

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2024

Domiciled in Malaysia
Registered Office:
Level 21, Menara IQ
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55188 Kuala Lumpur

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

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	Note	Group		Bank	
		30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	12	12,337,958	10,643,890	9,881,890	7,973,830
Securities purchased under resale agreements		8,817,630	10,743,446	8,817,630	10,626,344
Deposits and placements with banks and other financial institutions	13	–	–	2,179,059	575,986
Financial assets at fair value through profit and loss (FVTPL)	14	4,099,260	3,679,907	4,078,801	3,679,907
Financial investments at fair value through other comprehensive income (FVOCI)	15	14,785,412	13,857,738	12,299,284	12,000,449
Financial investments at amortised cost	16	10,683,491	7,512,842	8,885,657	6,522,926
Loans, advances and financing	17	44,819,104	46,378,326	31,065,064	32,357,115
Derivative financial assets	38	3,897,486	1,543,039	3,922,605	1,605,290
Other assets	20	1,393,635	1,160,266	1,706,853	1,244,535
Statutory deposits with Bank Negara Malaysia	21	557,660	608,437	307,414	366,176
Investments in subsidiary companies	22	–	–	1,161,084	1,161,084
Property and equipment		980,127	1,010,903	976,105	1,006,163
Intangible assets		12,085	14,581	12,085	14,581
Tax recoverable		20,850	20,850	20,850	20,850
Deferred tax assets		132,590	203,023	84,693	163,175
Property held for sale	23	10,556	8,377	10,556	8,377
Total assets		102,547,844	97,385,625	85,409,630	79,326,788
Liabilities					
Deposits from customers	24	71,664,325	71,932,699	58,837,141	57,989,144
Deposits and placements from banks and other financial institutions	25	3,400,755	3,157,796	3,577,416	3,341,385
Bills payable		213,338	278,595	199,085	268,307
Derivative financial liabilities	38	3,963,712	1,575,994	3,752,624	1,580,597
Structured liabilities designated at fair value through profit and loss	26	4,486,091	4,589,420	2,770,461	2,649,922
Other liabilities	27	5,382,914	3,403,661	5,034,418	2,988,513
Provision for taxation		156,984	132,569	101,453	112,096
Total liabilities		89,268,119	85,070,734	74,272,598	68,929,964
Equity					
Share capital and other equity	28	3,238,875	2,545,875	3,238,875	2,545,875
Reserves		10,040,850	9,769,016	7,898,157	7,850,949
Total equity attributable to owner of the Group and the Bank		13,279,725	12,314,891	11,137,032	10,396,824
Total liabilities and equity		102,547,844	97,385,625	85,409,630	79,326,788
Commitments and contingencies	37	230,164,385	213,211,422	220,513,556	203,522,560

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 12 to 51 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 October 2024.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

		<i>Group</i>			
		Third Quarter		Nine Months Ended	
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
<i>Note</i>		RM'000	RM'000	RM'000	RM'000
Interest income	29	775,954	729,784	2,298,284	2,068,388
Interest expense	29	(293,077)	(237,732)	(863,246)	(655,995)
Net interest income	29	482,877	492,052	1,435,038	1,412,393
Fee and commission income	30	140,636	122,964	432,999	352,543
Fee and commission expense	30	(33,817)	(29,231)	(72,923)	(76,007)
Net fee and commission income	30	106,819	93,733	360,076	276,536
Net trading income	31	1,416,809	351,682	1,791,010	365,225
Net expense from Financial Liabilities designated at Fair Value		(59,431)	(36,616)	(91,625)	(43,382)
Income from Islamic banking operations	32	(899,175)	38,340	(437,989)	768,077
Other operating income	33	27,181	17,005	73,765	49,293
Operating income before impairment losses		1,075,080	956,196	3,130,275	2,828,142
Impairment (allowance)/write-back	34	(5,261)	20,374	26,614	(39,301)
Net operating income		1,069,819	976,570	3,156,889	2,788,841
Other operating expenses	35	(480,118)	(448,688)	(1,430,163)	(1,326,306)
Profit before tax		589,701	527,882	1,726,726	1,462,535
Tax expense		(142,032)	(102,859)	(427,717)	(332,977)
Profit for the financial period		447,669	425,023	1,299,009	1,129,558
Profit attributable to owner of the Group		447,669	425,023	1,299,009	1,129,558
Basic earnings per RM0.50 ordinary share		195.5 sen	185.6 sen	567.3 sen	493.3 sen
Dividends per RM0.50 ordinary share (net)					
- interim dividend paid in respect of the current period		-	153.4 sen	-	153.4 sen
- final dividend paid in respect of prior period		-	-	137.3 sen	179.3 sen

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UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (Cont'd)

Bank

	<i>Note</i>	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
Interest income	29	790,747	743,752	2,344,020	2,114,820
Interest expense	29	(294,850)	(239,540)	(868,708)	(662,786)
Net interest income	29	495,897	504,212	1,475,312	1,452,034
Fee and commission income	30	139,935	122,537	431,322	351,742
Fee and commission expense	30	(33,817)	(29,231)	(72,923)	(76,007)
Net fee and commission income	30	106,118	93,306	358,399	275,735
Net trading income	31	295,073	189,939	714,426	564,952
Net expense from Financial Liabilities designated at Fair Value		(59,431)	(36,616)	(91,625)	(43,382)
Other operating income	33	91,796	75,219	307,628	196,675
Operating income before impairment losses		929,453	826,060	2,764,140	2,446,014
Impairment (allowance)/write-back	34	(3,723)	15,577	11,502	150
Net operating income		925,730	841,637	2,775,642	2,446,164
Other operating expenses	35	(456,838)	(424,600)	(1,359,654)	(1,256,284)
Profit before tax		468,892	417,037	1,415,988	1,189,880
Tax expense		(108,516)	(73,486)	(330,087)	(260,858)
Profit for the financial period		360,376	343,551	1,085,901	929,022
Profit attributable to owner of the Bank		360,376	343,551	1,085,901	929,022
Basic earnings per RM0.50 ordinary share		157.4 sen	150.0 sen	474.2 sen	405.7 sen
Dividends per RM0.50 ordinary share (net)					
- interim dividend paid in respect of the current period		-	153.4 sen	-	153.4 sen
- final dividend paid in respect of prior period		-	-	137.3 sen	179.3 sen

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 12 to 51 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 October 2024.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

Group

	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
Profit for the financial period	447,669	425,023	1,299,009	1,129,558
Other comprehensive income/(expense)				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation reserve:				
Deficit on revaluation of properties	–	–	(876)	(1,967)
Income tax effect	–	–	607	5,034
Own credit reserve:				
Change in fair value	5,199	(3,528)	6,831	(14,085)
Income tax effect	(1,248)	847	(1,639)	3,381
Fair value through other comprehensive income reserve (equity instruments):				
Change in fair value	–	–	11,928	6,817
Income tax effect	–	–	(2,863)	(1,636)
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>				
Fair value through other comprehensive income reserve (debt instruments):				
Change in fair value	51,823	1,663	62,725	31,600
Amount transferred to profit or loss	(9,063)	(236)	(17,199)	(10,391)
Impairment charges/(write-back)	258	(111)	404	(175)
Income tax effect	(10,263)	(342)	(10,926)	(5,090)
Other comprehensive income/(expense) for the financial period, net of income tax	36,706	(1,707)	48,992	13,488
Total comprehensive income for the financial period	484,375	423,316	1,348,001	1,143,046
Total comprehensive income attributable to owner of the Group	484,375	423,316	1,348,001	1,143,046

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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (Cont'd)

Bank

	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
Profit for the financial period	360,376	343,551	1,085,901	929,022
Other comprehensive income/(expense)				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation reserve:				
Deficit on revaluation of properties	–	–	(876)	(1,967)
Income tax effect	–	–	607	5,034
Own credit reserve:				
Change in fair value	2,787	(1,438)	3,505	(5,824)
Income tax effect	(669)	345	(841)	1,398
Fair value through other comprehensive income reserve (equity instruments):				
Change in fair value	–	–	11,928	6,817
Income tax effect	–	–	(2,863)	(1,636)
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>				
Fair value through other comprehensive income reserve (debt instruments):				
Change in fair value	42,827	(128)	50,896	23,376
Amount transferred to profit or loss	(9,063)	(236)	(17,199)	(10,391)
Impairment charges/(write-back)	186	(109)	352	(164)
Income tax effect	(8,104)	88	(8,087)	(3,116)
Other comprehensive income/(expense) for the financial period, net of income tax	27,964	(1,478)	37,422	13,527
Total comprehensive income for the financial period	388,340	342,073	1,123,323	942,549
Total comprehensive income attributable to owner of the Bank	388,340	342,073	1,123,323	942,549

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

Group (RM'000)	Non-distributable						Distributable		Total equity
	Share capital		Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
	Ordinary shares	Preference shares							
2024									
Balance at 1 January	1,045,875	1,500,000	131,503	163,985	(8,588)	92,689	367,100	9,022,327	12,314,891
Profit for the financial period	-	-	-	-	-	-	-	1,299,009	1,299,009
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	-	-	(5,132)	-	-	-	-	5,132	-
Deficit on revaluation of properties	-	-	(876)	-	-	-	-	-	(876)
Deferred tax adjustment on revaluation reserve	-	-	607	-	-	-	-	-	607
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	56,736	5,192	-	-	-	61,928
Net amount transferred to profit or loss	-	-	-	(13,071)	-	-	-	-	(13,071)
Impairment charges	-	-	-	404	-	-	-	-	404
<i>Total other comprehensive (expense)/income</i>	-	-	(5,401)	44,069	5,192	-	-	5,132	48,992
Total comprehensive (expense)/income for the financial year	-	-	(5,401)	44,069	5,192	-	-	1,304,141	1,348,001
Net change in regulatory reserves	-	-	-	-	-	-	52,500	(52,500)	-
Transactions with the owner, recorded directly in equity									
Share based payment transactions	-	-	-	-	-	1,336	-	(3,672)	(2,336)
Issuance of preference shares ^[1]	-	693,000	-	-	-	-	-	-	693,000
Dividends paid to owner - 2023 final	-	-	-	-	-	-	-	(314,500)	(314,500)
Dividends paid to owner - 2024 special	-	-	-	-	-	-	-	(700,000)	(700,000)
Dividends paid to preference shareholder	-	-	-	-	-	-	-	(59,331)	(59,331)
Balance at 30 September	1,045,875	2,193,000	126,102	208,054	(3,396)	94,025	419,600	9,196,465	13,279,725

^[1] On 11 July 2024, the Group and the Bank issued RM700.0 million Additional Tier 1 preference shares, for which there were issuance cost of RM7.0 million. Details of the issuance are set out in Note 28.

