

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Financial Position As At 30 June 2015

		The Group		The Bank	
		As at 30/06/2015	As at 30/06/2014	As at 30/06/2015	As at 30/06/2014
	Note	RM'000	RM'000	RM'000	RM'000
<u>ASSETS</u>					
Cash and short-term funds		6,230,283	14,712,789	4,972,372	13,629,775
Deposits and placements with banks and other financial institutions		3,982,119	4,040,276	4,340,892	4,020,983
Securities purchased under resale agreements		12,163,252	2,717,021	12,163,252	2,717,021
Financial assets held-for-trading	A8	7,131,434	11,314,476	7,123,538	10,132,834
Financial investments available-for-sale	A9	20,307,353	16,677,209	17,370,438	13,732,377
Financial investments held-to-maturity	A10	9,950,081	8,916,568	8,618,741	7,828,290
Loans, advances and financing	A11	112,124,109	102,579,076	95,563,493	87,873,449
Other assets	A12	1,295,419	497,237	1,149,905	434,542
Derivative financial instruments		1,424,929	687,441	1,421,571	670,325
Amount due from subsidiaries		-	-	12,984	11,437
Statutory deposits with Central Banks		3,476,192	3,150,642	2,859,590	2,591,500
Subsidiary companies		-	-	1,358,443	1,352,159
Investment in associated company		2,977,776	2,063,300	946,525	946,505
Investment in joint venture		128,790	90,080	76,711	76,711
Property and equipment		678,579	725,585	627,784	697,102
Intangible assets		318,107	347,791	302,801	335,319
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
TOTAL ASSETS		184,019,735	170,350,803	160,680,587	148,821,876
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Deposits from customers	A13	140,276,148	130,252,337	122,337,044	114,098,835
Deposits and placements of banks and other financial institutions	A14	7,096,231	7,111,295	6,133,109	5,387,384
Obligations on securities sold under repurchase agreements		3,691,338	4,116,888	3,691,338	4,116,888
Bills and acceptances payable		1,900,967	358,732	1,874,138	327,899
Other liabilities	A15	3,901,119	4,251,037	3,264,006	3,284,182
Derivative financial instruments		1,287,726	790,415	1,269,894	760,406
Senior bonds	A16	2,286,380	1,936,207	2,286,380	1,936,207
Tier 2 subordinated bonds	A17	4,619,812	4,868,353	4,219,507	4,468,275
Non-innovative Tier 1 stapled securities	A18	1,410,869	1,410,252	1,410,869	1,410,252
Innovative Tier 1 capital securities	A19	530,223	541,767	530,223	541,767
Taxation		152,240	49,581	160,243	24,364
Deferred tax liabilities		77,090	133,761	75,672	134,919
TOTAL LIABILITIES		167,230,143	155,820,625	147,252,423	136,491,378
Share capital		1,879,909	1,879,909	1,879,909	1,879,909
Reserves		15,558,271	13,295,848	12,196,843	11,096,168
Less: Treasury shares		(648,588)	(645,579)	(648,588)	(645,579)
TOTAL SHAREHOLDERS' EQUITY		16,789,592	14,530,178	13,428,164	12,330,498
TOTAL LIABILITIES AND EQUITY		184,019,735	170,350,803	160,680,587	148,821,876
<u>COMMITMENTS AND CONTINGENCIES</u>	A30	148,927,356	193,135,411	142,453,657	186,995,685
Net asset per share attributable to ordinary equity holders of the parent (RM) *					
		9.51	8.24	7.61	7.00

* The Net assets per share attributable to ordinary equity holders of the parent (RM) is computed as Total Shareholders' Equity (excluding Minority Interest) divided by total number of ordinary shares in circulation.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Statements of Income
For The Financial Year Ended 30 June 2015

		The Group			
	Note	Current Quarter Ended 30/06/2015 RM'000	Corresponding Quarter Ended 30/06/2014 RM'000	Current Year Ended 30/06/2015 RM'000	Corresponding Year Ended 30/06/2014 RM'000
Interest income	A20	1,543,284	1,393,613	6,104,469	5,649,722
Interest expense	A21	(886,117)	(716,285)	(3,363,273)	(2,987,498)
Net interest income		657,167	677,328	2,741,196	2,662,224
Net income from Islamic Banking business	A22	104,795	104,229	419,758	434,379
Other operating income	A23	278,873	224,860	905,994	942,456
Net Income		1,040,835	1,006,417	4,066,948	4,039,059
Other operating expenses	A24	(470,982)	(467,125)	(1,813,859)	(1,792,213)
Operating profit before allowances		569,853	539,292	2,253,089	2,246,846
Write back of/(allowance for) impairment losses on loans, advances and financing	A25	(23,566)	(24,302)	51,929	(52,065)
Write back of impairment losses		9,901	744	23,462	39,815
		556,188	515,734	2,328,480	2,234,596
Share of profit after tax of equity accounted associated company		111,471	92,254	401,277	368,490
Share of profit after tax of equity accounted joint venture		4,846	2,966	16,401	10,135
Profit before taxation		672,505	610,954	2,746,158	2,613,221
Taxation	B5	(57,654)	(73,507)	(512,971)	(510,951)
Net profit for the financial year		614,851	537,447	2,233,187	2,102,270
Attributable to:					
Owners of the parent		614,851	537,447	2,233,187	2,102,270
Earnings per share - basic (sen)	B13(a)	34.8	30.5	126.4	119.4
Earnings per share - fully diluted (sen)	B13(b)	34.8	30.5	126.4	119.3

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Year Ended 30 June 2015

	The Group			
	Current Quarter Ended 30/06/2015 RM'000	Corresponding Quarter Ended 30/06/2014 RM'000	Current Year Ended 30/06/2015 RM'000	Corresponding Year Ended 30/06/2014 RM'000
Net profit for the financial year	614,851	537,447	2,233,187	2,102,270
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income/(loss) of associated company	2,692	(2,031)	13,310	(2,053)
Currency translation differences	599,458	(16,618)	690,061	7,657
Net fair value changes on financial investments available-for-sale	1,884	36,114	11,873	36,758
Net fair value changes in cash flow hedge	1,003	-	216	-
Income tax relating to components of other comprehensive income	(722)	(9,029)	(3,706)	(11,387)
Other comprehensive income for the financial year, net of tax	604,315	8,436	711,754	30,975
Total comprehensive income for the financial year	<u>1,219,166</u>	<u>545,883</u>	<u>2,944,941</u>	<u>2,133,245</u>
Attributable to:				
- Owners of the parent	<u>1,219,166</u>	<u>545,883</u>	<u>2,944,941</u>	<u>2,133,245</u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Year Ended 30 June 2015

		The Bank			
	Note	Current Quarter Ended 30/06/2015 RM'000	Corresponding Quarter Ended 30/06/2014 RM'000	Current Year Ended 30/06/2015 RM'000	Corresponding Year Ended 30/06/2014 RM'000
Interest income	A20	1,534,452	1,390,000	6,070,039	5,667,175
Interest expense	A21	(891,037)	(724,979)	(3,381,630)	(3,053,529)
Net interest income		643,415	665,021	2,688,409	2,613,646
Other operating income	A23	276,945	219,869	1,095,896	1,070,304
Net Income		920,360	884,890	3,784,305	3,683,950
Other operating expenses	A24	(413,989)	(411,686)	(1,582,281)	(1,573,637)
Operating profit before allowances		506,371	473,204	2,202,024	2,110,313
Write back of/(allowance for) impairment losses					
on loans, advances and financing	A25	(18,188)	(57,580)	53,705	(92,403)
Write back of impairment losses		9,901	744	23,462	39,815
Profit before taxation		498,084	416,368	2,279,191	2,057,725
Taxation	B5	(51,577)	(47,273)	(503,228)	(466,786)
Net profit for the financial year		446,507	369,095	1,775,963	1,590,939
Attributable to:					
Owners of the parent		446,507	369,095	1,775,963	1,590,939
Earnings per share - basic (sen)	B13(a)	25.3	21.0	100.5	90.3
Earnings per share - fully diluted (sen)	B13(b)	25.3	21.0	100.5	90.3

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Year Ended 30 June 2015

	The Bank			
	Current Quarter Ended 30/06/2015 RM'000	Corresponding Quarter Ended 30/06/2014 RM'000	Current Year Ended 30/06/2015 RM'000	Corresponding Year Ended 30/06/2014 RM'000
Net profit for the financial year	446,507	369,095	1,775,963	1,590,939
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	1,574	(145)	1,901	574
Net fair value changes on financial investments available-for-sale	2,788	37,047	6,888	49,791
Net fair value changes in cash flow hedge	1,003	-	216	-
Income tax relating to components of other comprehensive income	(948)	(9,262)	(1,775)	(11,532)
Other comprehensive income for the financial year, net of tax	4,417	27,640	7,230	38,833
Total comprehensive income for the financial year	450,924	396,735	1,783,193	1,629,772

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2015

	Attributable to owners of the parent										
The Group	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Share Options Reserve RM'000	Regulatory Reserves * RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000
At 1 July 2014	1,879,909	2,832,383	3,081,128	186,444	-	2,618	10,266	(6,095)	7,189,104	(645,579)	14,530,178
Comprehensive income											
Net profit for the financial year	-	-	-	-	-	-	-	-	2,233,187	-	2,233,187
- Share of other comprehensive income of associated company	-	-	-	13,310	-	-	-	-	-	-	13,310
- Net fair value changes in financial investments available-for-sale	-	-	-	8,221	-	-	-	-	-	-	8,221
- Net fair value changes in cash flow hedge	-	-	-	-	162	-	-	-	-	-	162
- Currency translation differences	-	-	-	-	-	-	-	690,061	-	-	690,061
Total comprehensive income	-	-	-	21,531	162	-	-	690,061	2,233,187	-	2,944,941
Transactions with owners											
Transfer to statutory reserve	-	-	493,986	-	-	-	-	-	(493,986)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	389,091	-	(389,091)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(724,770)	-	(724,770)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(35,164)	(35,164)
Sale of treasury shares	-	39,800	-	-	-	-	-	-	-	26,821	66,621
ESOS exercised	-	-	-	-	-	(2,618)	-	-	5,070	5,334	7,786
Total transactions with owners	-	39,800	493,986	-	-	(2,618)	389,091	-	(1,602,777)	(3,009)	(685,527)
At 30 June 2015	1,879,909	2,872,183	3,575,114	207,975	162	-	399,357	683,966	7,819,514	(648,588)	16,789,592
At 1 July 2013	1,879,909	2,832,383	2,625,743	163,126	-	5,125	8,527	(13,752)	6,197,372	(661,809)	13,036,624
Comprehensive income											
Net profit for the financial year	-	-	-	-	-	-	-	-	2,102,270	-	2,102,270
- Share of other comprehensive loss of associated company	-	-	-	(2,053)	-	-	-	-	-	-	(2,053)
- Net fair value changes in financial investments available-for-sale	-	-	-	25,371	-	-	-	-	-	-	25,371
- Currency translation differences	-	-	-	-	-	-	-	7,657	-	-	7,657
Total comprehensive income	-	-	-	23,318	-	-	-	7,657	2,102,270	-	2,133,245
Transactions with owners											
Transfer to statutory reserve	-	-	455,385	-	-	-	-	-	(455,385)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	1,739	-	(1,739)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(660,362)	-	(660,362)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(29)	(29)
ESOS exercised	-	-	-	-	-	(4,107)	-	-	6,948	16,259	19,100
Option charge arising from ESOS granted	-	-	-	-	-	1,600	-	-	-	-	1,600
Total transactions with owners	-	-	455,385	-	-	(2,507)	1,739	-	(1,110,538)	16,230	(639,691)
At 30 June 2014	1,879,909	2,832,383	3,081,128	186,444	-	2,618	10,266	(6,095)	7,189,104	(645,579)	14,530,178

* Comprise regulatory reserves maintained by the Group's banking subsidiaries in Malaysia of RM388,112,000 (2014:RM Nil) and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 June 2014: RM10,266,000)

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HONG LEONG BANK BERHAD
(97141-X)
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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2015

	Non-distributable				Distributable						
<u>The Bank</u>	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Share Options Reserve RM'000	Regulatory Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2014	1,879,909	2,832,383	2,640,258	208,942	-	2,618	-	36,897	5,375,070	(645,579)	12,330,498
<u>Comprehensive income</u>											
Net profit for the financial year	-	-	-	-	-	-	-	-	1,775,963	-	1,775,963
- Net fair value changes in financial investments available-for-sale	-	-	-	5,167	-	-	-	-	-	-	5,167
- Net fair value changes in cash flow hedge	-	-	-	-	162	-	-	-	-	-	162
- Currency translation differences	-	-	-	-	-	-	-	1,901	-	-	1,901
Total comprehensive income	-	-	-	5,167	162	-	-	1,901	1,775,963	-	1,783,193
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	443,991	-	-	-	-	-	(443,991)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	334,138	-	(334,138)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(724,770)	-	(724,770)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(35,164)	(35,164)
Sale of treasury shares	-	39,800	-	-	-	-	-	-	-	26,821	66,621
ESOS exercised	-	-	-	-	-	(2,618)	-	-	5,070	5,334	7,786
Total transactions with owners	-	39,800	443,991	-	-	(2,618)	334,138	-	(1,497,829)	(3,009)	(685,527)
At 30 June 2015	1,879,909	2,872,183	3,084,249	214,109	162	-	334,138	38,798	5,653,204	(648,588)	13,428,164
At 1 July 2013	1,879,909	2,832,383	2,242,523	170,683	-	5,125	-	36,323	4,835,280	(661,809)	11,340,417
<u>Comprehensive income</u>											
Net profit for the financial year	-	-	-	-	-	-	-	-	1,590,939	-	1,590,939
- Net fair value changes in financial investments available-for-sale	-	-	-	38,259	-	-	-	-	-	-	38,259
- Currency translation differences	-	-	-	-	-	-	-	574	-	-	574
Total comprehensive income	-	-	-	38,259	-	-	-	574	1,590,939	-	1,629,772
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	397,735	-	-	-	-	-	(397,735)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(660,362)	-	(660,362)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(29)	(29)
ESOS exercised	-	-	-	-	-	(4,107)	-	-	6,948	16,259	19,100
Option charge arising from ESOS granted	-	-	-	-	-	1,600	-	-	-	-	1,600
Total transactions with owners	-	-	397,735	-	-	(2,507)	-	-	(1,051,149)	16,230	(639,691)
At 30 June 2014	1,879,909	2,832,383	2,640,258	208,942	-	2,618	-	36,897	5,375,070	(645,579)	12,330,498

