

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 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 30 JUNE 2025

		<i>Group</i>		<i>Bank</i>	
		30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Assets	Note	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	12	13,849,816	7,400,867	8,931,607	4,808,469
Securities purchased under resale agreements		8,326,559	8,057,630	7,795,070	8,057,630
Deposits and placements with banks and other financial institutions	13	325	—	2,787,922	2,327,507
Financial assets at fair value through profit and loss (FVTPL)	14	3,365,955	4,944,386	3,365,955	4,923,765
Financial investments at fair value through other comprehensive income (FVOCI)	15	17,213,259	17,362,622	15,141,430	15,099,252
Financial investments at amortised cost	16	12,042,934	11,322,701	9,784,162	9,331,308
Loans, advances and financing	17	42,292,673	45,537,518	29,735,007	31,426,025
Derivative financial assets	38	2,014,811	1,235,940	2,076,080	1,294,909
Other assets	20	1,617,076	1,890,265	2,084,456	2,059,247
Statutory deposits with Bank Negara Malaysia	21	339,924	646,958	203,658	388,997
Investments in subsidiary companies	22	—	—	1,161,084	1,161,084
Property and equipment		971,246	984,545	967,455	980,286
Tax recoverable		19,808	20,850	19,808	20,850
Deferred tax assets		93,348	140,117	58,078	102,613
Total assets		102,147,734	99,544,399	84,111,772	81,981,942
Liabilities					
Deposits from customers	23	74,902,794	75,107,057	60,950,720	61,661,268
Deposits and placements from banks and other financial institutions	24	2,311,378	2,153,119	2,695,987	2,320,528
Bills payable		72,060	145,963	57,914	136,776
Derivative financial liabilities	38	1,989,085	1,408,918	2,006,282	1,435,165
Structured liabilities designated at fair value through profit and loss	25	4,125,092	4,245,924	2,351,255	2,566,257
Other liabilities	26	4,977,426	3,188,433	4,621,877	2,840,172
Provision for taxation		142,874	97,911	89,504	57,378
Total liabilities		88,520,709	86,347,325	72,773,539	71,017,544
Equity					
Share capital and other equity	27	3,238,875	3,238,875	3,238,875	3,238,875
Reserves		10,388,150	9,958,199	8,099,358	7,725,523
Total equity attributable to owner of the Group and the Bank		13,627,025	13,197,074	11,338,233	10,964,398
Total liabilities and equity		102,147,734	99,544,399	84,111,772	81,981,942
Commitments and contingencies	37	259,253,790	226,805,006	249,038,436	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 11 to 49 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 22 July 2025.

HSBC BANK MALAYSIA BERHAD
(Company No. 198401015221 (127776-V))
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UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

		<i>Group</i>			
		Second Quarter		Six Months Ended	
		30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	<i>Note</i>	RM'000	RM'000	RM'000	RM'000
Interest income	28	741,060	763,620	1,476,583	1,522,330
Interest expense	28	(266,138)	(291,259)	(538,164)	(570,169)
Net interest income	28	474,922	472,361	938,419	952,161
Fee and commission income	29	144,766	140,960	301,677	292,363
Fee and commission expense	29	(26,178)	(12,916)	(45,840)	(39,106)
Net fee and commission income	29	118,588	128,044	255,837	253,257
Net income from financial instruments held for trading or managed on a fair value basis	30	863,741	225,211	859,540	342,007
Income from Islamic banking operations	31	(467,741)	180,434	(61,731)	461,186
Other operating income	32	15,762	26,842	32,458	46,584
Operating income before expected credit loss (ECL)		1,005,272	1,032,892	2,024,523	2,055,195
ECL written-back/(charges)	33	4,880	14,682	(8,539)	31,875
Net operating income		1,010,152	1,047,574	2,015,984	2,087,070
Other operating expenses	34	(483,300)	(495,193)	(954,795)	(950,045)
Profit before tax		526,852	552,381	1,061,189	1,137,025
Tax expense		(127,816)	(140,723)	(260,332)	(285,685)
Profit for the financial period		399,036	411,658	800,857	851,340
Profit attributable to owner of the Group		399,036	411,658	800,857	851,340
Basic earnings per RM0.50 ordinary share		174.3 sen	179.8 sen	349.7 sen	371.8 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		168.3 sen	137.3 sen	168.3 sen	137.3 sen

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UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025 (Cont'd)

Bank

		Second Quarter		Six Months Ended	
		30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	28	765,008	778,468	1,518,793	1,553,273
Interest expense	28	(269,403)	(293,087)	(544,306)	(573,858)
Net interest income	28	495,605	485,381	974,487	979,415
Fee and commission income	29	144,325	140,401	300,379	291,387
Fee and commission expense	29	(26,178)	(12,916)	(45,840)	(39,106)
Net fee and commission income	29	118,147	127,485	254,539	252,281
Net income from financial instruments held for trading or managed on a fair value basis	30	176,461	193,933	366,623	387,159
Other operating income	32	184,489	131,340	263,921	215,832
Operating income before ECL		974,702	938,139	1,859,570	1,834,687
ECL written-back/(charges)	33	1,694	17,173	(108)	15,225
Net operating income		976,396	955,312	1,859,462	1,849,912
Other operating expenses	34	(457,791)	(469,578)	(904,719)	(902,816)
Profit before tax		518,605	485,734	954,743	947,096
Tax expense		(98,242)	(111,754)	(202,514)	(221,571)
Profit for the financial period		420,363	373,980	752,229	725,525
Profit attributable to owner of the Bank		420,363	373,980	752,229	725,525
Basic earnings per RM0.50 ordinary share		183.6 sen	163.3 sen	328.5 sen	316.8 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		168.3 sen	137.3 sen	168.3 sen	137.3 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 11 to 49 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 22 July 2025.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	399,036	411,658	800,857	851,340
Other comprehensive income/(expense)				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation reserve:				
Deficit on revaluation of properties	–	(1)	–	(876)
Income tax effect	207	607	207	607
Own credit reserve:				
Change in fair value	4,045	4,419	5,920	1,632
Income tax effect	(971)	(1,060)	(1,421)	(391)
Fair value through other comprehensive income reserve (equity instruments):				
Change in fair value	11,327	11,928	11,327	11,928
Income tax effect	(2,718)	(2,863)	(2,718)	(2,863)
<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	62,901	13,818	83,040	10,902
Amount transferred to profit or loss	(1,344)	(6,644)	(6,638)	(8,136)
ECL charges/(written-back)	84	206	(47)	146
Income tax effect	(10,445)	(1,721)	(14,007)	(663)
Other comprehensive income for the financial period, net of income tax	63,086	18,689	75,663	12,286
Total comprehensive income for the financial period	462,122	430,347	876,520	863,626
Total comprehensive income attributable to owner of the Group	462,122	430,347	876,520	863,626

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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025 (Cont'd)

