

HSBC BANK MALAYSIA BERHAD
(Company No.198401015221 (127776-V))
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
As at 31 December 2021

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Stuart Paterson Milne, 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 43 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

.....
STUART PATERSON MILNE

CHIEF EXECUTIVE OFFICER
11 February 2022

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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 (HBMS), 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 as at 31 December 2021. 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 as at 31 December 2021.

(c) Consolidation basis

The basis of consolidation for financial accounting purposes is described in Note 3(a) of the financial statements as at 31 December 2021 and it is the same basis of consolidation that is used for regulatory purposes. The Bank's subsidiary companies are listed in Note 17 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

(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 41 of the financial statements as at 31 December 2021 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

The Group operates a wide-ranging stress testing programme that supports risk management and capital planning. Stress testing provides management with key insights into the impact of severely adverse events, and provides confidence to regulators on financial stability.

As well as undertaking regulatory-driven stress tests, we conduct our own internal stress tests, in order to understand the nature and level of all material risks, quantify the impact of such risks and develop plausible business as usual mitigating actions.

The stress testing programme assesses capital and liquidity strength through a rigorous examination of resilience to external shocks from a range of stress scenarios. They include potential adverse macroeconomic, geopolitical and operational risk events, and other potential events that are specific to the Group. Stress testing analysis helps management understand the nature and extent of vulnerabilities to which the Group is exposed and informs decisions about preferred capital or liquidity levels.

Separately, reverse stress tests are conducted at the Group in order to understand which potential extreme conditions would make the business model non-viable. Reverse stress testing identifies potential stresses and vulnerabilities which the Group might face, and helps inform early warning triggers, management actions and contingency plans designed to mitigate risks.

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 Risk Committee (RC) to the Board for approval.

Risk Appetite

Risk appetite is a key component in our management of risk. It describes the aggregate level and risk types that we are willing to accept in achieving our medium and long-term strategic goals. At HSBC, risk appetite is managed through a global risk appetite framework and articulated in a Risk Appetite Statement (RAS).

The Group's risk appetite informs our strategic and financial planning process, defining the desired forward-looking risk profile of the Group. It is also integrated within other risk management tools, such as the top and emerging risks report and stress testing, to ensure consistency in risk management.

The Risk Appetite Framework as well as the Consolidated RAS will be reviewed by all relevant stakeholders namely Risk, Finance and Global Businesses. It is tabled to the RMM for endorsement, and subsequently tabled to the RC for recommendation to the BOD for review and / or approval on bi-annual basis.

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

(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 ^[1] is divided into Common Equity Tier 1 (CET1) Capital and Additional Tier 1 Capital. CET1 Capital includes ordinary share capital ^[2], 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 has also issued a perpetual capital term loan as at 31 December 2021 which qualifies as Additional Tier 1 Capital.
- Tier 2 capital ^[1], which includes qualifying subordinated liabilities ^[3] and subordinated term financing, impairment allowances equal to 12-months and lifetime expected credit losses for non-credit impaired loans (commonly known as Stage 1 and 2 provisions), regulatory reserve, and the element of the fair value reserve relating to revaluation of property which are disclosed as regulatory adjustments.

Pursuant to BNM's Guidelines on Capital Adequacy Framework (Capital Component) issued on the 9 December 2020, the Group has elected to apply the transitional arrangement as specified in paragraph 39.

Under the transitional arrangements, the expected credit loss (ECL) allowance measured at an amount equal to 12-month and lifetime ECL to the extent they are related to non-credit-impaired exposures (hereinafter referred to as Stage 1 and Stage 2 provisions), are allowed to be added back to CET-1, subject to a capping. The transitional arrangement commenced from financial year beginning 1 January 2020, with an add-back factor that will gradually reduce over a four-year transitional duration.

As required by the Guideline, below is the disclosure on the capital ratios with comparison of:

- the Capital Ratios computed in accordance with the transitional arrangement
- the Capital Ratios, had the transitional arrangement not been applied.

31 Dec 2021
(RM'000)

Group

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	9,541,538	16.925	9,452,323	16.767
Tier 1 Capital	10,041,538	17.812	9,952,323	17.654
Tier 2 Capital	810,237	-	815,682	-
Total Capital	10,851,775	19.249	10,768,005	19.101

31 Dec 2020
(RM'000)

Group

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	9,630,466	17.030	9,472,058	16.750
Tier 1 Capital	10,130,466	17.914	9,972,058	17.634
Tier 2 Capital	821,167	-	922,784	-
Total Capital	10,951,633	19.366	10,894,842	19.266

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

(f) Capital structure (cont'd)

31 Dec 2021 (RM'000)		Bank			
Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement		
	Amount	%	Amount	%	
CET1 Capital	7,617,330	17.122	7,539,139	16.946	
Tier 1 Capital	8,117,330	18.246	8,039,139	18.070	
Tier 2 Capital	230,783	-	259,767	-	
Total Capital	8,348,113	18.764	8,298,906	18.654	

31 Dec 2020 (RM'000)		Bank			
Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement		
	Amount	%	Amount	%	
CET1 Capital	7,595,278	17.033	7,486,920	16.790	
Tier 1 Capital	8,095,278	18.155	7,986,920	17.912	
Tier 2 Capital	184,269	-	265,909	-	
Total Capital	8,279,547	18.568	8,252,829	18.508	

^[1] Refer to Note 41 of the financial statements as at 31 December 2021 for the amount and breakdown of capital components.

^[2] Refer to Note 28 of the financial statements as at 31 December 2021 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

^[3] Refer to Note 27 of the financial statements as at 31 December 2021 for terms and conditions of the subordinated liabilities.

(g) Risk management

Risk management framework

We use the Group's risk management framework in managing risk across the organisation and across all risk types. It is underpinned by our risk culture and is reinforced by the HSBC Values. The framework fosters continuous monitoring of the risk environment, and promotes risk awareness and sound operational and strategic decision making. It also ensures we have a consistent approach to monitoring, managing and mitigating the risks we accept and incur in our activities.

Culture

HSBC has long recognised the importance of a strong culture. Our culture is reinforced by our values. It is instrumental in aligning the behaviours of individuals with our attitude to assuming and managing risk, which helps to ensure that our risk profile remains in line with our risk appetite. The fostering of a strong culture is a key responsibility of our senior executives. Our culture is further reinforced by our approach to remuneration. Individual awards, including those for senior executives, are based on compliance with our values and the achievement of financial and non-financial objectives that are aligned to our risk appetite and strategy.

Risk governance

The Board has ultimate responsibility for the effective management of risk and approves HSBC's risk appetite. It is advised on risk-related matters by the group's Risk Committee. Executive accountability for the ongoing monitoring, assessment and management of the risk environment, and the effectiveness of the risk management framework resides with the group's Chief Risk Officer, supported by the RMM. Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making. All employees have a role to play in risk management. These roles are defined using the Three Lines of Defence model, which takes into account our business and functional structures. We use a defined executive risk governance structure to ensure appropriate oversight and accountability for risk, which facilitates reporting and escalation to the RMM.

Refer to Note 4 of the financial statements as at 31 December 2021 for the Group's risk managements policies on the above mentioned risks.

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

(g) Risk management (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.

As at 31 December 2021, the RWA risk absorbent for Syndicated Investment Account for Financing (SIAF)/ Investment Agency Account (IAA) in the Bank amounted to RM2,941m (31 December 2020: RM2,744m) with principal amount of RM3,799m (31 December 2020 : RM3,551m). This amount is reported as asset under management in the books of the Bank's Islamic Subsidiary. At group level, the effect of the RWA risk absorbent profit sharing investment is eliminated.