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Year Ended 30 June 2015

	The Group		The Bank	
	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2014 RM'000	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2014 RM'000
Profit before taxation	2,746,158	2,613,221	2,279,191	2,057,725
Adjustments for non-cash items	<u>(315,322)</u>	<u>(273,974)</u>	<u>(110,499)</u>	<u>18,085</u>
Operating profit before working capital changes	2,430,836	2,339,247	2,168,692	2,075,810
Changes in working capital:				
Net changes in operating assets	(16,909,090)	(2,548,793)	(16,451,664)	(1,824,538)
Net changes in operating liabilities	11,335,587	4,968,630	10,649,435	3,229,411
Income taxes and zakat paid	<u>(470,131)</u>	<u>(651,664)</u>	<u>(404,410)</u>	<u>(563,521)</u>
Net cash (used in)/generated from operating activities	<u>(3,612,798)</u>	<u>4,107,420</u>	<u>(4,037,947)</u>	<u>2,917,162</u>
Cash flows from investing activities				
Net purchases of financial investments available-for-sale	(3,080,563)	(2,326,480)	(3,126,293)	(1,615,358)
Net purchases of financial investments held-to-maturity	(754,885)	(4,551,714)	(501,812)	(3,480,900)
Purchase of property and equipment	(191,524)	(105,832)	(166,102)	(96,224)
Net proceeds from sale of property and equipment	219,089	10,738	219,088	10,106
Purchase of intangible assets	(41,305)	(84,368)	(37,040)	(73,994)
Dividends received on financial investments available-for-sale	119,491	66,632	119,491	66,632
Dividend from associated company	66,894	56,086	66,894	56,086
Dividends from subsidiary companies	-	-	110,093	56,700
Net cash used in investing activities	<u>(3,662,803)</u>	<u>(6,934,938)</u>	<u>(3,315,681)</u>	<u>(5,076,952)</u>
Cash flows from financing activities				
Dividends paid	(724,770)	(660,362)	(724,770)	(660,362)
Repayment of Tier 2 subordinated loan	(250,000)	(410,000)	(250,000)	(410,000)
Purchase of treasury shares	(35,164)	(29)	(35,164)	(29)
Sale of treasury shares	66,621	-	66,621	-
Cash received from ESOS exercised	7,786	19,100	7,786	19,100
Proceeds from debt issuance -Tier 2 subordinated bonds	-	900,000	-	500,000
Interest paid on subordinated obligations	<u>(369,247)</u>	<u>(363,013)</u>	<u>(369,467)</u>	<u>(378,685)</u>
Net cash used in financing activities	<u>(1,304,774)</u>	<u>(514,304)</u>	<u>(1,304,994)</u>	<u>(929,976)</u>
Net decrease in cash and cash equivalents	(8,580,375)	(3,341,822)	(8,658,622)	(3,089,766)
Currency translation differences	97,869	7,163	1,219	283
Cash and cash equivalents at the beginning of financial year	14,712,789	18,047,448	13,629,775	16,719,258
Cash and cash equivalents at the end of financial year	<u>6,230,283</u>	<u>14,712,789</u>	<u>4,972,372</u>	<u>13,629,775</u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014.

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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting Issued by Bank Negara Malaysia ("BNM") on 28 January 2015

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE 2015**

A1 Basis of preparation

The unaudited condensed financial statements for the financial year ended 30 June 2015 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad ("HLB" or "the Bank") for the financial year ended 30 June 2014. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2014.

The unaudited condensed financial statements incorporate the activities relating to Islamic Banking which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2014, except for the adoption of the following amendments to MFRSs, Interpretation to the Issues Committee ("IC Interpretation") and Annual Improvements to MFRSs with effective from 1 July 2014:

- | | | |
|-----|--|---|
| (i) | Amendment to MFRS 10 | "Consolidated Financial Statements" - Investment Entities |
| | Amendment to MFRS 12 | "Disclosures of Interests in Other Entities" - Investment Entities |
| | Amendment to MFRS 127 | "Separate Financial Statements" - Investment Entities |
| | Amendment to MFRS 119 | "Employee benefits" |
| | Amendment to MFRS 132 | "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities" |
| | Amendment to MFRS 139 | "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting |
| | IC Interpretation 21 | "Levies" |
| | Annual Improvements to MFRSs 2010-2012 Cycle | |
| | Annual Improvements to MFRSs 2011-2013 Cycle | |

The adoption of the above amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs did not have material impact on the financial statements of the Group and the Bank.

- (ii) Guidance issued by BNM on Maintenance of Regulatory Reserve

On 4 February 2014, BNM issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowance and regulatory reserve of no less than 1.20% of total outstanding loans/financing, net of individual impairment allowance, pursuant to paragraph 15 of the BNM's Policy Document on *Classification and Impairment Provisions for Loans/Financing*.

The regulatory reserve is maintained in addition to the collective impairment allowance required under the MFRS 139 Financial Instruments: Recognition and Measurement, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015.

During the financial year, the Group and the Bank have transferred RM388.11 million and RM334.14 million respectively from its retained profits to regulatory reserves in accordance with BNM's requirements. The early adoption of this requirement ahead of BNM's requirement by 31 December 2015 did not have any impact to the profit or loss of the Group and the Bank.

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A1 Basis of preparation (continued)

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2014

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2014.

A3 Seasonality or cyclical of operations

The business operations of the Group and the Bank have not been affected by any material seasonal and cyclical factors.

A4 Exceptional items or unusual events affecting financial statements

There were no exceptional items or unusual events that materially affected the financial statements.

A5 Variation from financial estimates reported in preceding financial year

There were no changes in estimates of amounts reported in the prior financial year that may have a material effect in the current year.

A6 Issuance and repayment of debt and equity securities

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy back and share cancellations, or resale of shares held as treasury shares during the financial year ended 30 June 2015:

a) Share Buy-back

There were no purchase of ordinary shares of RM1.00 each ('Shares') from the open market during the financial year ended 30 June 2015.

The total number of shares bought back, all of which were held as treasury shares as at 30 June 2015 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

b) Purchase of shares pursuant to ESOS

A trust has been set up for the ESOS of the Bank and it is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance with MFRS 132: Financial Statements: Presentation and Disclosure, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares", in addition to the Treasury Shares for share buy-back, in the Shareholders' Equity on the Statements of Financial Position.

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A6 Issuance and repayment of debt and equity securities (continued)

b) Purchase of shares pursuant to ESOS (continued)

During the financial year ended 30 June 2015, the trust had sold 4,543,686 shares in the open market between 10 September 2014 and 17 April 2015 with total net proceeds of RM66.6 million. The trust had also purchased 2,609,400 shares between 16 June 2015 and 30 June 2015 with total costs of RM35.2 million. As at 30 June 2015, the total number of Treasury Shares for ESOS was 33,372,900 at an average carrying value of RM6.50 per share.

The Bank has granted the following conditional incentive share options to eligible executives of the Bank pursuant to the ESOS of the Bank:

- (i) 4,500,000 share options at an exercise price of RM5.72;
- (ii) 21,800,000 share options at an exercise price of RM6.05;
- (iii) 12,835,000 share options at an exercise price of RM5.99;
- (iv) 250,000 share options at an exercise price of RM5.75 (granted and lapsed in financial year ended 2009);
- (v) 200,000 share options at an exercise price of RM7.49;
- (vi) 3,095,000 share options at an exercise price of RM9.14;
- (vii) 1,000,000 share options at an exercise price of RM10.55; and
- (viii) 1,151,408 share options arising from adjustment for rights issue.

Subject to the achievement of certain performance criteria during the performance period, the said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust established for the ESOS.

Arising from the completion of the Bank's rights issue on 18 October 2011, there was an adjustment to the exercise price and number of option shares. The unexercised share options and the exercise price adjusted for the rights issue are listed below:

- (i) 75,063 share options at an exercise price of RM5.44;
- (ii) 13,165,125 share options at an exercise price of RM5.75;
- (iii) 6,294,724 share options at an exercise price of RM5.69;
- (iv) 154,884 share options at an exercise price of RM7.12;
- (v) 2,804,113 share options at an exercise price of RM8.69; and
- (vi) 1,000,000 share options at an exercise price of RM10.55.

During the financial year ended 30 June 2015, a total of 903,492 ordinary shares of RM1.00 each were exercised pursuant to the Company's ESOS. As at the financial year ended 30 June 2015, all the above share options had been exercised/lapsed.

On 2 April 2015, the Bank has granted the following conditional new incentive share options to eligible executives of the Bank and its subsidiary pursuant to the Bank's Executive Share Scheme:

- (i) Up to 37,550,000 share options at an exercise price of RM14.24.

The options granted are subject to the achievement of certain performance criteria by the option holders over a performance period concluding at the end of the financial year ending 30 June 2018 ("FY 2018"). The achievement of the performance targets and the number of shares (if any) to be vested shall be determined at the end of FY 2018. The exercise period of the vested options will be up to the 30th month from the vesting date to be determined.

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A6 Issuance and repayment of debt and equity securities (continued)

c) Repayment of debt and equity securities

On 2 December 2014, HLB had fully redeemed the second tranche of RM250.0 million nominal value bearing coupon rate of 5.75% per annum, which were previously issued by Promino Sdn Bhd and vested to HLB on 1 July 2011.

A7 Dividends paid

A final single tier dividend of 26.0 sen per share in respect of financial year ended 30 June 2014 amounting to RM459.6 million was paid on 18 November 2014.

An interim single tier dividend of 15.0 sen per share in respect of financial year ended 30 June 2015 amounting to RM265.2 million was paid on 26 March 2015.

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A8 Financial assets held-for-trading

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Bank Negara Malaysia bills	383,325	848,000	383,325	550,140
Government treasury bills	78,632	197,064	78,632	88,751
Malaysian Government securities	67,769	27,242	67,769	27,242
Malaysian Government investment certificates	609,725	528,352	233,383	137,825
Bankers' acceptances and Islamic accepted bills	30,404	260,078	30,404	260,078
Negotiable instruments of deposit	5,328,784	8,774,899	5,697,230	8,427,396
Cagamas bonds	35,446	64,787	35,446	64,787
Khazanah bonds	-	37,439	-	-
	<u>6,534,085</u>	<u>10,737,861</u>	<u>6,526,189</u>	<u>9,556,219</u>
Quoted securities:				
Shares outside Malaysia	3,394	3,883	3,394	3,883
Foreign currency bonds in Malaysia	375,822	243,175	375,822	243,175
Unquoted securities:				
Private and Islamic debt securities	218,133	231,963	218,133	231,963
Foreign currency bonds in Malaysia	-	97,594	-	97,594
Total financial assets held-for-trading	<u><u>7,131,434</u></u>	<u><u>11,314,476</u></u>	<u><u>7,123,538</u></u>	<u><u>10,132,834</u></u>

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A9 Financial investments available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Government treasury bills	168,553	546,703	168,553	546,703
Malaysian Government securities	10,684	1,288,604	10,684	1,288,604
Malaysian Government investment certificates	3,461,207	2,538,447	1,836,986	917,089
Other Government securities	277,911	475,893	-	-
Cagamas bonds	886,276	946,547	704,900	855,878
Khazanah bonds	345,140	208,615	345,140	208,615
	5,149,771	6,004,809	3,066,263	3,816,889
Quoted Securities:				
Shares in Malaysia	16,225	47,429	16,225	47,429
Shares outside Malaysia	25	23	25	23
Wholesale fund	3,206,328	2,001,515	3,206,328	2,001,515
Foreign currency bonds in Malaysia	4,380,452	3,224,143	4,220,916	3,130,326
Foreign currency bonds outside Malaysia	1,452,826	727,868	1,452,826	727,868
Unquoted securities:				
Private debt securities in Malaysia	5,447,769	4,160,864	4,753,898	3,497,816
Shares in Malaysia	390,753	363,810	390,753	363,763
Shares outside Malaysia	4,134	3,506	4,134	3,506
Foreign currency bonds in Malaysia	259,070	143,242	259,070	143,242
Total financial investments available-for-sale	20,307,353	16,677,209	17,370,438	13,732,377

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A10 Financial investments held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government securities	2,952,499	3,069,415	2,952,499	3,069,415
Malaysian Government investment certificates	6,529,307	5,374,048	4,965,307	3,927,829
Cagamas bonds	30,454	96,455	20,127	55,658
Negotiable instruments of deposit	2,338	3,718	501,817	647,339
Other Government securities	335,159	253,646	124,456	75,514
	<u>9,849,757</u>	<u>8,797,282</u>	<u>8,564,206</u>	<u>7,775,755</u>
Unquoted securities in Malaysia:				
Loan stocks	49	49	49	49
Private and Islamic debt securities	45,789	66,751	-	-
Unquoted bonds	486	486	486	486
Investment in preference shares	54,000	52,000	54,000	52,000
	<u>100,324</u>	<u>119,286</u>	<u>54,535</u>	<u>52,535</u>
Total financial investments held-to-maturity	<u>9,950,081</u>	<u>8,916,568</u>	<u>8,618,741</u>	<u>7,828,290</u>