Bank

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	420,363	373,980	752,229	725,525
Other comprehensive income/(expense)				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation reserve:				
Deficit on revaluation of properties	—	(1)	—	(876)
Income tax effect	207	607	207	607
Own credit reserve:				
Change in fair value	2,596	1,526	2,620	718
Income tax effect	(623)	(366)	(629)	(172)
Fair value through other comprehensive income reserve (equity instruments):				
Change in fair value	11,327	11,928	11,327	11,928
Income tax effect	(2,718)	(2,863)	(2,718)	(2,863)
<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	62,901	11,860	82,094	8,069
Amount transferred to profit or loss	(1,344)	(6,644)	(6,638)	(8,136)
ECL charges	117	206	11	166
Income tax effect	(14,775)	(1,251)	(18,110)	17
Other comprehensive income for the financial period, net of income tax	57,688	15,002	68,164	9,458
Total comprehensive income for the financial period	478,051	388,982	820,393	734,983
Total comprehensive income attributable to owner of the Bank	478,051	388,982	820,393	734,983

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HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

Group (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							
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	–	–	–	–	–	–	–	800,857	800,857
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits for realisation of revaluation upon disposal of property	–	–	(2,082)	–	–	–	–	2,082	–
Transfer to retained profits upon realisation of depreciation	–	–	(693)	–	–	–	–	693	–
Deferred tax adjustment on revaluation reserve	–	–	207	–	–	–	–	–	207
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	77,642	4,499	–	–	–	82,141
Net amount transferred to profit or loss	–	–	–	(6,638)	–	–	–	–	(6,638)
ECL written-back	–	–	–	(47)	–	–	–	–	(47)
Total other comprehensive (expense)/income	–	–	(2,568)	70,957	4,499	–	–	2,775	75,663
Total other comprehensive (expense)/income for the financial period	–	–	(2,568)	70,957	4,499	–	–	803,632	876,520
Net change in regulatory reserves	–	–	–	–	–	–	(58,100)	58,100	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	1,355	–	(2,753)	(1,398)
Dividends paid to owner - 2024 final	–	–	–	–	–	–	–	(385,326)	(385,326)
Dividends paid to preference shareholder	–	–	–	–	–	–	–	(59,845)	(59,845)
Balance at 30 June	1,045,875	2,193,000	125,379	250,036	3,728	93,741	390,900	9,524,366	13,627,025

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025 (Cont'd)

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							
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	—	—	—	—	—	—	—	851,340	851,340
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	—	—	(4,788)	—	—	—	—	4,788	—
Deficit on revaluation of properties	—	—	(876)	—	—	—	—	—	(876)
Deferred tax adjustment on revaluation reserve	—	—	607	—	—	—	—	—	607
FVOCI reserve/Own credit reserve									
Net change in fair value	—	—	—	17,351	1,241	—	—	—	18,592
Net amount transferred to profit or loss	—	—	—	(6,183)	—	—	—	—	(6,183)
ECL charges	—	—	—	146	—	—	—	—	146
Total other comprehensive (expense)/income	—	—	(5,057)	11,314	1,241	—	—	4,788	12,286
Total comprehensive (expense)/income for the financial period	—	—	(5,057)	11,314	1,241	—	—	856,128	863,626
Net change in regulatory reserves	—	—	—	—	—	—	62,500	(62,500)	—
Transactions with the owner, recorded directly in equity									
Share based payment transactions	—	—	—	—	—	1,464	—	(3,723)	(2,259)
Dividends paid to owner - 2023 final	—	—	—	—	—	—	—	(314,500)	(314,500)
Dividends paid to preference shareholder	—	—	—	—	—	—	—	(59,331)	(59,331)
Balance at 30 June	1,045,875	1,500,000	126,446	175,299	(7,347)	94,153	429,600	9,438,401	12,802,427

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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							
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	–	–	–	–	–	–	–	752,229	752,229
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits for realisation of revaluation upon disposal of property	–	–	(2,082)	–	–	–	–	2,082	–
Transfer to retained profits upon realisation of depreciation	–	–	(693)	–	–	–	–	693	–
Deferred tax adjustment on revaluation reserve	–	–	207	–	–	–	–	–	207
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	72,593	1,991	–	–	–	74,584
Net amount transferred to profit or loss	–	–	–	(6,638)	–	–	–	–	(6,638)
ECL charges	–	–	–	11	–	–	–	–	11
Total other comprehensive (expense)/income	–	–	(2,568)	65,966	1,991	–	–	2,775	68,164
Total comprehensive (expense)/income for the financial year	–	–	(2,568)	65,966	1,991	–	–	755,004	820,393
Net change in regulatory reserves	–	–	–	–	–	–	(15,600)	15,600	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	1,339	–	(2,726)	(1,387)
Dividends paid to owner - 2024 final								(385,326)	(385,326)
Dividends paid to preference shareholder	–	–	–	–	–	–	–	(59,845)	(59,845)
Balance at 30 June	1,045,875	2,193,000	125,379	244,744	1,505	93,399	366,400	7,267,931	11,338,233

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	–	–	–	–	–	–	–	725,525	725,525
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	–	–	(4,788)	–	–	–	–	4,788	–
Deficit on revaluation of properties	–	–	(876)	–	–	–	–	–	(876)
Deferred tax adjustment on revaluation reserve			607						607
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	15,198	546	–	–	–	15,744
Net amount transferred to profit or loss	–	–	–	(6,183)	–	–	–	–	(6,183)
ECL written-back	–	–	–	166	–	–	–	–	166
Total other comprehensive (expense)/income	–	–	(5,057)	9,181	546	–	–	4,788	9,458
Total comprehensive (expense)/income for the financial period	–	–	(5,057)	9,181	546	–	–	730,313	734,983
Net change in regulatory reserves	–	–	–	–	–	–	34,900	(34,900)	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	1,438	–	(3,645)	(2,207)
Dividends paid to owner - 2023 final								(314,500)	(314,500)
Dividends paid to preference shareholder								(59,331)	(59,331)
Balance at 30 June	1,045,875	1,500,000	126,446	175,481	(3,535)	93,750	366,200	7,451,552	10,755,769

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 11 to 49 attached to the unaudited condensed interim financial statements.

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HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Profit before tax	1,061,189	1,137,025	954,743	947,096
Adjustments for non-operating and non-cash items	(429,714)	41,300	(164,379)	(127,666)
Operating profit before working capital changes	631,475	1,178,325	790,364	819,430
Changes in working capital:				
Net changes in operating assets	4,827,387	(613,803)	2,453,414	(672,623)
Net changes in operating liabilities	2,037,031	2,030,625	1,676,113	2,397,811
Income tax paid	(191,271)	(155,674)	(146,061)	(127,556)
Net cash generated from operations	7,304,622	2,439,473	4,773,830	2,417,062
Net cash used in investing activities	(410,502)	(3,502,361)	(205,521)	(2,835,412)
Net cash generated from financing activities	(445,171)	(373,831)	(445,171)	(373,831)
	(855,673)	(3,876,192)	(650,692)	(3,209,243)
Net changes in cash and cash equivalents	6,448,949	(1,436,719)	4,123,138	(792,181)
Cash and cash equivalents at 1 January	7,400,867	10,643,890	4,808,469	7,973,830
Cash and cash equivalents at 30 June	13,849,816	9,207,171	8,931,607	7,181,649
Analysis of cash and cash equivalents				
Cash and short-term funds	13,849,816	9,207,171	8,931,607	7,181,649

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 30 June 2025 and 30 June 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 11 to 49 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 22 July 2025.

