

Company No.
807705-X

HSBC AMANAH MALAYSIA BERHAD
(Company No.807705-X)
(Incorporated in Malaysia)
Capital Adequacy Framework for Islamic Banks (CAFIB) - Pillar 3 Disclosures
as at 30 June 2011

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Mohamed Rafe bin Mohamed Haneef, being the Chief Executive Officer of HSBC Amanah Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Disclosures set out on pages 1-16 have been prepared according to the Capital Adequacy Framework for Islamic Banks (CAFIB) - Pillar 3 Disclosures, and are accurate and complete.



MOHAMED RAFAE BIN MOHAMED HANEEF

CHIEF EXECUTIVE OFFICER
26 July 2011

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

The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures as at 30 June 2011 do not include all of the information required for full (Basel II) Pillar 3 Disclosures, and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures as at 31 December 2010.

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 Bank since the financial year ended 31 December 2010. There are no material changes relating to qualitative disclosures during the interim reporting period.

Refer to Note 27 to the unaudited condensed interim financial statements as at 30 June 2011 for the total risk weighted capital ratio and Tier 1 capital ratio, and risk weighted assets and capital requirements for credit risk, market risk and operational risk.

1) Credit Risk

Table 1: Geographical distribution of financing and advances broken down by type

	Jun 2011				
	Northern	Southern	Central	Eastern	Total
RM'000					
Cash line	8,349	3,013	23,276	187	34,825
Term financing					
Housing financing	110,389	90,402	408,182	36,184	645,157
Syndicated financing	-	-	-	-	-
Hire purchase receivables	37,367	42,943	68,560	57,594	206,464
Lease receivables	159	-	-	-	159
Other term financing	613,839	364,538	2,208,991	345,913	3,533,281
Trust receipts	1,337	-	8,904	-	10,241
Claims on customers under acceptance credits	322,813	59,819	250,620	171,434	804,686
Staff financing	813	476	12,187	805	14,281
Credit/charge cards	73,226	48,886	153,560	17,891	293,563
Revolving credit	33,115	4	98,094	3	131,216
Unearned income	(12,772)	(9,511)	(40,229)	(10,248)	(72,760)
	1,188,635	600,570	3,192,145	619,763	5,601,113

	Dec 2010				
	Northern	Southern	Central	Eastern	Total
RM'000					
Cash line	7,225	686	6,518	73	14,502
Term financing					
Housing financing	80,253	59,069	298,800	22,051	460,173
Syndicated financing	-	-	-	-	-
Hire purchase receivables	28,313	42,981	65,841	39,246	176,381
Lease receivables	187	-	-	-	187
Other term financing	515,984	321,441	2,078,459	218,759	3,134,643
Trust receipts	-	-	704	-	704
Claims on customers under acceptance credits	262,764	54,532	315,889	124,892	758,077
Staff financing	772	431	7,757	372	9,332
Credit/charge cards	70,021	46,723	127,198	17,575	261,517
Revolving credit	-	-	-	-	-
Unearned income	(10,977)	(9,014)	(39,933)	(6,803)	(66,727)
	954,542	516,849	2,861,233	416,165	4,748,789

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

1) Credit Risk (Cont'd)

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

		Jun 2011				
RM'000		Northern	Southern	Central	Eastern	Total
Cash line		-	-	-	-	-
Term financing						
Housing financing		1,642	2,978	1,857	44	6,521
Hire purchase receivables		2,197	1,168	787	-	4,152
Lease receivables		-	-	-	-	-
Other term financing		15,574	11,155	35,904	6,419	69,052
Trust receipts		-	-	-	-	-
Claims on customers under acceptance credits		4,409	113	-	-	4,522
Staff financing		-	-	-	-	-
Credit/charge cards		2,916	1,787	4,637	636	9,976
Revolving credit		-	-	-	-	-
		26,738	17,201	43,185	7,099	94,223

		Dec 2010				
RM'000		Northern	Southern	Central	Eastern	Total
Overdrafts		-	-	-	-	-
Term financing						
Housing financing		504	1,218	452	44	2,218
Hire purchase receivables		403	1,192	876	78	2,549
Lease receivables		-	-	-	-	-
Other term financing		11,757	8,890	26,399	6,377	53,423
Trust receipts		-	-	-	-	-
Claims on customers under acceptance credits		4,379	113	-	-	4,492
Staff financing		-	-	-	-	-
Credit/charge cards		2,176	1,452	3,954	546	8,128
Revolving credit		-	-	-	-	-
		19,219	12,865	31,681	7,045	70,810

