

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2026

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

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

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Note	Group		Bank	
		31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	12	14,508,520	15,593,217	10,602,579	9,895,207
Securities purchased under resale agreements	13	11,115,193	12,136,550	10,535,784	11,852,303
Deposits and placements with banks and other financial institutions	14	–	12,574	1,810,936	2,827,747
Financial assets at fair value through profit and loss (FVTPL)	15	5,920,054	4,311,063	5,920,054	4,311,063
Financial investments at fair value through other comprehensive income (FVOCI)	16	12,806,545	15,923,754	11,212,297	14,303,106
Financial investments at amortised cost	17	11,992,661	12,329,929	9,860,486	9,950,241
Loans, advances and financing	18	43,659,185	42,761,003	30,905,655	29,967,189
Derivative financial assets	38	2,161,926	1,858,630	2,263,717	1,900,914
Other assets	21	2,290,821	1,339,718	2,401,714	1,585,538
Statutory deposits with Bank Negara Malaysia	22	234,865	270,637	129,526	145,526
Investments in subsidiary companies	23	–	–	1,656,084	1,656,084
Property and equipment		985,737	989,143	981,322	984,307
Tax recoverable		19,808	19,808	19,808	19,808
Deferred tax assets		151,195	138,791	110,190	99,123
Total assets		105,846,510	107,684,817	88,410,152	89,498,156
Liabilities					
Deposits from customers	24	78,481,437	81,563,195	64,999,956	67,174,599
Deposits and placements from banks and other financial institutions	25	2,666,024	2,450,864	3,053,475	2,809,432
Repurchase agreement		210,364	–	210,364	–
Bills payable		76,322	156,208	66,990	143,991
Derivative financial liabilities	38	2,135,182	1,868,914	2,153,077	1,880,441
Structured liabilities designated at fair value through profit and loss	26	3,614,985	3,376,093	1,842,133	1,775,816
Other liabilities	27	4,284,579	4,332,834	3,769,474	3,754,647
Provision for taxation		197,612	152,892	142,496	108,079
Total liabilities		91,666,505	93,901,000	76,237,965	77,647,005
Equity					
Share capital and other equity	28	4,228,875	4,228,875	4,228,875	4,228,875
Reserves		9,951,130	9,554,942	7,943,312	7,622,276
Total equity attributable to owner of the Group and the Bank		14,180,005	13,783,817	12,172,187	11,851,151
Total liabilities and equity		105,846,510	107,684,817	88,410,152	89,498,156
Commitments and contingencies	37	309,158,052	269,734,990	298,986,366	259,026,450

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 2025 and the accompanying explanatory notes on pages 11 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 28 April 2026.

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 31 MARCH 2026

	<i>Note</i>	<i>Group</i>		<i>Bank</i>	
		31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
		RM'000	RM'000	RM'000	RM'000
Interest income	29	693,917	735,523	709,723	753,785
Interest expense	29	(253,690)	(272,026)	(256,638)	(274,903)
Net interest income	29	440,227	463,497	453,085	478,882
Fee and commission income	30	174,715	156,911	173,166	156,054
Fee and commission expense	30	(8,035)	(19,662)	(8,035)	(19,662)
Net fee and commission income	30	166,680	137,249	165,131	136,392
Net (expense)/income from financial instruments held for trading or managed on a fair value basis	31	(168,489)	(4,201)	238,333	190,162
Income from Islamic banking operations	32	614,565	406,010	–	–
Other operating income	33	16,906	16,696	75,448	79,432
Operating income before expected credit loss (ECL)		1,069,889	1,019,251	931,997	884,868
ECL charges	34	(18,575)	(13,419)	(14,186)	(1,802)
Net operating income		1,051,314	1,005,832	917,811	883,066
Other operating expenses	35	(469,953)	(471,495)	(446,028)	(446,928)
Profit before tax		581,361	534,337	471,783	436,138
Tax expense		(144,178)	(132,516)	(113,996)	(104,272)
Profit for the financial period		437,183	401,821	357,787	331,866
Profit attributable to owner of the Group and the Bank		437,183	401,821	357,787	331,866
Basic earnings per RM0.50 ordinary share		190.9 sen	175.5 sen	156.2 sen	144.9 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 2025 and the accompanying explanatory notes on pages 11 to 41 attached to the unaudited condensed interim financial statements.

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HSBC BANK MALAYSIA BERHAD
(Company No. 198401015221 (127776-V))
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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2026

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	437,183	401,821	357,787	331,866
Other comprehensive (expense)/income				
<i>Items that will not be reclassified to profit or loss</i>				
Own credit reserve:				
Change in fair value	(3,870)	1,875	(2,299)	24
Income tax effect	929	(450)	552	(6)
<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	(43,819)	20,139	(39,694)	19,193
Amount transferred to profit or loss	(3,550)	(5,294)	(3,645)	(5,294)
ECL charges/(written-back)	4	(131)	(13)	(106)
Income tax effect	11,391	(3,562)	10,401	(3,335)
Other comprehensive (expense)/income for the financial period, net of income tax	(38,915)	12,577	(34,698)	10,476
Total comprehensive income for the financial period	398,268	414,398	323,089	342,342
Total comprehensive income attributable to the owner of the Group and the Bank	398,268	414,398	323,089	342,342

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 2025 and the accompanying explanatory notes on pages 11 to 41 attached to the unaudited condensed interim financial statements.

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HSBC BANK MALAYSIA BERHAD
(Company No. 198401015221 (127776-V))
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2026

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							
2026									
Balance at 1 January	1,045,875	3,183,000	127,372	253,195	4,002	90,249	424,000	8,656,124	13,783,817
Profit for the financial period	-	-	-	-	-	-	-	437,183	437,183
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	-	-	(360)	-	-	-	-	360	-
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	(32,428)	(2,941)	-	-	-	(35,369)
Net amount transferred to profit or loss	-	-	-	(3,550)	-	-	-	-	(3,550)
ECL charges	-	-	-	4	-	-	-	-	4
<i>Total other comprehensive (expense)/income</i>	-	-	(360)	(35,974)	(2,941)	-	-	360	(38,915)
Total other comprehensive (expense)/income for the financial period	-	-	(360)	(35,974)	(2,941)	-	-	437,543	398,268
Net change in regulatory reserves	-	-	-	-	-	-	42,600	(42,600)	-
Transactions with the owner, recorded directly in equity									
Share based payment transactions	-	-	-	-	-	1,100	-	(3,180)	(2,080)
Balance at 31 March	<u>1,045,875</u>	<u>3,183,000</u>	<u>127,012</u>	<u>217,221</u>	<u>1,061</u>	<u>91,349</u>	<u>466,600</u>	<u>9,047,887</u>	<u>14,180,005</u>

