UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 JUNE 2024

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

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Assets		0.407.404	0.550.000
Cash and short-term funds	11	2,187,161	3,552,662
Reverse sell and buy back agreement		119,367	117,102
Deposits and placements with banks and			
other financial institutions	12	200,000	200,000
Financial assets at fair value through	40	00.400	
profit and loss (FVTPL)	13	98,130	_
Financial investments at fair value through other		4 0 4 0 4 0 4	4 057 000
comprehensive income (FVOCI)	14	1,646,494	1,857,289
Financial investments at amortised cost	15	1,813,662	989,916
Financing and advances	16	14,229,545	14,021,211
Derivative financial assets	19	52,588	100,435
Other assets	20	414,430	126,176
Statutory deposits with Bank Negara Malaysia	21	240,676	242,261
Equipment		4,300	4,740
Deferred tax assets		50,635	39,848
Total assets	_	21,056,988	21,251,640
Liabilities			
Deposits from customers	22	13,845,511	13,943,576
Deposits and placements from banks and			
other financial institutions	23	1,302,395	1,474,999
Structured liabilities designated at fair value			
through profit or loss (FVTPL)	24	1,807,675	1,939,498
Bills payable		39,857	10,288
Derivative financial liabilities	19	92,445	158,083
Other liabilities	25	693,122	625,593
Provision for taxation		68,262	20,473
Total liabilities	_	17,849,267	18,172,510
Equity			
Share capital and other equity	26	1,161,063	1,161,063
Reserves		2,046,658	1,918,067
Total equity attributable to owner of the Bank	_	3,207,721	3,079,130
Total liabilities and equity		21,056,988	21,251,640
Total national and oquity		21,000,000	21,201,010
Restricted investment accounts [1]		2,519,610	2,415,224
Total Islamic Banking asset [1]	_	23,576,598	23,666,864
Commitments and contingencies	34	40,523,657	32,551,244

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

		Second	Quarter	Six Month	าร Ended	
		30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023	
	Note	RM'000	RM'000	RM'000	RM'000	
Income derived from investment of						
depositors' funds and others	27	228,716	215,777	455,913	416,324	
Income derived from investment of		•		•		
shareholder's funds	28	63,901	52,225	123,520	100,773	
Impairment (provision)/write-back	29	(2,491)	1,469	16,650	(44,248)	
Total distributable income		290,126	269,471	596,083	472,849	
Income attributable to depositors	30	(93,130)	(90,439)	(189,166)	(175,354)	
Total net income		196,996	179,032	406,917	297,495	
Operating expenses	31	(76,670)	(64,576)	(144,874)	(123,202)	
Profit before tax		120,326	114,456	262,043	174,293	
Tax expense		(28,969)	(27,906)	(64,114)	(42,746)	
Profit for the financial period		91,357	86,550	197,929	131,547	
Profit attributable to the owner of the Bank		91,357	86,550	197,929	131,547	
Basic earnings per RM0.50 ordinary share		91.4 sen	86.6 sen	197.9 sen	131.5 sen	
Dividends per RM0.50 ordinary share (net)						
- final dividend paid in respect of prior period		53.7 sen		53.7 sen		

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	Second	Quarter	Six Months Ended		
	30 Jun 2024			30 Jun 2023	
	RM'000	RM'000	RM'000	RM'000	
Profit for the financial period	91,357	86,550	197,929	131,547	
Other comprehensive income/(expense)					
Items that will not be reclassified to profit or loss					
Own credit reserves:					
Change in fair value	2,893	(5,242)	914	(6,171)	
Income tax effect	(694)	1,258	(219)	1,481	
Items that will subsequently be reclassified to profit or loss when specific conditions are met:					
Fair value through other comprehensive income reserve:					
Change in fair value	1,958	(1,387)	2,833	6,433	
Impairment charges/(write-back)	_	44	(20)	(9)	
Income tax effect	(470)	333	(680)	(1,544)	
Other comprehensive income/(expense) for					
the financial period, net of income tax	3,687	(4,994)	2,828	190	
Total comprehensive income for the financial period	95,044	81,556	200,757	131,737	
Total comprehensive income attributable					
to the owner of the Bank	95,044	81,556	200,757	131,737	

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

			Non-distri	butable			Distributable	
		Other		Own	Capital			
	Share	equity	FVOCI	credit	contribution	Regulatory	Retained	Total
	capital	instrument	reserve	reserve	reserve	reserve	profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024								
Balance at 1 January	660,000	501,063	(2,315)	(4,507)	377	35,800	1,888,712	3,079,130
Profit for the financial period	-	_	_	-	-	-	197,929	197,929
Other comprehensive income, net of tax								
FVOCI reserve/Own Credit reserve								
Net change in fair value	-	-	2,153	695	_	_	_	2,848
Impairment write-back	-	-	(20)	_	_	_	_	(20)
Total other comprehensive income/(expense)			2,133	695	_		_	2,828
Total comprehensive income/(expense) for the financial period	_	_	2,133	695	_	_	197,929	200,757
Net change in regulatory reserves	_	-	-	-	-	27,600	(27,600)	-
Transactions with the owner, recorded directly in equity								
Share based payment transactions	_	_	_	_	26	_	(78)	(52)
Discretionary coupon on other equity instruments	_	_	_	_	_	_	(18,435)	(18,435)
Dividends paid to owner - 2023 final	_	_	_	_	_	_	(53,679)	(53,679)
Balance at 30 June	660,000	501,063	(182)	(3,812)	403	63,400	1,986,849	3,207,721

