

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 2013

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 2-21 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
26 July 2013

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 2013 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 for the financial year ended 31 December 2012 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2012.

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 2012. There are no material changes relating to qualitative disclosures during the interim reporting period, except for certain updates related to the note on Stress Testing and Credit Risk Mitigation and the removal of the disclosure on Credit Ratings Downgrade.

Stress Testing

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. Essentially, stress testing is to make risks more transparent by estimating potential losses on exposures under abnormal market or economic 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. The results of the analyses 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 BNM's Guideline on Stress Testing and the Group's Policy Paper for Stress Testing, a Stress Test Steering Committee ('STSC') is established. STSC conducts stress testing on a half-yearly basis based on the guidelines and methodology endorsed by the Board. Stress tests are performed for different risk types including credit, liquidity, market and operational risk. The analysis makes use of the actual general ledger, profit and loss and risk positions (the base case) to estimate the impact on profits and risk-weighted assets (the gross impact). It also incorporates the impact of management actions to determine whether or not the Group is able to withstand such an event (the net impact).

Credit Risk Mitigation

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 and in the Group takes many forms. There is no material concentration of credit risk mitigants held.

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

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

- under the residential and real estate business; mortgages over residential and financed properties;
 - under certain Islamic specialised financing and leasing transactions (such as machinery financing) where physical assets form the principal source of facility repayment, physical collateral is typically taken;
 - in the commercial and industrial sectors, charges over business assets such as premises, stock and debtors;
 - facilities provided to small and medium enterprises are commonly granted against guarantees by their owners/directors;
 - guarantees from third parties can arise where facilities are extended without the benefit of any alternative form of security,
 - under the institutional sector, certain trading facilities are supported by charges over financial instruments such as cash, debt securities and equities; and
 - financial collateral in the form cash and of 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).
- Netting is used where appropriate, and supported by market standard documentation.

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

Credit Risk Mitigation (Cont'd)

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 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 property taken as collateral for new or additional facilities, a valuation report is required from a panel valuer. For credit exposures with a credit risk rating (CRR) of 6.1 or worse, a full valuation is to be obtained annually. 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 valuation companies is subject to an annual review. This takes into consideration the company's financial standing, accreditations, experience, professional liability insurance, major clients and size of its branch network.

Refer to Note 31 to the unaudited condensed interim financial statements at 30 June 2013 for the total risk weighted capital ratio, Common Equity Tier 1 (CET 1) 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 2013				
	Northern	Southern	Central	Eastern	Total
Overdrafts	210,393	144,668	481,486	367,747	1,204,294
Term loans/financing					
Housing loans/financing	3,237,021	2,489,059	8,496,559	1,036,061	15,258,700
Syndicated term loan/financing	-	-	57,286	-	57,286
Factoring receivables	29,468	13,722	124,534	13,254	180,978
Hire purchase receivables	55,228	55,415	109,498	59,382	279,523
Lease receivables	48	-	3,065	-	3,113
Other term loans/financing	1,854,779	1,754,267	6,517,288	2,240,823	12,367,157
Bills receivable	100,491	134,181	3,494,849	223,135	3,952,656
Trust receipts	193,029	460,673	847,385	78,803	1,579,890
Claims on customers under acceptance credits	813,304	443,867	1,132,856	575,276	2,965,303
Staff loans/financing	41,591	26,324	292,263	28,583	388,761
Credit/charge cards	556,491	389,773	1,519,994	285,274	2,751,532
Revolving credit	174,965	290,881	3,143,099	104,801	3,713,746
Other loans/financing	2,398	2,557	3,511	503	8,969
Less : Unearned income	(16,322)	(18,521)	(66,308)	(9,709)	(110,860)
	7,252,884	6,186,866	26,157,365	5,003,933	44,601,048

