

**HSBC BANK MALAYSIA BERHAD**  
**(Company No.127776-V)**  
**(Incorporated in Malaysia)**  
**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures**  
**at 30 June 2019**

**CHIEF EXECUTIVE OFFICER'S ATTESTATION**

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I, Stuart Paterson Milne, being the Chief Executive Officer of HSBC Bank Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Interim Disclosures set out on pages 2 to 39 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

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**STUART PATERSON MILNE**

**CHIEF EXECUTIVE OFFICER**  
17 July 2019

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

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The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2019 do not include all of the information required for full (Basel II) Pillar 3 Disclosures, and should be read in conjunction with the audited financial statements of HSBC Bank Malaysia Berhad (the Bank) and its subsidiaries (collectively known as the Group) for the financial year ended 31 December 2018 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2018.

The tables attached in the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures provide an understanding of the quantitative changes relating to Pillar 3 Disclosures of the Group since the financial year ended 31 December 2018. There are no material changes relating to qualitative disclosures during the interim reporting period.

### **Stress Testing**

Our stress testing programme examines the sensitivities and resilience of our capital plans and unplanned demand for regulatory capital under a number of scenarios and ensures that top and emerging risks are appropriately considered. These scenarios include, but are not limited to, adverse macroeconomic events, failures at country, sector and counterparty levels, geopolitical occurrences and a variety of projected major operational risk events. Scenarios are translated into financial impacts to assess the sensitivities and resilience of our capital demand. Action plans are developed to mitigate identified risks. The Group's Risk Committee (RC) is informed and consulted on the entity's stress testing activities, as appropriate.

Reverse stress testing is run annually. It is used to strengthen our resilience by identifying potential stresses and vulnerabilities which the entity might face and helping to inform early-warning triggers, management actions and contingency plans designed to mitigate their effect, were they to occur.

Stress testing and scenario analysis form an integral part of Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate that the Group's capital positions remains sufficient to sustain operations during an economic downturn.

### **Governance**

The Stress Test Working Group (STWG) will actively manage and drive cohesion and consistency across all stress testing activities, including the execution of enterprise wide stress tests and enhancements to stress testing and data capability. Stress test results and the proposed mitigating actions will be recommended by Risk Management Meeting (RMM) and RC of the Board for approval.

Refer to Note 36 of the unaudited condensed interim financial statements at 30 June 2019 for the total risk weighted capital ratio, Common Equity Tier 1 and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

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

**1) RWA and Capital Requirement**

The tables below disclose the gross and net exposures, risk weighted assets (RWA) and capital requirements for credit risk, market risk and operational risk of the Group and the Bank at balance sheet date.

At 30 June 2019, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM2,294m (31 December 2018: RM2,129.6m). Both the principal amount and RWA are the same. This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At the group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

**30 Jun 2019  
(RM'000)**

*Group*

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,913,519	21,913,519	494,479	39,558
PSEs	2,008,220	2,003,402	1,202,286	96,183
Banks, DFIs & MDBs	5,692,587	2,973,038	771,272	61,700
Corporates	23,187,269	22,575,299	21,001,387	1,680,111
Regulatory Retail	5,721,383	5,624,730	4,339,465	347,158
Residential Mortgages	18,594,106	18,594,106	6,798,928	543,914
Higher Risk Assets	29,720	29,570	44,355	3,548
Other Assets	1,618,746	1,618,746	1,304,185	104,335
Equity Exposure	196,402	196,402	196,402	15,712
Defaulted Exposures	846,933	843,235	942,093	75,367
<b>Total for On-Balance Sheet Exposures</b>	<b>79,808,885</b>	<b>76,372,047</b>	<b>37,094,852</b>	<b>2,967,586</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,852,909	2,022,092	1,015,973	81,278
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,811,042	16,230,428	11,911,714	952,938
Defaulted Exposures	6,661	6,661	9,107	728
<b>Total for Off-Balance Sheet Exposures</b>	<b>20,670,612</b>	<b>18,259,181</b>	<b>12,936,794</b>	<b>1,034,944</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>100,479,497</b>	<b>94,631,228</b>	<b>50,031,646</b>	<b>4,002,530</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	46,076,239	47,507,588	(1,431,348)	1,094,857
Foreign Currency Risk	13,838	129,553	129,553	10,365
Options Risk	-	-	-	57,713
	<b>46,090,077</b>	<b>47,637,141</b>	<b>(1,301,795)</b>	<b>1,282,123</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>5,655,764</b>
<b>Total RWA and Capital Requirement</b>	-	-	<b>56,969,533</b>	<b>4,556,743</b>

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

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

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

31 Dec 2018  
(RM'000)

*Group*

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,214,721	21,214,721	453,949	36,316
PSEs	1,881,975	1,881,975	1,080,359	86,429
Banks, DFIs & MDBs	5,291,472	4,191,619	1,071,979	85,758
Corporates	24,490,126	23,718,821	21,843,102	1,747,448
Regulatory Retail	5,787,327	5,697,638	4,393,986	351,519
Residential Mortgages	19,057,166	19,057,166	6,988,437	559,075
Higher Risk Assets	26,000	25,850	38,775	3,102
Other Assets	926,367	926,367	632,459	50,597
Equity Exposure	186,737	186,737	186,737	14,939
Defaulted Exposures	808,012	803,927	972,403	77,792
<b>Total for On-Balance Sheet Exposures</b>	<b>79,669,903</b>	<b>77,704,821</b>	<b>37,662,186</b>	<b>3,012,975</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,879,155	2,291,035	1,176,397	94,112
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,844,448	16,361,355	12,096,173	967,694
Defaulted Exposures	7,771	7,771	10,741	859
<b>Total for Off-Balance Sheet Exposures</b>	<b>20,731,374</b>	<b>18,660,161</b>	<b>13,283,311</b>	<b>1,062,665</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>100,401,277</b>	<b>96,364,982</b>	<b>50,945,497</b>	<b>4,075,640</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	41,780,976	43,235,143	(1,454,167)	118,869
Foreign Currency Risk	17,170	190,062	190,062	15,205
Options Risk	-	-	-	2,912
	<b>41,798,146</b>	<b>43,425,205</b>	<b>(1,264,105)</b>	<b>136,986</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>452,412</b>
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>4,665,038</b>

*Note:*

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

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

Refer to Note 36 and Note 37 of the unaudited condensed interim financial statements at 30 June 2019 for disclosure on RWA breakdown by various categories of risk weights and off-balance sheet respectively.

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

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

**30 Jun 2019**  
**(RM'000)**

*Bank*

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	15,390,263	15,390,263	494,479	39,558
PSEs	1,426,709	1,421,891	821,054	65,684
Banks, DFIs & MDBs	6,401,649	3,884,908	887,789	71,023
Corporates	17,263,723	16,749,802	15,763,251	1,261,060
Regulatory Retail	3,354,353	3,273,451	2,457,969	196,638
Residential Mortgages	14,378,169	14,378,169	5,249,901	419,992
Higher Risk Assets	22,869	22,869	34,304	2,744
Other Assets	1,442,586	1,442,586	1,234,580	98,766
Equity Exposure	196,402	196,402	196,402	15,712
Defaulted Exposures	565,722	562,555	627,993	50,239
<b>Total for On-Balance Sheet Exposures</b>	<b>60,442,445</b>	<b>57,322,896</b>	<b>27,767,722</b>	<b>2,221,416</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,878,588	2,047,771	950,320	76,026
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,659,032	13,168,101	9,844,319	787,546
Defaulted Exposures	5,117	5,117	6,866	549
<b>Total for Off-Balance Sheet Exposures</b>	<b>17,542,737</b>	<b>15,220,989</b>	<b>10,801,505</b>	<b>864,121</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>77,985,182</b>	<b>72,543,885</b>	<b>38,569,227</b>	<b>3,085,537</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	43,971,911	44,295,384	(323,472)	1,039,430
Foreign Currency Risk	11,402	125,525	125,525	10,042
Options Risk	-	-	57,713	4,617
	<b>43,983,313</b>	<b>44,420,909</b>	<b>(197,947)</b>	<b>1,222,668</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>5,024,412</b>
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>44,816,307</b>
				<b>3,585,303</b>

