

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2025

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

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

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2025

		<i>Group</i>		<i>Bank</i>	
		31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Assets	Note	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	12	12,609,932	7,400,867	9,459,466	4,808,469
Securities purchased under resale agreements		8,574,053	8,057,630	8,472,966	8,057,630
Deposits and placements with banks and other financial institutions	13	6,293	—	2,492,351	2,327,507
Financial assets at fair value through profit and loss (FVTPL)	14	3,306,972	4,944,386	3,306,972	4,923,765
Financial investments at fair value through other comprehensive income (FVOCI)	15	15,043,907	17,362,622	12,978,451	15,099,252
Financial investments at amortised cost	16	11,210,820	11,322,701	9,104,667	9,331,308
Loans, advances and financing	17	43,657,488	45,537,518	29,657,323	31,426,025
Derivative financial assets	37	1,026,066	1,235,940	1,150,996	1,294,909
Other assets	20	2,600,412	1,890,265	2,613,037	2,059,247
Statutory deposits with Bank Negara Malaysia	21	609,197	646,958	345,496	388,997
Investments in subsidiary companies	22	—	—	1,161,084	1,161,084
Property and equipment		977,486	984,545	973,342	980,286
Tax recoverable		20,850	20,850	20,850	20,850
Deferred tax assets		136,214	140,117	99,381	102,613
Total assets		99,779,690	99,544,399	81,836,382	81,981,942
Liabilities					
Deposits from customers	23	73,617,841	75,107,057	60,146,980	61,661,268
Deposits and placements from banks and other financial institutions	24	3,191,638	2,153,119	3,533,173	2,320,528
Bills payable		96,581	145,963	81,949	136,776
Derivative financial liabilities	37	905,599	1,408,918	942,311	1,435,165
Structured liabilities designated at fair value through profit and loss	25	4,385,113	4,245,924	2,586,856	2,566,257
Other liabilities	26	3,843,655	3,188,433	3,154,967	2,840,172
Provision for taxation		128,275	97,911	83,892	57,378
Total liabilities		86,168,702	86,347,325	70,530,128	71,017,544
Equity					
Share capital and other equity	27	3,238,875	3,238,875	3,238,875	3,238,875
Reserves		10,372,113	9,958,199	8,067,379	7,725,523
Total equity attributable to owner of the Group and the Bank		13,610,988	13,197,074	11,306,254	10,964,398
Total liabilities and equity		99,779,690	99,544,399	81,836,382	81,981,942
Commitments and contingencies	36	257,044,559	226,805,006	247,418,089	217,273,020

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 2024 and the accompanying explanatory notes on pages 9 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 25 April 2025.

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

UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	<i>Note</i>	<i>Group</i>		<i>Bank</i>	
		31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
		RM'000	RM'000	RM'000	RM'000
Interest income	28	735,523	758,710	753,785	774,805
Interest expense	28	(272,026)	(278,910)	(274,903)	(280,771)
Net interest income	28	463,497	479,800	478,882	494,034
Fee and commission income	29	156,911	151,403	156,054	150,986
Fee and commission expense	29	(19,662)	(26,190)	(19,662)	(26,190)
Net fee and commission income	29	137,249	125,213	136,392	124,796
Net trading income	30	5,778	112,832	200,141	189,262
Net expense from financial liabilities designated at fair value		(9,979)	3,964	(9,979)	3,964
Income from Islamic banking operations	31	406,010	280,752	—	—
Other operating income	32	16,696	19,742	79,432	84,492
Operating income before expected credit loss (ECL)		1,019,251	1,022,303	884,868	896,548
ECL (charges)/written-back	33	(13,419)	17,193	(1,802)	(1,948)
Net operating income		1,005,832	1,039,496	883,066	894,600
Other operating expenses	34	(471,495)	(454,852)	(446,928)	(433,238)
Profit before tax		534,337	584,644	436,138	461,362
Tax expense		(132,516)	(144,962)	(104,272)	(109,817)
Profit for the financial period		401,821	439,682	331,866	351,545
Profit attributable to the owner of the Group and the Bank		401,821	439,682	331,866	351,545
Basic earnings per RM0.50 ordinary share		175.5 sen	192.0 sen	144.9 sen	153.5 sen

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 2024 and the accompanying explanatory notes on pages 9 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 25 April 2025.

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

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	401,821	439,682	331,866	351,545
Other comprehensive (expense)/income				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation reserve:				
Deficit on revaluation properties	–	(875)	–	(875)
Own credit reserve:				
Change in fair value	1,875	(2,787)	24	(808)
Income tax effect	(450)	669	(6)	194
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>				
Fair value through other comprehensive income reserve (debt instruments):				
Change in fair value	20,139	(2,916)	19,193	(3,791)
Amount transferred to profit or loss	(5,294)	(1,492)	(5,294)	(1,492)
ECL written-back	(131)	(60)	(106)	(40)
Income tax effect	(3,562)	1,058	(3,335)	1,268
Other comprehensive income/(expense) for the financial period, net of income tax	12,577	(6,403)	10,476	(5,544)
Total comprehensive income for the financial period	414,398	433,279	342,342	346,001
Total comprehensive income attributable to the owner of the Group and the Bank	414,398	433,279	342,342	346,001

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 2024 and the accompanying explanatory notes on pages 9 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 25 April 2025.

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

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

Group (RM'000)	Non-distributable							Distributable	Total equity
	Share capital		Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
	Ordinary shares	Preference shares							
2025									
Balance at 1 January	1,045,875	2,193,000	127,947	179,079	(771)	92,386	449,000	9,110,558	13,197,074
Profit for the financial period	–	–	–	–	–	–	–	401,821	401,821
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	–	–	(347)	–	–	–	–	347	–
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	16,577	1,425	–	–	–	18,002
Net amount transferred to profit or loss	–	–	–	(5,294)	–	–	–	–	(5,294)
ECL written-back	–	–	–	(131)	–	–	–	–	(131)
<i>Total other comprehensive (expense)/income</i>	–	–	(347)	11,152	1,425	–	–	347	12,577
Total other comprehensive (expense)/income for the financial period	–	–	(347)	11,152	1,425	–	–	402,168	414,398
Net change in regulatory reserves	–	–	–	–	–	–	(7,500)	7,500	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	2,269	–	(2,753)	(484)
Balance at 31 March	1,045,875	2,193,000	127,600	190,231	654	94,655	441,500	9,517,473	13,610,988

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

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025 (Cont'd)