Group (RM'000)	31 December 2012				
	Northern	Southern	Central	Eastern	Total
Overdrafts	216,202	153,823	570,180	342,555	1,282,760
Term loans/financing					
Housing loans/financing	3,147,578	2,354,291	8,104,518	994,678	14,601,065
Syndicated term loan/financing	-	-	67,372	-	67,372
Factoring receivables	29,329	14,346	104,515	8,944	157,134
Hire purchase receivables	64,562	56,555	106,971	68,737	296,825
Lease receivables	81	-	3,138	-	3,219
Other term loans/financing	1,915,836	1,665,519	6,393,316	2,479,274	12,453,945
Bills receivable	84,874	193,815	2,577,702	438,302	3,294,693
Trust receipts	168,398	259,792	621,857	179,643	1,229,690
Claims on customers under acceptance credits	849,569	476,807	1,046,424	617,804	2,990,604
Staff loans/financing	45,403	29,192	299,117	27,964	401,676
Credit/charge cards	585,770	402,309	1,594,086	302,178	2,884,343
Revolving credit	164,138	137,922	3,062,094	56,254	3,420,408
Other loans/financing	2,560	3,123	3,522	675	9,880
Less : Unearned income	(19,923)	(19,527)	(70,316)	(11,531)	(121,297)
	7,254,377	5,727,967	24,484,496	5,505,477	42,972,317

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

1) Credit Risk (Cont'd)

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

30 June 2013

Group (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	9,775	8,106	7,818	1,803	27,501
Term loans/financing					
Housing loans/financing	69,003	74,466	146,736	10,405	300,609
Factoring receivables	-	116	644	-	760
Hire purchase receivables	4,543	4,382	413	455	9,793
Other term loans/financing	61,116	46,402	138,340	49,945	295,803
Bills receivable	281	7,631	20,632	2,280	30,825
Trust receipts	517	3,813	2,461	59	6,850
Claims on customers under acceptance credits	9,685	27,715	65,886	7,894	111,180
Staff loans/financing	228	94	4,306	151	4,779
Credit/charge cards	14,066	10,686	35,562	4,651	64,965
Revolving credit	-	-	65	-	65
Other loans/financing	2,394	2,555	3,482	483	8,914
	171,607	185,967	426,344	78,125	862,043

31 December 2012

Group (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	8,315	8,868	7,345	2,571	27,099
Term loans/financing					
Housing loans/financing	67,926	90,660	126,243	10,396	295,225
Factoring receivables	-	86	663	-	749
Hire purchase receivables	4,339	3,847	423	825	9,434
Other term loans/financing	67,256	53,422	115,160	53,133	288,971
Bills receivable	281	8,168	90	2,407	10,946
Trust receipts	603	3,613	-	57	4,273
Claims on customers under acceptance credits	7,151	32,214	11,707	7,971	59,043
Staff loans/financing	571	461	4,703	149	5,884
Credit/charge cards	15,657	10,903	36,078	4,954	67,592
Revolving credit	-	-	1,303	-	1,303
Other loans/financing	2,551	3,100	2,001	675	8,327
	174,650	215,342	305,716	83,138	778,846

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)

1) Credit Risk (Cont'd)

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

30 June 2013

Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,204,294	-	-	-	1,204,294
Term loans/financing					
Housing loans/financing	91,109	75,486	189,045	14,903,060	15,258,700
Syndicated term loan/financing	-	57,286	-	-	57,286
Factoring receivables	180,978	-	-	-	180,978
Hire purchase receivables	17,444	115,948	116,743	29,388	279,523
Lease receivables	48	-	3,065	-	3,113
Other term loans/financing	2,869,993	2,278,800	2,039,873	5,178,491	12,367,157
Bills receivable	3,952,656	-	-	-	3,952,656
Trust receipts	1,579,890	-	-	-	1,579,890
Claims on customers under acceptance credits	2,965,303	-	-	-	2,965,303
Staff loans/financing	3,837	15,361	34,077	335,486	388,761
Credit/charge cards	2,751,532	-	-	-	2,751,532
Revolving credit	3,713,746	-	-	-	3,713,746
Other loans/financing	8,969	-	-	-	8,969
Less: Unearned income	(40,012)	(18,753)	(21,630)	(30,465)	(110,860)
	19,299,787	2,524,128	2,361,173	20,415,960	44,601,048