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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 22 July 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 30 June 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 sole 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)

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 30 June 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 30 June 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 30 June 2025.

9 Dividend

The dividends paid since the end of the previous financial year were as follows:

	Total (RM'million)
Ordinary shares	
<i>In respect of financial year ended 31 December 2024:</i>	
– Final dividend of 168.26 sen (paid on 8 May 2025)	385.3
Preference shares	
– Annual dividend of 3-month KLIBOR plus 36 basis points per annum (paid on 30 June 2025)	59.8

The Board of Directors via a resolution on 22 July 2025, has approved the payment of an interim dividend of 262.79 sen per ordinary share, amounting to net dividend payment of RM601.8 million in respect of the financial period ended 30 June 2025. The dividend will be accounted for in the shareholder's equity as an appropriation of retained earnings in the subsequent financial period.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12 Cash and Short-Term Funds

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,147,774	806,970	949,173	616,028
Money at call and interbank placements with original maturities of three months or less	12,702,042	6,593,897	7,982,434	4,192,441
	13,849,816	7,400,867	8,931,607	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 RM75,825,000 as at 30 June 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 RM27,000 for the Group and RM21,000 for the Bank as at 30 June 2025 (31 December 2024: RM21,000 for the Group and RM17,000 for the Bank).

13 Deposits and Placements with Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2	–	2,787,599	2,327,507
Bank Negara Malaysia	323	–	323	–
	325	–	2,787,922	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 RM2,787.6 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 30 June 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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	87,981	205,226	87,981	205,226
Malaysian Government Islamic treasury bills	660,704	857,646	660,704	837,025
Malaysian Government securities	1,372,837	2,566,984	1,372,837	2,566,984
Malaysian Government Islamic Sukuk	422,916	182,479	422,916	182,479
Cagamas bonds and notes	401,685	622,657	401,685	622,657
Negotiable Instruments of Deposits	400,038	500,075	400,038	500,075
	3,346,161	4,935,067	3,346,161	4,914,446
Unquoted:				
Corporate bonds and Sukuk	19,794	9,319	19,794	9,319
	3,365,955	4,944,386	3,365,955	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Bank Negara Malaysia bills	3,134,728	4,438,692	3,134,728	4,438,692
Bank Negara Malaysia Islamic bills	1,834,409	663,572	1,834,409	663,572
Malaysian Government Islamic treasury bills	398,140	591,171	–	–
Malaysian Government securities	6,591,891	6,262,155	6,591,891	6,262,155
Malaysian Government Islamic Sukuk	4,575,041	4,275,630	2,901,352	2,603,431
US treasury bond	419,818	883,497	419,818	883,497
	16,954,027	17,114,717	14,882,198	14,851,347
Equity instruments designated as FVOCI				
Unquoted Shares, of which:	259,232	247,905	259,232	247,905
<i>Cagamas Holdings Berhad</i>	215,515	205,156	215,515	205,156
<i>Credit Guarantee Corporation Malaysia Berhad</i>	37,013	36,569	37,013	36,569
<i>Others</i>	6,704	6,180	6,704	6,180
	17,213,259	17,362,622	15,141,430	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	8,285,546	8,831,782	6,975,083	7,325,689
More than one year to three years	5,095,057	3,926,431	4,700,221	3,531,741
More than three years to five years	3,562,980	4,356,504	3,196,450	3,993,917
Over five years	10,444	–	10,444	–
	16,954,027	17,114,717	14,882,198	14,851,347

There are no FVOCI balances that are pledged against Repurchase Agreement as at 30 June 2025 and 31 December 2024.

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM1,178,000 ECL for the Group and RM1,038,000 for the Bank as at 30 June 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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Malaysian Government Islamic Sukuk	5,770,772	4,963,406	3,982,208	3,347,546
Malaysian Government securities	5,502,041	5,684,002	5,502,041	5,684,002
Unquoted:				
Corporate Sukuk	770,121	675,293	299,913	299,760
	12,042,934	11,322,701	9,784,162	9,331,308

Included in the financial investments at amortised cost of the Group and the Bank as at 30 June 2025 is Malaysian Government securities set aside as Deferred Net Settlement (DNS) collateral for Retail Payment Settlement in RENTAS amounting to RM90.0 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 RM1,357,000 ECL for the Group and RM1,078,000 for the Bank as at 30 June 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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts/cash line	665,785	762,384	587,179	692,560
Term loans/financing:				
Housing loans/financing	13,755,943	13,899,367	10,059,416	10,230,494
Syndicated term loans/financing	1,577,410	2,220,284	810,682	884,908
Factoring receivables	1,801,071	2,861,187	1,801,071	2,861,187
Hire purchase receivables	127,695	137,726	—	—
Other term loans/financing	7,463,990	7,743,954	3,729,361	3,723,535
Bills receivable	4,108,693	3,834,665	3,334,978	2,550,285
Trust receipts	2,840,183	4,214,626	2,069,012	3,601,859
Claims on customers under acceptance credits	—	243,394	—	166,089
Staff loans/financing	37,664	38,542	36,794	37,617
Credit/charge cards	4,296,561	4,248,446	3,079,308	3,016,835
Revolving financing	6,131,249	5,884,951	4,488,470	3,949,091
Other loans/financing	8,850	9,351	6,076	6,649
Gross loans, advances and financing ^[1]	42,815,094	46,098,877	30,002,347	31,721,109
Less: ECL	(522,421)	(561,359)	(267,340)	(295,084)
Total net loans, advances and financing	42,292,673	45,537,518	29,735,007	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>	
	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Syndicated term financing	309,473	318,786
Other term financing	384,559	474,729
Revolving financing	1,000,508	770,629
Trade financing	17,336	15,409
Gross loans, advances and financing	1,711,876	1,579,553
Less: ECL	(49)	(81)
Total net loans, advances and financing	1,711,827	1,579,472

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	496,166	451,542	341,847	214,085
Domestic business enterprises:				
Small medium enterprises	2,289,863	2,609,740	1,431,494	1,696,110
Others	18,289,771	18,629,679	13,379,950	13,220,520
Government and statutory bodies	82,038	1,249	14	1,249
Individuals	17,009,509	17,257,408	11,707,295	11,904,974
Other domestic entities	1,365	673	940	156
Foreign entities/individuals	4,646,382	7,148,586	3,140,807	4,684,015
	42,815,094	46,098,877	30,002,347	31,721,109

