HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)
Risk Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
As at 31 December 2024

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 Disclosures set out on pages 2 to 26 have been prepared according to the Risk Weighted Capital Adequacy Framework (Basel II), and are accurate and complete.

……………………………………..…………………
RAJA AMIR SHAH BIN RAJA AZWA

Chief Executive Officer
06 February 2025

(a) Introduction

HSBC Amanah Malaysia Berhad (the Bank) is principally engaged in the provision of Islamic banking business. At the reporting date, the Bank does not have any subsidiaries.

(b) Basel II

The Bank's lead regulator, Bank Negara Malaysia (BNM) sets and monitors capital requirements for the Bank. The Bank 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 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 Bank. Disclosures consist of both quantitative and qualitative information. 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 2024. 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 2024.

(c) Transferability of capital and funds

HSBC Bank Malaysia Berhad, the holding company, is the primary provider of equity capital to the Bank. The Bank manages its own capital to support its planned business growth.

(d) Internal assessment of capital adequacy

The Bank 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 Bank's risk profile and the environment in which it pursues business.

The ICAAP is an internal assessment of the Bank's capital adequacy given its risk appetite, risk profile and regulatory minimum requirements. The Bank 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 Bank's capital position:

- exceeds the minimum regulatory capital requirements as prescribed by the BNM;
- remains sufficient to support the Bank'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.

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

In order to achieve this, the Bank 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 Bank's capital adequacy positions.

Stress Testing

The Bank operates a wide-ranging stress testing programme that is a key part of our risk management and capital and liquidity planning. Stress testing provides management with key insights into the impact of adverse events, and provides confidence to regulators on the Bank's financial stability.

As well as undertaking regulatory-driven stress tests, the Bank conducts 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 Bank. Stress testing analysis helps management to understand the nature and extent of vulnerabilities to which the Bank is exposed to and informed decisions about capital or liquidity levels.

Separately, reverse stress tests are conducted by 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 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) or Executive Committee (EXCO) and Risk Committee (RC) to the Board for approval.

Risk Appetite

Risk appetite is a key component of our management of risk. It defines our desired forward-looking risk profile, and informs the strategic and financial planning processs. At HSBC Amanah, risk appetite is managed through a global risk appetite framework and articulated in a risk appetite statement (RAS), which is reviewed and approved by the Board, on the advice of the RC, regularly to make sure it remains fit for purpose.

Our risk appetite provides an objective baseline to guide strategic decision making, helping to ensure that planned business activities provide an appropriate balance of return for the risk assumed, while remaining within acceptable risk levels. It is also integrated within other risk management tools, such as stress testing, to ensure consistency in risk management.

The Bank has a comprehensive RAS tracked and monitored at RMM, which includes operational risk losses. In addition, Shariah non-compliant loss metrics will be tracked on a quarterly basis under Key Risk Indicator (KRI) and Heatmap. This metric tracks and monitors historical incidents within the last 12 months.

(e) Capital structure

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 (AT1) 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, while AT1 Capital includes Wakalah Financing
- Tier 2 capital [1], which includes 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.

Refer to Note 34 of the financial statements as at 31 December 2024 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.

[1] *Refer to Note 34 of the financial statements as at 31 December 2024 for the amount and breakdown of capital components.*

[2] *Refer to Note 23 financial statements as at 31 December 2024 for further details on ordinary share capital. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.*

(f) Risk management

Risk management framework

We use a comprehensive risk management approach across our organisation and across all risk types, underpinned by our culture and values. This is outlined in our risk management framework, including the key principles and practices that we employ in managing material risks, both financial and non-financial.

The framework fosters continuous monitoring of the risk environment, and promotes risk awareness and sound operational and strategic decision making and escalation process. It also ensures we have a consistent approach to monitoring, managing and mitigating the risks we accept and incur in our activities. We continue to actively review and develop our risk management framework and enhance our approach to managing risk, through our activities with regard to people and capabilities, governance, reporting and management information, credit risk management models; and data.

The HBMS Risk Management Framework (HRMF) is governed by the Risk Management Meeting of the Bank Management Board and approved by Chief Risk Officer (CRO). The HRMF applies to all the types of risk, both financial and non-financial (including Shariah risk) that we face in our business and operational activities. It is used throughout the Bank, including all Businesses, Functions and Digital Business Services. It is also applicable to HBMS' employees and HBMY's employees servicing the Bank.

The HRMF includes Shariah Risk and Shariah Non-Compliance Risk, which is addressed in the Addendum. The Addendum aims to bridge the gap in the management of the risks faced by the Bank (predominantly in the two risks mentioned) in relation to the Group’s RMF.

