

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 2015

CHIEF EXECUTIVE OFFICER'S ATTESTATION

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 2-39 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

.....
MUKHTAR MALIK HUSSAIN

CHIEF EXECUTIVE OFFICER
27 July 2015

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 2015 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 2014 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2014.

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 2014. 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 should be conducted on entity level and on a bank-wide basis.

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 Steering Committee (STSC) has been established.

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 STSC, Risk Management Committee (RMC), Risk Committee (RC) and Board of Directors (BOD) prior to submission to BNM.

Governance

The STSC 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. The STSC is accountable to RMC. Stress test results and the propose mitigating actions will be recommended by RMC and RC of the Board for approval.

Refer to Note 32 to the unaudited condensed interim financial statements at 30 June 2015 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 the balance sheet date.

At 30 June 2015, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM1,622.92m (31 December 2014 : RM415.74m). 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 June 2015
(RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	28,091,057	28,091,057	-	-
PSEs	1,620,278	1,620,278	1,565,908	125,273
Banks, DFIs & MDBs	5,756,209	5,756,209	1,324,505	105,960
Corporates	19,410,794	18,633,217	17,851,119	1,428,090
Regulatory Retail	6,475,781	6,301,434	4,564,193	365,135
Residential Mortgages	19,315,318	19,292,894	7,609,931	608,794
Higher Risk Assets	2,186	2,186	3,279	262
Other Assets	801,274	801,274	483,528	38,682
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	806,424	795,227	915,315	73,225
Total for On-Balance Sheet Exposures	82,296,229	81,310,684	34,334,686	2,746,774
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,399,851	4,653,683	2,299,047	183,924
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,470,900	16,192,809	13,496,366	1,079,709
Defaulted Exposures	44,515	25,733	38,321	3,066
Total for Off-Balance Sheet Exposures	21,915,266	20,872,225	15,833,734	1,266,699
Total On and Off-Balance Sheet Exposures *	104,211,495	102,182,909	50,168,420	4,013,473
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	69,818,107	69,271,258	546,849	124,739
Foreign Currency Risk	46,043	75,596	82,460	6,597
Options Risk	-	-	-	68,488
	69,864,150	69,346,854	629,309	136,815
Operational Risk (Standardised Approach)	-	-	-	5,758,790
Total RWA and Capital Requirement	-	-	-	57,637,387

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

1) RWA and Capital Requirement (Cont'd)

31 Dec 2014
(RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	27,411,534	27,411,534	-	-
PSEs	642,604	642,604	588,070	47,045
Banks, DFIs & MDBs	5,816,337	5,816,337	1,343,392	107,471
Corporates	17,282,158	16,509,405	15,863,531	1,269,082
Regulatory Retail	6,625,915	6,454,873	4,688,148	375,052
Residential Mortgages	18,946,764	18,923,044	7,509,159	600,733
Higher Risk Assets	11,743	11,743	17,614	1,409
Other Assets	842,036	842,036	524,535	41,962
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	556,324	546,502	567,685	45,415
Total for On-Balance Sheet Exposures	78,152,323	77,174,986	31,119,042	2,489,522
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,545,966	4,545,966	2,141,963	171,358
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,758,694	14,476,240	12,132,367	970,589
Defaulted Exposures	81,199	69,848	103,870	8,309
Total for Off-Balance Sheet Exposures	19,385,859	19,092,054	14,378,200	1,150,256
Total On and Off-Balance Sheet Exposures *	97,538,182	96,267,040	45,497,242	3,639,778
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	68,742,191	67,173,042	1,569,149	112,735
Foreign Currency Risk	99,696	61,238	99,696	7,976
Options Risk	-	-	-	18,354
	68,841,887	67,234,280	1,668,845	139,065
Operational Risk (Standardised Approach)	-	-	-	456,899
Total RWA and Capital Requirement	-	-	-	52,946,791

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

* 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) within this disclosure document.

Refer to Note 32 and Note 33 to the unaudited condensed interim financial statements at 30 June 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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

1) RWA and Capital Requirement (Cont'd)

30 June 2015
(RM'000)

Bank

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,785,481	21,785,481	-	-
PSEs	1,223,490	1,223,490	1,169,120	93,530
Banks, DFIs & MDBs	8,147,974	8,147,974	1,798,636	143,891
Corporates	14,699,451	14,023,741	13,430,521	1,074,442
Regulatory Retail	4,365,745	4,215,330	2,995,904	239,672
Residential Mortgages	15,278,719	15,259,069	5,973,738	477,899
Higher Risk Assets	2,186	2,186	3,279	262
Other Assets	687,771	687,771	451,762	36,141
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	678,702	671,913	781,136	62,491
Total for On-Balance Sheet Exposures	66,886,427	66,033,863	26,621,004	2,129,681
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	5,568,634	4,822,467	2,185,643	174,851
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,504,889	13,284,951	11,348,713	907,897
Defaulted Exposures	37,256	19,136	28,426	2,274
Total for Off-Balance Sheet Exposures	19,110,779	18,126,554	13,562,782	1,085,022
Total On and Off-Balance Sheet Exposures *	85,997,206	84,160,417	40,183,786	3,214,703
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	65,572,226	64,724,321	847,905	1,430,509
Foreign Currency Risk	37,214	73,631	73,631	5,891
Options Risk	-	-	-	68,488
	65,609,440	64,797,952	921,536	1,572,628
Operational Risk (Standardised Approach)	-	-	-	5,150,711
Total RWA and Capital Requirement	-	-	46,907,125	3,752,571

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

1) RWA and Capital Requirement (Cont'd)

31 Dec 2014
(RM'000)

Bank

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Capital Requirement
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,504,296	22,504,296	-	-
PSEs	266,097	266,097	211,563	16,925
Banks, DFIs & MDBs	8,061,886	8,061,886	1,787,235	142,979
Corporates	13,122,518	12,412,408	11,949,178	955,934
Regulatory Retail	4,558,059	4,416,672	3,154,063	252,325
Residential Mortgages	15,105,258	15,084,307	5,939,053	475,124
Higher Risk Assets	11,743	11,743	17,614	1,409
Other Assets	634,368	634,368	416,337	33,307
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	451,245	442,381	455,652	36,452
Total for On-Balance Sheet Exposures	64,732,378	63,851,066	23,947,603	1,915,808
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,761,093	4,761,093	2,133,828	170,706
Off balance sheet exposures other than OTC derivatives or credit derivatives	12,009,235	11,784,637	10,078,680	806,294
Defaulted Exposures	74,927	63,671	94,604	7,568
Total for Off-Balance Sheet Exposures	16,845,255	16,609,401	12,307,112	984,568
Total On and Off-Balance Sheet Exposures *	81,577,633	80,460,467	36,254,715	2,900,376
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	64,475,175	62,317,660	2,157,515	1,308,745
Foreign Currency Risk	89,787	58,603	89,787	7,183
Options Risk	-	-	-	229,423
	64,564,962	62,376,263	2,247,302	130,237
Operational Risk (Standardised Approach)	-	-	-	5,079,063
Total RWA and Capital Requirement	-	-	-	42,961,733

Note:

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

* 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) within this disclosure document.

