

HSBC BANK MALAYSIA BERHAD
(Company No.198401015221 (127776-V))
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures
As at 30 June 2020

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 Interim Disclosures set out on pages 2 to 39 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

.....
STUART PATERSON MILNE

CHIEF EXECUTIVE OFFICER
24 July 2020

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

The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2020 do not include all of the information required for full (Basel II) Pillar 3 Disclosures, and should be read in conjunction with the audited financial statements of HSBC Bank Malaysia Berhad (the Bank) and its subsidiaries (collectively known as the Group) for the financial year ended 31 December 2019 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2019.

The tables attached in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures provide an understanding of the quantitative changes relating to Pillar 3 Disclosures of the Group since the financial year ended 31 December 2019. There are no material changes relating to qualitative disclosures during the interim reporting period.

Stress Testing

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

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

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

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

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

Governance

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

Refer to Note 35 of the financial statements at 30 June 2020 for the total risk weighted capital ratio, Common Equity Tier 1 and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

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

1) RWA and Capital Requirement

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

As at 30 June 2020, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM2,844m (31 December 2019: RM2,991m). 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.

30 Jun 2020
(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	21,408,709	21,408,709	997,520	79,802
PSEs	1,916,049	1,911,551	790,845	63,268
Banks, DFIs & MDBs	7,076,712	5,383,546	1,583,289	126,662
Corporates	26,690,169	26,201,054	24,192,015	1,935,361
Regulatory Retail	5,413,992	5,338,308	4,129,331	330,347
Residential Mortgages	17,872,207	17,872,207	6,541,102	523,288
Higher Risk Assets	24,186	24,035	36,053	2,884
Other Assets	1,579,844	1,579,844	1,214,931	97,195
Equity Exposure	213,295	213,295	213,295	17,064
Defaulted Exposures	849,345	846,090	933,873	74,710
Total for On-Balance Sheet Exposures	83,044,508	80,778,639	40,632,254	3,250,581
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,842,538	1,810,362	1,049,545	83,964
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,265,631	15,815,045	11,106,883	888,550
Defaulted Exposures	8,404	8,404	11,396	911
Total for Off-Balance Sheet Exposures	20,116,573	17,633,811	12,167,824	973,425
Total On and Off-Balance Sheet Exposures ^[1]	103,161,081	98,412,450	52,800,078	4,224,006
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	35,700,741	37,347,935	(1,647,194)	1,175,884
Foreign Currency Risk	42,305	25,071	44,651	3,572
Options Risk	-	-	-	81,640
	35,743,046	37,373,006	(1,602,543)	1,302,175
Operational Risk (Standardised Approach)	-	-	-	5,815,003
Total RWA and Capital Requirement	-	-	-	59,917,256
				4,793,380

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

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

1) RWA and Capital Requirement (Cont'd)

31 Dec 2019
(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	21,580,507	21,580,507	282,830	22,627
PSEs	1,800,342	1,798,177	997,464	79,797
Banks, DFIs & MDBs	8,119,491	5,001,082	1,122,753	89,819
Corporates	24,445,932	23,829,105	22,113,382	1,769,071
Regulatory Retail	6,026,376	5,948,149	4,571,513	365,721
Residential Mortgages	18,229,423	18,229,423	6,673,826	533,906
Higher Risk Assets	23,896	23,746	35,619	2,849
Other Assets	1,513,429	1,513,429	1,031,243	82,501
Equity Exposure	196,402	196,402	196,402	15,712
Defaulted Exposures	842,300	839,609	932,114	74,569
Total for On-Balance Sheet Exposures	82,778,098	78,959,629	37,957,146	3,036,572
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,014,441	2,398,615	1,256,391	100,511
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,427,373	15,975,426	11,730,335	938,426
Defaulted Exposures	7,242	7,242	10,052	804
Total for Off-Balance Sheet Exposures	20,449,056	18,381,283	12,996,778	1,039,741
Total On and Off-Balance Sheet Exposures ^[1]	103,227,154	97,340,912	50,953,924	4,076,313
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	50,785,248	54,266,545	(3,481,296)	104,532
Foreign Currency Risk	52,219	135,937	141,248	11,300
Options Risk	-	-	-	48,312
	50,837,467	54,402,482	(3,340,048)	119,697
Operational Risk (Standardised Approach)	-	-	-	463,825
Total RWA and Capital Requirement	-	-	-	4,659,835

Note:

MDBs - Multilateral Development Banks
DFIs - Development Financial Institutions
PSEs - Public Sector Entities
OTC - Over the counter

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

Refer to Note 35 of the unaudited condense interim financial statements as at 30 June 2020 for disclosure on RWA breakdown by various categories of risk weights.

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

1) RWA and Capital Requirement (Cont'd)

30 Jun 2020
(RM'000)

Bank

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	16,492,440	16,492,440	847,508	67,801
PSEs	1,315,350	1,310,852	550,298	44,024
Banks, DFIs & MDBs	7,038,810	5,555,525	1,449,366	115,949
Corporates	20,320,480	19,928,227	18,392,972	1,471,438
Regulatory Retail	3,002,590	2,941,249	2,190,633	175,251
Residential Mortgages	13,793,575	13,793,575	5,040,016	403,201
Higher Risk Assets	19,643	19,643	29,464	2,357
Other Assets	1,412,122	1,412,122	1,164,900	93,192
Equity Exposure	213,295	213,295	213,295	17,064
Defaulted Exposures	546,452	545,277	603,328	48,266
Total for On-Balance Sheet Exposures	64,154,757	62,212,205	30,481,780	2,438,543
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,865,923	1,833,746	999,228	79,938
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,234,459	12,876,840	9,271,541	741,723
Defaulted Exposures	6,047	6,047	8,017	641
Total for Off-Balance Sheet Exposures	17,106,429	14,716,633	10,278,786	822,302
Total On and Off-Balance Sheet Exposures ^[1]	81,261,186	76,928,838	40,760,566	3,260,845
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	35,134,057	35,656,238	(522,181)	1,122,215
Foreign Currency Risk	38,946	19,366	38,946	3,116
Options Risk	-	-	-	81,640
	35,173,003	35,675,604	(483,235)	1,242,801
Operational Risk (Standardised Approach)	-	-	-	5,150,646
Total RWA and Capital Requirement	-	-	-	47,154,013
				3,772,321

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

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

1) RWA and Capital Requirement (Cont'd)

