

**Basel II
Pillar 3 Disclosure
As at 30 June 2016**

Overview

The Royal Bank of Scotland Berhad and its subsidiaries (collectively the “Group”) adopted the Standardised Approach in determining the capital requirements for credit risk and market risk and applied the Basic Indicator Approach for operational risk of the Pillar 1 under Bank Negara Malaysia’s Risk-Weighted Capital Adequacy Framework (‘RWCAF’).

Under the Standardised Approach, standard risk weights are used to assess the capital requirements for exposures in credit risk and market risk whilst the capital required for operational risk under the Basic Indicator Approach is computed based on a fixed percentage over the group’s average gross income for a fixed number of quarterly periods.

The information is not audited as there is no requirement for external auditing of these disclosures under the Bank Negara Malaysia’s RWCAF. The Pillar 3 Disclosure will be published in the Bank’s website at <http://cib.rbs.com/our-locations/asia-pacific/malaysia/>.

2.0 Capital Adequacy

The capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The minimum regulatory capital adequacy requirement is 8.66% for the risk-weighted capital ratio. Effective 1st January 2016, the minimum regulatory capital adequacy had increased from 8% to 8.66% with the inclusion of capital conservation buffer and countercyclical buffer.

Disclosure on Capital Adequacy under the Standardised Approach
Expressed in nearest RM thousands (RM'000)

Item	Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Minimum Capital Requirement at 8.66%
30 June 2016					
1.0	Credit Risk				
	<i>On-Balance Sheet Exposures</i>				
	Sovereigns/Central Banks	1,087,285	1,087,285	-	-
	Public Sector Entities	-	-	-	-
	Banks, Development Financial Institutions & MDBs	322,439	284,058	56,812	4,919.88
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
	Corporates	287,039	287,039	287,039	24,858
	Regulatory Retail	-	-	-	-
	Residential Mortgages	14,165	14,165	10,624	920
	Higher Risk Assets	1,300	1,300	1,950	169
	Other Assets	46,234	46,234	44,518	3,855
	Specialised Financing/Investment	-	-	-	-
	Securitisation Exposure	-	-	-	-
	Equity Exposure	-	-	-	-
	Defaulted Exposures	1,147	1,147	1,720	149
	Total for On-Balance Sheet Exposures	1,759,609	1,721,228	402,663	34,871
	<i>Off-Balance Sheet Exposures</i>				
	OTC Derivatives	339,001	339,001	145,582	12,607
	Credit Derivatives	-	-	-	-
	Off-Balance Sheet Exposures other than OTC or credit derivatives	345,675	345,675	341,413	29,566
	Defaulted Exposures	-	-	-	-
	Total for Off-Balance Sheet Exposures	684,676	684,676	486,995	42,174
	Total for On and Off-Balance Sheet Exposures	2,444,285	2,405,904	889,658	77,044
2.0	Large Exposures Risk Requirement				
3.0	Market Risk	Long	Short		
	Interest Rate Risk	5,884,360	(6,228,809)	298,997	25,893
	Foreign Currency Risk	3,495	(1,550)	3,500	303
	Equity Risk				
	Commodity Risk				
	Options Risk				
	Inventory Risk				
4.0	Operational Risk			287,000	24,854
5.0	Total RWA			1,479,155	128,095

Disclosure on Capital Adequacy under the Standardised Approach

Expressed in nearest RM thousands (RM'000)