Refer to Note 32 and Note 33 to the unaudited condensed interim financial statements at 30 June 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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 June 2015
(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%	28,091,057	-	-	5,730	12,402	-	-	317,746	-	28,426,935	-
20%	-	287,893	7,575,140	1,426,718	371,855	-	-	-	-	9,661,606	1,932,321
35%	-	-	-	-	-	16,605,978	-	-	-	16,605,978	5,812,092
50%	-	71,093	2,835,071	947,540	5,965	1,325,232	-	-	-	5,184,901	2,592,451
75%	-	-	-	6,356	7,818,991	2,624,889	-	-	-	10,450,236	7,837,677
100%	-	2,071,047	84,698	26,825,310	375,500	1,715,010	-	483,528	16,908	31,572,001	31,572,001
150%	-	2,078	757	208,557	58,489	8,616	2,755	-	-	281,252	421,878
1250%	-	-	-	-	-	-	-	-	-	-	-
Total										102,182,909	50,168,420
Average Risk Weight	0%	89%	29%	95%	74%	46%	150%	60%	100%	49%	

31 Dec 2014
(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%	27,411,534	-	-	6,447	12,689	-	-	316,665	-	27,747,335	-
20%	-	203,515	7,496,770	1,310,285	365,088	-	-	-	-	9,375,658	1,875,131
35%	-	-	-	-	-	16,184,185	-	-	-	16,184,185	5,664,465
50%	-	26,115	2,842,705	628,125	6,225	1,222,646	-	1,872	-	4,727,688	2,363,843
75%	-	-	-	7,366	7,904,237	2,919,095	-	-	-	10,830,698	8,123,024
100%	-	996,068	110,913	23,788,304	392,644	1,434,727	-	523,491	16,908	27,263,055	27,263,054
150%	-	1,908	16,803	54,395	41,735	8,930	14,641	-	-	138,412	207,617
1250%	-	-	-	-	-	-	-	9	-	9	108
Total										96,267,040	45,497,242
Average Risk Weight	0%	86%	29%	95%	74%	46%	150%	62%	100%	47%	

30 June 2015
(RM'000)

Bank

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%	21,785,481	-	-	2,154	9,566	-	-	236,010	-	22,033,211	-
20%	-	154,726	10,370,011	663,257	366,137	-	-	-	-	11,554,131	2,310,825
35%	-	-	-	-	-	13,276,389	-	-	-	13,276,389	4,646,735
50%	-	71,093	2,608,355	861,994	5,564	968,659	-	-	-	4,515,665	2,257,832
75%	-	-	-	2,400	5,380,635	2,363,742	-	-	-	7,746,777	5,810,081
100%	-	1,596,788	48,449	21,159,865	309,706	1,202,628	-	451,762	16,908	24,786,106	24,786,106
150%	-	2,078	496	200,744	34,194	7,871	2,755	-	-	248,138	372,207
1250%	-	-	-	-	-	-	-	-	-	-	-
Total										84,160,417	40,183,786
Average Risk Weight	0%	91%	26%	96%	73%	46%	150%	66%	100%	48%	

31 Dec 2014
(RM'000)

Bank

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%	22,504,296	-	-	2,662	10,042	-	-	217,195	-	22,734,195	-
20%	-	133,683	9,946,799	664,292	360,015	-	-	-	-	11,104,789	2,220,958
35%	-	-	-	-	-	13,037,459	-	-	-	13,037,459	4,563,111
50%	-	26,115	2,771,141	543,696	5,719	920,131	-	1,872	-	4,268,674	2,134,337
75%	-	-	-	3,032	5,550,930	2,588,316	-	-	-	8,142,278	6,106,708
100%	-	587,114	57,463	18,678,751	324,774	979,897	-	415,293	16,908	21,060,200	21,060,200
150%	-	1,908	13,467	51,676	23,696	7,475	14,641	-	-	112,863	169,293
1250%	-	-	-	-	-	-	-	9	-	9	108
Total										80,460,467	36,254,715
Average Risk Weight	0%	84%	27%	96%	73%	45%	150%	66%	100%	45%	

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 June 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	159,050	135,164	654,578	184,571	1,133,363
Term loans/financing					
Housing loans/financing	3,289,756	3,014,151	11,126,732	1,137,743	18,568,382
Syndicated term loan/financing	-	-	856,701	-	856,701
Factoring receivables	27,198	66,643	114,558	58,014	266,413
Hire purchase receivables	64,436	52,749	90,242	28,989	236,416
Lease receivables	-	-	4,750	-	4,750
Other term loans/financing	1,381,589	1,669,400	9,344,734	1,208,588	13,604,311
Bills receivable	149,087	573,928	2,214,992	122,007	3,060,014
Trust receipts	289,326	280,461	1,030,942	42,462	1,643,191
Claims on customers under acceptance credits	718,707	489,574	1,214,846	191,513	2,614,640
Staff loans/financing	23,096	11,845	138,626	10,011	183,578
Credit/charge cards	505,671	359,914	1,548,298	270,010	2,683,893
Revolving credit	211,472	328,270	3,946,941	93,494	4,580,177
Other loans/financing	2,029	834	1,367	368	4,598
	6,821,417	6,982,933	32,288,307	3,347,770	49,440,427

Group (RM'000)	31 Dec 2014 (Restated - refer Note 7)				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	173,803	130,313	606,012	235,469	1,145,597
Term loans/financing					
Housing loans/financing	3,212,083	2,905,282	10,858,889	1,060,064	18,036,318
Syndicated term loan/financing	-	-	-	-	-
Factoring receivables	23,354	14,715	117,974	46,708	202,751
Hire purchase receivables	55,179	45,354	99,297	34,879	234,709
Lease receivables	-	-	5,373	-	5,373
Other term loans/financing	1,359,946	1,646,157	7,751,134	1,367,268	12,124,505
Bills receivable	197,489	113,131	1,869,052	132,049	2,311,721
Trust receipts	282,908	481,795	1,126,601	159,798	2,051,102
Claims on customers under acceptance credits	824,476	408,315	1,231,620	214,742	2,679,153
Staff loans/financing	36,360	20,718	197,187	16,987	271,252
Credit/charge cards	536,752	380,445	1,557,032	287,759	2,761,988
Revolving credit	246,232	250,628	3,624,361	105,342	4,226,563
Other loans/financing	2,230	948	1,606	456	5,240
	6,950,812	6,397,801	29,046,138	3,661,521	46,056,272

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.

