

Company No.
127776-V

HSBC BANK MALAYSIA BERHAD
(Company No.127776-V)
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
at 30 June 2012

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 1-17 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
Date: 27 July 2012

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

The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2012 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 the Group and Bank for the financial year ended 31 December 2011 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2011.

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 2011. There are no material changes relating to qualitative disclosures during the interim reporting period, except where disclosed in Note 2a of the unaudited condensed interim financial statements at 30 June 2012.

Refer to Note 31 to the unaudited condensed interim financial statements at 30 June 2012 for the total risk weighted capital ratio and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

1) Credit Risk

Table 1: Geographical distribution of loans/financing broken down by type

Group (RM'000)	30 June 2012				
	Northern	Southern	Central	Eastern	Total
Overdrafts	226,692	166,498	575,198	335,532	1,303,920
Term loans/financing					
Housing loans/financing	3,054,191	2,189,827	7,761,287	1,000,255	14,005,560
Syndicated term loan/financing	-	-	75,254	-	75,254
Factoring receivables	39,323	15,820	89,496	12,565	157,204
Hire purchase receivables	63,261	58,802	115,443	68,508	306,014
Lease receivables	102	-	594	-	696
Other term loans/financing	1,950,139	1,909,697	5,981,013	2,338,331	12,179,180
Bills receivable	97,552	182,511	3,066,317	327,689	3,674,069
Trust receipts	320,508	411,789	702,683	192,738	1,627,718
Claims on customers under acceptance credits	787,018	487,913	1,112,795	558,299	2,946,025
Staff loans/financing	43,785	27,425	295,900	28,349	395,459
Credit/charge cards	585,858	398,438	1,543,129	294,436	2,821,861
Revolving credit	155,269	181,188	2,569,442	68,901	2,974,800
Other loans/financing	2,605	3,279	2,934	681	9,499
Less : Unearned income	(17,484)	(17,759)	(64,823)	(9,903)	(109,969)
	7,308,819	6,015,428	23,826,662	5,216,381	42,367,290

Group (RM'000)	31 December 2011 (Restated) [See Note 3]				
	Northern	Southern	Central	Eastern	Total
Overdrafts	220,139	162,826	533,373	341,940	1,258,278
Term loans/financing					
Housing loans/financing	2,877,364	2,009,988	7,450,885	988,041	13,326,278
Syndicated term loan/financing	-	-	77,188	-	77,188
Factoring receivables	33,959	6,816	62,911	3,346	107,032
Hire purchase receivables	46,380	62,821	85,164	64,452	258,817
Lease receivables	166	-	776	-	942
Other term loans/financing	1,909,433	1,764,931	5,543,100	2,124,430	11,341,894
Bills receivable	95,903	210,970	2,344,759	254,705	2,906,337
Trust receipts	319,871	370,650	819,371	120,579	1,630,471
Claims on customers under acceptance credits	962,213	448,592	971,561	898,545	3,280,911
Staff loans/financing	45,104	27,459	304,346	28,364	405,273
Credit/charge cards	615,837	419,787	1,588,247	313,490	2,937,361
Revolving credit	167,670	141,303	2,512,946	52,987	2,874,906
Other loans/financing	2,512	3,220	2,612	813	9,157
Less : Unearned income	(18,892)	(20,174)	(64,288)	(10,844)	(114,198)
	7,277,659	5,609,189	22,232,951	5,180,848	40,300,647

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

1) Credit Risk (Cont'd)

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

		30 June 2012				
Group (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	4,766	5,602	5,909	7,011	23,288	
Term loans/financing						
Housing loans/financing	58,731	87,370	105,713	9,517	261,331	
Hire purchase receivables	2,525	1,098	443	1,111	5,177	
Lease receivables	-	-	3	-	3	
Other term loans/financing	67,502	37,836	113,335	56,740	275,413	
Bills receivable	276	8,291	75	2,326	10,968	
Trust receipts	485	3,680	-	55	4,220	
Claims on customers under acceptance credits	8,507	20,783	18,605	8,189	56,084	
Staff loans/financing	609	210	4,424	126	5,369	
Credit/charge cards	16,485	10,930	33,494	5,494	66,403	
Revolving credit	313	-	1,255	-	1,568	
Other loans/financing	2,600	3,251	2,126	680	8,657	
	162,799	179,051	285,382	91,249	718,481	

