

HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2025

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

HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	<i>Note</i>	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Assets			
Cash and short-term funds	11	4,994,034	2,592,399
Reverse sell and buy back agreement		531,489	–
Deposits and placements with banks and other financial institutions	12	400,000	200,000
Financial assets at fair value through profit and loss (FVTPL)	13	–	20,621
Financial investments at fair value through other comprehensive income (FVOCI)	14	2,071,829	2,263,370
Financial investments at amortised cost	15	2,258,772	1,991,393
Financing and advances	16	12,557,666	14,111,493
Derivative financial assets	19	656,148	363,029
Other assets	20	132,011	127,455
Statutory deposits with Bank Negara Malaysia	21	136,266	257,961
Equipment		3,791	4,259
Deferred tax assets		35,270	37,504
Total assets		23,777,276	21,969,484
Liabilities			
Deposits from customers	22	13,952,095	13,445,810
Deposits and placements from banks and other financial institutions	23	2,878,813	2,360,099
Structured liabilities designated at fair value through profit or loss (FVTPL)	24	1,773,837	1,679,667
Bills payable		14,146	9,187
Derivative financial liabilities	19	700,220	395,751
Other liabilities	25	954,940	644,698
Provision for taxation		53,370	40,533
Total liabilities		20,327,421	18,575,745
Equity			
Share capital and other equity	26	1,161,063	1,161,063
Reserves		2,288,792	2,232,676
Total equity attributable to owner of the Bank		3,449,855	3,393,739
Total liabilities and equity		23,777,276	21,969,484
Restricted investment accounts ^[1]		2,330,258	2,232,635
Total Islamic Banking asset ^[1]		26,107,534	24,202,119
Commitments and contingencies	34	52,064,467	44,941,716

^[1] The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions dated 29 April 2022.

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 2024 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 17 July 2025.

HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

		Second Quarter		Six Months Ended	
		30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	27	210,173	228,716	435,888	455,913
Income derived from investment of shareholder's funds	28	77,931	63,901	133,195	123,520
Expected credit losses (ECL) written-back/ (charges)	29	3,186	(2,491)	(8,431)	16,650
Total distributable income		291,290	290,126	560,652	596,083
Income attributable to depositors	30	(88,613)	(93,130)	(172,247)	(189,166)
Total net income		202,677	196,996	388,405	406,917
Operating expenses	31	(75,440)	(76,670)	(147,282)	(144,874)
Profit before tax		127,237	120,326	241,123	262,043
Tax expense		(29,574)	(28,969)	(57,818)	(64,114)
Profit for the financial period		97,663	91,357	183,305	197,929
Profit attributable to the owner of the Bank		97,663	91,357	183,305	197,929
Basic earnings per RM0.50 ordinary share		97.7 sen	91.4 sen	183.3 sen	197.9 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		119.0 sen	53.7 sen	119.0 sen	53.7 sen

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 2024 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	97,663	91,357	183,305	197,929
Other comprehensive income/(expense)				
<i>Items that will not be reclassified to profit or loss</i>				
Own credit reserves:				
Change in fair value	1,449	2,893	3,300	914
Income tax effect	(348)	(694)	(792)	(219)
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met:</i>				
Fair value through other comprehensive income reserve:				
Change in fair value	5,697	1,958	6,643	2,833
ECL written-back in the income statement	(33)	–	(58)	(20)
Income tax effect	(1,367)	(470)	(1,594)	(680)
Other comprehensive income for the financial period, net of income tax	5,398	3,687	7,499	2,828
Total comprehensive income for the financial period	103,061	95,044	190,804	200,757
Total comprehensive income attributable to the owner of the Bank	103,061	95,044	190,804	200,757

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 2024 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

	Non-distributable						Distributable	Total
	Share	Other	FVOCI	Own	Capital	Regulatory	Retained	
	capital	equity	reserve	credit	contribution	reserve	profits	
	RM'000	RM'000	RM'000	reserve	reserve	RM'000	RM'000	
2025								
Balance at 1 January	660,000	501,063	301	(285)	326	67,000	2,165,334	3,393,739
Profit for the financial period	–	–	–	–	–	–	183,305	183,305
Other comprehensive income, net of tax								
FVOCI reserve/Own Credit reserve								
Net change in fair value	–	–	5,049	2,508	–	–	–	7,557
ECL written-back	–	–	(58)	–	–	–	–	(58)
<i>Total other comprehensive income</i>	–	–	4,991	2,508	–	–	–	7,499
Total comprehensive income for the financial period	–	–	4,991	2,508	–	–	183,305	190,804
Net change in regulatory reserves	–	–	–	–	–	(42,500)	42,500	–
Transactions with the owner, recorded directly in equity								
Share based payment transactions	–	–	–	–	16	–	(27)	(11)
Discretionary coupon on other equity instruments	–	–	–	–	–	–	(15,687)	(15,687)
Dividends paid to owner - 2024 final	–	–	–	–	–	–	(118,990)	(118,990)
Balance at 30 June	660,000	501,063	5,292	2,223	342	24,500	2,256,435	3,449,855

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 2024 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 17 July 2025.

HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025 (Cont'd)

	Non-distributable					Distributable	
	Share capital	Other equity instrument	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
Balance at 1 January	660,000	501,063	(2,315)	(4,507)	377	35,800	1,888,712
Profit for the financial period	–	–	–	–	–	–	197,929
Other comprehensive income, net of tax							
FVOCI reserve/Own Credit reserve							
Net change in fair value	–	–	2,153	695	–	–	2,848
ECL written-back	–	–	(20)	–	–	–	(20)
<i>Total other comprehensive income</i>	–	–	2,133	695	–	–	2,828
Total comprehensive income for the financial period	–	–	2,133	695	–	–	197,929
Net change in regulatory reserves	–	–	–	–	–	27,600	(27,600)
Transactions with the owner, recorded directly in equity							
Share based payment transactions	–	–	–	–	26	–	(78)
Discretionary coupon on other equity instruments	–	–	–	–	–	–	(18,435)
Dividends paid to owner - 2023 final	–	–	–	–	–	–	(53,679)
Balance at 30 June	660,000	501,063	(182)	(3,812)	403	63,400	1,986,849

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 2024 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 17 July 2025.

HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
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UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2025

	30 Jun 2025	30 Jun 2024
	RM'000	RM'000
Profit for the financial period	241,123	262,043
Adjustments for non-operating and non-cash items	98,830	38,562
Operating profit before working capital changes	339,953	300,605
Changes in working capital:		
Net changes in operating assets	616,668	(563,439)
Net changes in operating liabilities	1,695,205	(407,600)
Income tax paid	(45,210)	(28,118)
Net cash generated/(used in) from operating activities	2,606,616	(698,552)
Net cash used in investing activities	(70,304)	(594,835)
Net cash used in financing activities	(134,677)	(72,114)
	(204,981)	(666,949)
Net changes in cash and cash equivalents	2,401,635	(1,365,501)
Cash and cash equivalents at 1 January	2,592,399	3,552,662
Cash and cash equivalents at 30 June	4,994,034	2,187,161
Analysis of cash and cash equivalents		
Cash and short-term funds	4,994,034	2,187,161

Changes in liabilities arising from financing activities

There is no movement in change in liabilities arising from financing activities for the financial period ended 30 June 2025 and 30 June 2024.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2024 and the accompanying explanatory notes on pages 7 to 36 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 17 July 2025.

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

HSBC Amanah Malaysia Berhad (the Bank) is a licensed Islamic Bank under the Islamic Financial Services Act, 2013. 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.

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 ultimate holding company during the financial period are HSBC Bank Malaysia Berhad (HBMY) and HSBC Holdings Plc, respectively.

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 17 July 2025, any amendments made to the notes of the financial statement are in accordance with the delegated authority of the resolution of the Directors.

2 Basis of Preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2025 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS) 134 'Interim Financial Reporting', International Accounting Standard 34 'Interim Financial Reporting' and Bank Negara Malaysia (BNM) 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 2024. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2024.

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

The accounting policies, presentation, significant estimates and judgements adopted by the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2024, except for the adoption of the following Amendments to MFRSs which are effective during the current financial period:

- Amendments to MFRS 121 on 'Lack of Exchangeability'

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 Basis of Preparation (Cont'd)

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

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

Effective for annual periods commencing on or after 1 January 2026

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

The amendments to MFRS 9 and MFRS 7 are to:

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

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

- Annual Improvements to MFRS Accounting Standards

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 Basis of Preparation (Cont'd)

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

Effective for annual periods commencing on or after 1 January 2027

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

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

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

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

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

3 Functional and Presentation of 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 financial statements for the financial year ended 31 December 2024 was not subject to any qualification.

5 Seasonal or Cyclical Factors

The business operations of the 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 Bank for the financial period ended 30 June 2025.

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 Bank for the financial period ended 30 June 2025.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8 Debt and Equity Securities

There were no other issuances, cancellations, repurchases, resale or repayment of other debt or equity securities during the financial period ended 30 June 2025.

9 Dividend

Since the end of the previous financial year, the Bank paid final dividend for the financial year ended 31 December 2024 of 119.0 sen per ordinary share amounting to RM119.0 million. The dividend was paid on 29 April 2025.

The Board of Directors via a resolution on 17 July 2025, has approved the payment of an interim dividend of 55.0 sen per ordinary share, amounting to net dividend payment of RM55.0 million in respect of the financial period ended 30 June 2025. The dividend will be accounted for in the shareholder's equity as an appropriation of retained earnings in the subsequent financial period.