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

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

		30 June 2015				
Bank (RM'000)		Northern	Southern	Central	Eastern	Total
Overdrafts		149,179	113,213	588,453	182,579	1,033,424
Term loans/financing						
Housing loans/financing		2,714,209	2,417,488	8,455,360	948,127	14,535,184
Syndicated term loan/financing		-	-	490,622	-	490,622
Factoring receivables		27,198	66,643	114,558	58,014	266,413
Hire purchase receivables		-	-	-	-	-
Other term loans/financing		1,006,185	978,877	5,886,256	1,012,630	8,883,948
Bills receivable		149,087	573,928	2,214,992	122,007	3,060,014
Trust receipts		206,271	260,716	732,230	37,930	1,237,147
Claims on customers under acceptance credits		607,270	359,796	742,898	182,834	1,892,798
Staff loans/financing		22,504	10,753	133,471	9,525	176,253
Credit/charge cards		406,948	285,893	1,241,430	243,052	2,177,323
Revolving credit		208,868	322,917	3,375,845	93,494	4,001,124
Other loans/financing		2,029	834	1,367	368	4,598
		5,499,748	5,391,058	23,977,482	2,890,560	37,758,848

		31 Dec 2014 (Restated - refer Note 7)				
Bank (RM'000)		Northern	Southern	Central	Eastern	Total
Overdrafts		159,344	108,509	551,006	233,530	1,052,389
Term loans/financing						
Housing loans/financing		2,662,089	2,356,922	8,321,779	874,782	14,215,572
Syndicated term loan/financing		-	-	-	-	-
Factoring receivables		23,354	14,715	117,974	46,708	202,751
Hire purchase receivables		-	179	-	-	179
Other term loans/financing		946,052	943,375	4,496,752	1,146,952	7,533,131
Bills receivable		197,489	113,131	1,869,052	132,049	2,311,721
Trust receipts		160,379	463,399	911,896	156,837	1,692,511
Claims on customers under acceptance credits		737,202	293,345	822,661	206,687	2,059,895
Staff loans/financing		35,724	19,844	191,122	16,525	263,215
Credit/charge cards		436,974	306,289	1,259,045	259,860	2,262,168
Revolving credit		221,138	247,608	3,034,399	105,179	3,608,324
Other loans/financing		2,230	948	1,606	456	5,240
		5,581,975	4,868,264	21,577,292	3,179,565	35,207,096

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 June 2015				
Group (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts/Cash line-i	3,823	1,203	8,936	57,735	71,697	
Term loans/financing						
Housing loans/financing	76,137	72,632	179,666	16,657	345,092	
Factoring receivables	739	-	-	-	739	
Hire purchase receivables	2,227	228	1,009	4,519	7,983	
Other term loans/financing	33,576	11,154	166,277	134,280	345,287	
Bills receivable	109	6,404	558	2,583	9,654	
Trust receipts	778	-	8,479	19,477	28,734	
Claims on customers under acceptance credits	4,199	380	5,082	6,004	15,665	
Staff loans/financing	263	-	1,487	11	1,761	
Credit/charge cards	11,597	8,418	23,466	4,692	48,173	
Revolving credit	-	-	3,906	-	3,906	
Other loans/financing	2,028	833	1,354	368	4,583	
	135,476	101,252	400,220	246,326	883,274	

		31 Dec 2014				
Group (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts/Cash line-i	6,844	1,665	19,957	10,062	38,528	
Term loans/financing						
Housing loans/financing	66,560	54,224	163,114	12,844	296,742	
Factoring receivables	868	-	-	-	868	
Hire purchase receivables	6,006	460	737	4,735	11,938	
Other term loans/financing	46,075	17,280	143,042	25,969	232,366	
Bills receivable	308	7,730	-	-	8,038	
Trust receipts	1,547	-	6,744	2,667	10,958	
Claims on customers under acceptance credits	387	1,633	14,627	7,126	23,773	
Staff loans/financing	209	54	3,273	37	3,573	
Credit/charge cards	12,777	8,405	30,084	4,285	55,551	
Revolving credit	-	-	4,372	-	4,372	
Other loans/financing	674	245	481	138	1,538	
	142,255	91,696	386,431	67,863	688,245	

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 June 2015				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	3,610	1,203	4,312	57,735	66,860	
Term loans/financing						
Housing loans/financing	59,337	56,699	139,070	14,525	269,631	
Factoring receivables	739	-	-	-	739	
Hire purchase receivables	-	-	-	-	-	
Other term loans/financing	25,545	6,717	104,303	132,784	269,349	
Bills receivable	109	6,404	558	2,583	9,654	
Trust receipts	778	-	8,479	19,477	28,734	
Claims on customers under acceptance credits	4,180	380	3,864	6,004	14,428	
Staff loans/financing	263	-	1,468	-	1,731	
Credit/charge cards	8,380	6,269	16,459	3,969	35,077	
Revolving credit	-	-	3,906	-	3,906	
Other loans/financing	2,028	833	1,354	368	4,583	
	104,969	78,505	283,773	237,445	704,692	

		31 Dec 2014				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	6,606	1,665	19,343	10,062	37,676	
Term loans/financing						
Housing loans/financing	52,936	46,629	129,463	11,807	240,835	
Factoring receivables	868	-	-	-	868	
Hire purchase receivables	-	179	-	-	179	
Other term loans/financing	35,719	6,435	88,892	23,181	154,227	
Bills receivable	308	7,730	-	-	8,038	
Trust receipts	1,547	-	6,744	2,667	10,958	
Claims on customers under acceptance credits	285	1,030	13,912	7,126	22,353	
Staff loans/financing	209	54	3,273	37	3,573	
Credit/charge cards	9,239	6,484	21,971	3,707	41,401	
Revolving credit	-	-	4,372	-	4,372	
Other loans/financing	674	245	481	138	1,538	
	108,391	70,451	288,451	58,725	526,018	

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 June 2015					
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	1,132,993	-	-	370	1,133,363
Term loans/financing					
Housing loans/financing	128,573	68,390	178,409	18,193,010	18,568,382
Syndicated term loan/financing	-	-	856,701	-	856,701
Factoring receivables	266,413	-	-	-	266,413
Hire purchase receivables	15,198	80,085	141,133	-	236,416
Lease receivables	-	1,551	3,199	-	4,750
Other term loans/financing	3,815,517	2,531,352	2,816,881	4,440,561	13,604,311
Bills receivable	3,059,881	133	-	-	3,060,014
Trust receipts	1,643,191	-	-	-	1,643,191
Claims on customers under acceptance credits	2,614,175	465	-	-	2,614,640
Staff loans/financing	1,642	14,887	35,375	131,674	183,578
Credit/charge cards	2,683,893	-	-	-	2,683,893
Revolving credit	4,580,177	-	-	-	4,580,177
Other loans/financing	4,598	-	-	-	4,598
	19,946,251	2,696,863	4,031,698	22,765,615	49,440,427

