

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 127776-V)**  
**AND ITS SUBSIDIARY COMPANIES**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 JUNE 2015**

**Domiciled in Malaysia.**  
**Registered Office:**  
**2, Leboh Ampang,**  
**50100 Kuala Lumpur**

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 127776-V)**  
**AND ITS SUBSIDIARY COMPANIES**  
**(Incorporated in Malaysia)**

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 2015 have been prepared from the Group and the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and the Guidelines on Financial Reporting for Banking Institutions issued by Bank Negara Malaysia in 2015.

SAW SAY PIN  
Chief Financial Officer

Date : 27 July 2015

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

**STATEMENTS OF FINANCIAL POSITION**  
**AT 30 JUNE 2015**

	Note	<i>Group</i>		<i>Bank</i>	
		30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>Assets</b>					
Cash and short-term funds	11	16,860,403	7,839,057	13,649,132	8,077,960
Securities purchased under resale agreements		2,335,988	2,265,607	2,335,988	2,265,607
Deposits and placements with banks and other financial institutions	12	2,680,940	2,936,713	4,122,891	4,780,622
Financial assets held for trading	13	1,696,511	2,947,082	1,675,968	2,927,027
Financial investments available-for-sale	14	9,665,320	17,103,489	7,946,231	12,968,166
Loans, advances and financing	15	48,884,115	45,433,692	37,367,479	34,753,154
Derivative financial assets	34	2,268,393	1,799,701	2,304,292	1,831,403
Other assets	17	363,185	663,033	428,807	563,960
Statutory deposits with Bank Negara Malaysia	18	1,406,460	1,479,060	1,042,798	999,998
Investments in subsidiary companies		-	-	660,021	660,021
Property and equipment		340,310	351,502	327,171	335,288
Intangible assets		64,318	61,603	64,318	61,601
Tax recoverable		8,959	44,711	-	35,850
Deferred tax assets		76,527	71,653	71,088	63,896
<b>Total assets</b>		<b>86,651,429</b>	<b>82,996,903</b>	<b>71,996,184</b>	<b>70,324,553</b>
<b>Liabilities</b>					
Deposits from customers	19	63,145,027	61,308,233	52,360,921	50,332,073
Deposits and placements from banks and other financial institutions	20	8,696,985	8,278,959	7,547,485	8,259,316
Bills and acceptances payable		376,466	426,346	352,843	400,637
Derivative financial liabilities	34	2,174,934	1,606,375	2,181,616	1,634,302
Other liabilities	21	1,563,577	2,092,700	1,353,904	2,074,498
Provision for taxation		48,733	-	48,733	-
Multi-Currency Sukuk Programme	22	1,757,313	1,001,854	-	-
Subordinated liabilities	23	1,547,929	1,275,382	1,547,929	1,275,382
<b>Total liabilities</b>		<b>79,310,964</b>	<b>75,989,849</b>	<b>65,393,431</b>	<b>63,976,208</b>
<b>Equity</b>					
Share capital		114,500	114,500	114,500	114,500
Reserves		7,225,965	6,592,554	6,488,253	5,933,845
Proposed dividend		-	300,000	-	300,000
<b>Total equity attributable to owner of the Bank</b>		<b>7,340,465</b>	<b>7,007,054</b>	<b>6,602,753</b>	<b>6,348,345</b>
<b>Total liabilities and equity</b>		<b>86,651,429</b>	<b>82,996,903</b>	<b>71,996,184</b>	<b>70,324,553</b>
<b>Commitments and Contingencies</b>	33	<b>160,015,434</b>	<b>138,441,341</b>	<b>157,024,483</b>	<b>135,592,425</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 42 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 27 July 2015.*

**HSBC BANK MALAYSIA BERHAD**  
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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2015**

	Note	<i>Group</i>			
		2nd quarter		Half year to	
		30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
		RM'000	RM'000	RM'000	RM'000
Revenue		<b>1,125,975</b>	993,390	<b>2,258,961</b>	1,993,668
Interest income	24	<b>656,859</b>	589,357	<b>1,288,899</b>	1,167,193
Interest expense	24	<b>(276,610)</b>	(220,142)	<b>(528,664)</b>	(431,515)
Net interest income	24	<b>380,249</b>	369,215	<b>760,235</b>	735,678
Fee and commission income	25	<b>125,397</b>	125,127	<b>249,299</b>	243,326
Fee and commission expense	25	<b>(11,872)</b>	(8,630)	<b>(23,309)</b>	(14,782)
Net fee and commission income	25	<b>113,525</b>	116,497	<b>225,990</b>	228,544
Net trading income	26	<b>124,384</b>	87,306	<b>290,639</b>	201,225
Income from Islamic banking operations	27	<b>127,867</b>	122,798	<b>260,536</b>	246,941
Other operating income	28	<b>12,336</b>	7,109	<b>22,212</b>	14,470
Operating income before impairment losses		<b>758,361</b>	702,925	<b>1,559,612</b>	1,426,858
Loans / financing impairment release / (charges) and other credit risk provisions	29	<b>44,531</b>	(14,474)	<b>445</b>	(36,851)
Net operating income		<b>802,892</b>	688,451	<b>1,560,057</b>	1,390,007
Other operating expenses	30	<b>(394,519)</b>	(340,606)	<b>(754,883)</b>	(647,119)
Profit before tax		<b>408,373</b>	347,845	<b>805,174</b>	742,888
Tax expense		<b>(103,049)</b>	(90,680)	<b>(205,735)</b>	(190,956)
<b>Profit for the period</b>		<b>305,324</b>	257,165	<b>599,439</b>	551,932
<b>Other comprehensive income / (expense)</b>					
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>					
Cash flow hedge					
Effective portion of changes in fair value		-	-	-	1
Net amount transferred to profit or loss		-	-	-	(64)
Available-for-sale reserve:					
Change in fair value		<b>11,725</b>	(1,713)	<b>62,541</b>	11,941
Amount transferred to profit or loss		<b>(1,207)</b>	1,100	<b>(12,537)</b>	1,553
Income tax (expense) / credit relating to components of other comprehensive income		<b>(2,524)</b>	153	<b>(12,001)</b>	(3,358)
<b>Other comprehensive income / (expense) for the period, net of income tax</b>		<b>7,994</b>	(460)	<b>38,003</b>	10,073
<b>Total comprehensive income for the period</b>		<b>313,318</b>	256,705	<b>637,442</b>	562,005
Profit attributable to owner of the Bank		<b>305,324</b>	257,165	<b>599,439</b>	551,932
Total comprehensive income attributable to owner of the Bank		<b>313,318</b>	256,705	<b>637,442</b>	562,005
Basic earnings per RM0.50 ordinary share		<b>133.3 sen</b>	112.3 sen	<b>261.8 sen</b>	241.0 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		<b>131.0 sen</b>	131.0 sen	<b>131.0 sen</b>	131.0 sen
- interim dividend paid in respect of current period		-	109.2 sen	-	109.2 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 42 attached to the unaudited condensed interim financial statements.*

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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2015**

	Note	<i>Bank</i>			
		2nd quarter		Half year to	
		30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
		RM'000	RM'000	RM'000	RM'000
Revenue		<b>964,770</b>	839,142	<b>1,943,652</b>	1,692,490
Interest income	24	<b>672,115</b>	596,912	<b>1,321,246</b>	1,182,131
Interest expense	24	<b>(276,610)</b>	(220,142)	<b>(528,664)</b>	(431,515)
Net interest income	24	<b>395,505</b>	376,770	<b>792,582</b>	750,616
Fee and commission income	25	<b>125,397</b>	125,127	<b>249,299</b>	243,326
Fee and commission expense	25	<b>(11,872)</b>	(8,630)	<b>(23,309)</b>	(14,782)
Net fee and commission income	25	<b>113,525</b>	116,497	<b>225,990</b>	228,544
Net trading income	26	<b>122,746</b>	77,208	<b>286,397</b>	187,119
Other operating income	28	<b>44,512</b>	39,895	<b>86,710</b>	79,914
Operating income before impairment losses		<b>676,288</b>	610,370	<b>1,391,679</b>	1,246,193
Loans impairment release / (charges) and other credit risk provisions	29	<b>38,471</b>	2,810	<b>22,488</b>	(4,819)
Net operating income		<b>714,759</b>	613,180	<b>1,414,167</b>	1,241,374
Other operating expenses	30	<b>(363,345)</b>	(314,295)	<b>(695,554)</b>	(597,221)
Profit before tax		<b>351,414</b>	298,885	<b>718,613</b>	644,153
Tax expense		<b>(92,048)</b>	(79,745)	<b>(188,727)</b>	(168,243)
<b>Profit for the period</b>		<b>259,366</b>	219,140	<b>529,886</b>	475,910
<b>Other comprehensive income / (expense)</b>					
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>					
Cash flow hedge					
Effective portion of changes in fair value		-	-	-	1
Net amount transferred to profit or loss		-	-	-	(64)
Available-for-sale reserve:					
Change in fair value		<b>10,604</b>	(234)	<b>50,142</b>	10,085
Amount transferred to profit or loss		<b>(975)</b>	1,100	<b>(12,305)</b>	1,553
Income tax expense relating to components of other comprehensive income		<b>(2,311)</b>	(217)	<b>(9,081)</b>	(2,894)
<b>Other comprehensive income for the period, net of income tax</b>		<b>7,318</b>	649	<b>28,756</b>	8,681
<b>Total comprehensive income for the period</b>		<b>266,684</b>	219,789	<b>558,642</b>	484,591
Profit attributable to owner of the Bank		<b>259,366</b>	219,140	<b>529,886</b>	475,910
Total comprehensive income attributable to owner of the Bank		<b>266,684</b>	219,789	<b>558,642</b>	484,591
Basic earnings per RM0.50 ordinary share		<b>113.3 sen</b>	95.7 sen	<b>231.4 sen</b>	207.8 sen
Dividends per RM0.50 ordinary share (net)					
- final dividend paid in respect of prior period		<b>131.0 sen</b>	131.0 sen	<b>131.0 sen</b>	131.0 sen
- interim dividend paid in respect of current period		-	109.2 sen	-	109.2 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 42 attached to the unaudited condensed interim financial statements.*

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015**

Group (RM'000)	Non-distributable								Distributable				
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Cash flow hedge reserve	Capital contribution reserve	Regulatory reserve*	Retained profit	Total reserves	Dividends	Total equity
<b>2015</b>													
Balance at 1 January	114,500	741,375	164,500	177,624	190,000	(10,975)	-	97,757	180,000	5,052,273	6,592,554	300,000	7,007,054
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	599,439	599,439	-	599,439
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(997)	-	-	-	-	-	997	-	-	-
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	47,531	-	-	-	-	47,531	-	47,531
Net amount transferred to profit or loss	-	-	-	-	-	(9,528)	-	-	-	-	(9,528)	-	(9,528)
<i>Total other comprehensive income</i>	-	-	-	(997)	-	38,003	-	-	-	997	38,003	-	38,003
Total comprehensive income for the period	-	-	-	(997)	-	38,003	-	-	-	600,436	637,442	-	637,442
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	46,000	(46,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	(1,971)	-	(2,060)	(4,031)	-	(4,031)
Dividends paid to owner - 2014 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Balance at 30 Jun	114,500	741,375	164,500	176,627	190,000	27,028	-	95,786	226,000	5,604,649	7,225,965	-	7,340,465
<b>2014</b>													
Balance at 1 January	114,500	741,375	164,500	166,049	190,000	(6,871)	48	95,470	-	4,674,062	6,024,633	300,000	6,439,133
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	551,932	551,932	-	551,932
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(933)	-	-	-	-	-	933	-	-	-
Cash flow hedge:													
Net amount transferred to profit or loss	-	-	-	-	-	-	(48)	-	-	-	(48)	-	(48)
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	8,956	-	-	-	-	8,956	-	8,956
Net amount transferred to profit or loss on disposal	-	-	-	-	-	1,165	-	-	-	-	1,165	-	1,165
<i>Total other comprehensive income</i>	-	-	-	(933)	-	10,121	(48)	-	-	933	10,073	-	10,073
Total comprehensive income for the period	-	-	-	(933)	-	10,121	(48)	-	-	552,865	562,005	-	562,005
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	160,000	(160,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	2,827	-	(1,115)	1,712	-	1,712
Dividends paid to owner - 2013 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Proposed dividend - 2014 interim	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)	250,000	-
Balance at 30 Jun	114,500	741,375	164,500	165,116	190,000	3,250	-	98,297	160,000	4,815,812	6,338,350	250,000	6,702,850

\* The Group and the Bank maintain a regulatory reserve to meet local regulatory requirements; the effect of this requirement is to restrict the amount of reserves that can be distributed to shareholders.

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The unaudited condensed interim financial statements were approved by the Board of Directors on 27 July 2015.