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

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

			Noi	n-distributa	able		Distributable	
		Other		Own	Capital			
	Share	equity	FVOCI	credit	contribution	Regulatory	Retained	Total
	capital	instrument	reserve	reserve	reserve	reserve	profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Balance at 1 January	660,000	501,063	(9,829)	(5,131)	491	73,800	1,521,961	2,742,355
Profit for the financial period	_	_	_	_	_	_	131,547	131,547
Other comprehensive income, net of tax								
FVOCI reserve/Own Credit reserve								
Net change in fair value	-	-	4,889	(4,690)	_	_	_	199
Impairment write-back		_	(9)	_	_	_	_	(9)
Total other comprehensive income/(expense)	_	_	4,880	(4,690)	_	_	_	190
Total comprehensive income/(expense) for the financial period	_	_	4,880	(4,690)	_	_	131,547	131,737
Net change in regulatory reserves	_	_	_	_	_	(41,400)	41,400	-
Transactions with the owner, recorded directly in equity								
Share based payment transactions	_	_	_	_	(61)	_	7	(54)
Discretionary coupon on other equity instruments							(12,483)	(12,483)
Balance at 30 June	660,000	501,063	(4,949)	(9,821)	430	32,400	1,682,432	2,861,555

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	30 Jun 2024 RM'000	30 Jun 2023 RM'000
Profit for the financial period	262,043	174,293
Adjustments for non-operating and non-cash items	38,562	30,848
Operating profit before working capital changes	300,605	205,141
Changes in working capital:		
Net changes in operating assets	(563,439)	745,248
Net changes in operating liabilities	(407,600)	(502,600)
Income tax paid	(28,118)	(55,403)
Net cash (used in)/generated from operating activities	(698,552)	392,386
Net cash used in investing activities	(594,835)	(1,253,467)
Net cash used in financing activities	(72,114)	(22,716)
	(666,949)	(1,276,183)
Net changes in cash and cash equivalents	(1,365,501)	(883,797)
Cash and cash equivalents at 1 January	3,552,662	4,930,875
Cash and cash equivalents at 30 June	2,187,161	4,047,078
Analysis of cash and cash equivalents		
Cash and short-term funds	2,187,161	4,047,078

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

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

Changes in liabilities arising from financing activities

2024

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

	At 1 January RM'000	Cash outflow RM'000	Fair value movement RM'000	Profit accrual RM'000	At 30 June RM'000
2023 Multi-Currency Sukuk Programme Other Liabilities of which:	504,771	_	(3,139)	-	501,632
Profit paid on Multi-Currency Sukuk Programme	5,301	(10,233)	_	10,174	5,242
	510,072	(10,233)	(3,139)	10,174	506,874

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023 and the accompanying explanatory notes on pages 8 to 36 attached to the unaudited condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

HSBC Amanah Malaysia Berhad (the Bank) is a licensed Islamic Bank under the Islamic Financial Services Act, 2013. The principal activities of the Bank are Islamic banking and related financial services.

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

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

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

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 17 July 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 June 2024 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS) 134 'Interim Financial Reporting', International Accounting Standard 34 'Interim Financial Reporting' and Bank Negara Malaysia (BNM) requirements on Shariah related disclosures.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial period ended 31 December 2023.

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

The accounting policies, presentation, significant estimates and judgements adopted by the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following Amendments to MFRSs which are effective during the current financial period:

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

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

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

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

2 Basis of Preparation (Cont'd)

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

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

Effective for annual periods commencing on or after 1 January 2025

· Amendments to MFRS 121 on 'Lack of Exchangeability'

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

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

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

Effective for annual periods commencing on or after 1 January 2027

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

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

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

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

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

3 Functional and Presentation of Currency

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

4 Auditors' Report On Preceding Annual Financial Statements

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

5 Seasonal or Cyclical Factors

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

6 Unusual Items Due to Their Nature, Size or Incidence

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

7 Changes in Estimates

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

8 Debt and Equity Securities

There were no other issuances, cancellations, repurchases, resale or repayment of other debt or equity securities during the financial period ended 30 June 2024.

9 Dividend

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

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

10 Significant and Subsequent Events

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

11 Cash and Short-Term Funds

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Cash and balances with banks and other financial institutions	182,004	197,382
Money at call and interbank placements maturing within one month	2,005,157	3,355,280
	2,187,161	3,552,662

Money at call and interbank placements maturing within one month is within stage 1 allocation (12-month ECL) with RM4,000 impairment allowance as at 30 June 2024 (31 December 2023: RM9,000).

12 Deposits and Placements with Banks and Other Financial Institutions

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Licensed bank - parent company	200,000	200,000

