HSBC BANK MALAYSIA BERHAD
(Company No.198401015221 (127776-V))
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
As at 31 December 2024

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Dato' Omar Siddiq bin Amin Noer Rashid, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Disclosures set out on pages 2 to 42 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

……
DATO' OMAR SIDDIQ BIN AMIN NOER RASHID

Chief Executive Officer
10 February 2025

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(a) Introduction

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

(b) Basel II

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

Basel II is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline. Pillar 3 aims to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess certain specific information on the capital management processes, and risk assessment processes, and hence the capital adequacy of the Group. Disclosures consist of both quantitative and qualitative information and are provided at the Group and the Bank level. Banks are required to disclose all their material risks as part of the Pillar 3 framework. All material and non-proprietary information required by Pillar 3 is included in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures as at 31 December 2024. BNM permits certain Pillar 3 requirements to be satisfied by inclusion within the financial statements. Where this is the case, references are provided to relevant sections in the Financial Statements as at 31 December 2024.

(c) Consolidation basis

The basis of consolidation for financial accounting purposes is described in Note 3(a) of the financial statements as at 31 December 2024 and it is the same basis of consolidation that is used for regulatory purposes. The Bank's subsidiary companies are listed in Note 16 of the financial statements, and are fully consolidated for both financial accounting and regulatory purposes.

(d) Transferability of capital and funds within the Group

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

(e) Internal assessment of capital adequacy

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

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

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

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

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

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

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

Stress Testing

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

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

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

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

Governance

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

Risk Appetite

Risk appetite is a key component in our management of risk. It defines our desired forward-looking risk profile, and informs the strategic and financial planning process. At HSBC, risk appetite is managed through a global risk appetite framework and articulated in a risk appetite statement (RAS), which is reviewed and approved by the Board, on the advice of the group's Risk Committee, regularly to make sure it remains fit for purpose.

Our risk appetite provides an objective baseline to guide strategic decision making, helping to ensure that planned business activities provide an appropriate balance of return for the risk assumed, while remaining within acceptable risk levels. It is also integrated within other risk management tools, such as stress testing, to ensure consistency in risk management.

(f) Capital structure

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

- Tier 1 capital [1] is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 (AT1) Capital. CET1 Capital includes ordinary share capital [2], retained earnings, reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes, while AT1 Capital includes qualifying preference shares.

- Tier 2 capital [1], which includes impairment allowances equal to 12-months and lifetime expected credit losses for non-credit impaired loans (commonly known as Stage 1 and 2 provisions), regulatory reserve, and the element of the fair value reserve relating to revaluation of property which are disclosed as regulatory adjustments.

Refer to Note 36 of the financial statements at 31 December 2024 for the total capital ratio and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

[1] *Refer to Note 36 of the financial statements as at 31 December 2024 for the amount and breakdown of capital components.*

[2] *Refer to Note 23 of the financial statements as at 31 December 2024 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.*

(g) Risk management

Risk management framework

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

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

Culture

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

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

Risk governance

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

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

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

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

Refer to Note 4 of the financial statements as at 31 December 2024 for the Group's risk managements policies on the above mentioned risks.

(g) Risk management (Cont'd)

1) RWA and Capital Requirement

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

As at 31 December 2024, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM658m (31 December 2023: RM940m) with principal amount of RM1,669m (31 December 2023: RM2,070m). This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

31 Dec 2024			***Group***		
(RM'000)					
Exposure Class		**Gross Exposures**	**Net Exposures**	**Risk Weighted Assets (RWA)**	**Minimum Capital Requirement at 8%**
Credit Risk (Standardised Approach)					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		**35,327,925**	**35,327,925**	**1,628,346**	**130,268**
PSEs		**1,978,973**	**1,868,454**	**521,417**	**41,713**
Banks, DFIs & MDBs		**10,759,253**	**3,074,627**	**1,035,278**	**82,823**
Corporates		**22,814,577**	**22,484,942**	**20,420,218**	**1,633,617**
Regulatory Retail		**5,589,956**	**5,546,883**	**4,243,171**	**339,454**
Residential Mortgages		**13,989,211**	**13,989,211**	**5,148,968**	**411,917**
Higher Risk Assets		**9,641**	**9,487**	**14,230**	**1,138**
Other Assets		**1,777,866**	**1,777,866**	**1,597,707**	**127,816**
Securitisation Exposure		**206,143**	**206,143**	**154,607**	**12,369**
Equity Exposure		**246,628**	**246,628**	**246,628**	**19,730**
Defaulted Exposures		**720,551**	**720,330**	**807,423**	**64,594**
Total for On-Balance Sheet Exposures		**93,420,724**	**85,252,496**	**35,817,993**	**2,865,439**
Off-Balance Sheet Exposures					
OTC Derivatives		**3,867,924**	**2,225,781**	**1,188,227**	**95,058**
Off balance sheet exposures other than OTC derivatives or credit derivatives		**18,830,272**	**18,301,989**	**13,323,044**	**1,065,844**
Defaulted Exposures		**13,151**	**13,151**	**17,355**	**1,389**
Total for Off-Balance Sheet Exposures		**22,711,347**	**20,540,921**	**14,528,626**	**1,162,291**
Total On and Off-Balance Sheet Exposures [1]		**116,132,071**	**105,793,417**	**50,346,619**	**4,027,730**
Market Risk (Standardised Approach)	**Long Position**	**Short Position**			
Interest/Profit Rate Risk	**61,124,024**	**60,484,511**	**639,513**	**2,156,652**	**172,532**
Foreign Currency Risk	**47,971**	**10,191**	**47,971**	**47,971**	**3,838**
Equity Risk	**-**	**-**	**-**	**1,198**	**96**
Options Risk	**-**	**-**	**-**	**86,814**	**6,945**
	61,171,995	**60,494,702**	**687,484**	**2,292,635**	**183,411**
Operational Risk (Standardised Approach)	**-**	**-**	**-**	**6,902,586**	**552,206**
Total RWA and Capital Requirement	**-**	**-**	**-**	**59,541,840**	**4,763,347**

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

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

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2023 *Group*

(RM'000)

