

**HSBC BANK MALAYSIA BERHAD**  
**(Company No.127776-V)**  
**(Incorporated in Malaysia)**  
**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures**  
**at 30 June 2017**

**CHIEF EXECUTIVE OFFICER'S ATTESTATION**

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I, Mukhtar Malik Hussain, 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 40 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

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**MUKHTAR MALIK HUSSAIN**

CHIEF EXECUTIVE OFFICER  
21 July 2017

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

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The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2017 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 2016 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2016.

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 2016. There are no material changes relating to qualitative disclosures during the interim reporting period.

### **Stress Testing**

Stress testing is a key risk management tool used to assess a variety of risks to which the Group is exposed, including credit risk, market risk, operational risk, etc. Stress testing is integrated into our market risk management tool to evaluate the potential impact on the entity of more extreme, although plausible, events or movements in a set of financial variables. In such abnormal scenarios, losses can be much greater than those predicted by Value at Risk (VaR) modelling.

Stress testing and scenario analysis form an integral part of Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate that the Group can maintain risk capital sufficient enough to sustain operations during an economic downturn.

A key objective of stress testing is to make risk more transparent by estimating the potential losses on the Group's exposure and impacts on its capital adequacy ratio, capital requirements and profit and loss under abnormal conditions. It will also assess specifically the extent by which risk-weighted assets and capital requirements will increase, and how profit and loss as well as liquidity levels will change. It plays a particularly important role in:

- Providing forward-looking assessments of risk.
- Overcoming limitations of models and historical data.
- Supporting internal and external communication.
- Feeding into capital and liquidity planning process.
- Informing the setting of a banks' risk tolerance.
- Facilitating the development of risk mitigation or contingency plans across a range of stressed conditions.
- Building upon business and strategic planning to the Risk Appetite of the institution.
- Strengthening the Group's corporate governance and the resilience of the financial system.
- Using the experiences of the past held in local operations in addition to the wider experiences that can be obtained from the diversified operation and management.

Stress testing is considered as the collective quantitative and qualitative techniques used to assess all facets to the risks faced by the Group. Stress testing is done in collaboration across all customer groups and functions such as Risks and Finance. The results of the analysis will facilitate informed financial and capital management whilst supporting business lines to manage their business through various measures such as establishing triggers and devising mitigation actions which can be readily implemented should the adverse scenarios materialise.

In line with Bank Negara Malaysia (BNM)'s Guideline on Stress Testing and the Group's Policy Paper for Stress Testing, a Stress Test Working Group (STWG) has been established.

Stress testing is conducted on entity level and on a bank-wide basis. Stress testing will be carried out subject to regulatory and internal management demands as and when needed. At a minimum, a complete stress testing for the entire Group should be completed on a semi-annual basis. Stress testing results are reviewed by STWG, Risk Management Meeting (RMM) and Risk Committee (RC) or Board of Directors' (BOD) prior to submission to BNM.

### **Governance**

The 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 propose mitigating actions will be recommended by RMM and RC of the Board for approval.

Refer to Note 33 of the unaudited condensed interim financial statements at 30 June 2017 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.

At 30 June 2017, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM1,535.6m (31 December 2016: RM931.5m). 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 2017**  
**(RM'000)**

*Group*

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,077,652	22,077,652	88,408	7,073
PSEs	2,180,585	2,180,585	2,180,585	174,447
Banks, DFIs & MDBs	2,484,766	2,289,152	515,342	41,228
Corporates	20,574,008	19,428,132	18,124,398	1,449,952
Regulatory Retail	6,141,532	5,991,291	4,570,822	365,666
Residential Mortgages	20,047,278	20,029,072	7,510,434	600,834
Higher Risk Assets	21,095	21,095	31,643	2,531
Other Assets	965,265	965,265	616,090	49,288
Equity Exposure	176,679	176,679	176,679	14,134
Defaulted Exposures	642,956	624,221	725,035	58,003
<b>Total for On-Balance Sheet Exposures</b>	<b>75,311,816</b>	<b>73,783,144</b>	<b>34,539,436</b>	<b>2,763,156</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,265,929	2,873,057	1,425,315	114,025
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,606,415	19,232,016	14,721,232	1,177,699
Defaulted Exposures	6,942	6,942	9,647	772
<b>Total for Off-Balance Sheet Exposures</b>	<b>24,879,286</b>	<b>22,112,015</b>	<b>16,156,194</b>	<b>1,292,496</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>100,191,102</b>	<b>95,895,159</b>	<b>50,695,630</b>	<b>4,055,652</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	18,755,443	17,741,990	1,013,453	1,325,858
Foreign Currency Risk	35,028	(125,070)	131,220	10,497
Options Risk	-	-	-	47,956
	<b>18,790,471</b>	<b>17,616,920</b>	<b>1,144,673</b>	<b>1,505,034</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>5,808,740</b>
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>58,009,404</b>
				<b>4,640,753</b>

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

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

**1) RWA and Capital Requirement (Cont'd)**

31 Dec 2016  
(RM'000)

*Group*

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	29,277,255	29,277,255	226,331	18,106
PSEs	1,299,977	1,299,977	1,299,977	103,999
Banks, DFIs & MDBs	2,149,204	2,149,204	525,091	42,007
Corporates	18,884,047	17,812,922	16,705,288	1,336,423
Regulatory Retail	6,135,979	5,978,373	4,543,252	363,460
Residential Mortgages	20,182,262	20,163,523	7,588,073	607,046
Higher Risk Assets	2,944	2,944	4,416	353
Other Assets	866,774	866,774	551,629	44,130
Equity Exposure	166,887	166,887	166,887	13,351
Defaulted Exposures	832,841	812,350	923,292	73,864
<b>Total for On-Balance Sheet Exposures</b>	<b>79,798,170</b>	<b>78,530,209</b>	<b>32,534,236</b>	<b>2,602,739</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,127,481	3,514,350	1,955,241	156,419
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,220,941	18,814,699	14,355,843	1,148,468
Defaulted Exposures	8,810	8,810	12,238	979
<b>Total for Off-Balance Sheet Exposures</b>	<b>25,357,232</b>	<b>22,337,859</b>	<b>16,323,322</b>	<b>1,305,866</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>105,155,402</b>	<b>100,868,068</b>	<b>48,857,558</b>	<b>3,908,605</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,969,774	35,645,102	(675,328)	71,894
Foreign Currency Risk	73,193	35,594	73,193	5,855
Options Risk	-	-	-	2,577
	<b>35,042,967</b>	<b>35,680,696</b>	<b>(602,135)</b>	<b>80,326</b>
Operational Risk (Standardised Approach)	-	-	-	463,461
<b>Total RWA and Capital Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,654,896</b>

Note:

*MDBs - Multilateral Development Banks*

*DFIs - Development Financial Institutions*

*PSEs - Public Sector Entities*

*OTC - Over the counter*

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

Refer to Note 34 of the unaudited condensed interim financial statements at 30 June 2017 for disclosure of off-balance sheet.