10 Significant and Subsequent Events

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

11 Cash and Short-Term Funds

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Cash and balances with banks and other financial institutions	198,601	190,942
Money at call and interbank placements with original maturities of three months or less	4,795,433	2,401,457
	4,994,034	2,592,399

Money at call and interbank placements with original maturities of three months or less is within stage 1 allocation (12-month ECL) with RM6,000 ECL as at 30 June 2025 (31 December 2024: RM4,000).

12 Deposits and Placements with Banks and Other Financial Institutions

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Licensed bank - parent company	400,000	200,000

The balance is within stage 1 allocation (12-month ECL) with no ECL required for the Bank as at 30 June 2025 and 31 December 2024.

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

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Money market instruments:		
Malaysian Government Islamic treasury bills	—	20,621

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Money market instruments:		
Malaysian Government Islamic Sukuk	1,673,689	1,672,199
Malaysian Government Islamic treasury bills	398,140	591,171
	<u>2,071,829</u>	<u>2,263,370</u>

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM140,000 ECL as at 30 June 2025 (31 December 2024: RM198,000). 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 statement of financial position.

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

Maturing within one year	1,310,463	1,506,093
More than one year to three years	394,836	394,690
More than three years to five years	366,530	362,587
	<u>2,071,829</u>	<u>2,263,370</u>

15 Financial Investments at Amortised Cost

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Debt instruments		
Money market instruments:		
Malaysian Government Islamic Sukuk	1,788,564	1,615,860
Unquoted:		
Corporate Sukuk	470,208	375,533
	<u>2,258,772</u>	<u>1,991,393</u>

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM279,000 ECL as at 30 June 2025 (31 December 2024: RM 308,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances

(i) By type and Shariah contracts

At amortised cost	Sale-based contracts	Lease-based contracts	Equity-based contracts		
	Commodity Murabahah	Ijarah Thumma Al-Bai	Diminishing Musharakah	Ujrah	Total
30 Jun 2025	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	78,606	–	–	–	78,606
Term financing:					
House financing	–	–	3,696,527	–	3,696,527
Hire purchase receivables	–	127,695	–	–	127,695
Syndicated term financing	766,728	–	–	–	766,728
Other term financing	3,131,930	–	602,699	–	3,734,629
Trust receipts	771,171	–	–	–	771,171
Bills receivables	773,715	–	–	–	773,715
Staff financing-i	644	–	226	–	870
Credit cards-i	–	–	–	1,217,253	1,217,253
Revolving financing	1,642,779	–	–	–	1,642,779
Other financing	–	–	2,774	–	2,774
Gross financing and advances	7,165,573	127,695	4,302,226	1,217,253	12,812,747
Less: ECL					(255,081)
Total net financing and advances					12,557,666

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances (Cont'd)

(i) By type and Shariah contracts (Cont'd)

	Sale-based contracts	Lease-based contracts	Equity-based contracts	Ujrah	Total
	Commodity Murabahah	Ijarah Thumma Al-Bai	Diminishing Musharakah		
31 Dec 2024	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	69,824	—	—	—	69,824
Term financing:					
House financing	—	—	3,668,873	—	3,668,873
Hire purchase receivables	—	137,726	—	—	137,726
Syndicated term financing	1,335,376	—	—	—	1,335,376
Other term financing	3,382,793	—	637,626	—	4,020,419
Trust receipts	612,767	—	—	—	612,767
Claims on customers under acceptance credits	77,305	—	—	—	77,305
Bills receivables	1,284,380	—	—	—	1,284,380
Staff financing-i	691	—	234	—	925
Credit cards-i	—	—	—	1,231,611	1,231,611
Revolving financing	1,935,860	—	—	—	1,935,860
Other financing	—	—	2,702	—	2,702
Gross financing and advances	8,698,996	137,726	4,309,435	1,231,611	14,377,768
Less: ECL					(266,275)
Total net financing and advances					14,111,493

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances (Cont'd)

(ii) By type of customer

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Domestic non-bank financial institutions	154,319	237,457
Domestic business enterprises:		
Small medium enterprises	858,369	913,630
Others	4,909,821	5,409,159
Government and statutory bodies	82,024	–
Individuals	5,302,214	5,352,434
Other domestic entities	425	517
Foreign entities/individuals	1,505,575	2,464,571
	12,812,747	14,377,768

(iii) By profit rate sensitivity

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Fixed rate:		
Hire purchase receivables	127,695	137,726
Other financing	3,301,774	3,765,308
Variable rate:		
Base Rate/Base Financing Rate	3,569,938	3,724,661
Cost-plus	5,813,340	6,750,073
	12,812,747	14,377,768

(iv) By residual contractual maturity

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Maturing within one year	5,453,649	6,768,795
More than one year to three years	1,209,251	1,376,319
More than three years to five years	1,217,194	1,399,465
Over five years	4,932,653	4,833,189
	12,812,747	14,377,768

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances (Cont'd)