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2026 (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							
2025									
Balance at 1 January	1,045,875	2,193,000	127,947	179,079	(771)	92,386	449,000	9,110,558	13,197,074
Profit for the financial period	–	–	–	–	–	–	–	401,821	401,821
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	–	–	(347)	–	–	–	–	347	–
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	16,577	1,425	–	–	–	18,002
Net amount transferred to profit or loss	–	–	–	(5,294)	–	–	–	–	(5,294)
ECL written-back	–	–	–	(131)	–	–	–	–	(131)
<i>Total other comprehensive (expense)/income</i>	–	–	(347)	11,152	1,425	–	–	347	12,577
Total comprehensive (expense)/income for the financial period	–	–	(347)	11,152	1,425	–	–	402,168	414,398
Net change in regulatory reserves	–	–	–	–	–	–	(7,500)	7,500	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	2,269	–	(2,753)	(484)
Balance at 31 March	1,045,875	2,193,000	127,600	190,231	654	94,655	441,500	9,517,473	13,610,988

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2026 (Cont'd)

Bank (RM'000)	<i>Non-distributable</i>						<i>Distributable</i>		<i>Total equity</i>
	<i>Share capital</i>		<i>Revaluation reserve</i>	<i>FVOCI reserve</i>	<i>Own credit reserve</i>	<i>Capital contribution reserve</i>	<i>Regulatory reserve</i>	<i>Retained profits</i>	
	<i>Ordinary shares</i>	<i>Preference shares</i>							
2026									
Balance at 1 January	1,045,875	3,183,000	127,372	248,565	1,812	89,966	355,900	6,798,661	11,851,151
Profit for the financial period	-	-	-	-	-	-	-	357,787	357,787
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	-	-	(360)	-	-	-	-	360	-
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	(29,293)	(1,747)	-	-	-	(31,040)
Net amount transferred to profit or loss	-	-	-	(3,645)	-	-	-	-	(3,645)
ECL written-back	-	-	-	(13)	-	-	-	-	(13)
<i>Total other comprehensive (expense)/income</i>	-	-	(2,442)	(32,951)	(1,747)	-	-	2,442	(34,698)
Total comprehensive (expense)/income for the financial year	-	-	(2,442)	(32,951)	(1,747)	-	-	360,229	323,089
Net change in regulatory reserves	-	-	-	-	-	-	21,700	(21,700)	-
Transactions with the owner, recorded directly in equity									
Share based payment transactions	-	-	-	-	-	1,065	-	(3,118)	(2,053)
Balance at 31 March	1,045,875	3,183,000	124,930	215,614	65	91,031	377,600	7,134,072	12,172,187

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2026 (Cont'd)

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

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The unaudited condensed interim financial statements were approved by the Board of Directors on 28 April 2026.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2026

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Profit before tax	581,361	534,337	471,783	436,138
Adjustments for non-operating and non-cash items	321,535	(113,433)	(109,418)	(314,522)
Operating profit before working capital changes	902,896	420,904	362,365	121,616
Changes in working capital:				
Net changes in operating assets	(3,099,132)	2,589,597	(1,325,206)	2,719,146
Net changes in operating liabilities	(2,203,555)	(182,230)	(1,411,171)	(527,087)
Income tax paid	(99,591)	(102,305)	(79,693)	(77,867)
Net cash generated from operations	(4,499,382)	2,725,966	(2,453,705)	2,235,808
Net cash generated from investing activities	3,414,685	2,483,099	3,161,077	2,415,189
	3,414,685	2,483,099	3,161,077	2,415,189
Net changes in cash and cash equivalents	(1,084,697)	5,209,065	707,372	4,650,997
Cash and cash equivalents at 1 January	15,593,217	7,400,867	9,895,207	4,808,469
Cash and cash equivalents at 31 March	14,508,520	12,609,932	10,602,579	9,459,466
Analysis of cash and cash equivalents				
Cash and short-term funds	14,508,520	12,609,932	10,602,579	9,459,466

Changes in liabilities arising from financing activities

There are no movements in change in liabilities arising from financing activities for the Group and the Bank for the financial period ended 31 March 2026 and 31 March 2025.

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 2025 and the accompanying explanatory notes on pages 11 to 41 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 28 April 2026.

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

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

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

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

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

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

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 28 April 2026, any amendments made to the notes of the financial statement are in accordance with the delegated authority of the resolution of the Directors.

2 Basis of Preparation

The unaudited condensed interim financial statements for the financial period ended 31 March 2026 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 2025. 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 2025.

(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 2025, except for the adoption of the following amendments to MFRSs which are effective during the current financial period:

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

The amendments to MFRS 9 and MFRS 7 are to:

- require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

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 9 and MFRS 7 on 'Classification and Measurement of Financial Instruments' (Cont'd)

The amendments to MFRS 9 and MFRS 7 are to (Cont'd):

- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 2025 was not subject to any qualification.

5 Seasonal or Cyclical Factors

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

6 Unusual Items due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Bank for the financial period ended 31 March 2026.

7 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and Bank for the financial period ended 31 March 2026.

8 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 31 March 2026.

9 Dividend

No interim dividend was declared nor paid during the financial period ended 31 March 2026.

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 2025.

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>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,579,109	1,558,794	1,396,950	1,366,008
Money at call and interbank placements with original maturities of three months or less	12,929,411	14,034,423	9,205,629	8,529,199
	14,508,520	15,593,217	10,602,579	9,895,207

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 RM84,872,000 as at 31 March 2026 (31 December 2025: RM79,180,000).

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 RM49,000 for the Group and RM43,000 for the Bank as at 31 March 2026 (31 December 2025: RM18,000 for the Group and RM15,000 for the Bank).

13 Securities Purchased under Resale Agreements

Securities purchased under resale agreements (reverse repos) are treated as collateralised lendings/ financing and the amounts lent are reported as assets, measured at amortised cost. The balance is within Stage 1 allocation (12-month ECL) with no ECL required for the Group and the Bank as at 31 March 2026 and 31 December 2025.

14 Deposits and Placements with Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Licensed banks	–	12,574	1,810,936	2,827,747

Included in Deposits and Placements with Banks and Other Financial Institutions of the Bank are placements with the Bank's wholly owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS) of RM1,810.9 million (31 December 2025: RM2,827.8 million).