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

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

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

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

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

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

1) Credit Risk (Cont'd)

Table 3: Residual contractual maturity of financing and advances broken down by type

		Jun 2011			
(RM'000	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Cash line	34,825	-	-	-	34,825
Term financing					
Housing financing	30,729	7,164	6,253	601,011	645,157
Hire purchase receivables	16,636	95,056	94,772	-	206,464
Lease receivables	29	130	-	-	159
Other term financing	1,694,802	518,996	898,075	421,408	3,533,281
Trust receipts	10,241	-	-	-	10,241
Claims on customers under acceptance credits	804,686	-	-	-	804,686
Staff financing	189	641	1,418	12,033	14,281
Credit/charge cards	293,563	-	-	-	293,563
Revolving credit	131,216	-	-	-	131,216
Unearned income	(26,335)	(15,904)	(21,399)	(9,122)	(72,760)
	2,990,581	606,083	979,119	1,025,330	5,601,113

		Dec 2010			
RM'000	Maturing within one year	One year to three years	Three years to five years	Over five years	Total
Cash line	14,502	-	-	-	14,502
Term financing					
Housing financing	27,766	5,056	9,832	417,519	460,173
Hire purchase receivables	7,468	95,006	73,907	-	176,381
Lease receivables	29	158	-	-	187
Other term financing	1,436,120	554,726	870,529	273,268	3,134,643
Trust receipts	704	-	-	-	704
Claims on customers under acceptance credits	758,077	-	-	-	758,077
Staff financing	191	522	1,230	7,389	9,332
Credit/charge cards	261,517	-	-	-	261,517
Revolving credit	-	-	-	-	-
Unearned income	(22,840)	(16,432)	(19,543)	(7,912)	(66,727)
	2,483,534	639,036	935,955	690,264	4,748,789

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

1) Credit risk (Cont'd)

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

Jun 2011 RM'000											
Cash line	Housing financing	Hire purchase receivables	Lease receivables	Other term financing	Trust receipts	Claims on customers under acceptances credits	Staff financing	Credit/charge cards	Revolving credit	Unearned income	Total
Agricultural, hunting, forestry and fishing	1,553	-	1,442	-	78,898	-	45,100	-	-	(1,277)	125,716
Mining and quarrying	-	-	13,983	-	130,274	-	142	-	-	(3,120)	141,279
Manufacturing	13,919	-	105,385	159	603,803	2,797	555,544	-	33,000	(18,008)	1,296,599
Electricity, gas and water	-	-	811	-	-	3,650	6,256	-	-	(71)	10,646
Construction	276	-	7,463	-	59,493	-	27,827	-	91,486	(1,519)	185,026
Real estate	-	-	-	-	373,449	-	-	-	-	(5,450)	367,999
Wholesale & retail trade and restaurants & hotels	3,260	-	22,109	-	81,337	893	126,484	-	6,730	(3,114)	237,699
Transport, storage and communication	2,776	-	10,637	-	383,940	-	2,639	-	-	(6,530)	393,462
Finance, insurance and business services	1,675	-	20,829	-	87,882	2,901	39,739	-	-	(3,098)	149,928
Household-retail	10,701	645,157	21,167	-	1,398,591	-	-	14,281	293,563	(25,445)	2,358,015
Others	665	-	2,638	-	335,614	-	955	-	-	(5,128)	334,744
	34,825	645,157	206,464	159	3,533,281	10,241	804,686	14,281	293,563	(72,760)	5,601,113

Dec 2010 RM'000											
Cash line	Housing financing	Hire purchase receivables	Lease receivables	Other term financing	Trust receipts	Claims on customers under acceptances credits	Staff financing	Credit/charge cards	Revolving credit	Unearned income	Total
Agricultural, hunting, forestry and fishing	578	-	1,777	-	94,477	-	2,549	-	-	(1,593)	97,788
Mining and quarrying	-	-	6,849	-	133,763	-	107	-	-	(2,615)	138,104
Manufacturing	6,064	-	92,034	187	455,143	27	552,021	-	-	(14,618)	1,090,858
Electricity, gas and water	-	-	891	-	-	615	10,841	-	-	(74)	12,273
Construction	246	-	5,390	-	48,814	-	27,535	-	-	(1,195)	80,790
Real estate	-	-	-	-	328,768	-	-	-	-	(5,030)	323,738
Wholesale & retail trade and restaurants & hotels	1,129	-	10,924	-	85,573	62	135,747	-	-	(2,216)	231,219
Transport, storage and communication	2,692	-	9,311	-	222,360	-	2,871	-	-	(4,175)	233,059
Finance, insurance and business services	2,026	-	26,478	-	187,950	-	22,034	-	-	(5,074)	233,414
Household-retail	1,750	460,173	20,172	-	1,270,187	-	2,807	9,332	261,517	(25,219)	2,000,719
Others	17	-	2,555	-	307,608	-	1,565	-	-	(4,918)	306,827
	14,502	460,173	176,381	187	3,134,643	704	758,077	9,332	261,517	(66,727)	4,748,789