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

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

		30 Jun 2024 RM'000	31 Dec 2023 RM'000
	Money market instruments:		
	Malaysian Government Islamic treasury bills	98,130	_
14	Financial Investments at Fair Value through Other Comprehensi	ive Income (FVOCI)	
		30 Jun 2024 RM'000	31 Dec 2023 RM'000
	Money market instruments:		
	Malaysian Government Islamic Sukuk	1,261,538	471,182
	Malaysian Government Islamic treasury bills	384,956	1,386,107
		1,646,494	1,857,289
	Financial investments at FVOCI are within stage 1 allocation (12-allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in the maturity structure of money market instruments held as FVOCI is	00). The carrying amourment allowance is recuthe statement of financial	ount of financial ognised in other
	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in t	00). The carrying amourment allowance is recuthe statement of financial	ount of financial ognised in other
	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years	00). The carrying amounted the statement of financials as follows: 1,295,899 100,870	ount of financial ognised in other all position.
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years	00). The carrying amounted the statement of financials as follows: 1,295,899 100,870 249,725	ount of financial ognised in other al position. 1,857,289
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years More than three years to five years	00). The carrying amounted the statement of financials as follows: 1,295,899 100,870 249,725	ount of financial ognised in other al position. 1,857,289
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years More than three years to five years	00). The carrying amount allowance is recomment allowance is recommendate statement of financials as as follows: 1,295,899 100,870 249,725 1,646,494 30 Jun 2024	ount of financial ognised in other all position. 1,857,289 1,857,289 31 Dec 2023
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years More than three years to five years Financial Investments at Amortised Cost	00). The carrying amount allowance is recomment allowance is recommendate statement of financials as as follows: 1,295,899 100,870 249,725 1,646,494 30 Jun 2024	ount of financial ognised in other all position. 1,857,289 1,857,289 31 Dec 2023
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years More than three years to five years Financial Investments at Amortised Cost Debt instruments	00). The carrying amount allowance is recomment allowance is recommendate statement of financials as as follows: 1,295,899 100,870 249,725 1,646,494 30 Jun 2024	ount of financial ognised in other all position. 1,857,289 1,857,289 31 Dec 2023
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years More than three years to five years Financial Investments at Amortised Cost Debt instruments Money market instruments: Malaysian Government Islamic Sukuk Unquoted:	30 Jun 2024 RM'000	1,857,289 1,857,289 1,857,289 31 Dec 2023 RM'000
15	allowance as at 30 June 2024 (31 December 2023: RM110,00 investments at FVOCI is equivalent to their fair value. The impair comprehensive income and does not reduce the carrying amount in to the maturity structure of money market instruments held as FVOCI is Maturing within one year More than one year to three years More than three years to five years Financial Investments at Amortised Cost Debt instruments Money market instruments: Malaysian Government Islamic Sukuk	30 Jun 2024 RM'000	1,857,289 1,857,289 1,857,289 31 Dec 2023 RM'000

Financial investments at amortised cost are within stage 1 allocation (12-month ECL) with RM217,000 impairment allowance as at 30 June 2024 (31 December 2023: RM 233,000).

16 Financing and Advances

(i)	By type and Shariah contracts	
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, by type and charlan contracts					
	Sale-based	Lease-based	Equity-based		
At amortised cost	contracts	contracts	contracts		
	Commodity	ljarah Thumma	Diminishing	Ujrah	Total
	Murabahah	Al-Bai	Musharakah		
30 Jun 2024	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	82,753	-	_	_	82,753
Term financing:					
House financing	_	_	3,606,691	_	3,606,691
Hire purchase receivables	-	167,565	_	_	167,565
Syndicated term financing	1,376,868	_	-	_	1,376,868
Other term financing	3,430,338	_	655,271	_	4,085,609
Trust receipts	781,665	-	_	_	781,665
Claims on customers under acceptance credits	190,734	_	_	_	190,734
Bills receivables	948,788	_	_	_	948,788
Staff financing-i	695	_	242	_	937
Credit cards-i	_	_	_	1,184,077	1,184,077
Revolving financing	2,099,924	_	_	_	2,099,924
Other financing			2,623		2,623
Gross financing and advances	8,911,765	167,565	4,264,827	1,184,077	14,528,234
Less: Impairment allowance				_	(298,689)
Total net financing and advances				_	14,229,545

16 Financing and Advances (Cont'd)

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

	Sale-based	Lease-based	Equity-based		
	contracts	contracts	contracts		
	Commodity	ljarah Thumma	Diminishing	Ujrah	Total
	Murabahah	Al-Bai	Musharakah		
31 Dec 2023	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line-i	83,208	_	_	_	83,208
Term financing:					
House financing	_	_	3,657,159	_	3,657,159
Hire purchase receivables	_	198,575	_	_	198,575
Syndicated term financing	1,379,208	_	_	_	1,379,208
Other term financing	3,272,971	_	701,531	_	3,974,502
Trust receipts	633,003	_	_	_	633,003
S	206,166	_	_	_	206,166
Bills receivables	1,081,897	_	_	_	1,081,897
Staff financing-i	1,008	_	249	_	1,257
Credit cards-i	_	_	_	1,252,514	1,252,514
Revolving financing	1,899,955	_	_	_	1,899,955
Other financing		<u> </u>	2,633		2,633
Gross financing and advances	8,557,416	198,575	4,361,572	1,252,514	14,370,077
Less: Impairment allowance				_	(348,866)
Total net financing and advances					14,021,211

16 Financing and Advances (Cont'd)

(ii)	By type of customer	30 Jun 2024 RM'000	31 Dec 2023 RM'000
	Domestic non-bank financial institutions Domestic business enterprises:	258,362	140,377
	Small medium enterprises Others Individuals Other domestic entities Foreign entities/individuals	1,019,449 5,661,006 5,306,530 598 2,282,289 14,528,234	1,098,650 5,349,108 5,462,830 654 2,318,458 14,370,077
(iii)	By profit rate sensitivity	30 Jun 2024 RM'000	31 Dec 2023 RM'000
	Fixed rate: Hire purchase receivables Other financing Variable rate:	167,565 5,436,185	198,575 3,770,673
	Base Rate/Base Financing Rate Cost-plus	3,931,327 4,993,157 14,528,234	4,143,480 6,257,349 14,370,077
(iv)	By residual contractual maturity	30 Jun 2024 RM'000	31 Dec 2023 RM'000
	Maturing within one year More than one year to three years More than three years to five years Over five years	6,457,601 1,300,104 2,040,898 4,729,631 14,528,234	6,145,648 1,608,064 1,698,173 4,918,192 14,370,077