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	21,239,924	24,064,580	15,786,275	17,295,785
More than one year to three years	2,400,156	2,704,673	1,190,905	1,328,354
More than three years to five years	3,116,428	3,166,033	1,899,234	1,766,568
More than five years	16,058,586	16,163,591	11,125,933	11,330,402
	42,815,094	46,098,877	30,002,347	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Hire purchase receivables	127,695	137,726	—	—
Other fixed rate loans/financing	12,104,301	13,473,656	8,802,527	9,708,348
Variable rate:				
Base Rate/Base Lending/Financing Rate	13,615,602	14,268,406	10,045,664	10,543,745
Cost-plus	16,967,496	18,219,089	11,154,156	11,469,016
	42,815,094	46,098,877	30,002,347	31,721,109

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	55,656	47,884	54,673	44,276
Mining and quarrying	368,264	329,260	241,368	192,879
Manufacturing	8,013,977	7,980,674	6,664,793	6,375,683
Electricity, gas and water	472,920	334,073	248,419	237,688
Construction	2,104,141	2,071,655	1,278,903	1,244,449
Real estate	1,888,995	1,904,718	586,034	684,409
Wholesale & retail trade and restaurants & hotels	3,570,139	4,474,372	2,670,952	3,453,542
Transport, storage and communication	1,034,493	1,056,076	774,942	751,755
Finance, insurance and business services	3,035,461	2,946,452	2,327,544	1,920,843
Household-retail	19,767,267	19,909,745	13,951,063	14,071,106
Others	2,503,781	5,043,968	1,203,656	2,744,479
	42,815,094	46,098,877	30,002,347	31,721,109

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	13,773,757	13,917,975	10,077,004	10,248,867
Non residential	889,211	954,500	432,498	463,302
Purchase of securities	1,857	2,000	1,857	2,000
Purchase of transport vehicles	14,885	14,856	14,319	14,219
Purchase of fixed assets excluding land & building	128,084	138,190	—	—
Consumption credit	5,803,920	5,785,745	3,800,672	3,742,845
Construction	1,826,142	1,800,000	1,207,834	1,177,793
Working capital	18,314,735	18,915,127	13,479,269	13,479,965
Others	2,062,503	4,570,484	988,894	2,592,118
	42,815,094	46,098,877	30,002,347	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Northern Region	6,021,158	5,919,567	4,712,204	4,653,646
Southern Region	6,173,294	6,591,344	4,551,391	4,682,639
Central Region	29,487,747	32,380,973	19,844,982	21,437,991
Eastern Region	1,132,895	1,206,993	893,770	946,833
	42,815,094	46,098,877	30,002,347	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 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	(329,947)	(43,524)	(202,120)	(36,442)
Repayment	(13,447)	(40,457)	(6,127)	(42,027)
Written-off	(100,946)	(290,654)	(56,594)	(192,696)
Gross carrying amount as at 30 June / 31 December	986,600	1,430,940	656,120	920,961

(ii) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	3,296	3,471	3,296	3,467
Manufacturing	5,835	7,258	5,835	7,258
Electricity, gas and water	57,731	64,859	4,022	7,874
Construction	59,362	77,277	58,144	58,136
Real estate	46,029	56,172	46,029	56,172
Wholesale & retail trade, restaurants & hotels	15,749	12,762	9,696	10,971
Transport, storage and communication	1,271	4,081	5	4
Finance, insurance and business services	6,231	6,222	1,018	6,222
Household-retail	791,096	1,198,838	528,075	770,857
	986,600	1,430,940	656,120	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	613,859	785,984	426,517	552,313
Non residential	14,311	15,147	11,170	11,522
Consumption credit	174,153	408,022	100,405	217,337
Construction	35,159	35,830	34,267	34,260
Working capital	149,118	185,957	83,761	105,529
	986,600	1,430,940	656,120	920,961

(iv) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Northern Region	135,260	153,279	106,847	125,789
Southern Region	146,925	199,454	121,704	160,713
Central Region	674,054	1,034,097	400,129	596,704
Eastern Region	30,361	44,110	27,440	37,755
	986,600	1,430,940	656,120	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	40,628	(35,053)	(5,575)	–
- Transferred to stage 2	(6,391)	68,119	(61,728)	–
- Transferred to stage 3	(263)	(6,322)	6,585	–
New financial assets originated or purchased	11,318	–	–	11,318
Net remeasurement due to changes in credit risk and assets derecognised	(46,603)	22,371	81,246	57,014
Asset written-off	–	–	(100,946)	(100,946)
Others	–	–	(6,324)	(6,324)
Balance at 30 June 2025	63,643	210,521	248,257	522,421
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 RM38.9 million for the Group compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written off (RM100.9 million), partially offset by remeasurement due to changes in credit risk and assets derecognised (RM57.0 million) and new financial assets originated or purchased (RM11.3 million).

- 12-month ECL not credit impaired (stage 1) – decreased by RM1.3 million for the Group, mainly from net remeasurement due to changes in credit risk, partially offset by net migration of loans, advances and financing from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (stage 2) – increased by RM49.1 million for the Group, mainly from net migration of loans, advances and financing from stages 1 and 3 and net remeasurement due to changes in credit risk.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM86.7 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 net remeasurement due to changes in credit risk and assets derecognised.

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	18,199	(14,112)	(4,087)	–
- Transferred to stage 2	(3,401)	31,987	(28,586)	–
- Transferred to stage 3	(149)	(2,827)	2,976	–
New financial assets originated or purchased	8,142	–	–	8,142
Net remeasurement due to changes in credit risk and assets derecognised	(23,661)	6,075	39,957	22,371
Asset written-off	–	–	(56,594)	(56,594)
Others	–	–	(1,663)	(1,663)
Balance at 30 June 2025	37,869	85,533	143,938	267,340
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 RM27.7 million for the Bank compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM56.6 million), partially offset by remeasurement due to changes in credit risk and assets derecognised (RM22.4 million) and new financial assets originated or purchased (RM8.1 million).