The balance is within Stage 1 allocation (12-month ECL) with no ECL required for the Group and the Bank as at 31 March 2026 and 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	840,594	864,686	840,594	864,686
Malaysian Government Islamic treasury bills	788,249	281,797	788,249	281,797
Malaysian Government securities	2,529,804	2,366,257	2,529,804	2,366,257
Malaysian Government Islamic Sukuk	482,494	329,859	482,494	329,859
Cagamas bonds and notes	719,958	149,942	719,958	149,942
Negotiable Instruments of Deposits	499,947	–	499,947	–
	5,861,046	3,992,541	5,861,046	3,992,541
Unquoted:				
Corporate bonds and Sukuk	59,008	318,522	59,008	318,522
	5,920,054	4,311,063	5,920,054	4,311,063

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Bank Negara Malaysia bills	1,203,235	2,457,011	1,203,235	2,457,011
Bank Negara Malaysia Islamic bills	–	1,609,251	–	1,609,251
Malaysian Government securities	6,027,775	6,534,536	6,027,775	6,534,536
Malaysian Government Islamic Sukuk	4,514,949	4,656,939	2,920,701	3,036,291
US treasury bond	801,354	406,785	801,354	406,785
	12,547,313	15,664,522	10,953,065	14,043,874
Equity instruments designated as FVOCI				
Unquoted Shares, of which:	259,232	259,232	259,232	259,232
<i>Cagamas Holdings Berhad</i>	215,515	215,515	215,515	215,515
<i>Credit Guarantee Corporation Malaysia Berhad</i>	37,013	37,013	37,013	37,013
<i>Others</i>	6,704	6,704	6,704	6,704
	12,806,545	15,923,754	11,212,297	14,303,106

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financial Investments at Fair Value through Other Comprehensive Income (FVOCI) (Cont'd)

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	2,818,354	5,807,401	2,426,287	5,393,993
More than one year to three years	6,222,510	6,527,293	5,020,329	5,320,053
More than three years to five years	3,506,449	3,329,828	3,506,449	3,329,828
	12,547,313	15,664,522	10,953,065	14,043,874

There are RM208,200,000 of the FVOCI instruments that are pledged against Repurchase Agreement as at 31 March 2026 and 31 December 2025.

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM1,337,000 ECL for the Group and RM1,146,000 for the Bank as at 31 March 2026 (31 December 2025: RM1,333,000 for the Group and RM1,159,000 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.

17 Financial Investments at Amortised Cost

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Malaysian Government Islamic Sukuk	5,480,390	5,860,951	3,698,501	3,931,542
Malaysian Government securities	5,962,009	5,818,750	5,962,009	5,818,750
Unquoted:				
Corporate Sukuk	550,262	650,228	199,976	199,949
	11,992,661	12,329,929	9,860,486	9,950,241

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM1,365,000 ECL for the Group and RM1,160,000 for the Bank as at 31 March 2026 (31 December 2025: RM1,375,000 for the Group and RM1,153,000 for the Bank).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Loans, Advances and Financing

(i) By type

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts/cash line	523,808	409,529	445,281	339,621
Term loans/financing:				
Housing loans/financing	13,411,777	13,573,022	9,762,691	9,894,429
Syndicated term loans/financing	1,364,419	1,370,632	794,658	788,158
Factoring receivables	2,323,436	2,588,389	2,323,436	2,488,361
Hire purchase receivables	94,880	106,461	–	–
Other term loans/financing	7,173,723	7,153,386	3,509,235	3,581,048
Bills receivable	6,114,936	5,079,743	4,437,848	3,542,680
Trust receipts	2,710,758	2,565,363	2,162,383	1,875,834
Staff loans/financing	35,705	36,787	34,826	35,929
Credit/charge cards	4,298,604	4,424,014	3,112,327	3,195,722
Revolving financing	6,065,290	5,910,700	4,577,822	4,481,561
Other loans/financing	9,185	9,423	6,876	6,776
Gross loans, advances and financing ^[1]	44,126,521	43,227,449	31,167,383	30,230,119
Less: ECL	(467,336)	(466,446)	(261,728)	(262,930)
Total net loans, advances and financing	43,659,185	42,761,003	30,905,655	29,967,189

^[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 the following types of financing:

	<i>Bank</i>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
Syndicated term financing	143,142	143,921
Other term financing	355,954	364,638
Revolving financing	1,000,756	1,000,756
Trade financing	12,492	21,127
Gross loans, advances and financing	1,512,344	1,530,442
Less: ECL	(106)	(56)
Total net loans, advances and financing	1,512,238	1,530,386

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Loans, Advances and Financing (Cont'd)

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	878,467	731,994	706,828	585,523
Domestic business enterprises:				
Small medium enterprises	1,631,253	1,726,752	916,616	978,723
Others	17,534,391	16,939,138	13,527,912	13,002,879
Government and statutory bodies	52,026	155,262	–	3,219
Individuals	16,505,146	16,835,552	11,393,409	11,615,360
Other domestic entities	722	677	722	349
Foreign entities/individuals	7,524,516	6,838,074	4,621,896	4,044,066
	44,126,521	43,227,449	31,167,383	30,230,119

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	22,712,776	21,388,421	17,581,345	16,280,628
More than one year to three years	3,080,356	2,472,749	1,052,884	810,882
More than three years to five years	2,826,645	3,733,996	1,796,144	2,269,936
More than five years	15,506,744	15,632,283	10,737,010	10,868,673
	44,126,521	43,227,449	31,167,383	30,230,119

(iv) By interest/profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Hire purchase receivables	94,880	106,461	–	–
Other fixed rate loans/financing	13,958,572	12,869,456	10,090,040	8,928,818
Variable rate:				
Base Rate/Base Lending/Financing Rate	12,370,462	12,723,172	9,104,048	9,360,266
Cost-plus	17,702,607	17,528,360	11,973,295	11,941,035
	44,126,521	43,227,449	31,167,383	30,230,119

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Loans, Advances and Financing (Cont'd)

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	45,394	53,464	44,820	52,752
Mining and quarrying	880,407	711,282	780,445	645,321
Manufacturing	7,951,638	7,767,588	6,720,815	6,485,800
Electricity, gas and water	532,120	550,922	239,774	254,521
Construction	1,854,559	1,846,794	1,121,313	1,098,257
Real estate	1,595,461	1,314,945	512,277	458,778
Wholesale & retail trade and restaurants & hotels	4,779,999	4,866,051	3,910,887	3,882,098
Transport, storage and communication	1,148,566	1,265,009	544,324	614,122
Finance, insurance and business services	5,749,438	4,856,839	3,428,819	2,678,265
Household-retail	19,341,995	19,652,861	13,682,353	13,891,843
Others	246,944	341,694	181,556	168,362
	44,126,521	43,227,449	31,167,383	30,230,119