16 Financing and Advances (Cont'd)

(v)	By sector		
		30 Jun 2024	31 Dec 2023
		RM'000	RM'000
	Agriculture, hunting, forestry & fishing	4,701	5,538
	Mining and quarrying	49,376	62,621
	Manufacturing	1,679,058	1,552,366
	Electricity, gas and water	64,138	62,613
	Construction	1,049,121	1,038,082
	Real estate	1,229,515	1,268,220
	Wholesale & retail trade, restaurants & hotels	1,193,613	1,111,478
	Transport, storage and communication	270,915	263,050
	Finance, takaful and business services	1,073,450	951,818
	Household - Retail	5,763,096	5,922,928
	Others	2,151,251	2,131,363
		14,528,234	14,370,077
	D		
(vi)	By purpose	30 Jun 2024	31 Dec 2023
		RM'000	RM'000
	Purchase of landed property:		
	Residential	3,606,934	3,657,409
	Non-residential	518,068	563,720
	Purchase of transport vehicles	590	778
	Purchase of fixed assets excluding land & building	168,076	198,979
	Consumption credit	2,015,782	2,117,428
	Construction	740,589	631,793
	Working capital	5,652,472	5,341,610
	Other purpose	1,825,723	1,858,360
		14,528,234	14,370,077

16 Financing and Advances (Cont'd)

(vii) By geographical distribution		
	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Northern Region	1,352,501	1,349,011
Southern Region	1,767,000	1,763,999
Central Region	11,138,098	10,972,261
Eastern Region	270,635	284,806
	14,528,234	14,370,077

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

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

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

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

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

(viii) Assets under Management

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

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Total gross financing and advances Less: Impairment allowance	2,551,867 (96,811)	2,357,883 (96,799)
Total net financing and advances	2,455,056	2,261,084
Maturity not exceeding one year Maturity exceeding one year	15,506 49,048	10,092 144,048
Total commitments and contingencies	64,554	154,140
Total restricted investment accounts	2,519,610	2,415,224
Risk weighted assets (RWA) of restricted investment accounts	1,424,215	1,285,909

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

The recognition and derecognition treatments of the above are in accordance to Note 3(f) on financial instruments in the audited financial statements of the Bank for the financial year ended 31 December 2023.

17 Impaired Financing

(i)	Gross carrying	g amount movement	of financing an	nd advances c	lassified as credit	impaired:
1''/	Oross currying	g annount movement	. Or minarioning an	ia aavaiiocs o	nassilica as olcan	. IIIIpaii ca.

30 Jun 2024	31 Dec 2023
RM'000	RM'000
613,449	971,931
2,957	(54,563)
(11,162)	(115,291)
(54,062)	(188,628)
551,182	613,449
30 Jun 2024	31 Dec 2023
RM'000	RM'000
5,468	6,246
257,507	277,370
280,438	318,097
7,769	11,736
551,182	613,449
30 Jun 2024	31 Dec 2023
RM'000	RM'000
453	452
8,092	9,552
60,176	58,509
5,618	10,267
-	3,246
7,366	9,413
2,921	3,181
2,935	4,041
463,621	514,788
	8M'000 613,449 2,957 (11,162) (54,062) 551,182 30 Jun 2024 RM'000 5,468 257,507 280,438 7,769 551,182 30 Jun 2024 RM'000 453 8,092 60,176 5,618 - 7,366 2,921 2,935 463,621

17 Impaired Financing (Cont'd)

(iv)	By purpose		
		30 Jun 2024	31 Dec 2023
		RM'000	RM'000
	Purchase of landed property:		
	Residential	266,332	297,566
	Non-residential	1,956	7,494
	Purchase of fixed assets excluding land & building	6,075	6,245
	Consumption credit	195,699	215,095
	Construction	2,606	4,845
	Working capital	78,514	82,204
		551,182	613,449
(v)	By geographical distribution		
		30 Jun 2024	31 Dec 2023
		RM'000	RM'000
	Northern Region	37,297	39,980
	Southern Region	49,494	51,815
	Central Region	457,739	510,916
	Eastern Region	6,652	10,738
	<u>-</u>	551,182	613,449

18 Expected credit losses allowance charges (ECL)

(i) Movements in ECL allowances for financing and advances

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

	Stage 1	Stage 2	Stage 3	
	12-	Lifetime		
	month ECL	ECL	Lifetime	
	not credit	not credit	ECL credit	-
	impaired	impaired	impaired	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	33,776	117,217	197,873	348,866
Changes due to financial assets recognised in				
the opening balance that have:				
- Transferred to stage 1	35,073	(32,528)	(2,545)	_
- Transferred to stage 2	(4,192)	6,062	(1,870)	_
- Transferred to stage 3	(179)	(5,098)	5,277	_
New financial assets originated or purchased	6,476	_	_	6,476
Net remeasurement due to changes in credit risk	,			(2.2-2)
and assets derecognised	(36,599)	6,299	27,048	(3,252)
Asset written-off	_	_	(54,062)	(54,062)
Others			661	661
Balance at 30 June 2024	34,355	91,952	172,382	298,689
Balance at 1 January 2023	32,961	73,144	396,217	502,322
Changes due to financial assets recognised in				
the opening balance that have:				
- Transferred to stage 1	31,039	(16,992)	(14,047)	_
- Transferred to stage 2	(3,935)	10,377	(6,442)	_
- Transferred to stage 3	(379)	(2,698)	3,077	_
New financial assets originated or purchased	7,710	_	_	7,710
Net remeasurement due to changes in credit risk and assets derecognised	(33,620)	53,386	6,874	26,640
Asset written-off	_	_	(188,628)	(188,628)
Others	_	_	822	822
Balance at 31 December 2023	33,776	117,217	197,873	348,866

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

The total ECL allowances decreased by RM50.2 million compared to the balance at the beginning of the year. This net decrease was mainly contributed by asset written-off (RM54.1 million) and net remeasurement due to changes in credit risk and assets derecognised (RM3.3 million), and partly offset by new financial assets originated or purchased (RM6.5 million).

