

HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures
As at 30 June 2022

CHIEF EXECUTIVE OFFICER'S ATTESTATION

I, Raja Amir Shah bin Raja Azwa, being the Chief Executive Officer of HSBC Amanah Malaysia Berhad, do hereby state that, in my opinion, the Pillar 3 Interim Disclosures set out on pages 2 to 25 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

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RAJA AMIR SHAH BIN RAJA AZWA

CHIEF EXECUTIVE OFFICER
20 July 2022

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

The Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures at 30 June 2022 do not include all of the information required for full (Basel II) Pillar 3 Disclosures, and should be read in conjunction with the audited financial statements of HSBC Amanah Malaysia Berhad (the Bank) for the financial year ended 31 December 2021 and the Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures at 31 December 2021.

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 2021. There are no material changes relating to qualitative disclosures during the interim reporting period.

Stress Testing

The Bank 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.

In addition to undertaking regulatory-driven stress tests, we conduct our own internal stress tests, 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 Bank. Stress testing analysis helps management understand the nature and extent of vulnerabilities to which the Bank is exposed and informs decisions about preferred capital or liquidity levels.

Separately, reverse stress tests are conducted at the Bank 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 Bank might face, and helps inform early warning triggers, management actions and contingency plans designed to mitigate risks.

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

Governance

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

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

Capital structure

For regulatory purposes, the Bank's regulatory capital comprises of 2 categories - Tier 1 and Tier 2.

- 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 and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. The Bank does not have any Additional Tier 1 Capital as at 30 June 2022.
- Tier 2 capital ^[1], which includes qualifying subordinated term financing ^[3], impairment allowances equal to 12-months and lifetime expected credit losses for non-credit impaired financing (commonly known as Stage 1 and 2 provisions) and regulatory reserve.

Pursuant to BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued on the 9 December 2020, the Bank 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 CET1, 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

30 Jun 2022 (RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	1,855,592	13.456	1,855,592	13.456
Tier 1 Capital	1,855,592	13.456	1,855,592	13.456
Tier 2 Capital	471,025	-	471,025	-
Total Capital	2,326,617	16.871	2,326,617	16.871

31 Dec 2021 (RM'000)

Regulatory Capital	With Transitional Arrangement		Without Transitional Arrangement	
	Amount	%	Amount	%
CET1 Capital	1,924,187	15.172	1,913,163	15.085
Tier 1 Capital	1,924,187	15.172	1,913,163	15.085
Tier 2 Capital	561,078		561,078	
Total Capital	2,485,265	19.596	2,474,241	19.509

^[1] Refer to Note 32 of the unaudited condensed interim financial statements as at 30 June 2022 for the amount and breakdown of capital components.

^[2] Refer to Note 25 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 25 of the unaudited condensed interim financial statements as at 30 June 2022 for terms and conditions of the subordinated financing.

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

1) RWA and Capital Requirement

The table below discloses the gross and net exposures, RWA and capital requirements for credit risk, market risk and operational risk of the Bank at balance sheet date.

30 Jun 2022

(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	5,838,218	5,838,218	46,709	3,737
PSEs	471,317	471,317	271,303	21,704
Banks, DFIs & MDBs	843,077	843,077	429,947	34,396
Corporates	6,233,341	6,075,845	5,670,874	453,670
Regulatory Retail	2,150,871	2,138,721	1,724,598	137,968
House Financing	3,670,500	3,670,500	1,374,184	109,935
Higher Risk Assets	4,968	4,818	7,226	578
Other Assets	582,291	582,291	54,542	4,363
Defaulted Exposures	349,116	297,723	302,104	24,168
Total for On-Balance Sheet Exposures	20,143,699	19,922,510	9,881,487	790,519
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	454,609	258,391	218,378	17,470
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,665,252	3,559,466	2,573,742	205,899
Defaulted Exposures	18,707	18,706	14,710	1,177
Total for Off-Balance Sheet Exposures	4,138,568	3,836,563	2,806,830	224,546
Total On and Off-Balance Sheet Exposures ⁽¹⁾	24,282,267	23,759,073	12,688,317	1,015,065
Market Risk (Standardised Approach)				
	<u>Long position</u>	<u>Short position</u>		
Profit Rate Risk	2,367,928	4,151,035	(1,783,107)	80,685
Foreign Currency Risk	2,716	4,298	4,298	344
	2,370,644	4,155,333	(1,778,809)	84,983
Operational Risk (Basic Indicator Approach)	-	-	-	1,017,019
Total RWA and Capital Requirement	-	-	-	13,790,319
				1,103,226

⁽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 (3) (ii) Credit risk mitigation (CRM) within this disclosure document.

