

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2024**

**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 SEPTEMBER 2024**

	<b>Note</b>	<b>30 Sep 2024 RM'000</b>	<b>31 Dec 2023 RM'000</b>
<b>Assets</b>			
Cash and short-term funds	11	2,497,183	3,552,662
Reverse sell and buy back agreement		–	117,102
Deposits and placements with banks and other financial institutions	12	200,000	200,000
Financial assets at fair value through profit and loss (FVTPL)	13	20,459	–
Financial investments at fair value through other comprehensive income (FVOCI)	14	2,486,128	1,857,289
Financial investments at amortised cost	15	1,797,834	989,916
Financing and advances	16	13,754,040	14,021,211
Derivative financial assets	19	1,159,877	100,435
Other assets	20	127,532	126,176
Statutory deposits with Bank Negara Malaysia	21	250,246	242,261
Equipment		4,022	4,740
Deferred tax assets		47,897	39,848
<b>Total assets</b>		<b>22,345,218</b>	<b>21,251,640</b>
<b>Liabilities</b>			
Deposits from customers	22	12,827,205	13,943,576
Deposits and placements from banks and other financial institutions	23	2,243,513	1,474,999
Structured liabilities designated at fair value through profit or loss (FVTPL)	24	1,715,630	1,939,498
Bills payable		14,253	10,288
Derivative financial liabilities	19	1,396,084	158,083
Other liabilities	25	789,246	625,593
Provision for taxation		55,531	20,473
<b>Total liabilities</b>		<b>19,041,462</b>	<b>18,172,510</b>
<b>Equity</b>			
Share capital and other equity	26	1,161,063	1,161,063
Reserves		2,142,693	1,918,067
<b>Total equity attributable to owner of the Bank</b>		<b>3,303,756</b>	<b>3,079,130</b>
<b>Total liabilities and equity</b>		<b>22,345,218</b>	<b>21,251,640</b>
Restricted investment accounts <sup>[1]</sup>		2,358,585	2,415,224
Total Islamic Banking asset <sup>[1]</sup>		24,703,803	23,666,864
<b>Commitments and contingencies</b>	33	<b>42,430,404</b>	<b>32,551,244</b>

<sup>[1]</sup> 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 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 22 October 2024.*

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 200801006421 (807705-X))**  
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**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

		Third Quarter		Nine Months Ended	
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	27	<b>226,345</b>	226,687	<b>682,258</b>	643,011
Income derived from investment of shareholder's funds	28	<b>70,019</b>	52,990	<b>193,539</b>	153,763
Impairment (provision)/write-back	29	<b>(1,538)</b>	4,797	<b>15,112</b>	(39,451)
Total distributable income		<b>294,826</b>	284,474	<b>890,909</b>	757,323
Income attributable to depositors	30	<b>(85,896)</b>	(91,044)	<b>(275,062)</b>	(266,398)
Total net income		<b>208,930</b>	193,430	<b>615,847</b>	490,925
Operating expenses	31	<b>(71,444)</b>	(65,959)	<b>(216,318)</b>	(189,161)
Profit before tax		<b>137,486</b>	127,471	<b>399,529</b>	301,764
Tax expense		<b>(33,516)</b>	(29,373)	<b>(97,630)</b>	(72,119)
<b>Profit for the financial period</b>		<b>103,970</b>	98,098	<b>301,899</b>	229,645
Profit attributable to the owner of the Bank		<b>103,970</b>	98,098	<b>301,899</b>	229,645
Basic earnings per RM0.50 ordinary share		<b>104.0 sen</b>	98.1 sen	<b>301.9 sen</b>	229.6 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		<b>—</b>	—	<b>53.7 sen</b>	—

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**HSBC AMANAH MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	<b>Third Quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the financial period</b>	<b>103,970</b>	<b>98,098</b>	<b>301,899</b>	<b>229,645</b>
<b>Other comprehensive income/(expense)</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Own credit reserves:				
Change in fair value	<b>2,412</b>	(2,090)	<b>3,326</b>	(8,261)
Income tax effect	<b>(579)</b>	502	<b>(798)</b>	1,983
<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	<b>8,996</b>	1,791	<b>11,829</b>	8,224
Impairment charges/(write-back)	<b>72</b>	(2)	<b>52</b>	(11)
Income tax effect	<b>(2,159)</b>	(430)	<b>(2,839)</b>	(1,974)
Other comprehensive income/(expense) for the financial period, net of income tax	<b>8,742</b>	(229)	<b>11,570</b>	(39)
Total comprehensive income for the financial period	<b>112,712</b>	<b>97,869</b>	<b>313,469</b>	<b>229,606</b>
<b>Total comprehensive income attributable to the owner of the Bank</b>	<b>112,712</b>	<b>97,869</b>	<b>313,469</b>	<b>229,606</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 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 STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	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	
<b>2024</b>								
<b>Balance at 1 January</b>	<b>660,000</b>	<b>501,063</b>	<b>(2,315)</b>	<b>(4,507)</b>	<b>377</b>	<b>35,800</b>	<b>1,888,712</b>	<b>3,079,130</b>
Profit for the financial period	–	–	–	–	–	–	<b>301,899</b>	<b>301,899</b>
<b>Other comprehensive income, net of tax</b>								
FVOCI reserve/Own Credit reserve								
Net change in fair value	–	–	<b>8,990</b>	<b>2,528</b>	–	–	–	<b>11,518</b>
Impairment write-back	–	–	<b>52</b>	–	–	–	–	<b>52</b>
<i>Total other comprehensive income</i>	–	–	<b>9,042</b>	<b>2,528</b>	–	–	–	<b>11,570</b>
<b>Total comprehensive income for the financial period</b>	–	–	<b>9,042</b>	<b>2,528</b>	–	–	<b>301,899</b>	<b>313,469</b>
Net change in regulatory reserves	–	–	–	–	–	<b>17,600</b>	<b>(17,600)</b>	–
<b>Transactions with the owner, recorded directly in equity</b>								
Share based payment transactions	–	–	–	–	<b>(24)</b>	–	<b>(28)</b>	<b>(52)</b>
Discretionary coupon on other equity instruments	–	–	–	–	–	–	<b>(35,112)</b>	<b>(35,112)</b>
Dividends paid to owner - 2023 final	–	–	–	–	–	–	<b>(53,679)</b>	<b>(53,679)</b>
<b>Balance at 30 September</b>	<b>660,000</b>	<b>501,063</b>	<b>6,727</b>	<b>(1,979)</b>	<b>353</b>	<b>53,400</b>	<b>2,084,192</b>	<b>3,303,756</b>