31 Dec 2021

Group

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	28,703,818	28,703,818	794,183	63,535
PSEs	1,630,745	1,628,871	627,716	50,217
Banks, DFIs & MDBs	8,185,746	3,959,472	1,373,569	109,886
Corporates	23,487,487	22,970,965	20,923,600	1,673,888
Regulatory Retail	5,010,573	4,942,787	3,839,901	307,192
Residential Mortgages	16,207,221	16,207,221	6,081,343	486,507
Higher Risk Assets	21,698	21,548	32,323	2,586
Other Assets	1,846,614	1,846,614	1,224,559	97,965
Equity Exposure	224,667	224,667	224,667	17,973
Defaulted Exposures	990,763	986,128	999,219	79,938
Total for On-Balance Sheet Exposures	86,309,332	81,492,091	36,121,080	2,889,687
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,023,815	1,643,894	950,261	76,021
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,723,097	17,174,705	12,624,020	1,009,922
Defaulted Exposures	59,970	48,711	36,640	2,931
Total for Off-Balance Sheet Exposures	20,806,882	18,867,310	13,610,921	1,088,874
Total On and Off-Balance Sheet Exposures ^[1]	107,116,214	100,359,401	49,732,001	3,978,561
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	33,601,472	34,535,616	(934,144)	1,150,776
Foreign Currency Risk	25,964	64,990	68,568	5,485
Equity Risk	-	-	-	3,687
Options Risk	-	-	-	50,683
	33,627,436	34,600,606	(865,576)	1,273,714
Operational Risk (Standardised Approach)	-	-	-	5,369,068
Total RWA and Capital Requirement	-	-	-	56,374,783
				4,509,983

^[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) Credit risk mitigation (CRM) within this disclosure document.

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

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2020

Group

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	23,314,235	23,314,235	874,961	69,997
PSEs	1,632,932	1,629,770	669,235	53,539
Banks, DFIs & MDBs	9,900,857	6,056,816	1,617,416	129,393
Corporates	23,299,273	22,845,823	20,735,257	1,658,820
Regulatory Retail	5,186,505	5,122,098	3,993,437	319,475
Residential Mortgages	17,179,184	17,179,184	6,362,652	509,012
Higher Risk Assets	24,445	24,295	36,442	2,915
Other Assets	1,435,630	1,435,630	1,091,735	87,339
Equity Exposure	213,295	213,295	213,295	17,064
Defaulted Exposures	1,228,160	1,223,927	1,312,053	104,964
Total for On-Balance Sheet Exposures	83,414,516	79,045,073	36,906,483	2,952,518
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,190,870	1,990,831	1,199,898	95,992
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,330,221	15,901,394	11,551,630	924,130
Defaulted Exposures	10,319	10,319	13,792	1,104
Total for Off-Balance Sheet Exposures	20,531,410	17,902,544	12,765,320	1,021,226
Total On and Off-Balance Sheet Exposures ^[1]	103,945,926	96,947,617	49,671,803	3,973,744
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	34,099,800	36,111,988	(2,012,188)	998,661
Foreign Currency Risk	19,834	115,718	115,718	9,257
Options Risk	-	-	-	8,098
	34,119,634	36,227,706	(1,896,470)	97,248
Operational Risk (Standardised Approach)	-	-	-	5,662,957
Total RWA and Capital Requirement	-	-	-	56,550,364
				4,524,029

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) CRM within this disclosure document.

Refer to Note 41 of the financial statements as at 31 December 2021 for disclosure on RWA breakdown by various risk categories.

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

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2021

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,691,496	22,691,496	656,565	52,525
PSEs	952,387	950,513	310,188	24,815
Banks, DFIs & MDBs	9,389,678	5,163,404	1,422,137	113,771
Corporates	18,033,569	17,695,647	16,187,846	1,295,028
Regulatory Retail	2,867,026	2,811,897	2,104,613	168,369
Residential Mortgages	12,404,274	12,404,274	4,639,803	371,184
Higher Risk Assets	16,645	16,645	24,968	1,997
Other Assets	1,476,812	1,476,812	1,155,005	92,400
Equity Exposure	224,667	224,667	224,667	17,973
Defaulted Exposures	677,284	673,818	687,879	55,030
Total for On-Balance Sheet Exposures	68,733,838	64,109,173	27,413,671	2,193,092
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,074,449	1,694,529	874,632	69,971
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,305,177	13,847,768	10,208,972	816,718
Defaulted Exposures	53,790	44,790	27,604	2,208
Total for Off-Balance Sheet Exposures	17,433,416	15,587,087	11,111,208	888,897
Total On and Off-Balance Sheet Exposures ^[1]	86,167,254	79,696,260	38,524,879	3,081,989
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	32,095,479	31,840,167	255,312	1,093,889
Foreign Currency Risk	22,047	64,651	64,651	5,172
Equity Risk	-	-	-	3,687
Options Risk	-	-	-	50,683
	32,117,526	31,904,818	319,963	1,212,910
Operational Risk (Standardised Approach)	-	-	-	4,751,416
Total RWA and Capital Requirement	-	-	-	44,489,205
				3,559,135

^[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) Credit risk mitigation (CRM) within this disclosure document.

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

(g) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2020

Bank

(RM'000)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	18,859,029	18,859,029	812,296	64,984
PSEs	1,152,467	1,149,305	388,795	31,104
Banks, DFIs & MDBs	10,048,297	6,401,117	1,528,833	122,307
Corporates	17,424,903	17,086,218	15,509,137	1,240,731
Regulatory Retail	2,909,131	2,856,412	2,127,205	170,176
Residential Mortgages	13,165,459	13,165,459	4,865,710	389,257
Higher Risk Assets	18,551	18,551	27,826	2,226
Other Assets	1,269,238	1,269,238	1,048,412	83,873
Equity Exposure	213,295	213,295	213,295	17,064
Defaulted Exposures	931,906	929,210	987,965	79,037
Total for On-Balance Sheet Exposures	65,992,276	61,947,834	27,509,474	2,200,759
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,212,781	2,012,742	1,124,738	89,979
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,488,970	13,127,231	9,780,989	782,479
Defaulted Exposures	7,264	7,264	9,444	756
Total for Off-Balance Sheet Exposures	17,709,015	15,147,237	10,915,171	873,214
Total On and Off-Balance Sheet Exposures ^[1]	83,701,291	77,095,071	38,424,645	3,073,973
Market Risk (Standardised Approach)				
	<u>Long Position</u>	<u>Short Position</u>		
Interest/Profit Rate Risk	33,195,104	34,123,185	(928,081)	76,462
Foreign Currency Risk	17,032	106,051	106,051	8,484
Options Risk	-	-	-	8,098
	33,212,136	34,229,236	(822,030)	93,044
Operational Risk (Standardised Approach)	-	-	-	400,205
Total RWA and Capital Requirement	-	-	-	3,567,222

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) CRM within this disclosure document.

Refer to Note 41 of the financial statements as at 31 December 2021 for disclosure on RWA breakdown by various risk categories.