31 Dec 2019
(RM'000)

Bank

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	13,799,823	13,799,823	81,794	6,544
PSEs	1,461,789	1,459,624	859,089	68,727
Banks, DFIs & MDBs	8,342,863	5,425,099	1,205,522	96,442
Corporates	18,788,100	18,258,198	16,994,722	1,359,578
Regulatory Retail	3,497,191	3,432,368	2,562,048	204,964
Residential Mortgages	14,095,231	14,095,231	5,154,873	412,390
Higher Risk Assets	19,554	19,554	29,331	2,346
Other Assets	1,322,604	1,322,604	984,033	78,723
Equity Exposure	196,402	196,402	196,402	15,712
Defaulted Exposures	538,824	537,445	598,285	47,863
Total for On-Balance Sheet Exposures	62,062,381	58,546,348	28,666,099	2,293,289
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,035,586	2,419,760	1,204,636	96,371
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,244,492	12,873,751	9,676,428	774,114
Defaulted Exposures	5,416	5,416	7,353	588
Total for Off-Balance Sheet Exposures	17,285,494	15,298,927	10,888,417	871,073
Total On and Off-Balance Sheet Exposures ^[1]	79,347,875	73,845,275	39,554,516	3,164,362
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	48,929,845	51,151,478	(2,221,632)	98,454
Foreign Currency Risk	46,396	135,425	135,425	10,834
Options Risk	-	-	-	48,312
	48,976,241	51,286,903	(2,086,207)	113,153
Operational Risk (Standardised Approach)	-	-	-	409,537
Total RWA and Capital Requirement	-	-	-	46,088,143

Note:

MDBs - Multilateral Development Banks
DFIs - Development Financial Institutions
PSEs - Public Sector Entities
OTC - Over the counter

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

Refer to Note 35 of the unaudited condense interim financial statements as at 30 June 2020 for disclosure on RWA breakdown by various categories of risk weights.

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

2) Risk Weight Profile and RWA

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

30 Jun 2020
(RM'000)

Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	16,421,419	-	-	58,593	29,390	-	-	364,914	-	16,874,316	-
20%	5,012,006	1,622,869	4,665,989	3,906,330	31,029	-	-	-	-	15,238,223	3,047,644
35%	-	-	-	-	-	19,480,888	-	-	-	19,480,888	6,818,311
50%	-	179,345	2,284,484	814,358	33,656	728,420	-	-	-	4,040,263	2,020,132
75%	-	-	-	-	7,590,320	403,579	-	-	-	7,993,899	5,995,425
100%	-	1,001,318	170,465	30,621,787	794,742	500,914	-	1,214,931	213,295	34,517,452	34,517,452
150%	-	-	-	66,437	71,462	100,967	28,543	-	-	267,409	401,114
Total										98,412,450	52,800,078
Average Risk Weight	5%	50%	32%	90%	77%	38%	150%	77%	100%	54%	

31 Dec 2019
(RM'000)

Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	20,166,680	-	-	51,811	41,709	-	-	482,186	-	20,742,386	-
20%	1,598,463	1,175,892	5,859,267	3,151,823	21,087	-	-	-	-	11,806,532	2,361,306
35%	-	-	-	-	-	19,729,580	-	-	-	19,729,580	6,905,353
50%	-	179,286	1,213,758	575,716	31,340	738,222	-	-	-	2,738,322	1,369,162
75%	-	-	-	-	8,188,894	397,268	-	-	-	8,586,162	6,439,621
100%	-	1,160,636	148,558	29,669,411	715,859	534,718	-	1,031,243	196,402	33,456,827	33,456,827
150%	-	-	-	59,450	83,021	110,081	28,551	-	-	281,103	421,655
Total										97,340,912	50,953,924
Average Risk Weight	1%	59%	27%	92%	77%	38%	150%	68%	100%	52%	

Note:

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

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

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

30 Jun 2020

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	12,255,208	-	-	41,048	13,893	-	-	247,222	-	12,557,371	-
20%	4,261,948	1,019,878	5,445,106	3,028,060	28,214	-	-	-	-	13,783,206	2,756,641
35%	-	-	-	-	-	15,234,177	-	-	-	15,234,177	5,331,962
50%	-	179,345	1,631,080	502,076	15,280	556,018	-	-	-	2,883,799	1,441,900
75%	-	-	-	-	4,984,320	322,750	-	-	-	5,307,070	3,980,303
100%	-	784,464	170,149	24,195,878	106,943	354,496	-	1,164,900	213,295	26,990,125	26,990,125
150%	-	-	-	41,314	42,606	66,280	22,890	-	-	173,090	259,635
Total										76,928,838	40,760,566
Average Risk Weight	5%	54%	29%	90%	76%	38%	150%	82%	100%	53%	

31 Dec 2019

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%	13,391,176	-	-	23,026	16,981	-	-	338,571	-	13,769,754	-
20%	593,284	775,669	6,343,946	2,273,942	18,448	-	-	-	-	10,005,289	2,001,058
35%	-	-	-	-	-	15,435,952	-	-	-	15,435,952	5,402,583
50%	-	179,286	1,053,757	455,860	11,587	566,103	-	-	-	2,266,593	1,133,297
75%	-	-	-	-	5,443,938	322,741	-	-	-	5,766,679	4,325,009
100%	-	1,051,433	115,871	23,593,831	95,704	380,612	-	984,033	196,402	26,417,886	26,417,886
150%	-	-	-	32,476	51,732	76,309	22,605	-	-	183,122	274,683
Total										73,845,275	39,554,516
Average Risk Weight	1%	65%	25%	92%	76%	38%	150%	74%	100%	54%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

3) Credit Risk

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

Group (RM'000)	30 Jun 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	188,234	91,542	523,209	75,135	878,120
Term loans/financing					
Housing loans/financing	3,108,872	2,530,737	10,918,300	884,300	17,442,209
Syndicated term loan/financing	42,518	80,237	4,154,598	-	4,277,353
Factoring receivables	13,383	20,739	550,163	128,299	712,584
Hire purchase receivables	43,286	71,693	77,391	9,408	201,778
Other term loans/financing	1,213,668	1,318,536	7,638,543	508,591	10,679,338
Bills receivables	183,670	213,270	2,835,211	17,473	3,249,624
Trust receipts	571,314	710,887	2,072,236	73,128	3,427,565
Claims on customers under acceptance credits	243,918	280,240	547,440	11,291	1,082,889
Staff loans/financing	9,609	5,315	48,106	3,267	66,297
Credit/charge cards	596,704	514,623	2,050,570	272,603	3,434,500
Revolving financing	314,452	345,277	8,700,644	128,696	9,489,069
Other loans/financing	3,398	1,574	7,118	2,696	14,786
	6,533,026	6,184,670	40,123,529	2,114,887	54,956,112