31 December 2012

Group (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,282,760	-	-	-	1,282,760
Term loans/financing					
Housing loans/financing	103,411	70,648	186,010	14,240,996	14,601,065
Syndicated term loan/financing	671	66,701	-	-	67,372
Factoring receivables	157,134	-	-	-	157,134
Hire purchase receivables	17,571	108,984	137,602	32,668	296,825
Lease receivables	81	-	3,138	-	3,219
Other term loans/financing	3,421,030	1,623,506	2,185,919	5,223,490	12,453,945
Bills receivable	3,294,693	-	-	-	3,294,693
Trust receipts	1,229,690	-	-	-	1,229,690
Claims on customers under acceptance credits	2,990,604	-	-	-	2,990,604
Staff loans/financing	4,338	15,601	34,756	346,981	401,676
Credit/charge cards	2,884,343	-	-	-	2,884,343
Revolving credit	3,420,408	-	-	-	3,420,408
Other loans/financing	9,880	-	-	-	9,880
Less: Unearned income	(44,898)	(20,113)	(25,252)	(31,034)	(121,297)
	18,771,716	1,865,327	2,522,173	19,813,101	42,972,317

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

1) Credit risk (Cont'd)

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

30 June 2013 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 cards	Revolving credit	Other loans/financing	Unearned income	Total
Agricultural, hunting, forestry and fishing	80,828	-	-	4,007	-	1,133,000	199,125	12,806	130,603	-	-	215,787	19	(7,183)	1,768,992
Mining and quarrying	4,405	-	-	590	15,623	218,830	29,702	36,044	13,798	-	-	115,071	5	(3,468)	430,600
Manufacturing	320,945	-	-	95,271	133,128	1,720,953	678,475	979,432	1,727,317	-	-	760,504	1,973	(23,176)	6,394,870
Electricity, gas and water	5,537	-	-	-	-	103,355	599	2,015	20,068	-	-	2,000	-	(1,452)	132,122
Construction	66,336	-	-	727	15,595	1,244,896	28,757	8,599	72,329	-	-	517,576	25	(4,646)	1,950,194
Real estate	20,026	-	-	-	-	1,569,894	-	-	704	-	-	585,636	-	(11,499)	2,164,761
Wholesale & retail trade and restaurants & hotels	232,502	-	-	52,623	61,238	738,904	325,675	468,961	799,910	-	-	297,583	693	(10,478)	2,967,611
Transport, storage and communication	28,648	-	-	12,759	25,971	270,682	5,165	111	10,459	-	-	142,674	28	(6,560)	489,937
Finance, insurance/takaful and business services	151,559	-	57,286	16,973	19,176	888,877	15,410	69,820	98,860	-	-	949,424	53	(5,966)	2,264,537
Household-retail	258,893	15,257,626	-	-	725	3,866,159	-	-	-	388,761	2,751,532	-	-	(32,548)	22,491,148
Others	34,615	1,074	-	2,035	4,060	611,607	2,669,748	2,102	91,255	-	-	127,491	6,173	(3,884)	3,546,276
	1,204,294	15,258,700	57,286	180,978	279,523	12,367,157	3,952,656	1,579,890	2,965,303	388,761	2,751,532	3,713,746	8,969	(110,860)	44,601,048