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

Group (RM'000)	Non-distributable						Distributable		Total equity
	Share capital		Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
	Ordinary shares	Preference shares							
2023									
Balance at 1 January	1,045,875	1,500,000	159,542	130,260	(6,241)	98,247	434,500	8,295,717	11,657,900
Profit for the financial period	–	–	–	–	–	–	–	1,129,558	1,129,558
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits for realisation of revaluation upon disposal of property	–	–	(32,935)	–	–	–	–	32,935	–
Transfer to retained profits upon realisation of depreciation	–	–	(989)	–	–	–	–	989	–
Deficit on revaluation of properties	–	–	(1,967)	–	–	–	–	–	(1,967)
Deferred tax adjustment on revaluation reserve	–	–	5,034	–	–	–	–	–	5,034
FVOCI reserve/Own credit reserve									
Net change in fair value	–	–	–	29,197	(10,704)	–	–	–	18,493
Net amount transferred to profit or loss	–	–	–	(7,897)	–	–	–	–	(7,897)
Impairment write-back	–	–	–	(175)	–	–	–	–	(175)
<i>Total other comprehensive income</i>	–	–	(30,857)	21,125	(10,704)	–	–	33,924	13,488
Total comprehensive (expense)/income for the financial period	–	–	(30,857)	21,125	(10,704)	–	–	1,163,482	1,143,046
Net change in regulatory reserves	–	–	–	–	–	–	(64,900)	64,900	–
Transactions with the owner, recorded directly in equity									
Share based payment transactions	–	–	–	–	–	(2,964)	–	(120)	(3,084)
Dividends paid to owner - 2022 final	–	–	–	–	–	–	–	(410,512)	(410,512)
Dividends paid to owner - 2023 interim	–	–	–	–	–	–	–	(351,283)	(351,283)
Dividends paid to preference shareholder	–	–	–	–	–	–	–	(52,688)	(52,688)
Balance at 30 September	1,045,875	1,500,000	128,685	151,385	(16,945)	95,283	369,600	8,709,496	11,983,379

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

Bank (RM'000)	<i>Non-distributable</i>						<i>Distributable</i>		<i>Total equity</i>
	<i>Share capital</i>		<i>Revaluation reserve</i>	<i>FVOCI reserve</i>	<i>Own credit reserve</i>	<i>Capital contribution reserve</i>	<i>Regulatory reserve</i>	<i>Retained profits</i>	
	<i>Ordinary shares</i>	<i>Preference shares</i>							
2024									
Balance at 1 January	1,045,875	1,500,000	131,503	166,300	(4,081)	92,312	331,300	7,133,615	10,396,824
Profit for the financial period	-	-	-	-	-	-	-	1,085,901	1,085,901
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits upon realisation of depreciation	-	-	(5,132)	-	-	-	-	5,132	-
Deficit on revaluation of properties	-	-	(876)	-	-	-	-	-	(876)
Deferred tax adjustment on revaluation reserve	-	-	607	-	-	-	-	-	607
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	47,746	2,664	-	-	-	50,410
Net amount transferred to profit or loss	-	-	-	(13,071)	-	-	-	-	(13,071)
Impairment charges	-	-	-	352	-	-	-	-	352
<i>Total other comprehensive (expense)/income</i>	-	-	(5,401)	35,027	2,664	-	-	5,132	37,422
Total comprehensive (expense)/income for the financial year	-	-	(5,401)	35,027	2,664	-	-	1,091,033	1,123,323
Net change in regulatory reserves	-	-	-	-	-	-	34,900	(34,900)	-
Transactions with the owner, recorded directly in equity									
Share based payment transactions	-	-	-	-	-	1,360	-	(3,644)	(2,284)
Issuance of preference shares ^[1]	-	693,000	-	-	-	-	-	-	693,000
Dividends paid to owner - 2023 final	-	-	-	-	-	-	-	(314,500)	(314,500)
Dividends paid to owner - 2024 special	-	-	-	-	-	-	-	(700,000)	(700,000)
Dividends paid to preference shareholder	-	-	-	-	-	-	-	(59,331)	(59,331)
Balance at 30 September	1,045,875	2,193,000	126,102	201,327	(1,417)	93,672	366,200	7,112,273	11,137,032

^[1] On 11 July 2024, the Group and the Bank issued RM700.0 million Additional Tier 1 preference shares, for which there were issuance cost of RM7.0 million. Details of the issuance are set out in Note 28.

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

Bank (RM'000)	Non-distributable						Distributable		Total equity
	Share capital		Revaluation reserve	FVOCI reserve	Own credit reserve	Capital contribution reserve	Regulatory reserve	Retained profits	
	Ordinary shares	Preference shares							
2023									
Balance at 1 January	1,045,875	1,500,000	159,542	140,089	(1,110)	97,756	360,700	6,773,756	10,076,608
Profit for the financial period	-	-	-	-	-	-	-	929,022	929,022
Other comprehensive income, net of income tax									
Revaluation reserve:									
Transfer to retained profits for realisation of revaluation upon disposal of property	-	-	(32,935)	-	-	-	-	32,935	-
Transfer to retained profits upon realisation of depreciation	-	-	(989)	-	-	-	-	989	-
Deficit on revaluation of properties	-	-	(1,967)	-	-	-	-	-	(1,967)
Deferred tax adjustment on revaluation reserve	-	-	5,034	-	-	-	-	-	5,034
FVOCI reserve/Own credit reserve									
Net change in fair value	-	-	-	22,947	(4,426)	-	-	-	18,521
Net amount transferred to profit or loss	-	-	-	(7,897)	-	-	-	-	(7,897)
Impairment write-back	-	-	-	(164)	-	-	-	-	(164)
	-	-	(30,857)	14,886	(4,426)	-	-	33,924	13,527
Total comprehensive (expense)/income for the financial year	-	-	(30,857)	14,886	(4,426)	-	-	962,946	942,549
Net change in regulatory reserves	-	-	-	-	-	-	(33,100)	33,100	-
Transactions with the owner, recorded directly in equity									
Share based payment transactions	-	-	-	-	-	(2,875)	-	(126)	(3,001)
Dividends paid to owner - 2022 final	-	-	-	-	-	-	-	(410,512)	(410,512)
Dividends paid to owner - 2023 interim	-	-	-	-	-	-	-	(351,283)	(351,283)
Dividends paid to preference shareholder	-	-	-	-	-	-	-	(52,688)	(52,688)
Balance at 30 September	1,045,875	1,500,000	128,685	154,975	(5,536)	94,881	327,600	6,955,193	10,201,673

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	1,726,726	1,462,535	1,415,988	1,189,880
Adjustments for non-operating and non-cash items	(872,280)	556,218	(39,356)	170,527
Operating profit before working capital changes	854,446	2,018,753	1,376,632	1,360,407
Changes in working capital:				
Net changes in operating assets	1,360,558	(2,374,220)	(1,756,827)	(1,311,624)
Net changes in operating liabilities	4,025,613	1,137,608	5,261,807	1,065,812
Income tax paid	(347,844)	(327,536)	(273,433)	(247,695)
Net cash generated from operations	5,892,773	454,605	4,608,179	866,900
Net cash used in investing activities	(3,817,874)	(5,590,179)	(2,319,288)	(4,183,410)
Net cash generated from financing activities	(380,831)	(824,225)	(380,831)	(814,483)
	(4,198,705)	(6,414,404)	(2,700,119)	(4,997,893)
Net changes in cash and cash equivalents	1,694,068	(5,959,799)	1,908,060	(4,130,993)
Cash and cash equivalents at 1 January	10,643,890	17,585,339	7,973,830	13,067,553
Cash and cash equivalents at 30 September	12,337,958	11,625,540	9,881,890	8,936,560
Analysis of cash and cash equivalents				
Cash and short-term funds	12,337,958	11,625,540	9,881,890	8,936,560

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 12 to 51 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 October 2024.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024 (Cont'd)

Change in liabilities arising from financing activities

Group (RM'000)

2024

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

	At 1 Jan	Cash outflow	Fair value movement	Interest/ Profit accrual	At 30 Sep
<u>2023</u>					
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
	<u>510,072</u>	<u>(9,742)</u>	<u>(4,754)</u>	<u>15,103</u>	<u>510,679</u>

Bank (RM'000)

There are no movements in the change in liabilities arising from financing activities for the financial period ended 30 September 2024 and 30 September 2023.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 12 to 51 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved by the Board of Directors on 23 October 2024.