Exposure Class		Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		31,141,358	31,141,358	1,904,878	152,391
PSEs		1,922,321	1,916,682	505,470	40,437
Banks, DFIs & MDBs		15,350,210	4,992,629	1,646,868	131,749
Corporates		21,156,834	20,643,446	18,931,352	1,514,509
Regulatory Retail		5,517,156	5,453,553	4,179,870	334,389
Residential Mortgages		14,434,460	14,434,460	5,361,946	428,955
Higher Risk Assets		11,045	10,894	16,341	1,307
Other Assets		1,676,235	1,676,235	1,453,446	116,275
Equity Exposure		234,854	234,854	234,854	18,788
Defaulted Exposures		781,028	780,695	828,078	66,246
Total for On-Balance Sheet Exposures		92,225,501	81,284,806	35,063,103	2,805,046
Off-Balance Sheet Exposures					
OTC Derivatives		3,746,503	1,867,903	1,135,350	90,829
Off balance sheet exposures other than OTC derivatives or credit derivatives		17,595,504	17,015,277	12,765,116	1,021,210
Defaulted Exposures		10,205	10,205	13,881	1,111
Total for Off-Balance Sheet Exposures		21,352,212	18,893,385	13,914,347	1,113,150
Total On and Off-Balance Sheet Exposures [1]		113,577,713	100,178,191	48,977,450	3,918,196
Market Risk (Standardised Approach)	Long Position	Short Position			
Interest/Profit Rate Risk	37,870,909	39,349,672	(1,478,763)	1,427,295	114,183
Foreign Currency Risk	115,155	10,702	116,654	116,654	9,332
Equity Risk	-	-	-	10,656	852
Options Risk	-	-	-	657,877	52,630
	37,986,064	39,360,374	(1,362,109)	2,212,482	176,997
Operational Risk (Standardised Approach)	-	-	-	6,004,624	480,370
Total RWA and Capital Requirement	-	-	-	57,194,556	4,575,563

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

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

Refer to Note 36 of the financial statements as at 31 December 2024 for disclosure on RWA breakdown by various risk categories.

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

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2024		***Bank***			
(RM'000)					
Exposure Class		**Gross Exposures**	**Net Exposures**	**Risk Weighted Assets (RWA)**	**Minimum Capital Requirement at 8%**
Credit Risk (Standardised Approach)					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		**28,751,709**	**28,751,709**	**1,378,054**	**110,244**
PSEs		**1,337,038**	**1,226,519**	**310,864**	**24,869**
Banks, DFIs & MDBs		**12,669,880**	**4,985,254**	**1,232,708**	**98,617**
Corporates		**15,573,394**	**15,314,150**	**13,828,575**	**1,106,286**
Regulatory Retail		**3,509,339**	**3,474,613**	**2,608,775**	**208,702**
Residential Mortgages		**10,376,971**	**10,376,971**	**3,801,165**	**304,093**
Higher Risk Assets		**6,941**	**6,941**	**10,412**	**833**
Other Assets		**1,645,460**	**1,645,460**	**1,549,277**	**123,942**
Equity Exposure		**246,628**	**246,628**	**246,628**	**19,730**
Defaulted Exposures		**455,455**	**455,334**	**515,149**	**41,212**
Total for On-Balance Sheet Exposures		**74,572,815**	**66,483,579**	**25,481,607**	**2,038,528**
Off-Balance Sheet Exposures					
OTC Derivatives		**4,006,220**	**2,168,075**	**1,129,538**	**90,363**
Off balance sheet exposures other than OTC derivatives or credit derivatives		**15,131,311**	**14,713,638**	**10,786,584**	**862,927**
Defaulted Exposures		**7,078**	**7,078**	**8,760**	**701**
Total for Off-Balance Sheet Exposures		**19,144,609**	**16,888,791**	**11,924,882**	**953,991**
Total On and Off-Balance Sheet Exposures [1]		**93,717,424**	**83,372,370**	**37,406,489**	**2,992,519**
Market Risk (Standardised Approach)	**Long Position**	**Short Position**			
Interest/Profit Rate Risk	**59,316,995**	**57,013,491**	**2,303,504**	**2,063,802**	**165,104**
Foreign Currency Risk	**45,922**	**9,311**	**45,922**	**45,922**	**3,674**
Equity Risk	**-**	**-**	**-**	**1,198**	**96**
Options Risk	**-**	**-**	**-**	**86,814**	**6,945**
	59,362,917	**57,022,802**	**2,349,426**	**2,197,736**	**175,819**
Operational Risk (Standardised Approach)	**-**	**-**	**-**	**6,023,418**	**481,873**
Total RWA and Capital Requirement	**-**	**-**	**-**	**45,627,643**	**3,650,211**

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

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

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2023 (RM'000)	*Bank*				
Exposure Class		Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		24,960,171	24,960,171	1,601,820	128,146
PSEs		1,266,113	1,260,474	291,580	23,326
Banks, DFIs & MDBs		16,120,100	5,762,519	1,556,815	124,545
Corporates		14,003,376	13,599,075	12,532,308	1,002,585
Regulatory Retail		3,338,554	3,287,455	2,466,090	197,287
Residential Mortgages		10,866,466	10,866,466	4,030,830	322,466
Higher Risk Assets		7,875	7,875	11,812	945
Other Assets		1,532,960	1,532,960	1,409,953	112,796
Equity Exposure		234,854	234,854	234,854	18,788
Defaulted Exposures		501,379	501,046	538,300	43,064
Total for On-Balance Sheet Exposures		72,831,848	62,012,895	24,674,362	1,973,948
Off-Balance Sheet Exposures					
OTC Derivatives		3,919,976	2,041,375	1,065,546	85,244
Off balance sheet exposures other than OTC derivatives or credit derivatives		13,888,593	13,411,528	10,172,815	813,825
Defaulted Exposures		5,081	5,081	6,359	509
Total for Off-Balance Sheet Exposures		17,813,650	15,457,984	11,244,720	899,578
Total On and Off-Balance Sheet Exposures [1]		90,645,498	77,470,879	35,919,082	2,873,526
Market Risk (Standardised Approach)	Long Position	Short Position			
Interest/Profit Rate Risk	35,869,831	35,390,496	479,335	1,271,440	101,715
Foreign Currency Risk	113,786	7,834	113,786	113,786	9,103
Equity Risk	-	-	-	10,656	852
Options Risk	-	-	-	657,877	52,630
	35,983,617	35,398,330	593,121	2,053,759	164,300
Operational Risk (Standardised Approach)	-	-	-	5,229,007	418,321
Total RWA and Capital Requirement	-	-	-	43,201,848	3,456,147

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

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

Refer to Note 36 of the financial statements as at 31 December 2024 for disclosure on RWA breakdown by various risk categories.