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A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Overdrafts	4,005,025	4,104,535	3,787,272	3,944,594
Term loans/financing:				
- Housing and shop loans/financing	53,828,770	46,563,762	45,074,437	38,974,919
- Syndicated/term loans or financing	9,038,647	7,799,610	7,944,110	7,078,739
- Hire purchase receivables	18,099,246	17,405,481	14,631,741	13,940,555
- Other term loans/financing	8,676,463	8,684,556	7,151,025	7,089,671
Credit/charge card receivables	3,889,314	4,192,192	3,889,314	4,192,192
Bills receivable	1,166,833	1,116,670	1,155,997	1,109,346
Trust receipts	322,780	296,587	251,752	256,166
Claims on customers under acceptance credits	7,369,680	8,118,324	7,051,254	7,420,281
Block discounting	14	253	14	253
Revolving credit	6,549,079	5,545,623	5,301,689	4,897,352
Staff loans/financing	167,479	171,911	154,767	158,309
Other loans/financing	304,960	169,145	297,986	162,964
Gross loans, advances and financing	113,418,290	104,168,649	96,691,358	89,225,341
Unamortised fair value changes arising from terminated fair value hedges	(2,188)	(1,516)	547	3,431
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(969,033)	(1,076,604)	(822,488)	(922,286)
- Individual assessment allowance	(322,960)	(511,453)	(305,924)	(433,037)
Total net loans, advances and financing	112,124,109	102,579,076	95,563,493	87,873,449

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A11 Loans, advances and financing (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Domestic non-bank financial institutions	638,549	278,231	88,620	94,328
Domestic business enterprises:				
- small and medium enterprises	17,771,812	16,295,719	16,036,000	15,056,080
- others	18,372,803	19,182,004	15,997,698	16,673,126
Government and statutory bodies	24,448	28,345	12,473	12,945
Individuals	70,958,690	63,928,055	59,198,892	53,298,312
Other domestic entities	171,386	158,579	144,676	119,786
Foreign entities	5,480,602	4,297,716	5,212,999	3,970,764
Gross loans, advances and financing	<u>113,418,290</u>	<u>104,168,649</u>	<u>96,691,358</u>	<u>89,225,341</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Fixed rate:				
- Housing and shop loans/financing	3,575,427	2,838,586	2,347,397	1,694,863
- Hire purchase receivables	17,537,151	17,254,282	14,069,645	13,789,357
- Other fixed rate loan/financing	7,379,130	6,857,479	6,612,153	6,100,581
Variable rate:				
- Base rate/base lending rate plus	68,912,319	61,970,968	59,493,564	53,945,326
- Cost plus	15,694,860	14,934,610	14,168,599	13,695,214
- Other variables rates	319,403	312,724	-	-
Gross loans, advances and financing	<u>113,418,290</u>	<u>104,168,649</u>	<u>96,691,358</u>	<u>89,225,341</u>

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A11 Loans, advances and financing (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Purchase of securities	704,762	762,695	694,801	749,293
Purchase of transport vehicles	18,020,496	17,292,162	14,509,560	13,805,110
Purchase of landed properties				
- residential	45,306,604	39,000,324	37,505,118	32,307,912
- non-residential	14,231,669	12,370,138	12,892,318	11,260,737
Purchase of fixed assets (excluding landed properties)	462,979	530,527	421,120	485,549
Personal use	3,523,573	3,370,722	2,945,941	2,724,900
Credit card	3,889,314	4,192,192	3,889,314	4,192,192
Purchase of consumer durables	418	445	418	444
Construction	1,257,882	1,163,043	1,049,262	1,058,646
Mergers and acquisition	258,988	303,096	258,988	303,096
Working capital	23,432,987	22,573,362	20,396,334	19,987,905
Other purpose	2,328,618	2,609,943	2,128,184	2,349,557
Gross loans, advances and financing	<u>113,418,290</u>	<u>104,168,649</u>	<u>96,691,358</u>	<u>89,225,341</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Malaysia	109,283,009	101,088,811	93,141,474	86,545,396
Singapore	3,529,821	2,675,129	3,529,821	2,675,129
Hong Kong	20,063	4,816	20,063	4,816
Vietnam	319,403	312,724	-	-
Cambodia	265,994	87,169	-	-
Gross loans, advances and financing	<u>113,418,290</u>	<u>104,168,649</u>	<u>96,691,358</u>	<u>89,225,341</u>

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A11 Loans, advances and financing (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Within one year	28,564,745	27,515,823	26,844,178	25,657,871
One year to less than three years	7,821,134	8,208,062	6,499,875	6,717,890
Three years to less than five years	10,257,963	9,659,310	8,464,914	8,048,496
Five years and more	66,774,448	58,785,454	54,882,391	48,801,084
Gross loans, advances and financing	<u>113,418,290</u>	<u>104,168,649</u>	<u>96,691,358</u>	<u>89,225,341</u>

A11f Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	235	758	235	758
Purchase of transport vehicles	184,069	225,697	144,718	176,973
Purchase of landed properties				
- residential	207,232	213,583	148,743	152,070
- non-residential	46,190	47,737	43,695	40,163
Purchase of fixed assets (excluding landed properties)	34,188	37,484	32,943	36,092
Personal use	34,714	34,940	30,000	27,449
Credit card	42,907	53,058	42,907	53,058
Purchase of consumer durables	4	4	4	4
Construction	4,114	4,379	2,082	2,247
Working capital	365,444	572,014	348,978	494,221
Other purpose	28,863	42,081	28,495	42,080
Gross impaired loans, advances and financing	<u>947,960</u>	<u>1,231,735</u>	<u>822,800</u>	<u>1,025,115</u>

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A11 Loans, advances and financing (continued)

A11g Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	935,235	1,218,521	822,800	1,025,115
Vietnam	12,725	13,214	-	-
Gross impaired loans, advances and financing	<u>947,960</u>	<u>1,231,735</u>	<u>822,800</u>	<u>1,025,115</u>

A11h Movements in impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
At 1 July	1,231,735	1,359,443	1,025,115	1,154,173
Impaired during the financial year	1,525,359	1,705,427	1,275,080	1,439,645
Performing during the financial year	(792,443)	(897,336)	(637,758)	(732,219)
Amount written back in respect of recoveries	(480,590)	(507,069)	(403,171)	(452,330)
Amount written off	(541,798)	(431,273)	(436,696)	(385,673)
Exchange difference	5,697	2,543	230	1,519
At 30 June	<u>947,960</u>	<u>1,231,735</u>	<u>822,800</u>	<u>1,025,115</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.8%</u>	<u>1.2%</u>	<u>0.9%</u>	<u>1.1%</u>

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A11 Loans, advances and financing (continued)

A11i Movements in allowance for impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Collective Assessment Allowance</u>				
At 1 July	1,076,604	1,259,563	922,286	1,032,022
Net allowances made during the financial year	213,457	254,706	189,171	274,988
Amount transferred to individual assessment	(94)	(1,915)	(94)	(1,915)
Amount written off	(310,003)	(367,890)	(279,587)	(325,171)
Unwinding income	(12,129)	(68,545)	(9,802)	(58,362)
Exchange difference	1,198	685	514	724
At 30 June	<u>969,033</u>	<u>1,076,604</u>	<u>822,488</u>	<u>922,286</u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.20%</u>	<u>1.04%</u>	<u>1.20%</u>	<u>1.04%</u>
<u>Individual Assessment Allowance</u>				
At 1 July	511,453	526,018	433,037	450,107
Allowances made during the financial year	80,769	140,023	63,314	135,014
Amount transferred from collective assessment	94	1,915	94	1,915
Amount transferred to allowance for impairment losses on securities	(5,274)	-	(5,274)	-
Amount written back in respect of recoveries	(130,588)	(108,808)	(105,052)	(105,426)
Amount written off	(132,862)	(41,618)	(75,368)	(41,618)
Unwinding income	(5,360)	(7,112)	(5,057)	(6,994)
Exchange difference	4,728	1,035	230	39
At 30 June	<u>322,960</u>	<u>511,453</u>	<u>305,924</u>	<u>433,037</u>

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A12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Foreclosed properties	1,023	1,112	1,023	1,112
Sundry debtors and other prepayments	257,391	130,436	155,892	104,028
Treasury related receivables	429,244	3,260	429,244	3,260
Collateral pledged for derivative transactions	509,483	239,313	509,483	239,313
Other receivables	98,278	123,116	54,263	86,829
	<u>1,295,419</u>	<u>497,237</u>	<u>1,149,905</u>	<u>434,542</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	77,791,311	73,625,412	67,159,273	65,186,386
Negotiable instruments of deposits	12,879,060	11,598,134	11,412,543	9,685,899
Short-term corporate placements	13,145,658	10,637,552	12,295,104	9,359,459
	<u>103,816,029</u>	<u>95,861,098</u>	<u>90,866,920</u>	<u>84,231,744</u>
Demand deposits	20,065,136	19,071,251	17,553,946	16,705,898
Saving deposits	15,823,857	15,020,628	13,348,698	12,850,935
Others	640,821	381,524	630,045	373,704
Gross deposits from customers	<u>140,345,843</u>	<u>130,334,501</u>	<u>122,399,609</u>	<u>114,162,281</u>
Fair value changes arising from designation at fair value through profit or loss *	(69,695)	(82,164)	(62,565)	(63,446)
Total net deposits from customers	<u>140,276,148</u>	<u>130,252,337</u>	<u>122,337,044</u>	<u>114,098,835</u>

* The Group and the Bank have issued structured deposits (Callable Range Accrual Notes) and designated them at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of its fair value and includes terms that have substantive derivative characteristic. The structured deposits designated at fair value amounted to RM1,542 million (2014: RM1,372 million) for the Group and RM1,214 million (2014: RM931 million) for the Bank respectively.

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A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Government and statutory bodies	3,011,265	1,765,218	2,127,107	1,074,113
Business enterprises	65,026,828	59,564,201	55,067,415	49,561,625
Individuals	70,231,983	66,661,897	63,279,300	61,673,751
Others	2,075,767	2,343,185	1,925,787	1,852,792
	<u>140,345,843</u>	<u>130,334,501</u>	<u>122,399,609</u>	<u>114,162,281</u>

A13c The maturity structure of fixed deposits, negotiable instruments of deposits and short-term corporate placements are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Due within six months	78,605,267	74,198,390	68,018,244	64,254,150
More than six months to one year	21,105,271	17,661,291	19,165,497	16,520,351
More than one year to five years	3,375,491	3,501,417	2,953,179	3,007,243
More than five years	730,000	500,000	730,000	450,000
	<u>103,816,029</u>	<u>95,861,098</u>	<u>90,866,920</u>	<u>84,231,744</u>

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A14 Deposits and placements of banks and other financial institutions

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Licensed banks	6,389,746	5,451,089	6,133,109	5,387,384
Licensed investment banks	123,241	-	-	-
Licensed Islamic banks	49,004	901,261	-	-
Other financial institutions	534,240	758,945	-	-
	<u>7,096,231</u>	<u>7,111,295</u>	<u>6,133,109</u>	<u>5,387,384</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
- One year or less (short-term)	<u>7,096,231</u>	<u>7,111,295</u>	<u>6,133,109</u>	<u>5,387,384</u>

A15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Zakat	350	200	-	-
Post employment benefits obligation				
- defined contribution plan	288	2,937	288	2,937
Loan advance payment	2,268,769	1,882,838	1,845,747	1,525,872
Amount due to Cagamas Berhad	-	84,160	-	84,160
Amount due to subsidiary companies	-	-	29,016	28,494
Treasury and cheque clearing	533,584	1,219,056	413,043	523,173
Treasury related payables	174,206	56,425	173,063	56,425
Sundry creditors and accruals	534,896	540,999	436,044	475,869
Provision for bonus and staff related expenses	93,525	125,016	89,442	120,544
Others	295,501	339,406	277,363	466,708
	<u>3,901,119</u>	<u>4,251,037</u>	<u>3,264,006</u>	<u>3,284,182</u>

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A16 Senior bonds

		<u>The Group and The Bank</u>	
	Note	<u>30/06/2015</u>	<u>30/06/2014</u>
		<u>RM'000</u>	<u>RM'000</u>
USD 300 million senior bonds, at par	(a)	916,350	916,350
USD 300 million senior bonds, at par	(b)	919,200	919,200
Foreign exchange translations		435,750	90,750
		<u>2,271,300</u>	<u>1,926,300</u>
Add: Interest payable		19,401	16,454
		<u>2,290,701</u>	<u>1,942,754</u>
Less: Unamortised discounts		(4,321)	(6,547)
		<u><u>2,286,380</u></u>	<u><u>1,936,207</u></u>

(a) On 17 March 2011, the Bank issued USD300.0 million in aggregate principal amount of Senior Bonds ("the Bonds"), which will mature in 2016. The Bonds bear interest at the rate of 3.75% is payable semi-annually. The Bonds were issued at a price of 99.761 per cent of the principal amount of the Bonds.

The Bonds will constitute direct, general, unsubordinated and (subject to the provisions of Negative Pledge Condition) unsecured obligations of the Bank which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Bank.

(b) On 20 April 2012, HLB completed its inaugural US dollar senior unsecured notes issuance of USD300.0 million (the "Senior Notes") under its Euro Medium Term Note Programme of up to USD1.5 billion (or its equivalent in other currencies) in nominal value (the "Programme") which was established on 9 April 2012.

