

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 127776-V)**  
**AND ITS SUBSIDIARY COMPANIES**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2015**

**Domiciled in Malaysia.**  
**Registered Office:**  
**2, Leboh Ampang,**  
**50100 Kuala Lumpur**

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 127776-V)**  
**AND ITS SUBSIDIARY COMPANIES**  
**(Incorporated in Malaysia)**

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 September 2015 have been prepared from the Group and the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and the Guidelines on Financial Reporting for Banking Institutions issued by Bank Negara Malaysia (BNM) in 2015.

SAW SAY PIN  
Chief Financial Officer

Date : 29 October 2015

**HSBC BANK MALAYSIA BERHAD**  
(Company No. 127776-V)  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2015**

	Note	<i>Group</i>		<i>Bank</i>	
		30 Sep 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Sep 2015 RM'000	31 Dec 2014 RM'000
<b>Assets</b>					
Cash and short-term funds	11	14,993,106	7,839,057	11,697,585	8,077,960
Securities purchased under resale agreements		7,761,478	2,265,607	7,761,478	2,265,607
Deposits and placements with banks and other financial institutions	12	200,000	2,936,713	1,947,020	4,780,622
Financial assets held-for-trading	13	1,956,340	2,947,082	1,955,857	2,927,027
Financial investments available-for-sale	14	8,193,225	17,103,489	6,305,391	12,968,166
Loans, advances and financing	15	52,180,250	45,433,692	40,035,852	34,753,154
Derivative financial assets	33	5,392,739	1,799,701	5,611,401	1,831,403
Other assets	17	931,170	663,033	924,620	563,960
Statutory deposits with Bank Negara Malaysia	18	1,280,610	1,479,060	929,948	999,998
Investments in subsidiary companies		-	-	660,021	660,021
Property and equipment		335,410	351,502	323,668	335,288
Intangible assets		66,320	61,603	66,320	61,601
Tax recoverable		30,894	44,711	20,850	35,850
Deferred tax assets		72,824	71,653	64,391	63,896
<b>Total assets</b>		<b>93,394,366</b>	82,996,903	<b>78,304,402</b>	70,324,553
<b>Liabilities</b>					
Deposits from customers	19	64,782,240	61,308,233	54,764,115	50,332,073
Deposits and placements from banks and other financial institutions	20	8,248,529	8,278,959	6,922,407	8,259,316
Bills and acceptances payable		345,457	426,346	332,709	400,637
Derivative financial liabilities	33	5,679,529	1,606,375	5,685,549	1,634,302
Other liabilities	21	3,241,424	2,092,700	2,005,061	2,074,498
Provision for taxation		89,034	-	89,034	-
Multi-Currency Sukuk Programme	22	1,748,868	1,001,854	-	-
Subordinated liabilities	23	1,634,803	1,275,382	1,634,803	1,275,382
<b>Total liabilities</b>		<b>85,769,884</b>	75,989,849	<b>71,433,678</b>	63,976,208
<b>Equity</b>					
Share capital		114,500	114,500	114,500	114,500
Reserves		7,509,982	6,592,554	6,756,224	5,933,845
Proposed dividend		-	300,000	-	300,000
<b>Total equity attributable to owner of the Bank</b>		<b>7,624,482</b>	7,007,054	<b>6,870,724</b>	6,348,345
<b>Total liabilities and equity</b>		<b>93,394,366</b>	82,996,903	<b>78,304,402</b>	70,324,553
<b>Commitments and Contingencies</b>	32	<b>177,082,635</b>	138,441,341	<b>173,811,869</b>	135,592,425

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 29 October 2015.*

**HSBC BANK MALAYSIA BERHAD**  
(Company No. 127776-V)  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	<i>Note</i>	<i>Group</i>			
		3rd quarter		Nine Months Ended	
		30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
		RM'000	RM'000	RM'000	RM'000
Revenue		<b>1,148,201</b>	1,048,021	<b>3,407,162</b>	3,041,689
Interest income	24	<b>606,247</b>	627,432	<b>1,895,146</b>	1,794,625
Interest expense	24	<b>(230,331)</b>	(233,339)	<b>(758,995)</b>	(664,854)
Net interest income	24	<b>375,916</b>	394,093	<b>1,136,151</b>	1,129,771
Fee and commission income	25	<b>120,054</b>	124,957	<b>369,353</b>	368,283
Fee and commission expense	25	<b>(14,688)</b>	(11,307)	<b>(37,997)</b>	(26,089)
Net fee and commission income	25	<b>105,366</b>	113,650	<b>331,356</b>	342,194
Net trading income	26	<b>45,919</b>	72,127	<b>336,558</b>	273,352
Income from Islamic banking operations	27	<b>274,857</b>	150,025	<b>535,393</b>	396,966
Other operating income	28	<b>20,526</b>	11,700	<b>42,738</b>	26,170
Operating income before impairment losses		<b>822,584</b>	741,595	<b>2,382,196</b>	2,168,453
Loans / financing impairment charges and other credit risk provisions	29	<b>(36,548)</b>	(31,245)	<b>(36,103)</b>	(68,096)
Net operating income		<b>786,036</b>	710,350	<b>2,346,093</b>	2,100,357
Other operating expenses	30	<b>(364,337)</b>	(339,794)	<b>(1,119,220)</b>	(986,913)
Profit before tax		<b>421,699</b>	370,556	<b>1,226,873</b>	1,113,444
Tax expense		<b>(104,141)</b>	(93,534)	<b>(309,876)</b>	(284,490)
<b>Profit for the period</b>		<b>317,558</b>	277,022	<b>916,997</b>	828,954
<b>Other comprehensive income / (expense)</b>					
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>					
Cash flow hedge					
Effective portion of changes in fair value		-	-	-	1
Net amount transferred to profit or loss		-	-	-	(64)
Available-for-sale reserve:					
Change in fair value		<b>(47,471)</b>	4,274	<b>15,070</b>	16,215
Amount transferred to profit or loss		<b>490</b>	(6,169)	<b>(12,047)</b>	(4,616)
Income tax credit / (expense) relating to components of other comprehensive income		<b>11,275</b>	474	<b>(726)</b>	(2,884)
<b>Other comprehensive (expense) / income for the period, net of income tax</b>		<b>(35,706)</b>	(1,421)	<b>2,297</b>	8,652
<b>Total comprehensive income for the period</b>		<b>281,852</b>	275,601	<b>919,294</b>	837,606
Profit attributable to owner of the Bank		<b>317,558</b>	277,022	<b>916,997</b>	828,954
Total comprehensive income attributable to owner of the Bank		<b>281,852</b>	275,601	<b>919,294</b>	837,606
Basic earnings per RM0.50 ordinary share		<b>138.7 sen</b>	121.0 sen	<b>400.4 sen</b>	362.0 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		-	-	<b>131.0 sen</b>	131.0 sen
- interim dividend paid in respect of current period		-	109.2 sen	-	109.2 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.*

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**HSBC BANK MALAYSIA BERHAD**  
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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	<i>Note</i>	<i>Bank</i>			
		3rd quarter		Nine Months Ended	
		30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
		RM'000	RM'000	RM'000	RM'000
Revenue		<b>987,015</b>	896,559	<b>2,930,667</b>	2,589,049
Interest income	24	<b>620,284</b>	640,454	<b>1,941,530</b>	1,822,585
Interest expense	24	<b>(230,331)</b>	(233,339)	<b>(758,995)</b>	(664,854)
Net interest income	24	<b>389,953</b>	407,115	<b>1,182,535</b>	1,157,731
Fee and commission income	25	<b>120,084</b>	124,987	<b>369,383</b>	368,313
Fee and commission expense	25	<b>(14,689)</b>	(11,307)	<b>(37,998)</b>	(26,089)
Net fee and commission income	25	<b>105,395</b>	113,680	<b>331,385</b>	342,224
Net trading income	26	<b>195,762</b>	87,093	<b>482,159</b>	274,212
Other operating income	28	<b>50,885</b>	44,025	<b>137,595</b>	123,939
Operating income before impairment losses		<b>741,995</b>	651,913	<b>2,133,674</b>	1,898,106
Loans impairment (charges) / release and other credit risk provisions	29	<b>(14,979)</b>	(9,863)	<b>7,509</b>	(14,682)
Net operating income		<b>727,016</b>	642,050	<b>2,141,183</b>	1,883,424
Other operating expenses	30	<b>(333,134)</b>	(314,094)	<b>(1,028,688)</b>	(911,315)
Profit before tax		<b>393,882</b>	327,956	<b>1,112,495</b>	972,109
Tax expense		<b>(99,140)</b>	(85,023)	<b>(287,867)</b>	(253,266)
<b>Profit for the period</b>		<b>294,742</b>	242,933	<b>824,628</b>	718,843
<b>Other comprehensive income / (expense)</b>					
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>					
Cash flow hedge					
Effective portion of changes in fair value		-	-	-	1
Net amount transferred to profit or loss		-	-	-	(64)
Available-for-sale reserve:					
Change in fair value		<b>(39,154)</b>	2,578	<b>10,988</b>	12,663
Amount transferred to profit or loss		<b>490</b>	(6,169)	<b>(11,815)</b>	(4,616)
Income tax credit / (expense) relating to components of other comprehensive income		<b>9,279</b>	898	<b>198</b>	(1,996)
<b>Other comprehensive (expense) / income for the period, net of income tax</b>		<b>(29,385)</b>	(2,693)	<b>(629)</b>	5,988
<b>Total comprehensive income for the period</b>		<b>265,357</b>	240,240	<b>823,999</b>	724,831
Profit attributable to owner of the Bank		<b>294,742</b>	242,933	<b>824,628</b>	718,843
Total comprehensive income attributable to owner of the Bank		<b>265,357</b>	240,240	<b>823,999</b>	724,831
Basic earnings per RM0.50 ordinary share		<b>128.7 sen</b>	106.1 sen	<b>360.1 sen</b>	313.9 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		-	-	<b>131.0 sen</b>	131.0 sen
- interim dividend paid in respect of current period		-	109.2 sen	-	109.2 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.*