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

**1) RWA and Capital Requirement ( Cont'd)**

**30 Jun 2017**  
**(RM'000)**

*Bank*

<b>Exposure Class</b>	<b>Gross Exposures</b>	<b>Net Exposures</b>	<b>Risk Weighted Assets (RWA)</b>	<b>Capital Requirement</b>
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	18,561,697	18,561,697	88,408	7,073
PSEs	1,109,011	1,109,011	1,109,011	88,721
Banks, DFIs & MDBs	5,735,343	5,539,729	1,165,088	93,207
Corporates	15,325,198	14,291,525	13,290,621	1,063,250
Regulatory Retail	3,626,230	3,502,761	2,636,672	210,934
Residential Mortgages	15,690,075	15,674,899	5,901,153	472,092
Higher Risk Assets	21,095	21,095	31,643	2,531
Other Assets	828,838	828,838	581,796	46,544
Equity Exposure	176,679	176,679	176,679	14,134
Defaulted Exposures	482,874	469,799	552,749	44,220
<b>Total for On-Balance Sheet Exposures</b>	<b>61,557,040</b>	<b>60,176,033</b>	<b>25,533,820</b>	<b>2,042,706</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,336,342	2,943,470	1,258,974	100,718
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,154,422	15,856,294	12,354,036	988,323
Defaulted Exposures	5,385	5,385	7,385	591
<b>Total for Off-Balance Sheet Exposures</b>	<b>21,496,149</b>	<b>18,805,149</b>	<b>13,620,395</b>	<b>1,089,632</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>83,053,189</b>	<b>78,981,182</b>	<b>39,154,215</b>	<b>3,132,338</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	18,599,492	17,667,838	931,654	105,261
Foreign Currency Risk	30,023	(126,215)	126,215	10,097
Options Risk	-	-	-	3,836
	<b>18,629,515</b>	<b>17,541,623</b>	<b>1,057,869</b>	<b>119,194</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	5,246,031
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>45,890,178</b>
				<b>3,671,214</b>

<sup>[1]</sup> The variance between Gross Exposures and Net Exposures, represents the Total On and Off-Balance Sheet Exposures covered by Eligible Collateral'. Refer to Note (3) (ii) 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 2016  
(RM'000)

Bank

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	25,390,983	25,390,983	226,331	18,106
PSEs	984,657	984,657	984,657	78,773
Banks, DFIs & MDBs	4,640,949	4,640,949	1,023,393	81,871
Corporates	14,334,289	13,379,891	12,496,556	999,724
Regulatory Retail	3,667,359	3,540,556	2,663,606	213,088
Residential Mortgages	15,839,394	15,823,529	5,975,314	478,025
Higher Risk Assets	2,944	2,944	4,416	353
Other Assets	724,879	724,879	516,228	41,298
Equity Exposure	166,887	166,887	166,887	13,351
Defaulted Exposures	650,350	631,829	729,644	58,372
Total for On-Balance Sheet Exposures	66,402,691	65,287,104	24,787,032	1,982,961
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,310,800	3,697,669	1,728,243	138,259
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,899,528	15,591,164	12,172,737	973,819
Defaulted Exposures	7,692	7,692	10,585	847
Total for Off-Balance Sheet Exposures	22,218,020	19,296,525	13,911,565	1,112,925
Total On and Off-Balance Sheet Exposures <sup>[1]</sup>	88,620,711	84,583,629	38,698,597	3,095,886
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,925,282	35,128,197	(202,915)	891,702
Foreign Currency Risk	68,766	34,027	68,766	5,501
Options Risk	-	-	-	32,217
	34,994,048	35,162,224	(134,149)	992,685
Operational Risk (Standardised Approach)	-	-	-	5,227,510
Total RWA and Capital Requirement	-	-	-	44,918,792
				3,593,501

Note:

*MDBs - Multilateral Development Banks*

*DFIs - Development Financial Institutions*

*PSEs - Public Sector Entities*

*OTC - Over the counter*

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

Refer to Note 34 of the unaudited condensed interim financial statements at 30 June 2017 for disclosure of off-balance sheet.

**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 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%	21,642,048	-	-	5,647	14,990	-	-	342,180	-	22,004,865	-
20%	523,317	162,739	3,369,338	2,350,127	26,976	-	-	13,956	-	6,446,453	1,289,291
35%	-	-	-	-	-	21,051,235	-	-	-	21,051,235	7,367,933
50%	-	329,657	1,328,602	1,617,615	9,542	955,999	-	-	-	4,241,415	2,120,707
75%	-	-	-	2,901	8,176,038	1,294,848	-	-	-	9,473,787	7,105,340
100%	-	2,946,840	55,300	27,823,769	392,122	412,009	-	608,764	176,679	32,415,483	32,415,483
150%	-	-	150	118,215	11,265	105,133	26,795	-	-	261,558	392,338
1250%	-	-	-	-	-	-	-	363	-	363	4,538
Total										95,895,159	50,695,630
Average Risk Weight	0%	91%	29%	92%	76%	39%	150%	64%	100%	53%	

**31 Dec 2016**

*Group*

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	28,146,580	-	-	4,608	17,648	-	-	314,156	-	28,482,992	-
20%	1,310,300	150,000	3,306,332	1,794,359	21,197	-	-	989	-	6,583,177	1,316,636
35%	-	-	-	-	-	21,155,815	-	-	-	21,155,815	7,404,535
50%	-	228,858	1,731,350	1,596,369	5,967	899,083	-	392	-	4,462,019	2,231,010
75%	-	-	-	-	8,031,183	1,572,131	-	-	-	9,603,314	7,202,486
100%	-	2,187,387	54,600	26,511,076	494,590	370,697	-	551,236	166,887	30,336,473	30,336,473
150%	-	-	-	106,474	33,143	101,326	3,335	-	-	244,278	366,418
Total										100,868,068	48,857,558
Average Risk Weight	1%	91%	31%	93%	76%	40%	150%	64%	100%	48%	

*Note:*

*MDBs - Multilateral Development Banks*

*DFIs - Development Financial Institutions*

*PSEs - Public Sector Entities*

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

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

30 Jun 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%	18,126,093	-	-	4,917	7,233	-	-	240,048	-	18,378,291	-
20%	523,317	12,739	7,086,834	1,856,809	13,466	-	-	13,956	-	9,507,121	1,901,424
35%	-	-	-	-	-	16,595,119	-	-	-	16,595,119	5,808,292
50%	-	329,657	867,439	1,138,695	7,096	738,961	-	-	-	3,081,848	1,540,924
75%	-	-	-	-	5,390,414	1,110,933	-	-	-	6,501,347	4,876,010
100%	-	1,769,117	55,300	21,745,964	74,306	309,390	-	574,470	176,679	24,705,226	24,705,226
150%	-	-	150	104,626	3,355	76,941	26,795	-	-	211,867	317,801
1250%	-	-	-	-	-	-	-	363	-	363	4,538
Total										78,981,182	39,154,215
Average Risk Weight	1%	92%	24%	92%	75%	39%	150%	70%	100%	50%	

31 Dec 2016

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%	24,260,308	-	-	1,165	12,747	-	-	207,664	-	24,481,884	-
20%	1,310,300	-	6,453,424	1,288,892	8,983	-	-	989	-	9,062,588	1,812,518
35%	-	-	-	-	-	16,746,254	-	-	-	16,746,254	5,861,189
50%	-	228,858	1,219,876	1,301,711	5,391	679,819	-	392	-	3,436,047	1,718,024
75%	-	-	-	-	5,288,109	1,337,445	-	-	-	6,625,554	4,969,166
100%	-	1,669,200	48,919	21,128,436	212,762	276,469	-	515,834	166,887	24,018,507	24,018,507
150%	-	-	-	102,584	29,414	77,462	3,335	-	-	212,795	319,193
Total										84,583,629	38,698,597
Average Risk Weight	1%	94%	25%	93%	76%	40%	150%	71%	100%	46%	