- 12-month ECL not credit impaired (stage 1) – decreased by RM0.9 million for the Bank mainly contributed by net remeasurement due to changes in credit risk based on HSBC Group's model and assets derecognised, 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) – increased by RM21.1 million for the Bank, mainly due to net migration of loans and advances from stages 1 and 3 and net remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM48.0 million, primarily from asset written-off and net migration of loans and advances to stages 1 and 2, partially offset by net remeasurement due to changes in credit risk and assets derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances (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	464	(464)	–	–
- Transferred to stage 2	(126)	126	–	–
- Transferred to stage 3	(5)	–	5	–
New financial assets originated or purchased	394	–	–	394
Net remeasurement due to changes in credit risk and assets derecognised	(2,475)	(351)	(1,194)	(4,020)
Others	–	–	(1,858)	(1,858)
Balance at 30 June 2025	8,299	2,708	75,946	86,953
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 (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	138	(138)	–	–
- Transferred to stage 2	(65)	65	–	–
New financial assets originated or purchased	252	–	–	252
Net remeasurement due to changes in credit risk and assets derecognised	(1,456)	(336)	(1,923)	(3,715)
Others	–	–	(1,841)	(1,841)
Balance at 30 June 2025	6,583	1,550	51,000	59,133
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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Settlements	597,133	665,492	595,279	621,390
Interest/profit receivable	279,491	281,441	241,292	250,361
Income receivable	71,045	60,752	94,346	73,633
Deposits and prepayments	20,513	5,051	18,511	5,051
Amount due from subsidiary company	–	–	493,508	246,492
Rights of Use (ROU) assets	51,995	41,140	29,510	20,457
Cash collateral	50,821	283,807	50,821	283,807
Intangible assets	10,115	10,903	10,115	10,903
Property held for sale	6,116	8,692	6,116	8,692
Other receivables	529,847	532,987	544,958	538,461
	1,617,076	1,890,265	2,084,456	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. BNM has lowered the Statutory Reserve Requirement (SRR) Ratio requirement from 2% to 1% with effect from 16 May 2025.

22 Investments in Subsidiary Companies

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 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>	
		30 Jun 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>	
	30 Jun 2025 RM'000	31 Dec 2024 RM'000	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Demand deposits	28,903,301	27,828,822	24,620,825	24,423,155
Savings deposits	15,800,686	16,494,870	12,782,097	13,432,587
Fixed deposits	30,198,807	30,783,365	23,547,798	23,805,526
	74,902,794	75,107,057	60,950,720	61,661,268

The maturity structure of fixed deposits is as follows:

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025 RM'000	31 Dec 2024 RM'000	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Due within six months	24,471,269	24,834,114	18,913,855	19,150,121
More than six months to one year	4,957,346	5,131,430	4,081,000	4,087,773
More than one year to three years	522,044	527,802	369,649	358,232
More than three years to five years	248,148	290,019	183,294	209,400
	30,198,807	30,783,365	23,547,798	23,805,526

(ii) By type of customer	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025 RM'000	31 Dec 2024 RM'000	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Government and statutory bodies	13,923	24,599	2,106	12,983
Business enterprises	28,574,587	29,093,707	25,013,640	26,139,781
Individuals	27,488,086	28,108,782	21,895,896	22,360,791
Foreign entities/individuals	16,514,330	15,897,388	12,911,226	12,129,446
Others	2,311,868	1,982,581	1,127,852	1,018,267
	74,902,794	75,107,057	60,950,720	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Licensed banks	17,512	38,981	417,511	238,981
Bank Negara Malaysia	219,442	209,294	204,070	200,045
Other financial institutions	2,074,424	1,904,844	2,074,406	1,881,502
	2,311,378	2,153,119	2,695,987	2,320,528

25 Structured Liabilities Designated at Fair Value through Profit or Loss

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Structured liabilities	4,125,092	4,245,924	2,351,255	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>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Settlements	926,619	325,491	919,636	324,784
Interest/profit payable	272,121	295,288	211,485	231,248
Deferred income	172,576	172,953	155,099	154,280
Marginal deposit	160,412	160,342	149,577	148,430
Amount due to subsidiary company	–	–	30,917	752
Accrued expenses	532,694	661,199	513,575	638,261
Lease liabilities	49,939	45,207	27,953	22,582
Cash collateral	636,859	155,019	636,859	155,019
Other creditors	2,139,253	1,280,497	1,917,643	1,100,379
Provisions on loan and credit related commitments; and financial guarantees ^[1]	86,953	92,437	59,133	64,437
	4,977,426	3,188,433	4,621,877	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>			
	30 Jun 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 / 30 June 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 30 June 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>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	362,643	394,909	733,419	790,746
- Interest income recognised from impaired loans	6,547	7,438	12,773	14,174
Money at call and deposit placements with financial institutions	157,480	148,645	299,777	311,863
Financial investments at FVOCI	128,934	138,838	261,055	267,335
Financial investments at amortised cost	85,456	73,790	169,559	138,212
	741,060	763,620	1,476,583	1,522,330
Interest expense				
Deposits and placements of banks and other financial institutions	(17,093)	(22,666)	(31,802)	(45,881)
Deposits from customers	(250,572)	(268,201)	(505,346)	(522,992)
Others	1,527	(392)	(1,016)	(1,296)
	(266,138)	(291,259)	(538,164)	(570,169)
Net interest income	474,922	472,361	938,419	952,161

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	362,643	394,909	733,419	790,746
- Interest income recognised from impaired loans	6,547	7,438	12,773	14,174
Money at call and deposit placements with financial institutions	181,428	163,493	341,987	342,806
Financial investments at FVOCI	128,934	138,838	261,055	267,335
Financial investments at amortised cost	85,456	73,790	169,559	138,212
	765,008	778,468	1,518,793	1,553,273

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Net Interest Income (Cont'd)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Interest expense				
Deposits and placements of banks and other financial institutions	(20,358)	(24,494)	(37,944)	(49,570)
Deposits from customers	(250,572)	(268,201)	(505,346)	(522,992)
Others	1,527	(392)	(1,016)	(1,296)
	<u>(269,403)</u>	<u>(293,087)</u>	<u>(544,306)</u>	<u>(573,858)</u>
Net interest income	495,605	485,381	974,487	979,415

29 Net Fee and Commission Income

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
Credit cards	40,127	35,471	78,741	72,821
Service charges and fees	27,543	28,456	53,582	64,612
Fees on credit facilities	16,207	16,274	32,856	33,080
Agency fee	42,267	50,807	101,325	101,977
Others	18,622	9,952	35,173	19,873
	<u>144,766</u>	<u>140,960</u>	<u>301,677</u>	<u>292,363</u>
Fee and commission expense				
Debit/credit cards	(18,274)	(5,523)	(31,081)	(25,626)
Brokerage	(1,322)	(1,343)	(2,022)	(2,029)
Others	(6,582)	(6,050)	(12,737)	(11,451)
	<u>(26,178)</u>	<u>(12,916)</u>	<u>(45,840)</u>	<u>(39,106)</u>
Net fee and commission income	118,588	128,044	255,837	253,257

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 Net Fee and Commission Income (Cont'd)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
Credit cards	40,127	35,471	78,741	72,821
Service charges and fees	27,543	28,456	53,582	64,612
Fees on credit facilities	16,207	16,274	32,856	33,080
Agency fee	42,267	50,807	101,325	101,977
Others	18,181	9,393	33,875	18,897
	144,325	140,401	300,379	291,387
Fee and commission expense				
Debit/credit cards	(18,274)	(5,523)	(31,081)	(25,626)
Brokerage	(1,322)	(1,343)	(2,022)	(2,029)
Others	(6,582)	(6,050)	(12,737)	(11,451)
	(26,178)	(12,916)	(45,840)	(39,106)
Net fee and commission income	118,147	127,485	254,539	252,281