Group (RM'000)	Share capital		Non-distributable					Distributable	Total equity
	Ordinary shares	Preference shares	Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
2024									
Balance at 1 January	1,045,875	1,500,000	131,503	163,985	(8,588)	92,689	367,100	9,022,327	12,314,891
Profit for the financial period	–	–	–	–	–	–	–	439,682	439,682
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	–	–	(345)	–	–	–	–	345	–
Deficit on revaluation of properties	–	–	(875)	–	–	–	–	–	(875)
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	(2,216)	(2,118)	–	–	–	(4,334)
Net amount transferred to profit or loss	–	–	–	(1,134)	–	–	–	–	(1,134)
ECL written-back	–	–	–	(60)	–	–	–	–	(60)
<i>Total other comprehensive (expense)/income</i>	–	–	(1,220)	(3,410)	(2,118)	–	–	345	(6,403)
Total comprehensive (expense)/income for the financial period	–	–	(1,220)	(3,410)	(2,118)	–	–	440,027	433,279
Net change in regulatory reserves	–	–	–	–	–	–	39,000	(39,000)	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	4,425	–	(3,700)	725
Balance at 31 March	1,045,875	1,500,000	130,283	160,575	(10,706)	97,114	406,100	9,419,654	12,748,895

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

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025 (Cont'd)

Bank (RM'000)	Non-distributable							Distributable	Total equity
	Share capital		Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
	Ordinary shares	Preference shares							
2025									
Balance at 1 January	1,045,875	2,193,000	127,947	178,778	(486)	92,060	382,000	6,945,224	10,964,398
Profit for the financial period	–	–	–	–	–	–	–	331,866	331,866
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	–	–	(347)	–	–	–	–	347	–
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	15,858	18	–	–	–	15,876
Net amount transferred to profit or loss	–	–	–	(5,294)	–	–	–	–	(5,294)
ECL written-back	–	–	–	(106)	–	–	–	–	(106)
Total other comprehensive (expense)/income	–	–	(347)	10,458	18	–	–	347	10,476
Total comprehensive (expense)/income for the financial year	–	–	(347)	10,458	18	–	–	332,213	342,342
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	2,240	–	(2,726)	(486)
Balance at 31 March	1,045,875	2,193,000	127,600	189,236	(468)	94,300	382,000	7,274,711	11,306,254

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

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025 (Cont'd)

Bank (RM'000)	Non-distributable							Distributable	
	Share capital		Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	Total equity
	Ordinary shares	Preference shares							
2024									
Balance at 1 January	1,045,875	1,500,000	131,503	166,300	(4,081)	92,312	331,300	7,133,615	10,396,824
Profit for the financial period	–	–	–	–	–	–	–	351,545	351,545
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	–	–	(345)	–	–	–	–	345	–
Deficit on revaluation of properties	–	–	(875)	–	–	–	–	–	(875)
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	(2,881)	(614)	–	–	–	(3,495)
Net amount transferred to profit or loss	–	–	–	(1,134)	–	–	–	–	(1,134)
ECL written-back	–	–	–	(40)	–	–	–	–	(40)
Total other comprehensive (expense)/income	–	–	(1,220)	(4,055)	(614)	–	–	345	(5,544)
Total comprehensive (expense)/income for the financial period	–	–	(1,220)	(4,055)	(614)	–	–	351,890	346,001
Net change in regulatory reserves	–	–	–	–	–	–	9,100	(9,100)	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	4,354	–	(3,645)	709
Balance at 31 March	1,045,875	1,500,000	130,283	162,245	(4,695)	96,666	340,400	7,472,760	10,743,534

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 2024 and the accompanying explanatory notes on pages 9 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 25 April 2025.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Profit before tax	534,337	584,644	436,138	461,362
Adjustments for non-operating and non-cash items	(113,433)	(44,410)	(314,522)	(144,693)
Operating profit before working capital changes	420,904	540,234	121,616	316,669
Changes in working capital:				
Net changes in operating assets	2,589,597	(2,043,315)	2,719,146	(1,722,062)
Net changes in operating liabilities	(182,230)	2,856,322	(527,087)	2,965,821
Income tax paid	(102,305)	(74,729)	(77,867)	(67,383)
Net cash generated from operations	2,725,966	1,278,512	2,235,808	1,493,045
Net cash generated from/(used in) investing activities	2,483,099	(3,137,696)	2,415,189	(1,926,319)
	2,483,099	(3,137,696)	2,415,189	(1,926,319)
Net changes in cash and cash equivalents	5,209,065	(1,859,184)	4,650,997	(433,274)
Cash and cash equivalents at 1 January	7,400,867	10,643,890	4,808,469	7,973,830
Cash and cash equivalents at 31 March	12,609,932	8,784,706	9,459,466	7,540,556
Analysis of cash and cash equivalents				
Cash and short-term funds	12,609,932	8,784,706	9,459,466	7,540,556

Changes in liabilities arising from financing activities

There are no movements in change in liabilities arising from financing activities for the Group and the Bank for the financial period ended 31 March 2025 and 31 March 2024.

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 2024 and the accompanying explanatory notes on pages 9 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 25 April 2025.

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

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

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

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

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, Tun Razak Exchange, 55188 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 25 April 2025, any amendments made to the notes of the financial statement are in accordance with the delegated authority of the resolution of the Directors.

2 Basis of Preparation

The unaudited condensed interim financial statements for the financial period ended 31 March 2025 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS) 134 'Interim Financial Reporting' and International Accounting Standard 34 'Interim Financial Reporting'. 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 2024. 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 2024.

(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 2024, except for the adoption of the following amendments to MFRSs which are effective during the current financial period:

- Amendments to MFRS 121 on 'Lack of Exchangeability'

Currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 Basis of Preparation (Cont'd)

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

- Amendments to MFRS 121 on 'Lack of Exchangeability' (Cont'd)

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

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

(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 that are applicable to the Group and the Bank but are not yet effective have been issued.

Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7 on 'Classification and Measurement of Financial Instruments'

The amendments to MFRS 9 and MFRS 7 are to:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group has not early adopted this new standard and is in the process of assessing the impact on the financial statements.

- Annual Improvements to MFRS Accounting Standards

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. Amendments that are part of Annual Improvements are:

- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 7 Financial Instruments: Disclosures;
- Amendments to MFRS 9 Financial Instruments
- Amendments to MFRS 10 Consolidated Financial Statements
- Amendments to MFRS 107 Statement of Cash Flows

The above is not expected to have a significant effect on the financial statements of the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 Basis of Preparation (Cont'd)

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

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

Effective for annual periods commencing on or after 1 January 2027

- MFRS 18 'Presentation and Disclosure in Financial Statements' replaces MFRS 101 'Presentation of Financial Statements'

The new MFRS introduces a new structure of profit or loss statement:

- Income and expenses are classified into 3 new main categories:
 - Operating category which typically includes results from the main business activities;
 - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - Financing category that presents income and expenses from financing liabilities.
- Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

Management-defined performance measures (MPMs) are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards. Changes are also made to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Group has not early adopted this new standard and is in the process of assessing the impact on the financial statements.

3 Functional and Presentation Currency

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

The audit report on the audited annual financial statements for the financial year ended 31 December 2024 was not subject to any qualification.

5 Seasonal or Cyclical Factors

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Bank for the financial period ended 31 March 2025.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7 Changes in Estimates

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 31 March 2025.

8 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 31 March 2025.

9 Dividend

No interim dividend was declared nor paid during the financial period ended 31 March 2025.

