

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2025

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

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

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	<i>Note</i>	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Assets			
Cash and short-term funds	11	3,331,777	2,592,399
Reverse sell and buy back agreement		101,087	–
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	2,065,456	2,263,370
Financial investments at amortised cost	15	2,106,153	1,991,393
Financing and advances	16	14,000,165	14,111,493
Derivative financial assets	19	199,994	363,029
Other assets	20	203,072	127,455
Statutory deposits with Bank Negara Malaysia	21	263,701	257,961
Equipment		4,144	4,259
Deferred tax assets		36,833	37,504
Total assets		22,712,382	21,969,484
Liabilities			
Deposits from customers	22	13,470,882	13,445,810
Deposits and placements from banks and other financial institutions	23	2,725,834	2,360,099
Structured liabilities designated at fair value through profit or loss (FVTPL)	24	1,798,257	1,679,667
Bills payable		14,632	9,187
Derivative financial liabilities	19	288,212	395,751
Other liabilities	25	904,385	644,698
Provision for taxation		44,383	40,533
Total liabilities		19,246,585	18,575,745
Equity			
Share capital and other equity	26	1,161,063	1,161,063
Reserves		2,304,734	2,232,676
Total equity attributable to owner of the Bank		3,465,797	3,393,739
Total liabilities and equity		22,712,382	21,969,484
Restricted investment accounts ^[1]		2,284,377	2,232,635
Total Islamic Banking asset ^[1]		24,996,759	24,202,119
Commitments and contingencies	33	51,731,465	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 35 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 April 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 31 MARCH 2025

	<i>Note</i>	31 Mar 2025 RM'000	31 Mar 2024 RM'000
Income derived from investment of depositors' funds and others	27	225,715	227,197
Income derived from investment of shareholder's funds	28	55,264	59,619
Expected credit losses (ECL) (charges)/written-back	29	(11,617)	19,141
Total distributable income		269,362	305,957
Income attributable to depositors	30	(83,634)	(96,036)
Total net income		185,728	209,921
Operating expenses	31	(71,842)	(68,204)
Profit before tax		113,886	141,717
Tax expense		(28,244)	(35,145)
Profit for the financial period		85,642	106,572
Profit attributable to the owner of the Bank		85,642	106,572
Basic earnings per RM0.50 ordinary share		85.6 sen	106.6 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 35 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 31 MARCH 2025

	31 Mar 2025 RM'000	31 Mar 2024 RM'000
Profit for the financial period	85,642	106,572
Other comprehensive income/(expense)		
<i>Items that will not be reclassified to profit or loss</i>		
Own credit reserves:		
Change in fair value	1,851	(1,979)
Income tax effect	(444)	475
<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	946	875
ECL written-back in the income statement	(25)	(20)
Income tax effect	(227)	(210)
Other comprehensive income/(expense) for the financial period, net of income tax	2,101	(859)
Total comprehensive income for the financial period	87,743	105,713
Total comprehensive income attributable to the owner of the Bank	87,743	105,713

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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 31 MARCH 2025

	Non-distributable						Distributable	Total
	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	
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	–	–	–	–	–	–	85,642	85,642
Other comprehensive income, net of tax								
FVOCI reserve/Own Credit reserve								
Net change in fair value	–	–	719	1,407	–	–	–	2,126
ECL written-back	–	–	(25)	–	–	–	–	(25)
<i>Total other comprehensive income</i>	–	–	694	1,407	–	–	–	2,101
Total comprehensive income for the financial period	–	–	694	1,407	–	–	85,642	87,743
Net change in regulatory reserves	–	–	–	–	–	(7,500)	7,500	–
Transactions with the owner, recorded directly in equity								
Share based payment transactions	–	–	–	–	29	–	(27)	2
Discretionary coupon on other equity instruments	–	–	–	–	–	–	(15,687)	(15,687)
Balance at 31 March	660,000	501,063	995	1,122	355	59,500	2,242,762	3,465,797

