

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

Condensed Financial Statements
Unaudited Statements of Financial Position As At 31 March 2015

	Note	The Group		The Bank	
		As at 31/03/2015 RM'000	As at 30/06/2014 RM'000	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
<u>ASSETS</u>					
Cash and short-term funds		7,024,559	14,712,789	6,418,309	13,629,775
Deposits and placements with banks and other financial institutions		4,362,606	4,040,276	4,147,417	4,020,983
Securities purchased under resale agreements		8,107,982	2,717,021	8,107,982	2,717,021
Financial assets held-for-trading	A8	10,156,445	11,314,476	8,152,168	10,132,834
Financial investments available-for-sale	A9	19,338,523	16,677,209	16,549,980	13,732,377
Financial investments held-to-maturity	A10	9,419,111	8,916,568	8,143,827	7,828,290
Loans, advances and financing	A11	109,325,010	102,579,076	93,383,193	87,873,449
Other assets	A12	1,698,833	497,237	1,587,018	434,542
Derivative financial instruments		1,729,288	687,441	1,716,419	670,325
Amount due from subsidiaries		-	-	11,954	11,437
Statutory deposits with Central Banks		3,280,932	3,150,642	2,695,000	2,591,500
Subsidiary companies		-	-	1,357,185	1,352,159
Investment in associated company		2,296,849	2,063,300	946,523	946,505
Investment in joint venture		101,635	90,080	76,711	76,711
Property and equipment		817,048	725,585	768,270	697,102
Intangible assets		330,078	347,791	315,474	335,319
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Total Assets		179,820,211	170,350,803	156,148,977	148,821,876
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>					
Deposits from customers	A13	136,528,059	130,252,337	118,522,672	114,098,835
Deposits and placements of banks and other financial institutions	A14	7,214,465	7,111,295	5,297,540	5,387,384
Obligations on securities sold under repurchase agreements		4,976,011	4,116,888	4,976,011	4,116,888
Bills and acceptances payable		1,432,151	358,732	1,405,769	327,899
Other liabilities	A15	3,517,878	4,251,037	2,802,610	3,284,182
Derivative financial instruments		1,381,960	790,415	1,374,092	760,406
Senior bonds	A16	2,234,515	1,936,207	2,234,515	1,936,207
Tier II subordinated bonds	A17	4,654,956	4,868,353	4,249,916	4,468,275
Non-innovative Tier 1 stapled securities	A18	1,428,190	1,410,252	1,428,190	1,410,252
Innovative Tier 1 capital securities	A19	522,617	541,767	522,617	541,767
Provision for taxation		194,546	49,581	194,464	24,364
Deferred tax liabilities		129,522	133,761	129,111	134,919
Total Liabilities		164,214,870	155,820,625	143,137,507	136,491,378
Share Capital		1,879,909	1,879,909	1,879,909	1,879,909
Reserves		14,339,230	13,295,848	11,745,359	11,096,168
Less: Treasury Shares		(613,798)	(645,579)	(613,798)	(645,579)
Total Shareholders' Equity		15,605,341	14,530,178	13,011,470	12,330,498
Total Liabilities and Equity		179,820,211	170,350,803	156,148,977	148,821,876
<u>COMMITMENTS AND CONTINGENCIES</u>	A30	157,116,720	193,135,411	151,364,128	186,995,685
Net asset per share attributable to ordinary equity holders of the parent (RM) *		8.83	8.24	7.36	7.00

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

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

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

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Quarter Ended 31 March 2015

	Note	The Group			
		Current Quarter Ended 31/03/2015 RM'000	Corresponding Quarter Ended 31/03/2014 RM'000	Current Period Ended 31/03/2015 RM'000	Corresponding Period Ended 31/03/2014 RM'000
Interest income	A20	1,515,616	1,420,475	4,561,185	4,256,109
Interest expense	A21	-858,337	-742,742	-2,477,156	-2,271,213
Net interest income		657,279	677,733	2,084,029	1,984,896
Net income from Islamic Banking business	A22	99,046	108,909	314,963	330,150
Other operating income	A23	231,782	161,623	627,121	717,596
Net Income		988,107	948,265	3,026,113	3,032,642
Other operating expenses	A24	-450,374	-410,523	-1,342,877	-1,325,088
Operating profit before allowances		537,733	537,742	1,683,236	1,707,554
Write back/(allowance) for impairment losses on loans, advances and financing	A25	6,672	-25,161	75,495	-27,763
Write back of impairment losses		7,008	19,689	13,561	39,071
Share of profit after tax of equity accounted associated company		551,413	532,270	1,772,292	1,718,862
		105,989	103,985	289,806	276,236
Share of profit after tax of equity accounted joint venture		5,291	3,267	11,555	7,169
Profit before taxation		662,693	639,522	2,073,653	2,002,267
Taxation	B5	-143,527	-139,473	-455,317	-437,444
Net profit for the financial period		519,166	500,049	1,618,336	1,564,823
Attributable to:					
Owners of the parent		519,166	500,049	1,618,336	1,564,823
Earnings per share - basic (sen)	B13(a)	29.4	28.4	91.6	88.9
Earnings per share - fully diluted (sen)	B13(b)	29.4	28.4	91.6	88.8

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

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

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Quarter Ended 31 March 2015

	The Group			
	Current Quarter Ended 31/03/2015 RM'000	Corresponding Quarter Ended 31/03/2014 RM'000	Current Period Ended 31/03/2015 RM'000	Corresponding Period Ended 31/03/2014 RM'000
Net profit for the financial period	519,166	500,049	1,618,336	1,564,823
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss)/income of associated company	(170)	-	10,618	(22)
Currency translation differences	36,472	(2,241)	90,603	24,275
Net fair value changes on financial investments available-for-sale	31,614	7,005	9,989	644
Net fair value changes in cash flow hedge	(1,406)	-	(787)	-
Income tax relating to components of other comprehensive income	(7,552)	(1,751)	(2,301)	(161)
Other comprehensive income for the financial period	58,958	3,013	108,122	24,736
Total comprehensive income for the financial period, net of tax	578,124	503,062	1,726,458	1,589,559
Attributable to:				
- Owners of the parent	578,124	503,062	1,726,458	1,589,559

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

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

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Quarter Ended 31 March 2015

	Note	The Bank			
		Current Quarter Ended 31/03/2015 RM'000	Corresponding Quarter Ended 31/03/2014 RM'000	Current Period Ended 31/03/2015 RM'000	Corresponding Period Ended 31/03/2014 RM'000
Interest income	A20	1,504,522	1,419,993	4,535,587	4,277,175
Interest expense	A21	(860,915)	(754,732)	(2,490,593)	(2,328,550)
Net interest income		643,607	665,261	2,044,994	1,948,625
Other operating income	A23	269,660	170,226	818,951	850,435
Net Income		913,267	835,487	2,863,945	2,799,060
Other operating expenses	A24	(387,307)	(355,719)	(1,168,292)	(1,161,951)
Operating profit before allowances		525,960	479,768	1,695,653	1,637,109
Write back/(allowance) for impairment losses on loans, advances and financing	A25	22,006	(27,772)	71,893	(34,823)
Write back of impairment losses		7,008	19,689	13,561	39,071
Profit before taxation		554,974	471,685	1,781,107	1,641,357
Taxation	B5	(140,963)	(120,388)	(451,651)	(419,513)
Net profit for the financial period		414,011	351,297	1,329,456	1,221,844
Attributable to:					
Owners of the parent		414,011	351,297	1,329,456	1,221,844
Earnings per share - basic (sen)	B13(a)	23.4	20.0	75.3	69.4
Earnings per share - fully diluted (sen)	B13(b)	23.4	19.9	75.3	69.4

