

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 JUNE 2022**

**Domiciled in Malaysia**  
**Registered Office:**  
**Level 21, Menara IQ**  
**Lingkaran TRX**  
**55188 Tun Razak Exchange**  
**Kuala Lumpur**

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

		Group		Bank	
	Note	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<b>Assets</b>					
Cash and short-term funds	12	19,588,271	12,351,813	15,441,496	8,638,234
Securities purchased under resale agreements		5,238,828	6,047,670	5,238,828	6,047,670
Deposits and placements with banks and other financial institutions	13	470,325	150,000	2,330,068	1,425,508
Financial assets at fair value through profit and loss (FVTPL)	14	2,845,942	1,759,108	2,845,942	1,759,108
Financial investments at fair value through other comprehensive income (FVOCI)	15	13,399,972	15,712,400	11,563,203	13,459,449
Financial investments at amortised cost	16	598,314	199,174	598,314	199,174
Loans, advances and financing	17	48,037,985	50,008,904	34,619,651	37,152,838
Derivative financial assets	39	1,480,939	924,507	1,554,192	938,382
Other assets	20	1,566,774	1,000,939	1,829,629	1,131,323
Statutory deposits with Bank Negara Malaysia	21	35,310	48,659	10,949	28,798
Investments in subsidiary companies		-	-	660,021	660,021
Property and equipment		1,045,608	999,804	1,039,095	992,899
Intangible assets		22,374	26,353	22,374	26,353
Tax recoverable		20,850	102,224	20,850	88,964
Deferred tax assets		285,730	270,801	232,532	221,455
<b>Total assets</b>		<b>94,637,222</b>	<b>89,602,356</b>	<b>78,007,144</b>	<b>72,770,176</b>
<b>Liabilities</b>					
Deposits from customers	22	71,421,773	67,975,693	58,648,810	55,184,012
Deposits and placements from banks and other financial institutions	23	2,873,634	2,815,266	2,969,810	2,066,904
Bills payable		146,452	100,527	113,477	87,660
Derivative financial liabilities	39	1,522,217	947,581	1,538,336	986,699
Structured liabilities designated at fair value through profit and loss	24	3,312,758	2,909,026	1,580,995	1,720,927
Other liabilities	25	3,097,227	2,814,291	2,875,502	2,549,376
Provision for taxation		104,660	-	77,150	-
Multi-Currency Sukuk Programme	26	507,775	515,333	-	-
Subordinated liabilities	27	500,000	500,000	500,000	500,000
<b>Total liabilities</b>		<b>83,486,496</b>	<b>78,577,717</b>	<b>68,304,080</b>	<b>63,095,578</b>
<b>Equity</b>					
Share capital and other equity	28	2,545,875	1,545,875	2,545,875	1,545,875
Reserves		8,604,851	9,478,764	7,157,189	8,128,723
<b>Total equity attributable to owner of the Bank</b>		<b>11,150,726</b>	<b>11,024,639</b>	<b>9,703,064</b>	<b>9,674,598</b>
<b>Total liabilities and equity</b>		<b>94,637,222</b>	<b>89,602,356</b>	<b>78,007,144</b>	<b>72,770,176</b>
<b>Commitments and contingencies</b>	38	<b>209,929,087</b>	<b>175,099,018</b>	<b>201,160,876</b>	<b>165,754,192</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
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**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<i>Note</i>	<i>Group</i>			
		<b>Second Quarter</b>		<b>Six Months Ended</b>	
		<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	29	<b>440,856</b>	401,131	<b>856,832</b>	812,489
Interest expense	29	<b>(114,292)</b>	(103,893)	<b>(217,719)</b>	(209,755)
Net interest income	29	<b>326,564</b>	297,238	<b>639,113</b>	602,734
Fee and commission income	30	<b>115,283</b>	106,926	<b>216,797</b>	219,649
Fee and commission expense	30	<b>(19,561)</b>	(12,603)	<b>(39,516)</b>	(26,972)
Net fee and commission income	30	<b>95,722</b>	94,323	<b>177,281</b>	192,677
Net trading income	31	<b>17,934</b>	141,074	<b>79,158</b>	55,670
Income from Islamic banking operations	32	<b>307,422</b>	133,446	<b>484,813</b>	486,753
Net (expenses)/ income from Financial Liabilities Designated at Fair Value		<b>(22,688)</b>	(4,129)	<b>40,215</b>	(8,904)
Other operating income	33	<b>16,532</b>	8,399	<b>26,868</b>	38,890
Operating income before impairment losses		<b>741,486</b>	670,351	<b>1,447,448</b>	1,367,820
Impairment write-back/ (allowance)	34	<b>33,103</b>	(490,567)	<b>12,324</b>	(477,725)
Net operating income		<b>774,589</b>	179,784	<b>1,459,772</b>	890,095
Other operating expenses	35	<b>(414,825)</b>	(471,946)	<b>(833,502)</b>	(870,853)
Profit/ (Loss) before tax		<b>359,764</b>	(292,162)	<b>626,270</b>	19,242
Tax (expense)/ write-back		<b>(115,246)</b>	76,056	<b>(201,092)</b>	(4,937)
<b>Profit/ (Loss) for the financial period</b>		<b>244,518</b>	(216,106)	<b>425,178</b>	14,305
Profit/ (Loss) attributable to owner of the Bank		<b>244,518</b>	(216,106)	<b>425,178</b>	14,305
Basic earnings/ (loss) per RM0.50 ordinary share		<b>106.8 sen</b>	(94.4 sen)	<b>185.7 sen</b>	6.2 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		<b>106.0 sen</b>	82.2 sen	<b>106.0 sen</b>	82.2 sen
- special dividend paid in respect of current period		<b>436.7 sen</b>	-	<b>436.7 sen</b>	-

**HSBC BANK MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

		<i>Bank</i>			
		<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<i>Note</i>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	29	<b>448,864</b>	406,009	<b>870,306</b>	822,155
Interest expense	29	<b>(114,607)</b>	(103,893)	<b>(218,034)</b>	(209,755)
Net interest income	29	<b>334,257</b>	302,116	<b>652,272</b>	612,400
Fee and commission income	30	<b>114,685</b>	106,528	<b>215,931</b>	219,136
Fee and commission expense	30	<b>(19,561)</b>	(12,603)	<b>(39,516)</b>	(26,972)
Net fee and commission income	30	<b>95,124</b>	93,925	<b>176,415</b>	192,164
Net trading income	31	<b>173,276</b>	136,662	<b>258,828</b>	261,305
Net income/(expenses) from Financial Liabilities Designated at Fair Value		<b>(22,688)</b>	(4,129)	<b>40,215</b>	(8,904)
Other operating income	33	<b>53,433</b>	89,136	<b>100,641</b>	157,640
Operating income before impairment losses		<b>633,402</b>	617,710	<b>1,228,371</b>	1,214,605
Impairment write-back/ (allowance)	34	<b>2,828</b>	(293,820)	<b>26,175</b>	(312,605)
Net operating income		<b>636,230</b>	323,890	<b>1,254,546</b>	902,000
Other operating expenses	35	<b>(389,686)</b>	(442,985)	<b>(787,607)</b>	(817,483)
Profit/ (Loss) before tax		<b>246,544</b>	(119,095)	<b>466,939</b>	84,517
Tax (expense)/ write-back		<b>(80,213)</b>	46,293	<b>(151,747)</b>	(7,871)
<b>Profit/ (Loss) for the financial period</b>		<b>166,331</b>	(72,802)	<b>315,192</b>	76,646
Profit/ (Loss) attributable to owner of the Bank		<b>166,331</b>	(72,802)	<b>315,192</b>	76,646
Basic earnings/ (loss) per RM0.50 ordinary share		<b>72.6 sen</b>	(31.8 sen)	<b>137.6 sen</b>	33.5 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		<b>106.0 sen</b>	82.2 sen	<b>106.0 sen</b>	82.2 sen
- special dividend paid in respect of current period		<b>436.7 sen</b>	-	<b>436.7 sen</b>	-

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit/ (Loss) for the financial period</b>	<b>244,518</b>	<b>(216,106)</b>	<b>425,178</b>	<b>14,305</b>
<b>Other comprehensive income/ (expense)</b>				
<b><i>Items that will not be reclassified to profit or loss</i></b>				
Own credit reserve:				
Change in fair value	<b>7,946</b>	2,155	<b>(1,103)</b>	3,491
Income tax effect	<b>(1,907)</b>	(517)	<b>265</b>	(838)
Fair value through other comprehensive income reserve (equity instruments):				
Change in fair value	<b>3,680</b>	11,771	<b>3,680</b>	11,771
Income tax effect	<b>(883)</b>	(2,825)	<b>(883)</b>	(2,825)
<b><i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i></b>				
Fair value through other comprehensive income reserve (debt instruments):				
Change in fair value	<b>(71,570)</b>	1,175	<b>(82,357)</b>	(30,224)
Amount transferred to profit or loss	<b>12,372</b>	1,787	<b>18,955</b>	(12,109)
Impairment	<b>(421)</b>	(194)	<b>(831)</b>	(234)
Income tax effect	<b>14,208</b>	(711)	<b>15,219</b>	10,160
Other comprehensive (expense)/income for the financial period, net of income tax	<b>(36,575)</b>	12,641	<b>(47,055)</b>	(20,808)
<b>Total comprehensive income for the financial period</b>	<b>207,943</b>	<b>(203,465)</b>	<b>378,123</b>	<b>(6,503)</b>
Total comprehensive income attributable to owner of the Bank	<b>207,943</b>	<b>(203,465)</b>	<b>378,123</b>	<b>(6,503)</b>

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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit/ (Loss) for the financial period</b>	<b>166,331</b>	<b>(72,802)</b>	<b>315,192</b>	<b>76,646</b>
<b>Other comprehensive income/ (expense)</b>				
<b><i>Items that will not be reclassified to profit or loss</i></b>				
Own credit reserve:				
Change in fair value	<b>1,939</b>	<b>(1,026)</b>	<b>1,046</b>	<b>2,408</b>
Income tax effect	<b>(465)</b>	<b>246</b>	<b>(251)</b>	<b>(578)</b>
Fair value through other comprehensive income reserve (equity instruments):				
Change in fair value	<b>3,680</b>	<b>11,771</b>	<b>3,680</b>	<b>11,771</b>
Income tax effect	<b>(883)</b>	<b>(2,825)</b>	<b>(883)</b>	<b>(2,825)</b>
<b><i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i></b>				
Fair value through other comprehensive income reserve (debt instruments):				
Change in fair value	<b>(57,740)</b>	<b>(438)</b>	<b>(68,457)</b>	<b>(25,539)</b>
Amount transferred to profit or loss	<b>12,372</b>	<b>4,341</b>	<b>18,955</b>	<b>(9,555)</b>
Impairment	<b>(366)</b>	<b>(152)</b>	<b>(676)</b>	<b>(206)</b>
Income tax effect	<b>10,889</b>	<b>(937)</b>	<b>11,883</b>	<b>8,422</b>
Other comprehensive (expense)/income for the financial period, net of income tax	<b>(30,574)</b>	<b>10,980</b>	<b>(34,703)</b>	<b>(16,102)</b>
<b>Total comprehensive income for the financial period</b>	<b>135,757</b>	<b>(61,822)</b>	<b>280,489</b>	<b>60,544</b>
Total comprehensive income attributable to owner of the Bank	<b>135,757</b>	<b>(61,822)</b>	<b>280,489</b>	<b>60,544</b>

**HSBC BANK MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

Group (RM'000)	Non-distributable								Distributable	Total equity
	Share capital		Other equity instrument	Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
	Ordinary shares	Preference shares								
<b>2022</b>										
Balance at 1 January	1,045,875	-	500,000	176,430	155,378	(5,617)	100,073	386,400	8,666,100	11,024,639
Profit for the financial period	-	-	-	-	-	-	-	-	425,178	425,178
<b>Other comprehensive income, net of income tax</b>										
Revaluation reserve:										
Transfer to retained profits upon realisation of depreciation	-	-	-	(1,052)	-	-	-	-	1,052	-
FVOCI reserve/Own credit reserve										
Net change in fair value	-	-	-	-	(59,792)	(838)	-	-	-	(60,630)
Net amount transferred to profit or loss	-	-	-	-	14,406	-	-	-	-	14,406
Impairment charges	-	-	-	-	(831)	-	-	-	-	(831)
<i>Total other comprehensive (expense)/income</i>	-	-	-	(1,052)	(46,217)	(838)	-	-	1,052	(47,055)
<b>Total comprehensive income for the financial period</b>	-	-	-	(1,052)	(46,217)	(838)	-	-	426,230	378,123
Net change in regulatory reserves	-	-	-	-	-	-	-	76,400	(76,400)	-
Others	-	-	-	-	-	-	-	-	92	92
<b>Transactions with the owner, recorded directly in equity</b>										
Share based payment transactions	-	-	-	-	-	-	(2,644)	-	1,265	(1,379)
Issuance of preference shares <sup>[1]</sup>	-	1,500,000	-	-	-	-	-	-	-	1,500,000
Redemption of other equity instrument issued <sup>[1]</sup>	-	-	(500,000)	-	-	-	-	-	-	(500,000)
Dividends paid to owner - 2021 final	-	-	-	-	-	-	-	-	(242,654)	(242,654)
Dividends paid to owner - 2022 special	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Discretionary coupon on other equity instrument issued	-	-	-	-	-	-	-	-	(8,095)	(8,095)
Balance at 30 June	1,045,875	1,500,000	-	175,378	109,161	(6,455)	97,429	462,800	7,766,538	11,150,726

<sup>[1]</sup> On 27 June 2022, the Group and the Bank issued RM1.5 billion Additional Tier 1 preference shares and redeemed RM500.0 million Additional Tier 1 perpetual capital term loan. Details of the issuance and redemption are set out in Note 28.