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

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

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

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

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

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

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 23 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

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' and International Accounting Standard 34 'Interim Financial Reporting'. The unaudited condensed interim financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Bank's Islamic subsidiary.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 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 Group and Bank since the financial year ended 31 December 2023.

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

The accounting policies, presentation, significant estimates and judgements adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 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 Group and 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 Group and the Bank

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

Effective for annual periods commencing on or after 1 January 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.

The above is not expected to have a significant effect on the financial statements of the Group and 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 Group 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 Group and 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 Group and the Bank (Cont'd)

A number of new standards and amendments to standards and interpretations that are applicable to the Group and the Bank but are not yet effective have been issued. (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 Group has not early adopted this new standard and is in the process of assessing the impact on the financial statements.

3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Bank's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

4 Auditors' Report On Preceding Annual Financial Statements

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

5 Seasonal or Cyclical Factors

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

6 Unusual Items due to Their Nature, Size or Incidence

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and Bank for the financial period ended 30 September 2024.

8 Debt and Equity Securities

On 11 July 2024, the Group and the Bank had issued non-cumulative and non-convertible redeemable perpetual preference shares amounting to RM700.0 million, for which there were issuance cost of RM7.0 million. The preference shares qualify as Additional Tier 1 capital of the Group and the Bank as per the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (BNM). Further details is disclosed in Note 28.

Other than the above, there were no other issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 September 2024.

9 Dividend

The dividends paid since the end of the previous financial year were as follows:

	Total (RM'million)
Ordinary shares	
<i>In respect of financial year ended 31 December 2023:</i>	
– Final dividend of 137.34 sen (paid by 10 May 2024)	314.5
<i>In respect of financial period ended 30 September 2024:</i>	
– Special dividend of 305.68 sen (paid on 11 July 2024)	700.0
Preference shares	
<i>In respect of annual period ended 26 June 2024:</i>	
– Annual dividend of 3-month KLIBOR plus 36 basis points per annum (paid on 27 June 2024)	59.3

On 8 October 2024, the Bank has paid an interim dividend of 190.09 sen per ordinary share, amounting to net dividend payment of RM435.3 million in respect of the financial period ended 30 June 2024. The dividend has been accounted for in the shareholder's equity as an appropriation of retained earnings in the subsequent financial period.

10 Carrying Amount of Revalued Assets

Property and equipment are stated at cost/valuation less accumulated depreciation and impairment losses (if any) except for freehold land which is stated at professional valuation. There was no change in the valuation of property and equipment that was brought forward from the previous audited financial statements for the financial year ended 31 December 2023 .

11 Significant and Subsequent Events

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12 Cash and Short-Term Funds

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	866,665	1,010,905	711,115	813,523
Money at call and interbank placements maturing within one month	11,471,293	9,632,985	9,170,775	7,160,307
	12,337,958	10,643,890	9,881,890	7,973,830

Included in Cash and Short-Term Funds of the Bank are placements with the Bank's wholly owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS) of RM41.1 million as at 30 September 2024 (31 December 2023: RM882.6 million).

Money at call and interbank placements maturing within one month are within stage 1 allocation (12-month ECL) with impairment allowance of RM29,000 for the Group and RM26,000 for the Bank as at 30 September 2024 (31 December 2023: RM52,000 for the Group and RM43,000 for the Bank).

13 Deposits and Placements with Banks and Other Financial Institutions

Deposits and Placements with Banks and Other Financial Institutions of the Bank are in respect of placements with the Bank's wholly owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS) of RM2,179.1 million (31 December 2023: RM576.0 million).

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

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

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	887,896	507,266	887,896	507,266
Malaysian Government Islamic treasury bills	982,686	570,649	962,227	570,649
Malaysian Government securities	1,098,835	1,656,897	1,098,835	1,656,897
Malaysian Government Islamic Sukuk	467,917	407,278	467,917	407,278
Cagamas bonds and notes	649,921	530,150	649,921	530,150
	4,087,255	3,672,240	4,066,796	3,672,240
Unquoted:				
Corporate bonds and Sukuk	12,005	7,667	12,005	7,667
	4,099,260	3,679,907	4,078,801	3,679,907

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Bank Negara Malaysia bills	3,426,962	5,739,389	3,426,962	5,739,389
Bank Negara Malaysia Islamic bills	813,156	985,050	813,156	985,050
Malaysian Government Islamic treasury bills	592,800	2,888,122	–	1,502,015
Malaysian Government securities	4,480,753	2,673,148	4,480,753	2,673,148
Malaysian Government Islamic Sukuk	4,812,118	882,213	2,918,790	411,031
US treasury bond	411,718	453,840	411,718	453,840
	14,537,507	13,621,762	12,051,379	11,764,473
Equity instruments designated as FVOCI				
Unquoted Shares, of which:	247,905	235,976	247,905	235,976
<i>Cagamas Holdings Berhad</i>	205,154	193,633	205,154	193,633
<i>Credit Guarantee Corporation Malaysia Berhad</i>	36,569	35,464	36,569	35,464
<i>Others</i>	6,182	6,879	6,182	6,879
	14,785,412	13,857,738	12,299,284	12,000,449

The Group and the Bank have elected to designate these equity instruments at fair value through other comprehensive income as these instruments are held for business facilitation and not to generate a capital return. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

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

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	7,253,150	12,659,679	5,889,056	10,802,390
More than one year to three years	3,100,174	734,957	2,342,456	734,957
More than three years to five years	4,184,183	227,126	3,819,867	227,126
	14,537,507	13,621,762	12,051,379	11,764,473

There are no FVOCI balances that are pledged against Repurchase Agreement as at 30 September 2024 (31 December 2023: RM Nil).

Financial investments at FVOCI are within stage 1 allocation (12-month ECL) with RM915,000 impairment allowance for the Group and RM753,000 for the Bank as at 30 September 2024 (31 December 2023: RM511,000 for the Group and RM401,000 for the Bank). The carrying amount of financial investments at FVOCI is equivalent to their fair value. The impairment allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 Financial Investments at Amortised Cost

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Debt instruments				
Money market instruments:				
Malaysian Government Islamic Sukuk	4,845,146	3,452,075	3,388,893	2,742,005
Malaysian Government securities	5,084,374	3,311,054	5,084,374	3,311,054
Unquoted:				
Corporate Sukuk	753,971	749,713	412,390	469,867
	10,683,491	7,512,842	8,885,657	6,522,926

Included in the financial investments at amortised cost of the Group and the Bank as at 30 September 2024 is Malaysian Government securities set aside as Deferred Net Settlement (DNS) collateral for Retail Payment Settlement in RENTAS amounting to RM65.0 million (31 December 2023: RM60.0 million). Withdrawal and substitution of DNS Collateral is subject to approval by Bank Negara Malaysia (BNM) and Payments Network Malaysia Sdn Bhd (PayNet).

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM1,242,000 impairment allowance for the Group and RM1,021,000 for the Bank as at 30 September 2024 (31 December 2023: RM1,012,000 for the Group and RM779,000 for the Bank).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing

(i) By type

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts/cash line	714,522	480,104	623,303	396,896
Term loans/financing:				
Housing loans/financing	13,900,077	14,319,956	10,249,605	10,662,797
Syndicated term loans/financing	2,358,475	2,515,606	1,076,591	1,136,398
Factoring receivables	2,891,169	2,237,652	2,891,169	2,237,652
Hire purchase receivables	158,595	198,575	–	–
Other term loans/financing	7,697,211	7,998,870	3,639,819	4,024,368
Bills receivable	3,117,496	5,049,206	2,053,783	3,967,309
Trust receipts	4,075,602	3,344,953	3,583,039	2,711,950
Claims on customers under acceptance credits	619,816	911,452	432,513	705,286
Staff loans/financing	39,869	43,066	38,862	41,809
Credit/charge cards	4,053,476	4,085,036	2,861,382	2,832,522
Revolving financing	5,878,253	6,000,696	4,018,464	4,100,741
Other loans/financing	9,175	10,187	6,511	7,554
Gross loans, advances and financing ^[1]	45,513,736	47,195,359	31,475,041	32,825,282
Less: - Impairment allowances	(694,632)	(817,033)	(409,977)	(468,167)
Total net loans, advances and financing	44,819,104	46,378,326	31,065,064	32,357,115

^[1] Included in gross loans, advances and financing of the Bank are Syndicated Investment Account for Financing/Investment Agency Account (SIAF/IAA) financing which are disclosed as 'Asset Under Management' in the financial statements of HBMS. SIAF/IAA arrangement is with the Bank's wholly owned subsidiary, HBMS, and the contract is based on the Wakalah principle where the Bank, solely or together with other financial institutions provide the funds, whilst the assets are managed by HBMS (as the Wakeel or agent). However, in the arrangement, the profits of the underlying assets are recognised by the Bank proportionately in relation to the funding it provides in the syndication arrangement. At the same time, risks on the financing are also proportionately borne by the Bank. Hence, the underlying assets and allowances for impairment arising thereon, if any, are proportionately recognised and accounted for by the Bank. These comprise of the following types of financing:

	<i>Bank</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Syndicated term financing	402,509	513,482
Other term financing	583,287	708,645
Revolving financing	770,392	770,403
Trade financing	17,005	19,908
Gross loans, advances and financing	1,773,193	2,012,438
Less: - Impairment allowances	(96,392)	(96,432)
Total net loans, advances and financing	1,676,801	1,916,006