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 breakdown by type**

Group (RM'000)	30 Jun 2017				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	137,949	100,560	624,545	126,861	989,915
Term loans/financing					
Housing loans/financing	3,432,343	3,020,743	11,931,742	1,085,178	19,470,006
Syndicated term loan/financing	-	112,009	3,515,873	11,755	3,639,637
Factoring receivables	15,073	34,475	145,277	48,713	243,538
Hire purchase receivables	45,757	61,010	63,194	19,974	189,935
Lease receivables	-	-	2,014	-	2,014
Other term loans/financing	1,173,938	1,382,778	6,090,016	791,870	9,438,602
Bills receivables	61,223	132,130	2,396,046	34,530	2,623,929
Trust receipts	292,195	462,664	1,609,909	64,758	2,429,526
Claims on customers under acceptance credits	638,077	488,550	685,972	68,447	1,881,046
Staff loans/financing	16,351	8,649	91,496	5,841	122,337
Credit/charge cards	582,183	436,516	1,829,224	289,031	3,136,954
Revolving credit	185,261	194,140	5,703,908	119,564	6,202,873
Other loans/financing	2,310	950	5,304	988	9,552
	<b>6,582,660</b>	<b>6,435,174</b>	<b>34,694,520</b>	<b>2,667,510</b>	<b>50,379,864</b>

Group (RM'000)	31 Dec 2016				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	180,827	115,432	800,340	127,615	1,224,214
Term loans/financing					
Housing loans/financing	3,444,997	3,022,819	11,917,084	1,111,654	19,496,554
Syndicated term loan/financing	-	112,305	2,279,342	17,510	2,409,157
Factoring receivables	16,903	61,744	81,170	64,940	224,757
Hire purchase receivables	50,658	62,391	80,610	15,262	208,921
Lease receivables	-	-	2,738	-	2,738
Other term loans/financing	1,272,647	1,491,685	6,820,461	918,132	10,502,925
Bills receivables	114,822	88,356	861,561	35,545	1,100,284
Trust receipts	249,977	716,884	1,094,491	42,834	2,104,186
Claims on customers under acceptance credits	549,770	387,361	836,473	95,508	1,869,112
Staff loans/financing	17,820	8,944	101,707	6,630	135,101
Credit/charge cards	590,111	433,463	1,834,124	297,152	3,154,850
Revolving credit	160,289	190,154	4,726,297	75,882	5,152,622
Other loans/financing	2,617	852	4,996	553	9,018
	<b>6,651,438</b>	<b>6,692,390</b>	<b>31,441,394</b>	<b>2,809,217</b>	<b>47,594,439</b>

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 and the Federal Territory of Kuala Lumpur.

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 of loans/financing breakdown by type (Cont'd)**

		30 Jun 2017				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	128,372	79,395	569,851	125,421	903,039	
Term loans/financing						
Housing loans/financing	2,830,287	2,430,510	8,915,736	905,215	15,081,748	
Syndicated term loan/financing	-	112,009	1,932,499	11,755	2,056,263	
Factoring receivables	15,073	34,475	145,277	48,713	243,538	
Other term loans/financing	799,139	806,509	3,330,875	577,127	5,513,650	
Bills receivables	51,385	121,088	2,297,091	34,530	2,504,094	
Trust receipts	178,576	437,234	765,128	62,956	1,443,894	
Claims on customers under acceptance credits	545,628	383,125	471,646	66,041	1,466,440	
Staff loans/financing	15,665	7,547	87,705	5,549	116,466	
Credit/charge cards	422,861	304,455	1,337,875	248,604	2,313,795	
Revolving credit	183,061	191,500	4,718,305	119,564	5,212,430	
Other loans/financing	1,948	799	4,596	941	8,284	
	<b>5,171,995</b>	<b>4,908,646</b>	<b>24,576,584</b>	<b>2,206,416</b>	<b>36,863,641</b>	

		31 Dec 2016				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	170,134	90,495	739,806	125,939	1,126,374	
Term loans/financing						
Housing loans/financing	2,833,888	2,428,581	8,947,712	929,739	15,139,920	
Syndicated term loan/financing	-	112,305	1,629,076	17,510	1,758,891	
Factoring receivables	16,903	61,744	81,170	64,940	224,757	
Other term loans/financing	889,890	854,138	4,194,280	697,114	6,635,422	
Bills receivables	108,548	82,397	764,192	34,875	990,012	
Trust receipts	168,004	702,826	731,816	39,305	1,641,951	
Claims on customers under acceptance credits	446,491	286,239	538,517	93,490	1,364,737	
Staff loans/financing	17,214	7,915	97,505	6,274	128,908	
Credit/charge cards	434,891	310,317	1,363,794	258,138	2,367,140	
Revolving credit	158,089	185,322	3,783,168	75,882	4,202,461	
Other loans/financing	2,146	699	4,455	531	7,831	
	<b>5,246,198</b>	<b>5,122,978</b>	<b>22,875,491</b>	<b>2,343,737</b>	<b>35,588,404</b>	

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

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

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

		30 Jun 2017				
Group (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts/Cash line-i	7,175	2,286	7,583	31,334	48,378	
Term loans/financing						
Housing loans/financing	110,719	75,871	323,031	23,969	533,590	
Factoring receivables	-	-	370	-	370	
Hire purchase receivables	1,006	-	256	3,665	4,927	
Other term loans/financing	33,070	11,006	227,226	76,909	348,211	
Bills receivables	2,389	2,211	10,817	-	15,417	
Trust receipts	3,592	-	1,038	-	4,630	
Claims on customers under acceptance credits	11,334	5,297	429	2,593	19,653	
Staff loans/financing	409	39	1,089	158	1,695	
Credit/charge cards	10,654	8,546	30,669	4,928	54,797	
Revolving credit	2,200	-	17,972	11,688	31,860	
Other loans/financing	2,304	949	5,288	988	9,529	
	<b>184,852</b>	<b>106,205</b>	<b>625,768</b>	<b>156,232</b>	<b>1,073,057</b>	

		31 Dec 2016				
Group (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts/Cash line-i	7,517	448	6,927	33,116	48,008	
Term loans/financing						
Housing loans/financing	97,094	70,564	289,383	21,716	478,757	
Factoring receivables	-	-	368	-	368	
Hire purchase receivables	1,714	-	351	3,665	5,730	
Other term loans/financing	46,250	12,892	236,450	82,730	378,322	
Bills receivables	2,626	7,133	1,289	-	11,048	
Trust receipts	4,120	-	2,438	-	6,558	
Claims on customers under acceptance credits	7,842	164	189	3,026	11,221	
Staff loans/financing	547	-	1,909	249	2,705	
Credit/charge cards	11,303	8,319	31,867	5,048	56,537	
Revolving credit	2,200	-	4,190	12,313	18,703	
Other loans/financing	2,612	847	4,983	554	8,996	
	<b>183,825</b>	<b>100,367</b>	<b>580,344</b>	<b>162,417</b>	<b>1,026,953</b>	

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

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

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

		30 Jun 2017				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	5,444	1,169	4,127	31,334	42,074	
Term loans/financing						
Housing loans/financing	82,798	55,798	223,434	18,387	380,417	
Factoring receivables	-	-	370	-	370	
Other term loans/financing	20,949	5,892	117,641	70,859	215,341	
Bills receivables	-	-	172	-	172	
Trust receipts	3,592	-	1,038	-	4,630	
Claims on customers under acceptance credits	11,334	5,297	1	2,593	19,225	
Staff loans/financing	203	-	1,081	154	1,438	
Credit/charge cards	6,961	5,357	19,592	3,965	35,875	
Revolving credit	-	-	17,972	11,688	29,660	
Other loans/financing	1,943	797	4,580	941	8,261	
	<b>133,224</b>	<b>74,310</b>	<b>390,008</b>	<b>139,921</b>	<b>737,463</b>	

