

HSBC BANK MALAYSIA BERHAD
(Company No.127776-V)
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
at 31 December 2018

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Stuart Paterson Milne, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Disclosures set out on pages 2 to 43 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

.....
STUART PATERSON MILNE

CHIEF EXECUTIVE OFFICER
12 February 2019

HSBC BANK MALAYSIA BERHAD
(Company No.127776-V)
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
at 31 December 2018

(a) Introduction

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

(b) Basel II

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

Basel II is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline. Pillar 3 aims to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess certain specific information on the capital management processes, and risk assessment processes, and hence the capital adequacy of the Group. Disclosures consist of both quantitative and qualitative information and are provided at the Group and the Bank level. Banks are required to disclose all their material risks as part of the Pillar 3 framework. All material and non-proprietary information required by Pillar 3 is included in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2018. 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 2018.

(c) Consolidation basis

The basis of consolidation for financial accounting purposes is described in Note 4(a) of the financial statements at 31 December 2018 and it is the same basis of consolidation that is used for regulatory purposes. The Bank's subsidiary companies are listed in Note 18 of the financial statements, and are fully consolidated for both financial accounting and regulatory purposes.

(d) Transferability of capital and funds within the Group

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

(e) Internal assessment of capital adequacy

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

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

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

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

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

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

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

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

Refer to Note 42 of the financial statements at 31 December 2018 for the total capital ratio and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

Stress Testing

Our stress testing programme examines the sensitivities and resilience of our capital plans and unplanned demand for regulatory capital under a number of scenarios and ensures that top and emerging risks are appropriately considered. These scenarios include, but are not limited to, adverse macroeconomic events, failures at country, sector and counterparty levels, geopolitical occurrences and a variety of projected major operational risk events. Scenarios are translated into financial impacts to assess the sensitivities and resilience of our capital demand. Action plans are developed to mitigate identified risks. The Group's Risk Committee (RC) is informed and consulted on the entity's stress testing activities, as appropriate.

Reverse stress testing is run annually. It is used to strengthen our resilience by identifying potential stresses and vulnerabilities which the entity might face and helping to inform early-warning triggers, management actions and contingency plans designed to mitigate their effect, were they to occur.

Governance

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

Risk Appetite

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

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

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

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

(f) Capital structure

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

- Tier 1 capital^[1] is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 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. The Group does not have any Additional Tier 1 capital as at 31 December 2018.
- Tier 2 capital^[1] includes qualifying subordinated liabilities^[3], 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.

(g) Risk management policies

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

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

Refer to Note 5 of the financial statements at 31 December 2018 for the Group's risk managements policies on the above mentioned risks.

^[1] Refer to Note 42 of the financial statements at 31 December 2018 for the amount and breakdown of capital components.

^[2] Refer to Note 29 of the financial statements at 31 December 2018 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

^[3] Refer to Note 28 of the financial statements at 31 December 2018 for terms and conditions of the subordinated liabilities.

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement

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

At 31 December 2018, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM2,129.6m (31 December 2017: RM3,137.2m). Both the principal amount and RWA are the same. This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At the group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

31 Dec 2018

(RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,214,721	21,214,721	453,949	36,316
PSEs	1,881,975	1,881,975	1,080,359	86,429
Banks, DFIs & MDBs	5,291,472	4,191,619	1,071,979	85,758
Corporates	24,490,126	23,718,821	21,843,102	1,747,448
Regulatory Retail	5,787,327	5,697,638	4,393,986	351,519
Residential Mortgages	19,057,166	19,057,166	6,988,437	559,075
Higher Risk Assets	26,000	25,850	38,775	3,102
Other Assets	926,367	926,367	632,459	50,597
Equity Exposure	186,737	186,737	186,737	14,939
Defaulted Exposures	808,012	803,927	972,403	77,792
Total for On-Balance Sheet Exposures	79,669,903	77,704,821	37,662,186	3,012,975
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,879,155	2,291,035	1,176,397	94,112
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,844,448	16,361,355	12,096,173	967,694
Defaulted Exposures	7,771	7,771	10,741	859
Total for Off-Balance Sheet Exposures	20,731,374	18,660,161	13,283,311	1,062,665
Total On and Off-Balance Sheet Exposures ^[1]	100,401,277	96,364,982	50,945,497	4,075,640
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	41,780,976	43,235,143	(1,454,167)	1,485,860
Foreign Currency Risk	17,170	190,062	190,062	15,205
Options Risk	-	-	-	36,394
	41,798,146	43,425,205	(1,264,105)	1,712,316
Operational Risk (Standardised Approach)	-	-	-	5,655,153
Total RWA and Capital Requirement	-	-	-	58,312,966
				4,665,038

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

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2017
(RM'000)

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	20,095,774	20,095,774	366,893	29,351
PSEs	2,791,432	2,791,432	1,989,204	159,137
Banks, DFIs & MDBs	4,188,627	2,602,980	671,295	53,704
Corporates	21,851,696	21,008,721	19,632,775	1,570,622
Regulatory Retail	5,786,585	5,683,406	4,362,918	349,033
Residential Mortgages	19,943,787	19,924,473	7,255,040	580,403
Higher Risk Assets	24,989	24,989	37,483	2,999
Other Assets	802,211	802,211	545,838	43,667
Equity Exposure	176,679	176,679	176,679	14,134
Defaulted Exposures	644,982	630,426	732,284	58,582
Total for On-Balance Sheet Exposures	76,306,762	73,741,091	35,770,409	2,861,632
Off-Balance Sheet Exposures				
OTC Derivatives	4,634,468	2,276,022	1,187,520	95,001
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,086,151	16,646,417	11,976,882	958,150
Defaulted Exposures	7,633	7,633	10,154	813
Total for Off-Balance Sheet Exposures	21,728,252	18,930,072	13,174,556	1,053,964
Total On and Off-Balance Sheet Exposures ^[1]	98,035,014	92,671,163	48,944,965	3,915,596
Market Risk (Standardised Approach)				
	Long Position	Short Position		
Interest/Profit Rate Risk	36,751,785	37,733,245	(981,460)	966,494
Foreign Currency Risk	16,375	290,715	290,715	290,715
Options Risk	-	-	-	90,233
	36,768,160	38,023,960	(690,745)	1,347,442
Operational Risk (Standardised Approach)	-	-	-	5,787,374
Total RWA and Capital Requirement	-	-	-	56,079,781
				4,486,383

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 42 and Note 43 of the financial statements at 31 December 2018 for disclosure on RWA breakdown by various categories of risk weights and off-balance sheet respectively.