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

(g) Risk management (Cont'd)

2) Risk Weight Profile and RWA

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

31 Dec 2021

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%	24,749,942	-	-	36,789	16,237	-	-	622,075	-	25,425,043	-
20%	3,974,667	1,405,759	3,556,615	3,788,399	29,609	-	-	-	-	12,755,049	2,551,010
35%	-	-	-	-	-	17,424,137	-	-	-	17,424,137	6,098,448
50%	-	180,198	1,802,885	785,672	8,938	1,008,312	-	-	-	3,786,005	1,893,003
75%	-	-	-	-	7,000,861	555,523	-	-	-	7,556,384	5,667,288
100%	-	876,008	417,197	28,978,196	880,893	592,386	-	1,224,536	224,667	33,193,883	33,193,883
150%	-	-	483	22,153	58,634	112,428	25,198	-	-	218,896	328,344
625%	-	-	-	-	-	-	-	4	-	4	25
Total										100,359,401	49,732,001
Average Risk Weight	3%	51%	35%	90%	78%	40%	150%	66%	100%	50%	

31 Dec 2020

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%	18,939,660	-	-	41,604	17,486	-	-	343,895	-	19,342,645	-
20%	4,426,025	1,426,443	5,844,977	3,650,342	37,033	-	-	-	-	15,384,820	3,076,966
35%	-	-	-	-	-	18,574,346	-	-	-	18,574,346	6,501,021
50%	-	177,897	1,766,841	775,273	33,666	882,229	-	-	-	3,635,906	1,817,954
75%	-	-	-	-	7,199,642	377,943	-	-	-	7,577,585	5,683,189
100%	-	971,910	145,785	27,908,001	900,611	880,264	-	1,091,735	213,295	32,111,601	32,111,601
150%	-	-	28,551	65,477	80,025	118,681	27,980	-	-	320,714	481,072
Total										96,947,617	49,671,803
Average Risk Weight	4%	52%	29%	90%	78%	40%	150%	76%	100%	51%	

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 (Cont'd)

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

31 Dec 2021
(RM'000)

Bank

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	19,408,911	-	-	22,718	9,409	-	-	321,827	-	19,762,865	-
20%	3,286,576	874,845	5,431,699	3,070,347	29,609	-	-	-	-	12,693,076	2,538,615
35%	-	-	-	-	-	13,570,957	-	-	-	13,570,957	4,749,835
50%	-	180,198	1,171,696	355,660	2,782	738,842	-	-	-	2,449,178	1,224,589
75%	-	-	-	-	4,690,004	441,707	-	-	-	5,131,711	3,848,783
100%	-	564,055	382,225	22,989,474	197,981	425,959	-	1,154,982	224,667	25,939,343	25,939,343
150%	-	-	483	22,150	32,011	74,911	19,571	-	-	149,126	223,689
625%	-	-	-	-	-	-	-	4	-	4	25
Total										79,696,260	38,524,879
Average Risk Weight	3%	51%	29%	90%	76%	39%	150%	78%	100%	48%	

31 Dec 2020
(RM'000)

Bank

Risk Weights	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, DFIs & MDBs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity		
0%	14,797,781	-	-	25,166	8,786	-	-	220,827	-	15,052,560	-
20%	4,112,699	1,005,689	6,790,850	2,749,174	36,421	-	-	-	-	14,694,833	2,938,967
35%	-	-	-	-	-	14,460,145	-	-	-	14,460,145	5,061,051
50%	-	177,897	1,161,611	570,842	16,893	654,962	-	-	-	2,582,205	1,291,103
75%	-	-	-	-	4,836,046	301,951	-	-	-	5,137,997	3,853,498
100%	-	673,388	145,785	22,017,037	120,232	723,793	-	1,048,412	213,295	24,941,942	24,941,942
150%	-	-	28,551	48,932	42,609	83,589	21,708	-	-	225,389	338,084
Total										77,095,071	38,424,645
Average Risk Weight	4%	52%	26%	90%	76%	40%	150%	83%	100%	50%	

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 (Cont'd)

3) Credit Risk

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

Group (RM'000)	31 Dec 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	87,199	70,623	461,407	38,354	657,583
Term loans/financing					
Housing loans/financing	2,790,886	2,278,132	10,131,952	772,788	15,973,758
Syndicated term loan/financing	9,786	93,747	3,629,606	-	3,733,139
Factoring receivables	33,718	97,358	534,331	1,932	667,339
Hire purchase receivables	64,227	56,237	69,460	20,624	210,548
Other term loans/financing	1,081,846	1,286,758	7,141,667	389,637	9,899,908
Bills receivables	189,256	86,525	4,850,139	21,527	5,147,447
Trust receipts	504,448	868,588	1,773,393	98,472	3,244,901
Claims on customers under acceptance credits	292,069	300,888	263,772	9,808	866,537
Staff loans/financing	5,857	3,943	41,199	2,293	53,292
Credit/charge cards	579,912	477,786	1,989,504	252,720	3,299,922
Revolving financing	405,578	286,387	6,811,939	44,701	7,548,605
Other loans/financing	2,926	1,994	6,798	3,538	15,256
	6,047,708	5,908,966	37,705,167	1,656,394	51,318,235

Group (RM'000)	31 Dec 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	88,944	76,197	340,357	64,247	569,745
Term loans/financing					
Housing loans/financing	3,020,884	2,473,234	10,765,522	850,252	17,109,892
Syndicated term loan/financing	58,643	106,176	3,979,650	-	4,144,469
Factoring receivables	15,002	43,479	489,829	170,491	718,801
Hire purchase receivables	50,343	62,665	76,202	17,338	206,548
Other term loans/financing	1,095,266	1,301,962	7,517,375	468,530	10,383,133
Bills receivables	119,695	153,790	3,627,395	25,203	3,926,083
Trust receipts	424,206	653,790	1,295,382	35,119	2,408,497
Claims on customers under acceptance credits	282,369	263,903	316,196	12,331	874,799
Staff loans/financing	9,086	5,006	47,169	3,114	64,375
Credit/charge cards	584,903	494,518	2,033,146	260,369	3,372,936
Revolving financing	251,700	303,736	7,150,614	107,884	7,813,934
Other loans/financing	3,311	1,753	6,091	2,812	13,967
	6,004,352	5,940,209	37,644,928	2,017,690	51,607,179

Concentration by location for loans, advances and financing is based on the location of branches where facilities were captured.

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 Disclosures (Cont'd)

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

Bank (RM'000)	31 Dec 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts	71,087	53,980	424,069	38,354	587,490
Term loans/financing					
Housing loans/financing	2,293,314	1,811,568	7,359,613	651,750	12,116,245
Syndicated term loan/financing	-	93,747	2,617,150	-	2,710,897
Factoring receivables	33,718	97,358	534,331	1,932	667,339
Other term loans/financing	738,480	718,580	4,961,981	268,976	6,688,017
Bills receivables	123,332	20,241	3,834,691	21,461	3,999,725
Trust receipts	500,127	806,041	1,382,471	98,472	2,787,111
Claims on customers under acceptance credits	216,635	241,161	200,892	9,351	668,039
Staff loans/financing	5,572	3,937	40,003	2,293	51,805
Credit/charge cards	386,695	298,854	1,341,712	198,839	2,226,100
Revolving financing	366,627	234,612	4,778,539	44,701	5,424,479
Other loans/financing	2,194	1,280	4,552	3,514	11,540
	4,737,781	4,381,359	27,480,004	1,339,643	37,938,787

Bank (RM'000)	31 Dec 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts	77,000	58,039	299,862	64,247	499,148
Term loans/financing					
Housing loans/financing	2,493,996	1,971,046	7,881,700	719,149	13,065,891
Syndicated term loan/financing	58,643	106,176	2,814,896	-	2,979,715
Factoring receivables	15,002	43,479	489,829	170,491	718,801
Other term loans/financing	809,324	676,593	4,904,719	323,011	6,713,647
Bills receivables	79,723	98,340	3,069,949	25,203	3,273,215
Trust receipts	418,976	635,988	871,231	35,119	1,961,314
Claims on customers under acceptance credits	209,217	158,985	213,040	11,463	592,705
Staff loans/financing	8,361	4,973	45,648	3,107	62,089
Credit/charge cards	394,022	308,051	1,373,178	207,362	2,282,613
Revolving financing	207,982	195,156	5,096,068	107,598	5,606,804
Other loans/financing	2,402	1,164	3,994	2,786	10,346
	4,774,648	4,257,990	27,064,114	1,669,536	37,766,288