Culture

The Bank understands the importance of a strong culture. Our culture refers to our shared attitudes, values and standards that shape behaviours related to risk awareness, risk taking and risk management. 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 also 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, which are aligned to our risk appetite and strategy.

Awareness and training are carried out to instil and promote the Shariah compliance risk culture among the staff in accordance to BNM Shariah Governance Policy Document (SGPD) for Islamic Financial Institutions (IFI). The Board and Management regularly communicate and promote corporate culture on the importance of adherence to Shariah requirements, demonstrating ‘tone from the top' and ensure its integration with the Bank’s business and risk strategies.

Risk governance

The Board has ultimate responsibility for the effective management of risk and approves our risk appetite. It is advised on risk-related matters by the group's Risk Committee. For Shariah Governance, the Board has the ultimate oversight accountability for the institutionalisation of overall Shariah governance framework and Shariah compliance of the Bank.

Executive accountability for the ongoing monitoring, assessment and management of the risk environment, and the effectiveness of the risk management framework resides with the Country CRO, 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 the reporting and escalation to the RMM.

The Shariah Committee (SC) is established with delegated authorities of the Board of Directors (BOD) to have the oversight responsibility and accountability in providing objective and sound advice or decisions to ensure the Bank's operations, affairs and business activities are in compliance with Shariah. The SC is appointed by the Board and reports to the Board on the Shariah compliance and governance. The SC meeting is held at least once in every two (2) months or whenever required to discharge their duties and responsibilities.

Internally, the Shariah Department acts as a delegated authority of the SC in providing Shariah Advisory to the Management. The Shariah control functions have the role to assist the Management in ensuring the Bank's activities are in compliance with Shariah principles and the regulatory expectations for effective Shariah governance arrangement.

Refer to Note 4 of the financial statements as at 31 December 2024 for the Bank's risk managements policies on the above mentioned risks.

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

(f) Risk management (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 reporting date.

31 Dec 2024
(RM'000)

Exposure Class		Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		6,576,216	6,576,216	250,292	20,023
PSEs		641,935	641,935	210,553	16,844
Banks, DFIs & MDBs		913,317	913,317	367,358	29,389
Corporates		7,241,183	7,170,792	6,591,643	527,331
Regulatory Retail		2,080,617	2,072,270	1,634,396	130,752
House Financing		3,612,240	3,612,240	1,347,803	107,824
Higher Risk Assets		2,700	2,546	3,818	305
Other Assets		132,406	132,406	48,430	3,874
Securitisation Exposure		206,143	206,143	154,607	12,369
Defaulted Exposures		265,096	264,996	292,274	23,382
Total for On-Balance Sheet Exposures		21,671,853	21,592,861	10,901,174	872,093
Off-Balance Sheet Exposures					
OTC Derivatives		893,926	366,275	120,403	9,632
Off balance sheet exposures other than OTC derivatives or credit derivatives		3,705,593	3,594,983	2,537,787	203,023
Defaulted Exposures		6,073	6,073	8,595	688
Total for Off-Balance Sheet Exposures		4,605,592	3,967,331	2,666,785	213,343
Total On and Off-Balance Sheet Exposures [1]		26,277,445	25,560,192	13,567,959	1,085,436
Market Risk (Standardised Approach)	**Long position**	**Short position**			
Profit Rate Risk	1,807,029	3,471,020	(1,663,991)	92,850	7,428
Foreign Currency Risk	2,049	880	2,049	2,049	164
	1,809,078	3,471,900	(1,661,942)	94,899	7,592
Operational Risk (Basic Indicator Approach)	-	-	-	1,331,441	106,515
Total RWA and Capital Requirement	-	-	-	14,994,299	1,199,543

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

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

(f) Risk management (Cont'd)

1) RWA and Capital Requirement (Cont'd)