		31 December 2011				
Group (RM'000)	Northern	Southern	Central	Eastern	Total	
Overdrafts	6,837	6,321	4,990	6,551	24,699	
Term loans/financing						
Housing loans/financing	56,317	82,458	95,162	10,132	244,069	
Hire purchase receivables	2,525	1,230	656	324	4,735	
Lease receivables	-	-	3	-	3	
Other term loans/financing	77,473	45,357	139,078	59,831	321,739	
Bills receivable	267	8,112	78	2,246	10,703	
Trust receipts	448	3,580	1,089	5	5,122	
Claims on customers under acceptance credits	16,620	21,387	11,432	5,073	54,512	
Staff loans/financing	800	118	5,610	62	6,590	
Credit/charge cards	15,831	9,694	27,675	5,576	58,776	
Revolving credit	571	-	1,208	-	1,779	
Other loans/financing	2,510	3,207	2,150	812	8,679	
	180,199	181,464	289,131	90,612	741,406	

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

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 Disclosures (Cont'd)

1) Credit Risk (Cont'd)

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

30 June 2012

Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,303,920	-	-	-	1,303,920
Term loans/financing					
Housing loans/financing	125,973	72,646	189,844	13,617,097	14,005,560
Syndicated term loan/financing	-	2,976	72,278	-	75,254
Factoring receivables	157,204	-	-	-	157,204
Hire purchase receivables	18,882	114,637	138,907	33,588	306,014
Lease receivables	622	74	-	-	696
Other term loans/financing	2,983,867	1,196,918	2,591,246	5,407,149	12,179,180
Bills receivable	3,674,069	-	-	-	3,674,069
Trust receipts	1,627,718	-	-	-	1,627,718
Claims on customers under acceptance credits	2,946,025	-	-	-	2,946,025
Staff loans/financing	3,797	18,031	34,540	339,091	395,459
Credit/charge cards	2,821,861	-	-	-	2,821,861
Revolving credit	2,974,800	-	-	-	2,974,800
Other loans/financing	9,499	-	-	-	9,499
Less: Unearned income	(39,989)	(14,611)	(25,926)	(29,443)	(109,969)
	18,608,248	1,390,671	3,000,889	19,367,482	42,367,290

31 December 2011 (Restated) [See Note 3]

Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,258,278	-	-	-	1,258,278
Term loans/financing					
Housing loans/financing	98,846	74,255	192,144	12,961,033	13,326,278
Syndicated term loan/financing	-	2,962	74,226	-	77,188
Factoring receivables	107,032	-	-	-	107,032
Hire purchase receivables	16,020	113,218	121,324	8,255	258,817
Lease receivables	841	101	-	-	942
Other term loans/financing	2,790,673	1,479,183	2,711,852	4,360,186	11,341,894
Bills receivable	2,906,337	-	-	-	2,906,337
Trust receipts	1,630,471	-	-	-	1,630,471
Claims on customers under acceptance credits	3,280,911	-	-	-	3,280,911
Staff loans/financing	4,941	18,183	34,880	347,269	405,273
Credit/charge cards	2,937,361	-	-	-	2,937,361
Revolving credit	2,874,906	-	-	-	2,874,906
Other loans/financing	9,157	-	-	-	9,157
Less: Unearned income	(43,048)	(21,501)	(31,777)	(17,872)	(114,198)
	17,872,726	1,666,401	3,102,649	17,658,871	40,300,647

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)
1) Credit risk (Cont'd)
Table 4: Distribution of loans/financing by sector, broken down by type