31 Dec 2014 (Restated - refer Note 7)					
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	1,145,597	-	-	-	1,145,597
Term loans/financing					
Housing loans/financing	55,135	76,020	199,856	17,705,307	18,036,318
Syndicated term loan/financing	-	-	-	-	-
Factoring receivables	202,751	-	-	-	202,751
Hire purchase receivables	12,287	89,426	132,214	782	234,709
Lease receivables	-	1,696	3,677	-	5,373
Other term loans/financing	3,552,739	2,281,022	2,203,084	4,087,660	12,124,505
Bills receivable	2,311,721	-	-	-	2,311,721
Trust receipts	2,051,102	-	-	-	2,051,102
Claims on customers under acceptance credits	2,679,153	-	-	-	2,679,153
Staff loans/financing	3,928	14,660	36,783	215,881	271,252
Credit/charge cards	2,761,988	-	-	-	2,761,988
Revolving credit	4,226,563	-	-	-	4,226,563
Other loans/financing	5,240	-	-	-	5,240
	19,008,204	2,462,824	2,575,614	22,009,630	46,056,272

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 June 2015					
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,033,054	-	-	370	1,033,424
Term loans/financing					
Housing loans/financing	102,699	65,771	171,118	14,195,596	14,535,184
Syndicated term loan/financing	-	-	490,622	-	490,622
Factoring receivables	266,413	-	-	-	266,413
Hire purchase receivables	-	-	-	-	-
Other term loans/financing	2,119,934	1,828,435	1,726,638	3,208,941	8,883,948
Bills receivable	3,059,881	133	-	-	3,060,014
Trust receipts	1,237,147	-	-	-	1,237,147
Claims on customers under acceptance credits	1,892,798	-	-	-	1,892,798
Staff loans/financing	1,603	14,142	33,265	127,243	176,253
Credit/charge cards	2,177,323	-	-	-	2,177,323
Revolving credit	4,001,124	-	-	-	4,001,124
Other loans/financing	4,598	-	-	-	4,598
	15,896,574	1,908,481	2,421,643	17,532,150	37,758,848

31 Dec 2014					
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,052,389	-	-	-	1,052,389
Term loans/financing					
Housing loans/financing	38,175	74,726	186,387	13,916,284	14,215,572
Syndicated term loan/financing	-	-	-	-	-
Factoring receivables	202,751	-	-	-	202,751
Hire purchase receivables	179	-	-	-	179
Other term loans/financing	1,059,810	1,972,006	1,481,144	3,020,171	7,533,131
Bills receivable	2,311,721	-	-	-	2,311,721
Trust receipts	1,692,511	-	-	-	1,692,511
Claims on customers under acceptance credits	2,059,895	-	-	-	2,059,895
Staff loans/financing	3,799	13,993	34,728	210,695	263,215
Credit/charge cards	2,262,168	-	-	-	2,262,168
Revolving credit	3,608,324	-	-	-	3,608,324
Other loans/financing	5,240	-	-	-	5,240
	14,296,962	2,060,725	1,702,259	17,147,150	35,207,096

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 June 2015 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 receivable	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	53,488	-	856,701	-	7,642	-	531,607	114,382	-	63,514	-	152	66,110	-	1,693,596	
Mining and quarrying	7,014	-	-	964	4,860	-	108,089	4,913	1,939	80,490	-	-	315,321	-	523,590	
Manufacturing	432,017	-	-	180,981	108,193	-	2,432,359	586,492	863,418	1,436,924	-	3,729	1,031,734	466	7,076,313	
Electricity, gas and water	2,094	-	-	-	352	-	54,026	1,157	2,438	7,644	-	6	2,022	-	69,739	
Construction	58,246	-	-	-	12,040	-	2,154,553	46,012	27,869	96,414	-	185	355,608	62	2,750,989	
Real estate	17,079	-	-	-	-	-	1,130,057	60,260	-	-	-	3	643,672	-	1,851,071	
Wholesale & retail trade and restaurants & hotels	171,236	-	-	58,119	39,540	-	727,814	742,451	554,350	811,081	-	647	563,110	332	3,668,680	
Transport, storage and communication	27,418	-	-	13,493	22,474	-	191,162	25,546	29,585	8,839	-	74	49,195	33	367,819	
Finance, insurance/takaful and business services	158,359	-	-	12,856	15,073	4,750	2,044,833	20,426	127,034	106,180	-	1,350	1,223,736	8	3,714,605	
Household-retail	188,605	18,568,382	-	-	-	-	3,116,364	-	-	-	183,578	2,677,363	-	3,681	24,737,973	
Others	17,807	-	-	-	26,242	-	1,113,447	1,458,375	36,558	3,554	-	384	329,669	16	2,986,052	
	1,133,363	18,568,382	856,701	266,413	236,416	4,750	13,604,311	3,060,014	1,643,191	2,614,640	183,578	2,683,893	4,580,177	4,598	49,440,427	

31 Dec 2014 (Restated - refer Note 7)
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 receivable	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	43,502	-	-	-	6,246	-	614,385	120,452	8,786	62,973	-	-	203,495	2	1,059,841
Mining and quarrying	6,864	-	-	1,559	8,940	-	110,674	-	16,112	652	-	-	281,445	-	426,246
Manufacturing	420,061	-	-	109,138	109,233	-	2,068,129	563,493	1,359,605	1,571,712	-	-	742,741	852	6,944,964
Electricity, gas and water	3,771	-	-	-	-	-	63,739	852	1,261	14,107	-	-	2,000	-	85,730
Construction	57,045	-	-	3,574	14,931	-	1,782,568	56,534	20,800	76,580	-	-	317,506	90	2,329,628
Real estate	16,603	-	-	-	-	-	994,351	44,280	-	-	-	-	643,236	1	1,698,471
Wholesale & retail trade and restaurants & hotels	201,351	-	-	59,859	30,968	-	640,851	223,883	515,200	827,761	-	-	654,563	512	3,154,948
Transport, storage and communication	25,896	-	-	6,921	20,760	-	198,505	42,243	1,725	9,010	-	-	46,201	2	351,263
Finance, insurance/takaful and business services	120,140	-	-	18,373	16,059	5,373	1,650,504	10,561	125,805	101,459	-	-	1,100,859	38	3,149,171
Household-retail	222,108	18,036,318	-	-	-	-	3,149,721	-	-	-	271,252	2,761,988	-	-	24,441,387
Others	28,256	-	-	3,327	27,572	-	851,078	1,249,423	1,808	14,899	-	-	234,517	3,743	2,414,623
	1,145,597	18,036,318	-	202,751	234,709	5,373	12,124,505	2,311,721	2,051,102	2,679,153	271,252	2,761,988	4,226,563	5,240	46,056,272