Item	Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Minimum Capital Requirement at 8%
31 December 2015					
1.0	Credit Risk				
	<i>On-Balance Sheet Exposures</i>				
	Sovereigns/Central Banks	1,819,030	1,819,030	-	-
	Public Sector Entities	-	-	-	-
	Banks, Development Financial Institutions & MDBs	554,697	68,257	13,651	1,092
	Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
	Corporates	402,127	402,127	402,127	32,170
	Regulatory Retail	-	-	-	-
	Residential Mortgages	14,926	14,926	11,194	896
	Higher Risk Assets	1,300	1,300	1,950	156
	Other Assets	74,630	74,630	71,807	5,745
	Specialised Financing/Investment	-	-	-	-
	Securitisation Exposure	-	-	-	-
	Equity Exposure	-	-	-	-
	Defaulted Exposures	1,163	1,163	1,745	140
	Total for On-Balance Sheet Exposures	2,867,873	2,381,433	502,474	40,198
	<i>Off-Balance Sheet Exposures</i>				
	OTC Derivatives	1,086,503	1,086,503	443,873	35,510
	Credit Derivatives	-	-	-	-
	Off-Balance Sheet Exposures other than OTC or credit derivatives	475,029	475,029	457,553	36,604
	Defaulted Exposures	-	-	-	-
	Total for Off-Balance Sheet Exposures	1,561,532	1,561,532	901,426	72,114
	Total for On and Off-Balance Sheet Exposures	4,429,405	3,942,965	1,403,900	112,312
2.0	Large Exposures Risk Requirement				
3.0	Market Risk	Long	Short		
	Interest Rate Risk	12,634,010	(13,478,925)	545,107	43,609
	Foreign Currency Risk	27,810	(871)	27,810	2,225
	Equity Risk				
	Commodity Risk				
	Options Risk				
	Inventory Risk				
4.0	Operational Risk			92,309	7,385
5.0	Total RWA			2,069,126	165,530

3.0 Capital Structure

The components of the Group's capital structure are as shown in the table below:

Capital Structure

Expressed in nearest RM thousands (RM '000)

Group	Capital Elements	As At 30 June 2016	As At 31 Dec 2015
CET I/ Tier 1 Capital			
	Paid-up ordinary share capital	343,000	343,000
	Share premium	76,182	76,182
	Retained profit/loss brought forward from the previous financial year	171,131	148,294
	Current unaudited unadjusted profit/ loss		26,337
	Transfer of current year profit to statutory reserve fund		(6,584)
	Approved audited half-year profit/ loss		
	Prior year's profit/ loss		
	Statutory reserve fund	178,843	178,843
	Unrealised reserve	(102)	417
	General reserve fund		
	Capital redemption reserve		
	Total non-innovative Tier 1 (non-IT1) and innovative Tier 1 (IT1) capital		
	Non-innovative Tier 1 capital		
	Of which: preference shares		
	Total innovative Tier 1 capital		
	RM innovative Tier 1 capital		
	Innovative non-cumulative perpetual preference share capital		
	RM Approved innovative debt capital instruments issued		
	FX Approved innovative debt capital instruments issued		
	Minority interest in shares of non-wholly owned subsidiaries		
	Minority interest in non-cumulative preference shares of non-wholly owned subsidiaries		
	Surplus/ loss from the sale of fixed and long-term investments not yet recognised in retained earnings		
	Deferred tax assets	(10,137)	(12,105)
	Transfer of retained earning from/(to) regulatory reserve	(69)	3,084
	Total CET I/Tier 1 capital	758,848	757,468
	Less: Goodwill		
	Deductions in excess of Tier 2 capital		
	ELIGIBLE TIER 1 CAPITAL	758,848	757,468
Eligible Tier 2 Capital			
	Approved hybrid (debt/equity) capital instruments		
	ICULs issued		
	RCULs issued		
	Other approved hybrid debt capital securities issued		
	Property revaluation reserve		
	Ordinary shares capitalised from property revaluation reserve		
	Cumulative perpetual preference shares		
	Minority interest in cumulative perpetual preference shares of non-wholly owned subsidiaries		
	RM collectively assessed allowance	2,407	3,866
	Surplus eligible provisions (EP) where it exceeds expected losses (EL) under the IRB approach		
	Maximum allowable subordinated debt capital		
	RM subordinated debt capital		
	FX subordinated debt capital		
	Any non-IT1 and IT1 capital instruments in excess of prescribed limits in Tier 1		
	Of which: preference shares		
	Regulatory reserve	1,222	1,153
	Total Tier 2 capital	3,629	5,019
	Total Tier 2 capital (subject to limits)	3,629	5,019
	Less: Investment in subsidiaries companies		
	Investment in insurance companies		
	Investment in capital instruments of other banking institutions		
	Securitisation exposures subject to deductions		
	Securitisation exposures held in the banking book		
	Securitisation exposures held in the trading book		
	Excess of EL over EP under the IRB approach		
	EL amount for equity exposures under the PD/LGD approach		
	Stale Inventory Reserve		
	Other items (insert if any)		
	Total deductions from Tier 2 Capital		
	ELIGIBLE TIER 2 CAPITAL	3,629	5,019
	CAPITAL BASE	762,477	762,487