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (Cont'd)**

	Non-distributable						Distributable	
	Share capital	Other equity instrument	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Balance at 1 January	660,000	501,063	(9,829)	(5,131)	491	73,800	1,521,961	2,742,355
Profit for the financial period	—	—	—	—	—	—	229,645	229,645
Other comprehensive income, net of tax								
FVOCI reserve/Own Credit reserve								
Net change in fair value	—	—	6,250	(6,278)	—	—	—	(28)
Impairment write-back	—	—	(11)	—	—	—	—	(11)
Total other comprehensive income/(expense)	—	—	6,239	(6,278)	—	—	—	(39)
Total comprehensive income/(expense) for the financial period	—	—	6,239	(6,278)	—	—	229,645	229,606
Net change in regulatory reserves	—	—	—	—	—	(31,800)	31,800	—
Transactions with the owner, recorded directly in equity								
Share based payment transactions	—	—	—	—	(89)	—	6	(83)
Discretionary coupon on other equity instruments	—	—	—	—	—	—	(29,109)	(29,109)
Balance at 30 September	660,000	501,063	(3,590)	(11,409)	402	42,000	1,754,303	2,942,769

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**HSBC AMANAH MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	30 Sep 2024 RM'000	30 Sep 2023 RM'000
Profit for the financial period	399,529	301,764
Adjustments for non-operating and non-cash items	279,571	92,064
Operating profit before working capital changes	679,100	393,828
Changes in working capital:		
Net changes in operating assets	(939,589)	406,134
Net changes in operating liabilities	752,486	(630,685)
Income tax paid	(48,890)	(79,841)
<b>Net cash generated from operating activities</b>	<b>443,107</b>	<b>89,436</b>
<b>Net cash used in investing activities</b>	<b>(1,409,795)</b>	<b>(1,377,660)</b>
<b>Net cash used in financing activities</b>	<b>(88,791)</b>	<b>(38,851)</b>
	<b>(1,498,586)</b>	<b>(1,416,511)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(1,055,479)</b>	<b>(1,327,075)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>3,552,662</b>	<b>4,930,875</b>
<b>Cash and cash equivalents at 30 September</b>	<b>2,497,183</b>	<b>3,603,800</b>
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	2,497,183	3,603,800

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**UNAUDITED CONDENSED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (Cont'd)**

**Changes in liabilities arising from financing activities**

**2024**

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

	At 1 January RM'000	Cash outflow RM'000	Fair value movement RM'000	Profit accrual RM'000	At 30 September RM'000
<b>2023</b>					
Multi-Currency Sukuk Programme	504,771	–	(4,754)	–	500,017
Other Liabilities of which:					
Profit paid on Multi-Currency Sukuk Programme	5,301	(9,742)	–	15,103	10,662
	510,072	(9,742)	(4,754)	15,103	510,679

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 General Information**

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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 22 October 2024, 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**

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The unaudited condensed interim financial statements for the financial period ended 30 September 2024 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 2023. 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 period ended 31 December 2023.

#### **(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 2023, except for the adoption of the following Amendments to MFRSs which are effective during the current financial period:

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

The amendments specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the 'lease payments' or 'revised lease payments' in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

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)

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#### (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 2025

- 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.

None of the above is expected to have a significant effect on the financial statements of the Bank.

##### 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)

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#### (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

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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

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The audit report on the audited financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

### 5 Seasonal or Cyclical Factors

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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

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 30 September 2024.

### 7 Changes in Estimates

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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 September 2024.

## 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 September 2024.

### 9 Dividend

Since the end of the previous financial year, the Bank paid final dividend for the financial year ended 31 December 2023 of 53.7 sen per ordinary share amounting to RM53.7 million. The dividend was paid on 24 April 2024.

No interim dividend was declared nor paid for the financial period ended 30 September 2024.

### 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 Sep 2024 RM'000	31 Dec 2023 RM'000
Cash and balances with banks and other financial institutions	155,550	197,382
Money at call and interbank placements maturing within one month	2,341,633	3,355,280
	<u>2,497,183</u>	<u>3,552,662</u>

Money at call and interbank placements maturing within one month is within stage 1 allocation (12-month ECL) with RM3,000 impairment allowance as at 30 September 2024 (31 December 2023: RM9,000).

### 12 Deposits and Placements with Banks and Other Financial Institutions

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Licensed bank - parent company	<u>200,000</u>	<u>200,000</u>

The balance is within stage 1 allocation (12-month ECL) with no impairment allowance required for the Bank as at 30 September 2024 and 31 December 2023.