10 Carrying Amount of Revalued Assets

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 2024 .

11 Significant and Subsequent Events

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

12 Cash and Short-Term Funds

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,312,547	806,970	1,098,893	616,028
Money at call and interbank placements with original maturities of three months or less	11,297,385	6,593,897	8,360,573	4,192,441
	12,609,932	7,400,867	9,459,466	4,808,469

Included in Cash and Short-Term Funds of the Bank are placements with the Bank's wholly owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS) of RM181,311,000 as at 31 March 2025 (31 December 2024: RM1,000).

Money at call and interbank placements with original maturities of three months or less is within stage 1 allocation (12-month ECL) with ECL of RM31,000 for the Group and RM28,000 for the Bank as at 31 March 2025 (31 December 2024: RM21,000 for the Group and RM17,000 for the Bank).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13 Deposits and Placements with Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Licensed banks	6,223	–	2,492,281	2,327,507
Bank Negara Malaysia	70	–	70	–
	6,293	–	2,492,351	2,327,507

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 RM2,486.1 million (31 December 2024: RM2,327.5 million).

The balance is within Stage 1 allocation (12-month ECL) with RM Nil ECL for the Group and the Bank as at 31 March 2025 (31 December 2024: RM Nil for the Group and the Bank).

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	102,428	205,226	102,428	205,226
Malaysian Government Islamic treasury bills	657,460	857,646	657,460	837,025
Malaysian Government securities	1,537,528	2,566,984	1,537,528	2,566,984
Malaysian Government Islamic Sukuk	374,936	182,479	374,936	182,479
Cagamas bonds and notes	622,432	622,657	622,432	622,657
Negotiable Instruments of Deposits	–	500,075	–	500,075
	3,294,784	4,935,067	3,294,784	4,914,446
Unquoted:				
Corporate bonds and Sukuk	12,188	9,319	12,188	9,319
	3,306,972	4,944,386	3,306,972	4,923,765

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Bank Negara Malaysia bills	2,678,624	4,438,692	2,678,624	4,438,692
Bank Negara Malaysia Islamic bills	994,567	663,572	994,567	663,572
Malaysian Government Islamic treasury bills	394,827	591,171	–	–
Malaysian Government securities	5,741,258	6,262,155	5,741,258	6,262,155
Malaysian Government Islamic Sukuk	4,547,138	4,275,630	2,876,509	2,603,431
US treasury bond	439,588	883,497	439,588	883,497
	14,796,002	17,114,717	12,730,546	14,851,347
Equity instruments designated as FVOCI				
Unquoted Shares, of which:	247,905	247,905	247,905	247,905
<i>Cagamas Holdings Berhad</i>	205,155	205,156	205,155	205,156
<i>Credit Guarantee Corporation Malaysia Berhad</i>	36,569	36,569	36,569	36,569
<i>Others</i>	6,181	6,180	6,181	6,180
	15,043,907	17,362,622	12,978,451	15,099,252

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>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	6,537,119	8,831,782	5,228,900	7,325,689
More than one year to three years	3,603,333	3,926,431	3,209,266	3,531,741
More than three years to five years	4,426,647	4,356,504	4,063,477	3,993,917
Over five years	228,903	–	228,903	–
	14,796,002	17,114,717	12,730,546	14,851,347

There are no FVOCI balances that are pledged against Repurchase Agreement as at 31 March 2025 and 31 December 2024.

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM1,093,000 ECL for the Group and RM920,000 for the Bank as at 31 March 2025 (31 December 2024: RM1,224,000 for the Group and RM1,026,000 for the Bank). The carrying amount of financial investments at FVOCI is equivalent to their fair value. The ECL is recognised in other comprehensive income and does not reduce the carrying amount in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financial Investments at Amortised Cost

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Malaysian Government Islamic Sukuk	5,143,225	4,963,406	3,457,167	3,347,546
Malaysian Government securities	5,347,816	5,684,002	5,347,816	5,684,002
Unquoted:				
Corporate Sukuk	719,779	675,293	299,684	299,760
	11,210,820	11,322,701	9,104,667	9,331,308

Included in the financial investments at amortised cost of the Group and the Bank as at 31 March 2025 is Malaysian Government securities set aside as Deferred Net Settlement (DNS) collateral for Retail Payment Settlement in RENTAS amounting to RM70.0 million (31 December 2024: RM65.0 million). Withdrawal and substitution of DNS Collateral is subject to approval by Bank Negara Malaysia (BNM) and Payments Network Malaysia Sdn Bhd (PayNet).

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM1,641,000 ECL for the Group and RM1,243,000 for the Bank as at 31 March 2025 (31 December 2024: RM1,486,000 for the Group and RM1,178,000 for the Bank).

17 Loans, Advances and Financing

(i) By type

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts/cash line	548,507	762,384	474,182	692,560
Term loans/financing:				
Housing loans/financing	13,801,046	13,899,367	10,141,214	10,230,494
Syndicated term loans/financing	2,231,922	2,220,284	885,464	884,908
Factoring receivables	2,119,378	2,861,187	2,119,378	2,861,187
Hire purchase receivables	121,038	137,726	–	–
Other term loans/financing	7,578,123	7,743,954	3,702,475	3,723,535
Bills receivable	4,227,194	3,834,665	3,099,394	2,550,285
Trust receipts	3,392,465	4,214,626	2,631,050	3,601,859
Claims on customers under acceptance credits	8,392	243,394	8,392	166,089
Staff loans/financing	38,153	38,542	37,229	37,617
Credit/charge cards	4,150,879	4,248,446	2,954,277	3,016,835
Revolving financing	5,978,082	5,884,951	3,880,603	3,949,091
Other loans/financing	9,021	9,351	6,262	6,649
Gross loans, advances and financing ^[1]	44,204,200	46,098,877	29,939,920	31,721,109
Less: ECL	(546,712)	(561,359)	(282,597)	(295,084)
Total net loans, advances and financing	43,657,488	45,537,518	29,657,323	31,426,025

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing (Cont'd)

(i) By type (Cont'd)

^[1] 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>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Syndicated term financing	317,505	318,786
Other term financing	482,798	474,729
Revolving financing	770,630	770,629
Trade financing	17,397	15,409
Gross loans, advances and financing	1,588,330	1,579,553
Less: ECL	(67)	(81)
Total net loans, advances and financing	1,588,263	1,579,472

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	621,933	451,542	369,585	214,085
Domestic business enterprises:				
Small medium enterprises	2,488,628	2,609,740	1,529,570	1,696,110
Others	17,889,807	18,629,679	12,418,367	13,220,520
Government and statutory bodies	82,060	1,249	13	1,249
Individuals	16,999,436	17,257,408	11,719,220	11,904,974
Other domestic entities	596	673	120	156
Foreign entities/individuals	6,121,740	7,148,586	3,903,045	4,684,015
	44,204,200	46,098,877	29,939,920	31,721,109

