  | -                         | 37,866            |
| Mining and quarrying                              | 15,194                         | -                                      | 139,850                  | -                               | 4,032                             | 3,174                | 29,058            | 136,799  | 3,604                     | -                          | 154                    | 80,203                    | 412,068           |
| Manufacturing                                     | 109,881                        | -                                      | 162,418                  | 474,486                         | 139,710                           | 1,578,724            | 673,891           | 1,575,630  | 485,062                   | -                          | 20,321                 | 1,404,134                 | 6,624,470         |
| Electricity, gas and water                        | 748                            | -                                      | -                        | 453                             | -                                 | 10,770               | 916               | 5,018  | 6,772                     | -                          | 110                    | 61,760                    | 86,547            |
| Construction                                      | 72,667                         | -                                      | 544,501                  | 1,232                           | 150                               | 535,348              | 66,349            | 226,342  | 13,267                    | -                          | 551                    | 1,464,610                 | 2,925,050         |
| Real estate                                       | 2,051                          | -                                      | 509,682                  | -                               | -                                 | 1,422,948            | -                 | 12,058   | 505                       | -                          | 139                    | 431,357                   | 2,378,740         |
| Wholesale & retail trade and restaurants & hotels | 92,046                         | -                                      | 26,747                   | 218,855                         | 19,165                            | 586,852              | 510,988           | 1,066,181  | 330,622                   | -                          | 8,564                  | 425,142                   | 3,285,207         |
| Transport, storage and communication              | 24,735                         | -                                      | -                        | 5,513                           | 30,230                            | 402,255              | 89,353            | 15,142   | 8,325                     | -                          | 654                    | 60,787                    | 637,033           |
| Finance, insurance/takaful and business services  | 101,026                        | -                                      | 93,261                   | 171,850                         | 2,894                             | 920,073              | 39,680            | 69,645   | 7,185                     | -                          | 6,300                  | 1,753,557                 | 3,165,481         |
| Household-retail                                  | 56,869                         | 14,565,558                             | -                        | -                               | -                                 | 1,966,432            | -                 | -  | 44,258                    | 3,702,972                  | -                      | 9,832                     | 20,345,921        |
| Others  | 16,773                         | -                                      | 904,768                  | 746,035                         | 32,589                            | 1,223,762            | 2,114,493         | 268,270  | 2,647                     | -                          | 1,381                  | 397,550                   | 5,708,268         |
| <b>503,279</b>                                    | <b>14,565,558</b>              | <b>2,381,227</b>                       | <b>1,618,424</b>         | <b>230,763</b>                  | <b>8,667,875</b>                  | <b>3,524,728</b>     | <b>3,375,085</b>  | <b>863,367</b>   | <b>44,258</b>             | <b>3,742,815</b>           | <b>6,079,100</b>       | <b>10,172</b>             | <b>45,606,651</b> |

  