The Senior Notes will have a tenor of five years, maturing on 19 April 2017. The Senior Notes will pay a coupon of 3.125% per annum which is equivalent to a yield to investors of 3.269%.

A17 Tier 2 subordinated bonds

		<u>The Group</u>		<u>The Bank</u>	
	Note	<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM700 million Tier 2 subordinated debt, at par	(a)	700,000	700,000	700,000	700,000
Add: Interest payable		13,115	13,115	13,115	13,115
		<u>713,115</u>	<u>713,115</u>	<u>713,115</u>	<u>713,115</u>
Less: Unamortised discounts		(2)	(207)	(2)	(207)
		<u><u>713,113</u></u>	<u><u>712,908</u></u>	<u><u>713,113</u></u>	<u><u>712,908</u></u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	1,000,000	1,000,000	1,000,000
Add: Interest payable		6,793	6,793	6,793	6,793
		<u>1,006,793</u>	<u>1,006,793</u>	<u>1,006,793</u>	<u>1,006,793</u>
Less: Unamortised discounts		(124)	(570)	(124)	(570)
		<u><u>1,006,669</u></u>	<u><u>1,006,223</u></u>	<u><u>1,006,669</u></u>	<u><u>1,006,223</u></u>

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A17 Tier 2 subordinated bonds (continued)

		<u>The Group</u>		<u>The Bank</u>	
		<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Subordinated medium term notes, at par	(c)	500,000	750,000	500,000	750,000
Add: Interest payable		65	1,207	65	1,207
		500,065	751,207	500,065	751,207
Less: Unamortised discounts		(350)	(1,138)	(350)	(1,138)
Fair value adjustments on completion of business combination accounting		(147)	210	(147)	210
		499,568	750,279	499,568	750,279
RM1.5 billion Tier 2 subordinated debt, at par	(d)	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable		1,664	1,479	1,664	1,479
		1,501,664	1,501,479	1,501,664	1,501,479
Less: Unamortised discounts		(1,027)	(1,590)	(1,027)	(1,590)
		1,500,637	1,499,889	1,500,637	1,499,889
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(e)	400,000	400,000	-	-
Add: Profit payable		736	736	-	-
		400,736	400,736	-	-
Less: Unamortised discounts		(431)	(658)	-	-
		400,305	400,078	-	-
RM500 million Tier 2 subordinated notes, at par	(f)	500,000	500,000	500,000	500,000
Add: Interest payable		526	526	526	526
		500,526	500,526	500,526	500,526
Less: Unamortised discounts		(1,006)	(1,550)	(1,006)	(1,550)
		499,520	498,976	499,520	498,976
		4,619,812	4,868,353	4,219,507	4,468,275

(a) On 10 August 2010, HLB had completed the first issuance of RM700.0 million nominal value of Tier 2 Subordinated Debt ("Sub Debt") out of its RM1.7 billion Tier 2 Subordinated Notes Programme. The RM700.0 million Sub Debt will mature in 2020 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Sub Debt which bears interest of 4.85% per annum is payable semi-annually in arrears.

The Sub Debt constitute unsecured liabilities of the Bank, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

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A17 Tier 2 subordinated bonds (continued)

- (b) On 5 May 2011, HLB issued the remaining RM1.0 billion nominal value of Sub Debt which will mature in 2021 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The second issuance of Sub Debt bears interest at the rate of 4.35% per annum and is payable semi-annually in arrears.

The Sub Debt constitute unsecured liabilities of the Bank, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

- (c) On 27 February 2009, Promino Sdn Bhd ("Promino"), a wholly owned subsidiary of the Bank, has successfully issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should Promino decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

Subsequently, on 2 December 2009, Promino issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should Promino decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

Subsequently, on 30 December 2010, Promino issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should Promino decide not to exercise its call option on the fifth (5) year from the issue date, or at each anniversary date thereafter, the coupon rate of this third tranche will be remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

On 1 July 2011, the above Subordinated MTN was vested to HLB. The above tranches of Subordinated MTNs constitute unsecured liabilities of HLB and are subordinated to all deposit liabilities and all other liabilities except those liabilities, which by their terms, rank equally in rights of payment with the Subordinated MTNs. The Subordinated MTNs qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

On 27 February 2014, HLB had fully redeemed the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years subordinated MTNs bearing coupon rate of 5.75% per annum.

On 2 December 2014, HLB had fully redeemed the second tranche of RM250.0 million nominal value of the 10 non-callable 5 years subordinated MTNs bearing coupon rate of 5.75% per annum.

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A17 Tier 2 subordinated bonds (continued)

- (d) On 22 June 2012, the Bank had completed the issuance of RM1.5 billion nominal value of Tier 2 Subordinated Notes ("Sub Notes"). The RM1.5 billion Sub Notes will mature in 2024 and are callable on any interest payment date falling on or after the 7th anniversary of the issue date subject to approval of BNM. The Sub Notes which bears interest of 4.50% per annum is payable semi-annually in arrears.

The Sub Notes constitute unsecured liabilities of the Bank, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

- (e) On 17 June 2014, Hong Leong Islamic Bank Berhad ("HLISB"), a wholly owned subsidiary of the Bank, had completed the first issuance of RM400.0 million nominal value of Tier 2 Subordinated Sukuk Ijarah ("Subordinated Sukuk Ijarah") out of its RM1.0 billion Tier 2 Subordinated Sukuk Ijarah Programme. The RM400.0 million Subordinated Sukuk Ijarah will mature in 2024 and is callable at end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Subordinated Sukuk Ijarah which bears profit rate of 4.80% per annum is payable semi-annually in arrears.

The Subordinated Sukuk Ijarah constitute direct, unconditional, subordinated and unsecured obligations of HLISB and subordinated in right and priority of payment, to the extend and in the manner provided in the Subordinated Sukuk Ijarah, ranking *pari passu* among themselves. The Subordinated Sukuk Ijarah is subordinated in right of payment to all deposit liabilities and other liabilities of HLISB, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Subordinated Sukuk Ijarah. The Subordinated Sukuk Ijarah qualifies as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLISB.

- (f) On 23 June 2014, HLB had completed the first issuance of RM500.0 million nominal value of Tier 2 Sub Notes out of its RM10.0 billion Multi-Currency Sub Notes Programme. The RM500.0 million Sub Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub Notes which bears interest rate of 4.80% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub Notes shall be subject to the approval of BNM.

The Sub Notes constitute unsecured liabilities of the Bank, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub Notes. The Sub Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

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A18 Non-innovative Tier 1 stapled securities

	<u>The Group and The Bank</u>	
	30/06/2015	30/06/2014
	RM'000	RM'000
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	1,400,000
Add: Interest payable	11,040	11,041
	1,411,040	1,411,041
Less: Unamortised discounts	(171)	(789)
	<u>1,410,869</u>	<u>1,410,252</u>

On 5 May 2011, HLB had completed its issuance of Non-Innovative Tier 1 Stapled Securities ("NIT-1 Stapled Securities") of RM1.4 billion. The NIT-1 Stapled Securities which is perpetual in nature and callable at the end of year 5 and on each coupon payment date, pays a semi annual coupon of 5.05% per annum. The call option shall be subject to the approval of BNM.

The NIT-1 Stapled Securities constitute unsecured liabilities of the Bank, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 1 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

A19 Innovative Tier 1 capital securities

	<u>The Group and The Bank</u>	
	30/06/2015	30/06/2014
	RM'000	RM'000
RM500 million Innovative Tier 1 capital securities at par	500,000	500,000
Add: Interest payable	12,771	12,771
	512,771	512,771
Less: Unamortised discounts	(7,367)	(8,746)
Fair value adjustments on completion of business combination accounting	24,819	37,742
	<u>530,223</u>	<u>541,767</u>

On 10 September 2009, Promino issued the first tranche of Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") amounting to RM500.0 million in nominal value, from its RM1.0 billion IT-1 Capital Securities Programme. The IT-1 Capital Securities is structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by BNM.

The RM500.0 million IT-1 Capital Securities has a tenor of 30 years and Promino has the option to redeem the RM500.0 million IT-1 Capital Securities at the 10th anniversary, subject to BNM approval. The RM500.0 million IT-1 Capital Securities has a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities is not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

On 1 July 2011, the above IT-Capital Securities was vested to HLB. The IT-1 Capital Securities constitute unsecured and subordinated obligations of HLB and are subordinated to all deposit liabilities and all other liabilities except those liabilities which rank equally in, and/or junior to, the rights of payment of the IT-1 Capital Securities. The IT-1 Capital Securities qualify as Tier 1 capital for the purpose of computing the capital adequacy ratio of the Group and the Bank.

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A20 Interest income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loan, advances and financing	1,128,925	1,041,088	4,410,482	4,125,470
Money at call and deposit placements with financial institutions	43,355	81,583	257,445	430,603
Securities purchased under resale agreements	91,338	(10,729)	218,068	18,404
Financial assets held-for-trading	110,553	125,173	536,960	499,315
Financial investments available-for-sale	100,623	93,855	418,380	393,231
Financial investments held-to-maturity	68,429	62,587	262,819	182,496
Others	61	56	315	203
	<u>1,543,284</u>	<u>1,393,613</u>	<u>6,104,469</u>	<u>5,649,722</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>13,561</u>	<u>17,703</u>	<u>58,180</u>	<u>65,356</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loan, advances and financing	1,118,116	1,033,599	4,372,625	4,099,812
Money at call and deposit placements with financial institutions	43,883	85,159	263,384	450,070
Securities purchased under resale agreements	91,338	(10,729)	218,068	18,404
Financial assets held-for-trading	113,735	129,754	547,630	518,097
Financial investments available-for-sale	96,942	85,613	395,205	357,627
Financial investments held-to-maturity	70,385	66,548	272,830	210,239
Others	53	56	297	12,926
	<u>1,534,452</u>	<u>1,390,000</u>	<u>6,070,039</u>	<u>5,667,175</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>13,561</u>	<u>17,703</u>	<u>58,180</u>	<u>65,356</u>

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A21 Interest expense

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	16,217	(19,260)	66,491	63,567
Deposits from customers	705,058	605,749	2,683,217	2,366,826
Short-term corporate placements	70,499	42,635	232,673	190,579
Senior bonds	19,484	17,365	74,259	70,240
Tier 2 subordinated bonds	49,020	43,643	202,140	188,785
Non-innovative Tier 1 stapled securities	17,738	17,524	71,317	71,439
Innovative Tier 1 capital securities	7,876	6,892	30,516	26,862
Others	225	1,737	2,660	9,200
	<u>886,117</u>	<u>716,285</u>	<u>3,363,273</u>	<u>2,987,498</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	17,860	(19,301)	71,420	69,728
Deposits from customers	708,336	611,212	2,696,652	2,411,760
Short-term corporate placements	70,499	42,635	232,673	190,579
Senior bonds	19,484	17,365	74,259	70,240
Tier 2 subordinated bonds	49,019	46,588	202,133	203,394
Non-innovative Tier 1 stapled securities	17,738	17,851	71,317	71,766
Innovative Tier 1 capital securities	7,876	6,892	30,516	26,862
Others	225	1,737	2,660	9,200
	<u>891,037</u>	<u>724,979</u>	<u>3,381,630</u>	<u>3,053,529</u>

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A22 Net income from Islamic Banking business

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	229,153	204,471	903,576	835,835
of which Finance income	228,631	203,951	897,446	837,111
of which other operating income	522	520	6,130	(1,276)
Income derived from investment of shareholders' funds	28,178	21,023	92,445	91,395
of which Finance income	19,882	15,347	78,038	63,006
of which other operating income	8,296	5,676	14,407	28,389
Income attributable to depositors	(152,536)	(121,265)	(576,263)	(492,851)
	<u>104,795</u>	<u>104,229</u>	<u>419,758</u>	<u>434,379</u>

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A23 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
(a) <u>Fee income:</u>				
Commissions	38,806	34,937	157,092	141,375
Service charges and fees	11,566	12,895	48,501	51,012
Guarantee fees	4,772	3,696	19,871	22,818
Credit card related fees	54,492	57,882	234,464	240,267
Corporate advisory fees	142	293	2,372	654
Commitment fees	8,745	9,004	35,174	36,562
Fee on loans, advances and financing	8,543	13,542	52,654	66,313
Other fee income	16,919	8,198	50,616	35,844
	<u>143,985</u>	<u>140,447</u>	<u>600,744</u>	<u>594,845</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading	5,257	4,505	29,847	15,185
Net gain from sale of derivative financial instruments	15,036	3,718	81	38,052
Net gain from sale of financial investments available-for-sale	22,515	27,694	111,345	74,419
Net gain from redemption of financial investments held-to-maturity	20	177	350	790
	<u>42,828</u>	<u>36,094</u>	<u>141,623</u>	<u>128,446</u>
(c) <u>Gross dividend income from:</u>				
Financial investments available-for-sale	<u>34,598</u>	<u>18,298</u>	<u>119,491</u>	<u>66,632</u>

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A23 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
(d) <u>Net unrealised (loss)/gain on revaluation of:</u>				
- Financial assets held-for-trading	(3,682)	539	(463)	1,888
- Derivatives financial instruments	(5,897)	(353)	(38,352)	177
	<u>(9,579)</u>	<u>186</u>	<u>(38,815)</u>	<u>2,065</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(355)</u>	<u>(1,657)</u>	<u>(3,279)</u>	<u>(8,334)</u>
(f) <u>Other income:</u>				
Foreign exchange gain	17,501	19,903	12,717	132,150
Rental income	1,429	1,322	5,511	5,357
Gain on disposal of property and equipment (net)	44,604	5,609	50,695	6,113
Other non-operating income	3,862	4,658	17,307	15,182
	<u>67,396</u>	<u>31,492</u>	<u>86,230</u>	<u>158,802</u>
Total other operating income	<u>278,873</u>	<u>224,860</u>	<u>905,994</u>	<u>942,456</u>

