

HSBC BANK MALAYSIA BERHAD
(Company No.127776-V)
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
at 31 December 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 to 42 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
1 March 2016

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(Company No.127776-V)
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(a) Introduction

HSBC Bank Malaysia Berhad (the Bank) is principally engaged in the provision of banking and other related financial services. The subsidiaries of the Bank are principally engaged in the businesses of Islamic Banking and nominee services. Islamic Banking operations refer generally to the acceptance of deposits and granting of financing under the principles of Shariah. The Bank and its subsidiaries are herein referred to as 'the Group' in this document.

(b) Basel II

The Group's lead regulator, Bank Negara Malaysia (BNM) sets and monitors capital requirements for the Group as a whole. The Group is required to comply with the provisions of the Basel II framework in respect of regulatory capital. The Bank adopts the Standardised approach for Credit, Operational and Market Risk. Its fully owned subsidiary, HSBC Amanah Malaysia Berhad, adopts the Standardised approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

Basel II is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline. Pillar 3 aims to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess certain specific information on the capital management processes, and risk assessment processes, and hence the capital adequacy of the Group. Disclosures consist of both quantitative and qualitative information and are provided at the Group and the Bank level. Banks are required to disclose all their material risks as part of the Pillar 3 framework. All material and non-proprietary information required by Pillar 3 is included in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2015. BNM permits certain Pillar 3 requirements to be satisfied by inclusion within the financial statements. Where this is the case, references are provided to relevant sections in the Financial Statements at 31 December 2015.

(c) Consolidation basis

The basis of consolidation for financial accounting purposes is described in Note 3(a) of the financial statements at 31 December 2015 and it is the same basis of consolidation that is used for regulatory purposes. The Bank's subsidiary companies are listed in Note 14 of the financial statements, and are fully consolidated for both financial accounting and regulatory purposes.

(d) Transferability of capital and funds within the Group

The Bank is the primary provider of equity capital to its subsidiaries. Each subsidiary manages its own capital to support its planned business growth. The Group is not aware of any impediments on transfer of funds or regulatory capital.

(e) Internal assessment of capital adequacy

The Group assesses the adequacy of its capital by considering the resources necessary to cover unexpected losses arising from discretionary risks, such as credit risk and market risk, or non-discretionary risks, such as operational and reputational risk.

The key objective of Internal Capital Adequacy Assessment Process (ICAAP) is to ensure that sufficient capital is maintained, given the risk profile of the Bank on an ongoing and forward looking basis. The ICAAP permits the setting of target amounts for internal capital consistent to the Group's risk profile and the environment in which it pursues business.

The ICAAP is an internal assessment of the Group's capital adequacy given its risk appetite, risk profile and regulatory minimum requirements. The Group assesses the adequacy of its capital by considering the resources necessary to cover unexpected losses arising from discretionary risks, such as credit risk and market risk, or non-discretionary risks, such as operational and reputational risk. On a forward looking basis, the ICAAP ensures that the Group's capital position:

- exceeds the minimum regulatory capital requirements as prescribed by the BNM;
- remains sufficient to support the Group's Risk Appetite and business strategies;
- remains sufficient to support the underlying and projected risk profile; and
- remains sufficient to sustain business growth and in adverse business or economic conditions.

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

(e) Internal assessment of capital adequacy (Cont'd)

In order to achieve this, the Group has a robust ICAAP framework in place which underlines the foundation of its risk and capital management process. It has the following key features:

- a strong and encompassing governance framework;
- a forward-looking risk appetite framework to ensure our business and risk profiles are in line with the Board of Directors' (BOD) expectations;
- a robust capital management, planning and forecasting framework; and
- an internal risk assessment process based on the economic capital and stress testing frameworks to support the Group's capital adequacy positions.

Refer to Note 37 of the financial statements at 31 December 2015 for the total capital ratio and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

Stress Testing

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

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

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

(e) Internal assessment of capital adequacy (Cont'd)

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.

Risk Appetite

Risk Appetite is a central component of an integrated approach to risk, capital and value management and an important mechanism to realise the Group's strategic vision and corporate strategy. Risk Appetite forms an integral part of the Group's ICAAP to ensure sufficient capital resources for the risk profile across customer groups.

The Risk Appetite Framework describes the quantum and types of risk that the Group is prepared to take in executing its strategy. It aims to introduce a more explicit and consistent consideration of risk and capital into the Group's strategy formulation, business planning, target setting, execution and measurement/ reporting processes throughout the Group. It applies to the Group's planning activities, strategic investments and running of the Group's operations across all regions and group businesses.

The Risk Appetite Framework as well as the Consolidated Risk Appetite Statement (RAS) will be reviewed by all relevant stakeholders namely Risks, Finance and customer groups. It is tabled to the RMC for endorsement, and subsequently tabled to the Board Risk Committee (BRC) for recommendation to the BOD for approval.