		31 Dec 2016				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	5,585	448	2,732	33,116	41,881	
Term loans/financing						
Housing loans/financing	76,274	50,394	199,500	17,524	343,692	
Factoring receivables	-	-	368	-	368	
Other term loans/financing	31,555	5,389	130,059	79,132	246,135	
Bills receivables	-	7,133	22	-	7,155	
Trust receipts	4,120	-	2,438	-	6,558	
Claims on customers under acceptance credits	7,842	164	189	3,026	11,221	
Staff loans/financing	547	-	1,879	244	2,670	
Credit/charge cards	8,048	5,539	21,881	3,967	39,435	
Revolving credit	-	-	4,190	12,313	16,503	
Other loans/financing	2,141	694	4,443	531	7,809	
	<b>136,112</b>	<b>69,761</b>	<b>367,701</b>	<b>149,853</b>	<b>723,427</b>	

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

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

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

30 Jun 2017					
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	989,915	-	-	-	989,915
Term loans/financing					
Housing loans/financing	94,260	61,836	165,684	19,148,226	19,470,006
Syndicated term loan/financing	2,163,526	896,711	491,414	87,986	3,639,637
Factoring receivables	243,538	-	-	-	243,538
Hire purchase receivables	12,596	89,802	87,537	-	189,935
Lease receivables	257	1,757	-	-	2,014
Other term loans/financing	1,924,582	1,823,975	2,029,101	3,660,944	9,438,602
Bills receivables	2,622,231	1,698	-	-	2,623,929
Trust receipts	2,429,526	-	-	-	2,429,526
Claims on customers under acceptance credits	1,881,046	-	-	-	1,881,046
Staff loans/financing	2,027	12,535	19,917	87,858	122,337
Credit/charge cards	3,136,954	-	-	-	3,136,954
Revolving credit	6,202,873	-	-	-	6,202,873
Other loans/financing	9,552	-	-	-	9,552
	<b>21,712,883</b>	<b>2,888,314</b>	<b>2,793,653</b>	<b>22,985,014</b>	<b>50,379,864</b>

31 Dec 2016					
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	1,224,214	-	-	-	1,224,214
Term loans/financing					
Housing loans/financing	100,688	67,679	164,461	19,163,726	19,496,554
Syndicated term loan/financing	1,278,277	603,190	120,420	407,270	2,409,157
Factoring receivables	224,757	-	-	-	224,757
Hire purchase receivables	13,860	101,581	93,480	-	208,921
Lease receivables	534	2,204	-	-	2,738
Other term loans/financing	1,893,096	2,726,117	2,076,242	3,807,470	10,502,925
Bills receivables	1,100,284	-	-	-	1,100,284
Trust receipts	2,104,186	-	-	-	2,104,186
Claims on customers under acceptance credits	1,869,112	-	-	-	1,869,112
Staff loans/financing	1,644	14,632	20,843	97,982	135,101
Credit/charge cards	3,154,850	-	-	-	3,154,850
Revolving credit	5,152,622	-	-	-	5,152,622
Other loans/financing	9,018	-	-	-	9,018
	<b>18,127,142</b>	<b>3,515,403</b>	<b>2,475,446</b>	<b>23,476,448</b>	<b>47,594,439</b>

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

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

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

		30 Jun 2017				
Bank (RM'000)		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts		903,039	-	-	-	903,039
Term loans/financing						
Housing loans/financing		81,961	59,316	153,021	14,787,450	15,081,748
Syndicated term loan/financing		1,011,957	552,892	491,414	-	2,056,263
Factoring receivables		243,538	-	-	-	243,538
Other term loans/financing		982,874	1,303,395	1,080,866	2,146,515	5,513,650
Bills receivables		2,502,396	1,698	-	-	2,504,094
Trust receipts		1,443,894	-	-	-	1,443,894
Claims on customers under acceptance credits		1,466,440	-	-	-	1,466,440
Staff loans/financing		1,874	11,921	18,471	84,200	116,466
Credit/charge cards		2,313,795	-	-	-	2,313,795
Revolving credit		5,212,430	-	-	-	5,212,430
Other loans/financing		8,284	-	-	-	8,284
		<b>16,172,482</b>	<b>1,929,222</b>	<b>1,743,772</b>	<b>17,018,165</b>	<b>36,863,641</b>

		31 Dec 2016				
Bank (RM'000)		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts		1,126,374	-	-	-	1,126,374
Term loans/financing						
Housing loans/financing		87,405	63,882	156,591	14,832,042	15,139,920
Syndicated term loan/financing		628,011	603,190	120,420	407,270	1,758,891
Factoring receivables		224,757	-	-	-	224,757
Other term loans/financing		1,128,700	2,180,045	1,067,058	2,259,619	6,635,422
Bills receivables		990,012	-	-	-	990,012
Trust receipts		1,641,951	-	-	-	1,641,951
Claims on customers under acceptance credits		1,364,737	-	-	-	1,364,737
Staff loans/financing		1,577	13,773	19,921	93,637	128,908
Credit/charge cards		2,367,140	-	-	-	2,367,140
Revolving credit		4,202,461	-	-	-	4,202,461
Other loans/financing		7,831	-	-	-	7,831
		<b>13,770,956</b>	<b>2,860,890</b>	<b>1,363,990</b>	<b>17,592,568</b>	<b>35,588,404</b>

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

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

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

	30 Jun 2017														
	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 credit	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	40,808	-	541,137	-	6,501	-	232,607	21,669	513	43,974	-	42	171,738	-	1,058,989
Mining and quarrying	7,301	-	-	396	718	-	28,320	-	34,781	797	-	332,791	-	405,104	
Manufacturing	398,026	-	1,067,820	170,118	100,453	-	1,564,672	407,192	1,086,795	1,223,115	-	1,470	771,250	634	6,791,545
Electricity, gas and water	3,145	-	-	-	223	-	26,669	562	13,609	4,740	-	5	-	-	48,953
Construction	57,092	-	138,448	-	14,486	-	1,378,996	102,456	28,386	27,809	-	76	749,992	342	2,498,083
Real estate	6,809	-	598,468	-	-	-	1,495,976	49,221	30,272	-	-	7	507,809	-	2,688,562
Wholesale & retail trade and restaurants & hotels	121,267	-	146,410	54,403	16,795	-	547,190	337,248	969,612	533,795	-	354	1,105,216	477	3,832,767
Transport, storage and communication	24,843	-	790,435	8,948	24,209	-	95,133	4,437	16,664	17,388	-	60	535,615	33	1,517,765
Finance, insurance/takaful and business services	154,167	-	-	9,673	14,694	2,014	803,799	52,213	112,011	28,109	-	6,118	1,422,725	1,800	2,607,323
Household-retail	154,093	19,470,006	-	-	-	-	3,013,170	-	-	-	122,337	3,128,534	-	6,265	25,894,405
Others	22,364	-	356,919	-	11,856	-	252,070	1,648,931	136,883	1,319	-	288	605,737	1	3,036,368
	<b>989,915</b>	<b>19,470,006</b>	<b>3,639,637</b>	<b>243,538</b>	<b>189,935</b>	<b>2,014</b>	<b>9,438,602</b>	<b>2,623,929</b>	<b>2,429,526</b>	<b>1,881,046</b>	<b>122,337</b>	<b>3,136,954</b>	<b>6,202,873</b>	<b>9,552</b>	<b>50,379,864</b>