(g) Risk management (Cont'd)

2) Risk Weight Profile and RWA

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

31 Dec 2024 ***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	Residental Mortgages	Higher Risk Assets	Other Assets	Securitisation	Equity		
0%	**27,225,273**	**-**	**-**	**-**	**155,017**	**32,949**	**-**	**-**	**188,350**	**-**	**-**	**27,601,589**	**-**
20%	**8,185,455**	**2,497,236**	**2,869,931**	**-**	**3,588,267**	**7,498**	**-**	**-**	**-**	**-**	**-**	**17,148,387**	**3,429,678**
35%	**-**	**-**	**-**	**-**	**-**	**-**	**15,251,656**	**-**	**-**	**-**	**-**	**15,251,656**	**5,338,080**
50%	**-**	**228,588**	**2,107,292**	**-**	**949,939**	**10,161**	**1,080,462**	**-**	**-**	**-**	**-**	**4,376,442**	**2,188,221**
75%	**-**	**-**	**-**	**-**	**-**	**8,018,237**	**353,231**	**-**	**-**	**206,143**	**-**	**8,577,611**	**6,433,209**
100%	**-**	**537,992**	**210,048**	**1,650**	**29,014,760**	**518,127**	**495,990**	**-**	**1,588,804**	**-**	**246,628**	**32,613,999**	**32,613,999**
150%	**-**	**-**	**-**	**-**	**21,902**	**109,478**	**79,251**	**12,390**	**-**	**-**	**-**	**223,021**	**334,532**
1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**712**	**-**	**-**	**712**	**8,900**
Total												**105,793,417**	**50,346,619**
Average Risk Weight	**5%**	**35%**	**35%**	**100%**	**90%**	**77%**	**39%**	**150%**	**90%**	**75%**	**100%**	**48%**	

31 Dec 2023 *Group*

(RM'000)

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

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

(g) Risk management (Cont'd)

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

31 Dec 2024 ***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	Residental Mortgages	Higher Risk Assets	Other Assets	Securitisation	Equity		
0%	**21,880,516**	**-**	**-**	**-**	**103,143**	**20,465**	**-**	**-**	**104,374**	**-**	**-**	**22,108,498**	**-**
20%	**6,933,995**	**1,631,793**	**5,607,685**	**-**	**2,872,292**	**7,498**	**-**	**-**	**-**	**-**	**-**	**17,053,263**	**3,410,653**
35%	**-**	**-**	**-**	**-**	**-**	**-**	**11,609,422**	**-**	**-**	**-**	**-**	**11,609,422**	**4,063,298**
50%	**-**	**137,922**	**1,402,081**	**-**	**336,020**	**676**	**707,611**	**-**	**-**	**-**	**-**	**2,584,310**	**1,292,155**
75%	**-**	**-**	**-**	**-**	**-**	**5,591,894**	**239,403**	**-**	**-**	**-**	**-**	**5,831,297**	**4,373,473**
100%	**-**	**388,375**	**210,048**	**1,650**	**21,208,819**	**99,459**	**343,231**	**-**	**1,540,374**	**-**	**246,628**	**24,038,584**	**24,038,584**
150%	**-**	**-**	**-**	**-**	**5,362**	**74,489**	**58,088**	**8,345**	**-**	**-**	**-**	**146,284**	**219,426**
1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**712**	**-**	**-**	**712**	**8,900**
Total												**83,372,370**	**37,406,489**
Average Risk Weight	**5%**	**36%**	**28%**	**100%**	**90%**	**76%**	**39%**	**150%**	**94%**	**0%**	**100%**	**45%**	

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

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

(g) Risk management (Cont'd)

3) Credit Risk

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

	31 Dec 2024				
Group (RM'000)	**Northern**	**Southern**	**Central**	**Eastern**	**Total**
Overdrafts/Cash line-i	**79,428**	**56,480**	**602,160**	**24,316**	**762,384**
Term loans/financing					
Housing loans/financing	**2,374,664**	**1,771,775**	**9,140,669**	**612,259**	**13,899,367**
Syndicated term loan/financing	**115,597**	**10,429**	**2,094,258**	**-**	**2,220,284**
Factoring receivables	**135,595**	**276,380**	**2,448,033**	**1,179**	**2,861,187**
Hire purchase receivables	**36,302**	**62,472**	**24,072**	**14,880**	**137,726**
Other term loans/financing	**732,414**	**1,136,498**	**5,633,061**	**241,981**	**7,743,954**
Bills receivables	**436,616**	**867,629**	**2,529,545**	**875**	**3,834,665**
Trust receipts	**772,617**	**1,299,111**	**2,113,047**	**29,851**	**4,214,626**
Claims on customers under acceptance credits	**70,126**	**44,618**	**125,230**	**3,420**	**243,394**
Staff loans/financing	**3,609**	**2,245**	**31,691**	**997**	**38,542**
Credit/charge cards	**726,030**	**617,500**	**2,628,959**	**275,957**	**4,248,446**
Revolving financing	**434,695**	**445,024**	**5,004,225**	**1,007**	**5,884,951**
Other loans/financing	**1,874**	**1,183**	**6,023**	**271**	**9,351**
	5,919,567	**6,591,344**	**32,380,973**	**1,206,993**	**46,098,877**

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

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

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Pahang, Kelantan and Terengganu.
The Southern region consists of the states of Johor, Melaka and Negeri Sembilan.
The Central region consists of the state of Selangor, the Federal Territory of Kuala Lumpur and the Federal Territory of Putrajaya.
The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
Bank (RM'000)	**Northern**	**Southern**	**Central**	**Eastern**	**Total**
Overdrafts	**59,102**	**38,053**	**571,089**	**24,316**	**692,560**
Term loans/financing					
Housing loans/financing	**1,936,280**	**1,387,682**	**6,383,365**	**523,167**	**10,230,494**
Syndicated term loan/financing	**86,744**	**10,429**	**787,735**	**-**	**884,908**
Factoring receivables	**135,595**	**276,380**	**2,448,033**	**1,179**	**2,861,187**
Other term loans/financing	**475,958**	**563,498**	**2,547,467**	**136,612**	**3,723,535**
Bills receivables	**307,715**	**541,785**	**1,700,047**	**738**	**2,550,285**
Trust receipts	**722,646**	**1,290,060**	**1,559,302**	**29,851**	**3,601,859**
Claims on customers under acceptance credits	**44,937**	**31,227**	**86,919**	**3,006**	**166,089**
Staff loans/financing	**3,347**	**2,245**	**31,028**	**997**	**37,617**
Credit/charge cards	**509,465**	**410,230**	**1,871,440**	**225,700**	**3,016,835**
Revolving financing	**370,230**	**130,170**	**3,447,684**	**1,007**	**3,949,091**
Other loans/financing	**1,627**	**880**	**3,882**	**260**	**6,649**
	4,653,646	**4,682,639**	**21,437,991**	**946,833**	**31,721,109**