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 35 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 31 MARCH 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	–	–	–	–	–	–	106,572
Other comprehensive income, net of tax							
FVOCI reserve/Own Credit reserve							
Net change in fair value	–	–	665	(1,504)	–	–	–
ECL written-back	–	–	(20)	–	–	–	–
<i>Total other comprehensive income/(expense)</i>	–	–	645	(1,504)	–	–	–
Total comprehensive income/(expense) for the financial period	–	–	645	(1,504)	–	–	106,572
Net change in regulatory reserves	–	–	–	–	–	29,900	(29,900)
Transactions with the owner, recorded directly in equity							
Share based payment transactions	–	–	–	–	71	–	(55)
Discretionary coupon on other equity instruments	–	–	–	–	–	–	(18,435)
Balance at 31 March	<u>660,000</u>	<u>501,063</u>	<u>(1,670)</u>	<u>(6,011)</u>	<u>448</u>	<u>65,700</u>	<u>1,946,894</u>

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 35 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
(Company No. 200801006421 (807705-X))
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UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	31 Mar 2025	31 Mar 2024
	RM'000	RM'000
Profit for the financial period	113,886	141,717
Adjustments for non-operating and non-cash items	40,481	(4,729)
Operating profit before working capital changes	154,367	136,988
Changes in working capital:		
Net changes in operating assets	(165,366)	(624,567)
Net changes in operating liabilities	706,905	263,369
Income tax paid	(24,438)	(7,346)
Net cash generated/(used in) from operating activities	671,468	(231,556)
Net cash generated/(used in) investing activities	83,597	(1,192,942)
Net cash used in financing activities	(15,687)	(18,435)
	67,910	(1,211,377)
Net changes in cash and cash equivalents	739,378	(1,442,933)
Cash and cash equivalents at 1 January	2,592,399	3,552,662
Cash and cash equivalents at 31 March	3,331,777	2,109,729
Analysis of cash and cash equivalents		
Cash and short-term funds	3,331,777	2,109,729

Changes in liabilities arising from financing activities

There is no movement in change in liabilities arising from financing activities for the financial period ended 31 March 2025 and 31 March 2024.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2024 and the accompanying explanatory notes on pages 7 to 35 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 April 2025.

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

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 23 April 2025, any amendments made to the notes of the financial statement are in accordance with the delegated authority of the resolution of the Directors.

2 Basis of Preparation

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

9 Dividend

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

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

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Cash and balances with banks and other financial institutions	213,654	190,942
Money at call and interbank placements with original maturities of three months or less	3,118,123	2,401,457
	3,331,777	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 RM3,000 ECL as at 31 March 2025 (31 December 2024: RM4,000).

12 Deposits and Placements with Banks and Other Financial Institutions

	31 Mar 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 31 March 2025 and 31 December 2024.

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

	31 Mar 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)

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Money market instruments:		
Malaysian Government Islamic Sukuk	1,670,629	1,672,199
Malaysian Government Islamic treasury bills	394,827	591,171
	<u>2,065,456</u>	<u>2,263,370</u>

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM173,000 ECL as at 31 March 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	1,308,219	1,506,093
More than one year to three years	394,067	394,690
More than three years to five years	363,170	362,587
	<u>2,065,456</u>	<u>2,263,370</u>

15 Financial Investments at Amortised Cost

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Debt instruments		
Money market instruments:		
Malaysian Government Islamic Sukuk	1,686,058	1,615,860
Unquoted:		
Corporate Sukuk	420,095	375,533
	<u>2,106,153</u>	<u>1,991,393</u>

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM398,000 ECL as at 31 March 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
31 Mar 2025	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	74,325	–	–	–	74,325
Term financing:					
House financing	–	–	3,659,832	–	3,659,832
Hire purchase receivables	–	121,038	–	–	121,038
Syndicated term financing	1,346,458	–	–	–	1,346,458
Other term financing	3,247,791	–	627,857	–	3,875,648
Trust receipts	761,415	–	–	–	761,415
Bills receivables	1,127,800	–	–	–	1,127,800
Staff financing-i	694	–	230	–	924
Credit cards-i	–	–	–	1,196,602	1,196,602
Revolving financing	2,097,479	–	–	–	2,097,479
Other financing	–	–	2,759	–	2,759
Gross financing and advances	8,655,962	121,038	4,290,678	1,196,602	14,264,280
Less: ECL					(264,115)
Total net financing and advances					14,000,165

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

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Domestic non-bank financial institutions	252,348	237,457
Domestic business enterprises:		
Small medium enterprises	959,058	913,630
Others	5,471,440	5,409,159
Government and statutory bodies	82,047	–
Individuals	5,280,216	5,352,434
Other domestic entities	476	517
Foreign entities/individuals	2,218,695	2,464,571
	14,264,280	14,377,768

