

# HSBC AMANAH

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**31 MARCH 2015**

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

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
**(Incorporated in Malaysia)**

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed financial statements for the financial period ended 31 March 2015 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia in 2015.

SAW SAY PIN  
Chief Financial Officer

Date : 22 April 2015

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015**

	<i>Note</i>	<b>31 Mar 2015</b>	31 Dec 2014
		<b>RM'000</b>	RM'000
			(Restated)
<b>Assets</b>			
Cash and short-term funds	10	2,268,900	670,934
Financial assets held for trading	11	20,060	20,055
Financial investments available-for-sale	12	3,006,949	4,135,323
Financing and advances	13	11,037,398	10,680,538
Derivative financial assets	15	143,062	123,842
Other assets	16	299,420	239,287
Statutory deposits with Bank Negara Malaysia	17	405,362	479,062
Equipment		14,728	16,214
Intangible assets		1	2
Deferred tax assets		4,851	7,757
Tax recoverable		10,136	8,861
<b>Total assets</b>		<b>17,210,867</b>	<b>16,381,875</b>
<b>Liabilities</b>			
Deposits from customers	18	10,551,449	10,976,181
Deposits and placements from banks and other financial institutions	19	2,940,907	2,501,753
Bills and acceptances payable		25,520	25,709
Derivative financial liabilities	15	131,799	127,617
Other liabilities	20	168,810	158,416
Multi-Currency Sukuk Programme	21	1,754,099	1,001,854
Subordinated Commodity Murabahah Financing	22	287,329	271,636
<b>Total liabilities</b>		<b>15,859,913</b>	<b>15,063,166</b>
<b>Equity</b>			
Share capital		50,000	50,000
Reserves		1,300,954	1,268,709
<b>Total equity attributable to owner of the Bank</b>		<b>1,350,954</b>	<b>1,318,709</b>
<b>Total liabilities and equity</b>		<b>17,210,867</b>	<b>16,381,875</b>
<b>Commitments and Contingencies</b>	30	<b>16,557,137</b>	<b>15,940,789</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 5 to 27 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 22 April 2015.*

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
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**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	<i>Note</i>	<b>31 Mar 2015</b>	31 Mar 2014
		<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	23	<b>169,409</b>	154,251
Income derived from investment of shareholder's funds	24	<b>34,978</b>	33,644
Impairment losses on financing	25	<b>(28,103)</b>	(14,748)
<b>Total distributable income</b>		<b>176,284</b>	173,147
Income attributable to depositors	26	<b>(85,335)</b>	(66,203)
<b>Total net income</b>		<b>90,949</b>	106,944
Personnel expenses	27	<b>(12,798)</b>	(10,422)
Other overheads and expenditures	28	<b>(48,549)</b>	(46,747)
<b>Profit before tax</b>		<b>29,602</b>	49,775
Tax expense		<b>(6,007)</b>	(11,778)
<b>Profit for the period</b>		<b>23,595</b>	37,997
<b>Other comprehensive income/ (expense)</b>			
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met:</i>			
Available-for-sale reserve:			
Change in fair value		<b>11,278</b>	3,335
Income tax credit relating to components of other comprehensive income		<b>(2,707)</b>	(834)
<b>Other comprehensive expense for the period, net of tax</b>		<b>8,571</b>	2,501
<b>Total comprehensive income for the period</b>		<b>32,166</b>	40,498
Profit attributable to the owner of the Bank		<b>23,595</b>	37,997
Total comprehensive income attributable to the owner of the Bank		<b>32,166</b>	40,498
Basic earnings per RM0.50 ordinary share		<b>23.6 sen</b>	38.0 sen

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available- for-sale reserve RM'000	Capital contribution reserve RM'000	Regulatory reserve* RM'000	Retained profits RM'000	
<b>2015</b>								
Balance at 1 January	50,000	610,000	50,000	(6,488)	1,374	13,000	600,823	1,318,709
<b>Total comprehensive income for the year</b>								
Profit for the period	-	-	-	-	-	-	23,595	23,595
<b>Other comprehensive income, net of tax</b>								
Available-for-sale reserve:								
Net change in fair value	-	-	-	8,571	-	-	-	8,571
Total other comprehensive income	-	-	-	8,571	-	-	-	8,571
Total comprehensive income for the period	-	-	-	8,571	-	-	23,595	32,166
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>								
Share based payment transactions	-	-	-	-	79	-	-	79
Balance at 31 March	<b>50,000</b>	<b>610,000</b>	<b>50,000</b>	<b>2,083</b>	<b>1,453</b>	<b>13,000</b>	<b>624,418</b>	<b>1,350,954</b>
<b>2014</b>								
Balance at 1 January	50,000	610,000	50,000	(5,960)	1,292	-	472,050	1,177,382
<b>Total comprehensive income for the year</b>								
Profit for the period	-	-	-	-	-	-	37,997	37,997
<b>Other comprehensive income, net of tax</b>								
Available-for-sale reserve:								
Net change in fair value	-	-	-	2,501	-	-	-	2,501
Total other comprehensive income	-	-	-	2,501	-	-	-	2,501
Total comprehensive income for the period	-	-	-	2,501	-	-	37,997	40,498
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>								
Share based payment transactions	-	-	-	-	128	-	(9)	119
Balance at 31 March	<b>50,000</b>	<b>610,000</b>	<b>50,000</b>	<b>(3,459)</b>	<b>1,420</b>	<b>-</b>	<b>510,047</b>	<b>1,218,008</b>

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

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**HSBC AMANAH MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	29,602	49,775
Adjustments for non-operating and non-cash items	4,253	2,309
<b>Operating profit before working capital changes</b>	<b>33,855</b>	<b>52,084</b>
Changes in working capital:		
Net changes in operating assets	(362,518)	45,324
Net changes in operating liabilities	44,501	324,032
Income tax paid	(7,083)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(291,245)</b>	<b>421,440</b>
<b>Net cash generated from/(used in) investing activities</b>	<b>1,139,211</b>	<b>(335,774)</b>
<b>Net cash generated from financing activities</b>	<b>750,000</b>	<b>-</b>
	<b>1,889,211</b>	<b>(335,774)</b>
<b>Net changes in cash and cash equivalents</b>	<b>1,597,966</b>	<b>85,666</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>670,934</b>	<b>3,093,206</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,268,900</b>	<b>3,178,872</b>
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	2,268,900	3,178,872

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 5 to 27 attached to the unaudited condensed interim financial statements.*

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**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No 807705-X)**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1 General Information**

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HSBC Amanah Malaysia Berhad ('the Bank') was incorporated on 26 February 2008 and is a licensed Islamic Bank under the Islamic Financial Services Act, 2013. The registered office of the Bank is at No. 2, Leboh Ampang, 50100 Kuala Lumpur.