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015 (continued)**

Bank (RM'000)	Non-distributable								Distributable				
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Cash flow hedge reserve	Capital contribution reserve	Regulatory reserve*	Retained profit	Total reserves	Dividends	Total equity
<b>2015</b>													
Balance at 1 January	114,500	741,375	114,500	177,624	190,000	(4,487)	-	96,383	167,000	4,451,450	5,933,845	300,000	6,348,345
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	529,886	529,886	-	529,886
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(997)	-	-	-	-	-	997	-	-	-
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	38,108	-	-	-	-	38,108	-	38,108
Net amount transferred to profit or loss	-	-	-	-	-	(9,352)	-	-	-	-	(9,352)	-	(9,352)
<i>Total other comprehensive income</i>	-	-	-	(997)	-	28,756	-	-	-	997	28,756	-	28,756
Total comprehensive income for the period	-	-	-	(997)	-	28,756	-	-	-	530,883	558,642	-	558,642
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	40,000	(40,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	(2,174)	-	(2,060)	(4,234)	-	(4,234)
Dividends paid to owner - 2014 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Balance at 30 Jun	114,500	741,375	114,500	176,627	190,000	24,269	-	94,209	207,000	4,940,273	6,488,253	-	6,602,753
<b>2014</b>													
Balance at 1 January	114,500	741,375	114,500	166,049	190,000	(911)	48	94,178	-	4,202,012	5,507,251	300,000	5,921,751
<b>Total comprehensive income for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	475,910	475,910	-	475,910
<b>Other comprehensive income, net of income tax</b>													
Revaluation reserve:													
Transfer to retained profit upon realisation of depreciation	-	-	-	(933)	-	-	-	-	-	933	-	-	-
Cash flow hedge:													
Net amount transferred to profit or loss	-	-	-	-	-	-	(48)	-	-	-	(48)	-	(48)
Available-for-sale reserve:													
Net change in fair value	-	-	-	-	-	7,564	-	-	-	-	7,564	-	7,564
Net amount transferred to profit or loss on disposal	-	-	-	-	-	1,165	-	-	-	-	1,165	-	1,165
<i>Total other comprehensive income</i>	-	-	-	(933)	-	8,729	(48)	-	-	933	8,681	-	8,681
Total comprehensive income for the period	-	-	-	(933)	-	8,729	(48)	-	-	476,843	484,591	-	484,591
Transfer relating to regulatory reserves	-	-	-	-	-	-	-	-	147,000	(147,000)	-	-	-
<b>Transactions with the owner (the ultimate holding company), recorded directly in equity</b>													
Share based payment transactions	-	-	-	-	-	-	-	2,602	-	(1,115)	1,487	-	1,487
Dividends paid to owner - 2013 final	-	-	-	-	-	-	-	-	-	-	-	(300,000)	(300,000)
Proposed dividend - 2014 interim	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)	250,000	-
Balance at 30 Jun	114,500	741,375	114,500	165,116	190,000	7,818	-	96,780	147,000	4,280,740	5,743,329	250,000	6,107,829

\* The Bank maintains a regulatory reserve to meet local regulatory requirements; the effect of this requirement is to restrict the amount of reserves that can be distributed to shareholders.

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	30 Jun 2014	<b>30 Jun 2015</b>	30 Jun 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before tax	<b>805,174</b>	742,888	<b>718,613</b>	644,153
Adjustments for non-operating and non-cash items	<b>30,332</b>	28,981	<b>20,839</b>	24,468
Operating profit before working capital changes	<b>835,506</b>	771,869	<b>739,452</b>	668,621
Changes in working capital:				
Net changes in operating assets	<b>(2,110,704)</b>	2,490,201	<b>(1,156,452)</b>	2,896,181
Net changes in operating liabilities	<b>2,266,624</b>	2,785,209	<b>1,118,191</b>	2,340,305
Income tax paid	<b>(138,125)</b>	(167,500)	<b>(120,417)</b>	(167,500)
<b>Net cash generated from operations</b>	<b>853,301</b>	5,879,779	<b>580,774</b>	5,737,607
<b>Net cash generated from / (used in) investing activities</b>	<b>7,467,746</b>	(1,532,528)	<b>5,040,099</b>	(1,018,266)
<b>Net cash used in financing activity</b>	<b>700,299</b>	(300,000)	<b>(49,701)</b>	(300,000)
	<b>8,168,045</b>	(1,832,528)	<b>4,990,398</b>	(1,318,266)
<b>Net changes in cash and cash equivalents</b>	<b>9,021,346</b>	4,047,251	<b>5,571,172</b>	4,419,341
<b>Cash and cash equivalents at 1 January</b>	<b>7,839,057</b>	15,454,507	<b>8,077,960</b>	12,558,786
<b>Cash and cash equivalents at 30 June</b>	<b>16,860,403</b>	19,501,758	<b>13,649,132</b>	16,978,127
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	<b>16,860,403</b>	19,501,758	<b>13,649,132</b>	16,978,127

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 7 to 42 attached to the unaudited condensed interim financial statements.*

*The unaudited condensed interim financial statements were approved by the Board of Directors on 27 July 2015.*



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

**NOTES TO THE FINANCIAL STATEMENTS**

**1 General Information**

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

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

**2 Basis of Preparation**

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

The unaudited condensed interim financial statements for the financial period ended 30 June 2015 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB). The unaudited condensed interim financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Bank's Islamic subsidiary.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2014. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 December 2014.

All significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2014.

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group and Bank as they are either not applicable or not yet effective:

MFRSs, interpretations and amendments effective for annual periods commencing on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, interpretations and amendments effective for annual periods commencing on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, interpretations and amendments effective for annual periods commencing on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

The initial application of the above accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Bank upon their first adoption, except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139: Financial Instruments, Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3 Auditors' Report On Preceding Annual Financial Statements**

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The audit report on the audited annual financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

**4 Seasonality or Cyclical Factors**

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

**5 Unusual Items due to Their Nature, Size or Incidence**

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Bank for the financial period ended 30 June 2015.

**6 Changes in Estimates**

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The preparation of financial information requires the use of estimates. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that critical accounting policies where judgement is necessarily applied are those which relate to impairment allowances for loans, advances and financing, the valuation of financial instruments and the impairment allowance of available-for-sale financial investments.

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and Bank for the financial period ended 30 June 2015.

**7 Debt and Equity Securities**

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There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 June 2015, except those disclosed under Note 22.

**8 Dividend**

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A final dividend of RM1.31 per ordinary share amounting to RM300 million in respect of the financial year ended 31 December 2014 was paid on 16 April 2015.

There were no interim dividend declared.

**9 Carrying Amount of Revalued Assets**

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Property and equipment are stated at cost/valuation less accumulated depreciation and impairment losses (if any) except for freehold land which is stated at professional valuation. There was no change in the valuation of property and equipment that was brought forward from the previous audited financial statements for the financial period ended 30 June 2015.

**10 Significant and Subsequent Events**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Cash and Short Term Funds

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Cash and balances with banks and other financial institutions	1,381,342	1,354,154	1,226,182	1,183,220
Money at call and interbank placements maturing within one month	15,479,061	6,484,903	12,422,950	6,894,740
	<b>16,860,403</b>	<b>7,839,057</b>	<b>13,649,132</b>	<b>8,077,960</b>

12 Deposits and Placements with Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Licensed banks	280,940	936,713	1,722,891	2,780,622
Bank Negara Malaysia	2,400,000	2,000,000	2,400,000	2,000,000
	<b>2,680,940</b>	<b>2,936,713</b>	<b>4,122,891</b>	<b>4,780,622</b>

13 Financial Assets Held for Trading

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>At fair value</b>				
Money market instruments:				
Malaysian Government treasury bills	54,101	96,088	54,101	96,088
Bank Negara Malaysia bills and notes	8,286	569,163	8,286	569,163
Bank Negara Malaysia Islamic bills and notes	41,462	1,451,961	41,462	1,451,961
Malaysian Government securities	1,092,703	479,451	1,092,703	479,451
Malaysian Government Islamic bonds	418,960	194,577	398,417	174,522
Islamic fixed rate bonds	8,978	8,827	8,978	8,827
Cagamas bonds and notes	2,425	7,283	2,425	7,283
	<b>1,626,915</b>	<b>2,807,350</b>	<b>1,606,372</b>	<b>2,787,295</b>
Unquoted securities:				
Private and Islamic debt securities (including commercial paper)	69,596	139,732	69,596	139,732
	<b>1,696,511</b>	<b>2,947,082</b>	<b>1,675,968</b>	<b>2,927,027</b>

14 Financial Investments Available-for-Sale

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>At fair value</b>				
Money market instruments:				
Bank Negara Malaysia bills and notes	-	2,237,917	-	2,237,917
Bank Negara Malaysia Islamic bills	-	5,981,313	-	3,496,504
Malaysian Government securities	4,390,229	4,336,360	4,390,229	4,336,360
Malaysian Government Islamic bonds	3,940,820	3,129,628	2,221,731	1,707,988
Islamic fixed rate Sukuk	313,307	-	313,307	-
Cagamas bonds and notes	264,946	229,750	264,946	229,750
Negotiable instruments of deposit	520,037	808,944	520,037	580,070
Bankers' acceptance and Islamic accepted bills	218,602	362,198	218,602	362,198
	<b>9,647,941</b>	<b>17,086,110</b>	<b>7,928,852</b>	<b>12,950,787</b>
Unquoted securities:				
Shares*	16,908	16,908	16,908	16,908
Private debt securities (including commercial paper)	471	471	471	471
	<b>17,379</b>	<b>17,379</b>	<b>17,379</b>	<b>17,379</b>
	<b>9,665,320</b>	<b>17,103,489</b>	<b>7,946,231</b>	<b>12,968,166</b>

\*Stated at cost due to the lack of quoted prices in an active market or / and the fair values of the investments cannot be reliably measured.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14 Financial Investments Available-for-Sale (continued)**

The maturity structure of money market instruments held as financial investments available-for-sale is as follows:

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	31 Dec 2014	<b>30 Jun 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Maturing within one year	<b>1,966,029</b>	12,229,175	<b>1,716,030</b>	9,415,649
More than one year to three years	<b>5,873,695</b>	3,847,847	<b>5,049,257</b>	3,164,356
More than three years to five years	<b>1,103,438</b>	803,859	<b>458,786</b>	165,553
Over five years	<b>704,779</b>	205,229	<b>704,779</b>	205,229
	<b>9,647,941</b>	17,086,110	<b>7,928,852</b>	12,950,787

**15 Loans, Advances and Financing**

**(i) By type**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	31 Dec 2014	<b>30 Jun 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>At amortised cost</b>		(Restated)		
Overdrafts/ cash line	<b>1,133,363</b>	1,145,597	<b>1,033,424</b>	1,052,389
Term loans/ financing:				
Housing loans/ financing	<b>18,568,382</b>	18,036,318	<b>14,535,184</b>	14,215,572
Factoring receivables	<b>266,413</b>	202,751	<b>266,413</b>	202,751
Hire purchase receivables	<b>236,416</b>	234,709	-	179
Lease receivables	<b>4,750</b>	5,373	-	-
Other term loans/ financing <sup>^</sup>	<b>14,461,012</b>	12,124,505	<b>9,374,570</b>	7,533,131
Bills receivable	<b>3,060,014</b>	2,311,721	<b>3,060,014</b>	2,311,721
Trust receipts	<b>1,643,191</b>	2,051,102	<b>1,237,147</b>	1,692,511
Claims on customers under acceptance credits	<b>2,614,640</b>	2,679,153	<b>1,892,798</b>	2,059,895
Staff loans/ financing	<b>183,578</b>	271,252	<b>176,253</b>	263,215
Credit/ charge cards	<b>2,683,893</b>	2,761,988	<b>2,177,323</b>	2,262,168
Revolving credit	<b>4,580,177</b>	4,226,563	<b>4,001,124</b>	3,608,324
Other loans/ financing	<b>4,598</b>	5,240	<b>4,598</b>	5,240
Gross loans, advances and financing	<b>49,440,427</b>	46,056,272	<b>37,758,848</b>	35,207,096
Less: Allowance for impaired loans, advances and financing				
- Collectively assessed	<b>(367,502)</b>	(388,060)	<b>(245,225)</b>	(263,243)
- Individually assessed	<b>(188,810)</b>	(234,520)	<b>(146,144)</b>	(190,699)
Total net loans, advances and financing	<b>48,884,115</b>	45,433,692	<b>37,367,479</b>	34,753,154

<sup>^</sup> Included in the loans, advances and financing of the Bank at 30 June 2015 are financing which are disclosed as "Asset under Management" in the financial statements of HBMS. These details are as follows:

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	31 Dec 2014	<b>30 Jun 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Under SIAF/IAA arrangement	<b>943,362</b>	-	<b>943,362</b>	-
Under RPSIA arrangement	<b>553,606</b>	415,743	<b>553,606</b>	415,743
	<b>1,496,968</b>	415,743	<b>1,496,968</b>	415,743

The Restricted Profit Sharing Investment Account (RPSIA) is with the Bank's fully owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS), and the contract is based on the Mudharabah principle where the Bank provides the funds, whilst the assets are managed by HBMS. The profits of the underlying assets are shared based on pre-agreed ratios, whilst risks on the financing are borne by the Bank. Hence, the underlying assets and allowances for impairment arising thereon, if any, are recognised and accounted for by the Bank. Effective 31 March 2015, Syndicated Investment Account for Financing / Investment Agency Account (SIAF / IAA) replaces RPSIA for new advances and financing.