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	22,676,217	24,064,580	15,709,088	17,295,785
More than one year to three years	2,356,556	2,704,673	1,194,971	1,328,354
More than three years to five years	3,126,590	3,166,033	1,820,862	1,766,568
More than five years	16,044,837	16,163,591	11,214,999	11,330,402
	44,204,200	46,098,877	29,939,920	31,721,109

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing (Cont'd)

(iv) By interest/profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Hire purchase receivables	121,038	137,726	—	—
Other fixed rate loans/financing	12,691,218	13,473,656	9,038,273	9,708,348
Variable rate:				
Base Rate/Base Lending/Financing Rate	13,880,968	14,268,406	10,232,127	10,543,745
Cost-plus	17,510,976	18,219,089	10,669,520	11,469,016
	44,204,200	46,098,877	29,939,920	31,721,109

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	63,054	47,884	59,775	44,276
Mining and quarrying	392,733	329,260	185,802	192,879
Manufacturing	7,752,537	7,980,674	6,092,296	6,375,683
Electricity, gas and water	329,511	334,073	237,994	237,688
Construction	1,973,933	2,071,655	1,130,428	1,244,449
Real estate	1,823,778	1,904,718	551,801	684,409
Wholesale & retail trade and restaurants & hotels	4,132,833	4,474,372	3,086,780	3,453,542
Transport, storage and communication	931,239	1,056,076	655,631	751,755
Finance, insurance and business services	3,166,949	2,946,452	2,117,224	1,920,843
Household-retail	19,708,857	19,909,745	13,920,600	14,071,106
Others	3,928,776	5,043,968	1,901,589	2,744,479
	44,204,200	46,098,877	29,939,920	31,721,109

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	13,819,052	13,917,975	10,158,991	10,248,867
Non residential	929,924	954,500	450,202	463,302
Purchase of securities	1,929	2,000	1,929	2,000
Purchase of transport vehicles	14,874	14,856	14,276	14,219
Purchase of fixed assets excluding land & building	121,480	138,190	—	—
Consumption credit	5,689,918	5,785,745	3,684,728	3,742,845
Construction	1,688,281	1,800,000	1,075,433	1,177,793
Working capital	18,369,228	18,915,127	12,777,547	13,479,965
Others	3,569,514	4,570,484	1,776,814	2,592,118
	44,204,200	46,098,877	29,939,920	31,721,109

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing (Cont'd)

(vii) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Northern Region	6,141,011	5,919,567	4,825,449	4,653,646
Southern Region	6,309,238	6,591,344	4,497,625	4,682,639
Central Region	30,582,602	32,380,973	19,696,650	21,437,991
Eastern Region	1,171,349	1,206,993	920,196	946,833
	44,204,200	46,098,877	29,939,920	31,721,109

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, Melaka 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.

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>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January	1,430,940	1,805,575	920,961	1,192,126
Transfer within stages	25,444	(43,524)	11,686	(36,442)
Repayment	(101,343)	(40,457)	(74,197)	(42,027)
Written-off	(47,551)	(290,654)	(24,566)	(192,696)
Gross carrying amount as at 31 March/ 31 December	1,307,490	1,430,940	833,884	920,961

(ii) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	3,399	3,471	3,399	3,467
Mining and quarrying	1	—	1	—
Manufacturing	6,477	7,258	6,477	7,258
Electricity, gas and water	61,968	64,859	5,454	7,874
Construction	59,467	77,277	58,081	58,136
Real estate	50,130	56,172	50,130	56,172
Wholesale & retail trade, restaurants & hotels	12,336	12,762	10,778	10,971
Transport, storage and communication	2,844	4,081	4	4
Finance, insurance and business services	6,239	6,222	6,239	6,222
Household-retail	1,104,629	1,198,838	693,321	770,857
	1,307,490	1,430,940	833,884	920,961

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Impaired Loans, Advances and Financing (Cont'd)

(iii) By purpose

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	699,498	785,984	479,328	552,313
Non residential	14,945	15,147	11,384	11,522
Consumption credit	400,384	408,022	212,807	217,337
Construction	35,675	35,830	34,204	34,260
Working capital	156,988	185,957	96,161	105,529
	1,307,490	1,430,940	833,884	920,961

(iv) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Northern Region	142,475	153,279	114,243	125,789
Southern Region	176,848	199,454	143,290	160,713
Central Region	947,412	1,034,097	540,377	596,704
Eastern Region	40,755	44,110	35,974	37,755
	1,307,490	1,430,940	833,884	920,961

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
Group	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2025	64,954	161,406	334,999	561,359
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	25,126	(22,337)	(2,789)	–
- Transferred to stage 2	(5,211)	7,973	(2,762)	–
- Transferred to stage 3	(27)	(11,415)	11,442	–
New financial assets originated or purchased	5,696	–	–	5,696
Net remeasurement due to changes in credit risk and assets derecognised	(24,223)	27,549	26,017	29,343
Asset written-off	–	–	(47,551)	(47,551)
Others	–	–	(2,135)	(2,135)
Balance at 31 March 2025	66,315	163,176	317,221	546,712
Balance at 1 January 2024	78,954	220,552	517,527	817,033
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	70,921	(59,624)	(11,297)	–
- Transferred to stage 2	(8,518)	15,044	(6,526)	–
- Transferred to stage 3	(555)	(6,429)	6,984	–
New financial assets originated or purchased	16,405	–	–	16,405
Net remeasurement due to changes in credit risk and assets derecognised	(92,253)	(8,137)	126,386	25,996
Asset written-off	–	–	(290,654)	(290,654)
Others	–	–	(7,421)	(7,421)
Balance at 31 December 2024	64,954	161,406	334,999	561,359

The Group and the Bank measure the 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 RM14.6 million for the Group compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written off (RM47.6 million), partially offset by remeasurement due to changes in credit risk and assets derecognised (RM29.3 million) and new financial assets originated or purchased (RM5.7 million).

- 12-month ECL not credit impaired (stage 1) – increased by RM1.4 million for the Group, mainly from net migration of loans, advances and financing from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased, partially offset by remeasurement due to changes in credit risk based on HSBC Group's model and assets derecognised.
- Lifetime ECL not credit-impaired (stage 2) – increased by RM1.8 million for the Group, mainly from remeasurement due to changes in credit risk and assets derecognised, partially offset by net migration of loans, advances and financing to stages 1 and 3.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM17.8 million for the Group, primarily from asset written-off, partially offset by remeasurement due to changes in credit risk and assets derecognised and net migration of loans, advances and financing to stages 1 and 2.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances (Cont'd)

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL not	ECL not	ECL	
	credit	credit	credit	
	impaired	impaired	impaired	Total
Bank	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2025	38,739	64,410	191,935	295,084
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	12,370	(10,242)	(2,128)	–
- Transferred to stage 2	(2,817)	4,087	(1,270)	–
- Transferred to stage 3	(8)	(5,598)	5,606	–
New financial assets originated or purchased	4,111	–	–	4,111
Net remeasurement due to changes in credit risk and assets derecognised	(13,043)	11,247	10,653	8,857
Asset written-off	–	–	(24,566)	(24,566)
Others	–	–	(889)	(889)
Balance at 31 March 2025	39,352	63,904	179,341	282,597
Balance at 1 January 2024	45,178	103,335	319,654	468,167
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	32,871	(25,840)	(7,031)	–
- Transferred to stage 2	(4,699)	8,476	(3,777)	–
- Transferred to stage 3	(250)	(2,545)	2,795	–
New financial assets originated or purchased	11,278	–	–	11,278
Net remeasurement due to changes in credit risk and assets derecognised	(45,639)	(19,016)	76,033	11,378
Asset written-off	–	–	(192,696)	(192,696)
Others	–	–	(3,043)	(3,043)
Balance at 31 December 2024	38,739	64,410	191,935	295,084

The total ECL allowances decreased by RM12.5 million for the Bank compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM24.6 million), partially offset by remeasurement due to changes in credit risk and assets derecognised (RM8.9 million) and new financial assets originated or purchased (RM4.1 million).