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2018

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	15,463,265	15,463,265	453,949	36,316
PSEs	1,300,244	1,300,244	699,032	55,923
Banks, DFIs & MDBs	6,080,617	5,183,608	1,207,770	96,622
Corporates	18,155,497	17,549,344	16,257,409	1,300,593
Regulatory Retail	3,414,281	3,336,654	2,509,900	200,792
Residential Mortgages	14,766,209	14,766,209	5,413,520	433,082
Higher Risk Assets	19,799	19,799	29,698	2,376
Other Assets	802,703	802,703	608,130	48,650
Equity Exposure	186,737	186,737	186,737	14,939
Defaulted Exposures	531,330	527,828	623,660	49,893
Total for On-Balance Sheet Exposures	60,720,682	59,136,391	27,989,805	2,239,186
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,917,263	2,312,930	1,038,132	83,051
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,729,085	13,322,196	10,074,607	805,969
Defaulted Exposures	5,742	5,742	7,849	628
Total for Off-Balance Sheet Exposures	17,652,090	15,640,868	11,120,588	889,648
Total On and Off-Balance Sheet Exposures ^[1]	78,372,772	74,777,259	39,110,393	3,128,834
Market Risk (Standardised Approach)				
	Long Position	Short Position		
Interest/Profit Rate Risk	41,642,434	42,230,107	(587,673)	1,405,390
Foreign Currency Risk	15,073	178,681	178,681	14,294
Options Risk	-	-	-	36,394
	41,657,507	42,408,788	(408,992)	1,620,465
Operational Risk (Standardised Approach)	-	-	-	5,027,602
Total RWA and Capital Requirement	-	-	-	45,758,460
				3,660,679

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

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2017

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	16,387,492	16,387,492	366,893	29,351
PSEs	1,740,704	1,740,704	1,139,033	91,123
Banks, DFIs & MDBs	6,948,297	5,362,650	1,161,964	92,957
Corporates	16,473,671	15,740,297	14,566,075	1,165,286
Regulatory Retail	3,397,411	3,313,845	2,496,092	199,687
Residential Mortgages	15,584,111	15,567,673	5,675,700	454,056
Higher Risk Assets	24,989	24,989	37,483	2,999
Other Assets	680,506	680,506	525,627	42,050
Equity Exposure	176,679	176,679	176,679	14,134
Defaulted Exposures	475,304	464,557	547,341	43,787
Total for On-Balance Sheet Exposures	61,889,164	59,459,392	26,692,887	2,135,430
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,662,208	2,303,762	1,064,281	85,142
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,066,874	13,709,875	10,061,727	804,938
Defaulted Exposures	6,166	6,166	8,059	645
Total for Off-Balance Sheet Exposures	18,735,248	16,019,803	11,134,067	890,725
Total On and Off-Balance Sheet Exposures ^[1]	80,624,412	75,479,195	37,826,954	3,026,155
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	36,633,313	37,496,013	(862,700)	961,964
Foreign Currency Risk	14,055	285,795	285,795	285,795
Options Risk	-	-	-	90,233
	36,647,368	37,781,808	(576,905)	1,337,992
Operational Risk (Standardised Approach)	-	-	-	5,203,610
Total RWA and Capital Requirement	-	-	-	44,368,556
				3,549,484

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 42 and Note 43 of the financial statements at 31 December 2018 for disclosure on RWA breakdown by various categories of risk weights and off-balance sheet respectively.

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

(g) Risk management policies (Cont'd)

2) Risk Weight Profile and RWA

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

31 Dec 2018

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	18,945,393	-	-	23,149	19,753	-	-	290,071	-	19,278,366	-
20%	2,364,130	1,232,020	4,663,973	2,953,052	7,727	-	-	1,277	-	11,222,179	2,244,436
35%	-	-	-	-	-	20,650,367	-	-	-	20,650,367	7,227,628
50%	-	314,636	1,542,227	1,165,805	15,707	627,210	-	5,631	-	3,671,216	1,835,608
75%	-	-	-	-	7,883,120	574,483	-	-	-	8,457,603	6,343,202
100%	-	1,230,094	167,832	29,389,777	538,079	524,602	-	629,388	186,737	32,666,509	32,666,509
150%	-	-	-	86,423	163,700	134,870	33,749	-	-	418,742	628,114
Total										96,364,982	50,945,497
Average Risk Weight	2%	59%	29%	91%	78%	39%	150%	68%	100%	53%	

31 Dec 2017

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	18,266,473	-	-	14,170	13,160	-	-	300,330	-	18,594,133	-
20%	1,895,391	1,182,784	3,220,461	2,658,568	14,124	-	-	823	-	8,972,151	1,794,432
35%	-	-	-	-	-	21,704,895	-	-	-	21,704,895	7,596,713
50%	-	340,582	1,366,893	1,527,579	2,815	523,430	-	6,195	-	3,767,494	1,883,747
75%	-	-	-	-	7,762,086	815,947	-	-	-	8,578,033	6,433,525
100%	-	2,394,300	53,353	26,821,027	461,998	383,482	-	490,715	176,679	30,781,554	30,781,554
150%	-	-	-	83,087	41,441	111,836	32,390	-	-	268,754	403,131
1250%	-	-	-	-	-	-	-	4,149	-	4,149	51,863
Total										92,671,163	48,944,965
Average Risk Weight	2%	72%	30%	91%	77%	38%	150%	68%	100%	53%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

(g) Risk management policies (Cont'd)

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

31 Dec 2018

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	13,193,937	-	-	12,668	7,002	-	-	190,736	-	13,404,343	-
20%	2,364,130	781,515	6,118,680	2,171,427	4,426	-	-	1,277	-	11,441,455	2,288,291
35%	-	-	-	-	-	16,195,686	-	-	-	16,195,686	5,668,490
50%	-	314,636	1,058,609	680,028	9,034	464,202	-	5,631	-	2,532,140	1,266,070
75%	-	-	-	-	5,269,938	485,514	-	-	-	5,755,452	4,316,589
100%	-	839,696	128,721	23,004,254	52,291	385,886	-	605,059	186,737	25,202,644	25,202,644
150%	-	-	-	54,053	77,670	88,572	25,244	-	-	245,539	368,309
Total										74,777,259	39,110,393
Average Risk Weight	3%	60%	26%	92%	76%	38%	150%	76%	100%	52%	

31 Dec 2017

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	14,558,191	-	-	6,907	7,304	-	-	198,836	-	14,771,238	-
20%	1,895,391	782,088	6,472,411	2,191,413	7,493	-	-	823	-	11,349,619	2,269,924
35%	-	-	-	-	-	17,125,740	-	-	-	17,125,740	5,994,009
50%	-	340,582	826,667	1,182,261	2,570	395,875	-	6,195	-	2,754,150	1,377,075
75%	-	-	-	-	5,119,857	674,996	-	-	-	5,794,853	4,346,140
100%	-	1,539,175	53,353	20,871,554	71,305	279,882	-	470,504	176,679	23,462,452	23,462,452
150%	-	-	-	77,535	31,282	75,787	32,390	-	-	216,994	325,491
1250%	-	-	-	-	-	-	-	4,149	-	4,149	51,863
Total										75,479,195	37,826,954
Average Risk Weight	2%	70%	24%	90%	76%	38%	150%	77%	100%	50%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

(g) Risk management policies (Cont'd)

3) Credit Risk

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

Group (RM'000)	31 Dec 2018				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	113,465	99,466	647,949	91,805	952,685
Term loans/financing					
Housing loans/financing	3,291,431	2,791,928	11,514,894	972,461	18,570,714
Syndicated term loan/financing	32,696	-	3,642,198	-	3,674,894
Factoring receivables	14,435	30,500	348,276	116,242	509,453
Hire purchase receivables	37,599	53,722	92,872	11,443	195,636
Lease receivables	-	-	539	-	539
Other term loans/financing	1,237,456	1,299,088	7,194,991	555,136	10,286,671
Bills receivables	189,154	253,902	2,969,972	36,621	3,449,649
Trust receipts	301,622	528,790	1,229,174	80,687	2,140,273
Claims on customers under acceptance credits	528,987	388,185	613,587	48,376	1,579,135
Staff loans/financing	12,214	5,868	68,633	3,824	90,539
Credit/charge cards	649,483	527,382	2,175,289	311,102	3,663,256
Revolving financing	310,618	356,449	8,002,222	137,348	8,806,637
Other loans/financing	3,684	914	5,949	1,612	12,159
	6,722,844	6,336,194	38,506,545	2,366,657	53,932,240