30 June 2012 Group (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 acceptances credits	Staff loans/financing	Credit/charge card	Revolving credit	Other loans/financing	Unearned income	Total
Agricultural, hunting, forestry and fishing	60,563	-	-	4,280	-	1,353,380	307,906	9,961	75,168	-	-	197,008	1	(7,593)	2,000,674
Mining and quarrying	4,750	-	-	13,584	-	237,385	92,650	45,839	5,808	-	-	115,072	-	(3,741)	511,955
Manufacturing	377,592	-	-	136,472	607	2,275,519	770,103	1,077,853	1,929,700	-	-	781,724	1,268	(21,452)	7,420,273
Electricity, gas and water	9,836	-	-	-	-	97,033	3,072	6,077	18,986	-	-	2,215	1	(1,156)	136,453
Construction	69,954	-	-	22,029	-	790,768	31,835	8,542	58,387	-	-	234,605	26	(4,453)	1,212,011
Real estate	16,285	-	-	-	-	1,225,591	-	-	372	-	-	562,197	-	(12,148)	1,792,297
Wholesale & retail trade and restaurants & hotels	266,776	-	-	71,419	-	435,010	301,500	407,115	736,496	-	-	293,609	834	(7,829)	2,555,690
Transport, storage and communication	44,451	-	2,976	26,931	-	411,213	5,781	21,268	8,805	-	-	51,260	4	(7,908)	566,529
Finance, insurance and business services	130,883	-	72,278	24,710	89	488,146	244,499	50,872	67,667	-	-	675,813	44	(7,139)	1,759,539
Household-retail	291,945	14,001,140	-	1,261	-	3,805,824	-	-	-	395,452	2,821,861	-	-	(30,184)	21,287,299
Others	30,885	4,420	-	5,328	-	1,059,311	1,916,723	191	44,636	7	-	61,297	7,321	(6,366)	3,124,570
	1,303,920	14,005,560	75,254	157,204	696	12,179,180	3,674,069	1,627,718	2,946,025	395,459	2,821,861	2,974,800	9,499	(109,969)	42,367,290

31 December 2011 (Restated) [See Note 3] Group (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 acceptances credits	Staff loans/financing	Credit/charge card	Revolving credit	Other loans/financing	Unearned income	Total
Agricultural, hunting, forestry and fishing	76,151	-	-	3,470	-	1,021,799	206,077	7,041	184,660	-	-	180,124	-	(6,994)	1,672,328
Mining and quarrying	3,862	-	-	15,279	-	285,015	-	43,345	4,435	-	-	115,067	1	(4,204)	463,272
Manufacturing	352,120	-	-	116,843	670	2,415,439	746,827	987,654	2,007,420	-	-	640,707	8,339	(26,594)	7,295,730
Electricity, gas and water	2,188	-	-	731	-	86,550	-	5,621	20,430	-	-	300,718	1	(1,212)	415,027
Construction	74,238	-	-	17,690	-	701,376	32,156	4,867	77,860	-	-	195,424	27	(4,015)	1,099,623
Real estate	12,237	-	-	-	-	1,150,271	-	2,926	457	-	-	459,592	-	(7,595)	1,617,888
Wholesale & retail trade and restaurants & hotels	217,247	-	-	38,307	-	429,584	356,957	508,006	789,300	-	-	190,739	742	(5,191)	2,554,154
Transport, storage and communication	37,945	-	2,962	20,779	-	436,822	5,929	22,259	12,319	-	-	45,809	1	(9,047)	576,122
Finance, insurance and business services	124,475	-	74,226	26,016	272	256,203	401,519	48,537	41,769	-	-	450,975	19	(4,948)	1,427,744
Household-retail	304,644	13,324,730	-	17,585	-	3,748,084	-	-	-	405,265	2,937,361	-	-	(36,401)	20,701,268
Others	53,171	1,548	-	2,117	-	810,751	1,156,872	215	142,261	8	-	295,751	27	(7,997)	2,477,491
	1,258,278	13,326,278	77,188	107,032	942	11,341,894	2,906,337	1,630,471	3,280,911	405,273	2,937,361	2,874,906	9,157	(114,198)	40,300,647

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures (Cont'd)
1) Credit risk (Cont'd)
Table 5: Distribution of impaired loans/financing by sector, broken down by type

30 June 2012 Group (RM'000)													
	Overdraft	Housing loans/financing	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivable	Trust receipts	Claims on customers under acceptances credits	Staff loans/financing	Credit/charge card	Revolving credit	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	319	-	156	-	800	-	-	-	-	-	-	1	1,276
Manufacturing	6,519	-	4,370	3	54,147	1,466	3,700	28,140	-	-	-	455	98,800
Construction	115	-	-	-	1,084	-	-	335	-	-	-	26	1,560
Real estate	654	-	-	-	-	-	-	-	-	-	-	-	654
Wholesale & retail trade and restaurants & hotels	5,449	-	324	-	1,092	9,502	520	25,135	-	-	1,255	8,047	51,324
Transport, storage and communication	5,212	-	-	-	4,021	-	-	-	-	-	-	5	9,238
Finance, insurance and business services	-	-	-	-	50	-	-	2,474	-	-	313	44	2,881
Household-retail	5,020	261,248	327	-	214,193	-	-	-	5,369	66,403	-	-	552,560
Others	-	83	-	-	26	-	-	-	-	-	-	79	188
	23,288	261,331	5,177	3	275,413	10,968	4,220	56,084	5,369	66,403	1,568	8,657	718,481