(f) Capital structure

For regulatory purposes, the Group's regulatory capital is divided into two categories, or tiers. These are Tier 1 and Tier 2. The main features of capital securities issued by the Group are disclosed below:

- Tier 1 capital is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 Capital. CET1 Capital includes ordinary share capital ^[1], share premium, retained earnings, reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. The Group does not have any Additional Tier 1 Capital as at 31 December 2015. (Refer to Note 37 of the financial statements at 31 December 2015 for the amount of Tier 1 capital and a breakdown of its components).
- Tier 2 capital includes qualifying subordinated liabilities ^[2], collective impairment allowances (excluding collective impairment allowances attributable to loans classified as impaired), regulatory reserve and the element of the fair value reserve relating to revaluation of property which are disclosed as the regulatory adjustments. (Refer to Note 37 of the financial statements at 31 December 2015 for the amount of Tier 2 capital and a breakdown of its components).

(g) Risk management policies

All of the Group's activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk (includes foreign exchange and interest/profit rate risk)
- operational risk

Refer to Note 4 of the financial statements at 31 December 2015 for the Group's risk managements policies on the above mentioned risks.

^[1] Refer to Note 24 of the financial statements at 31 December 2015 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

^[2] Refer to Note 23 of the financial statements at 31 December 2015 for terms and conditions of the subordinated liabilities.

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

(g) Risk management policies (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 31 December 2015, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA)/ Restricted Profit Sharing Investment Account (RPSIA) in the Bank amounted to RM1,357.8m (31 December 2014 : RM415.7m). 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.

31 Dec 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	29,973,809	29,973,809	823,880	65,910
PSEs	1,671,043	1,671,043	1,614,984	129,199
Banks, DFIs & MDBs	4,241,497	4,241,497	1,109,697	88,776
Corporates	20,966,382	19,670,638	18,645,500	1,491,640
Regulatory Retail	6,246,675	6,091,240	4,595,652	367,652
Residential Mortgages	19,837,349	19,816,163	7,527,857	602,229
Higher Risk Assets	2,427	2,427	3,641	291
Other Assets	792,747	792,747	505,369	40,429
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	804,956	801,419	918,182	73,455
Total for On-Balance Sheet Exposures	84,553,793	83,077,891	35,761,670	2,860,934
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,549,598	5,225,432	2,386,008	190,881
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,374,650	18,064,972	13,814,916	1,105,193
Defaulted Exposures	8,885	8,885	12,209	976
Total for Off-Balance Sheet Exposures	24,933,133	23,299,289	16,213,133	1,297,050
Total On and Off-Balance Sheet Exposures ^[1]	109,486,926	106,377,180	51,974,803	4,157,984
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	36,171,170	37,327,255	(1,156,085)	1,204,189
Foreign Currency Risk	20,137	110,041	99,633	8,803
Options Risk	-	-	-	62,396
	36,191,307	37,437,296	(1,056,452)	1,376,626
Operational Risk (Standardised Approach)	-	-	-	5,848,312
Total RWA and Capital Requirement	-	-	-	59,199,741
				4,735,979

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2014

Group

(RM'000)

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 ^[1]	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	-	-	229,423	18,354
	68,841,887	67,234,280	1,668,845	139,065
Operational Risk (Standardised Approach)	-	-	5,711,241	456,899
Total RWA and Capital Requirement	-	-	52,946,791	4,235,742

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

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

Refer to Note 37 and Note 38 of the financial statements at 31 December 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2015

Bank

(RM'000)

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	23,545,092	23,545,092	823,880	65,910
PSEs	1,360,230	1,360,230	1,304,171	104,334
Banks, DFIs & MDBs	7,351,774	7,351,774	1,716,064	137,285
Corporates	15,896,884	14,701,183	14,028,699	1,122,296
Regulatory Retail	3,986,443	3,859,627	2,912,280	232,982
Residential Mortgages	15,640,141	15,622,156	5,952,922	476,234
Higher Risk Assets	2,427	2,427	3,641	291
Other Assets	671,753	671,753	471,854	37,748
Equity Exposure	16,908	16,908	16,908	1,353
Defaulted Exposures	663,268	660,549	759,660	60,773
Total for On-Balance Sheet Exposures	69,134,920	67,791,699	27,990,079	2,239,206
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	6,864,486	5,540,320	2,197,488	175,799
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,322,175	15,079,665	11,780,654	942,452
Defaulted Exposures	7,899	7,899	10,806	864
Total for Off-Balance Sheet Exposures	22,194,560	20,627,884	13,988,948	1,119,115
Total On and Off-Balance Sheet Exposures ^[1]	91,329,480	88,419,583	41,979,027	3,358,321
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	35,292,714	37,233,766	(1,941,052)	1,120,889
Foreign Currency Risk	9,471	88,967	88,967	7,117
Options Risk	-	-	-	62,396
	35,302,185	37,322,733	(1,852,085)	1,272,252
Operational Risk (Standardised Approach)	-	-	-	5,272,799
Total RWA and Capital Requirement	-	-	-	48,524,078
				3,881,925

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

(g) Risk management policies (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2014

Bank

(RM'000)

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 ^[1]	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	1,627,955
Operational Risk (Standardised Approach)	-	-	-	5,079,063
Total RWA and Capital Requirement	-	-	-	42,961,733
				3,436,938

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

OTC - Over the counter

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

Refer to Note 37 and Note 38 of the financial statements at 31 December 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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

(g) Risk management policies (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.