SIAF/IAA arrangement is with the Bank's fully owned subsidiary, HSBC Amanah Malaysia Berhad (HBMS), and the contract is based on the Wakalah principle where the Bank, solely or together with other financial institutions provide the funds, whilst the assets are managed by HBMS (as the Wakeel or agent). However, in the arrangement, the profits of the underlying assets are recognised by the Bank for the portion of the funding it provides in the syndication arrangement. At the same time, risks on the financing are also proportionately borne by the Bank. Hence, the underlying assets and allowances for impairment arising thereon, if any, are proportionately recognised and accounted for by the Bank.

The recognition and derecognition treatments of the above are in accordance to Note 3(g) on financial instruments in the audited financial statements of the Group and Bank for the financial year ended 31 Dec 2014.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Loans, Advances and Financing (continued)

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Domestic non-bank financial institutions	452,358	441,157	32,584	48,218
Domestic business enterprises:				
Small medium enterprises	8,843,428	8,792,820	6,431,988	6,834,808
Others	12,960,525	10,401,256	10,480,262	8,185,015
Government and statutory bodies	15,457	15,898	-	-
Individuals	21,559,082	21,475,960	16,416,858	16,544,176
Other domestic entities	8,297	7,569	5,582	5,912
Foreign entities	5,601,280	4,921,612	4,391,574	3,588,967
	<b>49,440,427</b>	<b>46,056,272</b>	<b>37,758,848</b>	<b>35,207,096</b>

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Maturity within one year	19,946,251	19,008,204	15,896,574	14,296,962
More than one year to three years	2,696,863	2,462,824	1,908,481	2,060,725
More than three years to five years	4,031,698	2,575,614	2,421,643	1,702,259
More than five years	22,765,615	22,009,630	17,532,150	17,147,150
	<b>49,440,427</b>	<b>46,056,272</b>	<b>37,758,848</b>	<b>35,207,096</b>

(iv) By interest/ profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)
Fixed rate:				
Housing loans/ financing	2,277	3,180	690	824
Hire purchase receivables	236,416	234,709	-	179
Other fixed rate loans/ financing	8,840,514	8,376,962	6,848,496	6,537,261
Variable rate:				
BR/BLR/BFR plus	23,506,506	23,177,661	18,427,622	18,334,179
Cost-plus	14,170,821	11,501,772	10,304,717	8,072,485
Other variable rates	2,683,893	2,761,988	2,177,323	2,262,168
	<b>49,440,427</b>	<b>46,056,272</b>	<b>37,758,848</b>	<b>35,207,096</b>

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000 (Restated)	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Agricultural, hunting, forestry and fishing	1,693,596	1,059,841	1,075,167	793,502
Mining and quarrying	523,590	426,246	248,123	258,451
Manufacturing	7,076,313	6,944,964	5,908,715	5,711,852
Electricity, gas and water	69,739	85,730	7,462	9,540
Construction	2,750,989	2,329,628	2,174,565	1,627,031
Real estate	1,851,071	1,698,471	1,589,508	1,460,445
Wholesale & retail trade and restaurants & hotels	3,668,680	3,154,948	2,821,030	2,361,583
Transport, storage and communication	367,819	351,263	136,298	137,821
Finance, insurance and business services	3,714,605	3,149,171	2,630,732	2,460,050
Household-retail	24,737,973	24,441,387	18,963,800	18,913,944
Others	2,986,052	2,414,623	2,203,448	1,472,877
	<b>49,440,427</b>	<b>46,056,272</b>	<b>37,758,848</b>	<b>35,207,096</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15 Loans, Advances and Financing (continued)**

**(vi) By purpose**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	31 Dec 2014	<b>30 Jun 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		
Purchase of property:				
Residential	<b>18,682,347</b>	18,308,549	<b>14,646,382</b>	14,485,372
Non residential	<b>1,761,694</b>	1,653,267	<b>954,800</b>	857,020
Purchase of securities	<b>7,527</b>	7,714	<b>7,527</b>	7,714
Purchase of transport vehicles	<b>40,133</b>	42,309	<b>37,711</b>	39,950
Purchase of fixed assets excluding land & building	<b>6,977</b>	12,716	-	-
Consumption credit	<b>5,408,191</b>	5,457,907	<b>3,928,757</b>	4,008,147
Construction	<b>2,105,872</b>	2,329,628	<b>1,539,936</b>	1,627,031
Working capital	<b>18,975,850</b>	16,259,428	<b>14,786,223</b>	12,951,649
Other purpose	<b>2,451,836</b>	1,984,754	<b>1,857,512</b>	1,230,213
	<b>49,440,427</b>	46,056,272	<b>37,758,848</b>	35,207,096

**(vii) By geographical distribution**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	31 Dec 2014	<b>30 Jun 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		(Restated)		(Restated)
Northern Region	<b>6,821,417</b>	6,950,812	<b>5,499,748</b>	5,581,975
Southern Region	<b>6,982,933</b>	6,397,801	<b>5,391,058</b>	4,868,264
Central Region	<b>32,288,307</b>	29,046,138	<b>23,977,482</b>	21,577,292
Eastern Region	<b>3,347,770</b>	3,661,521	<b>2,890,560</b>	3,179,565
	<b>49,440,427</b>	46,056,272	<b>37,758,848</b>	35,207,096

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

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

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

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

Concentration by location for loans, advances and financing is based on the location of the borrower.

**16 Impaired Loans, Advances and Financing**

**(i) Movements in impaired loans, advances and financing**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Jun 2015</b>	31 Dec 2014	<b>30 Jun 2015</b>	31 Dec 2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of period/year	<b>688,245</b>	792,365	<b>526,018</b>	625,459
Classified as impaired during the period/year	<b>654,763</b>	1,042,144	<b>514,463</b>	776,210
Reclassified as performing	<b>(211,959)</b>	(556,075)	<b>(162,071)</b>	(423,343)
Amount recovered	<b>(118,225)</b>	(374,863)	<b>(88,172)</b>	(310,591)
Amount written off	<b>(132,401)</b>	(289,199)	<b>(87,511)</b>	(191,843)
Other movements	<b>2,851</b>	73,873	<b>1,965</b>	50,126
At end of period/year	<b>883,274</b>	688,245	<b>704,692</b>	526,018
Less: Individual allowance for impairment	<b>(188,810)</b>	(234,520)	<b>(146,144)</b>	(190,699)
Collective allowance for impairment (impaired portion)	<b>(73,679)</b>	(82,829)	<b>(36,019)</b>	(41,701)
Net impaired loans, advances and financing	<b>620,785</b>	370,896	<b>522,529</b>	293,618

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Impaired Loans, Advances and Financing (continued)

(ii) Movements in allowances for impaired loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>Collective allowance for impairment</b>				
At beginning of period/year	388,060	382,316	263,243	263,026
Made during the period/year	158,882	281,197	83,807	162,585
Amount released	(78,667)	(69,701)	(43,354)	(43,828)
Amount written off	(101,339)	(206,018)	(58,748)	(119,680)
Other movements	566	266	277	1,140
At end of period/year	<b>367,502</b>	388,060	<b>245,225</b>	263,243

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>Individual allowance for impairment</b>				
At beginning of period/year	234,520	318,112	190,699	276,975
Made during the period/year	52,216	122,431	38,272	88,788
Amount released	(79,094)	(178,266)	(62,799)	(146,527)
Amount written off	(26,752)	(60,502)	(23,413)	(52,354)
Other movements	7,920	32,745	3,385	23,817
At end of period/year	<b>188,810</b>	234,520	<b>146,144</b>	190,699

(iii) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Agricultural, hunting, forestry and fishing	129,794	964	129,794	964
Manufacturing	79,140	48,174	75,022	34,582
Electricity, gas and water	-	3	-	-
Construction	45,174	44,512	44,990	43,730
Real estate	506	8	506	8
Wholesale & retail trade, restaurants & hotels	42,592	71,742	40,071	68,801
Transport, storage and communication	6,171	6,440	708	770
Finance, insurance and business services	7,576	1,596	62	971
Household-retail	572,041	513,716	413,259	375,699
Others	280	1,090	280	493
	<b>883,274</b>	688,245	<b>704,692</b>	526,018

(iv) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Purchase of property:				
Residential	346,427	304,763	270,966	248,800
Non residential	23,374	23,649	14,011	16,463
Purchase of securities	-	1	-	1
Purchase of transport vehicles	611	872	382	576
Purchase of fixed assets excluding land & building	358	-	-	-
Consumption credit	206,223	187,622	130,167	112,948
Construction	45,229	44,512	45,045	43,730
Working capital	261,052	126,140	244,121	103,500
Other purpose	-	686	-	-
	<b>883,274</b>	688,245	<b>704,692</b>	526,018

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Impaired Loans, Advances and Financing (continued)

(v) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Northern Region	135,476	142,255	104,969	108,391
Southern Region	101,252	91,696	78,505	70,451
Central Region	400,220	386,431	283,773	288,451
Eastern Region	246,326	67,863	237,445	58,725
	<b>883,274</b>	<b>688,245</b>	<b>704,692</b>	<b>526,018</b>

17 Other Assets

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Interest/ income receivable	146,188	123,964	134,514	115,109
Other receivables, deposits and prepayments	216,997	539,069	294,293	448,851
	<b>363,185</b>	<b>663,033</b>	<b>428,807</b>	<b>563,960</b>

18 Statutory Deposits with Bank Negara Malaysia

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

19 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Demand deposits	18,794,946	16,422,923	16,397,269	14,873,978
Savings deposits	12,929,645	11,884,375	11,442,314	10,533,204
Fixed / Investment deposits	26,443,663	27,235,752	20,629,522	21,153,190
Repurchase agreements	122,558	205,055	-	-
Negotiable instruments of deposit	1,042,962	1,565,790	708,524	884,379
Wholesale money market deposits	548,921	722,480	548,921	722,480
Structured investments	3,262,332	3,271,858	2,634,371	2,164,842
	<b>63,145,027</b>	<b>61,308,233</b>	<b>52,360,921</b>	<b>50,332,073</b>

The maturity structure of fixed / investment deposits and negotiable instruments of deposit is as follows:

Due within six months	21,075,529	21,491,012	16,069,705	16,212,088
More than six months to one year	5,144,431	5,749,002	4,272,756	4,764,425
More than one year to three years	1,062,103	1,067,139	944,353	997,257
More than three years to five years	204,562	494,389	51,232	63,799
	<b>27,486,625</b>	<b>28,801,542</b>	<b>21,338,046</b>	<b>22,037,569</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)

**19 Deposits from Customers (continued)**

(ii) By type of customer	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	70,803	73,212	61,718	61,658
Business enterprises	20,884,486	19,796,380	18,098,391	17,632,658
Individuals	30,559,039	30,838,842	24,694,265	24,049,006
Others	11,630,699	10,599,799	9,506,547	8,588,751
	<b>63,145,027</b>	<b>61,308,233</b>	<b>52,360,921</b>	<b>50,332,073</b>

**20 Deposits and Placements from Banks and Other Financial Institutions**

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Licensed banks	766,881	434,025	766,891	434,025
Bank Negara Malaysia	27,637	19,643	-	-
Other financial institutions	7,902,467	7,825,291	6,780,594	7,825,291
	<b>8,696,985</b>	<b>8,278,959</b>	<b>7,547,485</b>	<b>8,259,316</b>

**21 Other Liabilities**

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Interest/ profit payable	288,103	253,984	221,130	193,687
Other creditors and accruals	1,275,474	1,838,716	1,132,774	1,880,811
	<b>1,563,577</b>	<b>2,092,700</b>	<b>1,353,904</b>	<b>2,074,498</b>

Movement in allowance for commitments and contingencies is as follows:

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
At the beginning of the period/year	-	13,936	-	13,936
Allowance made during the period/year	-	-	-	-
Amount released	-	(830)	-	(830)
	-	(830)	-	(830)
Other movements	-	(13,106)	-	(13,106)
At the end of the period/year	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Multi-Currency Sukuk Programme

	<i>Group</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Multi-Currency Sukuk Programme (MCSP)	<b>1,757,313</b>	1,001,854

HSBC Amanah Malaysia Berhad, a subsidiary of the Bank, issued the following series of 5-year Sukuk under its RM3 billion MCSP:

<u>Issuance under MCSP</u>	Nominal Value (RM'000)	Issue Date	Maturity Date	Carrying Value (RM'000)	
				30 Jun 2015	31 Dec 2014
1st series at amortised cost	500,000	28-Sep-2012	28-Sep-2017	<b>500,000</b>	500,000
2nd series at fair value through profit and loss	500,000	16-Oct-2014	16-Oct-2019	<b>503,320</b>	501,854
3rd series at fair value through profit and loss	750,000	27-Mar-2015	27-Mar-2020	<b>753,993</b>	-
				<b>1,757,313</b>	<b>1,001,854</b>

23 Subordinated Liabilities

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Subordinated Liabilities	<b>1,547,929</b>	1,275,382	<b>1,547,929</b>	1,275,382
(i) Subordinated bonds, at par	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Fair value changes arising from fair value hedge	<b>4,669</b>	3,746	<b>4,669</b>	3,746
	<b>1,004,669</b>	1,003,746	<b>1,004,669</b>	1,003,746

(a) 4.35% coupon rate for RM 500 million due 2022 callable with a 100 basis point step up coupon in 2017

(b) 5.05% coupon rate for RM 500 million due 2027 callable with a 100 basis point step up coupon in 2022

The subordinated bonds qualify as a component of Tier 2 capital of the Bank. Under the Capital Adequacy Framework (Capital Components), the par value of the subordinated bonds are amortised on a straight line basis, with 10% of the par value phased out each year, with effect from 2013 for regulatory capital base purposes.