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing (Cont'd)

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	699,311	673,327	433,444	532,950
Domestic business enterprises:				
Small medium enterprises	2,722,508	2,993,488	1,770,364	1,894,838
Others	18,194,733	17,214,467	12,876,789	11,865,359
Government and statutory bodies	386	–	386	–
Individuals	17,128,818	17,733,765	11,801,930	12,270,935
Other domestic entities	826	965	283	311
Foreign entities/individuals	6,767,154	8,579,347	4,591,845	6,260,889
	45,513,736	47,195,359	31,475,041	32,825,282

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	22,928,684	24,568,425	16,925,533	18,422,777
More than one year to three years	2,872,571	3,412,773	1,611,561	1,804,709
More than three years to five years	3,281,536	2,434,908	1,297,461	736,735
More than five years	16,430,945	16,779,253	11,640,486	11,861,061
	45,513,736	47,195,359	31,475,041	32,825,282

(iv) By interest/profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Hire purchase receivables	158,595	198,575	–	–
Other fixed rate loans/financing	12,926,968	14,396,455	9,420,026	10,625,782
Variable rate:				
Base Rate/Base Lending/Financing Rate	14,665,977	15,753,603	10,845,277	11,610,123
Cost-plus	17,762,196	16,846,726	11,209,738	10,589,377
	45,513,736	47,195,359	31,475,041	32,825,282

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing (Cont'd)

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	34,281	30,771	30,341	25,233
Mining and quarrying	222,093	275,485	193,716	212,864
Manufacturing	7,942,377	7,607,033	6,348,148	6,054,667
Electricity, gas and water	310,325	286,538	241,010	223,925
Construction	2,162,715	2,390,637	1,182,386	1,352,555
Real estate	2,048,026	2,193,557	821,401	925,337
Wholesale & retail trade and restaurants & hotels	3,990,959	3,790,455	2,991,882	2,678,977
Transport, storage and communication	1,086,055	661,965	802,301	398,915
Finance, insurance and business services	3,284,350	3,199,267	2,261,872	2,247,449
Household-retail	19,734,092	20,348,184	13,936,130	14,425,256
Others	4,698,463	6,411,467	2,665,854	4,280,104
	45,513,736	47,195,359	31,475,041	32,825,282

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	13,919,751	14,341,726	10,269,041	10,684,317
Non residential	974,006	1,090,122	477,230	526,402
Purchase of securities	2,071	2,284	2,071	2,284
Purchase of transport vehicles	15,252	16,019	14,569	15,241
Purchase of fixed assets excluding land & building	159,105	198,979	–	–
Consumption credit	5,598,115	5,766,471	3,584,523	3,649,043
Construction	1,708,987	1,843,209	1,032,247	1,211,416
Working capital	18,901,775	17,921,155	13,564,921	12,579,545
Other purpose	4,234,674	6,015,394	2,530,439	4,157,034
	45,513,736	47,195,359	31,475,041	32,825,282

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17 Loans, Advances and Financing (Cont'd)

(vii) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Northern Region	6,270,660	6,076,304	5,029,397	4,727,293
Southern Region	6,286,772	6,169,065	4,476,079	4,405,066
Central Region	31,705,997	33,620,232	20,981,609	22,647,971
Eastern Region	1,250,307	1,329,758	987,956	1,044,952
	45,513,736	47,195,359	31,475,041	32,825,282

Concentration by location for loans, advances and financing is based on the location of branches where facilities were captured.

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

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

The Central region consists of the state of Selangor, the Federal Territory of Kuala Lumpur and the Federal Territory of Putrajaya.

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

18 Impaired Loans, Advances and Financing

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

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January	1,805,575	2,769,319	1,192,126	1,797,388
Transfer within stages	(29,049)	(281,489)	(21,025)	(226,926)
Net changes in risk parameters - further repayments	(51,112)	(248,391)	(44,832)	(133,100)
Written-off	(151,329)	(433,864)	(74,137)	(245,236)
Gross carrying amount as at 30 September	1,574,085	1,805,575	1,052,132	1,192,126

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(ii) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	3,536	6,707	3,535	6,255
Manufacturing	11,224	22,502	7,780	12,950
Electricity, gas and water	60,838	58,509	8,424	–
Construction	71,923	70,493	58,529	60,226
Real estate	60,313	80,488	60,313	77,242
Wholesale & retail trade, restaurants & hotels	20,554	22,734	11,279	13,321
Transport, storage and communication	4,490	3,706	3	525
Finance, insurance and business services	102,607	106,805	102,605	102,764
Household-retail	1,238,537	1,433,631	799,601	918,843
Others	63	–	63	–
	1,574,085	1,805,575	1,052,132	1,192,126

(iii) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Purchase of property:				
Residential	831,251	994,204	585,305	696,638
Non residential	13,305	21,214	11,663	13,720
Purchase of fixed assets excluding land & building	5,468	6,245	–	–
Consumption credit	404,407	435,932	213,059	220,837
Construction	36,257	40,121	34,652	35,276
Working capital	283,397	307,859	207,453	225,655
	1,574,085	1,805,575	1,052,132	1,192,126

(iv) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Northern Region	163,867	199,380	130,140	159,400
Southern Region	211,085	264,263	168,761	212,448
Central Region	1,153,734	1,289,809	713,800	778,893
Eastern Region	45,399	52,123	39,431	41,385
	1,574,085	1,805,575	1,052,132	1,192,126

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances

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

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total
	12-month ECL not credit impaired RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group				
Balance at 1 January 2024	78,954	220,552	517,527	817,033
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	63,793	(54,764)	(9,029)	–
- Transferred to stage 2	(8,741)	14,953	(6,212)	–
- Transferred to stage 3	(497)	(7,599)	8,096	–
New financial assets originated or purchased	12,122	–	–	12,122
Net remeasurement due to changes in credit risk and assets derecognised	(80,371)	5,451	103,136	28,216
Asset written-off	–	–	(151,329)	(151,329)
Others	–	–	(11,410)	(11,410)
Balance at 30 September 2024	65,260	178,593	450,779	694,632
Balance at 1 January 2023	68,437	155,477	883,670	1,107,584
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	89,662	(45,886)	(43,776)	–
- Transferred to stage 2	(7,162)	22,559	(15,397)	–
- Transferred to stage 3	(546)	(5,244)	5,790	–
New financial assets originated or purchased	18,704	–	–	18,704
Net remeasurement due to changes in credit risk and assets derecognised	(90,141)	93,646	124,496	128,001
Asset written-off	–	–	(433,864)	(433,864)
Others	–	–	(3,392)	(3,392)
Balance at 31 December 2023	78,954	220,552	517,527	817,033

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

Total ECL allowances decreased by RM122.4 million for the Group compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written off (RM151.3 million), partially offset by remeasurement due to changes in credit risk and assets derecognised (RM28.2 million) and new financial assets originated or purchased (RM12.1 million).

- 12-month ECL not credit impaired (stage 1) – decreased by RM13.7 million for the Group, mainly from remeasurement due to changes in credit risk based on HSBC Group's model and assets derecognised, partially offset by net migration of loans, advances and financing from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (stage 2) – decreased by RM42.0 million for the Group, mainly from net migration of loans, advances and financing to stages 1 and 3, partially offset by remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM66.7 million for the Group, primarily from asset written-off, and net migration of loans, advances and financing to stages 1 and 2, partially offset by remeasurement due to changes in credit risk and assets derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances (Cont'd)

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL not credit impaired	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Bank	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	45,178	103,335	319,654	468,167
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	29,384	(23,440)	(5,944)	–
- Transferred to stage 2	(4,762)	8,251	(3,489)	–
- Transferred to stage 3	(259)	(4,002)	4,261	–
New financial assets originated or purchased	8,045	–	–	8,045
Net remeasurement due to changes in credit risk and assets derecognised	(39,830)	(9,841)	60,587	10,916
Asset written-off	–	–	(74,137)	(74,137)
Others	–	–	(3,014)	(3,014)
Balance at 30 September 2024	37,756	74,303	297,918	409,977
Balance at 1 January 2023	35,476	82,333	487,453	605,262
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	58,623	(28,894)	(29,729)	–
- Transferred to stage 2	(3,227)	12,182	(8,955)	–
- Transferred to stage 3	(167)	(2,546)	2,713	–
New financial assets originated or purchased	10,994	–	–	10,994
Net remeasurement due to changes in credit risk and assets derecognised	(56,521)	40,260	117,622	101,361
Asset written-off	–	–	(245,236)	(245,236)
Others	–	–	(4,214)	(4,214)
Balance at 31 December 2023	45,178	103,335	319,654	468,167

The total ECL allowances decreased by RM58.2 million for the Bank compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM74.1 million), partially offset by remeasurement due to changes in credit risk and assets derecognised (RM10.9 million) and new financial assets originated or purchased (RM8.0 million).