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

Group (RM'000)	Non-distributable								Distributable				
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Cash flow hedge reserve	Capital contribution reserve	Regulatory reserve*	Retained profit	Total reserves	Dividends	Total equity
<b>2015</b>													
Balance at 1 January	114,500	741,375	164,500	177,624	190,000	(10,975)	-	97,757	180,000	5,052,273	6,592,554	300,000	7,007,054
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	916,997	916,997	-	916,997
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,495)	-	-	-	-	-	1,495	-	-	-
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	11,453	-	-	-	-	11,453	-	11,453
Net amount transferred to profit or loss	-	-	-	-	-	(9,156)	-	-	-	(9,156)	-	-	(9,156)
<i>Total other comprehensive income</i>	-	-	-	(1,495)	-	2,297	-	-	-	1,495	2,297	-	2,297
Total comprehensive income for the period	-	-	-	(1,495)	-	2,297	-	-	-	918,492	919,294	-	919,294
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	104,000	(104,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	(746)	-	(1,120)	(1,866)	-	(1,866)
Dividends paid to owner - 2014 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Balance at 30 Sep	114,500	741,375	164,500	176,129	190,000	(8,678)	-	97,011	284,000	5,865,645	7,509,982	-	7,624,482
<b>2014</b>													
Balance at 1 January	114,500	741,375	164,500	166,049	190,000	(6,871)	48	95,470	-	4,674,062	6,024,633	300,000	6,439,133
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	828,954	828,954	-	828,954
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,398)	-	-	-	-	-	1,398	-	-	-
Cash flow hedge:													
Net amount transferred to profit or loss	-	-	-	-	-	-	(48)	-	-	-	(48)	-	(48)
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	12,162	-	-	-	-	12,162	-	12,162
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(3,462)	-	-	-	-	(3,462)	-	(3,462)
<i>Total other comprehensive income</i>	-	-	-	(1,398)	-	8,700	(48)	-	-	1,398	8,652	-	8,652
Total comprehensive income for the period	-	-	-	(1,398)	-	8,700	(48)	-	-	830,352	837,606	-	837,606
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	180,000	(180,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	2,647	-	1,224	3,871	-	3,871
Dividends paid to owner - 2014 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Balance at 30 Sep	114,500	741,375	164,500	164,651	190,000	1,829	-	98,117	180,000	5,325,638	6,866,110	-	6,980,610

\* The Group and the Bank maintain a regulatory reserve to meet local regulatory requirements; the effect of this requirement is to restrict the amount of reserves that can be distributed to shareholders.

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The unaudited condensed interim financial statements were approved by the Board of Directors on 29 October 2015.

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (continued)**

Bank (RM'000)	Non-distributable								Distributable				
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Cash flow hedge reserve	Capital contribution reserve	Regulatory reserve*	Retained profit	Total reserves	Dividends	Total equity
<b>2015</b>													
Balance at 1 January	114,500	741,375	114,500	177,624	190,000	(4,487)	-	96,383	167,000	4,451,450	5,933,845	300,000	6,348,345
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	824,628	824,628	-	824,628
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,495)	-	-	-	-	-	1,495	-	-	-
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	8,351	-	-	-	-	8,351	-	8,351
Net amount transferred to profit or loss	-	-	-	-	-	(8,980)	-	-	-	-	(8,980)	-	(8,980)
<i>Total other comprehensive income</i>	-	-	-	(1,495)	-	(629)	-	-	-	1,495	(629)	-	(629)
Total comprehensive income for the period	-	-	-	(1,495)	-	(629)	-	-	-	826,123	823,999	-	823,999
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	83,000	(83,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	(483)	-	(1,137)	(1,620)	-	(1,620)
Dividends paid to owner - 2014 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Balance at 30 Sep	114,500	741,375	114,500	176,129	190,000	(5,116)	-	95,900	250,000	5,193,436	6,756,224	-	6,870,724
<b>2014</b>													
Balance at 1 January	114,500	741,375	114,500	166,049	190,000	(911)	48	94,178	-	4,202,012	5,507,251	300,000	5,921,751
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	718,843	718,843	-	718,843
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,398)	-	-	-	-	-	1,398	-	-	-
Cash flow hedge:													
Net amount transferred to profit or loss	-	-	-	-	-	-	(48)	-	-	-	(48)	-	(48)
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	9,498	-	-	-	-	9,498	-	9,498
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(3,462)	-	-	-	-	(3,462)	-	(3,462)
<i>Total other comprehensive income</i>	-	-	-	(1,398)	-	6,036	(48)	-	-	1,398	5,988	-	5,988
Total comprehensive income for the period	-	-	-	(1,398)	-	6,036	(48)	-	-	720,241	724,831	-	724,831
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	(167,000)	167,000	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	2,461	-	1,421	3,882	-	3,882
Dividends paid to owner - 2013 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Dividends paid to owner - 2014 interim	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Balance at 30 Sep	114,500	741,375	114,500	164,651	190,000	5,125	-	96,639	(167,000)	4,840,674	5,985,964	-	6,100,464

\* The Bank maintains a regulatory reserve to meet local regulatory requirements; the effect of this requirement is to restrict the amount of reserves that can be distributed to shareholders.

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	30 Sep 2014	<b>30 Sep 2015</b>	30 Sep 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before tax	<b>1,226,873</b>	1,113,444	<b>1,112,495</b>	972,109
Adjustments for non-operating and non-cash items	<b>39,121</b>	46,281	<b>36,770</b>	39,858
Operating profit before working capital changes	<b>1,265,994</b>	1,159,725	<b>1,149,265</b>	1,011,967
Changes in working capital:				
Net changes in operating assets	<b>(12,177,699)</b>	(8,309,642)	<b>(11,044,405)</b>	(7,922,205)
Net changes in operating liabilities	<b>8,693,688</b>	7,960,399	<b>7,118,137</b>	7,988,909
Income tax paid	<b>(208,921)</b>	(258,966)	<b>(184,129)</b>	(250,597)
<b>Net cash generated from operations</b>	<b>(2,426,938)</b>	551,516	<b>(2,961,132)</b>	828,074
<b>Net cash generated from / (used in) investing activities</b>	<b>8,880,688</b>	(681,452)	<b>6,630,458</b>	(752,244)
<b>Net cash used in financing activity</b>	<b>700,299</b>	(550,000)	<b>(49,701)</b>	(550,000)
	<b>9,580,987</b>	(1,231,452)	<b>6,580,757</b>	(1,302,244)
<b>Net changes in cash and cash equivalents</b>	<b>7,154,049</b>	(679,936)	<b>3,619,625</b>	(474,170)
<b>Cash and cash equivalents at 1 January</b>	<b>7,839,057</b>	15,454,507	<b>8,077,960</b>	12,558,786
<b>Cash and cash equivalents at 30 September</b>	<b>14,993,106</b>	14,774,571	<b>11,697,585</b>	12,084,616
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	<b>14,993,106</b>	14,774,571	<b>11,697,585</b>	12,084,616

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 29 October 2015.*



**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 127776-V)**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 General Information**

HSBC Bank Malaysia Berhad (the Bank) is principally engaged in the provision of banking and other related financial services. The subsidiaries of the Bank are principally engaged in the businesses of Islamic Banking and nominee services. Islamic Banking operations refer generally to the acceptance of deposits and granting of financing under the principles of Shariah. The Bank and its subsidiaries are collectively known as "the Group".

There were no significant changes in these activities during the financial period.

**2 Basis of Preparation**

The unaudited condensed interim financial statements for the financial period ended 30 September 2015 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial instruments held-for- trading, financial investments available-for-sale, derivative financial instruments, and financial instruments fair-valued through profit and loss.

The unaudited condensed interim financial statements for the financial period ended 30 September 2015 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB). The unaudited condensed interim financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Bank's Islamic subsidiary.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2014. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 December 2014.

All significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2014.

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group and Bank as they are either not applicable or not yet effective:

MFRSs, interpretations and amendments effective for annual periods commencing on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, interpretations and amendments effective for annual periods commencing on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, interpretations and amendments effective for annual periods commencing on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The initial application of the above accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Bank upon their first adoption, except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139: Financial Instruments, Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3 Auditors' Report On Preceding Annual Financial Statements**

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The audit report on the audited annual financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

**4 Seasonality or Cyclical Factors**

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The business operations of the Group and Bank are not subject to material seasonal or cyclical fluctuations.

**5 Unusual Items due to Their Nature, Size or Incidence**

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Bank for the financial period ended 30 September 2015.

**6 Changes in Estimates**

---

The preparation of financial information requires the use of estimates. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that critical accounting policies where judgement is necessarily applied are those which relate to impairment allowances for loans, advances and financing, the valuation of financial instruments and the impairment allowance of available-for-sale financial investments.

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and Bank for the financial period ended 30 September 2015.

**7 Debt and Equity Securities**

---

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 September 2015, except those disclosed under Note 22.

**8 Dividend**

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A final dividend of RM1.31 per ordinary share amounting to RM300 million in respect of the financial year ended 31 December 2014 was paid on 16 April 2015.

No interim dividend was declared during the financial period ended 30 September 2015.

**9 Carrying Amount of Revalued Assets**

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Property and equipment are stated at cost/valuation less accumulated depreciation and impairment losses (if any) except for freehold land which is stated at professional valuation. There was no change in the valuation of property and equipment that was brought forward from the previous audited financial statements for the financial period ended 30 September 2015.

