

**HONG LEONG BANK BERHAD**  
**Company No: 193401000023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 30 June 2020**

		<b>The Group</b>		<b>The Bank</b>	
	Note	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
<b><u>ASSETS</u></b>					
Cash and short-term funds		8,562,169	4,855,456	5,543,800	4,383,074
Deposits and placements with banks and other financial institutions		1,052,379	1,291,416	1,818,174	1,465,940
Financial assets at fair value through profit or loss	A8	8,069,396	12,131,033	8,047,727	11,615,738
Financial investments at fair value through other comprehensive income	A9	27,282,544	23,854,510	24,737,905	20,745,998
Financial investments at amortised cost	A10	20,101,432	15,153,199	15,079,081	10,894,505
Loans, advances and financing	A11	144,694,950	136,308,217	112,823,975	108,934,970
Other assets	A12	1,682,516	1,196,981	1,606,849	1,146,282
Derivative financial instruments		1,111,469	528,256	1,057,621	522,995
Amount due from subsidiaries		-	-	106,363	13,095
Statutory deposits with Central Banks		418,120	4,588,833	254,181	3,564,423
Subsidiary companies		-	-	2,558,901	2,558,337
Investment in associated companies		4,644,527	4,106,375	971,182	971,182
Property and equipment		1,299,902	1,382,572	685,169	761,639
Intangible assets		187,505	125,225	168,060	110,895
Right-of-use assets		253,118	-	420,653	-
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		86,578	16,030	55,984	-
<b>TOTAL ASSETS</b>		<b>221,277,917</b>	<b>207,369,415</b>	<b>177,707,172</b>	<b>169,460,620</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Deposits from customers	A13	173,492,661	163,070,294	137,633,362	131,396,525
Investment accounts of customers	A14	356,475	2,235	-	-
Deposits and placements of banks and other financial institutions	A15	6,501,080	7,358,424	6,651,241	7,204,934
Obligations on securities sold under repurchase agreements		3,124,132	2,333,916	3,124,132	2,333,916
Bills and acceptances payable		134,053	393,023	120,216	362,578
Lease liabilities		241,177	-	407,838	-
Other liabilities	A16	5,348,210	4,881,745	4,773,705	4,290,076
Derivative financial instruments		1,298,513	678,637	1,251,096	675,042
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,049,005	253,591	300,567	202,954
Tier 2 subordinated bonds	A17	1,502,224	1,502,340	1,502,224	1,502,340
Multi-currency Additional Tier 1 capital securities	A18	806,320	806,185	806,320	806,185
Innovative Tier 1 capital securities	A19	-	512,268	-	512,268
Provision for taxation		189,768	95,864	150,979	42,152
Deferred tax liabilities		-	6,506	-	6,506
<b>TOTAL LIABILITIES</b>		<b>194,043,618</b>	<b>181,895,028</b>	<b>156,721,680</b>	<b>149,335,476</b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		20,218,580	18,463,141	13,969,773	13,113,898
Less: Treasury shares		(723,344)	(727,817)	(723,344)	(727,817)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>27,234,299</b>	<b>25,474,387</b>	<b>20,985,492</b>	<b>20,125,144</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>221,277,917</b>	<b>207,369,415</b>	<b>177,707,172</b>	<b>169,460,620</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>	A31	<b>147,233,168</b>	<b>162,168,169</b>	<b>131,969,797</b>	<b>152,997,021</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		13.30	12.45	10.25	9.83

\* 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 2019.

**HONG LEONG BANK BERHAD**  
**Company No: 193401000023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Year Ended 30 June 2020**

	Note	The Group			
		Current Quarter Ended 30/06/2020 RM'000	Corresponding Quarter Ended 30/06/2019 RM'000	Current Year Ended 30/06/2020 RM'000	Corresponding Year Ended 30/06/2019 RM'000
Interest income	A20(a)	1,340,432	1,529,532	5,912,043	6,284,861
Interest income for financial assets at fair value through profit or loss	A20(b)	50,241	104,566	268,718	397,201
Interest expense	A21	(739,561)	(965,838)	(3,416,377)	(3,917,897)
Net interest income		651,112	668,260	2,764,384	2,764,165
Net income from Islamic Banking business	A22	234,071	174,981	846,540	707,269
Other operating income	A23	311,471	324,583	1,167,432	1,254,401
Net income		1,196,654	1,167,824	4,778,356	4,725,835
Other operating expenses	A24	(520,904)	(530,059)	(2,103,804)	(2,091,575)
Operating profit before allowances		675,750	637,765	2,674,552	2,634,260
Allowance for impairment losses on loans, advances and financing	A25	(191,298)	(47,004)	(327,655)	(12,323)
(Allowance for)/written back of impairment losses on financial investments and other financial assets	A26	(224)	582	167	972
		484,228	591,343	2,347,064	2,622,909
Share of profit after tax of equity accounted associated companies		164,454	141,686	642,333	563,111
Profit before taxation		648,682	733,029	2,989,397	3,186,020
Taxation	B5	(79,267)	(96,581)	(494,800)	(521,513)
Net profit for the financial year		569,415	636,448	2,494,597	2,664,507
<b>Attributable to:</b>					
Owners of the parent		569,415	636,448	2,494,597	2,664,507
Earnings per share - basic (sen)	B12(a)	27.8	31.1	121.9	130.2
Earnings per share - fully diluted (sen)	B12(b)	27.8	31.0	121.9	130.0

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**HONG LEONG BANK BERHAD**  
**Company No: 193401000023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Year Ended 30 June 2020**

	<b>The Group</b>			
	<b>Current Quarter Ended 30/06/2020 RM'000</b>	<b>Corresponding Quarter Ended 30/06/2019 RM'000</b>	<b>Current Year Ended 30/06/2020 RM'000</b>	<b>Corresponding Year Ended 30/06/2019 RM'000</b>
Net profit for the financial year	569,415	636,448	2,494,597	2,664,507
Other comprehensive income in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	15,763	11,796	15,763	11,796
- Net gain on disposal	-	108	-	108
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income of associated company	20,607	8,198	15,976	13,940
(b) Currency translation differences	3,488	(12,460)	78,085	(25,307)
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	313,185	82,075	203,515	322,192
- Changes in expected credit losses	675	(862)	502	(862)
(d) Net fair value changes in cash flow hedge	(1,212)	(1,550)	(7,633)	(4,531)
Income tax relating to components of other comprehensive income	(65,337)	(16,476)	(43,019)	(70,629)
Other comprehensive income for the financial year, net of tax	287,169	70,829	263,189	246,707
Total comprehensive income for the financial year	<u>856,584</u>	<u>707,277</u>	<u>2,757,786</u>	<u>2,911,214</u>
Attributable to:				
- Owners of the parent	<u>856,584</u>	<u>707,277</u>	<u>2,757,786</u>	<u>2,911,214</u>

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**HONG LEONG BANK BERHAD**  
**Company No: 193401000023 (97141-X)**  
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**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Year Ended 30 June 2020**

	Note	The Bank			
		Current Quarter Ended 30/06/2020 RM'000	Corresponding Quarter Ended 30/06/2019 RM'000	Current Year Ended 30/06/2020 RM'000	Corresponding Year Ended 30/06/2019 RM'000
Interest income	A20(a)	1,307,385	1,493,817	5,782,292	6,165,814
Interest income for financial assets at fair value through profit or loss	A20(b)	50,241	104,566	268,718	397,201
Interest expense	A21	(730,562)	(950,749)	(3,382,940)	(3,877,566)
Net interest income		627,064	647,634	2,668,070	2,685,449
Other operating income	A23	533,010	490,794	1,389,660	1,479,658
Net income		1,160,074	1,138,428	4,057,730	4,165,107
Other operating expenses	A24	(443,103)	(461,163)	(1,792,455)	(1,822,227)
Operating profit before allowances (Allowance for)/written back of impairment losses on loans, advances and financing	A25	716,971	677,265	2,265,275	2,342,880
Allowance for impairment losses on financial investments and other financial assets	A26	(140,868)	(27,183)	(188,333)	43,711
Profit before taxation		(34)	(280)	(1,467)	(684)
Taxation	B5	576,069	649,802	2,075,475	2,385,907
		(94,248)	(115,038)	(421,460)	(458,996)
Net profit for the financial year		481,821	534,764	1,654,015	1,926,911
<b>Attributable to:</b>					
Owners of the parent		481,821	534,764	1,654,015	1,926,911
Earnings per share - basic (sen)	B12(a)	23.5	26.1	80.8	94.2
Earnings per share - fully diluted (sen)	B12(b)	23.5	26.1	80.8	94.0

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**HONG LEONG BANK BERHAD**  
**Company No: 193401000023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Year Ended 30 June 2020**

	<b>The Bank</b>			
	<b>Current Quarter Ended 30/06/2020 RM'000</b>	<b>Corresponding Quarter Ended 30/06/2019 RM'000</b>	<b>Current Year Ended 30/06/2020 RM'000</b>	<b>Corresponding Year Ended 30/06/2019 RM'000</b>
Net profit for the financial year	481,821	534,764	1,654,015	1,926,911
Other comprehensive income in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	15,763	11,796	15,763	11,796
- Net gain on disposal	-	108	-	108
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	12,185	17,167	13,621	33,745
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	330,757	70,368	231,676	275,892
- Changes in expected credit losses	667	(931)	601	(931)
(c) Net fair value changes in cash flow hedge	(1,211)	(1,550)	(7,631)	(4,531)
Income tax relating to components of other comprehensive income	(69,521)	(13,668)	(49,823)	(59,008)
Other comprehensive income for the financial year, net of tax	288,640	83,290	204,207	257,071
Total comprehensive income for the financial year	<u>770,461</u>	<u>618,054</u>	<u>1,858,222</u>	<u>2,183,982</u>

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**HONG LEONG BANK BERHAD**  
**Company No: 19340100023 (97141-X)**  
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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2020**  
**Attributable to owners of the parent**

<b>The Group</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserves * RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2019</b>	7,739,063	918,414	858,315	16,686,412	(727,817)	25,474,387
<u>Comprehensive income</u>						
Net profit for the financial year	-	-	-	2,494,597	-	2,494,597
- Share of other comprehensive income of associated company	-	15,976	-	-	-	15,976
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	15,763	-	-	-	15,763
- Debt instruments						
- Net fair value changes	-	158,626	-	-	-	158,626
- Changes in expected credit losses	-	502	-	-	-	502
- Net fair value changes in cash flow hedge	-	(5,763)	-	-	-	(5,763)
- Currency translation differences	-	78,085	-	-	-	78,085
Total comprehensive income	-	263,189	-	2,494,597	-	2,757,786
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	(9,887)	9,887	-	-
Dividends paid	-	-	-	(1,023,340)	-	(1,023,340)
ESS exercised	-	(7,342)	-	5,250	4,473	2,381
Option charge arising from ESS granted	-	23,085	-	-	-	23,085
Total transactions with owners	-	15,743	(9,887)	(1,008,203)	4,473	(997,874)
<b>At 30 June 2020</b>	<b>7,739,063</b>	<b>1,197,346</b>	<b>848,428</b>	<b>18,172,806</b>	<b>(723,344)</b>	<b>27,234,299</b>
<b>At 1 July 2018</b>	7,739,063	947,991	752,939	15,184,533	(732,267)	23,892,259
Effect of adopting MFRS 9	-	(288,588)	(4,280)	(75,481)	-	(368,349)
As restated	7,739,063	659,403	748,659	15,109,052	(732,267)	23,523,910
<u>Comprehensive income</u>						
Net profit for the financial year	-	-	-	2,664,507	-	2,664,507
- Share of other comprehensive income of associated company	-	13,940	-	-	-	13,940
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	11,796	-	-	-	11,796
- Net gain on disposal	-	(51)	-	159	-	108
- Debt instruments						
- Net fair value changes	-	250,590	-	-	-	250,590
- Changes in expected credit losses	-	(862)	-	-	-	(862)
- Net fair value changes in cash flow hedge	-	(3,558)	-	-	-	(3,558)
- Currency translation differences	-	(25,307)	-	-	-	(25,307)
Total comprehensive income	-	246,548	-	2,664,666	-	2,911,214
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	109,656	(109,656)	-	-
Dividends paid	-	-	-	(982,056)	-	(982,056)
ESS exercised	-	(5,253)	-	4,406	4,450	3,603
Option charge arising from ESS granted	-	17,716	-	-	-	17,716
Total transactions with owners	-	12,463	109,656	(1,087,306)	4,450	(960,737)
<b>At 30 June 2019</b>	<b>7,739,063</b>	<b>918,414</b>	<b>858,315</b>	<b>16,686,412</b>	<b>(727,817)</b>	<b>25,474,387</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM837,183,000 (30 June 2019: RM847,070,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 June 2019: RM11,245,000)

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**HONG LEONG BANK BERHAD**  
**Company No: 19340100023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2020**

	Attributable to owners of the parent					
<u>The Bank</u>	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
<b>At 1 July 2019</b>	7,739,063	384,364	695,197	12,034,337	(727,817)	20,125,144
<u>Comprehensive income</u>						
Net profit for the financial year	-	-	-	1,654,015	-	1,654,015
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	15,763	-	-	-	15,763
- Debt instruments						
- Net fair value changes	-	179,983	-	-	-	179,983
- Changes in expected credit losses	-	601	-	-	-	601
- Net fair value changes in cash flow hedge	-	(5,761)	-	-	-	(5,761)
- Currency translation differences	-	13,621	-	-	-	13,621
Total comprehensive income	-	204,207	-	1,654,015	-	1,858,222
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	8,790	(8,790)	-	-
Dividends paid	-	-	-	(1,023,340)	-	(1,023,340)
ESS exercised	-	(7,342)	-	5,250	4,473	2,381
Option charge arising from ESS granted	-	23,085	-	-	-	23,085
Total transactions with owners	-	15,743	8,790	(1,026,880)	4,473	(997,874)
<b>At 30 June 2020</b>	<b>7,739,063</b>	<b>604,314</b>	<b>703,987</b>	<b>12,661,472</b>	<b>(723,344)</b>	<b>20,985,492</b>
<b>At 1 July 2018</b>	7,739,063	406,668	637,098	11,212,525	(732,267)	19,263,087
Effect of adopting MFRS 9	-	(291,679)	(32,008)	(37,501)	-	(361,188)
As restated	7,739,063	114,989	605,090	11,175,024	(732,267)	18,901,899
<u>Comprehensive income</u>						
Net profit for the financial year	-	-	-	1,926,911	-	1,926,911
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	11,796	-	-	-	11,796
- Net gain on disposal	-	(51)	-	159	-	108
- Debt instruments						
- Net fair value changes	-	215,911	-	-	-	215,911
- Changes in expected credit losses	-	(931)	-	-	-	(931)
- Net fair value changes in cash flow hedge	-	(3,558)	-	-	-	(3,558)
- Currency translation differences	-	33,745	-	-	-	33,745
Total comprehensive income	-	256,912	-	1,927,070	-	2,183,982
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	90,107	(90,107)	-	-
Dividends paid	-	-	-	(982,056)	-	(982,056)
ESS exercised	-	(5,253)	-	4,406	4,450	3,603
Option charge arising from ESS granted	-	17,716	-	-	-	17,716
Total transactions with owners	-	12,463	90,107	(1,067,757)	4,450	(960,737)
<b>At 30 June 2019</b>	<b>7,739,063</b>	<b>384,364</b>	<b>695,197</b>	<b>12,034,337</b>	<b>(727,817)</b>	<b>20,125,144</b>