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

Group (RM'000)	31 Dec 2021				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	3,106	13,319	59,173	9,504	85,102
Term loans/financing					
Housing loans/financing	327,953	314,010	1,275,015	80,965	1,997,943
Syndicated term loan/financing	-	-	237,708	-	237,708
Hire purchase receivables	-	-	172	-	172
Other term loans/financing	59,478	132,775	610,433	31,155	833,841
Bills receivables	-	2,128	37,591	-	39,719
Trust receipts	-	-	1,701	-	1,701
Claims on customers under acceptance credits	1,720	9,500	22,390	-	33,610
Staff loans/financing	-	-	527	-	527
Credit/charge cards	11,317	12,215	41,890	4,642	70,064
Revolving financing	-	19,502	226,368	11,347	257,217
Other loans/financing	2,752	1,739	6,116	3,459	14,066
	406,326	505,188	2,519,084	141,072	3,571,670

Group (RM'000)	31 Dec 2020				
	Northern	Southern	Central	Eastern	Total
Overdrafts/Cash line-i	3,638	15,336	50,072	9,576	78,622
Term loans/financing					
Housing loans/financing	141,138	126,243	579,062	36,554	882,997
Hire purchase receivables	-	374	61	-	435
Other term loans/financing	42,760	23,282	474,181	33,277	573,500
Bills receivables	30	4,072	12,007	-	16,109
Trust receipts	-	3,961	8,648	-	12,609
Claims on customers under acceptance credits	1,720	10,393	18,121	-	30,234
Staff loans/financing	-	-	354	-	354
Credit/charge cards	13,410	15,037	47,390	7,079	82,916
Revolving financing	-	-	129,506	10,930	140,436
Other loans/financing	3,043	1,703	5,751	2,792	13,289
	205,739	200,401	1,325,153	100,208	1,831,501

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2021				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	2,713	10,480	55,265	9,504	77,962
Term loans/financing					
Housing loans/financing	263,281	236,198	856,256	70,558	1,426,293
Syndicated term loan/financing	-	-	237,708	-	237,708
Other term loans/financing	35,279	110,262	310,751	21,891	478,183
Bills receivables	-	-	4,145	-	4,145
Trust receipts	-	-	1,701	-	1,701
Claims on customers under acceptance credits	1,720	9,500	22,390	-	33,610
Staff loans/financing	-	-	527	-	527
Credit/charge cards	7,270	7,620	27,942	3,296	46,128
Revolving financing	-	19,502	48,948	11,347	79,797
Other loans/financing	2,032	1,115	4,014	3,444	10,605
	312,295	394,677	1,569,647	120,040	2,396,659

	31 Dec 2020				
Bank (RM'000)	Northern	Southern	Central	Eastern	Total
Overdrafts	3,245	11,076	48,028	9,576	71,925
Term loans/financing					
Housing loans/financing	110,316	93,321	383,036	32,024	618,697
Other term loans/financing	28,243	8,128	223,987	24,992	285,350
Trust receipts	-	3,961	8,648	-	12,609
Claims on customers under acceptance credits	1,720	10,393	18,121	-	30,234
Staff loans/financing	-	-	354	-	354
Credit/charge cards	8,604	8,841	32,488	5,503	55,436
Revolving financing	-	-	129,506	10,930	140,436
Other loans/financing	2,167	1,127	3,703	2,768	9,765
	154,295	136,847	847,871	85,793	1,224,806

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

		31 Dec 2021				
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	657,583	-	-	-	657,583	
Term loans/financing						
Housing loans/financing	54,633	59,546	133,486	15,726,093	15,973,758	
Syndicated term loan/financing	2,896,458	530,253	165,657	140,771	3,733,139	
Factoring receivables	634,436	-	32,903	-	667,339	
Hire purchase receivables	10,218	80,026	120,304	-	210,548	
Other term loans/financing	559,936	3,515,237	2,492,440	3,332,295	9,899,908	
Bills receivables	5,147,447	-	-	-	5,147,447	
Trust receipts	3,244,901	-	-	-	3,244,901	
Claims on customers under acceptance credits	866,537	-	-	-	866,537	
Staff loans/financing	1,279	5,201	11,410	35,402	53,292	
Credit/charge cards	3,299,922	-	-	-	3,299,922	
Revolving financing	7,548,605	-	-	-	7,548,605	
Other loans/financing	15,256	-	-	-	15,256	
	24,937,211	4,190,263	2,956,200	19,234,561	51,318,235	

		31 Dec 2020				
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	569,745	-	-	-	569,745	
Term loans/financing						
Housing loans/financing	60,518	57,828	149,428	16,842,118	17,109,892	
Syndicated term loan/financing	224,493	3,190,824	611,828	117,324	4,144,469	
Factoring receivables	718,801	-	-	-	718,801	
Hire purchase receivables	11,352	92,216	102,980	-	206,548	
Other term loans/financing	1,109,997	3,021,488	2,563,725	3,687,923	10,383,133	
Bills receivables	3,926,083	-	-	-	3,926,083	
Trust receipts	2,408,497	-	-	-	2,408,497	
Claims on customers under acceptance credits	874,799	-	-	-	874,799	
Staff loans/financing	774	7,018	13,613	42,970	64,375	
Credit/charge cards	3,372,936	-	-	-	3,372,936	
Revolving financing	7,753,922	60,012	-	-	7,813,934	
Other loans/financing	13,967	-	-	-	13,967	
	21,045,884	6,429,386	3,441,574	20,690,335	51,607,179	

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

		31 Dec 2021			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	587,490	-	-	-	587,490
Term loans/financing					
Housing loans/financing	49,451	56,316	117,936	11,892,542	12,116,245
Syndicated term loan/financing	2,102,519	468,812	139,566	-	2,710,897
Factoring receivables	634,436	-	32,903	-	667,339
Other term loans/financing	210,325	3,069,845	1,600,708	1,807,139	6,688,017
Bills receivables	3,999,725	-	-	-	3,999,725
Trust receipts	2,787,111	-	-	-	2,787,111
Claims on customers under acceptance credits	668,039	-	-	-	668,039
Staff loans/financing	1,267	5,076	11,056	34,406	51,805
Credit/charge cards	2,226,100	-	-	-	2,226,100
Revolving financing	5,424,479	-	-	-	5,424,479
Other loans/financing	11,540	-	-	-	11,540
	18,702,482	3,600,049	1,902,169	13,734,087	37,938,787

		31 Dec 2020			
Bank (RM'000)	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Overdrafts	499,148	-	-	-	499,148
Term loans/financing					
Housing loans/financing	54,409	54,777	133,558	12,823,147	13,065,891
Syndicated term loan/financing	167,576	2,205,977	577,330	28,832	2,979,715
Factoring receivables	718,801	-	-	-	718,801
Other term loans/financing	774,330	2,106,503	1,811,488	2,021,326	6,713,647
Bills receivables	3,273,215	-	-	-	3,273,215
Trust receipts	1,961,314	-	-	-	1,961,314
Claims on customers under acceptance credits	592,705	-	-	-	592,705
Staff loans/financing	725	6,829	12,885	41,650	62,089
Credit/charge cards	2,282,613	-	-	-	2,282,613
Revolving financing	5,546,792	60,012	-	-	5,606,804
Other loans/financing	10,346	-	-	-	10,346
	15,881,974	4,434,098	2,535,261	14,914,955	37,766,288