Group (RM'000)	31 Dec 2019				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	141,662	97,532	490,533	81,903	811,630
Term loans/financing					
Housing loans/financing	3,185,668	2,590,143	11,108,290	906,350	17,790,451
Syndicated term loan/financing	36,968	80,600	3,314,546	-	3,432,114
Factoring receivables	15,132	33,467	396,878	167,720	613,197
Hire purchase receivables	45,342	64,349	75,526	8,832	194,049
Other term loans/financing	1,187,112	1,272,984	7,159,291	470,011	10,089,398
Bills receivables	159,519	185,350	1,685,786	35,389	2,066,044
Trust receipts	385,633	447,594	1,624,893	53,499	2,511,619
Claims on customers under acceptance credits	459,172	314,439	614,525	16,662	1,404,798
Staff loans/financing	10,484	5,229	56,109	3,357	75,179
Credit/charge cards	694,576	591,468	2,397,741	325,722	4,009,507
Revolving financing	243,385	362,559	8,079,631	126,394	8,811,969
Other loans/financing	4,301	1,267	7,767	2,359	15,694
	6,568,954	6,046,981	37,011,516	2,198,198	51,825,649

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

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

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

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

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

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

3) Credit Risk (Cont'd)

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

Bank (RM'000)	30 Jun 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts	180,681	64,850	484,147	75,135	804,813
Term loans/financing					
Housing loans/financing	2,572,433	2,021,397	8,000,281	746,615	13,340,726
Syndicated term loan/financing	42,518	80,237	2,808,669	-	2,931,424
Factoring receivables	13,383	20,739	550,163	128,299	712,584
Other term loans/financing	710,654	712,776	5,066,466	354,114	6,844,010
Bills receivables	108,613	129,204	1,998,074	16,857	2,252,748
Trust receipts	490,841	687,206	1,725,319	71,796	2,975,162
Claims on customers under acceptance credits	180,561	194,810	241,330	10,829	627,530
Staff loans/financing	8,998	5,259	46,644	3,252	64,153
Credit/charge cards	403,785	319,310	1,379,148	218,027	2,320,270
Revolving financing	287,310	336,596	6,668,408	128,696	7,421,010
Other loans/financing	2,405	1,070	5,016	2,659	11,150
	5,002,182	4,573,454	28,973,665	1,756,279	40,305,580

Bank (RM'000)	31 Dec 2019				
	Northern	Southern	Central	Eastern	Total
Overdrafts	132,159	70,267	454,302	81,771	738,499
Term loans/financing					
Housing loans/financing	2,635,281	2,070,532	8,155,930	764,336	13,626,079
Syndicated term loan/financing	36,968	80,600	2,586,248	-	2,703,816
Factoring receivables	15,132	33,467	396,878	167,720	613,197
Other term loans/financing	703,030	704,493	4,538,010	304,791	6,250,324
Bills receivables	94,258	133,825	1,331,652	35,389	1,595,124
Trust receipts	332,171	423,644	1,177,557	52,421	1,985,793
Claims on customers under acceptance credits	350,801	223,467	491,700	15,558	1,081,526
Staff loans/financing	9,858	5,184	54,555	3,338	72,935
Credit/charge cards	476,114	372,787	1,636,897	265,145	2,750,943
Revolving financing	222,761	356,895	6,389,754	126,394	7,095,804
Other loans/financing	3,138	916	5,007	2,330	11,391
	5,011,671	4,476,077	27,218,490	1,819,193	38,525,431

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

3) Credit Risk (Cont'd)

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

Group (RM'000)	30 Jun 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	3,803	15,241	54,526	10,433	84,003
Term loans/financing					
Housing loans/financing	74,425	57,171	231,211	15,121	377,928
Hire purchase receivables	-	271	60	-	331
Other term loans/financing	22,565	18,333	380,746	19,046	440,690
Bills receivables	30	4,307	19,133	-	23,470
Trust receipts	-	-	12,277	-	12,277
Claims on customers under acceptance credits	1,720	10,593	35,601	-	47,914
Staff loans/financing	-	-	629	-	629
Credit/charge cards	5,456	5,624	12,709	1,702	25,491
Revolving financing	-	-	30,127	11,653	41,780
Other loans/financing	3,313	1,463	6,821	2,670	14,267
	111,312	113,003	783,840	60,625	1,068,780

Group (RM'000)	31 Dec 2019				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	5,477	15,267	8,271	10,282	39,297
Term loans/financing					
Housing loans/financing	71,632	58,155	234,979	14,417	379,183
Hire purchase receivables	227	717	173	-	1,117
Other term loans/financing	28,735	16,908	365,232	17,966	428,841
Bills receivables	2,260	5,384	24,153	-	31,797
Trust receipts	-	-	4,143	-	4,143
Claims on customers under acceptance credits	4,320	11,629	35,713	-	51,662
Staff loans/financing	-	-	626	-	626
Credit/charge cards	4,153	3,902	6,781	1,573	16,409
Revolving financing	-	-	24,852	11,136	35,988
Other loans/financing	3,952	990	7,144	2,298	14,384
	120,756	112,952	712,067	57,672	1,003,447

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

3) Credit Risk (Cont'd)

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

	30 Jun 2020				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	3,410	10,860	48,890	10,433	73,593
Term loans/financing					
Housing loans/financing	57,400	41,535	157,562	13,118	269,615
Other term loans/financing	15,797	7,570	176,060	13,268	212,695
Bills receivables	-	-	6,295	-	6,295
Trust receipts	-	-	12,277	-	12,277
Claims on customers under acceptance credits	1,720	10,593	35,601	-	47,914
Staff loans/financing	-	-	629	-	629
Credit/charge cards	3,317	2,825	8,956	1,262	16,360
Revolving financing	-	-	30,127	11,653	41,780
Other loans/financing	2,348	1,037	4,829	2,638	10,852
	83,992	74,420	481,226	52,372	692,010

	31 Dec 2019				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	3,816	10,553	4,406	10,282	29,057
Term loans/financing					
Housing loans/financing	56,048	41,031	162,321	13,792	273,192
Other term loans/financing	17,846	8,069	159,815	12,162	197,892
Bills receivables	-	-	6,295	-	6,295
Trust receipts	-	-	4,143	-	4,143
Claims on customers under acceptance credits	4,320	10,964	35,713	-	50,997
Staff loans/financing	-	-	626	-	626
Credit/charge cards	2,696	2,112	3,705	1,087	9,600
Revolving financing	-	-	24,852	11,136	35,988
Other loans/financing	2,852	662	4,554	2,286	10,354
	87,578	73,391	406,430	50,745	618,144