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A23 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	38,545	34,817	156,091	140,831
Service charges and fees	11,489	12,832	48,162	50,829
Guarantee fees	4,721	3,675	19,736	22,736
Credit card related fees	54,492	57,882	234,464	240,267
Corporate advisory fees	142	293	2,372	654
Commitment fees	8,701	8,992	35,056	36,537
Fee on loans, advances and financing	8,105	13,380	51,192	65,711
Other fee income	16,881	8,158	50,450	35,709
	<u>143,076</u>	<u>140,029</u>	<u>597,523</u>	<u>593,274</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading	5,257	4,505	29,847	15,185
Net gain from sale of derivative financial instruments	15,036	3,718	81	38,052
Net gain from sale of financial investments available-for-sale	21,503	22,826	101,692	54,893
Net gain from redemption of financial investments held-to-maturity	20	177	350	790
	<u>41,816</u>	<u>31,226</u>	<u>131,970</u>	<u>108,920</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	110,093	56,700
Associated company	-	-	91,669	76,859
Financial investments available-for-sale	34,598	18,298	119,491	66,632
	<u>34,598</u>	<u>18,298</u>	<u>321,253</u>	<u>200,191</u>

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A23 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
(d) <u>Net unrealised (loss)/gain on revaluation of:</u>				
- Financial assets held-for-trading	(3,682)	539	(463)	1,888
- Derivatives financial instruments	(5,897)	(353)	(38,352)	177
	<u>(9,579)</u>	<u>186</u>	<u>(38,815)</u>	<u>2,065</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(345)</u>	<u>(1,304)</u>	<u>(2,886)</u>	<u>(6,379)</u>
(f) <u>Other income:</u>				
Foreign exchange gain	17,595	19,857	13,474	132,225
Rental income	1,429	1,322	5,511	5,357
Gain on disposal of property and equipment (net)	44,604	5,609	50,695	6,113
Other non-operating income	3,751	4,646	17,171	28,538
	<u>67,379</u>	<u>31,434</u>	<u>86,851</u>	<u>172,233</u>
Total other operating income	<u>276,945</u>	<u>219,869</u>	<u>1,095,896</u>	<u>1,070,304</u>

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A24 Other operating expenses

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	244,628	198,637	939,976	859,063
- Medical expenses	7,033	7,280	26,804	23,804
- Training and convention expenses	3,257	12,461	11,763	29,925
- Staff welfare	1,764	3,111	8,745	13,213
- Others	4,759	6,776	24,260	22,343
	<u>261,441</u>	<u>228,265</u>	<u>1,011,548</u>	<u>948,348</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment *	18,287	28,182	70,819	110,193
- Amortisation of intangible assets *	17,681	25,639	69,487	97,502
- Rental of premises	20,146	18,565	78,772	73,369
- Information technology expenses	28,765	29,294	111,449	109,059
- Security services	6,205	7,451	26,177	31,344
- Electricity, water and sewerage	5,798	7,259	23,870	24,743
- Hire of plant and machinery	3,495	3,224	13,841	13,664
- Others	5,691	6,220	22,979	27,774
	<u>106,068</u>	<u>125,834</u>	<u>417,394</u>	<u>487,648</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	11,195	17,926	33,229	36,885
- Credit card related fees	25,568	25,923	112,590	97,263
- Others	4,530	4,085	15,621	17,206
	<u>41,293</u>	<u>47,934</u>	<u>161,440</u>	<u>151,354</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,727	4,358	14,499	13,555
- Stationery and printing expenses	4,585	6,266	18,271	18,259
- Professional fees	20,553	23,293	70,342	79,656
- Insurance fees	7,794	9,694	35,567	29,988
- Stamp, postage and courier	4,902	7,203	20,585	22,171
- Travelling and transport expenses	1,418	1,689	6,131	6,430
- Registration and license fees	2,071	1,142	6,564	4,910
- Brokerage and commission	1,521	1,546	6,710	5,993
- Credit card fees	8,010	6,433	31,822	25,908
- Others	7,599	3,468	12,986	(2,007)
	<u>62,180</u>	<u>65,092</u>	<u>223,477</u>	<u>204,863</u>
	<u>470,982</u>	<u>467,125</u>	<u>1,813,859</u>	<u>1,792,213</u>

* During the financial year, the Group had reviewed and revised the useful lives of certain class of assets. This was done in accordance to MFRS 116 - Property, Plant and Equipment and MFRS 138 - Intangible Assets. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation and amortisation charged of the Group for the current financial year had decreased.

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A24 Other operating expenses (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	207,247	166,797	787,268	724,344
- Medical expenses	5,918	6,136	22,579	20,069
- Training and convention expenses	3,273	10,964	10,959	26,920
- Staff welfare	1,489	2,807	7,419	11,693
- Others	3,475	5,673	19,875	18,719
	<u>221,402</u>	<u>192,377</u>	<u>848,100</u>	<u>801,745</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment *	17,049	26,995	66,691	105,116
- Amortisation of intangible assets *	17,011	24,489	66,693	92,969
- Rental of premises	16,521	15,428	64,883	60,807
- Information technology expenses	25,777	26,844	101,046	100,095
- Security services	4,940	5,988	21,077	25,214
- Electricity, water and sewerage	5,037	6,286	20,659	21,607
- Hire of plant and machinery	3,254	2,893	12,762	12,556
- Others	2,063	1,201	8,612	7,748
	<u>91,652</u>	<u>110,124</u>	<u>362,423</u>	<u>426,112</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	10,234	17,135	29,405	34,151
- Credit card related fees	25,568	25,923	112,590	97,263
- Others	3,735	3,522	13,427	15,368
	<u>39,537</u>	<u>46,580</u>	<u>155,422</u>	<u>146,782</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,669	4,266	14,190	13,227
- Stationery and printing expenses	4,517	6,104	17,653	17,741
- Professional fees	20,284	22,649	68,289	77,506
- Insurance fees	7,765	7,975	31,537	25,648
- Stamp, postage and courier	4,831	7,103	20,371	21,876
- Travelling and transport expenses	1,117	1,303	4,863	5,120
- Registration and license fees	1,814	1,035	5,923	4,460
- Brokerage and commission	1,122	1,294	5,250	5,153
- Credit card fees	8,010	6,433	31,822	25,908
- Others	8,269	4,443	16,438	2,359
	<u>61,398</u>	<u>62,605</u>	<u>216,336</u>	<u>198,998</u>
	<u>413,989</u>	<u>411,686</u>	<u>1,582,281</u>	<u>1,573,637</u>

* During the financial year, the Group had reviewed and revised the useful lives of certain class of assets. This was done in accordance to MFRS 116 - Property, Plant and Equipment and MFRS 138 - Intangible Assets. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation and amortisation charged of the Bank for the current financial year had decreased.

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A25 (Write back of)/allowance for impairment losses on loans, advances and financing

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
(Write back of)/allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	59,539	66,846	213,457	254,706
- individual assessment allowance	14,532	14,867	(49,819)	31,215
Impaired loans and financing:				
- written off	5,344	3,338	45,617	20,025
- recovered from bad debt written off	(55,849)	(60,749)	(261,184)	(253,881)
	<u>23,566</u>	<u>24,302</u>	<u>(51,929)</u>	<u>52,065</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(Write back of)/allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	50,397	93,307	189,171	274,988
- individual assessment allowance	14,645	15,417	(41,738)	29,588
Impaired loans and financing:				
- written off	3,770	2,910	35,290	17,725
- recovered from bad debt written off	(50,624)	(54,054)	(236,428)	(229,898)
	<u>18,188</u>	<u>57,580</u>	<u>(53,705)</u>	<u>92,403</u>

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A26 Capital adequacy

The Group's and the Bank's regulatory capital is governed by BNM Capital Adequacy Framework guidelines. With effect from 1 January 2013, the capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework issued on 28 November 2012. The Framework sets out the approach for computing the regulatory capital adequacy ratios, as well as the levels of the ratios at which banking institutions are required to operate. The Framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for common equity Tier I (CET I) capital ratio and Tier I capital ratio are 4.50% (2014: 4.00%) and 6.00% (2014: 5.50%) respectively for year 2015. The minimum regulatory capital adequacy requirement remains at 8.00% (2014: 8.00%) for total capital ratio.

The risk-weighted assets ("RWA") of the Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation.

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group		The Bank	
	Financial Year Ended 30/06/2015	Financial Year Ended 30/06/2014	Financial Year Ended 30/06/2015	Financial Year Ended 30/06/2014
Before deducting proposed dividends				
CET I capital ratio	11.147%	10.903%	9.861%	10.172%
Tier I capital ratio	12.297%	12.306%	11.179%	11.777%
Total capital ratio	<u>14.715%</u>	<u>15.072%</u>	<u>14.226%</u>	<u>14.657%</u>
After deducting proposed dividends				
CET I capital ratio	10.750%	10.480%	9.406%	9.689%
Tier I capital ratio	11.900%	11.883%	10.724%	11.294%
Total capital ratio	<u>14.318%</u>	<u>14.649%</u>	<u>13.771%</u>	<u>14.173%</u>

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A26 Capital adequacy (continued)

(b) The components of CET 1, Tier I and Tier II capital under the revised Capital Components Framework are as follows:

	The Group		The Bank	
	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2014 RM'000	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2014 RM'000
CET I capital				
Paid-up share capital	1,879,909	1,879,909	1,879,909	1,879,909
Share premium	2,872,183	2,832,383	2,872,183	2,832,383
Retained profits	7,819,514	7,189,104	5,653,204	5,375,070
Other reserves	4,363,914	3,171,817	3,219,396	2,773,797
Less: Treasury shares	(648,588)	(645,579)	(648,588)	(645,579)
Less: Other intangible assets	(318,107)	(347,791)	(302,801)	(335,319)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less : Investment in subsidiary companies/ associated company/joint venture	(1,242,626)	(430,676)	(952,672)	(475,075)
Total CET I capital	12,894,887	11,817,855	9,949,084	9,633,639
Additional Tier I capital				
Non-innovative Tier I stapled securities	980,000	1,120,000	980,000	1,120,000
Innovative Tier I capital securities	350,000	400,000	350,000	400,000
Total additional Tier I capital	1,330,000	1,520,000	1,330,000	1,520,000
Total Tier I capital	14,224,887	13,337,855	11,279,084	11,153,639
Tier II capital				
Collective assessment allowance [^] and regulatory reserves #	1,109,877	732,980	951,123	639,439
Subordinated bonds	3,552,000	3,988,000	3,552,000	3,988,000
Tier II capital before regulatory adjustments	4,661,877	4,720,980	4,503,123	4,627,439
Less: Regulatory adjustments				
Investment in subsidiary companies	-	-	(815,066)	(1,081,727)
Investment in associated company	(1,786,666)	(1,650,640)	(567,915)	(757,204)
Investment in joint venture	(77,274)	(72,064)	(46,027)	(61,369)
Total Tier II capital	2,797,937	2,998,276	3,074,115	2,727,139
Total capital	17,022,824	16,336,131	14,353,199	13,880,778

[^] Excludes collective assessment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM388,112,000 (2014: RM Nil) and RM334,138,000 (2014: RM Nil) respectively.

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A26 Capital adequacy (continued)

(c) The breakdown of RWA by each major risk category is as follows:

	The Group		The Bank	
	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2014 RM'000	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2014 RM'000
Credit risk	105,009,787	96,729,672	91,202,163	84,227,557
Market risk	3,052,311	4,126,372	3,065,215	3,912,418
Operational risk	7,620,076	7,532,731	6,627,632	6,563,115
Total RWA	115,682,174	108,388,775	100,895,010	94,703,090

(d) The capital adequacy ratios of the banking subsidiary company of the Group are as follows:

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	Financial Year Ended 30/06/2015	Financial Year Ended 30/06/2014
Before deducting proposed dividends		
CET I capital ratio	11.323%	11.829%
Tier I capital ratio	11.323%	11.829%
Total capital ratio	<u>15.240%</u>	<u>15.587%</u>
After deducting proposed dividends		
CET I capital ratio	11.253%	11.392%
Tier I capital ratio	11.253%	11.392%
Total capital ratio	<u>15.170%</u>	<u>15.150%</u>

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A27 Group segmental reporting on revenue, profit and assets

The business segment results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

The various business segments are described below:

Personal Financial Services focuses mainly on servicing individual customers and small businesses. Products and services that are extended to customers include mortgages, credit cards, hire purchase and others.

Business & Corporate Banking focuses mainly on corporate customers. Products offered include trade financing, working capital facilities, other term financing and corporate advisory services.

Global Markets refers to the Group's domestic treasury and capital market operations and includes foreign exchange, money market operations as well as capital market securities trading and investments.

Overseas/International Operations refers to Hong Leong Bank Berhad Overseas Branches, Subsidiaries, Associate, Joint Venture and Representative Office. The overseas operations are mainly in commercial banking and treasury business.

Others and inter-segment elimination refers to head office, other subsidiaries and inter-segment elimination.