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**HONG LEONG BANK BERHAD**  
**Company No: 193401000023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Year Ended 30 June 2020**

	The Group		The Bank	
	Financial Year Ended 30/06/2020 RM'000	Financial Year Ended 30/06/2019 RM'000	Financial Year Ended 30/06/2020 RM'000	Financial Year Ended 30/06/2019 RM'000
Profit before taxation	2,989,397	3,186,020	2,075,475	2,385,907
Adjustments for non-cash items	<u>(1,166,343)</u>	<u>(1,651,157)</u>	<u>(982,481)</u>	<u>(1,447,952)</u>
Operating profit before working capital changes	1,823,054	1,534,863	1,092,994	937,955
Changes in working capital:				
Net changes in operating assets	(2,612,866)	(6,264,235)	769,227	(2,454,453)
Net changes in operating liabilities	11,519,380	4,024,036	7,267,861	403,317
Income taxes and zakat paid	<u>(516,455)</u>	<u>(615,398)</u>	<u>(367,133)</u>	<u>(496,777)</u>
Net cash generated from/(used in) operating activities	<u>10,213,113</u>	<u>(1,320,734)</u>	<u>8,762,949</u>	<u>(1,609,958)</u>
<b>Cash flows from investing activities</b>				
Interest received from investment in Multi-currency Additional Tier 1 subordinated sukuk wakalah	-	-	-	20,520
Investment in Tier 2 subordinated sukuk murabahah	-	-	-	(400,000)
Investment in subordinated facilities	-	-	(554)	(417)
Net (purchases)/proceeds of financial investments at fair value	(2,156,673)	2,660,336	(2,688,182)	2,796,969
Net purchases of financial investments at amortised cost	(4,532,195)	-	(3,769,345)	-
Net proceeds of financial investments at amortised cost	-	937,924	-	1,537,556
Purchase of property and equipment	(181,342)	(123,156)	(163,150)	(115,473)
Net proceeds from sale of property and equipment	6,251	2,209	6,207	1,890
Net proceeds on sale of intangible assets	-	2	-	2
Purchase of intangible assets	(27,275)	(10,918)	(23,471)	(9,750)
Proceeds from divestment of joint venture	-	60,606	-	60,606
Dividends received from:				
- Subsidiary company	-	-	19,000	20,020
- Associated companies	-	127,413	-	127,413
- Financial assets at fair value through profit or loss	226,380	279,533	226,380	279,533
- Financial investments at fair value through other comprehensive income	3,683	203	3,683	203
Net cash (used in)/generated from investing activities	<u>(6,661,171)</u>	<u>3,934,152</u>	<u>(6,389,432)</u>	<u>4,319,072</u>
<b>Cash flows from financing activities</b>				
Dividends paid	(1,023,340)	(982,056)	(1,023,340)	(982,056)
Repayment of Tier 2 subordinated loan	-	(2,400,000)	-	(2,000,000)
Repayment of lease liabilities	(44,849)	-	(62,629)	-
Repayment of recourse obligation on loans sold to Cagamas	(200,050)	-	(200,050)	-
Cash received from ESOS exercised	2,381	3,603	2,381	3,603
Proceeds/(repayment) from debt issuance				
- Recourse obligation on financing sold to Cagamas	993,447	50,000	300,023	-
- Tier 2 subordinated bonds	-	1,000,000	-	1,000,000
- Multi-currency Additional Tier 1 capital securities	-	400,000	-	400,000
Repayment of Innovative Tier 1 capital securities	(500,000)	-	(500,000)	-
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(24,766)	(7,600)	(8,948)	(7,600)
- Tier 2 subordinated bonds	(66,868)	(116,937)	(66,898)	(116,223)
- Multi-currency Additional Tier 1 capital securities	(39,468)	(20,485)	(39,634)	(20,651)
- Innovative Tier 1 capital securities	(21,071)	(40,940)	(21,071)	(40,940)
- Lease liabilities	(11,307)	-	(19,147)	-
Net cash used in financing activities	<u>(935,891)</u>	<u>(2,114,415)</u>	<u>(1,639,313)</u>	<u>(1,763,867)</u>



**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Year Ended 30 June 2020**

	The Group		The Bank	
	Financial Year Ended 30/06/2020 RM'000	Financial Year Ended 30/06/2019 RM'000	Financial Year Ended 30/06/2020 RM'000	Financial Year Ended 30/06/2019 RM'000
Net increase in cash and cash equivalents	2,616,051	499,003	734,204	945,247
Currency translation differences	47,433	61,425	12,059	30,828
Cash and cash equivalents at the beginning of financial year	4,523,737	3,963,309	4,258,769	3,282,694
Cash and cash equivalents at the end of financial year	<u>7,187,221</u>	<u>4,523,737</u>	<u>5,005,032</u>	<u>4,258,769</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	8,562,169	4,855,456	5,543,800	4,383,074
Deposits and placements with banks and other financial institutions	1,052,379	1,291,416	1,818,174	1,465,940
	<u>9,614,548</u>	<u>6,146,872</u>	<u>7,361,974</u>	<u>5,849,014</u>
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	<u>(2,427,327)</u>	<u>(1,623,135)</u>	<u>(2,356,942)</u>	<u>(1,590,245)</u>
	<u>7,187,221</u>	<u>4,523,737</u>	<u>5,005,032</u>	<u>4,258,769</u>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019.*

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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”)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL YEAR ENDED 30 JUNE 2020**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial year ended 30 June 2020 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss (“FVTPL”), financial investments at fair value through other comprehensive income (“FVOCI”) 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 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 2019. 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 financial year ended 30 June 2019.

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 most recent annual audited financial statements for the financial year ended 30 June 2019, and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2019:

- (i) \* MFRS 16 ‘Leases’
- \* Amendments to MFRS 9 ‘Prepayment Features with Negative Compensation’
- \* Amendments to MFRS 128 ‘Long-term Interests in Associates and Joint Ventures’
- \* Amendments to MFRS 119 ‘Plan Amendment, Curtailment or Settlement’
- \* IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’
- \* Annual Improvements to MFRSs 2015 – 2017 Cycle

The adoption of the above new standards, annual improvements, amendments to published standards and interpretation are not expected to have significant impact on the financial results of the Group and the Bank other than the effects and change in accounting policy arising from the adoption of MFRS 16 as disclosed in Note A35.

- (ii) BNM’s Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking

On 27 September 2019, BNM issued the revised policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions with updates to clarify on the classification of a credit facility as credit impaired including where the credit facility is rescheduled and restructured, effective 1 October 2019.

The application of the revised policy document will affect disclosure, measurement and classification of a rescheduled and restructured credit facility as credit impaired.

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**A1 Basis of preparation (continued)**

(iii) Measures to Assist Individuals, Small-Medium Enterprises ("SMEs") and Corporates Affected by COVID-19

On 25 March 2020, BNM had announced a number of regulatory and supervisory measures in support of efforts by banking institutions to assist individuals, SMEs and corporations to manage the impact of the Covid-19 outbreak.

Banking institutions will grant an automatic moratorium on all loan/financing repayments for a period of 6 months, with effect from 1 April 2020 to all individuals and SMEs. This offer is applicable to performing loans, denominated in Malaysian Ringgit, that have not been in arrears for more than 90 days as at 1 April 2020. For credit card facilities, banking institutions will offer the option to convert the outstanding balances into term loan of not more than 3 years.

Banking institutions will also facilitate requests by corporations to defer or restructure their loans/financing repayments in a way that will enable viable corporations to preserve jobs and resume economic activities when conditions improve.

To further support lending/financing activities, banking institutions are allowed to drawdown on the capital conservation buffer of 2.5%, to operate below the minimum liquidity coverage ratio of 100% and to reduce the regulatory reserves held against expected losses to 0%.

The implementation of the Net Stable Funding Ratio ("NSFR") which will be effective on 1 July 2020 is lowered to 80%. Banking institutions are expected to restore their buffer to the minimum regulatory requirements and comply with a 100% NSFR ratio from 30 September 2021.

The moratorium should not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment.

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 from those estimates.

**A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2019**

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2019.

**A3 Seasonality or cyclicity of operations**

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

**A4 Exceptional items or unusual events affecting financial statements**

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

**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 financial year.

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**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 2020:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 30 June 2020 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 Executive Share Scheme (“ESS”)

A trust has been set up for the ESS 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 ESS 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.

During the financial year ended 30 June 2020, the trust did not purchase any new shares. As at 30 June 2020, the total number of Treasury Shares for ESS was 39,575,096 pursuant to the Bank's ESS. The Treasury Shares have an average carrying value of RM7.37 per share.

The Bank has granted the following conditional incentive share options to eligible executives of the Bank and its subsidiary pursuant to the Bank's ESS:

- (i) Up to 37,550,000 share options at an exercise price of RM14.24 (the exercise price was adjusted to RM13.77 following the Rights Issue in December 2015); and
- (ii) 782,657 share options arising from the Rights Issue.

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.

On 23 November 2016, the Bank has granted 696,946 ordinary shares in HLB to an eligible executive of the Bank pursuant to the Bank's ESS. The vesting of the 696,946 free ordinary shares in HLB will be done in tranches over a period of 4 years from the date of the grant.

On 15 December 2017, the Bank has granted up to 22,750,000 conditional incentive share options at an exercise price of RM16.46 to eligible executives of the Bank and its subsidiary pursuant to the Bank's ESS.

The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The achievement of the performance targets and the number of shares (if any) to be vested shall be determined following the end of the respective performance periods.

On 18 December 2017, the Bank has granted 322,580 ordinary shares in HLB to an eligible executive of the Bank pursuant to the Bank's ESS. The vesting of the 322,580 free ordinary shares in HLB will be done in tranches over a period of 2 years from the date of the grant.

On 3 December 2018, the Bank has granted 267,379 ordinary shares in HLB to an eligible executive of the Bank pursuant to the Bank's ESS. The vesting of the 267,379 free ordinary shares in HLB will be done in tranches over a period of 2 years from the date of the grant.

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

On 8 January 2020, the Bank has granted 250,514 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 250,514 free ordinary shares in HLB will be done in tranches over a period of 1.5 years from the date of the grant.

During the financial year ended 30 June 2020, a total of 6,459,746 share options and grant shares lapsed and a total of 434,370 ordinary shares were vested and transferred while a total of 172,946 share options were exercised pursuant to the Bank's ESS.

c) Repayment of debt and equity securities

On 10 September 2019, the Bank had fully redeemed the RM500.0 million nominal value of Innovative Tier 1 Capital Securities bearing coupon rate of 8.25% per annum.

**A7 Dividends paid**

A final single tier dividend of 34.0 sen per share in respect of financial year ended 30 June 2019 amounting to RM695.8 million was paid on 19 November 2019.

An interim single tier dividend of 16.0 sen per share in respect of financial year ending 30 June 2020 amounting to RM327.5 million was paid on 26 March 2020.

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**A8 Financial assets at fair value through profit or loss ("FVTPL")**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Government treasury bills	579,866	21,900	579,866	21,900
Malaysian Government securities	747,323	2,245,849	747,323	2,245,849
Malaysian Government investment certificates	1,135,704	1,824,682	1,114,035	1,309,387
Cagamas bonds	166,697	76,386	166,697	76,386
Khazanah bonds	19,999	136,726	19,999	136,726
Other Government securities	47,452	92,163	47,452	92,163
	<u>2,697,041</u>	<u>4,397,706</u>	<u>2,675,372</u>	<u>3,882,411</u>
Quoted securities:				
Wholesale fund/unit trust	4,657,038	7,066,213	4,657,038	7,066,213
Foreign currency bonds in Malaysia	159,401	60,375	159,401	60,375
Foreign currency bonds outside Malaysia	145,069	108,167	145,069	108,167
Unquoted securities:				
Corporate bonds and sukuk	55,211	162,134	55,211	162,134
Shares in Malaysia	330,636	305,572	330,636	305,572
Redeemable preference shares	25,000	30,866	25,000	30,866
Total financial assets at FVTPL	<u>8,069,396</u>	<u>12,131,033</u>	<u>8,047,727</u>	<u>11,615,738</u>

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**A9 Financial investments at fair value through other comprehensive income ("FVOCI")**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
At fair value				
(a) Debt instruments	27,222,450	23,810,179	24,677,811	20,701,667
(b) Equity instruments	60,094	44,331	60,094	44,331
Total financial investments at FVOCI	<u>27,282,544</u>	<u>23,854,510</u>	<u>24,737,905</u>	<u>20,745,998</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	487,768	-	487,768	-
Malaysian Government securities	2,106,857	1,420,656	2,106,857	1,420,656
Malaysian Government investment certificates	8,287,017	6,303,409	6,656,156	5,151,270
Negotiable instruments of deposit	950,404	1,197,900	700,603	899,135
Other Government securities	312,507	694,508	196,152	542,176
Cagamas bonds	1,687,440	1,311,562	1,522,417	1,045,677
Khazanah bonds	529,373	272,685	529,373	263,646
	<u>14,361,366</u>	<u>11,200,720</u>	<u>12,199,326</u>	<u>9,322,560</u>
Quoted securities:				
Foreign currency bonds in Malaysia	2,131,473	1,776,207	2,131,473	1,743,093
Foreign currency bonds outside Malaysia	1,353,402	1,638,380	1,353,402	1,638,380
Unquoted securities:				
Malaysian Government sukuk	554,124	350,898	554,124	183,458
Corporate bonds and sukuk	8,091,050	7,318,697	7,708,451	6,288,899
Foreign currency bonds in Malaysia	306,295	973,343	306,295	973,343
Foreign currency bonds outside Malaysia	424,740	551,934	424,740	551,934
	<u>27,222,450</u>	<u>23,810,179</u>	<u>24,677,811</u>	<u>20,701,667</u>

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**A9 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