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

3) Credit Risk (Cont'd)

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

		30 Jun 2020			
Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts/Cash line-i	878,120	-	-	-	878,120
Term loans/financing					
Housing loans/financing	66,393	68,665	166,592	17,140,559	17,442,209
Syndicated term loan/financing	227,507	3,161,587	801,358	86,901	4,277,353
Factoring receivables	712,584	-	-	-	712,584
Hire purchase receivables	9,053	77,278	109,417	6,030	201,778
Other term loans/financing	976,114	2,654,481	2,950,374	4,098,369	10,679,338
Bills receivables	3,249,624	-	-	-	3,249,624
Trust receipts	3,427,565	-	-	-	3,427,565
Claims on customers under acceptance credits	1,082,889	-	-	-	1,082,889
Staff loans/financing	791	6,824	12,866	45,816	66,297
Credit/charge cards	3,434,500	-	-	-	3,434,500
Revolving financing	9,489,069	-	-	-	9,489,069
Other loans/financing	14,786	-	-	-	14,786
	23,568,995	5,968,835	4,040,607	21,377,675	54,956,112

		31 Dec 2019			
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	811,630	-	-	-	811,630
Term loans/financing					
Housing loans/financing	71,593	61,523	165,705	17,491,630	17,790,451
Syndicated term loan/financing	240,081	2,391,258	695,100	105,675	3,432,114
Factoring receivables	613,197	-	-	-	613,197
Hire purchase receivables	5,971	78,625	109,453	-	194,049
Other term loans/financing	775,525	2,651,079	2,654,441	4,008,353	10,089,398
Bills receivables	2,066,044	-	-	-	2,066,044
Trust receipts	2,511,619	-	-	-	2,511,619
Claims on customers under acceptance credits	1,404,798	-	-	-	1,404,798
Staff loans/financing	747	8,459	14,098	51,875	75,179
Credit/charge cards	4,009,507	-	-	-	4,009,507
Revolving financing	8,794,169	17,800	-	-	8,811,969
Other loans/financing	15,694	-	-	-	15,694
	21,320,575	5,208,744	3,638,797	21,657,533	51,825,649

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

3) Credit Risk (Cont'd)

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

		30 Jun 2020				
Bank (RM'000)		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts		804,813	-	-	-	804,813
Term loans/financing						
Housing loans/financing		58,439	63,406	151,528	13,067,353	13,340,726
Syndicated term loan/financing		177,756	2,160,933	583,322	9,413	2,931,424
Factoring receivables		712,584	-	-	-	712,584
Other term loans/financing		614,642	1,899,993	2,175,151	2,154,224	6,844,010
Bills receivables		2,252,748	-	-	-	2,252,748
Trust receipts		2,975,162	-	-	-	2,975,162
Claims on customers under acceptance credits		627,530	-	-	-	627,530
Staff loans/financing		758	6,636	12,270	44,489	64,153
Credit/charge cards		2,320,270	-	-	-	2,320,270
Revolving financing		7,421,010	-	-	-	7,421,010
Other loans/financing		11,150	-	-	-	11,150
		17,976,862	4,130,968	2,922,271	15,275,479	40,305,580

		31 Dec 2019				
Bank (RM'000)		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts		738,499	-	-	-	738,499
Term loans/financing						
Housing loans/financing		61,814	56,515	149,190	13,358,560	13,626,079
Syndicated term loan/financing		169,468	1,926,520	502,153	105,675	2,703,816
Factoring receivables		613,197	-	-	-	613,197
Other term loans/financing		692,211	1,444,278	1,961,107	2,152,728	6,250,324
Bills receivables		1,595,124	-	-	-	1,595,124
Trust receipts		1,985,793	-	-	-	1,985,793
Claims on customers under acceptance credits		1,081,526	-	-	-	1,081,526
Staff loans/financing		734	8,222	13,514	50,465	72,935
Credit/charge cards		2,750,943	-	-	-	2,750,943
Revolving financing		7,078,004	17,800	-	-	7,095,804
Other loans/financing		11,391	-	-	-	11,391
		16,778,704	3,453,335	2,625,964	15,667,428	38,525,431

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

3) Credit Risk (Cont'd)

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

	30 Jun 2020													
	Group (RM'000)													
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	15,260	-	-	-	1,632	54,554	305	852	17,928	-	10	38,031	-	128,572
Mining and quarrying	4,152	-	-	126	7,533	191,990	3,046	7,227	702	-	62	116,051	-	330,889
Manufacturing	324,289	-	647,748	386,304	112,706	2,276,626	561,437	1,848,858	455,741	-	2,167	1,484,355	2,491	8,102,722
Electricity, gas and water	2,668	-	-	4	24	222,334	5,543	6,652	203,891	-	30	1,504	4	442,654
Construction	45,382	-	141,682	-	2,676	1,063,943	206,308	175,821	37,964	-	397	2,039,710	154	3,714,037
Real estate	13,728	-	1,770,519	-	-	1,940,312	-	99,426	-	-	3	842,511	15	4,666,514
Wholesale & retail trade and restaurants & hotels	131,574	-	-	196,713	7,326	752,501	506,684	1,053,512	345,918	-	618	1,476,672	494	4,472,012
Transport, storage and communication	13,986	-	-	17,856	27,202	297,678	16,324	53,941	12,769	-	154	178,733	62	618,705
Finance, insurance/takaful and business services	199,637	-	-	101,369	12,180	516,642	89,364	83,672	6,109	-	1,448	2,906,106	133	3,916,660
Household-retail	107,558	17,442,209	-	-	-	2,695,041	-	-	-	66,297	3,429,335	-	11,356	23,751,796
Others	19,886	-	1,717,404	10,212	30,499	667,717	1,860,613	97,604	1,867	-	276	405,396	77	4,811,551
	878,120	17,442,209	4,277,353	712,584	201,778	10,679,338	3,249,624	3,427,565	1,082,889	66,297	3,434,500	9,489,069	14,786	54,956,112