| 31 Dec 2022<br>Group (RM'000)                     |                                |  |                          |                                 |                                   |                      |                   |  |                           |                            |                        |                           |                   |
|---|--------------------------------|--|--------------------------|---------------------------------|-----------------------------------|----------------------|-------------------|--|---------------------------|----------------------------|------------------------|---------------------------|-------------------|
| Overdraft/<br>Cash line-i                         | Housing<br>loans/<br>financing | Syndicated<br>term loans/<br>financing | Factoring<br>receivables | Hire<br>purchase<br>receivables | Other term<br>loans/<br>financing | Bills<br>receivables | Trust<br>receipts | Claims on<br>customers<br>under<br>acceptance<br>credits | Staff loans/<br>financing | Credit/<br>charge<br>cards | Revolving<br>financing | Other loans/<br>financing | Total             |
| Agricultural, hunting, forestry and fishing       | 7,832                          | -                                      | -                        | -                               | 2,229                             | 20,472               | -                 | -  | 10,854                    | -                          | 688                    | -                         | 42,075            |
| Mining and quarrying                              | 11,988                         | -                                      | 26,835                   | -                               | 516                               | 7,175                | 24,310            | 4,694  | 5,620                     | -                          | 161                    | 92,090                    | 173,389           |
| Manufacturing                                     | 372,157                        | -                                      | 209,121                  | 276,331                         | 146,660                           | 1,759,536            | 749,217           | 1,831,943  | 494,213                   | -                          | 16,274                 | 1,043,447                 | 6,899,064         |
| Electricity, gas and water                        | 1,513                          | -                                      | -                        | 599                             | -                                 | 12,439               | 3,016             | 3,010  | 4,916                     | -                          | 48                     | 59,828                    | 85,369            |
| Construction                                      | 67,730                         | -                                      | 464,681                  | 3,700                           | 177                               | 820,576              | 73,738            | 185,610  | 23,196                    | -                          | 343                    | 1,354,530                 | 2,994,286         |
| Real estate                                       | 4,033                          | -                                      | 10                       | -                               | -                                 | 1,992,493            | -                 | 27,593   | 505                       | -                          | 85                     | 449,087                   | 2,473,806         |
| Wholesale & retail trade and restaurants & hotels | 169,195                        | -                                      | 28,989                   | 228,981                         | 18,237                            | 603,759              | 778,357           | 819,407  | 605,506                   | -                          | 7,020                  | 890,696                   | 4,150,172         |
| Transport, storage and communication              | 8,389                          | -                                      | -                        | 215                             | 22,426                            | 498,156              | 78,741            | 110,037  | 6,779                     | -                          | 652                    | 46,894                    | 772,301           |
| Finance, insurance/takaful and business services  | 91,986                         | -                                      | 237,708                  | 165,454                         | 4,460                             | 991,097              | 83,049            | 48,019   | 14,224                    | -                          | 5,952                  | 1,847,755                 | 3,489,704         |
| Household-retail                                  | 57,403                         | 14,961,902                             | -                        | -                               | -                                 | 2,098,579            | -                 | -  | 47,390                    | 3,701,278                  | -                      | 8,930                     | 20,875,482        |
| Others  | 15,022                         | -                                      | 862,044                  | 101,778                         | 39,683                            | 1,250,662            | 2,770,787         | 265,561  | 2,319                     | -                          | 1,784                  | 194,632                   | 5,504,273         |
| <b>807,248</b>                                    | <b>14,961,902</b>              | <b>1,829,388</b>                       | <b>777,058</b>           | <b>234,388</b>                  | <b>10,054,944</b>                 | <b>4,561,215</b>     | <b>3,295,874</b>  | <b>1,168,132</b>   | <b>47,390</b>             | <b>3,734,285</b>           | <b>5,978,959</b>       | <b>9,138</b>              | <b>47,459,921</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 Jun 2023<br>Bank (RM'000)                      |                          |                                  |                       |                             |                   |                |  |                        |                      |                     |                        |            |
|---|--------------------------|----------------------------------|-----------------------|-----------------------------|-------------------|----------------|--|------------------------|----------------------|---------------------|------------------------|------------|
| Overdraft   | Housing loans/ financing | Syndicated term loans/ financing | Factoring receivables | Other term loans/ financing | Bills receivables | Trust receipts | Claims on customers under acceptance credits | Staff loans/ financing | Credit/ charge cards | Revolving financing | Other loans/ financing | Total      |
| Agricultural, hunting, forestry and fishing       | 11,289                   | -                                | -                     | -                           | 12,599            | -              | 5,378  | -                      | 1,669                | -                   | -                      | 30,935     |
| Mining and quarrying                              | 7,836                    | -                                | 139,850               | -                           | 3,172             | -              | 136,799                                      | -                      | 154                  | 75,189              | -                      | 364,269    |
| Manufacturing                                     | 91,941                   | -                                | 11,041                | 474,486                     | 1,011,525         | 485,728        | 1,516,551                                    | -                      | 20,321               | 1,256,696           | 173                    | 5,228,896  |
| Electricity, gas and water                        | 748                      | -                                | -                     | 453                         | 6,387             | -              | 5,018  | -                      | 110                  | 2,001               | -                      | 19,516     |
| Construction                                      | 60,977                   | -                                | 379,803               | 1,232                       | 211,181           | 12,355         | 226,342                                      | -                      | 551                  | 972,735             | 33                     | 1,868,609  |
| Real estate                                       | 2,051                    | -                                | 159,900               | -                           | 565,400           | -              | 12,058                                       | -                      | 139                  | 327,030             | -                      | 1,067,083  |
| Wholesale & retail trade and restaurants & hotels | 74,214                   | -                                | 26,747                | 218,855                     | 401,104           | 204,603        | 767,764                                      | -                      | 8,564                | 345,891             | 38                     | 2,293,400  |
| Transport, storage and communication              | 24,543                   | -                                | -                     | 5,513                       | 231,510           | 65,108         | 14,115                                       | -                      | 654                  | 37,523              | 11                     | 386,977    |
| Finance, insurance/takaful and business services  | 85,655                   | -                                | 93,261                | 171,850                     | 571,561           | 24,801         | 69,645                                       | -                      | 6,300                | 1,212,994           | 10                     | 2,241,881  |
| Household-retail                                  | 56,836                   | 10,945,341                       | -                     | -                           | 896,297           | -              | -  | 42,833                 | 2,520,946            | -                   | 7,506                  | 14,469,759 |
| Others  | 3,208                    | -                                | 308,148               | 746,035                     | 526,042           | 1,687,995      | 199,994                                      | -                      | 1,381                | 65,508              | -                      | 3,540,958  |
|   | 419,298                  | 10,945,341                       | 1,118,750             | 1,618,424                   | 4,436,778         | 2,480,590      | 2,948,286                                    | 42,833                 | 2,560,789            | 4,295,567           | 7,771                  | 31,512,283 |

  