Group (RM'000)	31 Dec 2017 (Restated)				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	120,837	104,018	529,060	122,696	876,611
Term loans/financing					
Housing loans/financing	3,437,088	2,997,362	11,899,718	1,047,513	19,381,681
Syndicated term loan/financing	-	-	5,266,118	6,005	5,272,123
Factoring receivables	13,199	18,160	137,256	67,704	236,319
Hire purchase receivables	37,529	58,885	57,492	15,946	169,852
Lease receivables	-	-	1,379	-	1,379
Other term loans/financing	1,145,884	1,323,588	6,179,445	731,716	9,380,633
Bills receivables	52,309	158,640	2,278,293	35,019	2,524,261
Trust receipts	392,119	455,346	1,360,247	72,334	2,280,046
Claims on customers under acceptance credits	697,424	486,453	773,521	63,439	2,020,837
Staff loans/financing	15,429	7,091	79,878	4,882	107,280
Credit/charge cards	612,689	479,048	1,979,143	303,401	3,374,281
Revolving financing	154,080	324,266	6,550,585	128,997	7,157,928
Other loans/financing	2,777	1,009	5,589	1,423	10,798
	6,681,364	6,413,866	37,097,724	2,601,075	52,794,029

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

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

The Southern region consists of the states of Johor, Malacca and Negeri Sembilan.

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

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2018				
	Northern	Southern	Central	Eastern	Total
Overdrafts	103,985	76,510	605,440	91,416	877,351
Term loans/financing					
Housing loans/financing	2,715,264	2,237,078	8,475,942	813,210	14,241,494
Syndicated term loan/financing	32,696	-	2,307,542	-	2,340,238
Factoring receivables	14,435	30,500	348,276	116,242	509,453
Other term loans/financing	798,275	785,699	3,932,454	378,822	5,895,250
Bills receivables	86,083	247,417	2,622,950	36,621	2,993,071
Trust receipts	280,491	503,187	752,283	80,687	1,616,648
Claims on customers under acceptance credits	413,260	294,108	402,515	46,959	1,156,842
Staff loans/financing	11,460	5,764	66,385	3,786	87,395
Credit/charge cards	454,655	344,264	1,528,870	259,833	2,587,622
Revolving financing	310,618	346,045	6,378,261	137,348	7,172,272
Other loans/financing	2,602	623	3,923	1,585	8,733
	5,223,824	4,871,195	27,424,841	1,966,509	39,486,369

Bank (RM'000)	31 Dec 2017 (Restated)				
	Northern	Southern	Central	Eastern	Total
Overdrafts	108,431	80,088	483,731	122,178	794,428
Term loans/financing					
Housing loans/financing	2,840,803	2,415,132	8,848,326	875,845	14,980,106
Syndicated term loan/financing	-	-	3,376,149	6,005	3,382,154
Factoring receivables	13,199	18,160	137,256	67,704	236,319
Other term loans/financing	763,128	764,588	3,156,899	524,091	5,208,706
Bills receivables	42,000	153,764	2,184,413	35,019	2,415,196
Trust receipts	224,506	427,457	813,667	72,334	1,537,964
Claims on customers under acceptance credits	585,032	393,637	556,479	62,775	1,597,923
Staff loans/financing	14,617	6,759	76,483	4,774	102,633
Credit/charge cards	439,060	326,327	1,424,723	258,754	2,448,864
Revolving financing	151,880	320,449	5,739,650	128,997	6,340,976
Other loans/financing	2,238	845	4,785	1,282	9,150
	5,184,894	4,907,206	26,802,561	2,159,758	39,054,419

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Group (RM'000)	31 Dec 2018				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	5,304	5,222	7,776	10,965	29,267
Term loans/financing					
Housing loans/financing	74,974	83,953	273,001	13,685	445,613
Hire purchase receivables	1,435	2,107	12	2,814	6,368
Other term loans/financing	36,507	14,710	418,246	16,860	486,323
Bills receivables	2,260	4,751	27,696	-	34,707
Trust receipts	-	724	4,611	-	5,335
Claims on customers under acceptance credits	4,438	638	24,052	-	29,128
Staff loans/financing	56	-	760	5	821
Credit/charge cards	4,428	4,522	8,639	1,594	19,183
Revolving financing	-	-	25,884	11,257	37,141
Other loans/financing	3,543	775	5,382	1,570	11,270
	132,945	117,402	796,059	58,750	1,105,156

Group (RM'000)	31 Dec 2017				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	6,513	3,077	6,890	28,274	44,754
Term loans/financing					
Housing loans/financing	108,608	81,103	313,549	19,207	522,467
Hire purchase receivables	3,502	3,248	160	2,931	9,841
Other term loans/financing	38,024	13,145	229,856	85,163	366,188
Bills receivables	2,390	2,198	23,057	-	27,645
Trust receipts	3,472	-	292	-	3,764
Claims on customers under acceptance credits	9,300	6,278	4,029	2,309	21,916
Staff loans/financing	397	35	715	1	1,148
Credit/charge cards	10,867	8,482	29,862	4,780	53,991
Revolving financing	2,200	-	17,972	11,023	31,195
Other loans/financing	2,770	1,008	5,569	1,422	10,769
	188,043	118,574	631,951	155,110	1,093,678

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2018				
	Northern	Southern	Central	Eastern	Total
Overdrafts	3,577	301	4,268	10,965	19,111
Term loans/financing					
Housing loans/financing	56,082	64,249	187,587	12,707	320,625
Other term loans/financing	24,213	8,824	186,857	14,448	234,342
Bills receivables	-	-	9,734	-	9,734
Trust receipts	-	-	4,611	-	4,611
Claims on customers under acceptance credits	4,438	638	24,052	-	29,128
Staff loans/financing	56	-	760	5	821
Credit/charge cards	2,630	2,586	4,848	1,189	11,253
Revolving financing	-	-	25,884	11,257	37,141
Other loans/financing	2,490	521	3,522	1,544	8,077
	93,486	77,119	452,123	52,115	674,843

Bank (RM'000)	31 Dec 2017				
	Northern	Southern	Central	Eastern	Total
Overdrafts	4,693	1,208	2,935	28,274	37,110
Term loans/financing					
Housing loans/financing	77,002	60,595	206,418	15,680	359,695
Other term loans/financing	25,382	5,086	98,428	80,636	209,532
Bills receivables	-	-	6,393	-	6,393
Trust receipts	3,472	-	292	-	3,764
Claims on customers under acceptance credits	9,300	6,278	4,029	2,309	21,916
Staff loans/financing	198	-	704	-	902
Credit/charge cards	6,851	5,229	18,443	3,677	34,200
Revolving financing	-	-	17,972	11,023	28,995
Other loans/financing	2,232	844	4,765	1,281	9,122
	129,130	79,240	360,379	142,880	711,629