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

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Money market instruments:		
Malaysian Government Islamic treasury bills	<u>20,459</u>	<u>—</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Money market instruments:		
Malaysian Government Islamic Sukuk	1,893,328	471,182
Malaysian Government Islamic treasury bills	592,800	1,386,107
	<u>2,486,128</u>	<u>1,857,289</u>

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM162,000 impairment allowance as at 30 September 2024 (31 December 2023: RM110,000). The impairment allowance 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	1,364,094	1,857,289
More than one year to three years	757,718	–
More than three years to five years	364,316	–
	<u>2,486,128</u>	<u>1,857,289</u>

### 15 Financial Investments at Amortised Cost

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
<b>Debt instruments</b>		
Money market instruments:		
Malaysian Government Islamic Sukuk	1,456,253	710,070
Unquoted:		
Corporate Sukuk	341,581	279,846
	<u>1,797,834</u>	<u>989,916</u>

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM221,000 impairment allowance as at 30 September 2024 (31 December 2023: RM 233,000).

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**16 Financing and Advances**

**(i) By type and Shariah contracts**

	Sale-based contracts	Lease-based contracts	Equity-based contracts		
At amortised cost	Commodity Murabahah	Ijarah Thumma Al-Bai	Diminishing Musharakah	Ujrah	Total
30 Sep 2024	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	91,219	–	–	–	91,219
Term financing:					
House financing	–	–	3,650,472	–	3,650,472
Hire purchase receivables	–	158,595	–	–	158,595
Syndicated term financing	1,281,884	–	–	–	1,281,884
Other term financing	3,417,819	–	639,573	–	4,057,392
Trust receipts	492,563	–	–	–	492,563
Claims on customers under acceptance credits	187,303	–	–	–	187,303
Bills receivables	1,063,713	–	–	–	1,063,713
Staff financing-i	769	–	238	–	1,007
Credit cards-i	–	–	–	1,192,094	1,192,094
Revolving financing	1,859,789	–	–	–	1,859,789
Other financing	–	–	2,664	–	2,664
Gross financing and advances	<b>8,395,059</b>	<b>158,595</b>	<b>4,292,947</b>	<b>1,192,094</b>	<b>14,038,695</b>
Less: Impairment allowance					<b>(284,655)</b>
Total net financing and advances					<b>13,754,040</b>

**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 2023	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	83,208	—	—	—	83,208
Term financing:					
House financing	—	—	3,657,159	—	3,657,159
Hire purchase receivables	—	198,575	—	—	198,575
Syndicated term financing	1,379,208	—	—	—	1,379,208
Other term financing	3,272,971	—	701,531	—	3,974,502
Trust receipts	633,003	—	—	—	633,003
Claims on customers under acceptance credits	206,166	—	—	—	206,166
Bills receivables	1,081,897	—	—	—	1,081,897
Staff financing-i	1,008	—	249	—	1,257
Credit cards-i	—	—	—	1,252,514	1,252,514
Revolving financing	1,899,955	—	—	—	1,899,955
Other financing	—	—	2,633	—	2,633
Gross financing and advances	<u>8,557,416</u>	<u>198,575</u>	<u>4,361,572</u>	<u>1,252,514</u>	<u>14,370,077</u>
Less: Impairment allowance					<u>(348,866)</u>
Total net financing and advances					<u>14,021,211</u>

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**16 Financing and Advances (Cont'd)**

**(ii) By type of customer**

	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	<b>265,867</b>	140,377
Domestic business enterprises:		
Small medium enterprises	<b>952,144</b>	1,098,650
Others	<b>5,317,944</b>	5,349,108
Individuals	<b>5,326,888</b>	5,462,830
Other domestic entities	<b>543</b>	654
Foreign entities/individuals	<b>2,175,309</b>	2,318,458
	<b>14,038,695</b>	14,370,077

**(iii) By profit rate sensitivity**

	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
Hire purchase receivables	<b>158,595</b>	198,575
Other financing	<b>3,506,942</b>	3,770,673
Variable rate:		
Base Rate/Base Financing Rate	<b>3,820,700</b>	4,143,480
Cost-plus	<b>6,552,458</b>	6,257,349
	<b>14,038,695</b>	14,370,077

**(iv) By residual contractual maturity**

	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	<b>6,003,151</b>	6,145,648
More than one year to three years	<b>1,261,010</b>	1,608,064
More than three years to five years	<b>1,984,075</b>	1,698,173
Over five years	<b>4,790,459</b>	4,918,192
	<b>14,038,695</b>	14,370,077



**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**16 Financing and Advances (Cont'd)**

**(v) By sector**

	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry & fishing	<b>3,940</b>	5,538
Mining and quarrying	<b>28,377</b>	62,621
Manufacturing	<b>1,594,229</b>	1,552,366
Electricity, gas and water	<b>69,315</b>	62,613
Construction	<b>980,329</b>	1,038,082
Real estate	<b>1,226,625</b>	1,268,220
Wholesale & retail trade, restaurants & hotels	<b>999,077</b>	1,111,478
Transport, storage and communication	<b>283,754</b>	263,050
Finance, takaful and business services	<b>1,022,478</b>	951,818
Household - Retail	<b>5,797,962</b>	5,922,928
Others	<b>2,032,609</b>	2,131,363
	<b>14,038,695</b>	<b>14,370,077</b>