- 12-month ECL not credit impaired (stage 1) – decreased by RM7.4 million for the Bank mainly contributed by remeasurement due to changes in credit risk based on HSBC Group's model and assets derecognised, partially offset by net migration of loans and advances from stages 2 and 3 due to improved credit quality and new financial assets originated or purchased.
- Lifetime ECL not credit-impaired (stage 2) – decreased by RM29.0 million for the Bank, mainly due to net migration of loans and advances to stages 1 and 3 and remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL credit-impaired (stage 3) – decreased by RM21.7 million, primarily from asset written-off and net migration of loans and advances to stages 1 and 2, partially offset by remeasurement due to changes in credit risk and assets derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances movement (Cont'd)

(ii) Movements in ECL allowances for loan commitments

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL not credit impaired RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Group				
Balance at 1 January 2024	9,569	7,228	72,844	89,641
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	744	(744)	-	-
- Transferred to stage 2	(264)	264	-	-
- Transferred to stage 3	(7)	-	7	-
New financial assets originated or purchased	737	-	-	737
Net remeasurement due to changes in credit risk and assets derecognised	(967)	(2,110)	(9,483)	(12,560)
Others	-	-	(4,288)	(4,288)
Balance at 30 September 2024	9,812	4,638	59,080	73,530
Balance at 1 January 2023	3,856	13,728	27,019	44,603
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	1,775	(1,775)	-	-
- Transferred to stage 2	(88)	88	-	-
- Transferred to stage 3	(151)	(16)	167	-
New financial assets originated or purchased	630	-	-	630
Net remeasurement due to changes in credit risk and assets derecognised	2,777	(4,797)	45,658	43,638
Others	770	-	-	770
Balance at 31 December 2023	9,569	7,228	72,844	89,641

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19 ECL allowances movement (Cont'd)

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL not credit impaired RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Bank				
Balance at 1 January 2024	6,836	5,225	45,095	57,156
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	457	(457)	–	–
- Transferred to stage 2	(156)	156	–	–
- Transferred to stage 3	(6)	–	6	–
New financial assets originated or purchased	464	–	–	464
Net remeasurement due to changes in credit risk and assets derecognised	(148)	(2,307)	(5,448)	(7,903)
Others	–	–	(4,366)	(4,366)
Balance at 30 September 2024	7,447	2,617	35,287	45,351
Balance at 1 January 2023	2,220	6,575	2,791	11,586
Changes due to financial assets recognised in the opening balance that have:				
- Transferred to stage 1	658	(658)	–	–
- Transferred to stage 2	(73)	73	–	–
- Transferred to stage 3	(83)	(7)	90	–
New financial assets originated or purchased	362	–	–	362
Net remeasurement due to changes in credit risk and assets derecognised	3,303	(758)	42,214	44,759
Others	449	–	–	449
Balance at 31 December 2023	6,836	5,225	45,095	57,156

For retail portfolio, the split of ECL allowance for drawn amount and provision for undrawn commitments is not available. In accordance to MFRS 7 Financial Instruments disclosure, the provisions for the loans, financing and other credit related commitments for retail portfolio are presented together with the allowance for the drawn loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 Other Assets

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Settlements	422,171	260,245	402,580	253,320
Interest/profit receivable	236,138	188,523	208,056	177,807
Income receivable	57,952	45,305	157,331	50,743
Deposits and prepayments	12,920	6,692	11,182	6,664
Amount due from subsidiary company	–	–	291,394	99,014
Rights of Use (ROU) assets	52,188	50,719	28,375	30,943
Cash collateral	64,011	255,205	64,011	255,205
Other receivables	548,255	353,577	543,924	370,839
	1,393,635	1,160,266	1,706,853	1,244,535

21 Statutory Deposits with Bank Negara Malaysia

The non-interest 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 Investments in Subsidiary Companies

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Investments in Subsidiary Companies				
Unquoted shares, at cost - in Malaysia	–	–	660,021	660,021
Additional Tier 1 USD Wakalah Financing Facility	–	–	501,063	501,063
	–	–	1,161,084	1,161,084

Unquoted shares, at cost - in Malaysia

The subsidiary companies of the Bank are as follows:

<i>Name</i>	<i>Principal activities</i>	<i>Percentage of equity held</i>	
		30 Sep 2024	31 Dec 2023
HSBC Amanah Malaysia Berhad (HBMS)	Islamic banking and related financial services	100%	100%
HSBC (Kuala Lumpur) Nominees Sdn Bhd	Nominees, trustees or agents to receive securities for safe custody and management	100%	100%
HSBC Nominees (Tempatan) Sdn Bhd		100%	100%
HSBC Nominees (Asing) Sdn Bhd		100%	100%

All income and expenditure arising from the activities of subsidiaries which are nominee companies were recognised in the Bank's results, in respect of which the right of recovery has been waived. None of the subsidiaries hold shares in holding company and other related corporations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 Investments in Subsidiary Companies (Cont'd)

Additional Tier 1 USD Wakalah Financing Facility

The Bank subscribed to a USD Wakalah Financing Facility (the Facility) equivalent to RM501 million issued by its subsidiary, HSBC Amanah Malaysia Berhad (HBMS) in August 2022. The Facility qualifies as Additional Tier 1 capital of HBMS as per the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM.

The Facility will be perpetual with no fixed maturity and may be callable at the option of HBMS only after a period of five years, subject to prior approval from BNM. The expected returns generated from the Wakalah investments pursuant to the disbursement of the Facility are payable on a semi-annual basis (at the full discretion of HBMS at all times) at the rate of compounded Secured Overnight Funding 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 in HBMS as per MFRS 132 'Financial instruments: Presentation'.

23 Property Held for Sale

Properties where the Bank has decided to dispose were reclassified from 'Property and Equipment' to 'Property Held for Sale'.

In May 2024, the Bank has completed the disposal of its property in Labuan which was classified as 'Property Held for Sale' in 2023. A gain of RM94,000 and real property gains tax (RPGT) of RM460,000 have been recognised in the profit and loss statement. The property revaluation reserve of the said building of RM4,099,000 has been realised and transferred to retained profits.

During the current year, the Bank has separately reclassified three other properties to 'Property Held for Sale'. The disposal of the properties is expected to be completed within a year of reclassification. These properties were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a property revaluation deficit of RM875,000 in the statement of comprehensive income. Depreciation ceases when the property is classified as property held for sale.

24 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Demand deposits	25,941,722	26,534,021	22,924,539	23,198,935
Savings deposits	15,285,628	15,457,954	12,429,344	12,576,940
Fixed deposits	30,436,975	29,940,724	23,483,258	22,213,269
	71,664,325	71,932,699	58,837,141	57,989,144

The maturity structure of fixed deposits is as follows:

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Due within six months	24,575,532	23,767,823	18,824,501	17,430,562
More than six months to one year	5,022,727	5,252,505	4,074,862	4,134,230
More than one year to three years	546,217	694,873	372,742	486,253
More than three years to five years	292,183	225,500	210,837	162,201
Over five years	316	23	316	23
	30,436,975	29,940,724	23,483,258	22,213,269

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24 Deposits from Customers (Cont'd)

(ii) By type of customer	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	25,244	19,058	12,571	6,858
Business enterprises	27,716,274	29,351,258	24,785,658	25,930,901
Individuals	26,846,848	25,887,033	21,192,423	20,351,486
Foreign entities/individuals	15,179,187	14,922,587	11,776,175	10,894,099
Others	1,896,772	1,752,763	1,070,314	805,800
	71,664,325	71,932,699	58,837,141	57,989,144

25 Deposits and Placements from Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Licensed banks	7,682	48,945	207,687	248,331
Bank Negara Malaysia	187,473	181,674	164,140	165,888
Other financial institutions	3,205,600	2,927,177	3,205,589	2,927,166
	3,400,755	3,157,796	3,577,416	3,341,385

26 Structured Liabilities Designated at Fair Value through Profit or Loss

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Structured liabilities	4,486,091	4,589,420	2,770,461	2,649,922

Structured liabilities are measured at fair value over the life of the instruments. Structured liabilities are customer placements with embedded derivatives, of which both interest/profit paid and fair valuation on the structured liabilities are recorded in net (expense)/income from financial investments designated at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
Settlements	915,958	256,083	915,620	251,568
Interest/profit payable	300,172	288,698	230,494	214,527
Deferred income	168,700	188,879	149,368	166,258
Marginal deposit	171,072	209,029	159,816	186,501
Amount due to subsidiary company	–	–	1,738	55,793
Accrued expenses	809,167	859,368	789,803	839,112
Lease liabilities	56,495	54,958	30,697	33,222
Cash collateral	1,626,465	200,860	1,626,465	200,860
Other creditors	1,261,355	1,256,145	1,085,066	983,516
Provisions on loan and credit related commitments; and financial guarantees ^[1]	73,530	89,641	45,351	57,156
	5,382,914	3,403,661	5,034,418	2,988,513

^[1] Refer to Note 19(ii) for movement in provision.

28 Share Capital and Other Equity

	<i>Group and Bank</i>			
	30 Sep 2024		31 Dec 2023	
	Number of Shares ('000)	RM'000	Number of Shares ('000)	RM'000
Share capital, issued and fully paid				
<u>Ordinary shares of RM0.50 each</u>				
At 1 January / 30 September 2024 / 31 December 2023	229,000	1,045,875	229,000	1,045,875
<u>Additional Tier 1 Preference shares of RM1.00 each</u>				
At 1 January	1,500,000	1,500,000	1,500,000	1,500,000
Issued during the financial period	693,000	693,000	–	–
At 30 September 2024/ 31 December 2023	2,193,000	2,193,000	1,500,000	1,500,000
Total share capital and other equity	2,422,000	3,238,875	1,729,000	2,545,875

The Group and the Bank issued non-cumulative and non-convertible redeemable perpetual preference shares. The preference shares qualify as Additional Tier 1 capital of the Group and the Bank as per the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (BNM). Dividend payments are non-cumulative and may be cancelled at the sole discretion of the Group and the Bank. On the occurrence of a trigger event as defined by BNM, the capital instruments will be written down at the point of non-viability. They rank higher than ordinary shares in the event of a wind-up. The capital instrument meets the requirements of equity classification as per MFRS 132.