**10 Significant and Subsequent Events**

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There were no material events subsequent to the date of the statement of financial position that require disclosure or adjustments to the unaudited condensed interim financial statement.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11 Cash and Short Term Funds**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>1,547,771</b>	1,354,154	<b>1,391,899</b>	1,183,220
Money at call and interbank placements maturing within one month	<b>13,445,335</b>	6,484,903	<b>10,305,686</b>	6,894,740
	<b>14,993,106</b>	7,839,057	<b>11,697,585</b>	8,077,960

**12 Deposits and Placements with Banks and Other Financial Institutions**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		
Licensed banks	<b>200,000</b>	936,713	<b>1,947,020</b>	2,780,622
Bank Negara Malaysia	-	2,000,000	-	2,000,000
	<b>200,000</b>	2,936,713	<b>1,947,020</b>	4,780,622

**13 Financial Assets Held-for-Trading**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>At fair value</b>				
Money market instruments:				
Malaysian Government treasury bills	<b>714,345</b>	96,088	<b>714,345</b>	96,088
Bank Negara Malaysia bills and notes	<b>2,132</b>	569,163	<b>2,132</b>	569,163
Bank Negara Malaysia Islamic bills and notes	<b>38,596</b>	1,451,961	<b>38,596</b>	1,451,961
Malaysian Government securities	<b>941,393</b>	479,451	<b>941,393</b>	479,451
Malaysian Government Islamic bonds	<b>185,821</b>	194,577	<b>185,338</b>	174,522
Islamic fixed rate bonds	<b>8,888</b>	8,827	<b>8,888</b>	8,827
Cagamas bonds and notes	<b>2,427</b>	7,283	<b>2,427</b>	7,283
	<b>1,893,602</b>	2,807,350	<b>1,893,119</b>	2,787,295
Unquoted securities:				
Private and Islamic debt securities (including commercial paper)	<b>62,738</b>	139,732	<b>62,738</b>	139,732
	<b>1,956,340</b>	2,947,082	<b>1,955,857</b>	2,927,027

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14 Financial Investments Available-for-Sale**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
<b>At fair value</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Money market instruments:</b>				
Bank Negara Malaysia bills and notes	-	2,237,917	-	2,237,917
Bank Negara Malaysia Islamic bills	-	5,981,313	-	3,496,504
Malaysian Government securities	<b>3,272,900</b>	4,336,360	<b>3,272,900</b>	4,336,360
Malaysian Government Islamic bonds	<b>3,480,802</b>	3,129,628	<b>1,791,693</b>	1,707,988
Islamic fixed rate Sukuk	<b>497,939</b>	-	<b>497,939</b>	-
Cagamas bonds and notes	<b>164,573</b>	229,750	<b>164,573</b>	229,750
Negotiable instruments of deposit	<b>558,770</b>	808,944	<b>360,045</b>	580,070
Bankers' acceptance and Islamic accepted bills	<b>200,862</b>	362,198	<b>200,862</b>	362,198
	<b>8,175,846</b>	17,086,110	<b>6,288,012</b>	12,950,787
<b>Unquoted securities:</b>				
Shares*	<b>16,908</b>	16,908	<b>16,908</b>	16,908
Private debt securities (including commercial paper)	<b>471</b>	471	<b>471</b>	471
	<b>17,379</b>	17,379	<b>17,379</b>	17,379
	<b>8,193,225</b>	17,103,489	<b>6,305,391</b>	12,968,166

\* Stated at cost due to the lack of quoted prices in an active market or / and the fair values of the investments cannot be reliably measured.

The maturity structure of money market instruments held as financial investments available-for-sale is as follows:

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Maturing within one year	<b>1,126,418</b>	12,229,175	<b>1,096,883</b>	9,415,649
More than one year to three years	<b>4,754,250</b>	3,847,847	<b>3,119,647</b>	3,164,356
More than three years to five years	<b>883,712</b>	803,859	<b>660,016</b>	165,553
Over five years	<b>1,411,466</b>	205,229	<b>1,411,466</b>	205,229
	<b>8,175,846</b>	17,086,110	<b>6,288,012</b>	12,950,787

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15 Loans, Advances and Financing**

**(i) By type**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>At amortised cost</b>		(Restated)		
Overdrafts/ cash line	<b>1,183,993</b>	1,145,597	<b>1,097,086</b>	1,052,389
Term loans/ financing:				
Housing loans/ financing	<b>18,906,022</b>	18,036,318	<b>14,769,355</b>	14,215,572
Factoring receivables	<b>283,448</b>	202,751	<b>283,448</b>	202,751
Hire purchase receivables	<b>238,563</b>	234,709	-	179
Lease receivables	<b>4,430</b>	5,373	-	-
Other term loans/ financing <sup>^</sup>	<b>15,681,541</b>	12,124,505	<b>10,343,252</b>	7,533,131
Bills receivable	<b>3,994,418</b>	2,311,721	<b>3,994,418</b>	2,311,721
Trust receipts	<b>1,886,102</b>	2,051,102	<b>1,303,351</b>	1,692,511
Claims on customers under acceptance credits	<b>2,735,622</b>	2,679,153	<b>1,987,276</b>	2,059,895
Staff loans/ financing	<b>176,549</b>	271,252	<b>169,056</b>	263,215
Credit/ charge cards	<b>2,694,839</b>	2,761,988	<b>2,167,095</b>	2,262,168
Revolving credit	<b>4,951,126</b>	4,226,563	<b>4,301,203</b>	3,608,324
Other loans/ financing	<b>4,985</b>	5,240	<b>4,985</b>	5,240
Gross loans, advances and financing	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096
Less: Allowance for impaired loans, advances and financing				
- Collectively assessed	<b>(347,452)</b>	(388,060)	<b>(234,097)</b>	(263,243)
- Individually assessed	<b>(213,936)</b>	(234,520)	<b>(150,576)</b>	(190,699)
Total net loans, advances and financing	<b>52,180,250</b>	45,433,692	<b>40,035,852</b>	34,753,154

<sup>^</sup> Included in the loans, advances and financing of the Bank at 30 June 2015 are financing which are disclosed as "Asset under Management" in the financial statements of HBMS. These details are as follows:

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Under SIAF/IAA arrangement	<b>1,100,638</b>	-	<b>1,100,638</b>	-
Under RPSIA arrangement	<b>243,878</b>	415,743	<b>243,878</b>	415,743
	<b>1,344,516</b>	415,743	<b>1,344,516</b>	415,743

The Restricted Profit Sharing Investment Account (RPSIA) is with the Bank's fully owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS), and the contract is based on the Mudharabah principle where the Bank provides the funds, whilst the assets are managed by HBMS. The profits of the underlying assets are shared based on pre-agreed ratios, whilst risks on the financing are borne by the Bank. Hence, the underlying assets and allowances for impairment arising thereon, if any, are recognised and accounted for by the Bank. Effective 31 March 2015, Syndicated Investment Account for Financing / Investment Agency Account (SIAF / IAA) replaces RPSIA for new advances and financing.

SIAF/IAA arrangement is with the Bank's fully owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS), and the contract is based on the Wakalah principle where the Bank, solely or together with other financial institutions provide the funds, whilst the assets are managed by HBMS (as the Wakeel or agent). However, in the arrangement, the profits of the underlying assets are recognised by the Bank for the portion of the funding it provides in the syndication arrangement. At the same time, risks on the financing are also proportionately borne by the Bank. Hence, the underlying assets and allowances for impairment arising thereon, if any, are proportionately recognised and accounted for by the Bank.

The recognition and derecognition treatments of the above are in accordance to Note 3(g) on financial instruments in the audited financial statements of the Group and Bank for the financial year ended 31 Dec 2014.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Loans, Advances and Financing (continued)

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000
Domestic non-bank financial institutions	<b>510,646</b>	441,157	<b>28,351</b>	48,218
Domestic business enterprises:				
Small medium enterprises	<b>9,215,662</b>	8,792,820	<b>6,587,507</b>	6,834,808
Others	<b>14,402,614</b>	10,401,256	<b>11,873,501</b>	8,185,015
Government and statutory bodies	<b>14,519</b>	15,898	-	-
Individuals	<b>21,948,823</b>	21,475,960	<b>16,667,509</b>	16,544,176
Other domestic entities	<b>7,549</b>	7,569	<b>5,952</b>	5,912
Foreign entities	<b>6,641,825</b>	4,921,612	<b>5,257,705</b>	3,588,967
	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000
Maturity within one year	<b>22,018,265</b>	19,008,204	<b>17,578,339</b>	14,296,962
More than one year to three years	<b>3,586,557</b>	2,462,824	<b>2,739,332</b>	2,060,725
More than three years to five years	<b>4,019,187</b>	2,575,614	<b>2,349,465</b>	1,702,259
More than five years	<b>23,117,629</b>	22,009,630	<b>17,753,389</b>	17,147,150
	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096

(iv) By interest/ profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)
Fixed rate:				
Housing loans/ financing	<b>2,077</b>	3,180	<b>697</b>	824
Hire purchase receivables	<b>238,563</b>	234,709	-	179
Other fixed rate loans/ financing	<b>10,001,084</b>	8,376,962	<b>7,828,531</b>	6,537,261
Variable rate:				
BR/BLR/BFR plus	<b>23,973,317</b>	23,177,661	<b>18,790,892</b>	18,334,179
Cost-plus	<b>15,831,758</b>	11,501,772	<b>11,633,310</b>	8,072,485
Other variable rates	<b>2,694,839</b>	2,761,988	<b>2,167,095</b>	2,262,168
	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15 Loans, Advances and Financing (continued)**

(v) By sector	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000
Agricultural, hunting, forestry and fishing	<b>1,901,897</b>	1,059,841	<b>1,249,427</b>	793,502
Mining and quarrying	<b>604,614</b>	426,246	<b>275,844</b>	258,451
Manufacturing	<b>7,659,257</b>	6,944,964	<b>6,473,359</b>	5,711,852
Electricity, gas and water	<b>70,876</b>	85,730	<b>6,704</b>	9,540
Construction	<b>2,641,531</b>	2,329,628	<b>2,071,768</b>	1,627,031
Real estate	<b>2,709,220</b>	1,698,471	<b>2,417,708</b>	1,460,445
Wholesale & retail trade and restaurants & hotels	<b>3,920,359</b>	3,154,948	<b>3,057,694</b>	2,361,583
Transport, storage and communication	<b>321,229</b>	351,263	<b>158,043</b>	137,821
Finance, insurance and business services	<b>3,617,187</b>	3,149,171	<b>2,392,250</b>	2,460,050
Household-retail	<b>25,215,541</b>	24,441,387	<b>19,288,942</b>	18,913,944
Others	<b>4,079,927</b>	2,414,623	<b>3,028,786</b>	1,472,877
	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096