Movements in expected credit losses of debt instruments at FVOCI are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
<b>The Group</b> <b>30 June 2020</b>	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	
At 1 July	1,566	-	4,287	5,853
New financial assets originated or purchased	1,735	-	-	1,735
Financial assets derecognised	(1,046)	-	-	(1,046)
Changes due to change in credit risk	(197)	-	-	(197)
Changes in models/risk parameters	(20)	-	-	(20)
Exchange differences	30	-	-	30
At 30 June	<u>2,068</u>	<u>-</u>	<u>4,287</u>	<u>6,355</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
<b>The Group</b> <b>30 June 2019</b>	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	
At 1 July	-	-	-	-
Effect of adopting MFRS 9	2,428	-	4,453	6,881
At 1 July, as restated	2,428	-	4,453	6,881
New financial assets originated or purchased	502	-	-	502
Financial assets derecognised	(1,007)	-	(166)	(1,173)
Changes due to change in credit risk	(401)	-	-	(401)
Exchange differences	44	-	-	44
At 30 June	<u>1,566</u>	<u>-</u>	<u>4,287</u>	<u>5,853</u>



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**A9 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

Movements in expected credit losses of debt instruments at FVOCI are as follows: (continued)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>				
<b>30 June 2020</b>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	1,454	-	4,287	5,741
New financial assets originated or purchased	1,724	-	-	1,724
Financial assets derecognised	(975)	-	-	(975)
Changes due to change in credit risk	(158)	-	-	(158)
Changes in models/risk parameters	(18)	-	-	(18)
Exchange differences	28	-	-	28
At 30 June	<u>2,055</u>	<u>-</u>	<u>4,287</u>	<u>6,342</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>				
<b>30 June 2019</b>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	-	-	-	-
Effect of adopting MFRS 9	2,385	-	4,453	6,838
At 1 July, as restated	2,385	-	4,453	6,838
New financial assets originated or purchased	413	-	-	413
Financial assets derecognised	(994)	-	(166)	(1,160)
Changes due to change in credit risk	(392)	-	-	(392)
Exchange differences	42	-	-	42
At 30 June	<u>1,454</u>	<u>-</u>	<u>4,287</u>	<u>5,741</u>

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	<u>60,094</u>	<u>44,331</u>	<u>60,094</u>	<u>44,331</u>

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**A10 Financial investments at amortised cost**

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Money market instruments:				
Government treasury bills	-	53,820	-	53,820
Malaysian Government securities	2,764,183	102,105	2,764,183	102,105
Malaysian Government investment certificates	10,871,164	8,721,860	7,301,857	5,887,037
Khazanah bonds	316,038	304,266	278,110	267,837
Other Government securities	456,623	326,179	437,425	307,305
	<u>14,408,008</u>	<u>9,508,230</u>	<u>10,781,575</u>	<u>6,618,104</u>
Quoted securities:				
Foreign currency bonds in Malaysia	857,780	845,592	857,780	845,592
Foreign currency bonds outside Malaysia	145,577	151,587	145,577	151,587
Unquoted securities:				
Malaysian Government sukuk	2,659,375	2,657,094	1,695,435	1,694,196
Corporate bonds and sukuk	2,030,894	1,991,703	1,598,916	1,586,027
Less: Expected credit losses	(202)	(1,007)	(202)	(1,001)
Total financial investments at amortised cost	<u>20,101,432</u>	<u>15,153,199</u>	<u>15,079,081</u>	<u>10,894,505</u>

Movements in expected credit losses of financial investments at amortised cost are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u> <u>ECL</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not credit</u> <u>impaired</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>credit</u> <u>impaired</u> <u>RM'000</u>	
<b>The Group</b>				
<b>30 June 2020</b>				
At 1 July	180	-	827	1,007
Changes due to change in credit risk	20	-	-	20
Amount written off	-	-	(827)	(827)
Exchange differences	2	-	-	2
At 30 June	<u>202</u>	<u>-</u>	<u>-</u>	<u>202</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12 Months</u> <u>ECL</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not credit</u> <u>impaired</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>credit</u> <u>impaired</u> <u>RM'000</u>	<u>Total ECL</u> <u>RM'000</u>
<b>The Group</b>				
<b>30 June 2019</b>				
At 1 July	-	-	-	-
Effect of adopting MFRS 9	3	-	827	830
At 1 July, as restated	3	-	827	830
New financial assets originated or purchased	178	-	-	178
Exchange differences	(1)	-	-	(1)
At 30 June	<u>180</u>	<u>-</u>	<u>827</u>	<u>1,007</u>

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**A10 Financial investments at amortised cost (continued)**

Movements in expected credit losses of financial investments at amortised cost are as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL RM'000	not credit impaired RM'000	credit impaired RM'000	
<b>The Bank</b>				
<b>30 June 2020</b>				
At 1 July	174	-	827	1,001
Changes due to change in credit risk	24	-	-	24
Amount written off	-	-	(827)	(827)
Exchange differences	4	-	-	4
At 30 June	202	-	-	202

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL RM'000	not credit impaired RM'000	credit impaired RM'000	
<b>The Bank</b>				
<b>30 June 2019</b>				
At 1 July	-	-	-	-
Effect of adopting MFRS 9	-	-	827	827
At 1 July, as restated	-	-	827	827
New financial assets originated or purchased	174	-	-	174
At 30 June	174	-	827	1,001

**HONG LEONG BANK BERHAD**  
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**(Incorporated in Malaysia)**

**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
Overdrafts	3,590,801	3,863,555	2,751,759	3,119,277
Term loans/financing:				
- Housing and shop loans/financing	82,482,204	76,495,886	65,361,213	61,165,045
- Syndicated/term loans or financing	13,850,875	11,740,501	9,721,008	8,717,446
- Hire purchase receivables	17,006,512	17,634,182	13,297,789	14,015,409
- Ijarah receivables	161,188	-	-	-
- Other term loans/financing	8,642,885	7,984,748	5,130,527	5,154,293
Credit/charge card receivables	3,094,683	3,597,974	3,094,683	3,597,974
Bills receivable	2,680,254	1,061,015	2,156,191	926,496
Trust receipts	1,476,882	421,884	1,444,741	306,390
Claims on customers under acceptance credits	5,235,605	8,029,521	4,487,325	7,276,246
Revolving credit	7,202,385	6,227,550	5,803,126	5,161,648
Staff loans/financing	143,067	138,753	131,302	132,620
Other loans/financing	365,021	370,814	365,020	370,455
Gross loans, advances and financing	<u>145,932,362</u>	<u>137,566,383</u>	<u>113,744,684</u>	<u>109,943,299</u>
Fair value changes arising from fair value hedges	21,714	3,473	18,955	3,473
Allowance for impairment losses:				
- Expected credit losses	(1,259,126)	(1,261,639)	(939,664)	(1,011,802)
Total net loans, advances and financing	<u>144,694,950</u>	<u>136,308,217</u>	<u>112,823,975</u>	<u>108,934,970</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM1,023,078,000 (2019: RM236,439,000) and RM297,169,000 (2019: RM188,181,000) respectively.

**HONG LEONG BANK BERHAD**  
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**A11 Loans, advances and financing** (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	1,434,866	953,920	1,104,936	853,670
Domestic business enterprises:				
- small and medium enterprises ("SME")	22,642,512	21,504,122	17,935,809	17,282,182
- others	20,648,535	19,232,651	15,767,074	15,751,104
Government and statutory bodies	1,892	2,037	44	41
Individuals	98,108,836	93,385,273	76,575,340	73,812,923
Other domestic entities	975,756	418,282	445,023	374,831
Foreign entities	2,119,965	2,070,098	1,916,458	1,868,548
Gross loans, advances and financing	<u>145,932,362</u>	<u>137,566,383</u>	<u>113,744,684</u>	<u>109,943,299</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	1,577,765	1,641,101	1,002,819	1,081,501
- Hire purchase receivables	16,847,128	17,413,826	13,141,515	13,797,959
- Other fixed rate loans/financing	6,541,018	6,374,770	4,875,702	4,856,527
Variable rate:				
- Base rate/base lending rate plus	102,135,209	94,502,743	80,366,038	76,209,468
- Cost plus	17,922,029	17,017,202	14,358,610	13,997,844
- Other variables rates	909,213	616,741	-	-
Gross loans, advances and financing	<u>145,932,362</u>	<u>137,566,383</u>	<u>113,744,684</u>	<u>109,943,299</u>

**HONG LEONG BANK BERHAD**  
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**A11 Loans, advances and financing** (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	780,571	808,590	476,522	553,613
Purchase of transport vehicles	16,769,096	17,489,088	13,009,091	13,829,965
Purchase of landed properties				
- residential	73,335,991	67,437,747	57,330,388	53,224,466
- non-residential	17,244,621	16,369,237	14,575,258	14,144,111
Purchase of fixed assets (excluding landed properties)	1,102,078	988,287	750,932	700,315
Personal use	3,437,021	3,389,881	2,089,238	2,065,876
Credit card	3,094,683	3,597,974	3,094,683	3,597,974
Construction	2,612,109	2,006,223	1,685,437	1,277,523
Mergers and acquisition	151,784	312,445	-	125,522
Working capital	25,929,408	23,791,965	19,821,776	19,545,202
Other purpose	1,475,000	1,374,946	911,359	878,732
Gross loans, advances and financing	<u>145,932,362</u>	<u>137,566,383</u>	<u>113,744,684</u>	<u>109,943,299</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	138,163,418	130,455,793	108,494,268	104,719,012
Singapore	5,250,416	5,224,287	5,250,416	5,224,287
Vietnam	909,213	616,741	-	-
Cambodia	1,609,315	1,269,562	-	-
Gross loans, advances and financing	<u>145,932,362</u>	<u>137,566,383</u>	<u>113,744,684</u>	<u>109,943,299</u>

**HONG LEONG BANK BERHAD**  
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**A11 Loans, advances and financing** (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
Within one year	26,269,928	26,236,955	22,339,034	23,183,492
One year to less than three years	5,687,390	5,914,184	4,545,659	4,699,471
Three years to less than five years	10,647,798	9,612,277	7,374,925	7,243,460
Five years and more	103,327,246	95,802,967	79,485,066	74,816,876
Gross loans, advances and financing	<u>145,932,362</u>	<u>137,566,383</u>	<u>113,744,684</u>	<u>109,943,299</u>

A11f Movements in impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
At 1 July	1,071,111	1,125,502	887,864	906,233
Classified as impaired during the financial period/year	1,935,430	1,620,178	1,437,027	1,238,702
Reclassified as non-impaired during the financial period/year	(1,158,523)	(868,464)	(867,183)	(632,821)
Amount written back in respect of recoveries	(457,634)	(489,105)	(383,503)	(366,606)
Amount written off	(502,046)	(318,398)	(411,657)	(259,162)
Exchange difference	1,416	1,398	1,219	1,518
At 30 June	<u>889,754</u>	<u>1,071,111</u>	<u>663,767</u>	<u>887,864</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.6%</u>	<u>0.8%</u>	<u>0.6%</u>	<u>0.8%</u>

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**A11 Loans, advances and financing** (continued)

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	284	51	284	5
Purchase of transport vehicles	71,019	122,105	53,363	90,856
Purchase of landed properties				
- residential	341,175	376,182	245,500	278,841
- non-residential	150,277	169,127	131,656	161,694
Purchase of fixed assets (excluding landed properties)	4,648	5,325	4,427	5,325
Personal use	24,479	44,470	12,692	23,321
Credit card	24,568	32,505	24,568	32,505
Construction	9,663	17,350	8,632	15,583
Working capital	194,803	298,966	172,473	274,704
Other purpose	68,838	5,030	10,172	5,030
Gross impaired loans, advances and financing	<u>889,754</u>	<u>1,071,111</u>	<u>663,767</u>	<u>887,864</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	881,407	1,063,910	662,511	886,352
Singapore	1,256	1,512	1,256	1,512
Vietnam	1,808	1,621	-	-
Cambodia	5,283	4,068	-	-
Gross impaired loans, advances and financing	<u>889,754</u>	<u>1,071,111</u>	<u>663,767</u>	<u>887,864</u>



**HONG LEONG BANK BERHAD**  
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**A11 Loans, advances and financing** (continued)

A11i Movements in expected credit losses for loans, advances and financing are as follows:

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Group 30 June 2020</b>			
At 1 July	369,715	498,325	393,599	1,261,639
Changes in ECL due to transfer within stages	(89,938)	(133,376)	223,314	-
Transfer to Stage 1	16,035	(15,930)	(105)	-
Transfer to Stage 2	(105,843)	206,821	(100,978)	-
Transfer to Stage 3	(130)	(324,267)	324,397	-
New financial assets originated	55,031	2,236	1,513	58,780
Financial assets derecognised	(19,751)	(40,717)	(22,042)	(82,510)
Changes due to change in credit risk	262,886	117,887	192,808	573,581
Changes in models/risk parameters	(28,743)	(8,852)	(10,855)	(48,450)
Amount written off	-	-	(501,536)	(501,536)
Exchange difference	309	324	1,313	1,946
Other movements	-	-	(4,324)	(4,324)
At 30 June	549,509	435,827	273,790	1,259,126

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Group 30 June 2019</b>			
At 1 July				1,006,902
Effect of adopting MFRS 9				358,235
At 1 July, as restated	418,235	487,757	459,145	1,365,137
Changes in ECL due to transfer within stages	(101,395)	(144,111)	245,506	-
Transfer to Stage 1	23,070	(22,825)	(245)	-
Transfer to Stage 2	(124,364)	219,679	(95,315)	-
Transfer to Stage 3	(101)	(340,965)	341,066	-
New financial assets originated	53,847	4,018	110	57,975
Financial assets derecognised	(34,796)	(42,683)	(29,024)	(106,503)
Changes due to change in credit risk	33,367	193,217	42,342	268,926
Amount written off	-	-	(282,501)	(282,501)
Exchange difference	457	127	1,578	2,162
Other movements	-	-	(43,557)	(43,557)
At 30 June	369,715	498,325	393,599	1,261,639

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**A11 Loans, advances and financing** (continued)

A11i Movements in expected credit losses for loans, advances and financing are as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Bank</b> <b>30 June 2020</b>			
At 1 July	311,663	386,656	313,483	1,011,802
Changes in ECL due to transfer within stages	(74,495)	(88,115)	162,610	-
Transfer to Stage 1	12,762	(12,674)	(88)	-
Transfer to Stage 2	(87,141)	157,992	(70,851)	-
Transfer to Stage 3	(116)	(233,433)	233,549	-
New financial assets originated	22,920	1,701	1,510	26,131
Financial assets derecognised	(4,889)	(24,163)	(11,830)	(40,882)
Changes due to change in credit risk	178,900	76,802	138,440	394,142
Changes in models/risk parameters	(25,488)	(6,057)	(7,782)	(39,327)
Amount written off	-	-	(410,609)	(410,609)
Exchange difference	104	260	1,370	1,734
Other movements	-	-	(3,327)	(3,327)
At 30 June	408,715	347,084	183,865	939,664