The principal activities of the Bank are Islamic banking and related financial services. There were no significant changes in these activities during the financial period.

**2 Basis of Preparation**

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The unaudited condensed interim financial statements for the financial period ended 31 March 2015 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial instruments held-for-trading, financial investments available-for-sale, derivative financial instruments and financial instruments fair valued through profit and loss.

The unaudited condensed interim financial statements for the financial period ended 31 March 2015 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ('MFRS') 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and Bank Negara Malaysia requirements on Shariah related disclosures.

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 Bank for the financial year ended 31 December 2014. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2014.

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

The following are accounting standard amendments and interpretations to MFRSs that have been issued by the MASB but have not been adopted by the Bank as they are either not applicable or not yet effective:-

Effective for annual periods commencing on or after 1 January 2016

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

The Bank plans to apply the abovementioned amendments and interpretations from the annual period beginning 1 January 2016.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2 Basis of Preparation (continued)

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Effective for annual periods beginning on or after 1 January 2017

- MFRS 15, Revenue from Contracts with Customers

The Bank plans to apply the abovementioned amendments from the annual period beginning 1 January 2017.

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)

The Bank plans to apply the abovementioned amendments from the annual period beginning 1 January 2018.

The initial application of a standard that will be applied prospectively or which requires extended disclosures is not expected to have any financial impacts to the current and prior period's financial statement upon their first adoption.

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

#### **MFRS 9, Financial Instruments**

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

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

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

### 4 Seasonality or Cyclical Factors

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

### 5 Unusual Items Due to Their Nature, Size or Incidence

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 31 March 2015.

### 6 Changes in Estimates

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

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial period ended 31 March 2015.

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

**7 Debt and Equity Securities**

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During the period, the Bank issued a RM750 million 5-year medium term note ("Sukuk") under its RM3 billion Multi-Currency Sukuk Programme. The Sukuk's maturity date is 27 March 2020 and bears a distribution rate of 4.24% per annum payable semi-annually. The Sukuk issued is measured at fair value through profit or loss, with profit payable recognised on an accruals basis.

Other than the above, there were no other issuances, cancellations, repurchases, resale or repayment of other debt or equity securities during the financial period ended 31 March 2015.

**8 Dividend**

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No dividend was declared nor paid during the financial period ended 31 March 2015.

**9 Significant and Subsequent Events**

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There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

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

**10 Cash and Short-Term Funds**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>168,900</b>	170,934
Money at call and interbank placements maturing within one month	<b>2,100,000</b>	500,000
	<b>2,268,900</b>	670,934

**11 Financial Assets Held for Trading**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Islamic bonds	<b>20,060</b>	20,055
	<b>20,060</b>	20,055

**12 Financial Investments Available-for-Sale**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
Money market instruments:		
Bank Negara Malaysia bills	<b>661,248</b>	2,484,809
Malaysian Government Islamic bonds	<b>1,918,911</b>	1,421,640
Negotiable instruments of deposit	<b>426,790</b>	228,874
	<b>3,006,949</b>	4,135,323

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Financing and Advances

(i) By type and Shariah contracts

	Sale-based contracts				Lease-based contracts		Equity-based contracts	Ujrah	Total
	Commodity Murabahah	Bai Bithaman Ajil	Bai Al-Inah	Bai Al-Dayn	Ijarah	Ijarah Thumma Al-Bai	Diminishing Musharakah		
31 Mar 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	83,755	-	641	-	-	-	-	-	84,396
Term financing:									
House financing	-	2,145	-	-	-	-	3,943,613	-	3,945,758
Hire purchase receivables	-	-	-	-	-	239,678	-	-	239,678
Lease receivables	-	-	-	-	5,065	-	-	-	5,065
Other term financing	3,717,434	99,087	102,827	-	-	-	923,183	-	4,842,531
Trust receipts	389,176	-	-	-	-	-	-	-	389,176
Claims on customers under acceptance credits	434,301	-	-	169,137	-	-	-	-	603,438
Staff financing-i	3,147	-	1,346	-	-	-	3,079	-	7,572
Credit cards-i	-	-	-	-	-	-	-	511,563	511,563
Revolving credit	591,885	-	-	-	-	-	-	-	591,885
Gross financing and advances	<b>5,219,698</b>	<b>101,232</b>	<b>104,814</b>	<b>169,137</b>	<b>5,065</b>	<b>239,678</b>	<b>4,869,875</b>	<b>511,563</b>	<b>11,221,062</b>
Less: Allowance for impaired financing									
Collective allowances for impairment									(138,941)
Individual allowances for impairment									(44,723)
Total net financing and advances									<b>11,037,398</b>