(vi) By purpose	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000
Purchase of property:				
Residential	<b>19,000,108</b>	18,308,549	<b>14,860,612</b>	14,485,372
Non residential	<b>1,744,678</b>	1,653,267	<b>923,170</b>	857,020
Purchase of securities	<b>7,022</b>	7,714	<b>7,022</b>	7,714
Purchase of transport vehicles	<b>38,915</b>	42,309	<b>36,672</b>	39,950
Purchase of fixed assets excluding land & building	<b>5,332</b>	12,716	-	-
Consumption credit	<b>5,577,572</b>	5,457,907	<b>4,054,705</b>	4,008,147
Construction	<b>2,077,552</b>	2,329,628	<b>1,519,167</b>	1,627,031
Working capital	<b>20,888,864</b>	16,259,428	<b>16,370,936</b>	12,951,649
Other purpose	<b>3,401,595</b>	1,984,754	<b>2,648,241</b>	1,230,213
	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096

(vii) By geographical distribution	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000 (Restated)
Northern Region	<b>6,985,478</b>	6,950,812	<b>5,636,604</b>	5,581,975
Southern Region	<b>7,097,743</b>	6,397,801	<b>5,480,943</b>	4,868,264
Central Region	<b>35,358,749</b>	29,046,138	<b>26,481,431</b>	21,577,292
Eastern Region	<b>3,299,668</b>	3,661,521	<b>2,821,547</b>	3,179,565
	<b>52,741,638</b>	46,056,272	<b>40,420,525</b>	35,207,096

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Impaired Loans, Advances and Financing

(i) Movements in impaired loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000	30 Sep 2015 RM'000	31 Dec 2014 RM'000
At beginning of period/year	688,245	792,365	526,018	625,459
Classified as impaired during the period/year	914,412	1,042,144	683,165	776,210
Reclassified as performing	(322,990)	(556,075)	(246,508)	(423,343)
Amount recovered	(202,309)	(374,863)	(158,986)	(310,591)
Amount written off	(175,958)	(289,199)	(111,775)	(191,843)
Other movements	(4,911)	73,873	(5,247)	50,126
At end of period/year	896,489	688,245	686,667	526,018
Less: Individual allowance for impairment	(213,936)	(234,520)	(150,576)	(190,699)
Collective allowance for impairment (impaired portion)	(71,038)	(82,829)	(34,806)	(41,701)
Net impaired loans, advances and financing	611,515	370,896	501,285	293,618

(ii) Movements in allowances for impaired loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000	30 Sep 2015 RM'000	31 Dec 2014 RM'000
<b>Collective allowance for impairment</b>				
At beginning of period/year	388,060	382,316	263,243	263,026
Made during the period/year	207,585	281,197	109,823	162,585
Amount released	(105,620)	(69,701)	(57,098)	(43,828)
Amount written off	(143,721)	(206,018)	(82,469)	(119,680)
Other movements	1,148	266	598	1,140
At end of period/year	347,452	388,060	234,097	263,243

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000	30 Sep 2015 RM'000	31 Dec 2014 RM'000
<b>Individual allowance for impairment</b>				
At beginning of period/year	234,520	318,112	190,699	276,975
Made during the period/year	81,561	122,431	47,304	88,788
Amount released	(76,023)	(178,266)	(58,004)	(146,527)
Amount written off	(41,308)	(60,502)	(36,848)	(52,354)
Other movements	15,186	32,745	7,425	23,817
At end of period/year	213,936	234,520	150,576	190,699

(iii) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Agricultural, hunting, forestry and fishing	129,162	964	129,162	964
Manufacturing	52,752	48,174	31,128	34,582
Electricity, gas and water	-	3	-	-
Construction	43,778	44,512	43,580	43,730
Real estate	424	8	424	8
Wholesale & retail trade, restaurants & hotels	45,050	71,742	41,096	68,801
Transport, storage and communication	6,004	6,440	546	770
Finance, insurance and business services	6,949	1,596	65	971
Household-retail	611,525	513,716	440,666	375,699
Others	845	1,090	-	493
	896,489	688,245	686,667	526,018



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16 Impaired Loans, Advances and Financing (continued)**

**(iv) By purpose**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Purchase of property:				
Residential	<b>375,120</b>	304,763	<b>294,050</b>	248,800
Non residential	<b>19,069</b>	23,649	<b>10,972</b>	16,463
Purchase of securities	<b>1</b>	1	<b>1</b>	1
Purchase of transport vehicles	<b>605</b>	872	<b>492</b>	576
Purchase of fixed assets excluding land & building	<b>358</b>	-	<b>-</b>	-
Consumption credit	<b>221,774</b>	187,622	<b>137,338</b>	112,948
Construction	<b>44,783</b>	44,512	<b>44,585</b>	43,730
Working capital	<b>234,779</b>	126,140	<b>199,229</b>	103,500
Other purpose	<b>-</b>	686	<b>-</b>	-
	<b>896,489</b>	688,245	<b>686,667</b>	526,018

**(v) By geographical distribution**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Northern Region	<b>160,036</b>	142,255	<b>106,962</b>	108,391
Southern Region	<b>103,088</b>	91,696	<b>80,781</b>	70,451
Central Region	<b>432,459</b>	386,431	<b>306,117</b>	288,451
Eastern Region	<b>200,906</b>	67,863	<b>192,807</b>	58,725
	<b>896,489</b>	688,245	<b>686,667</b>	526,018

**17 Other Assets**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest/ income receivable	<b>98,968</b>	123,964	<b>83,646</b>	115,109
Other receivables, deposits and prepayments	<b>832,202</b>	539,069	<b>840,974</b>	448,851
	<b>931,170</b>	663,033	<b>924,620</b>	563,960

**18 Statutory Deposits with Bank Negara Malaysia**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia (BNM) in compliance with Section 26(2)c and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined at set percentages of total eligible liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Demand deposits	20,761,805	16,422,923	18,413,602	14,873,978
Savings deposits	13,076,990	11,884,375	11,538,416	10,533,204
Fixed / Investment deposits	26,701,892	27,235,752	20,676,948	21,153,190
Repurchase agreements	106,404	205,055	-	-
Wholesale money market deposits	585,748	722,480	585,748	722,480
Negotiable instruments of deposit *	742,562	1,565,790	742,562	884,379
Structured investments *	2,806,839	3,271,858	2,806,839	2,164,842
	<b>64,782,240</b>	<b>61,308,233</b>	<b>54,764,115</b>	<b>50,332,073</b>

\* Effective 1 July 2015, Islamic structured products are being classified to Other Liabilities (refer to Note 21).

Structured investments and negotiable instruments of deposits (included as customer deposits) are measured at fair value over the life of the instruments. Structured investments are deposits with embedded derivatives, of which both interest paid and fair valuation on the structured investments are recorded in net trading income, as per the accounting policy in Note 3 (j), and respective fair value on trading liabilities is shown in Note 5 (ii) on financial instruments in the audited financial statements for the financial year ended 31 Dec 2014.

The maturity structure of fixed / investment deposits and negotiable instruments of deposit is as follows:

Due within six months	21,155,616	21,491,012	16,025,356	16,212,088
More than six months to one year	5,164,973	5,749,002	4,318,942	4,764,425
More than one year to three years	1,071,883	1,067,139	1,025,357	997,257
More than three years to five years	51,982	494,389	49,855	63,799
	<b>27,444,454</b>	<b>28,801,542</b>	<b>21,419,510</b>	<b>22,037,569</b>

(ii) By type of customer	<i>Group</i>		<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Government and statutory bodies	65,881	73,212	56,336	61,658
Business enterprises	22,932,617	19,796,380	20,056,380	17,632,658
Individuals	29,220,934	30,838,842	23,994,571	24,049,006
Others	12,562,808	10,599,799	10,656,828	8,588,751
	<b>64,782,240</b>	<b>61,308,233</b>	<b>54,764,115</b>	<b>50,332,073</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20 Deposits and Placements from Banks and Other Financial Institutions**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Licensed banks	<b>1,351,307</b>	434,025	<b>1,347,751</b>	434,025
Bank Negara Malaysia	<b>15,027</b>	19,643	-	-
Other financial institutions	<b>6,882,195</b>	7,825,291	<b>5,574,656</b>	7,825,291
	<b>8,248,529</b>	8,278,959	<b>6,922,407</b>	8,259,316

**21 Other Liabilities**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b>	31 Dec 2014	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest/ profit payable	<b>271,391</b>	253,984	<b>210,585</b>	193,687
Other creditors and accruals	<b>1,898,964</b>	1,838,716	<b>1,794,476</b>	1,880,811
Islamic structured products *	<b>1,071,069</b>	-	-	-
	<b>3,241,424</b>	2,092,700	<b>2,005,061</b>	2,074,498

\* Effective 1 July 2015, Islamic structured products are being reclassified from Deposit from Customers (refer to Note 19). Islamic structured products are measured at fair value over the life of the instruments. Islamic structured products are deposits with embedded derivatives, of which both profit paid and fair valuation on the Islamic structured products are recorded in net trading income, as per accounting policy in Note 3 (i), and respective fair value on trading liabilities is shown in Note 5 (ii) on financial instruments in the audited financial statements for the financial year ended 31 Dec 2014.