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

1) Credit risk (Cont'd)

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

	Jun 2011 RM'000										
Cash line	Housing financing	Hire purchase receivables	Lease receivables	Other term financing	Trust receipts	Claims on customers under acceptances credits	Staff financing	Credit/charge cards	Revolving credit	Total	
Agricultural, hunting, forestry and fishing	-	-	-	-	-	-	-	-	-	-	
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	
Manufacturing	-	3,509	-	138	-	904	-	-	-	4,551	
Electricity, gas and water	-	-	-	-	-	-	-	-	-	-	
Construction	-	-	-	-	-	-	-	-	-	-	
Real estate	-	-	-	-	-	-	-	-	-	-	
Wholesale & retail trade and restaurants & hotels	-	-	-	1,589	-	3,617	-	-	-	5,206	
Transport, storage and communication	-	-	-	-	-	-	-	-	-	-	
Finance, insurance and business services	-	644	-	20	-	-	-	-	-	664	
Household-retail	-	6,521	-	67,305	-	-	-	9,976	-	83,802	
Others	-	-	-	-	-	-	-	-	-	-	
	-	6,521	4,153	-	69,052	-	4,521	-	9,976	-	94,223

	Dec 2010 RM'000										
Cash line	Housing financing	Hire purchase receivables	Lease receivables	Other term financing	Trust receipts	Claims on customers under acceptances credits	Staff financing	Credit/charge cards	Revolving credit	Total	
Agricultural, hunting, forestry and fishing	-	-	-	-	-	-	-	-	-	-	
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	
Manufacturing	-	1,804	-	250	-	875	-	-	-	2,929	
Electricity, gas and water	-	-	-	-	-	-	-	-	-	-	
Construction	-	-	-	-	-	-	-	-	-	-	
Real estate	-	-	-	-	-	-	-	-	-	-	
Wholesale & retail trade and restaurants & hotels	-	-	-	1,628	-	3,618	-	-	-	5,246	
Transport, storage and communication	-	80	-	-	-	-	-	-	-	80	
Finance, insurance and business services	-	664	-	21	-	-	-	-	-	685	
Household-retail	-	2,218	-	51,524	-	-	-	8,128	-	61,870	
Others	-	-	-	-	-	-	-	-	-	-	
	-	2,218	2,548	-	53,423	-	4,493	-	8,128	-	70,810

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

1) Credit Risk (Cont'd)

Table 6: Past due financing broken down by sector *

	Jun 2011	Dec 2010
	RM'000	
Agricultural, hunting, forestry and fishing	-	-
Mining and quarrying	-	-
Manufacturing	12,622	9,619
Electricity, gas and water	-	-
Construction	-	-
Real estate	-	-
Wholesale & retail trade and restaurants & hotels	14,439	17,228
Transport, storage and communication	-	263
Finance, insurance and business services	1,842	2,250
Household-retail	232,428	203,178
Others	-	-
	261,331	232,538

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

	Jun 2011	Dec 2010
	RM'000	
Northern region	74,159	53,998
Southern region	47,708	47,286
Central region	119,775	108,118
Eastern region	19,689	23,136
	261,331	232,538

* The amount of impaired financing broken down by sector and geographical location is disclosed in Note 14 (iv) and 14 (vi) of the unaudited condensed interim financial statements respectively.