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Bank</b> <b>30 June 2019</b>			
At 1 July				801,663
Effect of adopting MFRS 9				329,521
At 1 July, as restated	367,527	388,100	375,557	1,131,184
Changes in ECL due to transfer within stages	(83,815)	(119,839)	203,654	-
Transfer to Stage 1	20,745	(20,533)	(212)	-
Transfer to Stage 2	(104,503)	173,541	(69,038)	-
Transfer to Stage 3	(57)	(272,847)	272,904	-
New financial assets originated	23,715	3,426	72	27,213
Financial assets derecognised	(13,118)	(29,233)	(16,595)	(58,946)
Changes due to change in credit risk	17,052	144,082	14,631	175,765
Amount written off	-	-	(227,057)	(227,057)
Exchange difference	302	120	1,588	2,010
Other movements	-	-	(38,367)	(38,367)
At 30 June	311,663	386,656	313,483	1,011,802

**HONG LEONG BANK BERHAD**  
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**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Foreclosed properties	18,447	21,839	10,985	10,849
Sundry debtors and other prepayments	693,771	371,710	641,763	351,193
Treasury related receivables	370,435	242,617	370,383	242,617
Cash collateral pledged for derivative transactions	511,094	301,552	511,094	301,552
Other receivables	88,769	259,263	72,624	240,071
	<u>1,682,516</u>	<u>1,196,981</u>	<u>1,606,849</u>	<u>1,146,282</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
<b>Amortised cost</b>				
Fixed deposits	94,503,266	91,064,010	70,442,696	70,785,542
Negotiable instruments of deposits	9,049,600	10,123,656	7,002,956	8,598,899
Short-term placements	20,370,873	17,161,123	17,866,840	14,131,227
	<u>123,923,739</u>	<u>118,348,789</u>	<u>95,312,492</u>	<u>93,515,668</u>
Demand deposits	27,338,992	24,018,791	23,903,209	20,722,461
Saving deposits	21,018,664	17,706,562	17,452,144	14,663,658
Others	748,749	891,350	553,397	736,729
	<u>173,030,144</u>	<u>160,965,492</u>	<u>137,221,242</u>	<u>129,638,516</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	463,933	2,159,671	413,741	1,812,544
Fair value changes arising from designation at fair value through profit or loss *	(1,416)	(54,869)	(1,621)	(54,535)
	<u>462,517</u>	<u>2,104,802</u>	<u>412,120</u>	<u>1,758,009</u>
	<u>173,492,661</u>	<u>163,070,294</u>	<u>137,633,362</u>	<u>131,396,525</u>

\* The Group and the Bank have issued structured deposits which are linked to interest rate derivatives and designated them at fair value through profit or loss. This designation is permitted under MFRS 9 as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to interest rate derivatives that are attributable to the changes in own credit risk are not significant.

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**A13 Deposits from customers** (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
Government and statutory bodies	8,665,449	7,415,514	4,403,641	4,246,520
Business enterprises	69,639,804	67,038,577	53,475,665	51,715,857
Individuals	92,513,524	85,518,130	77,808,532	73,129,569
Others	2,673,884	3,098,073	1,945,524	2,304,579
	<u>173,492,661</u>	<u>163,070,294</u>	<u>137,633,362</u>	<u>131,396,525</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
Due within:				
- six months	102,956,857	95,101,452	78,557,105	73,557,213
- six months to one year	19,785,172	21,763,420	15,821,608	18,818,766
- one year to five years	999,959	1,440,321	752,028	1,096,093
- more than five years	181,751	43,596	181,751	43,596
	<u>123,923,739</u>	<u>118,348,789</u>	<u>95,312,492</u>	<u>93,515,668</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
Unrestricted investment accounts	<u>356,475</u>	<u>2,235</u>	<u>-</u>	<u>-</u>

**A15 Deposits and placements of banks and other financial institutions**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
Licensed banks	5,263,923	7,059,886	5,639,271	7,059,770
Licensed investment banks	-	95,023	-	95,023
Licensed Islamic banks	-	140,000	-	-
Central banks (Note)	1,176,258	12,222	1,011,970	-
Other financial institutions	60,899	51,293	-	50,141
	<u>6,501,080</u>	<u>7,358,424</u>	<u>6,651,241</u>	<u>7,204,934</u>

Note:

Deposits and placements from central banks includes monies received by the Group and the Bank under government financing scheme “BNM SRF SME Fund” as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending at a below market rate with a six-year maturity amounting to RM1,011,970,000. The financing under the government scheme is for lending at concession rates to SMEs.

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**A16 Other liabilities**

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>30/06/2020</u>	<u>30/06/2019</u>	<u>30/06/2020</u>	<u>30/06/2019</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat		350	350	-	-
Post employment benefits obligation					
- defined contribution plan		293	300	293	300
Loan advance payment		3,916,289	3,351,885	3,161,826	2,691,960
Interbranch clearing with subsidiary company		-	-	-	571,263
Amount due to subsidiary companies		-	-	429,380	29
Treasury and cheque clearing		210,699	452,626	38,282	66,405
Treasury related payables		197,219	149,347	197,219	149,347
Sundry creditors and accruals		306,800	175,507	268,483	140,623
Provision for bonus and staff related expenses		155,437	164,504	146,030	155,941
Expected credit losses on financial guarantee contracts	(a)	8,480	7,928	6,944	7,117
Provision for reinstatement cost		22,614	-	28,039	-
Others		530,029	579,298	497,209	507,091
		<u>5,348,210</u>	<u>4,881,745</u>	<u>4,773,705</u>	<u>4,290,076</u>

(a) Movements in expected credit losses of financial guarantee contracts are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	
<b>The Group</b>				
<b>30 June 2020</b>				
At 1 July	2,380	5,527	21	7,928
Changes in ECL due to transfer within stages	(53)	47	6	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(57)	57	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	177	1	-	178
Financial assets derecognised	(24)	(23)	-	(47)
Changes due to change in credit risk	772	(481)	(19)	272
Exchange difference	8	149	-	157
Other movements	-	-	(8)	(8)
At 30 June	<u>3,260</u>	<u>5,220</u>	<u>-</u>	<u>8,480</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	<u>Total ECL</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>The Group</b>				
<b>30 June 2019</b>				
At 1 July				-
Effect of adopting MFRS 9				6,920
At 1 July, as restated	2,065	4,855	-	6,920
Changes in ECL due to transfer within stages	(13)	(80)	93	-
Transfer to Stage 1	23	(23)	-	-
Transfer to Stage 2	(36)	36	-	-
Transfer to Stage 3	-	(93)	93	-
New financial assets originated	142	2	-	144
Financial assets derecognised	(28)	(12)	-	(40)
Changes due to change in credit risk	220	642	(68)	794
Exchange difference	(6)	120	-	114
Other movements	-	-	(4)	(4)
At 30 June	<u>2,380</u>	<u>5,527</u>	<u>21</u>	<u>7,928</u>

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**A16 Other liabilities (continued)**

(a) Movements in expected credit losses of financial guarantee contracts are as follows: (continued)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<b>Total ECL</b>
	<b>12 Months ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	
<b>The Bank</b>				
<b>30 June 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,574	5,521	22	7,117
Changes in ECL due to transfer within stages	(52)	46	6	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(56)	56	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	172	1	-	173
Financial assets derecognised	(23)	(23)	-	(46)
Changes due to change in credit risk	53	(479)	(19)	(445)
Exchange difference	7	147	-	154
Other movements	-	-	(9)	(9)
At 30 June	<u>1,731</u>	<u>5,213</u>	<u>-</u>	<u>6,944</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<b>Total ECL</b>
	<b>12 Months ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	
<b>The Bank</b>				
<b>30 June 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July				-
Effect of adopting MFRS 9				<u>6,749</u>
At 1 July, as restated	1,909	4,840	-	6,749
Changes in ECL due to transfer within stages	(14)	(79)	93	-
Transfer to Stage 1	22	(22)	-	-
Transfer to Stage 2	(36)	36	-	-
Transfer to Stage 3	-	(93)	93	-
New financial assets originated	20	-	-	20
Financial assets derecognised	(26)	(12)	-	(38)
Changes due to change in credit risk	(308)	652	(67)	277
Exchange difference	(7)	120	-	113
Other movements	-	-	(4)	(4)
At 30 June	<u>1,574</u>	<u>5,521</u>	<u>22</u>	<u>7,117</u>

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**A17 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	2,254	2,370	2,254	2,370
	<u>1,502,254</u>	<u>1,502,370</u>	<u>1,502,254</u>	<u>1,502,370</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,502,224</u></u>	<u><u>1,502,340</u></u>	<u><u>1,502,224</u></u>	<u><u>1,502,340</u></u>

On 25 June 2018, the Bank issued a second tranche of RM500.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 26 June 2023 (and thereafter) and due on 23 June 2028 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.86% per annum, which is payable semi-annually in arrears from the date of the issue.

On 14 June 2019, the Bank issued a third tranche of RM1.0 billion nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this third tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

**A18 Multi-currency Additional Tier 1 capital securities**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/06/2019</u> <u>RM'000</u>
RM800 million Multi-currency Additional Tier-1 capital securities at par	800,000	800,000	800,000	800,000
Add: Interest payable	6,666	6,661	6,666	6,661
	<u>806,666</u>	<u>806,661</u>	<u>806,666</u>	<u>806,661</u>
Less: Unamortised discounts	(346)	(476)	(346)	(476)
	<u><u>806,320</u></u>	<u><u>806,185</u></u>	<u><u>806,320</u></u>	<u><u>806,185</u></u>

On 30 November 2017, the Bank issued a nominal value RM400.0 million perpetual Multi-currency Additional Tier 1 capital securities (“Capital Securities”) under the RM10.0 billion Capital Securities Programme of which was fully subscribed by its holding company, HLF. The Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 5.13% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe the RM400.0 million Multi-currency Additional Tier 1 subordinated sukuk wakalah issued by HLISB, a wholly-owned subsidiary of the Bank.

On 29 March 2019 the Bank issued a second tranche nominal value of RM400.0 million perpetual Capital Securities fully subscribed by HLF. The Capital Securities carry a distribution rate of 4.72% per annum and are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance shall be utilised to fulfill the requirements of Additional Tier 1 capital as per BNM's *Capital Adequacy Framework (Capital Components)* issued on 2 February 2018 and without limitation, to on-lend to HLB's subsidiaries, for investment into HLB's subsidiaries, for working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB and/or any existing capital securities issued under the Capital Securities Programme.

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**A19 Innovative Tier 1 capital securities**

	<u><b>The Group and The Bank</b></u>	
	<u><b>30/06/2020</b></u>	<u><b>30/06/2019</b></u>
	<u><b>RM'000</b></u>	<u><b>RM'000</b></u>
RM500 million Innovative Tier 1 capital securities, at par	-	500,000
Add: Interest payable	-	12,658
	<hr/>	<hr/>
	-	512,658
Less: Unamortised discounts	-	(502)
Fair value adjustments on completion of business combination accounting	-	112
	<hr/>	<hr/>
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	-	512,268

On 10 September 2009, Promino Sdn Bhd (“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-1 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.

On 10 September 2019, HLB had fully redeemed the RM500.0 million nominal value of IT-1 Capital Securities.



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**A20(a) Interest income**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loan, advances and financing (Note)	1,000,574	1,203,823	4,636,360	4,827,453
Money at call and deposit placements with financial institutions	29,029	37,105	168,338	203,883
Securities purchased under resale agreements	5	1	49	12
Financial investments at FVOCI	188,126	191,420	687,729	816,881
Financial investments at amortised cost	122,530	95,139	416,058	427,136
Others	168	2,044	3,509	9,496
	<u>1,340,432</u>	<u>1,529,532</u>	<u>5,912,043</u>	<u>6,284,861</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>(4,019)</u>	<u>1,948</u>	<u>3,275</u>	<u>12,915</u>

  

<b>Bank</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loan, advances and financing (Note)	959,198	1,174,027	4,487,576	4,720,096
Money at call and deposit placements with financial institutions	35,730	32,722	183,833	197,060
Securities purchased under resale agreements	5	1	49	12
Financial investments at FVOCI	190,025	190,416	692,225	815,988
Financial investments at amortised cost	122,336	94,724	415,255	423,467
Others	91	1,927	3,354	9,191
	<u>1,307,385</u>	<u>1,493,817</u>	<u>5,782,292</u>	<u>6,165,814</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>(4,034)</u>	<u>1,926</u>	<u>3,212</u>	<u>12,893</u>

**Note:**

Included the net loss effects of RM90,751,000 attributable to the various government support measures to provide assistance to borrowers and customers to sustain their business operations in response to COVID-19.

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**A20(b) Interest income for financial assets at FVTPL**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial assets at FVTPL	50,241	104,566	268,718	397,201

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Financial assets at FVTPL	50,241	104,566	268,718	397,201

**A21 Interest expense**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	21,685	52,664	150,008	265,971
Deposits from customers	617,246	754,585	2,789,184	3,031,773
Short-term placements	68,922	107,315	344,652	429,986
Tier 2 subordinated bonds	16,604	29,122	66,752	116,165
Multi-currency Additional Tier-1 capital securities	9,814	9,814	39,473	25,347
Innovative Tier 1 capital securities	-	10,443	8,413	41,053
Recourse obligation on loans sold to Cagamas	2,603	1,895	6,588	7,602
Others	2,687	-	11,307	-
	<u>739,561</u>	<u>965,838</u>	<u>3,416,377</u>	<u>3,917,897</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	24,829	51,012	161,977	272,408
Deposits from customers	603,153	741,136	2,735,742	2,984,869
Short-term placements	68,922	107,315	344,652	429,986
Tier 2 subordinated bonds	16,604	29,092	66,782	116,135
Multi-currency Additional Tier-1 capital securities	9,856	9,856	39,639	25,513
Innovative Tier 1 capital securities	-	10,443	8,413	41,053
Recourse obligation on loans sold to Cagamas	2,603	1,895	6,588	7,602
Others	4,595	-	19,147	-
	<u>730,562</u>	<u>950,749</u>	<u>3,382,940</u>	<u>3,877,566</u>

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**A22 Net income from Islamic Banking business**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
<b>Group</b>				
Income derived from investment of depositors' funds and others (Note)	399,514	355,550	1,574,201	1,455,046
Income derived from investment of shareholders' funds (Note)	30,563	58,180	188,049	176,972
Income derived from investment of investment account	26,109	10	37,536	12
Income attributable to depositors	(212,676)	(238,753)	(928,214)	(924,754)
Income attributable to depositors on investment account	(9,439)	(6)	(25,032)	(7)
	<u>234,071</u>	<u>174,981</u>	<u>846,540</u>	<u>707,269</u>
Of which:				
Financing income earned on impaired financing and advances	<u>61</u>	<u>561</u>	<u>996</u>	<u>1,553</u>

**Note:**

Included the net loss effects of RM51,716,000 attributable to the various government support measures to provide assistance to borrowers and customers to sustain their business operations in response to COVID-19.