4.0 Risk Management

4.1 Credit Risk

Credit Risk (General Disclosure)

Disclosure on Loans by Sector and Geographical Distribution

30 June 2016

Sector Description	K.Lumpur RM'000	P.Pinang RM'000	N. Sembilan RM'000	Selangor RM'000	Melaka RM'000	Johor RM'000	Perak RM'000	All States RM'000
Purchase of transport vehicles	223	10	-	279	32	-	-	544
Purchase of landed properties (Residential)	4,093	322	380	10,725	-	-	-	15,520
Consumption credit	5	-	-	1	-	-	-	6
Manufacturing	-	-	-	76,376	-	-	-	76,376
Construction	1	-	-	7,733	-	-	-	7,734
Wholesale and retail	-	-	-	119,219	-	-	-	119,219
Transport, storage and communication	-	-	-	115	-	-	-	115
Finance, insurance and business services	66,495	-	-	-	-	-	-	66,495
Mining and quarrying	1	-	-	16,549	-	-	-	16,550
	70,818	332	380	230,997	32	-	-	302,559

31 December 2015

Sector Description	K.Lumpur RM'000	P.Pinang RM'000	N. Sembilan RM'000	Selangor RM'000	Melaka RM'000	Johor RM'000	Perak RM'000	All States RM'000
Purchase of transport vehicles	280	14	-	338	47	-	-	679
Purchase of landed properties (Residential)	4,613	329	409	10,990	-	-	-	16,341
Consumption credit	11	-	-	5	-	-	-	16
Manufacturing	-	-	-	27,218	-	20,460	-	47,678
Construction	-	-	-	-	-	-	-	-
Wholesale and retail	80,000	-	-	181,958	-	-	-	261,958
Transport, storage and communication	-	-	-	-	-	-	-	-
Finance, insurance and business services	70,835	-	-	-	-	-	-	70,835
Mining and quarrying	-	-	-	20,961	-	-	-	20,961
	155,739	343	409	241,470	47	20,460	-	418,468

Loans by Residual Contractual Maturity

30 June 2016

Residual contractual maturity	Term Loans RM'000	Bills receivable RM'000	BA's RM'000	RC RM'000	Staff Loans RM'000	Overdraft RM'000	Trust receipts RM'000	Other loans RM'000	Total RM'000
Maturity within one year	7	-	-	227,495	229	1,107	-	38,668	267,506
More than one year to three years	421	-	19,219	-	203	-	-	-	19,843
More than three years to five years	211	-	-	-	324	-	-	-	535
More than five years	13,997	-	-	-	678	-	-	-	14,675
	14,636	-	19,219	227,495	1,434	1,107	-	38,668	302,559

31 December 2015

Residual contractual maturity	Term Loans RM'000	Bills receivable RM'000	BA's RM'000	RC RM'000	Staff Loans RM'000	Overdraft RM'000	Trust receipts RM'000	Other loans RM'000	Total RM'000
Maturity within one year	15	684	70,975	271,435	176	20,461	-	37,878	401,624
More than one year to three years	302	-	-	-	116	-	-	-	418
More than three years to five years	388	-	-	-	510	-	-	-	898
More than five years	14,791	-	-	-	737	-	-	-	15,528
	15,496	684	70,975	271,435	1,539	20,461	-	37,878	418,468