	31 Dec 2016														
	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 credit	Other loans/ financing	Total	
Agricultural, hunting, forestry and fishing	44,083	-	585,680	-	3,567	-	284,172	101,891	2,960	38,061	-	11	116,154	-	1,176,579
Mining and quarrying	5,749	-	-	710	1,269	-	12,734	-	884	34,810	-	-	328,550	-	384,706
Manufacturing	590,194	-	901,270	168,719	103,494	-	1,577,137	250,944	1,004,112	1,122,550	-	4,318	627,983	314	6,351,035
Electricity, gas and water	3,481	-	-	-	257	-	25,493	1,182	10,950	4,865	-	5	2,019	-	48,252
Construction	57,005	-	38,366	-	17,824	-	1,623,289	107,000	24,478	71,228	-	62	528,951	248	2,468,451
Real estate	3,992	-	464,009	-	-	-	2,038,161	10,199	25,605	622	-	-	556,268	-	3,098,856
Wholesale & retail trade and restaurants & hotels	172,660	-	155,326	33,637	18,831	-	606,248	402,456	879,356	523,879	-	441	966,912	741	3,760,487
Transport, storage and communication	36,436	-	-	9,867	26,077	-	115,572	4,050	31,849	14,865	-	2	134,827	34	373,579
Finance, insurance/takaful and business services	119,432	-	-	10,415	17,767	2,738	888,536	78,414	31,474	55,686	-	684	1,272,704	1,800	2,479,650
Household-retail	165,207	19,496,554	-	-	-	-	3,065,637	-	-	-	135,101	3,149,138	-	5,869	26,017,506
Others	25,975	-	264,506	1,409	19,835	-	265,946	144,148	92,518	2,546	-	189	618,254	12	1,435,338
	<b>1,224,214</b>	<b>19,496,554</b>	<b>2,409,157</b>	<b>224,757</b>	<b>208,921</b>	<b>2,738</b>	<b>10,502,925</b>	<b>1,100,284</b>	<b>2,104,186</b>	<b>1,869,112</b>	<b>135,101</b>	<b>3,154,850</b>	<b>5,152,622</b>	<b>9,018</b>	<b>47,594,439</b>

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

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

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

30 Jun 2017 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 credit	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	39,601	-	541,137	-	140,078	21,669	-	39,249	-	42	171,738	-	953,514
Mining and quarrying	5,925	-	-	396	233	-	34,781	797	-	-	117,850	-	159,982
Manufacturing	379,055	-	675,442	170,118	835,982	386,665	866,366	1,004,885	-	1,470	764,904	618	5,085,505
Electricity, gas and water	1,874	-	-	-	6,180	562	1,679	3,812	-	5	-	-	14,112
Construction	48,756	-	117,819	-	1,281,203	84,790	12,210	15,737	-	76	577,746	342	2,138,679
Real estate	6,270	-	249,333	-	967,273	49,221	30,272	-	-	7	477,604	-	1,779,980
Wholesale & retail trade and restaurants & hotels	97,644	-	112,010	54,403	343,451	322,744	452,973	378,932	-	354	1,006,332	330	2,769,173
Transport, storage and communication	24,401	-	360,522	8,948	16,417	4,437	647	4,823	-	60	519,423	14	939,692
Finance, insurance/takaful and business services	124,968	-	-	9,673	242,575	39,184	27,544	17,790	-	6,118	1,157,868	1,800	1,627,520
Household-retail	153,874	15,081,748	-	-	1,610,793	-	-	-	116,466	2,305,375	-	5,179	19,273,435
Others	20,671	-	-	-	69,465	1,594,822	17,422	415	-	288	418,965	1	2,122,049
	<b>903,039</b>	<b>15,081,748</b>	<b>2,056,263</b>	<b>243,538</b>	<b>5,513,650</b>	<b>2,504,094</b>	<b>1,443,894</b>	<b>1,466,440</b>	<b>116,466</b>	<b>2,313,795</b>	<b>5,212,430</b>	<b>8,284</b>	<b>36,863,641</b>

31 Dec 2016 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 credit	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	40,853	-	585,680	-	161,859	101,891	-	33,759	-	11	116,154	-	1,040,207
Mining and quarrying	4,697	-	-	710	1,590	-	884	34,810	-	-	123,821	-	166,512
Manufacturing	569,015	-	852,414	168,719	912,334	239,018	900,150	895,188	-	4,318	621,644	294	5,163,094
Electricity, gas and water	2,333	-	-	-	6,440	1,182	1,483	3,902	-	5	-	-	15,345
Construction	46,655	-	38,366	-	1,530,633	78,531	20,725	20,705	-	62	377,903	226	2,113,806
Real estate	3,279	-	170,125	-	1,541,110	10,199	25,605	622	-	-	526,062	-	2,277,002
Wholesale & retail trade and restaurants & hotels	150,989	-	112,306	33,637	388,793	395,588	655,425	336,072	-	441	870,419	494	2,944,164
Transport, storage and communication	30,582	-	-	9,867	18,405	4,050	446	4,877	-	2	118,595	34	186,858
Finance, insurance/takaful and business services	89,504	-	-	10,415	305,457	77,530	31,315	34,665	-	684	998,566	1,800	1,549,936
Household-retail	164,913	15,139,920	-	-	1,680,661	-	-	-	128,908	2,361,428	-	4,981	19,480,811
Others	23,554	-	-	1,409	88,140	82,023	5,918	137	-	189	449,297	2	650,669
	<b>1,126,374</b>	<b>15,139,920</b>	<b>1,758,891</b>	<b>224,757</b>	<b>6,635,422</b>	<b>990,012</b>	<b>1,641,951</b>	<b>1,364,737</b>	<b>128,908</b>	<b>2,367,140</b>	<b>4,202,461</b>	<b>7,831</b>	<b>35,588,404</b>



**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 by sector, breakdown by type**

	30 Jun 2017 Group (RM'000)												
	Overdraft/ Cash line-i	Housing 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 credit	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	13,035	-	-	-	47,255	-	-	-	-	-	-	-	60,290
Manufacturing	12,938	-	-	1,007	9,660	246	3,592	4,247	-	-	13,888	633	46,211
Construction	493	-	-	-	35,490	-	457	1	-	-	-	342	36,783
Real estate	-	-	-	-	1,243	-	-	-	-	-	-	-	1,243
Wholesale & retail trade and restaurants & hotels	10,450	-	370	-	8,570	2,198	-	14,977	-	-	-	478	37,043
Transport, storage and communication	-	-	-	3,665	-	-	-	-	-	-	17,800	33	21,498
Finance, insurance/takaful and business services	4,047	-	-	255	14,816	10,761	581	428	-	253	-	1,799	32,940
Household-retail	6,458	533,590	-	-	231,177	-	-	-	1,695	54,544	-	6,243	833,707
Others	957	-	-	-	-	2,212	-	-	-	-	172	1	3,342
	<b>48,378</b>	<b>533,590</b>	<b>370</b>	<b>4,927</b>	<b>348,211</b>	<b>15,417</b>	<b>4,630</b>	<b>19,653</b>	<b>1,695</b>	<b>54,797</b>	<b>31,860</b>	<b>9,529</b>	<b>1,073,057</b>

	31 Dec 2016 Group (RM'000)												
	Overdraft/ Cash line-i	Housing 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 credit	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	14,148	-	-	-	49,262	-	-	-	-	-	-	-	63,410
Manufacturing	14,556	-	-	-	21,272	1,097	3,820	3,039	-	-	14,513	314	58,611
Construction	282	-	-	-	52,336	-	-	-	-	11	-	248	52,877
Real estate	-	-	-	-	1,548	-	-	-	-	-	-	-	1,548
Wholesale & retail trade and restaurants & hotels	9,629	-	368	1,713	8,555	9,732	2,143	8,182	-	2	3,908	741	44,973
Transport, storage and communication	-	-	-	3,665	251	-	-	-	-	-	-	34	3,950
Finance, insurance/takaful and business services	4,131	-	-	352	18,647	219	595	-	-	52	-	1,800	25,796
Household-retail	5,098	478,757	-	-	225,979	-	-	-	2,705	56,472	-	5,847	774,858
Others	164	-	-	-	472	-	-	-	-	-	282	12	930
	<b>48,008</b>	<b>478,757</b>	<b>368</b>	<b>5,730</b>	<b>378,322</b>	<b>11,048</b>	<b>6,558</b>	<b>11,221</b>	<b>2,705</b>	<b>56,537</b>	<b>18,703</b>	<b>8,996</b>	<b>1,026,953</b>