31 December 2011 Group (RM'000)													
	Overdraft	Housing loans/financing	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivable	Trust receipts	Claims on customers under acceptances credits	Staff loans/financing	Credit/charge card	Revolving credit	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	-	-	-	-	863	-	-	-	-	-	-	1	864
Manufacturing	5,955	-	4,083	3	66,054	1,430	4,669	27,413	-	-	-	388	109,995
Construction	112	-	-	-	670	-	-	319	-	-	-	27	1,128
Real estate	-	-	-	-	87	-	-	-	-	-	-	-	87
Wholesale & retail trade and restaurants & hotels	5,692	-	324	-	1,654	9,273	453	26,780	-	-	1,208	8,215	53,599
Transport, storage and communication	4,346	-	-	-	4,599	-	-	-	-	-	-	1	8,946
Finance, insurance and business services	1,442	-	-	-	546	-	-	-	-	-	571	19	2,578
Household-retail	7,152	243,951	328	-	247,167	-	-	-	6,590	58,776	-	-	563,964
Others	-	118	-	-	99	-	-	-	-	-	-	28	245
	24,699	244,069	4,735	3	321,739	10,703	5,122	54,512	6,590	58,776	1,779	8,679	741,406

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

1) Credit Risk (Cont'd)

Table 6: Past due loans/financing broken down by sector *

	30 June 2012	31 December 2011
	Group (RM'000)	
Agricultural, hunting, forestry and fishing	5,418	3,352
Manufacturing	417,415	425,299
Construction	6,396	4,377
Real estate	2,682	338
Wholesale & retail trade and restaurants & hotels	215,551	207,265
Transport, storage and communication	38,700	34,711
Finance, insurance and business services	14,768	10,003
Household-retail	2,366,278	2,169,828
Others	771	949
	3,067,979	2,856,122

Table 7: Past due loans/financing broken down by geographical location*

	30 June 2012	31 December 2011
	Group (RM'000)	
Northern region	699,661	693,940
Southern region	759,990	700,314
Central region	1,227,631	1,111,351
Eastern region	380,697	350,517
	3,067,979	2,856,122

* The amount of impaired loans broken down by sector and geographical location is disclosed in Note 16 (iii) and 16 (v) of the unaudited condensed interim financial statements at 30 June 2012 respectively.

Table 8: Individual and collective allowance for impairment broken down by sector

	30 June 2012		31 December 2011 (Restated) [See Note 3]	
	Group (RM'000)		Group (RM'000)	
	Individual impairment allowance	Collective impairment allowance	Individual impairment allowance	Collective impairment allowance
Agricultural, hunting, forestry and fishing	1,184	-	727	-
Mining and quarrying	-	-	-	-
Manufacturing	52,031	17,907	48,715	18,423
Electricity, gas and water	-	1,260	-	1,076
Construction	2	1,030	8	436
Real estate	15,476	6,616	1,130	4,642
Wholesale & retail trade and restaurants & hotels	48,135	1,728	39,829	1,417
Transport, storage and communication	4,253	570	8,601	596
Finance, insurance and business services	664	-	592	-
Household-retail	159,324	89,881	185,919	84,259
Others	825	4,669	487	4,503
	281,894	123,661	286,008	115,352

Table 9: Individual and collective allowance for impairment broken down by geographical location

	30 June 2012		31 December 2011 (Restated) [See Note 3]	
	Group (RM'000)		Group (RM'000)	
	Individual impairment allowance	Collective impairment allowance	Individual impairment allowance <i>Restated</i>	Collective impairment allowance <i>Restated</i>
Northern region	26,842	23,001	38,299	22,305
Southern region	39,548	17,912	34,424	16,448
Central region	187,321	70,492	192,743	63,214
Eastern region	28,183	12,256	20,542	13,385
	281,894	123,661	286,008	115,352

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

1) Credit Risk (Cont'd)