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	13,428,765	13,590,330	9,779,465	9,911,521
Non residential	758,605	804,465	381,922	398,490
Purchase of securities	1,644	1,715	1,644	1,715
Purchase of transport vehicles	13,914	14,388	13,329	13,842
Purchase of fixed assets excluding land & building	95,181	106,824	–	–
Consumption credit	5,749,115	5,891,868	3,838,217	3,912,946
Construction	1,617,207	1,626,951	1,070,720	1,043,029
Working capital	22,365,715	20,941,628	15,985,711	14,851,339
Others	96,375	249,280	96,375	97,237
	44,126,521	43,227,449	31,167,383	30,230,119

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Loans, Advances and Financing (Cont'd)

(vii) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Northern Region	6,169,186	5,594,783	5,027,465	4,391,410
Southern Region	5,650,510	5,881,584	4,326,555	4,459,338
Central Region	31,275,232	30,676,900	20,993,628	20,522,646
Eastern Region	1,031,593	1,074,182	819,735	856,725
	44,126,521	43,227,449	31,167,383	30,230,119

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.

19 Impaired Loans, Advances and Financing

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January	778,265	1,430,940	531,106	920,961
Transfer within stages	9,630	(476,606)	(8,714)	(289,105)
(Repayment)/Lending	(919)	17,005	(2,776)	5,303
Written-off	(46,851)	(193,074)	(28,531)	(106,053)
Gross carrying amount as at 31 March / 31 December	740,125	778,265	491,085	531,106

(ii) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	3,080	3,147	3,080	3,147
Mining and quarrying	2,413	2,701	1,654	1,825
Manufacturing	5,686	4,860	3,723	3,567
Electricity, gas and water	43,304	47,008	–	3,500
Construction	57,894	58,881	57,512	58,447
Real estate	34,656	38,179	34,656	38,179
Wholesale & retail trade, restaurants & hotels	14,950	15,102	10,697	9,840
Transport, storage and communication	889	881	1	1
Finance, insurance and business services	4,399	4,543	370	369
Household-retail	572,854	602,963	379,392	412,231
	740,125	778,265	491,085	531,106

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(iii) By purpose

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	384,330	419,326	268,386	306,545
Non residential	6,730	6,869	4,332	4,391
Consumption credit	186,779	181,847	110,615	105,272
Construction	33,636	34,568	33,636	34,568
Working capital	128,650	135,655	74,116	80,330
	740,125	778,265	491,085	531,106

(iv) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Northern Region	109,119	108,472	85,580	86,633
Southern Region	115,792	101,863	97,671	87,631
Central Region	487,580	545,891	283,099	335,547
Eastern Region	27,634	22,039	24,735	21,295
	740,125	778,265	491,085	531,106

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 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:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	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 2026	60,531	177,318	228,597	466,446
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	19,023	(17,890)	(1,133)	–
- Transferred to stage 2	(5,037)	16,459	(11,422)	–
- Transferred to stage 3	(21)	(10,784)	10,805	–
New financial assets originated or purchased	3,452	–	–	3,452
Net remeasurement due to changes in credit risk and assets derecognised	(10,717)	18,538	37,507	45,328
Asset written-off	–	–	(46,851)	(46,851)
Others	–	–	(1,039)	(1,039)
Balance at 31 March 2026	67,231	183,641	216,464	467,336
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	60,563	(48,702)	(11,861)	–
- Transferred to stage 2	(5,336)	80,519	(75,183)	–
- Transferred to stage 3	(414)	(4,848)	5,262	–
New financial assets originated or purchased	18,358	–	–	18,358
Net remeasurement due to changes in credit risk and assets derecognised	(77,594)	(11,057)	179,844	91,193
Asset written-off	–	–	(193,074)	(193,074)
Others	–	–	(11,390)	(11,390)
Balance at 31 December 2025	60,531	177,318	228,597	466,446

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 increased by RM0.9 million for the Group compared to the balance at the beginning of the year. This net increase was mainly contributed by remeasurement due to changes in credit risk and assets derecognised (RM45.3 million) and new financial assets originated or purchased (RM3.5 million), partially offset by asset written off (RM46.9 million).

- 12-month ECL not credit impaired (stage 1) – increased by RM6.7 million for the Group, mainly from net migration of loans, advances and financing from stages 2 and 3 due to improved credit quality, new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (stage 2) – increased by RM6.3 million for the Group, mainly from net remeasurement due to changes in credit risk, offset by net migration of loans, advances and financing from stages 1 and 3.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM12.1 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)

20 ECL allowances (Cont'd)

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL not credit impaired	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
Bank				
Balance at 1 January 2026	36,149	87,641	139,140	262,930
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	10,782	(9,850)	(932)	–
- Transferred to stage 2	(2,926)	9,643	(6,717)	–
- Transferred to stage 3	(6)	(5,982)	5,988	–
New financial assets originated or purchased	2,255	–	–	2,255
Net remeasurement due to changes in credit risk and assets derecognised	(6,253)	10,846	20,963	25,556
Asset written-off	–	–	(28,531)	(28,531)
Others	–	–	(482)	(482)
Balance at 31 March 2026	40,001	92,298	129,429	261,728
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	24,281	(15,657)	(8,624)	–
- Transferred to stage 2	(3,471)	41,225	(37,754)	–
- Transferred to stage 3	(211)	(1,968)	2,179	–
New financial assets originated or purchased	12,340	–	–	12,340
Net remeasurement due to changes in credit risk and assets derecognised	(35,529)	(369)	101,028	65,130
Asset written-off	–	–	(106,053)	(106,053)
Others	–	–	(3,571)	(3,571)
Balance at 31 December 2025	36,149	87,641	139,140	262,930

The total ECL allowances decreased by RM1.2 million for the Bank compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM28.5 million), partially offset by net remeasurement due to changes in credit risk and assets derecognised (RM25.6 million) and new financial assets originated or purchased (RM2.3 million).