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

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

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

31 Dec 2018  
(RM'000)

*Bank*

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
<b>Credit Risk (Standardised Approach)</b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	15,463,265	15,463,265	453,949	36,316
PSEs	1,300,244	1,300,244	699,032	55,923
Banks, DFIs & MDBs	6,080,617	5,183,608	1,207,770	96,622
Corporates	18,155,497	17,549,344	16,257,409	1,300,593
Regulatory Retail	3,414,281	3,336,654	2,509,900	200,792
Residential Mortgages	14,766,209	14,766,209	5,413,520	433,082
Higher Risk Assets	19,799	19,799	29,698	2,376
Other Assets	802,703	802,703	608,130	48,650
Equity Exposure	186,737	186,737	186,737	14,939
Defaulted Exposures	531,330	527,828	623,660	49,893
<b>Total for On-Balance Sheet Exposures</b>	<b>60,720,682</b>	<b>59,136,391</b>	<b>27,989,805</b>	<b>2,239,186</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,917,263	2,312,930	1,038,132	83,051
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,729,085	13,322,196	10,074,607	805,969
Defaulted Exposures	5,742	5,742	7,849	628
<b>Total for Off-Balance Sheet Exposures</b>	<b>17,652,090</b>	<b>15,640,868</b>	<b>11,120,588</b>	<b>889,648</b>
<b>Total On and Off-Balance Sheet Exposures <sup>[1]</sup></b>	<b>78,372,772</b>	<b>74,777,259</b>	<b>39,110,393</b>	<b>3,128,834</b>
<b>Market Risk (Standardised Approach)</b>				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	41,642,434	42,230,107	(587,673)	112,431
Foreign Currency Risk	15,073	178,681	178,681	14,294
Options Risk	-	-	-	2,912
	<b>41,657,507</b>	<b>42,408,788</b>	<b>(408,992)</b>	<b>129,637</b>
<b>Operational Risk (Standardised Approach)</b>	-	-	-	<b>402,208</b>
<b>Total RWA and Capital Requirement</b>	-	-	-	<b>3,660,679</b>

Note:

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

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

Refer to Note 36 and Note 37 of the unaudited condensed interim financial statements at 30 June 2019 for disclosure on RWA breakdown by various categories of risk weights and off-balance sheet respectively.

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

**2) Risk Weight Profile and RWA**

The tables below are disclosures on risk weights profile and RWA of the Group and the Bank at balance sheet date.

**30 Jun 2019**

*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%	19,441,589	-	-	24,598	23,149	-	-	314,915	-	19,804,251	-
20%	2,566,804	1,176,396	3,489,354	2,838,295	5,077	-	-	62	-	10,075,988	2,015,198
35%	-	-	-	-	-	20,243,774	-	-	-	20,243,774	7,085,321
50%	-	281,125	1,413,838	907,510	29,780	606,161	-	-	-	3,238,414	1,619,208
75%	-	-	-	-	7,916,741	483,907	-	-	-	8,400,648	6,300,486
100%	-	1,383,076	71,234	28,454,278	653,561	520,081	-	1,303,733	196,402	32,582,365	32,582,365
150%	-	-	-	68,602	77,761	103,788	35,602	-	-	285,753	428,630
1250%	-	-	-	-	-	-	-	35	-	35	438
<b>Total</b>										<b>94,631,228</b>	<b>50,031,646</b>
<b>Average Risk Weight</b>	<b>2%</b>	<b>62%</b>	<b>30%</b>	<b>92%</b>	<b>77%</b>	<b>38%</b>	<b>150%</b>	<b>81%</b>	<b>100%</b>	<b>53%</b>	

**31 Dec 2018**

*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%	18,945,393	-	-	23,149	19,753	-	-	290,071	-	19,278,366	-
20%	2,364,130	1,232,020	4,663,973	2,953,052	7,727	-	-	1,277	-	11,222,179	2,244,436
35%	-	-	-	-	-	20,650,367	-	-	-	20,650,367	7,227,628
50%	-	314,636	1,542,227	1,165,805	15,707	627,210	-	5,631	-	3,671,216	1,835,608
75%	-	-	-	-	7,883,120	574,483	-	-	-	8,457,603	6,343,202
100%	-	1,230,094	167,832	29,389,777	538,079	524,602	-	629,388	186,737	32,666,509	32,666,509
150%	-	-	-	86,423	163,700	134,870	33,749	-	-	418,742	628,114
<b>Total</b>										<b>96,364,982</b>	<b>50,945,497</b>
<b>Average Risk Weight</b>	<b>2%</b>	<b>59%</b>	<b>29%</b>	<b>91%</b>	<b>78%</b>	<b>39%</b>	<b>150%</b>	<b>68%</b>	<b>100%</b>	<b>53%</b>	

*Note:*

*MDBs - Multilateral Development Banks*

*DFIs - Development Financial Institutions*

*PSEs - Public Sector Entities*

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

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

30 Jun 2019

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%	12,918,333	-	-	10,177	9,226	-	-	208,361	-	13,146,097	-
20%	2,566,804	776,047	4,695,019	2,123,008	2,391	-	-	62	-	10,163,331	2,032,666
35%	-	-	-	-	-	15,853,058	-	-	-	15,853,058	5,548,570
50%	-	281,125	1,047,404	349,374	13,261	444,693	-	-	-	2,135,857	1,067,929
75%	-	-	-	-	5,285,278	395,159	-	-	-	5,680,437	4,260,328
100%	-	1,023,807	35,209	22,424,915	91,089	371,069	-	1,234,128	196,402	25,376,619	25,376,619
150%	-	-	-	39,834	46,717	75,150	26,750	-	-	188,451	282,677
1250%	-	-	-	-	-	-	-	35	-	35	438
Total										72,543,885	38,569,227
Average Risk Weight	3%	63%	26%	93%	76%	38%	150%	86%	100%	53%	

31 Dec 2018

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%	13,193,937	-	-	12,668	7,002	-	-	190,736	-	13,404,343	-
20%	2,364,130	781,515	6,118,680	2,171,427	4,426	-	-	1,277	-	11,441,455	2,288,291
35%	-	-	-	-	-	16,195,686	-	-	-	16,195,686	5,668,490
50%	-	314,636	1,058,609	680,028	9,034	464,202	-	5,631	-	2,532,140	1,266,070
75%	-	-	-	-	5,269,938	485,514	-	-	-	5,755,452	4,316,589
100%	-	839,696	128,721	23,004,254	52,291	385,886	-	605,059	186,737	25,202,644	25,202,644
150%	-	-	-	54,053	77,670	88,572	25,244	-	-	245,539	368,309
Total										74,777,259	39,110,393
Average Risk Weight	3%	60%	26%	92%	76%	38%	150%	76%	100%	52%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities



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

**3) Credit Risk**

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

Group (RM'000)	30 Jun 2019				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	116,109	113,701	705,950	86,948	1,022,708
Term loans/financing					
Housing loans/financing	3,239,581	2,697,931	11,271,276	937,959	18,146,747
Syndicated term loan/financing	38,376	-	4,077,180	-	4,115,556
Factoring receivables	14,432	25,504	334,604	100,616	475,156
Hire purchase receivables	42,058	64,681	82,278	7,137	196,154
Lease receivables	-	-	150	-	150
Other term loans/financing	1,202,540	1,302,910	6,742,177	505,155	9,752,782
Bills receivables	162,758	112,774	2,125,136	34,169	2,434,837
Trust receipts	308,801	469,570	1,407,493	67,904	2,253,768
Claims on customers under acceptance credits	482,769	367,268	523,914	28,976	1,402,927
Staff loans/financing	11,466	5,805	61,249	3,526	82,046
Credit/charge cards	639,645	534,894	2,172,773	304,446	3,651,758
Revolving financing	350,410	359,942	7,717,470	132,938	8,560,760
Other loans/financing	3,933	1,121	6,339	1,920	13,313
	<b>6,612,878</b>	<b>6,056,101</b>	<b>37,227,989</b>	<b>2,211,694</b>	<b>52,108,662</b>

  

Group (RM'000)	31 Dec 2018 (Restated)				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	113,465	99,466	647,949	91,805	952,685
Term loans/financing					
Housing loans/financing	3,291,431	2,791,928	11,514,894	972,461	18,570,714
Syndicated term loan/financing	32,696	-	3,642,198	-	3,674,894
Factoring receivables	14,435	30,500	348,276	116,242	509,453
Hire purchase receivables	37,599	53,722	92,872	11,443	195,636
Lease receivables	-	-	539	-	539
Other term loans/financing	1,234,451	1,297,165	7,069,229	553,957	10,154,802
Bills receivables	189,154	253,902	2,969,972	36,621	3,449,649
Trust receipts	301,622	528,790	1,229,174	80,687	2,140,273
Claims on customers under acceptance credits	528,987	388,185	613,587	48,376	1,579,135
Staff loans/financing	12,214	5,868	68,633	3,824	90,539
Credit/charge cards	649,483	527,382	2,175,289	311,102	3,663,256
Revolving financing	310,618	356,449	8,002,222	137,348	8,806,637
Other loans/financing	3,684	914	5,949	1,612	12,159
	<b>6,719,839</b>	<b>6,334,271</b>	<b>38,380,783</b>	<b>2,365,478</b>	<b>53,800,371</b>