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

**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 Jun 2023<br>Group (RM'000)                     |                                |  |                          |                                 |                                   |                      |                   |  |                           |                            |                        |                           |           |
|---|--------------------------------|--|--------------------------|---------------------------------|-----------------------------------|----------------------|-------------------|--|---------------------------|----------------------------|------------------------|---------------------------|-----------|
| Overdraft/<br>Cash line-i                         | Housing<br>loans/<br>financing | Syndicated<br>term loans/<br>financing | Factoring<br>receivables | Hire<br>purchase<br>receivables | Other term<br>loans/<br>financing | Bills<br>receivables | Trust<br>receipts | Claims on<br>customers<br>under<br>acceptance<br>credits | Staff loans/<br>financing | Credit/<br>charge<br>cards | Revolving<br>financing | Other loans/<br>financing | Total     |
| Agricultural, hunting, forestry and fishing       | 3,897                          | -                                      | -                        | -                               | -                                 | 2,324                | -                 | -  | -                         | -                          | -                      | -                         | 6,221     |
| Manufacturing                                     | 10,923                         | -                                      | -                        | -                               | 172                               | 4,123                | 4,323             | 6,697  | -                         | -                          | -                      | 213                       | 26,451    |
| Electricity, gas and water                        | -                              | -                                      | -                        | -                               | -                                 | -                    | -                 | -  | -                         | -                          | 59,695                 | -                         | 59,695    |
| Construction                                      | 1,230                          | -                                      | -                        | -                               | 5                                 | 7,304                | 2,500             | 344  | -                         | -                          | 92,904                 | 23                        | 104,310   |
| Real estate                                       | -                              | -                                      | -                        | -                               | -                                 | 133,285              | -                 | -  | -                         | -                          | 18,326                 | -                         | 151,611   |
| Wholesale & retail trade and restaurants & hotels | 2,485                          | -                                      | -                        | 888                             | 8,071                             | 13,517               | 1,857             | 1,088  | 333                       | -                          | -                      | 45                        | 28,284    |
| Transport, storage and communication              | 1                              | -                                      | -                        | -                               | -                                 | 1,878                | 1,507             | -  | -                         | -                          | 802                    | 39                        | 4,227     |
| Finance, insurance/takaful and business services  | 3,494                          | -                                      | 93,261                   | -                               | -                                 | 1,074                | 3,054             | 3,645  | 113                       | -                          | -                      | 9                         | 104,650   |
| Household-retail                                  | 2,702                          | 1,113,041                              | -                        | -                               | -                                 | 436,656              | -                 | -  | 741                       | 35,508                     | -                      | 8,570                     | 1,597,218 |
|   | 24,732                         | 1,113,041                              | 93,261                   | 888                             | 8,248                             | 600,161              | 13,241            | 11,774   | 446                       | 741                        | 35,508                 | 171,727                   | 2,082,667 |

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

**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 Jun 2023<br>Bank (RM'000)                      |                         |                                 |                       |                            |                   |                |  |                       |                     |                     |                       |           |
|---|-------------------------|---------------------------------|-----------------------|----------------------------|-------------------|----------------|--|-----------------------|---------------------|---------------------|-----------------------|-----------|
| Overdraft   | Housing loans/financing | Syndicated term loans/financing | Factoring receivables | Other term loans/financing | Bills receivables | Trust receipts | Claims on customers under acceptance credits | Staff loans/financing | Credit/charge cards | Revolving financing | Other loans/financing | Total     |
| Agricultural, hunting, forestry and fishing       | 3,897                   | -                               | -                     | -                          | 1,872             | -              | -  | -                     | -                   | -                   | -                     | 5,769     |
| Manufacturing                                     | 6,569                   | -                               | -                     | -                          | 725               | -              | 6,697  | -                     | -                   | -                   | 173                   | 14,164    |
| Construction                                      | 1,230                   | -                               | -                     | -                          | 6,165             | 2,500          | 344  | -                     | -                   | -                   | 23                    | 10,262    |
| Real estate                                       | -                       | -                               | -                     | -                          | 129,837           | -              | -  | -                     | -                   | 18,326              | -                     | 148,163   |
| Wholesale & retail trade and restaurants & hotels | 350                     | -                               | -                     | 888                        | 12,418            | -              | 1,088  | 333                   | -                   | -                   | 38                    | 15,115    |
| Transport, storage and communication              | 1                       | -                               | -                     | -                          | -                 | -              | -  | -                     | -                   | 802                 | 11                    | 814       |
| Finance, insurance/takaful and business services  | 2,624                   | -                               | 93,261                | -                          | 1,074             | -              | 3,645  | 113                   | -                   | -                   | 9                     | 100,726   |
| Household-retail                                  | 2,697                   | 794,573                         | -                     | -                          | 211,921           | -              | -  | 741                   | 22,181              | -                   | 6,585                 | 1,038,698 |
|   | 17,368                  | 794,573                         | 93,261                | 888                        | 364,012           | 2,500          | 11,774                                       | 446                   | 741                 | 22,181              | 19,128                | 1,333,711 |

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

**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 2023      | 31 Dec 2022      | 30 Jun 2023      | 31 Dec 2022      |
| Agricultural, hunting, forestry and fishing       | 7,283            | 4,806            | 6,831            | 4,314            |
| Mining and quarrying                              | -                | 31               | -                | 31               |
| Manufacturing                                     | 43,137           | 25,235           | 28,661           | 11,784           |
| Electricity, gas and water                        | 59,769           | 58,485           | 10               | 515              |
| Construction                                      | 16,250           | 24,769           | 10,596           | 15,541           |
| Real estate                                       | 79,870           | 110,735          | 78,706           | 106,567          |
| Wholesale & retail trade and restaurants & hotels | 26,324           | 45,737           | 11,684           | 33,726           |
| Transport, storage and communication              | 5,929            | 25,473           | 5,901            | 24,631           |
| Finance, insurance/takaful and business services  | 12,754           | 367,178          | 9,911            | 315,026          |
| Household-retail                                  | 2,067,885        | 2,282,535        | 1,407,991        | 1,560,124        |
| Others  | 83,449           | 509,938          | 82,821           | 486,463          |
|   | <b>2,402,650</b> | <b>3,454,922</b> | <b>1,643,112</b> | <b>2,558,722</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 2023      | 31 Dec 2022      | 30 Jun 2023      | 31 Dec 2022      |
| Northern region | 371,314          | 400,516          | 286,021          | 308,385          |
| Southern region | 387,362          | 464,357          | 295,638          | 366,989          |
| Central region  | 1,538,671        | 2,476,186        | 973,622          | 1,797,211        |
| Eastern region  | 105,303          | 113,863          | 87,831           | 86,137           |
|                 | <b>2,402,650</b> | <b>3,454,922</b> | <b>1,643,112</b> | <b>2,558,722</b> |