(v) By sector

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	983	3,608
Mining and quarrying	126,896	136,381
Manufacturing	1,349,184	1,604,991
Electricity, gas and water	224,501	96,385
Construction	825,238	827,206
Real estate	1,302,961	1,220,309
Wholesale & retail trade, restaurants & hotels	899,187	1,020,830
Transport, storage and communication	259,551	304,321
Finance, takaful and business services	707,917	1,025,609
Household - Retail	5,816,204	5,838,639
Others	1,300,125	2,299,489
	12,812,747	14,377,768

(vi) By purpose

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Purchase of landed property:		
Residential	3,696,753	3,669,108
Non-residential	456,713	491,198
Purchase of transport vehicles	566	637
Purchase of fixed assets excluding land & building	128,084	138,190
Consumption credit	2,003,248	2,042,900
Construction	618,308	622,207
Working capital	4,835,466	5,435,162
Other purpose	1,073,609	1,978,366
	12,812,747	14,377,768

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances (Cont'd)

(vii) By geographical distribution

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Northern Region	1,308,954	1,265,921
Southern Region	1,621,903	1,908,705
Central Region	9,642,765	10,942,982
Eastern Region	239,125	260,160
	12,812,747	14,377,768

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

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 states of Selangor, Federal Territory of Kuala Lumpur and Federal Territory of Putrajaya.

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

(viii) Assets under Management

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

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Total gross financing and advances	2,242,853	2,143,325
Less: ECL	(259)	(281)
Total net financing and advances	2,242,594	2,143,044
<i>Maturity exceeding one year</i>	87,664	89,591
Total commitments and contingencies	87,664	89,591
Total restricted investment accounts	2,330,258	2,232,635
Risk weighted assets (RWA) of restricted investment accounts	1,178,648	1,222,086

The SIAF/IAA arrangement is based on the Wakalah principle where HBMY, solely or together with other financial institutions provide the funds, whilst the assets are managed by the Bank (as the Wakeel or agent). However, in the arrangement, the profits of the underlying assets are recognised by HBMY and the other financial institutions proportionately in relation to the funding provided in the syndication arrangement. At the same time, risks on the financing are also proportionately borne by HBMY and the other financial institutions. Hence, the underlying assets and allowance for impairment arising thereon, if any, are proportionately recognised and accounted for by HBMY and the other financial institutions.

The recognition and derecognition treatments of the above are in accordance to Note 3(f) on financial instruments in the audited financial statements of the Bank for the financial year ended 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Impaired Financing

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

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Gross carrying amount as at 1 January	509,979	613,449
Transfer within stages	(127,827)	(7,082)
Net (repayments)/further lending	(7,320)	1,570
Written-off	(44,352)	(97,958)
Gross carrying amount as at 30 June/31 December	330,480	509,979

(ii) By contract

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Commodity Murabahah (cost-plus)	124,728	254,861
Diminishing Musharakah (profit and loss sharing)	199,020	247,618
Ujrah (fee-based)	6,732	7,500
	330,480	509,979

(iii) By sector

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	–	4
Electricity, gas and water	53,709	56,985
Construction	1,218	19,141
Wholesale & retail trade, restaurants & hotels	6,053	1,791
Transport, storage and communication	1,266	4,077
Finance, takaful and business services	5,213	–
Household - Retail	263,021	427,981
	330,480	509,979

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Impaired Financing (Cont'd)

(iv) By purpose

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Purchase of landed property:		
Residential	187,342	233,671
Non-residential	3,141	3,625
Consumption credit	73,748	190,685
Construction	892	1,570
Working capital	65,357	80,428
	330,480	509,979

(v) By geographical distribution

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Northern Region	28,413	27,490
Southern Region	25,221	38,741
Central Region	273,925	437,393
Eastern Region	2,921	6,355
	330,480	509,979

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Expected Credit Losses Allowance (ECL)

(i) Movements in ECL allowances for financing and advances

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

	Stage 1 12- month ECL not credit impaired RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
Balance at 1 January 2025	26,215	96,996	143,064	266,275
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	22,429	(20,941)	(1,488)	—
- Transferred to stage 2	(2,990)	36,132	(33,142)	—
- Transferred to stage 3	(114)	(3,495)	3,609	—
New financial assets originated or purchased	3,296	—	—	3,296
Net remeasurement due to changes in credit risk and assets derecognised	(23,062)	16,296	41,289	34,523
Asset written-off	—	—	(44,352)	(44,352)
Others	—	—	(4,661)	(4,661)
Balance at 30 June 2025	25,774	124,988	104,319	255,081
Balance at 1 January 2024	33,776	117,217	197,873	348,866
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	38,050	(33,784)	(4,266)	—
- Transferred to stage 2	(3,819)	6,568	(2,749)	—
- Transferred to stage 3	(305)	(3,884)	4,189	—
New financial assets originated or purchased	5,127	—	—	5,127
Net remeasurement due to changes in credit risk and assets derecognised	(46,614)	10,879	50,353	14,618
Asset written-off	—	—	(97,958)	(97,958)
Others	—	—	(4,378)	(4,378)
Balance at 31 December 2024	26,215	96,996	143,064	266,275

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

The total ECL allowances decreased by RM11.2 million compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM44.4 million) and partly offset by net remeasurement due to changes in credit risk and assets derecognised (RM34.5 million).