	31 Dec 2019													
	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	20,986	-	-	-	1,935	55,100	-	-	18,159	-	27	87,013	-	183,220
Mining and quarrying	5,045	-	-	118	8,051	216,389	-	9,655	4,833	-	122	117,430	-	361,643
Manufacturing	256,897	-	711,169	379,374	127,378	2,088,269	489,268	1,218,662	913,018	-	3,056	1,503,972	2,074	7,693,137
Electricity, gas and water	2,794	-	-	443	40	196,144	66,857	6,914	3,673	-	57	1,506	-	278,428
Construction	65,879	-	63,933	-	3,351	1,051,532	161,383	164,783	44,049	-	453	2,192,250	128	3,747,741
Real estate	7,991	-	1,624,332	-	-	1,797,645	-	96,991	-	-	2	512,863	12	4,039,836
Wholesale & retail trade and restaurants & hotels	87,296	-	-	143,222	7,982	687,281	349,357	790,191	393,031	-	1,536	1,399,413	1,130	3,860,439
Transport, storage and communication	16,056	-	-	-	30,934	227,213	20,072	56,619	16,406	-	441	180,187	62	547,990
Finance, insurance/takaful and business services	215,665	-	-	9,284	10,311	367,976	92,472	82,813	8,590	-	2,855	2,586,366	653	3,376,985
Household-retail	119,256	17,790,451	-	-	-	2,676,928	-	-	-	75,179	4,000,451	-	11,558	24,673,823
Others	13,765	-	1,032,680	80,756	4,067	724,921	886,635	84,991	3,039	-	507	230,969	77	3,062,407
	811,630	17,790,451	3,432,114	613,197	194,049	10,089,398	2,066,044	2,511,619	1,404,798	75,179	4,009,507	8,811,969	15,694	51,825,649

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

3) Credit Risk (Cont'd)

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

													30 Jun 2020	
													Bank (RM'000)	
	Overdraft	Housing loans/financing	Syndicated term loans/financing	Factoring receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/financing	Credit/charge cards	Revolving financing	Other loans/financing	Total	
Agricultural, hunting, forestry and fishing	13,482	-	-	-	44,422	-	852	16,626	-	10	35,006	-	110,398	
Mining and quarrying	1,182	-	-	126	43,360	-	7,227	294	-	62	111,046	-	163,297	
Manufacturing	308,247	-	621,471	386,304	1,518,982	367,746	1,741,402	337,400	-	2,167	1,250,563	2,397	6,536,679	
Electricity, gas and water	1,772	-	-	4	14,790	-	6,652	3,726	-	30	1,504	4	28,482	
Construction	35,833	-	141,682	-	843,924	93,490	167,280	25,962	-	397	1,398,205	139	2,706,912	
Real estate	13,728	-	1,389,326	-	1,613,291	-	99,426	-	-	3	700,463	15	3,816,252	
Wholesale & retail trade and restaurants & hotels	111,900	-	-	196,713	596,518	208,538	781,524	234,931	-	618	1,422,309	406	3,553,457	
Transport, storage and communication	12,660	-	-	17,856	222,272	15,730	23,448	2,460	-	154	143,596	54	438,230	
Finance, insurance/takaful and business services	187,803	-	-	101,369	439,251	82,418	83,672	5,344	-	1,448	2,122,094	20	3,023,419	
Household-retail	107,543	13,340,726	-	-	1,286,611	-	-	-	64,153	2,315,105	-	8,053	17,122,191	
Others	10,663	-	778,945	10,212	220,589	1,484,826	63,679	787	-	276	236,224	62	2,806,263	
	804,813	13,340,726	2,931,424	712,584	6,844,010	2,252,748	2,975,162	627,530	64,153	2,320,270	7,421,010	11,150	40,305,580	
													31 Dec 2019	
													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	19,121	-	-	-	43,323	-	-	17,527	-	27	86,507	-	166,505	
Mining and quarrying	3,091	-	-	118	50,597	-	9,655	1,446	-	122	112,424	-	177,453	
Manufacturing	233,584	-	678,272	379,374	1,522,416	399,286	1,095,786	747,702	-	3,056	1,428,388	2,040	6,489,904	
Electricity, gas and water	2,094	-	-	443	12,799	52,807	6,914	2,497	-	57	1,506	-	79,117	
Construction	56,138	-	63,933	-	705,270	105,548	151,242	29,989	-	453	1,583,963	126	2,696,662	
Real estate	7,989	-	1,254,614	-	1,534,439	-	96,991	-	-	2	386,020	12	3,280,067	
Wholesale & retail trade and restaurants & hotels	74,067	-	-	143,222	530,133	181,145	495,118	266,863	-	1,536	1,343,190	851	3,036,125	
Transport, storage and communication	15,765	-	-	-	147,690	19,432	30,860	6,215	-	441	149,961	54	370,418	
Finance, insurance/takaful and business services	204,313	-	-	9,284	285,007	77,803	82,813	7,335	-	2,855	1,839,249	17	2,508,676	
Household-retail	119,246	13,626,079	-	-	1,320,259	-	-	-	72,935	2,741,887	-	8,231	17,888,637	
Others	3,091	-	706,997	80,756	98,391	759,103	16,414	1,952	-	507	164,596	60	1,831,867	
	738,499	13,626,079	2,703,816	613,197	6,250,324	1,595,124	1,985,793	1,081,526	72,935	2,750,943	7,095,804	11,391	38,525,431	

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

3) Credit Risk (Cont'd)

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

	30 Jun 2020 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
Manufacturing	26,467	-	-	6,844	7,769	9,142	26,850	-	-	18,417	2,486	97,975
Electricity, gas and water	-	-	-	573	-	-	-	-	-	-	4	577
Construction	2,649	-	60	3,467	7,791	2,825	15,482	-	-	-	155	32,429
Real estate	578	-	-	11,526	-	-	-	-	-	-	15	12,119
Wholesale & retail trade and restaurants & hotels	45,691	-	-	15,065	1,701	273	5,582	-	-	-	488	68,800
Transport, storage and communication	-	-	271	-	-	-	-	-	-	17,800	65	18,136
Finance, insurance/takaful and business services	5,916	-	-	598	6,209	37	-	-	-	-	133	12,893
Household-retail	2,702	377,928	-	374,721	-	-	-	629	25,491	-	10,842	792,313
Others	-	-	-	27,896	-	-	-	-	-	5,563	79	33,538
	84,003	377,928	331	440,690	23,470	12,277	47,914	629	25,491	41,780	14,267	1,068,780