**(vi) By purpose**

	<b>30 Sep 2024</b>	<b>31 Dec 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of landed property:		
Residential	<b>3,650,710</b>	3,657,409
Non-residential	<b>496,776</b>	563,720
Purchase of transport vehicles	<b>683</b>	778
Purchase of fixed assets excluding land & building	<b>159,105</b>	198,979
Consumption credit	<b>2,013,592</b>	2,117,428
Construction	<b>676,740</b>	631,793
Working capital	<b>5,336,854</b>	5,341,610
Other purpose	<b>1,704,235</b>	1,858,360
	<b>14,038,695</b>	<b>14,370,077</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 16 Financing and Advances (Cont'd)

#### (vii) By geographical distribution

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Northern Region	1,241,263	1,349,011
Southern Region	1,810,693	1,763,999
Central Region	10,724,388	10,972,261
Eastern Region	262,351	284,806
	<b>14,038,695</b>	<b>14,370,077</b>

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 Sep 2024 RM'000	31 Dec 2023 RM'000
Total gross financing and advances	2,292,374	2,357,883
Less: Impairment allowance	(96,663)	(96,799)
Total net financing and advances	<b>2,195,711</b>	<b>2,261,084</b>
<i>Maturity not exceeding one year</i>	–	10,092
<i>Maturity exceeding one year</i>	<b>162,874</b>	144,048
Total commitments and contingencies	<b>162,874</b>	154,140
Total restricted investment accounts	<b>2,358,585</b>	2,415,224
Risk weighted assets (RWA) of restricted investment accounts	<b>1,259,639</b>	1,285,909

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 2023.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 17 Impaired Financing

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

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Gross carrying amount as at 1 January	613,449	971,931
Transfer within stages	(8,024)	(54,563)
Net changes in risk parameters - further repayments	(6,280)	(115,291)
Written-off	(77,192)	(188,628)
Gross carrying amount as at 30 September/31 December	<u>521,953</u>	<u>613,449</u>

#### (ii) By contract

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Ijarah Thumma Al-Bai (AITAB) (hire purchase)	5,468	6,246
Commodity Murabahah (cost-plus)	250,861	277,370
Diminishing Musharakah (profit and loss sharing)	258,302	318,097
Ujrah (fee-based)	7,322	11,736
	<u>521,953</u>	<u>613,449</u>

#### (iii) By sector

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Agriculture, hunting, forestry & fishing	1	452
Manufacturing	3,444	9,552
Electricity, gas and water	52,414	58,509
Construction	13,394	10,267
Real estate	–	3,246
Wholesale & retail trade, restaurants & hotels	9,275	9,413
Transport, storage and communication	4,487	3,181
Finance, takaful and business services	2	4,041
Household - Retail	438,936	514,788
	<u>521,953</u>	<u>613,449</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 17 Impaired Financing (Cont'd)

#### (iv) By purpose

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Purchase of landed property:		
Residential	245,946	297,566
Non-residential	1,642	7,494
Purchase of fixed assets excluding land & building	5,468	6,245
Consumption credit	191,348	215,095
Construction	1,605	4,845
Working capital	75,944	82,204
	<b>521,953</b>	<b>613,449</b>

#### (v) By geographical distribution

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Northern Region	33,727	39,980
Southern Region	42,324	51,815
Central Region	439,934	510,916
Eastern Region	5,968	10,738
	<b>521,953</b>	<b>613,449</b>

## 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 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	34,409	(31,324)	(3,085)	–
- Transferred to stage 2	(3,979)	6,702	(2,723)	–
- Transferred to stage 3	(238)	(3,597)	3,835	–
New financial assets originated or purchased	4,077	–	–	4,077
Net remeasurement due to changes in credit risk and assets derecognised	(40,541)	15,292	42,549	17,300
Asset written-off	–	–	(77,192)	(77,192)
Others	–	–	(8,396)	(8,396)
<b>Balance at 30 September 2024</b>	<b>27,504</b>	<b>104,290</b>	<b>152,861</b>	<b>284,655</b>
Balance at 1 January 2023	32,961	73,144	396,217	502,322
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	31,039	(16,992)	(14,047)	–
- Transferred to stage 2	(3,935)	10,377	(6,442)	–
- Transferred to stage 3	(379)	(2,698)	3,077	–
New financial assets originated or purchased	7,710	–	–	7,710
Net remeasurement due to changes in credit risk and assets derecognised	(33,620)	53,386	6,874	26,640
Asset written-off	–	–	(188,628)	(188,628)
Others	–	–	822	822
<b>Balance at 31 December 2023</b>	<b>33,776</b>	<b>117,217</b>	<b>197,873</b>	<b>348,866</b>

The Bank measures the expected credit losses (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 RM64.2 million compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM 77.2 million), and partly offset by net remeasurement due to changes in credit risk and assets derecognised (RM17.3 million) and new financial assets originated or purchased (RM4.1 million).

- 12-month ECL not credit impaired (stage 1) - decreased by RM6.3 million, primarily due to net remeasurement due to changes in credit risk and assets derecognised, and partially offset by migration of financing and advances from stage 2 and 3 and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (stage 2) - decreased by RM12.9 million, primarily due to migration of financing and advances to stage 1 and 3, and partially offset by net remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL credit-impaired (stage 3) - decreased by RM45.0 million, primarily due to asset written-off and migration of financing and advances to stage 1 and 3, and 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 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 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	287	(287)	—	—
- Transferred to stage 2	(108)	108	—	—
- Transferred to stage 3	(1)	—	1	—
New financial assets originated or purchased	273	—	—	273
Net remeasurement due to changes in credit risk and assets derecognised	(819)	197	(4,035)	(4,657)
Others	—	—	78	78
<b>Balance at 30 September 2024</b>	<b>2,365</b>	<b>2,021</b>	<b>23,793</b>	<b>28,179</b>
Balance at 1 January 2023	1,636	7,153	24,228	33,017
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	1,117	(1,117)	—	—
- Transferred to stage 2	(15)	15	—	—
- Transferred to stage 3	(68)	(9)	77	—
New financial assets originated or purchased	268	—	—	268
Net remeasurement due to changes in credit risk and assets derecognised	(526)	(4,039)	3,444	(1,121)
Others	321	—	—	321
<b>Balance at 31 December 2023</b>	<b>2,733</b>	<b>2,003</b>	<b>27,749</b>	<b>32,485</b>