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

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

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Quarter Ended 31 March 2015

	The Bank			
	Current Quarter Ended 31/03/2015 RM'000	Corresponding Quarter Ended 31/03/2014 RM'000	Current Period Ended 31/03/2015 RM'000	Corresponding Period Ended 31/03/2014 RM'000
Net profit for the financial period	414,011	351,297	1,329,456	1,221,844
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	1,068	2	327	719
Net fair value changes on financial investments available-for-sale	20,765	9,617	4,100	12,744
Net fair value changes in cash flow hedge	(1,406)	-	(787)	-
Income tax relating to components of other comprehensive income	(4,840)	(2,404)	(828)	(3,186)
Other comprehensive income for the financial period	15,587	7,215	2,812	10,277
Total comprehensive income for the financial period, net of tax	429,598	358,512	1,332,268	1,232,121

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

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2015

Attributable to owners of the parent

<u>The Group</u>	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Share options Reserve RM'000	Regulatory Reserves * RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000
At 1 July 2014	1,879,909	2,832,383	3,081,128	186,444	-	2,618	10,266	(6,095)	7,189,104	(645,579)	14,530,178
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	1,618,336	-	1,618,336
- Share of other comprehensive income of associated company	-	-	-	10,618	-	-	-	-	-	-	10,618
- Net fair value changes in financial investments available-for-sale	-	-	-	7,492	-	-	-	-	-	-	7,492
- Net fair value changes in cash flow hedge	-	-	-	-	(590)	-	-	-	-	-	(590)
- Currency translation difference	-	-	-	-	-	-	-	90,603	-	-	90,603
Total comprehensive income	-	-	-	18,110	(590)	-	-	90,603	1,618,336	-	1,726,459
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	369,296	-	-	-	-	-	(369,296)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	232,088	-	(232,088)	-	-
Dividend paid	-	-	-	-	-	-	-	-	(724,770)	-	(724,770)
Sale of treasury shares	-	39,241	-	-	-	-	-	-	-	26,447	65,688
ESOS exercised	-	-	-	-	-	(2,618)	-	-	5,070	5,334	7,786
Total transactions with owners	-	39,241	369,296	-	-	(2,618)	232,088	-	(1,321,084)	31,781	(651,296)
At 31 March 2015	1,879,909	2,871,624	3,450,424	204,554	(590)	-	242,354	84,508	7,486,356	(613,798)	15,605,341
At 1 July 2013	1,879,909	2,832,383	2,625,743	163,126	-	5,125	8,527	(13,752)	6,197,372	(661,809)	13,036,624
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	1,564,823	-	1,564,823
- Share of other comprehensive loss of associated company	-	-	-	(22)	-	-	-	-	-	-	(22)
- Net fair value changes in financial investments available-for-sale	-	-	-	483	-	-	-	-	-	-	483
- Currency translation difference	-	-	-	-	-	-	-	24,275	-	-	24,275
Total comprehensive income	-	-	-	461	-	-	-	24,275	1,564,823	-	1,589,559
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	384,052	-	-	-	-	-	(384,052)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(660,362)	-	(660,362)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(15)	(15)
ESOS exercised	-	-	-	-	-	(3,179)	-	-	5,944	12,937	15,702
Option charge arising from ESOS granted	-	-	-	-	-	1,600	-	-	-	-	1,600
Total transactions with owners	-	-	384,052	-	-	(1,579)	-	-	(1,038,470)	12,922	(643,075)
At 31 March 2014	1,879,909	2,832,383	3,009,795	163,587	-	3,546	8,527	10,523	6,723,725	(648,887)	13,983,108

* Includes regulatory reserve maintained by the Group's banking subsidiary company in Vietnam with the State Bank of Vietnam of RM10,266k (31 March 2014: RM8,527k)

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

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

Condensed Financial Statements
Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2015

	← Non-distributable				→ Distributable				Total RM'000		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Cash Flow Hedge Reserve RM'000	Share options Reserve RM'000	Regulatory Reserve RM'000	Exchange Fluctuation Reserve RM'000		Retained Profit RM'000	Treasury Shares RM'000
The Bank											
At 1 July 2014	1,879,909	2,832,383	2,640,258	208,942	-	2,618	-	36,897	5,375,070	(645,579)	12,330,498
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	1,329,456	-	1,329,456
- Net fair value changes in financial investments available-for-sale	-	-	-	3,075	-	-	-	-	-	-	3,075
- Net fair value changes in cash flow hedge	-	-	-	-	(590)	-	-	-	-	-	(590)
- Currency translation difference	-	-	-	-	-	-	-	327	-	-	327
Total comprehensive income	-	-	-	3,075	(590)	-	-	327	1,329,456	-	1,332,268
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	332,364	-	-	-	-	-	(332,364)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	203,146	-	(203,146)	-	-
Dividend paid	-	-	-	-	-	-	-	-	(724,770)	-	(724,770)
Sale of treasury shares	-	39,241	-	-	-	-	-	-	-	26,447	65,688
ESOS exercised	-	-	-	-	-	(2,618)	-	-	5,070	5,334	7,786
Total transactions with owners	-	39,241	332,364	-	-	(2,618)	203,146	-	(1,255,210)	31,781	(651,296)
At 31 March 2015	1,879,909	2,871,624	2,972,622	212,017	(590)	-	203,146	37,224	5,449,316	(613,798)	13,011,470
At 1 July 2013	1,879,909	2,832,383	2,242,523	170,683	-	5,125	-	36,323	4,835,280	(661,809)	11,340,417
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	1,221,844	-	1,221,844
- Net fair value changes in financial investments available-for-sale	-	-	-	9,558	-	-	-	-	-	-	9,558
- Currency translation difference	-	-	-	-	-	-	-	719	-	-	719
Total comprehensive income	-	-	-	9,558	-	-	-	719	1,221,844	-	1,232,121
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	305,461	-	-	-	-	-	(305,461)	-	-
Dividend paid	-	-	-	-	-	-	-	-	(660,362)	-	(660,362)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(15)	(15)
ESOS exercised	-	-	-	-	-	(3,179)	-	-	5,944	12,937	15,702
Option charge arising from ESOS granted	-	-	-	-	-	1,600	-	-	-	-	1,600
Total transactions with owners	-	-	305,461	-	-	(1,579)	-	-	(959,879)	12,922	(643,075)
At 31 March 2014	1,879,909	2,832,383	2,547,984	180,241	-	3,546	-	37,042	5,097,245	(648,887)	11,929,463