Financial quarter ended 30/06/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	622,689	118,493	321,063	46,170	(67,580)	1,040,835
Inter-segment revenue	(52,006)	98,046	(179,094)	-	133,054	-
Segment revenue	<u>570,683</u>	<u>216,539</u>	<u>141,969</u>	<u>46,170</u>	<u>65,474</u>	<u>1,040,835</u>
Segment profit before taxation	255,084	148,462	119,426	(821)	34,037	556,188
Share of profit after tax of equity accounted associated company				111,471		111,471
Share of profit after tax of equity accounted joint venture				4,846		4,846
Profit before taxation						<u>672,505</u>
Taxation						<u>(57,654)</u>
Profit after taxation						<u><u>614,851</u></u>

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A27 Group segmental reporting on revenue, profit and assets (continued)

Financial year ended 30/06/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	2,539,832	487,640	1,272,474	191,446	(424,444)	4,066,948
Inter-segment revenue	(163,238)	409,241	(775,398)	-	529,395	-
Segment revenue	<u>2,376,594</u>	<u>896,881</u>	<u>497,076</u>	<u>191,446</u>	<u>104,951</u>	<u>4,066,948</u>
Segment profit before taxation	1,084,981	785,422	403,230	4,030	50,817	2,328,480
Share of profit after tax of equity accounted associated company				401,277		401,277
Share of profit after tax of equity accounted joint venture				16,401		16,401
Profit before taxation						<u>2,746,158</u>
Taxation						<u>(512,971)</u>
Profit after taxation						<u>2,233,187</u>
Segment assets	77,317,312	31,191,829	56,337,222	10,234,054	-	175,080,417
Unallocated assets						8,939,318
Total assets						<u>184,019,735</u>

Corresponding quarter ended 30/06/2014

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	606,252	121,548	310,068	46,169	(77,620)	1,006,417
Inter-segment revenue	(29,872)	117,659	(188,035)	-	100,248	-
Segment revenue	<u>576,380</u>	<u>239,207</u>	<u>122,033</u>	<u>46,169</u>	<u>22,628</u>	<u>1,006,417</u>
Segment profit before taxation	225,815	167,440	97,367	2,745	22,367	515,734
Share of profit after tax of equity accounted associated company				92,254		92,254
Share of profit after tax of equity accounted joint venture				2,966		2,966
Profit before taxation						<u>610,954</u>
Taxation						<u>(73,507)</u>
Profit after taxation						<u>537,447</u>

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A27 Group segmental reporting on revenue, profit and assets (continued)

Corresponding financial year ended 30/06/2014

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	2,385,398	531,314	1,274,900	185,320	(337,873)	4,039,059
Inter-segment revenue	14,763	451,346	(804,081)	-	337,972	-
Segment revenue	<u>2,400,161</u>	<u>982,660</u>	<u>470,819</u>	<u>185,320</u>	<u>99</u>	<u>4,039,059</u>
Segment profit before taxation	1,080,288	795,753	371,120	30,769	(43,334)	2,234,596
Share of profit after tax of equity accounted associated company				368,490		368,490
Share of profit after tax of equity accounted joint venture				10,135		10,135
Profit before taxation						<u>2,613,221</u>
Taxation						(510,951)
Profit after taxation						<u>2,102,270</u>
Segment assets	70,102,501	30,110,260	53,685,303	8,198,762	-	162,096,826
Unallocated assets						8,253,977
Total assets						<u>170,350,803</u>

A28 Property and equipment

The valuations of land and building had been brought forward without amendment from the previous audited annual financial statements.

A29(a) Material events subsequent to the end of the reporting year

There are no materials events subsequent to the end of the financial year ended 30 June 2015 except for the following:-

- (a) On 10 August 2015, the Bank announced that it had on 10 August 2015 fully redeemed the RM700.0 million 4.85% Tier 2 Subordinated Notes issued by the Bank on 10 August 2010.

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A29(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial year and up to the date of this report except for the following:

- (a) On 26 November 2014, the Bank announced that WTB Corporation Sdn Bhd ("WTB"), a wholly-owned subsidiary of HLF Credit (Perak) Bhd, which in turn is a wholly-owned subsidiary of HLB, had placed Wah Tat Nominees (Asing) Sdn Bhd ("Wah Tat Nominees (Asing)"), a wholly-owned subsidiary of WTB, under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. Wah Tat Nominees (Asing) is dormant.
- (b) On 2 June 2015, the Bank announced that WTB had placed Wah Tat Nominees (Tempatan) Sdn Bhd ("Wah Tat Nominees (Tempatan)"), a wholly-owned subsidiary of WTB, under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. Wah Tat Nominees (Tempatan) is dormant.
- (c) Promitol Sdn Bhd, a wholly-owned subsidiary of the Bank, was dissolved on 29 July 2015.

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A30 Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are also not secured over the assets of the Group.

The notional amounts of the commitments and contingencies constitute the following:

	The Group		The Bank	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Principal Amount				
Direct credit substitutes	212,983	356,167	211,578	355,108
Certain transaction related contingent items	1,606,465	1,706,130	1,508,972	1,609,051
Short-term self liquidating trade related contingencies	755,587	765,904	741,482	737,856
Forward asset purchases	-	37,432	-	37,432
Irrevocable commitments to extend credit:				
- maturity more than one year	18,158,775	17,251,829	14,680,331	14,568,131
- maturity less than one year	17,262,934	15,821,707	15,610,783	14,681,470
Foreign exchange related contracts:				
- less than one year	31,118,946	41,760,495	30,203,845	40,980,702
- one year to less than five years	4,409,157	4,369,268	4,409,157	4,369,456
- five years and above	819,693	598,871	819,693	598,871
Interest rate related contracts:				
- less than one year	21,887,447	45,035,485	21,857,447	44,935,485
- one year to less than five years	42,671,138	49,018,223	42,386,138	47,758,223
- five years and above	2,129,631	8,501,058	2,129,631	8,451,058
Equity related contracts:				
- less than one year	360,330	207,936	360,330	207,936
- one year to less than five years	102,937	94,310	102,937	94,310
Commodity related contracts:				
- less than one year	1,471	-	1,471	-
- one year to less than five years	3,826	-	3,826	-
Unutilised credit card lines	7,426,036	7,610,596	7,426,036	7,610,596
Total	148,927,356	193,135,411	142,453,657	186,995,685

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A31 Related party transactions

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

(a) Connected Parties (CP) Exposures

	The Group		The Bank	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Aggregate Value of Outstanding Credit Exposures with Connected Parties	5,341,771	6,329,379	5,129,116	6,119,610
Outstanding Credit Exposures to Connected Parties as a Proportion of Total Credit Exposures (%)	4.04%	5.18%	4.52%	5.79%
Outstanding Credit Exposures with Connected Parties Which is Non-Performing or in Default as a Proportion of Total Credit Exposures (%)	0.0004%	0.0004%	0.0004%	0.0004%

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A32 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the statements of financial position date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

(a) Determination of fair value and fair value hierarchy

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

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A32 Fair value of financial instruments (continued)

(a) Determination of fair value and fair value hierarchy (continued)

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

The Group				
Financial Year Ended 30/06/2015				
Fair value				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	6,534,085	-	6,534,085
- Quoted Securities	379,216	-	-	379,216
- Unquoted Securities	-	218,133	-	218,133
Financial investments available-for-sale				
- Money market instrument	-	5,149,771	-	5,149,771
- Quoted Securities	9,055,856	-	-	9,055,856
- Unquoted Securities	-	5,706,839	394,887	6,101,726
Derivative financial instruments	42	1,417,935	6,952	1,424,929
	<u>9,435,114</u>	<u>19,026,763</u>	<u>401,839</u>	<u>28,863,716</u>
<u>Financial Liability</u>				
Derivative financial instruments	<u>2,959</u>	<u>1,277,815</u>	<u>6,952</u>	<u>1,287,726</u>

The Group				
Financial Year Ended 30/06/2014				
Fair value				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	10,737,861	-	10,737,861
- Quoted Securities	247,058	-	-	247,058
- Unquoted Securities	-	329,557	-	329,557
Financial investments available-for-sale				
- Money market instrument	-	6,004,809	-	6,004,809
- Quoted Securities	6,000,978	-	-	6,000,978
- Unquoted Securities	-	4,304,106	367,316	4,671,422
Derivative financial instruments	1,417	686,024	-	687,441
	<u>6,249,453</u>	<u>22,062,357</u>	<u>367,316</u>	<u>28,679,126</u>
<u>Financial Liability</u>				
Derivative financial instruments	<u>13,745</u>	<u>776,670</u>	<u>-</u>	<u>790,415</u>

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (30 June 2014 - RM Nil).

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A32 Fair value of financial instruments (continued)

(a) Determination of fair value and fair value hierarchy (continued)

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:
(continued)

The Bank				
Financial Year Ended 30/06/2015				
Fair value				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	6,526,189	-	6,526,189
- Quoted Securities	379,216	-	-	379,216
- Unquoted Securities	-	218,133	-	218,133
Financial investments available-for-sale				
- Money market instrument	-	3,066,263	-	3,066,263
- Quoted Securities	8,896,320	-	-	8,896,320
- Unquoted Securities	-	5,012,968	394,887	5,407,855
Derivative financial instruments	42	1,414,577	6,952	1,421,571
	<u>9,275,578</u>	<u>16,238,130</u>	<u>401,839</u>	<u>25,915,547</u>
<u>Financial Liability</u>				
Derivative financial instruments	<u>2,959</u>	<u>1,259,983</u>	<u>6,952</u>	<u>1,269,894</u>

The Bank				
Financial Year Ended 30/06/2014				
Fair value				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	9,556,219	-	9,556,219
- Quoted Securities	247,058	-	-	247,058
- Unquoted Securities	-	329,557	-	329,557
Financial investments available-for-sale				
- Money market instrument	-	3,816,889	-	3,816,889
- Quoted Securities	5,907,161	-	-	5,907,161
- Unquoted Securities	-	3,641,058	367,269	4,008,327
Derivative financial instruments	1,417	668,908	-	670,325
	<u>6,155,636</u>	<u>18,012,631</u>	<u>367,269</u>	<u>24,535,536</u>
<u>Financial Liability</u>				
Derivative financial instruments	<u>13,745</u>	<u>746,661</u>	<u>-</u>	<u>760,406</u>

The Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (30 June 2014 - RM Nil).

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A32 Fair value of financial instruments (continued)

(a) Determination of fair value and fair value hierarchy (continued)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below:

The Group 2015	Financial Assets Financial investments available-for-sale RM'000	Derivative financial instruments RM'000	Financial Liability Derivative financial instruments RM'000
At 1 July	367,316	-	-
Total losses recognised in statements of income	-	(480)	(480)
Net fair value changes recognised in other comprehensive income	27,596	-	-
Purchases	-	7,432	7,432
Disposal	(25)	-	-
At 30 June	<u>394,887</u>	<u>6,952</u>	<u>6,952</u>
Total losses recognised in statement of income relating to assets/liability held on 30 June 2015	<u>-</u>	<u>(480)</u>	<u>(480)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2015	<u>27,596</u>	<u>-</u>	<u>-</u>

The Bank 2015	Financial Assets Financial investments available-for-sale RM'000	Derivative financial instruments RM'000	Financial Liability Derivative financial instruments RM'000
At 1 July	367,269	-	-
Total losses recognised in statements income	-	(480)	(480)
Net fair value changes recognised in other comprehensive income	27,618	-	-
Purchases	-	7,432	7,432
At 30 June	<u>394,887</u>	<u>6,952</u>	<u>6,952</u>
Total losses recognised in statement of income relating to assets/liability held on 30 June 2015	<u>-</u>	<u>(480)</u>	<u>(480)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2015	<u>27,618</u>	<u>-</u>	<u>-</u>

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A32 Fair value of financial instruments (continued)

(a) Determination of fair value and fair value hierarchy (continued)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below:

2014	Financial investments available- for-sale	
	The Group RM'000	The Bank RM'000
At 1 July	329,963	329,896
Net fair value changes recognised in other comprehensive income	37,353	37,373
At 30 June	<u>367,316</u>	<u>367,269</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2014	<u>37,353</u>	<u>37,373</u>

A33 Liquidity risk

Please refer to Appendix A.

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities

B1 Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a pre-tax profit of RM672.5 million for the current financial quarter ended 30 June 2015, an increase of RM61.6 million or 10.1% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM34.4 million, lower charge on allowance for impairment losses on loans, advances and financing of RM0.7 million, higher write back of impairment losses from securities of RM9.2 million coupled with higher share of profit from Bank of Chengdu and joint venture totaling RM21.1 million. This is offset with higher operating expenses of RM3.8 million.

A detailed analysis of the performance of major operating segments of the group are as follows:-

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM255.1 million for the 4th quarter ended June 2015 as compared to previous corresponding quarter of RM225.8 million. The increase in pre-tax profit was mainly contributed by lower operating expenses and lower allowance for impairment losses on loans, advances and financing, offset by lower total income.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM148.5 million for the 4th quarter ended June 2015 as compared to previous corresponding quarter of RM167.4 million. Lower pre-tax profit was mainly due to lower total income and higher allowance for impairment losses on loans, advances and financing, mitigated by lower operating expenses and higher impairment write back.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM119.4 million for the 4th quarter ended June 2015 as compared to previous corresponding quarter of RM97.4 million. The increase in pre-tax profit was due to higher total income and lower operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM115.5 million for the 4th quarter ended June 2015 as compared to previous corresponding quarter of RM98.0 million.

Current Year-to-date vs. Previous Year-to-date

The Group pre-tax profit for the financial year ended 30 June 2015 stood at RM2,746.2 million, an increase of RM132.9 million or 5.1% as compared to RM2,613.2 million in the previous corresponding year. The increase was due to higher net income of RM27.9 million and higher write back of allowance for impairment losses on loans, advances and financing of RM104.0 million coupled with higher share of profit from Bank of Chengdu and joint venture totaling RM39.0 million. This is however mitigated by higher operating expenses of RM21.6 million and lower write back of impairment losses from securities of RM16.4 million.