30 Net Income from Financial Instruments Held for Trading or Managed on a Fair Value Basis

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Realised gains on financial assets/liabilities at FVTPL and other financial instruments	10,346	144	15,090	3,798
Net interest income from financial assets at FVTPL	21,930	53,300	59,816	97,131
Net unrealised gains/(losses) on revaluation of financial assets at FVTPL	3,053	2,523	5,530	(6,484)
Net gains/(losses) from dealing in foreign currency				
- Realised	347,386	245,614	159,131	339,877
- Unrealised	432,832	(50,459)	638,327	(52,456)
Net gains/(losses) from dealing in derivative				
- Realised	35,317	(41,605)	47,734	(159,467)
- Unrealised	49,724	52,151	(19,262)	152,359
Gains/(losses) arising from fair value hedges	171	(299)	171	(557)
Net trading income	900,759	261,369	906,537	374,201
Net expense from financial liabilities designated at fair value	(37,018)	(36,158)	(46,997)	(32,194)
	863,741	225,211	859,540	342,007

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Net Income from Financial Instruments Held for Trading or Managed on a Fair Value Basis (Cont'd)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Realised gains on financial assets/liabilities at FVTPL and other financial instruments	10,346	144	15,090	3,798
Net interest income from financial assets at FVTPL	21,930	53,300	59,816	97,131
Net unrealised gains/(losses) on revaluation of financial assets at FVTPL	3,053	2,523	5,530	(6,484)
Net gains/(losses) from dealing in foreign currency				
- Realised	338,505	246,190	155,858	340,022
- Unrealised	(174,970)	(77,647)	169,541	3,121
Net gains/(losses) from dealing in derivative				
- Realised	43,989	(48,713)	44,836	(154,529)
- Unrealised	(29,545)	54,593	(37,222)	136,851
Gains/(losses) arising from fair value hedges	171	(299)	171	(557)
Net trading income	213,479	230,091	413,620	419,353
Net expense from financial liabilities designated at fair value	(37,018)	(36,158)	(46,997)	(32,194)
	176,461	193,933	366,623	387,159

Net income from financial instruments held for trading or managed on a fair value basis for the Group is presented in both Note 30 and Note 31. A reconciliation for the Group is as follows:

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Total net income from financial instruments held for trading or managed on a fair value basis (net of elimination with subsidiary)	65,120	198,278	369,936	389,464
of which:				
- is disclosed in Note 30	863,741	225,211	859,540	342,007
- is included under Income from Islamic Banking operations of the Group (Note 31)	(798,621)	(26,933)	(489,604)	47,457

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>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- depositor funds and others ^[1]	210,172	228,715	435,888	455,913
- shareholders funds	77,932	63,901	133,195	123,520
Total income before allowance for impairment losses on financing and advances	288,104	292,616	569,083	579,433
Income attributable to the depositors	(88,613)	(93,129)	(172,247)	(189,166)
Income from Islamic Banking operations before elimination	199,491	199,487	396,836	390,267
Elimination of intercompany income and expenses	(667,232)	(19,053)	(458,567)	70,919
Income from Islamic Banking operations reported in statement of profit or loss of the Group ^[2]	(467,741)	180,434	(61,731)	461,186

^[1] Included in income derived from investment of depositors' funds and others are net (expense)/income from financial instruments held for trading or managed on a fair value basis for the period ended 30 June:

	(798,621)	(26,933)	(489,604)	47,457
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32 Other Operating Income

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net gain on disposal of financial investments at FVOCI	–	5,425	5,294	5,330
Dividend income from financial investments at FVOCI (Unquoted in Malaysia)	1,245	1,193	1,245	1,193
Rental income	6,031	6,539	12,310	13,040
Net gain on disposal of property and equipment	835	697	1,020	697
Other operating income	7,651	12,988	12,589	26,324
	15,762	26,842	32,458	46,584

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32 Other Operating Income (Cont'd)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net gain on disposal of financial investments at FVOCI	–	5,425	5,294	5,330
Dividend income from financial investments at FVOCI (Unquoted in Malaysia)	1,245	1,193	1,245	1,193
Dividend income from subsidiary	118,990	53,679	118,990	53,679
Discretionary coupon income on other equity instrument issued by subsidiary	–	–	15,687	18,435
Rental income	6,031	6,539	12,310	13,040
Net gain on disposal of property and equipment	835	697	1,020	697
Income recharges from subsidiary	49,737	50,819	96,786	97,134
Other operating income	7,651	12,988	12,589	26,324
	184,489	131,340	263,921	215,832

33 ECL (Written-back)/Charges

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	26,381	15,737	65,336	22,442
Recoveries	(31,306)	(30,813)	(57,024)	(54,756)
Written off	45	394	227	439
ECL (written-back)/charges	(4,880)	(14,682)	8,539	(31,875)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase/(release) in ECL	13,770	(2,926)	28,157	10,266
Recoveries	(15,509)	(14,642)	(28,274)	(25,893)
Written off	45	395	225	402
ECL (written-back)/charges	(1,694)	(17,173)	108	(15,225)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 ECL (Written-back)/Charges (Cont'd)

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

(i) Loan, advances and financing

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	33,707	23,690	69,130	31,707
Recoveries	(31,306)	(30,813)	(57,024)	(54,756)
Written off	45	394	227	439
ECL charges/(written-back)	2,446	(6,729)	12,333	(22,610)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	18,130	1,702	31,701	15,085
Recoveries	(15,509)	(14,642)	(28,274)	(25,893)
Written off	45	395	225	402
ECL charges/(written-back)	2,666	(12,545)	3,652	(10,406)

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

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net (release)/increase in ECL	(3)	10	7	10

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net (release)/increase in ECL	(6)	8	5	(55)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 ECL (Written-back)/Charges (Cont'd)

(iii) Debt securities - FVOCI

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase/(release) in ECL	85	207	(45)	144

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	119	207	14	164

(iv) Financial investments at amortised costs

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net (release)/increase in ECL	(285)	(35)	(130)	264

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net (release)/increase in ECL	(165)	31	(100)	281

(v) Loan commitments and contingencies

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net release in ECL	(7,123)	(8,135)	(3,626)	(9,588)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net release in ECL	(4,308)	(4,874)	(3,463)	(5,209)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 Other Operating Expenses