- 12-month ECL not credit impaired (Stage 1) - decreased by RM0.4 primarily due to net remeasurement due to changes in credit risk and assets derecognised, partially offset by migration of financing and advances from Stage 2 and Stage 3 and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (Stage 2) - increased by RM28.0 million, primarily due to migration of financing and advances from Stage 1 and 3 and net remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL credit-impaired (Stage 3) - decreased by RM38.7 million, primarily due to asset written-off and migration of financing and advances to Stage 1 and 2, partially offset by net remeasurement due to changes in credit risk and assets derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Expected Credit Losses Allowance (ECL) (Cont'd)

(ii) Movements in ECL allowances for financing commitments

The following table shows reconciliation from the opening to the closing balance of the ECL allowance for financing 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
Balance at 1 January 2025	2,333	1,438	24,229	28,000
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	326	(326)	—	—
- Transferred to stage 2	(61)	61	—	—
- Transferred to stage 3	(5)	—	5	—
New financial assets originated or purchased	142	—	—	142
Net remeasurement due to changes in credit risk and assets derecognised	(1,019)	(15)	729	(305)
Others	—	—	(17)	(17)
Balance at 30 June 2025	1,716	1,158	24,946	27,820
Balance at 1 January 2024	2,733	2,003	27,749	32,485
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	347	(347)	—	—
- Transferred to stage 2	(86)	86	—	—
- Transferred to stage 3	(1)	—	1	—
New financial assets originated or purchased	255	—	—	255
Net remeasurement due to changes in credit risk and assets derecognised	(915)	(304)	(3,621)	(4,840)
Others	—	—	100	100
Balance at 31 December 2024	2,333	1,438	24,229	28,000

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 financing and other credit related commitments for retail portfolio are presented together with the allowance for the drawn financing and advances.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 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	>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
30 Jun 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	34,341,029	11,774	–	34,352,803	601,734	137	–	601,871	605,309	–	–	605,309
- Swaps	266,506	91,264	109,314	467,084	4,530	5,150	7,671	17,351	4,323	5,160	6,595	16,078
Profit rate related contracts												
- Swaps	766,471	291,700	429,200	1,487,371	801	3,879	4,579	9,259	839	233	783	1,855
- Options	14,794	350,788	–	365,582	–	–	–	–	122	4,205	–	4,327
Equity related contracts												
- Options purchased	620,242	827,300	–	1,447,542	5,125	22,542	–	27,667	24,224	48,427	–	72,651
Total	36,009,042	1,572,826	538,514	38,120,382	612,190	31,708	12,250	656,148	634,817	58,025	7,378	700,220

The Bank does not have any hedging instrument as at 30 June 2025.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 Derivative Financial Instruments (Cont'd)

	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
31 Dec 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	27,703,044	—	—	27,703,044	310,429	—	—	310,429	294,877	—	—	294,877
- Swaps	509,595	103,886	118,914	732,395	9,384	5,474	7,637	22,495	9,432	5,320	6,386	21,138
- Options	4,699	—	—	4,699	115	—	—	115	115	—	—	115
Profit rate related contracts												
- Swaps	820,173	333,756	—	1,153,929	928	2,196	—	3,124	662	464	—	1,126
- Options	42,937	358,240	—	401,177	35	—	—	35	445	10,881	—	11,326
Equity related contracts												
- Options purchased	535,865	774,988	—	1,310,853	2,857	23,974	—	26,831	16,249	50,920	—	67,169
Total	<u>29,616,313</u>	<u>1,570,870</u>	<u>118,914</u>	<u>31,306,097</u>	<u>323,748</u>	<u>31,644</u>	<u>7,637</u>	<u>363,029</u>	<u>321,780</u>	<u>67,585</u>	<u>6,386</u>	<u>395,751</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 Other Assets

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Settlements	1,854	44,102
Income receivable	10,596	10,203
Profit receivable	41,091	37,842
Prepayments	2,002	—
Amount due from holding company	30,917	752
Rights of Use (ROU) assets	22,485	20,683
Other receivables	23,066	13,873
	132,011	127,455

21 Statutory Deposits with Bank Negara Malaysia

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia (BNM) in compliance with Section 26(2)(c) and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined at set percentages of total eligible liabilities. BNM has lowered the Statutory Reserve Requirement (SRR) Ratio requirement from 2% to 1% with effect from 16 May 2025.