31 Dec 2023
(RM'000)

Exposure Class		Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Minimum Capital Requirement at 8%
Credit Risk (Standardised Approach)					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		6,181,187	6,181,187	303,058	24,245
PSEs		656,208	656,208	213,890	17,111
Banks, DFIs & MDBs		1,099,049	1,099,049	463,840	37,107
Corporates		7,153,458	7,044,371	6,399,044	511,924
Regulatory Retail		2,178,602	2,166,098	1,713,780	137,102
House Financing		3,567,994	3,567,994	1,331,116	106,489
Higher Risk Assets		3,170	3,019	4,529	362
Other Assets		143,275	143,275	43,493	3,479
Defaulted Exposures		279,649	279,649	289,778	23,182
Total for On-Balance Sheet Exposures		21,262,592	21,140,850	10,762,528	861,001
Off-Balance Sheet Exposures					
OTC Derivatives		443,127	134,852	131,469	10,518
Off balance sheet exposures other than OTC derivatives or credit derivatives		3,695,876	3,592,714	2,590,094	207,208
Defaulted Exposures		5,124	5,124	7,522	602
Total for Off-Balance Sheet Exposures		4,144,127	3,732,690	2,729,085	218,328
Total On and Off-Balance Sheet Exposures [1]		25,406,719	24,873,540	13,491,613	1,079,329
Market Risk (Standardised Approach)	Long position	Short position			
Profit Rate Risk	2,001,078	3,959,176	(1,958,098)	155,855	12,468
Foreign Currency Risk	1,369	2,868	2,868	2,868	229
	2,002,447	3,962,044	(1,955,230)	158,723	12,697
Operational Risk (Basic Indicator Approach)	-	-	-	1,165,851	93,268
Total RWA and Capital Requirement	-	-	-	14,816,187	1,185,294

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

Refer to Note 34 of the financial statements as at 31 December 2024 for disclosure on RWA breakdown by various risk categories.

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

(f) 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 Bank at reporting date.

31 Dec 2024
(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	Securitisation		
0%	**5,344,757**	**-**	**-**	**51,874**	**12,484**	**-**	**-**	**83,976**	**-**	**5,493,091**	**-**
20%	**1,251,460**	**865,443**	**401,391**	**715,975**	**-**	**-**	**-**	**-**	**-**	**3,234,269**	**646,854**
35%	**-**	**-**	**-**	**-**	**-**	**3,642,234**	**-**	**-**	**-**	**3,642,234**	**1,274,782**
50%	**-**	**90,666**	**705,211**	**613,919**	**9,485**	**372,851**	**-**	**-**	**-**	**1,792,132**	**896,066**
75%	**-**	**-**	**-**	**-**	**2,426,343**	**113,828**	**-**	**-**	**206,143**	**2,746,314**	**2,059,736**
100%	**-**	**149,617**	**-**	**7,805,941**	**418,668**	**152,759**	**-**	**48,430**	**-**	**8,575,415**	**8,575,415**
150%	**-**	**-**	**-**	**16,540**	**34,989**	**21,163**	**4,045**	**-**	**-**	**76,737**	**115,106**
Total										**25,560,192**	**13,567,959**
Average Risk Weight	**4%**	**33%**	**37%**	**90%**	**79%**	**40%**	**150%**	**37%**	**75%**	**53%**	

31 Dec 2023
(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	Securitisation		
0%	4,685,899	-	-	50,057	13,894	-	-	99,783	-	4,849,633	-
20%	1,515,288	675,609	497,369	878,725	-	-	-	-	-	3,566,991	713,398
35%	-	-	-	-	-	3,650,987	-	-	-	3,650,987	1,277,845
50%	-	-	817,928	268,567	24,692	274,024	-	-	-	1,385,211	692,606
75%	-	-	-	-	2,467,004	119,996	-	-	-	2,587,000	1,940,250
100%	-	259,568	37,105	7,804,925	455,894	165,142	-	43,493	-	8,766,127	8,766,127
150%	-	-	-	10,103	22,474	30,518	4,496	-	-	67,591	101,387
Total										24,873,540	13,491,613
Average Risk Weight	5%	42%	40%	90%	79%	40%	150%	30%	0%	54%	

Note:
MDBs - Multilateral Development Banks
DFIs - Development Financial Institutions

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

(f) Risk management (Cont'd)

3) Credit Risk

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

	31 Dec 2024				
RM'000	**Northern**	**Southern**	**Central**	**Eastern**	**Total**
Cash line-i	**20,326**	**18,427**	**31,071**	**-**	**69,824**
Term financing					
House financing	**438,384**	**384,093**	**2,757,304**	**89,092**	**3,668,873**
Syndicated term financing	**28,853**	**-**	**1,306,523**	**-**	**1,335,376**
Hire purchase receivables	**36,302**	**62,472**	**24,072**	**14,880**	**137,726**
Other term financing	**256,456**	**573,000**	**3,085,594**	**105,369**	**4,020,419**
Bills receivables	**128,901**	**325,844**	**829,498**	**137**	**1,284,380**
Trust receipts	**49,971**	**9,051**	**553,745**	**-**	**612,767**
Claims on customers under acceptance credits	**25,189**	**13,391**	**38,311**	**414**	**77,305**
Staff financing-i	**262**	**-**	**663**	**-**	**925**
Credit cards-i	**216,565**	**207,270**	**757,519**	**50,257**	**1,231,611**
Revolving financing	**64,465**	**314,854**	**1,556,541**	**-**	**1,935,860**
Other financing	**247**	**303**	**2,141**	**11**	**2,702**
	1,265,921	**1,908,705**	**10,942,982**	**260,160**	**14,377,768**