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
(ii) Subordinated term loans				
- At amortised costs				
First tranche issued on 25 June 2014	<b>292,961</b>	271,636	<b>292,961</b>	271,636
Second tranche issued on 30 June 2015	<b>250,299</b>	-	<b>250,299</b>	-
	<b>543,260</b>	271,636	<b>543,260</b>	271,636

The subordinated term loans comprise two Basel III compliant Tier 2 subordinated loans of USD equivalent of RM250 million each from the Bank's immediate holding company, Hongkong and Shanghai Banking Corporation Limited (HBAP). The tenor for both the subordinated term loans is 10 years from the utilisation date with interest payable quarterly in arrears.

The subordinated term loans constitute direct, unsecured and subordinated obligations of the Bank. The Bank further invested a similar amount into HSBC Amanah Malaysia Berhad.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 Net Interest Income

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
<b>Interest income</b>		(Restated)		(Restated)
Loans and advances				
- Interest income other than from impaired loans	406,287	382,759	812,324	770,422
- Interest income recognised from impaired loans	8,698	9,707	20,179	22,405
Money at call and deposit placements with financial institutions	158,765	144,986	262,077	275,881
Financial investments available-for-sale	83,109	51,905	194,319	98,485
	<b>656,859</b>	<b>589,357</b>	<b>1,288,899</b>	<b>1,167,193</b>
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	(53,729)	(28,752)	(87,803)	(48,406)
Deposits from customers	(206,784)	(178,568)	(409,125)	(356,851)
Subordinated liabilities	(13,210)	(11,042)	(26,179)	(21,833)
Others	(2,887)	(1,780)	(5,557)	(4,425)
	<b>(276,610)</b>	<b>(220,142)</b>	<b>(528,664)</b>	<b>(431,515)</b>
<b>Net interest income</b>	<b>380,249</b>	<b>369,215</b>	<b>760,235</b>	<b>735,678</b>
	<i>Bank</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
<b>Interest income</b>		(Restated)		(Restated)
Loans and advances				
- Interest income other than from impaired loans	406,287	382,759	812,324	770,422
- Interest income recognised from impaired loans	8,698	9,707	20,179	22,405
Money at call and deposit placements with financial institutions	174,021	152,541	294,424	290,819
Financial investments available-for-sale	83,109	51,905	194,319	98,485
	<b>672,115</b>	<b>596,912</b>	<b>1,321,246</b>	<b>1,182,131</b>
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	(53,729)	(28,752)	(87,803)	(48,406)
Deposits from customers	(206,784)	(178,568)	(409,125)	(356,851)
Subordinated liabilities	(13,210)	(11,042)	(26,179)	(21,833)
Others	(2,887)	(1,780)	(5,557)	(4,425)
	<b>(276,610)</b>	<b>(220,142)</b>	<b>(528,664)</b>	<b>(431,515)</b>
<b>Net interest income</b>	<b>395,505</b>	<b>376,770</b>	<b>792,582</b>	<b>750,616</b>

25 Net Fee and Commission Income

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
<b>Fee and commission income</b>				
Credit cards	41,161	43,516	85,520	87,035
Service charges and fees	40,749	40,230	92,322	77,596
Fees on credit facilities	12,773	13,415	20,528	22,623
Agency fee	17,176	19,552	28,433	33,167
Others	13,538	8,414	22,496	22,905
	<b>125,397</b>	<b>125,127</b>	<b>249,299</b>	<b>243,326</b>
<b>Fee and commission expense</b>				
Interbank and clearing fees	(260)	(183)	(704)	(507)
Brokerage	(872)	(673)	(1,413)	(1,253)
Others	(10,740)	(7,774)	(21,192)	(13,022)
	<b>(11,872)</b>	<b>(8,630)</b>	<b>(23,309)</b>	<b>(14,782)</b>
<b>Net fee and commission income</b>	<b>113,525</b>	<b>116,497</b>	<b>225,990</b>	<b>228,544</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Net Fee and Commission Income (continued)

	<i>Bank</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
<b>Fee and commission income</b>				
Credit cards	41,161	43,516	85,520	87,035
Service charges and fees	40,749	40,230	92,322	77,596
Fees on credit facilities	12,773	13,415	20,528	22,623
Agency fee	17,176	19,552	28,433	33,167
Others	13,538	8,414	22,496	22,905
	<b>125,397</b>	<b>125,127</b>	<b>249,299</b>	<b>243,326</b>
<b>Fee and commission expense</b>				
Interbank and clearing fees	(260)	(183)	(704)	(507)
Brokerage	(872)	(673)	(1,413)	(1,253)
Others	(10,740)	(7,774)	(21,192)	(13,022)
	<b>(11,872)</b>	<b>(8,630)</b>	<b>(23,309)</b>	<b>(14,782)</b>
<b>Net fee and commission income</b>	<b>113,525</b>	<b>116,497</b>	<b>225,990</b>	<b>228,544</b>

26 Net Trading Income

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
Realised gains on financial assets/liabilities held for trading and other financial instruments	37,595	12,714	73,652	16,356
Net interest (expense) / income from financial assets held for trading	(7,254)	11,526	(5,163)	18,134
Net unrealised (losses) / gains on revaluation of financial assets held for trading	(2,649)	(7,507)	(606)	3,664
Net realised gains arising from dealing in foreign currency	13,288	128,905	124,437	247,960
Net unrealised gains / (losses) from dealing in foreign currency	86,530	(54,516)	78,595	(77,823)
Net realised gains arising from dealing in derivatives	114,049	17,320	111,843	53,571
Net unrealised losses on revaluation of derivatives	(117,758)	(21,034)	(90,938)	(60,352)
Gains/ (Losses) arising from fair value hedges	583	(102)	(1,181)	(285)
	<b>124,384</b>	<b>87,306</b>	<b>290,639</b>	<b>201,225</b>
	<i>Bank</i>			
Realised gains on financial assets/liabilities held for trading and other financial instruments	37,595	12,714	73,652	16,356
Net interest (expenses) / income from financial assets held for trading	(7,254)	11,526	(5,163)	18,134
Net unrealised (losses) / gains on revaluation of financial assets held for trading	(2,649)	(7,507)	(606)	3,664
Net realised gains arising from dealing in foreign currency	18,549	119,151	128,452	231,631
Net unrealised gains/(losses) from dealing in foreign currency	78,549	(54,141)	70,614	(77,448)
Net realised gains arising from dealing in derivatives	113,153	17,601	109,239	54,180
Net unrealised losses on revaluation of derivatives	(115,368)	(22,034)	(90,060)	(59,113)
Gains/ (Losses) arising from fair value hedges	171	(102)	269	(285)
	<b>122,746</b>	<b>77,208</b>	<b>286,397</b>	<b>187,119</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

27 Income from Islamic Banking operations

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositor funds and others	177,644	151,345	347,629	301,588
Income derived from investment of shareholders funds	29,355	33,146	60,283	65,866
Income attributable to the depositors	<b>(79,132)</b>	<b>(61,693)</b>	<b>(147,376)</b>	<b>(120,513)</b>
Income from Islamic Banking operations	<b>127,867</b>	<b>122,798</b>	<b>260,536</b>	<b>246,941</b>

28 Other Operating Income

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
Disposal of financial investments available-for-sale	3,513	-	6,862	-
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	930	-	930	930
Rental income	1,668	1,727	3,224	3,412
Net gains on disposal of property and equipment	3	90	69	92
Other operating income	<b>6,222</b>	<b>5,292</b>	<b>11,127</b>	<b>10,036</b>
	<b>12,336</b>	<b>7,109</b>	<b>22,212</b>	<b>14,470</b>
	<i>Bank</i>			
Disposal of financial investments available-for-sale	3,513	-	6,862	-
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	930	-	930	930
Rental income	1,668	1,727	3,224	3,412
Net gains on disposal of property and equipment	3	90	69	92
Other operating income	<b>38,398</b>	<b>38,078</b>	<b>75,625</b>	<b>75,480</b>
	<b>44,512</b>	<b>39,895</b>	<b>86,710</b>	<b>79,914</b>

29 Loans/ Financing Impairment Charges and other Credit Risk Provisions

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Impairment charges on loans and financing:				
(a) Individual impairment				
Made during the period	13,939	40,699	52,216	82,316
Written back	<b>(32,333)</b>	<b>(46,139)</b>	<b>(79,094)</b>	<b>(93,607)</b>
(b) Collective impairment				
Made during the period	59,788	60,915	158,882	129,564
Written back	<b>(57,090)</b>	<b>(24,966)</b>	<b>(78,667)</b>	<b>(44,562)</b>
Impaired loans				
Recovered during the period	<b>(31,101)</b>	<b>(20,514)</b>	<b>(59,218)</b>	<b>(42,202)</b>
Written off	2,266	4,479	5,436	6,172
Impairment charges on other credit related items				
Release during the period	-	-	-	(830)
	<b>(44,531)</b>	<b>14,474</b>	<b>(445)</b>	<b>36,851</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

29 Loans/ Financing Impairment Charges and other Credit Risk Provisions (Cont'd)

	<i>Bank</i>			
	2nd quarter		Half year to	
	30 Jun 2015 RM'000	30 Jun 2014 RM'000 (Restated)	30 Jun 2015 RM'000	30 Jun 2014 RM'000 (Restated)
Impairment charges on loans and financing:				
(a) Individual impairment				
Made during the period	11,790	31,245	38,272	61,573
Written back	(27,515)	(41,563)	(62,799)	(79,915)
(b) Collective impairment				
Made during the period	31,670	35,683	83,807	73,966
Written back	(33,189)	(17,540)	(43,354)	(26,827)
Impaired loans				
Recovered during the period	(22,806)	(12,983)	(42,568)	(26,963)
Written off	1,579	2,348	4,154	3,815
Impairment charges on other credit related items				
Release during the period	-	-	-	(830)
	<b>(38,471)</b>	<b>(2,810)</b>	<b>(22,488)</b>	<b>4,819</b>

30 Other Operating Expenses

	<i>Group</i>			
	2nd quarter		Half year to	
	30 Jun 2015 RM'000	30 Jun 2014 RM'000	30 Jun 2015 RM'000	30 Jun 2014 RM'000
Personnel expenses	196,695	164,824	378,695	313,520
Promotion and marketing related expenses	16,258	26,980	44,879	52,631
Establishment related expenses	37,960	36,164	75,247	72,495
General administrative expenses	143,606	112,638	256,062	208,473
	<b>394,519</b>	<b>340,606</b>	<b>754,883</b>	<b>647,119</b>
Personnel expenses				
Salaries, allowances and bonuses	142,126	125,832	284,761	239,594
Employees Provident Fund contributions	23,784	21,175	45,822	39,649
Others	30,785	17,817	48,112	34,277
	<b>196,695</b>	<b>164,824</b>	<b>378,695</b>	<b>313,520</b>
Promotion and marketing related expenses	<b>16,258</b>	<b>26,980</b>	<b>44,879</b>	<b>52,631</b>
Establishment related expenses				
Depreciation of property and equipment	8,758	9,131	17,433	18,276
Amortisation of intangible assets	6,110	5,313	12,045	10,001
Intangible asset written off	438	-	438	-
Information technology costs	4,083	2,362	7,350	6,713
Hire of equipment	2,079	2,032	4,929	4,923
Rental of premises	8,958	9,422	19,689	18,859
Property and equipment written off	9	12	14	14
General repairs and maintenance	1,772	3,026	2,293	4,673
Utilities	3,735	3,462	7,510	6,240
Others	2,018	1,404	3,546	2,796
	<b>37,960</b>	<b>36,164</b>	<b>75,247</b>	<b>72,495</b>
General administrative expenses				
Intercompany expenses	95,167	75,428	175,017	141,665
Auditors' remuneration				
Statutory audit fees				
PwC / KPMG Malaysia	85	127	215	253
Other services				
PwC / KPMG Malaysia	299	67	707	300
Professional fees	3,581	2,375	5,157	4,866
Communication	4,220	6,446	9,058	11,536
Others	40,254	28,195	65,908	49,853
	<b>143,606</b>	<b>112,638</b>	<b>256,062</b>	<b>208,473</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 Other Operating Expenses (Cont'd)