31 Dec 2015

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	25,855,341	27,524	-	4,533	8,155	-	-	286,626	-	26,182,179	-
20%	4,155,300	380,746	6,394,422	1,913,610	20,709	-	-	537	-	12,865,324	2,573,064
35%	-	-	-	-	-	20,390,279	-	-	-	20,390,279	7,136,597
50%	-	73,491	2,653,496	856,277	5,901	1,054,685	-	650	-	4,644,500	2,322,251
75%	-	-	-	400	8,156,311	1,774,881	-	-	-	9,931,592	7,448,694
100%	-	2,165,990	211,061	28,503,093	359,018	340,519	-	504,936	16,908	32,101,525	32,101,525
150%	-	-	-	138,021	50,802	70,123	2,835	-	-	261,781	392,672
1250%	-	-	-	-	-	-	-	-	-	-	-
Total										106,377,180	51,974,803
Average Risk Weight	3%	86%	30%	94%	76%	40%	150%	64%	100%	49%	

31 Dec 2014

Group

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	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%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

(g) Risk management policies (Cont'd)

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

31 Dec 2015

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	19,426,624	-	-	1,650	5,158	-	-	199,147	-	19,632,579	-
20%	4,155,300	163,350	10,239,909	1,291,752	17,209	-	-	537	-	15,868,057	3,173,611
35%	-	-	-	-	-	16,253,421	-	-	-	16,253,421	5,688,697
50%	-	73,491	2,404,841	546,239	5,620	766,686	-	650	-	3,797,527	1,898,764
75%	-	-	-	400	5,535,981	1,506,275	-	-	-	7,042,656	5,281,992
100%	-	1,753,244	156,123	22,657,922	273,447	275,039	-	471,421	16,908	25,604,104	25,604,104
150%	-	-	-	131,377	33,780	53,247	2,835	-	-	221,239	331,859
1250%	-	-	-	-	-	-	-	-	-	-	-
Total										88,419,583	41,979,027
Average Risk Weight	4%	92%	27%	95%	76%	40%	150%	70%	100%	47%	

31 Dec 2014

Bank

(RM'000)

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk

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

Group (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	158,644	134,235	693,063	161,682	1,147,624
Term loans/financing					
Housing loans/financing	3,413,097	3,058,648	11,539,978	1,156,120	19,167,843
Factoring receivables	19,259	52,041	144,199	56,749	272,248
Hire purchase receivables	65,021	54,213	86,143	24,175	229,552
Lease receivables	-	-	4,103	-	4,103
Other term loans/financing	1,432,791	1,904,526	10,106,776	1,127,969	14,572,062
Bills receivable	90,610	554,563	2,787,489	89,224	3,521,886
Trust receipts	302,324	155,987	1,194,922	28,530	1,681,763
Claims on customers under acceptance credits	890,313	516,789	1,345,301	162,362	2,914,765
Staff loans/financing	21,286	11,076	123,555	8,632	164,549
Credit/charge cards	522,016	373,407	1,651,473	280,919	2,827,815
Revolving credit	235,406	249,661	4,830,373	71,572	5,387,012
Other loans/financing	1,972	794	2,136	600	5,502
	7,152,739	7,065,940	34,509,511	3,168,534	51,896,724

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
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

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

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

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

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

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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts	148,426	106,236	642,327	160,235	1,057,224
Term loans/financing					
Housing loans/financing	2,812,642	2,462,772	8,715,052	968,611	14,959,077
Factoring receivables	19,259	52,041	144,199	56,749	272,248
Hire purchase receivables	-	-	-	-	-
Other term loans/financing	1,030,522	1,174,481	6,640,561	903,407	9,748,971
Bills receivable	90,610	554,563	2,787,489	89,224	3,521,886
Trust receipts	185,590	133,056	731,388	28,048	1,078,082
Claims on customers under acceptance credits	748,672	397,609	784,246	150,268	2,080,795
Staff loans/financing	20,732	9,720	118,450	8,138	157,040
Credit/charge cards	412,305	291,403	1,303,592	251,157	2,258,457
Revolving credit	233,206	244,596	4,030,940	71,572	4,580,314
Other loans/financing	1,972	794	2,136	600	5,502
	5,703,936	5,427,271	25,900,380	2,688,009	39,719,596

Bank (RM'000)	31 Dec 2014 (Restated - refer Note 7)				
	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
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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Group (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	5,408	881	7,357	40,093	53,739
Term loans/financing					
Housing loans/financing	86,667	77,193	214,718	21,413	399,991
Factoring receivables	738	-	-	-	738
Hire purchase receivables	1,919	56	542	4,532	7,049
Other term loans/financing	33,591	15,495	194,522	126,859	370,467
Bills receivable	-	6,662	950	-	7,612
Trust receipts	84	-	5,339	-	5,423
Claims on customers under acceptance credits	25,824	126	5,954	2,596	34,500
Staff loans/financing	588	201	1,711	54	2,554
Credit/charge cards	9,696	6,419	24,888	3,630	44,633
Revolving credit	2,200	-	6,695	-	8,895
Other loans/financing	1,971	791	2,118	600	5,480
	168,686	107,824	464,794	199,777	941,081