	31 Dec 2023				
RM'000	Northern	Southern	Central	Eastern	Total
Cash line-i	21,960	21,750	39,498	-	83,208
Term financing					
House financing	456,965	407,154	2,696,197	96,843	3,657,159
Syndicated term financing	33,363	-	1,345,845	-	1,379,208
Hire purchase receivables	49,625	87,781	42,973	18,196	198,575
Other term financing	274,689	429,991	3,154,327	115,495	3,974,502
Bills receivables	48,265	313,923	719,709	-	1,081,897
Trust receipts	46,640	34,569	551,794	-	633,003
Claims on customers under acceptance credits	89,980	33,655	81,702	829	206,166
Staff financing-i	311	1	945	-	1,257
Credit cards-i	221,408	210,297	767,377	53,432	1,252,514
Revolving financing	105,504	224,636	1,569,815	-	1,899,955
Other financing	301	242	2,079	11	2,633
	1,349,011	1,763,999	10,972,261	284,806	14,370,077

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, Melaka 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 Disclosures (Cont'd)

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
RM'000	**Northern**	**Southern**	**Central**	**Eastern**	**Total**
Cash line-i	**-**	**1**	**1,806**	**-**	**1,807**
Term financing					
House financing	**21,993**	**32,197**	**176,045**	**3,437**	**233,672**
Other term financing	**4,160**	**4,663**	**176,432**	**2,102**	**187,357**
Bills receivables	**-**	**-**	**10,670**	**-**	**10,670**
Trust receipts	**-**	**-**	**9,858**	**-**	**9,858**
Credit cards-i	**1,145**	**1,662**	**3,886**	**808**	**7,501**
Revolving credit	**-**	**-**	**56,826**	**-**	**56,826**
Other financing	**192**	**218**	**1,870**	**8**	**2,288**
	27,490	**38,741**	**437,393**	**6,355**	**509,979**

	31 Dec 2023				
RM'000	Northern	Southern	Central	Eastern	Total
Cash line-i	-	3,097	4,673	-	7,770
Term financing					
House financing	25,070	37,788	229,988	4,719	297,565
Hire purchase receivables	6,074	-	172	-	6,246
Other term financing	6,720	7,765	195,268	5,442	215,195
Bills receivables	-	980	13,305	-	14,285
Credit cards-i	1,878	2,057	7,229	572	11,736
Revolving credit	-	-	58,509	-	58,509
Other financing	238	128	1,772	5	2,143
	39,980	51,815	510,916	10,738	613,449

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024				
RM'000	**Maturing within one year**	**More than one year to three years**	**More than three years to five years**	**More than five years**	**Total**
Cash line-i	**69,824**	**-**	**-**	**-**	**69,824**
Term financing					
House financing	**22,107**	**9,278**	**18,792**	**3,618,696**	**3,668,873**
Syndicated term financing	**921,183**	**305,615**	**-**	**108,578**	**1,335,376**
Hire purchase receivables	**9,804**	**77,273**	**50,649**	**-**	**137,726**
Other term financing	**601,240**	**984,032**	**1,329,843**	**1,105,304**	**4,020,419**
Bills receivables	**1,284,380**	**-**	**-**	**-**	**1,284,380**
Trust receipts	**612,767**	**-**	**-**	**-**	**612,767**
Claims on customers under acceptance credits	**77,305**	**-**	**-**	**-**	**77,305**
Staff financing-i	**12**	**121**	**181**	**611**	**925**
Credit cards-i	**1,231,611**	**-**	**-**	**-**	**1,231,611**
Revolving financing	**1,935,860**	**-**	**-**	**-**	**1,935,860**
Other financing	**2,702**	**-**	**-**	**-**	**2,702**
	6,768,795	**1,376,319**	**1,399,465**	**4,833,189**	**14,377,768**