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2021 Group (RM'000)														
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	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	
Agricultural, hunting, forestry and fishing	11,612	-	-	-	32,889	-	-	14,760	-	61	15,027	-	74,349	
Mining and quarrying	7,898	-	-	763	77,781	13,362	5,461	3,381	-	157	80,109	-	188,912	
Manufacturing	196,390	-	269,501	304,918	119,900	2,425,704	707,883	1,780,379	-	11,136	1,106,250	4,112	7,416,876	
Electricity, gas and water	2,302	-	-	62	-	16,854	204,173	3,702	-	37	136,305	-	367,556	
Construction	49,095	-	154,457	-	760	1,033,990	115,547	177,920	-	207	1,846,878	2	3,394,266	
Real estate	10,021	-	1,621,567	-	-	2,012,137	-	4,880	-	39	821,944	-	4,471,023	
Wholesale & retail trade and restaurants & hotels	213,736	-	33,841	184,921	23,652	673,234	504,914	1,039,850	-	4,202	1,066,831	395	4,071,291	
Transport, storage and communication	21,236	-	-	4,110	25,254	331,224	22,698	41,350	-	352	137,166	57	588,953	
Finance, insurance/takaful and business services	68,118	-	237,708	126,486	6,877	339,538	46,840	56,546	-	3,277	2,040,285	159	2,929,904	
Household-retail	61,864	15,973,758	-	-	-	2,311,541	-	-	53,292	3,279,949	-	10,412	21,690,816	
Others	15,311	-	1,416,065	46,842	33,342	645,016	3,532,030	134,813	-	505	297,810	119	6,124,289	
	657,583	15,973,758	3,733,139	667,339	210,548	9,899,908	5,147,447	3,244,901	866,537	53,292	3,299,922	7,548,605	15,256	51,318,235

31 Dec 2020 Group (RM'000)													
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term loans/financing	Factoring receivables	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
Agricultural, hunting, forestry and fishing	12,422	-	-	1,404	50,397	-	-	15,436	-	32	38,087	-	117,778
Mining and quarrying	4,500	-	-	168,038	995	172,802	-	505	-	74	85,078	-	435,023
Manufacturing	163,447	-	320,739	277,575	115,260	2,384,222	627,272	1,016,954	-	1,595	777,415	3,149	6,184,300
Electricity, gas and water	2,678	-	-	456	-	20,858	14,671	4,413	-	25	62,414	4	108,032
Construction	46,901	-	154,457	-	2,575	1,087,378	156,508	221,012	-	351	2,027,764	161	3,715,488
Real estate	10,104	-	1,777,956	-	-	2,119,759	-	59,278	-	30	701,913	59	4,669,099
Wholesale & retail trade and restaurants & hotels	111,583	-	34,685	124,100	9,543	765,129	414,749	859,915	-	817	1,163,854	383	3,801,121
Transport, storage and communication	17,739	-	-	12,313	29,597	321,055	31,224	104,552	-	120	163,464	65	688,704
Finance, insurance/takaful and business services	87,479	-	266,963	131,516	12,415	344,967	72,322	53,511	-	1,981	2,433,112	133	3,415,266
Household-retail	98,638	17,109,892	-	-	-	2,548,967	-	-	64,375	3,367,587	-	9,931	23,199,390
Others	14,254	-	1,589,669	4,803	34,759	567,599	2,609,337	88,357	-	324	360,833	82	5,272,978
	569,745	17,109,892	4,144,469	718,801	206,548	10,383,133	3,926,083	2,408,497	874,799	64,375	3,372,936	13,967	51,607,179

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2021												
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	9,897	-	-	25,592	-	-	13,164	-	61	15,027	-	63,741
Mining and quarrying	5,594	-	-	25,408	-	2,598	2,155	-	157	75,101	-	111,013
Manufacturing	171,773	-	102,639	304,918	1,738,607	545,831	1,663,939	-	11,136	1,000,987	3,529	5,930,426
Electricity, gas and water	2,131	-	-	62	11,250	-	3,702	-	37	2,003	-	22,687
Construction	45,111	-	154,457	-	781,157	38,182	155,678	-	207	1,250,419	2	2,430,449
Real estate	10,021	-	1,326,107	-	1,637,566	-	4,880	-	39	535,220	-	3,514,268
Wholesale & retail trade and restaurants & hotels	201,738	-	33,841	184,921	501,632	244,450	806,002	-	4,202	1,006,747	365	3,232,157
Transport, storage and communication	20,552	-	-	4,110	317,597	17,988	1,956	-	352	77,005	57	442,632
Finance, insurance/takaful and business services	57,172	-	237,708	126,486	258,709	30,348	56,546	-	3,277	1,256,638	2	2,029,656
Household-retail	61,843	12,116,245	-	1,051,781	-	-	-	51,805	2,206,127	-	7,468	15,495,269
Others	1,658	-	856,145	46,842	338,718	3,122,926	91,810	-	505	205,332	117	4,666,489
	587,490	12,116,245	2,710,897	667,339	6,688,017	3,999,725	2,787,111	668,039	51,805	2,226,100	11,540	37,938,787

31 Dec 2020												
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	10,616	-	-	41,236	-	-	15,436	-	32	35,066	-	102,386
Mining and quarrying	2,186	-	-	168,038	50,641	505	1,236	-	74	80,073	-	302,753
Manufacturing	141,410	-	279,957	277,575	1,579,512	495,145	976,911	-	1,595	682,712	2,655	4,791,246
Electricity, gas and water	2,675	-	-	456	14,637	164	4,413	-	25	2,106	4	25,990
Construction	39,761	-	154,457	-	885,289	75,850	199,758	-	351	1,294,026	146	2,659,102
Real estate	10,104	-	1,486,918	-	1,676,829	-	59,278	-	30	566,902	59	3,800,120
Wholesale & retail trade and restaurants & hotels	96,806	-	34,685	124,100	619,517	281,070	560,405	-	817	1,099,380	268	3,014,292
Transport, storage and communication	17,029	-	-	12,313	250,978	30,954	61,491	-	120	127,310	57	502,720
Finance, insurance/takaful and business services	78,432	-	266,963	131,516	196,909	59,212	53,511	-	1,981	1,521,059	20	2,318,903
Household-retail	98,610	13,065,891	-	1,169,480	-	-	-	62,089	2,277,264	-	7,072	16,680,406
Others	1,519	-	756,735	4,803	228,619	2,330,820	45,042	-	324	198,170	65	3,568,370
	499,148	13,065,891	2,979,715	718,801	6,713,647	3,273,215	1,961,314	592,705	62,089	2,282,613	10,346	37,766,288

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2021 Group (RM'000)												
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term 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
Agricultural, hunting, forestry and fishing	214	-	-	-	-	-	-	-	-	-	-	214
Manufacturing	27,873	-	-	172	9,440	14,876	62	30,345	-	17,495	4,112	104,375
Electricity, gas and water	1,506	-	-	-	-	1,530	-	-	-	-	-	3,036
Construction	580	-	-	-	18,533	4,145	-	-	-	136,015	2	159,275
Real estate	578	-	-	-	97,079	-	-	-	-	19,502	-	117,159
Wholesale & retail trade and restaurants & hotels	50,091	-	-	-	15,115	615	109	3,265	-	-	375	69,570
Transport, storage and communication	-	-	-	-	51,719	-	-	-	-	38,729	57	90,505
Finance, insurance/takaful and business services	1,602	-	237,708	-	7,553	3,835	-	-	-	41,405	158	292,261
Household-retail	2,658	1,997,943	-	-	632,055	-	-	-	527	70,064	9,243	2,712,490
Others	-	-	-	-	2,347	16,248	-	-	-	4,071	119	22,785
	85,102	1,997,943	237,708	172	833,841	39,719	1,701	33,610	527	70,064	14,066	3,571,670