Group (RM'000)	31 Dec 2014				
	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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2015				
	Northern	Southern	Central	Eastern	Total
Overdrafts	5,226	881	3,538	40,093	49,738
Term loans/financing					
Housing loans/financing	68,117	58,587	158,951	19,353	305,008
Factoring receivables	738	-	-	-	738
Hire purchase receivables	-	-	-	-	-
Other term loans/financing	23,471	5,942	119,754	124,884	274,051
Bills receivable	-	6,662	950	-	7,612
Trust receipts	84	-	5,339	-	5,423
Claims on customers under acceptance credits	7,541	126	5,954	2,596	16,217
Staff loans/financing	575	201	1,711	46	2,533
Credit/charge cards	6,861	4,367	18,020	3,059	32,307
Revolving credit	-	-	6,695	-	6,695
Other loans/financing	1,971	791	2,118	600	5,480
	114,584	77,557	323,030	190,631	705,802

Bank (RM'000)	31 Dec 2014				
	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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 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	1,147,624	-	-	-	1,147,624
Term loans/financing					
Housing loans/financing	102,402	69,707	178,697	18,817,037	19,167,843
Factoring receivables	272,248	-	-	-	272,248
Hire purchase receivables	14,620	111,503	103,429	-	229,552
Lease receivables	-	1,243	2,860	-	4,103
Other term loans/financing	3,478,159	3,122,343	3,579,006	4,392,554	14,572,062
Bills receivable	3,521,886	-	-	-	3,521,886
Trust receipts	1,681,763	-	-	-	1,681,763
Claims on customers under acceptance credits	2,914,765	-	-	-	2,914,765
Staff loans/financing	1,898	15,147	27,804	119,700	164,549
Credit/charge cards	2,827,815	-	-	-	2,827,815
Revolving credit	5,387,012	-	-	-	5,387,012
Other loans/financing	5,502	-	-	-	5,502
	21,355,694	3,319,943	3,891,796	23,329,291	51,896,724

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
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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

		31 Dec 2015			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	1,057,224	-	-	-	1,057,224
Term loans/financing					
Housing loans/financing	87,374	66,237	165,362	14,640,104	14,959,077
Factoring receivables	272,248	-	-	-	272,248
Hire purchase receivables	-	-	-	-	-
Other term loans/financing	1,879,237	2,596,763	2,210,003	3,062,968	9,748,971
Bills receivable	3,521,886	-	-	-	3,521,886
Trust receipts	1,078,082	-	-	-	1,078,082
Claims on customers under acceptance credits	2,080,795	-	-	-	2,080,795
Staff loans/financing	1,709	14,241	26,198	114,892	157,040
Credit/charge cards	2,258,457	-	-	-	2,258,457
Revolving credit	4,580,314	-	-	-	4,580,314
Other loans/financing	5,502	-	-	-	5,502
	16,822,828	2,677,241	2,401,563	17,817,964	39,719,596

		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
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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

	31 Dec 2015													
	Group (RM'000)													
Overdraft/ Cash line-i	Housing 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	49,563	-	-	6,601	-	1,432,684	115,060	-	50,637	-	3	66,028	-	1,720,576
Mining and quarrying	5,751	-	404	3,162	-	106,342	-	49	91,238	-	-	272,339	-	479,285
Manufacturing	478,562	-	207,696	109,269	-	2,616,455	457,770	886,185	1,628,043	-	3,488	1,133,972	406	7,521,846
Electricity, gas and water	3,051	-	-	322	-	1,638	1,515	1,101	13,016	-	1	2,022	-	22,666
Construction	73,936	-	-	9,757	-	2,059,408	25,931	36,020	119,036	-	202	405,216	60	2,729,566
Real estate	16,245	-	-	-	-	2,023,758	63,560	8,604	-	-	2	725,430	-	2,837,599
Wholesale & retail trade and restaurants & hotels	171,955	-	39,671	42,421	-	708,350	916,657	633,911	868,659	-	460	889,841	488	4,272,413
Transport, storage and communication	23,431	-	8,161	22,244	-	138,889	3,080	2,730	20,326	-	41	54,628	14	273,544
Finance, insurance/takaful and business services	115,846	-	16,316	13,506	4,103	1,209,245	61,954	41,415	112,198	-	789	1,428,779	4	3,004,155
Household-retail	188,866	19,167,843	-	-	-	3,281,990	-	-	-	164,549	2,822,725	-	4,530	25,630,503
Others	20,418	-	-	22,270	-	993,303	1,876,359	71,748	11,612	-	104	408,757	-	3,404,571
	1,147,624	19,167,843	272,248	229,552	4,103	14,572,062	3,521,886	1,681,763	2,914,765	164,549	2,827,815	5,387,012	5,502	51,896,724

	31 Dec 2014 (Restated - refer Note 7)													
	Group (RM'000)													
Overdraft/ Cash line-i	Housing 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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