31 December 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 cards	Revolving credit	Other loans/financing	Unearned income	Total
Agricultural, hunting, forestry and fishing	82,026	-	-	4,550	-	1,427,049	395,845	5,717	159,468	-	-	158,139	18	(11,143)	2,221,670
Mining and quarrying	2,986	-	-	16,583	-	207,831	72,472	40,907	22,051	-	-	115,171	1	(4,157)	474,355
Manufacturing	306,088	-	-	74,124	135,429	1,840,815	753,613	723,137	1,661,699	-	-	820,262	1,825	(25,151)	6,291,892
Electricity, gas and water	5,468	-	-	214	-	100,180	1,309	5,812	16,666	-	-	2,000	-	(1,609)	130,039
Construction	67,721	-	-	18,965	-	1,235,806	40,018	7,237	77,877	-	-	190,627	25	(5,426)	1,634,788
Real estate	23,394	-	-	-	-	1,279,139	-	-	215	-	-	635,228	-	(10,777)	1,927,200
Wholesale & retail trade and restaurants & hotels	275,835	-	-	47,591	65,555	539,801	404,125	405,672	893,316	-	-	387,947	823	(6,751)	3,013,913
Transport, storage and communication	27,272	-	671	15,529	28,631	292,200	5,755	2,462	9,718	-	-	161,466	18	(7,599)	536,123
Finance, insurance/takaful and business services	181,558	-	66,701	16,809	21,679	823,723	20,325	38,627	86,452	-	-	875,744	33	(6,267)	2,128,551
Household-retail	275,123	14,598,177	-	962	-	3,921,278	-	-	-	401,676	2,884,343	2,000	-	(35,905)	22,047,654
Others	35,290	2,888	-	419	4,471	786,123	1,601,232	118	63,142	-	-	71,823	7,138	(6,512)	2,566,132
	1,282,760	14,601,065	67,372	157,134	296,825	12,453,945	3,294,693	1,229,690	2,990,604	401,676	2,884,343	3,420,408	9,880	(121,297)	42,972,317

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

1) Credit risk (Cont'd)

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

30 June 2013 Group (RM'000)												
Overdraft	Housing loans/financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivable	Trust receipts	Claims on customers under acceptances credits	Staff loans/financing	Credit/charge cards	Revolving credit	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	365	-	-	34	996	19	-	-	-	-	19	1,433
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	5	5
Manufacturing	5,322	78	90	7,655	60,217	963	5,363	84,527	-	-	1,973	166,188
Construction	4,239	-	-	-	45,678	-	54	3,030	-	65	25	53,091
Real estate	-	-	-	-	16,897	-	-	-	-	-	-	16,897
Wholesale & retail trade and restaurants & hotels	9,051	804	670	1,041	4,951	29,557	1,432	23,623	-	-	5,835	76,966
Transport, storage and communication	769	-	-	-	1,428	-	-	-	-	-	28	2,225
Finance, insurance/takaful and business services	398	202	-	220	45	255	-	-	-	-	51	1,170
Household-retail	7,357	299,418	-	687	164,984	-	-	-	4,779	64,965	-	542,190
Others	-	107	-	156	606	31	-	-	-	-	978	1,878
	27,501	300,609	760	9,793	295,803	30,825	6,850	111,180	4,779	64,965	65	862,043

31 December 2012 Group (RM'000)												
Overdraft	Housing loans/financing	Factoring receivables	Hire purchase receivables	Other term loans/financing	Bills receivable	Trust receipts	Claims on customers under acceptances credits	Staff loans/financing	Credit/charge cards	Revolving credit	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	334	-	-	84	1,049	18	-	-	-	-	18	1,503
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	1	1
Manufacturing	7,850	-	86	6,885	58,337	1,510	3,634	32,512	-	-	493	111,307
Construction	2,518	-	-	-	653	-	52	148	-	-	20	3,391
Real estate	-	-	-	-	16,222	-	-	-	-	-	-	16,222
Wholesale & retail trade and restaurants & hotels	8,880	864	663	1,360	569	9,418	587	26,383	-	1,303	6,363	56,390
Transport, storage and communication	657	-	-	-	5,836	-	-	-	-	-	17	6,510
Finance, insurance/takaful and business services	220	-	-	420	59	-	-	-	-	-	31	730
Household-retail	6,639	294,257	-	685	206,215	-	-	-	5,884	67,592	-	581,272
Others	1	104	-	-	31	-	-	-	-	-	1,384	1,520
	27,099	295,225	749	9,434	288,971	10,946	4,273	59,043	5,884	67,592	1,303	778,846

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

1) Credit Risk (Cont'd)