- 12-month ECL not credit impaired (stage 1) – increased by RM3.9 million for the Bank mainly contributed by net migration of loans and advances from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (stage 2) – increased by RM4.7 million for the Bank, primarily from net remeasurement due to changes in credit risk, partially offset by net migration of loans and advances from stages 1 and 3.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM9.7 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)

20 ECL allowances movement (Cont'd)

(ii) Movements in ECL allowances for loan commitments

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL not credit impaired RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Group				
Balance at 1 January 2026	6,758	1,325	84,406	92,489
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	24	(24)	-	-
- Transferred to stage 2	(61)	61	-	-
- Transferred to stage 3	-	-	-	-
New financial assets originated or purchased	634	-	-	634
Net remeasurement due to changes in credit risk and assets derecognised	3,461	1,207	(10,481)	(5,813)
Others	-	-	(768)	(768)
Balance at 31 March 2026	10,816	2,569	73,157	86,542
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	779	(779)	-	-
- Transferred to stage 2	(258)	258	-	-
- Transferred to stage 3	(10)	-	10	-
New financial assets originated or purchased	537	-	-	537
Net remeasurement due to changes in credit risk and assets derecognised	(4,337)	(1,551)	10,133	4,245
Others	-	-	(4,730)	(4,730)
Balance at 31 December 2025	6,758	1,325	84,406	92,489

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 ECL allowances movement (Cont'd)

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL not credit impaired RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Bank				
Balance at 1 January 2026	5,279	840	47,427	53,546
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	15	(15)	-	-
- Transferred to stage 2	(51)	51	-	-
- Transferred to stage 3	-	-	-	-
New financial assets originated or purchased	501	-	-	501
Net remeasurement due to changes in credit risk and assets derecognised	2,377	467	(4,478)	(1,634)
Others	-	-	(772)	(772)
Balance at 31 March 2026	8,121	1,343	42,177	51,641
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	319	(319)	-	-
- Transferred to stage 2	(62)	62	-	-
- Transferred to stage 3	(5)	-	5	-
New financial assets originated or purchased	368	-	-	368
Net remeasurement due to changes in credit risk and assets derecognised	(3,055)	(862)	(2,640)	(6,557)
Others	-	-	(4,702)	(4,702)
Balance at 31 December 2025	5,279	840	47,427	53,546

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)

21 Other Assets

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Settlements	1,188,117	580,839	1,188,117	503,862
Interest/profit receivable	288,236	285,311	272,672	242,232
Income receivable	73,452	74,196	113,601	83,257
Deposits and prepayments	12,199	4,468	12,199	4,468
Amount due from subsidiary company	–	–	103,941	364,790
Rights of Use (ROU) assets	46,904	46,066	27,211	25,053
Cash collateral	342,609	29,448	342,609	29,448
Intangible assets	8,713	9,343	8,713	9,343
Property held for sale	6,116	6,116	6,116	6,116
Other receivables	324,475	303,931	326,535	316,969
	2,290,821	1,339,718	2,401,714	1,585,538

22 Statutory Deposits with Bank Negara Malaysia

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

23 Investments in Subsidiary Companies

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	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
Additional Tier 1 MYR Wakalah				
Financing Facility	–	–	495,000	495,000
	–	–	1,656,084	1,656,084

Unquoted shares, at cost - in Malaysia

The subsidiary companies of the Bank are as follows:

<i>Name</i>	<i>Principal activities</i>	<i>Percentage of equity held</i>	
		31 Mar 2026	31 Dec 2025
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)

23 Investments in Subsidiary Companies (Cont'd)

Additional Tier 1 Wakalah Financing Facility

The Bank subscribed to Additional Tier 1 Wakalah Financing Facility (the Facility) issued by its subsidiary, HSBC Amanah Malaysia Berhad (HBMS). 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). 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'.

<u>Issuance date</u>	<u>Nominal value</u>	<u>Issuance cost</u>	<u>Dividend rate</u>
^[1] 19 August 2022	RM501.1 million	–	Secured Overnight Financing Rate (SOFR) plus 137 basis points per annum
^[2] 24 October 2025	RM500.0 million	RM5.0 million	3-month KLIBOR plus 68 basis points per annum

24 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Demand deposits	28,933,108	32,205,831	25,936,399	28,212,016
Savings deposits	16,593,106	17,055,646	13,275,130	13,802,763
Fixed deposits	32,955,223	32,301,718	25,788,427	25,159,820
	78,481,437	81,563,195	64,999,956	67,174,599

The maturity structure of fixed deposits is as follows:

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Due within six months	26,352,509	26,287,754	20,629,244	20,302,259
More than six months to one year	5,950,441	5,336,144	4,690,219	4,369,708
More than one year to three years	501,675	484,827	354,029	343,314
More than three years to five years	150,598	192,993	114,935	144,539
	32,955,223	32,301,718	25,788,427	25,159,820

(ii) By type of customer	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	16,893	8,986	1,073	1,098
Business enterprises	30,446,259	33,586,928	27,311,435	29,690,777
Individuals	29,553,950	29,361,038	23,618,728	23,437,738
Foreign entities/individuals	16,655,488	16,929,836	12,944,972	13,209,557
Others	1,808,847	1,676,407	1,123,748	835,429
	78,481,437	81,563,195	64,999,956	67,174,599

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25 Deposits and Placements from Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Licensed banks	66,293	72,345	459,011	466,004
Bank Negara Malaysia	159,516	191,233	154,260	156,160
Other financial institutions	2,440,215	2,187,286	2,440,204	2,187,268
	2,666,024	2,450,864	3,053,475	2,809,432

26 Structured Liabilities Designated at Fair Value through Profit or Loss

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Structured liabilities	3,614,985	3,376,093	1,842,133	1,775,816

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.

27 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
	RM'000	RM'000	RM'000	RM'000
Settlements	915,901	866,509	684,294	570,348
Interest/profit payable	266,245	270,021	212,267	211,408
Deferred income	166,463	170,096	142,779	149,041
Marginal deposit	197,754	161,364	180,583	145,073
Amount due to subsidiary company	–	–	11,670	16,646
Accrued expenses	211,677	298,800	193,879	277,428
Lease liabilities	49,901	49,343	28,447	26,496
Cash collateral	392,188	856,950	392,188	856,950
Other creditors	1,318,229	997,612	1,196,352	882,845
Provisions on loan and credit related commitments; and financial guarantees ^[1]	86,542	92,489	51,641	53,546
Intercompany recharges payable	679,679	569,650	675,374	564,866
	4,284,579	4,332,834	3,769,474	3,754,647

^[1] Refer to Note 20(ii) for movement in provision.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Share Capital and Other Equity