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

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

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

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

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

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

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

**Table 1: Geographical distribution loans/financing and advances breakdown by type (Cont'd)**

	<b>30 Jun 2019</b>				
<b>Bank (RM'000)</b>	<b>Northern</b>	<b>Southern</b>	<b>Central</b>	<b>Eastern</b>	<b>Total</b>
Overdrafts	106,675	70,927	670,049	86,644	934,295
Term loans/financing					
Housing loans/financing	2,670,970	2,152,676	8,290,465	788,974	13,903,085
Syndicated term loan/financing	38,376	-	2,724,315	-	2,762,691
Factoring receivables	14,432	25,504	334,604	100,616	475,156
Other term loans/financing	755,169	799,557	3,934,881	334,772	5,824,379
Bills receivables	134,934	103,940	1,851,596	34,169	2,124,639
Trust receipts	279,986	418,802	849,606	64,721	1,613,115
Claims on customers under acceptance credits	386,165	266,970	361,503	27,943	1,042,581
Staff loans/financing	10,773	5,719	59,368	3,498	79,358
Credit/charge cards	443,396	342,994	1,505,280	251,933	2,543,603
Revolving financing	337,265	352,829	6,095,575	132,938	6,918,607
Other loans/financing	2,987	648	4,216	1,908	9,759
	<b>5,181,128</b>	<b>4,540,566</b>	<b>26,681,458</b>	<b>1,828,116</b>	<b>38,231,268</b>

  

	<b>31 Dec 2018 (Restated)</b>				
<b>Bank (RM'000)</b>	<b>Northern</b>	<b>Southern</b>	<b>Central</b>	<b>Eastern</b>	<b>Total</b>
Overdrafts	103,985	76,510	605,440	91,416	877,351
Term loans/financing					
Housing loans/financing	2,715,264	2,237,078	8,475,942	813,210	14,241,494
Syndicated term loan/financing	32,696	-	2,307,542	-	2,340,238
Factoring receivables	14,435	30,500	348,276	116,242	509,453
Other term loans/financing	796,981	784,606	3,877,567	378,228	5,837,382
Bills receivables	86,083	247,417	2,622,950	36,621	2,993,071
Trust receipts	280,491	503,187	752,283	80,687	1,616,648
Claims on customers under acceptance credits	413,260	294,108	402,515	46,959	1,156,842
Staff loans/financing	11,460	5,764	66,385	3,786	87,395
Credit/charge cards	454,655	344,264	1,528,870	259,833	2,587,622
Revolving financing	310,618	346,045	6,378,261	137,348	7,172,272
Other loans/financing	2,602	623	3,923	1,585	8,733
	<b>5,222,530</b>	<b>4,870,102</b>	<b>27,369,954</b>	<b>1,965,915</b>	<b>39,428,501</b>

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

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

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

Group (RM'000)	30 Jun 2019				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	5,201	11,622	5,298	10,781	32,902
Term loans/financing					
Housing loans/financing	74,931	69,522	270,092	13,889	428,434
Hire purchase receivables	727	1,316	1,293	-	3,336
Other term loans/financing	30,268	21,121	317,826	18,243	387,458
Bills receivables	2,260	10,446	23,118	-	35,824
Trust receipts	-	-	4,013	-	4,013
Claims on customers under acceptance credits	4,438	12,042	36,333	-	52,813
Staff loans/financing	13	-	586	2	601
Credit/charge cards	3,665	3,553	6,770	1,550	15,538
Revolving financing	-	-	25,603	11,257	36,860
Other loans/financing	3,670	1,015	5,759	1,893	12,337
	<b>125,173</b>	<b>130,637</b>	<b>696,691</b>	<b>57,615</b>	<b>1,010,116</b>

Group (RM'000)	31 Dec 2018 (Restated)				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	5,304	5,222	7,776	10,965	29,267
Term loans/financing					
Housing loans/financing	74,974	83,953	273,001	13,685	445,613
Hire purchase receivables	1,435	2,107	12	2,814	6,368
Other term loans/financing	33,502	12,787	292,484	15,681	354,454
Bills receivables	2,260	4,751	27,696	-	34,707
Trust receipts	-	724	4,611	-	5,335
Claims on customers under acceptance credits	4,438	638	24,052	-	29,128
Staff loans/financing	56	-	760	5	821
Credit/charge cards	4,428	4,522	8,639	1,594	19,183
Revolving financing	-	-	25,884	11,257	37,141
Other loans/financing	3,543	775	5,382	1,570	11,270
	<b>129,940</b>	<b>115,479</b>	<b>670,297</b>	<b>57,571</b>	<b>973,287</b>

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

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

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

	<b>30 Jun 2019</b>				
<b>Bank (RM'000)</b>	<b>Northern</b>	<b>Southern</b>	<b>Central</b>	<b>Eastern</b>	<b>Total</b>
Overdrafts	3,515	6,792	3,482	10,781	24,570
Term loans/financing					
Housing loans/financing	59,683	50,985	189,902	12,717	313,287
Other term loans/financing	18,496	11,867	144,624	12,405	187,392
Bills receivables	-	5,067	6,606	-	11,673
Trust receipts	-	-	4,013	-	4,013
Claims on customers under acceptance credits	4,438	12,042	36,333	-	52,813
Staff loans/financing	13	-	586	2	601
Credit/charge cards	2,152	1,776	3,987	984	8,899
Revolving financing	-	-	25,603	11,257	36,860
Other loans/financing	2,773	562	3,770	1,881	8,986
	<b>91,070</b>	<b>89,091</b>	<b>418,906</b>	<b>50,027</b>	<b>649,094</b>

  

	<b>31 Dec 2018 (Restated)</b>				
<b>Bank (RM'000)</b>	<b>Northern</b>	<b>Southern</b>	<b>Central</b>	<b>Eastern</b>	<b>Total</b>
Overdrafts	3,577	301	4,268	10,965	19,111
Term loans/financing					
Housing loans/financing	56,082	64,249	187,587	12,707	320,625
Other term loans/financing	22,919	7,731	131,970	13,854	176,474
Bills receivables	-	-	9,734	-	9,734
Trust receipts	-	-	4,611	-	4,611
Claims on customers under acceptance credits	4,438	638	24,052	-	29,128
Staff loans/financing	56	-	760	5	821
Credit/charge cards	2,630	2,586	4,848	1,189	11,253
Revolving financing	-	-	25,884	11,257	37,141
Other loans/financing	2,490	521	3,522	1,544	8,077
	<b>92,192</b>	<b>76,026</b>	<b>397,236</b>	<b>51,521</b>	<b>616,975</b>

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

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

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

		<b>30 Jun 2019</b>				
<b>Group (RM'000)</b>	<b>Maturing within one year</b>	<b>One year to three years</b>	<b>Three years to five years</b>	<b>Over five years</b>	<b>Total</b>	
Overdrafts/Cash line-i	1,022,708	-	-	-	1,022,708	
Term loans/financing						
Housing loans/financing	76,957	60,528	170,493	17,838,769	18,146,747	
Syndicated term loan/financing	3,429,856	301,686	273,643	110,371	4,115,556	
Factoring receivables	475,156	-	-	-	475,156	
Hire purchase receivables	9,909	68,809	117,436	-	196,154	
Lease receivables	150	-	-	-	150	
Other term loans/financing	1,140,227	2,549,106	2,588,076	3,475,373	9,752,782	
Bills receivables	2,434,837	-	-	-	2,434,837	
Trust receipts	2,253,768	-	-	-	2,253,768	
Claims on customers under acceptance credits	1,402,927	-	-	-	1,402,927	
Staff loans/financing	1,301	7,743	14,536	58,466	82,046	
Credit/charge cards	3,651,758	-	-	-	3,651,758	
Revolving financing	8,542,960	17,800	-	-	8,560,760	
Other loans/financing	13,313	-	-	-	13,313	
	<b>24,455,827</b>	<b>3,005,672</b>	<b>3,164,184</b>	<b>21,482,979</b>	<b>52,108,662</b>	