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
Group (RM'000)	**Northern**	**Southern**	**Central**	**Eastern**	**Total**
Overdrafts/Cash line-i	**2,136**	**689**	**7,779**	**1,108**	**11,712**
Term loans/financing					
Housing loans/financing	**119,738**	**120,334**	**512,301**	**32,887**	**785,260**
Factoring receivables	**-**	**-**	**1,003**	**-**	**1,003**
Other term loans/financing	**23,534**	**54,364**	**357,219**	**8,265**	**443,382**
Bills receivables	**-**	**-**	**14,727**	**-**	**14,727**
Trust receipts	**2,018**	**2,561**	**64,790**	**-**	**69,369**
Staff loans/financing	**-**	**-**	**723**	**-**	**723**
Credit/charge cards	**4,178**	**4,456**	**11,667**	**1,693**	**21,994**
Revolving financing	**-**	**16,103**	**58,815**	**-**	**74,918**
Other loans/financing	**1,675**	**947**	**5,073**	**157**	**7,852**
	153,279	**199,454**	**1,034,097**	**44,110**	**1,430,940**

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
Bank (RM'000)	**Northern**	**Southern**	**Central**	**Eastern**	**Total**
Overdrafts	**2,136**	**688**	**5,973**	**1,108**	**9,905**
Term loans/financing					
Housing loans/financing	**97,745**	**88,137**	**336,256**	**29,450**	**551,588**
Factoring receivables	**-**	**-**	**1,003**	**-**	**1,003**
Other term loans/financing	**19,374**	**49,701**	**180,787**	**6,163**	**256,025**
Bills receivables	**-**	**-**	**4,057**	**-**	**4,057**
Trust receipts	**2,018**	**2,561**	**54,932**	**-**	**59,511**
Staff loans/financing	**-**	**-**	**723**	**-**	**723**
Credit/charge cards	**3,033**	**2,794**	**7,781**	**885**	**14,493**
Revolving financing	**-**	**16,103**	**1,989**	**-**	**18,092**
Other loans/financing	**1,483**	**729**	**3,203**	**149**	**5,564**
	125,789	**160,713**	**596,704**	**37,755**	**920,961**

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
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	**762,384**	**-**	**-**	**-**	**762,384**
Term loans/financing					
Housing loans/financing	**71,953**	**59,042**	**143,298**	**13,625,074**	**13,899,367**
Syndicated term loan/financing	**1,192,422**	**400,211**	**505,530**	**122,121**	**2,220,284**
Factoring receivables	**2,528,835**	**85,421**	**246,931**	**-**	**2,861,187**
Hire purchase receivables	**9,804**	**77,273**	**50,649**	**-**	**137,726**
Other term loans/financing	**1,063,191**	**2,078,445**	**2,210,996**	**2,391,322**	**7,743,954**
Bills receivables	**3,834,622**	**43**	**-**	**-**	**3,834,665**
Trust receipts	**4,214,626**	**-**	**-**	**-**	**4,214,626**
Claims on customers under acceptance credits	**243,394**	**-**	**-**	**-**	**243,394**
Staff loans/financing	**601**	**4,238**	**8,629**	**25,074**	**38,542**
Credit/charge cards	**4,248,446**	**-**	**-**	**-**	**4,248,446**
Revolving financing	**5,884,951**	**-**	**-**	**-**	**5,884,951**
Other loans/financing	**9,351**	**-**	**-**	**-**	**9,351**
	24,064,580	**2,704,673**	**3,166,033**	**16,163,591**	**46,098,877**

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
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	**692,560**	**-**	**-**	**-**	**692,560**
Term loans/financing					
Housing loans/financing	**49,846**	**49,764**	**124,506**	**10,006,378**	**10,230,494**
Syndicated term loan/financing	**271,239**	**94,596**	**505,530**	**13,543**	**884,908**
Factoring receivables	**2,528,835**	**85,421**	**246,931**	**-**	**2,861,187**
Other term loans/financing	**461,951**	**1,094,413**	**881,153**	**1,286,018**	**3,723,535**
Bills receivables	**2,550,242**	**43**	**-**	**-**	**2,550,285**
Trust receipts	**3,601,859**	**-**	**-**	**-**	**3,601,859**
Claims on customers under acceptance credits	**166,089**	**-**	**-**	**-**	**166,089**
Staff loans/financing	**589**	**4,117**	**8,448**	**24,463**	**37,617**
Credit/charge cards	**3,016,835**	**-**	**-**	**-**	**3,016,835**
Revolving financing	**3,949,091**	**-**	**-**	**-**	**3,949,091**
Other loans/financing	**6,649**	**-**	**-**	**-**	**6,649**
	17,295,785	**1,328,354**	**1,766,568**	**11,330,402**	**31,721,109**

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

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2024

Group (RM'000)