22 Deposits From Customers

(i) By type of deposit

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
At amortised cost		
Non-Mudharabah Fund		
Demand deposits		
- Qard	4,282,497	3,405,688
Savings deposits		
- Qard	3,018,589	3,062,283
Term deposits		
- Commodity Murabahah	6,141,024	6,924,742
- Qard*	509,985	53,097
	13,952,095	13,445,810

* Refers to incidental qard treatment due to timing differences between the deposit placement and the execution of Commodity Murabahah.

The maturity structure of term deposits is as follows:

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Due within six months	5,557,414	5,683,993
More than six months to one year	876,346	1,043,657
More than one year to three years	152,395	169,570
More than three years to five years	64,854	80,619
	6,651,009	6,977,839

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 Deposits From Customers (Cont'd)

(ii) By type of customer

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Government and statutory bodies	11,817	11,616
Business enterprises	3,560,968	2,953,947
Individuals	5,592,190	5,747,991
Foreign entities/individuals	3,603,104	3,767,942
Others	1,184,016	964,314
	13,952,095	13,445,810

23 Deposits and Placements from Banks and Other Financial Institutions

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Non-Mudharabah Fund		
Licensed bank	2,863,423	2,327,508
Bank Negara Malaysia	15,372	9,249
Other financial institutions	18	23,342
	2,878,813	2,360,099

24 Structured Liabilities Designated as Fair Value through profit or loss (FVTPL)

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
At fair value		
Structured liabilities		
- Tawarruq	1,773,837	1,679,667

Structured liabilities are measured at fair value over the life of the instruments. Structured liabilities are deposits with embedded derivatives, of which both profit paid and fair valuation on the structured liabilities are recorded as net income/expense from financial instruments designated at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25 Other Liabilities

	Note	30 Jun 2025 RM'000	31 Dec 2024 RM'000
At amortised cost			
Settlements		6,983	707
Amounts due to holding company		493,508	246,492
Profit payable		63,528	70,802
Deferred income		17,477	18,673
Marginal deposit		10,835	11,912
Accrued expenses		63,910	63,862
Lease liabilities		21,986	22,625
Other creditors	(a)	248,893	181,625
Provision on financing and credit related commitments	(b)	27,820	28,000
		954,940	644,698

(a) Other creditors

Included in other creditors is income from Shariah non-compliant activities. The income is to be distributed to charity organisations approved by the Shariah Committee. There is no Shariah Non-Compliant event identified during the financial period (2024: One event).

Source and use of charity funds

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Balance at 1 January	602	117
Shariah non-compliant income for the financial period/year ^[1]	243	612
Contribution to non-profit organisations ^[2]	(402)	(127)
Balance at 30 June/31 December	443	602

^[1] Income received from transactions in nostro accounts and from financing and advances.

^[2] Does not include fund refunded to customers of RM129,490 made during the financial year ended 31 December 2024.

(b) Refer to Note 18(ii) for movement in provision.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26 Share Capital and Other Equity

	30 Jun 2025		31 Dec 2024	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
Share capital, issued and fully paid				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 30 June 2025 /				
31 December 2024	<u>100,000</u>	<u>660,000</u>	<u>100,000</u>	<u>660,000</u>
Other equity				
Additional Tier 1 USD Wakalah Financing Facility		<u>501,063</u>		<u>501,063</u>
Total share capital and other equity		<u>1,161,063</u>		<u>1,161,063</u>

The Additional Tier 1 USD Wakalah Financing Facility (the Facility) was issued by the Bank to its immediate holding company, HSBC Bank Malaysia Berhad (HBM), on 19 August 2022. The Facility qualifies as Additional Tier 1 capital of the Bank as per the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia (BNM). The Facility will be perpetual with no fixed maturity and may be callable at the option of the Bank 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 the Bank at all times) at the rate of compounded Secured Overnight Financing Rate (SOFR) plus 137 basis points. The Facility has no step up features, or any other terms that may create an expectation that the option for prepayment will be exercised. The Facility meets the requirements of equity classification as per MFRS 132 'Financial instruments: Presentation'.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 Income Derived from Investment of Depositors' Funds and Others

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Term deposit	99,239	137,818	255,259	275,966
(ii) Other deposits	110,934	90,898	180,629	179,947
	210,173	228,716	435,888	455,913
 (i) Income derived from investment of term deposits				
<u>Finance income:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	97,587	109,896	198,736	224,136
- Recoveries from impaired financing	3,332	4,801	6,517	8,129
Financial investments at FVOCI	9,293	8,155	18,618	17,923
Money at call and deposit with financial institutions	17,411	13,660	28,670	28,991
Financial investments at amortised cost	11,712	8,127	22,707	14,196
	139,335	144,639	275,248	293,375
 <u>Other operating income:</u>				
Realised gain from dealing in foreign currency	20,441	11,279	23,601	17,487
Unrealised (loss)/gain from dealing in foreign currency	(13,644)	(1,826)	(10,212)	494
Unrealised gain/(loss) from revaluation of financial assets at FVTPL	–	26	–	(5)
Realised gain/(loss) from trading in derivatives	4,205	3,343	9,995	(3,798)
Unrealised gain/(loss) from trading in derivatives	36,713	(275)	3,707	9,614
Net financing income from financial assets at FVTPL	–	443	26	744
Net expense from financial liabilities designated at FVTPL	(87,811)	(19,811)	(47,106)	(41,945)
	(40,096)	(6,821)	(19,989)	(17,409)
	99,239	137,818	255,259	275,966