		<b>31 Dec 2018 (Restated)</b>				
<b>Group (RM'000)</b>	<b>Maturing within one year</b>	<b>One year to three years</b>	<b>Three years to five years</b>	<b>Over five years</b>	<b>Total</b>	
Overdrafts/Cash line-i	952,685	-	-	-	952,685	
Term loans/financing						
Housing loans/financing	79,634	59,231	162,502	18,269,347	18,570,714	
Syndicated term loan/financing	2,746,559	397,610	363,511	167,214	3,674,894	
Factoring receivables	509,453	-	-	-	509,453	
Hire purchase receivables	15,330	63,770	116,536	-	195,636	
Lease receivables	539	-	-	-	539	
Other term loans/financing	2,271,822	1,997,924	2,341,228	3,543,828	10,154,802	
Bills receivables	3,449,649	-	-	-	3,449,649	
Trust receipts	2,140,273	-	-	-	2,140,273	
Claims on customers under acceptance credits	1,579,135	-	-	-	1,579,135	
Staff loans/financing	1,458	7,916	15,859	65,306	90,539	
Credit/charge cards	3,663,256	-	-	-	3,663,256	
Revolving financing	8,806,637	-	-	-	8,806,637	
Other loans/financing	12,159	-	-	-	12,159	
	<b>26,228,589</b>	<b>2,526,451</b>	<b>2,999,636</b>	<b>22,045,695</b>	<b>53,800,371</b>	

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

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

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

		30 Jun 2019				
Bank (RM'000)		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts		934,295	-	-	-	934,295
Term loans/financing						
Housing loans/financing		66,674	56,182	155,463	13,624,766	13,903,085
Syndicated term loan/financing		2,174,511	301,686	176,123	110,371	2,762,691
Factoring receivables		475,156	-	-	-	475,156
Other term loans/financing		735,903	1,640,713	1,586,343	1,861,420	5,824,379
Bills receivables		2,124,639	-	-	-	2,124,639
Trust receipts		1,613,115	-	-	-	1,613,115
Claims on customers under acceptance credits		1,042,581	-	-	-	1,042,581
Staff loans/financing		1,234	7,413	14,043	56,668	79,358
Credit/charge cards		2,543,603	-	-	-	2,543,603
Revolving financing		6,900,807	17,800	-	-	6,918,607
Other loans/financing		9,759	-	-	-	9,759
		<b>18,622,277</b>	<b>2,023,794</b>	<b>1,931,972</b>	<b>15,653,225</b>	<b>38,231,268</b>

  

		31 Dec 2018 (Restated)				
Bank (RM'000)		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts		877,351	-	-	-	877,351
Term loans/financing						
Housing loans/financing		68,738	55,748	149,370	13,967,638	14,241,494
Syndicated term loan/financing		1,820,337	66,384	363,511	90,006	2,340,238
Factoring receivables		509,453	-	-	-	509,453
Other term loans/financing		1,520,304	1,230,716	1,182,246	1,904,116	5,837,382
Bills receivables		2,993,071	-	-	-	2,993,071
Trust receipts		1,616,648	-	-	-	1,616,648
Claims on customers under acceptance credits		1,156,842	-	-	-	1,156,842
Staff loans/financing		1,391	7,473	15,145	63,386	87,395
Credit/charge cards		2,587,622	-	-	-	2,587,622
Revolving financing		7,172,272	-	-	-	7,172,272
Other loans/financing		8,733	-	-	-	8,733
		<b>20,332,762</b>	<b>1,360,321</b>	<b>1,710,272</b>	<b>16,025,146</b>	<b>39,428,501</b>

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

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

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

30 Jun 2019 Group (RM'000)														
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	26,642	-	-	2,746	-	56,079	-	-	18,752	-	71	102,298	-	206,588
Mining and quarrying	7,553	-	-	489	-	208,101	-	10,097	3,573	-	89	126,975	1	365,993
Manufacturing	533,718	-	695,671	289,645	106,683	2,008,793	490,562	1,028,179	845,045	-	4,283	1,538,244	1,629	7,542,452
Electricity, gas and water	2,527	-	-	512	78	157,421	2,471	19,568	3,689	-	76	1,707	-	188,049
Construction	44,775	-	56,498	2,309	5,398	1,079,866	111,302	168,533	47,443	-	806	2,036,522	109	3,553,561
Real estate	6,810	-	2,120,693	-	-	1,916,994	-	64,557	-	-	26	383,365	12	4,492,457
Wholesale & retail trade and restaurants & hotels	102,002	-	-	174,693	8,041	651,278	413,713	771,107	447,520	-	1,448	1,179,093	983	3,749,878
Transport, storage and communication	15,642	-	-	28,642	-	146,361	17,231	18,454	13,085	-	460	162,385	62	402,322
Finance, insurance/takaful and business services	137,216	-	-	7,508	11,143	252,102	160,527	23,335	20,135	-	3,048	2,493,675	497	3,109,336
Household-retail	125,025	18,146,747	-	-	-	2,627,980	-	-	-	82,046	3,640,748	-	9,989	24,632,535
Others	20,798	-	1,242,694	24,308	-	647,807	1,239,031	149,938	3,685	-	703	536,496	31	3,865,491
	<b>1,022,708</b>	<b>18,146,747</b>	<b>4,115,556</b>	<b>475,156</b>	<b>150</b>	<b>9,752,782</b>	<b>2,434,837</b>	<b>2,253,768</b>	<b>1,402,927</b>	<b>82,046</b>	<b>3,651,758</b>	<b>8,560,760</b>	<b>13,313</b>	<b>52,108,662</b>

31 Dec 2018 (Restated)  
Group (RM'000)

Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	Hire purchase receivables	Lease receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Agricultural, hunting, forestry and fishing	20,064	-	-	3,612	-	64,122	-	-	30,897	-	31	105,595	-	224,321
Mining and quarrying	6,537	-	-	421	-	199,646	-	3,037	2,916	-	91	132,034	11	353,554
Manufacturing	366,491	-	745,107	285,094	114,453	2,051,576	606,475	1,024,213	991,104	-	3,531	1,323,489	1,271	7,512,804
Electricity, gas and water	3,161	-	-	116	-	125,873	512	22,192	3,102	-	14	1,707	-	156,677
Construction	53,879	-	19,053	4,886	-	1,163,905	162,800	164,625	48,396	-	883	1,736,160	118	3,354,705
Real estate	6,222	-	1,796,739	-	-	2,086,477	-	73,629	-	-	34	334,033	15	4,297,149
Wholesale & retail trade and restaurants & hotels	120,743	-	-	205,669	10,786	484,162	592,007	566,570	462,619	-	1,375	1,539,370	838	3,984,139
Transport, storage and communication	26,958	-	-	6,727	32,844	160,270	44,943	27,874	16,713	-	350	167,736	80	484,495
Finance, insurance/takaful and business services	205,150	-	-	7,650	12,795	279,792	156,484	38,299	19,460	-	2,156	2,902,211	378	3,624,914
Household-retail	134,503	18,570,714	-	-	-	2,710,180	-	-	-	90,539	3,654,335	-	9,417	25,169,688
Others	8,977	-	1,113,995	3,892	7,283	828,799	1,886,428	219,834	3,928	-	456	564,302	31	4,637,925
	<b>952,685</b>	<b>18,570,714</b>	<b>3,674,894</b>	<b>509,453</b>	<b>195,636</b>	<b>10,154,802</b>	<b>3,449,649</b>	<b>2,140,273</b>	<b>1,579,135</b>	<b>90,539</b>	<b>3,663,256</b>	<b>8,806,637</b>	<b>12,159</b>	<b>53,800,371</b>

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

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

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

30 Jun 2019 Bank (RM'000)													
	Overdraft	Housing loans/financing	Syndicated term loans/financing	Factoring receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/financing	Credit/charge cards	Revolving financing	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	24,607	-	-	-	43,303	-	-	17,345	-	71	102,298	-	187,624
Mining and quarrying	5,599	-	-	489	26,703	-	10,097	1,235	-	89	111,961	-	156,173
Manufacturing	500,153	-	335,447	289,645	1,472,983	445,957	931,586	674,838	-	4,283	1,468,253	1,595	6,124,740
Electricity, gas and water	1,841	-	-	512	13,500	754	6,724	2,561	-	76	1,707	-	27,675
Construction	37,271	-	56,498	2,309	799,432	104,494	110,525	35,424	-	806	1,531,948	109	2,678,816
Real estate	6,802	-	1,652,767	-	1,418,845	-	64,557	-	-	26	355,297	12	3,498,306
Wholesale & retail trade and restaurants & hotels	84,637	-	-	174,693	480,209	168,577	416,917	296,835	-	1,448	1,119,854	774	2,743,944
Transport, storage and communication	15,346	-	-	-	56,191	17,231	4,186	3,052	-	460	152,194	54	248,714
Finance, insurance/takaful and business services	128,516	-	-	7,508	97,104	148,595	23,335	8,451	-	3,048	1,689,853	28	2,106,438
Household-retail	125,016	13,903,085	-	-	1,349,782	-	-	-	79,358	2,532,593	-	7,159	17,996,993
Others	4,507	-	717,979	-	66,327	1,239,031	45,188	2,840	-	703	385,242	28	2,461,845
	<b>934,295</b>	<b>13,903,085</b>	<b>2,762,691</b>	<b>475,156</b>	<b>5,824,379</b>	<b>2,124,639</b>	<b>1,613,115</b>	<b>1,042,581</b>	<b>79,358</b>	<b>2,543,603</b>	<b>6,918,607</b>	<b>9,759</b>	<b>38,231,268</b>