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

Group (RM'000)	Non-distributable							Distributable	Total equity
	Share capital	Other equity instrument	Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
2021									
Balance at 1 January	1,045,875	500,000	190,751	215,792	(5,685)	103,790	298,100	8,550,171	10,898,794
Profit for the financial period	-	-	-	-	-	-	-	14,305	14,305
<b>Other comprehensive income, net of income tax</b>									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	-	-	(1,131)	-	-	-	-	1,131	-
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	(14,033)	2,653	-	-	-	(11,380)
Net amount transferred to profit or loss	-	-	-	(9,203)	-	-	-	-	(9,203)
Transfer to retained profits upon realisation of unquoted investments	-	-	-	-	-	-	-	9	9
Impairment charges	-	-	-	(234)	-	-	-	-	(234)
Total other comprehensive (expense)/income	-	-	(1,131)	(23,470)	2,653	-	-	1,140	(20,808)
<b>Total comprehensive income for the financial period</b>	-	-	(1,131)	(23,470)	2,653	-	-	15,445	(6,503)
Net change in regulatory reserves	-	-	-	-	-	-	148,000	(148,000)	-
<b>Transactions with the owner, recorded directly in equity</b>									
Share based payment transactions	-	-	-	-	-	(1,017)	-	3,058	2,041
Dividends paid to owner - 2020 final	-	-	-	-	-	-	-	(188,161)	(188,161)
Discretionary coupon on other equity instrument issued	-	-	-	-	-	-	-	(7,654)	(7,654)
Balance at 30 June	1,045,875	500,000	189,620	192,322	(3,032)	102,773	446,100	8,224,859	10,698,517

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

Bank (RM'000)	Share capital		Non-distributable					Distributable	Total equity	
	Ordinary shares	Preference shares	Other equity instrument	Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve		Retained profits
2022										
Balance at 1 January	1,045,875	-	500,000	176,430	158,229	(3,424)	99,562	339,600	7,358,326	9,674,598
Profit for the financial period	-	-	-	-	-	-	-	-	315,192	315,192
Other comprehensive income, net of income tax										
Revaluation reserve:										
Transfer to retained profits upon realisation of depreciation	-	-	-	(1,052)	-	-	-	-	1,052	-
FVOCI reserve/Own credit reserve										
Net change in fair value	-	-	-	-	(49,228)	795	-	-	-	(48,433)
Net amount transferred to profit or loss	-	-	-	-	14,406	-	-	-	-	14,406
Impairment charges	-	-	-	-	(676)	-	-	-	-	(676)
Total other comprehensive (expense)/income	-	-	-	(1,052)	(35,498)	795	-	-	1,052	(34,703)
Total comprehensive income for the financial period	-	-	-	(1,052)	(35,498)	795	-	-	316,244	280,489
Net change in regulatory reserves	-	-	-	-	-	-	-	31,100	(31,100)	-
Others	-	-	-	-	-	-	-	-	92	92
Transactions with the owner, recorded directly in equity										
Share based payment transactions	-	-	-	-	-	-	(2,602)	-	1,236	(1,366)
Issuance of preference shares <sup>[1]</sup>	-	1,500,000	-	-	-	-	-	-	-	1,500,000
Redemption of other equity instrument issued <sup>[1]</sup>	-	-	(500,000)	-	-	-	-	-	-	(500,000)
Dividends paid to owner - 2021 final	-	-	-	-	-	-	-	-	(242,654)	(242,654)
Dividends paid to owner - 2022 special	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Discretionary coupon on other equity instrument issued	-	-	-	-	-	-	-	-	(8,095)	(8,095)
Balance at 30 June	1,045,875	1,500,000	-	175,378	122,731	(2,629)	96,960	370,700	6,394,049	9,703,064

<sup>[1]</sup> On 27 June 2022, the Group and the Bank issued RM1.5 billion Additional Tier 1 preference shares and redeemed RM500.0 million Additional Tier 1 perpetual capital term loan. Details of the issuance and redemption are set out in Note 28.

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

Bank (RM'000)	Non-distributable						Distributable		Total equity
	Share capital	Other equity instrument	Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
2021									
Balance at 1 January	1,045,875	500,000	190,751	203,924	(4,562)	103,013	292,000	7,200,136	9,531,137
Profit for the financial period	-	-	-	-	-	-	-	76,646	76,646
<b>Other comprehensive income, net of income tax</b>									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	-	-	(1,131)	-	-	-	-	1,131	-
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	(10,473)	1,830	-	-	-	(8,643)
Net amount transferred to profit or loss	-	-	-	(7,262)	-	-	-	-	(7,262)
Transfer to retained profits upon realisation of unquoted investments	-	-	-	-	-	-	-	9	9
Impairment charges	-	-	-	(206)	-	-	-	-	(206)
<i>Total other comprehensive (expense)/income</i>	-	-	(1,131)	(17,941)	1,830	-	-	1,140	(16,102)
<b>Total comprehensive income for the financial period</b>	-	-	(1,131)	(17,941)	1,830	-	-	77,786	60,544
Net change in regulatory reserves	-	-	-	-	-	-	70,900	(70,900)	-
<b>Transactions with the owner, recorded directly in equity</b>									
Share based payment transactions	-	-	-	-	-	(757)	-	2,989	2,232
Dividends paid to owner - 2020 final	-	-	-	-	-	-	-	(188,161)	(188,161)
Discretionary coupon on other equity instrument issued	-	-	-	-	-	-	-	(7,654)	(7,654)
Balance at 30 June	1,045,875	500,000	189,620	185,983	(2,732)	102,256	362,900	7,014,196	9,398,098

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	30 Jun 2021	<b>30 Jun 2022</b>	30 Jun 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before tax	<b>626,270</b>	19,242	<b>466,939</b>	84,517
Adjustments for non-operating and non-cash items	<b>96,793</b>	744,292	<b>(94,294)</b>	293,428
Operating profit before working capital changes	<b>723,063</b>	763,534	<b>372,645</b>	377,945
Changes in working capital:				
Net changes in operating assets	<b>167,572</b>	1,369,349	<b>190,812</b>	1,250,333
Net changes in operating liabilities	<b>4,926,611</b>	609,424	<b>5,193,462</b>	585,363
Income tax paid	<b>(15,390)</b>	(71,614)	<b>(6,815)</b>	(53,764)
<b>Net cash generated from operations</b>	<b>5,801,856</b>	2,670,693	<b>5,750,104</b>	2,159,877
<b>Net cash generated from/(used in) investing activities</b>	<b>1,704,256</b>	(1,658,400)	<b>1,316,636</b>	(1,185,046)
<b>Net cash used in financing activities</b>	<b>(269,654)</b>	(214,410)	<b>(263,478)</b>	(208,405)
	<b>1,434,602</b>	(1,872,810)	<b>1,053,158</b>	(1,393,451)
<b>Net changes in cash and cash equivalents</b>	<b>7,236,458</b>	797,883	<b>6,803,262</b>	766,426
<b>Cash and cash equivalents at 1 January</b>	<b>12,351,813</b>	12,663,196	<b>8,638,234</b>	9,441,441
<b>Cash and cash equivalents at 30 June</b>	<b>19,588,271</b>	13,461,079	<b>15,441,496</b>	10,207,867
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	<b>19,588,271</b>	13,461,079	<b>15,441,496</b>	10,207,867

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

**Change in liabilities arising from financing activities**

**Group (RM'000)**

	At 1 Jan	Cash outflow	Fair value movement	Interest/ Profit accrual	At 30 Jun
<b>2022</b>					
Multi-Currency Sukuk Programme	515,333	-	(7,558)	-	507,775
Subordinated liabilities	500,000	-	-	-	500,000
Other liabilities of which:					
Profit paid on Multi-Currency Sukuk Programme	5,242	(6,176)	-	6,118	5,184
Interest paid on Subordinated liabilities	4,151	(12,729)	-	12,521	3,943
	<b>1,024,726</b>	<b>(18,905)</b>	<b>(7,558)</b>	<b>18,639</b>	<b>1,016,902</b>
<b>2021</b>					
Multi-Currency Sukuk Programme	523,841	-	(6,745)	-	517,096
Subordinated liabilities	500,000	-	-	-	500,000
Other liabilities of which:					
Profit paid on Multi-Currency Sukuk Programme	5,360	(6,005)	-	5,946	5,301
Interest paid on Subordinated liabilities	4,151	(12,590)	-	12,521	4,082
	<b>1,033,352</b>	<b>(18,595)</b>	<b>(6,745)</b>	<b>18,467</b>	<b>1,026,479</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Cont'd)**

**Change in liabilities arising from financing activities (Cont'd)**

**Bank (RM'000)**

	<b>At 1 Jan</b>	<b>Cash outflow</b>	<b>Interest accrual</b>	<b>At 30 Jun</b>
<b>2022</b>				
Subordinated liabilities	<b>500,000</b>	-	-	<b>500,000</b>
Other liabilities of which:				
Interest paid on Subordinated liabilities	<b>4,151</b>	<b>(12,729)</b>	<b>12,521</b>	<b>3,943</b>
	<b>504,151</b>	<b>(12,729)</b>	<b>12,521</b>	<b>503,943</b>
<b>2021</b>				
Subordinated liabilities	500,000	-	-	500,000
Other liabilities of which:				
Interest paid on Subordinated liabilities	4,151	(12,590)	12,521	4,082
	504,151	(12,590)	12,521	504,082

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 13 to 47 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 21 July 2022.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 198401015221 (127776-V))**  
**(Incorporated in Malaysia)**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 General Information**

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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.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at Level 21, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.

The immediate parent bank and the ultimate holding company during the financial period are The Hongkong and Shanghai Banking Corporation Limited (HBAP) and HSBC Holdings plc, respectively.

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 21 July 2022.

### **2 Basis of Preparation**

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The unaudited condensed interim financial statements for the financial period ended 30 June 2022 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 2021. 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 2021.

#### **(i) Standards and amendments to published standards that are effective and applicable to the Group and the Bank**

The accounting policies, presentation, significant estimates and judgements adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following Amendments to MFRSs which are effective during the current financial period:

- Amendments to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Annual Improvements to MFRSs 2018 – 2020 Cycle for annual periods beginning on or after 1 January 2022 as follows:
  - Amendment to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
  - Amendment to MFRS 9 Financial Instruments: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"

The adoption of the above Amendments to MFRSs does not give rise to any material financial impact to the Group and the Bank.