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 Sep 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
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	24,634,155	–	–	24,634,155	1,107,170	–	–	1,107,170	1,314,500	–	–	1,314,500
- Swaps	485,930	111,355	125,000	722,285	34,290	5,220	6,662	46,172	29,752	4,331	5,315	39,398
- Options	18,796	–	–	18,796	1,144	–	–	1,144	1,143	–	–	1,143
Profit rate related contracts												
- Swaps	1,126,734	330,888	–	1,457,622	1,647	3,508	–	5,155	860	179	–	1,039
- Options	43,002	360,350	–	403,352	–	–	–	–	604	9,592	–	10,196
Equity related contracts												
- Options purchased	554,676	769,884	–	1,324,560	91	145	–	236	11,786	18,022	–	29,808
Credit derivatives contracts												
- Forwards	81,676	–	–	81,676	–	–	–	–	–	–	–	–
<b>Total</b>	<b>26,944,969</b>	<b>1,572,477</b>	<b>125,000</b>	<b>28,642,446</b>	<b>1,144,342</b>	<b>8,873</b>	<b>6,662</b>	<b>1,159,877</b>	<b>1,358,645</b>	<b>32,124</b>	<b>5,315</b>	<b>1,396,084</b>

The Bank does not have any hedging instrument as at 30 September 2024.

## 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 2023	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	15,096,261	–	–	15,096,261	90,188	–	–	90,188	87,963	–	–	87,963
- Swaps	158,444	–	136,252	294,696	1,573	–	2,400	3,973	1,466	–	2,205	3,671
- Options	28,936	–	–	28,936	8	–	–	8	8	–	–	8
Profit rate related contracts												
- Swaps	1,068,453	733,520	–	1,801,973	321	4,276	–	4,597	3,679	1,918	–	5,597
- Options	–	417,938	–	417,938	–	–	–	–	–	17,558	–	17,558
Equity related contracts												
- Options purchased	857,171	704,367	–	1,561,538	1,615	54	–	1,669	27,833	15,453	–	43,286
Total	<u>17,209,265</u>	<u>1,855,825</u>	<u>136,252</u>	<u>19,201,342</u>	<u>93,705</u>	<u>4,330</u>	<u>2,400</u>	<u>100,435</u>	<u>120,949</u>	<u>34,929</u>	<u>2,205</u>	<u>158,083</u>

The Bank does not have any hedging instrument as at 31 December 2023.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 20 Other Assets

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Settlements	19,591	6,925
Income receivable	11,138	7,726
Profit receivable	31,517	19,852
Prepayments	1,738	28
Amount due from holding company	1,738	55,793
Rights of Use (ROU) assets	23,813	19,776
Other receivables	37,997	16,076
	<b>127,532</b>	<b>126,176</b>

### 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

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
<b>At amortised cost</b>		
Non-Mudharabah Fund		
Demand deposits		
- Qard	3,017,204	3,335,107
Savings deposits		
- Qard	2,856,284	2,881,014
Term deposits		
- Commodity Murabahah	6,728,729	7,529,222
- Qard*	224,988	198,233
	<b>12,827,205</b>	<b>13,943,576</b>

\* 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 Sep 2024 RM'000	31 Dec 2023 RM'000
Due within six months	5,751,031	6,337,261
More than six months to one year	947,865	1,118,275
More than one year to three years	173,475	208,620
More than three years to five years	81,346	63,299
	<b>6,953,717</b>	<b>7,727,455</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22 Deposits From Customers (Cont'd)

#### (ii) By type of customer

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Government and statutory bodies	12,673	12,200
Business enterprises	2,930,637	3,420,378
Individuals	5,654,425	5,535,547
Foreign entities/individuals	3,403,012	4,028,488
Others	826,458	946,963
	<b>12,827,205</b>	<b>13,943,576</b>

### 23 Deposits and Placements from Banks and Other Financial Institutions

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Non-Mudharabah Fund		
Licensed bank	2,220,169	1,459,202
Bank Negara Malaysia	23,333	15,786
Other financial institutions	11	11
	<b>2,243,513</b>	<b>1,474,999</b>

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

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
<b>At fair value</b>		
Structured liabilities		
- Tawarruq	1,715,630	1,939,498

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 Sep 2024 RM'000	31 Dec 2023 RM'000
<b>At amortised cost</b>			
Settlements		338	4,515
Amounts due to holding company		291,394	99,014
Profit payable		73,113	83,307
Deferred income		19,333	22,621
Marginal deposit		11,256	22,528
Accrued expenses		163,449	66,380
Lease liabilities		25,798	21,736
Other creditors	(a)	176,386	273,007
Provision on financing and credit related commitments	(b)	28,179	32,485
		<b>789,246</b>	<b>625,593</b>

(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 one Shariah Non-Compliant event identified during the financial period (2023: Two events).