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

|   | Group (RM'000) |                  | Bank (RM'000)  |                |
|---|----------------|------------------|----------------|----------------|
|   | 30 Jun 2023    | 31 Dec 2022      | 30 Jun 2023    | 31 Dec 2022    |
| Agricultural, hunting, forestry and fishing       | 233            | 387              | 210            | 357            |
| Mining and quarrying                              | 610            | 95               | 558            | 50             |
| Manufacturing                                     | 22,396         | 16,920           | 8,650          | 6,999          |
| Electricity, gas and water                        | 57,941         | 56,723           | 33             | 235            |
| Construction                                      | 111,124        | 114,003          | 9,244          | 12,586         |
| Real estate                                       | 44,866         | 42,411           | 40,120         | 39,052         |
| Wholesale & retail trade and restaurants & hotels | 24,930         | 11,540           | 12,565         | 9,895          |
| Transport, storage and communication              | 3,833          | 3,296            | 1,814          | 2,043          |
| Finance, insurance/takaful and business services  | 107,343        | 306,620          | 104,592        | 255,118        |
| Household-retail                                  | 510,932        | 525,667          | 255,934        | 267,280        |
| Others  | 11,797         | 29,922           | 9,928          | 11,647         |
|   | <b>896,005</b> | <b>1,107,584</b> | <b>443,648</b> | <b>605,262</b> |

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

|                 | Group (RM'000) |                  | Bank (RM'000)  |                |
|-----------------|----------------|------------------|----------------|----------------|
|                 | 30 Jun 2023    | 31 Dec 2022      | 30 Jun 2023    | 31 Dec 2022    |
| Northern region | 81,023         | 65,738           | 44,944         | 40,774         |
| Southern region | 98,451         | 96,799           | 62,696         | 67,022         |
| Central region  | 695,147        | 924,638          | 323,730        | 485,037        |
| Eastern region  | 21,384         | 20,409           | 12,278         | 12,429         |
|                 | <b>896,005</b> | <b>1,107,584</b> | <b>443,648</b> | <b>605,262</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 2023 respectively.

The breakdown of loan/financing impairment allowance during the year is disclosed in Note 19 (i) of the unaudited condensed interim financial statements as at 30 June 2023.

**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>(Releases) / Charges</b>                       | <b>Group (RM'000)</b> |                    | <b>Bank (RM'000)</b> |                    |
|---|-----------------------|--------------------|----------------------|--------------------|
|   | <b>30 Jun 2023</b>    | <b>30 Jun 2022</b> | <b>30 Jun 2023</b>   | <b>30 Jun 2022</b> |
| Agricultural, hunting, forestry and fishing       | (155)                 | 77                 | (147)                | 75                 |
| Mining and quarrying                              | 495                   | (6)                | 489                  | (49)               |
| Manufacturing                                     | 2,936                 | (12,336)           | 1,484                | (8,428)            |
| Electricity, gas and water                        | (2,119)               | 54,109             | (202)                | (144)              |
| Construction                                      | (2,882)               | (20,438)           | (3,343)              | (18,178)           |
| Real estate                                       | (5,341)               | (14,661)           | (6,729)              | (8,402)            |
| Wholesale & retail trade and restaurants & hotels | 13,364                | (962)              | 2,654                | (733)              |
| Transport, storage and communication              | 425                   | (32,047)           | (260)                | (32,690)           |
| Finance, insurance/takaful and business services  | 2,678                 | 54,849             | 1,798                | 56,864             |
| Household-retail                                  | 42,719                | (16,182)           | 14,836               | 1,710              |
| Others  | (1,124)               | (3,028)            | (1,806)              | (1,532)            |
|   | <b>50,996</b>         | <b>9,375</b>       | <b>8,774</b>         | <b>(11,507)</b>    |

The breakdown of loan/financing net impairment allowance during the year is disclosed in Note 35 (i) of the unaudited condensed interim financial statements as at 30 June 2023.

## **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

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

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

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

**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 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             | <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 Jun 2023**