Impairment losses on loans, advances and financing

Past due but not impaired: Past due but not impaired loans, advances and financing are loans where the customer has failed to make a principal or interest payment when they are contractually due, and includes loans which are due 1 or more days after the contractual due date but less than 3 months. The breakdown of the gross loan amounts of past due but not impaired by economic sector are as follows:

30 June 2016

Sector Description	K.Lumpur RM'000	Penang RM'000	N. Sembilan RM'000	Selangor RM'000	Total RM'000
Purchase of landed properties (Residential)	313	51	134	1,189	1,687
Purchase of transport vehicles	-	-	-	-	-
	313		134	1,189	1,687

31 December 2015

Sector Description	K.Lumpur RM'000	N. Sembilan RM'000	Selangor RM'000	Total RM'000
Purchase of landed properties (Residential)	252		1,660	1,912
Purchase of transport vehicles	-	-	56	56
	252	-	1,716	1,968

Impaired: The definition of impaired loans and the approaches undertaken in the determination of individually assessed and collectively assessed allowance are explained in Note 4(iii) to the 2015 annual financial statements. The breakdown of the gross amount of impaired loans, advances and financing assessed, by economic sector and the corresponding individual assessment allowance is provided in Note 35(b) to the 2015 annual financial statements. The breakdown of the gross amount, the corresponding individual impairment provision, the current year write-offs and charges, by economic sector are as follows:

2016						
Sector (Expressed in RM'000)	Gross Impaired Loans @ 30 June 2016	Individually assessed allowance @ 1 Jan 2016	Write-off during the year	Write-back during the year	Allowance made during year	Individually assessed allowance @ 30 June 2016
Kuala Lumpur						
Purchase of landed properties (Residential)	411	73	-	(21)	4	56
Purchase of transport vehicles	-	-	-	-	-	-
Wholesale and retail	-	-	-	-	-	-
Selangor						
Purchase of landed properties (Residential)	915	178	-	(140)	128	166
Purchase of transport vehicles	28	-	-	(14)	-	(14)
Negeri Sembilan						
Purchase of landed properties (Residential)	-	1	-	(1)	-	-
	1,354	252	-	(176)	132	208

2015						
Sector (Expressed in RM'000)	Gross Impaired Loans @ 31 Dec 2015	Individually assessed allowance @ 1 Jan 2015	Write-off during the year	Write-back during the year	Allowance made during year	Individually assessed allowance @ 31 Dec 2015
Kuala Lumpur						
Purchase of landed properties (Residential)	454	92	-	(59)	40	73
Purchase of transport vehicles	-	47	(44)	(3)	-	-
Wholesale and retail	-	334	(334)	-	-	-
Selangor						
Purchase of landed properties (Residential)	912	273	(36)	(390)	331	178
Negeri Sembilan						
Purchase of landed properties (Residential)	50	54	-	(87)	34	1
	1,416	800	(414)	(539)	405	252

The collectively assessed allowance is not directly attributable to any geographical distribution and economic sector. The collectively assessed allowance is disclosed in Note 7(ix) to the 2015 annual financial statements and Note 4(ix) to the 30 June 2016 interim financial statements.