	31 Dec 2023				
RM'000	Maturing within one year	More than one year to three years	More than three years to five years	More than five years	Total
Cash line-i	83,208	-	-	-	83,208
Term financing					
House financing	20,555	6,809	24,012	3,605,783	3,657,159
Syndicated term financing	410,082	717,885	136,911	114,330	1,379,208
Hire purchase receivables	10,089	72,561	113,576	2,349	198,575
Other term financing	545,523	810,722	1,423,379	1,194,878	3,974,502
Bills receivables	1,081,897	-	-	-	1,081,897
Trust receipts	633,003	-	-	-	633,003
Claims on customers under acceptance credits	206,166	-	-	-	206,166
Staff financing-i	23	87	295	852	1,257
Credit cards-i	1,252,514	-	-	-	1,252,514
Revolving financing	1,899,955	-	-	-	1,899,955
Other financing	2,633	-	-	-	2,633
	6,145,648	1,608,064	1,698,173	4,918,192	14,370,077

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2024
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	-	-	1,247	2,360	-	-	-	-	-	-	-	3,608
Mining and quarrying	1,550	-	-	-	4	19,792	-	1,961	-	-	113,074	-	136,381
Manufacturing	15,060	-	97,101	70,524	739,590	513,177	41,745	28,356	-	-	99,438	-	1,604,991
Electricity, gas and water	-	-	-	-	3,817	-	-	-	-	-	92,568	-	96,385
Construction	12,640	-	208,515	360	267,314	113,416	9,856	4,887	-	-	210,218	-	827,206
Real estate	-	-	350,042	-	829,540	-	-	-	-	-	40,727	-	1,220,309
Wholesale & retail trade and restaurants & hotels	11,753	-	-	10,617	126,051	242,826	435,559	41,420	-	-	152,604	-	1,020,830
Transport, storage and communication	4,100	-	-	37,358	134,793	14,390	21,256	292	-	-	92,112	20	304,321
Finance, takaful and business services	12,803	-	-	407	327,694	122	-	389	-	-	684,194	-	1,025,609
Household-retail	2	3,668,873	-	-	934,546	-	-	-	925	1,231,611	-	2,682	5,838,639
Others	11,915	-	679,718	17,213	654,710	380,657	104,351	-	-	-	450,925	-	2,299,489
	69,824	3,668,873	1,335,376	137,726	4,020,419	1,284,380	612,767	77,305	925	1,231,611	1,935,860	2,702	14,377,768

31 Dec 2023
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	-	-	-	1,751	3,786	-	-	1	-	-	-	-	5,538
Mining and quarrying	3,699	-	-	3,753	3	21,560	-	2,573	-	-	31,033	-	62,621
Manufacturing	17,212	-	142,911	119,759	551,401	407,873	97,646	94,903	-	-	120,631	30	1,552,366
Electricity, gas and water	-	-	-	-	4,104	-	-	-	-	-	58,509	-	62,613
Construction	22,267	-	185,527	116	257,567	71,636	550	9,288	-	-	491,120	11	1,038,082
Real estate	-	-	350,132	-	801,310	-	-	-	-	-	116,778	-	1,268,220
Wholesale & retail trade and restaurants & hotels	8,845	-	-	15,866	172,646	236,875	462,240	97,215	-	-	117,781	10	1,111,478
Transport, storage and communication	533	-	-	29,711	170,212	7,202	9,332	156	-	-	45,896	8	263,050
Finance, takaful and business services	17,899	-	-	1,487	344,970	17,437	-	2,030	-	-	567,995	-	951,818
Household-retail	3	3,657,159	-	-	1,009,421	-	-	-	1,257	1,252,514	-	2,574	5,922,928
Others	12,750	-	700,638	26,132	659,082	319,314	63,235	-	-	-	350,212	-	2,131,363
	83,208	3,657,159	1,379,208	198,575	3,974,502	1,081,897	633,003	206,166	1,257	1,252,514	1,899,955	2,633	14,370,077

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

31 Dec 2024
RM'000

	Cash line-i	House financing	Hire purchase receivables	Other term financing	Bills receivables	Trust receipts	Credit cards-i	Revolving financing	Other financing	Total
Agricultural, hunting, forestry and fishing	4	-	-	-	-		-	-	-	4
Electricity, gas and water	159	-	-	-	-	-	-	56,826	-	56,985
Construction	1,644	-	-	944	6,695	9,858	-	-	-	19,141
Wholesale & retail trade and restaurants & hotels	-	-	-	-	1,791	-	-	-	-	1,791
Transport, storage and communication	-	-	-	1,878	2,184	-	-	-	15	4,077
Household-retail	-	233,672	-	184,535	-	-	7,501	-	2,273	427,981
	1,807	233,672	-	187,357	10,670	9,858	7,501	56,826	2,288	509,979