**Group (RM '000)**

| Exposure Class  | Long Term Rating Category |            |           |        |         |   |            | Total       |
|---|---------------------------|------------|-----------|--------|---------|---|------------|-------------|
|   | 1                         | 2          | 3         | 4      | 5       | 6 | 7          |             |
| <b><u>On and Off Balance Sheet Exposures</u></b>                        |                           |            |           |        |         |   |            |             |
| <b>(i) Total rated exposures</b>  |                           |            |           |        |         |   |            |             |
| <b>Sovereigns &amp; Central Banks</b>                                   |                           |            |           |        |         |   |            |             |
| - Exposures risk-weighted using ratings of Sovereigns and Central Banks | 22,476,278                | 8,197,075  | -         | -      | -       | - |            | 30,673,353  |
| <b>PSEs</b>   |                           |            |           |        |         |   |            |             |
| - Exposures risk-weighted using ratings of Corporates                   | 480,982                   | 1,457      | 116,122   | -      | -       | - |            | 598,561     |
| <b>Banks, DFIs &amp; MDBs</b>   |                           |            |           |        |         |   |            |             |
| - Exposures risk-weighted using ratings of Banking Institutions         | 2,590,691                 | 3,567,201  | 1,915,691 | 86,447 | 234,399 | - |            | 8,394,429   |
| <b>Corporates</b>   |                           |            |           |        |         |   |            |             |
| - Exposures risk-weighted using ratings of Sovereigns and Central Banks | 34,794                    | -          | -         | -      | -       | - |            | 34,794      |
| - Exposures risk-weighted using ratings of Banking Institutions         | 3,605                     | 313        | -         | -      | -       | - |            | 3,918       |
| - Exposures risk-weighted using ratings of Corporates                   | 3,016,852                 | 286,949    | 497,356   | -      | -       | - |            | 3,801,157   |
|   | 28,603,202                | 12,052,995 | 2,529,169 | 86,447 | 234,399 | - | -          | 43,506,212  |
| <b>(ii) Total unrated exposures</b>                                     |                           |            |           |        |         |   | 59,918,943 | 59,918,943  |
| <b>Total Long Term Exposure</b>   | 28,603,202                | 12,052,995 | 2,529,169 | 86,447 | 234,399 | - | 59,918,943 | 103,425,155 |



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

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

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

30 Jun 2023

Group (RM '000)

| Exposure Class  | Short Term Rating Category |                  |               |          |          |                    |
|---|----------------------------|------------------|---------------|----------|----------|--------------------|
|   | 1                          | 2                | 3             | 4        | 5        | Total              |
| <b><u>On and Off Balance Sheet Exposures</u></b>                        |                            |                  |               |          |          |                    |
| <b>(i) Total rated exposures</b>  |                            |                  |               |          |          |                    |
| <b>Sovereigns &amp; Central Banks</b>                                   |                            |                  |               |          |          |                    |
| - Exposures risk-weighted using ratings of Sovereigns and Central Banks | -                          | 5,517,273        | -             | -        |          | 5,517,273          |
| <b>PSEs</b>   |                            |                  |               |          |          |                    |
| - Exposures risk-weighted using ratings of Corporates                   | 9,956                      | -                | -             | -        |          | 9,956              |
| <b>Banks, DFIs &amp; MDBs</b>   |                            |                  |               |          |          |                    |
| - Exposures risk-weighted using ratings of Banking Institutions         | 1,188,774                  | 1,550,670        | 27,912        | -        |          | 2,767,356          |
| <b>Corporates</b>   |                            |                  |               |          |          |                    |
| - Exposures risk-weighted using ratings of Corporates                   | 1,196,304                  | 3,244            | -             | -        |          | 1,199,548          |
|   | 2,395,034                  | 7,071,187        | 27,912        | -        | -        | 9,494,133          |
| <b>(ii) Total unrated exposures</b>                                     |                            |                  |               |          |          |                    |
|   |                            |                  |               |          | -        | -                  |
| <b>Total Short Term Exposure</b>  | <b>2,395,034</b>           | <b>7,071,187</b> | <b>27,912</b> | <b>-</b> | <b>-</b> | <b>9,494,133</b>   |
| Group Total Long Term and Short Term Exposure :                         |                            |                  |               |          |          | <b>112,919,288</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 2022

Group (RM '000)

Group (Ann. 600)

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

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

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

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

31 Dec 2022

Group (RM '000)

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

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

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

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

**30 Jun 2023**

**Bank (RM '000)**

| Exposure Class  | Long Term Rating Category |            |           |        |         |   |            | Total      |
|---|---------------------------|------------|-----------|--------|---------|---|------------|------------|
|   | 1                         | 2          | 3         | 4      | 5       | 6 | 7          |            |
| <b><u>On and Off Balance Sheet Exposures</u></b>                        |                           |            |           |        |         |   |            |            |
| <b>(i) Total rated exposures</b>  |                           |            |           |        |         |   |            |            |
| <b>Sovereigns &amp; Central Banks</b>                                   |                           |            |           |        |         |   |            |            |
| - Exposures risk-weighted using ratings of Sovereigns and Central Banks | 18,225,091                | 6,618,868  | -         | -      | -       | - |            | 24,843,959 |
| <b>PSEs</b>   |                           |            |           |        |         |   |            |            |
| - Exposures risk-weighted using ratings of Corporates                   | 233,893                   | 1,457      | 116,122   | -      | -       | - |            | 351,472    |
| <b>Banks, DFIs &amp; MDBs</b>   |                           |            |           |        |         |   |            |            |
| - Exposures risk-weighted using ratings of Banking Institutions         | 2,840,320                 | 3,166,209  | 1,915,691 | 86,447 | 233,477 | - |            | 8,242,144  |
| <b>Corporates</b>   |                           |            |           |        |         |   |            |            |
| - Exposures risk-weighted using ratings of Sovereigns and Central Banks | 12,055                    | -          | -         | -      | -       | - |            | 12,055     |
| - Exposures risk-weighted using ratings of Banking Institutions         | 3,605                     | 313        | -         | -      | -       | - |            | 3,918      |
| - Exposures risk-weighted using ratings of Corporates                   | 2,400,173                 | 282,860    | 483,729   | -      | -       | - |            | 3,166,762  |
|   | 23,715,137                | 10,069,707 | 2,515,542 | 86,447 | 233,477 | - | -          | 36,620,310 |
| <b>(ii) Total unrated exposures</b>                                     |                           |            |           |        |         |   |            |            |
|   |                           |            |           |        |         |   | 43,966,543 | 43,966,543 |
| <b>Total Long Term Exposure</b>   |                           |            |           |        |         |   |            |            |
|   | 23,715,137                | 10,069,707 | 2,515,542 | 86,447 | 233,477 | - | 43,966,543 | 80,586,853 |