	Sale-based contracts				Lease-based contracts		Equity-based contracts	Ujrah	Total
	Commodity Murabahah	Bai Bithaman Ajil	Bai Al-Inah	Bai Al-Dayn	Ijarah	Ijarah Thumma Al-Bai	Diminishing Musharakah		
31 Dec 2014 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	92,561	-	647	-	-	-	-	-	93,208
Term financing:									
House financing	-	2,449	-	-	-	-	3,818,297	-	3,820,746
Hire purchase receivables	-	-	-	-	-	234,530	-	-	234,530
Lease receivables	-	-	-	-	5,373	-	-	-	5,373
Other term financing	3,419,045	108,205	138,882	-	-	-	925,242	-	4,591,374
Trust receipts	358,591	-	-	-	-	-	-	-	358,591
Claims on customers under acceptance credits	461,478	-	-	157,780	-	-	-	-	619,258
Staff financing-i	2,941	-	1,046	-	-	-	4,050	-	8,037
Credit cards-i	-	-	-	-	-	-	-	499,820	499,820
Revolving credit	618,239	-	-	-	-	-	-	-	618,239
Gross financing and advances	<b>4,952,855</b>	<b>110,654</b>	<b>140,575</b>	<b>157,780</b>	<b>5,373</b>	<b>234,530</b>	<b>4,747,589</b>	<b>499,820</b>	<b>10,849,176</b>
Less: Allowance for impaired financing									
Collective allowances for impairment									(124,817)
Individual allowances for impairment									(43,821)
Total net financing and advances									<b>10,680,538</b>

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

**13 Financing and Advances (continued)**

**(ii) By type of customer**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Domestic non-bank financial institutions	<b>412,497</b>	392,939
Domestic business enterprises:		
Small medium enterprises	<b>2,364,703</b>	1,958,012
Others	<b>2,050,463</b>	2,216,241
Government and statutory bodies	<b>16,405</b>	15,898
Individuals	<b>5,016,689</b>	4,931,784
Other domestic entities	<b>2,857</b>	1,657
Foreign entities	<b>1,357,448</b>	1,332,645
	<b>11,221,062</b>	10,849,176

**(iii) By profit rate sensitivity**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Fixed rate:		
House financing	<b>2,067</b>	2,356
Hire purchase receivables	<b>235,060</b>	234,530
Other financing	<b>1,850,295</b>	1,839,701
Variable rate:		
BFR plus	<b>4,939,099</b>	4,843,482
Cost-plus	<b>3,682,978</b>	3,429,287
Other variable rates	<b>511,563</b>	499,820
	<b>11,221,062</b>	10,849,176

**(iv) By residual contractual maturity**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Maturing within one year	<b>4,105,987</b>	4,711,242
More than one year to three years	<b>796,380</b>	402,099
More than three years to five years	<b>1,222,074</b>	873,355
Over five years	<b>5,096,621</b>	4,862,480
	<b>11,221,062</b>	10,849,176

**(v) By sector**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Agriculture, hunting, forestry & fishing	<b>250,689</b>	266,339
Mining and quarrying	<b>192,273</b>	167,795
Manufacturing	<b>1,203,568</b>	1,233,112
Electricity, gas and water	<b>71,820</b>	76,190
Construction	<b>590,518</b>	702,597
Real estate	<b>229,582</b>	238,026
Wholesale & retail trade, restaurants & hotels	<b>798,042</b>	793,365
Transport, storage and communication	<b>239,919</b>	213,442
Finance, takaful and business services	<b>1,073,229</b>	689,121
Household - Retail	<b>5,647,905</b>	5,527,443
Others	<b>923,517</b>	941,746
	<b>11,221,062</b>	10,849,176

NOTES TO THE FINANCIAL STATEMENTS (continued)

**13 Financing and Advances (continued)**

**(vi) By purpose**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Purchase of landed property:		
- Residential	<b>3,948,503</b>	3,823,177
- Non-residential	<b>798,301</b>	796,247
Purchase of transport vehicles	<b>2,130</b>	2,359
Purchase of fixed assets excluding land & building	<b>8,994</b>	12,716
Consumption credit	<b>1,440,266</b>	1,449,760
Construction	<b>559,469</b>	702,597
Working capital	<b>3,719,546</b>	3,307,779
Other purpose	<b>743,853</b>	754,541
	<b><u>11,221,062</u></b>	<u>10,849,176</u>

**(vii) By geographical distribution**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Northern Region	<b>1,353,063</b>	1,368,837
Southern Region	<b>1,581,397</b>	1,529,537
Central Region	<b>7,826,212</b>	7,468,846
Eastern Region	<b>460,390</b>	481,956
	<b><u>11,221,062</u></b>	<u>10,849,176</u>

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

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

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

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

Concentration by location for financing and advances is based on the location of the customer.

**(viii) Assets under Management**

The details of assets under management in respect of the Investment Agency Account (IAA) financing are as below. The exposures and the corresponding risk weighted amount are reported in investors' financial statements.

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Term financing	<b>499,087</b>	415,743
Less: Individual allowance for impaired financing	<b>-</b>	-
Total net financing and advances	<b><u>499,087</u></b>	<u>415,743</u>
	<b>Credit</b>	<b>Risk</b>
	<b>Principal</b>	<b>weighted</b>
	<b>amount</b>	<b>amount</b>
	<b>RM'000</b>	<b>RM'000</b>
Commitments and Contingencies		
Irrevocable commitments to extend credit:		
- <b>at 31 Mar 2015</b>		
- Maturity not exceeding one year	<b>669,429</b>	<b>133,886</b>
- Maturity exceeding one year	<b>861,751</b>	<b>430,876</b>
- <b>at 31 Dec 2014</b>		
- Maturity not exceeding one year	<b>-</b>	<b>-</b>
- Maturity exceeding one year	<b>-</b>	<b>-</b>
	<b><u>Principal</u></b>	<b><u>Risk weighted</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Total RWA for Credit Risk		
- <b>at 31 Mar 2015</b>	<b><u>1,063,849</u></b>	<b><u>1,063,849</u></b>
- <b>at 31 Dec 2014</b>	<b><u>415,743</u></b>	<b><u>415,743</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

**14 Impaired Financing**

**(i) Movements in impaired financing and advances**

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
At beginning of period/year	162,227	166,906
Classified as impaired during the period/year	68,774	265,934
Reclassified as performing	(24,230)	(132,732)
Amount recovered	(19,665)	(64,272)
Amount written off	(22,217)	(97,356)
Other movements	670	23,747
At end of period/year	<u>165,559</u>	<u>162,227</u>
Less: Individual allowance for impairment	(44,723)	(43,821)
Collective allowance for impairment (impaired portion)	<u>(40,362)</u>	<u>(41,128)</u>
Net impaired financing and advances	<u><b>80,474</b></u>	<u><b>77,278</b></u>