## **NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

### **2 Basis of Preparation (Cont'd)**

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#### **(ii) Standards and amendments to published standards that have been issued but not yet effective to the Group and the Bank**

A number of new standards and amendments to standards and interpretations have been issued that are applicable to the Group and the Bank but are not yet effective.

Effective for annual periods commencing on or after 1 January 2023

- Amendments to MFRS 101 "Classification of Liabilities as Current or Non-current"
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

None of the above is expected to have a significant effect on the financial statements of the Group and the Bank.

### **3 Functional and Presentation Currency**

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These financial statements are presented in Ringgit Malaysia (RM), which is the Bank's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

### **4 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 2021 was not subject to any qualification.

### **5 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.

### **6 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 June 2022.

### **7 Changes in Estimates**

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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 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 8 Debt and Equity Securities

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On 27 June 2022, the Group and the Bank had:

- (a) issued non-cumulative and non-convertible redeemable perpetual preference shares amounting to RM1.5 billion. The preference shares qualify as Additional Tier 1 capital of the Group and the Bank as per the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (BNM). Further details is disclosed in Note 28.
- (b) redeemed RM500.0 million perpetual capital term loan issued in 2019 which qualified as Additional Tier 1 capital as per the Capital Adequacy Framework (Capital Components) issued by BNM.

There were no other issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 June 2022.

### 9 Dividend

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Since the end of the previous financial year, the Bank paid the following:

- (a) final dividend for the financial year ended 31 December 2021 of 105.96 sen per ordinary share amounting to RM242.7 million.
- (b) special dividend of 436.68 sen per ordinary share amounting to RM1.0 billion in respect of the current financial period on the fully issued and paid up ordinary shares of the Bank.

### 10 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 year ended 31 December 2021.

### 11 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 statements.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12 Cash and Short-Term Funds

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>1,435,941</b>	1,099,824	<b>817,558</b>	722,565
Money at call and interbank placements maturing within one month	<b>18,152,330</b>	11,251,989	<b>14,623,938</b>	7,915,669
	<b>19,588,271</b>	12,351,813	<b>15,441,496</b>	8,638,234

Money at call and interbank placements maturing within one month are within Stage 1 allocation (12 -months ECL) with impairment allowance of RM46,000 for the Group and RM45,000 for the Bank as at 30 June 2022 (31 December 2021: RM77,000 for the Group and RM76,000 for the Bank).

### 13 Deposits and Placements with Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Licensed banks	-	-	<b>1,859,743</b>	1,275,508
Bank Negara Malaysia	<b>470,325</b>	150,000	<b>470,325</b>	150,000
	<b>470,325</b>	150,000	<b>2,330,068</b>	1,425,508

Included in Deposits and Placements with Banks and Other Financial Institutions of the Bank are placements with the Bank's wholly owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS) of RM1,859.7 million (31 December 2021: RM1,275.5 million).

The balance is within Stage 1 allocation (12 -months ECL) with nil impairment allowance for the Group and the Bank as at 30 June 2022 (31 December 2021: nil for the Group and the Bank).

### 14 Financial Assets at Fair Value through Profit and Loss (FVTPL)

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Money market instruments:				
Malaysian Government treasury bills	<b>209,321</b>	18,779	<b>209,321</b>	18,779
Islamic treasury bills	<b>859,300</b>	1,779	<b>859,300</b>	1,779
Malaysian Government securities	<b>1,285,723</b>	1,338,589	<b>1,285,723</b>	1,338,589
Malaysian Government Islamic Sukuk	<b>379,731</b>	277,346	<b>379,731</b>	277,346
Cagamas bonds and notes	<b>99,540</b>	2,516	<b>99,540</b>	2,516
	<b>2,833,615</b>	1,639,009	<b>2,833,615</b>	1,639,009
Unquoted:				
Corporate bonds and Sukuk	<b>12,327</b>	120,099	<b>12,327</b>	120,099
	<b>2,845,942</b>	1,759,108	<b>2,845,942</b>	1,759,108

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 15 Financial Investments at Fair Value through Other Comprehensive Income (FVOCI)

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
<b>Debt instruments</b>				
Money market instruments:				
Bank Negara Malaysia bills and notes	1,451,131	3,074,311	1,451,131	3,074,311
Malaysian Government securities	7,478,426	7,427,679	7,478,426	7,427,679
Malaysian Government Islamic Sukuk	4,241,256	4,984,931	2,404,487	2,731,980
	<b>13,170,813</b>	<b>15,486,921</b>	<b>11,334,044</b>	<b>13,233,970</b>
<b>Financial Investments Designated as FVOCI</b>				
<b>Equity instruments</b>				
Unquoted Shares:	229,159	225,479	229,159	225,479
of which				
Cagamas Holdings Berhad	187,373	183,471	187,373	183,471
Credit Guarantee Corporation Malaysia Berhad	35,332	34,876	35,332	34,876
Others	6,454	7,132	6,454	7,132
	<b>13,399,972</b>	<b>15,712,400</b>	<b>11,563,203</b>	<b>13,459,449</b>

The Group and the Bank have elected to designate these equity instruments at fair value through other comprehensive income as these instruments are held for business facilitation and not to generate a capital return. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

The maturity structure of money market instruments held as financial investments at FVOCI is as follows:

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	8,884,729	8,391,992	7,894,363	7,555,853
More than one year to three years	4,286,084	7,094,929	3,439,681	5,678,117
	<b>13,170,813</b>	<b>15,486,921</b>	<b>11,334,044</b>	<b>13,233,970</b>

There are no FVOCI balances that are pledged against Repurchase Agreement as at 30 June 2022 (31 December 2021: nil).

Financial investments at FVOCI are within Stage 1 allocation (12 -months ECL) with RM696,000 impairment allowance for the Group and RM571,000 for the Bank as at 30 June 2022 (31 December 2021: RM1,527,000 for the Group and RM1,247,000 for the Bank). The carrying amount of financial investments at FVOCI is equivalent to their fair value. The impairment allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statements of financial position.

### 16 Financial Investments at Amortised Cost

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
<b>Debt instruments</b>				
Money market instruments:				
Bank Negara Malaysia bills and notes	398,396	-	398,396	-
Unquoted:				
Corporate Sukuk	199,918	199,174	199,918	199,174
	<b>598,314</b>	<b>199,174</b>	<b>598,314</b>	<b>199,174</b>

Financial investments at amortised cost are within Stage 1 allocation (12 -months ECL) with RM82,000 impairment allowance for the Group and the Bank as at 30 June 2022 (31 December 2021: RM826,000 for the Group and the Bank).

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**17 Loans, Advances and Financing**

**(i) By type**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>				
Overdrafts/cash line	<b>578,624</b>	657,583	<b>491,854</b>	587,490
Term loans/financing:				
Housing loans/financing	<b>15,360,686</b>	15,973,758	<b>11,619,627</b>	12,116,245
Syndicated term loans/financing	<b>3,876,606</b>	3,733,139	<b>2,850,128</b>	2,710,897
Factoring receivables	<b>665,471</b>	667,339	<b>665,471</b>	667,339
Hire purchase receivables	<b>205,284</b>	210,548	-	-
Other term loans/financing	<b>8,963,729</b>	9,899,908	<b>5,125,318</b>	6,688,017
Bills receivable	<b>4,424,361</b>	5,147,447	<b>3,537,064</b>	3,999,725
Trust receipts	<b>4,064,357</b>	3,244,901	<b>3,311,694</b>	2,787,111
Claims on customers under acceptance credits	<b>818,631</b>	866,537	<b>574,325</b>	668,039
Staff loans/financing	<b>49,600</b>	53,292	<b>47,804</b>	51,805
Credit/charge cards	<b>3,393,445</b>	3,299,922	<b>2,299,785</b>	2,226,100
Revolving financing	<b>6,811,673</b>	7,548,605	<b>4,724,054</b>	5,424,479
Other loans/financing	<b>10,502</b>	15,256	<b>7,344</b>	11,540
Gross loans, advances and financing <sup>[1]</sup>	<b>49,222,969</b>	51,318,235	<b>35,254,468</b>	37,938,787
Less: - Impairment allowances	<b>(1,184,984)</b>	(1,309,331)	<b>(634,817)</b>	(785,949)
Total net loans, advances and financing	<b>48,037,985</b>	50,008,904	<b>34,619,651</b>	37,152,838

<sup>[1]</sup> Included in gross loans, advances and financing of the Bank are Syndicated Investment Account for Financing/Investment Agency Account (SIAF/IAA) financing which are disclosed as "Asset Under Management" in the financial statements of HBMS. SIAF/IAA arrangement is with the Bank's wholly owned subsidiary, 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 proportionately in relation to 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. These comprise of the following types of financing:

	<i>Bank</i>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Syndicated term financing	<b>2,319,318</b>	2,305,608
Other term financing	<b>328,100</b>	235,054
Revolving financing	<b>1,252,716</b>	1,261,530
Gross loans, advances and financing	<b>3,900,134</b>	3,802,192
Less: - Impairment allowances	<b>(233,715)</b>	(183,710)
Total net loans, advances and financing	<b>3,666,419</b>	3,618,482

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**17 Loans, Advances and Financing (Cont'd)**

**(ii) By type of customer**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic non-bank financial institutions	<b>912,176</b>	1,021,893	<b>572,187</b>	604,100
Domestic business enterprises:				
Small medium enterprises	<b>3,645,851</b>	3,501,020	<b>2,377,325</b>	2,384,033
Others	<b>18,674,978</b>	19,634,128	<b>13,637,464</b>	15,276,795
Individuals	<b>18,397,349</b>	18,969,754	<b>12,812,537</b>	13,247,130
Other domestic entities	<b>2,788</b>	2,215	<b>2,036</b>	2,213
Foreign entities/individuals	<b>7,589,827</b>	8,189,225	<b>5,852,919</b>	6,424,516
	<b>49,222,969</b>	51,318,235	<b>35,254,468</b>	37,938,787

**(iii) By residual contractual maturity**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Maturity within one year	<b>23,896,033</b>	24,937,211	<b>18,221,222</b>	18,702,482
More than one year to three years	<b>4,055,697</b>	4,190,263	<b>2,371,847</b>	3,600,049
More than three years to five years	<b>2,709,357</b>	2,956,200	<b>1,439,737</b>	1,902,169
More than five years	<b>18,561,882</b>	19,234,561	<b>13,221,662</b>	13,734,087
	<b>49,222,969</b>	51,318,235	<b>35,254,468</b>	37,938,787

**(iv) By interest/profit rate sensitivity**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fixed rate:				
Hire purchase receivables	<b>205,284</b>	210,548	-	-
Other fixed rate loans/financing	<b>13,674,311</b>	13,523,549	<b>9,945,137</b>	9,874,928
Variable rate:				
Base Rate/Base Lending/Financing Rate plus	<b>18,070,447</b>	18,779,579	<b>13,368,907</b>	13,996,054
Cost-plus	<b>17,272,927</b>	18,804,559	<b>11,940,424</b>	14,067,805
	<b>49,222,969</b>	51,318,235	<b>35,254,468</b>	37,938,787

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 17 Loans, Advances and Financing (Cont'd)

(v) By sector	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Agricultural, hunting, forestry and fishing	179,658	74,349	33,948	63,741
Mining and quarrying	260,908	188,912	101,515	111,013
Manufacturing	7,145,922	7,416,876	5,380,809	5,930,426
Electricity, gas and water	161,257	367,556	17,446	22,687
Construction	3,120,754	3,394,266	2,147,564	2,430,449
Real estate	4,193,997	4,471,023	2,853,032	3,514,268
Wholesale & retail trade and restaurants & hotels	3,912,676	4,071,291	3,018,200	3,232,157
Transport, storage and communication	711,615	588,953	481,799	442,632
Finance, insurance and business services	2,867,479	2,929,904	2,044,841	2,029,656
Household-retail	21,056,748	21,690,816	15,005,445	15,495,269
Others	5,611,955	6,124,289	4,169,869	4,666,489
	<b>49,222,969</b>	<b>51,318,235</b>	<b>35,254,468</b>	<b>37,938,787</b>