- 12-month ECL not credit impaired (stage 1) – increased by RM0.6 million for the Bank mainly contributed by net migration of loans and advances from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased, partially offset by remeasurement due to changes in credit risk based on HSBC Group's model and assets derecognised.
- Lifetime ECL not credit-impaired (stage 2) – decreased by RM0.5 million for the Bank, mainly due to net migration of loans and advances to stages 1 and 3, partially offset by remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM12.6 million, primarily from asset written-off, partially offset by remeasurement due to changes in credit risk and assets derecognised, and net migration of loans and advances to stages 1 and 2.

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	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL not	ECL not	ECL	
	credit	credit	credit	
	impaired	impaired	impaired	Total
Group	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2025	10,047	3,397	78,993	92,437
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	434	(434)	–	–
- Transferred to stage 2	(84)	84	–	–
- Transferred to stage 3	–	–	–	–
New financial assets originated or purchased	654	–	–	654
Net remeasurement due to changes in credit risk and assets derecognised	707	2,533	(397)	2,843
Others	–	–	(157)	(157)
Balance at 31 March 2025	11,758	5,580	78,439	95,777
Balance at 1 January 2024	9,569	7,228	72,844	89,641
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	1,195	(1,195)	–	–
- Transferred to stage 2	(265)	265	–	–
- Transferred to stage 3	(7)	–	7	–
New financial assets originated or purchased	733	–	–	733
Net remeasurement due to changes in credit risk and assets derecognised	(1,178)	(2,901)	8,570	4,491
Others	–	–	(2,428)	(2,428)
Balance at 31 December 2024	10,047	3,397	78,993	92,437

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances movement (Cont'd)

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL not	ECL not	ECL	
	credit	credit	credit	
	impaired	impaired	impaired	Total
Bank	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2025	7,714	1,959	54,764	64,437
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	131	(131)	–	–
- Transferred to stage 2	(53)	53	–	–
- Transferred to stage 3	–	–	–	–
New financial assets originated or purchased	621	–	–	621
Net remeasurement due to changes in credit risk and assets derecognised	955	(343)	(388)	224
Others	–	–	(155)	(155)
Balance at 31 March 2025	9,368	1,538	54,221	65,127
Balance at 1 January 2024	6,836	5,225	45,095	57,156
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	848	(848)	–	–
- Transferred to stage 2	(179)	179	–	–
- Transferred to stage 3	(6)	–	6	–
New financial assets originated or purchased	478	–	–	478
Net remeasurement due to changes in credit risk and assets derecognised	(263)	(2,597)	12,191	9,331
Others	–	–	(2,528)	(2,528)
Balance at 31 December 2024	7,714	1,959	54,764	64,437

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>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Settlements	989,213	665,492	953,436	621,390
Interest/profit receivable	265,891	281,441	237,777	250,361
Income receivable	65,780	60,752	108,281	73,633
Deposits and prepayments	11,412	5,051	11,412	5,051
Amount due from subsidiary company	—	—	62,327	246,492
Rights of Use (ROU) assets	44,075	41,140	22,489	20,457
Cash collateral	206,939	283,807	206,939	283,807
Intangible assets	10,429	10,903	10,429	10,903
Property held for sale	8,692	8,692	8,692	8,692
Other receivables	997,981	532,987	991,255	538,461
	2,600,412	1,890,265	2,613,037	2,059,247

21 Statutory Deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia 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.

22 Investments in Subsidiary Companies

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Investments in Subsidiary Companies				
Unquoted shares, at cost - in Malaysia	—	—	660,021	660,021
Additional Tier 1 USD Wakalah Financing Facility	—	—	501,063	501,063
	—	—	1,161,084	1,161,084

Unquoted shares, at cost - in Malaysia

The subsidiary companies of the Bank are as follows:

<i>Name</i>	<i>Principal activities</i>	<i>Percentage of equity held</i>	
		31 Mar 2025	31 Dec 2024
HSBC Amanah Malaysia Berhad (HBMS)	Islamic banking and related financial services	100%	100%
HSBC (Kuala Lumpur) Nominees Sdn Bhd	Nominees, trustees or agents to receive securities for safe custody and management	100%	100%
HSBC Nominees (Tempatan) Sdn Bhd		100%	100%
HSBC Nominees (Asing) Sdn Bhd		100%	100%

All income and expenditure arising from the activities of subsidiaries which are nominee companies were recognised in the Bank's results, in respect of which the right of recovery has been waived. None of the subsidiaries hold shares in holding company and other related corporations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 Investments in Subsidiary Companies (Cont'd)

Additional Tier 1 USD Wakalah Financing Facility

The Bank subscribed to a USD Wakalah Financing Facility (the Facility) equivalent to RM501 million issued by its subsidiary, HSBC Amanah Malaysia Berhad (HBMS) in August 2022. The Facility qualifies as Additional Tier 1 capital of HBMS as per the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM.

The Facility will be perpetual with no fixed maturity and may be callable at the option of HBMS only after a period of five years, subject to prior approval from BNM. The expected returns generated from the Wakalah investments pursuant to the disbursement of the Facility are payable on a semi-annual basis (at the full discretion of HBMS at all times) at the rate of compounded Secured Overnight Funding Rate (SOFR) plus 137 basis points. The Facility has no step-up features, or any other terms that may create an expectation that the option for prepayment will be exercised. The Facility meets the requirements of equity classification in HBMS as per MFRS 132 'Financial instruments: Presentation'.