(iii) By profit rate sensitivity

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Fixed rate:		
Hire purchase receivables	121,038	137,726
Other financing	3,652,945	3,765,308
Variable rate:		
Base Rate/Base Financing Rate	3,648,841	3,724,661
Cost-plus	6,841,456	6,750,073
	14,264,280	14,377,768

(iv) By residual contractual maturity

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Maturing within one year	6,967,129	6,768,795
More than one year to three years	1,161,585	1,376,319
More than three years to five years	1,305,728	1,399,465
Over five years	4,829,838	4,833,189
	14,264,280	14,377,768

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances (Cont'd)

(v) By sector

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	3,279	3,608
Mining and quarrying	206,931	136,381
Manufacturing	1,660,241	1,604,991
Electricity, gas and water	91,517	96,385
Construction	843,505	827,206
Real estate	1,271,977	1,220,309
Wholesale & retail trade, restaurants & hotels	1,046,053	1,020,830
Transport, storage and communication	275,608	304,321
Finance, takaful and business services	1,049,725	1,025,609
Household - Retail	5,788,257	5,838,639
Others	2,027,187	2,299,489
	14,264,280	14,377,768

(vi) By purpose

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Purchase of landed property:		
Residential	3,660,061	3,669,108
Non-residential	479,722	491,198
Purchase of transport vehicles	598	637
Purchase of fixed assets excluding land & building	121,480	138,190
Consumption credit	2,005,190	2,042,900
Construction	612,848	622,207
Working capital	5,591,681	5,435,162
Other purpose	1,792,700	1,978,366
	14,264,280	14,377,768

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financing and Advances (Cont'd)

(vii) By geographical distribution

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Northern Region	1,315,562	1,265,921
Southern Region	1,811,613	1,908,705
Central Region	10,885,952	10,942,982
Eastern Region	251,153	260,160
	14,264,280	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.

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Total gross financing and advances	2,147,006	2,143,325
Less: ECL	(232)	(281)
Total net financing and advances	2,146,774	2,143,044
<i>Maturity exceeding one year</i>	137,603	89,591
Total commitments and contingencies	137,603	89,591
Total restricted investment accounts	2,284,377	2,232,635
Risk weighted assets (RWA) of restricted investment accounts	1,243,057	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:

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Gross carrying amount as at 1 January	509,979	613,449
Transfer within stages	13,758	(7,082)
Net (repayments)/further lending	(27,146)	1,570
Written-off	(22,985)	(97,958)
Gross carrying amount as at 31 March/31 December	<u>473,606</u>	<u>509,979</u>

(ii) By contract

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Commodity Murabahah (cost-plus)	232,834	254,861
Diminishing Musharakah (profit and loss sharing)	233,724	247,618
Ujrah (fee-based)	7,048	7,500
	<u>473,606</u>	<u>509,979</u>

(iii) By sector

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	–	4
Electricity, gas and water	56,514	56,985
Construction	1,386	19,141
Wholesale & retail trade, restaurants & hotels	1,558	1,791
Transport, storage and communication	2,840	4,077
Household - Retail	411,308	427,981
	<u>473,606</u>	<u>509,979</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Impaired Financing (Cont'd)

(iv) By purpose

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Purchase of landed property:		
Residential	220,170	233,671
Non-residential	3,561	3,625
Consumption credit	187,577	190,685
Construction	1,471	1,570
Working capital	60,827	80,428
	473,606	509,979

(v) By geographical distribution

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Northern Region	28,232	27,490
Southern Region	33,558	38,741
Central Region	407,035	437,393
Eastern Region	4,781	6,355
	473,606	509,979

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Expected credit losses allowance charges (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	12,756	(12,095)	(661)	—
- Transferred to stage 2	(2,394)	3,886	(1,492)	—
- Transferred to stage 3	(19)	(5,817)	5,836	—
New financial assets originated or purchased	1,585	—	—	1,585
Net remeasurement due to changes in credit risk and assets derecognised	(11,180)	16,302	15,364	20,486
Asset written-off	—	—	(22,985)	(22,985)
Others	—	—	(1,246)	(1,246)
Balance at 31 March 2025	26,963	99,272	137,880	264,115
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 RM2.2 million compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM23.0 million) and partly offset by net remeasurement due to changes in credit risk and assets derecognised (RM20.5 million).