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 June 2015 Bank (RM'000)														
Overdraft	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivable	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	49,838	-	490,622	-	-	295,044	114,382	-	59,019	-	152	66,110	-	1,075,167
Mining and quarrying	5,313	-	-	964	-	106,623	4,913	1,939	346	-	-	128,025	-	248,123
Manufacturing	409,309	-	-	180,981	-	1,815,550	586,492	753,627	1,133,542	-	3,729	1,025,019	466	5,908,715
Electricity, gas and water	1,619	-	-	-	-	1,745	1,157	2,438	497	-	6	-	-	7,462
Construction	50,047	-	-	-	-	1,741,218	46,012	24,793	57,174	-	185	255,074	62	2,174,565
Real estate	16,467	-	-	-	-	874,155	60,260	-	-	-	3	638,623	-	1,589,508
Wholesale & retail trade and restaurants & hotels	152,442	-	-	58,119	-	488,375	742,451	322,261	565,773	-	647	490,630	332	2,821,030
Transport, storage and communication	19,978	-	-	13,493	-	33,388	25,546	4,918	2,875	-	74	35,993	33	136,298
Finance, insurance/takaful and business services	123,775	-	-	12,856	-	1,095,893	20,426	127,034	70,764	-	1,350	1,178,626	8	2,630,732
Household-retail	188,500	14,535,184	-	-	-	1,889,389	-	-	-	176,253	2,170,793	-	3,681	18,963,800
Others	16,136	-	-	-	-	542,568	1,458,375	137	2,808	-	384	183,024	16	2,203,448
	1,033,424	14,535,184	490,622	266,413	-	8,883,948	3,060,014	1,237,147	1,892,798	176,253	2,177,323	4,001,124	4,598	37,758,848

31 Dec 2014 Bank (RM'000)														
Overdraft	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivable	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	40,779	-	-	-	-	358,942	120,452	8,786	61,046	-	-	203,495	2	793,502
Mining and quarrying	5,591	-	-	1,559	-	109,036	-	16,112	652	-	-	125,501	-	258,451
Manufacturing	395,207	-	-	109,138	179	1,495,145	563,493	1,166,931	1,274,622	-	-	706,285	852	5,711,852
Electricity, gas and water	2,793	-	-	-	-	3,489	852	1,261	1,145	-	-	-	-	9,540
Construction	47,158	-	-	3,574	-	1,223,020	56,534	17,810	43,599	-	-	235,246	90	1,627,031
Real estate	16,164	-	-	-	-	803,764	44,280	-	-	-	-	596,236	1	1,460,445
Wholesale & retail trade and restaurants & hotels	188,247	-	-	59,859	-	437,961	223,883	355,959	581,648	-	-	513,514	512	2,361,583
Transport, storage and communication	20,202	-	-	6,921	-	28,281	42,243	1,126	5,845	-	-	33,201	2	137,821
Finance, insurance/takaful and business services	92,457	-	-	18,373	-	1,107,342	10,561	122,811	77,539	-	-	1,030,929	38	2,460,050
Household-retail	216,451	14,215,572	-	-	-	1,956,538	-	-	-	263,215	2,262,168	-	-	18,913,944
Others	27,340	-	-	3,327	-	9,613	1,249,423	1,715	13,799	-	-	163,917	3,743	1,472,877
	1,052,389	14,215,572	-	202,751	179	7,533,131	2,311,721	1,692,511	2,059,895	263,215	2,262,168	3,608,324	5,240	35,207,096

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 June 2015 Group (RM'000)													
Overdraft/ Cash line-i	Housing loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivable	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	23,629	-	-	106,165	-	-	-	-	-	-	-	129,794	
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	
Manufacturing	20,521	-	739	21,010	1,943	23,733	9,209	-	-	-	467	79,140	
Electricity, gas and water	-	-	-	-	-	-	-	-	-	-	-	-	
Construction	1,343	-	-	43,769	-	-	-	-	-	-	62	45,174	
Real estate	-	-	-	506	-	-	-	-	-	-	-	506	
Wholesale & retail trade and restaurants & hotels	15,596	-	-	3,343	7,711	5,001	4,989	-	-	3,906	332	42,592	
Transport, storage and communication	792	-	-	1,397	-	-	-	-	-	-	33	6,171	
Finance, insurance/takaful and business services	3,610	-	-	1,953	-	-	1,203	-	-	-	8	7,576	
Household-retail	6,206	345,092	-	167,144	-	-	-	1,761	48,173	-	3,665	572,041	
Others	-	-	-	-	-	-	264	-	-	-	16	280	
	71,697	345,092	739	7,983	345,287	9,654	28,734	15,665	1,761	48,173	3,906	4,583	883,274

31 Dec 2014 Group (RM'000)													
Overdraft/ Cash line-i	Housing loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivable	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	370	-	-	592	-	-	-	-	-	-	2	964	
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	
Manufacturing	1,547	-	868	27,608	-	5,383	6,409	-	-	-	715	48,174	
Electricity, gas and water	-	-	-	3	-	-	-	-	-	-	-	3	
Construction	1,379	-	-	40,306	-	2,667	-	-	-	70	90	44,512	
Real estate	-	-	-	7	-	-	-	-	-	-	1	8	
Wholesale & retail trade and restaurants & hotels	30,334	-	-	7,201	8,038	2,908	17,090	-	-	4,302	513	71,742	
Transport, storage and communication	915	-	-	1,399	-	-	-	-	-	-	2	6,440	
Finance, insurance/takaful and business services	343	-	-	630	-	-	-	-	-	-	-	1,596	
Household-retail	3,640	296,742	-	154,210	-	-	-	3,573	55,551	-	-	513,716	
Others	-	-	191	410	-	-	274	-	-	-	215	1,090	
	38,528	296,742	868	11,938	232,366	8,038	10,958	23,773	3,573	55,551	4,372	1,538	688,245

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 June 2015												
Bank (RM'000)												
Overdraft	Housing loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivable	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	23,629	-	-	106,165	-	-	-	-	-	-	-	129,794
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	20,123	-	739	18,808	1,943	23,733	9,209	-	-	-	467	75,022
Construction	1,161	-	-	43,767	-	-	-	-	-	-	62	44,990
Real estate	-	-	-	506	-	-	-	-	-	-	-	506
Wholesale & retail trade and restaurants & hotels	15,596	-	-	2,570	7,711	5,001	4,955	-	-	3,906	332	40,071
Transport, storage and communication	148	-	-	527	-	-	-	-	-	-	33	708
Finance, insurance/takaful and business services	-	-	-	54	-	-	-	-	-	-	8	62
Household-retail	6,203	269,631	-	96,952	-	-	-	1,731	35,077	-	3,665	413,259
Others	-	-	-	-	-	-	264	-	-	-	16	280
	66,860	269,631	739	269,349	9,654	28,734	14,428	1,731	35,077	3,906	4,583	704,692