### (vi) By purpose

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Purchase of property:				
Residential	15,388,316	16,004,543	11,646,886	12,146,646
Non residential	1,331,193	1,301,451	614,180	572,272
Purchase of securities	2,709	2,852	2,709	2,852
Purchase of transport vehicles	15,792	15,104	14,588	14,226
Purchase of fixed assets excluding land & building	205,780	210,381	-	89
Consumption credit	5,358,830	5,359,424	3,237,984	3,218,552
Construction	2,816,020	3,188,332	1,880,666	2,487,417
Working capital	19,145,913	19,750,898	14,169,456	15,303,269
Other purpose	4,958,416	5,485,250	3,687,999	4,193,464
	<b>49,222,969</b>	<b>51,318,235</b>	<b>35,254,468</b>	<b>37,938,787</b>

### (vii) By geographical distribution

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Northern Region	5,864,244	6,047,708	4,348,273	4,737,781
Southern Region	6,100,207	5,908,966	4,642,315	4,381,359
Central Region	35,716,473	37,705,167	25,036,492	27,480,004
Eastern Region	1,542,045	1,656,394	1,227,388	1,339,643
	<b>49,222,969</b>	<b>51,318,235</b>	<b>35,254,468</b>	<b>37,938,787</b>

Concentration by location for loans, advances and financing is based on the location of branches where facilities were captured.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18 Impaired Loans, Advances and Financing

#### (i) Gross carrying amount movement of loans, advances and financing classified as credit impaired:

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Gross carrying amount as at 1 January	<b>3,571,670</b>	1,831,501	<b>2,396,659</b>	1,224,806
Transfer within stages	<b>422,839</b>	2,020,148	<b>163,567</b>	1,328,032
Net remeasurement due to changes in credit risk	<b>(147,237)</b>	(93,069)	<b>(79,497)</b>	(60,355)
Written-off	<b>(203,502)</b>	(186,910)	<b>(173,713)</b>	(95,824)
<b>Gross carrying amount as at 30 June</b>	<b>3,643,770</b>	3,571,670	<b>2,307,016</b>	2,396,659

#### (ii) By sector

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Agricultural, hunting, forestry and fishing	<b>3,401</b>	214	<b>3,262</b>	-
Manufacturing	<b>28,362</b>	104,375	<b>14,729</b>	78,873
Electricity, gas and water	<b>136,395</b>	3,036	<b>2,598</b>	3,036
Construction	<b>137,064</b>	159,275	<b>22,110</b>	22,354
Real estate	<b>116,423</b>	117,159	<b>112,605</b>	117,159
Wholesale & retail trade, restaurants & hotels	<b>19,644</b>	69,570	<b>12,260</b>	61,359
Transport, storage and communication	<b>2,394</b>	90,505	<b>862</b>	90,505
Finance, insurance and business services	<b>298,929</b>	292,261	<b>243,530</b>	238,985
Household-retail	<b>2,876,710</b>	2,712,490	<b>1,888,993</b>	1,778,681
Others	<b>24,448</b>	22,785	<b>6,067</b>	5,707
<b>Gross carrying amount as at 30 June</b>	<b>3,643,770</b>	3,571,670	<b>2,307,016</b>	2,396,659

#### (iii) By purpose

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Purchase of property:				
Residential	<b>2,174,598</b>	1,998,471	<b>1,549,126</b>	1,426,821
Non residential	<b>42,646</b>	36,222	<b>30,649</b>	26,651
Purchase of fixed assets excluding land & building	<b>394</b>	169	<b>-</b>	-
Consumption credit	<b>698,434</b>	708,498	<b>337,146</b>	346,339
Construction	<b>129,067</b>	160,254	<b>14,113</b>	22,932
Working capital	<b>580,904</b>	651,691	<b>375,860</b>	573,799
Other purpose	<b>17,715</b>	16,365	<b>110</b>	117
<b>Gross carrying amount as at 30 June</b>	<b>3,643,770</b>	3,571,670	<b>2,307,016</b>	2,396,659

#### (iv) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Northern Region	<b>421,358</b>	406,326	<b>324,488</b>	312,295
Southern Region	<b>492,983</b>	505,188	<b>380,168</b>	394,677
Central Region	<b>2,601,000</b>	2,519,084	<b>1,501,287</b>	1,569,647
Eastern Region	<b>128,429</b>	141,072	<b>101,073</b>	120,040
<b>Gross carrying amount as at 30 June</b>	<b>3,643,770</b>	3,571,670	<b>2,307,016</b>	2,396,659

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19 ECL allowances

#### (i) Movements in ECL allowances for loans, advances and financing

The following table shows reconciliation from the opening to the closing balance of the ECL allowance for customer loans, advances and financing:

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL not	ECL not	ECL	
	credit	credit	credit	
	impaired	impaired	impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Balance at 1 January 2022	85,357	202,123	1,021,851	1,309,331
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	65,025	(47,317)	(17,708)	-
- Transferred to Stage 2	(8,229)	29,689	(21,460)	-
- Transferred to Stage 3	(537)	(9,863)	10,400	-
New financial assets originated or purchased	11,045	-	-	11,045
Net remeasurement due to changes in credit risk	(89,126)	(27,026)	175,829	59,677
Asset written-off	-	-	(203,502)	(203,502)
Others	2,404	-	6,029	8,433
<b>Balance at 30 June 2022</b>	<b>65,939</b>	<b>147,606</b>	<b>971,439</b>	<b>1,184,984</b>
Balance at 1 January 2021	136,817	242,457	475,121	854,395
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	51,919	(26,210)	(25,709)	-
- Transferred to Stage 2	(32,821)	44,946	(12,125)	-
- Transferred to Stage 3	(5,708)	(132,343)	138,051	-
New financial assets originated or purchased	17,980	-	-	17,980
Net remeasurement due to changes in credit risk	(84,788)	73,273	633,423	621,908
Asset written-off	-	-	(186,910)	(186,910)
Others	1,958	-	-	1,958
<b>Balance at 31 December 2021</b>	<b>85,357</b>	<b>202,123</b>	<b>1,021,851</b>	<b>1,309,331</b>

The Group measures the expected credit losses (ECL) using the three-stage approach. The following section explains how significant changes in the gross carrying amount of loans, advances and financing during the year have contributed to the changes in the ECL allowances for the Group under the expected credit loss model.

Total ECL allowances decreased by RM124.3 million for the Group compared to the balance at the beginning of the year. This net decrease was mainly contributed by assets written off (RM203.5 million), partially offset by remeasurement due to changes in credit risk (RM59.7 million) and new financial assets originated or purchased (RM11.0 million).

- 12-months ECL not credit impaired (Stage 1) – decreased by RM19.4 million for the Group, mainly from remeasurement due to changes in credit risk based on HSBC Group's model partially offset by net migration of loans, advances and financing from stages 2 and 3 and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (Stage 2) – decreased by RM54.5 million for the Group, mainly from net migration of loans, advances and financing to stage 1 and 3 and remeasurement due to changes in credit risk.
- Lifetime ECL credit-impaired (Stage 3) – decreased by RM50.4 million for the Group, primarily from asset written-off and net migration of loans, advances and financing to stages 1 and 2 partially offset by remeasurement due to changes in credit risk.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**19 ECL allowances (Cont'd)**

**(i) Movements in ECL allowances for loans, advances and financing (Cont'd)**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	12-month	Lifetime	Lifetime	
	ECL not	ECL not	ECL	
	credit	credit	credit	
	impaired	impaired	impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Balance at 1 January 2022	<b>53,262</b>	<b>115,584</b>	<b>617,103</b>	<b>785,949</b>
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	<b>37,204</b>	<b>(24,622)</b>	<b>(12,582)</b>	-
- Transferred to Stage 2	<b>(5,305)</b>	<b>24,029</b>	<b>(18,724)</b>	-
- Transferred to Stage 3	<b>(415)</b>	<b>(3,856)</b>	<b>4,271</b>	-
New financial assets originated or purchased	<b>5,093</b>	-	-	<b>5,093</b>
Net remeasurement due to changes in credit risk	<b>(57,044)</b>	<b>(21,053)</b>	<b>93,181</b>	<b>15,084</b>
Asset written-off	-	-	<b>(173,713)</b>	<b>(173,713)</b>
Others	<b>2,404</b>	-	-	<b>2,404</b>
<b>Balance at 30 June 2022</b>	<b>35,199</b>	<b>90,082</b>	<b>509,536</b>	<b>634,817</b>
Balance at 1 January 2021	48,030	166,693	291,357	506,080
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	31,093	(16,111)	(14,982)	-
- Transferred to Stage 2	(8,940)	15,158	(6,218)	-
- Transferred to Stage 3	(1,876)	(103,655)	105,531	-
New financial assets originated or purchased	9,456	-	-	9,456
Net remeasurement due to changes in credit risk	(25,609)	53,499	337,239	365,129
Asset written-off	-	-	(95,824)	(95,824)
Others	1,108	-	-	1,108
Balance at 31 December 2021	53,262	115,584	617,103	785,949

The Bank measures the expected credit losses (ECL) using the three-stage approach. The following section explains how significant changes in the gross carrying amount of loans and advances during the year have contributed to the changes in the ECL allowances for the Bank under the expected credit loss model.

The total ECL allowances decreased by RM151.1 million for the Bank compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM173.7 million) partially offset by remeasurement due to changes in credit risk (RM15.1 million) and new financial assets originated or purchased (RM5.1 million).

- 12-months ECL not credit impaired (Stage 1) – decreased by RM18.1 million for the Bank mainly contributed by remeasurement due to changes in credit risk partially offset by net migration of loans and advances from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (Stage 2) – decreased by RM25.5 million for the Bank, mainly from remeasurement due to changes in credit risk coupled with net migration of loans and advances to stages 1 and 3.
- Lifetime ECL credit-impaired (Stage 3) – decreased by RM107.6 million, primarily from asset written-off and net migration of loans and advances to stages 1 and 2 partially offset by remeasurement due to changes in credit risk.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19 ECL allowances movement (Cont'd)

#### (ii) Movements in ECL allowances for loan commitments

The following table shows reconciliation from the opening to the closing balance of the ECL allowance for loan commitments:

	Stage 1 12-month ECL not credit impaired RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
<b>Group</b>				
Balance at 1 January 2022	10,034	19,076	4,048	33,158
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	1,467	(1,467)	-	-
- Transferred to Stage 2	(1,988)	1,988	-	-
- Transferred to Stage 3	-	-	-	-
New financial assets originated or purchased	341	-	-	341
Net remeasurement due to changes in credit risk	(7,942)	(11,415)	(1,071)	(20,428)
Others	127	-	-	127
<b>Balance at 30 June 2022</b>	<b>2,039</b>	<b>8,182</b>	<b>2,977</b>	<b>13,198</b>
Balance at 1 January 2021	4,612	3,198	464	8,274
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	575	(575)	-	-
- Transferred to Stage 2	(961)	961	-	-
- Transferred to Stage 3	-	-	-	-
New financial assets originated or purchased	2,994	-	-	2,994
Net remeasurement due to changes in credit risk	2,841	15,492	3,584	21,917
Others	(27)	-	-	(27)
<b>Balance at 31 December 2021</b>	<b>10,034</b>	<b>19,076</b>	<b>4,048</b>	<b>33,158</b>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**19 ECL allowances movement (Cont'd)**