- 12-month ECL not credit impaired (stage 1) increased by RM0.6 million, primarily due to migration of financing and advances from stage 2 and 3, new financial assets originated or purchased and partially offset by net remeasurement due to changes in credit risk and assets derecognised.
- Lifetime ECL not credit-impaired (stage 2) decreased by RM25.3 million, primarily due to migration of financing and advances to stage 1 and 3, and partially offset by net remeasurement due to changes in credit risk and asset derecognised.
- Lifetime ECL credit-impaired (stage 3) decreased by RM25.5 million, primarily due to asset written-off, and partially offset by net remeasurement due to changes in credit risk and asset derecognised and migration of financing and advances to stage 1 and 2.

18 Expected credit losses allowance charges (ECL) (Cont'd)

(ii) Movements in ECL allowances for financing commitments

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

	Stage 1	Stage 2	Stage 3	
	12-	Lifetime	_	
	month ECL	ECL	Lifetime	
	not credit	not credit	ECL credit	
	impaired	impaired	impaired	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	2,733	2,003	27,749	32,485
Changes due to financial assets recognised in				
the opening balance that have:				
- Transferred to stage 1	149	(149)	_	_
- Transferred to stage 2	(90)	90	_	-
- Transferred to stage 3	_	_	_	_
New financial assets originated or purchased	111	_	_	111
Net remeasurement due to changes in credit risk and assets derecognised	(637)	96	(3,949)	(4,490)
Others	110			110
Balance at 30 June 2024	2,376	2,040	23,800	28,216
Balance at 1 January 2023	1,636	7,153	24,228	33,017
Changes due to financial assets recognised in				
the opening balance that have:				
- Transferred to stage 1	1,117	(1,117)	_	_
- Transferred to stage 2	(15)	15	_	_
- Transferred to stage 3	(68)	(9)	77	_
New financial assets originated or purchased	268	_	_	268
Net remeasurement due to changes in credit risk and assets derecognised	(526)	(4,039)	3,444	(1,121)
Others	321			321
Balance at 31 December 2023	2,733	2,003	27,749	32,485

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

19 Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

	Contract / Notional Amount			unt	Positive Fair Value				Negative Fair Value			
	Up to 1 Year	>1 - 5 Years	> 5 Years	Total	Up to 1 Year	>1 - 5 Years	> 5 Years	Total	Up to 1 Year	>1 - 5 Years	> 5 Years	Total
30 Jun 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	22,627,123	_	_	22,627,123	44,518	_	_	44,518	41,404	_	_	41,404
- Swaps	310,050	123,094	104,214	537,358	1,029	2,058	990	4,077	675	1,894	_	2,569
- Options	46,990	_	_	46,990	120	_	_	120	120	_	_	120
Profit rate related contracts												
- Swaps	1,305,312	391,319	_	1,696,631	1,045	2,052	_	3,097	3,547	1,668	_	5,215
- Options	28,143	378,647	_	406,790	_	_	_	_	274	14,123	_	14,397
Equity related contracts												
- Options purchased	667,125	746,343		1,413,468	319	457		776	11,885	16,855		28,740
Total	24,984,743	1,639,403	104,214	26,728,360	47,031	4,567	990	52,588	57,905	34,540		92,445

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

19 Derivative Financial Instruments (Cont'd)

	С	Contract / Not	ional Amou	nt		Positive F	air Value			Negative Fair Value		
	Up to 1 Year	>1 - 5 Years	> 5 Years	Total	Up to 1 Year	>1 - 5 Years	> 5 Years	Total	Up to 1 Year	>1 - 5 Years	> 5 Years	Total
31 Dec 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	15,096,261	_	_	15,096,261	90,188	_	_	90,188	87,963	_	_	87,963
- Swaps	158,444	_	136,252	294,696	1,573	_	2,400	3,973	1,466	_	2,205	3,671
- Options	28,936	_	_	28,936	8	_	_	8	8	_	_	8
Profit rate related contracts												
- Swaps	1,068,453	733,520	_	1,801,973	321	4,276	_	4,597	3,679	1,918	_	5,597
- Options	_	417,938	_	417,938	_	_	_	_	_	17,558	_	17,558
Equity related contracts												
- Options purchased	857,171	704,367		1,561,538	1,615	54		1,669	27,833	15,453		43,286
Total	17,209,265	1,855,825	136,252	19,201,342	93,705	4,330	2,400	100,435	120,949	34,929	2,205	158,083

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

20 Other Assets

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Settlements	21,879	6,925
Income receivable	10,060	7,726
Profit receivable	39,943	19,852
Prepayments	3,476	28
Amount due from holding company	306,201	55,793
Rights of Use (ROU) assets	25,146	19,776
Other receivables	7,725	16,076
	414,430	126,176

21 Statutory Deposits with Bank Negara Malaysia

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined at set percentages of total eligible liabilities.

22 Deposits From Customers

(i)	Ву	type	of	deposit
-----	----	------	----	---------

zy type of deposit	30 Jun 2024	31 Dec 2023
At amortised cost	RM'000	RM'000
Non-Mudharabah Fund		
Demand deposits		
- Qard	3,464,804	3,335,107
Savings deposits		
- Qard	2,928,754	2,881,014
Term deposits		
- Commodity Murabahah	7,297,341	7,529,222
- Qard*	154,612	198,233
	13,845,511	13,943,576

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

The maturity structure of term deposits is as follows:

······································	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Due within six months	6,179,612	6,337,261
More than six months to one year	1,013,135	1,118,275
More than one year to three years	179,042	208,620
More than three years to five years	80,164	63,299
	7,451,953	7,727,455

22 Deposits From Customers (Cont'd)

(ii) By type of customer

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Government and statutory bodies	11,540	12,200
Business enterprises	3,320,623	3,420,378
Individuals	5,691,132	5,535,547
Foreign entities/individuals	4,029,923	4,028,488
Others	792,293	946,963
	13,845,511	13,943,576