	<i>Bank</i>			
	2nd quarter		Half year to	
	30 Jun 2015 RM'000	30 Jun 2014 RM'000	30 Jun 2015 RM'000	30 Jun 2014 RM'000
Personnel expenses	<b>183,090</b>	153,421	<b>352,292</b>	291,708
Promotion and marketing related expenses	<b>10,917</b>	20,221	<b>33,110</b>	40,796
Establishment related expenses	<b>32,778</b>	30,903	<b>64,563</b>	61,707
General administrative expenses	<b>136,560</b>	109,750	<b>245,589</b>	203,010
	<b>363,345</b>	314,295	<b>695,554</b>	597,221
Personnel expenses				
Salaries, allowances and bonuses	<b>131,406</b>	116,684	<b>263,516</b>	222,020
Employees Provident Fund contributions	<b>21,800</b>	19,663	<b>42,177</b>	36,791
Others	<b>29,884</b>	17,074	<b>46,599</b>	32,897
	<b>183,090</b>	153,421	<b>352,292</b>	291,708
Promotion and marketing related expenses	<b>10,917</b>	20,221	<b>33,110</b>	40,796
Establishment related expenses				
Depreciation of property and equipment	<b>6,829</b>	7,026	<b>13,577</b>	13,992
Amortisation of intangible assets	<b>6,110</b>	5,311	<b>12,043</b>	9,997
Intangible asset written off	<b>438</b>	-	<b>438</b>	-
Information technology costs	<b>3,634</b>	1,983	<b>5,918</b>	5,591
Hire of equipment	<b>2,078</b>	2,031	<b>4,928</b>	4,920
Rental of premises	<b>6,873</b>	7,422	<b>15,588</b>	14,857
Property and equipment written off	<b>9</b>	12	<b>14</b>	14
General repairs and maintenance	<b>1,772</b>	3,026	<b>2,293</b>	4,673
Utilities	<b>3,238</b>	3,046	<b>6,541</b>	5,506
Others	<b>1,797</b>	1,046	<b>3,223</b>	2,157
	<b>32,778</b>	30,903	<b>64,563</b>	61,707
General administrative expenses				
Intercompany expenses	<b>94,849</b>	76,280	<b>174,615</b>	143,360
Auditors' remuneration				
Statutory audit fees				
PwC / KPMG Malaysia	<b>65</b>	97	<b>165</b>	193
Other services				
PwC / KPMG Malaysia	<b>266</b>	40	<b>570</b>	205
Professional fees	<b>2,577</b>	1,807	<b>3,827</b>	4,043
Communication	<b>4,123</b>	6,147	<b>8,728</b>	10,910
Others	<b>34,680</b>	25,379	<b>57,684</b>	44,299
	<b>136,560</b>	109,750	<b>245,589</b>	203,010

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

**31 Credit exposure to connected parties**

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Aggregate value of outstanding credit exposures to connected parties	<b>3,893,788</b>	5,822,356	<b>3,384,069</b>	4,909,114
As a percentage of total credit exposures	<b>5.5%</b>	8.9%	<b>6.0%</b>	9.4%
Aggregate value of total outstanding credit exposures to connected parties which is impaired or in default	-	-	-	-
As a percentage of total credit exposures	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Capital Adequacy

	<i>Group</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Retained profits	5,604,649	5,352,272
Other reserves	917,339	824,618
Regulatory adjustments	(631,461)	(558,088)
Total Common Equity Tier 1 (CET 1) and Tier 1 capital	<u>6,746,402</u>	<u>6,474,677</u>
<b>Tier 2 capital</b>		
Subordinated liabilities	700,000	800,000
Subordinated term loan	543,260	271,636
Collective impairment allowance (unimpaired portion) & regulatory reserves	519,823	485,231
Regulatory adjustments	92,471	93,061
Total Tier 2 capital	<u>1,855,554</u>	<u>1,649,928</u>
<b>Capital base</b>	<u>8,601,956</u>	<u>8,124,605</u>
<u>Inclusive of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	11.705%	12.229%
Total Capital ratio	14.924%	15.345%
<u>Net of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	11.705%	11.662%
Total Capital ratio	14.924%	14.778%

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

For HSBC Amanah Malaysia Berhad (a fully owned subsidiary of the Bank), the total capital and capital adequacy ratios have been computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). HSBC Amanah Malaysia Berhad has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

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

	<i>Group</i>			
	30 Jun 2015		31 Dec 2014	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	102,182,909 *	50,168,420 *	96,267,040 *	45,497,242 *
Total RWA for market risk	-	1,710,177	-	1,738,308
Total RWA for operational risk	-	5,758,790	-	5,711,241
	<u>102,182,909</u>	<u>57,637,387</u>	<u>96,267,040</u>	<u>52,946,791</u>

\* The principal and risk weighted amount for credit risk relating to the SIAF / IAA / RPSIA (refer Note 15(i) for more details) are as follows:

	<i>Group</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Under SIAF/IAA arrangement	943,362	-
Under RPSIA arrangement	679,557	415,743
	<u>1,622,919</u>	<u>415,743</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Capital Adequacy (continued)

	<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Retained profits (including proposed dividend)	4,940,273	4,751,450
Other reserves	843,132	768,781
Regulatory adjustments	<u>(878,978)</u>	<u>(674,418)</u>
Total Common Equity Tier 1 (CET1) and Tier 1 capital	<u>5,760,302</u>	<u>5,701,688</u>
<b>Tier 2 capital</b>		
Subordinated liabilities	700,000	800,000
Subordinated term loan	543,260	271,636
Collective impairment allowance (unimpaired portion) & regulatory reserves	416,206	388,542
Regulatory adjustments	<u>(846,802)</u>	<u>(706,592)</u>
Total Tier 2 capital	<u>812,664</u>	<u>753,586</u>
<b>Capital base</b>	<u>6,572,966</u>	<u>6,455,274</u>
<u>Inclusive of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	12.280%	13.272%
Total Capital ratio	14.013%	15.026%
<u>Net of proposed dividend</u>		
CET 1 and Tier 1 Capital ratio	12.280%	12.573%
Total Capital ratio	14.013%	14.327%

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

Breakdown of gross RWA in the various categories of risk-weights:

	<i>Bank</i>			
	30 Jun 2015		31 Dec 2014	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	84,160,417 *	40,183,786 *	80,460,467 *	36,254,715 *
Total RWA for market risk	-	1,572,628	-	1,627,955
Total RWA for operational risk	-	5,150,711	-	5,079,063
	<u>84,160,417</u>	<u>46,907,125</u>	<u>80,460,467</u>	<u>42,961,733</u>

\* The principal and risk weighted amount for credit risk relating to the SIAF / IAA / RPSIA (refer Note 15(i) for more details) are as follows:

	<i>Bank</i>	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Under SIAF/IAA arrangement	943,362	-
Under RPSIA arrangement	679,557	415,743
	<u>1,622,919</u>	<u>415,743</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Commitments and Contingencies

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

30 Jun 2015	Group		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	2,428,291	2,428,291	1,820,271
Transaction-related contingent items	8,571,604	4,285,802	3,155,940
Short-term self-liquidating trade-related contingencies	434,563	86,912	59,764
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	15,919,283	3,183,856	2,858,404
- Maturity exceeding one year	9,742,888	4,871,445	4,395,975
Unutilised credit card lines	8,295,550	1,659,110	1,244,333
Foreign exchange related contracts:			
- Less than one year	53,958,427	1,822,990	876,536
- Over one year to less than five years	10,459,684	1,573,585	721,329
- Over five years	3,685,627	653,811	257,755
Interest/profit rate related contracts:			
- Less than one year	8,545,953	22,062	7,980
- Over one year to less than five years	31,392,976	825,530	287,616
- Over five years	3,849,800	286,722	109,897
Gold and other precious metals contracts:			
- Less than one year	11,874	-	-
Equity related contracts:			
- Less than one year	249,414	16,577	3,167
- Over one year to less than five years	2,469,500	198,573	34,767
	<b>160,015,434</b>	<b>21,915,266</b>	<b>15,833,734</b>

of which the amount related to RPSIA arrangement (refer Note 15(i) for more detail) are as below:

<u>Under RPSIA arrangement</u>			
- Maturity not exceeding one year	<b>629,757</b>	<b>125,951</b>	<b>125,951</b>

None relate to the SIAF / IAA arrangement.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules for the Bank were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach. The credit conversion factors and risk weighting rules for HSBC Amanah Malaysia Berhad were based on the Basel II Capital Adequacy Framework for Islamic Bank (CAFIB).

NOTES TO THE FINANCIAL STATEMENTS (continued)

**33 Commitments and Contingencies (continued)**

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

31 Dec 2014	Group		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	2,388,301	2,388,301	1,830,575
Transaction-related contingent items	7,448,338	3,724,169	2,868,474
Short-term self-liquidating trade-related contingencies	369,806	73,961	62,613
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	15,443,433	3,088,687	2,796,855
- Maturity exceeding one year	7,947,673	3,973,837	3,484,516
Unutilised credit card lines	7,954,697	1,590,939	1,193,205
Foreign exchange related contracts:			
- Less than one year	41,149,393	1,503,850	831,571
- Over one year to less than five years	9,513,564	1,251,056	601,533
- Over five years	3,354,844	528,333	264,683
Interest/profit rate related contracts:			
- Less than one year	8,790,160	24,310	9,349
- Over one year to less than five years	28,640,942	790,728	298,274
- Over five years	2,568,230	217,844	90,586
Gold and other precious metals contracts:			
- Less than one year	11,978	-	-
Equity related contracts:			
- Less than one year	491,934	32,357	6,471
- Over one year to less than five years	2,368,048	197,487	39,497
	<u>138,441,341</u>	<u>19,385,859</u>	<u>14,378,202</u>

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules for the Bank were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach. The credit conversion factors and risk weighting rules for HSBC Amanah Malaysia Berhad were based on the Basel II CAFIB.

Of the amounts included in the Commitment and Contingencies balances above, none relate to the RPSIA arrangement (refer Note 15(i) for more details).

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Commitments and Contingencies (continued)

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

30 Jun 2015	Bank		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	1,532,700	1,532,700	1,332,338
Transaction-related contingent items	7,350,802	3,675,401	2,791,027
Short-term self-liquidating trade-related contingencies	415,576	83,115	57,333
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	13,614,746	2,722,949	2,464,077
- Maturity exceeding one year	8,335,829	4,167,915	3,712,315
Unutilised credit card lines	6,800,324	1,360,065	1,020,049
Foreign exchange related contracts:			
- Less than one year	54,804,379	1,834,477	876,395
- Over one year to less than five years	10,459,684	1,561,927	586,268
- Over five years	3,685,627	653,811	257,755
Interest rate related contracts:			
- Less than one year	8,745,954	22,572	7,712
- Over one year to less than five years	34,012,895	909,953	292,879
- Over five years	3,849,800	286,722	109,897
Gold and other precious metals contracts:			
- Less than one year	11,874	-	-
Equity related contracts:			
- Less than one year	367,713	26,261	5,104
- Over one year to less than five years	3,036,580	272,911	49,633
	<b>157,024,483</b>	<b>19,110,779</b>	<b>13,562,782</b>

of which the amount related to RPSIA arrangement (refer Note 15(i) for more detail) are as below:

*Irrevocable commitments to extend credit:*

*Under RPSIA arrangement*

*- Maturity not exceeding one year*

	<b>629,757</b>	<b>125,951</b>	<b>125,951</b>
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None relate to the SIAF / IAA arrangement.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach.

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Commitments and Contingencies (continued)

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

31 Dec 2014	Bank		
	Credit Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	1,556,077	1,556,077	1,370,266
Transaction-related contingent items	6,435,174	3,217,587	2,523,191
Short-term self-liquidating trade-related contingencies	335,394	67,079	59,376
Irrevocable commitments to extend credit:			
- Maturity not exceeding one year	13,011,194	2,602,239	2,381,215
- Maturity exceeding one year	6,640,810	3,320,405	2,848,654
Unutilised credit card lines	6,603,881	1,320,776	990,582
Foreign exchange related contracts:			
- Less than one year	41,875,669	1,507,112	830,287
- Over one year to less than five years	9,513,565	1,242,873	520,639
- Over five years	3,354,844	528,333	264,683
Interest rate related contracts:			
- Less than one year	8,820,160	24,330	9,359
- Over one year to less than five years	30,962,201	904,896	325,418
- Over five years	2,568,230	217,844	90,586
Gold and other precious metals contracts:			
- Less than one year	11,978	-	-
Equity related contracts:			
- Less than one year	546,306	37,976	11,193
- Over one year to less than five years	3,356,942	297,729	81,664
	<u>135,592,425</u>	<u>16,845,256</u>	<u>12,307,113</u>

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules were based on the guidelines of the Capital Adequacy Framework on the Standardised Approach.

Of the amounts included in the Commitment and Contingencies balances above, none relate to the RPSIA arrangement (refer Note 15(i) for more details).