31 Dec 2020 Group (RM'000)												
Overdraft/ Cash line-i	Housing loans/ financing	Syndicated term 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
Agricultural, hunting, forestry and fishing	319	-	-	-	-	-	-	-	-	-	-	319
Manufacturing	26,361	-	-	16,176	7,843	12,352	26,580	-	-	17,419	3,149	109,880
Electricity, gas and water	-	-	-	483	-	-	-	-	-	-	4	487
Construction	1,476	-	-	230	13,186	1,328	-	-	-	-	161	16,381
Real estate	578	-	-	-	11,527	-	-	-	-	-	59	12,164
Wholesale & retail trade and restaurants & hotels	45,317	-	-	-	13,483	3,239	222	3,654	-	-	383	66,298
Transport, storage and communication	-	-	-	205	-	-	-	-	-	117,799	65	118,069
Finance, insurance/takaful and business services	2,314	-	-	-	1,930	3,699	35	-	-	-	133	8,111
Household-retail	2,257	882,997	-	-	493,429	-	-	354	82,916	-	9,253	1,471,206
Others	-	-	-	-	23,286	-	-	-	-	5,218	82	28,586
	78,622	882,997	-	435	573,500	16,109	12,609	30,234	354	82,916	13,289	1,831,501

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2021												
Bank (RM'000)												
	Overdraft	Housing loans/ financing	Syndicated term 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
Manufacturing	22,551	-	-	4,891	-	62	30,345	-	-	17,495	3,529	78,873
Electricity, gas and water	1,506	-	-	-	-	1,530	-	-	-	-	-	3,036
Construction	580	-	-	17,627	4,145	-	-	-	-	-	2	22,354
Real estate	578	-	-	97,079	-	-	-	-	-	19,502	-	117,159
Wholesale & retail trade and restaurants & hotels	50,091	-	-	7,548	-	109	3,265	-	-	-	346	61,359
Transport, storage and communication	-	-	-	51,719	-	-	-	-	-	38,729	57	90,505
Finance, insurance/takaful and business services	-	-	237,708	1,277	-	-	-	-	-	-	-	238,985
Household-retail	2,656	1,426,293	-	296,523	-	-	-	527	46,128	-	6,554	1,778,681
Others	-	-	-	1,519	-	-	-	-	-	4,071	117	5,707
	77,962	1,426,293	237,708	478,183	4,145	1,701	33,610	527	46,128	79,797	10,605	2,396,659

31 Dec 2020												
Bank (RM'000)												
	Overdraft	Housing loans/ financing	Syndicated term 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
Manufacturing	23,190	-	-	10,561	-	12,352	26,580	-	-	17,419	2,655	92,757
Electricity, gas and water	-	-	-	483	-	-	-	-	-	-	4	487
Construction	437	-	-	12,088	-	-	-	-	-	-	146	12,671
Real estate	578	-	-	11,527	-	-	-	-	-	-	59	12,164
Wholesale & retail trade and restaurants & hotels	44,863	-	-	5,912	-	222	3,654	-	-	-	268	54,919
Transport, storage and communication	-	-	-	-	-	-	-	-	-	117,799	57	117,856
Finance, insurance/takaful and business services	601	-	-	1,467	-	35	-	-	-	-	20	2,123
Household-retail	2,256	618,697	-	241,625	-	-	-	354	55,436	-	6,491	924,859
Others	-	-	-	1,687	-	-	-	-	-	5,218	65	6,970
	71,925	618,697	-	285,350	-	12,609	30,234	354	55,436	140,436	9,765	1,224,806

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Agricultural, hunting, forestry and fishing	3,384	319	3,170	-
Manufacturing	66,114	71,077	63,298	64,260
Electricity, gas and water	3,036	4	3,036	4
Construction	4,780	7,251	4,774	3,689
Real estate	12,535	16,565	12,535	16,059
Wholesale & retail trade and restaurants & hotels	64,612	72,163	58,161	54,753
Transport, storage and communication	19,334	18,073	18,686	17,860
Finance, insurance/takaful and business services	53,127	-	2,997	-
Household-retail	996,624	2,046,114	722,699	1,410,139
Others	194,466	192,393	177,388	188,390
	1,418,012	2,423,959	1,066,744	1,755,154

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

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Northern region	188,885	361,983	151,747	281,368
Southern region	206,760	346,536	157,630	254,720
Central region	948,832	1,572,530	691,706	1,100,649
Eastern region	73,535	142,910	65,661	118,417
	1,418,012	2,423,959	1,066,744	1,755,154

Table 8: Impairment allowance breakdown by sector

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Agricultural, hunting, forestry and fishing	164	381	156	298
Mining and quarrying	86	158	72	133
Manufacturing	84,190	63,950	70,337	55,955
Electricity, gas and water	1,205	49	961	47
Construction	137,340	16,516	33,606	11,671
Real estate	58,288	86,498	50,493	80,232
Wholesale & retail trade and restaurants & hotels	76,129	32,689	74,198	30,084
Transport, storage and communication	52,541	52,364	52,363	51,473
Finance, insurance/takaful and business services	239,698	836	187,704	770
Household-retail	638,739	588,930	313,050	268,518
Others	20,951	12,024	3,009	6,899
	1,309,331	854,395	785,949	506,080

Table 9: Impairment allowance breakdown by geographical location

	Group (RM'000)		Bank (RM'000)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Northern region	87,671	77,210	48,462	41,597
Southern region	133,276	168,797	89,587	128,874
Central region	1,034,814	578,466	604,927	316,895
Eastern region	53,570	29,922	42,973	18,714
	1,309,331	854,395	785,949	506,080

^[1] of which the portion of impaired loans breakdown by sector and geographical location is disclosed in Note 13 (ii) and 13 (iv) of the financial statements as at 31 December 2021 respectively.

The breakdown of loan/financing impairment provisions during the year is disclosed in Note 14 (i) of the financial statements as at 31 December 2021.

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

<i>Charges / (Release)</i>	Group (RM'000)		Bank (RM'000)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Agricultural, hunting, forestry and fishing	(204)	67	(133)	9
Mining and quarrying	(71)	20	(60)	49
Manufacturing	22,270	31,337	17,144	28,088
Electricity, gas and water	1,154	(526)	916	(75)
Construction	121,407	11,831	22,515	12,170
Real estate	(24,259)	78,622	(29,505)	75,391
Wholesale & retail trade and restaurants & hotels	43,661	27,382	44,182	25,495
Transport, storage and communication	(1,264)	36,199	(686)	36,471
Finance, insurance/takaful and business services	215,829	166	167,670	647
Household-retail	143,335	285,709	102,249	130,580
Others	9,014	4,213	(3,556)	1,730
	530,872	475,020	320,736	310,555

The breakdown of loan/financing impairment provisions during the year is disclosed in Note 35 (i) of the financial statements as at 31 December 2021.