	Overdraft/ Cash line-i	**Housing loans/ financing**	**Syndicated term loans/ financing**	**Factoring receivables**	**Hire purchase receivables**	**Other term loans/ financing**	**Bills receivables**	**Trust receipts**	**Claims on customers under acceptance credits**	**Staff loans/ financing**	**Credit/ charge cards**	**Revolving financing**	**Other loans/ financing**	**Total**
Agricultural, hunting, forestry and fishing	**18,275**	**-**	**-**	**-**	**1,247**	**14,073**	**1,495**	**10,447**	**1,411**	**-**	**920**	**-**	**16**	**47,884**
Mining and quarrying	**7,530**	**-**	**94,596**	**-**	**-**	**9,339**	**19,792**	**1,432**	**3,093**	**-**	**130**	**193,348**	**-**	**329,260**
Manufacturing	**324,068**	**-**	**183,845**	**596,848**	**70,524**	**1,708,663**	**1,672,356**	**2,383,611**	**124,677**	**-**	**50,395**	**865,566**	**121**	**7,980,674**
Electricity, gas and water	**1,416**	**-**	**-**	**-**	**-**	**28,948**	**4,058**	**4,975**	**1,833**	**-**	**141**	**292,702**	**-**	**334,073**
Construction	**54,472**	**-**	**599,165**	**14,396**	**360**	**403,715**	**126,638**	**157,148**	**8,252**	**-**	**1,348**	**706,125**	**36**	**2,071,655**
Real estate	**2,569**	**-**	**510,062**	**-**	**-**	**931,182**	**618**	**54,705**	**55**	**-**	**185**	**405,342**	**-**	**1,904,718**
Wholesale & retail trade and restaurants & hotels	**169,590**	**-**	**38,565**	**578,924**	**10,617**	**695,708**	**628,262**	**1,363,355**	**99,851**	**-**	**8,109**	**881,344**	**47**	**4,474,372**
Transport, storage and communication	**11,146**	**-**	**-**	**343,659**	**37,358**	**406,148**	**119,130**	**26,713**	**388**	**-**	**861**	**110,653**	**20**	**1,056,076**
Finance, insurance/takaful and business services	**82,991**	**-**	**13,543**	**25,021**	**407**	**954,937**	**20,628**	**30,029**	**3,524**	**-**	**9,430**	**1,805,925**	**17**	**2,946,452**
Household-retail	**76,939**	**13,899,367**	**-**	**-**	**-**	**1,710,424**	**-**	**-**	**-**	**38,542**	**4,175,379**	**-**	**9,094**	**19,909,745**
Others	**13,388**	**-**	**780,508**	**1,302,339**	**17,213**	**880,817**	**1,241,688**	**182,211**	**310**	**-**	**1,548**	**623,946**	**-**	**5,043,968**
	762,384	**13,899,367**	**2,220,284**	**2,861,187**	**137,726**	**7,743,954**	**3,834,665**	**4,214,626**	**243,394**	**38,542**	**4,248,446**	**5,884,951**	**9,351**	**46,098,877**

31 Dec 2023

Group (RM'000)

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2024

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	**18,274**	**-**	**-**	**-**	**11,713**	**1,495**	**10,447**	**1,411**	**-**	**920**	**-**	**16**	**44,276**
Mining and quarrying	**5,980**	**-**	**94,596**	**-**	**9,335**	**-**	**1,432**	**1,132**	**-**	**130**	**80,274**	**-**	**192,879**
Manufacturing	**309,008**	**-**	**86,744**	**596,848**	**969,073**	**1,159,179**	**2,341,866**	**96,321**	**-**	**50,395**	**766,128**	**121**	**6,375,683**
Electricity, gas and water	**1,416**	**-**	**-**	**-**	**25,131**	**4,058**	**4,975**	**1,833**	**-**	**141**	**200,134**	**-**	**237,688**
Construction	**41,832**	**-**	**390,650**	**14,396**	**136,401**	**13,222**	**147,292**	**3,365**	**-**	**1,348**	**495,907**	**36**	**1,244,449**
Real estate	**2,569**	**-**	**160,020**	**-**	**101,642**	**618**	**54,705**	**55**	**-**	**185**	**364,615**	**-**	**684,409**
Wholesale & retail trade and restaurants & hotels	**157,837**	**-**	**38,565**	**578,924**	**569,657**	**385,436**	**927,796**	**58,431**	**-**	**8,109**	**728,740**	**47**	**3,453,542**
Transport, storage and communication	**7,046**	**-**	**-**	**343,659**	**271,355**	**104,740**	**5,457**	**96**	**-**	**861**	**18,541**	**-**	**751,755**
Finance, insurance/takaful and business services	**70,188**	**-**	**13,543**	**25,021**	**627,243**	**20,506**	**30,029**	**3,135**	**-**	**9,430**	**1,121,731**	**17**	**1,920,843**
Household-retail	**76,937**	**10,230,494**	**-**	**-**	**775,878**	**-**	**-**	**-**	**37,617**	**2,943,768**	**-**	**6,412**	**14,071,106**
Others	**1,473**	**-**	**100,790**	**1,302,339**	**226,107**	**861,031**	**77,860**	**310**	**-**	**1,548**	**173,021**	**-**	**2,744,479**
	692,560	**10,230,494**	**884,908**	**2,861,187**	**3,723,535**	**2,550,285**	**3,601,859**	**166,089**	**37,617**	**3,016,835**	**3,949,091**	**6,649**	**31,721,109**

31 Dec 2023

Bank (RM'000)

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2024

Group (RM'000)

	Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/ financing	Bills receivables	Trust receipts	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	**1,034**	**-**	**-**	**-**	**-**	**2,421**	**-**	**-**	**-**	**-**	**-**	**16**	**3,471**
Manufacturing	**1,881**	**-**	**-**	**-**	**-**	**725**	**-**	**4,579**	**-**	**-**	**-**	**73**	**7,258**
Electricity, gas and water	**1,083**	**-**	**-**	**-**	**-**	**-**	**4,057**	**2,893**	**-**	**-**	**56,826**	**-**	**64,859**
Construction	**4,231**	**-**	**-**	**-**	**-**	**7,068**	**6,695**	**57,263**	**-**	**-**	**1,989**	**31**	**77,277**
Real estate	**-**	**-**	**-**	**-**	**-**	**40,069**	**-**	**-**	**-**	**-**	**16,103**	**-**	**56,172**
Wholesale & retail trade and restaurants & hotels	**-**	**-**	**-**	**1,003**	**-**	**8,932**	**1,791**	**989**	**-**	**-**	**-**	**47**	**12,762**
Transport, storage and communication	**4**	**-**	**-**	**-**	**-**	**1,878**	**2,184**	**-**	**-**	**-**	**-**	**15**	**4,081**
Finance, insurance/takaful and business services	**2,132**	**-**	**-**	**-**	**-**	**428**	**-**	**3,645**	**-**	**-**	**-**	**17**	**6,222**
Household-retail	**1,347**	**785,260**	**-**	**-**	**-**	**381,861**	**-**	**-**	**723**	**21,994**	**-**	**7,653**	**1,198,838**
	11,712	**785,260**	**-**	**1,003**	**-**	**443,382**	**14,727**	**69,369**	**723**	**21,994**	**74,918**	**7,852**	**1,430,940**

31 Dec 2023

Group (RM'000)

	Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/ financing	Bills receivables	Trust receipts	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	3,792	-	-	-	-	2,915	-	-	-	-	-	-	6,707
Manufacturing	10,055	-	-	-	172	4,746	1,250	6,137	-	-	-	142	22,502
Electricity, gas and water	-	-	-	-	-	-	-	-	-	-	58,509	-	58,509
Construction	4,980	-	-	-	-	7,618	7,436	48,418	-	-	1,990	51	70,493
Real estate	-	-	-	-	-	63,036	-	-	-	-	17,452	-	80,488
Wholesale & retail trade and restaurants & hotels	1,167	-	-	925	6,074	12,463	982	1,073	-	-	-	50	22,734
Transport, storage and communication	271	-	-	-	-	2,142	1,285	-	-	-	-	8	3,706
Finance, insurance/takaful and business services	2,840	-	96,268	-	-	709	3,332	3,646	-	-	-	10	106,805
Household-retail	1,202	993,506	-	-	-	402,681	-	-	694	27,196	-	8,352	1,433,631
	24,307	993,506	96,268	925	6,246	496,310	14,285	59,274	694	27,196	77,951	8,613	1,805,575

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2024
Bank (RM'000)

	Overdraft	**Housing loans/ financing**	**Syndicated term loans/ financing**	**Factoring receivables**	**Other term loans/financing**	**Bills receivables**	**Trust receipts**	**Staff loans/ financing**	**Credit/ charge cards**	**Revolving financing**	**Other loans/ financing**	**Total**
Agricultural, hunting, forestry and fishing	**1,030**	**-**	**-**	**-**	**2,421**	**-**	**-**	**-**	**-**	**-**	**16**	**3,467**
Manufacturing	**1,881**	**-**	**-**	**-**	**725**	**-**	**4,579**	**-**	**-**	**-**	**73**	**7,258**
Electricity, gas and water	**924**	**-**	**-**	**-**	**-**	**4,057**	**2,893**	**-**	**-**	**-**	**-**	**7,874**
Construction	**2,587**	**-**	**-**	**-**	**6,124**	**-**	**47,405**	**-**	**-**	**1,989**	**31**	**58,136**
Real estate	**-**	**-**	**-**	**-**	**40,069**	**-**	**-**	**-**	**-**	**16,103**	**-**	**56,172**
Wholesale & retail trade and restaurants & hotels	**-**	**-**	**-**	**1,003**	**8,932**	**-**	**989**	**-**	**-**	**-**	**47**	**10,971**
Transport, storage and communication	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**
Finance, insurance/takaful and business services	**2,132**	**-**	**-**	**-**	**428**	**-**	**3,645**	**-**	**-**	**-**	**17**	**6,222**
Household-retail	**1,347**	**551,588**	**-**	**-**	**197,326**	**-**	**-**	**723**	**14,493**	**-**	**5,380**	**770,857**
	9,905	**551,588**	**-**	**1,003**	**256,025**	**4,057**	**59,511**	**723**	**14,493**	**18,092**	**5,564**	**920,961**

31 Dec 2023
Bank (RM'000)

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
Agricultural, hunting, forestry and fishing	**3,468**	5,921	**3,467**	5,469
Mining and quarrying	**-**	64	**-**	64
Manufacturing	**18,911**	39,538	**11,943**	31,123
Electricity, gas and water	**64,429**	58,509	**7,875**	-
Construction	**63,398**	165,303	**59,015**	156,016
Real estate	**58,599**	78,629	**58,346**	77,319
Wholesale & retail trade and restaurants & hotels	**19,640**	27,964	**16,558**	23,262
Transport, storage and communication	**2,121**	3,416	**228**	1,519
Finance, insurance/takaful and business services	**8,693**	8,736	**8,266**	8,115
Household-retail	**1,725,631**	1,890,447	**1,189,647**	1,290,370
Others	**833**	177,778	**316**	173,164
	1,965,723	2,456,305	**1,355,661**	1,766,421

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
Northern region	**302,691**	320,930	**245,083**	253,392
Southern region	**313,791**	376,656	**238,815**	289,809
Central region	**1,269,419**	1,659,621	**805,074**	1,149,546
Eastern region	**79,822**	99,098	**66,689**	73,674
	1,965,723	2,456,305	**1,355,661**	1,766,421

Table 8: Impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
Agricultural, hunting, forestry and fishing	**552**	612	**520**	569
Mining and quarrying	**160**	429	**121**	372
Manufacturing	**12,552**	17,668	**6,070**	6,071
Electricity, gas and water	**62,592**	56,925	**5,603**	67
Construction	**49,579**	53,408	**45,890**	45,824
Real estate	**27,898**	59,058	**26,165**	54,917
Wholesale & retail trade and restaurants & hotels	**11,552**	16,048	**6,575**	6,622
Transport, storage and communication	**3,632**	2,298	**1,205**	556
Finance, insurance/takaful and business services	**7,619**	105,165	**7,163**	103,751
Household-retail	**383,324**	503,036	**195,058**	248,981
Others	**1,899**	2,386	**714**	437
	561,359	817,033	**295,084**	468,167

Table 9: Impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
Northern region	**58,477**	74,073	**36,370**	40,947
Southern region	**82,674**	92,802	**54,562**	58,755
Central region	**403,509**	629,183	**194,217**	356,571
Eastern region	**16,699**	20,975	**9,935**	11,894
	561,359	817,033	**295,084**	468,167

[1] of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 12 (ii) and 12 (iv) of the financial statements as at 31 Dec 2024 respectively.

The breakdown of loan/financing impairment allowance during the year is disclosed in Note 13 (i) of the financial statements as at 31 December 2024.

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
(Releases) / Charges	**31 Dec 2024**	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
Agricultural, hunting, forestry and fishing	**(60)**	224	**(49)**	211
Mining and quarrying	**(277)**	334	**(259)**	322
Manufacturing	**(2,730)**	459	**10**	(1,060)
Electricity, gas and water	**7,017**	(1,803)	**5,537**	(194)
Construction	**(6,049)**	(75,797)	**(2,160)**	23,708
Real estate	**(28,350)**	14,046	**(25,942)**	13,264
Wholesale & retail trade and restaurants & hotels	**(3,210)**	4,506	**(160)**	(3,270)
Transport, storage and communication	**1,359**	(1,114)	**650**	(1,518)
Finance, insurance/takaful and business services	**(1,187)**	517	**(255)**	967
Household-retail	**(23,975)**	94,799	**(7,019)**	33,902
Others	**(520)**	(10,555)	**250**	(11,324)
	(57,982)	25,616	**(29,397)**	55,008

The breakdown of loan/financing net impairment allowance during the year is disclosed in Note 30 (i) of the financial statements as at 31 December 2024.