	<i>Group and Bank</i>			
	31 Mar 2026		31 Dec 2025	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
Share capital, issued and fully paid				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 31 March 2026 / 31 December 2025	229,000	1,045,875	229,000	1,045,875
<u>Additional Tier 1 Preference shares of RM1.00 each</u>				
At 1 January	3,200,000	3,183,000	2,200,000	2,193,000
Issued during the financial period	–	–	1,000,000	990,000
At 31 March 2026/ 31 December 2025	3,200,000	3,183,000	3,200,000	3,183,000
Total share capital and other equity		4,228,875		4,228,875

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
27 October 2025	RM1,000 million	RM 10 million	3-month KLIBOR plus 68 basis points per annum

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 Net Interest Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	341,123	370,776	341,123	370,776
- Interest income recognised from impaired loans	6,588	6,226	6,588	6,226
Money at call and deposit placements with financial institutions	138,699	142,297	154,505	160,559
Financial investments at FVOCI	120,174	132,121	120,174	132,121
Financial investments at amortised cost	87,333	84,103	87,333	84,103
	693,917	735,523	709,723	753,785
Interest expense				
Deposits and placements of banks and other financial institutions	(14,378)	(14,709)	(17,326)	(17,586)
Deposits from customers	(239,002)	(254,774)	(239,002)	(254,774)
Lease liabilities	(309)	(288)	(309)	(288)
Others	(1)	(2,255)	(1)	(2,255)
	(253,690)	(272,026)	(256,638)	(274,903)
Net interest income	440,227	463,497	453,085	478,882

30 Net Fee and Commission Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
Credit cards	40,244	38,614	40,244	38,614
Service charges and fees	24,096	26,039	24,096	26,039
Fees on credit facilities	17,564	16,649	17,564	16,649
Agency fee	78,372	59,058	78,372	59,058
Others	14,439	16,551	12,890	15,694
	174,715	156,911	173,166	156,054
Fee and commission expense				
Debit/ credit cards	(2,036)	(12,807)	(2,036)	(12,807)
Interbank and clearing fees	(380)	(489)	(380)	(489)
Brokerage	(427)	(700)	(427)	(700)
Others	(5,192)	(5,666)	(5,192)	(5,666)
	(8,035)	(19,662)	(8,035)	(19,662)
Net fee and commission income	166,680	137,249	165,131	136,392

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 Net (Expense)/Income from Financial Instruments Held for Trading or Managed on a Fair Value Basis

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Realised gains on financial assets/ liabilities at FVTPL and other financial instruments	8,037	4,744	8,037	4,744
Net interest income from financial assets at FVTPL	36,881	37,886	36,881	37,886
Net unrealised (losses)/gains on revaluation of financial assets at FVTPL	(6,979)	2,477	(6,979)	2,477
Net gains/(losses) from dealing in foreign currency				
- Realised	60,541	(188,255)	52,506	(182,647)
- Unrealised	(240,915)	205,495	132,553	344,511
Net gains from dealing in derivatives				
- Realised	26,316	12,417	788	847
- Unrealised	(85,879)	(68,986)	(18,962)	(7,677)
Losses arising from fair value hedges	(75)	–	(75)	–
Net trading income	(202,073)	5,778	204,749	200,141
Net income/(expense) from financial liabilities designated at fair value	33,584	(9,979)	33,584	(9,979)
	(168,489)	(4,201)	238,333	190,162

Net income from financial instruments held for trading or managed on a fair value basis for the Group is presented in both Note 31 and Note 32. A reconciliation for the Group is as follows:

	<i>Group</i>	
	31 Mar 2026	31 Mar 2025
	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)	214,711	202,256
of which:		
- is disclosed in Note 31	(202,073)	5,778
- is included under Income from Islamic Banking operations of the Group (Note 32)	416,784	196,478

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32 Income from Islamic Banking operations

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

	<i>Group</i>	
	31 Mar 2026	31 Mar 2025
	RM'000	RM'000
Income derived from investment of:		
- depositor funds and others ^[1]	215,135	225,715
- shareholders funds	57,301	55,264
Total income before ECL	272,436	280,979
Income attributable to the depositors	(75,819)	(83,634)
Income from Islamic Banking operations before elimination	196,617	197,345
Elimination of intercompany income and expenses	417,948	208,665
Income from Islamic Banking operations reported in statement of profit or loss of the Group	614,565	406,010
^[1] Included in the income derived from investment of depositors' funds and others are net income from financial instruments held for trading or managed on a fair value basis profit or loss for the period ended 31 March	416,784	196,478

33 Other Operating Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net gain on disposal of financial investments at FVOCI	5,280	5,294	5,280	5,294
Discretionary coupon income on other equity instrument issued by subsidiary	-	-	12,124	15,687
Rental income	7,803	7,766	7,803	7,766
Net gain on disposal of property and equipment	-	185	-	185
Income recharges from subsidiary	-	-	46,418	47,049
Other operating income	3,823	3,451	3,823	3,451
	16,906	16,696	75,448	79,432

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 ECL Charges

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	47,055	38,955	29,470	14,387
Recoveries	(28,494)	(25,718)	(15,298)	(12,765)
Written off	14	182	14	180
ECL charges	18,575	13,419	14,186	1,802

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

(i) Loan, advances and financing

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	52,191	35,423	30,572	13,571
Recoveries	(28,494)	(25,718)	(15,298)	(12,765)
Written off	14	182	14	180
ECL charges	23,711	9,887	15,288	986

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	50	10	37	11

(iii) Debt securities - FVOCI

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net increase/(release) in ECL	3	(130)	(13)	(105)

(iv) Financial investments at amortised costs

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net (release)/increase in ECL	(10)	155	7	65

(v) Loan commitments and contingencies

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Net (release)/increase in ECL	(5,179)	3,497	(1,133)	845

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Other Operating Expenses

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	178,034	173,475	169,186	163,143
Promotion and marketing related expenses	7,883	8,859	6,105	7,125
Establishment related expenses	38,349	34,018	34,007	30,250
General administrative expenses	32,675	38,860	26,963	31,743
Related company charges	213,012	216,283	209,767	214,667
	469,953	471,495	446,028	446,928
Personnel expenses				
Salaries, allowances and bonuses	138,268	131,003	131,255	122,676
Employees Provident Fund contributions	23,933	22,196	22,677	20,732
Share based payment	(1,912)	1,906	(1,921)	1,871
Others	17,745	18,370	17,175	17,864
	178,034	173,475	169,186	163,143
Establishment related expenses				
Depreciation of property and equipment	13,163	12,244	12,742	11,868
Depreciation of ROU assets	3,974	3,183	1,956	1,703
Amortisation of intangible assets	641	673	641	673
Information technology costs	7,663	6,274	6,708	5,243
General repairs and maintenance	3,801	3,655	3,219	3,073
Utilities	895	1,033	669	815
Others	8,212	6,956	8,072	6,875
	38,349	34,018	34,007	30,250
Related company charges	213,011	216,283	209,767	214,667
Of which by:				
(i) Type of service				
- Information technology related cost	113,695	110,888	113,695	110,888
- Non information technology related cost	99,316	105,395	96,072	103,779
(ii) Countries/territories				
- Hong Kong	140,553	143,433	140,441	143,431
- United Kingdom	39,406	37,786	39,231	37,472
- Malaysia	16,864	17,475	14,053	16,295
- India	12,781	11,129	12,663	11,009
- Others	3,407	6,460	3,379	6,460