31 Dec 2015 Bank (RM'000)														
	Overdraft	Housing 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	45,622	-	-	-	-	823,734	115,060	-	45,869	-	3	66,028	-	1,096,316
Mining and quarrying	4,573	-	404	-	-	104,996	-	-	35,122	-	-	127,896	-	272,991
Manufacturing	455,094	-	207,696	-	-	1,891,343	457,770	749,710	1,322,442	-	3,488	1,127,653	406	6,215,602
Electricity, gas and water	2,717	-	-	-	-	1,638	1,515	1,101	922	-	1	-	-	7,894
Construction	61,688	-	-	-	-	1,668,288	25,931	28,579	53,112	-	202	294,551	60	2,132,411
Real estate	15,634	-	-	-	-	1,661,654	63,560	8,604	-	-	2	695,211	-	2,444,665
Wholesale & retail trade and restaurants & hotels	149,283	-	39,671	-	-	465,884	916,657	252,917	546,560	-	460	811,727	488	3,183,647
Transport, storage and communication	19,194	-	8,161	-	-	30,626	3,080	1,188	6,420	-	41	38,377	14	107,101
Finance, insurance/takaful and business services	95,419	-	16,316	-	-	505,613	61,954	33,934	69,307	-	789	1,185,357	4	1,968,693
Household-retail	188,753	14,959,077	-	-	-	1,994,013	-	-	-	157,040	2,253,367	-	4,530	19,556,780
Others	19,247	-	-	-	-	601,182	1,876,359	2,049	1,041	-	104	233,514	-	2,733,496
	1,057,224	14,959,077	272,248	-	-	9,748,971	3,521,886	1,078,082	2,080,795	157,040	2,258,457	4,580,314	5,502	39,719,596

31 Dec 2014 Bank (RM'000)														
	Overdraft	Housing 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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

31 Dec 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	23,909	-	-	101,758	-	-	-	-	-	-	-	125,667
Manufacturing	1,340	-	738	17,095	-	84	22,350	-	-	2,200	405	44,890
Electricity, gas and water	-	-	-	-	-	-	-	-	-	-	-	-
Construction	1,125	-	-	43,282	-	-	-	-	-	-	60	44,467
Real estate	-	-	-	700	-	-	-	-	-	-	-	700
Wholesale & retail trade and restaurants & hotels	16,814	-	-	10,491	7,612	5,339	12,150	-	-	3,995	488	58,603
Transport, storage and communication	614	-	-	1,388	-	-	-	-	-	2,700	14	8,668
Finance, insurance/takaful and business services	3,065	-	-	1,757	-	-	-	-	-	-	4	5,531
Household-retail	6,733	399,991	-	193,482	-	-	-	2,554	44,633	-	4,509	651,902
Others	139	-	-	514	-	-	-	-	-	-	-	653
	53,739	399,991	738	370,467	7,612	5,423	34,500	2,554	44,633	8,895	5,480	941,081

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
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	-	-	-	410	-	-	274	-	-	-	215	1,090
	38,528	296,742	868	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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit risk (Cont'd)

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

31 Dec 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	23,909	-	-	-	101,758	-	-	-	-	-	-	-	125,667
Manufacturing	1,340	-	738	-	16,847	-	84	4,383	-	-	-	405	23,797
Construction	943	-	-	-	43,260	-	-	-	-	-	-	60	44,263
Real estate	-	-	-	-	700	-	-	-	-	-	-	-	700
Wholesale & retail trade and restaurants & hotels	16,814	-	-	-	2,849	7,612	5,339	11,834	-	-	3,995	488	48,931
Transport, storage and communication	-	-	-	-	511	-	-	-	-	-	2,700	14	3,225
Finance, insurance/takaful and business services	-	-	-	-	-	-	-	-	-	-	-	4	4
Household-retail	6,732	305,008	-	-	108,126	-	-	-	2,533	32,307	-	4,509	459,215
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
	49,738	305,008	738	-	274,051	7,612	5,423	16,217	2,533	32,307	6,695	5,480	705,802

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
Manufacturing	1,541	-	868	179	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	179	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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	535,868	5,237	535,868	5,237
Manufacturing	182,886	259,891	101,475	187,869
Electricity, gas and water	-	16	-	-
Construction	189,533	241,711	188,746	237,567
Real estate	2,985	43	2,985	43
Wholesale & retail trade and restaurants & hotels	245,981	389,351	208,651	373,767
Transport, storage and communication	34,760	34,227	13,752	4,183
Finance, insurance/takaful and business services	21,349	8,587	17	5,275
Household-retail	2,701,879	2,772,342	1,958,180	2,041,015
Others	2,520	5,841	-	2,678
	3,917,761	3,717,246	3,009,674	2,857,634

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Northern region	697,421	768,282	488,608	588,843
Southern region	447,537	495,304	330,718	382,731
Central region	1,924,616	2,086,211	1,377,461	1,567,032
Eastern region	848,187	367,449	812,887	319,028
	3,917,761	3,717,246	3,009,674	2,857,634

^[1] Of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 11 (iii) and 11 (v) of the financial statements at 31 December 2015 respectively.