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

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2015

	The Group		The Bank	
	Financial Period Ended 31/03/2015 RM'000	Financial Period Ended 31/03/2014 RM'000	Financial Period Ended 31/03/2015 RM'000	Financial Period Ended 31/03/2014 RM'000
Profit before taxation	2,073,653	2,002,267	1,781,107	1,641,357
Adjustments for non-cash items	(669,097)	(373,335)	(551,226)	111,337
Operating profit before working capital changes	1,404,556	1,628,932	1,229,881	1,752,694
Changes in working capital:				
Net changes in operating assets	(13,692,676)	(824,672)	(11,357,387)	(1,591,617)
Net changes in operating liabilities	8,271,050	1,727,075	6,471,065	1,364,969
Income taxes and zakat paid	(352,396)	(360,826)	(283,397)	(302,601)
Net cash (used in)/generated from operating activities	(4,369,466)	2,170,509	(3,939,838)	1,223,445
Cash flows from investing activities				
Net purchases of financial investments available-for-sale	(2,237,020)	(2,713,674)	(2,427,430)	(2,016,513)
Net purchases of financial investments held-to-maturity	(301,900)	(4,208,497)	(106,839)	(3,265,182)
Purchase of property and equipment	(145,073)	(101,103)	(122,846)	(92,675)
Proceeds from sale of property and equipment	7,978	701	7,972	686
Net purchases of intangible assets	(35,750)	(85,849)	(32,696)	(75,806)
Dividend received on financial investments available-for-sale and held-to-maturity	84,893	48,334	84,893	48,334
Dividend from associated company	66,893	56,086	66,894	56,086
Dividend from subsidiary company	-	-	110,093	56,700
Net cash used in investing activities	(2,559,979)	(7,004,002)	(2,419,959)	(5,288,370)
Cash flows from financing activities				
Dividend paid	(724,770)	(660,362)	(724,770)	(660,362)
Repayment of Tier 2 subordinated loan	(250,000)	(410,000)	(250,000)	(410,000)
Purchase of treasury shares	-	(15)	-	(15)
Sale of treasury shares	65,688	-	65,688	-
Cash received from ESOS exercised	7,786	15,702	7,786	15,702
Interest paid on subordinated obligations	(241,349)	(244,674)	(246,130)	(413,144)
Net cash used in financing activities	(1,142,645)	(1,299,349)	(1,147,426)	(1,467,819)
Net decrease in cash and cash equivalents	(8,072,090)	(6,132,842)	(7,507,223)	(5,532,744)
Currency translation differences	383,860	86,649	295,757	63,372
Cash and cash equivalents at the beginning of financial period	14,712,789	18,047,448	13,629,775	16,719,258
Cash and cash equivalents at the end of financial period	7,024,559	12,001,255	6,418,309	11,249,886

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

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

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR FINANCIAL PERIOD ENDED 31 MARCH 2015**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2015 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

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

The unaudited condensed financial statements incorporated those activities relating to Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

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

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

The adoption of the above amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs are not expected to have impact on the financial results of the Group and the Bank.

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

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

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

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

A3 Seasonality or cyclical nature of operations

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

A4 Exceptional items or unusual events affecting financial statements

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

A5 Variation from financial estimates reported in preceding financial period

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

A6 Issuance and repayment of debt and equity securities

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy back and share cancellations, or resale of shares held as treasury shares during the financial period ended 31 March 2015:

a) Share Buy-back

There were no purchase of ordinary shares of RM1.00 each ('Shares') from the open market during the financial period ended 31 March 2015.

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2015 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

b) Purchase of shares pursuant to ESOS

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

During the financial period ended 31 March 2015, the trust did not purchase any new shares. The trust had sold 4,480,386 shares in the open market between 10 September 2014 and 12 December 2014 with total net proceeds of RM65.7 million. As at 31 March 2015, the total number of Treasury Shares for ESOS was 30,826,800 at an average carrying value of RM5.90 per share.

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

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

b) Purchase of shares pursuant to ESOS (continued)

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

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

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

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

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

During the financial period ended 31 March 2015, a total of 903,492 ordinary shares of RM1 each were exercised pursuant to the Company's ESOS. As at the financial period ended 31 March 2015, all the above share options had been exercised/lapsed.

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

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

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

c) Repayment of debt and equity securities

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

A7 Dividends paid

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

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

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

A8 Financial assets held-for-trading

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Bank Negara Malaysia bills	41,875	848,000	30,493	550,140
Government treasury bills	179,201	197,064	179,201	88,751
Malaysian Government securities	43,970	27,242	43,970	27,242
Malaysian Government investment certificates	593,879	528,352	15,535	137,825
Bankers' acceptances and Islamic accepted bills	-	260,078	-	260,078
Negotiable instruments of deposit	8,834,004	8,774,899	7,419,453	8,427,396
Cagamas bonds	40,129	64,787	40,129	64,787
Khazanah bonds	-	37,439	-	-
	<u>9,733,058</u>	<u>10,737,861</u>	<u>7,728,781</u>	<u>9,556,219</u>
Quoted securities:				
Shares outside Malaysia	4,070	3,883	4,070	3,883
Foreign currency bonds	98,468	243,175	98,468	243,175
Unquoted securities:				
Private and Islamic debt securities	290,551	231,963	290,551	231,963
Foreign currency bonds	30,298	97,594	30,298	97,594
Total financial assets held-for-trading	<u><u>10,156,445</u></u>	<u><u>11,314,476</u></u>	<u><u>8,152,168</u></u>	<u><u>10,132,834</u></u>

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

A9 Financial investments available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Government treasury bills	107,732	546,703	107,732	546,703
Malaysian Government securities	405,822	1,288,604	405,822	1,288,604
Malaysian Government investment certificates	2,311,359	2,538,447	980,691	917,089
Other Government securities	421,056	475,893	-	-
Cagamas bonds	1,013,087	946,547	830,080	855,878
Khazanah bonds	287,529	208,615	287,529	208,615
	<u>4,546,585</u>	<u>6,004,809</u>	<u>2,611,854</u>	<u>3,816,889</u>
Quoted Securities:				
Shares in Malaysia	31,408	47,429	31,408	47,429
Shares outside Malaysia	24	23	24	23
Wholesale fund	3,204,040	2,001,515	3,204,040	2,001,515
Foreign currency bonds in Malaysia	4,722,337	3,224,143	4,629,178	3,130,326
Foreign currency bonds outside Malaysia	1,278,803	727,868	1,278,803	727,868
Unquoted securities:				
Private debt securities	5,090,514	4,160,864	4,329,908	3,497,816
Shares in Malaysia	363,810	363,810	363,763	363,763
Shares outside Malaysia	4,044	3,506	4,044	3,506
Foreign currency bonds in Malaysia	96,958	143,242	96,958	143,242
Total financial investments available-for-sale	<u><u>19,338,523</u></u>	<u><u>16,677,209</u></u>	<u><u>16,549,980</u></u>	<u><u>13,732,377</u></u>

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

A10 Financial investments held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Money market instruments:				
Malaysian Government securities	3,051,356	3,069,415	3,051,356	3,069,415
Malaysian Government investment certificates	5,804,360	5,374,048	4,235,863	3,927,829
Cagamas bonds	76,393	96,455	35,595	55,658
Negotiable instruments of deposit	2,339	3,718	647,344	647,339
Other Government securities	364,840	253,646	119,634	75,514
	<u>9,299,288</u>	<u>8,797,282</u>	<u>8,089,792</u>	<u>7,775,755</u>
Unquoted securities in Malaysia:				
Loan stocks	49	49	49	49
Private and Islamic debt securities	65,788	66,751	-	-
Unquoted bonds	486	486	486	486
Investment in preference shares	53,500	52,000	53,500	52,000
	<u>119,823</u>	<u>119,286</u>	<u>54,035</u>	<u>52,535</u>
Total financial investments held-to-maturity	<u>9,419,111</u>	<u>8,916,568</u>	<u>8,143,827</u>	<u>7,828,290</u>