NOTES TO THE FINANCIAL STATEMENTS (continued)

34 Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group At 30 Jun 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	50,540,632	726,051	-	51,266,683	863,334	36,846	-	900,180	752,812	5,745	-	758,557
- Swaps	2,591,640	9,858,628	3,422,592	15,872,860	166,295	751,118	260,766	1,178,179	265,921	655,034	205,580	1,126,535
- Options	802,042	162,153	-	964,195	14,735	19,118	-	33,853	1,597	-	-	1,597
Interest/profit rate related contracts												
- Options	20,000	482,561	96,250	598,811	152	14,185	(625)	13,712	1,175	326	-	1,501
- Swaps	7,279,576	30,136,792	3,321,670	40,738,038	6,809	82,631	37,810	127,250	5,821	105,431	38,566	149,818
Equity related contracts												
- Options	249,414	2,469,500	-	2,718,914	989	(868)	-	121	4,139	132,765	-	136,904
Precious metal contracts												
- Options	11,874	-	-	11,874	1	-	-	1	22	-	-	22
Sub- total	61,495,178	43,835,685	6,840,512	112,171,375	1,052,315	903,030	297,951	2,253,296	1,031,487	899,301	244,146	2,174,934
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest/profit rate related contracts												
- Swaps	370,000	1,645,000	436,880	2,451,880	597	11,536	2,964	15,097	-	-	-	-
Sub- total	370,000	1,645,000	436,880	2,451,880	597	11,536	2,964	15,097	-	-	-	-
<b>Total</b>	<b>61,865,178</b>	<b>45,480,685</b>	<b>7,277,392</b>	<b>114,623,255</b>	<b>1,052,912</b>	<b>914,566</b>	<b>300,915</b>	<b>2,268,393</b>	<b>1,031,487</b>	<b>899,301</b>	<b>244,146</b>	<b>2,174,934</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

34 Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows (continued):

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

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
At 31 Dec 2014												
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	37,403,278	545,277	-	37,948,555	708,822	19,763	-	728,585	636,207	5,986	-	642,193
- Swaps	3,263,913	8,690,296	3,091,809	15,046,018	147,588	539,932	168,296	855,816	136,946	462,798	121,306	721,050
- Options	840,536	182,692	-	1,023,228	25,012	12,620	-	37,632	5,490	-	-	5,490
Interest/profit rate related contracts												
- Options	100,000	661,623	-	761,623	-	14,111	-	14,111	-	5,753	-	5,753
- Swaps	8,420,161	26,314,318	2,568,230	37,302,709	8,212	94,342	33,132	135,686	12,195	114,699	37,326	164,220
Equity related contracts												
- Options	491,934	2,368,048	-	2,859,982	2,581	6,584	-	9,165	22,110	45,512	-	67,622
Precious metal contracts												
- Options	11,978	-	-	11,978	20	-	-	20	47	-	-	47
Sub- total	50,531,800	38,762,254	5,660,039	94,954,093	892,235	687,352	201,428	1,781,015	812,995	634,748	158,632	1,606,375
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest/profit rate related contracts												
- Swaps	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
Sub- total	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
<b>Total</b>	<b>50,871,800</b>	<b>40,357,254</b>	<b>5,660,039</b>	<b>96,889,093</b>	<b>893,987</b>	<b>704,286</b>	<b>201,428</b>	<b>1,799,701</b>	<b>812,995</b>	<b>634,748</b>	<b>158,632</b>	<b>1,606,375</b>



NOTES TO THE FINANCIAL STATEMENTS (continued)

34 Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows (continued):

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

Bank At 30 Jun 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	> 1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	51,350,678	726,051	-	52,076,729	863,033	36,846	-	899,879	752,802	5,745	-	758,547
- Swaps	2,591,640	9,858,627	3,422,592	15,872,859	166,295	744,923	260,766	1,171,984	265,921	655,034	205,580	1,126,535
- Options	837,949	162,153	-	1,000,102	14,737	19,118	-	33,855	2,070	-	-	2,070
Interest rate related contracts												
- Options	20,000	607,479	96,250	723,729	152	14,515	656	15,323	1,175	604	-	1,779
- Swaps	7,479,577	32,631,793	3,321,670	43,433,040	6,907	89,617	37,568	134,092	6,054	109,247	38,566	153,867
Equity related contracts												
- Options	367,713	3,036,580	-	3,404,293	5,478	28,583	-	34,061	5,611	133,185	-	138,796
Precious metal contracts												
- Options	11,874	-	-	11,874	1	-	-	1	22	-	-	22
Sub- total	62,659,431	47,022,683	6,840,512	116,522,626	1,056,603	933,602	298,990	2,289,195	1,033,655	903,815	244,146	2,181,616
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	370,000	1,645,000	436,880	2,451,880	597	11,536	2,964	15,097	-	-	-	-
Sub- total	370,000	1,645,000	436,880	2,451,880	597	11,536	2,964	15,097	-	-	-	-
<b>Total</b>	<b>63,029,431</b>	<b>48,667,683</b>	<b>7,277,392</b>	<b>118,974,506</b>	<b>1,057,200</b>	<b>945,138</b>	<b>301,954</b>	<b>2,304,292</b>	<b>1,033,655</b>	<b>903,815</b>	<b>244,146</b>	<b>2,181,616</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

34 Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows (continued):

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

Bank	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total	Up to 1 Year	> 1 - 5 Years	> 5 Years	Total
At 31 Dec2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	38,112,437	545,277	-	38,657,714	708,075	19,763	-	727,838	650,580	5,986	-	656,566
- Swaps	3,263,914	8,690,295	3,091,809	15,046,018	147,588	534,150	168,296	850,034	136,946	462,798	121,306	721,050
- Options	857,654	182,692	-	1,040,346	25,335	12,620	-	37,955	7,452	-	-	7,452
Interest rate related contracts												
- Options	100,000	1,037,884	-	1,137,884	-	20,742	-	20,742	-	5,753	-	5,753
- Swaps	8,450,159	28,259,318	2,568,230	39,277,707	8,213	100,089	33,132	141,434	12,207	121,932	37,326	171,465
Equity related contracts												
- Options	562,740	3,340,508	-	3,903,248	4,891	29,803	-	34,694	23,549	48,420	-	71,969
Precious metal contracts												
- Options	11,978	-	-	11,978	20	-	-	20	47	-	-	47
Sub- total	51,358,882	42,055,974	5,660,039	99,074,895	894,122	717,167	201,428	1,812,717	830,781	644,889	158,632	1,634,302
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
Sub- total	340,000	1,595,000	-	1,935,000	1,752	16,934	-	18,686	-	-	-	-
<b>Total</b>	<b>51,698,882</b>	<b>43,650,974</b>	<b>5,660,039</b>	<b>101,009,895</b>	<b>895,874</b>	<b>734,101</b>	<b>201,428</b>	<b>1,831,403</b>	<b>830,781</b>	<b>644,889</b>	<b>158,632</b>	<b>1,634,302</b>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Interest/ Profit Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit rates on its financial position and cash flows. The following tables summarise the Group and the Bank's exposure to interest/profit rate risk. The assets and liabilities at carrying amount are allocated to time bands by reference to the earlier of the next contractual repricing dates and maturity dates.

Group 30 Jun 2015	Non-trading book					Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
<b>ASSETS</b>									
Cash and short term funds	16,513,503	-	-	-	-	346,900	-	16,860,403	2.82
Securities purchased under resale agreements	2,335,988	-	-	-	-	-	-	2,335,988	3.24
Deposits and placements with banks and other financial institutions	-	2,680,940	-	-	-	-	-	2,680,940	2.84
Financial assets held-for-trading	-	-	-	-	-	-	1,696,511	1,696,511	3.64
Financial investments available-for-sale	409,730	1,225,939	330,360	6,977,133	705,250	16,908	-	9,665,320	3.53
Loans, advances and financing									
- performing	13,748,773	31,925,702	1,479,945	1,318,146	84,587	-	-	48,557,153	4.93
- impaired *	-	-	-	-	-	694,464	-	694,464	-
- collective allowance	-	-	-	-	-	(367,502)	-	(367,502)	-
Derivative financial assets	-	-	-	-	-	-	2,268,393	2,268,393	-
Others	-	-	-	-	-	2,168,018	91,741	2,259,759	-
<b>Total Assets</b>	<b>33,007,994</b>	<b>35,832,581</b>	<b>1,810,305</b>	<b>8,295,279</b>	<b>789,837</b>	<b>2,858,788</b>	<b>4,056,645</b>	<b>86,651,429</b>	
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	31,739,701	5,847,932	8,424,206	395,979	-	12,431,914	4,305,295	63,145,027	2.13
Deposits and placements from banks and other financial institutions	6,075,393	395,444	569,208	1,289,913	339,390	27,637	-	8,696,985	1.80
Bills and acceptances payable	-	-	-	-	-	376,466	-	376,466	-
Multi-Currency Sukuk Programme	-	-	-	1,757,313	-	-	-	1,757,313	3.98
Subordinated liabilities	-	-	-	504,669	1,043,260	-	-	1,547,929	3.82
Derivative financial liabilities	-	-	-	-	-	-	2,174,934	2,174,934	-
Others	-	-	-	-	-	1,481,502	130,808	1,612,310	-
<b>Total Liabilities</b>	<b>37,815,094</b>	<b>6,243,376</b>	<b>8,993,414</b>	<b>3,947,874</b>	<b>1,382,650</b>	<b>14,317,519</b>	<b>6,611,037</b>	<b>79,310,964</b>	
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,340,465</b>	<b>-</b>	<b>7,340,465</b>	
<b>Total Liabilities and Equity</b>	<b>37,815,094</b>	<b>6,243,376</b>	<b>8,993,414</b>	<b>3,947,874</b>	<b>1,382,650</b>	<b>21,657,984</b>	<b>6,611,037</b>	<b>86,651,429</b>	
On-balance sheet interest/profit sensitivity gap	(4,807,100)	29,589,205	(7,183,109)	4,347,405	(592,813)	(18,799,196)	(2,554,392)	-	
Off-balance sheet interest/profit sensitivity gap									
Interest/profit rate contracts									
- futures	-	-	-	-	-	-	-	-	-
- options	(154,785)	(176,347)	20,000	214,882	96,250	-	-	-	-
- swaps	1,395,956	(3,244,815)	425,641	1,493,722	(145,013)	-	-	(74,509)	
<b>Total interest/profit sensitivity gap</b>	<b>(3,565,929)</b>	<b>26,168,043</b>	<b>(6,737,468)</b>	<b>6,056,009</b>	<b>(641,576)</b>	<b>(18,799,196)</b>	<b>(2,554,392)</b>	<b>(74,509)</b>	

\* This is arrived at after deducting individual impairment allowance from impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Interest/ Profit Rate Risk (Cont'd)

Group 31 Dec 2014	Non-trading book					Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	← Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	→ Over 5 years RM'000				
<b>ASSETS</b>									
Cash and short term funds	7,427,079	-	-	-	-	411,978	-	7,839,057	2.83
Securities purchased under resale agreements	2,265,607	-	-	-	-	-	-	2,265,607	3.24
Deposits and placements with banks and other financial institutions	-	2,936,713	-	-	-	-	-	2,936,713	2.60
Financial assets held-for-trading	-	-	-	-	-	-	2,947,082	2,947,082	3.58
Financial investments available-for-sale	1,237,506	4,482,313	6,509,356	4,651,706	205,700	16,908	-	17,103,489	3.40
Loans, advances and financing									
- performing	16,190,574	26,524,083	1,114,511	1,426,141	112,718	-	-	45,368,027	5.03
- impaired *	-	-	-	-	-	453,725	-	453,725	-
- collective allowance	-	-	-	-	-	(388,060)	-	(388,060)	-
Derivative financial assets	-	-	-	-	-	-	1,799,701	1,799,701	-
Others	-	-	-	-	-	2,287,002	384,560	2,671,562	-
<b>Total Assets</b>	<b>27,120,766</b>	<b>33,943,109</b>	<b>7,623,867</b>	<b>6,077,847</b>	<b>318,418</b>	<b>2,781,553</b>	<b>5,131,343</b>	<b>82,996,903</b>	
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	30,160,555	5,943,491	8,729,106	355,654	-	11,281,780	4,837,647	61,308,233	2.08
Deposits and placements from banks and other financial institutions	7,185,726	750,544	1,775	340,914	-	-	-	8,278,959	1.13
Bills and acceptances payable	-	-	-	-	-	426,346	-	426,346	-
Multi-Currency Sukuk Programme	-	-	-	1,001,854	-	-	-	1,001,854	3.98
Subordinated liabilities	-	-	-	503,746	771,636	-	-	1,275,382	4.23
Derivative financial liabilities	-	-	-	-	-	-	1,606,375	1,606,375	-
Others	-	-	-	-	-	1,419,535	673,165	2,092,700	-
<b>Total Liabilities</b>	<b>37,346,281</b>	<b>6,694,035</b>	<b>8,730,881</b>	<b>2,202,168</b>	<b>771,636</b>	<b>13,127,661</b>	<b>7,117,187</b>	<b>75,989,849</b>	
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,007,054</b>	<b>-</b>	<b>7,007,054</b>	
<b>Total Liabilities and Equity</b>	<b>37,346,281</b>	<b>6,694,035</b>	<b>8,730,881</b>	<b>2,202,168</b>	<b>771,636</b>	<b>20,134,715</b>	<b>7,117,187</b>	<b>82,996,903</b>	
On-balance sheet interest/profit sensitivity gap	(10,225,515)	27,249,074	(1,107,014)	3,875,679	(453,218)	(17,353,162)	(1,985,844)	-	
Off-balance sheet interest/profit sensitivity gap									
Interest/profit rate contracts									
- futures	-	-	-	-	-	-	-	-	
- options	(58,880)	(119,158)	100,000	454,299	(376,261)	-	-	-	
- swaps	211,083	(1,695,072)	1,029,587	822,252	187,902	-	-	555,752	
<b>Total interest/profit sensitivity gap</b>	<b>(10,073,312)</b>	<b>25,434,844</b>	<b>22,573</b>	<b>5,152,230</b>	<b>(641,577)</b>	<b>(17,353,162)</b>	<b>(1,985,844)</b>	<b>555,752</b>	