23 Deposits and Placements from Banks and Other Financial Institutions

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Non-Mudharabah Fund		
Licensed bank	1,290,513	1,459,202
Bank Negara Malaysia	11,871	15,786
Other financial institutions	11_	11
	1,302,395	1,474,999

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

At fair value	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Structured liabilities		
- Tawarruq	1,807,675	1,939,498

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

25 Other Liabilities

	Note	30 Jun 2024 RM'000	31 Dec 2023 RM'000
At amortised cost			
Settlements		3,395	4,515
Amounts due to holding company		815	99,014
Profit payable		84,923	83,307
Deferred income		19,655	22,621
Marginal deposit		14,636	22,528
Accrued expenses		116,679	66,380
Lease liabilities		27,093	21,736
Other creditors	(a)	397,710	273,007
Provision on financing and credit related commitments	(b) _	28,216	32,485
	_	693,122	625,593

(a) Other creditors

Included in other creditors is income from Shariah non-compliant activities. The income is to be distributed to charity organisations approved by the Shariah Committee. There is no Shariah Non-Compliant event identified during the financial period (2023: Two events).

Source and use of charity funds	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Balance at 1 January Shariah non-compliant income for the financial period/year [1] Contribution to non-profit organisations	117 341 (128)	3 231 (117)
Balance at 30 June/31 December	330	117

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

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

26 Share Capital and Other Equity

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

The Additional Tier 1 USD Wakalah Financing Facility (the Facility) was issued by the Bank to its immediate holding company, HSBC Bank Malaysia Berhad (HBMY), on 19 August 2022. The Facility qualifies as Additional Tier 1 capital of the Bank as per the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia (BNM). The Facility will be perpetual with no fixed maturity and may be callable at the option of the Bank after a period of five years, subject to prior approval from BNM. The expected returns generated from the Wakalah investments pursuant to the disbursement of the Facility are payable on a semi-annual basis (at the full discretion of the Bank at all times) at the rate of compounded Secured Overnight Financing Rate (SOFR) plus 137 basis points. The Facility has no step up features, or any other terms that may create an expectation that the option for prepayment will be exercised. The Facility meets the requirements of equity classification as per MFRS 132 'Financial instruments: Presentation'.

27 Income Derived from Investment of Depositors' Funds and Others

	Second Quarter		Second Quarter Six Months En	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Term deposit	137,818	136,984	275,966	255,133
(ii) Other deposits	90,898	78,793	179,947	161,191
	228,716	215,777	455,913	416,324
(i) Income derived from investment of term deposits				
Finance income:				
Financing and advances				
 Profit earned other than recoveries from impaired financing 	109,896	106,960	224,136	210,945
- Recoveries from impaired financing	4,801	4,799	8,129	10,387
Financial investments at FVOCI	8,155	7,615	17,923	12,620
Money at call and deposit with financial institutions	13,660	21,755	28,991	44,849
Financial investments at amortised cost	8,127	4,612	14,196	8,213
	144,639	145,741	293,375	287,014
Other operating income:				
Realised gain/(loss) from dealing in foreign currency	11,279	(18,289)	17,487	(30,333)
Unrealised (loss)/gain from dealing in foreign currency	(1,826)	25,651	494	44,714
Unrealised gain/(loss) from revaluation of financial assets at FVTPL	26	_	(5)	_
Realised gain/(loss) from trading in derivatives	3,343	(2,969)	(3,798)	(3,943)
Unrealised (loss)/gain from trading in derivatives	(275)	(56)	9,614	16,277
Net financing income from financial assets at FVTPL	443	_	744	_
Net expense from financial liabilities designated at FVTPL	(19,811)	(13,094)	(41,945)	(58,596)
	(6,821)	(8,757)	(17,409)	(31,881)
	137,818	136,984	275,966	255,133

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

		Second Quarter		Six Months Ended	
		30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
(ii)	Income derived from investment of other deposits	RM'000	RM'000	RM'000	RM'000
	Finance income:				
	Financing and advances				
	 Profit earned other than recoveries from impaired financing 	63,399	56,025	126,868	108,382
	- Recoveries from impaired financing	2,752	2,524	4,601	5,337
	Financial investments at FVOCI	4,718	3,964	10,145	6,484
	Money at call and deposit with financial institutions	7,892	11,415	16,410	23,043
	Financial investments at amortised cost	4,663	2,407	8,035	4,220
		83,424	76,335	166,059	147,466
	Other operating income: Realised gain/(loss) from dealing in foreign currency Unrealised (loss)/gain from dealing in foreign	6,449	(9,521)	9,898	(15,585)
	currency	(1,009)	13,375	280	22,973
	Unrealised gain/(loss) from revaluation of financial assets at FVTPL	14	_	(3)	_
	Realised gain/(loss) from trading in derivatives	1,818	(1,535)	(2,150)	(2,026)
	Unrealised (loss)/gain from trading in derivatives	(52)	139	5,442	8,363
	Net financing income from financial assets at FVTPL	254		421	
		7,474	2,458	13,888	13,725
		90,898	78,793	179,947	161,191