23 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025 RM'000	31 Dec 2024 RM'000	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Demand deposits	27,245,299	27,828,822	23,642,673	24,423,155
Savings deposits	15,985,217	16,494,870	12,899,027	13,432,587
Fixed deposits	30,387,325	30,783,365	23,605,280	23,805,526
	73,617,841	75,107,057	60,146,980	61,661,268

The maturity structure of fixed deposits is as follows:

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025 RM'000	31 Dec 2024 RM'000	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Due within six months	24,769,661	24,834,114	19,155,633	19,150,121
More than six months to one year	4,827,893	5,131,430	3,894,965	4,087,773
More than one year to three years	503,705	527,802	345,590	358,232
More than three years to five years	286,066	290,019	209,092	209,400
	30,387,325	30,783,365	23,605,280	23,805,526

(ii) By type of customer	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025 RM'000	31 Dec 2024 RM'000	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Government and statutory bodies	31,735	24,599	22,353	12,983
Business enterprises	28,080,568	29,093,707	25,139,025	26,139,781
Individuals	27,556,020	28,108,782	21,833,470	22,360,791
Foreign entities/individuals	15,770,396	15,897,388	12,237,698	12,129,446
Others	2,179,122	1,982,581	914,434	1,018,267
	73,617,841	75,107,057	60,146,980	61,661,268

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24 Deposits and Placements from Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,647	38,981	402,646	238,981
Bank Negara Malaysia	226,416	209,294	192,113	200,045
Other financial institutions	2,962,575	1,904,844	2,938,414	1,881,502
	3,191,638	2,153,119	3,533,173	2,320,528

25 Structured Liabilities Designated at Fair Value through Profit or Loss

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Structured liabilities	4,385,113	4,245,924	2,586,856	2,566,257

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 (expense)/income from financial investments designated at fair value.

26 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Settlements	579,316	325,491	551,554	324,784
Interest/profit payable	286,830	295,288	225,512	231,248
Deferred income	163,886	172,953	146,924	154,280
Marginal deposit	185,190	160,342	171,855	148,430
Amount due to subsidiary company	–	–	61,164	752
Accrued expenses	659,555	661,199	640,624	638,261
Lease liabilities	47,811	45,207	24,348	22,582
Cash collateral	181,961	155,019	181,961	155,019
Other creditors	1,643,329	1,280,497	1,085,898	1,100,379
Provisions on loan and credit related commitments; and financial guarantees ^[1]	95,777	92,437	65,127	64,437
	3,843,655	3,188,433	3,154,967	2,840,172

^[1] Refer to Note 19(ii) for movement in provision.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 Share Capital and Other Equity

	<i>Group and Bank</i>			
	31 Mar 2025		31 Dec 2024	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
Share capital, issued and fully paid				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 31 March 2025 / 31 December 2024	229,000	1,045,875	229,000	1,045,875
<u>Additional Tier 1 Preference shares of RM1.00 each</u>				
At 1 January	2,200,000	2,193,000	1,500,000	1,500,000
Issued during the financial period	—	—	700,000	693,000
At 31 March 2025/ 31 December 2024	2,200,000	2,193,000	2,200,000	2,193,000
Total share capital and other equity	2,429,000	3,238,875	2,429,000	3,238,875

The Group and the Bank issued non-cumulative and non-convertible redeemable perpetual preference shares. 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). 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. The capital instrument meets the requirements of equity classification as per MFRS 132.

<u>Issuance date</u>	<u>Nominal value</u>	<u>Issuance cost</u>	<u>Dividend rate</u>
27 June 2022	RM1,500 million	—	3-month KLIBOR plus 36 basis points per annum
11 July 2024	RM 700 million	RM 7 million	3-month KLIBOR plus 50 basis points per annum

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Net Interest Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	370,776	395,837	370,776	395,837
- Interest income recognised from impaired loans	6,226	6,736	6,226	6,736
Money at call and deposit placements with financial institutions	142,297	163,218	160,559	179,313
Financial investments at FVOCI	132,121	128,497	132,121	128,497
Financial investments at amortised cost	84,103	64,422	84,103	64,422
	735,523	758,710	753,785	774,805
Interest expense				
Deposits and placements of banks and other financial institutions	(14,709)	(23,215)	(17,586)	(25,076)
Deposits from customers	(254,774)	(254,791)	(254,774)	(254,791)
Lease liabilities	(288)	(421)	(288)	(421)
Others	(2,255)	(483)	(2,255)	(483)
	(272,026)	(278,910)	(274,903)	(280,771)
Net interest income	463,497	479,800	478,882	494,034

29 Net Fee and Commission Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
Credit cards	38,614	37,350	38,614	37,350
Service charges and fees	26,039	36,156	26,039	36,156
Fees on credit facilities	16,649	16,806	16,649	16,806
Agency fee	59,058	51,170	59,058	51,170
Others	16,551	9,921	15,694	9,504
	156,911	151,403	156,054	150,986
Fee and commission expense				
Debit/ credit cards	(12,807)	(20,103)	(12,807)	(20,103)
Interbank and clearing fees	(489)	(537)	(489)	(537)
Brokerage	(700)	(686)	(700)	(686)
Others	(5,666)	(4,864)	(5,666)	(4,864)
	(19,662)	(26,190)	(19,662)	(26,190)
Net fee and commission income	137,249	125,213	136,392	124,796

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Net Trading Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Realised gains on financial assets/ liabilities at FVTPL and other financial instruments	4,744	3,654	4,744	3,654
Net interest income from financial assets at FVTPL	37,886	43,831	37,886	43,831
Net unrealised gains/(losses) on revaluation of financial assets at FVTPL	2,477	(9,007)	2,477	(9,007)
Net (losses)/gains from dealing in foreign currency				
- Realised	(188,255)	94,263	(182,647)	93,832
- Unrealised	205,495	(1,997)	344,511	80,768
Net gains/(losses) from dealing in derivatives				
- Realised	12,417	(117,862)	847	(105,816)
- Unrealised	(68,986)	100,208	(7,677)	82,258
Losses arising from fair value hedges	—	(258)	—	(258)
	5,778	112,832	200,141	189,262

Net trading income for the Group is presented in both Note 30 and Note 31. A reconciliation of the net trading income for the Group is as follows:

	<i>Group</i>	
	31 Mar 2025	31 Mar 2024
	RM'000	RM'000
Total net trading income (net of elimination with subsidiary)	161,551	209,356
of which:		
- is disclosed in Note 30	5,778	112,832
- is included under Income from Islamic Banking operations of the Group (Note 31)	155,773	96,524

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 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>	
	31 Mar 2025	31 Mar 2024
	RM'000	RM'000
Income derived from investment of:		
- depositor funds and others ^[1]	225,715	227,197
- shareholders funds	55,264	59,619
Total income before ECL	280,979	286,816
Income attributable to the depositors	(83,634)	(96,036)
Income from Islamic Banking operations before elimination	197,345	190,780
Elimination of intercompany income and expenses	208,665	89,972
Income from Islamic Banking operations reported in statement of profit or loss of the Group ^[2]	406,010	280,752
 ^[1] Included in the income derived from investment of depositors' funds and others are net income/(expense) on financial instruments designated at fair value through profit or loss for the period ended 31 March	40,705	(22,134)
 ^[2] 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 31 March	155,773	96,524