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

1) RWA and Capital Requirement (Cont'd)

31 Dec 2021
(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	6,012,322	6,012,322	137,618	11,009
PSEs	678,358	678,358	317,528	25,402
Banks, DFIs & MDBs	638,026	638,026	319,824	25,586
Corporates	5,453,918	5,275,318	4,735,754	378,860
Regulatory Retail	2,143,547	2,130,890	1,735,288	138,823
House Financing	3,802,947	3,802,947	1,441,540	115,323
Higher Risk Assets	5,053	4,903	7,355	588
Other Assets	369,802	369,802	69,554	5,564
Defaulted Exposures	313,479	312,310	311,340	24,907
Total for On-Balance Sheet Exposures	19,417,452	19,224,876	9,075,801	726,062
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	355,953	158,222	117,400	9,392
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,432,360	3,341,377	2,417,936	193,435
Defaulted Exposures	6,180	3,921	9,036	723
Total for Off-Balance Sheet Exposures	3,794,493	3,503,520	2,544,372	203,550
Total On and Off-Balance Sheet Exposures ^[1]	23,211,945	22,728,396	11,620,173	929,612
Market Risk (Standardised Approach)				
	<u>Long position</u>	<u>Short position</u>		
Profit Rate Risk	1,505,993	2,695,449	(1,189,456)	4,551
Foreign Currency Risk	3,917	339	3,917	313
	1,509,910	2,695,788	(1,185,539)	4,864
Operational Risk (Basic Indicator Approach)				
	-	-	-	80,102
Total RWA and Capital Requirement	-	-	-	1,014,578

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 (3) (ii) CRM within this disclosure document.

Refer to Note 32 of the unaudited condensed interim financial statements as at 30 June 2022 for disclosure on RWA breakdown by various risk categories.

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

2) Risk Weight Profile and RWA

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

30 Jun 2022
(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	House Financing	Higher Risk Assets	Other Assets		
0%	5,623,674	-	-	18,944	11,345	-	-	527,748	6,181,711	-
20%	233,545	375,257	219,298	613,942	-	-	-	-	1,442,042	288,408
35%	-	-	-	-	-	3,772,384	-	-	3,772,384	1,320,334
50%	-	-	751,047	363,694	20,669	259,341	-	-	1,394,751	697,376
75%	-	-	-	-	2,364,266	113,071	-	-	2,477,337	1,858,003
100%	-	400,315	67,146	7,161,649	604,738	135,764	-	54,541	8,424,153	8,424,153
150%	-	-	-	2,887	23,412	35,016	5,380	-	66,695	100,043
Total									23,759,073	12,688,317
Average Risk Weight	1%	61%	47%	92%	80%	40%	150%	9%	53%	

31 Dec 2021
(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	House Financing	Higher Risk Assets	Other Assets		
0%	5,341,031	-	-	14,071	6,828	-	-	300,248	5,662,178	-
20%	688,091	530,914	190,171	718,052	-	-	-	-	2,127,228	425,446
35%	-	-	-	-	-	3,853,180	-	-	3,853,180	1,348,613
50%	-	-	631,189	430,012	6,156	269,470	-	-	1,336,827	668,414
75%	-	-	-	-	2,310,857	113,816	-	-	2,424,673	1,818,505
100%	-	311,953	34,972	5,988,722	682,912	166,427	-	69,554	7,254,540	7,254,540
150%	-	-	-	3	26,623	37,517	5,627	-	69,770	104,655
Total									22,728,396	11,620,173
Average Risk Weight	2%	50%	45%	89%	81%	40%	150%	19%	51%	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