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
(ii) Income derived from investment of other deposits				
<u>Finance income:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	57,589	63,399	118,723	126,868
- Recoveries from impaired financing	1,968	2,752	3,893	4,601
Financial investments at FVOCI	5,486	4,718	11,122	10,145
Money at call and deposit with financial institutions	10,322	7,892	17,127	16,410
Financial investments at amortised cost	6,920	4,663	13,565	8,035
	82,285	83,424	164,430	166,059
<u>Other operating income:</u>				
Realised gain from dealing in foreign currency	12,190	6,449	14,099	9,898
Unrealised (loss)/gain from dealing in foreign currency	(8,175)	(1,009)	(6,101)	280
Unrealised gain/(loss) from revaluation of financial assets at FVTPL	–	14	–	(3)
Realised gain/(loss) from trading in derivatives	2,472	1,818	5,971	(2,150)
Unrealised gain/(loss) from trading in derivatives	22,162	(52)	2,214	5,442
Net financing income from financial assets at FVTPL	–	254	16	421
	28,649	7,474	16,199	13,888
	110,934	90,898	180,629	179,947

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Income Derived from Investment of Shareholder's Funds

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
<u>Finance income:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	24,845	26,779	52,054	53,215
- Recoveries from impaired financing	850	1,160	1,707	1,930
Financial investments at FVOCI	2,368	1,995	4,877	4,255
Money at call and deposit with financial institutions	4,480	3,335	7,509	6,883
Financial investments at amortised cost	2,989	1,966	5,947	3,370
	35,532	35,235	72,094	69,653
 <u>Other operating income:</u>				
Fee commission ^[1]	29,481	25,052	53,402	47,200
Realised gain from dealing in foreign currency	5,332	2,715	6,182	4,152
Unrealised (loss)/gain from dealing in foreign currency	(3,598)	(420)	(2,675)	117
Unrealised gain/(loss) from revaluation of financial assets at FVTPL	–	6	–	(1)
Realised gain/(loss) from trading in derivatives	1,060	750	2,618	(902)
Unrealised gain/(loss) from trading in derivatives	9,850	(5)	971	2,283
Net financing income from financial assets at FVTPL	–	107	7	177
Shared-service fees from holding company	194	236	420	511
Other income	80	225	176	330
	42,399	28,666	61,101	53,867
	77,931	63,901	133,195	123,520

^[1] The above fees and commissions were derived from the following major contributors:

Service charges and fees	6,009	5,649	9,361	9,503
Credit cards	8,738	8,082	16,998	14,706
Credit facilities	2,350	2,754	5,118	5,490
Agency fee	8,043	8,134	14,616	16,017

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 ECL (Written-back)/Charges

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Net increase in ECL	12,611	18,663	37,179	12,176
Recoveries	(15,797)	(16,172)	(28,750)	(28,863)
Written off	–	–	2	37
Total ECL (written-back)/charges	(3,186)	2,491	8,431	(16,650)

Breakdown of the ECL is disclosed by financial instruments type are as follow:

(i) Financing and advances

Net increase in ECL	15,577	21,988	37,429	16,622
Recoveries	(15,797)	(16,172)	(28,750)	(28,863)
Written off	–	–	2	37
Total ECL (written-back)/charges	(220)	5,816	8,681	(12,204)

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

Net increase/(release) in ECL	3	2	2	(30)
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(iii) Financing commitments

Net release in ECL	(2,815)	(3,261)	(163)	(4,379)
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(iv) Financial investment at FVOCI

Net release in ECL	(34)	–	(59)	(20)
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(v) Financial investments at amortised costs

Net release in ECL	(120)	(66)	(30)	(17)
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Income Attributable to Depositors

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Non-Mudharabah Fund				
Deposits from customers	61,752	75,218	128,709	154,668
Deposits and placements of banks and other financial institutions	24,003	14,921	42,398	31,021
Lease liabilities	278	290	546	542
Others	2,580	2,701	594	2,935
	88,613	93,130	172,247	189,166