28 Income Derived from Investment of Shareholder's Funds

	Second 30 Jun 2024 RM'000	Quarter 30 Jun 2023 RM'000	Six Month 30 Jun 2024 RM'000	30 Jun 2023 RM'000
Finance income:				
Financing and advances				
 Profit earned other than recoveries from impaired financing 	26,779	21,046	53,215	40,664
- Recoveries from impaired financing	1,160	948	1,930	2,002
Financial investments at FVOCI	1,995	1,489	4,255	2,433
Money at call and deposit with financial institutions	3,335	4,289	6,883	8,646
Financial investments at amortised cost	1,966	904	3,370	1,583
	35,235	28,676	69,653	55,328
Other operating income: Fee commission [1]	25,052	22,323	47,200	39,785
Realised gain/(loss) from dealing in foreign currency	2,715	(3,575)	4,152	(5,847)
Unrealised (loss)/gain from dealing in foreign currency	(420)	5,023	117	8,619
Unrealised gain/(loss) from revaluation of financial assets at FVTPL	6	_	(1)	_
Realised gain/(loss) from trading in derivatives	750	(576)	(902)	(760)
Unrealised (loss)/gain from trading in derivatives	(5)	56	2,283	3,138
Net financing income from financial assets at FVTPL	107	_	177	_
Shared-service fees from holding company	236	281	511	583
Other income/(expense)	225	17	330	(73)
	28,666	23,549	53,867	45,445
	63,901	52,225	123,520	100,773
[1] The above fees and commissions were de	rived from the fo	ollowing major	contributors:	
Service charges and fees	5,649	3,880	9,503	8,568
Credit cards	8,082	6,711	14,706	12,739
Credit facilities	2,754	3,694	5,490	6,856
Agency fee	8,134	4,918	16,017	7,518

29 Impairment provision/(write-back)

	Second	Quarter	Six Montl	ns Ended
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Net increase in allowance/provision	18,663	10,833	12,176	73,576
Recoveries	(16,172)	(12,490)	(28,863)	(29,518)
Written off		188	37	190
Total charge to/(write-back from) statement of profit or loss	2,491	(1,469)	(16,650)	44,248
Breakdown of the impairment allowance/provision	is disclosed by	financial instrui	ments type are	as follow:
(i) Financing and advances				
Net increase in allowance	21,988	12,339	16,622	71,550
Recoveries	(16,172)	(12,490)	(28,863)	(29,518)
Written off		188	37	190
Total charge to/(write-back from) statement of profit or loss	5,816	37	(12,204)	42,222
(ii) Money at call and interbank placements maturing within one month				
Net increase/(release) in allowance/provision	2	18	(30)	16
(iii) Financing commitments				
Net (release)/increase in allowance/provision	(3,261)	(1,564)	(4,379)	1,793
(iv) Financial investment at FVOCI				
Net increase/(release) in allowance/provision		44	(20)	(9)
(v) Financial investments at amortised costs				

Net (release)/increase in allowance/provision

(66)

(4)

(17)

226

30 Income Attributable to Depositors

	Second Quarter		Six Months Ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
lon-Mudharabah Fund				
Deposits from customers	75,218	70,359	154,668	132,364
Deposits and placements of banks and				
other financial institutions	14,921	14,687	31,021	32,143
Lease liabilities	290	254	542	513
Others	2,701	5,139	2,935	10,334
	93,130	90,439	189,166	175,354

31 Operating Expenses

	Second Quarter		Six Months Ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	10,747	10,602	19,509	19,962
Promotion and marketing related expenses	2,703	1,596	5,111	2,544
Establishment related expenses	3,136	3,222	7,116	7,108
General administrative expenses	7,136	7,115	11,960	11,529
Related company expenses	52,948	42,041	101,178	82,059
	76,670	64,576	144,874	123,202
Personnel expenses				
Salaries, allowances and bonuses	8,509	8,205	15,311	15,559
Employees Provident Fund contributions	1,505	1,471	2,720	2,808
Share based payment	(43)	32	(29)	75
Other staff related costs	776	894	1,507	1,520
	10,747	10,602	19,509	19,962
Establishment related expenses				
Depreciation of equipment	478	474	1,010	952
Depreciation of ROU assets	1,521	1,445	3,003	2,898
Information technology costs	103	468	1,223	1,165
Equipment written off	_	5	_	5
General repairs and maintenance	599	537	1,079	1,405
Utilities	290	164	535	438
Others	145	129	266	245
	3,136	3,222	7,116	7,108

31 Operating Expenses (Cont'd)

		Second Quarter		Six Months Ended	
		30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
		RM'000	RM'000	RM'000	RM'000
Relat	ted company charges	52,948	42,041	101,178	82,059
Of wl	hich by:				
(i)	Type of service				
	- Information technology related cost	12,197	8,959	21,939	17,016
	- Non information technology related cost	40,751	33,082	79,239	65,043
(ii)	Country/ territory				
	- Malaysia	52,697	41,814	100,876	81,535
	- Others	251	227	302	524

32 Credit exposure to connected parties

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

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Aggregate value of outstanding credit exposures to connected parties As a percentage of total credit exposures	404,640 1.6%	616,839 2.4%
Aggregate value of outstanding credit exposures to connected parties which is non-performing or in default	_	_
As a percentage of total credit exposures		

33 Capital Adequacy

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Common Equity Tier 1 (CET1) capital		
Paid-up ordinary share capital	660,000	660,000
Retained profits	1,986,850	1,888,712
Other reserves	59,808	29,355
Regulatory adjustments	(112,284)	(53,229)
Total CET1 capital	2,594,374	2,524,838
Tier 1 capital		504.000
Additional Tier 1 capital	501,063	501,063
Total Tier 1 capital	3,095,437	3,025,901
Tier 2 capital		
Impairment allowance (unimpaired portion) & regulatory reserves	170,062	168,645
Total Tier 2 capital	170,062	168,645
Capital base	3,265,499	3,194,546
Before deducting proposed dividend		
CET1 Capital Ratio	17.298 %	17.041 %
Tier 1 Capital Ratio	20.639 %	20.423 %
Total Capital Ratio	21.773 %	21.561 %
After deducting proposed dividend		
CET1 Capital Ratio	17.298 %	16.679 %
Tier 1 Capital Ratio	20.639 %	20.061 %
Total Capital Ratio	21.773 %	21.199 %