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

A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Overdrafts	3,923,470	4,104,535	3,759,049	3,944,594
Term loans:				
- Housing and shop loans/financing	51,870,524	46,563,762	43,500,915	38,974,919
- Syndicated term loan/financing	8,835,873	7,799,610	7,810,145	7,078,739
- Hire purchase receivables	17,994,611	17,405,481	14,562,253	13,940,555
- Other term loans/financing	8,399,993	8,684,556	7,031,962	7,089,671
Credit/charge card receivables	4,051,423	4,192,192	4,051,423	4,192,192
Bills receivables	1,129,773	1,116,670	1,123,956	1,109,346
Trust receipts	306,521	296,587	248,894	256,166
Claims on customers under acceptance credits	7,178,715	8,118,324	6,828,553	7,420,281
Block discounting	302	253	302	253
Revolving credits	6,478,447	5,545,623	5,170,936	4,897,352
Staff loans:				
Staffs other than directors	166,239	171,911	153,606	158,309
Other loans/financing	252,446	169,145	244,228	162,964
Gross loans, advances and financing	<u>110,588,337</u>	<u>104,168,649</u>	<u>94,486,222</u>	<u>89,225,341</u>
Unamortised fair value changes arising from terminated fair value hedges	(2,469)	(1,516)	889	3,431
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(928,922)	(1,076,604)	(789,160)	(922,286)
- Individual assessment allowance	(331,936)	(511,453)	(314,758)	(433,037)
Total net loans, advances and financing	<u><u>109,325,010</u></u>	<u><u>102,579,076</u></u>	<u><u>93,383,193</u></u>	<u><u>87,873,449</u></u>

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

A11 Loans, advances and financing (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	620,126	278,231	93,293	94,328
Domestic business enterprises				
- small and medium enterprises	16,984,100	16,295,719	15,510,741	15,056,080
- others	18,396,926	19,182,004	15,935,538	16,673,126
Government and statutory bodies	24,682	28,345	12,652	12,945
Individuals	69,369,285	63,928,055	58,028,596	53,298,312
Other domestic entities	144,893	158,579	119,847	119,786
Foreign entities	5,048,325	4,297,716	4,785,555	3,970,764
Gross loans, advances and financing	<u>110,588,337</u>	<u>104,168,649</u>	<u>94,486,222</u>	<u>89,225,341</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate				
- Housing and shop loans/financing	2,804,720	2,838,586	1,701,458	1,694,863
- Hire purchase receivables	17,608,564	17,254,282	14,176,206	13,789,357
- Other fixed rate loan/financing	7,311,515	6,857,479	6,558,102	6,100,581
Variable rate				
- Base rate / base lending rate plus	67,293,389	61,970,968	58,399,095	53,945,326
- Cost plus	15,259,120	14,934,610	13,651,361	13,695,214
- Other variables rates	311,029	312,724	-	-
Gross loans, advances and financing	<u>110,588,337</u>	<u>104,168,649</u>	<u>94,486,222</u>	<u>89,225,341</u>

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

A11 Loans, advances and financing (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	727,730	762,695	716,929	749,293
Purchase of transport vehicles	17,958,785	17,292,162	14,483,836	13,805,110
Purchase of landed properties				
- residential	43,544,744	39,000,324	36,110,661	32,307,912
- non-residential	14,002,526	12,370,138	12,709,433	11,260,737
Purchase of fixed assets (excluding landed properties)	468,369	530,527	421,618	485,549
Personal use	3,513,485	3,370,722	2,931,017	2,724,900
Credit card	4,051,423	4,192,192	4,051,423	4,192,192
Purchase of consumer durables	425	445	425	444
Construction	1,239,509	1,163,043	1,033,961	1,058,646
Mergers and acquisition	267,527	303,096	267,527	303,096
Working capital	22,252,059	22,573,362	19,387,838	19,987,905
Others	2,561,755	2,609,943	2,371,554	2,349,557
Gross loans, advances and financing	<u>110,588,337</u>	<u>104,168,649</u>	<u>94,486,222</u>	<u>89,225,341</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	106,850,503	101,088,811	91,278,923	86,545,396
Singapore	3,203,521	2,675,129	3,203,521	2,675,129
Hong Kong	3,778	4,816	3,778	4,816
Vietnam	311,029	312,724	-	-
Cambodia	219,506	87,169	-	-
Gross loans, advances and financing	<u>110,588,337</u>	<u>104,168,649</u>	<u>94,486,222</u>	<u>89,225,341</u>

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

A11 Loans, advances and financing (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Within one year	28,323,620	27,515,823	26,568,812	25,657,871
One year to less than three years	7,772,602	8,208,062	6,404,356	6,717,890
Three years to less than five years	10,175,605	9,659,310	8,519,449	8,048,496
Five years and more	64,316,510	58,785,454	52,993,605	48,801,084
Gross loans, advances and financing	<u>110,588,337</u>	<u>104,168,649</u>	<u>94,486,222</u>	<u>89,225,341</u>

A11f Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Purchase of securities	609	758	609	758
Purchase of transport vehicles	214,077	225,697	169,320	176,973
Purchase of landed properties				
- residential	229,711	213,583	164,288	152,070
- non-residential	36,579	47,737	31,766	40,163
Purchase of fixed assets (excluding landed properties)	35,545	37,484	34,351	36,092
Personal use	32,724	34,940	27,787	27,449
Credit card	41,655	53,058	41,655	53,058
Purchase of consumer durables	4	4	4	4
Construction	5,539	4,379	3,458	2,247
Working capital	359,784	572,014	343,224	494,221
Others	31,515	42,081	31,147	42,080
	<u>987,742</u>	<u>1,231,735</u>	<u>847,609</u>	<u>1,025,115</u>

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

A11 Loans, advances and financing (continued)

A11g Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Malaysia	974,410	1,218,521	847,609	1,025,115
Vietnam	13,332	13,214	-	-
	<u>987,742</u>	<u>1,231,735</u>	<u>847,609</u>	<u>1,025,115</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
At 1 July	1,231,735	1,359,443	1,025,115	1,154,173
Impaired during the financial period	1,134,100	1,705,427	934,340	1,439,645
Performing during the financial period	(588,734)	(897,336)	(473,211)	(732,219)
Amount written back in respect of recoveries	(393,231)	(507,069)	(328,090)	(452,330)
Amount written off	(401,555)	(431,273)	(310,664)	(385,673)
Exchange difference	5,427	2,543	119	1,519
At 31 March	<u>987,742</u>	<u>1,231,735</u>	<u>847,609</u>	<u>1,025,115</u>
Gross impaired loan as a % of gross loans, advances and financing	<u>0.9%</u>	<u>1.2%</u>	<u>0.9%</u>	<u>1.1%</u>

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

A11 Loans, advances and financing (continued)

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Collective Assessment Allowance</u>				
At 1 July	1,076,604	1,259,563	922,286	1,032,022
Net allowance made during the period/year	153,918	254,706	138,774	274,988
Amount transferred to individual assessment	(94)	(1,915)	(94)	(1,915)
Amount written off	(255,870)	(367,890)	(231,584)	(325,171)
Unwinding income	(45,973)	(68,545)	(40,478)	(58,362)
Exchange differences	337	685	256	724
At 31 March	<u>928,922</u>	<u>1,076,604</u>	<u>789,160</u>	<u>922,286</u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.05%</u>	<u>1.04%</u>	<u>1.05%</u>	<u>1.04%</u>
<u>Individual Assessment Allowance</u>				
At 1 July	511,453	526,018	433,037	450,107
Allowance made during the period/year	49,486	140,023	32,330	135,014
Amount transferred from collective assessment	94	1,915	94	1,915
Amount transferred to allowance for impairment losses on securities	(5,274)	-	(5,274)	-
Amount written back in respect of recoveries	(113,837)	(108,808)	(88,713)	(105,426)
Amount written off	(106,782)	(41,618)	(52,694)	(41,618)
Unwinding income	(4,364)	(7,112)	(4,141)	(6,994)
Exchange difference	1,160	1,035	119	39
At 31 March	<u>331,936</u>	<u>511,453</u>	<u>314,758</u>	<u>433,037</u>