**22 Multi-Currency Sukuk Programme**

	<i>Group</i>	
	<b>30 Sep 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Multi-Currency Sukuk Programme (MCSP)	<b>1,748,868</b>	1,001,854

HSBC Amanah Malaysia Berhad, a subsidiary of the Bank, issued the following series of 5-year Sukuk under its RM3 billion MCSP:

<b>Issuance under MCSP</b>	<b>Nominal Value (RM'000)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Carrying Value (RM'000)</b>	
				<b>30 Sep 2015</b>	31 Dec 2014
1st series at amortised cost	500,000	28 Sep 2012	28 Sep 2017	<b>500,000</b>	500,000
2nd series at fair value through profit and loss	500,000	16 Oct 2014	16 Oct 2019	<b>500,369</b>	501,854
3rd series at fair value through profit and loss	750,000	27 Mar 2015	27 Mar 2020	<b>748,499</b>	-
	<b>1,750,000</b>			<b>1,748,868</b>	1,001,854

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Subordinated Liabilities

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000
Subordinated liabilities	<b>1,634,803</b>	1,275,382	<b>1,634,803</b>	1,275,382
(i) Subordinated bonds, at par	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Fair value changes arising from fair value hedge	<b>1,648</b>	3,746	<b>1,648</b>	3,746
	<b>1,001,648</b>	1,003,746	<b>1,001,648</b>	1,003,746

(a) 4.35% coupon rate for RM500 million due 2022 callable with a 100 basis point step up coupon in 2017

(b) 5.05% coupon rate for RM500 million due 2027 callable with a 100 basis point step up coupon in 2022

The subordinated bonds qualify as a component of Tier 2 capital of the Bank. Under the Capital Adequacy Framework (Capital Components), the par value of the subordinated bonds are amortised on a straight line basis, with 10% of the par value phased out each year, with effect from 2013 for regulatory capital base purposes.

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000	<b>30 Sep 2015</b> RM'000	31 Dec 2014 RM'000
(ii) Subordinated term loans, at amortised costs				
- First tranche issued on 25 June 2014	<b>341,439</b>	271,636	<b>341,439</b>	271,636
- Second tranche issued on 30 June 2015	<b>291,716</b>	-	<b>291,716</b>	-
	<b>633,155</b>	271,636	<b>633,155</b>	271,636

The subordinated term loans comprised two tranches of Basel III compliant Tier 2 subordinated loans of USD equivalent of RM250 million each from the Bank's immediate holding company, Hongkong and Shanghai Banking Corporation Limited (HBAP). The tenor for both the subordinated term loans is 10 years from the utilisation date with interest payable quarterly in arrears.

The subordinated term loans constitute direct, unsecured and subordinated obligations of the Bank. The Bank further invested a similar amount into HSBC Amanah Malaysia Berhad.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 Net Interest Income

	<i>Group</i>			
	<b>3rd quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2015</b>	30 Sep 2014	<b>30 Sep 2015</b>	30 Sep 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		(Restated)
<b>Interest income</b>				
Loans and advances				
- Interest income other than from impaired loans	<b>418,762</b>	406,577	<b>1,231,086</b>	1,176,999
- Interest income recognised from impaired loans	<b>10,379</b>	16,318	<b>30,558</b>	38,723
Money at call and deposit placements with financial institutions	<b>107,944</b>	148,190	<b>370,021</b>	424,071
Financial investments available-for-sale	<b>69,162</b>	56,347	<b>263,481</b>	154,832
	<b>606,247</b>	627,432	<b>1,895,146</b>	1,794,625
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	<b>(14,007)</b>	(37,959)	<b>(101,810)</b>	(104,141)
Deposits from customers	<b>(198,588)</b>	(180,320)	<b>(607,713)</b>	(519,395)
Subordinated liabilities	<b>(14,957)</b>	(12,798)	<b>(41,136)</b>	(34,631)
Others	<b>(2,779)</b>	(2,262)	<b>(8,336)</b>	(6,687)
	<b>(230,331)</b>	(233,339)	<b>(758,995)</b>	(664,854)
<b>Net interest income</b>	<b>375,916</b>	394,093	<b>1,136,151</b>	1,129,771
	<i>Bank</i>			
	<b>3rd quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2015</b>	30 Sep 2014	<b>30 Sep 2015</b>	30 Sep 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		(Restated)
<b>Interest income</b>				
Loans and advances				
- Interest income other than from impaired loans	<b>418,762</b>	406,577	<b>1,231,086</b>	1,176,999
- Interest income recognised from impaired loans	<b>10,379</b>	16,318	<b>30,558</b>	38,723
Money at call and deposit placements with financial institutions	<b>121,981</b>	161,212	<b>416,405</b>	452,031
Financial investments available-for-sale	<b>69,162</b>	56,347	<b>263,481</b>	154,832
	<b>620,284</b>	640,454	<b>1,941,530</b>	1,822,585
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	<b>(14,007)</b>	(37,959)	<b>(101,810)</b>	(104,141)
Deposits from customers	<b>(198,588)</b>	(180,320)	<b>(607,713)</b>	(519,395)
Subordinated liabilities	<b>(14,957)</b>	(12,798)	<b>(41,136)</b>	(34,631)
Others	<b>(2,779)</b>	(2,262)	<b>(8,336)</b>	(6,687)
	<b>(230,331)</b>	(233,339)	<b>(758,995)</b>	(664,854)
<b>Net interest income</b>	<b>389,953</b>	407,115	<b>1,182,535</b>	1,157,731

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Net Fee and Commission Income

	<i>Group</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
<b>Fee and commission income</b>				
Credit cards	37,456	42,565	122,976	129,600
Service charges and fees	44,397	40,531	136,719	118,127
Fees on credit facilities	14,755	8,489	35,283	31,112
Agency fee	16,207	19,467	44,640	52,634
Others	7,239	13,905	29,735	36,810
	<b>120,054</b>	<b>124,957</b>	<b>369,353</b>	<b>368,283</b>
<b>Fee and commission expense</b>				
Interbank and clearing fees	(405)	(586)	(1,109)	(1,093)
Brokerage	(469)	(600)	(1,882)	(1,853)
Others	(13,814)	(10,121)	(35,006)	(23,143)
	<b>(14,688)</b>	<b>(11,307)</b>	<b>(37,997)</b>	<b>(26,089)</b>
<b>Net fee and commission income</b>	<b>105,366</b>	<b>113,650</b>	<b>331,356</b>	<b>342,194</b>
	<i>Bank</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
<b>Fee and commission income</b>				
Credit cards	37,456	42,565	122,976	129,600
Service charges and fees	44,397	40,531	136,719	118,127
Fees on credit facilities	14,755	8,489	35,283	31,112
Agency fee	16,207	19,467	44,640	52,634
Others	7,269	13,935	29,765	36,840
	<b>120,084</b>	<b>124,987</b>	<b>369,383</b>	<b>368,313</b>
<b>Fee and commission expense</b>				
Interbank and clearing fees	(405)	(586)	(1,109)	(1,093)
Brokerage	(469)	(600)	(1,882)	(1,853)
Others	(13,815)	(10,121)	(35,007)	(23,143)
	<b>(14,689)</b>	<b>(11,307)</b>	<b>(37,998)</b>	<b>(26,089)</b>
<b>Net fee and commission income</b>	<b>105,395</b>	<b>113,680</b>	<b>331,385</b>	<b>342,224</b>

26 Net Trading Income

	<i>Group</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Realised gains on financial assets/liabilities held-for-trading and other financial instruments	21,234	15,894	94,886	32,250
Net interest (expense) / income from financial assets held-for-trading	(5,950)	6,605	(11,113)	24,739
Net unrealised gains on revaluation of financial assets held-for-trading	24,030	9,989	23,424	13,653
Net realised gains arising from dealing in foreign currency	34,389	70,765	158,826	318,725
Net unrealised (losses) / gains from dealing in foreign currency	(4,217)	(27,733)	74,378	(105,556)
Net realised (losses) / gains arising from dealing in derivatives	(47,158)	58,796	64,685	112,367
Net unrealised gains / (losses) on revaluation of derivatives	20,808	(62,226)	(70,130)	(122,578)
Gains/ (Losses) arising from fair value hedges	2,783	37	1,602	(248)
	<b>45,919</b>	<b>72,127</b>	<b>336,558</b>	<b>273,352</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Net Trading Income (continued)

	<i>Bank</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000 Restated	30 Sep 2015 RM'000	30 Sep 2014 RM'000 Restated
Realised gains on financial assets/liabilities held-for-trading and other financial instruments	21,234	15,894	94,886	32,250
Net interest (expenses) / income from financial assets held-for-trading	(5,950)	6,605	(11,113)	24,739
Net unrealised gains on revaluation of financial assets held-for-trading	24,030	9,989	23,424	13,653
Net realised gains arising from dealing in foreign currency	75,535	92,134	203,987	323,765
Net unrealised gains/(losses) from dealing in foreign currency	59,228	(26,205)	129,842	(103,653)
Net (losses) / gains realised gains arising from dealing in derivatives	(48,658)	57,499	60,581	111,679
Net unrealised gains / (losses) on revaluation of derivatives	69,856	(68,905)	(20,204)	(128,018)
Gains/ (Losses) arising from fair value hedges	487	82	756	(203)
	<b>195,762</b>	<b>87,093</b>	<b>482,159</b>	<b>274,212</b>

27 Income from Islamic Banking operations

	<i>Group</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Income derived from investment of depositor funds and others	317,503	177,837	665,132	479,425
Income derived from investment of shareholders funds	37,952	33,968	98,235	99,834
Income attributable to the depositors	(80,598)	(61,780)	(227,974)	(182,293)
Income from Islamic Banking operations	<b>274,857</b>	<b>150,025</b>	<b>535,393</b>	<b>396,966</b>