31 Dec 2018 (Restated) Bank (RM'000)													
	Overdraft	Housing loans/financing	Syndicated term loans/financing	Factoring receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/financing	Credit/charge cards	Revolving financing	Other loans/financing	Total
Agricultural, hunting, forestry and fishing	17,826	-	-	-	52,081	-	-	29,802	-	31	105,595	-	205,335
Mining and quarrying	4,933	-	-	421	4,914	-	3,037	1,471	-	91	107,013	-	121,880
Manufacturing	352,616	-	381,680	285,094	1,484,030	489,215	970,860	777,073	-	3,531	1,272,344	1,269	6,017,712
Electricity, gas and water	2,046	-	-	-	10,863	462	11,015	2,308	-	14	1,707	-	28,415
Construction	47,080	-	19,053	-	929,187	146,462	132,252	42,499	-	883	1,253,483	118	2,571,017
Real estate	6,222	-	1,304,597	-	1,448,168	-	73,629	-	-	34	328,982	10	3,161,642
Wholesale & retail trade and restaurants & hotels	103,636	-	-	205,669	284,908	320,995	331,179	285,951	-	1,375	1,454,191	666	2,988,570
Transport, storage and communication	18,590	-	-	6,727	38,571	44,943	572	6,669	-	350	153,728	54	270,204
Finance, insurance/takaful and business services	183,322	-	-	7,650	111,859	143,202	32,955	8,224	-	2,156	2,094,862	12	2,584,242
Household-retail	134,474	14,241,494	-	-	1,414,903	-	-	-	87,395	2,578,701	-	6,576	18,463,543
Others	6,606	-	634,908	3,892	57,898	1,847,792	61,149	2,845	-	456	400,367	28	3,015,941
	<b>877,351</b>	<b>14,241,494</b>	<b>2,340,238</b>	<b>509,453</b>	<b>5,837,382</b>	<b>2,993,071</b>	<b>1,616,648</b>	<b>1,156,842</b>	<b>87,395</b>	<b>2,587,622</b>	<b>7,172,272</b>	<b>8,733</b>	<b>39,428,501</b>



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

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

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

30 Jun 2019 Group (RM'000)											
Overdraft/ Cash line-i	Housing loans/ financing	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Mining and quarrying	-	-	80	-	-	-	-	-	1,921	1	2,002
Manufacturing	20,957	-	3,903	14,075	-	28,410	-	-	11,257	1,600	80,930
Construction	2,784	-	3,991	7,934	2,695	16,032	-	-	-	109	34,490
Real estate	579	-	12,910	-	-	-	-	-	-	12	13,501
Wholesale & retail trade and restaurants & hotels	4,025	-	704	18,703	2,648	1,237	-	-	-	977	36,395
Transport, storage and communication	1	-	959	-	-	-	-	-	17,800	62	18,822
Finance, insurance/takaful and business services	2,254	-	13,793	11,167	35	-	-	-	-	485	27,734
Household-retail	2,038	428,434	-	304,121	-	-	601	15,538	-	9,060	759,792
Others	264	-	-	29,957	-	46	-	-	5,882	31	36,450
	<b>32,902</b>	<b>428,434</b>	<b>3,336</b>	<b>387,458</b>	<b>35,824</b>	<b>4,013</b>	<b>601</b>	<b>15,538</b>	<b>36,860</b>	<b>12,337</b>	<b>1,010,116</b>

31 Dec 2018 (Restated) Group (RM'000)											
Overdraft/ Cash line-i	Housing loans/ financing	Hire purchase receivables	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Mining and quarrying	-	-	693	-	-	-	-	-	2,000	11.00	2,704
Manufacturing	14,536	-	4,493	8,354	724	-	-	-	11,257	1,271	41,970
Construction	3,072	-	6,531	8,294	2,695	19,699	-	58	-	118	41,263
Real estate	587	-	12,258	-	-	-	-	-	-	10	12,855
Wholesale & retail trade and restaurants & hotels	4,677	-	9,224	4,198	1,682	9,159	-	-	-	836	29,776
Transport, storage and communication	-	-	-	-	-	-	-	-	17,800	81	22,007
Finance, insurance/takaful and business services	4,008	-	14,328	13,861	188	-	-	-	-	379	32,875
Household-retail	2,387	445,613	-	278,739	-	-	821	19,125	-	8,533	755,218
Others	-	-	28,188	-	46	270	-	-	6,084	31	34,619
	<b>29,267</b>	<b>445,613</b>	<b>6,368</b>	<b>354,454</b>	<b>34,707</b>	<b>5,335</b>	<b>821</b>	<b>19,183</b>	<b>37,141</b>	<b>11,270</b>	<b>973,287</b>

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

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

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

**30 Jun 2019**  
**Bank (RM'000)**

	Overdraft	Housing loans/ financing	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Mining and quarrying	-	-	-	-	-	-	-	-	1,921	-	1,921
Manufacturing	17,467	-	853	5,067	-	28,410	-	-	11,257	1,595	64,649
Construction	1,716	-	3,991	6,606	2,695	16,032	-	-	-	109	31,149
Real estate	579	-	12,103	-	-	-	-	-	-	12	12,694
Wholesale & retail trade and restaurants & hotels	1,850	-	7,265	-	1,237	8,101	-	-	-	774	19,227
Transport, storage and communication	1	-	-	-	-	-	-	-	17,800	54	17,855
Finance, insurance/takaful and business services	656	-	373	-	35	-	-	-	-	16	1,080
Household-retail	2,037	313,287	158,907	-	-	-	601	8,899	-	6,398	490,129
Others	264	-	3,900	-	46	270	-	-	5,882	28	10,390
	<b>24,570</b>	<b>313,287</b>	<b>187,392</b>	<b>11,673</b>	<b>4,013</b>	<b>52,813</b>	<b>601</b>	<b>8,899</b>	<b>36,860</b>	<b>8,986</b>	<b>649,094</b>

**31 Dec 2018 (Restated)**  
**Bank (RM'000)**

	Overdraft	Housing loans/ financing	Other term loans/financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff loans/ financing	Credit/ charge cards	Revolving financing	Other loans/ financing	Total
Mining and quarrying	-	-	-	-	-	-	-	-	2,000	-	2,000
Manufacturing	11,022	-	1,068	-	-	-	-	-	11,257	1,269	24,616
Construction	2,081	-	6,531	6,939	2,695	19,699	-	58	-	118	38,121
Real estate	587	-	12,258	-	-	-	-	-	-	10	12,855
Wholesale & retail trade and restaurants & hotels	2,347	-	4,783	-	1,682	9,159	-	-	-	666	18,637
Transport, storage and communication	-	-	-	-	-	-	-	-	17,800	54	17,854
Finance, insurance/takaful and business services	687	-	532	2,795	188	-	-	-	-	12	4,214
Household-retail	2,387	320,625	148,937	-	-	-	821	11,195	-	5,920	489,885
Others	-	-	2,365	-	46	270	-	-	6,084	28	8,793
	<b>19,111</b>	<b>320,625</b>	<b>176,474</b>	<b>9,734</b>	<b>4,611</b>	<b>29,128</b>	<b>821</b>	<b>11,253</b>	<b>37,141</b>	<b>8,077</b>	<b>616,975</b>

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

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

**Table 6: All past due loans/financing and advances breakdown by sector <sup>[1]</sup>**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2019	31 Dec 2018 (Restated)	30 Jun 2019	31 Dec 2018 (Restated)
Agricultural, hunting, forestry and fishing	123	234	123	234
Mining and quarrying	1,967	2,704	1,921	2,000
Manufacturing	86,294	90,330	80,242	66,025
Electricity, gas and water	673	708	673	708
Construction	16,601	21,422	12,546	17,469
Real estate	54,651	484,644	33,054	238,090
Wholesale & retail trade and restaurants & hotels	56,230	51,207	42,712	32,480
Transport, storage and communication	19,662	22,024	18,923	17,860
Finance, insurance/takaful and business services	89,645	73,286	10,713	10,709
Household-retail	2,536,006	2,831,859	1,770,922	2,005,089
Others	39,517	131,953	13,456	103,708
	<b>2,901,369</b>	<b>3,710,371</b>	<b>1,985,285</b>	<b>2,494,372</b>

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

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2019	31 Dec 2018 (Restated)	30 Jun 2019	31 Dec 2018 (Restated)
Northern region	483,070	516,190	368,253	392,103
Southern region	456,960	497,931	333,184	361,711
Central region	1,781,338	2,467,747	1,130,709	1,555,668
Eastern region	180,001	228,503	153,139	184,890
	<b>2,901,369</b>	<b>3,710,371</b>	<b>1,985,285</b>	<b>2,494,372</b>

<sup>[1]</sup> Of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 18 (ii) and 18 (iv) of the unaudited condensed interim financial statements at 30 June 2019 respectively.