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

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

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

**30 Jun 2023**

**Bank (RM '000)**

| Exposure Class  | Short Term Rating Category |                  |               |          |          |                   |
|---|----------------------------|------------------|---------------|----------|----------|-------------------|
|   | 1                          | 2                | 3             | 4        | 5        | Total             |
| <b><u>On and Off Balance Sheet Exposures</u></b>                        |                            |                  |               |          |          |                   |
| <b>(i) Total rated exposures</b>  |                            |                  |               |          |          |                   |
| <b>Sovereigns &amp; Central Banks</b>                                   |                            |                  |               |          |          |                   |
| - Exposures risk-weighted using ratings of Sovereigns and Central Banks | -                          | 4,132,953        | -             | -        |          | 4,132,953         |
| <b>Banks, DFIs &amp; MDBs</b>   |                            |                  |               |          |          |                   |
| - Exposures risk-weighted using ratings of Banking Institutions         | 2,708,236                  | 1,550,175        | 27,912        | -        |          | 4,286,323         |
| <b>Corporates</b>   |                            |                  |               |          |          |                   |
| - Exposures risk-weighted using ratings of Corporates                   | 554,862                    | 3,244            | -             | -        |          | 558,106           |
|   | 3,263,098                  | 5,686,372        | 27,912        | -        | -        | 8,977,382         |
| <b>(ii) Total unrated exposures</b>                                     |                            |                  |               |          |          |                   |
|   |                            |                  |               |          | -        | -                 |
| <b>Total Short Term Exposure</b>  | <b>3,263,098</b>           | <b>5,686,372</b> | <b>27,912</b> | <b>-</b> | <b>-</b> | <b>8,977,382</b>  |
| <b>Bank Total Long Term and Short Term Exposure :</b>                   |                            |                  |               |          |          |                   |
|   |                            |                  |               |          |          | <b>89,564,235</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 2022

Bank (RM '000)

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

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

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

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

31 Dec 2022

Bank (RM '000)

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

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

## **Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 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 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 Jun 2023**

**Group (RM'000)**

| Exposure Class   | Exposures before CRM | Exposures Covered by Guarantees / Credit Derivatives | Exposures Covered by Eligible Financial Collateral | Exposures Covered by Other Eligible Collateral |
|--|----------------------|--|--|--|
| <b><u>Credit Risk</u></b>  |                      |  |  |  |
| <i>On-Balance Sheet Exposures</i>  |                      |  |  |  |
| Sovereigns/Central Banks   | 35,691,585           | -  | -  | -  |
| PSEs   | 2,214,103            | -  | 5,077  | -  |
| Banks, DFIs & MDBs   | 9,190,494            | -  | 3,289,897  | -  |
| Corporates   | 20,263,498           | 491,284  | 566,422  | -  |
| Regulatory Retail  | 5,246,727            | 39,223   | 69,866   | -  |
| Residential Mortgages  | 14,639,551           | -  | -  | -  |
| Higher Risk Assets   | 11,697               | -  | 150  | -  |
| Other Assets   | 1,477,665            | -  | -  | -  |
| Equity Exposure  | 234,854              | -  | -  | -  |
| Defaulted Exposures  | 974,704              | 6,875  | 1,799  | -  |
| <b>Total for On-Balance Sheet Exposures</b>                                  | <b>89,944,878</b>    | <b>537,382</b>                                       | <b>3,933,211</b>                                   | <b>-</b>                                       |
| <i>Off-Balance Sheet Exposures</i>   |                      |  |  |  |
| OTC Derivatives  | 4,879,072            | -  | 112,095  | 1,958,642                                      |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 18,083,774           | 307,433  | 614,549  | -  |
| Defaulted Exposures  | 11,564               | -  | -  | -  |
| <b>Total for Off-Balance Sheet Exposures</b>                                 | <b>22,974,410</b>    | <b>307,433</b>                                       | <b>726,644</b>                                     | <b>1,958,642</b>                               |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>112,919,288</b>   | <b>844,815</b>                                       | <b>4,659,855</b>                                   | <b>1,958,642</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 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 |
|--|----------------------|--|--|--|
| <b><u>Credit Risk</u></b>  |                      |  |  |  |
| <i>On-Balance Sheet Exposures</i>  |                      |  |  |  |
| Sovereigns/Central Banks   | 33,701,471           | -  | -  | -  |
| PSEs   | 2,022,976            | -  | 3,092  | -  |
| Banks, DFIs & MDBs   | 9,454,079            | -  | 3,523,121  | -  |
| Corporates   | 20,436,521           | 450,551  | 620,529  | -  |
| Regulatory Retail  | 5,343,989            | 32,081   | 63,264   | -  |
| Residential Mortgages  | 15,131,137           | -  | -  | -  |
| Higher Risk Assets   | 21,543               | -  | 151  | -  |
| Other Assets   | 1,697,572            | -  | -  | -  |
| Equity Exposure  | 228,178              | -  | -  | -  |
| Defaulted Exposures  | 763,400              | 6,743  | 4,125  | -  |
| <b>Total for On-Balance Sheet Exposures</b>                                  | <b>88,800,866</b>    | <b>489,375</b>                                       | <b>4,214,282</b>                                   | <b>-</b>                                       |
| <i>Off-Balance Sheet Exposures</i>   |                      |  |  |  |
| OTC Derivatives  | 4,769,889            | -  | 603,648  | 2,002,658                                      |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 18,081,454           | 164,260  | 593,511  | -  |
| Defaulted Exposures  | 15,627               | -  | -  | -  |
| <b>Total for Off-Balance Sheet Exposures</b>                                 | <b>22,866,970</b>    | <b>164,260</b>                                       | <b>1,197,159</b>                                   | <b>2,002,658</b>                               |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>111,667,836</b>   | <b>653,635</b>                                       | <b>5,411,441</b>                                   | <b>2,002,658</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 Jun 2023**