	31 Dec 2019 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	-	-	-	-	-	-	-	-	-	1,611	-	1,611
Manufacturing	25,802	-	227	3,776	9,013	-	28,018	-	-	11,136	1,962	79,934
Electricity, gas and water	-	-	-	600	-	-	-	-	-	-	-	600
Construction	2,663	-	529	4,926	7,623	2,825	15,483	-	-	-	128	34,177
Real estate	578	-	-	11,561	-	-	-	-	-	-	12	12,151
Wholesale & retail trade and restaurants & hotels	3,694	-	-	18,022	3,994	1,238	7,959	-	-	-	1,114	36,021
Transport, storage and communication	-	-	361	-	-	-	-	-	-	17,800	62	18,223
Finance, insurance/takaful and business services	4,169	-	-	13,590	11,167	35	-	-	-	-	653	29,614
Household-retail	2,391	379,183	-	348,979	-	-	-	626	16,409	-	10,386	757,974
Others	-	-	-	27,387	-	45	202	-	-	5,441	67	33,142
	39,297	379,183	1,117	428,841	31,797	4,143	51,662	626	16,409	35,988	14,384	1,003,447

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

3) Credit Risk (Cont'd)

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

	30 Jun 2020 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
Manufacturing	23,196	-	904	-	9,142	26,850	-	-	18,417	2,397	80,906
Electricity, gas and water	-	-	573	-	-	-	-	-	-	4	577
Construction	1,610	-	3,467	6,295	2,825	15,482	-	-	-	139	29,818
Real estate	578	-	11,526	-	-	-	-	-	-	15	12,119
Wholesale & retail trade and restaurants & hotels	44,898	-	6,087	-	273	5,582	-	-	-	406	57,246
Transport, storage and communication	-	-	-	-	-	-	-	-	17,800	54	17,854
Finance, insurance/takaful and business services	610	-	137	-	37	-	-	-	-	20	804
Household-retail	2,701	269,615	187,768	-	-	-	629	16,360	-	7,755	484,828
Others	-	-	2,233	-	-	-	-	-	5,563	62	7,858
	73,593	269,615	212,695	6,295	12,277	47,914	629	16,360	41,780	10,852	692,010

	31 Dec 2019 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	-	-	-	-	-	-	-	-	1,611	-	1,611
Manufacturing	22,272	-	998	-	-	27,353	-	-	11,136	1,928	63,687
Electricity, gas and water	-	-	600	-	-	-	-	-	-	-	600
Construction	1,624	-	3,625	6,295	2,825	15,483	-	-	-	126	29,978
Real estate	578	-	11,526	-	-	-	-	-	-	12	12,116
Wholesale & retail trade and restaurants & hotels	1,569	-	6,416	-	1,238	7,959	-	-	-	835	18,017
Transport, storage and communication	-	-	-	-	-	-	-	-	17,800	54	17,854
Finance, insurance/takaful and business services	623	-	218	-	35	-	-	-	-	17	893
Household-retail	2,391	273,192	172,278	-	-	-	626	9,600	-	7,322	465,409
Others	-	-	2,231	-	45	202	-	-	5,441	60	7,979
	29,057	273,192	197,892	6,295	4,143	50,997	626	9,600	35,988	10,354	618,144

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

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Agricultural, hunting, forestry and fishing	346	-	-	-
Manufacturing	95,002	141,393	73,648	124,224
Electricity, gas and water	601	632	577	632
Construction	8,240	24,620	5,955	14,587
Real estate	28,444	33,818	23,025	16,726
Wholesale & retail trade and restaurants & hotels	69,870	63,197	62,758	49,451
Transport, storage and communication	20,689	19,217	18,365	18,870
Finance, insurance/takaful and business services	-	54,209	-	54,209
Household-retail	2,342,826	2,597,492	1,619,773	1,801,275
Others	10,336	94,660	7,990	69,263
	2,576,354	3,029,238	1,812,091	2,149,237

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

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Northern region	423,110	485,290	324,978	369,145
Southern region	432,101	463,621	300,396	330,756
Central region	1,549,821	1,900,390	1,040,694	1,295,578
Eastern region	171,322	179,937	146,023	153,758
	2,576,354	3,029,238	1,812,091	2,149,237

^[1] of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 17 (ii) and 17 (iv) of the unaudited condensed interim financial statements as at 30 June 2020 respectively.

Table 8: Impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Agricultural, hunting, forestry and fishing	956	316	841	291
Mining and quarrying	421	179	200	88
Manufacturing	62,722	33,504	52,249	28,678
Electricity, gas and water	14,337	576	114	123
Construction	41,613	31,512	34,581	25,653
Real estate	25,925	33,962	12,131	4,801
Wholesale & retail trade and restaurants & hotels	38,817	18,047	33,724	11,539
Transport, storage and communication	18,013	17,571	17,103	16,407
Finance, insurance/takaful and business services	3,524	280	3,383	143
Household-retail	539,286	391,964	270,967	185,530
Others	20,958	7,878	11,924	5,271
	766,572	535,789	437,217	278,524

Table 9: Impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Northern region	100,044	64,782	52,398	35,352
Southern region	95,256	65,303	53,753	36,255
Central region	536,417	386,695	306,181	194,739
Eastern region	34,855	19,009	24,885	12,178
	766,572	535,789	437,217	278,524

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 18 (i) of the unaudited condensed interim financial statements as at 30 June 2020.

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

3) Credit Risk (Cont'd)

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

<i>(Release) / Charges</i>	Group (RM'000)		Bank (RM'000)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Agricultural, hunting, forestry and fishing	640	(12)	550	(5)
Mining and quarrying	240	(355)	111	(271)
Manufacturing	29,160	11,671	23,517	12,079
Electricity, gas and water	13,761	292	(9)	1
Construction	10,923	9,886	9,077	9,734
Real estate	14,217	2,647	7,169	1,857
Wholesale & retail trade and restaurants & hotels	30,948	(2,460)	26,587	(2,861)
Transport, storage and communication	442	(196)	696	124
Finance, insurance/takaful and business services	2,901	144	3,236	174
Household-retail	199,310	45,366	109,079	7,868
Others	12,457	3,433	6,411	600
	314,999	70,416	186,424	29,300

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 32 (i) of the unaudited condensed interim financial statements as at 30 June 2020.