31 Dec 2014												
Bank (RM'000)												
Overdraft	Housing loans/ financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivable	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	370	-	-	592	-	-	-	-	-	-	2	964
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	1,541	-	868	20,090	-	5,383	5,806	-	-	-	715	34,582
Construction	1,208	-	-	39,695	-	2,667	-	-	-	70	90	43,730
Real estate	-	-	-	7	-	-	-	-	-	-	1	8
Wholesale & retail trade and restaurants & hotels	30,334	-	-	6,433	8,038	2,908	16,273	-	-	4,302	513	68,801
Transport, storage and communication	240	-	-	528	-	-	-	-	-	-	2	770
Finance, insurance/takaful and business services	343	-	-	628	-	-	-	-	-	-	-	971
Household-retail	3,640	240,835	-	86,250	-	-	-	3,573	41,401	-	-	375,699
Others	-	-	-	4	-	-	274	-	-	-	215	493
	37,676	240,835	868	154,227	8,038	10,958	22,353	3,573	41,401	4,372	1,538	526,018

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 *

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	531,585	5,237	531,585	5,237
Mining and quarrying	-	-	-	-
Manufacturing	337,928	259,891	307,260	187,869
Electricity, gas and water	-	16	-	-
Construction	185,631	241,711	184,261	237,567
Real estate	2,072	43	2,072	43
Wholesale & retail trade and restaurants & hotels	182,890	389,351	164,115	373,767
Transport, storage and communication	43,585	34,227	2,900	4,183
Finance, insurance/takaful and business services	56,213	8,587	254	5,275
Household-retail	2,875,041	2,772,342	1,692,545	2,041,015
Others	1,147	5,841	1,147	2,678
	4,216,092	3,717,246	2,886,139	2,857,634

Table 7: All past due loans/financing breakdown by geographical location*

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Northern region	657,106	768,282	429,911	588,843
Southern region	490,929	495,304	321,525	382,731
Central region	2,029,437	2,086,211	1,162,222	1,567,032
Eastern region	1,038,620	367,449	972,481	319,028
	4,216,092	3,717,246	2,886,139	2,857,634

* Of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 16 (iii) and 16 (v) of the unaudited condensed interim financial statements at 30 June 2015 respectively.

Table 8: Individual impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	-	1	-	1
Manufacturing	22,627	28,996	20,668	23,636
Construction	14,497	15,464	14,375	15,122
Real estate	-	7	-	7
Wholesale & retail trade and restaurants & hotels	14,528	46,968	14,123	45,846
Transport, storage and communication	4,372	4,727	314	241
Finance, insurance/takaful and business services	575	126	-	57
Household-retail	132,211	138,229	96,664	105,787
Others	-	2	-	2
	188,810	234,520	146,144	190,699

Table 8a: Collective impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	6,497	3,127	-	-
Mining and quarrying	2,894	1,970	-	-
Manufacturing	55,019	50,814	42,773	36,401
Electricity, gas and water	1,917	5,917	1,263	5,023
Construction	12,219	11,858	6,164	3,614
Real estate	22,417	22,516	19,669	19,722
Wholesale & retail trade and restaurants & hotels	12,300	14,637	3,399	5,337
Transport, storage and communication	3,078	3,117	688	664
Finance, insurance/takaful and business services	11,381	8,089	-	-
Household-retail	208,674	235,013	148,385	170,505
Others	31,106	31,002	22,884	21,977
	367,502	388,060	245,225	263,243

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 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Northern region	4,342	13,984	4,046	9,947
Southern region	7,066	8,236	6,801	7,499
Central region	158,707	185,076	121,241	150,871
Eastern region	18,695	27,224	14,056	22,382
	188,810	234,520	146,144	190,699

Table 9a: Collective impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Northern region	53,790	64,589	39,908	48,567
Southern region	53,345	55,284	36,624	37,337
Central region	236,607	239,328	149,688	154,081
Eastern region	23,760	28,859	19,005	23,258
	367,502	388,060	245,225	263,243

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

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	30 June 2014 (Restated)	30 June 2015	30 June 2014 (Restated)
Agricultural, hunting, forestry and fishing	-	3,541	-	3,541
Mining and quarrying	-	-	-	-
Manufacturing	3,198	22,395	1,315	9,065
Electricity, gas and water	-	1,756	-	1,756
Construction	14	561	14	76
Real estate	306	793	306	793
Wholesale & retail trade and restaurants & hotels	5,261	14,685	4,815	14,664
Transport, storage and communication	2,155	304	32	287
Finance, insurance/takaful and business services	368	2,449	-	2,449
Household-retail	40,914	35,822	31,790	28,932
Others	-	10	-	10
	52,216	82,316	38,272	61,573

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

	Group (RM'000)		Bank (RM'000)	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Agricultural, hunting, forestry and fishing	-	50	-	50
Mining and quarrying	-	-	-	-
Manufacturing	5,538	14,327	5,200	11,700
Construction	2,957	-	2,952	-
Real estate	-	5	-	5
Wholesale & retail trade and restaurants & hotels	10,744	1,841	10,020	1,841
Transport, storage and communication	-	-	-	-
Finance, insurance/takaful and business services	-	42	-	33
Household-retail	7,513	7,696	5,241	5,889
Others	-	158	-	158
	26,752	24,119	23,413	19,676

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 16(ii) of the unaudited condensed interim financial statements at 30 June 2015.

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)
- Rating and Investment Information, Inc (R&I)
- 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
	R & I*	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
	R & I*	a-1+, a-1	a-2	a-3	b, c	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			
			(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

* 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 June 2015

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	-	10,882,876	-	-	-	-	-	10,882,876
PSEs								
- Exposures risk-weighted using ratings of Corporates	72,454	123,473	85,532	-	-	-	-	281,459
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	879,779	1,857,732	365,364	9,230	20,653	-	-	3,132,758
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	13,882	-	-	-	-	-	13,882
- Exposures risk-weighted using ratings of Banking Institutions	9,959	-	1,732	-	-	-	-	11,691
- Exposures risk-weighted using ratings of Corporates	1,213,293	1,012,297	1,230,596	32,332	-	-	-	3,488,518
	2,175,485	13,890,260	1,683,224	41,562	20,653	-	-	17,811,184
(ii) Total unrated exposures								
							60,808,109	60,808,109
Total Long Term Exposure	2,175,485	13,890,260	1,683,224	41,562	20,653	-	60,808,109	78,619,293