Table 8: Individual impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014 (Restated-refer Note 8)	31 Dec 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	3,763	1	3,763	1
Manufacturing	33,336	28,822	14,508	23,636
Construction	15,915	15,256	15,795	15,122
Real estate	112	1,013	112	7
Wholesale & retail trade and restaurants & hotels	21,736	46,915	20,655	45,846
Transport, storage and communication	4,130	4,582	211	241
Finance, insurance/takaful and business services	2,008	254	-	57
Household-retail	149,297	137,675	106,606	105,787
Others	-	2	-	2
	230,297	234,520	161,650	190,699

Table 8a: Collective impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014 (Restated-refer Note 8)	31 Dec 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	112	112	-	-
Manufacturing	103,897	55,363	79,096	36,401
Electricity, gas and water	1,856	5,421	-	5,023
Construction	12	3,614	12	3,614
Real estate	28,488	20,242	28,488	19,722
Wholesale & retail trade and restaurants & hotels	5,507	5,449	-	5,337
Transport, storage and communication	4,791	5,364	680	664
Household-retail	287,282	267,878	185,386	170,505
Others	12,289	24,617	10,308	21,977
	444,234	388,060	303,970	263,243

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

Table 9: Individual impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Northern region	25,913	13,984	7,379	9,947
Southern region	8,392	8,236	7,785	7,499
Central region	171,208	185,076	126,285	150,871
Eastern region	24,784	27,224	20,201	22,382
	230,297	234,520	161,650	190,699

Table 9a: Collective impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014 (Restated- refer Note 8)	31 Dec 2015	31 Dec 2014 (Restated- refer Note 8)
Northern region	67,339	60,687	48,232	44,229
Southern region	62,260	54,925	42,414	36,778
Central region	286,063	242,254	191,479	158,007
Eastern region	28,572	30,194	21,845	24,229
	444,234	388,060	303,970	263,243

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014 (Restated- refer Note 8)	31 Dec 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	3,914	3,598	3,914	3,598
Manufacturing	24,560	28,931	1,358	17,078
Electricity, gas and water	-	1,784	-	1,784
Construction	1,564	3,798	1,564	3,164
Real estate	75	3,756	75	2,591
Wholesale & retail trade and restaurants & hotels	15,396	17,072	14,205	16,635
Transport, storage and communication	2,262	2,942	234	301
Finance, insurance/takaful and business services	2,643	172	-	51
Household-retail	65,368	60,356	48,603	43,564
Others	-	22	-	22
	115,782	122,431	69,953	88,788

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2015	31 Dec 2014 (Restated- refer Note 8)	31 Dec 2015	31 Dec 2014
Agricultural, hunting, forestry and fishing	-	56	-	56
Manufacturing	11,567	27,903	11,140	26,672
Construction	2,957	-	2,952	-
Real estate	-	5	-	5
Wholesale & retail trade and restaurants & hotels	22,359	12,344	21,624	12,118
Transport, storage and communication	19	11	17	-
Finance, insurance/takaful and business services	-	52	-	52
Household-retail	14,179	19,692	9,722	13,012
Others	-	439	-	439
	51,081	60,502	45,455	52,354

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 11(ii) of the financial statements at 31 December 2015.

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (ECAIs)

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

ECAIs are used by the Group 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 Disclosures (Cont'd)

(g) Risk management policies (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 ^[1]	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 ^[1]	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

^[1] 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 Disclosures (Cont'd)

(g) Risk management policies (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:-

31 Dec 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	-	13,545,589	-	-	-	-	-	13,545,589
PSEs								
- Exposures risk-weighted using ratings of Corporates	101,370	159,318	96,250	-	-	-	-	356,938
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	365,827	1,562,778	486,458	13,469	28,594	-	-	2,457,126
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	5,426	-	-	-	-	-	5,426
- Exposures risk-weighted using ratings of Banking Institutions	-	220	-	-	-	-	-	220
- Exposures risk-weighted using ratings of Corporates	1,851,124	733,442	1,495,985	27,184	-	-	-	4,107,735
	2,318,321	16,006,773	2,078,693	40,653	28,594	-	-	20,473,034
(ii) Total unrated exposures								
							65,000,153	65,000,153
Total Long Term Exposure	2,318,321	16,006,773	2,078,693	40,653	28,594	-	65,000,153	85,473,187

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 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	-	16,444,205	-	-		16,444,205
PSEs						
- Exposures risk-weighted using ratings of Corporates	71,073	150,000	-	-		221,073
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	6,232,562	316,288	268,437	5,981		6,823,268
Corporates						
- Exposures risk-weighted using ratings of Corporates	61,978	375,767	87,448	-		525,193
	6,365,613	17,286,260	355,885	5,981	-	24,013,739
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	6,365,613	17,286,260	355,885	5,981	-	24,013,739
Group Total Long Term and Short Term Exposure :						109,486,926

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

(g) Risk management policies (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 Disclosures (Cont'd)

(g) Risk management policies (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

Note:

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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 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	-	11,833,461	-	-	-	-	-	11,833,461
PSEs								
- Exposures risk-weighted using ratings of Corporates	73,846	91,922	8,398	-	-	-	-	174,166
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	4,787,709	1,360,603	417,707	13,371	28,527	-	-	6,607,917
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,250	-	-	-	-	-	1,250
- Exposures risk-weighted using ratings of Banking Institutions	-	220	-	-	-	-	-	220
- Exposures risk-weighted using ratings of Corporates	1,272,362	710,558	691,349	27,184	-	-	-	2,701,453
	6,133,917	13,998,014	1,117,454	40,555	28,527	-	-	21,318,467
(ii) Total unrated exposures								
							51,809,979	51,809,979
Total Long Term Exposure	6,133,917	13,998,014	1,117,454	40,555	28,527	-	51,809,979	73,128,446