31 Dec 2023
RM'000

	Cash line-i	House financing	Hire purchase receivables	Other term financing	Bills receivables	Trust receipts	Credit cards-i	Revolving financing	Other financing	Total
Agricultural, hunting, forestry and fishing	-	-	-	452	-		-	-	-	452
Manufacturing	4,186	-	172	3,908	1,250	-	-	-	36	9,552
Electricity, gas and water	-	-	-	-	-	-	-	58,509	-	58,509
Construction	1,904	-	-	923	7,436	-	-	-	4	10,267
Real estate	-	-	-	3,246	-	-	-	-	-	3,246
Wholesale & retail trade and restaurants & hotels	961	-	6,074	1,386	982	-	-	-	10	9,413
Transport, storage and communication	10	-	-	1,878	1,285	-	-	-	8	3,181
Finance, takaful and business services	709	-	-	-	3,332	-	-	-	-	4,041
Household-retail	-	297,565		203,402	-	-	11,736	-	2,085	514,788
	7,770	297,565	6,246	215,195	14,285	-	11,736	58,509	2,143	613,449

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

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

	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Agricultural, hunting, forestry and fishing	**1**	452
Manufacturing	**6,968**	8,415
Electricity, gas and water	**56,554**	58,509
Construction	**4,383**	9,287
Real estate	**253**	1,310
Wholesale & retail trade and restaurants & hotels	**3,082**	4,702
Transport, storage and communication	**1,893**	1,897
Finance, takaful and business services	**427**	621
Household-retail	**535,984**	600,077
Others	**517**	4,614
	610,062	689,884

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

	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Northern region	**57,608**	67,538
Southern region	**74,976**	86,847
Central region	**464,345**	510,075
Eastern region	**13,133**	25,424
	610,062	689,884

[1] of which the portion of impaired financing and advances breakdown by sector and geographical location is disclosed in Note 12 (iii) and 12 (v) of the financial statements as at 31 December 2024 respectively.

Table 8: Impairment allowance breakdown by sector

	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Agricultural, hunting, forestry and fishing	**32**	43
Mining and quarrying	**39**	57
Manufacturing	**6,482**	11,597
Electricity, gas and water	**56,989**	56,858
Construction	**3,689**	7,584
Real estate	**1,733**	4,141
Wholesale & retail trade and restaurants & hotels	**4,977**	9,426
Transport, storage and communication	**2,427**	1,742
Finance, takaful and business services	**456**	1,414
Household-retail	**188,266**	254,055
Others	**1,185**	1,949
	266,275	348,866

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

Table 9: Impairment allowance breakdown by geographical location

	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Northern region	**22,107**	33,126
Southern region	**28,112**	34,047
Central region	**209,292**	272,612
Eastern region	**6,764**	9,081
	266,275	348,866

The breakdown of financing impairment allowance during the period is disclosed in Note 13 (i) of the financial statements as at 31 December 2024.

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

(Releases) / Charges	**31 Dec 2024**	31 Dec 2023
	RM'000	RM'000
Agricultural, hunting, forestry and fishing	**(11)**	13
Mining and quarrying	**(18)**	12
Manufacturing	**(2,740)**	1,519
Electricity, gas and water	**1,480**	(1,609)
Construction	**(3,889)**	(99,505)
Real estate	**(2,408)**	782
Wholesale & retail trade and restaurants & hotels	**(3,050)**	7,776
Transport, storage and communication	**709**	404
Finance, insurance/takaful and business services	**(932)**	(450)
Household-retail	**(16,956)**	60,897
Others	**(770)**	769
	(28,585)	(29,392)

The breakdown of financing net impairment allowance during the period is disclosed in Note 27 (i) of the financial statements as at 31 December 2024.

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

(f) 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 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 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 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 Disclosures (Cont'd)

(f) 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 2024
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	**4,753,586**	**1,251,460**	**-**	**-**	**-**	**-**		**6,005,046**
PSEs								
- Exposures risk-weighted using ratings of Corporates	**470,390**	**-**	**-**	**-**	**-**	**-**		**470,390**
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	**627,348**	**616,891**	**-**	**-**	**-**	**-**		**1,244,239**
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	**14,891**	**-**	**-**	**-**	**-**	**-**		**14,891**
- Exposures risk-weighted using ratings of Corporates	**664,868**	**262,959**	**-**	**-**	**-**	**-**		**927,827**
	6,531,083	**2,131,310**	**-**	**-**	**-**	**-**		**8,662,393**
(ii) Total unrated exposures							**16,282,022**	**16,282,022**
Total Long Term Exposure	**6,531,083**	**2,131,310**	**-**	**-**	**-**	**-**	**16,282,022**	**24,944,415**