**Source and use of charity funds**

	30 Sep 2024 RM'000	31 Dec 2023 RM'000
Balance at 1 January	117	3
Shariah non-compliant income for the financial period/year <sup>[1]</sup>	487	231
Contribution to non-profit organisations	(127)	(117)
Balance at 30 September/31 December	<b>477</b>	<b>117</b>

<sup>[1]</sup> 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

	30 Sep 2024		31 Dec 2023	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
<b>Share capital, issued and fully paid</b>				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 30 September 2024 / 31 December 2023	<u>100,000</u>	<u>660,000</u>	<u>100,000</u>	<u>660,000</u>
<b>Other equity</b>				
Additional Tier 1 USD Wakalah Financing Facility		<u>501,063</u>		<u>501,063</u>
<b>Total share capital and other equity</b>		<u><b>1,161,063</b></u>		<u><b>1,161,063</b></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

	Third Quarter		Nine Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Term deposit	132,323	143,971	408,289	399,104
(ii) Other deposits	94,022	82,716	273,969	243,907
	<b>226,345</b>	226,687	<b>682,258</b>	643,011
 (i) Income derived from investment of term deposits				
<u>Finance income:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	105,954	110,611	330,090	321,556
- Recoveries from impaired financing	3,353	5,288	11,482	15,675
Financial investments at FVOCI	9,087	9,902	27,010	22,522
Money at call and deposit with financial institutions	11,526	19,584	40,517	64,433
Financial investments at amortised cost	9,018	4,951	23,214	13,164
	<b>138,938</b>	150,336	<b>432,313</b>	437,350
<u>Other operating income:</u>				
Realised gain from dealing in foreign currency	125,484	30,455	142,971	122
Unrealised (loss)/gain from dealing in foreign currency	(115,321)	(21,181)	(114,827)	23,533
Realised gain on financial assets/liabilities at FVTPL and other financial instruments	18	–	18	–
Unrealised gain from revaluation of financial assets at FVTPL	8	–	3	–
Realised loss from trading in derivatives	(803)	(2,375)	(4,601)	(6,318)
Unrealised gain/(loss) from trading in derivatives	5,339	(960)	14,953	15,317
Net financing income from financial assets at FVTPL	415	–	1,159	–
Net expense from financial liabilities designated at FVTPL	(21,755)	(12,304)	(63,700)	(70,900)
	<b>(6,615)</b>	(6,365)	<b>(24,024)</b>	(38,246)
	<b>132,323</b>	143,971	<b>408,289</b>	399,104

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Third Quarter		Nine Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	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	64,735	58,488	191,603	166,870
- Recoveries from impaired financing	2,064	2,797	6,665	8,134
Financial investments at FVOCI	5,533	5,204	15,678	11,688
Money at call and deposit with financial institutions	7,108	10,394	23,518	33,437
Financial investments at amortised cost	5,440	2,612	13,475	6,832
	<b>84,880</b>	<b>79,495</b>	<b>250,939</b>	<b>226,961</b>
<u>Other operating income:</u>				
Realised gain from dealing in foreign currency	73,090	15,649	82,988	64
Unrealised (loss)/gain from dealing in foreign currency	(66,932)	(10,761)	(66,652)	12,212
Realised gain on financial assets/liabilities at FVTPL and other financial instruments	10	—	10	—
Unrealised gain from revaluation of financial assets at FVTPL	5	—	2	—
Realised loss from trading in derivatives	(521)	(1,253)	(2,671)	(3,279)
Unrealised gain/(loss) from trading in derivatives	3,238	(414)	8,680	7,949
Net financing income from financial assets at FVTPL	252	—	673	—
	<b>9,142</b>	<b>3,221</b>	<b>23,030</b>	<b>16,946</b>
	<b>94,022</b>	<b>82,716</b>	<b>273,969</b>	<b>243,907</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 28 Income Derived from Investment of Shareholder's Funds

	Third Quarter		Nine Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
<u>Finance income:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	27,490	23,352	80,705	64,016
- Recoveries from impaired financing	877	1,119	2,807	3,121
Financial investments at FVOCI	2,349	2,051	6,604	4,484
Money at call and deposit with financial institutions	3,023	4,181	9,906	12,827
Financial investments at amortised cost	2,306	1,038	5,676	2,621
	<b>36,045</b>	<b>31,741</b>	<b>105,698</b>	<b>87,069</b>
<u>Other operating income:</u>				
Fee commission <sup>[1]</sup>	29,795	19,055	76,995	58,840
Realised gain from dealing in foreign currency	30,804	5,871	34,956	24
Unrealised (loss)/gain from dealing in foreign currency	(28,192)	(3,934)	(28,075)	4,685
Realised gain on financial assets/liabilities at FVTPL and other financial instruments	4	–	4	–
Unrealised gain from revaluation of financial assets at FVTPL	2	–	1	–
Realised loss from trading in derivatives	(223)	(498)	(1,125)	(1,258)
Unrealised gain/(loss) from trading in derivatives	1,373	(89)	3,656	3,049
Net financing income from financial assets at FVTPL	106	–	283	–
Shared-service fees from holding company	226	283	737	866
Other income	79	561	409	488
	<b>33,974</b>	<b>21,249</b>	<b>87,841</b>	<b>66,694</b>
	<b>70,019</b>	<b>52,990</b>	<b>193,539</b>	<b>153,763</b>

<sup>[1]</sup> The above fees and commissions were derived from the following major contributors:

Service charges and fees	6,296	4,365	15,799	12,933
Credit cards	10,205	5,544	24,911	18,283
Credit facilities	3,117	3,099	8,607	9,955
Agency fee	8,777	3,956	24,794	11,474

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**29 Impairment provision/(write-back)**