28 Other Operating Income

	<i>Group</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Disposal of financial investments available-for-sale	12,701	6,091	19,563	6,091
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	210	175	1,140	1,105
Rental income	1,746	1,798	4,970	5,210
Net gains on disposal of property and equipment	9	(477)	78	(385)
Other operating income	5,860	4,113	16,987	14,149
	<b>20,526</b>	<b>11,700</b>	<b>42,738</b>	<b>26,170</b>

  

	<i>Bank</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Disposal of financial investments available-for-sale	12,701	6,091	19,563	6,091
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	210	175	1,140	1,105
Rental income	1,746	1,798	4,970	5,210
Net gains on disposal of property and equipment	9	(477)	78	(385)
Other operating income	36,219	36,438	111,844	111,918
	<b>50,885</b>	<b>44,025</b>	<b>137,595</b>	<b>123,939</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

29 Loans/ Financing Impairment Charges and other Credit Risk Provisions

	<i>Group</i>			
	<b>3rd quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2015</b>	30 Sep 2014	<b>30 Sep 2015</b>	30 Sep 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		(Restated)
Impairment charges on loans and financing:				
(a) Individual impairment				
Made during the period	<b>29,345</b>	25,739	<b>81,561</b>	108,055
Written back	<b>3,071</b>	(36,980)	<b>(76,023)</b>	(130,587)
(b) Collective impairment				
Made during the period	<b>48,703</b>	75,860	<b>207,585</b>	205,424
Written back	<b>(26,953)</b>	(15,524)	<b>(105,620)</b>	(60,086)
Impaired loans				
Recovered during the period	<b>(20,152)</b>	(24,602)	<b>(79,370)</b>	(66,804)
Written off	<b>2,534</b>	6,752	<b>7,970</b>	12,924
Impairment charges on other credit related items				
Release during the period	-	-	-	(830)
	<b>36,548</b>	31,245	<b>36,103</b>	68,096

	<i>Bank</i>			
	<b>3rd quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2015</b>	30 Sep 2014	<b>30 Sep 2015</b>	30 Sep 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		(Restated)
Impairment charges on loans and financing:				
(a) Individual impairment				
Made during the period	<b>9,032</b>	19,064	<b>47,304</b>	80,637
Written back	<b>4,795</b>	(28,904)	<b>(58,004)</b>	(108,819)
(b) Collective impairment				
Made during the period	<b>26,016</b>	41,212	<b>109,823</b>	115,178
Written back	<b>(13,744)</b>	(11,100)	<b>(57,098)</b>	(37,927)
Impaired loans				
Recovered during the period	<b>(12,833)</b>	(16,812)	<b>(55,401)</b>	(43,775)
Written off	<b>1,713</b>	6,403	<b>5,867</b>	10,218
Impairment charges on other credit related items				
Release during the period	-	-	-	(830)
	<b>14,979</b>	9,863	<b>(7,509)</b>	14,682



NOTES TO THE FINANCIAL STATEMENTS (continued)

30 Other Operating Expenses

	<i>Group</i>			
	3rd quarter		Nine Months Ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Personnel expenses	177,551	170,803	556,246	484,323
Promotion and marketing related expenses	28,210	20,253	73,089	72,884
Establishment related expenses	42,454	40,530	117,701	113,025
General administrative expenses	116,122	108,208	372,184	316,681
	<b>364,337</b>	<b>339,794</b>	<b>1,119,220</b>	<b>986,913</b>
Personnel expenses				
Salaries, allowances and bonuses	133,539	134,451	418,300	374,045
Employees Provident Fund contributions	22,471	22,322	68,293	61,971
Others	21,541	14,030	69,653	48,307
	<b>177,551</b>	<b>170,803</b>	<b>556,246</b>	<b>484,323</b>
Promotion and marketing related expenses	<b>28,210</b>	<b>20,253</b>	<b>73,089</b>	<b>72,884</b>
Establishment related expenses				
Depreciation of property and equipment	8,325	8,756	25,758	27,032
Amortisation of intangible assets	6,963	6,083	19,008	16,084
Intangible asset written off	-	-	438	-
Information technology costs	6,239	3,718	13,589	10,431
Hire of equipment	2,019	2,139	6,948	7,062
Rental of premises	9,032	12,345	28,721	31,204
Property and equipment written off	-	-	14	14
General repairs and maintenance	4,136	597	6,429	5,270
Utilities	4,222	5,044	11,732	11,284
Others	1,518	1,848	5,064	4,644
	<b>42,454</b>	<b>40,530</b>	<b>117,701</b>	<b>113,025</b>
General administrative expenses				
Intercompany expenses	90,658	73,820	265,675	215,485
Auditors' remuneration				
- Statutory audit fees	105	132	320	385
- Other services	147	233	854	533
Professional fees	2,901	2,160	8,058	7,026
Communication	5,134	5,305	14,192	16,841
Others	17,177	26,558	83,085	76,411
	<b>116,122</b>	<b>108,208</b>	<b>372,184</b>	<b>316,681</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 Other Operating Expenses (continued)

	<i>Bank</i>			
	<b>3rd quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2015</b>	30 Sep 2014	<b>30 Sep 2015</b>	30 Sep 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel expenses	<b>164,918</b>	159,877	<b>517,210</b>	451,585
Promotion and marketing related expenses	<b>23,005</b>	15,284	<b>56,115</b>	56,080
Establishment related expenses	<b>36,801</b>	34,563	<b>101,364</b>	96,270
General administrative expenses	<b>108,410</b>	104,370	<b>353,999</b>	307,380
	<b>333,134</b>	314,094	<b>1,028,688</b>	911,315
Personnel expenses				
Salaries, allowances and bonuses	<b>123,806</b>	125,125	<b>387,322</b>	347,145
Employees Provident Fund contributions	<b>20,816</b>	20,786	<b>62,993</b>	57,577
Others	<b>20,296</b>	13,966	<b>66,895</b>	46,863
	<b>164,918</b>	159,877	<b>517,210</b>	451,585
Promotion and marketing related expenses	<b>23,005</b>	15,284	<b>56,115</b>	56,080
Establishment related expenses				
Depreciation of property and equipment	<b>6,573</b>	6,612	<b>20,150</b>	20,604
Amortisation of intangible assets	<b>6,963</b>	6,081	<b>19,006</b>	16,078
Intangible asset written off	-	-	<b>438</b>	-
Information technology costs	<b>5,115</b>	2,935	<b>11,033</b>	8,526
Hire of equipment	<b>2,019</b>	2,139	<b>6,947</b>	7,059
Rental of premises	<b>6,996</b>	10,171	<b>22,584</b>	25,028
Property and equipment written off	-	-	<b>14</b>	14
General repairs and maintenance	<b>4,136</b>	597	<b>6,429</b>	5,270
Utilities	<b>3,752</b>	4,444	<b>10,293</b>	9,950
Others	<b>1,247</b>	1,584	<b>4,470</b>	3,741
	<b>36,801</b>	34,563	<b>101,364</b>	96,270
General administrative expenses				
Intercompany expenses	<b>90,288</b>	74,644	<b>264,903</b>	218,004
Auditors' remuneration				
- Statutory audit fees	<b>80</b>	102	<b>245</b>	295
- Other services	<b>97</b>	160	<b>667</b>	365
Professional fees	<b>2,387</b>	1,688	<b>6,214</b>	5,731
Communication	<b>4,608</b>	4,881	<b>13,336</b>	15,791
Others	<b>10,950</b>	22,895	<b>68,634</b>	67,194
	<b>108,410</b>	104,370	<b>353,999</b>	307,380

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 Capital Adequacy

	<i>Group</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Retained profits (including proposed dividend)	5,604,648	5,352,272
Other reserves	928,928	824,618
Regulatory adjustments	(666,038)	(558,088)
Total Common Equity Tier 1 (CET 1) and Tier 1 capital	<u>6,723,413</u>	<u>6,474,677</u>
<b>Tier 2 capital</b>		
Subordinated liabilities	700,000	800,000
Subordinated term loan	633,155	271,636
Collective impairment allowance (unimpaired portion) & regulatory reserves	560,414	485,231
Regulatory adjustments	92,176	93,061
Total Tier 2 capital	<u>1,985,745</u>	<u>1,649,928</u>
<b>Capital base</b>	<u>8,709,158</u>	<u>8,124,605</u>
<u>Inclusive of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	10.833%	12.229%
Total Capital ratio	14.033%	15.345%
<u>Net of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	10.833%	11.662%
Total Capital ratio	14.033%	14.778%

The total capital and capital adequacy ratios of the Group have been computed based on the Standardised Approach in accordance with the Capital Adequacy Framework (Capital Components).

For HSBC Amanah Malaysia Berhad (a fully owned subsidiary of the Bank), the total capital and capital adequacy ratios have been computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). HSBC Amanah Malaysia Berhad has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Breakdown of gross risk-weighted assets (RWA) in the various categories of risk-weights:

	<i>Group</i>			
	30 Sep 2015		31 Dec 2014	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	108,589,793 *	54,817,908 *	96,267,040 *	45,497,242 *
Total RWA for market risk	-	1,440,458	-	1,738,308
Total RWA for operational risk	-	5,805,268	-	5,711,241
	<u>108,589,793</u>	<u>62,063,634</u>	<u>96,267,040</u>	<u>52,946,791</u>

\* The principal and risk weighted amount for credit risk relating to the SIAF / IAA / RPSIA (refer Note 15(i) for more details) are as follows:

	<i>Group</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Under SIAF/IAA arrangement	1,100,638	-
Under RPSIA arrangement	376,607	415,743
	<u>1,477,245</u>	<u>415,743</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 Capital Adequacy (continued)

	<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Retained profits (including proposed dividend)	4,940,272	4,751,450
Other reserves	848,503	768,781
Regulatory adjustments	<u>(907,883)</u>	<u>(674,418)</u>
Total Common Equity Tier 1 (CET1) and Tier 1 capital	<u>5,736,767</u>	<u>5,701,688</u>
<b>Tier 2 capital</b>		
Subordinated liabilities	700,000	800,000
Subordinated term loan	633,155	271,636
Collective impairment allowance (unimpaired portion) & regulatory reserves	449,291	388,542
Regulatory adjustments	<u>(936,992)</u>	<u>(706,592)</u>
Total Tier 2 capital	<u>845,454</u>	<u>753,586</u>
<b>Capital base</b>	<u>6,582,221</u>	<u>6,455,274</u>
<u>Inclusive of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	11.307%	13.272%
Total Capital ratio	12.974%	15.026%
<u>Net of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	11.307%	12.573%
Total Capital ratio	12.974%	14.327%

The total capital and capital adequacy ratios have been computed based on the Standardised Approach in accordance with the Capital Adequacy Framework (Capital Components).