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

		31 Dec 2018			
Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts/Cash line-i	952,685	-	-	-	952,685
Term loans/financing					
Housing loans/financing	79,634	59,231	162,502	18,269,347	18,570,714
Syndicated term loan/financing	2,746,559	397,610	363,511	167,214	3,674,894
Factoring receivables	509,453	-	-	-	509,453
Hire purchase receivables	15,330	63,770	116,536	-	195,636
Lease receivables	539	-	-	-	539
Other term loans/financing	2,272,779	2,003,395	2,360,243	3,650,254	10,286,671
Bills receivables	3,449,649	-	-	-	3,449,649
Trust receipts	2,140,273	-	-	-	2,140,273
Claims on customers under acceptance credits	1,579,135	-	-	-	1,579,135
Staff loans/financing	1,458	7,916	15,859	65,306	90,539
Credit/charge cards	3,663,256	-	-	-	3,663,256
Revolving financing	8,806,637	-	-	-	8,806,637
Other loans/financing	12,159	-	-	-	12,159
	26,229,546	2,531,922	3,018,651	22,152,121	53,932,240

		31 Dec 2017 (Restated)			
Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts/Cash line-i	876,611	-	-	-	876,611
Term loans/financing					
Housing loans/financing	90,390	63,486	166,214	19,061,591	19,381,681
Syndicated term loan/financing	3,768,990	836,711	581,296	85,126	5,272,123
Factoring receivables	236,319	-	-	-	236,319
Hire purchase receivables	21,476	64,609	83,767	-	169,852
Lease receivables	10	1,369	-	-	1,379
Other term loans/financing	2,045,158	1,935,406	1,708,753	3,691,316	9,380,633
Bills receivables	2,524,261	-	-	-	2,524,261
Trust receipts	2,280,046	-	-	-	2,280,046
Claims on customers under acceptance credits	2,020,837	-	-	-	2,020,837
Staff loans/financing	1,694	9,632	19,790	76,164	107,280
Credit/charge cards	3,374,281	-	-	-	3,374,281
Revolving financing	7,157,928	-	-	-	7,157,928
Other loans/financing	10,798	-	-	-	10,798
	24,408,799	2,911,213	2,559,820	22,914,197	52,794,029

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

		31 Dec 2018			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	877,351	-	-	-	877,351
Term loans/financing					
Housing loans/financing	68,738	55,748	149,370	13,967,638	14,241,494
Syndicated term loan/financing	1,820,337	66,384	363,511	90,006	2,340,238
Factoring receivables	509,453	-	-	-	509,453
Other term loans/financing	1,521,093	1,234,558	1,192,018	1,947,581	5,895,250
Bills receivables	2,993,071	-	-	-	2,993,071
Trust receipts	1,616,648	-	-	-	1,616,648
Claims on customers under acceptance credits	1,156,842	-	-	-	1,156,842
Staff loans/financing	1,391	7,473	15,145	63,386	87,395
Credit/charge cards	2,587,622	-	-	-	2,587,622
Revolving financing	7,172,272	-	-	-	7,172,272
Other loans/financing	8,733	-	-	-	8,733
	20,333,551	1,364,163	1,720,044	16,068,611	39,486,369

		31 Dec 2017 (Restated)			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	794,428	-	-	-	794,428
Term loans/financing					
Housing loans/financing	78,688	60,251	151,173	14,689,994	14,980,106
Syndicated term loan/financing	2,288,451	512,407	581,296	-	3,382,154
Factoring receivables	236,319	-	-	-	236,319
Other term loans/financing	808,469	1,347,158	906,928	2,146,151	5,208,706
Bills receivables	2,415,196	-	-	-	2,415,196
Trust receipts	1,537,964	-	-	-	1,537,964
Claims on customers under acceptance credits	1,597,923	-	-	-	1,597,923
Staff loans/financing	1,626	9,254	18,549	73,204	102,633
Credit/charge cards	2,448,864	-	-	-	2,448,864
Revolving financing	6,340,976	-	-	-	6,340,976
Other loans/financing	9,150	-	-	-	9,150
	18,558,054	1,929,070	1,657,946	16,909,349	39,054,419

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2018 Group (RM'000)														
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	20,064	-	-	3,612	-	64,122	-	-	30,897	-	31	105,595	-	224,321
Mining and quarrying	6,537	-	421	8,861	-	199,646	-	3,037	2,916	-	91	132,034	11	353,554
Manufacturing	366,491	745,107	285,094	114,453	-	2,051,576	606,475	1,024,213	991,104	-	3,531	1,323,489	1,271	7,512,804
Electricity, gas and water	3,161	-	-	116	-	125,873	512	22,192	3,102	-	14	1,707	-	156,677
Construction	53,879	19,053	-	4,886	-	1,163,905	162,800	164,625	48,396	-	883	1,736,160	118	3,354,705
Real estate	6,222	1,796,739	-	-	-	2,086,477	-	73,629	-	-	34	334,033	15	4,297,149
Wholesale & retail trade and restaurants & hotels	120,743	-	205,669	10,786	-	484,162	592,007	566,570	462,619	-	1,375	1,539,370	838	3,984,139
Transport, storage and communication	26,958	-	6,727	32,844	-	160,270	44,943	27,874	16,713	-	350	167,736	80	484,495
Finance, insurance/takaful and business services	205,150	-	7,650	12,795	539	279,792	156,484	38,299	19,460	-	2,156	2,902,211	378	3,624,914
Household-retail	134,503	18,570,714	-	-	-	2,842,049	-	-	-	90,539	3,654,335	-	9,417	25,301,557
Others	8,977	1,113,995	3,892	7,283	-	828,799	1,886,428	219,834	3,928	-	456	564,302	31	4,637,925
	952,685	18,570,714	3,674,894	509,453	539	10,286,671	3,449,649	2,140,273	1,579,135	90,539	3,663,256	8,806,637	12,159	53,932,240

31 Dec 2017 (Restated) Group (RM'000)														
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	36,789	-	512,407	5,552	-	209,577	6,664	-	43,685	-	79	170,673	-	985,426
Mining and quarrying	6,444	-	402	433	-	84,904	-	13,124	23,962	-	89	111,377	-	240,735
Manufacturing	331,253	806,724	172,505	91,514	-	1,464,157	391,221	1,072,605	1,292,227	-	2,985	953,313	1,082	6,579,585
Electricity, gas and water	2,357	-	-	189	-	48,698	925	13,122	7,660	-	18	-	-	72,969
Construction	53,029	164,941	-	12,305	-	1,268,920	171,082	76,493	28,105	-	432	1,221,605	95	2,997,007
Real estate	6,604	1,887,901	-	-	-	1,479,793	34,668	47,745	-	-	71	578,709	23	4,035,514
Wholesale & retail trade and restaurants & hotels	129,782	25,808	44,532	12,752	-	544,488	407,878	864,330	587,461	-	973	1,280,351	557	3,898,913
Transport, storage and communication	17,584	747,197	9,100	20,138	-	108,414	3,284	25,583	13,030	-	263	159,442	14	1,104,049
Finance, insurance/takaful and business services	126,393	-	9,780	11,866	1,379	772,389	38,984	48,402	23,811	-	3,254	2,133,596	1,806	3,171,660
Household-retail	149,270	19,381,681	-	-	-	2,993,019	-	-	-	107,280	3,365,563	-	7,196	26,004,009
Others	17,106	1,127,145	-	15,103	-	406,274	1,469,555	118,642	896	-	554	548,862	25	3,704,162
	876,611	19,381,681	5,272,123	236,319	1,379	9,380,633	2,524,261	2,280,046	2,020,837	107,280	3,374,281	7,157,928	10,798	52,794,029