**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 by sector, breakdown by type ( Cont'd)**

30 Jun 2017 Bank (RM'000)											
Overdraft	Housing 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 credit	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	13,035	-	-	47,255	-	-	-	-	-	-	60,290
Manufacturing	12,938	-	-	9,660	150	3,592	4,247	-	11,688	617	42,892
Construction	493	-	-	35,490	-	457	1	-	-	342	36,783
Real estate	-	-	-	1,243	-	-	-	-	-	-	1,243
Wholesale & retail trade and restaurants & hotels	8,923	-	370	3,021	22	-	14,977	-	-	331	27,644
Transport, storage and communication	-	-	-	-	-	-	-	-	17,800	14	17,814
Finance, insurance/takaful and business services	57	-	-	-	-	581	-	253	-	1,799	2,690
Household-retail	6,456	380,417	-	118,672	-	-	1,438	35,622	-	5,157	547,762
Others	172	-	-	-	-	-	-	-	172	1	345
	<b>42,074</b>	<b>380,417</b>	<b>370</b>	<b>215,341</b>	<b>172</b>	<b>4,630</b>	<b>19,225</b>	<b>1,438</b>	<b>35,875</b>	<b>29,660</b>	<b>737,463</b>

31 Dec 2016 Bank (RM'000)											
Overdraft	Housing 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 credit	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	14,148	-	-	49,262	-	-	-	-	-	-	63,410
Manufacturing	14,102	-	-	21,005	-	3,820	3,039	-	12,313	294	54,573
Construction	100	-	-	52,336	-	-	-	11	-	226	52,673
Real estate	-	-	-	1,548	-	-	-	-	-	-	1,548
Wholesale & retail trade and restaurants & hotels	8,432	-	368	1,980	7,155	2,143	8,182	2	3,908	494	32,664
Transport, storage and communication	-	-	-	251	-	-	-	-	-	34	285
Finance, insurance/takaful and business services	3	-	-	-	-	595	-	52	-	1,800	2,450
Household-retail	5,068	343,692	-	119,753	-	-	2,670	39,370	-	4,959	515,512
Others	28	-	-	-	-	-	-	-	282	2	312
	<b>41,881</b>	<b>343,692</b>	<b>368</b>	<b>246,135</b>	<b>7,155</b>	<b>6,558</b>	<b>11,221</b>	<b>2,670</b>	<b>39,435</b>	<b>7,809</b>	<b>723,427</b>

**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 breakdown by sector <sup>[1]</sup>**

	<b>Group (RM'000)</b>		<b>Bank (RM'000)</b>	
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
Agricultural, hunting, forestry and fishing	229,626	250,180	229,626	250,180
Manufacturing	173,676	230,456	163,362	215,314
Construction	140,095	208,583	140,095	207,818
Real estate	4,734	6,108	4,734	6,108
Wholesale & retail trade and restaurants & hotels	134,495	175,030	105,288	128,874
Transport, storage and communication	79,296	14,867	67,848	1,124
Finance, insurance/takaful and business services	104,246	97,209	10,245	9,666
Household-retail	2,974,827	3,006,418	2,086,258	2,033,917
Others	10,627	3,548	1,314	1,231
	<b>3,851,622</b>	<b>3,992,399</b>	<b>2,808,770</b>	<b>2,854,232</b>

**Table 7: All past due loans/financing breakdown by geographical location <sup>[1]</sup>**

	<b>Group (RM'000)</b>		<b>Bank (RM'000)</b>	
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
Northern region	667,842	715,936	507,409	537,021
Southern region	382,137	390,004	283,024	275,237
Central region	2,218,041	2,248,111	1,485,421	1,450,739
Eastern region	583,602	638,348	532,916	591,235
	<b>3,851,622</b>	<b>3,992,399</b>	<b>2,808,770</b>	<b>2,854,232</b>

<sup>[1]</sup> Of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 17 (iii) and 17 (v) of the unaudited condensed interm financial statements at 30 June 2017 respectively.

**Table 8: Individual impairment allowance breakdown by sector**

	<b>Group (RM'000)</b>		<b>Bank (RM'000)</b>	
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
Agricultural, hunting, forestry and fishing	1,660	1,648	1,660	1,648
Manufacturing	14,893	14,362	13,788	14,275
Construction	20,332	24,380	20,332	24,244
Wholesale & retail trade and restaurants & hotels	20,480	24,074	18,139	21,478
Transport, storage and communication	16,439	3,686	12,755	51
Finance, insurance/takaful and business services	18,559	7,880	1,597	1,568
Household-retail	180,656	153,715	116,360	103,724
Others	101	295	101	295
	<b>273,120</b>	<b>230,040</b>	<b>184,732</b>	<b>167,283</b>

**Table 8a: Collective impairment allowance breakdown by sector**

	<b>Group (RM'000)</b>		<b>Bank (RM'000)</b>	
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
Agricultural, hunting, forestry and fishing	12	24	-	-
Manufacturing	69,849	63,797	40,322	30,077
Electricity, gas and water	2,160	2,780	10	-
Construction	12	140	-	4
Real estate	39,105	37,282	34,141	33,962
Wholesale & retail trade and restaurants & hotels	2,327	2,893	-	-
Transport, storage and communication	4,762	6,343	2,723	3,076
Finance, insurance/takaful and business services	1,095	362	1,095	362
Household-retail	343,775	347,234	195,755	195,649
Others	21,693	8,710	4,297	6,420
	<b>484,790</b>	<b>469,565</b>	<b>278,343</b>	<b>269,550</b>

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

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

**Table 9: Individual impairment allowance breakdown by geographical location**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Northern region	17,165	13,598	13,802	11,444
Southern region	6,125	8,443	6,125	7,865
Central region	231,993	190,213	150,824	134,049
Eastern region	17,837	17,786	13,981	13,925
	<b>273,120</b>	<b>230,040</b>	<b>184,732</b>	<b>167,283</b>

**Table 9a: Collective impairment allowance breakdown by geographical location**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Northern region	70,159	70,648	44,711	44,467
Southern region	63,268	66,175	37,892	38,738
Central region	323,350	303,331	176,663	166,386
Eastern region	28,013	29,411	19,077	19,959
	<b>484,790</b>	<b>469,565</b>	<b>278,343</b>	<b>269,550</b>

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 17 (ii) of the unaudited condensed interim financial statements at 30 June 2017.