	<i>Group</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	182,185	185,626	355,660	341,153
Promotion and marketing related expenses	10,406	13,993	19,265	26,440
Establishment related expenses	36,923	35,302	70,941	74,598
General administrative expenses	29,782	27,333	68,642	69,956
Related company charges	224,004	232,939	440,287	437,898
	483,300	495,193	954,795	950,045
Personnel expenses				
Salaries, allowances and bonuses	140,190	141,525	271,193	263,877
Employees Provident Fund contributions	24,255	23,847	46,451	44,391
Share based payment	3,606	3,786	5,512	6,009
Others	14,134	16,468	32,504	26,876
	182,185	185,626	355,660	341,153
Establishment related expenses				
Depreciation of property and equipment	13,170	12,148	25,414	25,817
Depreciation of RoU assets	3,585	3,496	6,768	6,944
Amortisation of intangible assets	657	934	1,330	2,176
Information technology cost	6,234	5,214	12,508	10,079
Property and equipment written off	—	2	—	2
General repairs and maintenance	5,068	4,557	8,723	10,520
Utilities	1,413	1,496	2,446	2,790
Others	6,796	7,455	13,752	16,270
	36,923	35,302	70,941	74,598
Related company charges	224,004	232,939	440,287	437,898
Of which by:				
(i) Type of service				
- Information technology related cost	116,152	115,931	227,040	236,459
- Non information technology related cost	107,852	117,008	213,247	201,439
(ii) Countries/territories				
- Hong Kong	142,328	153,850	285,761	308,299
- United Kingdom	48,314	41,365	86,099	77,335
- Malaysia	17,291	17,996	34,766	35,225
- India	11,214	13,613	22,343	3,903
- Others	4,857	6,115	11,318	13,136

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 Other Operating Expenses (Cont'd)

	<i>Bank</i>			
	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	170,844	174,879	333,987	321,644
Promotion and marketing related expenses	8,323	11,290	15,448	21,329
Establishment related expenses	33,508	32,166	63,758	67,482
General administrative expenses	24,828	20,197	56,571	57,996
Related company charges	220,288	231,046	434,955	434,365
	457,791	469,578	904,719	902,816
Personnel expenses				
Salaries, allowances and bonuses	131,477	133,016	254,153	248,566
Employees Provident Fund contributions	22,705	22,342	43,437	41,671
Share based payment	3,584	3,829	5,455	6,038
Others	13,078	15,692	30,942	25,369
	170,844	174,879	333,987	321,644
Establishment related expenses				
Depreciation of property and equipment	12,818	11,670	24,686	24,807
Depreciation of RoU assets	2,045	1,975	3,748	3,941
Amortisation of intangible assets	657	934	1,330	2,176
Information technology cost	5,782	5,111	11,025	8,856
Property and equipment written off	—	2	—	2
General repairs and maintenance	4,418	3,958	7,491	9,441
Utilities	1,181	1,206	1,996	2,255
Others	6,607	7,310	13,482	16,004
	33,508	32,166	63,758	67,482
Related company charges	220,288	231,046	434,955	434,365
Of which by:				
(i) Type of service				
- Information technology related cost	116,152	115,931	227,040	236,496
- Non information technology related cost	104,136	115,115	207,915	197,869
(ii) Countries/territories				
- Hong Kong	142,313	153,809	285,744	308,210
- United Kingdom	47,906	41,243	85,377	77,324
- Malaysia	14,156	16,354	30,451	31,994
- India	11,070	13,534	22,079	3,713
- Others	4,843	6,106	11,304	13,124

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Credit Exposure to Connected Parties

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	2,895,073	3,435,138	2,786,579	3,170,693
As a percentage of total credit exposures	2.4 %	3.0 %	2.9 %	3.4 %
Aggregate value of 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)

36 Capital Adequacy

	<i>Group</i>	
	30 Jun 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	9,524,366	9,110,558
Other reserves	863,783	847,641
Regulatory adjustments	(861,537)	(909,948)
Total CET1 capital	10,572,487	10,094,126
Tier 1 capital		
Additional Tier 1 preference shares	2,193,000	2,193,000
Total Tier 1 capital	12,765,487	12,287,126
Tier 2 capital		
General provisions	615,707	629,333
Regulatory adjustments	56,420	57,576
Total Tier 2 capital	672,127	686,909
Capital base	13,437,614	12,974,035
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	18.337%	16.953%
Tier 1 Capital ratio	22.140%	20.636%
Total Capital ratio	23.306%	21.790%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	17.293%	16.306%
Tier 1 Capital ratio	21.096%	19.989%
Total Capital ratio	22.262%	21.143%

The total capital and capital adequacy ratios of the Group and the Bank have been computed based on BNM's Capital Adequacy Framework related to Capital Components and Risk-Weighted Assets. The Group and the Bank have adopted the Standardised Approach for Credit Risk, Market Risk and Operational Risk.

With effect from 1 January 2025, the RWA for Operational Risk has been computed based on the Capital Adequacy Framework (Operational Risk) issued on 15 December 2023, in line with Basel III standards (2024: Standardised Approach for Operational Risk, under Basel II).

For HBMS, a wholly owned subsidiary of the Bank, the total capital and capital adequacy ratios have been computed based on BNM's Capital Adequacy Framework for Islamic Banks related to Capital Components and Risk-Weighted Assets. HBMS has adopted the Standardised Approach for Credit Risk, Market Risk and Operational Risk. With effect from 1 January 2025, the RWA for Operational Risk has been computed based on the Capital Adequacy Framework (Operational Risk) issued on 15 December 2023, in line with Basel III standards (2024: Basic Indicator Approach for Operational Risk, under Basel II).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy (Cont'd)

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

	<i>Group</i>	
	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Total RWA for credit risk ^[1]	49,256,559	50,346,619
Total RWA for market risk	2,016,565	2,292,635
Total RWA for operational risk	6,384,933	6,902,586
	57,658,057	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>	
	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Under SIAF/IAA arrangement	647,672	658,314

	<i>Bank</i>	
	30 Jun 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	7,267,931	6,945,224
Other reserves	831,426	780,299
Regulatory adjustments	(1,454,137)	(1,463,496)
Total CET1 capital	7,691,095	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	9,383,032	8,999,839
Tier 2 capital		
General provisions	464,215	467,581
Regulatory adjustments	56,420	57,576
Total Tier 2 capital	520,635	525,157
Capital base	9,903,667	9,524,996

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	30 Jun 2025	31 Dec 2024
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	17.159%	16.016%
Tier 1 Capital ratio	20.933%	19.725%
Total Capital ratio	22.095%	20.875%
 <u>After deducting proposed dividend</u>		
CET 1 Capital ratio	15.816%	15.172%
Tier 1 Capital ratio	19.591%	18.880%
Total Capital ratio	20.752%	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>	
	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Total RWA for credit risk ^[1]	37,137,237	37,406,489
Total RWA for market risk	1,938,317	2,197,736
Total RWA for operational risk	5,747,571	6,023,418
	44,823,125	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>	
	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Under SIAF/IAA arrangement	647,672	658,314