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

3) Credit Risk

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

	30 Jun 2022				
RM'000	Northern	Southern	Central	Eastern	Total
Cash line-i	21,616	23,002	42,152	-	86,770
Term financing					
House financing	482,325	441,653	2,702,180	114,901	3,741,059
Syndicated term financing	17,169	-	1,009,309	-	1,026,478
Hire purchase receivables	65,366	60,051	63,144	16,723	205,284
Other term financing	346,264	548,542	2,812,441	131,164	3,838,411
Bills receivables	87,359	57,244	742,694	-	887,297
Trust receipts	5,897	38,744	708,022	-	752,663
Claims on customers under acceptance credits	98,354	60,792	84,603	557	244,306
Staff financing-i	389	5	1,402	-	1,796
Credit cards-i	194,665	182,602	665,088	51,305	1,093,660
Revolving financing	195,853	44,650	1,847,116	-	2,087,619
Other financing	714	607	1,830	7	3,158
	1,515,971	1,457,892	10,679,981	314,657	13,968,501

	31 Dec 2021				
RM'000	Northern	Southern	Central	Eastern	Total
Cash line-i	16,112	16,643	37,338	-	70,093
Term financing					
House financing	497,572	466,564	2,772,339	121,038	3,857,513
Syndicated term financing	9,786	-	1,012,456	-	1,022,242
Hire purchase receivables	64,227	56,237	69,460	20,624	210,548
Other term financing	343,366	568,178	2,179,686	120,661	3,211,891
Bills receivables	65,924	66,284	1,015,448	66	1,147,722
Trust receipts	4,321	62,547	390,922	-	457,790
Claims on customers under acceptance credits	75,434	59,727	62,880	457	198,498
Staff financing-i	285	6	1,196	-	1,487
Credit cards-i	193,217	178,932	647,792	53,881	1,073,822
Revolving financing	38,951	51,775	2,033,400	-	2,124,126
Other financing	732	714	2,246	24	3,716
	1,309,927	1,527,607	10,225,163	316,751	13,379,448

Concentration by location for financing and advances 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 states of Selangor, the Federal Territory of Kuala Lumpur and the Federal Territory of Putrajaya.

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

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

3) Credit Risk (Cont'd)

Table 2: Geographical distribution of impaired financing and advances breakdown by type

	30 Jun 2022				
RM'000	Northern	Southern	Central	Eastern	Total
Cash line-i	393	2,699	3,456	-	6,548
Term financing					
House financing	69,665	82,747	460,721	12,337	625,470
Hire purchase receivables	-	222	172	-	394
Other term financing	23,113	21,245	303,140	14,168	361,666
Bills receivables	-	1,914	27,235	-	29,149
Credit cards-i	3,009	3,485	11,967	844	19,305
Revolving credit	-	-	291,352	-	291,352
Other financing	690	503	1,670	7	2,870
	96,870	112,815	1,099,713	27,356	1,336,754

	31 Dec 2021				
RM'000	Northern	Southern	Central	Eastern	Total
Cash line-i	393	2,839	3,908	-	7,140
Term financing					
House financing	64,672	77,812	418,759	10,407	571,650
Hire purchase receivables	-	-	172	-	172
Other term financing	24,199	22,513	299,682	9,264	355,658
Bills receivables	-	2,128	33,446	-	35,574
Credit cards-i	4,047	4,595	13,948	1,346	23,936
Revolving credit	-	-	177,420	-	177,420
Other financing	720	624	2,102	15	3,461
	94,031	110,511	949,437	21,032	1,175,011

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

3) Credit Risk (Cont'd)

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

		30 Jun 2022				
		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
RM'000	Cash line-i	86,770	-	-	-	86,770
	Term financing					
	House financing	22,018	4,909	19,037	3,695,095	3,741,059
	Syndicated term financing	234,021	623,314	151,974	17,169	1,026,478
	Hire purchase receivables	7,849	76,985	120,450	-	205,284
	Other term financing	255,436	978,489	977,672	1,626,814	3,838,411
	Bills receivables	887,297	-	-	-	887,297
	Trust receipts	752,663	-	-	-	752,663
	Claims on customers under acceptance credits	244,306	-	-	-	244,306
	Staff financing-i	14	153	487	1,142	1,796
	Credit cards-i	1,093,660	-	-	-	1,093,660
	Revolving financing	2,087,619	-	-	-	2,087,619
	Other financing	3,158	-	-	-	3,158
		5,674,811	1,683,850	1,269,620	5,340,220	13,968,501