**Bank (RM'000)**

| Exposure Class   | Exposures before CRM | Exposures Covered by Guarantees / Credit Derivatives | Exposures Covered by Eligible Financial Collateral | Exposures Covered by Other Eligible Collateral |
|--|----------------------|--|--|--|
| <b><u>Credit Risk</u></b>  |                      |  |  |  |
| <i>On-Balance Sheet Exposures</i>  |                      |  |  |  |
| Sovereigns/Central Banks   | 28,496,871           | -  | -  | -  |
| PSEs   | 1,474,549            | -  | 5,077  | -  |
| Banks, DFIs & MDBs   | 10,054,403           | -  | 3,289,897  | -  |
| Corporates   | 13,776,417           | 371,154  | 457,885  | -  |
| Regulatory Retail  | 3,101,376            | 26,182   | 57,594   | -  |
| Residential Mortgages  | 11,111,380           | -  | -  | -  |
| Higher Risk Assets   | 7,950                | -  | -  | -  |
| Other Assets   | 1,355,195            | -  | -  | -  |
| Equity Exposure  | 234,854              | -  | -  | -  |
| Defaulted Exposures  | 648,404              | 929  | 779  | -  |
| <b>Total for On-Balance Sheet Exposures</b>                                  | <b>70,261,399</b>    | <b>398,265</b>                                       | <b>3,811,232</b>                                   | <b>-</b>                                       |
| <i>Off-Balance Sheet Exposures</i>   |                      |  |  |  |
| OTC Derivatives  | 5,034,255            | -  | 112,095  | 1,958,642                                      |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 14,262,232           | 228,846  | 512,039  | -  |
| Defaulted Exposures  | 6,349                | -  | -  | -  |
| <b>Total for Off-Balance Sheet Exposures</b>                                 | <b>19,302,836</b>    | <b>228,846</b>                                       | <b>624,134</b>                                     | <b>1,958,642</b>                               |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>89,564,235</b>    | <b>627,111</b>                                       | <b>4,435,366</b>                                   | <b>1,958,642</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 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 |
|--|----------------------|--|--|--|
| <b><u>Credit Risk</u></b>  |                      |  |  |  |
| <i>On-Balance Sheet Exposures</i>  |                      |  |  |  |
| Sovereigns/Central Banks   | 26,295,840           | -  | -  | -  |
| PSEs   | 1,334,433            | -  | 3,092  | -  |
| Banks, DFIs & MDBs   | 10,948,013           | -  | 3,523,121  | -  |
| Corporates   | 13,908,081           | 344,382  | 481,444  | -  |
| Regulatory Retail  | 3,104,683            | 22,317   | 52,996   | -  |
| Residential Mortgages  | 11,553,479           | -  | -  | -  |
| Higher Risk Assets   | 16,486               | -  | -  | -  |
| Other Assets   | 1,474,276            | -  | -  | -  |
| Equity Exposure  | 228,178              | -  | -  | -  |
| Defaulted Exposures  | 481,875              | 1,335  | 2,987  | -  |
| <b>Total for On-Balance Sheet Exposures</b>                                  | <b>69,345,344</b>    | <b>368,034</b>                                       | <b>4,063,640</b>                                   | <b>-</b>                                       |
| <i>Off-Balance Sheet Exposures</i>   |                      |  |  |  |
| OTC Derivatives  | 5,000,416            | -  | 703,649  | 2,002,658                                      |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 14,049,780           | 92,345   | 484,862  | -  |
| Defaulted Exposures  | 6,096                | -  | -  | -  |
| <b>Total for Off-Balance Sheet Exposures</b>                                 | <b>19,056,292</b>    | <b>92,345</b>  | <b>1,188,511</b>                                   | <b>2,002,658</b>                               |
| <b>Total On and Off-Balance Sheet Exposures</b>                              | <b>88,401,636</b>    | <b>460,379</b>                                       | <b>5,252,151</b>                                   | <b>2,002,658</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 2023    |           | 31 Dec 2022 |           |
| Basis point parallel shift in yield curves | + 100 bps      | - 100 bps | + 100 bps   | - 100 bps |
| MYR  | 260,284        | (261,228) | 196,986     | (212,713) |
| USD  | 90,663         | (91,903)  | 112,378     | (113,693) |
| Others                                     | 235            | (283)     | 4,065       | (4,668)   |
|  | 351,182        | (353,414) | 313,429     | (331,074) |