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

(g) Risk management (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 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

For the purpose of Pillar 3 reporting to BNM, the Group and the Bank 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 detailed risk weights and rating categories. All other exposure classes are assigned risk weightings as detailed 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 (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 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

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

The rated and unrated exposures according to ratings by ECAIs at reporting date are as follows:

31 Dec 2021

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	24,749,942	3,980,739	-	-	-	-	-	28,730,681
PSEs								
- Exposures risk-weighted using ratings of Corporates	164,164	179,274	88,962	-	-	-	-	432,400
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,100,909	4,593,133	1,485,853	123,011	391,516	-	-	7,694,422
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	3,989	-	-	-	-	-	-	3,989
- Exposures risk-weighted using ratings of Banking Institutions	3,768	312	-	-	-	-	-	4,080
- Exposures risk-weighted using ratings of Corporates	3,421,523	163,995	466,566	-	-	-	-	4,052,084
	29,444,295	8,917,453	2,041,381	123,011	391,516	-	-	40,917,656
(ii) Total unrated exposures								
							61,869,388	61,869,388
Total Long Term Exposure	29,444,295	8,917,453	2,041,381	123,011	391,516	-	61,869,388	102,787,044

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

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						
PSEs						
- Exposures risk-weighted using ratings of Corporates	241,209	-	-	-		241,209
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,132,836	710,416	274,186	-		3,117,438
Corporates						
- Exposures risk-weighted using ratings of Corporates	962,782	7,741	-	-		970,523
	3,336,827	718,157	274,186	-	-	4,329,170
(ii) Total unrated exposures						
					-	-
Total Short Term Exposure	3,336,827	718,157	274,186	-	-	4,329,170
Group Total Long Term and Short Term Exposure :						107,116,214

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2020

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	18,939,660	4,426,025	-	-	-	-		23,365,685
PSEs								
- Exposures risk-weighted using ratings of Corporates	276,014	179,227	264,730	-	-	-		719,971
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,353,637	1,889,285	4,226,113	80,661	148,355	8,750		8,706,801
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	18,135	-	-	-	-	-		18,135
- Exposures risk-weighted using ratings of Banking Institutions	3,902	384	-	-	-	-		4,286
- Exposures risk-weighted using ratings of Corporates	3,344,677	434,498	534,552	-	-	-		4,313,727
	24,936,025	6,929,419	5,025,395	80,661	148,355	8,750	-	37,128,605
(ii) Total unrated exposures								
							61,191,665	61,191,665
Total Long Term Exposure	24,936,025	6,929,419	5,025,395	80,661	148,355	8,750	61,191,665	98,320,270

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2020

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						
PSEs						
- Exposures risk-weighted using ratings of Corporates	150,303	-	-	-	-	150,303
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,632,235	1,871,764	21,622	-	-	4,525,621
Corporates						
- Exposures risk-weighted using ratings of Corporates	933,454	16,278	-	-	-	949,732
	3,715,992	1,888,042	21,622	-	-	5,625,656
(ii) Total unrated exposures					-	-
Total Short Term Exposure	3,715,992	1,888,042	21,622	-	-	5,625,656
Group Total Long Term and Short Term Exposure :						103,945,926

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 (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

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	19,408,911	3,292,647	-	-	-	-		22,701,558
PSEs								
- Exposures risk-weighted using ratings of Corporates	124,556	179,274	88,962	-	-	-		392,792
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	1,529,092	4,217,983	1,485,853	123,011	386,102	-		7,742,041
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	2,489	-	-	-	-	-		2,489
- Exposures risk-weighted using ratings of Banking Institutions	3,768	312	-	-	-	-		4,080
- Exposures risk-weighted using ratings of Corporates	2,813,033	155,379	424,485	-	-	-		3,392,897
	23,881,849	7,845,595	1,999,300	123,011	386,102	-	-	34,235,857
(ii) Total unrated exposures								
							47,202,041	47,202,041
Total Long Term Exposure	23,881,849	7,845,595	1,999,300	123,011	386,102	-	47,202,041	81,437,898

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021

Bank (RM '000)

Exposure Class	Short Term Rating Category					Total
	1	2	3	4	5	
<u>On and Off Balance Sheet Exposures</u>						
(i) Total rated exposures						
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	3,292,486	710,010	274,186	-		4,276,682
Corporates						
- Exposures risk-weighted using ratings of Corporates	444,933	7,741	-	-		452,674
	3,737,419	717,751	274,186	-	-	4,729,356
(ii) Total unrated exposures					-	-
Total Short Term Exposure	3,737,419	717,751	274,186	-	-	4,729,356
Bank Total Long Term and Short Term Exposure :						86,167,254

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2020

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	14,797,781	4,112,699	-	-	-	-		18,910,480
PSEs								
- Exposures risk-weighted using ratings of Corporates	255,594	179,227	264,730	-	-	-		699,551
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	2,640,733	1,654,029	4,029,252	80,661	148,355	8,750		8,561,780
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	14,632	-	-	-	-	-		14,632
- Exposures risk-weighted using ratings of Banking Institutions	3,902	384	-	-	-	-		4,286
- Exposures risk-weighted using ratings of Corporates	2,774,348	354,025	414,425	-	-	-		3,542,798
	20,486,990	6,300,364	4,708,407	80,661	148,355	8,750	-	31,733,527
(ii) Total unrated exposures								
							46,684,509	46,684,509
Total Long Term Exposure	20,486,990	6,300,364	4,708,407	80,661	148,355	8,750	46,684,509	78,418,036

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

(g) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAs (Cont'd)

31 Dec 2020

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						
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	2,888,337	1,870,716	21,622	-	-	4,780,675
Corporates						
- Exposures risk-weighted using ratings of Corporates	486,302	16,278	-	-	-	502,580
	3,374,639	1,886,994	21,622	-	-	5,283,255
(ii) Total unrated exposures					-	-
Total Short Term Exposure	3,374,639	1,886,994	21,622	-	-	5,283,255
Bank Total Long Term and Short Term Exposure :						83,701,291

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 (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 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; or by third party credit guarantee institutions;
- 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 annually, 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 Disclosures (Cont'd)

(g) Risk management (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 2021
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
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	28,703,818	-	-	-
PSEs	1,630,745	-	1,874	-
Banks, DFIs & MDBs	8,185,746	-	4,226,274	-
Corporates	23,487,487	571,576	516,522	-
Regulatory Retail	5,010,573	38,992	67,786	-
Residential Mortgages	16,207,221	-	-	-
Higher Risk Assets	21,698	-	150	-
Other Assets	1,846,614	-	-	-
Equity Exposure	224,667	-	-	-
Defaulted Exposures	990,763	10,220	4,635	-
Total for On-Balance Sheet Exposures	86,309,332	620,788	4,817,241	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,023,815	-	263,400	1,116,521
Off balance sheet exposures other than OTC derivatives or credit derivatives	17,723,097	268,647	548,392	-
Defaulted Exposures	59,970	-	11,259	-
Total for Off-Balance Sheet Exposures	20,806,882	268,647	823,051	1,116,521
Total On and Off-Balance Sheet Exposures	107,116,214	889,435	5,640,292	1,116,521

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

(g) Risk management (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 2020
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
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	23,314,235	-	-	-
PSEs	1,632,932	150,426	3,162	-
Banks, DFIs & MDBs	9,900,857	-	3,844,041	-
Corporates	23,299,273	1,040,532	453,450	-
Regulatory Retail	5,186,505	55,102	64,407	-
Residential Mortgages	17,179,184	-	-	-
Higher Risk Assets	24,445	-	150	-
Other Assets	1,435,630	-	-	-
Equity Exposure	213,295	-	-	-
Defaulted Exposures	1,228,160	7,809	4,233	-
Total for On-Balance Sheet Exposures	83,414,516	1,253,869	4,369,443	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,190,870	-	773,705	1,426,334
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,330,221	264,452	428,827	-
Defaulted Exposures	10,319	-	-	-
Total for Off-Balance Sheet Exposures	20,531,410	264,452	1,202,532	1,426,334
Total On and Off-Balance Sheet Exposures	103,945,926	1,518,321	5,571,975	1,426,334