		31 Dec 2021				
		Maturing within one year	One year to three years	Three years to five years	Over five years	Total
RM'000	Cash line-i	70,093	-	-	-	70,093
	Term financing					
	House financing	5,182	3,230	15,550	3,833,551	3,857,513
	Syndicated term financing	793,939	61,441	26,091	140,771	1,022,242
	Hire purchase receivables	10,218	80,026	120,304	-	210,548
	Other term financing	349,611	445,392	891,732	1,525,156	3,211,891
	Bills receivables	1,147,722	-	-	-	1,147,722
	Trust receipts	457,790	-	-	-	457,790
	Claims on customers under acceptance credits	198,498	-	-	-	198,498
	Staff financing-i	12	125	354	996	1,487
	Credit cards-i	1,073,822	-	-	-	1,073,822
	Revolving financing	2,124,126	-	-	-	2,124,126
	Other financing	3,716	-	-	-	3,716
		6,234,729	590,214	1,054,031	5,500,474	13,379,448

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

3) Credit Risk (Cont'd)

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

30 Jun 2022 RM'000													
Cash line-i	House financing	Syndicated term financing	Hire purchase receivables	Other term financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff financing-i	Credit cards-i	Revolving financing	Other financing	Total	
Agricultural, hunting, forestry and fishing	1,634	-	-	2,457	6,449	-	-	-	-	135,170	-	145,710	
Mining and quarrying	3,413	-	-	641	17,483	24,750	17,343	2,000	-	93,763	-	159,393	
Manufacturing	27,871	-	169,143	113,690	754,254	152,941	314,199	142,993	-	89,942	80	1,765,113	
Electricity, gas and water	1	-	-	-	5,326	2,821	-	1,866	-	133,797	-	143,811	
Construction	11,181	-	-	204	384,095	77,930	5,040	12,128	-	482,612	-	973,190	
Real estate	-	-	295,452	-	858,642	-	-	-	-	186,871	-	1,340,965	
Wholesale & retail trade and restaurants & hotels	12,292	-	-	20,733	197,614	197,444	324,414	80,620	-	61,342	17	894,476	
Transport, storage and communication	2,396	-	-	23,552	103,936	7,181	33,603	2,003	-	57,145	-	229,816	
Finance, takaful and business services	15,162	-	-	5,306	56,450	39,727	-	2,696	-	703,131	166	822,638	
Household-retail	11	3,741,059	-	-	1,211,882	-	-	1,796	1,093,660	-	2,895	6,051,303	
Others	12,809	-	561,883	38,701	242,280	384,503	58,064	-	-	143,846	-	1,442,086	
	86,770	3,741,059	1,026,478	205,284	3,838,411	887,297	752,663	244,306	1,796	1,093,660	2,087,619	3,158	13,968,501

31 Dec 2021 RM'000													
Cash line-i	House financing	Syndicated term financing	Hire purchase receivables	Other term financing	Bills receivables	Trust receipts	Claims on customers under acceptance credits	Staff financing-i	Credit cards-i	Revolving financing	Other financing	Total	
Agricultural, hunting, forestry and fishing	1,715	-	-	-	7,297	-	-	1,596	-	-	-	10,608	
Mining and quarrying	2,304	-	-	763	52,373	13,362	2,863	1,226	-	5,008	-	77,899	
Manufacturing	24,617	-	166,862	119,900	687,097	162,052	116,440	103,636	-	105,263	583	1,486,450	
Electricity, gas and water	171	-	-	-	5,604	204,173	-	619	-	134,302	-	344,869	
Construction	3,984	-	-	760	252,833	77,365	22,242	10,174	-	596,459	-	963,817	
Real estate	-	-	295,460	-	374,571	-	-	-	-	286,724	-	956,755	
Wholesale & retail trade and restaurants & hotels	11,998	-	-	23,652	171,602	260,464	233,848	77,456	-	60,084	30	839,134	
Transport, storage and communication	684	-	-	25,254	13,627	4,710	39,394	2,491	-	60,161	-	146,321	
Finance, takaful and business services	10,946	-	-	6,877	80,829	16,492	-	1,300	-	783,647	157	900,248	
Household-retail	21	3,857,513	-	-	1,259,760	-	-	1,487	1,073,822	-	2,944	6,195,547	
Others	13,653	-	559,920	33,342	306,298	409,104	43,003	-	-	92,478	2	1,457,800	
	70,093	3,857,513	1,022,242	210,548	3,211,891	1,147,722	457,790	198,498	1,487	1,073,822	2,124,126	3,716	13,379,448