- 12-month ECL not credit impaired (Stage 1) - increased by RM0.7 primarily due to migration of financing and advances from Stage 2 and Stage 3 and new financial assets originated or purchased, partially offset by net remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL not credit-impaired (Stage 2) - increased by RM2.3 million, primarily due to net remeasurement due to changes in credit risk and assets derecognised, partially offset by migration of financing and advances to Stage 1 and Stage 3.
- Lifetime ECL credit-impaired (Stage 3) - decreased by RM5.2 million, primarily due to asset written-off, partially offset by net remeasurement due to changes in credit risk and assets derecognised and migration of financing and advances from Stage 1 and Stage 2.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Expected credit losses allowance charges (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	303	(303)	—	—
- Transferred to stage 2	(31)	31	—	—
- Transferred to stage 3	—	—	—	—
New financial assets originated or purchased	33	—	—	33
Net remeasurement due to changes in credit risk and assets derecognised	(248)	2,876	(9)	2,619
Others	—	—	(2)	(2)
Balance at 31 March 2025	2,390	4,042	24,218	30,650
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
31 Mar 2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	34,595,202	–	–	34,595,202	149,980	–	–	149,980	128,000	–	–	128,000
- Swaps	562,738	97,976	114,589	775,303	10,188	3,784	6,944	20,916	9,932	4,735	5,782	20,449
Profit rate related contracts												
- Swaps	760,768	333,460	–	1,094,228	369	2,272	–	2,641	516	389	–	905
- Options	14,794	354,565	–	369,359	35	–	–	35	270	8,061	–	8,331
Equity related contracts												
- Options purchased	659,874	866,071	–	1,525,945	2,627	23,795	–	26,422	38,268	92,259	–	130,527
Total	36,593,376	1,652,072	114,589	38,360,037	163,199	29,851	6,944	199,994	176,986	105,444	5,782	288,212

The Bank does not have any hedging instrument as at 31 March 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	29,616,313	1,570,870	118,914	31,306,097	323,748	31,644	7,637	363,029	321,780	67,585	6,386	395,751

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 Other Assets

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Settlements	35,777	44,102
Income receivable	12,597	10,203
Profit receivable	30,747	37,842
Amount due from holding company	61,164	752
Rights of Use (ROU) assets	21,586	20,683
Other receivables	41,201	13,873
	203,072	127,455

21 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.

22 Deposits From Customers

(i) By type of deposit

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
At amortised cost		
Non-Mudharabah Fund		
Demand deposits		
- Qard	3,602,647	3,405,688
Savings deposits		
- Qard	3,086,190	3,062,283
Term deposits		
- Commodity Murabahah	6,577,055	6,924,742
- Qard*	204,990	53,097
	13,470,882	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:

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Due within six months	5,614,028	5,683,993
More than six months to one year	932,928	1,043,657
More than one year to three years	158,115	169,570
More than three years to five years	76,974	80,619
	6,782,045	6,977,839

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 Deposits From Customers (Cont'd)

(ii) By type of customer

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Government and statutory bodies	9,382	11,616
Business enterprises	2,941,564	2,953,947
Individuals	5,722,550	5,747,991
Foreign entities/individuals	3,532,698	3,767,942
Others	1,264,688	964,314
	13,470,882	13,445,810

23 Deposits and Placements from Banks and Other Financial Institutions

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Non-Mudharabah Fund		
Licensed bank	2,667,370	2,327,508
Bank Negara Malaysia	34,303	9,249
Other financial institutions	24,161	23,342
	2,725,834	2,360,099

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

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
At fair value		
Structured liabilities		
- Tawarruq	1,798,257	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	31 Mar 2025 RM'000	31 Dec 2024 RM'000
At amortised cost			
Settlements		27,762	707
Amounts due to holding company		62,327	246,492
Profit payable		63,951	70,802
Deferred income		16,962	18,673
Marginal deposit		13,335	11,912
Accrued expenses		107,129	63,862
Lease liabilities		23,463	22,625
Other creditors	(a)	558,806	181,625
Provision on financing and credit related commitments	(b)	30,650	28,000
		904,385	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

	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Balance at 1 January	602	117
Shariah non-compliant income for the financial period/year ^[1]	139	612
Contribution to non-profit organisations	—	(127)
Balance at 31 March/31 December	741	602

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26 Share Capital and Other Equity

	31 Mar 2025		31 Dec 2024	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
Share capital, issued and fully paid				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 31 March 2025 /				
31 December 2024	<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