Disclosure on Credit Risk Exposure after Netting and Credit Risk Mitigation

Exposures after Netting and Credit Risk Mitigation (Expressed in nearest RM '000)										
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Total Exposures	Total Risk Weighted Assets
30 June 2016										
0%	1,087,285							1,716	1,089,001	
10%										
20%		421,795							421,795	84,359
35%										
50%		174,938							174,938	87,469
75%						14,253			14,253	10,690
90%										
100%				658,952				44,518	703,470	703,470
110%										
125%										
135%										
150%						1,147	1,300		2,447	3,671
270%										
350%										
400%										
625%										
937.5%										
1250.0%										
Total	1,087,285	596,733	0	658,952	0	15,400	1,300	46,234	2,405,904	889,658
31 December 2015										
0%	1,819,030							2,822	1,821,852	
10%										
20%		518,185		1					518,186	103,637
35%										
50%		600,282							600,282	300,141
75%						15,015			15,015	11,262
90%										
100%				913,358				71,807	985,165	985,165
110%										
125%										
135%										
150%						1,163	1,300		2,463	3,695
270%										
350%										
400%										
625%										
937.5%										
1250.0%										
Total	1,819,030	1,118,467	0	913,359	0	16,178	1,300	74,629	3,942,963	1,403,900

Disclosure on Rated Exposure According to Ratings by ECAIs

Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3)

Disclosures on Rated Exposures according to Ratings by ECAIs

Expressed in nearest RM thousands (RM'000)

30 June 2016

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates		-	-	67,448		591,504
Total		-	-	67,448	-	591,504

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moody's	P-1	P-2	P-3	Others	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
Banks, MDBs and FDIs						
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
Total		-	-	-	-	-

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Sovereigns and Central Banks		-	-	-	-	-	1,087,285
Total		-	-	-	-	-	1,087,285

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
Banks, MDBs and FDIs		428,185	18,086	174,031	-	-	14,812
Total		428,185	18,086	174,031	-	-	14,812

Disclosures on Rated Exposures according to Ratings by ECAIs

Expressed in nearest RM thousands (RM'000)

31 December 2015

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
<u>Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates		1	-	39,389		873,969
Total		1	-	39,389	-	873,969

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
Banks, MDBs and FDIs						
<u>Rated Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
Total		-	-	-	-	-

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Sovereigns and Central Banks		-	-	-	-	-	1,819,030
Total		-	-	-	-	-	1,819,030

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Gross On and Off Balance-Sheet Exposures	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
Banks, MDBs and FDIs		970,418	53,797	568,433	-	-	12,259
Total		970,418	53,797	568,433	-	-	12,259

Disclosure on Credit Risk Mitigation

Disclosure on Credit Risk Mitigation (Expressed in nearest RM '000)				
Exposure Class	Gross Exposures	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other eligible Collateral
30 June 2016				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,087,285			
Public Sector Entities				
Banks, Development Financial Institutions & MDBs	322,439		38,381	
Insurance Cos, Securities Firms & Fund Managers				
Corporates	287,039			
Regulatory Retail				
Residential Mortgages	14,165			
Higher Risk Assets	1,300			
Other Assets	46,234			
Specialised Financing/Investment				
Equity Exposure				
Securitisation Exposure				
Defaulted Exposures	1,147			
Total for On-Balance Sheet Exposures	1,759,609	-	38,381	-
Off-Balance Sheet Exposures				
OTC Derivatives	339,001			
Credit Derivatives				
Off-Balance Sheet Exposures other than OTC or Credit derivatives	345,675			
Defaulted Exposures				
Total for Off-Balance Sheet Exposures	684,676	-	-	-
Total for On and Off-Balance Sheet Exposures	2,444,285	-	38,381	-
31 December 2015				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,819,030			
Public Sector Entities				
Banks, Development Financial Institutions & MDBs	554,697		486,440	
Insurance Cos, Securities Firms & Fund Managers				
Corporates	402,127			
Regulatory Retail				
Residential Mortgages	14,926			
Higher Risk Assets	1,300			
Other Assets	74,630			
Specialised Financing/Investment				
Equity Exposure				
Securitisation Exposure				
Defaulted Exposures	1,163			
Total for On-Balance Sheet Exposures	2,867,873	-	486,440	-
Off-Balance Sheet Exposures				
OTC Derivatives	1,086,503			
Credit Derivatives				
Off-Balance Sheet Exposures other than OTC or Credit derivatives	475,029			
Defaulted Exposures				
Total for Off-Balance Sheet Exposures	1,561,532	-	-	-
Total for On and Off-Balance Sheet Exposures	4,429,405	-	486,440	-