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

3) Credit Risk (Cont'd)

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

	30 Jun 2022 RM'000								
	Cash line-i	House financing	Hire purchase receivables	Other term financing	Bills receivables	Credit cards-i	Revolving financing	Other financing	Total
Agricultural, hunting, forestry and fishing	139	-	-	-	-	-	-	-	139
Manufacturing	5,049	-	394	2,008	6,102	-	-	80	13,633
Electricity, gas and water	-	-	-	-	-	-	133,797	-	133,797
Construction	-	-	-	1,327	-	-	113,627	-	114,954
Real estate	-	-	-	3,818	-	-	-	-	3,818
Wholesale & retail trade and restaurants & hotels	-	-	-	7,126	241	-	-	17	7,384
Transport, storage and communication	-	-	-	-	1,532	-	-	-	1,532
Finance, takaful and business services	1,359	-	-	6,277	3,669	-	43,928	166	55,399
Household-retail	1	625,470	-	340,334	-	19,305	-	2,607	987,717
Others	-	-	-	776	17,605	-	-	-	18,381
	6,548	625,470	394	361,666	29,149	19,305	291,352	2,870	1,336,754

	31 Dec 2021 RM'000								
	Cash line-i	House financing	Hire purchase receivables	Other term financing	Bills receivables	Credit cards-i	Revolving financing	Other financing	Total
Agricultural, hunting, forestry and fishing	214	-	-	-	-	-	-	-	214
Manufacturing	5,322	-	172	4,549	14,876	-	-	583	25,502
Construction	-	-	-	906	-	-	136,015	-	136,921
Wholesale & retail trade and restaurants & hotels	-	-	-	7,567	615	-	-	29	8,211
Finance, takaful and business services	1,602	-	-	6,276	3,835	-	41,405	158	53,276
Household-retail	2	571,650	-	335,532	-	23,936	-	2,689	933,809
Others	-	-	-	828	16,248	-	-	2	17,078
	7,140	571,650	172	355,658	35,574	23,936	177,420	3,461	1,175,011

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

3) Credit Risk (Cont'd)

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

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Agricultural, hunting, forestry and fishing	-	214
Manufacturing	6,666	2,816
Electricity, gas and water	133,797	-
Construction	2,937	6
Real estate	316	-
Wholesale & retail trade and restaurants & hotels	6,318	6,451
Transport, storage and communication	635	648
Finance, takaful and business services	52,377	50,130
Household-retail	523,284	273,925
Others	19,223	17,078
	745,553	351,268

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

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Northern region	58,989	37,138
Southern region	83,566	49,130
Central region	586,742	257,126
Eastern region	16,256	7,874
	745,553	351,268

^[1] of which the portion of impaired financing and advances breakdown by sector and geographical location is disclosed in Note 15 (iii) and 15 (v) of the unaudited condensed interim financial statements as at 30 June 2022 respectively.

Table 8: Impairment allowance breakdown by sector

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Agricultural, hunting, forestry and fishing	9	8
Mining and quarrying	57	14
Manufacturing	9,306	13,853
Electricity, gas and water	57,116	244
Construction	101,475	103,734
Real estate	1,537	7,795
Wholesale & retail trade and restaurants & hotels	1,707	1,931
Transport, storage and communication	820	178
Finance, insurance/takaful and business services	52,323	51,994
Household-retail	308,396	325,689
Others	17,421	17,942
	550,167	523,382

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

3) Credit Risk (Cont'd)

Table 9: Impairment allowance breakdown by geographical location

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Northern region	35,500	39,209
Southern region	35,127	43,689
Central region	470,228	429,887
Eastern region	9,312	10,597
	550,167	523,382

The breakdown of financing impairment provisions during the period is disclosed in Note 16 (i) of the unaudited condensed interim financial statements as at 30 June 2022.

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

<i>Charges / (Release)</i>	30 Jun 2022	30 Jun 2021
	RM'000	RM'000
Agricultural, hunting, forestry and fishing	2	(32)
Mining and quarrying	43	230
Manufacturing	(3,908)	4,160
Electricity, gas and water	54,253	37
Construction	(2,260)	94,060
Real estate	(6,259)	3,706
Wholesale & retail trade and restaurants & hotels	(229)	(642)
Transport, storage and communication	643	(654)
Finance, insurance/takaful and business services	232	33,925
Household-retail	(20,139)	(29,674)
Others	(1,496)	58,693
	20,882	163,809

The breakdown of financing impairment provisions during the period is disclosed in Note 28 (i) of the unaudited condensed interim financial statements as at 30 June 2022.

Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Interim Disclosures (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 Bank as part of the determination of risk weightings for the following classes of exposure:

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

For the purpose of Pillar 3 reporting to BNM, the Bank use 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 Bank'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 BNM's detailed risk weights and rating categories. All other exposure classes are assigned risk weightings as detailed in BNM Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

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

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

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

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

30 Jun 2022
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	5,623,674	233,546	-	-	-	-		5,857,220
PSEs								
- Exposures risk-weighted using ratings of Corporates	59,398	-	-	-	-	-		59,398
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	310,802	608,781	-	-	12,384	-		931,967
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	5,048	-	-	-	-	-		5,048
- Exposures risk-weighted using ratings of Corporates	593,831	10,014	12,852	-	-	-		616,697
	6,592,753	852,341	12,852	-	12,384	-		7,470,330
(ii) Total unrated exposures							16,187,814	16,187,814
Total Long Term Exposure	6,592,753	852,341	12,852	-	12,384	-	16,187,814	23,658,144

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

30 Jun 2022

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	65,841	-	-	-		65,841
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	188,256	500	-	-		188,756
Corporates						
- Exposures risk-weighted using ratings of Corporates	369,526	-	-	-		369,526
	623,623	500	-	-	-	624,123
(ii) Total unrated exposures						
					-	-
Total Short Term Exposures	623,623	500	-	-	-	624,123
Total Long Term and Short Term Exposures:						24,282,267

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021
RM '000

Exposure Class	Long Term Rating Category							Total
	1	2	3	4	5	6	7	
<u>On and Off Balance Sheet Exposures</u>								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	5,341,031	688,092	-	-	-	-		6,029,123
PSEs								
- Exposures risk-weighted using ratings of Corporates	39,608	-	-	-	-	-		39,608
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	308,463	623,909	-	-	5,414	-		937,786
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	1,500	-	-	-	-	-		1,500
- Exposures risk-weighted using ratings of Corporates	608,490	8,616	42,081	-	-	-		659,187
	6,299,092	1,320,617	42,081	-	5,414	-		7,667,204
(ii) Total unrated exposures								
							14,702,274	14,702,274
Total Long Term Exposures	6,299,092	1,320,617	42,081	-	5,414	-	14,702,274	22,369,478

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

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2021
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						
PSEs						
- Exposures risk-weighted using ratings of Corporates	241,209	-	-	-		241,209
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	83,003	406	-	-		83,409
Corporates						
- Exposures risk-weighted using ratings of Corporates	517,849	-	-	-		517,849
	842,061	406	-	-	-	842,467
(ii) Total unrated exposures					-	-
Total Short Term Exposures	842,061	406	-	-	-	842,467
Total Long Term and Short Term Exposures						23,211,945

Note:

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

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

3) Credit Risk (Cont'd)

ii) 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 Bank'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 Bank, takes many forms.

The Bank'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 Bank 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 Bank 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 Bank's securities financing business; 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 Bank'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 Bank'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 customer/charger on the grounds that the correct valuation was not applied.

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

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

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

30 Jun 2022

RM'000

Exposure Class	Exposures Before Credit Risk Mitigation	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<u>Credit Risk</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	5,838,218	-	-
PSEs	471,317	-	-
Banks, DFIs & MDBs	843,077	-	-
Corporates	6,233,341	148,676	157,496
Regulatory Retail	2,150,871	8,141	12,150
House Financing	3,670,500	-	-
Higher Risk Assets	4,968	-	150
Other Assets	582,291	-	-
Defaulted Exposures	349,116	4,787	51,393
Total for On-Balance Sheet Exposures	20,143,699	161,604	221,189
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	454,609	-	196,218
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,665,252	36,822	105,786
Defaulted Exposures	18,707	-	1
Total for Off-Balance Sheet Exposures	4,138,568	36,822	302,005
Total On and Off-Balance Sheet Exposures	24,282,267	198,426	523,194

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

3) Credit Risk (Cont'd)

ii) CRM (Cont'd)