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2015

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	-	17,185,977	-	-	-	17,185,977
PSEs						
- Exposures risk-weighted using ratings of Corporates	71,090	94,000	-	-	-	165,090
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	5,268,199	2,098,094	379,737	7,541	-	7,753,571
Corporates						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	-	-	-	-	-
- Exposures risk-weighted using ratings of Banking Institutions	-	-	-	-	-	-
- Exposures risk-weighted using ratings of Corporates	196,643	196,211	94,710	-	-	487,564
	5,535,932	19,574,282	474,447	7,541	-	25,592,202
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	5,535,932	19,574,282	474,447	7,541	-	25,592,202
Group Total Long Term and Short Term Exposure :						104,211,495

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2014
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	-	15,768,451	-	-	-	-	-	15,768,451
PSEs								
- Exposures risk-weighted using ratings of Corporates	72,205	128,297	37,014	-	-	-	-	237,516
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	678,161	1,588,197	143,276	6,040	28,063	-	-	2,443,737
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	13,143	-	-	-	-	-	13,143
- Exposures risk-weighted using ratings of Banking Institutions	100	721	1,609	-	-	-	-	2,430
- Exposures risk-weighted using ratings of Corporates	1,123,294	841,193	249,532	7,527	-	-	-	2,221,546
	1,873,760	18,340,002	431,431	13,567	28,063	-	-	20,686,823
(ii) Total unrated exposures								
							58,396,855	58,396,855
Total Long Term Exposure	1,873,760	18,340,002	431,431	13,567	28,063	-	58,396,855	79,083,678

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2014
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	-	11,620,880	-	-		11,620,880
PSEs						
- Exposures risk-weighted using ratings of Corporates	1,013	30,000	-	-		31,013
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	4,168,773	1,934,860	350,256	3,098		6,456,987
Corporates						
- Exposures risk-weighted using ratings of Corporates	207,471	48,971	89,182	-		345,624
	4,377,257	13,634,711	439,438	3,098	-	18,454,504
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	4,377,257	13,634,711	439,438	3,098	-	18,454,504
Group Total Long Term and Short Term Exposure :						97,538,182

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2015

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	-	9,150,272	-	-	-	-	-	9,150,272
PSEs								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	-	-	-	-	-	-	-
- Exposures risk-weighted using ratings of Corporates	72,454	84,306	8,362	-	-	-	-	165,122
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	-	-	-	-	-	-	-
- Exposures risk-weighted using ratings of Banking Institutions	3,955,675	1,711,004	333,021	6,714	19,730	-	-	6,026,144
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	8,853	-	-	-	-	-	8,853
- Exposures risk-weighted using ratings of Banking Institutions	9,959	-	1,732	-	-	-	-	11,691
- Exposures risk-weighted using ratings of Corporates	627,103	926,751	611,128	32,332	-	-	-	2,197,314
	4,665,191	11,881,186	954,243	39,046	19,730	-	-	17,559,396
(ii) Total unrated exposures							48,050,005	48,050,005
Total Long Term Exposure	4,665,191	11,881,186	954,243	39,046	19,730	-	48,050,005	65,609,401

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2015

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	-	12,617,559	-	-		12,617,559
PSEs						
- Exposures risk-weighted using ratings of Corporates	71,090	-	-	-		71,090
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	5,107,563	2,095,142	180,751	7,293		7,390,749
Corporates						
- Exposures risk-weighted using ratings of Corporates	17,486	196,211	94,710	-		308,407
	5,196,139	14,908,912	275,461	7,293	-	20,387,805
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	5,196,139	14,908,912	275,461	7,293	-	20,387,805
Bank Total Long Term and Short Term Exposure :						85,997,206

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2014

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	-	11,849,515	-	-	-	-	-	11,849,515
PSEs								
- Exposures risk-weighted using ratings of Corporates	72,205	88,465	8,343	-	-	-	-	169,013
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	3,665,401	1,486,962	143,043	6,040	28,063	-	-	5,329,509
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	9,357	-	-	-	-	-	9,357
- Exposures risk-weighted using ratings of Banking Institutions	100	721	1,609	-	-	-	-	2,430
- Exposures risk-weighted using ratings of Corporates	661,706	756,768	142,204	7,527	-	-	-	1,568,205
	4,399,412	14,191,788	295,199	13,567	28,063	-	-	18,928,029
(ii) Total unrated exposures								
							45,803,345	45,803,345
Total Long Term Exposure	4,399,412	14,191,788	295,199	13,567	28,063	-	45,803,345	64,731,374

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2014

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	-	10,637,131	-	-		10,637,131
PSEs						
- Exposures risk-weighted using ratings of Corporates	1,013	-	-	-		1,013
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	4,093,760	1,785,799	165,578	2,945		6,048,082
Corporates						
- Exposures risk-weighted using ratings of Corporates	21,880	48,971	89,182	-		160,033
	4,116,653	12,471,901	254,760	2,945	-	16,846,259
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	4,116,653	12,471,901	254,760	2,945	-	16,846,259
Bank Total Long Term and Short Term Exposure :						81,577,633

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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 lending 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;
- 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 treasury transactions 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 two 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 Group's panel of approved valuers is subject to an annual review. This takes into consideration the company's financial standing, accreditations, experience, amount of professional liability insurance, major clients and size of its branch network.

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 June 2015

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<i>Credit Risk</i>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	28,091,057	-	-
PSEs	1,620,278	-	-
Banks, DFIs & MDBs	5,756,209	-	-
Corporates	19,410,794	266,685	777,577
Regulatory Retail	6,475,781	374,322	174,347
Residential Mortgages	19,315,318	-	22,424
Higher Risk Assets	2,186	-	-
Other Assets	801,274	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	806,424	3,150	11,197
Total for On-Balance Sheet Exposures	82,296,229	644,157	985,545
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	5,399,851	-	746,168
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,470,900	143,209	278,091
Defaulted Exposures	44,515	205	18,782
Total for Off-Balance Sheet Exposures	21,915,266	143,414	1,043,041
Total On and Off-Balance Sheet Exposures	104,211,495	787,571	2,028,586

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 2014

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<i>Credit Risk</i>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	27,411,534	-	-
PSEs	642,604	-	-
Banks, DFIs & MDBs	5,816,337	-	-
Corporates	17,282,158	239,365	772,753
Regulatory Retail	6,625,915	366,754	171,042
Residential Mortgages	18,946,764	-	23,720
Higher Risk Assets	11,743	-	-
Other Assets	842,036	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	556,324	2,656	9,822
Total for On-Balance Sheet Exposures	78,152,323	608,775	977,337
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	4,545,966	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,758,694	165,081	282,454
Defaulted Exposures	81,199	828	11,351
Total for Off-Balance Sheet Exposures	19,385,859	165,909	293,805
Total On and Off-Balance Sheet Exposures	97,538,182	774,684	1,271,142

Refer to Note 32 and Note 33 to the unaudited condensed interim financial statements at 30 June 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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 June 2015