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B1 Review of performance (continued)

Current Year-to-date vs. Previous Year-to-date (continued)

A detailed analysis of the performance of major operating segments of the group are as follows:-

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM1,085.0 million for the financial year ended June 2015 as compared to previous corresponding year of RM1,080.3 million.

Personal Financial Services's loan base grew from RM69.5 billion in June 2014 to RM76.9 billion in June 2015. Deposit base registered a growth from RM68.1 billion to RM73.0 billion.

Business and Corporate Banking

The Group Business and Corporate Banking's segment recorded a pre-tax profit of RM785.4 million for the financial year ended June 2015 as compared to corresponding year of RM795.8 million. Lower pre-tax profit was driven by lower total income, higher operating expenses and lower impairment write back, mitigated by higher recoveries on loans, advances and financing.

Business and Corporate Banking's loan base grew from RM30.0 billion in June 2014 to RM31.1 billion in June 2015. Deposit base registered an increase from RM35.5 billion to RM35.7 billion.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM403.2 million for the financial year ended June 2015 as compared to corresponding year of RM371.1 million. The increase in pre-tax profit was mainly contributed by higher total income and lower operating expenses.

Treasury earning assets registered an increase from RM52.6 billion in June 2014 to RM54.0 billion in June 2015.

International Banking

The International Banking's segment recorded a pre-tax profit of RM421.7 million for the financial year ended June 2015 as compared to previous corresponding year of RM409.4 million.

B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM672.5 million as compared to RM662.7 million in the preceding quarter, an increase of RM9.8 million arising from higher net income of RM52.7 million, higher write back of impairment losses from securities of RM2.9 million and higher share of profit from Bank of Chengdu and joint venture of RM5.0 million. This is however offset by higher operating expenses of RM20.6 million and higher charge for impairment losses on loans, advances and financing of RM30.2 million.

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B3 Prospects for the new financial year 2015/2016

Moving in to 2016 and taking into account the challenging external environment, growth prospect of the Malaysian economy is expected to improve moderately as consumer demand normalises following the government's efforts of fiscal reform via subsidy rationalisation and GST implementation. Rebound in domestic demand aside, improving external environment is expected to lend further support to the Malaysian economy, which is expected to see sustained growth in 2016, from the estimated 4.5%-5.5% in 2015.

In spite of the increasingly competitive landscape, the Group's strategy moving into the financial year remains unchanged. It is imperative that the Group continues focusing on building a high performance business and strengthening the foundations for sustainable profitability through various initiatives that were put in place over the last year. We continue to place strong emphasis on scaling efficiency and productivity through strategic cost and portfolio management, embedding service excellence through multi-channel customer management to optimize customer experience whilst at the same time continues enhancing digitisation efforts to offer "Best-in-Class" digital platform and e-payment capabilities.

With these strategic focuses in place, the Group is committed to provide added value service to our customers, particularly in our regional wealth management and digital banking propositions to individual and e-payment as well as treasury product offerings to our Corporate & Small and Medium Enterprise customers.

For our regional business growth, we will strengthen our core businesses by focusing on appropriate customer segments and scalable business propositions, which would create substantive business value, supported by our strong digital offerings.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/6/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
The Group				
Malaysian income tax	111,394	55,933	573,348	500,012
Transfer (to)/from deferred taxation	(53,740)	17,574	(60,377)	10,939
	<u>57,654</u>	<u>73,507</u>	<u>512,971</u>	<u>510,951</u>

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B5 Taxation (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/6/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax	105,962	29,535	564,250	455,683
Transfer (to)/from deferred taxation	(54,385)	17,738	(61,022)	11,103
	<u>51,577</u>	<u>47,273</u>	<u>503,228</u>	<u>466,786</u>

B6 Profit on sale of unquoted investments/properties

There were no material gains or losses on disposal of unquoted investments (other than in the ordinary course of business) and/or properties for the financial year under review.

B7 Purchase and disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year under review other than those purchased or disposed in the ordinary course of business.

B8 Status of corporate proposals

There were no corporate proposals announced but not completed at the latest practicable date which was not earlier than 7 days from the issue of this report, other than as mentioned below:-

- (a) On 3 July 2015, the Bank announced that it had on 3 July 2015 entered into a conditional share sale agreement ("SSA") with Hong Leong Real Estate Holdings Sdn Bhd for the proposed acquisition of the entire issued and paid-up share capital of DC Tower Sdn Bhd for an indicative cash consideration of RM189,333,000, subject to adjustments (if any) pursuant to the terms of the SSA.
- (b) On 12 August 2015, Hong Leong Investment Bank Berhad announced on behalf of the Bank that the Bank proposes to undertake a renounceable rights issue of new ordinary shares of RM1.00 each in the Bank to the Bank's shareholders to raise gross proceeds of up to RM3.0 billion ("Proposed HLB Rights Issue").

The Proposed HLB Rights Issue is conditional upon approvals being obtained from the following:

- (i) BNM, for the increase in the issued and paid-up share capital of the Bank pursuant to the Proposed HLB Rights Issue, which was obtained on 11 August 2015 via its letter dated 10 August 2015;
- (ii) Bursa Securities, for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities;
- (iii) the shareholders of the Bank at an extraordinary general meeting to be convened; and
- (iv) other relevant authorities/parties, if required.

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B9 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 2015:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	23,707,594	766,526	(400,525)
(ii) 1 year to 3 years	98,423	2,110	-
Swaps			
(i) Less than 1 year	4,863,797	120,320	(111,200)
(ii) 1 year to 3 years	2,833,122	137,620	(216,453)
(iii) More than 3 years	2,297,305	136,315	(185,756)
Options			
(i) Less than 1 year	2,547,555	32,001	(26,254)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,776,870	146	(2,987)
(ii) 1 year to 3 years	48,832	-	(220)
Swaps			
(i) Less than 1 year	13,110,577	23,456	(24,403)
(ii) 1 year to 3 years	25,100,649	55,592	(66,360)
(iii) More than 3 years	19,651,288	143,586	(246,332)
Equity related contracts			
(i) Less than 1 year	360,330	3,075	(3,075)
(ii) 1 year to 3 years	102,937	3,877	(3,877)
Commodity related contracts			
(i) Less than 1 year	1,471	87	(81)
(ii) 1 year to 3 years	3,826	218	(203)
Total	103,504,576	1,424,929	(1,287,726)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2014:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	31,834,067	191,513	(234,697)
(ii) 1 year to 3 years	351,223	2,160	(3,928)
Swaps			
(i) Less than 1 year	5,690,038	66,034	(48,120)
(ii) 1 year to 3 years	831,697	30,583	(26,381)
(iii) More than 3 years	3,785,219	74,337	(76,319)
Options			
(i) Less than 1 year	4,236,390	12,282	(12,940)
Interest rate related contracts			
Futures			
(i) Less than 1 year	28,700,845	951	(3,015)
(ii) 1 year to 3 years	8,911,717	624	(1,359)
Swaps			
(i) Less than 1 year	16,334,640	12,035	(18,527)
(ii) 1 year to 3 years	22,276,354	62,920	(72,124)
(iii) More than 3 years	26,331,210	232,853	(291,856)
Equity related contracts			
(i) Less than 1 year	207,936	1,149	(1,149)
(ii) 1 year to 3 years	94,310	-	-
Total	149,585,646	687,441	(790,415)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2015:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	22,807,289	766,384	(388,406)
(ii) 1 year to 3 years	98,423	2,110	-
Swaps			
(i) Less than 1 year	4,849,001	120,320	(111,152)
(ii) 1 year to 3 years	2,833,122	137,620	(216,453)
(iii) More than 3 years	2,297,305	136,315	(185,756)
Options			
(i) Less than 1 year	2,547,555	32,001	(26,254)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,776,870	146	(2,987)
(ii) 1 year to 3 years	48,832	-	(220)
Swaps			
(i) Less than 1 year	13,080,577	23,398	(24,079)
(ii) 1 year to 3 years	24,780,649	52,915	(63,136)
(iii) More than 3 years	19,686,288	143,105	(244,215)
Equity related contracts			
(i) Less than 1 year	360,330	3,075	(3,075)
(ii) 1 year to 3 years	102,937	3,877	(3,877)
Commodity related contracts			
(i) Less than 1 year	1,471	87	(81)
(ii) 1 year to 3 years	3,826	218	(203)
Total	102,274,475	1,421,571	(1,269,894)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2014:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	31,147,342	190,295	(229,122)
(ii) 1 year to 3 years	351,411	1,126	(2,949)
Swaps			
(i) Less than 1 year	5,596,970	64,877	(47,412)
(ii) 1 year to 3 years	831,697	30,583	(26,381)
(iii) More than 3 years	3,785,219	74,337	(76,319)
Options			
(i) Less than 1 year	4,236,390	12,282	(12,940)
Interest rate related contracts			
Futures			
(i) Less than 1 year	28,700,845	951	(3,015)
(ii) 1 year to 3 years	8,911,717	624	(1,359)
Swaps			
(i) Less than 1 year	16,234,640	11,977	(18,527)
(ii) 1 year to 3 years	21,876,354	59,952	(70,061)
(iii) More than 3 years	25,421,210	222,171	(271,172)
Equity related contracts			
(i) Less than 1 year	207,936	1,150	(1,149)
(ii) 1 year to 3 years	94,310	-	-
Total	147,396,041	670,325	(760,406)

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B9 Off-balance sheet financial instruments (continued)

Foreign exchange, interest rate, equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial year, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM33,684,338 (FYE June 2014: RM2,836,683,390) and RM63,369,478,507 (FYE June 2014: RM75,231,277,308) respectively.

Derivatives

Market risk arises from the impact on trading positions of changes in foreign exchange rates and interest rates. It also includes the impact from changes in the correlations and volatilities of other risk factors. The Group manages trading market risk in the course of market-making, structuring and packaging products for investors and other clients, as well as to benefit from market opportunities. The Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Group including limit setting and independent model validation, monitoring and valuation. Management of derivatives risks is continually reviewed and enhanced to ensure that the complexities of the business are appropriately controlled.

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM1,520,741,372 (FYE June 2014: RM796,624,194). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

The Group uses the following derivative instruments for both hedging and non-hedging purposes:

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an organised financial market. The credit risk of futures contracts is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures' contract value are settled daily with the exchange.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

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B9 Off-balance sheet financial instruments (continued)

Credit risk (continued)

Derivatives (continued)

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the statements of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Liquidity risk

Derivatives

Liquidity risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

Related accounting policies

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the statements of income unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the statements of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statements of income.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the statements of income. The deferred gains and losses are then released to the statements of income in the periods when the hedged items affects the statements of income.

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B10 Material litigation

The Group does not have any material litigation which, in the opinion of the Directors, would have a material adverse impact on the financial results of the Group.

B11 Dividend

A final single tier dividend of 26.0 sen per share has been proposed for the current quarter.

- (i) Amount per share: 26.0 sen.
- (ii) Previous corresponding quarter: single tier dividend of 26.0 sen per share.
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

B12 Realised and Unrealised Profits

	The Group	
	Financial Year Ended 30/06/2015	Financial Year Ended 30/06/2014
	RM'000	RM'000
Total retained profits of Hong Leong Bank Berhad and subsidiaries		
- Realised	5,206,647	5,327,227
- Unrealised	1,010,241	637,892
	<u>6,216,888</u>	<u>5,965,119</u>
Total share of retained profits from associated company		
- Realised	1,704,761	1,303,484
Total share of retained profits from joint venture		
- Realised	29,770	13,369
	<u>7,951,419</u>	<u>7,281,972</u>
Less: Consolidation adjustment	(131,905)	(92,868)
Total Group's retained profits	<u><u>7,819,514</u></u>	<u><u>7,189,104</u></u>

The breakdown of realised and unrealised profits is derived based on the Guidance on Special Note No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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B13 Earnings per share

(a) Basic earnings per share

Basic earnings per share from operations is calculated by dividing the net profit attributable to ordinary equity holders of the Bank after taxation by the weighted average number of ordinary shares in issue during the financial year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/6/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	614,851	537,447	2,233,187	2,102,270
Weighted average number of ordinary shares in issue ('000)	1,879,909	1,879,909	1,879,909	1,879,909
Less: Treasury shares held	(113,185)	(118,714)	(113,185)	(118,714)
	<u>1,766,724</u>	<u>1,761,195</u>	<u>1,766,724</u>	<u>1,761,195</u>
Basic earnings per share (sen)	34.8	30.5	126.4	119.4
<u>The Bank</u>				
Net profit attributable to equity holders	446,507	369,095	1,775,963	1,590,939
Weighted average number of ordinary shares in issue ('000)	1,879,909	1,879,909	1,879,909	1,879,909
Less: Treasury shares held	(113,185)	(118,714)	(113,185)	(118,714)
	<u>1,766,724</u>	<u>1,761,195</u>	<u>1,766,724</u>	<u>1,761,195</u>
Basic earnings per share (sen)	25.3	21.0	100.5	90.3

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B13 Earnings per share (continued)

(b) Fully diluted earnings per share

The Bank has only one category of dilutive potential ordinary share, share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/6/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	614,851	537,447	2,233,187	2,102,270
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,766,724	1,761,195	1,766,724	1,761,195
- adjustment for ESOS	-	352	-	352
	<u>1,766,724</u>	<u>1,761,547</u>	<u>1,766,724</u>	<u>1,761,547</u>
Fully diluted earnings per share (sen)	34.8	30.5	126.4	119.3
<u>The Bank</u>				
Net profit attributable to equity holders	446,507	369,095	1,775,963	1,590,939
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,766,724	1,761,195	1,766,724	1,761,195
- adjustment for ESOS	-	352	-	352
	<u>1,766,724</u>	<u>1,761,547</u>	<u>1,766,724</u>	<u>1,761,547</u>
Fully diluted earnings per share (sen)	25.3	21.0	100.5	90.3