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

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

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

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

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

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

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

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

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

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

Risk Weights Based on Credit Rating of the Counterparty Exposure Class						
	Long Term Rating					Short Term Rating
			Banking Institutions			
Rating Category	Sovereigns and Central Banks	Corporates	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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

31 Dec 2024
Group (RM '000)

	Long Term Rating Category							
Exposure Class	1	2	3	4	5	6	7	Total
On and Off Balance Sheet Exposures								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	**26,634,101**	**8,185,455**	**-**	**-**	**-**	**-**		**34,819,556**
PSEs								
- Exposures risk-weighted using ratings of Corporates	**720,704**	**156,349**	**176,386**	**-**	**-**	**-**		**1,053,439**
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	**2,653,781**	**2,816,303**	**3,847,916**	**-**	**-**	**-**		**9,318,000**
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	**30,813**	**-**	**-**	**-**	**-**	**-**		**30,813**
- Exposures risk-weighted using ratings of Banking Institutions	**-**	**147**	**-**	**-**	**-**	**-**		**147**
- Exposures risk-weighted using ratings of Corporates	**3,419,709**	**604,835**	**448,900**	**-**	**-**	**-**		**4,473,444**
	33,459,108	**11,763,089**	**4,473,202**	**-**	**-**	**-**	**-**	**49,695,399**
(ii) Total unrated exposures							**61,677,577**	**61,677,577**
Total Long Term Exposure	**33,459,108**	**11,763,089**	**4,473,202**	**-**	**-**	**-**	**61,677,577**	**111,372,976**

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2024
Group (RM '000)

Exposure Class	Short Term Rating Category					
	1	2	3	4	5	Total
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	**-**	**591,171**	**-**	**-**		**591,171**
PSEs						
- Exposures risk-weighted using ratings of Corporates	**28,171**	**-**	**-**	**-**		**28,171**
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	**809,180**	**2,234,678**	**14,700**	**2,126**		**3,060,684**
Corporates						
- Exposures risk-weighted using ratings of Corporates	**1,073,416**	**5,653**	**-**	**-**		**1,079,069**
	1,910,767	**2,831,502**	**14,700**	**2,126**	**-**	**4,759,095**
(ii) Total unrated exposures					**-**	**-**
Total Short Term Exposure	**1,910,767**	**2,831,502**	**14,700**	**2,126**	**-**	**4,759,095**

Group Total Long Term and Short Term Exposure :	**116,132,071**

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023
Group (RM '000)

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023
Group (RM '000)

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

Group Total Long Term and Short Term Exposure :	113,577,713

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2024
Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
On and Off Balance Sheet Exposures								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	**21,880,515**	**6,933,995**	**-**	**-**	**-**	**-**		**28,814,510**
PSEs								
- Exposures risk-weighted using ratings of Corporates	**250,314**	**156,349**	**176,386**	**-**	**-**	**-**		**583,049**
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	**2,531,004**	**2,727,063**	**3,847,916**	**-**	**-**	**-**		**9,105,983**
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	**15,922**	**-**	**-**	**-**	**-**	**-**		**15,922**
- Exposures risk-weighted using ratings of Banking Institutions	**-**	**147**	**-**	**-**	**-**	**-**		**147**
- Exposures risk-weighted using ratings of Corporates	**2,754,841**	**341,876**	**448,900**	**-**	**-**	**-**		**3,545,617**
	27,432,596	**10,159,430**	**4,473,202**	**-**	**-**	**-**	**-**	**42,065,228**
(ii) Total unrated exposures							**45,395,555**	**45,395,555**
Total Long Term Exposure	**27,432,596**	**10,159,430**	**4,473,202**	**-**	**-**	**-**	**45,395,555**	**87,460,783**

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2024
Bank (RM '000)

Exposure Class	Short Term Rating Category					
	1	2	3	4	5	Total
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
PSEs						
- Exposures risk-weighted using ratings of Corporates	**14**	**-**	**-**	**-**		**14**
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	**3,345,960**	**2,233,024**	**14,588**	**2,126**		**5,595,698**
Corporates						
- Exposures risk-weighted using ratings of Corporates	**655,276**	**5,653**	**-**	**-**		**660,929**
	4,001,250	**2,238,677**	**14,588**	**2,126**	**-**	**6,256,641**
(ii) Total unrated exposures					**-**	**-**
Total Short Term Exposure	**4,001,250**	**2,238,677**	**14,588**	**2,126**	**-**	**6,256,641**

Bank Total Long Term and Short Term Exposure :	**93,717,424**

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023
Bank (RM '000)

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023
Bank (RM '000)

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

Bank Total Long Term and Short Term Exposure :	90,645,498

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) Credit Risk Mitigation (CRM)

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

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

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

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

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

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

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

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

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2024
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
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**35,327,925**	**-**	**-**	**-**
PSEs	**1,978,973**	**-**	**110,519**	**-**
Banks, DFIs & MDBs	**10,759,253**	**-**	**7,684,626**	**-**
Corporates	**22,814,577**	**1,172,809**	**329,635**	**-**
Regulatory Retail	**5,589,956**	**32,748**	**43,073**	**-**
Residential Mortgages	**13,989,211**	**-**	**-**	**-**
Higher Risk Assets	**9,641**	**-**	**154**	**-**
Other Assets	**1,777,866**	**-**	**-**	**-**
Securitisation Exposures	**206,143**	**-**	**-**	**-**
Equity Exposure	**246,628**	**-**	**-**	**-**
Defaulted Exposures	**720,551**	**2,317**	**221**	**-**
Total for On-Balance Sheet Exposures	**93,420,724**	**1,207,874**	**8,168,228**	**-**
Off-Balance Sheet Exposures				
OTC Derivatives	**3,867,924**	**-**	**149,210**	**1,492,933**
Off balance sheet exposures other than OTC derivatives or credit derivatives	**18,830,272**	**371,931**	**528,283**	**-**
Defaulted Exposures	**13,151**	**-**	**-**	**-**
Total for Off-Balance Sheet Exposures	**22,711,347**	**371,931**	**677,493**	**1,492,933**
Total On and Off-Balance Sheet Exposures	**116,132,071**	**1,579,805**	**8,845,721**	**1,492,933**