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

31 Dec 2021

RM'000

Exposure Class	Exposures Before Credit Risk Mitigation	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
<i>Credit Risk</i>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns/Central Banks	6,012,322	-	-
PSEs	678,358	-	-
Banks, DFIs & MDBs	638,026	-	-
Corporates	5,453,918	151,390	178,600
Regulatory Retail	2,143,547	5,350	12,657
House Financing	3,802,947	-	-
Higher Risk Assets	5,053	-	150
Other Assets	369,802	-	-
Defaulted Exposures	313,479	5,599	1,169
Total for On-Balance Sheet Exposures	19,417,452	162,339	192,576
<i>Off-Balance Sheet Exposures</i>			
OTC Derivatives	355,953	-	197,731
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,432,360	36,168	90,983
Defaulted Exposures	6,180	-	2,259
Total for Off-Balance Sheet Exposures	3,794,493	36,168	290,973
Total On and Off-Balance Sheet Exposures	23,211,945	198,507	483,549

Note:

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

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

4) Rate of Return Risk

Sensitivity of projected Net Profit/Finance Income

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

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

	RM'000			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
MYR	(6,058)	2,144	(12,186)	8,640
USD	4,689	(4,762)	2,824	(2,466)
Others	1,052	(1,033)	236	(42)
	(317)	(3,651)	(9,126)	6,132

The increase or decline in economic value for upward and downward rate shocks for measuring profit 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 profit rates of :

	RM'000			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 200 bps	- 200 bps	+ 200 bps	- 200 bps
MYR	(74,802)	85,358	(101,380)	114,487
USD	610	(110)	(4,988)	2,450
Others	(342)	118	(1,404)	320
	(74,534)	85,366	(107,772)	117,257

The 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 financial investments at fair value through other comprehensive income (FVOCI) 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:

	RM'000			
	30 Jun 2022		31 Dec 2021	
Basis point parallel shift in yield curves	+ 100bps	- 100bps	+ 100bps	- 100bps
MYR	(20,529)	20,529	(29,565)	29,565
	(20,529)	20,529	(29,565)	29,565

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

5) Shariah Governance

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 Board of Directors (BOD), the Shariah Committee and the Management to ensure that the operations and business activities of the Islamic Financial Institution (IFI) remain consistent with Shariah principles and 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 (SC) have outlined several laws and regulations on Shariah in particular the provisions on the establishment of a Shariah Committee and internal Shariah control functions. The Shariah Committee is an independent Shariah advisory body which plays a vital role in providing Shariah views and decisions and performs an oversight role on Shariah governance implementation related to the IFI'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 control functions 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 the Bank 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 the Bank.

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 the Bank are in compliance with Shariah.

c. CEO and Management

To be primarily responsible over the day-to-day management of the Bank 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 (SAC) of BNM and SAC of SC, as well as 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 the Bank's internal control, risk management systems, governance processes as well as the overall compliance of the Bank's operations, businesses, affairs and activities with Shariah.

e. Shariah Risk Management

To coordinate the identification, measurement, monitoring and reporting of Shariah non-compliance risks in the operations, businesses, affairs and activities of the Bank and 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 Interim Disclosures (Cont'd)

5) 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 the Bank 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 Risk Stewardship

To implement the identification, measurement, monitoring and reporting of Shariah non-compliance risks in the operations, businesses, affairs and activities of the Bank, as well as to formulate and recommend appropriate Shariah compliance controls.

iii) Shariah Research and Advisory

To perform in-depth research as and when required by the Shariah Committee 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 the relevant stakeholders, including the Management, product development and business teams as well as the supporting functions.

iv) Shariah Secretariat

To serve and provide operational support for effective functioning of the Shariah Committee which includes 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 the Bank.

v) 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 the Bank's products.

Quantitative Disclosure

a. Shariah Non-Compliance Events:

During the financial period ending 30 June 2022, no actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:

During the financial period ending 30 June 2022 the following amounts are recorded in the Shariah Penalty & Impure Income Account (the Account):

- i) The amount of RM773 in the Account was carried forward from 2021 to 2022.
- ii) Income from inadvertent Shariah non-compliance activities identified by the Bank's management as at 30 June 2022 is itemised as follows:-
 - RM1,440 received from transactions via Nostro Accounts has been reversed to the Account.
 - RM245 received due to refund of overprovisioned tax year 2020.

The balance of RM2,458 in the Account is pending distribution in the second half of 2022.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial period ending 30 June 2022.