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy

	<i>Group</i>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	8,610,703	8,656,124
Other reserves	903,242	898,818
Regulatory adjustments	(920,235)	(936,823)
Total CET1 capital	9,639,585	9,663,994
Tier 1 capital		
Additional Tier 1 preference shares	3,183,000	3,183,000
Total Tier 1 capital	12,822,585	12,846,994
Tier 2 capital		
General provisions	615,089	619,637
Regulatory adjustments	57,155	57,317
Total Tier 2 capital	672,244	676,954
Capital base	13,494,829	13,523,948
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	16.655%	16.687%
Tier 1 Capital ratio	22.154%	22.183%
Total Capital ratio	23.316%	23.352%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	15.755%	15.787%
Tier 1 Capital ratio	21.254%	21.283%
Total Capital ratio	22.416%	22.452%

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.

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.

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. 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.

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>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
Total RWA for credit risk ^[1]	49,207,120	49,570,960
Total RWA for market risk	1,804,072	1,796,846
Total RWA for operational risk	6,663,617	6,546,845
Large exposure risk RWA for equity holdings	204,159	–
	57,878,968	57,914,651

	<i>Bank</i>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	6,774,203	6,798,661
Other reserves	811,321	823,615
Regulatory adjustments	(1,445,981)	(1,481,964)
Total CET1 capital	7,185,418	7,186,187
Tier 1 capital		
Additional Tier 1 preference shares	3,183,000	3,183,000
Regulatory adjustments	(996,063)	(996,063)
Total Tier 1 capital	9,372,355	9,373,124
Tier 2 capital		
General provisions	470,298	468,774
Regulatory adjustments	57,155	57,317
Total Tier 2 capital	527,453	526,091
Capital base	9,899,808	9,899,215

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	31 Mar 2026	31 Dec 2025
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	15.633%	15.798%
Tier 1 Capital ratio	20.391%	20.606%
Total Capital ratio	21.539%	21.762%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	14.500%	14.653%
Tier 1 Capital ratio	19.258%	19.461%
Total Capital ratio	20.406%	20.617%

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

Breakdown of RWA in the various risk categories:

	<i>Bank</i>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
Total RWA for credit risk ^[1]	37,623,823	37,501,883
Total RWA for market risk	1,748,488	1,735,585
Total RWA for operational risk	6,385,933	6,250,665
Large exposure risk RWA for equity holdings	204,159	–
	45,962,403	45,488,133

^[1] The risk weighted amount for credit risk relating to the SIAF/IAA (refer to Note18(i) for more details) are as follows:

	<i>Bank</i>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
Under SIAF/IAA arrangement	464,493	475,644

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.

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2026	31 Dec 2025	31 Mar 2026	31 Dec 2025
Principal amount	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	564,427	448,653	547,618	431,070
Transaction-related contingent items	14,432,877	13,409,220	12,437,085	11,465,683
Short-term self-liquidating trade-related contingencies	345,414	270,607	281,175	216,693
Formal standby facilities and credit lines				
- Maturity not exceeding one year	7,291,236	7,824,400	5,977,009	6,662,116
- Maturity exceeding one year	14,252,092	14,714,833	10,411,042	10,510,797
Other unconditionally cancellable commitments	22,303,632	21,983,028	18,623,414	18,554,502
Unutilised credit card lines	14,588,455	14,583,061	11,424,120	11,404,784
Foreign exchange related contracts:				
- Less than one year	153,481,452	133,624,941	154,758,955	134,414,868
- Over one year to less than five years	8,384,946	6,073,770	8,384,946	6,068,695
- Over five years	20,208	20,303	20,208	20,303
Interest/profit rate related contracts:				
- Less than one year	29,528,526	19,100,422	30,285,918	19,890,519
- Over one year to less than five years	36,080,823	32,081,793	36,380,020	32,459,577
- Over five years	4,675,816	2,685,457	4,675,816	2,685,457
Gold and other precious metals contracts:				
- Less than one year	67,346	67,103	67,346	67,103
Equity related contracts:				
- Less than one year	1,417,007	1,169,225	1,806,300	1,538,870
- Over one year to less than five years	1,723,795	1,678,174	2,905,394	2,635,413
	309,158,052	269,734,990	298,986,366	259,026,450

of which the amount related to SIAF/IAA arrangement (refer to Note18(i) for more details) are as below:

	<i>Bank</i>	
	31 Mar 2026	31 Dec 2025
	RM'000	RM'000
<i>Formal standby facilities and credit lines:</i>		
- Maturity not exceeding one year	-	-
- Maturity exceeding one year	92,508	83,873
	92,508	83,873

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 31 Mar 2026	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	150,122,043	2,396,411	–	152,518,454	1,602,224	44,490	–	1,646,714	1,555,903	40,445	–	1,596,348
- Swaps	2,936,402	5,988,535	20,208	8,945,145	92,278	200,962	–	293,240	117,878	77,980	2,838	198,696
- Options	423,007	–	–	423,007	2,715	–	–	2,715	1,699	–	–	1,699
Interest/profit rate related contracts												
- Options	109,595	344,044	–	453,639	2,030	5	64	2,099	12	3,904	–	3,916
- Swaps	29,418,931	35,416,779	4,675,816	69,511,526	20,487	93,715	37,620	151,822	22,593	89,653	32,748	144,994
Equity related contracts												
- Options	1,417,007	1,723,795	–	3,140,802	42,189	20,969	–	63,158	67,532	118,716	–	186,248
Precious metal contracts												
- Options	67,346	–	–	67,346	81	–	–	81	3,281	–	–	3,281
Sub- total	184,494,331	45,869,564	4,696,024	235,059,919	1,762,004	360,141	37,684	2,159,829	1,768,898	330,698	35,586	2,135,182
Hedging derivatives:												
Fair value hedge												
Interest/profit rate related contracts												
- Swaps	–	320,000	–	320,000	–	2,097	–	2,097	–	–	–	–
Total	184,494,331	46,189,564	4,696,024	235,379,919	1,762,004	362,238	37,684	2,161,926	1,768,898	330,698	35,586	2,135,182