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2018 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	17,826	-	-	52,081	-	-	29,802	-	31	105,595	-	205,335
Mining and quarrying	4,933	-	421	4,914	-	3,037	1,471	-	91	107,013	-	121,880
Manufacturing	352,616	381,680	285,094	1,484,030	489,215	970,860	777,073	-	3,531	1,272,344	1,269	6,017,712
Electricity, gas and water	2,046	-	-	10,863	462	11,015	2,308	-	14	1,707	-	28,415
Construction	47,080	19,053	-	929,187	146,462	132,252	42,499	-	883	1,253,483	118	2,571,017
Real estate	6,222	1,304,597	-	1,448,168	-	73,629	-	-	34	328,982	10	3,161,642
Wholesale & retail trade and restaurants & hotels	103,636	-	205,669	284,908	320,995	331,179	285,951	-	1,375	1,454,191	666	2,988,570
Transport, storage and communication	18,590	-	6,727	38,571	44,943	572	6,669	-	350	153,728	54	270,204
Finance, insurance/takaful and business services	183,322	-	7,650	111,859	143,202	32,955	8,224	-	2,156	2,094,862	12	2,584,242
Household-retail	134,474	14,241,494	-	1,472,771	-	-	-	87,395	2,578,701	-	6,576	18,521,411
Others	6,606	634,908	3,892	57,898	1,847,792	61,149	2,845	-	456	400,367	28	3,015,941
	877,351	14,241,494	2,340,238	509,453	5,895,250	2,993,071	1,616,648	87,395	2,587,622	7,172,272	8,733	39,486,369

31 Dec 2017 (Restated)

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	35,961	512,407	-	125,170	6,664	-	37,054	-	79	170,673	-	888,008
Mining and quarrying	5,064	-	402	3	-	3,462	23,962	-	89	111,377	-	144,359
Manufacturing	308,348	438,957	172,505	768,830	370,276	871,930	1,088,757	-	2,985	890,143	1,065	4,913,795
Electricity, gas and water	1,312	-	-	4,457	925	223	2,764	-	18	-	-	9,699
Construction	45,797	139,006	-	1,095,187	156,847	63,965	15,544	-	432	1,048,001	95	2,564,874
Real estate	6,269	1,316,729	-	1,007,668	34,668	47,745	-	-	71	548,501	23	2,961,674
Wholesale & retail trade and restaurants & hotels	112,480	-	44,532	358,114	398,348	476,580	414,521	-	973	1,188,192	407	2,994,148
Transport, storage and communication	17,297	340,992	9,100	33,234	3,284	693	530	-	263	149,260	14	554,667
Finance, insurance/takaful and business services	97,407	-	9,780	154,413	26,481	43,360	14,738	-	3,254	1,826,823	1,800	2,178,056
Household-retail	149,260	14,980,106	-	1,587,182	-	-	-	102,633	2,440,146	-	5,722	19,265,049
Others	15,233	634,063	-	74,448	1,417,703	30,006	53	-	554	408,006	24	2,580,090
	794,428	14,980,106	3,382,154	236,319	5,208,706	2,415,196	1,537,964	102,633	2,448,864	6,340,976	9,150	39,054,419

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2018 Group (RM'000)											
Overdraft/ Cash line-i	Housing loans/ financing	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Mining and quarrying	-	-	693	-	-	-	-	-	2,000	11	2,704
Manufacturing	14,536	1,335	4,493	8,354	724	-	-	-	11,257	1,271	41,970
Construction	3,072	796	6,531	8,294	2,695	19,699	-	58	-	118	41,263
Real estate	587	-	12,258	-	-	-	-	-	-	10	12,855
Wholesale & retail trade and restaurants & hotels	4,677	-	9,224	4,198	1,682	9,159	-	-	-	836	29,776
Transport, storage and communication	-	4,126	-	-	-	-	-	-	17,800	81	22,007
Finance, insurance/takaful and business services	4,008	111	14,328	13,861	188	-	-	-	-	379	32,875
Household-retail	2,387	445,613	410,608	-	-	-	821	19,125	-	8,533	887,087
Others	-	-	28,188	-	46	270	-	-	6,084	31	34,619
	29,267	445,613	486,323	34,707	5,335	29,128	821	19,183	37,141	11,270	1,105,156

31 Dec 2017 Group (RM'000)											
Overdraft/ Cash line-i	Housing loans/ financing	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	12,068	-	46,140	-	-	-	-	-	-	-	58,208
Mining and quarrying	-	-	765	-	-	-	-	-	-	-	765
Manufacturing	13,380	5,130	11,666	7,036	3,471	3,799	-	-	13,223	1,081	58,786
Construction	850	-	9,275	-	65	21	-	-	-	95	10,306
Real estate	-	-	1,085	-	-	-	-	-	-	23	1,108
Wholesale & retail trade and restaurants & hotels	9,046	-	11,945	2,164	-	18,096	-	21	-	557	41,829
Transport, storage and communication	-	4,549	-	-	-	-	-	-	17,800	14	22,363
Finance, insurance/takaful and business services	3,777	162	14,985	17,734	228	-	-	-	-	1,806	38,692
Household-retail	4,787	522,467	270,327	-	-	-	1,148	53,970	-	7,168	859,867
Others	846	-	-	711	-	-	-	-	172	25	1,754
	44,754	522,467	366,188	27,645	3,764	21,916	1,148	53,991	31,195	10,769	1,093,678

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2018 Bank (RM'000)										
Overdraft	Housing loans/financing	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/financing	Credit/charge cards	Revolving financing	Other loans/financing	Total
Mining and quarrying	-	-	-	-	-	-	-	2,000	-	2,000
Manufacturing	11,022	-	1,068	-	-	-	-	11,257	1,269	24,616
Construction	2,081	-	6,531	6,939	2,695	19,699	-	58	118	38,121
Real estate	587	-	12,258	-	-	-	-	-	10	12,855
Wholesale & retail trade and restaurants & hotels	2,347	-	4,783	-	1,682	9,159	-	-	666	18,637
Transport, storage and communication	-	-	-	-	-	-	-	17,800	54	17,854
Finance, insurance/takaful and business services	687	-	532	2,795	188	-	-	-	12	4,214
Household-retail	2,387	320,625	206,805	-	-	821	11,195	-	5,920	547,753
Others	-	-	2,365	-	46	270	-	6,084	28	8,793
19,111	320,625	234,342	9,734	4,611	29,128	821	11,253	37,141	8,077	674,843