Breakdown of gross RWA in the various categories of risk-weights:

	<i>Bank</i>			
	30 Sep 2015		31 Dec 2014	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	90,089,837 *	44,190,436 *	80,460,467 *	36,254,715 *
Total RWA for market risk	-	1,321,345	-	1,627,955
Total RWA for operational risk	-	5,222,952	-	5,079,063
	<u>90,089,837</u>	<u>50,734,733</u>	<u>80,460,467</u>	<u>42,961,733</u>

\* The principal and risk weighted amount for credit risk relating to the SIAF / IAA / RPSIA (refer Note 15(i) for more details) are as follows:

	<i>Bank</i>	
	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Under SIAF/IAA arrangement	1,100,638	-
Under RPSIA arrangement	376,607	415,743
	<u>1,477,245</u>	<u>415,743</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**32 Commitments and Contingencies**

The table below shows the contracts or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the statement of financial position date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

**30 Sep 2015**

**Group**

	<b>Credit Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk weighted amount* RM'000</b>
Direct credit substitutes	2,531,855	2,531,855	1,957,682
Transaction-related contingent items	8,697,866	4,348,933	3,230,476
Short-term self-liquidating trade-related contingencies	1,012,043	202,409	85,930
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	16,288,587	3,257,717	2,869,630
- Maturity exceeding one year	10,463,540	5,231,770	4,720,901
Unutilised credit card lines	8,538,689	1,707,738	1,280,803
Foreign exchange related contracts:			
- Less than one year	62,725,445	4,022,686	1,876,515
- Over one year to less than five years	12,134,429	2,367,963	1,035,513
- Over five years	3,793,827	912,793	373,149
Interest/profit rate related contracts:			
- Less than one year	10,406,278	29,043	10,709
- Over one year to less than five years	33,277,897	963,691	327,586
- Over five years	3,983,145	310,721	126,823
Gold and other precious metals contracts:			
- Less than one year	9,543	-	-
Equity related contracts:			
- Less than one year	289,204	18,131	3,415
- Over one year to less than five years	2,930,287	234,764	43,039
	<b>177,082,635</b>	<b>26,140,214</b>	<b>17,942,171</b>

of which the amount related to RPSIA arrangement (refer Note 15(i) for more detail) are as below:

Under RPSIA arrangement

- Maturity not exceeding one year	<b>663,645</b>	<b>132,729</b>	<b>132,729</b>
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None relate to the SIAF / IAA arrangement.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules for the Bank were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach. The credit conversion factors and risk weighting rules for HSBC Amanah Malaysia Berhad were based on the Basel II Capital Adequacy Framework for Islamic Bank (CAFIB).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**32 Commitments and Contingencies (continued)**

The table below shows the contracts or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the statement of financial position date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

31 Dec 2014	Group		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	2,388,301	2,388,301	1,830,575
Transaction-related contingent items	7,448,338	3,724,169	2,868,474
Short-term self-liquidating trade-related contingencies	369,806	73,961	62,613
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	15,443,433	3,088,687	2,796,855
- Maturity exceeding one year	7,947,673	3,973,837	3,484,516
Unutilised credit card lines	7,954,697	1,590,939	1,193,205
Foreign exchange related contracts:			
- Less than one year	41,149,393	1,503,850	831,571
- Over one year to less than five years	9,513,564	1,251,056	601,533
- Over five years	3,354,844	528,333	264,683
Interest/profit rate related contracts:			
- Less than one year	8,790,160	24,310	9,349
- Over one year to less than five years	28,640,942	790,728	298,274
- Over five years	2,568,230	217,844	90,586
Gold and other precious metals contracts:			
- Less than one year	11,978	-	-
Equity related contracts:			
- Less than one year	491,934	32,357	6,471
- Over one year to less than five years	2,368,048	197,487	39,497
	<u>138,441,341</u>	<u>19,385,859</u>	<u>14,378,202</u>

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules for the Bank were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach. The credit conversion factors and risk weighting rules for HSBC Amanah Malaysia Berhad were based on the Basel II CAFIB.

Of the amounts included in the Commitment and Contingencies balances above, none relate to the RPSIA arrangement (refer Note 15(i) for more details).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**32 Commitments and Contingencies (continued)**

The table below shows the contracts or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the statement of financial position date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

30 Sep 2015	Bank		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	1,794,728	1,794,728	1,605,209
Transaction-related contingent items	7,533,109	3,766,555	2,852,122
Short-term self-liquidating trade-related contingencies	941,801	188,360	78,049
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	13,635,481	2,727,096	2,440,101
- Maturity exceeding one year	8,844,409	4,422,204	3,979,782
Unutilised credit card lines	6,940,485	1,388,097	1,041,073
Foreign exchange related contracts:			
- Less than one year	63,383,846	4,028,293	1,871,361
- Over one year to less than five years	12,134,430	2,354,331	781,281
- Over five years	3,793,827	912,793	373,149
Interest rate related contracts:			
- Less than one year	11,201,278	32,340	11,111
- Over one year to less than five years	35,385,687	1,049,041	333,966
- Over five years	3,983,145	310,721	126,823
Gold and other precious metals contracts:			
- Less than one year	9,543	-	-
Equity related contracts:			
- Less than one year	492,716	94,633	18,716
- Over one year to less than five years	3,737,384	420,933	80,273
	<b>173,811,869</b>	<b>23,490,125</b>	<b>15,593,016</b>

of which the amount related to RPSIA arrangement (refer Note 15(i) for more detail) are as below:

*Irrevocable commitments to extend credit:*

*Under RPSIA arrangement*

- Maturity not exceeding one year	663,645	132,729	132,729
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None relate to the SIAF / IAA arrangement.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**32 Commitments and Contingencies (continued)**

The table below shows the contracts or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the statement of financial position date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

31 Dec 2014	Bank		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	1,556,077	1,556,077	1,370,266
Transaction-related contingent items	6,435,174	3,217,587	2,523,191
Short-term self-liquidating trade-related contingencies	335,394	67,079	59,376
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	13,011,194	2,602,239	2,381,215
- Maturity exceeding one year	6,640,810	3,320,405	2,848,654
Unutilised credit card lines	6,603,881	1,320,776	990,582
Foreign exchange related contracts:			
- Less than one year	41,875,669	1,507,112	830,287
- Over one year to less than five years	9,513,565	1,242,873	520,639
- Over five years	3,354,844	528,333	264,683
Interest rate related contracts:			
- Less than one year	8,820,160	24,330	9,359
- Over one year to less than five years	30,962,201	904,896	325,418
- Over five years	2,568,230	217,844	90,586
Gold and other precious metals contracts:			
- Less than one year	11,978	-	-
Equity related contracts:			
- Less than one year	546,306	37,976	11,193
- Over one year to less than five years	3,356,942	297,729	81,664
	<u>135,592,425</u>	<u>16,845,256</u>	<u>12,307,113</u>

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach.

Of the amounts included in the Commitment and Contingencies balances above, none relate to the RPSIA arrangement (refer Note 15(i) for more details).



NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 30 Sep 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	58,915,754	1,087,000	-	60,002,754	2,832,081	68,290	-	2,900,371	2,717,841	11,805	-	2,729,646
- Swaps	2,523,163	11,375,894	3,793,827	17,692,884	271,949	1,406,293	455,815	2,134,057	474,283	1,251,894	344,579	2,070,756
- Options	870,163	87,900	-	958,063	47,039	18,546	-	65,585	1,596	-	-	1,596
Interest/profit rate related contracts												
- Options	26,209	590,582	171,251	788,042	196	15,269	-	15,465	1,226	618	890	2,734
- Swaps	10,110,069	30,882,315	3,281,154	44,273,538	7,999	179,776	63,352	251,127	9,316	230,851	70,247	310,414
Equity related contracts												
- Options	289,203	2,930,288	-	3,219,491	778	342	-	1,120	76,148	483,256	-	559,404
Precious metal contracts												
- Options	9,543	-	-	9,543	6	-	-	6	34	-	-	34
Sub- total	72,744,104	46,953,979	7,246,232	126,944,315	3,160,048	1,688,516	519,167	5,367,731	3,280,444	1,978,424	415,716	5,674,584
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest/profit rate related contracts												
- Swaps	240,000	1,835,000	530,740	2,605,740	925	16,134	7,949	25,008	-	-	4,945	4,945
Sub- total	240,000	1,835,000	530,740	2,605,740	925	16,134	7,949	25,008	-	-	4,945	4,945
<b>Total</b>	<b>72,984,104</b>	<b>48,788,979</b>	<b>7,776,972</b>	<b>129,550,055</b>	<b>3,160,973</b>	<b>1,704,650</b>	<b>527,116</b>	<b>5,392,739</b>	<b>3,280,444</b>	<b>1,978,424</b>	<b>420,661</b>	<b>5,679,529</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
At 31 Dec 2014												
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	37,403,278	545,277	-	37,948,555	708,822	19,763	-	728,585	636,207	5,986	-	642,193
- Swaps	3,263,913	8,690,296	3,091,809	15,046,018	147,588	539,932	168,296	855,816	136,946	462,798	121,306	721,050
- Options	840,536	182,692	-	1,023,228	25,012	12,620	-	37,632	5,490	-	-	5,490
Interest/profit rate related contracts												
- Options	100,000	661,623	-	761,623	-	14,111	-	14,111	-	5,753	-	5,753
- Swaps	8,420,161	26,314,318	2,568,230	37,302,709	8,212	94,342	33,132	135,686	12,195	114,699	37,326	164,220
Equity related contracts												
- Options	491,934	2,368,048	-	2,859,982	2,581	6,584	-	9,165	22,110	45,512	-	67,622
Precious metal contracts												
- Options	11,978	-	-	11,978	20	-	-	20	47	-	-	47
Sub- total	50,531,800	38,762,254	5,660,039	94,954,093	892,235	687,352	201,428	1,781,015	812,995	634,748	158,632	1,606,375
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest/profit rate related contracts												
- Swaps	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
Sub- total	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
<b>Total</b>	50,871,800	40,357,254	5,660,039	96,889,093	893,987	704,286	201,428	1,799,701	812,995	634,748	158,632	1,606,375