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<i>Credit Risk</i>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	21,785,481	-	-
PSEs	1,223,490	-	-
Banks, DFIs & MDBs	8,147,974	-	-
Corporates	14,699,451	198,506	675,710
Regulatory Retail	4,365,745	367,522	150,415
Residential Mortgages	15,278,719	-	19,650
Higher Risk Assets	2,186	-	-
Other Assets	687,771	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	678,702	728	6,789
Total for On-Balance Sheet Exposures	66,886,427	566,756	852,564
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	5,568,634	-	746,167
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,504,889	131,670	219,938
Defaulted Exposures	37,256	205	18,120
Total for Off-Balance Sheet Exposures	19,110,779	131,875	984,225
Total On and Off-Balance Sheet Exposures	85,997,206	698,631	1,836,789

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 2014

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<u>Credit Risk</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	22,504,296	-	-
PSEs	266,097	-	-
Banks, DFIs & MDBs	8,061,886	-	-
Corporates	13,122,518	152,145	710,110
Regulatory Retail	4,558,059	361,312	141,387
Residential Mortgages	15,105,258	-	20,951
Higher Risk Assets	11,743	-	-
Other Assets	634,368	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	451,245	757	8,864
Total for On-Balance Sheet Exposures	64,732,378	514,214	881,312
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	4,761,093	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	12,009,235	138,368	224,598
Defaulted Exposures	74,927	828	11,256
Total for Off-Balance Sheet Exposures	16,845,255	139,196	235,854
Total On and Off-Balance Sheet Exposures	81,577,633	653,410	1,117,166

Refer to Note 32 and Note 33 to the unaudited condensed interim financial statements at 30 June 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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 Group and the Bank's trading portfolios at the reporting date is as follows:-

Group (RM'000)	At 30 June 2015	Average	Maximum	Minimum
Foreign currency risk	360	649	1,793	192
Interest rate risk	2,175	5,922	9,885	1,923
Credit spread risk	77	183	300	77
Overall	2,054	5,673	9,442	1,906
Bank (RM'000)	At 30 June 2015	Average	Maximum	Minimum
Foreign currency risk	292	610	1,610	185
Interest rate risk	2,019	5,697	9,527	1,891
Credit spread risk	77	183	300	77
Overall	1,873	5,447	9,075	1,873

Group (RM'000)	At 31 Dec 2014	Average	Maximum	Minimum
Foreign currency risk	473	708	4,225	194
Interest rate risk	2,174	5,700	14,246	2,098
Credit spread risk	118	487	1,177	94
Overall	1,896	5,741	14,421	1,858
Bank (RM'000)	At 31 Dec 2014	Average	Maximum	Minimum
Foreign currency risk	399	652	4,038	187
Interest rate risk	2,140	5,661	14,138	2,080
Credit spread risk	118	487	1,177	94
Overall	1,836	5,673	14,218	1,836

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

4) Interest rate risk / profit rate risk (Cont'd)

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

Sensitivity of projected Net Interest/Finance Income

Change in projected net interest/finance income in next 12 months arising from a shift in interest/profit rates of:	Group (RM'000)		Bank (RM'000)	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
+100 basis points parallel shift in yield curves	327,003	300,849	281,814	283,911
-100 basis points parallel shift in yield curves	(296,667)	(281,484)	(255,612)	(267,416)
+25 basis points at the beginning of each quarter	212,165	195,272	180,690	182,234
-25 basis points at the beginning of each quarter	(208,369)	(195,870)	(177,918)	(183,055)

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

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

	Group (RM'000)		Bank (RM'000)	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
+100 basis points parallel shift in yield curves	(142,316)	(123,280)	(110,787)	(88,343)
-100 basis points parallel shift in yield curves	142,316	123,280	110,787	88,343

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)		Bank (RM'000)	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
+200 basis points parallel shift in yield curves	541,145	471,376	574,885	526,983
-200 basis points parallel shift in yield curves	(431,421)	(413,585)	(490,885)	(488,443)

5) Equities

At 30 June 2015, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2015 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 at cost due to the lack of quoted prices in an active market or /and the fair values of the equities cannot be reliably measured. The unquoted equities were classified under the non-institutional segment and risk weighted at 100%.

Refer to Note 14 of the unaudited condensed interim financial statements at 30 June 2015 on the Group's holdings of equity investments.

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

6) Classification and Impairment Provisions for Loans/Financing

The Group and Bank's allowance for impaired loans/financing are in conformity with MFRS 139 and BNM's revised guidelines on 'Classification and Impairment Provisions for Loan/Financing' issued on 6 April 2015.

Affected tables under 3) Credit Risk, (Group and Bank level) pertaining to the revised guidelines are as below:

- Table 2 : Geographical distribution of impaired loans/financing breakdown by type.
- Table 5 : Distribution of impaired loans/financing by sector, breakdown by type.
- Table 8 : Individual impairment allowance breakdown by sector.
- Table 8a : Collective impairment allowance breakdown by sector.
- Table 9 : Individual impairment allowance breakdown by geographical location.
- Table 9a : Collective impairment allowance breakdown by geographical location.

7) Restatement of comparative figures

The presentation and reclassification of items in the current Pillar 3 Disclosure are consistent with the previous financial year, except those balances within the tables below under 3) Credit Risk:

- Table 1 : Geographical distribution of loans/financing breakdown by type (Group and Bank level).
- Table 2 : Geographical distribution of impaired loans/financing breakdown by type (Group level only).
- Table 3 : Residual contractual maturity of loans/financing breakdown by type (Group level only).

The restatement of 31 December 2014 financial data within Pillar 3 Disclosure is consistent with that presented in the audited financial statements for 31 December 2014, and is a result of an initiative rolled out by the Group in Q1 2015 to align financial reporting data with Central Credit Reference Information System data. Similar reclassification is made to the 31 December 2014 data so that they are comparable to 30 June 2015 data.

Please refer to the Group's Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosure as at 31 December 2014 for the comparative figures prior to restatement.

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

8) 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 Board of Directors, the Shariah Committee and the Management to ensure that the operations and business activities of HSBC Amanah Malaysia Berhad (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 Bank Negara Malaysia (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 Board of Directors.

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 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 for 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.

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

8) 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

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.

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 Management

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 ending 30 June 2015, no actual Shariah non-compliance events have been identified.

b. Shariah Non-Compliance Income:

During the financial period ending 30 June 2015, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

(i) The amount of MYR165,388 in the Account was carried forward from 2014 to 2015.

(ii) Income from inadvertent Shariah non-compliant activities identified by HBMS's management amounting to MYR12,375 in 2015 has been reversed to the Account.

(iii) The amount of MYR50,000 in the Account was donated to National Kidney Foundation Malaysia. The balance of MYR127,763 in the Account is pending distribution in the second half of 2015.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ended 30 June 2015.