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

3) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

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

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

- Sovereigns and Central Banks
- Multilateral development banks
- Public sector entities
- Corporates
- Banks
- 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 Interim Disclosures (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

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

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

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

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

30 Jun 2020

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	7,330,762	328,849	-	-	-	-	-	7,659,611
PSEs								
- Exposures risk-weighted using ratings of Corporates	269,770	532,300	313,511	-	-	-	-	1,115,581
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,062,454	3,629,501	1,390,837	12,722	152,686	-	-	6,248,200
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	52,034	-	-	-	-	-	52,034
- Exposures risk-weighted using ratings of Banking Institutions	3,607	24,888	-	-	-	-	-	28,495
- Exposures risk-weighted using ratings of Corporates	3,407,466	379,620	640,785	-	-	-	-	4,427,871
	12,074,059	4,947,192	2,345,133	12,722	152,686	-	-	19,531,792
(ii) Total unrated exposures								
							65,228,954	65,228,954
Total Long Term Exposure	12,074,059	4,947,192	2,345,133	12,722	152,686	-	65,228,954	84,760,746

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 Jun 2020

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	-	13,636,144	-	-		13,636,144
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,107,114	1,634,675	46,113	-		3,787,902
Corporates						
- Exposures risk-weighted using ratings of Corporates	960,057	16,232	-	-		976,289
	3,067,171	15,287,051	46,113	-	-	18,400,335
(ii) Total unrated exposures					-	-
Total Short Term Exposure	3,067,171	15,287,051	46,113	-	-	18,400,335

Group Total Long Term and Short Term Exposure :	103,161,081
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Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2019

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	1,227,061	10,421,160	-	-	-	-		11,648,221
PSEs								
- Exposures risk-weighted using ratings of Corporates	25,000	179,286	444,664	-	-	-		648,950
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,022,774	4,039,542	362,082	38,070	93,626	-		6,556,094
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	48,724	-	-	-	-		48,724
- Exposures risk-weighted using ratings of Banking Institutions	-	37,470	-	-	-	-		37,470
- Exposures risk-weighted using ratings of Corporates	2,668,718	375,366	721,525	-	-	-		3,765,609
	5,943,553	15,101,548	1,528,271	38,070	93,626	-	-	22,705,068
(ii) Total unrated exposures								
							64,726,770	64,726,770
Total Long Term Exposure	5,943,553	15,101,548	1,528,271	38,070	93,626	-	64,726,770	87,431,838

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2019

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	-	10,017,596	-	-	-	10,017,596
PSEs						
- Exposures risk-weighted using ratings of Corporates	150,000	-	-	50,118	-	200,118
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	917,482	3,669,388	119,433	-	-	4,706,303
Corporates						
- Exposures risk-weighted using ratings of Corporates	864,096	7,203	-	-	-	871,299
	1,931,578	13,694,187	119,433	50,118	-	15,795,316
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	1,931,578	13,694,187	119,433	50,118	-	15,795,316
Group Total Long Term and Short Term Exposure :						103,227,154

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 Jun 2020

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	5,211,155	294,287	-	-	-	-	-	5,505,442
PSEs								
- Exposures risk-weighted using ratings of Corporates	269,770	179,345	313,511	-	-	-	-	762,626
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,731,383	3,045,176	1,180,956	12,722	152,686	-	-	6,122,923
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	39,814	-	-	-	-	-	39,814
- Exposures risk-weighted using ratings of Banking Institutions	3,607	24,888	-	-	-	-	-	28,495
- Exposures risk-weighted using ratings of Corporates	2,866,696	277,071	475,805	-	-	-	-	3,619,572
	10,082,611	3,860,581	1,970,272	12,722	152,686	-	-	16,078,872
(ii) Total unrated exposures								
							49,986,928	49,986,928
Total Long Term Exposure	10,082,611	3,860,581	1,970,272	12,722	152,686	-	49,986,928	66,065,800

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

3) Credit Risk (Cont'd)

i) ECAs (Cont'd)

30 Jun 2020

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	-	10,876,086	-	-		10,876,086
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,207,421	1,633,733	46,113	-		3,887,267
Corporates						
- Exposures risk-weighted using ratings of Corporates	415,801	16,232	-	-		432,033
	2,623,222	12,526,051	46,113	-	-	15,195,386
(ii) Total unrated exposures					-	-
Total Short Term Exposure	2,623,222	12,526,051	46,113	-	-	15,195,386
Bank Total Long Term and Short Term Exposure :						81,261,186

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2019

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	1,227,061	7,348,397	-	-	-	-	-	8,575,458
PSEs								
- Exposures risk-weighted using ratings of Corporates	25,000	179,286	444,664	-	-	-	-	648,950
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,109,293	4,014,696	161,437	7,909	93,626	-	-	6,386,961
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	23,025	-	-	-	-	-	23,025
- Exposures risk-weighted using ratings of Banking Institutions	-	37,470	-	-	-	-	-	37,470
- Exposures risk-weighted using ratings of Corporates	2,224,456	314,980	517,975	-	-	-	-	3,057,411
	5,585,810	11,917,854	1,124,076	7,909	93,626	-	-	18,729,275
(ii) Total unrated exposures								
							49,765,041	49,765,041
Total Long Term Exposure	5,585,810	11,917,854	1,124,076	7,909	93,626	-	49,765,041	68,494,316

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2019
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	-	5,312,417	-	-	-	5,312,417
PSEs						
- Exposures risk-weighted using ratings of Corporates	-	-	-	50,118	-	50,118
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	1,343,336	3,668,622	119,433	-	-	5,131,391
Corporates						
- Exposures risk-weighted using ratings of Corporates	352,430	7,203	-	-	-	359,633
	1,695,766	8,988,242	119,433	50,118	-	10,853,559
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	1,695,766	8,988,242	119,433	50,118	-	10,853,559
Bank Total Long Term and Short Term Exposure :						79,347,875

Note:

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

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

3) Credit Risk (Cont'd)

ii) Credit Risk Mitigation (CRM)

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

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

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

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

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

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

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

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

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

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

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

30 Jun 2020

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,408,709	-	-	-
PSEs	1,916,049	150,509	4,498	-
Banks, DFIs & MDBs	7,076,712	-	1,693,166	-
Corporates	26,690,169	800,215	489,115	-
Regulatory Retail	5,413,992	49,020	75,684	-
Residential Mortgages	17,872,207	-	-	-
Higher Risk Assets	24,186	-	151	-
Other Assets	1,579,844	-	-	-
Equity Exposure	213,295	-	-	-
Defaulted Exposures	849,345	7,128	3,255	-
Total for On-Balance Sheet Exposures	83,044,508	1,006,872	2,265,869	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,842,538	-	382,737	1,649,439
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,265,631	517,236	450,586	-
Defaulted Exposures	8,404	-	-	-
Total for Off-Balance Sheet Exposures	20,116,573	517,236	833,323	1,649,439
Total On and Off-Balance Sheet Exposures	103,161,081	1,524,108	3,099,192	1,649,439