Disclosure on Off-balance sheet and Counterparty Credit Risk Exposure

Disclosure on Off-Balance Sheet and Counterparty Credit Risk

Expressed in nearest RM thousands (RM '000)

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
30 June 2016				
Direct Credit Substitutes	46,286		46,286	46,286
Transaction related contingent Items	124,940		62,470	59,637
Short Term Self Liquidating trade related contingencies	61,575		12,315	12,315
Assets sold with recourse				
Forward Asset Purchases				
Obligations under an on-going underwriting agreement				
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.				
Foreign exchange related contracts				
One year or less	270,849	27,234	9,231	9,231
Over one year to five years				
Over five years				
Interest/Profit rate related contracts				
One year or less				
Over one year to five years				
Over five years				
Equity related contracts				
One year or less				
Over one year to five years				
Over five years				
Gold and Other Precious Metal Contracts				
One year or less				
Over one year to five years				
Over five years				
Other Commodity Contracts				
One year or less				
Over one year to five years				
Over five years				
Credit Derivative Contracts				
One year or less				
Over one year to five years				
Over five years				
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	7,800,742	162,538	329,770	136,351
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	174		87	65
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,122,582		224,517	223,110
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness				
Unutilised credit card lines				
Off-balance sheet items for securitisation exposures				
Off-balance sheet exposures due to early amortisation provisions				
Total	9,427,148	189,772	684,676	486,995

Disclosure on Off-Balance Sheet and Counterparty Credit Risk

Expressed in nearest RM thousands (RM '000)

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
31 December 2015				
Direct Credit Substitutes	1,370		1,370	1,370
Transaction related contingent Items	240,279		120,140	116,781
Short Term Self Liquidating trade related contingencies	72,844		14,569	14,569
Assets sold with recourse				
Forward Asset Purchases				
Obligations under an on-going underwriting agreement				
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.				
Foreign exchange related contracts				
One year or less	3,573,493	22,395	47,789	37,929
Over one year to five years	245,100	21,295	29,569	22,326
Over five years				
Interest/Profit rate related contracts				
One year or less	3,167,600	246,951	270,872	132,030
Over one year to five years	7,543,711	236,041	514,708	193,823
Over five years	1,922,699	4,990	223,564	57,765
Equity related contracts				
One year or less				
Over one year to five years				
Over five years				
Gold and Other Precious Metal Contracts				
One year or less				
Over one year to five years				
Over five years				
Other Commodity Contracts				
One year or less				
Over one year to five years				
Over five years				
Credit Derivative Contracts				
One year or less				
Over one year to five years				
Over five years				
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	179		90	67
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,694,305		338,861	324,766
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness				
Unutilised credit card lines				
Off-balance sheet items for securitisation exposures				
Off-balance sheet exposures due to early amortisation provisions				
Total	18,461,580	531,672	1,561,532	901,426

4.2 Interest Rate Risk Sensitivity Analysis

Stress testing is performed to provide early warnings of potential losses to facilitate the proactive management of interest rate risk. Based on data as at 30 June 2016, the Group's projected sensitivity to a 100 basis point parallel shock to interest rates across all maturities is approximately RM1.7 million.

4.3 Equity Exposures in Banking Book

The privately held equity investments are unquoted and stated at cost adjusted for impairment loss, if any. These investments are held mainly for strategic purpose only. The table below present the equity exposures in banking book:

Privately held	For socio-economic purposes	
	As at 31 June 2016 RM'000	As at 31 December 2015 RM'000
Credit exposure	1,699	1,699
Risk Weighted Asset	1,699	1,699