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2024
RM '000

Exposure Class	Short Term Rating Category					
	1	2	3	4	5	Total
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	591,171	-	-		591,171
PSEs						
- Exposures risk-weighted using ratings of Corporates	28,157	-	-	-		28,157
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	293,796	1,654	112	-		295,562
Corporates						
- Exposures risk-weighted using ratings of Corporates	418,140	-	-	-		418,140
	740,093	592,825	112	-	-	1,333,030
(ii) Total unrated exposures					-	-
Total Short Term Exposures	740,093	592,825	112	-	-	1,333,030

Total Long Term and Short Term Exposures:	26,277,445

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023
RM '000

Exposure Class	Long Term Rating Category							
	1	2	3	4	5	6	7	Total
On and Off Balance Sheet Exposures								
(i) Total rated exposures								
Sovereigns & Central Banks								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	3,299,793	1,515,288	-	-	-	-		4,815,081
PSEs								
- Exposures risk-weighted using ratings of Corporates	202,660	-	-	-	-	-		202,660
Banks, DFIs & MDBs								
- Exposures risk-weighted using ratings of Banking Institutions	403,179	649,864	-	-	28,916	-		1,081,959
Corporates								
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	28,541	-	-	-	-	-		28,541
- Exposures risk-weighted using ratings of Corporates	657,390	29,520	13,384	-	-	-		700,294
	4,591,563	2,194,672	13,384	-	28,916	-		6,828,535
(ii) Total unrated exposures							16,236,859	16,236,859
Total Long Term Exposures	4,591,563	2,194,672	13,384	-	28,916	-	16,236,859	23,065,394

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

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

i) ECAIs (Cont'd)

31 Dec 2023
RM '000

Exposure Class	Short Term Rating Category 1	2	3	4	5	Total
On and Off Balance Sheet Exposures						
(i) Total rated exposures						
Sovereigns & Central Banks						
- Exposures risk-weighted using ratings of Sovereigns and Central Banks	-	1,386,106	-	-		1,386,106
PSEs						
- Exposures risk-weighted using ratings of Corporates	23,052	-	-	-		23,052
Banks, DFIs & MDBs						
- Exposures risk-weighted using ratings of Banking Institutions	418,839	505	-	-		419,344
Corporates						
- Exposures risk-weighted using ratings of Corporates	512,823	-	-	-		512,823
	954,714	1,386,611	-	-	-	2,341,325
(ii) Total unrated exposures					-	-
Total Short Term Exposures	954,714	1,386,611	-	-	-	2,341,325

Total Long Term and Short Term Exposures	25,406,719

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)

(f) 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						
	Long Term Rating					Short Term Rating
			Banking Institutions			
Rating Category	Sovereigns and Central Banks	Corporates	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)

(f) 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 statement of financial position 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, and takes many forms.

The Bank’s general policy is to promote the use of credit risk mitigants, 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, the financed property will be taken as collateral;
- under the Retail Wealth Portfolio Financing-i, liquid marketable securities are accepted as collaterals;
- 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 payment/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 Disclosures (Cont'd)

(f) 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 2024
RM'000

Exposure Class	Exposures Before Credit Risk Mitigation	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
Credit Risk			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	6,576,216	-	-
PSEs	641,935	-	-
Banks, DFIs & MDBs	913,317	-	-
Corporates	7,241,183	290,979	70,391
Regulatory Retail	2,080,617	9,817	8,347
House Financing	3,612,240	-	-
Higher Risk Assets	2,700	-	154
Other Assets	132,406	-	-
Securitisation Exposures	206,143	-	-
Defaulted Exposures	265,096	1,381	100
Total for On-Balance Sheet Exposures	**21,671,853**	**302,177**	**78,992**
Off-Balance Sheet Exposures			
OTC Derivatives	893,926	-	527,651
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,705,593	57,500	110,610
Defaulted Exposures	6,073	-	-
Total for Off-Balance Sheet Exposures	**4,605,592**	**57,500**	**638,261**
Total On and Off-Balance Sheet Exposures	**26,277,445**	**359,677**	**717,253**

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

(f) 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 2023
RM'000

Exposure Class	Exposures Before Credit Risk Mitigation	Exposures Covered by Guarantees / Credit Derivatives	Exposures Covered by Eligible Financial Collateral
Credit Risk			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	6,181,187	-	-
PSEs	656,208	-	-
Banks, DFIs & MDBs	1,099,049	-	-
Corporates	7,153,458	160,597	109,087
Regulatory Retail	2,178,602	12,384	12,504
House Financing	3,567,994	-	-
Higher Risk Assets	3,170	-	151
Other Assets	143,275	-	-
Defaulted Exposures	279,649	3,710	-
Total for On-Balance Sheet Exposures	21,262,592	176,691	121,742
Off-Balance Sheet Exposures			
OTC Derivatives	443,127	-	308,275
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,695,876	119,704	103,162
Defaulted Exposures	5,124	-	-
Total for Off-Balance Sheet Exposures	4,144,127	119,704	411,437
Total On and Off-Balance Sheet Exposures	25,406,719	296,395	533,179