**(ii) Movements in ECL allowances for loan commitments (Cont'd)**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	12-month ECL not credit impaired RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
<b>Bank</b>				
Balance at 1 January 2022	<b>7,492</b>	<b>12,681</b>	<b>4,048</b>	<b>24,221</b>
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	<b>1,192</b>	<b>(1,192)</b>	-	-
- Transferred to Stage 2	<b>(1,979)</b>	<b>1,979</b>	-	-
- Transferred to Stage 3	-	-	-	-
New financial assets originated or purchased	<b>124</b>	-	-	<b>124</b>
Net remeasurement due to changes in credit risk	<b>(5,740)</b>	<b>(6,524)</b>	<b>(1,071)</b>	<b>(13,335)</b>
Others	<b>85</b>	-	-	<b>85</b>
<b>Balance at 30 June 2022</b>	<b>1,174</b>	<b>6,944</b>	<b>2,977</b>	<b>11,095</b>
 Balance at 1 January 2021	 3,103	 2,439	 464	 6,006
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to Stage 1	549	(549)	-	-
- Transferred to Stage 2	(542)	542	-	-
- Transferred to Stage 3	-	-	-	-
New financial assets originated or purchased	2,814	-	-	2,814
Net remeasurement due to changes in credit risk	1,610	10,249	3,584	15,443
Others	(42)	-	-	(42)
<b>Balance at 31 December 2021</b>	<b>7,492</b>	<b>12,681</b>	<b>4,048</b>	<b>24,221</b>

For retail portfolio, the split of ECL allowance for drawn amount and provision for undrawn commitments is not available. In accordance to MFRS 7 Financial Instruments disclosure, the provisions for the loans, financing and other credit related commitments for retail portfolio are presented together with the allowance for the drawn loans, advances and financing.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 20 Other Assets

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Settlements	<b>541,188</b>	248,959	<b>511,683</b>	246,182
Interest/ profit receivable	<b>140,264</b>	148,657	<b>125,270</b>	129,029
Income receivable	<b>52,174</b>	40,628	<b>167,723</b>	101,652
Deposits and prepayments	<b>22,525</b>	2,644	<b>18,898</b>	2,494
Amount due from subsidiary company	-	-	<b>234,869</b>	129,861
Rights of Use (ROU) assets	<b>53,893</b>	54,692	<b>33,170</b>	33,189
Cash collateral	<b>513,685</b>	327,761	<b>513,685</b>	327,761
Other receivables	<b>243,045</b>	177,598	<b>224,331</b>	161,155
	<b>1,566,774</b>	1,000,939	<b>1,829,629</b>	1,131,323

### 21 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.

BNM has reduced the Statutory Reserve Requirement (SRR) Ratio requirement from 3% to 2% effective 20 March 2020. BNM also allowed banks to recognise Malaysia Government Securities (MGS) and Malaysian Government Investment Issues (MGII) securities as part of SRR compliance until 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22 Deposits from Customers

(i) By type of deposit	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Demand deposits	27,398,957	25,628,566	24,220,380	22,309,723
Savings deposits	18,138,684	17,968,576	15,138,057	15,108,971
Fixed deposits	25,884,132	24,378,551	19,290,373	17,765,318
	<b>71,421,773</b>	<b>67,975,693</b>	<b>58,648,810</b>	<b>55,184,012</b>

The maturity structure of fixed deposits is as follows:

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Due within six months	20,400,117	18,619,795	15,121,411	13,407,218
More than six months to one year	4,350,562	4,559,287	3,437,458	3,585,367
More than one year to three years	978,542	938,264	630,522	591,545
More than three years to five years	154,911	261,205	100,982	181,188
	<b>25,884,132</b>	<b>24,378,551</b>	<b>19,290,373</b>	<b>17,765,318</b>

(ii) By type of customer	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Government and statutory bodies	14,561	20,682	1,148	7,158
Business enterprises	29,433,147	27,413,477	26,062,900	23,802,931
Individuals	26,424,969	26,427,705	20,677,657	20,689,676
Foreign entities/individuals	13,701,373	12,753,879	10,782,745	9,943,178
Others	1,847,723	1,359,950	1,124,360	741,069
	<b>71,421,773</b>	<b>67,975,693</b>	<b>58,648,810</b>	<b>55,184,012</b>

### 23 Deposits and Placements from Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Licensed banks	280	365	100,269	365
Bank Negara Malaysia	259,889	246,249	256,087	244,383
Other financial institutions	2,613,465	2,568,652	2,613,454	1,822,156
	<b>2,873,634</b>	<b>2,815,266</b>	<b>2,969,810</b>	<b>2,066,904</b>

### 24 Structured Liabilities Designated at Fair Value through Profit or Loss

	Group		Bank	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Structured liabilities	3,312,758	2,909,026	1,580,995	1,720,927

Structured liabilities are measured at fair value over the life of the instruments. Structured liabilities are customer placements with embedded derivatives, of which both interest/ profit paid and fair valuation on the structured liabilities are recorded in net income/(expense) from financial investments designated at fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Settlements	818,510	323,468	818,497	323,412
Interest/ profit payable	168,592	160,815	119,293	110,586
Deferred income	170,046	80,065	153,880	64,133
Marginal deposit	220,749	141,164	203,243	121,712
Amount due to subsidiary company	-	-	2,488	371
Accrued expenses	743,037	794,560	721,469	766,891
Lease liabilities	57,900	58,862	35,155	35,206
Cash collateral	165,376	297,250	165,376	297,250
Other creditors	739,819	924,949	645,006	805,594
Provisions on loan and credit related commitments; and financial guarantees <sup>[1]</sup>	13,198	33,158	11,095	24,221
	<b>3,097,227</b>	<b>2,814,291</b>	<b>2,875,502</b>	<b>2,549,376</b>

<sup>[1]</sup> Refer to Note 19(ii) for movement in provision.

### 26 Multi-Currency Sukuk Programme

	<i>Group</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Multi-Currency Sukuk Programme (MCSP)	<b>507,775</b>	<b>515,333</b>

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

<u>Issuance under MCSP</u>	<b>Nominal Value (RM'000)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Carrying Value (RM'000)</b>	
				30 Jun 2022	31 Dec 2021
<b>At fair value</b>					
4th series <sup>[1]</sup>	<u>500,000</u>	2 Oct 2018	2 Oct 2023	<b>507,775</b>	<b>515,333</b>

#### Movement in MCSP

	<i>Group</i>	
	4th series 30 Jun 2022 RM'000	4th series 31 Dec 2021 RM'000
Balance at 1 January	515,333	523,841
Change in fair value other than from own credit risk	(8,797)	(12,401)
Change in fair value from own credit risk	1,239	3,893
Balance at 30 June 2022/ 31 December 2021	<b>507,775</b>	<b>515,333</b>

	<i>Group</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
The cumulative loss from change in fair value due to changes in own credit risk	<b>1,239</b>	<b>3,893</b>

<sup>[1]</sup> Proceeds from this series are utilised, where appropriate, to finance eligible businesses and projects in accordance with HSBC's internal Sustainable Development Goals (SDG) Bond Framework.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 27 Subordinated Liabilities

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Second tranche issued on 2 November 2007, at par <sup>[1]</sup>	<b>500,000</b>	500,000	<b>500,000</b>	500,000

<sup>[1]</sup> 5.05% coupon rate for RM500 million due 2027 callable with a 100 basis point step up coupon on 2 November 2022.

The unsecured subordinated liabilities qualify as a component of Tier 2 capital of the Bank. Under the Guideline on Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (BNM), the par value of the subordinated liabilities is 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.

### 28 Share Capital and Other Equity

	<i>Group and Bank</i>			
	30 Jun 2022		31 Dec 2021	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
<b>Share capital, issued and fully paid</b>				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 30 June 2022/ 31 December 2021	<b>229,000</b>	<b>1,045,875</b>	229,000	1,045,875
<u>Preference shares of RM1.00 each <sup>[1]</sup></u>				
At 1 January	-	-	-	-
Issued during the year	<b>1,500,000</b>	<b>1,500,000</b>	-	-
At 30 June 2022/ 31 December 2021	<b>1,500,000</b>	<b>1,500,000</b>	-	-
<b>Other equity</b>				
Additional Tier 1 perpetual capital term loan <sup>[2]</sup>		-		500,000
<b>Total share capital and other equity</b>		<b>2,545,875</b>		<b>1,545,875</b>

<sup>[1]</sup> On 27 June 2022, the Group and the Bank issued non-cumulative and non-convertible redeemable perpetual preference shares amounting to RM1.5 billion. The preference shares qualify as Additional Tier 1 capital of the Group and the Bank as per the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (BNM). The dividend rate of the preference shares is 3M KLIBOR + 36bps per annum. Dividend payments are non-cumulative and may be cancelled at the sole discretion of the Group and the Bank. On the occurrence of a trigger event as defined by BNM, the capital instruments will be written down at the point of non-viability. They rank higher than ordinary shares in the event of a wind-up.

<sup>[2]</sup> On 21 June 2019, the Group and the Bank issued a perpetual capital term loan with nominal amounting to RM500 million. The capital instrument qualifies to constitute as Additional Tier 1 capital of the Group and the Bank as per the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (BNM). Coupon payments are non-cumulative and may be cancelled at the sole discretion of the Group and the Bank. On the occurrence of a trigger event as defined by BNM, the capital instruments will be written down at the point of non-viability. They rank higher than ordinary shares in the event of a wind-up. The capital instrument meets the requirements of equity classification as per MFRS 132.

The Group and the Bank redeemed this RM500 million capital instrument on 27 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29 Net Interest Income

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest income</b>				
Loans and advances				
- Interest income other than from impaired loans	<b>287,980</b>	288,382	<b>575,411</b>	584,133
- Interest income recognised from impaired loans	<b>10,811</b>	7,744	<b>19,282</b>	17,281
Money at call and deposit placements with financial institutions	<b>82,405</b>	65,929	<b>140,502</b>	130,823
Financial investments at FVOCI	<b>57,554</b>	37,699	<b>118,109</b>	77,515
Financial investments at amortised costs	<b>2,106</b>	1,377	<b>3,528</b>	2,737
	<b>440,856</b>	401,131	<b>856,832</b>	812,489
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	<b>(1,828)</b>	(2,207)	<b>(3,947)</b>	(4,747)
Deposits from customers	<b>(105,625)</b>	(94,746)	<b>(200,220)</b>	(192,188)
Subordinated liabilities	<b>(6,295)</b>	(6,295)	<b>(12,521)</b>	(12,521)
Lease liabilities	<b>(407)</b>	(474)	<b>(774)</b>	27
Others	<b>(137)</b>	(171)	<b>(257)</b>	(326)
	<b>(114,292)</b>	(103,893)	<b>(217,719)</b>	(209,755)
<b>Net interest income</b>	<b>326,564</b>	297,238	<b>639,113</b>	602,734

  

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest income</b>				
Loans and advances				
- Interest income other than from impaired loans	<b>287,980</b>	288,382	<b>575,411</b>	584,133
- Interest income recognised from impaired loans	<b>10,811</b>	7,744	<b>19,282</b>	17,281
Money at call and deposit placements with financial institutions	<b>90,413</b>	70,807	<b>153,976</b>	140,489
Financial investments at FVOCI	<b>57,554</b>	37,699	<b>118,109</b>	77,515
Financial investments at amortised cost	<b>2,106</b>	1,377	<b>3,528</b>	2,737
	<b>448,864</b>	406,009	<b>870,306</b>	822,155
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	<b>(2,143)</b>	(2,207)	<b>(4,262)</b>	(4,747)
Deposits from customers	<b>(105,625)</b>	(94,746)	<b>(200,220)</b>	(192,188)
Subordinated liabilities	<b>(6,295)</b>	(6,295)	<b>(12,521)</b>	(12,521)
Lease liabilities	<b>(407)</b>	(474)	<b>(774)</b>	27
Others	<b>(137)</b>	(171)	<b>(257)</b>	(326)
	<b>(114,607)</b>	(103,893)	<b>(218,034)</b>	(209,755)
<b>Net interest income</b>	<b>334,257</b>	302,116	<b>652,272</b>	612,400

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30 Net Fee and Commission Income