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**A23 Other operating income**

<u>Group</u>	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	27,713	43,664	153,694	168,070
Service charges and fees	10,111	12,380	43,739	51,723
Guarantee fees	2,512	4,084	13,291	15,488
Credit card related fees	39,850	59,001	199,483	239,129
Corporate advisory fees	-	140	141	1,447
Commitment fees	8,385	8,289	33,150	32,662
Fee on loans, advances and financing	4,004	9,189	37,187	37,074
Other fee income	(812)	12,844	39,825	39,712
	<u>91,763</u>	<u>149,591</u>	<u>520,510</u>	<u>585,305</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	47,868	38,290	133,481	104,539
Net loss from sale of derivative financial instruments	(17,253)	(9,901)	(67,285)	(221,202)
Net gain from sale of financial investments at FVOCI	118,084	89,369	364,324	164,261
Net gain from sale of financial investments at amortised cost	-	-	-	15,902
	<u>148,699</u>	<u>117,758</u>	<u>430,520</u>	<u>63,500</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	35,329	69,488	226,380	279,533
Financial investments at FVOCI	-	-	3,683	203
	<u>35,329</u>	<u>69,488</u>	<u>230,063</u>	<u>279,736</u>

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**A23 Other operating income** (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	39,384	8,792	13,199	51,544
- Derivatives financial instruments	(18,374)	(58,576)	(131,991)	1,754
	<u>21,010</u>	<u>(49,784)</u>	<u>(118,792)</u>	<u>53,298</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges</u>	<u>(1,168)</u>	<u>(214)</u>	<u>(2,643)</u>	<u>(504)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>(53)</u>	<u>(108)</u>	<u>(1,051)</u>	<u>(305)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	11,989	28,291	78,151	152,425
Rental income	2,864	3,437	13,880	12,113
Gain on disposal of property and equipment	63	1,250	4,085	1,539
Net gain on divestment of a joint venture	-	-	-	90,106
Other non-operating income	975	4,874	12,709	17,188
	<u>15,891</u>	<u>37,852</u>	<u>108,825</u>	<u>273,371</u>
Total other operating income	<u>311,471</u>	<u>324,583</u>	<u>1,167,432</u>	<u>1,254,401</u>

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**A23 Other operating income** (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	27,130	42,994	151,024	165,064
Service charges and fees	9,993	11,735	43,121	49,761
Guarantee fees	2,480	4,049	13,131	15,360
Credit card related fees	39,850	59,001	199,483	239,129
Corporate advisory fees	-	140	141	1,447
Commitment fees	8,081	8,017	32,100	31,678
Fee on loans, advances and financing	4,432	8,180	34,197	33,469
Other fee income	(918)	12,789	39,436	39,527
	<u>91,048</u>	<u>146,905</u>	<u>512,633</u>	<u>575,435</u>
<b>(b) <u>Gain arising from sale of financial assets:</u></b>				
Net gain from sale of financial assets at FVTPL	47,868	38,290	133,481	104,539
Net loss from sale of derivative financial instruments	(17,253)	(9,901)	(67,285)	(221,202)
Net gain from sale of financial investments at FVOCI	118,084	89,369	364,033	164,261
Net gain from sale of financial investments at amortised cost	-	-	-	15,902
	<u>148,699</u>	<u>117,758</u>	<u>430,229</u>	<u>63,500</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Subsidiary companies	19,000	-	19,000	20,020
Associated companies	205,332	170,628	205,332	174,604
Financial assets at FVTPL	35,329	69,488	226,380	279,533
Financial investments at FVOCI	-	-	3,683	203
	<u>259,661</u>	<u>240,116</u>	<u>454,395</u>	<u>474,360</u>

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**A23 Other operating income** (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	39,384	8,792	13,199	51,544
- Derivatives financial instruments	(18,374)	(58,576)	(131,991)	1,754
	<u>21,010</u>	<u>(49,784)</u>	<u>(118,792)</u>	<u>53,298</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges</u>	<u>(1,168)</u>	<u>(214)</u>	<u>(2,643)</u>	<u>(504)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>(53)</u>	<u>(108)</u>	<u>(1,051)</u>	<u>(305)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	11,126	28,596	76,099	150,983
Rental income	1,272	2,226	7,393	7,494
Gain on disposal of property and equipment	63	1,368	4,084	1,657
Gain on redemption of redeemable preference shares	-	-	15,000	-
Net gain on divestment of a joint venture	-	-	-	138,101
Other non-operating income	1,352	3,931	12,313	15,639
	<u>13,813</u>	<u>36,121</u>	<u>114,889</u>	<u>313,874</u>
Total other operating income	<u>533,010</u>	<u>490,794</u>	<u>1,389,660</u>	<u>1,479,658</u>

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**A24 Other operating expenses**

<u>Group</u>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	266,931	263,991	1,066,491	1,048,998
- Medical expenses	11,967	10,158	38,898	31,587
- Training and convention expenses	1,376	7,106	16,316	24,585
- Staff welfare	3,145	2,953	10,004	10,012
- Others	7,018	5,358	34,302	32,498
	<u>290,437</u>	<u>289,566</u>	<u>1,166,011</u>	<u>1,147,680</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	33,540	33,747	134,390	132,296
- Depreciation of right-of-use assets	13,823	-	55,174	-
- Amortisation of intangible assets	14,890	13,763	59,025	54,189
- Rental of premises	988	14,369	3,914	58,900
- Information technology expenses	48,898	41,142	175,661	170,783
- Security services	6,613	7,562	28,476	28,807
- Electricity, water and sewerage	5,519	6,494	24,007	25,345
- Hire of plant and machinery	3,956	3,325	13,623	12,605
- Others	13,432	7,216	32,016	33,333
	<u>141,659</u>	<u>127,618</u>	<u>526,286</u>	<u>516,258</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	8,171	9,456	27,109	25,778
- Sales commission and credit card related fees	14,470	33,742	108,683	128,651
- Others	2,999	5,071	17,284	19,431
	<u>25,640</u>	<u>48,269</u>	<u>153,076</u>	<u>173,860</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,085	5,159	21,147	18,295
- Stationery and printing expenses	3,028	3,573	13,025	14,074
- Professional fees	21,746	22,990	91,967	87,840
- Insurance fees	11,374	9,947	44,091	42,103
- Stamp, postage and courier	4,281	3,646	14,749	13,876
- Travelling and transport expenses	990	1,256	4,256	4,637
- Registration and license fees	2,175	2,414	8,595	9,005
- Brokerage and commission	2,183	2,171	8,534	8,382
- Credit card fees	9,921	11,318	45,282	42,628
- Others	2,385	2,132	6,785	12,937
	<u>63,168</u>	<u>64,606</u>	<u>258,431</u>	<u>253,777</u>
	<u>520,904</u>	<u>530,059</u>	<u>2,103,804</u>	<u>2,091,575</u>



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**A24 Other operating expenses (continued)**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	213,905	217,704	859,637	864,504
- Medical expenses	9,991	8,558	32,469	26,472
- Training and convention expenses	1,106	5,892	13,317	20,542
- Staff welfare	2,589	2,545	7,972	8,632
- Others	5,499	3,559	27,465	25,559
	<u>233,090</u>	<u>238,258</u>	<u>940,860</u>	<u>945,709</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	28,653	29,773	115,957	115,934
- Depreciation of right-of-use assets	19,611	-	77,643	-
- Amortisation of intangible assets	13,497	12,644	53,909	49,818
- Rental of premises	1,068	17,467	3,970	72,169
- Information technology expenses	43,805	36,517	158,575	155,412
- Security services	5,132	5,881	22,341	22,643
- Electricity, water and sewerage	4,356	5,250	19,158	20,823
- Hire of plant and machinery	1,835	3,163	5,435	11,968
- Others	8,169	3,747	11,155	16,787
	<u>126,126</u>	<u>114,442</u>	<u>468,143</u>	<u>465,554</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	6,551	9,040	23,043	23,491
- Sales commission and credit card related fees	13,596	33,742	96,959	128,651
- Others	2,261	3,768	13,190	14,434
	<u>22,408</u>	<u>46,550</u>	<u>133,192</u>	<u>166,576</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	4,946	5,023	20,596	17,883
- Stationery and printing expenses	2,889	3,369	12,492	13,359
- Professional fees	20,929	21,690	90,860	85,395
- Insurance fees	9,976	8,563	38,651	36,934
- Stamp, postage and courier	4,207	3,458	14,460	13,526
- Travelling and transport expenses	788	886	3,111	3,372
- Registration and license fees	1,859	2,152	7,464	8,011
- Brokerage and commission	1,160	1,068	4,371	4,489
- Credit card fees	9,921	11,318	45,282	42,628
- Others	4,804	4,386	12,973	18,791
	<u>61,479</u>	<u>61,913</u>	<u>250,260</u>	<u>244,388</u>
	<u>443,103</u>	<u>461,163</u>	<u>1,792,455</u>	<u>1,822,227</u>

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**A25 Allowance for/(written back of) impairment losses on loans, advances and financing**

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Allowance for/(written back of) impairment on loans, advances and financing:				
- expected credit losses	218,729	92,348	501,804	221,296
Impaired loans, advances and financing:				
- written off	4,705	3,918	17,976	17,679
- recovered from bad debt written off	(32,136)	(49,262)	(192,125)	(226,652)
	<u>191,298</u>	<u>47,004</u>	<u>327,655</u>	<u>12,323</u>

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Allowance for/(written back of) impairment on loans, advances and financing:				
- expected credit losses	162,233	68,203	339,746	144,291
Impaired loans, advances and financing:				
- written off	3,073	3,148	12,877	14,337
- recovered from bad debt written off	(24,438)	(44,168)	(164,290)	(202,339)
	<u>140,868</u>	<u>27,183</u>	<u>188,333</u>	<u>(43,711)</u>

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**A26 Allowance for/(written back of) impairment losses on financial investments and other financial assets**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses on:				
- Financial investments at FVOCI	672	(161)	472	(906)
- Financial investments at amortised cost	(74)	(70)	20	178
- Other receivables	(21)	(15)	(34)	(240)
- Cash and short-term funds	(192)	(71)	(371)	47
- Deposits and placements with banks and other financial institutions	(161)	(265)	(254)	(51)
	<u>224</u>	<u>(582)</u>	<u>(167)</u>	<u>(972)</u>

<b>Bank</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses on:				
- Financial investments at FVOCI	664	(131)	573	(973)
- Financial investments at amortised cost	(74)	(73)	24	174
- Other receivables	(21)	(15)	(34)	(240)
- Cash and short-term funds	69	293	403	583
- Deposits and placements with banks and other financial institutions	(604)	206	501	1,140
	<u>34</u>	<u>280</u>	<u>1,467</u>	<u>684</u>

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**A27 Capital adequacy**

The Group's and the Bank's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) (the "Framework"). The Framework sets out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirement on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.500% of total risk-weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019 onwards. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.000%, 8.500% and 10.500% respectively.

BNM had issued a letter dated 24 March 2020 on additional measures to assist borrowers/customers affected by the COVID-19 outbreak. These measures allow banking institutions to remain focused on supporting the economy during these exceptional and unprecedented circumstances, by providing flexibilities for banking institutions to respond swiftly to the needs of their customers. To this effect, banking institutions are allowed to drawdown on the capital conservation buffer of 2.500%. However, BNM fully expects banking institutions to restore their buffers within a reasonable period after 31 December 2020 and to be in position to restore their buffers to the minimum regulatory requirements by 30 September 2021.

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 in deriving the RWA.

Individual entities within the Group comply with all externally imposed capital requirements to which they are subject to.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Year Ended 30/06/2020</b>	<b>Financial Year Ended 30/06/2019</b>	<b>Financial Year Ended 30/06/2020</b>	<b>Financial Year Ended 30/06/2019</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	13.950%	13.627%	13.761%	13.266%
Tier I capital ratio	14.523%	14.585%	14.118%	14.074%
Total capital ratio	<u>16.750%</u>	<u>16.839%</u>	<u>16.245%</u>	<u>16.203%</u>
<b>After deducting proposed dividends</b>				
CET I capital ratio	13.657%	13.113%	13.395%	12.640%
Tier I capital ratio	14.230%	14.072%	13.752%	13.448%
Total capital ratio	<u>16.456%</u>	<u>16.326%</u>	<u>15.879%</u>	<u>15.577%</u>

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**A27 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Year Ended 30/06/2020 RM'000</b>	<b>Financial Year Ended 30/06/2019 RM'000</b>	<b>Financial Year Ended 30/06/2020 RM'000</b>	<b>Financial Year Ended 30/06/2019 RM'000</b>
<b>CET I capital</b>				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	18,172,806	16,686,412	12,661,472	12,034,337
Other reserves	1,029,080	849,361	433,536	315,816
Less: Treasury shares	(723,344)	(727,817)	(723,344)	(727,817)
Less: Deferred tax assets	(86,578)	(16,030)	(55,984)	-
Less: Other intangible assets	(187,505)	(125,225)	(168,060)	(110,895)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(4,644,527)	(4,106,375)	(2,727,486)	(2,726,932)
<b>Total CET I capital</b>	<b>19,467,683</b>	<b>18,468,077</b>	<b>15,387,650</b>	<b>14,752,025</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	799,654	799,523	799,654	799,523
Innovative Tier I capital securities	-	499,498	-	499,498
<b>Additional Tier I capital before regulatory adjustments</b>	<b>799,654</b>	<b>1,299,021</b>	<b>799,654</b>	<b>1,299,021</b>
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
<b>Additional Tier I capital after regulatory adjustments</b>	<b>799,654</b>	<b>1,299,021</b>	<b>399,654</b>	<b>899,021</b>
<b>Total Tier I capital</b>	<b>20,267,337</b>	<b>19,767,098</b>	<b>15,787,304</b>	<b>15,651,046</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>#</sup>	1,607,378	1,554,893	1,278,446	1,267,205
Subordinated bonds	1,499,970	1,499,970	1,499,970	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,107,348</b>	<b>3,054,863</b>	<b>2,378,416</b>	<b>2,367,175</b>
<b>Total capital</b>	<b>23,374,685</b>	<b>22,821,961</b>	<b>18,165,720</b>	<b>18,018,221</b>

<sup>#</sup> Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM837,183,000 (2019: RM847,070,000) and RM703,987,000 (2019: RM695,197,000) respectively.

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**A27 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Year Ended 30/06/2020 RM'000</b>	<b>Financial Year Ended 30/06/2019 RM'000</b>	<b>Financial Year Ended 30/06/2020 RM'000</b>	<b>Financial Year Ended 30/06/2019 RM'000</b>
Credit risk *	128,590,231	124,391,420	102,275,706	101,376,433
Market risk	2,496,060	2,558,573	2,562,366	2,595,185
Operational risk	8,468,140	8,577,308	6,983,001	7,233,933
<b>Total RWA</b>	<b>139,554,431</b>	<b>135,527,301</b>	<b>111,821,073</b>	<b>111,205,551</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM 238,775,000 (2019: RM1,294,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>Financial Year Ended 30/06/2020</b>	<b>Financial Year Ended 30/06/2019</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	10.871%	10.529%
Tier I capital ratio	12.432%	12.258%
Total capital ratio	<u>15.173%</u>	<u>15.150%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	10.871%	10.529%
Tier I capital ratio	12.432%	12.258%
Total capital ratio	<u>15.173%</u>	<u>15.150%</u>

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**A28 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 and small medium enterprises. Products and services 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, Associates, Joint Venture and Representative Office. The overseas operations are mainly in commercial banking and treasury business.