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 (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 2021

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
<i>Credit Risk</i>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	22,691,496	-	-	-
PSEs	952,387	-	1,874	-
Banks, DFIs & MDBs	9,389,678	-	4,226,274	-
Corporates	18,033,569	420,186	337,922	-
Regulatory Retail	2,867,026	33,642	55,129	-
Residential Mortgages	12,404,274	-	-	-
Higher Risk Assets	16,645	-	-	-
Other Assets	1,476,812	-	-	-
Equity Exposure	224,667	-	-	-
Defaulted Exposures	677,284	4,621	3,466	-
Total for On-Balance Sheet Exposures	68,733,838	458,449	4,624,665	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	3,074,449	-	263,399	1,116,521
Off balance sheet exposures other than OTC derivatives or credit derivatives	14,305,177	232,479	457,409	-
Defaulted Exposures	53,790	-	9,000	-
Total for Off-Balance Sheet Exposures	17,433,416	232,479	729,808	1,116,521
Total On and Off-Balance Sheet Exposures	86,167,254	690,928	5,354,473	1,116,521

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

(g) Risk management (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 2020
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
<u>Credit Risk</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	18,859,029	-	-	-
PSEs	1,152,467	150,426	3,162	-
Banks, DFIs & MDBs	10,048,297	-	3,647,180	-
Corporates	17,424,903	897,968	338,685	-
Regulatory Retail	2,909,131	47,883	52,719	-
Residential Mortgages	13,165,459	-	-	-
Higher Risk Assets	18,551	-	-	-
Other Assets	1,269,238	-	-	-
Equity Exposure	213,295	-	-	-
Defaulted Exposures	931,906	3,741	2,696	-
Total for On-Balance Sheet Exposures	65,992,276	1,100,018	4,044,442	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	4,212,781	-	773,705	1,426,334
Off balance sheet exposures other than OTC derivatives or credit derivatives	13,488,970	224,748	361,739	-
Defaulted Exposures	7,264	-	-	-
Total for Off-Balance Sheet Exposures	17,709,015	224,748	1,135,444	1,426,334
Total On and Off-Balance Sheet Exposures	83,701,291	1,324,766	5,179,886	1,426,334

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 (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 mark to market 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 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 generally reflects the fact that collateral may fall in value between the date the collateral was called and the date of regular margining or date of liquidation or enforcement. Generally, collateral held as credit risk mitigants under CSAs is either cash or government securities.

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

(g) Risk management (Cont'd)

5) 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:

	Group (RM'000)			
	31 Dec 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	191,542	(214,978)	232,718	(254,271)
USD	59,953	(54,666)	52,128	(23,906)
Others	(3,719)	570	4,570	(159)
	247,776	(269,074)	289,416	(278,336)

	Bank (RM'000)			
	31 Dec 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	203,728	(223,618)	247,136	(260,942)
USD	57,129	(52,200)	49,748	(23,650)
Others	(3,955)	612	(1,984)	(1,725)
	256,902	(275,206)	294,900	(286,317)

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:

Sensitivity of projected Economic value of equity

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

	Group (RM'000)			
	31 Dec 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(86,740)	112,045	(6,220)	35,277
USD	(15,170)	9,050	(20,130)	11,540
Others	(3,460)	488	(2,151)	1,036
	(105,370)	121,583	(28,501)	47,853

	Bank (RM'000)			
	31 Dec 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	14,640	(2,442)	101,744	(88,846)
USD	(10,182)	6,600	(6,755)	4,621
Others	(2,056)	168	(109)	(77)
	2,402	4,326	94,880	(84,302)

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

(g) Risk management (Cont'd)

5) Interest Rate Risk/Profit Rate Risk (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 financial investments at fair value through other comprehensive income (FVOCI) portfolios and cash flow hedges 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)			
	31 Dec 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(140,076)	140,076	(95,513)	95,513
USD	(3,766)	3,766	(5,055)	5,055
	(143,842)	143,842	(100,568)	100,568

	Bank (RM'000)			
	31 Dec 2021		31 Dec 2020	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(110,511)	110,511	(71,838)	71,838
USD	(3,766)	3,766	(5,055)	5,055
	(114,277)	114,277	(76,893)	76,893

6) Equities

As at 31 December 2021, the Group does not hold any quoted shares. The Group's holding of unquoted shares at 31 December 2021 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 10 of the financial statements as at 31 December 2021 on the Group's holdings of equity investments.

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

(g) Risk management (Cont'd)

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

Overview

Shariah compliance is a cornerstone and is integral to the stability of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight accountabilities 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 outlined 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 decisions pertaining to Islamic finance. The Shariah Committee also performs an oversight role on Shariah decisions/advice related to the Bank's business operations and activities. At the institutional level, the Shariah Department acts as a delegated authority of the Shariah Committee in providing Shariah advisory to 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, and expectations for effective Shariah governance arrangements in accordance with the guidelines laid down by Shariah-Regulatory Framework Policy Document (PD) and Shariah Governance Policy Document (SGPD) of BNM, respectively. 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 SGPD

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

a. Board of Directors

To have the ultimate oversight accountability for the institutionalisation of overall Shariah governance framework and Shariah compliance of HBMS.

b. Shariah Committee

To have the oversight responsibility and accountability in providing objective and sound advice or decisions to ensure on the operations, affairs and business activities of HBMS are in compliance with Shariah.

c. CEO and Management

To be primarily responsible over the day-to-day management of HBMS in ensuring compliance with Shariah in all aspects of its operations, affairs and business activities by observing and implementing the Shariah rulings by the Shariah Advisory Council of BNM (SAC) and decisions of 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 provide independent assessment on the quality and effectiveness of HBMS' internal control, risk management systems, governance processes as well as the overall compliance of HBMS' operations, businesses, affairs and activities with Shariah.

e. Shariah Risk Management

To identify, measure, monitor and report Shariah non-compliance risks in the operations, businesses, affairs and activities of HBMS as well as 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 (Cont'd)

7) Shariah Governance (Cont'd)

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

f. Shariah Department

i) Shariah Review

To conduct regular assessment on the compliance of the operations, businesses, affairs and activities of HBMS with Shariah requirements.

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

ii) Shariah Advisory

To perform in-depth research and studies on Shariah issues and to provide day-to-day Shariah advice and approval on Shariah matters based on the rulings of the SAC and decisions or advice of the Shariah Committee to relevant parties, including the Management, product development and business teams as well as the supporting functions.

iii) Shariah Secretariat

To coordinate, communicate and disseminate information among the Shariah Committee, the Board and senior management, and to ensure proper dissemination of decisions or advice of the Shariah Committee within HBMS.

iv) Knowledge and Skills Monitoring

To develop content and learning materials on knowledge relevant to HBMS Products and to run the training programmes and monitor the level of Shariah related knowledge and skills by the staff involved in the cycle of HBMS products.

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial year ended 31 December 2021, no actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:

During the financial year ended 31 December 2021, the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM944 in the Account was carried forward from 2020 to 2021.
- ii) Income from inadvertent Shariah non-compliance activities identified by HBMS' management amounted to RM4,290 as at 31 December 2021 received from transactions via Nostro Accounts has been reversed to the Account.
- iii) Income from other inadvertent activities identified by HBMS' management to be distributed to charity amounted to RM254 was received from a refund exercise by Business that couldn't be completed due to non-identification of the owner of the amount/account.
- iv) RM4,715 was donated to Pertiwi Soup Kitchen.

The balance of RM773 in the Account is pending distribution in 2022.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2021.