**(ii) Movements in allowance for impaired financing**

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
<b>Collective allowance for impairment</b>		
At beginning of period/year	124,817	119,290
Made during the period/year	46,957	118,612
Amount released	(11,412)	(25,873)
Amount written off	(21,497)	(86,338)
Discount unwind	76	(874)
At end of period/year	<u><b>138,941</b></u>	<u><b>124,817</b></u>

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
<b>Individual allowance for impairment</b>		
At beginning of period/year	43,821	41,137
Made during the period/year	11,795	33,643
Amount recovered	(11,477)	(31,739)
Amount written off	(1,254)	(8,148)
Other movement	1,922	9,388
Discount unwind	(84)	(460)
At end of period/year	<u><b>44,723</b></u>	<u><b>43,821</b></u>

**(iii) By contract**

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Bai Bithaman Ajil ( <i>deferred payment sale</i> )	128	135
Bai Al-Dayn ( <i>sale of debt</i> )	37	47
Ijarah Thumma Al-Bai (AITAB) ( <i>hire purchase</i> )	7,861	11,759
Murabahah ( <i>cost-plus</i> )	50,255	43,961
Musharakah ( <i>profit and loss sharing</i> )	84,250	80,142
Bai Al-Inah ( <i>sell and buy back</i> )	8,988	12,033
Ujrah ( <i>fee-based</i> )	<u>14,040</u>	<u>14,150</u>
	<u><b>165,559</b></u>	<u><b>162,227</b></u>

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

**14 Impaired Financing (Cont'd)**

**(iv) By sector**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Manufacturing	<b>4,596</b>	13,592
Electricity, gas and water	-	3
Construction	<b>188</b>	782
Wholesale & retail trade, restaurants & hotels	<b>3,288</b>	2,941
Transport, storage and communication	<b>5,549</b>	5,670
Finance, takaful and business services	<b>163</b>	625
Household - Retail	<b>151,775</b>	138,017
Others	-	597
	<b>165,559</b>	162,227

**(v) By purpose**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Purchase of landed property:		
- Residential	<b>74,121</b>	55,963
- Non-residential	<b>7,591</b>	7,186
Purchase of transport vehicles	<b>134</b>	296
Consumption credit	<b>71,019</b>	74,674
Construction	<b>188</b>	782
Working capital	<b>11,828</b>	22,640
Other purpose	<b>678</b>	686
	<b>165,559</b>	162,227

**(vi) By geographical distribution**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Northern Region	<b>29,729</b>	33,864
Southern Region	<b>19,081</b>	21,245
Central Region	<b>106,910</b>	97,980
Eastern Region	<b>9,839</b>	9,138
	<b>165,559</b>	162,227

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 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:

	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
<b>31 Mar 2015</b>												
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,918,496	-	-	1,918,496	43,185	-	-	43,185	36,451	-	-	36,451
- Swaps	-	951,972	-	951,972	-	82,957	-	82,957	-	77,501	-	77,501
- Options	46,069	-	-	46,069	1,347	-	-	1,347	3	-	-	3
Profit rate related contracts												
- Swaps	70,000	4,856,909	-	4,926,909	170	12,018	-	12,188	-	7,561	-	7,561
- Options	-	257,988	-	257,988	-	31	-	31	-	1,350	-	1,350
Equity related contracts												
- Options purchased	272,711	280,859	-	553,570	2,616	714	-	3,330	5,405	2,505	-	7,910
Precious metal contracts												
- Options purchased	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub- total</b>	<b>2,307,276</b>	<b>6,347,728</b>	<b>-</b>	<b>8,655,004</b>	<b>47,318</b>	<b>95,720</b>	<b>-</b>	<b>143,038</b>	<b>41,859</b>	<b>88,917</b>	<b>-</b>	<b>130,776</b>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Profit rate related contracts												
- Swaps	-	280,000	-	280,000	-	24	-	24	-	1,023	-	1,023
<b>Sub- total</b>	<b>-</b>	<b>280,000</b>	<b>-</b>	<b>280,000</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>1,023</b>	<b>-</b>	<b>1,023</b>
<b>Total</b>	<b>2,307,276</b>	<b>6,627,728</b>	<b>-</b>	<b>8,935,004</b>	<b>47,318</b>	<b>95,744</b>	<b>-</b>	<b>143,062</b>	<b>41,859</b>	<b>89,940</b>	<b>-</b>	<b>131,799</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Derivative Financial Instruments (continued)

	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
31 Dec 2014												
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,931,962	-	-	1,931,962	51,636	-	-	51,636	36,516	-	-	36,516
- Swaps	-	928,905	-	928,905	-	52,982	-	52,982	-	47,200	-	47,200
- Options	39,395	-	-	39,395	1,670	-	-	1,670	32	-	-	32
Profit rate related contracts												
- Options	30,000	4,161,873	-	4,191,873	12	11,334	-	11,346	-	10,689	-	10,689
- Swaps	-	376,261	-	376,261	-	-	-	-	-	6,632	-	6,632
Equity related contracts												
- Options purchased	250,213	972,460	-	1,222,673	2,430	2,908	-	5,338	3,301	23,219	-	26,520
Precious metal contracts												
- Options purchased	-	-	-	-	-	-	-	-	-	-	-	-
Sub- total	2,251,570	6,439,499	-	8,691,069	55,748	67,224	-	122,972	39,849	87,740	-	127,589
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Profit rate related contracts												
- Swaps	-	280,000	-	280,000	-	870	-	870	-	28	-	28
Sub- total	-	280,000	-	280,000	-	870	-	870	-	28	-	28
Total	2,251,570	6,719,499	-	8,971,069	55,748	68,094	-	123,842	39,849	87,768	-	127,617

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

**16 Other Assets**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
		(Restated)
Income receivable	23,540	13,591
Amount due from holding company/ related companies	153,299	135,415
Other receivables, deposits and prepayments	122,581	90,281
	<b>299,420</b>	<b>239,287</b>

**17 Statutory deposits with Bank Negara Malaysia**

The non-profit 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.