Other operations refers to head office and other business segments.

**Financial quarter ended 30/06/2020**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	592,802	175,028	523,700	57,064	78,776	(230,716)	1,196,654
Inter-segment revenue	(4,810)	97,236	(145,110)	-	52,684	-	-
Segment revenue	<u>587,992</u>	<u>272,264</u>	<u>378,590</u>	<u>57,064</u>	<u>131,460</u>	<u>(230,716)</u>	<u>1,196,654</u>
Segment profit before taxation	277,674	170,060	343,853	(41,872)	(31,387)	(234,100)	484,228
Share of profit after tax of equity accounted associated companies				164,454			164,454
Profit before taxation							<u>648,682</u>
Taxation							(79,267)
Profit after taxation							<u><u>569,415</u></u>

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**A28 Group segmental reporting on revenue, profit and assets (continued)**

**Financial year ended 30/06/2020**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	2,663,241	675,303	1,440,920	255,479	7,628	(264,215)	4,778,356
Inter-segment revenue	(197,603)	495,810	(575,325)	-	277,118	-	-
Segment revenue	<u>2,465,638</u>	<u>1,171,113</u>	<u>865,595</u>	<u>255,479</u>	<u>284,746</u>	<u>(264,215)</u>	<u>4,778,356</u>
Segment profit before taxation	1,131,056	754,497	749,592	(71,155)	59,429	(276,355)	2,347,064
Share of profit after tax of equity accounted associated companies				642,333			642,333
Profit before taxation							<u>2,989,397</u>
Taxation							(494,800)
Profit after taxation							<u><u>2,494,597</u></u>
Segment assets	101,402,143	36,483,167	61,533,549	15,563,980	-	-	214,982,839
Unallocated assets							6,295,078
Total assets							<u><u>221,277,917</u></u>

**Corresponding quarter ended 30/06/2019**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	671,193	165,114	318,313	63,581	127,711	(178,088)	1,167,824
Inter-segment revenue	(66,276)	155,168	(149,501)	-	60,609	-	-
Segment revenue	<u>604,917</u>	<u>320,282</u>	<u>168,812</u>	<u>63,581</u>	<u>188,320</u>	<u>(178,088)</u>	<u>1,167,824</u>
Segment profit before taxation	219,276	214,242	138,305	7,301	191,688	(179,469)	591,343
Share of profit after tax of equity accounted associated companies				141,686			141,686
Profit before taxation							<u>733,029</u>
Taxation							(96,581)
Profit after taxation							<u><u>636,448</u></u>



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**A28 Group segmental reporting on revenue, profit and assets (continued)**

Corresponding financial year ended 30/06/2019

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<b><u>By business segment</u></b>							
External revenue	2,719,983	651,765	1,227,251	259,519	141,964	(274,647)	4,725,835
Inter-segment revenue	(227,330)	536,618	(710,213)	-	400,925	-	-
Segment revenue	<u>2,492,653</u>	<u>1,188,383</u>	<u>517,038</u>	<u>259,519</u>	<u>542,889</u>	<u>(274,647)</u>	<u>4,725,835</u>
Segment profit before taxation	1,065,316	827,692	406,696	35,750	569,503	(282,048)	2,622,909
Share of profit after tax of equity accounted associated companies				563,111			563,111
Profit before taxation							<u>3,186,020</u>
Taxation							(521,513)
Profit after taxation							<u>2,664,507</u>
Segment assets	96,394,407	33,131,270	52,948,686	14,335,769	-	-	196,810,132
Unallocated assets							10,559,283
Total assets							<u>207,369,415</u>

**A29 Property and equipment**

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

**A30(a) Material events subsequent to the end of the reporting year**

There are no material events subsequent to the end of the financial year ended 30 June 2020.

**A30(b) Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial year ended 30 June 2020 and up to the date of this report except for the following:

On 1 July 2019, the Bank announced that it had placed EB Nominees (Asing) Sendirian Berhad ("EB Nominees (Asing)"), a wholly-owned subsidiary of the Bank, under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. EB Nominees (Asing) is dormant.

Chew Geok Lin Finance Sdn Bhd and WTB Corporation Sdn Bhd, wholly-owned subsidiaries of HLF Credit (Perak) Bhd which in turn is a wholly-owned subsidiary of the Bank, were dissolved on 18 May 2020.

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**A31 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	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
<b>Principal amount</b>				
Direct credit substitutes	133,166	117,740	80,144	64,395
Certain transaction related contingent items	1,489,056	1,446,851	1,283,921	1,261,524
Short-term self liquidating trade related contingencies	538,144	674,511	508,190	638,625
Irrevocable commitments to extend credit:				
- maturity more than one year	17,777,310	17,720,606	12,807,826	12,749,585
- maturity less than one year	20,856,358	19,020,280	17,067,748	15,541,640
Foreign exchange related contracts:				
- less than one year	40,277,996	34,829,534	33,398,925	33,337,605
- one year to less than five years	4,089,668	3,995,994	4,089,668	3,995,994
- five years and above	288,397	301,327	288,397	301,327
Interest rate related contracts:				
- less than one year	18,957,616	38,511,811	19,457,616	38,511,811
- one year to less than five years	32,060,237	34,300,635	32,260,237	35,195,635
- five years and above	2,609,803	3,170,389	2,571,708	3,320,389
Equity related contracts:				
- less than one year	264,263	591,385	264,263	591,386
- one year to less than five years	136,115	127,853	136,115	127,852
Credit related contracts:				
- five years and above	291,272	82,753	291,272	82,753
Unutilised credit card lines	7,463,767	7,276,500	7,463,767	7,276,500
<b>Total</b>	<b>147,233,168</b>	<b>162,168,169</b>	<b>131,969,797</b>	<b>152,997,021</b>

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**A32 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 exposures**

	The Group		The Bank	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Aggregate value of outstanding credit exposures with connected parties	2,808,786	2,210,547	2,752,204	2,188,386
Outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	1.72%	1.43%	2.16%	1.78%
Outstanding credit exposures with connected parties which is non-performing or in default as a proportion of total credit exposures (%)	0.0002%	0.0002%	0.0003%	0.0003%

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**A33 Fair value of financial instruments**

Financial instruments comprise of 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.

Valuation techniques

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 and the Bank then determine fair value based upon valuation techniques such as discounted cash flow that uses inputs such as 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. These would include certain corporate bonds, government bonds and derivatives.

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. This category includes unquoted shares held for socio-economic reasons. Fair value for shares held for socio-economic reasons are based on the net tangible assets of the affected companies.

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**A33 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:

	<b>The Group</b>			
	<b>Financial Year Ended 30/06/2020</b>			
	<b>Fair Value</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Recurring fair value measurements</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL				
- Money market instrument	-	2,697,041	-	2,697,041
- Quoted securities	4,961,508	-	-	4,961,508
- Unquoted securities	-	80,211	330,636	410,847
Financial investments at FVOCI				
- Money market instrument	-	14,361,366	-	14,361,366
- Quoted securities	3,484,875	-	-	3,484,875
- Unquoted securities	-	9,376,209	60,094	9,436,303
Derivative financial instruments	8	1,097,969	13,492	1,111,469
	<u>8,446,391</u>	<u>27,612,796</u>	<u>404,222</u>	<u>36,463,409</u>
<b>Financial Liabilities</b>				
Derivative financial instruments	65	1,284,956	13,492	1,298,513
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	462,517	-	462,517
	<u>65</u>	<u>1,747,473</u>	<u>13,492</u>	<u>1,761,030</u>
<b>The Group</b>				
<b>Financial Year Ended 30/06/2019</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Recurring fair value measurements</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL				
- Money market instrument	-	4,397,706	-	4,397,706
- Quoted securities	7,234,755	-	-	7,234,755
- Unquoted securities	-	193,000	305,572	498,572
Financial investments at FVOCI				
- Money market instrument	-	11,200,720	-	11,200,720
- Quoted securities	3,414,587	-	-	3,414,587
- Unquoted securities	-	9,194,872	44,331	9,239,203
Derivative financial instruments	32	520,412	7,812	528,256
	<u>10,649,374</u>	<u>25,506,710</u>	<u>357,715</u>	<u>36,513,799</u>
<b>Financial Liabilities</b>				
Derivative financial instruments	2,940	667,885	7,812	678,637
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,104,802	-	2,104,802
	<u>2,940</u>	<u>2,772,687</u>	<u>7,812</u>	<u>2,783,439</u>

The Group recognises 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 (2019: RM Nil).

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**A33 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)

	<b>The Bank</b>			
	<b>Financial Year Ended 30/06/2020</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,675,372	-	2,675,372
- Quoted securities	4,961,508	-	-	4,961,508
- Unquoted securities	-	80,211	330,636	410,847
Financial investments at FVOCI				
- Money market instrument	-	12,199,326	-	12,199,326
- Quoted securities	3,484,875	-	-	3,484,875
- Unquoted securities	-	8,993,610	60,094	9,053,704
Derivative financial instruments	8	1,044,121	13,492	1,057,621
	<u>8,446,391</u>	<u>24,992,640</u>	<u>404,222</u>	<u>33,843,253</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	65	1,237,539	13,492	1,251,096
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	412,120	-	412,120
	<u>65</u>	<u>1,649,659</u>	<u>13,492</u>	<u>1,663,216</u>
<b>The Bank</b>				
<b>Financial Year Ended 30/06/2019</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	3,882,411	-	3,882,411
- Quoted securities	7,234,755	-	-	7,234,755
- Unquoted securities	-	193,000	305,572	498,572
Financial investments at FVOCI				
- Money market instrument	-	9,322,560	-	9,322,560
- Quoted securities	3,381,473	-	-	3,381,473
- Unquoted securities	-	7,997,634	44,331	8,041,965
Derivative financial instruments	32	515,151	7,812	522,995
	<u>10,616,260</u>	<u>21,910,756</u>	<u>357,715</u>	<u>32,884,731</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	2,940	664,290	7,812	675,042
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,758,009	-	1,758,009
	<u>2,940</u>	<u>2,422,299</u>	<u>7,812</u>	<u>2,433,051</u>

The Bank recognises 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 (2019: RM Nil).

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**A33 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:

<b>The Group</b> <b>30 June 2020</b>	<b>Financial Assets</b>			<b>Derivative financial instruments</b> <b>RM'000</b>	<b>Financial Liability Derivative financial instruments</b> <b>RM'000</b>
	<b>Financial assets at FVTPL</b> <b>RM'000</b>	<b>Financial investments at FVOCI</b> <b>RM'000</b>			
At 1 July	305,572	44,331		7,812	7,812
Fair value changes recognised in statements of income	25,064	-		(8,397)	(8,397)
Net fair value changes recognised in other comprehensive income	-	15,763		-	-
Purchases	-	-		(9,066)	(9,066)
Settlements	-	-		23,143	23,143
At 30 June	<u>330,636</u>	<u>60,094</u>		<u>13,492</u>	<u>13,492</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2020	<u>25,064</u>	<u>-</u>		<u>(8,397)</u>	<u>(8,397)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2020	<u>-</u>	<u>15,763</u>		<u>-</u>	<u>-</u>

<b>The Group</b> <b>30 June 2019</b>	<b>Financial Assets</b>			<b>Derivative financial instruments</b> <b>RM'000</b>	<b>Financial Liability Derivative financial instruments</b> <b>RM'000</b>
	<b>Financial assets at FVTPL</b> <b>RM'000</b>	<b>Financial investments at FVOCI</b> <b>RM'000</b>	<b>Financial investments available-for-sale</b> <b>RM'000</b>		
At 1 July	-	-	467,512	13,876	13,876
Effect of adopting MFRS 9	290,480	33,477	(467,512)	-	-
At 1 July, as restated	290,480	33,477	-	13,876	13,876
Fair value changes recognised in statements of income	15,092	-	-	(12,653)	(12,653)
Net fair value changes recognised in other comprehensive income	-	10,854	-	-	-
Purchases	-	-	-	(1,810)	(1,810)
Settlements	-	-	-	8,399	8,399
At 30 June	<u>305,572</u>	<u>44,331</u>	<u>-</u>	<u>7,812</u>	<u>7,812</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2019	<u>15,092</u>	<u>-</u>	<u>-</u>	<u>(12,653)</u>	<u>(12,653)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2019	<u>-</u>	<u>10,854</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**A33 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: (continued)

<b>The Bank</b>	<b>Financial Assets</b>			<b>Derivative financial instruments</b>	<b>Financial Liability Derivative financial instruments</b>
	<b>Financial assets at FVTPL</b>	<b>Financial investments at FVOCI</b>	<b>Financial investments available-for-sale</b>		
<b>30 June 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	305,572	44,331		7,812	7,812
Fair value changes recognised in statements of income	25,064	-		(8,397)	(8,397)
Net fair value changes recognised in other comprehensive income	-	15,763		-	-
Purchases	-	-		(9,066)	(9,066)
Settlements	-	-		23,143	23,143
At 30 June	<u>330,636</u>	<u>60,094</u>		<u>13,492</u>	<u>13,492</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2020	<u>25,064</u>	<u>-</u>		<u>(8,397)</u>	<u>(8,397)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2020	<u>-</u>	<u>15,763</u>		<u>-</u>	<u>-</u>
<b>The Bank</b>	<b>Financial Assets</b>			<b>Derivative financial instruments</b>	<b>Financial Liability Derivative financial instruments</b>
<b>30 June 2019</b>	<b>Financial assets at FVTPL</b>	<b>Financial investments at FVOCI</b>	<b>Financial investments available-for-sale</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	-	-	467,512	13,876	13,876
Effect of adopting MFRS 9	290,480	33,477	(467,512)	-	-
At 1 July, as restated	290,480	33,477	-	13,876	13,876
Fair value changes recognised in statements of income	15,092	-	-	(12,653)	(12,653)
Net fair value changes recognised in other comprehensive income	-	10,854	-	-	-
Purchases	-	-	-	(1,810)	(1,810)
Settlements	-	-	-	8,399	8,399
At 30 June	<u>305,572</u>	<u>44,331</u>	<u>-</u>	<u>7,812</u>	<u>7,812</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2019	<u>15,092</u>	<u>-</u>	<u>-</u>	<u>(12,653)</u>	<u>(12,653)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2019	<u>-</u>	<u>10,854</u>	<u>-</u>	<u>-</u>	<u>-</u>

**A34 Liquidity risk**

Please refer to Appendix A.