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

	Jun 2011		Dec 2010	
	RM'000		RM'000	
	Individual impairment provision	Collective impairment provision	Individual impairment provision	Collective impairment provision
Agricultural, hunting, forestry and fishing	-	1,886	-	1,468
Mining and quarrying	-	2,119	-	2,073
Manufacturing	3,953	19,391	3,881	16,316
Electricity, gas and water	-	160	-	184
Construction	-	2,776	-	1,213
Real estate	2,239	5,487	1,882	4,831
Wholesale & retail trade and restaurants & hotels	3,145	3,519	-	3,471
Transport, storage and communication	15	5,902	-	3,498
Finance, insurance and business services	664	2,239	-	3,504
Household-retail	42,182	34,739	35,310	29,503
Others	225	5,018	785	4,594
	52,423	83,236	41,858	70,655

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

	Jun 2011		Dec 2010	
	RM'000		RM'000	
	Individual impairment provision	Collective impairment provision	Individual impairment provision	Collective impairment provision
Northern region	5,856	17,743	4,399	14,262
Southern region	1,357	8,989	1,359	7,738
Central region	45,210	47,207	36,063	42,409
Eastern region	-	9,297	37	6,246
	52,423	83,236	41,858	70,655

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

1) Credit Risk (Cont'd)

Table 10: Charges and write-offs for individual impairment provisions ("IIP") during the period broken down down by sector

	Jun 2011		Dec 2010	
	RM'000		RM'000	
	IIP charges	Write-off of IIP	IIP charges	Write-off of IIP
Agricultural, hunting, forestry and fishing	-	-	-	-
Mining and quarrying	-	-	-	-
Manufacturing	1,616	-	1,374	105
Electricity, gas and water	-	-	-	11
Construction	-	-	-	-
Real estate	1,777	-	661	-
Wholesale & retail trade and restaurants & hotels	204	55	68	-
Transport, storage and communication	-	-	-	-
Finance, insurance and business services	-	-	664	-
Household-retail	37,864	34,803	65,829	61,369
Others	393	26	173	60
	41,854	34,884	68,769	61,545

The reconciliation of changes in financing impairment provisions is disclosed in Note 14(ii) of the unaudited condensed interim financial statements.

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

1) Credit Risk (Cont'd)

i) External Credit Assessment Institutions

Risk weights under the standardised approach as at the reporting date are reflected under Note 27 to the unaudited condensed interim financial statements. Rated and unrated exposures according to ratings by ECAs as at reporting date are as follows:-

Jun 2011
RM '000

Exposure Class	Ratings of Corporate by Approved ECAs					
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance-Sheet Exposures</u>						
Corporates		1,288	64,905	-	-	3,303,588
Total		1,288	64,905	-	-	3,303,588

Dec 2010
RM '000

Exposure Class	Ratings of Corporate by Approved ECAs					
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance-Sheet Exposures</u>						
Corporates		333	22,061	-	-	2,685,642
Total		333	22,061	-	-	2,685,642

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

1) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (Cont'd)

Jun 2011

RM '000

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet Exposures</u>							
Sovereigns & Central Banks		-	1,978,386	-	-	-	-
Total		-	1,978,386	-	-	-	-

Dec 2010

RM '000

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet Exposures</u>							
Sovereigns & Central Banks		-	1,786,547	-	-	-	-
Total		-	1,786,547	-	-	-	-

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

1) Credit Risk (Cont'd)

i) External Credit Assessment Institutions (Cont'd)

Jun 2011

RM '000

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<u>On and Off Balance-Sheet Exposures</u>							
Banks, MDBs and FDI's		97,326	57,833	66,931	22,835	-	285,389
Total		97,326	57,833	66,931	22,835	-	285,389

Dec 2010

RM '000

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<u>On and Off Balance-Sheet Exposures</u>							
Banks, MDBs and FDI's		33,287	192	-	-	-	64,902
Total		33,287	192	-	-	-	64,902

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

1) Credit Risk (Cont'd)

ii) Credit risk mitigation ("CRM")

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

Jun 2011

RM'000

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Collateral
<u>Credit Risk</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	1,978,386	-	-
Public Sector Entities	-	-	-
Banks, Development Financial Institutions & MDBs	485,618	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-
Corporates	2,681,537	3,103	55,697
Regulatory Retail	1,922,531	1,126	25,639
Residential Mortgages	714,092	-	186
Higher Risk Assets	-	-	-
Other Assets	130,377	-	-
Specialised Financing/Investment	-	-	-
Equity Exposure	-	-	-
Securitisation Exposures	-	-	-
Defaulted Exposures	46,080	-	600
Total for On-Balance Sheet Exposures	7,958,621	4,229	82,122
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	54,355	-	-
Credit Derivatives	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	850,503	187	8,265
Defaulted Exposures	289	-	-
Total for Off-Balance Sheet Exposures	905,147	187	8,265
Total On and Off-Balance Sheet Exposures	8,863,768	4,416	90,387

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

1) Credit Risk (Cont'd)