31 Dec 2017 Bank (RM'000)										
Overdraft	Housing loans/financing	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/financing	Credit/charge cards	Revolving financing	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	12,068	-	46,140	-	-	-	-	-	-	58,208
Manufacturing	12,000	-	9,618	-	3,471	3,799	-	11,023	1,064	40,975
Construction	850	-	9,275	-	65	21	-	-	95	10,306
Real estate	-	-	1,085	-	-	-	-	-	23	1,108
Wholesale & retail trade and restaurants & hotels	7,248	-	6,647	-	-	18,096	-	21	407	32,419
Transport, storage and communication	-	-	-	-	-	-	-	17,800	14	17,814
Finance, insurance/takaful and business services	89	-	872	6,393	228	-	-	-	1,800	9,382
Household-retail	4,785	359,695	135,895	-	-	902	34,179	-	5,695	541,151
Others	70	-	-	-	-	-	-	172	24	266
37,110	359,695	209,532	6,393	3,764	21,916	902	34,200	28,995	9,122	711,629

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Agricultural, hunting, forestry and fishing	234	246,724	234	246,724
Mining and quarrying	2,704	2,496	2,000	-
Manufacturing	90,330	231,798	66,025	173,679
Electricity, gas and water	708	-	708	-
Construction	21,422	43,684	17,469	43,684
Real estate	484,644	4,696	238,090	4,696
Wholesale & retail trade and restaurants & hotels	51,207	168,119	32,480	137,413
Transport, storage and communication	22,024	90,351	17,860	75,507
Finance, insurance/takaful and business services	73,286	135,409	10,709	39,767
Household-retail	2,867,168	3,333,762	2,019,830	2,293,753
Others	131,953	5,983	103,708	1,127
	3,745,680	4,263,022	2,509,113	3,016,350

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Northern region	517,045	739,578	392,289	547,338
Southern region	498,166	464,223	361,799	335,871
Central region	2,501,846	2,413,694	1,570,043	1,527,522
Eastern region	228,623	645,527	184,982	605,619
	3,745,680	4,263,022	2,509,113	3,016,350

^[1] Of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 14 (iv) and 14 (vi) of the financial statements at 31 December 2018 respectively.

Table 8: Individual impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Agricultural, hunting, forestry and fishing	-	1,613	-	1,613
Manufacturing	-	25,290	-	14,791
Construction	-	5,782	-	5,782
Wholesale & retail trade and restaurants & hotels	-	23,429	-	18,663
Transport, storage and communication	-	16,935	-	12,394
Finance, insurance/takaful and business services	-	23,251	-	4,141
Household-retail	-	197,626	-	123,091
Others	-	1,613	-	165
	-	295,539	-	180,640

Table 8a: Collective impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Agricultural, hunting, forestry and fishing	-	5	-	-
Manufacturing	-	95,862	-	41,932
Electricity, gas and water	-	32,085	-	16,454
Construction	-	198	-	45
Real estate	-	30,080	-	24,927
Wholesale & retail trade and restaurants & hotels	-	2,873	-	1,323
Transport, storage and communication	-	61	-	36
Household-retail	-	348,678	-	185,869
Others	-	8,994	-	7,342
	-	518,836	-	277,928

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

Table 8b: Impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Agricultural, hunting, forestry and fishing	566	-	538	-
Mining and quarrying	543	-	380	-
Manufacturing	9,199	-	4,071	-
Electricity, gas and water	94	-	35	-
Construction	12,205	-	7,864	-
Real estate	31,737	-	6,410	-
Wholesale & retail trade and restaurants & hotels	18,217	-	13,570	-
Transport, storage and communication	17,711	-	12,906	-
Finance, insurance/takaful and business services	147	-	83	-
Household-retail	527,347	-	264,341	-
Others	5,981	-	5,015	-
	623,747	-	315,213	-

Table 9: Individual impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Northern region	-	20,858	-	14,590
Southern region	-	12,999	-	7,067
Central region	-	246,156	-	146,667
Eastern region	-	15,526	-	12,316
	-	295,539	-	180,640

Table 9a: Collective impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Northern region	-	71,616	-	42,313
Southern region	-	63,662	-	36,091
Central region	-	355,809	-	181,344
Eastern region	-	27,749	-	18,180
	-	518,836	-	277,928

Table 9b: Impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Northern region	77,487	-	48,117	-
Southern region	63,359	-	33,189	-
Central region	455,210	-	216,575	-
Eastern region	27,691	-	17,332	-
	623,747	-	315,213	-

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 15 (i) of the financial statements at 31 December 2018.

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Manufacturing	-	16,101	-	4,619
Construction	-	2,291	-	2,291
Wholesale & retail trade and restaurants & hotels	-	18,508	-	16,212
Transport, storage and communication	-	14,657	-	12,987
Finance, insurance/takaful and business services	-	17,521	-	2,735
Household-retail	-	75,232	-	49,683
Others	-	1,589	-	72
	-	145,899	-	88,599

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Manufacturing	-	65	-	63
Construction	-	162	-	82
Wholesale & retail trade and restaurants & hotels	-	13,332	-	13,177
Finance, insurance/takaful and business services	-	1	-	-
Household-retail	-	13,087	-	6,366
	-	26,647	-	19,688

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

(Release) / Charges	Group (RM'000)		Bank (RM'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Agricultural, hunting, forestry and fishing	(2,372)	-	(2,263)	-
Mining and quarrying	451	-	295	-
Manufacturing	(2,755)	-	(1,112)	-
Electricity, gas and water	(101)	-	27	-
Construction	(165)	-	466	-
Real estate	5,402	-	709	-
Wholesale & retail trade and restaurants & hotels	11,547	-	10,216	-
Transport, storage and communication	(212)	-	96	-
Finance, insurance/takaful and business services	(40)	-	56	-
Household-retail	67,675	-	811	-
Others	4,313	-	4,133	-
	83,743	-	13,434	-

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 36 (i) of the financial statements at 31 December 2018.

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

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

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

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

For the purpose of Pillar 1 reporting to BNM, the Group uses the external credit ratings from the following ECAIs:

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

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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

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

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

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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

31 Dec 2018

Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	658,201	10,387,851	-	-	-	-		11,046,052
PSEs								
- Exposures risk-weighted using ratings of Corporates	30,000	281,125	666,318	-	-	-		977,443
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,723,040	2,344,390	407,807	166,763	86,115	1,082		4,729,197
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	21,394	-	-	-	-		21,394
- Exposures risk-weighted using ratings of Banking Institutions	6,412	634	-	-	-	-		7,046
- Exposures risk-weighted using ratings of Corporates	2,343,313	655,404	785,183	-	-	-		3,783,900
	4,760,966	13,690,798	1,859,308	166,763	86,115	1,082	-	20,565,032
(ii) Total unrated exposures							64,277,639	64,277,639
Total Long Term Exposure	4,760,966	13,690,798	1,859,308	166,763	86,115	1,082	64,277,639	84,842,671

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2018

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	10,402,661	-	-		10,402,661
PSEs						
- Exposures risk-weighted using ratings of Corporates	150,000	-	-	36,730		186,730
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	1,014,700	2,090,494	186,491	-		3,291,685
Corporates						
- Exposures risk-weighted using ratings of Corporates	1,067,925	463,193	146,412	-		1,677,530
	2,232,625	12,956,348	332,903	36,730	-	15,558,606
(ii) Total unrated exposures					-	-
Total Short Term Exposure	2,232,625	12,956,348	332,903	36,730	-	15,558,606
Group Total Long Term and Short Term Exposure :						100,401,277