|  | Bank (RM'000) |           |             |           |
|--|---------------|-----------|-------------|-----------|
|  | 30 Jun 2023   |           | 31 Dec 2022 |           |
| Basis point parallel shift in yield curves | + 100 bps     | - 100 bps | + 100 bps   | - 100 bps |
| MYR  | 209,164       | (213,347) | 190,948     | (205,713) |
| USD  | 85,664        | (86,920)  | 94,412      | (95,746)  |
| Others                                     | (3,411)       | 3,344     | (3,009)     | 2,388     |
|  | 291,417       | (296,923) | 282,351     | (299,071) |

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

**Sensitivity of projected Economic value of equity**

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

|  | Group (RM'000) |           |             |           |
|--|----------------|-----------|-------------|-----------|
|  | 30 Jun 2023    |           | 31 Dec 2022 |           |
| Basis point parallel shift in yield curves | + 200 bps      | - 200 bps | + 200 bps   | - 200 bps |
| MYR  | 65,222         | (70,035)  | 138,383     | (142,678) |
| USD  | 89,385         | (97,762)  | 123,116     | (135,187) |
| Others                                     | 50,188         | (52,239)  | 7,066       | (6,268)   |
|  | 204,795        | (220,036) | 268,565     | (284,133) |

|  | Bank (RM'000) |           |             |           |
|--|---------------|-----------|-------------|-----------|
|  | 30 Jun 2023   |           | 31 Dec 2022 |           |
| Basis point parallel shift in yield curves | + 200 bps     | - 200 bps | + 200 bps   | - 200 bps |
| MYR  | 67,262        | (77,222)  | 180,722     | (193,244) |
| USD  | 90,406        | (99,508)  | 124,923     | (137,858) |
| Others                                     | 49,358        | (51,839)  | 6,166       | (5,852)   |
|  | 207,026       | (228,569) | 311,811     | (336,954) |

**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 2023    |           | 31 Dec 2022 |           |
| Basis point parallel shift in yield curves | + 100 bps      | - 100 bps | + 100 bps   | - 100 bps |
| MYR  | (55,616)       | 55,616    | (51,391)    | 51,391    |
| USD  | (23,087)       | 23,087    | (2,944)     | 2,944     |
|  | (78,703)       | 78,703    | (54,335)    | 54,335    |

|  | Bank (RM'000) |           |             |           |
|--|---------------|-----------|-------------|-----------|
|  | 30 Jun 2023   |           | 31 Dec 2022 |           |
| Basis point parallel shift in yield curves | + 100 bps     | - 100 bps | + 100 bps   | - 100 bps |
| MYR  | (41,356)      | 41,356    | (38,432)    | 38,432    |
| USD  | (23,087)      | 23,087    | (2,944)     | 2,944     |
|  | (64,443)      | 64,443    | (41,376)    | 41,376    |

**5) Equities**

As at 30 June 2023, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2023 was mainly of shares held for the purpose of gaining strategic advantage. These shares are not held for capital gains and are recorded based on net tangible assets as measurement of fair value. The unquoted equities are risk weighted at 100% or 150% as per Risk Weighted Capital Adequacy Framework (Basel II).

Refer to Note 15 of the unaudited condensed interim financial statements as at 30 June 2023 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 Board of Directors (BOD), the Shariah Committee (SC) and the Management to ensure that the operations and business activities of the Islamic Financial Institutions (IFI) remain consistent with Shariah principles and requirements.

To ensure Shariah compliance in all aspects of day-to-day Islamic finance activities, the Malaysian regulatory bodies such as BNM and Securities Commission Malaysia have outlined several laws and regulations on Shariah in particular the provisions on the establishment of a SC and internal Shariah control functions. The SC is an independent Shariah advisory body which plays a vital role in providing Shariah views and decisions and performs an oversight role on Shariah governance implementation related to the IFI's business operations and activities. At the institutional level, the Shariah Department acts as a delegated authority of the SC in providing Shariah advisory to the Management team of the IFI. The Shariah control functions 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 (SAC) of BNM and SAC of Securities Commission Malaysia, as well as decisions of the SC, and to identify and refer any Shariah issues to the SC for its decisions, views and opinions.

##### **d. Shariah Audit**

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

##### **e. Shariah Risk Management**

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

## **Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 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 SC and Shariah Department are adhered to, with due regard to the business needs and Shariah requirements.

###### **ii) Shariah Risk Stewardship**

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

###### **iii) Shariah Research and Advisory**

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

###### **iv) Shariah Secretariat**

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

###### **v) Knowledge and Skills Monitoring**

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

#### **Quantitative Disclosure**

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

During the financial period ending 30 June 2023, no actual Shariah non-compliance event has been identified.

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

During the financial period ending 30 June 2023, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM3,104 in the Account was carried forward from 2022 to 2023.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS' management as at 30 June 2023 is itemised as follows:-
  - RM124,851 received from transactions via Nostro Accounts has been reversed to the Account.

The balance of RM127,955 in the Account is pending distribution in the second half of 2023.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ending 30 June 2023.