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

	30 June 2013	31 December 2012
	Group (RM'000)	Group (RM'000)
Agricultural, hunting, forestry and fishing	5,604	6,631
Mining and quarrying	19	4
Manufacturing	661,278	492,064
Electricity, gas and water	1	-
Construction	212,928	14,820
Real estate	64,922	70,899
Wholesale & retail trade and restaurants & hotels	314,415	251,546
Transport, storage and communication	11,267	29,063
Finance, insurance/takaful and business services	5,651	3,500
Household-retail	2,447,886	2,624,126
Others	7,742	6,644
	3,731,713	3,499,297

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

	30 June 2013	31 December 2012
	Group (RM'000)	Group (RM'000)
Northern region	779,196	790,295
Southern region	793,213	963,334
Central region	1,841,503	1,378,154
Eastern region	317,801	367,514
	3,731,713	3,499,297

* of which the portion 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 2013 respectively.

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

	30 June 2013		31 December 2012	
	Group (RM'000)		Group (RM'000)	
	Individual impairment allowance	Collective impairment allowance	Individual impairment allowance	Collective impairment allowance
Agricultural, hunting, forestry and fishing	1,357	6,370	1,503	9,108
Mining and quarrying	-	2,134	-	2,539
Manufacturing	68,156	65,265	72,343	59,317
Electricity, gas and water	-	7,159	-	5,006
Construction	4,354	8,714	65	8,138
Real estate	14,062	34,493	15,556	30,266
Wholesale & retail trade and restaurants & hotels	49,359	12,656	46,841	13,160
Transport, storage and communication	523	5,099	439	5,316
Finance, insurance/takaful and business services	8	4,169	30	3,848
Household-retail	176,599	242,998	168,181	239,330
Others	207	22,762	23	25,413
	314,625	411,819	304,981	401,441

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

	30 June 2013		31 December 2012	
	Group (RM'000)		Group (RM'000)	
	Individual impairment allowance	Collective impairment allowance	Individual impairment allowance	Collective impairment allowance
Northern region	27,874	70,943	28,085	74,099
Southern region	51,712	60,555	50,136	57,063
Central region	200,739	241,836	191,591	229,453
Eastern region	34,300	38,485	35,169	40,826
	314,625	411,819	304,981	401,441

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim 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 2013		31 December 2012	
	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	291	3	1,525	-
Manufacturing	11,686	8,155	35,986	4,992
Construction	2,983	-	66	7
Real estate	111	-	1,410	-
Wholesale & retail trade and restaurants & hotels	10,163	4,822	8,351	4,549
Transport, storage and communication	102	-	618	4,120
Finance, insurance/takaful and business services	-	-	33	34
Household-retail	34,410	11,358	39,619	14,301
Others	-	-	-	238
	59,746	24,338	87,608	28,241

The reconciliation of changes in loan impairment provisions is disclosed in Note 16(ii) of the unaudited condensed interim financial statements at 30 June 2013.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim 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 in page 17. Rated and unrated exposures according to ratings by ECAIs at reporting date are as follows:-

30 June 2013

Group (RM '000)

Exposure Class	Ratings of Corporate by Approved ECAIs					
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance-Sheet Exposures						
Corporates		958,503	732,775	293,418	-	22,731,596
Total		958,503	732,775	293,418	-	22,731,596

31 December 2012

Group (RM '000)

Exposure Class	Ratings of Corporate by Approved ECAIs					
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	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		955,583	821,973	417,730	-	21,876,655
Total		955,583	821,973	417,730	-	21,876,655

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

1) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (Cont'd)

30 June 2013

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
	Moody's	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		-	7,900,338	-	-	-	16,758
Total		-	7,900,338	-	-	-	16,758

31 December 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
	Moody's	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		-	22,779,570	-	-	-	972
Total		-	22,779,570	-	-	-	972

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

1) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (Cont'd)

30 June 2013

Group (RM '000)

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moody's	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		614,830	1,584,923	222,544	186,331	-	3,093,235
Total		614,830	1,584,923	222,544	186,331	-	3,093,235

31 December 2012

Group (RM '000)