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

A12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Foreclosed properties	1,023	1,112	1,023	1,112
Sundry debtors and other prepayments	209,039	130,436	205,524	104,028
Treasury related receivables	1,350,071	242,573	1,348,620	242,573
Other receivables	138,700	123,116	31,851	86,829
	<u>1,698,833</u>	<u>497,237</u>	<u>1,587,018</u>	<u>434,542</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Fixed deposits	77,512,384	73,625,412	67,206,010	65,186,386
Negotiable instruments of deposit	13,771,812	11,598,134	11,611,437	9,685,899
	<u>91,284,196</u>	<u>85,223,546</u>	<u>78,817,447</u>	<u>74,872,285</u>
Demand deposits	19,889,357	19,071,251	17,309,070	16,705,898
Saving deposits	15,370,076	15,020,628	13,141,812	12,850,935
Short term corporate placement	9,469,663	10,637,552	8,748,848	9,359,459
Other	561,187	381,524	553,501	373,704
Gross deposits from customers	<u>136,574,479</u>	<u>130,334,501</u>	<u>118,570,678</u>	<u>114,162,281</u>
Fair value changes arising from designation at fair value through profit or loss *	(46,420)	(82,164)	(48,006)	(63,446)
Total net deposits from customers	<u>136,528,059</u>	<u>130,252,337</u>	<u>118,522,672</u>	<u>114,098,835</u>

* Group has issued structured deposits (Callable Range Accrual Notes) and designated them at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of its fair value and includes terms that have substantive derivative characteristic. The structured deposits are recorded at fair value.

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

A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Government and statutory bodies	2,835,336	1,765,218	2,363,248	1,074,113
Business enterprises	61,358,070	59,564,201	50,689,351	49,561,625
Individuals	69,836,221	66,661,897	63,570,546	61,673,751
Others	2,544,852	2,343,185	1,947,533	1,852,792
	<u>136,574,479</u>	<u>130,334,501</u>	<u>118,570,678</u>	<u>114,162,281</u>

A13c The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:-

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Due within six months	66,412,267	64,684,513	57,142,632	56,018,366
More than six months to one year	20,400,490	16,537,616	18,013,015	15,396,676
More than one year to five years	3,691,439	3,501,417	2,931,800	3,007,243
More than five years	780,000	500,000	730,000	450,000
	<u>91,284,196</u>	<u>85,223,546</u>	<u>78,817,447</u>	<u>74,872,285</u>

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

A14 Deposits and placements of banks and other financial institution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Licensed banks	6,406,505	5,451,089	5,297,540	5,387,384
Licensed investment banks	40,324	-	-	-
Licensed Islamic banks	164,014	901,261	-	-
Other financial institutions	603,622	758,945	-	-
	<u>7,214,465</u>	<u>7,111,295</u>	<u>5,297,540</u>	<u>5,387,384</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
- One year or less (short term)	<u>7,214,465</u>	<u>7,111,295</u>	<u>5,297,540</u>	<u>5,387,384</u>

A15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Zakat	350	200	-	-
Post employment benefits obligation - defined contribution plan	2,937	2,937	2,937	2,937
Loan advance payment	2,159,985	1,882,838	1,758,636	1,525,872
Amount due to Cagamas Berhad	-	84,160	-	84,160
Amount due to subsidiary companies	-	-	28,648	28,494
Treasury and cheque clearing	186,093	1,219,056	19,619	523,173
Treasury related payable	184,836	56,425	184,836	56,425
Sundry creditors and accruals	552,616	540,999	451,843	475,869
Provision for bonus and staff related expenses	66,346	125,016	63,113	120,544
Others	364,715	339,406	292,978	466,708
	<u>3,517,878</u>	<u>4,251,037</u>	<u>2,802,610</u>	<u>3,284,182</u>

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

A16 Senior bonds

		<u>The Group and The Bank</u>	
		<u>31/03/2015</u>	<u>30/06/2014</u>
		<u>RM'000</u>	<u>RM'000</u>
USD 300 million senior bonds, at par	(a)	916,350	916,350
USD 300 million senior bonds, at par	(b)	919,200	919,200
Foreign exchange translations		386,580	90,750
		<u>2,222,130</u>	<u>1,926,300</u>
Add: Interest payable		17,245	16,454
		<u>2,239,375</u>	<u>1,942,754</u>
Less: Unamortised discounts		(4,860)	(6,547)
		<u><u>2,234,515</u></u>	<u><u>1,936,207</u></u>

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

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

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

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

A17 Subordinated bonds

		<u>The Group</u>		<u>The Bank</u>	
		<u>31/03/2015</u>	<u>30/06/2014</u>	<u>31/03/2015</u>	<u>30/06/2014</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	Note				
RM700 million Tier 2 subordinated debt, at par	(a)	700,000	700,000	700,000	700,000
Add: Interest payable		4,651	13,115	4,651	13,115
		<u>704,651</u>	<u>713,115</u>	<u>704,651</u>	<u>713,115</u>
Less: Unamortised discounts		(23)	(207)	(23)	(207)
		<u><u>704,628</u></u>	<u><u>712,908</u></u>	<u><u>704,628</u></u>	<u><u>712,908</u></u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	1,000,000	1,000,000	1,000,000
Add: Interest payable		17,519	6,793	17,519	6,793
		<u>1,017,519</u>	<u>1,006,793</u>	<u>1,017,519</u>	<u>1,006,793</u>
Less: Unamortised discounts		(205)	(570)	(205)	(570)
		<u><u>1,017,314</u></u>	<u><u>1,006,223</u></u>	<u><u>1,017,314</u></u>	<u><u>1,006,223</u></u>

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

A17 Subordinated bonds (continued)

		<u>The Group</u>		<u>The Bank</u>	
		<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>	<u>31/03/2015</u> <u>RM'000</u>	<u>30/06/2014</u> <u>RM'000</u>
Subordinated medium term notes, at par	(c)	500,000	750,000	500,000	750,000
Add: Interest payable		5,986	1,207	5,986	1,207
		<u>505,986</u>	<u>751,207</u>	<u>505,986</u>	<u>751,207</u>
Less: Unamortised discounts		(557)	(1,138)	(557)	(1,138)
Fair value adjustments on completion of business combination accounting		(170)	210	(170)	210
		<u>505,259</u>	<u>750,279</u>	<u>505,259</u>	<u>750,279</u>
RM1.5 billion Tier 2 subordinated debt, at par	(d)	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable		18,493	1,479	18,493	1,479
		<u>1,518,493</u>	<u>1,501,479</u>	<u>1,518,493</u>	<u>1,501,479</u>
Less: Unamortised discounts		(1,156)	(1,590)	(1,156)	(1,590)
		<u>1,517,337</u>	<u>1,499,889</u>	<u>1,517,337</u>	<u>1,499,889</u>
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(e)	400,000	400,000	-	-
Add: Interest payable		5,523	736	-	-
		<u>405,523</u>	<u>400,736</u>	<u>-</u>	<u>-</u>
Less: Unamortised discounts		(483)	(658)	-	-
		<u>405,040</u>	<u>400,078</u>	<u>-</u>	<u>-</u>
RM500 million Tier 2 subordinated notes, at par	(f)	500,000	500,000	500,000	500,000
Add: Interest payable		6,510	526	6,510	526
		<u>506,510</u>	<u>500,526</u>	<u>506,510</u>	<u>500,526</u>
Less: Unamortised discounts		(1,132)	(1,550)	(1,132)	(1,550)
		<u>505,378</u>	<u>498,976</u>	<u>505,378</u>	<u>498,976</u>
		<u>4,654,956</u>	<u>4,868,353</u>	<u>4,249,916</u>	<u>4,468,275</u>