**Table 8: Impairment allowance breakdown by sector**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2019	31 Dec 2018 (Restated)	30 Jun 2019	31 Dec 2018 (Restated)
Agricultural, hunting, forestry and fishing	371	566	350	538
Mining and quarrying	204	543	125	380
Manufacturing	20,833	9,199	16,144	4,071
Electricity, gas and water	388	94	36	35
Construction	21,242	12,205	16,739	7,864
Real estate	33,275	31,737	7,402	6,410
Wholesale & retail trade and restaurants & hotels	15,857	18,217	10,877	13,570
Transport, storage and communication	14,653	17,711	13,007	12,906
Finance, insurance/takaful and business services	315	147	288	83
Household-retail	393,653	395,478	196,251	206,473
Others	9,470	5,981	5,551	5,015
	<b>510,261</b>	<b>491,878</b>	<b>266,770</b>	<b>257,345</b>

**Table 9: Impairment allowance breakdown by geographical location**

	Group (RM'000)		Bank (RM'000)	
	30 Jun 2019	31 Dec 2018 (Restated)	30 Jun 2019	31 Dec 2018 (Restated)
Northern region	63,927	77,487	36,651	48,117
Southern region	58,095	63,359	30,644	33,189
Central region	366,143	323,341	185,622	158,707
Eastern region	22,096	27,691	13,853	17,332
	<b>510,261</b>	<b>491,878</b>	<b>266,770</b>	<b>257,345</b>

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 19 (i) of the unaudited condensed interim financial statements at 30 June 2019.

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

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

**Table 10: Net impairment allowance in profit or loss during the period breakdown by sector**

<i>(Release) / Charges</i>	<b>Group (RM'000)</b>		<b>Bank (RM'000)</b>	
	<b>30 Jun 2019</b>	<b>30 Jun 2018</b>	<b>30 Jun 2019</b>	<b>30 Jun 2018</b>
Agricultural, hunting, forestry and fishing	(12)	(2,401)	(5)	(2,414)
Mining and quarrying	(355)	(2)	(271)	(1)
Manufacturing	11,671	(1,225)	12,079	551
Electricity, gas and water	292	102	1	42
Construction	9,886	244	9,734	197
Real estate	2,647	1,935	1,857	2,137
Wholesale & retail trade and restaurants & hotels	(2,460)	11,692	(2,861)	10,051
Transport, storage and communication	(196)	(231)	124	170
Finance, insurance/takaful and business services	144	844	174	13
Household-retail	45,366	52,385	7,868	11,848
Others	3,433	6,356	600	4,292
	<b>70,416</b>	<b>69,699</b>	<b>29,300</b>	<b>26,886</b>

The reconciliation of changes in the loan/financing impairment provisions is disclosed in Note 33 (i) of the unaudited condensed interim financial statements at 30 June 2019.

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

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

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

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

ECAIs are used by the Group and the Bank as part of the determination of risk weightings for the following classes of exposure:

- Sovereigns and Central Banks
- Multilateral development banks
- Public sector entities
- Corporates
- Banks
- Securities firms

For the purpose of Pillar 1 reporting to BNM, the Group uses the external credit ratings from the following ECAIs:

- Standard & Poor's Rating Services (S&P)
- Moody's Investors Services (Moody's)
- Fitch Ratings (Fitch)
- RAM Rating Services Berhad (RAM)
- Malaysian Rating Corporation Berhad (MARC)

Data files of external ratings from the nominated ECAIs are matched with the customer records in the Group's centralised credit database. When calculating the risk-weighted value of any exposure under the standardised approach, the customer in question is identified and matched to a rating, according to BNM's selection rules. The relevant risk weight is then derived using the BNM's prescribed risk weights and rating categories. All other exposure classes are assigned risk weightings as prescribed in the BNM Capital Adequacy Framework (Basel II-Risk-Weighted Assets).

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

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

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

Below are the summary tables of long and short term ratings governing the high level assignment of risk weights under the standardised approach:

Long Term Rating Category		1	2	3	4	5	6	7
Rating Agency	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ and below	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 to B3	Caa1 and below	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ and below	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to BB3	B1 to B3	C1 and below	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	C+ and below	Unrated

Short Term Rating Category		1	2	3	4	5
Rating Agency	S & P	A-1	A-2	A-3	Others	Unrated
	Moody's	P-1	P-2	P-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated

Risk Weights Based on Credit Rating of the Counterparty Exposure Class						
Rating Category	Long Term Rating					Short Term Rating
	Sovereigns and Central Banks	Corporates	Banking Institutions			
			Risk weight (original maturity greater than 6)	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

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

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

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

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

**30 Jun 2019**

**Group (RM '000)**

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	372,986	11,745,531	-	-	-	-		12,118,517
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	25,000	281,125	773,917	-	-	-		1,080,042
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	2,068,267	3,641,567	363,678	59,782	26,606	-		6,159,900
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	21,605	-	-	-	-		21,605
- Exposures risk-weighted using ratings of Banking Institutions	5,869	763	-	-	-	-		6,632
- Exposures risk-weighted using ratings of Corporates	2,345,163	259,089	544,760	-	-	-		3,149,012
	4,817,285	15,949,680	1,682,355	59,782	26,606	-	-	22,535,708
<b>(ii) Total unrated exposures</b>							63,914,043	63,914,043
<b>Total Long Term Exposure</b>	4,817,285	15,949,680	1,682,355	59,782	26,606	-	63,914,043	86,449,751

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

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

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

**30 Jun 2019**

**Group (RM '000)**

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	10,065,090	-	-		10,065,090
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	150,000	-	-	40,044		190,044
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	775,920	1,071,613	280,079	-		2,127,612
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	931,975	522,188	192,837	-		1,647,000
	1,857,895	11,658,891	472,916	40,044	-	14,029,746
<b>(ii) Total unrated exposures</b>					-	-
<b>Total Short Term Exposure</b>	1,857,895	11,658,891	472,916	40,044	-	14,029,746
<b>Group Total Long Term and Short Term Exposure :</b>						100,479,497



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

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

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

31 Dec 2018  
Group (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	658,201	10,387,851	-	-	-	-	-	11,046,052
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	30,000	281,125	666,318	-	-	-	-	977,443
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	1,723,040	2,344,390	407,807	166,763	86,115	1,082	-	4,729,197
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	21,394	-	-	-	-	-	21,394
- Exposures risk-weighted using ratings of Banking Institutions	6,412	634	-	-	-	-	-	7,046
- Exposures risk-weighted using ratings of Corporates	2,343,313	655,404	785,183	-	-	-	-	3,783,900
	4,760,966	13,690,798	1,859,308	166,763	86,115	1,082	-	20,565,032
<b>(ii) Total unrated exposures</b>								
							64,277,639	64,277,639
<b>Total Long Term Exposure</b>	4,760,966	13,690,798	1,859,308	166,763	86,115	1,082	64,277,639	84,842,671

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

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

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

31 Dec 2018  
Group (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	10,402,661	-	-		10,402,661
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	150,000	-	-	36,730		186,730
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	1,014,700	2,090,494	186,491	-		3,291,685
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	1,067,925	463,193	146,412	-		1,677,530
	2,232,625	12,956,348	332,903	36,730	-	15,558,606
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	2,232,625	12,956,348	332,903	36,730	-	15,558,606
<b>Group Total Long Term and Short Term Exposure :</b>						100,401,277

*Note:*

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

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

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

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

**30 Jun 2019**

**Bank (RM '000)**

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	372,986	8,414,030	-	-	-	-	-	8,787,016
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	25,000	281,125	442,755	-	-	-	-	748,880
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	2,179,152	3,421,772	160,870	23,757	26,606	-	-	5,812,157
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	10,181	-	-	-	-	-	10,181
- Exposures risk-weighted using ratings of Banking Institutions	4,420	763	-	-	-	-	-	5,183
- Exposures risk-weighted using ratings of Corporates	2,043,384	249,548	534,941	-	-	-	-	2,827,873
	4,624,942	12,377,419	1,138,566	23,757	26,606	-	-	18,191,290
<b>(ii) Total unrated exposures</b>								
							49,253,054	49,253,054
<b>Total Long Term Exposure</b>	<b>4,624,942</b>	<b>12,377,419</b>	<b>1,138,566</b>	<b>23,757</b>	<b>26,606</b>	<b>-</b>	<b>49,253,054</b>	<b>67,444,344</b>