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A33 Liquidity risk

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Bank to meet its contractual or regulatory obligations when they become due without incurring substantial losses. The liquidity risk is identified based on concentration, volatility of source of fund and funding maturity structure and it is measured primarily using Bank Negara Malaysia's New Liquidity Framework and depositor's concentration ratios. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2015 based on the remaining contractual maturity:

	The Group 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	5,647,973	582,310	-	-	-	-	-	6,230,283
Deposits and placements with banks and other financial institutions	-	-	1,769,433	1,377,167	835,519	-	-	3,982,119
Securities purchased under resale agreements	2,310,095	8,052,072	1,801,085	-	-	-	-	12,163,252
Financial assets held-for-trading	779,168	603,871	2,913,273	702,851	42,196	2,090,075	-	7,131,434
Financial investments available-for-sale	3,241,180	616,078	877,241	226,376	703,901	14,231,440	411,137	20,307,353
Financial investments held-to-maturity	557	182,895	387,872	70,687	1,667,421	7,640,649	-	9,950,081
Loans, advances and financing	9,177,012	10,206,828	3,762,697	1,280,160	3,605,678	84,091,734	-	112,124,109
Other assets	430,315	4,475	8,696	11,465	2,423	18,793	819,252	1,295,419
Derivative financial instruments	120,924	304,629	261,789	144,110	114,159	479,318	-	1,424,929
Statutory deposits with Central Banks	-	-	-	-	-	-	3,476,192	3,476,192
Investment in associated companies	-	-	-	-	-	-	2,977,776	2,977,776
Investment in joint venture	-	-	-	-	-	-	128,790	128,790
Property and equipment	-	-	-	-	-	-	678,579	678,579
Intangible assets	-	-	-	-	-	-	318,107	318,107
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Total assets	21,707,224	20,553,158	11,782,086	3,812,816	6,971,297	108,552,009	10,641,145	184,019,735

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2015 based on the remaining contractual maturity: (continued)

	The Group 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	50,904,161	22,757,242	24,955,477	16,496,263	21,108,308	4,054,697	-	140,276,148
Deposits and placements of banks and other financial institutions	2,405,045	2,132,006	2,082,482	454,087	22,611	-	-	7,096,231
Obligations on securities sold under repurchase agreements	301,670	974,237	1,993,913	421,518	-	-	-	3,691,338
Bills and acceptances payable	276,954	800,826	517,585	16,226	734	-	288,642	1,900,967
Other liabilities	3,702,641	-	-	-	92,436	-	106,042	3,901,119
Derivative financial instruments	121,158	105,872	122,575	161,338	57,583	719,200	-	1,287,726
Senior bonds	-	-	-	-	1,143,718	1,142,662	-	2,286,380
Tier 2 subordinated bonds	-	-	713,113	499,568	1,006,669	2,400,462	-	4,619,812
Non-innovative Tier 1 stapled securities	-	-	-	-	1,410,869	-	-	1,410,869
Innovative Tier 1 capital securities	-	-	-	-	-	530,223	-	530,223
Taxation	-	-	-	-	-	-	152,240	152,240
Deferred tax liabilities	-	-	-	-	-	-	77,090	77,090
Total liabilities	57,711,629	26,770,183	30,385,145	18,049,000	24,842,928	8,847,244	624,014	167,230,143
Total equity	-	-	-	-	-	-	16,789,592	16,789,592
Total liabilities and equity	57,711,629	26,770,183	30,385,145	18,049,000	24,842,928	8,847,244	17,413,606	184,019,735
Net liquidity gap	(36,004,405)	(6,217,025)	(18,603,059)	(14,236,184)	(17,871,631)	99,704,765	10,017,131	16,789,592

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2014 based on the remaining contractual maturity:

	The Group 30 June 2014							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	8,099,425	6,613,364	-	-	-	-	-	14,712,789
Deposits and placements with banks and other financial institutions	-	-	1,854,185	2,186,091	-	-	-	4,040,276
Securities purchased under resale agreements	330,766	1,861,122	525,133	-	-	-	-	2,717,021
Financial assets held-for-trading	1,131,472	1,610,768	4,760,981	2,842,521	210,900	753,951	3,883	11,314,476
Financial investments available-for-sale	2,164,454	877,577	922,662	444,348	1,015,867	10,837,534	414,767	16,677,209
Financial investments held-to-maturity	8,171	20,343	-	-	202,557	8,685,497	-	8,916,568
Loans, advances and financing	9,219,861	9,009,580	4,260,701	1,587,252	2,680,392	75,821,290	-	102,579,076
Other assets	43,835	3,488	5,454	7,407	1,717	14,723	420,613	497,237
Derivative financial instruments	60,526	49,532	83,757	30,112	60,037	403,477	-	687,441
Statutory deposits with Central Banks	-	-	-	-	-	-	3,150,642	3,150,642
Investment in associated companies	-	-	-	-	-	-	2,063,300	2,063,300
Investment in joint venture	-	-	-	-	-	-	90,080	90,080
Property and equipment	-	-	-	-	-	-	725,585	725,585
Intangible assets	-	-	-	-	-	-	347,791	347,791
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Total assets	21,058,510	20,045,774	12,412,873	7,097,731	4,171,470	96,516,472	9,047,973	170,350,803

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2014 based on the remaining contractual maturity: (continued)

	The Group							
	30 June 2014							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	47,585,319	20,704,847	25,308,965	15,022,784	17,670,231	3,960,191	-	130,252,337
Deposits and placements of banks and other financial institutions	1,929,400	2,282,272	2,222,812	527,854	148,957	-	-	7,111,295
Obligations on securities sold under repurchase agreements	609,567	2,434,004	1,022,584	50,733	-	-	-	4,116,888
Bills and acceptances payable	137	3,142	23,668	20,530	1,476	-	309,779	358,732
Other liabilities	3,943,805	-	-	84,160	124,217	-	98,855	4,251,037
Derivative financial instruments	43,042	38,218	54,181	56,293	126,715	471,966	-	790,415
Senior bonds	-	-	-	-	-	1,936,207	-	1,936,207
Tier 2 subordinated bonds	-	-	-	-	-	4,868,353	-	4,868,353
Non-innovative Tier 1 stapled securities	-	-	-	-	-	1,410,252	-	1,410,252
Innovative Tier 1 capital securities	-	-	-	-	-	541,767	-	541,767
Taxation	-	-	-	-	-	-	49,581	49,581
Deferred tax liabilities	-	-	-	-	-	-	133,761	133,761
Total liabilities	54,111,270	25,462,483	28,632,210	15,762,354	18,071,596	13,188,736	591,976	155,820,625
Total equity	-	-	-	-	-	-	14,530,178	14,530,178
Total liabilities and equity	54,111,270	25,462,483	28,632,210	15,762,354	18,071,596	13,188,736	15,122,154	170,350,803
Net liquidity gap	(33,052,760)	(5,416,709)	(16,219,337)	(8,664,623)	(13,900,126)	83,327,736	8,455,997	14,530,178

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2015 based on the remaining contractual maturity:

	The Bank 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	3,993,253	979,119	-	-	-	-	-	4,972,372
Deposits and placements with banks and other financial institutions	-	-	2,128,206	1,377,167	835,519	-	-	4,340,892
Securities purchased under resale agreements	2,310,095	8,052,072	1,801,085	-	-	-	-	12,163,252
Financial assets held-for-trading	778,353	553,916	3,132,004	653,347	292,185	1,713,733	-	7,123,538
Financial investments available-for-sale	3,206,461	529,008	756,595	172,563	437,755	11,856,919	411,137	17,370,438
Financial investments held-to-maturity	49	127,012	273,794	20,130	1,276,306	6,921,450	-	8,618,741
Loans, advances and financing	8,842,040	9,656,103	3,557,998	1,100,002	3,184,113	69,223,237	-	95,563,493
Other assets	426,556	4,342	8,442	11,156	2,413	16,926	680,070	1,149,905
Derivative financial instruments	120,883	304,660	261,789	143,949	114,130	476,160	-	1,421,571
Amount due from subsidiaries	-	-	-	-	-	-	12,984	12,984
Statutory deposits with Central Banks	-	-	-	-	-	-	2,859,590	2,859,590
Subsidiary companies	-	-	-	-	-	-	1,358,443	1,358,443
Investment in associated companies	-	-	-	-	-	-	946,525	946,525
Investment in joint venture	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	627,784	627,784
Intangible assets	-	-	-	-	-	-	302,801	302,801
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Total assets	19,677,690	20,206,232	11,919,913	3,478,314	6,142,421	90,208,425	9,047,592	160,680,587

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2015 based on the remaining contractual maturity: (continued)

	The Bank 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	44,055,893	20,453,431	21,061,472	13,901,575	19,215,889	3,648,784	-	122,337,044
Deposits and placements of banks and other financial institutions	2,176,976	1,972,999	1,831,223	129,300	22,611	-	-	6,133,109
Obligations on securities sold under repurchase agreements	301,670	974,237	1,993,913	421,518	-	-	-	3,691,338
Bills and acceptances payable	276,948	800,712	516,695	15,029	734	-	264,020	1,874,138
Other liabilities	3,068,871	-	-	-	89,442	-	105,693	3,264,006
Derivative financial instruments	115,917	104,406	117,194	161,169	57,348	713,860	-	1,269,894
Senior bonds	-	-	-	-	1,143,718	1,142,662	-	2,286,380
Tier 2 subordinated bonds	-	-	713,113	499,568	1,006,669	2,000,157	-	4,219,507
Non-innovative Tier 1 stapled securities	-	-	-	-	1,410,869	-	-	1,410,869
Innovative Tier 1 capital securities	-	-	-	-	-	530,223	-	530,223
Taxation	-	-	-	-	-	-	160,243	160,243
Deferred tax liabilities	-	-	-	-	-	-	75,672	75,672
Total liabilities	49,996,275	24,305,785	26,233,610	15,128,159	22,947,280	8,035,686	605,628	147,252,423
Total equity	-	-	-	-	-	-	13,428,164	13,428,164
Total liabilities and equity	49,996,275	24,305,785	26,233,610	15,128,159	22,947,280	8,035,686	14,033,792	160,680,587
Net liquidity gap	(30,318,585)	(4,099,553)	(14,313,697)	(11,649,845)	(16,804,859)	82,172,739	8,441,964	13,428,164

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2014 based on the remaining contractual maturity:

	The Bank							
	30 June 2014							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	6,954,072	6,675,703	-	-	-	-	-	13,629,775
Deposits and placements with banks and other financial institutions	-	-	1,834,892	2,186,091	-	-	-	4,020,983
Securities purchased under resale agreements	330,766	1,861,122	525,133	-	-	-	-	2,717,021
Financial assets held-for-trading	1,281,248	1,361,140	4,263,342	2,155,514	191,333	876,374	3,883	10,132,834
Financial investments available-for-sale	2,130,085	792,151	866,023	292,219	860,483	8,376,696	414,720	13,732,377
Financial investments held-to-maturity	49	20,343	-	-	262,287	7,545,611	-	7,828,290
Loans, advances and financing	9,048,395	8,660,300	3,681,795	1,314,812	2,294,781	62,873,366	-	87,873,449
Other assets	43,083	3,395	5,299	7,213	1,701	12,378	361,473	434,542
Derivative financial instruments	60,102	48,843	83,501	29,076	60,010	388,793	-	670,325
Amount due from subsidiaries	-	-	-	-	-	-	11,437	11,437
Statutory deposits with Central Banks	-	-	-	-	-	-	2,591,500	2,591,500
Subsidiary companies	-	-	-	-	-	-	1,352,159	1,352,159
Investment in associated companies	-	-	-	-	-	-	946,505	946,505
Investment in joint venture	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	697,102	697,102
Intangible assets	-	-	-	-	-	-	335,319	335,319
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Total assets	19,847,800	19,422,997	11,259,985	5,984,925	3,670,595	80,073,218	8,562,356	148,821,876

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2014 based on the remaining contractual maturity: (continued)

	The Bank 30 June 2014							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	40,927,807	18,431,712	20,814,066	13,950,025	16,558,748	3,416,477	-	114,098,835
Deposits and placements of banks and other financial institutions	1,398,630	2,041,903	1,557,602	240,292	148,957	-	-	5,387,384
Obligations on securities sold under repurchase agreements	609,566	2,434,005	1,022,584	50,733	-	-	-	4,116,888
Bills and acceptances payable	133	2,973	20,849	18,797	1,476	-	283,671	327,899
Other liabilities	2,981,793	-	-	84,160	120,419	-	97,810	3,284,182
Derivative financial instruments	40,393	37,179	52,295	55,609	126,688	448,242	-	760,406
Senior bonds	-	-	-	-	-	1,936,207	-	1,936,207
Tier 2 subordinated bonds	-	-	-	-	-	4,468,275	-	4,468,275
Non-innovative Tier 1 stapled securities	-	-	-	-	-	1,410,252	-	1,410,252
Innovative Tier 1 capital securities	-	-	-	-	-	541,767	-	541,767
Taxation	-	-	-	-	-	-	24,364	24,364
Deferred tax liabilities	-	-	-	-	-	-	134,919	134,919
Total liabilities	45,958,322	22,947,772	23,467,396	14,399,616	16,956,288	12,221,220	540,764	136,491,378
Total equity	-	-	-	-	-	-	12,330,498	12,330,498
Total liabilities and equity	45,958,322	22,947,772	23,467,396	14,399,616	16,956,288	12,221,220	12,871,262	148,821,876
Net liquidity gap	(26,110,522)	(3,524,775)	(12,207,411)	(8,414,691)	(13,285,693)	67,851,998	8,021,592	12,330,498