\* This is arrived at after deducting individual impairment allowance from impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Interest/ Profit Rate Risk (Cont'd)

Bank 30 Jun 2015	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	← Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	→				
<b>ASSETS</b>										
Cash and short term funds	13,384,320	-	-	-	-	-	264,812	-	13,649,132	2.75
Securities purchased under resale agreements	2,335,988	-	-	-	-	-	-	-	2,335,988	3.24
Deposits and placements with banks and other financial institutions	-	2,779,631	800,000	-	543,260	-	-	-	4,122,891	2.84
Financial assets held-for-trading	-	-	-	-	-	-	-	1,675,968	1,675,968	3.64
Financial investments available-for-sale	289,717	1,095,953	330,360	5,508,043	705,250	16,908	-	-	7,946,231	3.54
Loans, advances and financing										
- performing	10,863,586	24,581,290	1,178,379	360,470	70,431	-	-	-	37,054,156	4.79
- impaired*	-	-	-	-	-	-	558,548	-	558,548	-
- collective allowance	-	-	-	-	-	-	(245,225)	-	(245,225)	-
Derivative financial assets	-	-	-	-	-	-	-	2,304,292	2,304,292	-
Others	-	-	-	-	-	-	2,502,462	91,741	2,594,203	-
<b>Total Assets</b>	<b>26,873,611</b>	<b>28,456,874</b>	<b>2,308,739</b>	<b>5,868,513</b>	<b>1,318,941</b>	<b>3,097,505</b>	<b>4,072,001</b>	<b>71,996,184</b>		
<b>LIABILITIES AND EQUITY</b>										
Deposits from customers	26,082,522	4,322,550	6,956,777	350,207	-	-	11,305,970	3,342,895	52,360,921	2.00
Deposits and placements from banks and other financial institutions	6,075,403	395,444	192,108	545,140	339,390	-	-	-	7,547,485	1.69
Bills and acceptances payable	-	-	-	-	-	-	352,843	-	352,843	-
Subordinated liabilities	-	-	-	504,669	1,043,260	-	-	-	1,547,929	4.10
Derivative financial liabilities	-	-	-	-	-	-	-	2,181,616	2,181,616	-
Others	-	-	-	-	-	-	1,271,829	130,808	1,402,637	-
<b>Total Liabilities</b>	<b>32,157,925</b>	<b>4,717,994</b>	<b>7,148,885</b>	<b>1,400,016</b>	<b>1,382,650</b>	<b>12,930,642</b>	<b>5,655,319</b>	<b>65,393,431</b>		
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,602,753</b>	<b>-</b>	<b>6,602,753</b>		
<b>Total Liabilities and Equity</b>	<b>32,157,925</b>	<b>4,717,994</b>	<b>7,148,885</b>	<b>1,400,016</b>	<b>1,382,650</b>	<b>19,533,395</b>	<b>5,655,319</b>	<b>71,996,184</b>		
On-balance sheet interest sensitivity gap	(5,284,314)	23,738,880	(4,840,146)	4,468,497	(63,709)	(16,435,890)	(1,583,318)	-		
Off-balance sheet interest sensitivity gap										
Interest rate contracts										
- futures	-	-	-	-	-	-	-	-	-	-
- options	(149,611)	(161,149)	20,000	194,510	96,250	-	-	-	-	-
- swaps	1,420,234	(3,244,093)	425,641	1,468,722	(145,013)	-	-	-	(74,509)	
<b>Total interest sensitivity gap</b>	<b>(4,013,691)</b>	<b>20,333,638</b>	<b>(4,394,505)</b>	<b>6,131,729</b>	<b>(112,472)</b>	<b>(16,435,890)</b>	<b>(1,583,318)</b>	<b>(74,509)</b>		

\* This is arrived at after deducting individual impairment allowance from impaired loans.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35 Interest/ Profit Rate Risk (Cont'd)

Bank 31 Dec 2014	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	← Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
<b>ASSETS</b>									
Cash and short term funds	7,836,916	-	-	-	-	241,044	-	8,077,960	2.80
Securities purchased under resale agreements	2,265,607	-	-	-	-	-	-	2,265,607	3.24
Deposits and placements with banks and other financial institutions	-	2,936,713	1,039,650	532,623	271,636	-	-	4,780,622	2.60
Financial assets held-for-trading	-	-	-	-	-	-	2,927,027	2,927,027	3.58
Financial investments available-for-sale	1,237,506	2,424,258	5,753,885	3,329,909	205,700	16,908	-	12,968,166	3.44
Loans, advances and financing									
- performing	13,738,504	19,518,258	836,316	491,506	96,494	-	-	34,681,078	4.83
- impaired*	-	-	-	-	-	335,319	-	335,319	-
- collective allowance	-	-	-	-	-	(263,243)	-	(263,243)	-
Derivative financial assets	-	-	-	-	-	-	1,831,403	1,831,403	-
Others	-	-	-	-	-	2,336,978	383,636	2,720,614	-
<b>Total Assets</b>	<b>25,078,533</b>	<b>24,879,229</b>	<b>7,629,851</b>	<b>4,354,038</b>	<b>573,830</b>	<b>2,667,006</b>	<b>5,142,066</b>	<b>70,324,553</b>	
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	24,724,312	4,368,296	7,336,799	315,176	-	10,538,270	3,049,220	50,332,073	2.02
Deposits and placements from banks and other financial institutions	7,166,083	750,544	1,775	340,914	-	-	-	8,259,316	0.72
Bills and acceptances payable	-	-	-	-	-	400,637	-	400,637	-
Subordinated liabilities	-	-	-	503,746	771,636	-	-	1,275,382	4.23
Derivative financial liabilities	-	-	-	-	-	-	1,634,302	1,634,302	-
Others	-	-	-	-	-	1,409,714	664,784	2,074,498	-
<b>Total Liabilities</b>	<b>31,890,395</b>	<b>5,118,840</b>	<b>7,338,574</b>	<b>1,159,836</b>	<b>771,636</b>	<b>12,348,621</b>	<b>5,348,306</b>	<b>63,976,208</b>	
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,348,345</b>	<b>-</b>	<b>6,348,345</b>	
<b>Total Liabilities and Equity</b>	<b>31,890,395</b>	<b>5,118,840</b>	<b>7,338,574</b>	<b>1,159,836</b>	<b>771,636</b>	<b>18,696,966</b>	<b>5,348,306</b>	<b>70,324,553</b>	
On-balance sheet interest sensitivity gap	(6,811,862)	19,760,389	291,277	3,194,202	(197,806)	(16,029,960)	(206,240)	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	-	-	-	-	-	-	-	-
- options	(155,686)	(398,613)	100,000	454,299	-	-	-	-	-
- swaps	179,990	(1,664,350)	1,009,587	867,623	162,902	-	-	555,752	
<b>Total interest sensitivity gap</b>	<b>(6,787,558)</b>	<b>17,697,426</b>	<b>1,400,864</b>	<b>4,516,124</b>	<b>(34,904)</b>	<b>(16,029,960)</b>	<b>(206,240)</b>	<b>555,752</b>	

\* This is arrived at after deducting individual impairment allowance from impaired loans.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Liquidity Risk

The following tables summarise the Group and the Bank's exposure to liquidity risk. The asset and liabilities at carrying amount are allocated to time bands by reference to the remaining contractual maturity and/or their behavioral profile.

Group 30 Jun 2015	←		Non-trading book				→		Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Trading book RM'000		
<b>ASSETS</b>									
Cash and short term funds	16,860,403	-	-	-	-	-	-	-	16,860,403
Securities purchased under resale agreements	2,335,988	-	-	-	-	-	-	-	2,335,988
Deposits and placements with banks and other financial institutions	-	2,680,940	-	-	-	-	-	-	2,680,940
Financial assets held-for-trading	-	-	-	-	-	-	1,696,511	-	1,696,511
Financial investments available-for-sale	409,730	1,225,939	330,360	6,977,133	705,250	16,908	-	-	9,665,320
Loans, advances and financing	9,996,380	6,936,742	2,748,529	6,586,471	22,615,993	-	-	-	48,884,115
Derivative financial assets	-	-	-	-	-	-	2,268,393	-	2,268,393
Others	38,273	18,273	3,564	74,470	11,370	2,022,068	91,741	-	2,259,759
<b>Total Assets</b>	<b>29,640,774</b>	<b>10,861,894</b>	<b>3,082,453</b>	<b>13,638,074</b>	<b>23,332,613</b>	<b>2,038,976</b>	<b>4,056,645</b>	<b>-</b>	<b>86,651,429</b>
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	44,171,615	5,847,932	8,424,206	395,979	-	-	4,305,295	-	63,145,027
Deposits and placements from banks and other financial institutions	6,075,393	395,444	569,208	1,289,913	339,390	27,637	-	-	8,696,985
Bills and acceptances payable	376,466	-	-	-	-	-	-	-	376,466
Multi-Currency Sukuk Programme	-	-	-	1,757,313	-	-	-	-	1,757,313
Subordinated liabilities	-	-	-	504,669	1,043,260	-	-	-	1,547,929
Derivative financial liabilities	-	-	-	-	-	-	2,174,934	-	2,174,934
Others	64,231	63,528	94,074	43,444	5,753	1,210,472	130,808	-	1,612,310
<b>Total Liabilities</b>	<b>50,687,705</b>	<b>6,306,904</b>	<b>9,087,488</b>	<b>3,991,318</b>	<b>1,388,403</b>	<b>1,238,109</b>	<b>6,611,037</b>	<b>-</b>	<b>79,310,964</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,340,465</b>	<b>-</b>	<b>-</b>	<b>7,340,465</b>
<b>Total Liabilities and Equity</b>	<b>50,687,705</b>	<b>6,306,904</b>	<b>9,087,488</b>	<b>3,991,318</b>	<b>1,388,403</b>	<b>8,578,574</b>	<b>6,611,037</b>	<b>-</b>	<b>86,651,429</b>
<b>Net maturity mismatches</b>	<b>(21,046,931)</b>	<b>4,554,990</b>	<b>(6,005,035)</b>	<b>9,646,756</b>	<b>21,944,210</b>	<b>(6,539,598)</b>	<b>(2,554,392)</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet liabilities</b>	<b>52,120,118</b>	<b>14,208,374</b>	<b>36,353,458</b>	<b>48,750,598</b>	<b>8,582,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,015,434</b>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Liquidity Risk (Cont'd)

Group	Non-trading book						Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years	Non-specific maturity		
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>								
Cash and short term funds	7,839,057	-	-	-	-	-	-	7,839,057
Securities purchased under resale agreements	2,265,607	-	-	-	-	-	-	2,265,607
Deposits and placements with banks and other financial institutions	-	2,936,713	-	-	-	-	-	2,936,713
Financial assets held-for-trading	-	-	-	-	-	-	2,947,082	2,947,082
Financial investments available-for-sale	1,237,506	4,482,313	6,509,356	4,651,706	205,700	16,908	-	17,103,489
Loans, advances and financing	10,569,587	6,328,078	1,665,103	5,008,692	21,862,232	-	-	45,433,692
Derivative financial assets	-	-	-	-	-	-	1,799,701	1,799,701
Others	26,884	8,507	35,576	44,067	1,874	2,170,094	384,560	2,671,562
<b>Total Assets</b>	<b>21,938,641</b>	<b>13,755,611</b>	<b>8,210,035</b>	<b>9,704,465</b>	<b>22,069,806</b>	<b>2,187,002</b>	<b>5,131,343</b>	<b>82,996,903</b>
<b>LIABILITIES AND EQUITY</b>								
Deposits from customers	41,442,335	5,943,491	8,729,106	355,654	-	-	4,837,647	61,308,233
Deposits and placements from banks and other financial institutions	7,185,726	750,544	1,775	340,914	-	-	-	8,278,959
Bills and acceptances payable	426,346	-	-	-	-	-	-	426,346
Multi-Currency Sukuk Programme	-	-	-	1,001,854	-	-	-	1,001,854
Subordinated liabilities	-	-	-	503,746	771,636	-	-	1,275,382
Derivative financial liabilities	-	-	-	-	-	-	1,606,375	1,606,375
Others	94,966	64,753	93,501	24,539	65,958	1,075,818	673,165	2,092,700
<b>Total Liabilities</b>	<b>49,149,373</b>	<b>6,758,788</b>	<b>8,824,382</b>	<b>2,226,707</b>	<b>837,594</b>	<b>1,075,818</b>	<b>7,117,187</b>	<b>75,989,849</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,007,054</b>	<b>-</b>	<b>7,007,054</b>
<b>Total Liabilities and Equity</b>	<b>49,149,373</b>	<b>6,758,788</b>	<b>8,824,382</b>	<b>2,226,707</b>	<b>837,594</b>	<b>8,082,872</b>	<b>7,117,187</b>	<b>82,996,903</b>
<b>Net maturity mismatches</b>	<b>(27,210,732)</b>	<b>6,996,823</b>	<b>(614,347)</b>	<b>7,477,758</b>	<b>21,232,212</b>	<b>(5,895,870)</b>	<b>(1,985,844)</b>	<b>-</b>
<b>Off-balance sheet liabilities</b>								
Commitments and Contingencies	37,016,632	21,973,423	26,871,186	45,462,280	7,117,820	-	-	138,441,341