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moody's	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		5,100,181	3,870,531	1,055,176	114,539	-	1,538,961
Total		5,100,181	3,870,531	1,055,176	114,539	-	1,538,961

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

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

1) Credit Risk (Cont'd)

ii) Credit risk mitigation ('CRM')

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

30 June 2013

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	25,866,961	-	-
Banks, Development Financial Institutions & MDBs	7,524,642	-	-
Corporates	16,692,046	103,889	975,768
Regulatory Retail	6,618,801	33,636	171,294
Residential Mortgages	16,808,022	-	25,405
Higher Risk Assets	58	-	-
Other Assets	757,680	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	630,924	1,068	15,105
Total for On-Balance Sheet Exposures	74,916,042	138,593	1,187,572
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	3,696,694	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	12,270,252	162,696	236,146
Defaulted Exposures	126,427	3,420	8,774
Total for Off-Balance Sheet Exposures	16,093,373	166,116	244,920
Total On and Off-Balance Sheet Exposures	91,009,415	304,709	1,432,492

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

1) Credit Risk (Cont'd)

ii) Credit risk mitigation ('CRM') (Cont'd)

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

31 December 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	22,720,409	-	-
Banks, Development Financial Institutions & MDBs	8,166,015	-	-
Corporates	15,885,078	98,049	901,451
Regulatory Retail	6,546,863	33,821	168,973
Residential Mortgages	20,642,248	-	24,753
Higher Risk Assets	1,355	-	-
Other Assets	1,173,241	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	553,338	955	8,761
Total for On-Balance Sheet Exposures	75,705,455	132,825	1,103,938
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	3,732,755	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,129,262	198,780	221,676
Defaulted Exposures	126,723	4,817	12,000
Total for Off-Balance Sheet Exposures	13,988,740	203,597	233,676
Total On and Off-Balance Sheet Exposures	89,694,195	336,422	1,337,614

Refer to Note 32 of the unadited condensed financial statements at 30 June 2013 for disclosure of off-balance sheet and counterparty credit risk.

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

1) Credit Risk (Cont'd)

iii) Counterparty Credit Risk

The tables below disclose the gross and net exposures, risk weighted assets ('RWAs') and capital requirements for credit risk, market risk, large exposures risk and operational risk of the Group at the balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel II Standardised Approach under the Risk Weighted Capital Adequacy Framework ('RWCAF').

At 30 June 2013, the RWA risk absorbent profit sharing investment account in the Bank amounted to RM431,850,000. Both the principal amount and risk weighted asset 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 2013

Group

Group (RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	RWA Absorbed by PSIA	Total RWA after PSIA	Capital Requirement
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns/Central Banks	25,866,961	25,866,961	-	-	-	-
Banks, Development Financial Institutions & MDBs	7,524,642	7,524,642	1,936,974	-	1,936,974	154,958
Corporates	16,692,046	15,716,277	15,005,187	-	15,005,187	1,200,415
Regulatory Retail	6,618,801	6,447,507	4,889,902	-	4,889,902	391,192
Residential Mortgages	16,808,022	16,782,617	6,972,390	-	6,972,390	557,791
Higher Risk Assets	58	58	87	-	87	7
Other Assets	757,680	757,680	474,871	-	474,871	37,990
Equity Exposure	16,908	16,908	16,908	-	16,908	1,353
Defaulted Exposures	630,924	615,819	693,632	-	693,632	55,491
Total for On-Balance Sheet Exposures	74,916,042	73,728,469	29,989,951	-	29,989,951	2,399,197
<i>Off-Balance Sheet Exposures</i>						
OTC Derivatives	3,696,694	3,696,694	1,836,526	-	1,836,526	146,922
Off balance sheet exposures other than OTC derivatives or credit derivatives	12,270,252	12,034,106	10,062,185	-	10,062,185	804,975
Defaulted Exposures	126,427	117,653	172,452	-	172,452	13,796
Total for Off-Balance Sheet Exposures	16,093,373	15,848,453	12,071,163	-	12,071,163	965,693
Total On and Off-Balance Sheet Exposures	91,009,415	89,576,922	42,061,114	-	42,061,114	3,364,890
<u>Large Exposures Risk Requirement</u>						
	-	-	-	-	-	-
<u>Market Risk</u>						
	<u>Long Position</u>	<u>Short Position</u>				
Interest/Profit Rate Risk	71,831,873	69,313,732	2,518,058	1,626,803	1,626,803	130,144
Foreign Currency Risk	135,832	42,415	135,832	135,832	135,832	10,867
Option Risk	-	-	-	207,800	207,800	16,624
	71,967,705	69,356,147	2,653,890	1,970,435	1,970,435	157,635
Operational Risk	-	-	-	5,479,063	5,479,063	438,325
Total RWA and Capital Requirement	-	-	-	49,510,612	49,510,612	3,960,850