Table 10: Charges and write-offs for individual impairment allowance during the period/year broken down by sector

	30 June 2012		31 December 2011 (Restated) [See Note 3]	
	Group (RM'000)		Group (RM'000)	
	Individual impairment charges	Write-off of individual impairment	Individual impairment charges	Write-off of individual impairment
Agricultural, hunting, forestry and fishing	430	-	5,521	111
Mining and quarrying	-	-	562	-
Manufacturing	5,148	4,234	4,518	15,290
Construction	2	7	13	1,549
Real estate	6,252	-	8,568	10
Wholesale & retail trade and restaurants & hotels	4,924	2,379	6,381	10,902
Transport, storage and communication	453	397	74	4,800
Finance, insurance and business services	645	17	474	388
Household-retail	12,548	8,026	25,205	13,833
Others	98	242	522	-
	30,500	15,302	51,838	46,883

The reconciliation of changes in loan impairment provisions is disclosed in Note 16(ii) of the unaudited condensed interim financial statements at 30 June 2012.

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

1) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

Risk weights under the standardised approach at the reporting date are reflected under Note 31 of the unaudited condensed interim financial statements at 30 June 2012. Rated and unrated exposures according to ratings by ECAIs at reporting date are as follows:-

30 June 2012

Group (RM '000)

Exposure Class	Ratings of Corporate by Approved ECAIs					
	S&P	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	Moody's	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance-Sheet Exposures						
Corporates		780,234	887,520	286,328	-	21,399,452
Total		780,234	887,520	286,328	-	21,399,452

31 December 2011

Group (RM '000)

Exposure Class	Ratings of Corporate by Approved ECAIs					
	S&P	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	Moody's	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance-Sheet Exposures						
Corporates		1,301,833	871,641	322,446	-	18,768,357
Total		1,301,833	871,641	322,446	-	18,768,357

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

1) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2012

Group (RM '000)

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
On and Off Balance-Sheet Exposures							
Sovereigns & Central Banks		-	22,187,570	-	-	-	-
Total		-	22,187,570	-	-	-	-

31 December 2011

Group (RM '000)

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
On and Off Balance-Sheet Exposures							
Sovereigns & Central Banks		-	23,173,992	-	-	-	-
Total		-	23,173,992	-	-	-	-

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

1) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 June 2012

Group (RM '000)

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off Balance-Sheet Exposures							
Banks, MDBs and DFIs		4,722,619	4,027,672	1,081,772	335,252	-	3,141,971
Total		4,722,619	4,027,672	1,081,772	335,252	-	3,141,971

31 December 2011

Group (RM '000)

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off Balance-Sheet Exposures							
Banks, MDBs and DFIs		7,140,833	3,234,237	1,399,995	131,201	-	3,106,810
Total		7,140,833	3,234,237	1,399,995	131,201	-	3,106,810

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

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

1) Credit Risk (Cont'd)

ii) Credit Risk Mitigation (CRM)

The table below shows on and off balance sheet exposures before and after credit risk management.

30 June 2012

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Collateral
<i>Credit Risk</i>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	22,141,032	-	-
Banks, Development Financial Institutions & MDBs	9,268,138	-	-
Corporates	15,528,769	355,489	620,385
Regulatory Retail	7,105,078	59,608	169,141
Residential Mortgages	19,712,300	-	25,369
Higher Risk Assets	1,418	-	-
Other Assets	1,069,901	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	541,250	3,653	4,824
Total for On-Balance Sheet Exposures	75,384,794	418,750	819,719
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	4,120,611	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	9,997,186	223,458	340,381
Defaulted Exposures	98,750	1,404	5,014
Total for Off-Balance Sheet Exposures	14,216,547	224,862	345,395
Total On and Off-Balance Sheet Exposures	89,601,341	643,612	1,165,114

Refer to Note 31 of the unaudited condensed interim financial statements at 30 June 2012 for disclosure of off-balance sheet and counterparty credit risk.

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

1) Credit Risk (Cont'd)

ii) CRM (Cont'd)

The table below shows on and off balance sheet exposures before and after credit risk management.