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 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	-	11,727,613	-	-		11,727,613
PSEs						
- Exposures risk-weighted using ratings of Corporates	71,073	-	-	-		71,073
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	5,625,992	314,494	258,520	5,981		6,204,987
Corporates						
- Exposures risk-weighted using ratings of Corporates	20,175	89,738	87,448	-		197,361
	5,717,240	12,131,845	345,968	5,981	-	18,201,034
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	5,717,240	12,131,845	345,968	5,981	-	18,201,034
Bank Total Long Term and Short Term Exposure :						91,329,480

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

(g) Risk management policies (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 Disclosures (Cont'd)

(g) Risk management policies (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

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

ii) Credit risk mitigation (CRM)

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

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

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

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

- under the residential and real estate business; mortgages over residential and financed properties;
- under certain Islamic specialised 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; e.g. where the Group issues a bid or performance sukuk in favour of a non-customer at the request of another bank;
- under the institutional sector, certain trading facilities are supported by charges over financial instruments such as cash, debt securities and equities;
- financial collateral in the form of cash and marketable securities are used in much of the over-the-counter (OTC) derivatives activities and in the Group's securities financing business (securities lending and borrowing or repos and reverse repos); and
- netting is used where appropriate, and supported by market standard documentation.

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

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

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

The 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 Disclosures (Cont'd)

(g) Risk management policies (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.

31 Dec 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	29,973,809	-	-
PSEs	1,671,043	-	-
Banks, DFIs & MDBs	4,241,497	-	-
Corporates	20,966,382	699,089	1,295,744
Regulatory Retail	6,246,675	22,273	155,435
Residential Mortgages	19,837,349	-	21,186
Higher Risk Assets	2,427	-	-
Other Assets	792,747	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	804,956	3,397	3,537
Total for On-Balance Sheet Exposures	84,553,793	724,759	1,475,902
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	6,549,598	-	1,324,166
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,374,650	216,002	309,678
Defaulted Exposures	8,885	-	-
Total for Off-Balance Sheet Exposures	24,933,133	216,002	1,633,844
Total On and Off-Balance Sheet Exposures	109,486,926	940,761	3,109,746

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

(g) Risk management policies (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

Note:

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

Refer to Note 37 and Note 38 of the financial statements at 31 December 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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

(g) Risk management policies (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.

31 Dec 2015

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	23,545,092	-	-
PSEs	1,360,230	-	-
Banks, DFIs & MDBs	7,351,774	-	-
Corporates	15,896,884	475,335	1,195,701
Regulatory Retail	3,986,443	17,908	126,816
Residential Mortgages	15,640,141	-	17,985
Higher Risk Assets	2,427	-	-
Other Assets	671,753	-	-
Equity Exposure	16,908	-	-
Defaulted Exposures	663,268	1,897	2,719
Total for On-Balance Sheet Exposures	69,134,920	495,140	1,343,221
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	6,864,486	-	1,324,166
Off balance sheet exposures other than OTC derivatives or credit derivatives	15,322,175	145,976	242,510
Defaulted Exposures	7,899	-	-
Total for Off-Balance Sheet Exposures	22,194,560	145,976	1,566,676
Total On and Off-Balance Sheet Exposures	91,329,480	641,116	2,909,897

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

(g) Risk management policies (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
<i>Credit Risk</i>			
<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

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

Refer to Note 37 and Note 38 of the financial statements at 31 December 2015 for disclosure of counterparty credit risk and disclosure of off-balance sheet respectively.

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

(g) Risk management policies (Cont'd)

3) Credit Risk (Cont'd)

iii) Counterparty Credit Risk

In respect of counterparty credit risk exposures which arise from OTC derivative transactions, a credit limit for counterparty credit risk (CCR) is assigned, monitored and reported in accordance with the Group risk methodology. The credit limit established takes into account the gross contract amount and the future potential exposure measured on the basis of 95 percentile potential worst case loss estimates for the product involved. These methods of calculating credit exposures apply to all counterparties and differences in credit quality are reflected in the size of the limits.

The credit equivalent amount and risk-weighted amount of the relevant transaction is determined following the regulatory capital requirements. The risk-weighted amount is calculated in accordance with the counterparty risk weighting as per the standardised approach.

The policy for secured collateral on derivatives is guided by the Group's Internal Best Practice Guidelines ensuring the due diligence necessary to fully understand the effectiveness of netting and collateralisation by jurisdiction, counterparty, product and agreement type is fully assessed and that the due-diligence standards are high and consistently applied.

4) Collateral Arrangements

To calculate counterparty's net risk position for counterparty credit risk, the Group revalue all financial instruments and associated collateral positions on a daily basis. A dedicated Collateral Management function independently monitors counterparties' associated collateral positions and manages a process which ensures that calls for collateral top-ups or exposure reductions are made promptly. Processes exist for the resolution of situations where the level of collateral is disputed or the collateral sought is not received.