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

Dec 2010

RM'000

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Collateral
<i>Credit Risk</i>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	1,786,547	-	-
Public Sector Entities	-	-	-
Banks, Development Financial Institutions & MDBs	77,914	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-
Corporates	2,426,978	1,834	55,100
Regulatory Retail	1,708,832	1,402	17,105
Residential Mortgages	499,816	-	124
Higher Risk Assets	-	-	-
Other Assets	90,315	-	-
Specialised Financing/Investment	-	-	-
Equity Exposure	-	-	-
Securitisation Exposures	-	-	-
Defaulted Exposures	56,866	-	719
Total for On-Balance Sheet Exposures	6,647,268	3,236	73,048
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	20,467	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	408,388	77	11,926
Defaulted Exposures	269	-	-
Total for Off-Balance Sheet Exposures	429,124	77	11,926
Total On and Off-Balance Sheet Exposures	7,076,392	3,313	84,974

Refer to Note 28 of the unaudited condensed interim financial statements as at 30 June 2011 for disclosure of off-balance sheet and counterparty credit risk.

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

2) Rate of return risk

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

HBMS Amanah Malaysia Berhad (RM'000)	At 30 Jun 2011	Average	Maximum	Minimum
Foreign currency risk	12	25	74	2
Profit rate risk	46	92	208	45
Credit spread risk	13	4	49	0
Overall	49	95	225	49

HBMS Amanah Malaysia Berhad (RM'000)	At 31 Dec 2010	Average	Maximum	Minimum
Foreign currency risk	12	19	60	2
Profit rate risk	95	161	371	61
Credit spread risk	48	20	368	0
Overall	107	164	443	67

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

Sensitivity of projected Net Interest/Finance Income

Change in projected net finance income in next 12 months arising from a shift in interest/profit rates of:	HBMS	
	30-Jun-11	31-Dec-10
	RM'000	RM'000
+100 basis points parallel shift in yield curves	8,478	15,656
-100 basis points parallel shift in yield curves	(8,004)	(15,905)
+25 basis points at the beginning of each quarter	3,168	11,150
-25 basis points at the beginning of each quarter	(3,129)	(11,175)

Sensitivity of reported reserves in "other comprehensive income" to 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 profit rate movements

	HBMS	
	30-Jun-11	31-Dec-10
	RM'000	RM'000
+100 basis points parallel shift in yield curves	(3,717)	(5,085)
-100 basis points parallel shift in yield curves	3,717	5,085

3) Restatement of comparative figures

Comparative figures for Table 1, 2, 7, and 9 have been restated/reclassified to conform to current year's presentation due to a change in the internal classification of states making up the geographical region. The restatements made are not material. Refer to the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures as at 31 December 2010 for the comparative figures prior to restatement.

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

2) Shariah Governance

Preamble

Shariah compliance is a cornerstone of Islamic banking and finance industry. An effective Shariah governance policy enhances the diligent oversight of the Board of Directors, the Shariah Committee and the Management to ensure that the operations and business activities of HSBC Amanah 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 Bank Negara Malaysia (BNM) and Securities Commission (SC) have spelled out several provisions in relation to the establishment of a Shariah Committee and an internal Shariah Department in an Islamic Financial Institution (IFI). The Shariah Committee is an independent Shariah advisory body which plays a vital role in providing Shariah views and rulings pertaining to Islamic finance. The Shariah Committee also acts as a monitoring body to maintain Shariah compliance in the operations and business activities of the IFI. At the institutional level, the Shariah Department acts as an intermediary between the Shariah Committee and the Management team of the IFI. The Shariah Department together with the Shariah Committee have the responsibility to ensure that all activities of the IFI are in compliance with the Shariah rules and principles.

i) Qualitative Disclosures

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

a. Board of Directors

To be ultimately accountable for the overall Shariah governance and compliance in HSBC Amanah

b. Shariah Committee

To maintain an oversight on the operations and business activities of HSBC Amanah 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 (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 of the internal control system for Shariah compliance.

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

2) Shariah Governance (Cont'd)

e. Shariah Department

1. Shariah Review

To regularly review the operations and business activities of HSBC Amanah for compliance with the Shariah requirements.

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

2. Shariah Advisory & Business Development

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

3. Shariah Research

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

4. Shariah Training

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

5. Shariah Secretariat

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

f. Shariah Risk Management

To systematically identify, measure, monitor Shariah non-compliance risks and to assist business to establish controls to mitigate any possibility of Shariah non-compliance events.

ii) Quantitative Disclosure

No non-Shariah income or event occurred during the half year ended 30 June 2011.