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**A35 Change in Accounting Policies**

**Effects of adoption of MFRS 16 Leases**

MFRS 16 ‘Leases’ (effective from 1 January 2019) supersedes MFRS 117 ‘Leases’ and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” (“ROU”) of the underlying asset and a lease liability reflecting future lease payments for most leases.

The ROU asset is depreciated in accordance with the principle as set out in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in statements of income.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Bank have adopted this standard from its mandatory adoption date of 1 July 2019. As permitted by MFRS 16, the Group and the Bank have applied the modified retrospective approach and will not restate comparative amounts for the financial year prior to the first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied. All other ROU assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Bank’s borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 for the Group and the Bank was at 4.52% and 4.46% respectively per annum.

(i) The following table summarises the effects upon adoption of MFRS 16 as at 1 July 2019:

	<b>As at 30 June 2019 RM'000</b>	<b>Effect of adoption of MFRS 16 RM'000</b>	<b>As restated 1 July 2019 RM'000</b>
<b>The Group</b>			
Right-of-use assets	-	309,219	309,219
Lease liabilities	-	285,782	285,782
Other liabilities - provision for reinstatement cost	-	23,437	23,437

	<b>As at 30 June 2019 RM'000</b>	<b>Effect of adoption of MFRS 16 RM'000</b>	<b>As restated 1 July 2019 RM'000</b>
<b>The Bank</b>			
Right-of-use assets	-	487,342	487,342
Lease liabilities	-	459,572	459,572
Other liabilities - provision for reinstatement cost	-	27,770	27,770

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**A35 Change in Accounting Policies (continued)**

**Effects of adoption of MFRS 16 Leases (continued)**

(ii) The following table analyses the impact of Capital Adequacy Ratios of the Group and the Bank:

	<b>As at 30 June 2019 RM'000</b>	<b>Effect of adoption of MFRS 16 RM'000</b>	<b>As restated 1 July 2019 RM'000</b>
<b>The Group</b>			
CET I capital ratio	13.113%	-0.030%	13.084%
Tier I capital ratio	14.072%	-0.032%	14.040%
Total capital ratio	16.326%	-0.034%	16.292%
<b>The Bank</b>			
CET I capital ratio	12.640%	-0.055%	12.585%
Tier I capital ratio	13.448%	-0.059%	13.390%
Total capital ratio	15.577%	-0.063%	15.514%

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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 RM648.7 million for the current financial quarter ended 30 June 2020, a decrease of RM84.3 million or 11.5% as compared to previous corresponding quarter. The decrease in pre-tax profit was mainly due to higher allowance for impairment losses on loans, advances and financing of RM144.3 million and allowance of impairment losses on financial investments and other financial assets of RM0.8 million. However, this was mitigated by higher net income of RM28.8 million, lower operating expenses of RM9.2 million and higher share of profit from associated company of RM22.8 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 RM277.7 million for the fourth quarter ended 30 June 2020 as compared to previous corresponding quarter of RM219.3 million. The increase in pre-tax profit was mainly contributed by lower operating expenses and allowance for impairment losses on loans, advances and financing, partially offset by lower total income.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM170.1 million for the fourth quarter ended 30 June 2020 as compared to previous corresponding quarter of RM214.2 million. The decrease in pre-tax profit was mainly contributed by lower total income and higher operating expenses, partially offset by lower allowance for impairment losses on loans, advances and financing.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM343.9 million for the fourth quarter ended 30 June 2020 as compared to previous corresponding quarter of RM138.3 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on financial investments and other financial assets, offset by higher operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM122.6 million for the fourth quarter ended 30 June 2020 as compared to previous corresponding quarter of RM149.0 million. The lower in pre-tax profit was mainly contributed by lower total income, higher allowance for impairment losses on loans, advances and financing, partially offset by lower operating expenses and higher share of profit from associated company in China.

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**B1 Review of performance** (continued)

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

The Group's pre-tax profit for the financial year ended 30 June 2020 stood at RM2,989.4 million, a decrease of RM196.6 million or 6.2% as compared to RM3,186.0 million in the previous financial year. The decrease was mainly due to higher operating expenses of RM12.2 million, higher allowance for impairment losses on loans, advances and financing of RM315.3 million and lower writeback of impairment losses on financial investments and other financial assets of RM0.8 million. This was mitigated by higher net income of RM52.5 million and higher share of profit from associated companies of RM79.2 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 RM1,131.1 million for the financial year ended 30 June 2020 as compared to previous corresponding year of RM1,065.3 million. The increase in pre-tax profit was mainly contributed by lower operating expenses and allowance for impairment losses on loans, advances and financing, partially offset by lower total income.

Personal Financial Services's loan base grew from RM96.2 billion as at 30 June 2019 to RM101.2 billion as at 30 June 2020. Deposit base increased from RM87.3 billion to RM95.3 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM754.5 million for the financial year ended 30 June 2020 as compared to previous corresponding year of RM827.7 million. The decrease in pre-tax profit was mainly contributed by lower total income, higher operating expenses and allowance for impairment losses on loans, advances and financing.

Business and Corporate Banking's loan base increased from RM33.1 billion as at 30 June 2019 to RM36.4 billion as at 30 June 2020. Deposit base increased from RM36.2 billion to RM38.1 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM749.6 million for the financial year ended 30 June 2020 as compared to previous corresponding year of RM406.7 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher operating expenses and higher impairment losses on financial investments and other financial assets.

Treasury earning assets increased from RM51.9 billion as at 30 June 2019 to RM59.5 billion as at 30 June 2020.

International Banking

The International Banking's segment recorded a pre-tax profit of RM571.2 million for the financial year ended 30 June 2020 as compared to previous corresponding year of RM598.9 million. The decrease in pre-tax profit was mainly contributed by lower total income, higher operating expenses, allowance for impairment losses on financial investments and other financial assets, partially offset by higher share of profit from associated companies in China.

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**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM648.7 million as compared to RM637.2 million in the preceding quarter, an increase of RM11.5 million mainly contributed by higher net income of RM67.6 million and lower operating expenses of RM12.7 million. This was mitigated by higher allowance for impairment losses on loans, advances and financing of RM65.4 million, allowance for impairment losses on financial investments and other financial assets of RM2.3 million and lower share of profit from associated company of RM1.1 million.

**B3 Prospects for the new financial year 2020/2021**

Growth prospects of the Malaysian economy are expected to recover gradually in the second half of 2020 and pick up further going into 2021, supported by massive fiscal and monetary stimulus. Hopeful dissipating virus threats, normalisation in supply and demand disruptions, coupled with recovering job prospects are expected to revive growth trajectory back to potential level next year. Improving external outlook as well as commodity markets would further reinforce the recovery momentum. Amid such extraordinary backdrop, it is imperative that policy makers and businesses adopt unconventional approaches in overcoming the crisis, repositioning and rebuilding to take advantage of opportunities that arise from the upswing.

Being digital at the core, we remain steadfast in our vision to build a highly digital and innovative ASEAN financial services institution. Emphasis was given to build products and services propositions that ring true to our brand promise of “Built Around You” where clients are at the centre of everything we do. We are committed to provide the necessary support and collaborate closely with our customers to make sure they are able to return to a state of financial normalcy as the pandemic subsides. In the interim, we join with the rest of the financial system to provide appropriate support to clients that are and might experience financial difficulties emanating from the economic impact of the Covid-19 health crisis. Our commitment and support come in the form of extending flexibility on repayment arrangement on current facilities or provide new financial support to help with short-term cash flows disruptions.

The new normal operating environment will no doubt present us with new growth opportunities which we will endeavour to capture by being agile and responsive to the changing landscape. Concurrently, we continue to revamp our cost structure, enabling us to invest in growth opportunities and deliver sustainable returns to our stakeholders.

**B4 Variance in profit forecast and shortfall in profit guarantee**

This note is not applicable to the Group.

**B5 Taxation**

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>				
Income tax	145,500	80,824	614,695	562,716
Transfer (to)/from deferred taxation	(66,233)	15,757	(119,895)	(41,203)
	<u>79,267</u>	<u>96,581</u>	<u>494,800</u>	<u>521,513</u>

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>				
Income tax	171,687	93,511	533,773	476,333
Transfer (to)/from deferred taxation	(77,439)	21,527	(112,313)	(17,337)
	<u>94,248</u>	<u>115,038</u>	<u>421,460</u>	<u>458,996</u>

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**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.

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**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 June 2020:

**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	33,518,558	316,730	(193,064)
(ii) 1 year to 3 years	260,554	3,542	-
Swaps			
(i) Less than 1 year	5,691,949	48,729	(94,914)
(ii) 1 year to 3 years	2,269,351	89,753	(46,348)
(iii) More than 3 years	1,848,160	82,187	(2,092)
Options			
(i) Less than 1 year	1,067,489	6,746	(7,343)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,744,100	492	(65)
(ii) 1 year to 3 years	1,284,000	8	-
Swaps			
(i) Less than 1 year	17,213,516	49,138	(76,275)
(ii) 1 year to 3 years	22,210,388	210,134	(466,177)
(iii) More than 3 years	11,175,652	270,557	(378,780)
Equity related contracts			
(i) Less than 1 year	264,263	11,970	(11,972)
(ii) 1 year to 3 years	136,115	1,523	(1,523)
Credit related contracts			
(i) More than 3 years	291,272	19,960	(19,960)
<b>Total</b>	<b>98,975,367</b>	<b>1,111,469</b>	<b>(1,298,513)</b>

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**B9 Off-balance sheet financial instruments** (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2019:

**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	28,236,403	103,511	(90,675)
(ii) 1 year to 3 years	70,414	-	(317)
Swaps			
(i) Less than 1 year	4,680,498	36,403	(19,942)
(ii) 1 year to 3 years	2,787,703	19,450	(54,137)
(iii) More than 3 years	1,439,204	120,602	(9,555)
Options			
(i) Less than 1 year	1,912,633	8,129	(4,416)
Interest rate related contracts			
Futures			
(i) Less than 1 year	17,603,502	32	(2,940)
Swaps			
(i) Less than 1 year	20,908,309	61,272	(67,678)
(ii) 1 year to 3 years	21,807,428	56,973	(135,310)
(iii) More than 3 years	15,663,596	113,062	(284,845)
Equity related contracts			
(i) Less than 1 year	591,385	4,761	(4,761)
(ii) 1 year to 3 years	127,853	3,053	(3,053)
Credit related contracts			
(i) More than 3 years	82,753	1,008	(1,008)
<b>Total</b>	<b>115,911,681</b>	<b>528,256</b>	<b>(678,637)</b>



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**B9 Off-balance sheet financial instruments (continued)**

Details of financial instruments with off-balance sheet risk as at 30 June 2020:

**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	26,707,413	261,937	(146,427)
(ii) 1 year to 3 years	260,554	3,542	-
Swaps			
(i) Less than 1 year	5,624,023	48,729	(94,912)
(ii) 1 year to 3 years	2,269,351	89,753	(46,352)
(iii) More than 3 years	1,848,160	82,187	(2,093)
Options			
(i) Less than 1 year	1,067,489	6,746	(7,343)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,744,100	492	(65)
(ii) 1 year to 3 years	1,284,000	8	-
Swaps			
(i) Less than 1 year	17,713,516	49,707	(76,880)
(ii) 1 year to 3 years	22,410,388	211,619	(467,841)
(iii) More than 3 years	11,137,557	269,448	(375,730)
Equity related contracts			
(i) Less than 1 year	264,263	11,970	(11,970)
(ii) 1 year to 3 years	136,115	1,523	(1,523)
Credit related contracts			
(i) More than 3 years	291,272	19,960	(19,960)
<b>Total</b>	<b>92,758,201</b>	<b>1,057,621</b>	<b>(1,251,096)</b>

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**B9 Off-balance sheet financial instruments** (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2019:

**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	26,765,938	98,328	(86,146)
(ii) 1 year to 3 years	70,414	-	(317)
Swaps			
(i) Less than 1 year	4,659,034	36,403	(19,942)
(ii) 1 year to 3 years	2,787,703	19,450	(54,137)
(iii) More than 3 years	1,439,204	120,602	(9,555)
Options			
(i) Less than 1 year	1,912,633	8,129	(4,416)
Interest rate related contracts			
Futures			
(i) Less than 1 year	17,603,500	32	(2,940)
Swaps			
(i) Less than 1 year	20,908,311	61,258	(67,678)
(ii) 1 year to 3 years	22,572,428	58,391	(136,754)
(iii) More than 3 years	15,943,596	111,580	(284,335)
Equity related contracts			
(i) Less than 1 year	591,385	4,761	(4,761)
(ii) 1 year to 3 years	127,853	3,053	(3,053)
Credit related contracts			
(i) More than 3 years	82,753	1,008	(1,008)
<b>Total</b>	<b>115,464,752</b>	<b>522,995</b>	<b>(675,042)</b>

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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 RM105,074,000 (30 June 2019: RM41,912,000) and RM55,595,557,000 (30 June 2019: RM79,552,125,000) 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 RM1,136,760,000 (30 June 2019: RM580,235,000). 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 instruments 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 20.0 sen per share has been proposed for the current quarter.