	<b>Third Quarter</b>		<b>Nine Months Ended</b>	
	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net increase in allowance/provision	<b>17,486</b>	10,206	<b>29,662</b>	83,782
Recoveries	<b>(15,951)</b>	(15,003)	<b>(44,814)</b>	(44,521)
Written off	<b>3</b>	–	<b>40</b>	190
<b>Total charge to/(write-back from) statement of profit or loss</b>	<b>1,538</b>	<b>(4,797)</b>	<b>(15,112)</b>	39,451

Breakdown of the impairment allowance/provision is disclosed by financial instruments type are as follow:

**(i) Financing and advances**

Net increase in allowance	<b>17,415</b>	17,902	<b>34,037</b>	89,452
Recoveries	<b>(15,951)</b>	(15,003)	<b>(44,814)</b>	(44,521)
Written off	<b>3</b>	–	<b>40</b>	190
<b>Total charge to/(write-back from) statement of profit or loss</b>	<b>1,467</b>	2,899	<b>(10,737)</b>	45,121

**(ii) Money at call and interbank placements maturing within one month**

Net (release)/increase in allowance/provision	<b>(1)</b>	(1)	<b>(31)</b>	15
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**(iii) Financing commitments**

Net release in allowance/provision	<b>(5)</b>	(7,640)	<b>(4,384)</b>	(5,847)
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**(iv) Financial investment at FVOCI**

Net increase/(release) in allowance/provision	<b>72</b>	(2)	<b>52</b>	(11)
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**(v) Financial investments at amortised costs**

Net increase/(release) in allowance/provision	<b>5</b>	(53)	<b>(12)</b>	173
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## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30 Income Attributable to Depositors

	Third Quarter		Nine Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Non-Mudharabah Fund				
Deposits from customers	70,793	71,672	225,461	204,036
Deposits and placements of banks and other financial institutions	14,794	13,974	45,815	46,117
Lease liabilities	309	257	851	770
Others	–	5,141	2,935	15,475
	<b>85,896</b>	<b>91,044</b>	<b>275,062</b>	<b>266,398</b>

### 31 Operating Expenses

	Third Quarter		Nine Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	9,814	9,411	29,323	29,373
Promotion and marketing related expenses	1,484	2,787	6,595	5,331
Establishment related expenses	3,119	3,889	10,235	10,997
General administrative expenses	5,271	6,204	17,231	17,733
Related company expenses	51,756	43,668	152,934	125,727
	<b>71,444</b>	<b>65,959</b>	<b>216,318</b>	<b>189,161</b>
Personnel expenses				
Salaries, allowances and bonuses	7,867	7,623	23,178	23,182
Employees Provident Fund contributions	1,410	1,354	4,130	4,162
Share based payment	27	23	(2)	98
Other staff related costs	510	411	2,017	1,931
	<b>9,814</b>	<b>9,411</b>	<b>29,323</b>	<b>29,373</b>
Establishment related expenses				
Depreciation of equipment	419	557	1,429	1,509
Depreciation of ROU assets	1,518	1,467	4,521	4,365
Information technology costs	374	511	1,597	1,676
Equipment written off	–	–	–	5
General repairs and maintenance	414	925	1,493	2,330
Utilities	278	255	813	693
Others	116	174	382	419
	<b>3,119</b>	<b>3,889</b>	<b>10,235</b>	<b>10,997</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 31 Operating Expenses (Cont'd)

	Third Quarter		Nine Months Ended	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Related company charges	<b>51,756</b>	43,668	<b>152,934</b>	125,727
Of which by:				
(i) Type of service				
- Information technology related cost	<b>13,448</b>	9,212	<b>35,387</b>	26,228
- Non information technology related cost	<b>38,308</b>	34,456	<b>117,547</b>	99,499
(ii) Country/ territory				
- Malaysia	<b>51,584</b>	43,515	<b>152,460</b>	125,050
- Others	<b>172</b>	153	<b>474</b>	677

### 32 Capital Adequacy

	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
<b>Common Equity Tier 1 (CET1) capital</b>		
Paid-up ordinary share capital	<b>660,000</b>	660,000
Retained profits	<b>1,980,223</b>	1,888,712
Other reserves	<b>58,500</b>	29,355
Regulatory adjustments	<b>(105,823)</b>	(53,229)
Total CET1 capital	<b>2,592,900</b>	2,524,838
<b>Tier 1 capital</b>		
Additional Tier 1 capital	<b>501,063</b>	501,063
Total Tier 1 capital	<b>3,093,963</b>	3,025,901
<b>Tier 2 capital</b>		
Impairment allowance (unimpaired portion) & regulatory reserves	<b>166,415</b>	168,645
Total Tier 2 capital	<b>166,415</b>	168,645
<b>Capital base</b>	<b>3,260,378</b>	3,194,546
<u>Before deducting proposed dividend</u>		
CET1 Capital Ratio	<b>17.595 %</b>	17.041 %
Tier 1 Capital Ratio	<b>20.996 %</b>	20.423 %
Total Capital Ratio	<b>22.125 %</b>	21.561 %

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 32 Capital Adequacy (Cont'd)

#### After deducting proposed dividend

CET1 Capital Ratio	<b>17.595 %</b>	16.679 %
Tier 1 Capital Ratio	<b>20.996 %</b>	20.061 %
Total Capital Ratio	<b>22.125 %</b>	21.199 %

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.

Pursuant to BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (Capital Component) issued on 9 December 2020 (the Guidelines), the Bank elected to apply the transitional arrangements as specified in paragraph 39.