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

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

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

A17 Subordinated bonds (continued)

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

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

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

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

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

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

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

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

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

A17 Subordinated bonds (continued)

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

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

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

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

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

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

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

A18 Non-innovative Tier 1 stapled securities

	<u>The Group and The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	1,400,000
Add: Interest payable	28,474	11,041
	<u>1,428,474</u>	<u>1,411,041</u>
Less: Unamortised discounts	(284)	(789)
	<u><u>1,428,190</u></u>	<u><u>1,410,252</u></u>

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

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

A19 Innovative Tier 1 capital securities

	<u>The Group and The Bank</u>	
	<u>31/03/2015</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>
RM500 million Innovative Tier 1 capital securities at par	500,000	500,000
Add: Interest payable	2,486	12,771
	<u>502,486</u>	<u>512,771</u>
Less: Unamortised discounts	(7,664)	(8,746)
Fair value adjustments on completion of business combination accounting	27,795	37,742
	<u><u>522,617</u></u>	<u><u>541,767</u></u>

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

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

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

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

A20 Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Group</u>				
Loan, advances and financing	1,105,549	1,040,796	3,281,557	3,084,382
Money at call and deposit placements with financial institutions	44,022	101,137	214,090	349,020
Securities purchased under resale agreements	39,239	12,272	126,730	29,133
Financial assets held-for-trading	147,386	117,190	426,407	374,142
Financial investments available-for-sale	114,603	101,124	317,757	299,376
Financial investments held-to-maturity	64,735	47,916	194,390	119,909
Others	82	40	254	147
	<u>1,515,616</u>	<u>1,420,475</u>	<u>4,561,185</u>	<u>4,256,109</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>14,380</u>	<u>37,100</u>	<u>44,619</u>	<u>47,653</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Bank</u>				
Loan, advances and financing	1,095,377	1,033,842	3,254,509	3,066,213
Money at call and deposit placements with financial institutions	44,500	104,960	219,501	364,911
Securities purchased under resale agreements	39,239	12,272	126,730	29,133
Financial assets held-for-trading	149,837	121,270	433,895	388,343
Financial investments available-for-sale	108,394	91,968	298,263	272,014
Financial investments held-to-maturity	67,098	55,641	202,445	143,691
Others	77	40	244	12,870
	<u>1,504,522</u>	<u>1,419,993</u>	<u>4,535,587</u>	<u>4,277,175</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>14,380</u>	<u>37,100</u>	<u>44,619</u>	<u>47,653</u>

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

A21 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	14,792	24,719	50,274	82,827
Deposits from customers	691,145	583,779	1,978,159	1,761,077
Short term corporate placements	59,274	43,333	162,174	147,944
Senior bonds	19,189	17,627	54,775	52,875
Tier-2 subordinated bonds	48,450	46,407	153,120	145,142
Non-innovative Tier-1 stapled securities	17,574	17,685	53,579	53,915
Innovative Tier-1 capital securities	7,694	6,712	22,640	19,970
Others	219	2,480	2,435	7,463
	<u>858,337</u>	<u>742,742</u>	<u>2,477,156</u>	<u>2,271,213</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	14,545	24,894	53,560	89,029
Deposits from customers	693,974	591,753	1,988,316	1,800,548
Short term corporate placements	59,274	43,333	162,174	147,944
Senior bonds	19,189	17,627	54,775	52,875
Tier-2 subordinated bonds	48,446	50,248	153,114	156,806
Non-innovative Tier-1 stapled securities	17,574	17,685	53,579	53,915
Innovative Tier-1 capital securities	7,694	6,712	22,640	19,970
Others	219	2,480	2,435	7,463
	<u>860,915</u>	<u>754,732</u>	<u>2,490,593</u>	<u>2,328,550</u>

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

A22 Net income from Islamic Banking business

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Group				
Income derived from investment of depositors' funds and others	226,452	206,734	674,423	631,364
of which Finance income	223,281	206,265	668,815	633,160
of which other operating income	3,171	469	5,608	(1,796)
Income derived from investment of shareholders' funds	19,579	19,502	64,267	70,372
of which Finance income	19,414	15,528	58,156	47,659
of which other operating income	165	3,974	6,111	22,713
Income attributable to depositors	(146,985)	(117,327)	(423,727)	(371,586)
	99,046	108,909	314,963	330,150

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

A23 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Group				
(a) Fee income:				
Commissions	39,860	35,988	118,286	106,438
Service charges and fees	11,498	11,170	36,935	38,117
Guarantee fees	5,556	4,167	15,099	19,122
Credit card related fees	59,405	30,765	179,972	182,385
Corporate advisory fees	275	352	2,230	361
Commitment fees	8,309	9,038	26,429	27,558
Fee on loans, advances and financing	14,077	16,260	44,111	52,771
Other fee income	7,088	6,454	33,697	27,646
	<u>146,068</u>	<u>114,194</u>	<u>456,759</u>	<u>454,398</u>
(b) Gain arising from sale of financial assets:				
Net gain from sale of financial assets held-for-trading	12,125	3,036	24,590	10,680
Net gain/(loss) from sale of derivative financial instruments	6,424	15,760	(14,955)	34,334
Net gain from sale of financial investments available-for-sale	48,944	8,409	88,830	46,725
Net gain from redemption of financial investments held-to-maturity	59	549	330	613
	<u>67,552</u>	<u>27,754</u>	<u>98,795</u>	<u>92,352</u>
(c) Gross dividend income from:				
Financial investments available-for-sale	32,882	18,707	84,893	48,334

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

A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
(d) <u>Net unrealised (loss)/gain on revaluation of:</u>				
- Financial assets held-for-trading	5,634	2,506	3,219	1,349
- Derivatives financial instruments	(50,070)	(18,575)	(32,455)	530
	<u>(44,436)</u>	<u>(16,069)</u>	<u>(29,236)</u>	<u>1,879</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(480)</u>	<u>(2,098)</u>	<u>(2,924)</u>	<u>(6,677)</u>
(f) <u>Other income:</u>				
Foreign exchange gain	18,842	13,555	(4,784)	112,247
Rental income	1,359	1,412	4,082	4,035
Gain on disposal of property and equipment (net)	4,507	336	6,091	504
Other non-operating income	5,488	3,832	13,445	10,524
	<u>30,196</u>	<u>19,135</u>	<u>18,834</u>	<u>127,310</u>
Total other operating income	<u>231,782</u>	<u>161,623</u>	<u>627,121</u>	<u>717,596</u>

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

A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	39,572	35,776	117,546	106,014
Service charges and fees	11,411	11,121	36,673	37,997
Guarantee fees	5,522	4,152	15,015	19,061
Credit card related fees	59,405	30,765	179,972	182,385
Corporate advisory fees	275	352	2,230	361
Commitment fees	8,271	9,030	26,355	27,545
Fee on loans, advances and financing	13,644	16,085	43,087	52,331
Other fee income	7,030	6,424	33,569	27,551
	<u>145,130</u>	<u>113,705</u>	<u>454,447</u>	<u>453,245</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading	12,125	3,036	24,590	10,680
Net gain/(loss) from sale of derivative financial instruments	6,424	15,760	(14,955)	34,334
Net gain from sale of financial investments available-for-sale	47,567	4,181	80,189	32,067
Net gain from redemption of financial investments held-to-maturity	59	549	330	613
	<u>66,175</u>	<u>23,526</u>	<u>90,154</u>	<u>77,694</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	40,040	-	110,093	56,700
Associated company	-	-	91,669	76,859
Financial investments available-for-sale	32,882	18,707	84,893	48,334
	<u>72,922</u>	<u>18,707</u>	<u>286,655</u>	<u>181,893</u>