31 Operating Expenses

	Second Quarter		Six Months Ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	11,341	10,747	21,673	19,509
Promotion and marketing related expenses	2,083	2,703	3,817	5,111
Establishment related expenses	3,415	3,136	7,183	7,116
General administrative expenses	4,954	7,136	12,071	11,960
Related company expenses	53,647	52,948	102,538	101,178
	75,440	76,670	147,282	144,874
Personnel expenses				
Salaries, allowances and bonuses	8,713	8,509	17,040	15,311
Employees Provident Fund contributions	1,550	1,505	3,014	2,720
Share based payment	22	(43)	57	(29)
Other staff related costs	1,056	776	1,562	1,507
	11,341	10,747	21,673	19,509
Establishment related expenses				
Depreciation of equipment	352	478	728	1,010
Depreciation of ROU assets	1,540	1,521	3,020	3,003
Information technology costs	452	103	1,483	1,223
General repairs and maintenance	650	599	1,232	1,079
Utilities	232	290	450	535
Others	189	145	270	266
	3,415	3,136	7,183	7,116

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 Operating Expenses (Cont'd)

	Second Quarter		Six Months Ended	
	30 Jun 2025 RM'000	30 Jun 2024 RM'000	30 Jun 2025 RM'000	30 Jun 2024 RM'000
Related company charges	53,647	52,948	102,538	101,178
Of which by:				
(i) Type of service				
- Information technology related cost	11,712	12,197	22,293	21,939
- Non information technology related cost	41,935	40,751	80,245	79,239
(ii) Country/ territory				
- Malaysia	53,066	52,697	101,521	100,876
- Others	581	251	1,017	302

32 Credit Exposure to Connected Parties

The credit exposures of the Bank to connected parties, as defined by Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Aggregate value of outstanding credit exposures to connected parties	440,596	579,139
As a percentage of total credit exposures	1.6%	2.3%
Aggregate value of outstanding credit exposures to connected parties which is non-performing or in default	—	—
As a percentage of total credit exposures	—	—

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 Capital Adequacy

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	660,000	660,000
Retained profits	2,256,434	2,165,334
Other reserves	32,357	67,342
Regulatory adjustments	(67,419)	(106,472)
Total CET1 capital	2,881,372	2,786,204
Tier 1 capital		
Additional Tier 1 capital	501,063	501,063
Total Tier 1 capital	3,382,435	3,287,267
Tier 2 capital		
General provisions	161,282	169,599
Total Tier 2 capital	161,282	169,599
Capital base	3,543,717	3,456,866
<u>Before deducting proposed dividend</u>		
CET1 Capital Ratio	20.693%	18.582%
Tier 1 Capital Ratio	24.291%	21.923%
Total Capital Ratio	25.450%	23.055%
<u>After deducting proposed dividend</u>		
CET1 Capital Ratio	20.298%	17.788%
Tier 1 Capital Ratio	23.896%	21.130%
Total Capital Ratio	25.055%	22.261%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 Capital Adequacy (Cont'd)

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

Breakdown of RWA in the various categories of risk weights:

	30 Jun 2025	31 Dec 2024
	RM'000	RM'000
Total RWA for credit risk	12,902,596	13,567,959
Total RWA for market risk	78,248	94,899
Total RWA for operational risk	943,581	1,331,441
	13,924,425	14,994,299

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 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 Bank.

	30 Jun 2025	31 Dec 2024
Principal amount	RM'000	RM'000
Direct credit substitutes	13,870	31,514
Transaction-related contingent items	1,621,610	1,840,490
Short-term self-liquidating trade-related contingencies	133,024	156,730
Formal standby facilities and credit lines		
- Maturity not exceeding one year	1,496,572	1,310,260
- Maturity exceeding one year	3,760,449	3,617,525
Other unconditionally cancellable	3,598,049	3,390,370
Unutilised credit card lines	3,320,511	3,288,730
Equity related contracts		
- Less than one year	620,242	535,865
- One year to less than five years	827,300	774,988
Profit rate related contracts		
- Less than one year	781,265	863,110
- One year to less than five years	642,488	691,996
- Over five years	429,200	—
Foreign exchange related contracts		
- Less than one year	34,607,535	28,217,338
- One year to less than five years	103,038	103,886
- Over five years	109,314	118,914
	52,064,467	44,941,716

35 Performance Review, Economy and Prospects

Performance Review

The Bank recorded a profit before tax (PBT) of RM241.1 million for the financial period ended 30 June 2025, a decrease of RM20.9 million year-on-year. The lower PBT was mainly due to ECL charge of RM8.4 million as compared to a net write-back of RM16.7 million last year, coupled with higher operating expenses by RM2.4 million. This was partly offset by higher operating income by RM6.6 million, mainly from non financing income.

Total balance sheet as at 30 June 2025 stood at RM23.8 billion, an increase of RM1.8 billion compared to 31 December 2024 of RM22.0 billion. The Bank's capital and liquidity ratios remained strong and were well above the regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Performance Review, Economy and Prospects (Cont'd)

Economy and Prospects

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

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

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

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

The Bank remains committed to serving our customers and will continue our efforts of being the preferred international financial partner for our clients.