**18 Deposits From Customers**

**(i) By type of deposit**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Non-Mudharabah Fund		
Demand deposits		
- Wadiah	2,109,620	1,548,966
Savings deposits		
- Wadiah	1,440,763	1,351,171
Fixed return investment deposits		
- Murabahah	5,869,722	6,082,562
Islamic repurchase agreements		
- Bai Al-Inah	192,080	205,055
Negotiable instruments of deposits		
- Wakalah with Commodity Wa'ad	482,883	681,411
Structured Investments		
- Wakalah with Commodity Wa'ad	380,815	1,021,151
- Wakalah with Mudharabah	75,566	85,865
	<b>10,551,449</b>	<b>10,976,181</b>

The maturity structure of term deposits and negotiable instruments of deposits is as follows:

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Due within six months	5,070,359	5,278,924
More than six months to one year	880,775	984,577
More than one year to three years	116,239	69,882
More than three years to five years	285,232	430,590
	<b>6,352,605</b>	<b>6,763,973</b>

**(ii) By type of customer**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Government and statutory bodies	9,564	11,554
Business enterprises	2,726,018	2,163,743
Individuals	5,843,256	6,789,836
Others	1,972,611	2,011,048
	<b>10,551,449</b>	<b>10,976,181</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Non-Mudharabah Fund		
Licensed banks	2,921,922	1,822,110
Bank Negara Malaysia	18,985	19,643
Mudharabah Fund		
Licensed banks	-	660,000
	<b>2,940,907</b>	<b>2,501,753</b>

**20 Other Liabilities**

	Note	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Profit payable		66,853	65,033
Amounts due to holding company/ related companies		14,136	64
Profit equalisation reserve	(a)	768	943
Other creditors and accruals	(b)	87,053	92,376
		<b>168,810</b>	<b>158,416</b>

(a) Movement in profit equalisation reserve is as follows:

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
At beginning of period/year	943	1,290
Contribution to non-profit organisations	(175)	(347)
At end of period/year	<b>768</b>	<b>943</b>

(b) Other creditors and accruals

Included in other creditors and accruals is excess compensation balance and profit earned from inadvertent financing of Shariah non-compliant activities. The contribution was distributed to the Non-Governmental Organisations approved by the Shariah Committee during the financial year

<b>Source and use of charity funds</b>	31 Mar 2015 RM'000	31 Dec 2014 RM'000
<b>Source of charity funds</b>		
At beginning of period/year	165	3
Income from inadvertent Shariah non-compliant activities	1	162
<b>Use of charity funds</b>		
Contribution to non-profit organisations	(51)	-
At end of period/year	<b>115</b>	<b>165</b>

**21 Multi-Currency Sukuk Programme**

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Multi-Currency Sukuk Programme ("MCSP")	<b>1,754,099</b>	<b>1,001,854</b>

The Bank issued the following series of 5-year Sukuk under its RM3 billion MCSP.

	Nominal Value RM'000	Issue Date	Maturity Date	Carrying Value	
				31 Mar 2015 RM'000	31 Dec 2014 RM'000
<b>Issuance under MCSP</b>					
1st series at amortised cost	500,000	28 Sept 2012	28 Sept 2017	500,000	500,000
2nd series at fair value through profit and loss	500,000	16 Oct 2014	16 Oct 2019	501,781	501,854
3rd series at fair value through profit and loss	750,000	27 Mar 2015	27 Mar 2020	752,318	-
	<b>1,750,000</b>			<b>1,754,099</b>	<b>1,001,854</b>

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

**22 Subordinated Commodity Murabahah Financing**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
Subordinated Commodity Murabahah Financing	<b>287,329</b>	271,636

This is a Basel III compliant Tier 2 subordinated Commodity Murabahah financing-i of USD equivalent of RM250 million from the Bank's immediate holding company, HSBC Bank Malaysia Berhad. The tenor of the facility is 10 years with the profit payable quarterly in arrears from the utilisation date.

**23 Income Derived from Investment of Depositors' Funds and Others**

	<b>31 Mar 2015</b>	31 Mar 2014
	<b>RM'000</b>	RM'000
Income derived from investment of:		
(i) general investment deposits	<b>117,937</b>	115,410
(ii) specific investment deposits	<b>11,859</b>	6,503
(iii) other deposits	<b>39,613</b>	32,338
	<b>169,409</b>	154,251

(i) Income derived from investment of general investment deposits

	<b>31 Mar 2015</b>	31 Mar 2014
	<b>RM'000</b>	RM'000
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	<b>93,529</b>	91,055
- Recoveries from impaired financing	<b>2,687</b>	2,447
Financial investments available-for-sale	<b>19,718</b>	8,844
Money at call and deposit with financial institutions	<b>8,327</b>	14,515
	<b>124,261</b>	116,861
<u>Other operating income</u>		
Net gains from dealing in foreign currency	<b>499</b>	3,543
Net gains from sale of financial assets held-for-trading and other financial instruments	<b>1,083</b>	3,832
Net unrealised gains from revaluation of financial assets held-for-trading	<b>121</b>	1,129
Net profit paid for financial assets held-for-trading and other financial instruments	<b>(7,494)</b>	(10,469)
Net (loss)/gain from trading in derivatives	<b>(528)</b>	560
Other loss	<b>(5)</b>	(46)
	<b>(6,324)</b>	(1,451)
	<b>117,937</b>	115,410

NOTES TO THE FINANCIAL STATEMENTS (continued)