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 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	129,918,795	2,110,028	–	132,028,823	1,341,416	35,088	–	1,376,504	1,439,825	42,367	–	1,482,192
- Swaps	3,231,373	3,963,742	20,303	7,215,418	99,032	176,208	–	275,240	89,087	67,512	2,969	159,568
- Options	474,773	–	–	474,773	831	–	–	831	1,165	–	–	1,165
Interest/profit rate related contracts												
- Options	296,474	310,705	–	607,179	2,124	–	–	2,124	367	1,311	–	1,678
- Swaps	18,803,948	31,471,088	2,685,457	52,960,493	17,087	102,989	24,326	144,402	16,201	104,820	20,625	141,646
Equity related contracts												
- Options	1,169,225	1,678,174	–	2,847,399	29,955	29,063	–	59,018	40,123	42,015	–	82,138
Precious metal contracts												
- Options	67,103	–	–	67,103	7	–	–	7	527	–	–	527
Sub- total	153,961,691	39,533,737	2,705,760	196,201,188	1,490,452	343,348	24,326	1,858,126	1,587,295	258,025	23,594	1,868,914
Hedging derivatives:												
Fair value hedge												
Interest/profit rate related contracts												
- Swaps	–	300,000	–	300,000	–	504	–	504	–	–	–	–
Total	153,961,691	39,833,737	2,705,760	196,501,188	1,490,452	343,852	24,326	1,858,630	1,587,295	258,025	23,594	1,868,914

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 Mar 2026	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	151,399,546	2,396,411	–	153,795,957	1,571,495	44,490	–	1,615,985	1,546,648	40,445	–	1,587,093
- Swaps	2,936,402	5,988,535	20,208	8,945,145	92,267	201,005	–	293,272	117,900	77,980	2,838	198,718
- Options	423,007	–	–	423,007	2,715	–	–	2,715	1,699	–	–	1,699
Interest rate related contracts												
- Options	450,242	344,044	–	794,286	4,163	5	64	4,232	12	3,904	–	3,916
- Swaps	29,835,676	35,725,976	4,675,816	70,237,468	20,850	93,949	36,427	151,226	22,977	91,378	35,249	149,604
Equity related contracts												
- Options	1,806,300	2,905,394	–	4,711,694	82,055	112,068	–	194,123	87,713	121,053	–	208,766
Precious metal contracts												
- Options	67,346	–	–	67,346	81	–	–	81	3,281	–	–	3,281
Sub- total	186,918,519	47,360,360	4,696,024	238,974,903	1,773,626	451,517	36,491	2,261,634	1,780,230	334,760	38,087	2,153,077
Hedging derivatives:												
Fair value hedge												
Interest rate related contracts												
- Swaps	–	310,000	–	310,000	–	2,083	–	2,083	–	–	–	–
Total	186,918,519	47,670,360	4,696,024	239,284,903	1,773,626	453,600	36,491	2,263,717	1,780,230	334,760	38,087	2,153,077

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 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	130,708,722	2,104,953	–	132,813,675	1,324,915	35,078	–	1,359,993	1,422,618	42,367	–	1,464,985
- Swaps	3,231,373	3,963,742	20,303	7,215,418	98,993	175,758	–	274,751	89,087	67,512	2,969	159,568
- Options	474,773	–	–	474,773	831	–	–	831	1,165	–	–	1,165
Interest rate related contracts												
- Options	578,331	371,465	–	949,796	4,154	206	–	4,360	367	1,311	–	1,678
- Swaps	19,312,188	31,788,112	2,685,457	53,785,757	17,218	102,996	21,018	141,232	16,337	107,511	21,159	145,007
Equity related contracts												
- Options	1,538,870	2,635,413	–	4,174,283	63,458	55,778	–	119,236	61,874	45,637	–	107,511
Precious metal contracts												
- Options	67,103	–	–	67,103	7	–	–	7	527	–	–	527
Sub- total	155,911,360	40,863,685	2,705,760	199,480,805	1,509,576	369,816	21,018	1,900,410	1,591,975	264,338	24,128	1,880,441
Hedging derivatives:												
Fair Value hedge												
Interest rate related contracts												
- Swaps	–	300,000	–	300,000	–	504	–	504	–	–	–	–
Total	155,911,360	41,163,685	2,705,760	199,780,805	1,509,576	370,320	21,018	1,900,914	1,591,975	264,338	24,128	1,880,441

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39 Performance Review, Economy and Prospects

Performance Review

The Group recorded profit before tax (PBT) of RM581.4 million for the financial period ended 31 March 2026, marking an increase of RM47.0 million or 8.8% year-on-year. The increase in PBT is attributed to a RM50.6 million or 5.0% increase in net operating income arising from growth in non-net interest income by RM73.9m or 13.3%, partially offset by RM23.3m or 5.0% decreased in net interest income. Operating expenses decreased marginally by RM1.5m or 0.3% with overall cost-income-ratio at 43.9%. These are partially offset by a higher expected credit losses (ECL) of RM5.2m.

Total assets as at 31 March 2026 has decreased by RM1.8 billion or 1.7% to RM105.8 billion (31 December 2025: RM107.7 billion). The Group's capital and liquidity coverage ratios continue to remain strong and well above regulatory requirements.

Economy and Prospects

The global outlook remains uncertain with the ongoing Middle East tensions, which have increased energy-market volatility and weighed on risk sentiment, while shifting trade policies and tariffs continue to reshape cross-border investment and supply chains. Malaysia remains resilient despite external headwinds, supported by broad-based trade and domestic demand.

Against this backdrop, HSBC Malaysia continues to focus on strengthening our wealth and client proposition. We launched the Bank's all-new Premier Centre in Petaling Jaya, enhancing accessibility and the Premier customer experience through dedicated relationship management and personalised wealth and banking solutions. We also supported Malaysia's socioeconomic priorities as the sole international bank strategic partner for Forum Ekonomi Malaysia (FEM 2026), which convened 5,000 policymakers, business leaders, investors and the public.

HSBC Malaysia was also recognised by Euromoney as Malaysia's No. 1 Trade Finance Provider, and by The Asset as "Digital Bank of the Year" and "Best Bank for Sustainable Finance (International)".

We remain committed to serving our customers and being the preferred international financial partner for our clients.