- (i) Amount per share: 20.0 sen.
- (ii) Previous corresponding quarter: single tier dividend of 34.0 sen per share.
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

**B12 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.

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	569,415	636,448	2,494,597	2,664,507
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(121,016)	(121,723)	(121,016)	(121,723)
	<u>2,046,702</u>	<u>2,045,995</u>	<u>2,046,702</u>	<u>2,045,995</u>
<b>Basic earnings per share (sen)</b>	27.8	31.1	121.9	130.2
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	481,821	534,764	1,654,015	1,926,911
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(121,016)	(121,723)	(121,016)	(121,723)
	<u>2,046,702</u>	<u>2,045,995</u>	<u>2,046,702</u>	<u>2,045,995</u>
<b>Basic earnings per share (sen)</b>	23.5	26.1	80.8	94.2

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**B12 Earnings per share (continued)**

**(b) Fully diluted earnings per share**

The Bank has two categories of dilutive potential ordinary shares, which are the share options and ordinary shares granted under the ESS. 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	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
<b><u>The Group</u></b>				
Net profit attributable to equity holders	569,415	636,448	2,494,597	2,664,507
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,046,702	2,045,995	2,046,702	2,045,995
- adjustment for ESS	429	4,310	429	4,310
	2,047,131	2,050,305	2,047,131	2,050,305
<b>Fully diluted earnings per share (sen)</b>	27.8	31.0	121.9	130.0
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	481,821	534,764	1,654,015	1,926,911
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,046,702	2,045,995	2,046,702	2,045,995
- adjustment for ESS	429	4,310	429	4,310
	2,047,131	2,050,305	2,047,131	2,050,305
<b>Fully diluted earnings per share (sen)</b>	23.5	26.1	80.8	94.0

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**A34 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 2020 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2020</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	7,351,125	1,211,044	-	-	-	-	-	8,562,169
Deposits and placements with banks and other financial institutions	-	-	109,612	942,767	-	-	-	1,052,379
Financial assets at fair value through profit or loss	-	30,189	212,916	545,446	251,679	6,698,530	330,636	8,069,396
Financial investments at fair value through other comprehensive income	56,799	714,461	492,567	344,235	1,339,087	24,275,301	60,094	27,282,544
Financial investments at amortised cost	171,289	218,737	1,564	31,568	1,037,159	18,641,115	-	20,101,432
Loans, advances and financing	13,609,685	5,664,321	3,052,206	2,495,965	890,314	118,982,459	-	144,694,950
Other assets	855,704	157,029	13,287	15,085	162,130	944	478,337	1,682,516
Derivative financial instruments	43,597	125,816	145,417	79,600	39,375	677,664	-	1,111,469
Statutory deposits with Central Banks	-	-	-	-	-	-	418,120	418,120
Investment in associated companies	-	-	-	-	-	-	4,644,527	4,644,527
Property and equipment	-	-	-	-	-	-	1,299,902	1,299,902
Intangible assets	-	-	-	-	-	-	187,505	187,505
Right-of-use assets	-	-	-	-	-	-	253,118	253,118
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	86,578	86,578
<b>Total assets</b>	<b>22,088,199</b>	<b>8,121,597</b>	<b>4,027,569</b>	<b>4,454,666</b>	<b>3,719,744</b>	<b>169,276,013</b>	<b>9,590,129</b>	<b>221,277,917</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2020 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2020</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	70,662,686	25,547,266	32,731,390	22,338,170	19,850,434	2,362,715	-	173,492,661
Investment accounts of customers	6,562	36,841	307,920	5,152	-	-	-	356,475
Deposits and placements of banks and other financial institutions	331,101	1,620,526	2,689,770	767,018	80,695	1,011,970	-	6,501,080
Obligations on securities sold under repurchase agreements	23,415	346,863	2,276,277	477,577	-	-	-	3,124,132
Bills and acceptances payable	99	1,909	8,130	6,542	-	-	117,373	134,053
Lease liabilities	-	3,503	7,025	10,562	20,864	199,223	-	241,177
Other liabilities	5,092,129	145,093	11,219	567	12,751	-	86,451	5,348,210
Derivative financial instruments	44,698	64,878	63,053	124,718	86,286	914,880	-	1,298,513
Recourse obligation on loans sold to Cagamas	-	-	5,919	1,001	-	1,042,085	-	1,049,005
Tier 2 subordinated bonds	-	-	-	2,254	-	1,499,970	-	1,502,224
Multi-currency Additional Tier 1 Capital Securities	-	-	4,866	1,799	-	799,655	-	806,320
Taxation	-	-	-	-	-	-	189,768	189,768
<b>Total liabilities</b>	<b>76,160,690</b>	<b>27,766,879</b>	<b>38,105,569</b>	<b>23,735,360</b>	<b>20,051,030</b>	<b>7,830,498</b>	<b>393,592</b>	<b>194,043,618</b>
Total equity	-	-	-	-	-	-	27,234,299	27,234,299
<b>Total liabilities and equity</b>	<b>76,160,690</b>	<b>27,766,879</b>	<b>38,105,569</b>	<b>23,735,360</b>	<b>20,051,030</b>	<b>7,830,498</b>	<b>27,627,891</b>	<b>221,277,917</b>
<b>Net liquidity gap</b>	<b>(54,072,491)</b>	<b>(19,645,282)</b>	<b>(34,078,000)</b>	<b>(19,280,694)</b>	<b>(16,331,286)</b>	<b>161,445,515</b>	<b>9,196,537</b>	<b>27,234,299</b>



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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2019 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2019</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	4,309,642	545,814	-	-	-	-	-	4,855,456
Deposits and placements with banks and other financial institutions	-	-	872,409	272,868	146,139	-	-	1,291,416
Financial assets at fair value through profit or loss	12,836	333	138,749	27,198	163,866	11,482,479	305,572	12,131,033
Financial investments at fair value through other comprehensive income	169,192	471,922	1,307,777	572,769	1,243,510	20,045,009	44,331	23,854,510
Financial investments at amortised cost	883	512	957	914	75,253	15,074,680	-	15,153,199
Loans, advances and financing	12,298,130	5,596,972	5,344,123	1,859,481	659,641	110,549,870	-	136,308,217
Other assets	788,102	9,560	6,219	7,499	1,298	28,957	355,346	1,196,981
Derivative financial instruments	42,006	32,344	41,184	51,789	46,785	314,148	-	528,256
Statutory deposits with Central Banks	-	-	-	-	-	-	4,588,833	4,588,833
Investment in associated companies	-	-	-	-	-	-	4,106,375	4,106,375
Property and equipment	-	-	-	-	-	-	1,382,572	1,382,572
Intangible assets	-	-	-	-	-	-	125,225	125,225
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	16,030	16,030
	<b>17,620,791</b>	<b>6,657,457</b>	<b>7,711,418</b>	<b>2,792,518</b>	<b>2,336,492</b>	<b>157,495,143</b>	<b>12,755,596</b>	<b>207,369,415</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2019 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2019</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	59,062,352	27,177,389	31,419,431	19,699,578	21,909,182	3,802,362	-	163,070,294
Investment accounts of customers	13	187	2,034	1	-	-	-	2,235
Deposits and placements of banks and other financial institutions	2,288,410	1,269,354	3,631,083	127,940	41,637	-	-	7,358,424
Obligations on securities sold under repurchase agreements	288,221	179,272	1,866,423	-	-	-	-	2,333,916
Bills and acceptances payable	244	46,459	128,278	35,082	11	-	182,949	393,023
Other liabilities	4,594,642	777	499	405	194,073	-	91,349	4,881,745
Derivative financial instruments	26,398	26,395	47,253	33,564	56,802	488,225	-	678,637
Recourse obligation on loans sold to Cagamas	-	-	203,591	-	-	50,000	-	253,591
Tier 2 subordinated bonds	-	-	-	2,370	-	1,499,970	-	1,502,340
Multi-currency Additional Tier 1 Capital Securities	-	-	4,863	1,799	-	799,523	-	806,185
Innovative Tier 1 capital securities	-	-	512,268	-	-	-	-	512,268
Taxation	-	-	-	-	-	-	95,864	95,864
Deferred tax liabilities	-	-	-	-	-	-	6,506	6,506
<b>Total liabilities</b>	<b>66,260,280</b>	<b>28,699,833</b>	<b>37,815,723</b>	<b>19,900,739</b>	<b>22,201,705</b>	<b>6,640,080</b>	<b>376,668</b>	<b>181,895,028</b>
Total equity	-	-	-	-	-	-	25,474,387	25,474,387
<b>Total liabilities and equity</b>	<b>66,260,280</b>	<b>28,699,833</b>	<b>37,815,723</b>	<b>19,900,739</b>	<b>22,201,705</b>	<b>6,640,080</b>	<b>25,851,055</b>	<b>207,369,415</b>
<b>Net liquidity gap</b>	<b>(48,639,489)</b>	<b>(22,042,376)</b>	<b>(30,104,305)</b>	<b>(17,108,221)</b>	<b>(19,865,213)</b>	<b>150,855,063</b>	<b>12,378,928</b>	<b>25,474,387</b>

**HONG LEONG BANK BERHAD**  
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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2020 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2020</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	3,983,177	1,560,623	-	-	-	-	-	5,543,800
Deposits and placements with banks and other financial institutions	-	-	483,766	942,767	-	391,641	-	1,818,174
Financial assets at fair value through profit or loss	-	30,189	212,916	545,446	251,679	6,676,861	330,636	8,047,727
Financial investments at fair value through other comprehensive income	56,799	464,661	492,567	323,860	1,191,962	22,147,962	60,094	24,737,905
Financial investments at amortised cost	171,289	218,737	1,564	21,922	665,408	14,000,161	-	15,079,081
Loans, advances and financing	12,094,117	4,821,027	2,671,136	1,754,594	543,315	90,939,786	-	112,823,975
Other assets	952,508	156,938	13,226	14,993	109,739	735	358,710	1,606,849
Derivative financial instruments	37,211	117,494	133,691	55,702	35,483	678,040	-	1,057,621
Amount due from subsidiaries	-	-	-	-	-	-	106,363	106,363
Statutory deposits with Central Banks	-	-	-	-	-	-	254,181	254,181
Subsidiary companies	-	-	-	-	-	-	2,558,901	2,558,901
Investment in associated companies	-	-	-	-	-	-	971,182	971,182
Property and equipment	-	-	-	-	-	-	685,169	685,169
Intangible assets	-	-	-	-	-	-	168,060	168,060
Right-of-use assets	-	-	-	-	-	-	420,653	420,653
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	55,984	55,984
<b>Total assets</b>	<b>17,295,101</b>	<b>7,369,669</b>	<b>4,008,866</b>	<b>3,659,284</b>	<b>2,797,586</b>	<b>134,835,186</b>	<b>7,741,480</b>	<b>177,707,172</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2020 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2020</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	59,080,600	19,361,117	24,916,058	16,177,232	15,879,412	2,218,943	-	137,633,362
Deposits and placements of banks and other financial institutions	626,707	1,568,326	2,873,734	489,809	80,695	1,011,970	-	6,651,241
Obligations on securities sold under repurchase agreements	23,415	346,863	2,276,277	477,577	-	-	-	3,124,132
Bills and acceptances payable	88	1,673	6,663	5,498	-	-	106,294	120,216
Lease liabilities	-	5,173	10,372	15,651	31,446	345,196	-	407,838
Other liabilities	4,112,847	145,045	11,207	549	2,717	429,380	71,960	4,773,705
Derivative financial instruments	38,362	52,293	48,769	113,668	84,505	913,499	-	1,251,096
Recourse obligation on loans sold to Cagamas	-	-	-	543	-	300,024	-	300,567
Tier 2 subordinated bonds	-	-	-	2,254	-	1,499,970	-	1,502,224
Multi-currency Additional Tier 1 Capital Securities	-	-	4,866	1,799	-	799,655	-	806,320
Taxation	-	-	-	-	-	-	150,979	150,979
<b>Total liabilities</b>	<b>63,882,019</b>	<b>21,480,490</b>	<b>30,147,946</b>	<b>17,284,580</b>	<b>16,078,775</b>	<b>7,518,637</b>	<b>329,233</b>	<b>156,721,680</b>
Total equity	-	-	-	-	-	-	20,985,492	20,985,492
<b>Total liabilities and equity</b>	<b>63,882,019</b>	<b>21,480,490</b>	<b>30,147,946</b>	<b>17,284,580</b>	<b>16,078,775</b>	<b>7,518,637</b>	<b>21,314,725</b>	<b>177,707,172</b>
<b>Net liquidity gap</b>	<b>(46,586,918)</b>	<b>(14,110,821)</b>	<b>(26,139,080)</b>	<b>(13,625,296)</b>	<b>(13,281,189)</b>	<b>127,316,549</b>	<b>7,412,247</b>	<b>20,985,492</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2019 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2019</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	3,618,599	764,475	-	-	-	-	-	4,383,074
Deposits and placements with banks and other financial institutions	-	-	1,046,933	272,868	146,139	-	-	1,465,940
Financial assets at fair value through profit or loss	12,836	333	138,749	27,198	163,866	10,967,184	305,572	11,615,738
Financial investments at fair value through other comprehensive income	169,192	361,962	1,108,797	502,064	1,063,220	17,496,432	44,331	20,745,998
Financial investments at amortised cost	883	512	957	914	75,253	10,815,986	-	10,894,505
Loans, advances and financing	10,555,719	5,009,250	4,984,949	1,639,889	556,855	86,188,308	-	108,934,970
Other assets	773,946	6,881	5,990	7,171	1,223	28,882	322,189	1,146,282
Derivative financial instruments	41,938	30,745	39,105	50,672	46,451	314,084	-	522,995
Amount due from subsidiaries	-	-	-	-	-	-	13,095	13,095
Statutory deposits with Central Banks	-	-	-	-	-	-	3,564,423	3,564,423
Subsidiary companies	-	-	-	-	-	-	2,558,337	2,558,337
Investment in associated companies	-	-	-	-	-	-	971,182	971,182
Property and equipment	-	-	-	-	-	-	761,639	761,639
Intangible assets	-	-	-	-	-	-	110,895	110,895
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
<b>Total assets</b>	<b>15,173,113</b>	<b>6,174,158</b>	<b>7,325,480</b>	<b>2,500,776</b>	<b>2,053,007</b>	<b>125,810,876</b>	<b>10,423,210</b>	<b>169,460,620</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2019 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2019</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	48,549,789	22,288,137	23,539,897	14,856,490	18,933,045	3,229,167	-	131,396,525
Deposits and placements of banks and other financial institutions	2,724,471	1,115,297	3,255,858	67,671	41,637	-	-	7,204,934
Obligations on securities sold under repurchase agreements	288,221	179,272	1,866,423	-	-	-	-	2,333,916
Bills and acceptances payable	222	44,933	121,287	27,757	11	-	168,368	362,578
Other liabilities	4,054,048	768	462	388	184,733	-	49,677	4,290,076
Derivative financial instruments	26,352	24,611	44,739	33,749	56,432	489,159	-	675,042
Recourse obligation on loans sold to Cagamas	-	-	202,954	-	-	-	-	202,954
Tier 2 subordinated bonds	-	-	-	2,370	-	1,499,970	-	1,502,340
Multi-currency Additional Tier 1 Capital Securities	-	-	4,863	1,799	-	799,523	-	806,185
Innovative Tier 1 capital securities	-	-	512,268	-	-	-	-	512,268
Taxation	-	-	-	-	-	-	42,152	42,152
Deferred tax liabilities	-	-	-	-	-	-	6,506	6,506
<b>Total liabilities</b>	<b>55,643,103</b>	<b>23,653,018</b>	<b>29,548,751</b>	<b>14,990,224</b>	<b>19,215,858</b>	<b>6,017,819</b>	<b>266,703</b>	<b>149,335,476</b>
Total equity	-	-	-	-	-	-	20,125,144	20,125,144
<b>Total liabilities and equity</b>	<b>55,643,103</b>	<b>23,653,018</b>	<b>29,548,751</b>	<b>14,990,224</b>	<b>19,215,858</b>	<b>6,017,819</b>	<b>20,391,847</b>	<b>169,460,620</b>
<b>Net liquidity gap</b>	<b>(40,469,990)</b>	<b>(17,478,860)</b>	<b>(22,223,271)</b>	<b>(12,489,448)</b>	<b>(17,162,851)</b>	<b>119,793,057</b>	<b>10,156,507</b>	<b>20,125,144</b>