Eligible collateral types are documented by Credit Support Annexes (CSA) of the International Swaps and Derivatives Association (ISDA) Master Agreement and are controlled under a policy which ensures the collateral agreed to be taken exhibits characteristics such as price transparency, price stability, liquidity, enforceability, independence, reusability and eligibility for regulatory purposes. A valuation 'haircut' policy reflects the fact that collateral may fall in value between the date the collateral was called and the date of liquidation or enforcement. In practice, 95 percent of collateral held as credit risk mitigants under CSAs is either cash or government securities.

5) Equities

At 31 December 2015, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 31 December 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 9 of the financial statements at 31 December 2015 on the Group's holdings of equity investments.

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

(g) Risk management policies (Cont'd)

6) 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 31 Dec 2015	Average	Maximum	Minimum
Foreign currency risk	612	617	2,154	113
Interest rate risk	4,939	5,124	11,254	1,809
Credit spread risk	119	165	590	48
Overall	4,538	4,936	10,791	1,673
Bank (RM'000)	At 31 Dec 2015	Average	Maximum	Minimum
Foreign currency risk	313	567	1,833	105
Interest rate risk	4,552	4,889	10,846	1,773
Credit spread risk	111	165	574	48
Overall	4,102	4,694	10,332	1,636
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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

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

Sensitivity of projected Net Interest/Finance Income

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

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

	Group (RM'000)				Bank (RM'000)			
	31 Dec 2015		31 Dec 2014		31 Dec 2015		31 Dec 2014	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	274,428	(274,913)	263,006	(262,946)	229,336	(229,856)	250,699	(250,660)
USD	88,970	(77,975)	34,275	(18,468)	80,009	(71,097)	29,325	(16,337)
Others	3,980	(2,428)	3,568	(70)	173	506	3,887	(419)
	367,378	(355,316)	300,849	(281,484)	309,518	(300,447)	283,911	(267,416)

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

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

	Group (RM'000)				Bank (RM'000)			
	31 Dec 2015		31 Dec 2014		31 Dec 2015		31 Dec 2014	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	302,393	(345,592)	272,154	(268,187)	341,272	(384,471)	342,958	(352,573)
USD	99,357	(95,037)	118,937	(97,284)	120,957	(103,677)	111,168	(91,304)
Others	43,199	(30,239)	80,285	(48,114)	34,559	(25,919)	72,857	(44,566)
	444,949	(470,868)	471,376	(413,585)	496,788	(514,067)	526,983	(488,443)

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)			
	31 Dec 2015		31 Dec 2014		31 Dec 2015		31 Dec 2014	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(129,935)	129,935	(123,280)	123,280	(99,586)	99,586	(88,343)	88,343
USD	(1,296)	1,296	-	-	(1,296)	1,296	-	-
	(131,231)	131,231	(123,280)	123,280	(100,882)	100,882	(88,343)	88,343

7) 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.

8) 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 3 : Residual contractual maturity of loans/financing breakdown by type (Group level only).
- Table 4 : Distribution of loans/financing by sector, breakdown by type (Group level only).
- Table 8 : Individual impairment allowance breakdown by sector (Group level only).
- Table 8a : Collective impairment allowance breakdown by sector (Group level only).
- Table 9a : Collective impairment allowance breakdown by geographical location (Group and Bank level).
- Table 10 : Charges for individual impairment allowance during the year breakdown by sector (Group level only).
- Table 10a : Charges for write-offs of individual impairment allowance during the year breakdown by sector (Group level only).

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

(g) Risk management policies (Cont'd)

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

Overview

Shariah compliance is a cornerstone of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight of the BOD, the Shariah Committee and the Management to ensure that the operations and business activities of 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 performs an oversight role on Shariah matters related to the Bank's business operations and activities. At the institutional level, the Shariah Department acts as an intermediary between the Shariah Committee and the Management team of the IFI. The Shariah Department together with the Shariah Committee has the role to assist the Management in ensuring that all activities of the IFI are in compliance with the Shariah rules and principles, in accordance with the guidelines laid down by Shariah Governance Framework (SGF) of BNM. However, the accountability to ensure Shariah compliance remains with the IFI's BOD.

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

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

a. Board of Directors

To be ultimately accountable for the overall Shariah governance framework and Shariah compliance in HBMS.

b. Shariah Committee

To maintain 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 Disclosures (Cont'd)

(g) Risk management policies (Cont'd)

9) 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

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 year ended 31 December 2015, one (1) actual Shariah non-compliance event has been identified. The event will be rectified in accordance with the Shariah governance framework.

b. Shariah Non-Compliance Income:

During the financial year ended 31 December 2015, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

(i) The amount of RM165,388 in the Account was carried forward from 2014 to 2015.

(ii) Income from inadvertent Shariah non-compliant activities identified by HBMS's management is as follow:-

- RM134,721 received from transactions via Nostro Accounts has been reversed to the Account.

(iii) The amount distributed in 2015 are as follows:-

- RM50,000 was donated to National Kidney Foundation Malaysia.
- RM137,218 was donated to Fast-a-Thon program.
- RM42,654 was donated to National Autism Society of Malaysia.

The balance of RM70,237 in the Account is pending distribution in 2016.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2015.