	31 Mar 2025 RM'000	31 Mar 2024 RM'000
Income derived from investment of:		
(i) Term deposit	156,020	138,148
(ii) Other deposits	69,695	89,049
	225,715	227,197
 (i) Income derived from investment of term deposits		
<u>Finance income:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	101,149	114,240
- Recoveries from impaired financing	3,185	3,328
Financial investments at FVOCI	9,325	9,768
Money at call and deposit with financial institutions	11,259	15,331
Financial investments at amortised cost	10,995	6,069
	135,913	148,736
 <u>Other operating income:</u>		
Realised gain from dealing in foreign currency	3,160	6,208
Unrealised gain from dealing in foreign currency	3,432	2,320
Unrealised loss from revaluation of financial assets at FVTPL	–	(31)
Realised gain/(loss) from trading in derivatives	5,790	(7,141)
Unrealised (loss)/gain from trading in derivatives	(33,006)	9,889
Net financing income from financial assets at FVTPL	26	301
Net income/(expense) from financial liabilities designated at FVTPL	40,705	(22,134)
	20,107	(10,588)
	156,020	138,148

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	31 Mar 2025 RM'000	31 Mar 2024 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	61,134	63,469
- Recoveries from impaired financing	1,925	1,849
Financial investments at FVOCI	5,636	5,427
Money at call and deposit with financial institutions	6,805	8,518
Financial investments at amortised cost	6,645	3,372
	82,145	82,635
 <u>Other operating income:</u>		
Realised gain from dealing in foreign currency	1,909	3,449
Unrealised gain from dealing in foreign currency	2,074	1,289
Unrealised loss from revaluation of financial assets at FVTPL	–	(17)
Realised gain/(loss) from trading in derivatives	3,499	(3,968)
Unrealised (loss)/gain from trading in derivatives	(19,948)	5,494
Net financing income from financial assets at FVTPL	16	167
	(12,450)	6,414
	69,695	89,049

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Income Derived from Investment of Shareholder's Funds

	31 Mar 2025 RM'000	31 Mar 2024 RM'000
<u>Finance income:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	27,209	26,436
- Recoveries from impaired financing	857	770
Financial investments at FVOCI	2,509	2,260
Money at call and deposit with financial institutions	3,029	3,548
Financial investments at amortised cost	2,958	1,404
	36,562	34,418
 <u>Other operating income:</u>		
Fee commission ^[1]	23,921	22,148
Realised gain from dealing in foreign currency	850	1,437
Unrealised gain from dealing in foreign currency	923	537
Unrealised loss from revaluation of financial assets at FVTPL	–	(7)
Realised gain/(loss) from trading in derivatives	1,558	(1,652)
Unrealised (loss)/gain from trading in derivatives	(8,879)	2,288
Net financing income from financial assets at FVTPL	7	70
Shared-service fees from holding company	226	275
Other income	96	105
	18,702	25,201
	55,264	59,619
 ^[1] The above fees and commissions were derived from the following major contributors:		
Service charges and fees	3,352	3,854
Credit cards	8,260	6,624
Credit facilities	2,768	2,736
Agency fee	6,573	7,883

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 ECL charges/(written-back)

	31 Mar 2025	31 Mar 2024
	RM'000	RM'000
Net increase/(release) in ECL	24,568	(6,487)
Recoveries	(12,953)	(12,692)
Written off	2	38
Total ECL charges/(written-back)	11,617	(19,141)

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

(i) Financing and advances

Net increase/(release) in ECL	21,852	(5,366)
Recoveries	(12,953)	(12,692)
Written off	2	38
Total ECL charges/(written-back)	8,901	(18,020)

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

Net release in ECL	(1)	(32)
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(iii) Financing commitments

Net increase/(release) in ECL	2,652	(1,118)
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(iv) Financial investment at FVOCI

Net release in ECL	(25)	(20)
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(v) Financial investments at amortised costs

Net increase in ECL	90	49
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Income Attributable to Depositors

	31 Mar 2025 RM'000	31 Mar 2024 RM'000
Non-Mudharabah Fund		
Deposits from customers	64,427	79,450
Deposits and placements of banks and other financial institutions	18,395	16,100
Lease liabilities	268	252
Others	544	234
	83,634	96,036