**23 Income Derived from Investment of Depositors' Funds and Others (Cont'd)**

	31 Mar 2015 RM'000	31 Mar 2014 RM'000
(ii) Income derived from investment of specific investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	7,958	4,866
	<u>7,958</u>	<u>4,866</u>
<u>Other operating income</u>		
Fees and commission	1,755	850
Net gains from dealing in foreign currency	2,146	787
	<u>3,901</u>	<u>1,637</u>
	<u>11,859</u>	<u>6,503</u>
The above fees and commissions were derived from the following major contributors:		
Corporate advisory	808	-
Guarantee fees	195	259
Service charges and fees	473	590
	<u>808</u>	<u>849</u>
	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>
	<u>RM'000</u>	<u>RM'000</u>
(iii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	31,415	25,513
- Recoveries from impaired financing	901	686
Financial investments available-for-sale	6,623	2,478
Money at call and deposit with financial institutions	2,797	4,067
	<u>41,736</u>	<u>32,744</u>
<u>Other operating income</u>		
Net gains from dealing in foreign currency	168	993
Net gains from sale of financial assets held-for-trading and other financial instruments	364	1,074
Net (loss)/gain from trading in derivatives	(177)	157
Net unrealised gains from revaluation of financial assets held-for-trading	41	316
Net profit paid from financial assets held-for-trading and other financial instruments	(2,517)	(2,933)
Other loss	(2)	(13)
	<u>(2,123)</u>	<u>(406)</u>
	<u>39,613</u>	<u>32,338</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

**24 Income Derived from Investment of Shareholder's Funds**

	31 Mar 2015 RM'000	31 Mar 2014 RM'000
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	11,883	10,749
- Recoveries from impaired financing	341	289
Financial investments available-for-sale	2,505	1,044
Money at call and deposit with financial institutions	1,058	1,713
	<u>15,787</u>	<u>13,795</u>
<u>Other operating income</u>		
Fees and commission	16,789	18,446
Net gains from dealing in foreign currency	63	418
Net gains from sale of financial assets held-for-trading and other financial instruments	138	452
Net (loss)/gain from trading in derivatives	(67)	66
Net unrealised gains from revaluation of financial assets held-for-trading	15	133
Net profit paid from financial assets held-for-trading and other financial instruments	(952)	(1,236)
Shared-service fees from holding company	870	924
Net loss on financial instruments fair valued through profit or loss	2,304	-
Other income	31	646
	<u>19,191</u>	<u>19,849</u>
	<u>34,978</u>	<u>33,644</u>
The above fees and commissions were derived from the following major contributors:		
Service charges and fees	5,650	4,723
Cards	7,701	6,727
Agency fees	3,148	4,054

**25 Impairment Losses on Financing**

	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Impairment charges on financing:		
(a) Individual impairment		
- Provided	11,795	11,289
- Written back	(11,477)	(9,116)
(b) Collective impairment		
- Provided	46,957	30,366
- Written back	(11,412)	(10,309)
Impaired financing		
- Recovered	(8,355)	(7,708)
- Written off	595	226
	<u>28,103</u>	<u>14,748</u>

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

**26 Income Attributable to Depositors**

	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Non-Mudharabah Fund		
Deposits from customers	55,264	53,003
Deposits and placements of banks and other financial institutions	14,414	3,935
Others	12,683	5,160
Mudharabah Fund		
Deposits and placements of banks and other financial institutions	2,974	4,105
	<b>85,335</b>	<b>66,203</b>

**27 Personnel Expenses**

	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Salaries, allowances and bonuses	10,525	8,439
Employees Provident Fund contributions	1,661	1,346
Other staff related costs	612	637
	<b>12,798</b>	<b>10,422</b>

**28 Other Overheads and Expenditures**

	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Promotion and marketing related expenses	6,428	5,076
Establishment related expenses		
Depreciation of equipment	1,927	2,179
Amortisation of intangible assets	2	2
Information technology costs	983	743
Rental of premises	2,016	2,002
Utilities	472	318
Others	102	283
	<b>5,502</b>	<b>5,527</b>
General administrative expenses		
Intercompany expenses	33,276	32,726
Auditors' remuneration		
Statutory audit fees		
PwC/KPMG Malaysia	30	30
Other services		
PwC/KPMG Malaysia	104	68
Professional fees	326	255
Communication	233	327
Others	2,650	2,738
	<b>36,619</b>	<b>36,144</b>
	<b>48,549</b>	<b>46,747</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

**29 Capital Adequacy**

	<b>31 Mar 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	<b>50,000</b>	50,000
Share premium	<b>610,000</b>	610,000
Retained profits	<b>600,823</b>	600,823
Other reserves	<b>67,194</b>	55,837
Regulatory adjustments	<b>(20,176)</b>	(15,674)
Total Common Equity Tier 1 (CET1) and Tier 1 capital	<b>1,307,841</b>	1,300,986
<b>Tier 2 capital</b>		
Subordinated Commodity Murabahah financing	<b>287,329</b>	271,636
Collective impairment allowance (unimpaired portion) & regulatory reserves	<b>111,579</b>	96,689
Total Tier 2 capital	<b>398,908</b>	368,325
<b>Capital base</b>	<b>1,706,749</b>	1,669,311
<b>CET1 and Tier 1 Capital ratio</b>	<b>11.277%</b>	11.793%
<b>Total Capital ratio</b>	<b>14.716%</b>	15.132%

The total capital and capital adequacy ratios have been computed based on the Standardised Approach in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

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

	<b>31 Mar 2015</b>		31 Dec 2014	
	<b>Principal</b>	<b>Risk-weighted</b>	Principal	Risk-weighted
	<b>RM'000</b>	<b>RM'000</b>	RM'000	RM'000
Total RWA for credit risk	<b>20,128,194</b>	<b>10,576,811</b>	19,368,430	10,001,574
Total RWA for market risk	-	<b>104,325</b>	-	110,353
Total RWA for operational risk	-	<b>916,761</b>	-	919,539
	<b>20,128,194</b>	<b>11,597,897</b>	19,368,430	11,031,466

NOTES TO THE FINANCIAL STATEMENTS (continued)