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

A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
(d) <u>Net unrealised (loss)/gain on revaluation of:</u>				
- Financial assets held-for-trading	5,634	2,506	3,219	1,349
- Derivatives financial instruments	(50,070)	(18,575)	(32,455)	530
	<u>(44,436)</u>	<u>(16,069)</u>	<u>(29,236)</u>	<u>1,879</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(526)</u>	<u>(1,656)</u>	<u>(2,541)</u>	<u>(5,075)</u>
(f) <u>Other income:</u>				
Foreign exchange gain	19,063	13,665	(4,121)	112,368
Rental income	1,359	1,412	4,082	4,035
Gain on disposal of property and equipment (net)	4,507	336	6,091	504
Other non-operating income	5,466	16,600	13,420	23,892
	<u>30,395</u>	<u>32,013</u>	<u>19,472</u>	<u>140,799</u>
Total other operating income	<u>269,660</u>	<u>170,226</u>	<u>818,951</u>	<u>850,435</u>

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

A24 Other operating expenses

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	250,083	218,047	695,348	660,426
- Medical expenses	7,401	6,238	19,771	16,524
- Training and convention expenses	(6,509)	7,537	8,506	17,464
- Staff welfare	2,248	3,846	6,981	10,102
- Others	7,325	4,105	19,501	15,567
	<u>260,548</u>	<u>239,773</u>	<u>750,107</u>	<u>720,083</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment *	18,285	27,878	52,532	82,011
- Amortisation of intangible assets *	17,216	24,966	51,806	71,863
- Rental	19,889	17,975	58,626	54,804
- Information technology expenses	26,261	27,239	82,684	79,765
- Security services	7,032	7,100	19,972	23,893
- Electricity, water and sewerage	6,023	6,053	18,072	17,484
- Hire of plant and machinery	3,580	3,427	10,346	10,440
- Others	6,049	7,055	17,288	21,554
	<u>104,335</u>	<u>121,693</u>	<u>311,326</u>	<u>361,814</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	10,778	9,627	22,034	18,959
- Credit card related fees	29,116	28,773	87,022	71,340
- Others	4,165	5,494	11,091	13,121
	<u>44,059</u>	<u>43,894</u>	<u>120,147</u>	<u>103,420</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,885	3,316	10,772	9,197
- Stationery & printing	4,562	4,588	13,686	11,993
- Professional fees	9,425	17,613	49,789	56,363
- Insurance fees	9,685	6,200	27,773	20,294
- Stamp, postage and courier	5,215	5,832	15,683	14,968
- Travelling and transport expenses	1,530	1,502	4,713	4,741
- Registration and license fees	2,111	1,209	4,493	3,768
- Brokerage and commission	1,473	1,470	5,189	4,447
- Others	3,546	(36,567)	29,199	14,000
	<u>41,432</u>	<u>5,163</u>	<u>161,297</u>	<u>139,771</u>
	<u>450,374</u>	<u>410,523</u>	<u>1,342,877</u>	<u>1,325,088</u>

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

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

A24 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	206,376	184,028	580,021	557,547
- Medical expenses	6,223	5,275	16,661	13,933
- Training and convention expenses	(5,964)	6,894	7,686	15,956
- Staff welfare	1,947	3,397	5,930	8,886
- Others	6,262	3,445	16,400	13,046
	<u>214,844</u>	<u>203,039</u>	<u>626,698</u>	<u>609,368</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment *	17,177	26,573	49,642	78,121
- Amortisation of intangible assets *	16,956	23,706	49,682	68,480
- Rental	16,299	14,849	48,362	45,379
- Information technology expenses	23,579	24,987	75,269	73,251
- Security services	5,671	5,685	16,137	19,226
- Electricity, water and sewerage	5,219	5,312	15,622	15,321
- Hire of plant and machinery	3,341	3,193	9,508	9,663
- Others	2,453	2,117	6,549	6,547
	<u>90,695</u>	<u>106,422</u>	<u>270,771</u>	<u>315,988</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	9,605	8,826	19,171	17,016
- Credit card related fees	29,116	28,773	87,022	71,340
- Others	3,573	5,029	9,692	11,846
	<u>42,294</u>	<u>42,628</u>	<u>115,885</u>	<u>100,202</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,806	3,241	10,521	8,961
- Stationery & printing	4,346	4,443	13,136	11,637
- Professional fees	8,955	16,930	48,005	54,857
- Insurance fees	8,016	5,311	23,772	17,673
- Stamp, postage and courier	5,159	5,763	15,540	14,773
- Travelling and transport expenses	1,228	1,251	3,746	3,817
- Registration and license fees	1,968	1,117	4,109	3,425
- Brokerage and commission	1,166	1,231	4,128	3,859
- Others	4,830	(35,657)	31,981	17,391
	<u>39,474</u>	<u>3,630</u>	<u>154,938</u>	<u>136,393</u>
	<u>387,307</u>	<u>355,719</u>	<u>1,168,292</u>	<u>1,161,951</u>

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

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

A25 Allowance for impairment losses on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	38,445	61,977	153,918	187,860
- individual assessment allowance	2,420	20,574	(64,351)	16,348
Impaired loans and financing:				
- written off	12,184	4,841	40,273	16,687
- recovered from bad debt written off	(59,721)	(62,231)	(205,335)	(193,132)
	<u>(6,672)</u>	<u>25,161</u>	<u>(75,495)</u>	<u>27,763</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	26,395	59,675	138,774	181,681
- individual assessment allowance	(307)	20,420	(56,383)	14,171
Impaired loans and financing:				
- written off	4,563	4,095	31,520	14,815
- recovered from bad debt written off	(52,657)	(56,418)	(185,804)	(175,844)
	<u>(22,006)</u>	<u>27,772</u>	<u>(71,893)</u>	<u>34,823</u>

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

A26 Capital adequacy

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

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

Basel III

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

	The Group		The Bank	
	Financial Period Ended 31/03/2015	Financial Year Ended 30/06/2014	Financial Period Ended 31/03/2015	Financial Year Ended 30/06/2014
Before deducting proposed dividends				
CET I capital ratio	9.904%	10.903%	9.136%	10.172%
Tier I capital ratio	11.057%	12.306%	10.451%	11.777%
Total capital ratio	13.638%	15.072%	13.294%	14.657%
After deducting proposed dividends				
CET I capital ratio	9.904%	10.480%	9.136%	9.689%
Tier I capital ratio	11.057%	11.883%	10.451%	11.294%
Total capital ratio	13.638%	14.649%	13.294%	14.173%

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

A26 Capital adequacy (continued)