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

1) Credit Risk (Cont'd)

iii) Counterparty Credit Risk (Cont'd)

At 31 December 2012, the RWA risk absorbent profit sharing investment account in the Bank amounted to RM632,121,000. Both the principal amount and risk weighted asset are the same. This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At the group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

31 December 2012
Group (RM'000)

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	RWA Absorbed by PSIA	Total RWA after PSIA	Capital Requirement
<i>Credit Risk</i>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns/Central Banks	22,720,409	22,720,409	-	-	-	-
Banks, Development Financial Institutions & MDBs	8,166,015	8,166,015	1,703,967	-	1,703,967	136,317
Corporates	15,885,078	14,983,627	14,336,035	-	14,336,035	1,146,883
Regulatory Retail	6,546,863	6,377,890	4,843,700	-	4,843,700	387,496
Residential Mortgages	20,642,248	20,617,495	8,522,558	-	8,522,558	681,805
Higher Risk Assets	1,355	1,355	2,032	-	2,032	163
Other Assets	1,173,241	1,173,241	847,805	-	847,805	67,824
Equity Exposure	16,908	16,908	16,908	-	16,908	1,353
Defaulted Exposures	553,338	544,577	637,646	-	637,646	51,012
Total for On-Balance Sheet Exposures	75,705,455	74,601,517	30,910,651	-	30,910,651	2,472,853
<i>Off-Balance Sheet Exposures</i>						
OTC Derivatives	3,732,755	3,732,755	1,856,647	-	1,856,647	148,532
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,129,262	9,907,586	8,462,623	-	8,462,623	677,010
Defaulted Exposures	126,723	114,723	166,860	-	166,860	13,349
Total for Off-Balance Sheet Exposures	13,988,740	13,755,064	10,486,130	-	10,486,130	838,891
Total On and Off-Balance Sheet Exposures	89,694,195	88,356,581	41,396,781	-	41,396,781	3,311,744
<i>Large Exposures Risk Requirement</i>						
	-	-	-	-	-	-
<i>Market Risk</i>						
	<u>Long Position</u>	<u>Short Position</u>				
Interest/Profit Rate Risk	72,969,146	69,431,362	3,537,784	1,553,969	1,553,969	124,318
Foreign Currency Risk	48,218	45,089	54,636	54,636	54,636	4,371
Option Risk	-	-	-	19,550	19,550	1,564
	73,017,364	69,476,451	3,592,420	1,628,155	1,628,155	130,253
Operational Risk	-	-	-	5,211,149	5,211,149	416,892
Total RWA and Capital Requirement	-	-	-	48,236,085	48,236,085	3,858,889

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

Refer to Note 32 of the unaudited condensed interim financial statements at 30 June 2013 for disclosure of off-balance sheet and counterparty credit risk.

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

1) Credit Risk (Cont'd)

iii) Counterparty Credit Risk (Cont'd)

The tables below are disclosures on credit risk by risk weights of the Group at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel II Standardised Approach under the RWCAF.