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fee and commission income</b>				
Credit cards	29,653	23,010	56,176	47,421
Service charges and fees	29,928	28,498	57,964	58,057
Fees on credit facilities	15,713	14,541	30,360	29,188
Agency fee	33,429	34,977	58,823	73,396
Others	6,560	5,900	13,474	11,587
	<b>115,283</b>	<b>106,926</b>	<b>216,797</b>	<b>219,649</b>
<b>Fee and commission expense</b>				
Debit/credit cards	(13,659)	(7,017)	(26,964)	(16,349)
Interbank and clearing fees	(187)	(190)	(496)	(616)
Brokerage	(930)	(659)	(1,708)	(1,467)
Cash management	(227)	(220)	(471)	(471)
Others	(4,558)	(4,517)	(9,877)	(8,069)
	<b>(19,561)</b>	<b>(12,603)</b>	<b>(39,516)</b>	<b>(26,972)</b>
<b>Net fee and commission income</b>	<b>95,722</b>	<b>94,323</b>	<b>177,281</b>	<b>192,677</b>

  

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fee and commission income</b>				
Credit cards	29,653	23,010	56,176	47,421
Service charges and fees	29,928	28,498	57,964	58,057
Fees on credit facilities	15,713	14,541	30,360	29,188
Agency fee	33,429	34,977	58,823	73,396
Others	5,962	5,502	12,608	11,074
	<b>114,685</b>	<b>106,528</b>	<b>215,931</b>	<b>219,136</b>
<b>Fee and commission expense</b>				
Debit/credit cards	(13,659)	(7,017)	(26,964)	(16,349)
Interbank and clearing fees	(187)	(190)	(496)	(616)
Brokerage	(930)	(659)	(1,708)	(1,467)
Cash management	(227)	(220)	(471)	(471)
Others	(4,558)	(4,517)	(9,877)	(8,069)
	<b>(19,561)</b>	<b>(12,603)</b>	<b>(39,516)</b>	<b>(26,972)</b>
<b>Net fee and commission income</b>	<b>95,124</b>	<b>93,925</b>	<b>176,415</b>	<b>192,164</b>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 31 Net Trading Income

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised (losses)/ gains on financial assets/liabilities at FVTPL and other financial instruments	<b>(6,843)</b>	3,122	<b>(4,813)</b>	(1,902)
Net interest income from financial assets at FVTPL	<b>13,359</b>	10,663	<b>23,785</b>	17,829
Net unrealised gains/ (losses) on revaluation of financial assets at FVTPL	<b>29,306</b>	2,783	<b>(5,006)</b>	(4,075)
Net realised (losses)/ gains arising from dealing in foreign currency	<b>(15,919)</b>	52,051	<b>156,213</b>	109,510
Net unrealised (losses)/ gains from dealing in foreign currency	<b>(13,076)</b>	66,481	<b>(29,488)</b>	(74,158)
Net realised (losses)/ gains arising from dealing in derivatives	<b>(54,545)</b>	20,764	<b>12,905</b>	85,461
Net unrealised gains/ (losses) on revaluation of derivatives	<b>66,992</b>	(14,927)	<b>(73,009)</b>	(77,021)
(Losses)/ Gains arising from fair value hedges	<b>(1,340)</b>	137	<b>(1,429)</b>	26
	<b>17,934</b>	141,074	<b>79,158</b>	55,670

  

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised (losses)/ gains on financial assets/liabilities at FVTPL and other financial instruments	<b>(7,473)</b>	2,079	<b>(7,134)</b>	(4,102)
Net interest income from financial assets at FVTPL	<b>13,359</b>	10,663	<b>23,785</b>	17,829
Net unrealised gains/ (losses) on revaluation of financial assets at FVTPL	<b>15,124</b>	3,797	<b>28,627</b>	(1,851)
Net realised (losses)/ gains arising from dealing in foreign currency	<b>(14,021)</b>	52,430	<b>151,834</b>	111,936
Net unrealised gains from dealing in foreign currency	<b>158,560</b>	57,346	<b>103,343</b>	121,619
Net realised (losses)/ gains arising from dealing in derivatives	<b>(38,633)</b>	24,624	<b>4,923</b>	98,329
Net unrealised gains/ (losses) on revaluation of derivatives	<b>47,700</b>	(14,414)	<b>(45,121)</b>	(82,481)
(Losses)/ Gains arising from fair value hedges	<b>(1,340)</b>	137	<b>(1,429)</b>	26
	<b>173,276</b>	136,662	<b>258,828</b>	261,305

Net trading income for the Group is presented in both Note 31 and Note 32. A reconciliation of the net trading income for the Group is as follows:

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total net trading income (net of elimination with subsidiary)	<b>157,650</b>	148,732	<b>229,226</b>	284,610
of which:				
- is disclosed in Note 31	<b>17,934</b>	141,074	<b>79,158</b>	55,670
- is included under Income from Islamic Banking operations of the Group (Note 32)	<b>139,716</b>	7,658	<b>150,068</b>	228,940

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 32 Income from Islamic Banking operations

For consolidation with the conventional banking operations, the income from Islamic Banking operations as shown in the face of the consolidated statements of profit or loss and other comprehensive income, consists of the following items:

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
- depositor funds and others <sup>[1]</sup>	<b>154,592</b>	138,855	<b>302,577</b>	285,281
- shareholders funds	<b>34,926</b>	38,090	<b>76,209</b>	75,926
Total income before allowance for impairment losses on financing and advances	<b>189,518</b>	176,945	<b>378,786</b>	361,207
Income attributable to the depositors	<b>(44,254)</b>	(43,276)	<b>(85,371)</b>	(88,655)
<b>Income from Islamic Banking operations before elimination</b>	<b>145,264</b>	133,669	<b>293,415</b>	272,552
Elimination of intercompany income and expenses	<b>162,158</b>	(223)	<b>191,398</b>	214,201
<b>Income from Islamic Banking operations reported in statement of profit or loss of the Group <sup>[2]</sup></b>	<b>307,422</b>	133,446	<b>484,813</b>	486,753
 <sup>[1]</sup> Included in income derived from investment of depositors' funds and others are net expenses from financial liabilities designated at fair value through profit or loss for the period ended 30 June:	<b>24,209</b>	(5,399)	<b>49,468</b>	(8,268)
 <sup>[2]</sup> Included in income from Islamic Banking operations reported in statement of profit or loss of the Group is net trading income for the period ended 30 June:	<b>139,716</b>	7,658	<b>150,068</b>	228,940

### 33 Other Operating Income

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain from disposal of financial investments at FVOCI	-	168	-	22,692
Dividend income from financial investments at FVOCI				
- Unquoted in Malaysia	<b>1,175</b>	1,105	<b>1,175</b>	1,105
Rental income	<b>1,339</b>	532	<b>2,735</b>	1,724
Net gain on disposal of property and equipment	<b>14</b>	21	<b>147</b>	21
Other operating income	<b>14,004</b>	6,573	<b>22,811</b>	13,348
	<b>16,532</b>	8,399	<b>26,868</b>	38,890
	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain from disposal of financial investments at FVOCI	-	168	-	22,692
Dividend income from financial investments at FVOCI				
- Unquoted in Malaysia	<b>1,175</b>	1,105	<b>1,175</b>	1,105
Dividend income from subsidiary	-	50,000	-	50,000
Rental income	<b>1,339</b>	532	<b>2,735</b>	1,724
Net gain on disposal of property and equipment	<b>14</b>	21	<b>147</b>	21
Income recharges from subsidiary	<b>36,901</b>	30,737	<b>73,773</b>	68,750
Other operating income	<b>14,004</b>	6,573	<b>22,811</b>	13,348
	<b>53,433</b>	89,136	<b>100,641</b>	157,640

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34 Impairment (Write-back)/ Allowance

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
New and increased allowance (net of releases)	2,626	518,431	49,023	537,560
Recoveries	(36,213)	(28,900)	(61,835)	(61,293)
Written off	484	1,036	488	1,458
<b>Total (write-back from)/ charge to the statements of profit or loss</b>	<b>(33,103)</b>	<b>490,567</b>	<b>(12,324)</b>	<b>477,725</b>
	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
New and increased allowance (net of releases)	15,998	307,448	5,509	341,151
Recoveries	(19,453)	(14,663)	(32,315)	(30,003)
Written off	627	1,035	631	1,457
<b>Total (write-back from)/ charge to the statements of profit or loss</b>	<b>(2,828)</b>	<b>293,820</b>	<b>(26,175)</b>	<b>312,605</b>

Breakdown of the expected credit losses allowance by financial instruments type:

#### (i) Loan, advances and financing

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
New and increased allowance (net of releases)	3,879	500,003	70,722	519,557
Recoveries	(36,213)	(28,900)	(61,835)	(61,293)
Written off	484	1,036	488	1,458
<b>Total (write-back from)/ charge to the statements of profit or loss</b>	<b>(31,850)</b>	<b>472,139</b>	<b>9,375</b>	<b>459,722</b>
	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
New and increased allowance (net of releases)	15,506	290,285	20,177	324,459
Recoveries	(19,453)	(14,663)	(32,315)	(30,003)
Written off	627	1,035	631	1,457
<b>Total (write-back from)/ charge to the statements of profit or loss</b>	<b>(3,320)</b>	<b>276,657</b>	<b>(11,507)</b>	<b>295,913</b>

#### (ii) Deposits and placements with banks and other financial institutions

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase/ (net release) in allowance / provisions</b>	<b>22</b>	<b>5,817</b>	<b>(35)</b>	<b>5,801</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34 Impairment (Write-back)/ Allowance (Cont'd)

#### (ii) Deposits and placements with banks and other financial institutions (cont'd)

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net increase/ (net release) in allowance / provisions	<b>21</b>	<b>5,822</b>	<b>(35)</b>	<b>5,807</b>

#### (iii) Debt securities - FVOCI

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Net release) / net increase in allowance / provisions	<b>(424)</b>	<b>(195)</b>	<b>(834)</b>	<b>(236)</b>

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net release in allowance / provisions	<b>(369)</b>	<b>(153)</b>	<b>(679)</b>	<b>(208)</b>

#### (iv) Financial investments at amortised costs

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Net release) / net increase in allowance / provisions	<b>(134)</b>	<b>407</b>	<b>(743)</b>	<b>385</b>

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Net release) / net increase in allowance / provisions	<b>(134)</b>	<b>407</b>	<b>(743)</b>	<b>385</b>

#### (v) Loan commitments and contingencies

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Net release) / net increase in allowance / provisions	<b>(717)</b>	<b>12,399</b>	<b>(20,087)</b>	<b>12,053</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34 Impairment Allowance/Provisions (Cont'd)

#### (v) Loan commitments and contingencies (cont'd)

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase / (net release) in allowance / provisions</b>	<b>974</b>	<b>11,087</b>	<b>(13,211)</b>	<b>10,708</b>

### 35 Other Operating Expenses

	<i>Group</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses	<b>165,110</b>	226,403	<b>326,674</b>	407,351
Promotion and marketing related expenses	<b>12,243</b>	12,086	<b>22,402</b>	18,503
Establishment related expenses	<b>24,827</b>	22,316	<b>58,756</b>	46,328
General administrative expenses	<b>45,344</b>	37,571	<b>81,811</b>	73,948
Related company charges	<b>167,301</b>	173,570	<b>343,859</b>	324,723
	<b>414,825</b>	471,946	<b>833,502</b>	870,853
Personnel expenses				
Salaries, allowances and bonuses	<b>126,294</b>	131,555	<b>249,171</b>	271,573
Employees Provident Fund contributions	<b>21,342</b>	22,172	<b>41,520</b>	45,363
Share based payment	<b>(1,237)</b>	5,520	<b>3,701</b>	8,131
Others	<b>18,711</b>	67,156	<b>32,282</b>	82,284
	<b>165,110</b>	226,403	<b>326,674</b>	407,351
Establishment related expenses				
Depreciation of property and equipment	<b>7,950</b>	5,709	<b>15,857</b>	11,257
Depreciation of RoU assets	<b>3,500</b>	4,403	<b>7,274</b>	9,998
Impairment of RoU assets	-	-	<b>95</b>	-
Amortisation of intangible assets	<b>2,076</b>	2,028	<b>4,228</b>	3,903
Impairment for intangible asset	<b>236</b>	-	<b>236</b>	-
Information technology costs	<b>(1,290)</b>	4,680	<b>6,493</b>	6,909
Property and equipment written off	-	-	<b>770</b>	1,835
General repairs and maintenance	<b>5,229</b>	1,322	<b>9,306</b>	5,472
Utilities	<b>1,336</b>	2,009	<b>3,090</b>	4,216
Others	<b>5,790</b>	2,165	<b>11,407</b>	2,738
	<b>24,827</b>	22,316	<b>58,756</b>	46,328
Related company charges	<b>167,301</b>	173,570	<b>343,859</b>	324,723
Of which by:				
(i) Type of service				
- Information technology related cost	<b>84,653</b>	68,737	<b>167,082</b>	129,260
- Non information technology related cost	<b>82,648</b>	104,833	<b>176,777</b>	195,463
(ii) Countries/territories				
- Hong Kong	<b>110,511</b>	93,750	<b>221,023</b>	186,725
- United Kingdom	<b>31,979</b>	59,082	<b>70,857</b>	99,146
- Malaysia	<b>15,941</b>	18,161	<b>32,132</b>	34,627
- India	<b>7,496</b>	-	<b>14,506</b>	-
- Others	<b>1,374</b>	2,577	<b>5,341</b>	4,225