32 Other Operating Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net gain/(loss) on disposal of financial investments at FVOCI	5,294	(95)	5,294	(95)
Discretionary coupon income on other equity instrument issued by subsidiary	—	—	15,687	18,435
Rental income	7,766	2,496	7,766	2,496
Net gain on disposal of property and equipment	185	—	185	—
Income recharges from subsidiary	—	—	47,049	46,315
Other operating income	3,451	17,341	3,451	17,341
	16,696	19,742	79,432	84,492

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 ECL Charges/(Written-back)

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	38,955	6,705	14,387	13,192
Recoveries	(25,718)	(23,943)	(12,765)	(11,251)
Written off	182	45	180	7
ECL charges/(written-back)	13,419	(17,193)	1,802	1,948

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

(i) Loan, advances and financing

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	35,423	8,017	13,571	13,383
Recoveries	(25,718)	(23,943)	(12,765)	(11,251)
Written off	182	45	180	7
ECL charges/(written-back)	9,887	(15,881)	986	2,139

(ii) Money at call and interbank placements with original maturities of three months or less

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net increase/(release) in ECL	10	(95)	11	(63)

(iii) Debt securities - FVOCI

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net release in ECL	(130)	(63)	(105)	(43)

(iv) Financial investments at amortised costs

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	155	299	65	250

(v) Loan commitments and contingencies

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Net increase/(release) in ECL	3,497	(1,453)	845	(335)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 Other Operating Expenses

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	173,475	155,527	163,143	146,765
Promotion and marketing related expenses	8,859	12,447	7,125	10,039
Establishment related expenses	34,018	39,296	30,250	35,316
General administrative expenses	38,860	42,623	31,743	37,799
Related company charges	216,283	204,959	214,667	203,319
	471,495	454,852	446,928	433,238
Personnel expenses				
Salaries, allowances and bonuses	131,003	122,352	122,676	115,550
Employees Provident Fund contributions	22,196	20,544	20,732	19,329
Share based payment	1,906	2,223	1,871	2,209
Others	18,370	10,408	17,864	9,677
	173,475	155,527	163,143	146,765
Establishment related expenses				
Depreciation of property and equipment	12,244	13,669	11,868	13,137
Depreciation of ROU assets	3,183	3,448	1,703	1,966
Amortisation of intangible assets	673	1,242	673	1,242
Information technology costs	6,274	4,865	5,243	3,745
General repairs and maintenance	3,655	5,963	3,073	5,483
Utilities	1,033	1,294	815	1,049
Others	6,956	8,815	6,875	8,694
	34,018	39,296	30,250	35,316
Related company charges	216,283	204,959	214,667	203,319
Of which by:				
(i) Type of service				
- Information technology related cost	110,888	120,528	110,888	120,564
- Non information technology related cost	105,395	84,431	103,779	82,755
(ii) Countries/territories				
- Hong Kong	143,433	154,449	143,431	154,401
- United Kingdom	37,786	35,968	37,472	36,079
- Malaysia	17,475	17,229	16,295	15,640
- India	11,129	(9,710)	11,009	(9,821)
- Others	6,460	7,023	6,460	7,020

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Capital Adequacy

	<i>Group</i>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	9,115,650	9,110,558
Other reserves	854,640	847,641
Regulatory adjustments	(903,760)	(909,948)
Total CET1 capital	10,112,405	10,094,126
Tier 1 capital		
Additional Tier 1 preference shares	2,193,000	2,193,000
Total Tier 1 capital	12,305,405	12,287,126
Tier 2 capital		
General provisions	622,935	629,333
Regulatory adjustments	57,420	57,576
Total Tier 2 capital	680,355	686,909
Capital base	12,985,760	12,974,035
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	17.430%	16.953%
Tier 1 Capital ratio	21.209%	20.636%
Total Capital ratio	22.382%	21.790%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	16.765%	16.306%
Tier 1 Capital ratio	20.545%	19.989%
Total Capital ratio	21.718%	21.143%

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Capital Adequacy (Cont'd)

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

	<i>Group</i>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Total RWA for credit risk ^[1]	49,834,803	50,346,619
Total RWA for market risk	1,860,680	2,292,635
Total RWA for operational risk	6,323,220	6,902,586
	58,018,703	59,541,840

^[1] 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>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Under SIAF/IAA arrangement	684,381	658,314

	<i>Bank</i>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	6,942,845	6,945,224
Other reserves	792,667	780,299
Regulatory adjustments	(1,463,773)	(1,463,496)
Total CET1 capital	7,317,614	7,307,902
Tier 1 capital		
Additional Tier 1 preference shares	2,193,000	2,193,000
Regulatory adjustments	(501,063)	(501,063)
Total Tier 1 capital	9,009,551	8,999,839
Tier 2 capital		
General provisions	460,399	467,581
Regulatory adjustments	57,420	57,576
Total Tier 2 capital	517,819	525,157
Capital base	9,527,370	9,524,996

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	31 Mar 2025	31 Dec 2024
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	16.545%	16.016%
Tier 1 Capital ratio	20.371%	19.725%
Total Capital ratio	21.542%	20.875%
 <u>After deducting proposed dividend</u>		
CET 1 Capital ratio	15.674%	15.172%
Tier 1 Capital ratio	19.500%	18.880%
Total Capital ratio	20.671%	20.031%

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>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Total RWA for credit risk ^[1]	36,831,917	37,406,489
Total RWA for market risk	1,784,315	2,197,736
Total RWA for operational risk	5,611,048	6,023,418
	44,227,280	45,627,643

^[1] 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>	
	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Under SIAF/IAA arrangement	684,381	658,314

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Commitments and Contingencies

The table below shows the contracts or underlying principal 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.

Principal amount	Group		Bank	
	31 Mar 2025 RM'000	31 Dec 2024 RM'000	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Direct credit substitutes	673,632	641,943	607,156	610,429
Transaction-related contingent items	12,839,786	12,801,108	11,114,213	10,966,743
Short-term self-liquidating trade-related contingencies	621,553	420,263	469,109	281,383
Forward asset purchases	10,805	18,784	10,805	18,784
Formal standby facilities and credit lines				
- Maturity not exceeding one year	9,544,875	8,690,729	7,775,466	7,380,469
- Maturity exceeding one year	13,959,753	14,279,178	10,517,837	10,661,652
Other unconditionally cancellable	21,457,183	21,228,765	18,567,792	17,838,394
Unutilised credit card lines	14,435,421	14,101,767	11,131,874	10,813,037
Foreign exchange related contracts:				
- Less than one year	133,662,401	104,006,700	134,571,871	105,324,987
- Over one year to less than five years	5,004,920	5,671,758	5,004,920	5,671,758
- Over five years	225,401	274,452	225,401	274,452
Interest/profit rate related contracts:				
- Less than one year	14,007,162	15,249,291	14,562,724	15,872,401
- Over one year to less than five years	26,581,933	25,677,203	27,270,023	26,369,199
- Over five years	569,411	571,808	569,411	571,808
Gold and other precious metals contracts:				
- Less than one year	7,047	10,823	7,047	10,823
Credit derivatives contracts:				
- Less than one year	137,263	—	137,263	—
- Over one year to less than five years				
Equity related contracts:				
- Less than one year	1,859,791	1,804,297	2,520,578	2,431,823
- Over one year to less than five years	1,446,222	1,356,137	2,354,599	2,174,878
	257,044,559	226,805,006	247,418,089	217,273,020