31 December 2011

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Collateral
<i>Credit Risk</i>	Restated		Restated
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	23,166,889	-	-
Banks, Development Financial Institutions & MDBs	11,223,050	-	-
Corporates	15,066,894	278,157	537,331
Regulatory Retail	7,586,318	57,907	166,014
Residential Mortgages	18,127,381	-	25,357
Higher Risk Assets	1,508	-	-
Other Assets	1,070,708	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	532,513	611	6,081
Total for On-Balance Sheet Exposures	76,792,169	336,675	734,783
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	3,676,729	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	8,324,274	201,921	187,770
Defaulted Exposures	58,409	1,502	1,609
Total for Off-Balance Sheet Exposures	12,059,412	203,423	189,379
Total On and Off-Balance Sheet Exposures	88,851,581	540,098	924,162

Refer to Note 31 of the unaudited condensed interim financial statements at 30 June 2012 for disclosure of off-balance sheet and counterparty credit risk.

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

2) Interest rate risk / rate of return risk

A summary of the VAR position of the Group and the Bank's trading portfolios at the reporting date is as follows:-

Bank (RM'000)	At 30 Jun 2012	Average	Maximum	Minimum
Foreign currency risk	76	1,085	3,841	26
Interest rate risk	6,959	5,077	6,959	3,096
Credit spread risk	1,097	2,152	6,464	299
Overall	6,196	5,773	13,590	2,911
HSBC Amanah Malaysia Berhad (RM'000)				
	At 30 Jun 2012	Average	Maximum	Minimum
Foreign currency risk	51	61	431	5
Interest rate risk	144	160	262	113
Credit spread risk	-	105	279	-
Overall	299	389	690	102

Bank (RM'000)	At 31 Dec 2011	Average	Maximum	Minimum
Foreign currency risk	451	739	5,077	6
Interest rate risk	4,181	4,473	9,676	2,070
Credit spread risk	1,407	1,210	2,229	431
Overall	4,028	4,458	9,817	1,880
HSBC Amanah Malaysia Berhad (RM'000)				
	At 31 Dec 2011	Average	Maximum	Minimum
Foreign currency risk	46	64	236	5
Interest rate risk	233	263	664	104
Credit spread risk	-	8	154	-
Overall	237	268	712	108

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

2) Interest rate risk / rate of return 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	
	30-Jun-12	31-Dec-11
	RM'000	RM'000
+100 basis points parallel shift in yield curves	206,772	217,716
-100 basis points parallel shift in yield curves	(193,323)	(211,270)
+25 basis points at the beginning of each quarter	126,145	150,892
-25 basis points at the beginning of each quarter	(117,832)	(148,716)

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	
	30-Jun-12	31-Dec-11
	RM'000	RM'000
+100 basis points parallel shift in yield curves	(92,367)	(88,574)
-100 basis points parallel shift in yield curves	92,367	88,574

3) Restatement of comparative figures

Comparative figures for Table 1, 3, 4, 8, 9 and 10 have been restated/reclassified to conform to current year's presentation upon the adoption of the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. Refer to the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2011 for the comparative figures prior to restatement. Details of the current year restatements made can be found in Note 34 of the unaudited condensed interim financial statements at 30 June 2012.

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

4) Shariah Governance

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 Bank 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 BNM and Securities Commission (SC) 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 acts as a monitoring body to maintain Shariah compliance in the operations and business activities of the IFI. 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 SGF

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 and 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 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

e. Shariah Department

1. Shariah Review

To regularly review the operations and business activities of HBMS in compliance with the Shariah requirements.

To ensure that all procedural guidelines, rules and regulations issued by BNM, SC 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.

2. Shariah Advisory & Business Development

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.

3. Shariah Research

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

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

4) Shariah Governance (Cont'd)

e. Shariah Department (Cont'd)

4. Shariah Training

To cooperate with the relevant parties in educating the staff of HBMS and the Bank on the Shariah principles relating to Islamic banking and finance.

5. 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.

Quantitative Disclosure

During the interim financial period ended 30 June 2012, the following events occurred, however only event (ii) is considered as a non- Shariah compliant event:

(i) Interest income and impairment charge related to a conventional product portfolio have been inadvertently booked in the HBMS's book. This has been rectified by reversing the entire interest income (approximately RM 3 million) as well as the relevant impairment charges from the bank's book and rebooking them into the Bank's book.

(ii) Excess compensation received amounting to RM70,000 has been reversed to an Undistributed Charity Funds account.

Other than the above, there were no Shariah non-compliant income or event which occurred during the half year ended 30 June 2012.