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

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

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

**30 Jun 2019**

**Bank (RM '000)**

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	6,873,335	-	-		6,873,335
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	-	-	-	40,044		40,044
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	1,907,401	1,071,613	280,079	-		3,259,093
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	359,773	8,593	-	-		368,366
	2,267,174	7,953,541	280,079	40,044	-	10,540,838
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	<b>2,267,174</b>	<b>7,953,541</b>	<b>280,079</b>	<b>40,044</b>	<b>-</b>	<b>10,540,838</b>

<b>Bank Total Long Term and Short Term Exposure :</b>	<b>77,985,182</b>
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**Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures (Cont'd)**

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

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

31 Dec 2018  
Bank (RM '000)

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<b>On and Off Balance Sheet Exposures</b>								
<b>(i) Total rated exposures</b>								
<b>Sovereigns &amp; Central Banks</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	658,201	7,475,664	-	-	-	-	-	8,133,865
<b>PSEs</b>								
- Exposures risk-weighted using ratings of Corporates	30,000	281,125	335,092	-	-	-	-	646,217
<b>Banks, DFIs &amp; MDBs</b>								
- Exposures risk-weighted using ratings of Banking Institutions	2,216,189	1,937,960	204,963	127,652	86,115	1,082	-	4,573,961
<b>Corporates</b>								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	12,816	-	-	-	-	-	12,816
- Exposures risk-weighted using ratings of Banking Institutions	4,415	634	-	-	-	-	-	5,049
- Exposures risk-weighted using ratings of Corporates	1,962,910	600,888	783,983	-	-	-	-	3,347,781
	4,871,715	10,309,087	1,324,038	127,652	86,115	1,082	-	16,719,689
<b>(ii) Total unrated exposures</b>								
							49,068,374	49,068,374
<b>Total Long Term Exposure</b>	<b>4,871,715</b>	<b>10,309,087</b>	<b>1,324,038</b>	<b>127,652</b>	<b>86,115</b>	<b>1,082</b>	<b>49,068,374</b>	<b>65,788,063</b>

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

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

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

31 Dec 2018  
Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<b>On and Off Balance Sheet Exposures</b>						
<b>(i) Total rated exposures</b>						
<b>Sovereigns &amp; Central Banks</b>						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	7,563,392	-	-		7,563,392
<b>PSEs</b>						
- Exposures risk-weighted using ratings of Corporates	-	-	-	36,730		36,730
<b>Banks, DFIs &amp; MDBs</b>						
- Exposures risk-weighted using ratings of Banking Institutions	2,185,912	2,089,231	186,030	-		4,461,173
<b>Corporates</b>						
- Exposures risk-weighted using ratings of Corporates	512,746	10,668	-	-		523,414
	2,698,658	9,663,291	186,030	36,730	-	12,584,709
<b>(ii) Total unrated exposures</b>						
					-	-
<b>Total Short Term Exposure</b>	<b>2,698,658</b>	<b>9,663,291</b>	<b>186,030</b>	<b>36,730</b>	<b>-</b>	<b>12,584,709</b>
<b>Bank Total Long Term and Short Term Exposure :</b>						<b>78,372,772</b>

*Note:*

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

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

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

#### **ii) Credit Risk Mitigation (CRM)**

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

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

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

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

- under the residential and real estate business; mortgages over residential and financed properties;
- under certain Islamic specialised financing and leasing transactions (such as machinery financing) where physical assets form the principal source of facility repayment, physical collateral is typically taken;
- in the commercial and industrial sectors, charges over business assets such as premises, stock and debtors;
- facilities provided to small and medium enterprises are commonly granted against guarantees by their owners/directors;
- guarantees from third parties can arise where facilities are extended without the benefit of any alternative form of security; e.g. where the Group issues a bid or performance sukuk in favour of a non-customer at the request of another bank;
- under the institutional sector, certain trading facilities are supported by charges over financial instruments such as cash, debt securities and equities;
- financial collateral in the form of cash and marketable securities are used in much of the over-the-counter (OTC) derivatives activities and in the Group's securities financing business (securities lending and borrowing or repos and reverse repos); and
- netting is used where appropriate, and supported by market standard documentation.

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

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

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

The appointment of panel valuers is conducted via Vendor Risk Management whereby due diligence is undertaken in accordance with Suppliers Risk Management and Third Party Associated Persons Bribery Risk Assessment and Due Diligence Policy at the origination of the relationship in accordance with Group Third Party Risk Management Policy.

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

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

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

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

**30 Jun 2019**

**Group (RM'000)**

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,913,519	-	-	-
PSEs	2,008,220	-	4,818	-
Banks, DFIs & MDBs	5,692,587	-	2,719,549	-
Corporates	23,187,269	259,788	611,970	-
Regulatory Retail	5,721,383	18,757	96,653	-
Residential Mortgages	18,594,106	-	-	-
Higher Risk Assets	29,720	-	150	-
Other Assets	1,618,746	-	-	-
Equity Exposure	196,402	-	-	-
Defaulted Exposures	846,933	4,645	3,698	-
<b>Total for On-Balance Sheet Exposures</b>	<b>79,808,885</b>	<b>283,190</b>	<b>3,436,838</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,852,909	-	292,355	1,538,462
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,811,042	376,973	580,614	-
Defaulted Exposures	6,661	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>20,670,612</b>	<b>376,973</b>	<b>872,969</b>	<b>1,538,462</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>100,479,497</b>	<b>660,163</b>	<b>4,309,807</b>	<b>1,538,462</b>



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

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

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

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

31 Dec 2018

Group (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	21,214,721	-	-	-
PSEs	1,881,975	-	-	-
Banks, DFIs & MDBs	5,291,472	-	1,099,853	-
Corporates	24,490,126	312,003	771,305	-
Regulatory Retail	5,787,327	16,680	89,689	-
Residential Mortgages	19,057,166	-	-	-
Higher Risk Assets	26,000	-	150	-
Other Assets	926,367	-	-	-
Equity Exposure	186,737	-	-	-
Defaulted Exposures	808,012	12,957	4,085	-
<b>Total for On-Balance Sheet Exposures</b>	<b>79,669,903</b>	<b>341,640</b>	<b>1,965,082</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,879,155	-	232,801	1,355,319
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,844,448	289,755	483,093	-
Defaulted Exposures	7,771	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>20,731,374</b>	<b>289,755</b>	<b>715,894</b>	<b>1,355,319</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>100,401,277</b>	<b>631,395</b>	<b>2,680,976</b>	<b>1,355,319</b>

*Note:*

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

PSEs - Public Sector Entities

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

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

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

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

**30 Jun 2019**

**Bank (RM'000)**

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><i>Credit Risk</i></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	15,390,263	-	-	-
PSEs	1,426,709	-	4,818	-
Banks, DFIs & MDBs	6,401,649	-	2,516,741	-
Corporates	17,263,723	214,836	513,921	-
Regulatory Retail	3,354,353	7,464	80,902	-
Residential Mortgages	14,378,169	-	-	-
Higher Risk Assets	22,869	-	-	-
Other Assets	1,442,586	-	-	-
Equity Exposure	196,402	-	-	-
Defaulted Exposures	565,722	3,043	3,167	-
<b>Total for On-Balance Sheet Exposures</b>	<b>60,442,445</b>	<b>225,343</b>	<b>3,119,549</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,878,588	-	292,355	1,538,462
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,659,032	347,033	490,931	-
Defaulted Exposures	5,117	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>17,542,737</b>	<b>347,033</b>	<b>783,286</b>	<b>1,538,462</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>77,985,182</b>	<b>572,376</b>	<b>3,902,835</b>	<b>1,538,462</b>

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

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

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

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

31 Dec 2018

Bank (RM'000)

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><i>Credit Risk</i></b>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	15,463,265	-	-	-
PSEs	1,300,244	-	-	-
Banks, DFIs & MDBs	6,080,617	-	897,009	-
Corporates	18,155,497	201,296	606,153	-
Regulatory Retail	3,414,281	5,788	77,627	-
Residential Mortgages	14,766,209	-	-	-
Higher Risk Assets	19,799	-	-	-
Other Assets	802,703	-	-	-
Equity Exposure	186,737	-	-	-
Defaulted Exposures	531,330	5,911	3,502	-
<b>Total for On-Balance Sheet Exposures</b>	<b>60,720,682</b>	<b>212,995</b>	<b>1,584,291</b>	<b>-</b>
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,917,263	-	249,014	1,355,319
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,729,085	229,491	406,889	-
Defaulted Exposures	5,742	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>17,652,090</b>	<b>229,491</b>	<b>655,903</b>	<b>1,355,319</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>78,372,772</b>	<b>442,486</b>	<b>2,240,194</b>	<b>1,355,319</b>