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 35 Other Operating Expenses (Cont'd)

	<i>Bank</i>			
	<b>Second Quarter</b>		<b>Six Months Ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses	<b>155,213</b>	215,121	<b>309,029</b>	385,874
Promotion and marketing related expenses	<b>10,466</b>	9,218	<b>19,130</b>	14,527
Establishment related expenses	<b>21,831</b>	17,773	<b>52,854</b>	38,249
General administrative expenses	<b>36,696</b>	29,954	<b>66,509</b>	59,174
Related company charges	<b>165,480</b>	170,919	<b>340,085</b>	319,659
	<b>389,686</b>	442,985	<b>787,607</b>	817,483
Personnel expenses				
Salaries, allowances and bonuses	<b>118,319</b>	122,893	<b>235,323</b>	254,701
Employees Provident Fund contributions	<b>19,923</b>	20,644	<b>38,878</b>	42,348
Share based payment	<b>(1,112)</b>	5,603	<b>3,725</b>	8,180
Others	<b>18,083</b>	65,981	<b>31,103</b>	80,645
	<b>155,213</b>	215,121	<b>309,029</b>	385,874
Establishment related expenses				
Depreciation of property and equipment	<b>7,395</b>	5,091	<b>14,741</b>	10,013
Depreciation of RoU assets	<b>1,914</b>	2,708	<b>4,229</b>	6,745
Impairment of RoU assets	-	-	<b>95</b>	-
Amortisation of intangible assets	<b>2,076</b>	2,028	<b>4,228</b>	3,903
Impairment for intangible asset	<b>236</b>	-	<b>236</b>	-
Information technology costs	<b>(1,446)</b>	3,347	<b>5,853</b>	5,393
Property and equipment written off	-	-	<b>698</b>	1,714
General repairs and maintenance	<b>5,007</b>	923	<b>9,145</b>	4,344
Utilities	<b>1,080</b>	1,670	<b>2,616</b>	3,528
Others	<b>5,569</b>	2,006	<b>11,013</b>	2,609
	<b>21,831</b>	17,773	<b>52,854</b>	38,249
Related company charges	<b>165,480</b>	170,919	<b>340,085</b>	319,659
Of which by:				
(i) Type of service				
- Information technology related cost	<b>84,686</b>	68,737	<b>167,082</b>	129,260
- Non information technology related cost	<b>80,794</b>	102,182	<b>173,003</b>	190,399
(ii) Countries/territories				
- Hong Kong	<b>110,511</b>	93,750	<b>221,020</b>	186,720
- United Kingdom	<b>31,996</b>	58,505	<b>70,869</b>	98,070
- Malaysia	<b>14,264</b>	16,087	<b>28,724</b>	30,644
- India	<b>7,315</b>	-	<b>14,146</b>	-
- Others	<b>1,394</b>	2,577	<b>5,326</b>	4,225

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 36 Credit Exposure to Connected Parties

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b> <b>RM'000</b>	31 Dec 2021 RM'000	<b>30 Jun 2022</b> <b>RM'000</b>	31 Dec 2021 RM'000
Aggregate value of outstanding credit exposures to connected parties	<b>2,175,229</b>	3,515,150	<b>2,387,413</b>	3,225,337
As a percentage of total credit exposures	<b>2.0%</b>	3.3%	<b>2.7%</b>	3.8%
Aggregate value of total outstanding credit exposures to connected parties which is impaired or in default	-	-	-	-
As a percentage of total credit exposures	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 37 Capital Adequacy

	<i>Group</i>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier 1 (CET1) capital</b>		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	7,341,359	8,666,100
Other reserves	902,030	890,478
Regulatory adjustments	(1,222,330)	(1,060,915)
Total CET1 capital	<b>8,066,934</b>	<b>9,541,538</b>
<b>Tier 1 capital</b>		
Additional Tier 1 preference shares	1,500,000	-
Additional Tier 1 perpetual capital term loan	-	500,000
Total Tier 1 capital	<b>9,566,934</b>	<b>10,041,538</b>
<b>Tier 2 capital</b>		
Subordinated liabilities	-	100,000
Impairment allowance (unimpaired portion) & regulatory reserves	613,278	616,205
Regulatory adjustments	93,409	94,032
Total Tier 2 capital	<b>706,687</b>	<b>810,237</b>
<b>Capital base</b>	<b>10,273,621</b>	<b>10,851,775</b>
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	14.355%	16.925%
Tier 1 Capital ratio	17.024%	17.812%
Total Capital ratio	18.282%	19.249%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	14.355%	16.495%
Tier 1 Capital ratio	17.024%	17.382%
Total Capital ratio	18.282%	18.819%

The total capital and capital adequacy ratios of the Group and the Bank have been computed based on Standardised Approach in accordance with the Bank Negara Malaysia (BNM)'s Guidelines on Capital Adequacy Framework (Capital Components).

For HBMS, a wholly owned subsidiary of the Bank, the total capital and capital adequacy ratios have been computed in accordance with the BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (CAFIB). HBMS has adopted Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

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

	<i>Group</i>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Total RWA for credit risk <sup>[1]</sup>	49,062,214	49,732,001
Total RWA for market risk	1,844,917	1,273,714
Total RWA for operational risk	5,288,202	5,369,068
	<b>56,195,333</b>	<b>56,374,783</b>

<sup>[1]</sup> The risk weighted amount for credit risk relating to the SIAF/IAA (refer to Note17(i) for more details) are as follows:

	<i>Group</i>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Under SIAF/IAA arrangement	<b>3,004,464</b>	<b>2,941,036</b>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 37 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<b>Common Equity Tier 1 (CET1) capital</b>		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	6,078,856	7,358,326
Other reserves	832,513	850,171
Regulatory adjustments	(1,730,083)	(1,637,042)
Total CET1 capital	6,227,161	7,617,330
<b>Tier 1 capital</b>		
Additional Tier 1 preference shares	1,500,000	-
Additional Tier 1 perpetual capital term loan	-	500,000
Total Tier 1 capital	7,727,161	8,117,330
<b>Tier 2 capital</b>		
Subordinated liabilities	-	100,000
Impairment allowance (unimpaired portion) & regulatory reserves	462,396	452,577
Regulatory adjustments	(219,012)	(321,794)
Total Tier 2 capital	243,384	230,783
<b>Capital base</b>	7,970,545	8,348,113
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	14.356%	17.122%
Tier 1 Capital ratio	17.814%	18.246%
Total Capital ratio	18.375%	18.764%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	14.356%	16.576%
Tier 1 Capital ratio	17.814%	17.700%
Total Capital ratio	18.375%	18.219%

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

Breakdown of RWA in the various risk categories:

	<i>Bank</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Total RWA for credit risk <sup>[1]</sup>	36,991,655	38,524,879
Total RWA for market risk	1,759,934	1,212,910
Total RWA for operational risk	4,625,059	4,751,416
	43,376,648	44,489,205

<sup>[1]</sup> The risk weighted amount for credit risk relating to the SIAF/IAA (refer to Note17(i) for more details) are as follows:

	<i>Bank</i>	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Under SIAF/IAA arrangement	3,004,464	2,941,036

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 37 Capital Adequacy (Cont'd)

Pursuant to BNM's Guidelines on Capital Adequacy Framework (Capital Component) issued on 9 December 2020 (the Guidelines), the Group and the Bank elected to apply the transitional arrangements as specified in paragraph 39.

Under transitional arrangements, the expected credit loss (ECL) allowance measured at an amount equal to 12-month and lifetime ECL to the extent they are related to non-credit-impaired exposures (hereinafter referred to as Stage 1 and Stage 2 provisions), are allowed to be added back to CET-1, subject to a capping. The transitional arrangement commenced from financial year beginning 1 January 2020, with an add-back factor that will gradually reduce over the four-year transitional duration.

As required by the Guideline, below is the disclosure on the capital ratios with comparison of:

(i) the Capital Ratios, computed in accordance with the transitional arrangement

(ii) the Capital Ratios, had the transitional arrangement not been applied.

Group	With Transitional Arrangement (%)		Without Transitional Arrangement (%)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
<u>Before deducting proposed dividend</u>				
CET1 Capital Ratio	14.355%	16.925%	14.355%	16.767%
Tier 1 Capital Ratio	17.024%	17.812%	17.024%	17.654%
Total Capital Ratio	18.282%	19.249%	18.282%	19.101%
<u>After deducting proposed dividend</u>				
CET1 Capital Ratio	14.355%	16.495%	14.355%	16.337%
Tier 1 Capital Ratio	17.024%	17.382%	17.024%	17.223%
Total Capital Ratio	18.282%	18.819%	18.282%	18.670%

  

Bank	With Transitional Arrangement (%)		Without Transitional Arrangement (%)	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
<u>Before deducting proposed dividend</u>				
CET1 Capital Ratio	14.356%	17.122%	14.320%	16.946%
Tier 1 Capital Ratio	17.814%	18.246%	17.778%	18.070%
Total Capital Ratio	18.375%	18.764%	18.339%	18.654%
<u>After deducting proposed dividend</u>				
CET1 Capital Ratio	14.356%	16.576%	14.320%	16.401%
Tier 1 Capital Ratio	17.814%	17.700%	17.778%	17.524%
Total Capital Ratio	18.375%	18.219%	18.339%	18.108%

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 38 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.

These commitments and contingencies are not secured over the assets of the Group and of the Bank.