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37 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	
	30 Jun 2025 RM'000	31 Dec 2024 RM'000	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Direct credit substitutes	622,853	641,943	608,982	610,429
Transaction-related contingent items	12,691,499	12,801,108	11,075,732	10,966,743
Short-term self-liquidating trade-related contingencies	439,750	420,263	323,728	281,383
Forward asset purchases	–	18,784	–	18,784
Formal standby facilities and credit lines				
- Maturity not exceeding one year	9,758,545	8,690,729	8,261,973	7,380,469
- Maturity exceeding one year	14,412,719	14,279,178	10,652,270	10,661,652
Other unconditionally cancellable	21,193,914	21,228,765	17,595,866	17,838,394
Unutilised credit card lines	14,746,689	14,101,767	11,426,178	10,813,037
Foreign exchange related contracts:				
- Less than one year	136,595,829	104,006,700	137,833,884	105,324,987
- Over one year to less than five years	4,611,121	5,671,758	4,599,347	5,671,758
- Over five years	172,501	274,452	172,501	274,452
Interest/profit rate related contracts:				
- Less than one year	10,184,392	15,249,291	10,536,457	15,872,401
- Over one year to less than five years	29,662,342	25,677,203	30,304,830	26,369,199
- Over five years	887,311	571,808	887,312	571,808
Gold and other precious metals contracts:				
- Less than one year	36,713	10,823	36,713	10,823
Equity related contracts:				
- Less than one year	1,684,671	1,804,297	2,305,887	2,431,823
- Over one year to less than five years	1,552,941	1,356,137	2,416,776	2,174,878
	259,253,790	226,805,006	249,038,436	217,273,020

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

	Bank	
	30 Jun 2025 RM'000	31 Dec 2024 RM'000
<i>Formal standby facilities and credit lines:</i>		
- Maturity not exceeding one year	–	–
- Maturity exceeding one year	87,664	89,591
	87,664	89,591

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 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 30 June 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	133,052,589	1,611,346	–	134,663,935	1,508,628	33,570	–	1,542,198	1,564,612	19,703	–	1,584,315
- Swaps	2,858,392	2,999,775	172,501	6,030,668	72,713	150,536	10,424	233,673	29,314	110,279	3,582	143,175
- Options	684,848	–	–	684,848	1,440	–	–	1,440	1,802	–	–	1,802
Interest/profit rate related contracts												
- Options	544,658	252,116	–	796,774	633	5,821	–	6,454	3,045	–	–	3,045
- Swaps	9,639,734	29,110,226	887,311	39,637,271	20,766	144,146	14,508	179,420	19,433	154,047	12,023	185,503
Equity related contracts												
- Options	1,684,671	1,552,941	–	3,237,612	16,688	34,632	–	51,320	29,567	40,334	–	69,901
Precious metal contracts												
- Options	36,713	–	–	36,713	306	–	–	306	363	–	–	363
Sub- total	148,501,605	35,526,404	1,059,812	185,087,821	1,621,174	368,705	24,932	2,014,811	1,648,136	324,363	15,605	1,988,104
Hedging derivatives:												
Fair value hedge												
Interest/profit rate related contracts												
- Swaps	–	300,000	–	300,000	–	–	–	–	–	981	–	981
Total	148,501,605	35,826,404	1,059,812	185,387,821	1,621,174	368,705	24,932	2,014,811	1,648,136	325,344	15,605	1,989,085

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 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)

38 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 30 June 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	134,290,644	1,599,572	–	135,890,216	1,497,681	33,433	–	1,531,114	1,550,090	19,703	–	1,569,793
- Swaps	2,858,392	2,999,775	172,501	6,030,668	72,642	150,546	9,348	232,536	29,450	110,279	3,582	143,311
- Options	684,848	–	–	684,848	1,440	–	–	1,440	1,802	–	–	1,802
Interest rate related contracts												
- Options	559,452	602,904	–	1,162,356	755	10,026	–	10,781	3,045	–	–	3,045
- Swaps	9,977,005	29,401,926	887,312	40,266,243	20,841	144,379	10,712	175,932	19,470	157,926	12,023	189,419
Equity related contracts												
- Options	2,305,887	2,416,776	–	4,722,663	40,912	83,059	–	123,971	34,692	62,876	–	97,568
Precious metal contracts												
- Options	36,713	–	–	36,713	306	–	–	306	363	–	–	363
Sub- total	150,712,941	37,020,953	1,059,813	188,793,707	1,634,577	421,443	20,060	2,076,080	1,638,912	350,784	15,605	2,005,301
Hedging derivatives:												
Fair value hedge												
Interest rate related contracts												
- Swaps	–	300,000	–	300,000	–	–	–	–	–	981	–	981
Total	150,712,941	37,320,953	1,059,813	189,093,707	1,634,577	421,443	20,060	2,076,080	1,638,912	351,765	15,605	2,006,282

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 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)

39 Performance Review, Economy and Prospects

Performance Review

The Group recorded profit before tax (PBT) of RM1,061.2 million for the financial period ended 30 June 2025, marking a decrease of RM75.8 million or 6.7% year-on-year. The decrease in PBT is attributed to higher ECL charges of RM40.4 million as compared to a net write-back of RM31.9 million last year, coupled with lower operating income by RM30.7 million, which amounted to RM2,024.5 million.

Total assets as at 30 June 2025 has increased by RM2.6 billion or 2.6% to RM102.1 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 increasing trade tensions and persistent geopolitical uncertainties continue to pose headwinds for global growth, including Malaysia's economy. However, with robust fundamentals that were supported by sustained and resilience domestic demand, Malaysia's economy for 1Q2025 expanded to 4.4%. Domestic demand will offer a cushion against slowing exports moving forward. As a pre-emptive measure aimed at preserving Malaysia's steady growth amid moderate inflation prospects and global uncertainties, BNM reduced the Overnight Policy Rate by 25 basis points to 2.75% on 9 July 2025.

During the period under review, HSBC Malaysia and five other financial institutions have signed letters of intent with the Ministry of Economy to support investment growth in the Johor-Singapore Special Economic Zone (JS-SEZ). In support of this, HSBC and The Edge hosted the JS-SEZ Forum in Johor titled "Enabling the Next Leap Forward" to gather industry leaders from the public and private sectors in Malaysia and Singapore.

Our Islamic subsidiary, HSBC Amanah Malaysia Berhad (HBMS), has recently launched HSBC TradePay-*i*, a shariah compliant digital trade finance solution. This innovative tool empowers businesses to instantly access trade facilities and seamlessly settle payments to suppliers, enhancing flexibility and boosting liquidity for companies as they steer through a complex trade environment.

In 2025, HSBC Malaysia is recognised as "Digital Bank of the Year" for the fifth consecutive year and "Best Digital Wealth Management Experience" by The Asset Triple A Digital Awards 2025. The Bank is also awarded "Best Bank for Sustainable Finance – International" and "Best Commercial Bank" from The Asset Triple A Sustainable Finance Awards 2025. This reinforces the strength of our capabilities in both the areas of digital and sustainability.

Our subsidiary, HSBC Amanah, has also been named "ESG Bank of the Year", "Best Trade Finance Bank" and "Wealth Manager of the Year" as part of The Asset Triple A Islamic Finance Awards 2025. These prestigious accolades, along with our wins in numerous deal award categories, reinforce the strength of our Islamic banking capabilities and standing in the industry.

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.