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

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

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

33 Capital Adequacy (Cont'd)

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

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

	31 Dec 2023		
	With Transitional	Without Transitional	
	Arrangement	Arrangement	
	(%)	(%)	
Before deducting proposed dividend			
CET1 Capital Ratio	17.041 %	16.909 %	
Tier 1 Capital Ratio	20.423 %	20.290 %	
Total Capital Ratio	21.561 %	21.429 %	
After deducting proposed dividend			
CET1 Capital Ratio	16.679 %	16.546 %	
Tier 1 Capital Ratio	20.061 %	19.928 %	
Total Capital Ratio	21.199 %	21.066 %	
Breakdown of RWA in the various categories of risk weights:			
	30 Jun 2024	31 Dec 2023	
	RM'000	RM'000	
Total RWA for credit risk	13,604,953	13,491,613	
Total RWA for market risk	151,907	158,723	
Total RWA for operational risk	1,240,850	1,165,851	
	14,997,710	14,816,187	

34 Commitments and Contingencies

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

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

	30 Jun 2024	31 Dec 2023
Principal amount	RM'000	RM'000
Direct credit substitutes	69,970	33,709
Transaction-related contingent items	1,932,586	2,226,484
Short-term self-liquidating trade-related contingencies	231,691	163,655
Formal standby facilities and credit lines		
- Maturity not exceeding one year	1,494,170	1,084,116
- Maturity exceeding one year	3,234,161	3,287,101
Other unconditionally cancellable	3,491,543	3,250,120
Unutilised credit card lines	3,341,176	3,304,717
Equity related contracts		
- Less than one year	667,125	857,171
- One year to less than five years	746,343	704,367
Profit rate related contracts		
- Less than one year	1,333,455	1,068,453
- One year to less than five years	769,966	1,151,458
Foreign exchange related contracts		
- Less than one year	22,984,163	15,283,641
- One year to less than five years	123,094	_
- Over five years	104,214	136,252
	40,523,657	32,551,244

35 Performance Review, Economy and Prospects

Performance review

The Bank recorded a profit before tax (PBT) of RM262.0 million for the financial period ended 30 June 2024, an increase of RM87.8 million year-on-year. The increase in PBT was mainly due to impairment write-back of RM16.7 million compared to a net charge of RM44.2 million last year, coupled with higher operating income by RM48.6 million, mainly from higher net financing income. This was partly offset by higher operating expenses by RM21.7 million.

Total balance sheet as at 30 June 2024 stood at RM21.1 billion, a decrease of RM0.2 billion compared to 31 December 2023 of RM21.3 billion. The Bank's capital and liquidity ratios remained strong and were well above the regulatory requirements.

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

Economy and Prospects

The global economy continues to grow at a modest pace, amid resilient labour markets and continued recovery in global trade. The growth outlook would be subjected to downside risks, mainly from further escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets. Despite the global headlines and gradual downwards core inflation in recent months, the central banks in most economies are likely to remain cautious in easing monetary policy.

In Malaysia, Bank Negara Malaysia (BNM) has decided to maintain the Overnight Policy Rate (OPR) at 3% in May24. This is with the view that the monetary policy stance remains supportive of the economy and assessment of inflation and growth prospect. The Malaysian economy grew faster than expected in 1Q24 with Gross Domestic Product (GDP) growth of 4.2% (4Q23: 2.9%), driven by stronger domestic expenditure and positive turnaround in exports. Based on an advanced estimate by the Department of Statistics Malaysia, GDP is expected to expand by 5.8 % in the second quarter of 2024. Nevertheless, the growth outlook is subject to downside risks from weaker-than-expected external demand, and larger declines in commodity production. Inflation in 2024 is expected to remain moderate but is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

The Bank and its parent company, HSBC Bank Malaysia Berhad, collectively referred to as "HSBC Malaysia", continues to be central to HSBC Group's strategy and is especially crucial to the Group's growth plans across the ASEAN region. 2024 also marks HSBC's 140th year anniversary in Malaysia and is a milestone celebration of our longstanding commitment to supporting the country and community.

During the year, our Wealth and Personal Banking (WPB) business has successfully launched Premier Elite, an elevated service designed to meet the needs of high-net-worth individuals. Premier Elite synergizes HSBC's core competencies of international and wealth management services with lifestyle solutions that go beyond traditional banking offerings. We have also introduced SmartCash Plus which allows customers to cash out from the additional credit limit granted to their HSBC card account, helping customers maximise the value from their banking products.

In support of the development of trade and investment between Malaysia and the wider world, HSBC Malaysia had organised 'China Night', for bridging connections and opening up opportunities across this trade corridor. Key Malaysian institutional investors and large corporates were also brought together to the Malaysia Bonus Forum hosted by Hong Kong Association of Banks (HKAB) in Kuala Lumpur, to discuss the significant opportunities across the Hong Kong-Malaysia trade corridor and how to strengthen bilateral co-operation in the financial sector. As the leading international bank, HSBC has played a key role in facilitating cross border investments between these trade corridors across a range of sectors over the years.

HSBC also announced a USD1 billion ASEAN Growth Fund in six of the fastest growing countries in ASEAN, including Malaysia, to help scale up platform players in the region's booming digital economy. It supports new economy names, more established corporates, and non-bank financial institutions by assessing operating metrics tied to their cashflow-generative asset portfolio, rather than relying solely on traditional financial metrics.

On the sustainability front, the Bank acted as the sole sustainability structuring coordinator and Shariah adviser, amongst other roles, for the first social sukuk issued by a real estate developer in Malaysia. Sukuk proceeds will be allocated to affordable housing.

The Bank 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".

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