**30 Commitments and Contingencies**

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

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount * RM'000</b>	<b>Risk weighted amount * RM'000</b>
<b>31 Mar 2015</b>			
<b>Direct credit substitutes</b>	<b>837,509</b>	<b>837,509</b>	<b>478,734</b>
<b>Transaction-related contingent items</b>	<b>1,166,799</b>	<b>583,400</b>	<b>341,081</b>
<b>Short-term self-liquidating trade-related contingencies</b>	<b>44,271</b>	<b>8,854</b>	<b>5,410</b>
<b>Irrevocable commitments to extend credit</b>			
- Maturity not exceeding one year	2,367,156	473,431	388,307
- Maturity exceeding one year	1,808,743	904,371	856,008
<b>Unutilised credit card lines</b>	<b>1,397,656</b>	<b>279,531</b>	<b>209,648</b>
<b>Equity related contracts</b>			
- Less than one year	272,711	18,979	1,186
- One year to less than five years	280,859	24,973	-
<b>Profit rate related contracts</b>			
- Less than one year	70,100	315	-
- One year to less than five years	5,394,796	138,462	18,295
<b>Foreign exchange related contracts</b>			
- Less than one year	1,964,564	69,453	10,191
- One year to less than five years	951,973	178,183	132,216
	<b>16,557,137</b>	<b>3,517,461</b>	<b>2,441,076</b>
<b>31 Dec 2014</b>			
Direct credit substitutes	832,224	832,224	460,309
Transaction-related contingent items	1,013,164	506,582	345,283
Short-term self-liquidating trade-related contingencies	34,412	6,882	3,237
Irrevocable commitments to extend credit			
- Maturity not exceeding one year	2,432,239	486,448	415,640
- Maturity exceeding one year	1,306,864	653,432	635,862
Unutilised credit card lines	1,350,816	270,163	202,622
Equity related contracts			
- Less than one year	250,213	17,489	3,498
- One year to less than five years	972,460	82,024	16,405
Profit rate related contracts			
- Less than one year	30,000	32	6
- One year to less than five years	4,818,135	130,633	41,242
Foreign exchange related contracts			
- Less than one year	1,971,357	79,829	19,430
- One year to less than five years	928,905	142,761	107,810
	<b>15,940,789</b>	<b>3,208,499</b>	<b>2,251,344</b>

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel II Capital Adequacy Framework for Islamic Banks, "CAFIB".

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 31 Performance Review

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Despite achieving 8.8% growth in income derived from investment of depositors' and shareholder's funds and others, the Bank recorded a RM20.2 million or 40.5% decline in profit before tax against history. Increased impairment losses on financing (+RM13.4 million) mainly on collective impairment provision, in tandem with the growth in customer advances, coupled with rising income attributable to depositors (+RM19.1m) and operating costs (+RM4.2 million) contributed to the decline in profit.

Income derived from investment of depositors' and shareholder's funds and others improved on higher profit earned from financing and advances and debt securities, mitigated by higher trading losses. Growth in financial investments available-for-sale and financing and advances of 44.1% and 15.5% respectively against 31 March 2014 contributed to the improvement in income.

Impairment losses on financing increased principally from higher local risk adjustments provision. Income attributable to depositors and others increased due to a 20 basis point increase in the OPR in July 2014, two sukuk issuances in October 2014 and March 2015, coupled with a USD equivalent of RM250 million subordinated financing facility obtained in June 2014. Meanwhile, operating expenses grew on higher personnel expenses, advertising and marketing expenses and intercompany expenses.

Balance sheet size grew by 5.1% or RM0.8 billion to RM17.2 billion, driven by growth in financing and advances (+RM0.4 billion) and cash and short-term funds (+RM1.6 billion), offset by lower financial investments available-for-sale (-RM1.1 billion).

### 32 Business Prospects

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The Malaysian economy registered a strong growth of 5.8% in 4Q 2014, bringing an annual growth of 6.0% (2013:4.7%), which is higher than the initial forecast of 4.5%-5.5% for 2014. Growth was driven by stronger private sector expenditure of 8.5%, and a turnaround in public sector spending.

Growth in private investment has expanded at a faster pace of 11.2%, driven by capital spending in the manufacturing and services sectors, particularly in the transport and retail industries. Private consumption grew stronger by 7.8%, supported by stable labour market conditions and continued wage growth. Growth in public consumption has registered a positive growth of 0.6%, reflecting slower decline in investment, amid the moderation in public consumption. On the supply side, growth was sustained by the major economic sectors, supported by trade and domestic activities.

For 2014, inflation averaged 3.2% (2013:2.1%) and projected to be above its long-term average for 2015 due to domestic cost factors. Monetary Policy Committee has decided to maintain the Overnight Policy Rate (OPR) at 3.25%. The current stance of monetary policy remains accommodative and is assessed to be appropriate given the developments in monetary and financial conditions.

Besides growing concerns on the prospects of global growth, regional currencies also faced depreciation pressure due to the strengthening of the US dollar, which was driven by the expectations of interest rate normalisation by the Fed amid the recovery in the US economy. However, the ringgit has depreciated more than other regional currencies, especially in December 2014, following heightened market concerns on the impact of the sharp fall in oil prices on the Malaysia economy, particularly on the Government's fiscal position.

The Bank's priorities in 2015 remain unchanged, to leverage on our increased resource investments into the business, grow the business with new distribution channels and increased productivity across existing channels, implement the highest global standards of conduct and compliance, and streamline processes and procedures for the benefit of the customers. The Bank will continue to invest in Premier and Advance propositions and expanding its wealth management offerings. Leveraging on HSBC Group expertise, the Bank is able to provide holistic banking service solutions to our existing and new corporate customers. Further, the Bank will capitalise on the HSBC Group's international connectivity for cross border trade initiatives and offer banking services for inbound investments by HSBC Group customers into Malaysia.