Under transitional arrangements, the expected credit loss (ECL) allowance measured at an amount equal to 12-month and lifetime ECL to the extent they are related to non-credit-impaired exposures (hereinafter referred to as Stage 1 and Stage 2 provisions), are allowed to be added back to CET-1, subject to a capping. The transitional arrangement commenced from financial year beginning 1 January 2020, with an add-back factor that will gradually reduce over the four-year transitional duration. The transitional arrangement has ended with effect from 1 January 2024.

As required by the Guideline, below is the disclosure on the capital ratios as at 31 December 2023 with comparison of:

- (i) the Capital Ratios, computed in accordance with the transitional arrangement
- (ii) the Capital Ratios, had the transitional arrangement not been applied.

	31 Dec 2023	
	With Transitional Arrangement (%)	Without Transitional Arrangement (%)
<u>Before deducting proposed dividend</u>		
CET1 Capital Ratio	17.041 %	16.909 %
Tier 1 Capital Ratio	20.423 %	20.290 %
Total Capital Ratio	<u>21.561 %</u>	<u>21.429 %</u>
<u>After deducting proposed dividend</u>		
CET1 Capital Ratio	16.679 %	16.546 %
Tier 1 Capital Ratio	20.061 %	19.928 %
Total Capital Ratio	<u>21.199 %</u>	<u>21.066 %</u>

Breakdown of RWA in the various categories of risk weights:

	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Total RWA for credit risk	<b>13,313,236</b>	13,491,613
Total RWA for market risk	<b>121,678</b>	158,723
Total RWA for operational risk	<b>1,301,309</b>	1,165,851
	<u><b>14,736,223</b></u>	<u>14,816,187</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.

	30 Sep 2024	31 Dec 2023
Principal amount	RM'000	RM'000
Direct credit substitutes	85,815	33,709
Transaction-related contingent items	1,771,084	2,226,484
Short-term self-liquidating trade-related contingencies	191,599	163,655
Formal standby facilities and credit lines		
- Maturity not exceeding one year	1,654,425	1,084,116
- Maturity exceeding one year	3,365,388	3,287,101
Other unconditionally cancellable	3,389,415	3,250,120
Unutilised credit card lines	3,330,232	3,304,717
Equity related contracts		
- Less than one year	554,676	857,171
- One year to less than five years	769,884	704,367
Profit rate related contracts		
- Less than one year	1,169,736	1,068,453
- One year to less than five years	691,238	1,151,458
Foreign exchange related contracts		
- Less than one year	25,138,881	15,283,641
- One year to less than five years	111,355	–
- Over five years	125,000	136,252
Credit derivative contracts		
- Less than one year	81,676	–
	<b>42,430,404</b>	<b>32,551,244</b>

### 34 Performance Review, Economy and Prospects

#### Performance review

The Bank recorded a profit before tax (PBT) of RM399.5 million for the financial period ended 30 September 2024, an increase of RM97.8 million year-on-year. The increase in PBT was mainly due to impairment write-back of RM15.1 million compared to a net charge of RM39.5 million last year, coupled with higher operating income by RM70.3 million, mainly from higher non financing income. This was partly offset by higher operating expenses by RM27.1 million.

Total balance sheet as at 30 September 2024 stood at RM22.3 billion, an increase of RM1.0 billion compared to 31 December 2023 of RM21.3 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)

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#### Economy and Prospects

The global financial markets continued to experience heightened volatility through the second and third quarters of 2024 as major central banks begin to ease monetary policy. Market expectations for earlier and more substantial rate cuts by the Fed has led to improved investor appetite for emerging market assets, including Malaysia. In the domestic foreign exchange (FX) market, the Ringgit strengthened by 11.4% against the US dollar during the period ended 30 September 2024 amid external developments, positive economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage foreign exchange flows and these initiatives are expected to continue to support the strength of the Ringgit.

In addition, Bank Negara Malaysia (BNM) continued to maintain the Overnight Policy Rate (OPR) at 3%, with the view that the monetary policy stance remains supportive of the economy and assessment of inflation and growth prospect. The Malaysian economy expanded by 5.1% in the first half of 2024 driven by resilient domestic expenditure and improving exports.

HSBC's 140-year legacy in Malaysia emphasises HSBC Malaysia's dedication to partnering with the government and supporting clients in this dynamic market. Our unique capabilities enable us to drive cross-border trade, nurture emerging industries, and empower both businesses and consumers. As Malaysia plays a pivotal role in HSBC's ASEAN expansion strategy, the Bank is committed to supporting the country in its efforts to attract greater investments across key industries and enhance international trade and wealth management.

With the aim of facilitating the development of trade and investment between Malaysia and the wider world, HSBC Malaysia co-hosted an investor roadshow in Hong Kong for the Government of Malaysia themed, "Highlights for Growth". The event was aimed at showcasing Malaysia's strengths and the investment potential offered to foreign investors. HSBC was also one of the co-hosts of the Invest Malaysia – Iskandar 2024 conference. The event highlighted Iskandar as the premier southern gateway of the country and showcased significant developments in the region, with a special focus on the Johor-Singapore Special Economic Zone region. As a global bank, HSBC has a vital role to play in bridging businesses and investors to the immense prospects in Malaysia and the wider ASEAN region.

In 2024, HSBC Amanah has been recognised by Euromoney for being the "World's Best Islamic Structured Finance House" and "Malaysia's Best International Islamic Bank" and, by The Banker for being the "Islamic Bank of the Year for Sustainability".

The Bank remains committed to facilitating international trade and investment, preserving and growing wealth across generations, and contributing to Malaysia's journey.