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank At 30 Sep 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	59,516,642	1,087,000	-	60,603,642	2,829,327	68,290	-	2,897,617	2,717,462	11,805	-	2,729,267
- Swaps	2,523,163	11,375,894	3,793,827	17,692,884	271,949	1,405,953	455,815	2,133,717	474,283	1,251,894	344,579	2,070,756
- Options	927,677	87,900	-	1,015,577	47,039	18,546	-	65,585	1,594	-	-	1,594
Interest rate related contracts												
- Options	26,209	798,372	171,251	995,832	196	25,788	-	25,984	1,226	1,018	890	3,134
- Swaps	10,905,069	32,782,315	3,281,154	46,968,538	9,384	201,038	63,352	273,774	11,039	234,207	70,247	315,493
Equity related contracts												
- Options	492,715	3,737,385	-	4,230,100	66,941	122,769	-	189,710	76,786	483,540	-	560,326
Precious metal contracts												
- Options	9,543	-	-	9,543	6	-	-	6	34	-	-	34
Sub- total	74,401,018	49,868,866	7,246,232	131,516,116	3,224,842	1,842,384	519,167	5,586,393	3,282,424	1,982,464	415,716	5,680,604
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	240,000	1,835,000	530,740	2,605,740	925	16,134	7,949	25,008	-	-	4,945	4,945
Sub- total	240,000	1,835,000	530,740	2,605,740	925	16,134	7,949	25,008	-	-	4,945	4,945
<b>Total</b>	<b>74,641,018</b>	<b>51,703,866</b>	<b>7,776,972</b>	<b>134,121,856</b>	<b>3,225,767</b>	<b>1,858,518</b>	<b>527,116</b>	<b>5,611,401</b>	<b>3,282,424</b>	<b>1,982,464</b>	<b>420,661</b>	<b>5,685,549</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	38,112,437	545,277	-	38,657,714	708,075	19,763	-	727,838	650,580	5,986	-	656,566
- Swaps	3,263,914	8,690,295	3,091,809	15,046,018	147,588	534,150	168,296	850,034	136,946	462,798	121,306	721,050
- Options	857,654	182,692	-	1,040,346	25,335	12,620	-	37,955	7,452	-	-	7,452
Interest rate related contracts												
- Options	100,000	1,037,884	-	1,137,884	-	20,742	-	20,742	-	5,753	-	5,753
- Swaps	8,450,159	28,259,318	2,568,230	39,277,707	8,213	100,089	33,132	141,434	12,207	121,932	37,326	171,465
Equity related contracts												
- Options	562,740	3,340,508	-	3,903,248	4,891	29,803	-	34,694	23,549	48,420	-	71,969
Precious metal contracts												
- Options	11,978	-	-	11,978	20	-	-	20	47	-	-	47
Sub- total	51,358,882	42,055,974	5,660,039	99,074,895	894,122	717,167	201,428	1,812,717	830,781	644,889	158,632	1,634,302
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
Sub- total	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
<b>Total</b>	<b>51,698,882</b>	<b>43,650,974</b>	<b>5,660,039</b>	<b>101,009,895</b>	<b>895,874</b>	<b>734,101</b>	<b>201,428</b>	<b>1,831,403</b>	<b>830,781</b>	<b>644,889</b>	<b>158,632</b>	<b>1,634,302</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 34 Performance Review

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The Group recorded profit before tax of RM1,227 million for the period ended 30 September 2015, which was 10.2% or RM113 million higher than prior year. The higher profit was due to higher operating income of RM214 million, lower loan/financing impairment charges of RM32 million, but partially offset by higher operating expenses of RM132 million.

The higher operating income was primarily due to higher net trading income on gain from foreign exchange, rates, and debt securities. The continuous volatility in the market had increased the demand of foreign exchange for hedging activities, with higher interbank and corporates volume recorded in 2015. Higher gain in debt securities was arising from revaluation gain made on government bonds portfolio following the decrease in average bond yield.

The Group recorded a net loan/financing impairment charges for the period ended 30 September 2015 as a result of lower net individual allowance for impairment, and higher release in collective impairment provisions related to local risk adjustments. Operating expenses increased mainly due to higher intragroup and personnel expenses.

Total balance sheet size at 30 September 2015 stood at RM93.4 billion, RM10.4 billion higher compared against 31 December 2014 (RM83.0 billion) with recorded growth in loans, advances and financing of RM6.7 billion. The Group's capital and liquidity ratios remain strong and well above regulatory requirements.

### 35 Business Prospects

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The Malaysian economy registered a growth of 4.9% in 2Q 2015, compared to 5.6% in 1Q 2015 (2Q 2014:6.4%), driven mainly by private sector demand. The economy is projected to grow between 4.5%-5.0% for 2015 amid a more challenging external environment.

Private consumption expanded at a more moderate rate of 6.4% in 2Q 2015 (1Q 2015: 8.8%) as households adjusted to the implementation of the Goods and Services Tax (GST). Private investment grew moderately by 3.9% (1Q 2015: 11.7%) due to a decline in spending on machinery and equipment. Public consumption has recorded higher growth of 6.8% (1Q 2015: 4.1%), following the stronger expansion in supplies and services expenditure amid sustained growth in emoluments.

Inflation has increased to 2.2% in Q2 2015 (1Q 2015: 0.7%) reflecting mainly the impact of the implementation of GST on 1 April 2015. Despite increased volatility in international financial markets, interest rates in the domestic money market have remained stable with the Overnight Policy Rate (OPR) continued to be at 3.25%. The Ringgit continued to be driven by shifts in investor sentiments and portfolio investments amid weaker oil and commodity prices as well as strengthening of US dollar. Nevertheless, Malaysian economy is expected to remain on a steady growth path and the economic cost of Ringgit depreciation remains manageable. Domestic demand will remain the key driver of growth. While private consumption is expected to moderate as households adjust to the introduction of the GST, the still low unemployment rate at a circa of 3.2% would support household spending.

The Group's priorities in 2015 remain unchanged, to leverage on our increased resource investments into the business, grow the business with new distribution channels and increased productivity across existing channels, implement the highest global standards of conduct and compliance, and streamline processes and procedures for the benefit of the customers. Leveraging on HSBC Group expertise, the Group is able to provide holistic banking service solutions to our existing and new corporate customers. Further, the Group will capitalise on the HSBC Group's international connectivity for customers cross border trade investments initiatives and offer banking services for inbound investments to Malaysia and connect our customers to the right parties for their outbound investments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**36 Comparative Figures**

The presentation and classification of items in the current interim financial statements are consistent with the previous financial period except those listed below. Similar reclassification is made to 31 Dec 2014 data so that they are comparable to 30 Sep 2015 data. The Group's and the Bank's prior period profit and loss and retained earning brought forward are not affected by these reclassifications.

The restatement of 31 Dec 2014 financial data in relation to (a) and (b) is a result of an initiative rolled out by the Group and the Bank in Q1 2015 to align financial reporting data with Central Credit Reference Information System (CCRIS) data.

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
<u>Statement of Financial Position at 31 December 2014</u>				
<b>(a) Loans, advances and financing</b>	45,433,692	45,260,697	-	-
<i>(of which the affected components are disclosed below) :</i>				
<u>By type</u>				
Term loans/ financing:				
Housing loans/ financing	18,036,318	17,524,631	-	-
Other term loans/ financing	12,124,505	12,423,345	-	-
Staff loans/ financing	271,252	311,104	-	-
<u>By type of customer</u>				
Foreign entities	4,921,612	4,748,617	-	-
<u>By interest/ profit rate sensitivity</u>				
Fixed rate:				
Housing loans/ financing	3,180	128,471	824	121,524
Other fixed rate loans/ financing	8,376,962	4,060,557	6,537,261	2,149,926
Variable rate:				
BLR/BFR plus	23,177,661	34,467,990	18,334,179	27,064,976
Cost-plus	11,501,772	4,229,562	8,072,485	3,608,323
<u>By sector</u>				
Others	2,414,623	2,241,628	-	-
<u>By purpose</u>				
Purchase of property:				
Residential	18,308,549	17,517,122	-	-
Non residential	1,653,267	1,183,472	-	-
Consumption credit	5,457,907	6,249,334	-	-
Working capital	16,259,428	16,729,223	-	-
Other purpose	1,984,754	1,811,759	-	-
<u>By geographical distribution</u>				
Northern Region	6,950,812	7,516,532	5,581,975	6,147,695
Southern Region	6,397,801	6,363,471	4,868,264	4,833,934
Central Region	29,046,138	28,340,052	21,577,292	21,044,201
Eastern Region	3,661,521	3,663,222	3,179,565	3,181,266
	46,056,272	45,883,277	35,207,096	35,207,096
<b>(b) Deposits and placements with banks and other financial institutions</b>	2,936,713	3,109,649	-	-
<i>(of which the affected components are disclosed below) :</i>				
Licensed banks	936,713	1,109,649	-	-