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

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

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2024
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
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**28,751,709**	**-**	**-**	**-**
PSEs	**1,337,038**	**-**	**110,519**	**-**
Banks, DFIs & MDBs	**12,669,880**	**-**	**7,684,626**	**-**
Corporates	**15,573,394**	**881,830**	**259,244**	**-**
Regulatory Retail	**3,509,339**	**22,931**	**34,726**	**-**
Residential Mortgages	**10,376,971**	**-**	**-**	**-**
Higher Risk Assets	**6,941**	**-**	**-**	**-**
Other Assets	**1,645,460**	**-**	**-**	**-**
Equity Exposure	**246,628**	**-**	**-**	**-**
Defaulted Exposures	**455,455**	**936**	**121**	**-**
Total for On-Balance Sheet Exposures	**74,572,815**	**905,697**	**8,089,236**	**-**
Off-Balance Sheet Exposures				
OTC Derivatives	**4,006,220**	**-**	**345,212**	**1,492,933**
Off balance sheet exposures other than OTC derivatives or credit derivatives	**15,131,311**	**314,431**	**417,673**	**-**
Defaulted Exposures	**7,078**	**-**	**-**	**-**
Total for Off-Balance Sheet Exposures	**19,144,609**	**314,431**	**762,885**	**1,492,933**
Total On and Off-Balance Sheet Exposures	**93,717,424**	**1,220,128**	**8,852,121**	**1,492,933**

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

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

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

iii) Counterparty Credit Risk

Limits for counterparty credit risk (CCR) exposures are assigned within the overall credit risk management process. The credit risk function assigns a limit against each counterparty to cover exposure that may arise as a result of a counterparty default. The magnitude of this limit will depend on the overall risk appetite, type of derivatives and type of Secured Financing Transactions (SFTs) trading undertaken with a counterparty.

Models and methodologies used in the calculation of CCR are overseen and monitored by the Traded Risk Model Oversight Forum. Models are subject to ongoing monitoring and validation. Additionally, they are subject to independent review at inception and on an ongoing basis.

HSBC has established a measure, Cat F, specifically to monitor derivative financing and securities financing transactions at a counterparty level. This is ancillary to the existing Cat B counterparty credit risk measure.

4) Collateral Arrangements

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

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

(g) Risk management (Cont'd)

5) Interest Rate Risk/Profit Rate Risk

Sensitivity of projected Net Interest/Finance Income

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

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

	Group (RM'000)			
	31 Dec 2024 *		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 100 bps*	*- 100 bps*	*+ 100 bps*	*- 100 bps*
MYR	**192,203**	**(197,252)**	185,210	(201,823)
USD	**54,933**	**(55,126)**	88,289	(94,636)
Others	**27,277**	**(23,874)**	(5,065)	2,532
	274,413	**(276,252)**	268,434	(293,927)

	Bank (RM'000)			
	31 Dec 2024 *		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 100 bps*	*- 100 bps*	*+ 100 bps*	*- 100 bps*
MYR	**146,537**	**(150,392)**	142,218	(157,817)
USD	**49,479**	**(49,677)**	86,478	(92,613)
Others	**25,861**	**(22,463)**	(7,785)	5,235
	221,877	**(222,532)**	220,911	(245,195)

* From 2024, the methodology has been refined to better capture the risk to the earnings generated from the banking book. Comparatives are not restated as the overall impact is not material.

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

Sensitivity of projected Economic value of equity

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

	Group (RM'000)			
	31 Dec 2024 **		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 200 bps*	*- 200 bps*	*+ 200 bps*	*- 200 bps*
MYR	**(270,170)**	**316,894**	(203,601)	225,315
USD	**(47,133)**	**52,416**	(33,138)	36,497
Others	**9,648**	**(9,421)**	10,218	(9,899)
	(307,655)	**359,889**	(226,521)	251,913

	Bank (RM'000)			
	31 Dec 2024 **		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 200 bps*	*- 200 bps*	*+ 200 bps*	*- 200 bps*
MYR	**(183,023)**	**215,700**	(127,943)	140,827
USD	**(48,442)**	**53,475**	(32,150)	35,031
Others	**8,051**	**(8,020)**	8,069	(7,963)
	(223,414)	**261,155**	(152,024)	167,895

** From 2024, the economic value of equity sensitivity presentation has been refined to exclude capital sensitivity. Comparatives are not restated as the overall impact is not material.

(g) Risk management (Cont'd)

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

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

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

	Group (RM'000)			
	31 Dec 2024		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 100 bps*	*- 100 bps*	*+ 100 bps*	*- 100 bps*
MYR	**(232,280)**	**232,280**	(28,258)	28,258
USD	**(33,696)**	**33,696**	(23,838)	23,838
	(265,976)	**265,976**	(52,096)	52,096

	Bank (RM'000)			
	31 Dec 2024		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 100 bps*	*- 100 bps*	*+ 100 bps*	*- 100 bps*
MYR	**(203,641)**	**203,641**	(20,136)	20,136
USD	**(33,696)**	**33,696**	(23,838)	23,838
	(237,337)	**237,337**	(43,974)	43,974

6) Equities

As at 31 December 2024, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 31 December 2024 was mainly of shares held for the purpose of gaining strategic advantage. These shares are not held for capital gains and are recorded based on net tangible assets as measurement of fair value. The unquoted equities are risk weighted at 100% or 150% as per Risk Weighted Capital Adequacy Framework (Basel II).

Refer to Note 9 of the financial statements as at 31 December 2024 on the Group's holdings of equity investments.

(g) Risk management (Cont'd)

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

Overview

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

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

(g) Risk management (Cont'd)

7) Shariah Governance (Cont'd)

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

f. Shariah Department

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

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

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

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

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

v) Product and Skills Development
To undertake research and development (R&D) and propose feasible Shariah compliant product structures and solutions to be launched by the various business lines within HSBC Amanah. To develop and implement initiatives for Islamic finance knowledge and skills monitoring, including deploying HBMS product knowledge and its underlying concepts for all personnel involved in HBMS products, services, processes and Shariah Risk management awareness through varied learning approaches. Incumbent is required to collaborate with Human Resource (HR) to fulfil training and knowledge management needs.

Quantitative Disclosure

a. Shariah Non-Compliance Events:
During the financial year ended 31 December 2024, one (1) actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:
During the financial year ended 31 December 2024, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

i) RM612,285 income received from Shariah non-compliant activitites have been transferred to the Shariah Penalty & Impure Income Account (the Account). The amount in the Account is reported net of income tax liabilities.

ii) RM127,400 was donated from the Account for charitable purposes.

iii) RM319 Shariah non-compliant income was refunded directly to the impacted customers' account.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2024.