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

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2019

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	21,580,507	-	-	-
PSEs	1,800,342	-	2,165	-
Banks, DFIs & MDBs	8,119,491	-	3,118,409	-
Corporates	24,445,932	472,004	616,827	-
Regulatory Retail	6,026,376	50,421	78,227	-
Residential Mortgages	18,229,423	-	-	-
Higher Risk Assets	23,896	-	150	-
Other Assets	1,513,429	-	-	-
Equity Exposure	196,402	-	-	-
Defaulted Exposures	842,300	6,035	2,691	-
Total for On-Balance Sheet Exposures	82,778,098	528,460	3,818,469	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,014,441	-	454,231	1,161,595
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,427,373	432,227	451,947	-
Defaulted Exposures	7,242	-	-	-
Total for Off-Balance Sheet Exposures	20,449,056	432,227	906,178	1,161,595
Total On and Off-Balance Sheet Exposures	103,227,154	960,687	4,724,647	1,161,595

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

30 Jun 2020

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<i>Credit Risk</i>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	16,492,440	-	-	-
PSEs	1,315,350	150,509	4,498	-
Banks, DFIs & MDBs	7,038,810	-	1,483,285	-
Corporates	20,320,480	786,524	392,253	-
Regulatory Retail	3,002,590	36,160	61,341	-
Residential Mortgages	13,793,575	-	-	-
Higher Risk Assets	19,643	-	-	-
Other Assets	1,412,122	-	-	-
Equity Exposure	213,295	-	-	-
Defaulted Exposures	546,452	2,422	1,175	-
Total for On-Balance Sheet Exposures	64,154,757	975,615	1,942,552	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,865,923	-	382,738	1,649,439
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,234,459	484,277	357,619	-
Defaulted Exposures	6,047	-	-	-
Total for Off-Balance Sheet Exposures	17,106,429	484,277	740,357	1,649,439
Total On and Off-Balance Sheet Exposures	81,261,186	1,459,892	2,682,909	1,649,439

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

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2019

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
<i>Credit Risk</i>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	13,799,823	-	-	-
PSEs	1,461,789	-	2,165	-
Banks, DFIs & MDBs	8,342,863	-	2,917,764	-
Corporates	18,788,100	432,826	529,902	-
Regulatory Retail	3,497,191	30,176	64,823	-
Residential Mortgages	14,095,231	-	-	-
Higher Risk Assets	19,554	-	-	-
Other Assets	1,322,604	-	-	-
Equity Exposure	196,402	-	-	-
Defaulted Exposures	538,824	2,910	1,379	-
Total for On-Balance Sheet Exposures	62,062,381	465,912	3,516,033	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,035,586	-	454,231	1,161,595
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,244,492	389,729	370,741	-
Defaulted Exposures	5,416	-	-	-
Total for Off-Balance Sheet Exposures	17,285,494	389,729	824,972	1,161,595
Total On and Off-Balance Sheet Exposures	79,347,875	855,641	4,341,005	1,161,595

Note:

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

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

4) Interest Rate Risk/Profit Rate Risk

Sensitivity of projected Net Interest/Finance Income

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

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

	Group (RM'000)			
	30 Jun 2020		31 Dec 2019	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	151,185	(265,592)	189,028	(238,453)
USD	58,204	(67,174)	13,178	(22,112)
Others	1,397	(3,257)	6,735	(12,873)
	210,786	(336,023)	208,941	(273,438)

	Bank (RM'000)			
	30 Jun 2020		31 Dec 2019	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	163,518	(305,507)	171,348	(203,452)
USD	49,369	(57,861)	25,870	(32,569)
Others	(497)	(1,313)	507	(6,993)
	212,390	(364,681)	197,725	(243,014)

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

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

	Group (RM'000)			
	30 Jun 2020		31 Dec 2019	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(47,125)	81,333	(105,695)	143,024
USD	(3,927)	2,138	(26,619)	29,191
Others	81	(496)	(1,680)	1,353
	(50,971)	82,975	(133,994)	173,568

	Bank (RM'000)			
	30 Jun 2020		31 Dec 2019	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	77,744	(62,242)	(17,474)	38,889
USD	(4,593)	3,056	(27,636)	30,779
Others	(466)	(12)	398	(417)
	72,685	(59,198)	(44,712)	69,251

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

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

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

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

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

	Group (RM'000)			
	30 Jun 2020		31 Dec 2019	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(122,074)	122,074	(106,454)	106,454
USD	(4,143)	4,143	(19,697)	19,697
CNY	(4)	4	(34)	34
	(126,221)	126,221	(126,185)	126,185

	Bank (RM'000)			
	30 Jun 2020		31 Dec 2019	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(86,913)	86,913	(81,005)	81,005
USD	(4,143)	4,143	(19,697)	19,697
CNY	(4)	4	(34)	34
	(91,060)	91,060	(100,736)	100,736

5) Equities

As at 30 June 2020, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2020 was mainly of shares held for the purpose of gaining strategic advantage.

Quoted equities

Quoted shares are not held for capital gains.

Unquoted equities

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

Refer to Note 15 of the unaudited condensed interim financial statements as at 30 June 2020 on the Group's holdings of equity investments.

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

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

Overview

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

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

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

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

a. Board of Directors

To have the ultimate oversight accountability for the institutionalisation of overall Shariah governance framework and Shariah compliance of HBMS.

b. Shariah Committee

To have the oversight responsibility and accountability in providing objective and sound advice or decisions to ensure on the operations, affairs and business activities of HBMS are in compliance with Shariah.

c. CEO and Management

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

d. Shariah Audit

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

e. Shariah Risk Management

To identify, measure, monitor and report Shariah non-compliance risks in the operations, businesses, affairs and activities of HBMS.

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

f. Shariah Department

i) Shariah Review

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

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

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

6) Shariah Governance (Cont'd)

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

f. Shariah Department (Cont'd)

ii) Shariah Advisory

To perform in-depth research and studies on Shariah issues and to provide day-to-day Shariah advice and approval on the Shariah based on the rulings of the SAC and decisions or advice of the Shariah committee to relevant parties, including the Management, product development and business teams as well as the supporting functions.

iii) Shariah Secretariat

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

iv) Knowledge and Skills Monitoring

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

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial period ending 30 June 2020, no actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:

During the financial period ending 30 June 2020, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM3,118 in the Account was carried forward from 2019 to 2020.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS' management amounted to RM4,397 as at 30 June 2020 received from transactions via Nostro Accounts has been reversed to the Account.

The balance of RM7,514 in the Account is pending distribution in second half of 2020.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ending 30 June 2020.