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2022</b>	31 Dec 2021	<b>30 Jun 2022</b>	31 Dec 2021
<b>Principal amount</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Direct credit substitutes	<b>504,185</b>	642,637	<b>482,105</b>	625,220
Transaction-related contingent items	<b>10,561,949</b>	10,480,561	<b>8,826,396</b>	8,807,141
Short-term self-liquidating trade-related contingencies	<b>816,918</b>	612,771	<b>548,452</b>	560,360
Formal standby facilities and credit lines				
- Maturity not exceeding one year	<b>6,933,484</b>	8,239,721	<b>5,197,783</b>	6,877,826
- Maturity exceeding one year	<b>14,800,424</b>	15,153,783	<b>11,406,426</b>	11,963,035
Other unconditionally cancellable	<b>19,117,286</b>	15,851,700	<b>16,285,342</b>	13,507,758
Unutilised credit card lines	<b>12,860,253</b>	12,763,796	<b>9,455,192</b>	9,305,109
Foreign exchange related contracts:				
- Less than one year	<b>94,100,291</b>	69,987,915	<b>94,987,772</b>	70,463,324
- Over one year to less than five years	<b>4,646,433</b>	4,875,308	<b>4,646,433</b>	4,896,130
- Over five years	<b>776,506</b>	567,821	<b>776,506</b>	567,821
Interest/profit rate related contracts:				
- Less than one year	<b>12,008,067</b>	8,672,915	<b>12,783,067</b>	8,907,915
- Over one year to less than five years	<b>27,467,953</b>	23,650,660	<b>29,038,861</b>	24,837,128
- Over five years	<b>2,114,162</b>	1,599,836	<b>2,114,162</b>	1,599,836
Gold and other precious metals contracts:				
- Less than one year	<b>9,747</b>	11,254	<b>9,747</b>	11,254
Equity related contracts:				
- Less than one year	<b>1,023,769</b>	759,125	<b>1,518,067</b>	1,002,501
- Over one year to less than five years	<b>2,187,660</b>	1,229,215	<b>3,084,565</b>	1,821,834
	<b>209,929,087</b>	175,099,018	<b>201,160,876</b>	165,754,192

of which the amount related to SIAF/IAA arrangement (refer to Note17(i) for more details) are as below:

*Formal standby facilities and credit lines:*

- Maturity exceeding one year	<b>111,646</b>	180,534	<b>111,646</b>	180,534
	<b>111,646</b>	180,534	<b>111,646</b>	180,534

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 39 Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group At 30 Jun 2022	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	91,252,687	1,503,868	-	92,756,555	768,334	19,286	-	787,620	625,626	10,565	-	636,191
- Swaps	2,406,178	3,142,565	776,506	6,325,249	59,287	152,309	113,616	325,212	70,549	139,734	40,682	250,965
- Options	441,426	-	-	441,426	4,233	-	-	4,233	971	-	-	971
Interest/profit rate related contracts												
- Options	375,041	131,414	-	506,455	14,374	-	-	14,374	827	1,683	-	2,510
- Swaps	9,523,026	25,766,539	2,114,162	37,403,727	42,227	225,050	33,556	300,833	32,193	249,191	26,381	307,765
Equity related contracts												
- Options	1,023,769	2,187,660	-	3,211,429	5,646	41,111	-	46,757	187,722	123,685	-	311,407
Precious metal contracts												
- Options	9,747	-	-	9,747	-	-	-	-	24	-	-	24
Sub- total	105,031,874	32,732,046	2,890,668	140,654,588	894,101	437,756	147,172	1,479,029	917,912	524,858	67,063	1,509,833
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest/profit rate related contracts												
- Swaps	2,110,000	1,570,000	-	3,680,000	1,910	-	-	1,910	6,149	6,235	-	12,384
Sub- total	2,110,000	1,570,000	-	3,680,000	1,910	-	-	1,910	6,149	6,235	-	12,384
<b>Total</b>	<b>107,141,874</b>	<b>34,302,046</b>	<b>2,890,668</b>	<b>144,334,588</b>	<b>896,011</b>	<b>437,756</b>	<b>147,172</b>	<b>1,480,939</b>	<b>924,061</b>	<b>531,093</b>	<b>67,063</b>	<b>1,522,217</b>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**39 Derivative Financial Instruments (Cont'd)**

Details of derivative financial instruments outstanding are as follows (Cont'd):

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (Cont'd):

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 31 Dec 2021	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	66,792,699	761,994	-	67,554,693	310,172	6,612	-	316,784	264,509	3,782	-	268,291
- Swaps	2,558,802	4,113,314	567,821	7,239,937	103,218	125,748	73,771	302,737	103,762	33,279	19,249	156,290
- Options	636,414	-	-	636,414	2,202	-	-	2,202	672	-	-	672
Interest/profit rate related contracts												
- Options	448,745	110,762	-	559,507	847	68	-	915	4,655	15	-	4,670
- Swaps	7,654,170	22,989,898	1,599,836	32,243,904	21,655	221,800	28,480	271,935	26,207	199,917	31,310	257,434
Equity related contracts												
- Options	759,125	1,229,215	-	1,988,340	7,909	22,025	-	29,934	129,873	109,907	-	239,780
Precious metal contracts												
- Options	11,254	-	-	11,254	-	-	-	-	28	-	-	28
Sub- total	78,861,209	29,205,183	2,167,657	110,234,049	446,003	376,253	102,251	924,507	529,706	346,900	50,559	927,165
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest/profit rate related contracts												
- Swaps	570,000	550,000	-	1,120,000	-	-	-	-	7,310	13,106	-	20,416
Sub- total	570,000	550,000	-	1,120,000	-	-	-	-	7,310	13,106	-	20,416
<b>Total</b>	<b>79,431,209</b>	<b>29,755,183</b>	<b>2,167,657</b>	<b>111,354,049</b>	<b>446,003</b>	<b>376,253</b>	<b>102,251</b>	<b>924,507</b>	<b>537,016</b>	<b>360,006</b>	<b>50,559</b>	<b>947,581</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 39 Derivative Financial Instruments (Cont'd)

Details of derivative financial instruments outstanding are as follows (Cont'd):

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (Cont'd):

Bank At 30 Jun 2022	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	92,070,518	1,503,868	-	93,574,386	762,310	19,286	-	781,596	626,781	10,565	-	637,346
- Swaps	2,475,828	3,142,565	776,506	6,394,899	59,653	152,309	113,936	325,898	73,428	139,734	40,966	254,128
- Options	441,426	-	-	441,426	4,233	-	-	4,233	971	-	-	971
Interest rate related contracts												
- Options	375,041	589,554	-	964,595	14,374	46,408	-	60,782	827	1,683	-	2,510
- Swaps	10,298,026	26,879,307	2,114,162	39,291,495	43,611	224,817	33,556	301,984	32,548	255,768	26,381	314,697
Equity related contracts												
- Options	1,518,067	3,084,565	-	4,602,632	9,500	68,289	-	77,789	191,289	124,987	-	316,276
Precious metal contracts												
- Options	9,747	-	-	9,747	-	-	-	-	24	-	-	24
Sub- total	107,188,653	35,199,859	2,890,668	145,279,180	893,681	511,109	147,492	1,552,282	925,868	532,737	67,347	1,525,952
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	2,110,000	1,570,000	-	3,680,000	1,910	-	-	1,910	6,149	6,235	-	12,384
Sub- total	2,110,000	1,570,000	-	3,680,000	1,910	-	-	1,910	6,149	6,235	-	12,384
<b>Total</b>	<b>109,298,653</b>	<b>36,769,859</b>	<b>2,890,668</b>	<b>148,959,180</b>	<b>895,591</b>	<b>511,109</b>	<b>147,492</b>	<b>1,554,192</b>	<b>932,017</b>	<b>538,972</b>	<b>67,347</b>	<b>1,538,336</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 39 Derivative Financial Instruments (Cont'd)

Details of derivative financial instruments outstanding are as follows (Cont'd):

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (Cont'd):

Bank At 31 Dec 2021	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	67,316,115	761,994	-	68,078,109	305,755	6,612	-	312,367	265,943	3,782	-	269,725
- Swaps	2,510,795	4,134,136	567,821	7,212,752	104,315	125,908	73,771	303,994	103,604	33,381	19,249	156,234
- Options	636,414	-	-	636,414	2,202	-	-	2,202	672	-	-	672
Interest rate related contracts												
- Options	448,745	472,730	-	921,475	847	12,843	-	13,690	4,655	15	-	4,670
- Swaps	7,889,170	23,814,398	1,599,836	33,303,404	21,655	221,900	28,480	272,035	26,988	215,651	31,310	273,949
Equity related contracts												
- Options	1,002,501	1,821,834	-	2,824,335	7,909	26,185	-	34,094	135,395	125,610	-	261,005
Precious metal contracts												
- Options	11,254	-	-	11,254	-	-	-	-	28	-	-	28
Sub- total	79,814,994	31,005,092	2,167,657	112,987,743	442,683	393,448	102,251	938,382	537,285	378,439	50,559	966,283
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	570,000	550,000	-	1,120,000	-	-	-	-	7,310	13,106	-	20,416
Sub- total	570,000	550,000	-	1,120,000	-	-	-	-	7,310	13,106	-	20,416
<b>Total</b>	<b>80,384,994</b>	<b>31,555,092</b>	<b>2,167,657</b>	<b>114,107,743</b>	<b>442,683</b>	<b>393,448</b>	<b>102,251</b>	<b>938,382</b>	<b>544,595</b>	<b>391,545</b>	<b>50,559</b>	<b>986,699</b>

	Group and Bank	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Included in the net non-interest income is the (net losses)/ net gains arising from fair value hedges during the financial year as follows:		
Gains on hedging instruments	12,977	15,456
Losses on the hedged items attributable to the hedged risk	(14,406)	(15,430)
(Net losses)/ net gains from fair value hedges	(1,429)	26

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 40 Performance Review, Economy and Prospects

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#### Performance Review

The Group recorded a profit before tax (PBT) of RM626.3 million for the financial period ended 30 June 2022, an increase of RM607.0 million compared to the corresponding period last year. The increase was mainly due to net impairment write-back this year of RM12.3 million as compared to impairment charge last year of RM477.7 million primarily driven by last year's stage 3 downgrade of loans, advances and financing exposure. This was coupled with higher operating income (up RM79.6 million) and lower operating expenses (down RM37.4 million).

Total balance sheet size as at 30 June 2022 has increased by 5.6% or RM5.0 billion to RM94.6 billion (31 December 2021: RM89.6 billion). The Group's capital and liquidity coverage ratios continue to remain strong and well above regulatory requirements.

#### Economy and Prospects

The country's economy prospects remain positive and promising. Latest indicators from Bank Negara Malaysia (BNM) show that the country's economic growth is on a firmer footing, driven by strengthening domestic demand amid sustained export growth, better labour market, and the transitioning of COVID-19 crisis to endemic phase in April 2022, which further prompted the easing of restrictions and encouraged the gradual reopening of international borders. Investment activity and prospects have improved, underpinned by the positive growth outlook.

According to HSBC Holdings plc's (HSBC Group) latest business survey, 'HSBC Navigator: SEA in Focus', foreign companies remain confident with surging ambitions for their business in Malaysia. In particular, businesses in China, India and the US are either looking to expand their Malaysian operations, prioritise growth in Malaysia over the next two years or enter the Malaysian market in the next two years. However, downside risks to both global and domestic growth stemming from weaker global growth, lingering supply chain disruptions and geopolitical tensions remain.

Inflationary pressures have continued to increase mainly due to elevated commodity prices and strong demand conditions despite some easing in global supply chain conditions. Consequently, BNM had on 11 May 2022 and 6 July 2022 increased the overnight policy rate (OPR) by 25 basis points respectively, with cumulative of 50 basis points, to 2.25% from a record low of 1.75% maintained since July 2020 following the COVID-19 outbreak that began in early 2020.

During Q2 2022, HSBC Bank Malaysia Berhad and its subsidiary, HSBC Amanah Malaysia Berhad (collectively referred to as 'HSBC Malaysia') have rolled out various products and further initiatives for our clients. These included the introduction of two new structured product ideas combining Environmental, Social and Governance (ESG) elements with risk control mechanism catering to market volatility while providing access to (i) global equities (MSCI World ESG Screened 5% Target Volatility Screened Index) and (ii) opportunities in companies benefiting from innovative technologies (Morningstar Exponential Technologies ESG Screened Target Volatility 7% Select Index).

For the second consecutive year this year, HSBC Malaysia was awarded 'Digital Bank of the Year' 2022 by The Asset Triple A Digital Awards and the 'Market Leader and the Best Service Provider for Trade Finance in Asia' 2022 by Euromoney's annual Trade Finance Survey. These are testaments and recognitions to our continuous digital transformation efforts and our capability in providing the very best products and solutions to our clients. Our head office building in Menara IQ, TRX, was also voted the Best New Green & Sustainable Commercial Building by Malaysia Green Building Council.

Separately, HSBC Amanah Malaysia Berhad (HSBC Amanah) has introduced its first Social Loan Principles (SLP) based financing in South East Asia for the real estate sector. This is the first social financing for the real estate granted by HSBC Group in South East Asia. By supporting these social projects, HSBC Malaysia supports our clients' mission of providing affordable housing for the low-middle income community.

In early July 2022, HSBC Amanah also published its report on Task Force on Climate-Related Financial Disclosures (TCFD) for the second year. This demonstrates our commitment and transparency in reporting climate-related financial risks.

Malaysia continues to be central to HSBC Group's strategy and is especially crucial to the Group's growth plans across the ASEAN region - an area that represents significant growth potential. At HSBC Malaysia, we remain committed to serving our customers, creating even better digital solutions and investing in our employees, aligning with HSBC Group's vision to build "A bank fit for the future".