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 Disclosures (Cont'd)

(f) Risk management (Cont'd)

3) Credit Risk (Cont'd)

iii) Counterparty Credit Risk

Limits for CCR exposures are assigned within the overall credit risk management process. The credit risk function assigns a limit against each counterparty to cover exposure that may arise as a result of a counterparty default. The magnitude of this limit will depend on the overall risk appetite, type of derivatives and type of Secured Financing Transaction (SFTs) trading undertaken with a counterparty.

Models and methodologies used in the calculation of CCR are overseen and monitored by the Traded Risk Model Oversight Forum. Models are subject to ongoing monitoring and validation. Additionally, they are subject to independent review at inception and on an ongoing basis.

HSBC has established a measure, Cat F, specifically to monitor derivative financing and securities financing transactions at a counterparty level. This is ancillary to the existing Cat B counterparty credit risk measure.

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			
	31 Dec 2024 *		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 100 bps*	*- 100 bps*	*+ 100 bps*	*- 100 bps*
MYR	**45,666**	**(46,860)**	42,992	(44,006)
USD	**5,454**	**(5,449)**	1,811	(2,023)
Others	**1,416**	**(1,411)**	2,720	(2,703)
	52,536	**(53,720)**	47,523	(48,732)

* From 2024, the methodology has been refined to better capture the risk to the earnings generated from the banking book. Comparatives are not restated as the overall impact is not material.

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			
	31 Dec 2024 **		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 200 bps*	*- 200 bps*	*+ 200 bps*	*- 200 bps*
MYR	**(87,147)**	**101,194**	(75,658)	84,488
USD	**1,309**	**(1,059)**	(988)	1,466
Others	**1,597**	**(1,401)**	2,149	(1,936)
	(84,241)	**98,734**	(74,497)	84,018

** From 2024, the economic value of equity sensitivity presentation has been refined to exclude capital sensitivity. Comparatives are not restated as the overall impact is not material.

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			
	31 Dec 2024		31 Dec 2023	
Basis point parallel shift in yield curves	*+ 100bps*	*- 100bps*	*+ 100bps*	*- 100bps*
MYR	**(28,639)**	**28,639**	(8,122)	8,122
	(28,639)	**28,639**	(8,122)	8,122

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

(f) Risk management (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 (SC) and the Management to ensure that the operations and business activities of the 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 Malaysia have outlined several laws and regulations on Shariah in particular the provisions on the establishment of a SC and internal Shariah control functions. The SC 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 SC in providing Shariah advisory to the Management team of the IFI. The Shariah control functions have 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 outlined by Shariah-Regulatory Framework Policy Documents (PDs) and BNM SGPD, 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 Securities Commission Malaysia, as well as decisions of the SC, and to identify and refer any Shariah issues to the SC 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 Disclosures (Cont'd)

(f) Risk management (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 SC 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 SC 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 SC 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 SC which includes to coordinate, communicate and disseminate information among the SC, the Board and senior management, and to ensure proper dissemination of decisions or advice of the SC within the Bank.

v) Product and Skills Development
To undertake research and development (R&D) and propose feasible Shariah compliant product structures and solutions to be launched by the various business lines within HSBC Amanah. To develop and implement initiatives for Islamic finance knowledge and skills monitoring, including deploying Amanah product knowledge and its underlying concepts for all personnel involved in Amanah products, services, processes and Shariah Risk management awareness through varied learning approaches. Incumbent is required to collaborate with HR to fulfil training and knowledge management needs.

Quantitative Disclosure

a. Shariah Non-Compliance Events:
During the financial year ended 31 December 2024, one (1) actual Shariah non-compliance event has been identified.

b. Shariah Non-Compliance Income:
During the financial year ended 31 December 2024, the following amounts are recorded:

i) RM612,285 income received from Shariah non-compliant activities have been transferred to the Shariah Penalty & Impure Income Account (the Account). The amount in the Account is reported net of income tax liabilities.

ii) RM127,400 was donated from the Account for charitable purposes.

iii) RM319 Shariah non-compliant income was refunded directly to the impacted customers' account.

Other than the above, there were no other Shariah non-compliance income or other amounts recorded during the financial year ended 31 December 2024.