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

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
Agricultural, hunting, forestry and fishing	-	3	-	3
Manufacturing	4,153	1,406	3,126	1,083
Construction	1,786	4,971	1,786	4,951
Wholesale & retail trade and restaurants & hotels	10,291	3,450	9,569	2,018
Transport, storage and communication	13,113	2	13,113	2
Finance, insurance/takaful and business services	11,660	1,603	19	1,139
Household-retail	59,147	47,887	38,981	32,897
Others	-	105	-	105
	<b>100,150</b>	<b>59,427</b>	<b>66,594</b>	<b>42,198</b>

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

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
Manufacturing	4	24,406	2	6,125
Construction	80	-	-	-
Wholesale & retail trade and restaurants & hotels	12,779	512	12,624	431
Finance, insurance/takaful and business services	-	103	-	-
Household-retail	5,239	9,404	2,983	6,115
	<b>18,102</b>	<b>34,425</b>	<b>15,609</b>	<b>12,671</b>

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

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

**i) External Credit Assessment Institutions (ECAIs)**

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

ECAIs are used by the Group 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 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

<sup>[1]</sup> External credit assessments produced by R&I on Islamic debt securities are not recognised by the Group in determining the risk weights for exposures 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)**

Risk weights under the Standardised Approach at the reporting date are reflected in page 3 to 6. Rated and unrated exposures according to ratings by ECAIs at reporting date are as follows:-

**30 Jun 2017**

**Group (RM '000)**

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	15,025,912	-	-	-	-	-	15,025,912
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	12,739	178,492	872,541	-	-	-	-	1,063,772
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	1,920,627	1,517,034	658,332	6,383	32,199	-	-	4,134,575
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	5,648	-	-	-	-	-	5,648
- Exposures risk-weighted using ratings of Banking Institutions	813	10,233	-	-	-	-	-	11,046
- Exposures risk-weighted using ratings of Corporates	2,156,778	1,140,453	699,126	-	-	-	-	3,996,357
	4,090,957	17,877,772	2,229,999	6,383	32,199	-	-	24,237,310
<b>(ii) Total unrated exposures</b>							72,905,479	72,905,479
<b>Total Long Term Exposure</b>	4,090,957	17,877,772	2,229,999	6,383	32,199	-	72,905,479	97,142,789

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

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

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

**30 Jun 2017**

**Group (RM '000)**

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	65,825	-	-		65,825
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	278,865	-	-	-		278,865
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	844,463	881,451	20,308	-		1,746,222
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	590,929	289,999	76,473	-		957,401
	1,714,257	1,237,275	96,781	-	-	3,048,313
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	<b>1,714,257</b>	<b>1,237,275</b>	<b>96,781</b>	<b>-</b>	<b>-</b>	<b>3,048,313</b>
Group Total Long Term and Short Term Exposure :						<b>100,191,102</b>



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

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

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

31 Dec 2016  
Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	673,046	11,715,778	-	-	-	-	-	12,388,824
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	-	3,642	65,539	-	-	-	-	69,181
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	2,154,398	1,509,455	704,925	17,967	9,164	-	-	4,395,909
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	4,608	-	-	-	-	-	4,608
- Exposures risk-weighted using ratings of Banking Institutions	-	7,022	-	-	-	-	-	7,022
- Exposures risk-weighted using ratings of Corporates	1,625,805	1,447,347	709,358	17,595	-	-	-	3,800,105
	4,453,249	14,687,852	1,479,822	35,562	9,164	-	-	20,665,649
<b>(ii) Total unrated exposures</b>							64,010,420	64,010,420
<b>Total Long Term Exposure</b>	4,453,249	14,687,852	1,479,822	35,562	9,164	-	64,010,420	84,676,069

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

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

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

31 Dec 2016  
Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	17,050,395	-	-		17,050,395
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	354,580	-	-	-		354,580
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	1,922,855	256,942	144,495	-		2,324,292
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	590,562	55,641	103,863	-		750,066
	2,867,997	17,362,978	248,358	-	-	20,479,333
<b>(ii) Total unrated exposures</b>					-	-
<b>Total Short Term Exposure</b>	2,867,997	17,362,978	248,358	-	-	20,479,333
<b>Group Total Long Term and Short Term Exposure :</b>						105,155,402

*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 2017**

**Bank (RM '000)**

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	13,395,520	-	-	-	-	-	13,395,520
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	12,739	178,492	407,384	-	-	-	-	598,615
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	3,153,843	1,235,683	600,334	6,383	31,425	-	-	5,027,668
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	4,918	-	-	-	-	-	4,918
- Exposures risk-weighted using ratings of Banking Institutions	813	7,505	-	-	-	-	-	8,318
- Exposures risk-weighted using ratings of Corporates	1,689,999	1,128,025	682,266	-	-	-	-	3,500,290
	4,857,394	15,950,143	1,689,984	6,383	31,425	-	-	22,535,329
<b>(ii) Total unrated exposures</b>								
							55,476,757	55,476,757
<b>Total Long Term Exposure</b>	<b>4,857,394</b>	<b>15,950,143</b>	<b>1,689,984</b>	<b>6,383</b>	<b>31,425</b>	<b>-</b>	<b>55,476,757</b>	<b>78,012,086</b>

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

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

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

**30 Jun 2017**

**Bank (RM '000)**

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	28,223	-	-		28,223
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	128,865	-	-	-		128,865
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	3,591,696	880,535	19,411	-		4,491,642
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	392,373	-	-	-		392,373
	4,112,934	908,758	19,411	-	-	5,041,103
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	<b>4,112,934</b>	<b>908,758</b>	<b>19,411</b>	<b>-</b>	<b>-</b>	<b>5,041,103</b>
<b>Bank Total Long Term and Short Term Exposure :</b>						<b>83,053,189</b>

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

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

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

31 Dec 2016  
Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	673,046	10,336,691	-	-	-	-		11,009,737
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	-	3,642	28,754	-	-	-		32,396
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	3,489,081	1,325,710	379,293	17,967	9,164	-		5,221,215
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,165	-	-	-	-		1,165
- Exposures risk-weighted using ratings of Banking Institutions	-	4,294	-	-	-	-		4,294
- Exposures risk-weighted using ratings of Corporates	1,273,961	1,363,748	708,158	17,595	-	-		3,363,462
	5,436,088	13,035,250	1,116,205	35,562	9,164	-	-	19,632,269
<b>(ii) Total unrated exposures</b>								
							49,666,707	49,666,707
<b>Total Long Term Exposure</b>	<b>5,436,088</b>	<b>13,035,250</b>	<b>1,116,205</b>	<b>35,562</b>	<b>9,164</b>	<b>-</b>	<b>49,666,707</b>	<b>69,298,976</b>

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

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

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

31 Dec 2016  
Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	14,543,210	-	-		14,543,210
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	204,580	-	-	-		204,580
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	3,784,372	256,942	144,495	-		4,185,809
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	284,273	-	103,863	-		388,136
	4,273,225	14,800,152	248,358	-	-	19,321,735
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	4,273,225	14,800,152	248,358	-	-	19,321,735
<b>Bank Total Long Term and Short Term Exposure :</b>						88,620,711

*Note:*

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

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

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

#### **ii) Credit risk mitigation (CRM)**

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

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

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

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

- under the residential and real estate business; mortgages over residential and financed properties;
- under certain Islamic specialised financing and leasing transactions (such as machinery financing) where physical assets form the principal source of facility repayment, physical collateral is typically taken;
- in the commercial and industrial sectors, charges over business assets such as premises, stock and debtors;
- facilities provided to small and medium enterprises are commonly granted against guarantees by their owners/directors;
- 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 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
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,077,652	-	-	-
PSEs	2,180,585	-	-	-
Banks, DFIs & MDBs	2,484,766	-	195,614	-
Corporates	20,574,008	301,934	1,145,876	-
Regulatory Retail	6,141,532	32,371	150,241	-
Residential Mortgages	20,047,278	-	18,206	-
Higher Risk Assets	21,095	-	-	-
Other Assets	965,265	-	-	-
Equity Exposure	176,679	-	-	-
Defaulted Exposures	642,956	7,152	18,735	-
<b>Total for On-Balance Sheet Exposures</b>	<b>75,311,816</b>	<b>341,457</b>	<b>1,528,672</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,265,929	-	676,102	1,716,770
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,606,415	374,810	374,399	-
Defaulted Exposures	6,942	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>24,879,286</b>	<b>374,810</b>	<b>1,050,501</b>	<b>1,716,770</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>100,191,102</b>	<b>716,267</b>	<b>2,579,173</b>	<b>1,716,770</b>