30 June 2013

Group

Group (RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	25,891,043	-	24,034	19,738	-	-	282,809	-	26,217,623	-
20%	-	7,972,662	1,050,433	26,766	-	-	-	-	9,049,861	1,809,972
35%	-	-	-	-	13,427,046	-	-	-	13,427,046	4,699,466
50%	-	2,994,854	519,716	35,836	1,393,836	-	-	-	4,944,242	2,472,121
75%	-	-	-	8,103,671	3,917,404	-	-	-	12,021,075	9,015,806
100%	-	10,720	21,988,795	486,822	645,610	-	474,871	16,908	23,623,726	23,623,725
150%	-	28,569	233,175	17,524	13,931	150	-	-	293,349	440,024
Total Risk Weight									89,576,922	42,061,114
Average Risk Weight	0%	29%	96%	76%	46%	150%	63%	100%	47%	

31 December 2012

Group

Group (RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	22,780,542	-	23,775	21,116	-	-	325,436	-	23,150,869	-
20%	-	9,861,486	914,520	20,626	-	-	-	-	10,796,632	2,159,326
35%	-	-	-	-	16,252,048	-	-	-	16,252,048	5,688,217
50%	-	1,788,442	561,439	22,362	1,759,557	-	-	-	4,131,800	2,065,900
75%	-	-	-	8,089,539	2,703,837	-	-	-	10,793,376	8,095,032
100%	-	8,307	21,392,378	437,159	216,400	-	847,805	16,908	22,918,957	22,918,958
150%	-	21,153	120,144	168,328	1,811	1,463	-	-	312,899	469,348
Total Risk Weight									88,356,581	41,396,781
Average Risk Weight	0%	25%	96%	77%	42%	150%	72%	100%	47%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

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

2) Interest rate risk / profit rate risk

A summary of the VAR position of the Bank and its fully owned subsidiary, HSBC Amanah Malaysia Berhad's trading portfolios at the reporting date is as follows:-

Bank (RM'000)	At 30 Jun 2013	Average	Maximum	Minimum
Foreign currency risk	1,434	784	2,190	271
Interest rate risk	3,164	5,737	7,839	3,164
Credit spread risk	880	1,163	1,449	735
Overall	3,465	5,782	8,063	3,465
HSBC Amanah Malaysia Berhad (RM'000)				
	At 30 Jun 2013	Average	Maximum	Minimum
Foreign currency risk	19	86	269	6
Profit rate risk	130	162	324	85
Overall	127	247	644	86

Bank (RM'000)	At 31 Dec 2012	Average	Maximum	Minimum
Foreign currency risk	323	709	3,688	25
Interest rate risk	6,356	5,047	7,437	2,973
Credit spread risk	1,391	1,751	6,206	270
Overall	6,406	5,320	8,433	2,795
HSBC Amanah Malaysia Berhad (RM'000)				
	At 31 Dec 2012	Average	Maximum	Minimum
Foreign currency risk	22	59	414	5
Profit rate risk	96	138	251	90
Overall	87	352	999	87

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

2) 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	
	30-Jun-13	31-Dec-12
	RM'000	RM'000
+100 basis points parallel shift in yield curves	245,143	185,685
-100 basis points parallel shift in yield curves	(243,988)	(177,200)
+25 basis points at the beginning of each quarter	159,224	139,944
-25 basis points at the beginning of each quarter	(161,765)	(135,610)

The sensitivity of reported reserves in "other comprehensive income" to interest/profit rate movements is 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-13	31-Dec-12
	RM'000	RM'000
+100 basis points parallel shift in yield curves	(99,044)	(141,429)
-100 basis points parallel shift in yield curves	99,044	141,429

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

3) Shariah Governance

Overview

Shariah compliance is a cornerstone of the 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 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 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 the 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 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 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 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.

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

3) 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)

e. Shariah Department (Cont'd)

3. Shariah Research

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

4. Shariah Training

To cooperate with the relevant parties in educating the staff of HBMS and HSBC 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 2013, the following events occurred:

(i) Income from inadvertent Shariah non-compliant activities identified by HBMS's management amounting to RM58,000 has been reversed to a Charity Funds account pending distribution in 2013.

Other than the above, there was no other Shariah non-compliant income or event which occurred during the half year ended 30 June 2013.