Issuance date	Nominal value	Issuance cost	Dividend rate
27 June 2022	RM1,500 million	–	3-month KLIBOR plus 36 basis points per annum
11 July 2024	RM 700 million	RM 7 million	3-month KLIBOR plus 50 basis points per annum

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 Net Interest Income

	<i>Group</i>			
	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
Interest income				
Loans and advances				
- Interest income other than from impaired loans	390,097	398,552	1,180,843	1,134,973
- Interest income recognised from impaired loans	7,736	8,785	21,910	25,435
Money at call and deposit placements with financial institutions	160,093	151,237	471,956	448,660
Financial investments at FVOCI	140,441	129,470	407,776	331,817
Financial investments at amortised cost	77,587	41,740	215,799	127,503
	775,954	729,784	2,298,284	2,068,388
Interest expense				
Deposits and placements of banks and other financial institutions	(21,404)	(14,534)	(67,285)	(33,447)
Deposits from customers	(271,532)	(222,355)	(794,524)	(620,519)
Others	(141)	(843)	(1,437)	(2,029)
	(293,077)	(237,732)	(863,246)	(655,995)
Net interest income	482,877	492,052	1,435,038	1,412,393

	<i>Bank</i>			
	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
Interest income				
Loans and advances				
- Interest income other than from impaired loans	390,097	398,552	1,180,843	1,134,973
- Interest income recognised from impaired loans	7,736	8,785	21,910	25,435
Money at call and deposit placements with financial institutions	174,886	165,205	517,692	495,092
Financial investments at FVOCI	140,441	129,470	407,776	331,817
Financial investments at amortised cost	77,587	41,740	215,799	127,503
	790,747	743,752	2,344,020	2,114,820

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 Net Interest Income (Cont'd)

	<i>Bank</i>			
	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
Interest expense				
Deposits and placements of banks and other financial institutions	(23,177)	(16,342)	(72,747)	(40,238)
Deposits from customers	(271,532)	(222,355)	(794,524)	(620,519)
Others	(141)	(843)	(1,437)	(2,029)
	(294,850)	(239,540)	(868,708)	(662,786)
Net interest income	495,897	504,212	1,475,312	1,452,034

30 Net Fee and Commission Income

	<i>Group</i>			
	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
Fee and commission income				
Credit cards	36,872	34,389	109,693	98,869
Service charges and fees	28,409	31,313	93,021	91,102
Fees on credit facilities	17,108	17,684	50,188	53,482
Agency fee	47,054	31,243	149,031	87,066
Others	11,193	8,335	31,066	22,024
	140,636	122,964	432,999	352,543
Fee and commission expense				
Debit/credit cards	(26,123)	(22,516)	(51,749)	(56,047)
Brokerage	(1,039)	(1,003)	(3,068)	(2,934)
Others	(6,655)	(5,712)	(18,106)	(17,026)
	(33,817)	(29,231)	(72,923)	(76,007)
Net fee and commission income	106,819	93,733	360,076	276,536

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Net Fee and Commission Income (Cont'd)

	<i>Bank</i>			
	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
Fee and commission income				
Credit cards	36,872	34,389	109,693	98,869
Service charges and fees	28,409	31,313	93,021	91,102
Fees on credit facilities	17,108	17,684	50,188	53,482
Agency fee	47,054	31,243	149,031	87,066
Others	10,492	7,908	29,389	21,223
	139,935	122,537	431,322	351,742
Fee and commission expense				
Debit/credit cards	(26,123)	(22,516)	(51,749)	(56,047)
Brokerage	(1,039)	(1,003)	(3,068)	(2,934)
Others	(6,655)	(5,712)	(18,106)	(17,026)
	(33,817)	(29,231)	(72,923)	(76,007)
Net fee and commission income	106,118	93,306	358,399	275,735

31 Net Trading Income

	<i>Group</i>			
	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
Realised gains on financial assets/liabilities at FVTPL and other financial instruments	10,660	5,502	14,458	15,439
Net interest income from financial assets at FVTPL	42,407	21,292	139,538	71,165
Net unrealised gains/(losses) on revaluation of financial assets at FVTPL	156	(6,601)	(6,328)	5,142
Net gains/(losses) from dealing in foreign currency				
- Realised	319,432	377,458	659,309	499,293
- Unrealised	1,004,546	(49,849)	952,090	(231,169)
Net (losses)/gains from dealing in derivatives				
- Realised	(3,478)	30,189	(162,945)	46,213
- Unrealised	43,086	(26,095)	195,445	(40,073)
Losses arising from fair value hedges	—	(214)	(557)	(785)
	1,416,809	351,682	1,791,010	365,225

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 Net Trading Income (Cont'd)

	<i>Bank</i>			
	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
Realised gains on financial assets/liabilities at FVTPL and other financial instruments	10,660	5,502	14,458	15,439
Net interest income from financial assets at FVTPL	42,407	21,292	139,538	71,165
Net unrealised gains/(losses) on revaluation of financial assets at FVTPL	156	(6,601)	(6,328)	5,142
Net gains/(losses) from dealing in foreign currency				
- Realised	257,393	379,644	597,415	490,119
- Unrealised	(47,189)	(218,980)	(44,068)	(6,832)
Net (losses)/gains from dealing in derivatives				
- Realised	(4,079)	33,753	(158,608)	57,341
- Unrealised	35,725	(24,457)	172,576	(66,637)
Losses arising from fair value hedges	—	(214)	(557)	(785)
	295,073	189,939	714,426	564,952

Net trading income for the Group is presented in both Note 31 and Note 32. A reconciliation of the net trading income for the Group is as follows:

	<i>Group</i>			
	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
Total net trading income (net of elimination with subsidiary)	323,197	200,449	786,800	621,052
of which:				
- is disclosed in Note 31	1,416,809	351,682	1,791,010	365,225
- is included under Income from Islamic Banking operations of the Group (Note 32)	(1,093,612)	(151,233)	(1,004,210)	255,827

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32 Income from Islamic Banking operations

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

	<i>Group</i>			
	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:				
- depositor funds and others ^[1]	226,345	226,687	682,258	643,011
- shareholders funds	70,019	52,990	193,539	153,763
Total income before allowance for impairment losses on financing and advances	296,364	279,677	875,797	796,774
Income attributable to the depositors	(85,896)	(91,044)	(275,062)	(266,398)
Income from Islamic Banking operations before elimination	210,468	188,633	600,735	530,376
Elimination of intercompany income and expenses	(1,109,643)	(150,293)	(1,038,724)	237,701
Income from Islamic Banking operations reported in statement of profit or loss of the Group ^[2]	(899,175)	38,340	(437,989)	768,077

^[1] Included in income derived from investment of depositors' funds and others are net expenses from financial liabilities designated at fair value through profit or loss for the period ended 30 September:

	(21,755)	(12,304)	(63,700)	(70,900)
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^[2] Included in income from Islamic Banking operations reported in statement of profit or loss of the Group is net trading (loss)/ income for the period ended 30 September:

	(1,093,612)	(151,233)	(1,004,210)	255,827
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33 Other Operating Income

	<i>Group</i>			
	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
Net gain on disposal of financial investments at FVOCI	6,889	–	12,219	–
Dividend income from financial investments at FVOCI (Unquoted in Malaysia)	310	310	1,503	2,553
Rental income	15,125	1,733	20,155	4,349
Net gain on disposal of property and equipment	228	–	925	1,161
Other operating income	4,629	14,962	38,963	41,230
	27,181	17,005	73,765	49,293

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33 Other Operating Income (Cont'd)

	<i>Bank</i>			
	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
Net gain on disposal of financial investments at FVOCI	6,889	–	12,219	–
Dividend income from financial investments at FVOCI (Unquoted in Malaysia)	310	310	1,503	2,553
Dividend income from subsidiary	–	–	53,679	–
Discretionary coupon income on other equity instrument issued by subsidiary	16,677	16,626	35,112	29,109
Rental income	15,125	1,733	20,155	4,349
Net gain on disposal of property and equipment	228	–	925	1,161
Income recharges from subsidiary	47,938	41,588	145,072	118,273
Other operating income	4,629	14,962	38,963	41,230
	91,796	75,219	307,628	196,675

34 Impairment Allowance / (Write-back)

	<i>Group</i>			
	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
New and increased allowance (net of releases)	33,594	7,603	56,036	118,829
Recoveries	(28,658)	(28,190)	(83,414)	(81,511)
Written off	325	213	764	1,983
Total charge to/(write-back from) the statements of profit or loss	5,261	(20,374)	(26,614)	39,301

	<i>Bank</i>			
	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
New and increased allowance (net of releases)	16,108	(2,603)	26,374	35,047
Recoveries	(12,707)	(13,187)	(38,600)	(36,990)
Written off	322	213	724	1,793
Total charge to/(write-back from) the statements of profit or loss	3,723	(15,577)	(11,502)	(150)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 Impairment Allowance / (Write-back) (Cont'd)

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

(i) Loan, advances and financing

	<i>Group</i>			
	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
New and increased allowance (net of releases)	35,593	22,365	67,300	124,912
Recoveries	(28,658)	(28,190)	(83,414)	(81,511)
Written off	325	213	764	1,983
Total charge to/(write-back from) the statements of profit or loss	7,260	(5,612)	(15,350)	45,384