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

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

**ii) CRM (Cont'd)**

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

31 Dec 2016  
Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	29,277,255	-	-	-
PSEs	1,299,977	-	-	-
Banks, DFIs & MDBs	2,149,204	-	-	-
Corporates	18,884,047	502,916	1,071,125	-
Regulatory Retail	6,135,979	31,947	157,606	-
Residential Mortgages	20,182,262	-	18,739	-
Higher Risk Assets	2,944	-	-	-
Other Assets	866,774	-	-	-
Equity Exposure	166,887	-	-	-
Defaulted Exposures	832,841	2,958	20,491	-
<b>Total for On-Balance Sheet Exposures</b>	<b>79,798,170</b>	<b>537,821</b>	<b>1,267,961</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,127,481	-	969,506	1,643,625
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,220,941	217,869	406,242	-
Defaulted Exposures	8,810	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>25,357,232</b>	<b>217,869</b>	<b>1,375,748</b>	<b>1,643,625</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>105,155,402</b>	<b>755,690</b>	<b>2,643,709</b>	<b>1,643,625</b>

**Note:**

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

Refer to Note 34 of the unaudited condensed interim financial statements at 30 June 2017 for disclosure of off-balance sheet.

**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 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
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	18,561,697	-	-	-
PSEs	1,109,011	-	-	-
Banks, DFIs & MDBs	5,735,343	-	195,614	-
Corporates	15,325,198	246,574	1,033,673	-
Regulatory Retail	3,626,230	13,716	123,469	-
Residential Mortgages	15,690,075	-	15,176	-
Higher Risk Assets	21,095	-	-	-
Other Assets	828,838	-	-	-
Equity Exposure	176,679	-	-	-
Defaulted Exposures	482,874	2,301	13,075	-
<b>Total for On-Balance Sheet Exposures</b>	<b>61,557,040</b>	<b>262,591</b>	<b>1,381,007</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,336,342	-	676,102	1,716,770
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,154,422	226,859	298,128	-
Defaulted Exposures	5,385	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>21,496,149</b>	<b>226,859</b>	<b>974,230</b>	<b>1,716,770</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>83,053,189</b>	<b>489,450</b>	<b>2,355,237</b>	<b>1,716,770</b>

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

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

**ii) CRM (Cont'd)**

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

31 Dec 2016

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	25,390,983	-	-	-
PSEs	984,657	-	-	-
Banks, DFIs & MDBs	4,640,949	-	-	-
Corporates	14,334,289	368,732	954,398	-
Regulatory Retail	3,667,359	17,631	126,803	-
Residential Mortgages	15,839,394	-	15,865	-
Higher Risk Assets	2,944	-	-	-
Other Assets	724,879	-	-	-
Equity Exposure	166,887	-	-	-
Defaulted Exposures	650,350	1,107	18,521	-
<b>Total for On-Balance Sheet Exposures</b>	<b>66,402,691</b>	<b>387,470</b>	<b>1,115,587</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,310,800	-	969,506	1,643,625
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,899,528	106,174	308,364	-
Defaulted Exposures	7,692	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>22,218,020</b>	<b>106,174</b>	<b>1,277,870</b>	<b>1,643,625</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>88,620,711</b>	<b>493,644</b>	<b>2,393,457</b>	<b>1,643,625</b>

**Note:**

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Refer to Note 34 of the unaudited condensed interim financial statements at 30 June 2017 for disclosure of off-balance sheet.

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

**4) Interest rate risk / profit rate risk**

A summary of the Value at Risk position of the Bank's trading portfolio at the reporting date is as follows:-

<b>Bank (RM'000)</b>	<b>30 Jun 2017</b>	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Foreign currency risk	1,568	2,728	7,026	109
Interest rate risk	10,702	9,779	14,493	5,074
Credit spread risk	76	106	205	64
Overall	11,562	9,907	14,453	5,094
<hr/>				
<b>Bank (RM'000)</b>	<b>31 Dec 2016</b>	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Foreign currency risk	695	470	2,297	66
Interest rate risk	5,906	6,637	11,208	3,360
Credit spread risk	218	168	1,121	38
Overall	5,547	6,426	11,777	3,027

**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**

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:**

	<b>Group (RM'000)</b>			
	<b>30 Jun 2017</b>		<b>31 Dec 2016</b>	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	27,273	(76,327)	120,794	(175,006)
USD	26,541	(23,176)	2,181	(14,385)
Others	4,945	(17,638)	761	(14,172)
	<b>58,759</b>	<b>(117,141)</b>	<b>123,736</b>	<b>(203,563)</b>

	<b>Bank (RM'000)</b>			
	<b>30 Jun 2017</b>		<b>31 Dec 2016</b>	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	48,765	(88,105)	143,505	(187,496)
USD	22,844	(18,036)	6,948	(16,589)
Others	5,779	(17,657)	1,243	(14,046)
	<b>77,388</b>	<b>(123,798)</b>	<b>151,696</b>	<b>(218,131)</b>

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 :**

	<b>Group (RM'000)</b>			
	<b>30 Jun 2017</b>		<b>31 Dec 2016</b>	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	205,766	(225,624)	173,566	(224,962)
USD	82,168	(85,513)	(4,449)	(13,505)
Others	167,854	82,898	90,104	(54,032)
	<b>455,788</b>	<b>(228,239)</b>	<b>259,221</b>	<b>(292,499)</b>

	<b>Bank (RM'000)</b>			
	<b>30 Jun 2017</b>		<b>31 Dec 2016</b>	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	279,964	(310,405)	352,701	(426,058)
USD	106,801	(105,683)	26,575	(37,268)
Others	137,876	114,986	87,260	(53,182)
	<b>524,641</b>	<b>(301,102)</b>	<b>466,536</b>	<b>(516,508)</b>

**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 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**

	<b>Group (RM'000)</b>			
	<b>30 Jun 2017</b>		<b>31 Dec 2016</b>	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(129,425)	129,425	(104,004)	104,004
USD	(926)	926	(11,996)	11,996
	<b>(130,351)</b>	<b>130,351</b>	<b>(116,000)</b>	<b>116,000</b>

	<b>Bank (RM'000)</b>			
	<b>30 Jun 2017</b>		<b>31 Dec 2016</b>	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(106,475)	106,475	(76,958)	76,958
USD	(926)	926	(11,996)	11,996
	<b>(107,401)</b>	<b>107,401</b>	<b>(88,954)</b>	<b>88,954</b>

**5) Equities**

At 30 June 2017, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2017 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 at 30 June 2017 on the Group's holdings of equity investments.

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

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

#### **Overview**

Shariah compliance is a cornerstone 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 and operational/reputation risk 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 Interim Disclosures (Cont'd)**

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**6) Shariah Governance (Cont'd)**

**Qualitative Disclosures - Key Components and Core Shariah Functions in Implementing and Monitoring the Shariah Governance Practices as per 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 period ended 30 June 2017, no actual Shariah non-compliance event has been identified.

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

During the financial period ended 30 June 2017, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

i) The amount of RM4,413 in the Account was carried forward from 2016 to 2017.

ii) Income from inadvertent Shariah non-compliance activities identified by HBMS's management amounted to RM5,110 as at 30 June 2017 received from transactions via Nostro Accounts has been reversed to the Account.

iii) No amount was distributed as at 30 June 2017.

The balance of RM9,523 in the Account is pending distribution in 2017.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ended 30 June 2017.