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

	Bank	
	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Formal standby facilities and credit lines:		
- Maturity not exceeding one year	—	—
- Maturity exceeding one year	137,603	89,591
	137,603	89,591

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37 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	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 Mar 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	129,771,242	1,614,002	–	131,385,244	587,154	22,332	–	609,486	444,782	8,984	–	453,766
- Swaps	3,344,662	3,390,918	225,401	6,960,981	82,165	148,329	11,715	242,209	63,928	116,100	6,774	186,802
- Options	546,497	–	–	546,497	3,575	–	–	3,575	1,441	–	–	1,441
Interest/profit rate related contracts												
- Options	572,035	206,328	–	778,363	56	1,836	–	1,892	1,303	19	–	1,322
- Swaps	13,435,127	26,375,605	569,411	40,380,143	19,776	93,416	13,410	126,602	22,931	97,370	9,040	129,341
Equity related contracts												
- Options	1,859,791	1,446,222	–	3,306,013	13,568	28,734	–	42,302	47,975	84,948	–	132,923
Precious metal contracts												
- Options	7,047	–	–	7,047	–	–	–	–	4	–	–	4
Credit derivatives contracts												
- Forwards	137,263	–	–	137,263	–	–	–	–	–	–	–	–
Total	149,673,664	33,033,075	794,812	183,501,551	706,294	294,647	25,125	1,026,066	582,364	307,421	15,814	905,599

The Group does not have any hedging instrument as at 31 March 2025.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37 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 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	100,754,365	1,761,568	–	102,515,933	738,778	32,714	–	771,492	954,174	14,905	–	969,079
- Swaps	2,805,817	3,910,190	274,452	6,990,459	62,080	198,675	12,642	273,397	71,796	156,738	8,991	237,525
- Options	446,518	–	–	446,518	6,174	–	–	6,174	1,590	–	–	1,590
Interest/profit rate related contracts												
- Options	569,738	209,918	–	779,656	419	17	–	436	620	1,409	–	2,029
- Swaps	14,679,553	25,467,285	571,808	40,718,646	17,070	109,954	6,652	133,676	13,928	110,077	6,773	130,778
Equity related contracts												
- Options	1,804,297	1,356,137	–	3,160,434	20,560	30,205	–	50,765	28,027	39,808	–	67,835
Precious metal contracts												
- Options	10,823	–	–	10,823	–	–	–	–	82	–	–	82
Total	121,071,111	32,705,098	846,260	154,622,469	845,081	371,565	19,294	1,235,940	1,070,217	322,937	15,764	1,408,918

The Group does not have any hedging instrument as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37 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	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 Mar 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	130,680,712	1,614,002	–	132,294,714	572,957	22,332	–	595,289	452,565	8,984	–	461,549
- Swaps	3,344,662	3,390,918	225,401	6,960,981	81,981	149,280	10,553	241,814	64,000	116,100	6,774	186,874
- Options	546,497	–	–	546,497	3,575	–	–	3,575	1,441	–	–	1,441
Interest rate related contracts												
- Options	586,829	560,958	–	1,147,787	291	9,897	–	10,188	1,303	19	–	1,322
- Swaps	13,975,895	26,709,065	569,411	41,254,371	20,234	93,657	13,410	127,301	23,242	99,494	9,040	131,776
Equity related contracts												
- Options	2,520,578	2,354,599	–	4,875,177	51,836	120,993	–	172,829	50,602	108,743	–	159,345
Precious metal contracts												
- Options	7,047	–	–	7,047	–	–	–	–	4	–	–	4
Total	151,662,220	34,629,542	794,812	187,086,574	730,874	396,159	23,963	1,150,996	593,157	333,340	15,814	942,311

The Bank does not have any hedging instrument as at 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37 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	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 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	102,128,152	1,761,568	–	103,889,720	721,395	32,714	–	754,109	952,344	14,905	–	967,249
- Swaps	2,750,317	3,910,190	274,452	6,934,959	61,783	198,521	11,392	271,696	71,451	156,738	8,991	237,180
- Options	446,518	–	–	446,518	6,174	–	–	6,174	1,590	–	–	1,590
Interest rate related contracts												
- Options	612,675	568,158	–	1,180,833	829	9,748	–	10,577	620	259	–	879
- Swaps	15,259,726	25,801,041	571,808	41,632,575	17,559	110,208	6,652	134,419	14,683	112,063	6,773	133,519
Equity related contracts												
- Options	2,431,823	2,174,878	–	4,606,701	36,809	81,125	–	117,934	30,884	63,782	–	94,666
Precious metal contracts												
- Options	10,823	–	–	10,823	–	–	–	–	82	–	–	82
Total	123,640,034	34,215,835	846,260	158,702,129	844,549	432,316	18,044	1,294,909	1,071,654	347,747	15,764	1,435,165

The Bank does not have any hedging instrument as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 Performance Review, Economy and Prospects

Performance Review

The Group recorded profit before tax (PBT) of RM534.3 million for the financial period ended 31 March 2025, marking a decrease of RM50.3 million or 8.6% year-on-year. The decrease in PBT is attributed to higher ECL charges of RM13.4 million as compared to a net write-back of RM17.2 last year, coupled with higher operating expenses by RM16.6 million.

Total assets as at 31 March 2025 has increased by RM0.2 billion or 0.2% to RM99.8 billion (31 December 2024: RM99.5 billion). The Group's capital and liquidity coverage ratios continue to remain strong and well above regulatory requirements.

Economy and Prospects

The global economic outlook continues to face uncertainty. The recent US policy on trade tariffs will have implications for global growth, monetary policy and the reconfiguration of global trade. On the domestic front, according to HSBC Global Research, despite the recent 90-day tariff pause, announced from the US on Southeast Asian economies, the downside risks to growth for export-oriented economies, like Malaysia, remain. Despite external risks, Malaysia is seeing some pockets of domestic resilience. Private consumption was holding up while the country is seeing an investment boom in the public infrastructure space, partially offsetting some external risks.

During this quarter, HSBC collaborated with Bursa Malaysia and CIMB to organise the first edition of the Invest Malaysia 2025 series in London. Themed "Malaysia's Economic Resurgence, Driving ASEAN's Growth", this capital market conference showcased Malaysia as an attractive investment destination. HSBC Malaysia also opened our flagship Wealth Centre in the country, located in Menara IQ. The Wealth Centre is designed to serve our HSBC's Premier Elite and high-net-worth clients, providing a private and exclusive environment for them to consult with our Senior Relationship Managers and access bespoke solutions to grow, manage, and protect their wealth.

At HSBC Malaysia, we remain committed to serving our customers and will continue our efforts of being the preferred international financial partner for our clients.