31 Operating Expenses

	31 Mar 2025 RM'000	31 Mar 2024 RM'000
Personnel expenses	10,332	8,762
Promotion and marketing related expenses	1,734	2,408
Establishment related expenses	3,768	3,980
General administrative expenses	7,117	4,824
Related company expenses	48,891	48,230
	71,842	68,204
Personnel expenses		
Salaries, allowances and bonuses	8,327	6,802
Employees Provident Fund contributions	1,464	1,215
Share based payment	35	14
Other staff related costs	506	731
	10,332	8,762
Establishment related expenses		
Depreciation of equipment	376	532
Depreciation of ROU assets	1,480	1,482
Information technology costs	1,031	1,120
General repairs and maintenance	582	480
Utilities	218	245
Others	81	121
	3,768	3,980

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 Operating Expenses (Cont'd)

	31 Mar 2025 RM'000	31 Mar 2024 RM'000
Related company charges	48,891	48,230
Of which by:		
(i) Type of service		
- Information technology related cost	10,581	9,742
- Non information technology related cost	38,310	38,488
(ii) Country/ territory		
- Malaysia	48,455	48,179
- Others	436	51

32 Capital Adequacy

	31 Mar 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	2,157,119	2,165,334
Other reserves	61,972	67,342
Regulatory adjustments	(100,007)	(106,472)
Total CET1 capital	2,779,084	2,786,204
Tier 1 capital		
Additional Tier 1 capital	501,063	501,063
Total Tier 1 capital	3,280,147	3,287,267
Tier 2 capital		
General provisions	171,534	169,599
Total Tier 2 capital	171,534	169,599
Capital base	3,451,681	3,456,866
<u>Before deducting proposed dividend</u>		
CET1 Capital Ratio	18.863%	18.582%
Tier 1 Capital Ratio	22.264%	21.923%
Total Capital Ratio	23.429%	23.055%
<u>After deducting proposed dividend</u>		
CET1 Capital Ratio	18.056%	17.788%
Tier 1 Capital Ratio	21.457%	21.130%
Total Capital Ratio	22.621%	22.261%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32 Capital Adequacy (Cont'd)

The total capital and capital adequacy ratios have been computed based on the Standardised Approach in accordance with the Bank Negara Malaysia (BNM)'s Guidelines on 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 RWA in the various categories of risk weights:

	31 Mar 2025	31 Dec 2024
	RM'000	RM'000
Total RWA for credit risk	13,722,752	13,567,959
Total RWA for market risk	76,365	94,899
Total RWA for operational risk	933,642	1,331,441
	<u>14,732,759</u>	<u>14,994,299</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 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.

Principal amount	31 Mar 2025 RM'000	31 Dec 2024 RM'000
Direct credit substitutes	66,476	31,514
Transaction-related contingent items	1,731,657	1,840,490
Short-term self-liquidating trade-related contingencies	169,033	156,730
Formal standby facilities and credit lines		
- Maturity not exceeding one year	1,769,409	1,310,260
- Maturity exceeding one year	3,441,916	3,617,525
Other unconditionally cancellable	2,889,390	3,390,370
Unutilised credit card lines	3,303,547	3,288,730
Equity related contracts		
- Less than one year	659,874	535,865
- One year to less than five years	866,071	774,988
Profit rate related contracts		
- Less than one year	775,562	863,110
- One year to less than five years	688,025	691,996
Foreign exchange related contracts		
- Less than one year	35,157,940	28,217,338
- One year to less than five years	97,976	103,886
- Over five years	114,589	118,914
	51,731,465	44,941,716

34 Performance Review, Economy and Prospects

Performance review

The Bank recorded a profit before tax (PBT) of RM113.9 million for the financial period ended 31 March 2025, a decrease of RM27.8 million year-on-year. The lower PBT was mainly due to ECL charge of RM11.6 million as compared to a net write-back of RM19.1 million last year, coupled with higher operating expenses by RM3.6 million. This was partly offset by higher operating income by RM6.5 million, mainly from non financing income.

Total balance sheet as at 31 March 2025 stood at RM22.7 billion, an increase of RM0.7 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)

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

Economy and Prospects

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

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

HSBC Amanah also supported Parkson Credit, a motorcycle financier with the launch of its inaugural asset-backed Islamic medium-term notes (Sukuk Wakalah) programme of RM 1 billion. HSBC Amanah acted as the sole principal adviser, lead arranger, lead manager and shariah adviser of the programme. For the initial tranche of RM333.3 million Sukuk Wakalah issued, HSBC Amanah was also the senior sukuk holder for RM 250 million. The creation of this innovative financial tool consolidates hire-purchase debt obligations and offers another avenue of investment for investors in the Malaysian capital market.

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