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2017

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	371,628	9,226,172	-	-	-	-		9,597,800
PSEs								
- Exposures risk-weighted using ratings of Corporates	30,000	177,671	1,643,206	-	-	-		1,850,877
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,708,436	3,218,493	297,119	34,089	32,504	-		5,290,641
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	14,835	-	-	-	-		14,835
- Exposures risk-weighted using ratings of Banking Institutions	11,432	4,000	-	-	-	-		15,432
- Exposures risk-weighted using ratings of Corporates	2,484,489	1,070,270	661,354	-	-	-		4,216,113
	4,605,985	13,711,441	2,601,679	34,089	32,504	-	-	20,985,698
(ii) Total unrated exposures							63,203,340	63,203,340
Total Long Term Exposure	4,605,985	13,711,441	2,601,679	34,089	32,504	-	63,203,340	84,189,038

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2017

Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	10,679,125	-	-		10,679,125
PSEs						
- Exposures risk-weighted using ratings of Corporates	271,530	-	-	-		271,530
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	1,227,520	841,042	59,693	-		2,128,255
Corporates						
- Exposures risk-weighted using ratings of Corporates	520,811	191,091	55,164	-		767,066
	2,019,861	11,711,258	114,857	-	-	13,845,976
(ii) Total unrated exposures					-	-
Total Short Term Exposure	2,019,861	11,711,258	114,857	-	-	13,845,976
Group Total Long Term and Short Term Exposure :						98,035,014

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2018

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	658,201	7,475,664	-	-	-	-		8,133,865
PSEs								
- Exposures risk-weighted using ratings of Corporates	30,000	281,125	335,092	-	-	-		646,217
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,216,189	1,937,960	204,963	127,652	86,115	1,082		4,573,961
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	12,816	-	-	-	-		12,816
- Exposures risk-weighted using ratings of Banking Institutions	4,415	634	-	-	-	-		5,049
- Exposures risk-weighted using ratings of Corporates	1,962,910	600,888	783,983	-	-	-		3,347,781
	4,871,715	10,309,087	1,324,038	127,652	86,115	1,082	-	16,719,689
(ii) Total unrated exposures							49,068,374	49,068,374
Total Long Term Exposure	4,871,715	10,309,087	1,324,038	127,652	86,115	1,082	49,068,374	65,788,063

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2018

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	7,563,392	-	-		7,563,392
PSEs						
- Exposures risk-weighted using ratings of Corporates	-	-	-	36,730		36,730
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,185,912	2,089,231	186,030	-		4,461,173
Corporates						
- Exposures risk-weighted using ratings of Corporates	512,746	10,668	-	-		523,414
	2,698,658	9,663,291	186,030	36,730	-	12,584,709
(ii) Total unrated exposures					-	-
Total Short Term Exposure	2,698,658	9,663,291	186,030	36,730	-	12,584,709
Bank Total Long Term and Short Term Exposure :						78,372,772

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2017

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	363,559	6,800,895	-	-	-	-		7,164,454
PSEs								
- Exposures risk-weighted using ratings of Corporates	30,000	177,671	879,480	-	-	-		1,087,151
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,774,939	2,677,352	255,195	34,089	32,504	-		5,774,079
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	6,199	-	-	-	-		6,199
- Exposures risk-weighted using ratings of Banking Institutions	8,704	4,000	-	-	-	-		12,704
- Exposures risk-weighted using ratings of Corporates	2,044,080	1,052,903	636,944	-	-	-		3,733,927
	5,221,282	10,719,020	1,771,619	34,089	32,504	-	-	17,778,514
(ii) Total unrated exposures							48,274,099	48,274,099
Total Long Term Exposure	5,221,282	10,719,020	1,771,619	34,089	32,504	-	48,274,099	66,052,613

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2017

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	9,404,189	-	-		9,404,189
PSEs						
- Exposures risk-weighted using ratings of Corporates	121,530	-	-	-		121,530
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	3,782,550	839,102	59,515	-		4,681,167
Corporates						
- Exposures risk-weighted using ratings of Corporates	363,912	1,001	-	-		364,913
	4,267,992	10,244,292	59,515	-	-	14,571,799
(ii) Total unrated exposures					-	-
Total Short Term Exposure	4,267,992	10,244,292	59,515	-	-	14,571,799
Bank Total Long Term and Short Term Exposure :						80,624,412

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

ii) Credit Risk Mitigation (CRM)

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

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

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

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

- under the residential and real estate business; mortgages over residential and financed properties;
- under certain Islamic specialised 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;
- guarantees from third parties can arise where facilities are extended without the benefit of any alternative form of security; e.g. where the Group issues a bid or performance sukuk in favour of a non-customer at the request of another bank;
- under the institutional sector, certain trading facilities are supported by charges over financial instruments such as cash, debt securities and equities;
- financial collateral in the form of cash and marketable securities are used in much of the over-the-counter (OTC) derivatives activities and in the Group's securities financing business (securities lending and borrowing or repos and reverse repos); and
- netting is used where appropriate, and supported by market standard documentation.

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

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

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

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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2018

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,214,721	-	-	-
PSEs	1,881,975	-	-	-
Banks, DFIs & MDBs	5,291,472	-	1,099,853	-
Corporates	24,490,126	312,003	771,305	-
Regulatory Retail	5,787,327	16,680	89,689	-
Residential Mortgages	19,057,166	-	-	-
Higher Risk Assets	26,000	-	150	-
Other Assets	926,367	-	-	-
Equity Exposure	186,737	-	-	-
Defaulted Exposures	808,012	12,957	4,085	-
Total for On-Balance Sheet Exposures	79,669,903	341,640	1,965,082	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,879,155	-	232,801	1,355,319
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,844,448	289,755	483,093	-
Defaulted Exposures	7,771	-	-	-
Total for Off-Balance Sheet Exposures	20,731,374	289,755	715,894	1,355,319
Total On and Off-Balance Sheet Exposures	100,401,277	631,395	2,680,976	1,355,319

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2017

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	20,095,774	-	-	-
PSEs	2,791,432	-	-	-
Banks, DFIs & MDBs	4,188,627	-	1,585,647	-
Corporates	21,851,696	220,491	842,975	-
Regulatory Retail	5,786,585	20,220	103,179	-
Residential Mortgages	19,943,787	-	19,314	-
Higher Risk Assets	24,989	-	-	-
Other Assets	802,211	-	-	-
Equity Exposure	176,679	-	-	-
Defaulted Exposures	644,982	10,780	14,556	-
Total for On-Balance Sheet Exposures	76,306,762	251,491	2,565,671	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,634,468	-	893,859	1,464,587
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,086,151	386,757	439,734	-
Defaulted Exposures	7,633	-	-	-
Total for Off-Balance Sheet Exposures	21,728,252	386,757	1,333,593	1,464,587
Total On and Off-Balance Sheet Exposures	98,035,014	638,248	3,899,264	1,464,587

Note:

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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2018