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Liquidity Risk (Cont'd)

Bank 30 Jun 2015	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
<b>ASSETS</b>								
Cash and short term funds	13,649,132	-	-	-	-	-	-	13,649,132
Securities purchased under resale agreements	2,335,988	-	-	-	-	-	-	2,335,988
Deposits and placements with banks and other financial institutions	-	2,779,631	800,000	-	543,260	-	-	4,122,891
Financial assets held-for-trading	-	-	-	-	-	-	1,675,968	1,675,968
Financial investments available-for-sale	289,717	1,095,953	330,360	5,508,043	705,250	16,908	-	7,946,231
Loans, advances and financing	7,935,367	5,311,100	2,412,601	4,216,712	17,491,699	-	-	37,367,479
Derivative financial assets	-	-	-	-	-	-	2,304,292	2,304,292
Others	123,455	16,582	8,724	64,606	11,501	2,277,594	91,741	2,594,203
<b>Total Assets</b>	<b>24,333,659</b>	<b>9,203,266</b>	<b>3,551,685</b>	<b>9,789,361</b>	<b>18,751,710</b>	<b>2,294,502</b>	<b>4,072,001</b>	<b>71,996,184</b>
<b>LIABILITIES AND EQUITY</b>								
Deposits from customers	37,388,492	4,322,550	6,956,777	350,207	-	-	3,342,895	52,360,921
Deposits and placements from banks and other financial institutions	6,075,403	395,444	192,108	545,140	339,390	-	-	7,547,485
Bills and acceptances payable	352,843	-	-	-	-	-	-	352,843
Subordinated liabilities	-	-	-	504,669	1,043,260	-	-	1,547,929
Derivative financial liabilities	-	-	-	-	-	-	2,181,616	2,181,616
Others	50,111	51,118	77,813	21,690	5,753	1,065,344	130,808	1,402,637
<b>Total Liabilities</b>	<b>43,866,849</b>	<b>4,769,112</b>	<b>7,226,698</b>	<b>1,421,706</b>	<b>1,388,403</b>	<b>1,065,344</b>	<b>5,655,319</b>	<b>65,393,431</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,602,753</b>	<b>-</b>	<b>6,602,753</b>
<b>Total Liabilities and Equity</b>	<b>43,866,849</b>	<b>4,769,112</b>	<b>7,226,698</b>	<b>1,421,706</b>	<b>1,388,403</b>	<b>7,668,097</b>	<b>5,655,319</b>	<b>71,996,184</b>
<b>Net maturity mismatches</b>	<b>(19,533,190)</b>	<b>4,434,154</b>	<b>(3,675,013)</b>	<b>8,367,655</b>	<b>17,363,307</b>	<b>(5,373,595)</b>	<b>(1,583,318)</b>	<b>-</b>
<b>Off-balance sheet liabilities</b>	<b>47,911,219</b>	<b>14,247,989</b>	<b>35,127,734</b>	<b>51,156,537</b>	<b>8,581,004</b>	<b>-</b>	<b>-</b>	<b>157,024,483</b>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36 Liquidity Risk (Cont'd)

Bank 31 Dec 2014	←		Non-trading book				→		Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Trading book RM'000		
<b>ASSETS</b>									
Cash and short term funds	8,077,960	-	-	-	-	-	-	-	8,077,960
Securities purchased under resale agreements	2,265,607	-	-	-	-	-	-	-	2,265,607
Deposits and placements with banks and other financial institutions	-	2,936,713	1,039,650	532,623	271,636	-	-	-	4,780,622
Financial assets held-for-trading	-	-	-	-	-	-	2,927,027	-	2,927,027
Financial investments available-for-sale	1,237,506	2,424,258	5,753,885	3,329,909	205,700	16,908	-	-	12,968,166
Loans, advances and financing	8,034,975	4,522,762	1,418,644	3,742,274	17,034,499	-	-	-	34,753,154
Derivative financial assets	-	-	-	-	-	-	1,831,403	-	1,831,403
Others	26,209	8,507	37,770	33,800	1,987	2,228,705	383,636	-	2,720,614
<b>Total Assets</b>	<b>19,642,257</b>	<b>9,892,240</b>	<b>8,249,949</b>	<b>7,638,606</b>	<b>17,513,822</b>	<b>2,245,613</b>	<b>5,142,066</b>	<b>-</b>	<b>70,324,553</b>
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	35,262,582	4,368,296	7,336,799	315,176	-	-	3,049,220	-	50,332,073
Deposits and placements from banks and other financial institutions	7,166,083	750,544	1,775	340,914	-	-	-	-	8,259,316
Bills and acceptances payable	400,637	-	-	-	-	-	-	-	400,637
Subordinated liabilities	-	-	-	503,746	771,636	-	-	-	1,275,382
Derivative financial liabilities	-	-	-	-	-	-	1,634,302	-	1,634,302
Others	206,192	53,318	78,336	14,384	66,071	991,413	664,784	-	2,074,498
<b>Total Liabilities</b>	<b>43,035,494</b>	<b>5,172,158</b>	<b>7,416,910</b>	<b>1,174,220</b>	<b>837,707</b>	<b>991,413</b>	<b>5,348,306</b>	<b>-</b>	<b>63,976,208</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,348,345</b>	<b>-</b>	<b>-</b>	<b>6,348,345</b>
<b>Total Liabilities and Equity</b>	<b>43,035,494</b>	<b>5,172,158</b>	<b>7,416,910</b>	<b>1,174,220</b>	<b>837,707</b>	<b>7,339,758</b>	<b>5,348,306</b>	<b>-</b>	<b>70,324,553</b>
<b>Net maturity mismatches</b>	<b>(23,393,237)</b>	<b>4,720,082</b>	<b>833,039</b>	<b>6,464,386</b>	<b>16,676,115</b>	<b>(5,094,145)</b>	<b>(206,240)</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet liabilities</b>									
Commitments and Contingencies	34,268,741	21,537,391	25,657,694	47,199,643	6,928,956	-	-	-	135,592,425

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 37 Performance Review

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The Group recorded profit before tax of RM805 million for the period ended 30 June 2015, which was 8.4% or RM62 million higher than prior period. The higher profit was due to higher operating income of RM133 million, lower loan/financing impairment charges of RM37 million, but partially offset by higher operating expenses of RM107 million.

The higher operating income was primarily due to higher net trading income (+RM89 million or 44.4%) on gain from foreign exchange, rates, and debt securities. The continuous volatility in the market had increased the demand of securities, as well as revaluation gain made on government bonds portfolio following the decrease in bond yield. Meanwhile, net interest income increased (+RM25 million or 3.3%), in tandem with the growth in loans, advances and financing.

The Group recorded a net loan/financing impairment release for the period ended 30 June 2015 as a result of lower net individual allowance for impairment, and higher release in collective impairment provisions related to local risk adjustments. Operating expenses increased mainly due to higher intragroup and personnel expenses.

Total balance sheet size at 30 June 2015 stood at RM86.7 billion, RM3.7 billion higher compared against 31 December 2014 (RM83.0 billion) with recorded growth in loans, advances and financing of RM3.5 billion. The Group's capital and liquidity ratios remain strong and well above regulatory requirements.

### 38 Business Prospects

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The Malaysian economy registered a growth of 5.6% in 1Q 2015 (2014: 6.0%), which is marginally higher than the initial forecast of 4.5%-5.5% for 2015 amid a more challenging external environment. Growth was underpinned by stronger private sector expenditure, coupled with the front-loading of household spending prior to the implementation of Goods and Services Tax (GST).

Growth in private investment has expanded at a faster pace of 11.7%, driven by capital spending in the manufacturing and services sectors. Private consumption grew stronger by 8.8%, supported by stable labour market conditions and continued wage growth. Growth in public consumption has registered a positive growth of 4.1%, from higher growth in supplies and services amid moderate growth in emoluments. On the supply side, growth was sustained by the major economic sectors, supported by trade and domestic activities. Meanwhile, agricultural sector has contracted as a result of lower palm oil production, arising from flood-related disruptions.

Inflation was significantly lower in the 1Q 2015, at 0.7% (4Q2014: 2.8%) due to price reduction in transport category following the downward revision of domestic fuel prices in January and February amid lower global oil prices. The Monetary Policy Committee has decided to maintain the Overnight Policy Rate (OPR) at 3.25%. The current stance of monetary policy remains accommodative and is assessed to be appropriate given the developments in monetary and financial conditions. On 2 January 2015, the Base Rate (BR) replaced the base lending rate (BLR) as the main reference rate for new retail floating rate loans and financing facilities.

The Ringgit continued to face volatility in the first half of 2015 due to uncertainty in global economy. Further market expectation on potential rate hike in the US in the second half of 2015 has kept Ringgit at its low level.

However, the Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. While private consumption is expected to moderate as households adjust to the introduction of GST, the still low unemployment rate at circa of 3.1% would support household spending.

The Group's priorities in 2015 remain unchanged, to leverage on our increased resource investments into the business, grow the business with new distribution channels and increased productivity across existing channels, implement the highest global standards of conduct and compliance, and streamline processes and procedures for the benefit of the customers. The Group will continue to invest in Premier and Advance propositions and expanding its wealth management offerings. Leveraging on HSBC Group expertise, the Group is able to provide holistic banking service solutions to our existing and new corporate customers. Further, the Group will capitalise on the HSBC Group's international connectivity for cross border trade initiatives and offer banking services for inbound investments by HSBC Group customers into Malaysia.

The Group has adopted the relationship based approach (as opposed to the product push approach) for a number of years and this journey will continue.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**39 Comparative Figures**

The presentation and classification of items in the current interim financial statements are consistent with the previous financial period except those listed below. The restatement of 31 Dec 2014 financial data in relation to (a) and (b) is a result of an initiative rolled out by the Group and the Bank in Q1 2015 to align financial reporting data with Central Credit Reference Information System (CCRIS) data. Similar reclassification is made to 31 Dec 2014 data so that they are comparable to 30 Jun 2015 data. The Group's and the Bank's prior period profit and loss and retained earnings brought forward are not affected by these reclassifications.

Statement of Financial Position at 31 December 2014

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
<b>(a) Loans, advances and financing</b>	<b>45,433,692</b>	<b>45,260,697</b>	<b>-</b>	<b>-</b>
<i>(of which the affected components are disclosed below) :</i>				
<u>By type</u>				
Term loans/ financing:				
Housing loans/ financing	18,036,318	17,524,631	-	-
Other term loans/ financing	12,124,505	12,423,345	-	-
Staff loans/ financing	271,252	311,104	-	-
<u>By type of customer</u>				
Foreign entities	4,921,612	4,748,617	-	-
<u>By interest/ profit rate sensitivity</u>				
Fixed rate:				
Housing loans/ financing	3,180	128,471	824	121,524
Other fixed rate loans/ financing	8,376,962	4,060,557	6,537,261	2,149,926
Variable rate:				
BLR/BFR plus	23,177,661	34,467,990	18,334,179	27,064,976
Cost-plus	11,501,772	4,229,562	8,072,485	3,608,323
<u>By sector</u>				
Others	2,414,623	2,241,628	-	-
<u>By purpose</u>				
Purchase of property:				
Residential	18,308,549	17,517,122	-	-
Non residential	1,653,267	1,183,472	-	-
Consumption credit	5,457,907	6,249,334	-	-
Working capital	16,259,428	16,729,223	-	-
Other purpose	1,984,754	1,811,759	-	-
<u>By geographical distribution</u>				
Northern Region	6,950,812	7,516,532	5,581,975	6,147,695
Southern Region	6,397,801	6,363,471	4,868,264	4,833,934
Central Region	29,046,138	28,340,052	21,577,292	21,044,201
Eastern Region	3,661,521	3,663,222	3,179,565	3,181,266
	<b>46,056,272</b>	<b>45,883,277</b>	<b>35,207,096</b>	<b>35,207,096</b>
<b>(b) Deposits and placements with banks and other financial institutions</b>	<b>2,936,713</b>	<b>3,109,649</b>	<b>-</b>	<b>-</b>
<i>(of which the affected components are disclosed below) :</i>				
Licensed banks	936,713	1,109,649	-	-