The Bank has adopted the relationship based approach (as opposed to the product push approach) for a number of years and this journey will continue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Comparative Figures

Restatement of Comparative Figures

The presentation and classification of items in the current interim financial statements are consistent with the previous financial period except for those listed below. The restatement of 31Dec2014 financial data is a result of an initiative rolled out by the Bank in Q12015 to align financial reporting data with Central Credit Reference Information System (CCRIS) data. Similar reclassification is made to 31Dec2014 data so that they are comparable to 31Mar2015 data. The Bank's prior period profit and loss and retained earnings brought forward are not affected by these reclassifications.

(a) Financing and Advances

By type and Shariah contracts

	Sale-based contracts			Lease-based contracts		Equity-based contracts	Ujrah	Total
	Commodity Murabahah	Bai Bithaman Ajil	Bai Al-Inah	Bai Al-Dayn	Ijarah	Ijarah Thumma Al-Bai		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2014 (Restated)								
Cash line-i	92,561	-	647	-	-	-	-	93,208
Term financing:								
House financing	-	2,449	-	-	-	-	3,818,297	3,820,746
Hire purchase receivables	-	-	-	-	-	234,530	-	234,530
Lease receivables	-	-	-	-	5,373	-	-	5,373
Other term financing	3,419,045	108,205	138,882	-	-	-	925,242	4,591,374
Trust receipts	358,591	-	-	-	-	-	-	358,591
Claims on customers under acceptance credits	461,478	-	-	157,780	-	-	-	619,258
Staff financing-i	2,941	-	1,046	-	-	-	4,050	8,037
Credit cards-i	-	-	-	-	-	-	-	499,820
Revolving credit	618,239	-	-	-	-	-	-	618,239
Gross financing and advances	4,952,855	110,654	140,575	157,780	5,373	234,530	4,747,589	10,849,176
Less: Allowance for impaired financing								
Collective allowances for impairment								(124,817)
Individual allowances for impairment								(43,821)
Total net financing and advances								10,680,538
31 Dec 2014 (as previously stated)								
Cash line-i	92,561	-	647	-	-	-	-	93,208
Term financing:								
House financing	-	2,449	-	-	-	-	3,306,610	3,309,059
Hire purchase receivables	-	-	-	-	-	234,530	-	234,530
Lease receivables	-	-	-	-	5,373	-	-	5,373
Other term financing	3,246,050	108,205	138,882	-	-	-	1,397,077	4,890,214
Trust receipts	358,591	-	-	-	-	-	-	358,591
Claims on customers under acceptance credits	461,478	-	-	157,780	-	-	-	619,258
Staff financing-i	2,941	-	1,046	-	-	-	43,902	47,889
Credit cards-i	-	-	-	-	-	-	-	499,820
Revolving credit	618,239	-	-	-	-	-	-	618,239
Gross financing and advances	4,779,860	110,654	140,575	157,780	5,373	234,530	4,747,589	10,676,181
Less: Allowance for impaired financing								
Collective allowances for impairment								(124,817)
Individual allowances for impairment								(43,821)
Total net financing and advances								10,507,543

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Comparative Figures (continued)

Restatement of Comparative Figures (continued)

	RM'000 As restated	RM'000 As previously stated
<b>a) Financing and Advances (continued)</b>		
<b>By type of customer</b>		
Domestic non-bank financial institutions	392,939	392,939
Domestic business enterprises:		
Small medium enterprises	1,958,012	1,958,012
Others	2,216,241	2,216,241
Government and statutory bodies	15,898	15,898
Individuals	4,931,784	4,931,784
Other domestic entities	1,657	1,657
Foreign entities	1,332,645	1,159,650
	<u>10,849,176</u>	<u>10,676,181</u>
<b>By profit rate sensitivity</b>		
Fixed rate:		
House financing	2,356	6,947
Hire purchase receivables	234,530	234,530
Other financing	1,839,701	1,910,631
Variable rate:		
BFR plus	4,843,482	7,403,014
Cost-plus	3,429,287	621,239
Other variable rates	499,820	499,820
	<u>10,849,176</u>	<u>10,676,181</u>
<b>By residual contractual maturity</b>		
Maturing within one year	4,711,242	4,538,247
More than one year to three years	402,099	402,099
More than three years to five years	873,355	873,355
Over five years	4,862,480	4,862,480
	<u>10,849,176</u>	<u>10,676,181</u>
<b>By sector</b>		
Agriculture, hunting, forestry & fishing	266,339	266,339
Mining and quarrying	167,795	167,795
Manufacturing	1,233,112	1,233,112
Electricity, gas and water	76,190	76,190
Construction	702,597	702,597
Real estate	238,026	238,026
Wholesale & retail trade, restaurants & hotels	793,365	793,365
Transport, storage and communication	213,442	213,442
Finance, takaful and business services	689,121	689,121
Household - Retail	5,527,443	5,527,443
Others	941,746	768,751
	<u>10,849,176</u>	<u>10,676,181</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Comparative Figures (continued)

Restatement of Comparative Figures (continued)

	RM'000 As restated	RM'000 As previously stated
<b>a) Financing and Advances (continued)</b>		
<b>By purpose</b>		
Purchase of landed property:		
- Residential	3,823,177	3,031,749
- Non-residential	796,247	326,452
Purchase of transport vehicles	2,359	2,359
Purchase of fixed assets excluding land & building	12,716	12,716
Consumption credit	1,449,760	2,241,187
Construction	702,597	702,597
Working capital	3,307,779	3,777,575
Other purpose	754,541	581,546
	<u>10,849,176</u>	<u>10,676,181</u>
<b>By geographical distribution</b>		
Northern Region	1,368,837	1,368,837
Southern Region	1,529,537	1,529,537
Central Region	7,468,846	7,295,851
Eastern Region	481,956	481,956
	<u>10,849,176</u>	<u>10,676,181</u>
<b>b) Other Assets</b>		
Income receivable	13,591	13,650
Amount due from holding company/ related companies	135,415	135,415
Other receivables, deposits and prepayments	90,281	90,281
	<u>239,287</u>	<u>239,346</u>