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	15,463,265	-	-	-
PSEs	1,300,244	-	-	-
Banks, DFIs & MDBs	6,080,617	-	897,009	-
Corporates	18,155,497	201,296	606,153	-
Regulatory Retail	3,414,281	5,788	77,627	-
Residential Mortgages	14,766,209	-	-	-
Higher Risk Assets	19,799	-	-	-
Other Assets	802,703	-	-	-
Equity Exposure	186,737	-	-	-
Defaulted Exposures	531,330	5,911	3,502	-
Total for On-Balance Sheet Exposures	60,720,682	212,995	1,584,291	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,917,263	-	249,014	1,355,319
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,729,085	229,491	406,889	-
Defaulted Exposures	5,742	-	-	-
Total for Off-Balance Sheet Exposures	17,652,090	229,491	655,903	1,355,319
Total On and Off-Balance Sheet Exposures	78,372,772	442,486	2,240,194	1,355,319

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2017

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	16,387,492	-	-	-
PSEs	1,740,704	-	-	-
Banks, DFIs & MDBs	6,948,297	-	1,585,647	-
Corporates	16,473,671	214,080	733,374	-
Regulatory Retail	3,397,411	8,293	83,566	-
Residential Mortgages	15,584,111	-	16,438	-
Higher Risk Assets	24,989	-	-	-
Other Assets	680,506	-	-	-
Equity Exposure	176,679	-	-	-
Defaulted Exposures	475,304	5,999	10,747	-
Total for On-Balance Sheet Exposures	61,889,164	228,372	2,429,772	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,662,208	-	893,859	1,464,587
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,066,874	216,464	356,999	-
Defaulted Exposures	6,166	-	-	-
Total for Off-Balance Sheet Exposures	18,735,248	216,464	1,250,858	1,464,587
Total On and Off-Balance Sheet Exposures	80,624,412	444,836	3,680,630	1,464,587

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

iii) Counterparty Credit Risk

In respect of counterparty credit risk exposures which arise from OTC derivative transactions, a credit limit for counterparty credit risk (CCR) is assigned, monitored and reported in accordance with the Group risk methodology. The credit limit established takes into account the mark to market and the future potential exposure measured on the basis of 95 percentile potential worst case loss estimates for the product involved. These methods of calculating credit exposures apply to all counterparties and differences in credit quality are reflected in the size of the limits.

The policy for secured collateral on derivatives is guided by the Group's Internal Best Practice Guidelines ensuring the due diligence necessary to fully understand the effectiveness of netting and collateralisation by jurisdiction, counterparty, product and agreement type is fully assessed and that the due-diligence standards are high and consistently applied.

4) Collateral Arrangements

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

Eligible collateral types are documented by Credit Support Annexes (CSA) of the International Swaps and Derivatives Association (ISDA) Master Agreement and are controlled under a policy which ensures the collateral agreed to be taken exhibits characteristics such as price transparency, price stability, liquidity, enforceability, independence, reusability and eligibility for regulatory purposes. A valuation 'haircut' policy 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.

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

(g) Risk management policies (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 2018		31 Dec 2017	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	67,416	(93,584)	36,272	(83,246)
USD	45,789	(57,377)	22,261	(23,086)
Others	2,691	(14,301)	1,485	(13,783)
	115,896	(165,262)	60,018	(120,115)

	Bank (RM'000)			
	31 Dec 2018		31 Dec 2017	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	82,393	(102,405)	66,069	(101,520)
USD	33,033	(42,269)	13,799	(13,120)
Others	(4,001)	(5,733)	1,917	(13,288)
	111,425	(150,407)	81,785	(127,928)

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

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

	Group (RM'000)			
	31 Dec 2018		31 Dec 2017	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	275,180	(278,468)	108,700	(112,659)
USD	94,669	(132,594)	42,277	(55,061)
Others	69,567	(51,651)	81,945	(58,958)
	439,416	(462,713)	232,922	(226,678)

	Bank (RM'000)			
	31 Dec 2018		31 Dec 2017	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	341,580	(361,082)	194,046	(211,160)
USD	91,427	(127,161)	42,645	(53,329)
Others	69,003	(51,661)	82,623	(59,845)
	502,010	(539,904)	319,314	(324,334)

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

(g) Risk management policies (Cont'd)

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

Sensitivity of projected Net Interest/Finance Income (Cont'd)

The sensitivity of reported reserves in 'other comprehensive income' to interest/profit rate movements are monitored on a monthly basis by assessing the expected reduction in valuation of available-for-sale portfolios to parallel movements of plus or minus 100 basis points in all yield curves.

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

	Group (RM'000)			
	31 Dec 2018		31 Dec 2017	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(137,858)	137,858	(155,455)	155,455
USD	(14,034)	14,034	(10,549)	10,549
CNY	(95)	95	(156)	156
	(151,987)	151,987	(166,160)	166,160

	Bank (RM'000)			
	31 Dec 2018		31 Dec 2017	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(101,528)	101,528	(120,067)	120,067
USD	(14,034)	14,034	(10,549)	10,549
CNY	(95)	95	(156)	156
	(115,657)	115,657	(130,772)	130,772

6) Equities

At 31 December 2018, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 31 December 2018 was mainly of shares held for the purpose of gaining strategic advantage.

Quoted equities

Quoted shares are not held for capital gains.

Unquoted equities

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

Refer to Note 12 of the financial statements at 31 December 2018 on the Group's holdings of equity investments.

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

(g) Risk management policies (Cont'd)

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

Overview

Shariah compliance is a cornerstone of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight of the BOD, the Shariah Committee and the Management to ensure that the operations and business activities of HBMS, a fully owned Islamic subsidiary of the Bank, remain consistent with Shariah principles and its requirements.

To ensure Shariah compliance in all aspects of day-to-day Islamic finance activities, the Malaysian regulatory bodies such as BNM and Securities Commission have spelled out several provisions in relation to the establishment of a Shariah Committee and an internal Shariah Department in an Islamic Financial Institution (IFI). The Shariah Committee is an independent Shariah advisory body which plays a vital role in providing Shariah views and rulings pertaining to Islamic finance. The Shariah Committee also performs an oversight role on Shariah matters related to the Bank's business operations and activities. At the institutional level, the Shariah Department acts as an intermediary between the Shariah Committee and the Management team of the IFI. The Shariah Department together with the Shariah Committee has the role to assist the Management in ensuring that all activities of the IFI are in compliance with the Shariah rules and principles, in accordance with the guidelines laid down by Shariah Governance Framework (SGF) of BNM. However, the accountability to ensure Shariah compliance remains with the IFI's BOD.

Qualitative Disclosures - Key Components and Core Shariah Functions in Implementing and Monitoring the Shariah Governance Practices as per the Shariah Governance Framework.

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

a. Board of Directors

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

b. Shariah Committee

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

c. CEO and Management

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

d. Shariah Audit

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

e. Shariah Risk Management

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

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

f. Shariah Department

i) Shariah Review

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

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

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

(g) Risk management policies (Cont'd)

7) Shariah Governance (Cont'd)

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

f. Shariah Department (Cont'd)

ii) Shariah Advisory

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

iii) Shariah Research

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

iv) Shariah Secretariat

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

v) Knowledge and Skills Monitoring

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

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial year ended 31 December 2018, no actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:

During the financial year ended 31 December 2018, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM688 in the Account was carried forward from 2017 to 2018.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS's management amounted to RM15,923 as at 31 December 2018 received from transactions via Nostro Accounts has been reversed to the Account.
- iii) RM3,154 was deducted for 2017 tax liabilities on Shariah Penalty & Impure Income.

The balance of RM13,457 in the Account is pending distribution in 2019.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2018.