	<i>Bank</i>			
	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
New and increased allowance (net of releases)	18,178	4,463	33,263	35,460
Recoveries	(12,707)	(13,187)	(38,600)	(36,990)
Written off	322	213	724	1,793
Total charge to/(write-back from) the statements of profit or loss	5,793	(8,511)	(4,613)	263

(ii) Deposits and placements with banks and other financial institutions

	<i>Group</i>			
	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
Net release in allowance/provisions	(3)	(81)	(88)	(32)

	<i>Bank</i>			
	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
Net release in allowance/provisions	(2)	(80)	(57)	(47)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34 Impairment Allowance / (Write-back) (Cont'd)

(iii) Debt securities - FVOCI

	<i>Group</i>			
	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
Net increase/(release) in allowance/ provisions	273	(113)	417	(180)

	<i>Bank</i>			
	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
Net increase/(release) in allowance/ provisions	201	(111)	365	(169)

(iv) Financial investments at amortised costs

	<i>Group</i>			
	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
Net (release)/increase in allowance/ provisions	(34)	139	230	302

	<i>Bank</i>			
	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
Net (release)/increase in allowance/ provisions	(39)	192	242	129

(v) Loan commitments and contingencies

	<i>Group</i>			
	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
Net release in allowance/provisions	(2,235)	(14,707)	(11,823)	(6,173)

	<i>Bank</i>			
	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
Net release in allowance/provisions	(2,230)	(7,067)	(7,439)	(326)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Other Operating Expenses

	<i>Group</i>			
	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	167,004	163,672	508,157	495,916
Promotion and marketing related expenses	14,266	11,653	40,706	29,161
Establishment related expenses	40,283	36,307	114,881	99,742
General administrative expenses	38,946	44,175	108,902	119,713
Related company charges	219,619	192,881	657,517	581,774
	480,118	448,688	1,430,163	1,326,306
Personnel expenses				
Salaries, allowances and bonuses	129,463	126,211	393,340	385,998
Employees Provident Fund contributions	22,046	21,675	66,437	66,221
Share based payment	2,494	2,011	8,503	7,556
Others	13,001	13,775	39,877	36,141
	167,004	163,672	508,157	495,916
Establishment related expenses				
Depreciation of property and equipment	13,406	12,224	39,223	37,289
Depreciation of RoU assets	3,499	3,435	10,443	10,048
Amortisation of intangible assets	911	1,454	3,087	4,616
Impairment for intangible asset	–	453	–	453
Information technology cost	4,779	2,983	14,858	10,231
Property and equipment written off	10	444	12	816
General repairs and maintenance	5,363	6,679	15,883	12,779
Utilities	1,580	1,339	4,370	4,100
Others	10,735	7,296	27,005	19,410
	40,283	36,307	114,881	99,742
Related company charges	219,619	192,881	657,517	581,774
Of which by:				
(i) Type of service				
- Information technology related cost	109,774	93,431	346,233	271,239
- Non information technology related cost	109,845	99,450	311,284	310,535
(ii) Countries/territories				
- Hong Kong	144,069	122,219	452,368	371,512
- United Kingdom	37,589	35,882	114,924	105,051
- Malaysia	20,400	18,861	55,625	60,371
- India	13,192	12,044	17,095	34,622
- Others	4,369	3,875	17,505	10,218

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Other Operating Expenses (Cont'd)

	<i>Bank</i>			
	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	157,190	154,261	478,834	466,543
Promotion and marketing related expenses	12,782	8,866	34,111	23,830
Establishment related expenses	35,318	32,418	102,800	88,745
General administrative expenses	33,675	37,971	91,671	101,980
Related company charges	217,873	191,084	652,238	575,186
	456,838	424,600	1,359,654	1,256,284
Personnel expenses				
Salaries, allowances and bonuses	121,596	118,588	370,162	362,816
Employees Provident Fund contributions	20,636	20,321	62,307	62,059
Share based payment	2,467	1,988	8,505	7,458
Others	12,491	13,364	37,860	34,210
	157,190	154,261	478,834	466,543
Establishment related expenses				
Depreciation of property and equipment	12,987	11,667	37,794	35,780
Depreciation of RoU assets	1,981	1,968	5,922	5,683
Amortisation of intangible assets	911	1,454	3,087	4,616
Impairment for intangible asset	–	453	–	453
Information technology cost	4,405	2,472	13,261	8,555
Property and equipment written off	10	444	12	811
General repairs and maintenance	4,949	5,754	14,390	10,449
Utilities	1,302	1,084	3,557	3,407
Others	8,773	7,122	24,777	18,991
	35,318	32,418	102,800	88,745
Related company charges	217,873	191,084	652,238	575,186
Of which by:				
(i) Type of service				
- Information technology related cost	109,774	93,418	346,270	271,221
- Non information technology related cost	108,099	97,666	305,968	303,965
(ii) Countries/territories				
- Hong Kong	144,033	122,208	452,243	371,458
- United Kingdom	37,589	35,851	114,913	104,969
- Malaysia	18,826	17,217	50,820	54,460
- India	13,056	11,939	16,769	34,103
- Others	4,369	3,869	17,493	10,196

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy

	<i>Group</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	8,313,480	9,022,327
Other reserves	844,384	746,690
Regulatory adjustments	(886,658)	(833,065)
Total CET1 capital	9,317,081	9,981,827
Tier 1 capital		
Additional Tier 1 preference shares	2,193,000	1,500,000
Total Tier 1 capital	11,510,081	11,481,827
Tier 2 capital		
Impairment allowance (unimpaired portion) & regulatory reserves	625,690	612,218
Regulatory adjustments	56,746	59,176
Total Tier 2 capital	682,436	671,394
Capital base	12,192,517	12,153,221
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	15.768%	17.452%
Tier 1 Capital ratio	19.479%	20.075%
Total Capital ratio	20.634%	21.249%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	15.768%	16.903%
Tier 1 Capital ratio	19.479%	19.525%
Total Capital ratio	20.634%	20.699%

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

For HBMS, a wholly owned subsidiary of the Bank, the total capital and capital adequacy ratios have been computed in accordance with the BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (CAFIB). HBMS has adopted Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy (Cont'd)

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

	<i>Group</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Total RWA for credit risk ^[1]	50,055,174	48,977,450
Total RWA for market risk	1,879,498	2,212,482
Total RWA for operational risk	7,154,845	6,004,624
	59,089,517	57,194,556

^[1] The risk weighted amount for credit risk relating to the SIAF/IAA (refer to Note17(i) for more details) are as follows:

	<i>Group</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Under SIAF/IAA arrangement	740,458	940,464

	<i>Bank</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	1,045,875	1,045,875
Retained profits	6,316,581	7,133,615
Other reserves	785,884	717,335
Regulatory adjustments	(1,440,857)	(1,439,857)
Total CET1 capital	6,707,483	7,456,968
Tier 1 capital		
Additional Tier 1 preference shares	2,193,000	1,500,000
Regulatory adjustments	(501,063)	(501,063)
Total Tier 1 capital	8,399,420	8,455,905
Tier 2 capital		
Impairment allowance (unimpaired portion) & regulatory reserves	466,791	448,989
Regulatory adjustments	56,746	59,176
Total Tier 2 capital	523,537	508,165
Capital base	8,922,957	8,964,070

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	30 Sep 2024	31 Dec 2023
<u>Before deducting proposed dividend</u>		
CET 1 Capital ratio	14.917%	17.261%
Tier 1 Capital ratio	18.679%	19.573%
Total Capital ratio	19.843%	20.749%
<u>After deducting proposed dividend</u>		
CET 1 Capital ratio	14.917%	16.533%
Tier 1 Capital ratio	18.679%	18.845%
Total Capital ratio	19.843%	20.021%

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

Breakdown of RWA in the various risk categories:

	<i>Bank</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Total RWA for credit risk ^[1]	37,343,289	35,919,082
Total RWA for market risk	1,757,820	2,053,759
Total RWA for operational risk	5,865,752	5,229,007
	44,966,861	43,201,848

^[1] The risk weighted amount for credit risk relating to the SIAF/IAA (refer to Note17(i) for more details) are as follows:

	<i>Bank</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
Under SIAF/IAA arrangement	740,458	940,464

Pursuant to BNM's Guidelines on Capital Adequacy Framework (Capital Component) issued on 9 December 2020 (the Guidelines), the Group and 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 CET1, 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Capital Adequacy (Cont'd)

Group	With Transitional Arrangement (%)	Without Transitional Arrangement (%)
	31 Dec 2023	31 Dec 2023
<u>Before deducting proposed dividend</u>		
CET1 Capital Ratio	17.452%	17.375%
Tier 1 Capital Ratio	20.075%	19.998%
Total Capital Ratio	<u>21.249%</u>	<u>21.172%</u>
<u>After deducting proposed dividend</u>		
CET1 Capital Ratio	16.903%	16.826%
Tier 1 Capital Ratio	19.525%	19.448%
Total Capital Ratio	<u>20.699%</u>	<u>20.622%</u>
Bank		
	With Transitional Arrangement (%)	Without Transitional Arrangement (%)
	31 Dec 2023	31 Dec 2023
<u>Before deducting proposed dividend</u>		
CET1 Capital Ratio	17.261%	17.204%
Tier 1 Capital Ratio	19.573%	19.517%
Total Capital Ratio	<u>20.749%</u>	<u>20.693%</u>
<u>After deducting proposed dividend</u>		
CET1 Capital Ratio	16.533%	16.476%
Tier 1 Capital Ratio	18.845%	18.789%
Total Capital Ratio	<u>20.021%</u>	<u>19.965%</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37 Commitments and Contingencies

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

These commitments and contingencies are not secured over the assets of the Group and of the Bank.