*Note:*

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

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

**4) Interest Rate Risk/Profit Rate Risk**

**Sensitivity of projected Net Interest/Finance Income**

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

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

	<b>Group (RM'000)</b>			
	<b>30 Jun 2019</b>		<b>31 Dec 2018</b>	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	<b>59,757</b>	<b>(113,074)</b>	67,416	(93,584)
USD	<b>38,176</b>	<b>(58,531)</b>	45,789	(57,377)
Others	<b>(14,878)</b>	<b>(660)</b>	2,691	(14,301)
	<b>83,055</b>	<b>(172,265)</b>	115,896	(165,262)

	<b>Bank (RM'000)</b>			
	<b>30 Jun 2019</b>		<b>31 Dec 2018</b>	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	<b>54,511</b>	<b>(91,494)</b>	82,393	(102,405)
USD	<b>33,132</b>	<b>(48,235)</b>	33,033	(42,269)
Others	<b>(3,950)</b>	<b>(8,218)</b>	(4,001)	(5,733)
	<b>83,693</b>	<b>(147,947)</b>	111,425	(150,407)

The increase or decline in economic value for upward and downward rate shocks for measuring interest rate risk/rate of return risk in the banking book are as follows:

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

	<b>Group (RM'000)</b>			
	<b>30 Jun 2019</b>		<b>31 Dec 2018</b>	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	<b>115,098</b>	<b>(112,357)</b>	275,180	(278,468)
USD	<b>99,156</b>	<b>(138,591)</b>	94,669	(132,594)
Others	<b>12,667</b>	<b>(8,026)</b>	69,567	(51,651)
	<b>226,921</b>	<b>(258,974)</b>	439,416	(462,713)

	<b>Bank (RM'000)</b>			
	<b>30 Jun 2019</b>		<b>31 Dec 2018</b>	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	<b>175,862</b>	<b>(185,793)</b>	341,580	(361,082)
USD	<b>95,638</b>	<b>(131,676)</b>	91,427	(127,161)
Others	<b>13,927</b>	<b>(9,319)</b>	69,003	(51,661)
	<b>285,427</b>	<b>(326,788)</b>	502,010	(539,904)

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

**4) Interest Rate Risk/Profit Rate Risk (Cont'd)**

**Sensitivity of projected Net Interest/Finance Income (Cont'd)**

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

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

	Group (RM'000)			
	30 Jun 2019		31 Dec 2018	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(100,934)	100,934	(137,858)	137,858
USD	(8,652)	8,652	(14,034)	14,034
CNY	(65)	65	(95)	95
	<b>(109,651)</b>	<b>109,651</b>	<b>(151,987)</b>	<b>151,987</b>

	Bank (RM'000)			
	30 Jun 2019		31 Dec 2018	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(70,805)	70,805	(101,528)	101,528
USD	(8,652)	8,652	(14,034)	14,034
CNY	(65)	65	(95)	95
	<b>(79,522)</b>	<b>79,522</b>	<b>(115,657)</b>	<b>115,657</b>

**5) Equities**

At 30 June 2019, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 30 June 2019 was mainly of shares held for the purpose of gaining strategic advantage.

Quoted equities

Quoted shares are not held for capital gains.

Unquoted equities

These shares are not held for capital gains and are recorded based on net tangible assets as measurement of fair value. The unquoted equities were classified under the non-institutional segment and risk weighted at 100%.

Refer to Note 16 of the unaudited condensed interim financial statements at 30 June 2019 on the Group's holdings of equity investments.

**6) Restatement of comparative figures**

The restatement of 31 December 2018 Pillar 3 Disclosures is to align the presentation for certain portfolio of loans/financing and advances with industry practice. The Group and the Bank's prior year profit and loss and retained profits brought forward are not affected by these reclassifications.

Tables affected by the restatement are as below:

- Table 1 : Geographical distribution of loans/financing and advances by sector breakdown by type (Group and Bank level).
- Table 2 : Geographical distribution of impaired loans/financing and advances breakdown by type (Group and Bank level).
- Table 3 : Residual contractual maturity of loans/financing and advances breakdown by type (Group and Bank level).
- Table 4 : Distribution of loans/financing and advances by sector, breakdown by type (Group and Bank level).
- Table 5 : Distribution of impaired loans/financing and advances by sector, breakdown by type (Group and Bank level).
- Table 6 : All past due loans/financing and advances breakdown by sector (Group and Bank level).
- Table 7 : All past due loans/financing and advances breakdown by geographical location (Group and Bank level).
- Table 8 : Impairment allowance breakdown by sector (Group and Bank level).
- Table 9 : Impairment allowance breakdown by geographical location (Group and Bank level).

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

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

#### **Overview**

Shariah compliance is a cornerstone of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight of the BOD, the Shariah Committee and the Management to ensure that the operations and business activities of HBMS, a fully owned Islamic subsidiary of the Bank, remain consistent with Shariah principles and its requirements.

To ensure Shariah compliance in all aspects of day-to-day Islamic finance activities, the Malaysian regulatory bodies such as BNM and Securities Commission have spelled out several provisions in relation to the establishment of a Shariah Committee and an internal Shariah Department in an Islamic Financial Institution (IFI). The Shariah Committee is an independent Shariah advisory body which plays a vital role in providing Shariah views and rulings pertaining to Islamic finance. The Shariah Committee also performs an oversight role on Shariah matters related to the Bank's business operations and activities. At the institutional level, the Shariah Department acts as an intermediary between the Shariah Committee and the Management team of the IFI. The Shariah Department together with the Shariah Committee has the role to assist the Management in ensuring that all activities of the IFI are in compliance with the Shariah rules and principles, in accordance with the guidelines laid down by Shariah Governance Framework (SGF) of BNM. However, the accountability to ensure Shariah compliance remains with the IFI's BOD.

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

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

##### **a. Board of Directors**

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

##### **b. Shariah Committee**

To maintain an oversight on the operations and business activities of HBMS and to be accountable for its decisions, views and opinions on Shariah matters.

##### **c. CEO and Management**

To be responsible in day-to-day compliance with Shariah in all aspects of its business activities by observing and implementing the Shariah rulings and decisions made by the Shariah Advisory Council of BNM (SAC) and the Shariah Committee and to identify and refer any Shariah issues to the Shariah Committee for its decisions, views and opinions.

##### **d. Shariah Audit**

To conduct periodical assessment to provide an independent assessment and objective assurance of the effectiveness on the internal control system for Shariah compliance.

##### **e. Shariah Risk Management**

To assist in developing and implementing a risk identification process, measurement of the potential impact and monitoring of Shariah non-compliance risks within HBMS.

To formulate and recommend appropriate Shariah non-compliance risk management policies and procedures and risk awareness programmes.

##### **f. Shariah Department**

###### **i) Shariah Review**

To examine and evaluate HBMS' level of compliance with the applicable Shariah rulings and regulations and consequently to provide remedial rectification measures to resolve non-compliance and to ensure that proper control mechanism is in place to avoid recurrences.

To ensure that all procedural guidelines, rules and regulations issued by BNM and other regulatory bodies relating to Shariah as well as internal guidelines, policies and procedures, manuals and all Shariah rules and principles issued by the Shariah Committee and Shariah Department are adhered to, with due regard to the business needs and Shariah requirements.

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

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

**Qualitative Disclosures - Key Components and Core Shariah Functions in Implementing and Monitoring the Shariah Governance Practices as per SGF (Cont'd)**

**f. Shariah Department (Cont'd)**

**ii) Shariah Advisory**

To provide day-to-day Shariah advice and consultancy to relevant parties, including those involved in the product development process as well as the supporting functions.

**iii) Shariah Research**

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

**iv) Shariah Secretariat**

To coordinate meetings, compile proposal papers, prepare and keep accurate record of minutes of the decisions and resolutions made by the Shariah Committee, disseminate Shariah decisions to relevant stakeholders and engage with relevant parties who wish to seek further deliberations from the Shariah Committee.

**v) Knowledge and Skills Monitoring**

To monitor the level of Shariah related knowledge and skills by the staff involved in the cycle of HBMS's products.

**Quantitative Disclosure**

**a. Shariah Non-Compliance Events:**

During the financial period ending 30 June 2019, 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 period ending 30 June 2019, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

i) The amount of RM13,457 in the Account was carried forward from 2018 to 2019.

ii) Income from inadvertent Shariah non-compliance activities identified by HBMS's management amounted to RM2,344 as at 30 June 2019 received from transactions via Nostro Accounts has been reversed to the Account.

iii) No amount has yet been deducted for 2018 tax liabilities on Shariah Penalty & Impure Income.

The balance of RM15,801 in the Account is pending distribution in second half of 2019.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ending 30 June 2019.