	<i>Group</i>		<i>Bank</i>	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Principal amount	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	547,002	530,256	461,187	496,547
Transaction-related contingent items	12,118,733	11,582,381	10,361,268	9,332,307
Short-term self-liquidating trade-related contingencies	359,242	659,875	185,154	500,020
Forward asset purchases	–	–	–	–
Formal standby facilities and credit lines				
- Maturity not exceeding one year	8,858,209	7,439,408	7,203,784	6,355,292
- Maturity exceeding one year	14,021,793	13,982,358	10,656,405	10,695,256
Other unconditionally cancellable	20,298,013	20,510,762	16,908,599	17,260,641
Unutilised credit card lines	14,090,222	13,366,131	10,759,990	10,061,414
Foreign exchange related contracts:				
- Less than one year	111,364,783	92,291,213	112,606,890	92,457,674
- Over one year to less than five years	5,538,785	5,277,349	5,538,785	5,277,349
- Over five years	250,025	334,593	250,025	334,593
Interest/profit rate related contracts:				
- Less than one year	14,134,113	24,728,621	15,063,849	25,854,970
- Over one year to less than five years	24,691,669	18,684,881	25,382,907	19,497,384
- Over five years	555,350	665,332	555,350	665,332
Gold and other precious metals contracts:				
- Less than one year	6,778	13,252	6,778	13,252
Credit derivatives contracts:				
- Less than one year	245,543	–	163,867	–
Equity related contracts:				
- Less than one year	1,638,107	1,220,865	2,195,486	2,091,734
- Over one year to less than five years	1,446,018	1,924,145	2,213,232	2,628,795
	230,164,385	213,211,422	220,513,556	203,522,560

of which the amount related to SIAF/IAA arrangement (refer to Note17(i) for more details) are as below:

	<i>Bank</i>	
	30 Sep 2024	31 Dec 2023
	RM'000	RM'000
<i>Formal standby facilities and credit lines:</i>		
- Maturity not exceeding one year	–	10,092
- Maturity exceeding one year	162,874	144,048
	162,874	154,140

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 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
Trading derivatives:												
Foreign exchange contracts												
- Forwards	108,124,867	1,089,542	–	109,214,409	3,249,802	66,285	–	3,316,087	3,533,237	17,975	–	3,551,212
- Swaps	2,104,497	4,449,243	250,025	6,803,765	135,377	220,279	12,460	368,116	46,982	149,008	7,467	203,457
- Options	1,135,419	–	–	1,135,419	13,768	–	–	13,768	8,708	–	–	8,708
Interest/profit rate related contracts												
- Options	497,230	305,159	–	802,389	97	533	–	630	1,079	20	–	1,099
- Swaps	13,636,883	24,386,510	555,350	38,578,743	15,440	136,044	12,090	163,574	19,721	128,209	15,241	163,171
Equity related contracts												
- Options	1,638,107	1,446,018	–	3,084,125	19,020	16,291	–	35,311	23,430	12,575	–	36,005
Precious metal contracts												
- Options	6,778	–	–	6,778	–	–	–	–	60	–	–	60
Credit derivatives contracts												
- Forwards	245,543	–	–	245,543	–	–	–	–	–	–	–	–
Total	127,389,324	31,676,472	805,375	159,871,171	3,433,504	439,432	24,550	3,897,486	3,633,217	307,787	22,708	3,963,712

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 Derivative Financial Instruments (Cont'd)

Details of derivative financial instruments outstanding are as follows (Cont'd):

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (Cont'd):

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 31 Dec 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	89,052,940	866,386	–	89,919,326	747,621	18,975	–	766,596	738,391	4,362	–	742,753
- Swaps	2,991,785	4,410,963	334,593	7,737,341	62,134	269,588	8,247	339,969	126,217	163,900	31,882	321,999
- Options	246,488	–	–	246,488	1,077	–	–	1,077	1,407	–	–	1,407
Interest/profit rate related contracts												
- Options	771,054	583,972	–	1,355,026	372	859	–	1,231	7,883	93	–	7,976
- Swaps	22,457,567	18,100,909	665,332	41,223,808	93,728	138,098	11,690	243,516	90,534	140,127	17,506	248,167
Equity related contracts												
- Options	1,220,865	1,924,145	–	3,145,010	161,084	27,646	–	188,730	214,166	39,238	–	253,404
Precious metal contracts												
- Options	13,252	–	–	13,252	269	–	–	269	288	–	–	288
Sub- total	116,753,951	25,886,375	999,925	143,640,251	1,066,285	455,166	19,937	1,541,388	1,178,886	347,720	49,388	1,575,994
Hedging Derivatives:												
Fair Value Hedge												
Interest/profit rate related contracts												
- Swaps	1,500,000	–	–	1,500,000	1,651	–	–	1,651	–	–	–	–
Sub- total	1,500,000	–	–	1,500,000	1,651	–	–	1,651	–	–	–	–
Total	118,253,951	25,886,375	999,925	145,140,251	1,067,936	455,166	19,937	1,543,039	1,178,886	347,720	49,388	1,575,994

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 Derivative Financial Instruments (Cont'd)

Details of derivative financial instruments outstanding are as follows (Cont'd):

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (Cont'd):

Bank	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 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
Trading derivatives:												
Foreign exchange contracts												
- Forwards	109,422,474	1,089,542	–	110,512,016	3,241,069	66,285	–	3,307,354	3,317,175	17,975	–	3,335,150
- Swaps	2,048,997	4,449,243	250,025	6,748,265	130,839	219,390	11,113	361,342	46,982	149,008	7,467	203,457
- Options	1,135,419	–	–	1,135,419	13,768	–	–	13,768	8,708	–	–	8,708
Interest rate related contracts												
- Options	540,232	665,509	–	1,205,741	701	10,125	–	10,826	1,079	20	–	1,099
- Swaps	14,523,617	24,717,398	555,350	39,796,365	15,945	136,161	12,090	164,196	21,013	131,655	15,241	167,909
Equity related contracts												
- Options	2,195,486	2,213,232	–	4,408,718	30,806	34,313	–	65,119	23,521	12,720	–	36,241
Precious metal contracts												
- Options	6,778	–	–	6,778	–	–	–	–	60	–	–	60
Credit derivatives contracts												
- Forwards	163,867	–	–	163,867	–	–	–	–	–	–	–	–
Total	130,036,870	33,134,924	805,375	163,977,169	3,433,128	466,274	23,203	3,922,605	3,418,538	311,378	22,708	3,752,624

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38 Derivative Financial Instruments (Cont'd)

Details of derivative financial instruments outstanding are as follows (Cont'd):

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (Cont'd):

Bank	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 31 Dec 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	89,219,401	866,386	–	90,085,787	744,614	18,975	–	763,589	737,609	4,362	–	741,971
- Swaps	2,991,785	4,410,963	334,593	7,737,341	62,028	269,588	8,228	339,844	126,218	163,900	32,058	322,176
- Options	246,488	–	–	246,488	1,077	–	–	1,077	1,407	–	–	1,407
Interest rate related contracts												
- Options	850,108	922,956	–	1,773,064	372	18,417	–	18,789	7,883	93	–	7,976
- Swaps	23,504,862	18,574,428	665,332	42,744,622	97,403	138,962	11,690	248,055	90,851	143,349	17,506	251,706
Equity related contracts												
- Options	2,091,734	2,628,795	–	4,720,529	188,917	43,099	–	232,016	215,781	39,292	–	255,073
Precious metal contracts												
- Options	13,252	–	–	13,252	269	–	–	269	288	–	–	288
Sub- total	118,917,630	27,403,528	999,925	147,321,083	1,094,680	489,041	19,918	1,603,639	1,180,037	350,996	49,564	1,580,597
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,500,000	–	–	1,500,000	1,651	–	–	1,651	–	–	–	–
Sub- total	1,500,000	–	–	1,500,000	1,651	–	–	1,651	–	–	–	–
Total	120,417,630	27,403,528	999,925	148,821,083	1,096,331	489,041	19,918	1,605,290	1,180,037	350,996	49,564	1,580,597

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39 Performance Review, Economy and Prospects

Performance Review

The Group recorded profit before tax (PBT) of RM1,726.7 million for the financial period ended 30 September 2024, marking an increase of RM264.2 million or 18.1% year-on-year. The increase in PBT is attributed to higher operating income, which amounted to RM3,130.3 million, reflecting a growth of RM302.1 million.

Total assets as at 30 September 2024 has increased by RM5.2 billion or 5.3% to RM102.5 billion (31 December 2023: RM97.4 billion). The Group's capital and liquidity coverage ratios continue to remain strong and well above regulatory requirements.

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 the Bank'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 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. The Bank 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 has been recognised as Malaysia's Best International Bank as part of the prestigious Euromoney Awards for Excellence 2024. The accolade is a testament to our continuous commitment to enhance our offerings and invest in innovation, while prioritising sustainable growth. HSBC Malaysia has also won several other accolades, including, "Digital Bank of the Year" as part of The Asset Triple A Digital Awards 2024 and "Best Bank for Sustainable Finance – International" as part of The Asset Triple A Sustainable Finance Awards 2024.

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

At HSBC Malaysia, we remain committed to facilitating international trade and investment, preserving and growing wealth across generations, and contributing to Malaysia's journey.