Basel III

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

	The Group		The Bank	
	Financial Period Ended 31/03/2015 RM'000	Financial Year Ended 30/06/2014 RM'000	Financial Period Ended 31/03/2015 RM'000	Financial Year Ended 30/06/2014 RM'000
CET I capital				
Paid-up share capital	1,879,909	1,879,909	1,879,909	1,879,909
Share premium	2,871,624	2,832,383	2,871,624	2,832,383
Retained profits	6,771,400	7,189,104	5,033,031	5,375,070
Other reserves	3,637,247	3,171,817	3,105,254	2,773,797
Less: Treasury shares	(613,798)	(645,579)	(613,798)	(645,579)
Less: Other Intangible Assets	(330,078)	(347,791)	(315,474)	(335,319)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less : Investment in subsidiary companies/ associated company/joint venture	(959,394)	(430,676)	(952,168)	(475,075)
Total CET I capital	11,425,598	11,817,855	9,236,831	9,633,639
Additional Tier I capital				
Non-innovative Tier I stapled securities	980,000	1,120,000	980,000	1,120,000
Innovative Tier I capital securities	350,000	400,000	350,000	400,000
Total additional Tier I capital	1,330,000	1,520,000	1,330,000	1,520,000
Total Tier I capital	12,755,598	13,337,855	10,566,831	11,153,639
Tier II capital				
Collective assessment allowance [^] and regulatory reserves #	864,586	732,980	749,930	639,439
Subordinated bonds	3,552,000	3,988,000	3,552,000	3,988,000
Tier II capital before regulatory adjustments	4,416,586	4,720,980	4,301,930	4,627,439
Less: Regulatory adjustments				
Investment in subsidiary companies	-	-	(814,311)	(1,081,727)
Investment in associated company	(1,378,109)	(1,650,640)	(567,914)	(757,204)
Investment in joint venture	(60,981)	(72,064)	(46,027)	(61,369)
Total Tier II capital	2,977,496	2,998,276	2,873,678	2,727,139
Total capital	15,733,094	16,336,131	13,440,509	13,880,778

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

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM232,088,000 (2014: Nil) and RM203,146,000 (2014: Nil) respectively.

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

A26 Capital adequacy (continued)

Basel III

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

	The Group		The Bank	
	Financial Period Ended 31/03/2015 RM'000	Financial Year Ended 30/06/2014 RM'000	Financial Period Ended 31/03/2015 RM'000	Financial Year Ended 30/06/2014 RM'000
Credit risk	104,841,762	96,729,672	91,358,969	84,227,557
Market risk	2,947,864	4,126,372	3,162,743	3,912,418
Operational risk	7,574,785	7,532,731	6,583,537	6,563,115
Total RWA	115,364,411	108,388,775	101,105,249	94,703,090

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

Hong Leong Islamic Bank Berhad

	Financial Period Ended 31/03/2015	Financial Year Ended 30/06/2014
Before deducting proposed dividends		
CET I capital ratio	11.275%	11.829%
Tier I capital ratio	11.275%	11.829%
Total capital ratio	<u>15.027%</u>	<u>15.587%</u>
After deducting proposed dividends		
CET I capital ratio	11.275%	11.392%
Tier I capital ratio	11.275%	11.392%
Total capital ratio	<u>15.027%</u>	<u>15.150%</u>

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

A27 Group segmental reporting on revenue, profit and assets

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

The various business segments are described below:

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

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

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

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

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

Certain comparative figures have been reclassified to conform with current year's presentation.

Financial quarter ended 31/03/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	634,657	106,722	316,177	49,835	(119,284)	988,107
Inter-segment revenue	(44,676)	107,435	(194,217)	-	131,458	-
Segment revenue	<u>589,981</u>	<u>214,157</u>	<u>121,960</u>	<u>49,835</u>	<u>12,174</u>	<u>988,107</u>
Segment profit before taxation	269,812	175,771	97,893	(3,903)	11,840	551,413
Share of profit after tax of equity accounted associated company				105,989		105,989
Share of profit after tax of equity accounted joint venture				5,291		5,291
Profit before taxation						<u>662,693</u>
Taxation						(143,527)
Profit after taxation						<u><u>519,166</u></u>

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

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

Financial period ended 31/03/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	1,917,143	369,147	951,411	145,276	(356,864)	3,026,113
Inter-segment revenue	(111,232)	311,195	(596,304)	-	396,341	-
Segment revenue	<u>1,805,911</u>	<u>680,342</u>	<u>355,107</u>	<u>145,276</u>	<u>39,477</u>	<u>3,026,113</u>
Segment profit before taxation	829,897	636,960	283,804	4,851	16,780	1,772,292
Share of profit after tax of equity accounted associated company				289,806		289,806
Share of profit after tax of equity accounted joint venture				11,555		11,555
Profit before taxation						<u>2,073,653</u>
Taxation						(455,317)
Profit after taxation						<u>1,618,336</u>
Segment assets	75,594,169	30,486,352	54,732,665	9,970,391	-	170,783,577
Unallocated assets						9,036,634
Total assets						<u>179,820,211</u>

Corresponding quarter ended 31/03/2014

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	585,348	134,877	272,744	46,511	(91,215)	948,265
Inter-segment revenue	1,741	108,662	(186,989)	-	76,586	-
Segment revenue	<u>587,089</u>	<u>243,539</u>	<u>85,755</u>	<u>46,511</u>	<u>(14,629)</u>	<u>948,265</u>
Segment profit before taxation	299,275	214,090	53,886	1,156	(36,137)	532,270
Share of profit after tax of equity accounted associated company				103,985		103,985
Share of profit after tax of equity accounted joint venture				3,267		3,267
Profit before taxation						<u>639,522</u>
Taxation						(139,473)
Profit after taxation						<u>500,049</u>

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

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

Corresponding financial period ended 31/03/2014

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Others and Inter-Segment Elimination RM'000	Total RM'000
<u>By business segment</u>						
External revenue	1,779,146	409,766	964,832	139,151	(260,253)	3,032,642
Inter-segment revenue	44,635	333,687	(616,046)	-	237,724	-
Segment revenue	<u>1,823,781</u>	<u>743,453</u>	<u>348,786</u>	<u>139,151</u>	<u>(22,529)</u>	<u>3,032,642</u>
Segment profit before taxation	854,473	628,313	273,753	28,024	(65,701)	1,718,862
Share of profit after tax of equity accounted associated company				276,236		276,236
Share of profit after tax of equity accounted joint venture				7,169		7,169
Profit before taxation						<u>2,002,267</u>
Taxation						(437,444)
Profit after taxation						<u>1,564,823</u>
Segment assets	68,494,713	28,906,899	51,884,275	8,521,442	-	157,807,329
Unallocated assets						8,210,801
Total assets						<u>166,018,130</u>

A28 Property and equipment

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

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

There are no materials events subsequent to the end of the financial period ended 31 March 2015 except for the following:-

- (a) On 7 April 2015, the Bank announced the grant of options to purchase up to an aggregate of 37,550,000 ordinary shares of RM1.00 each in the Bank ("HLB share") at an exercise price of RM14.24 per HLB share to the eligible executives and/or Director of the Bank and its subsidiary on 2 April 2015 pursuant to the Bank's Executive Share Scheme. The options granted are subject to the achievement of certain performance criteria by the option holders over a performance period concluding at the end of the financial year ending 30 June 2018. The achievement of the performance targets and the number of shares (if any) to be vested shall be determined at the end of FY 2018.

A29(b) Changes in the composition of the Group

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

- (a) On 26 November 2014, the Bank announced that it had placed Promitol Sdn Bhd ("Promitol"), a wholly-owned subsidiary of the Bank, under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. HLB also announced that WTB Corporation Sdn Bhd ("WTB"), a wholly-owned subsidiary of HLF Credit (Perak) Bhd, which in turn is a wholly-owned subsidiary of HLB, had placed Wah Tat Nominees (Asing) Sdn Bhd ("Wah Tat Nominees (Asing)"), a wholly-owned subsidiary of WTB, under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. Both Promitol and Wah Tat Nominees (Asing) are dormant.
- (b) On 29 April 2015, the Bank announced that the liquidator of Promitol had convened the final meeting for Promitol to conclude the member's voluntary winding-up of Promitol. The Return by Liquidator Relating to Final Meeting of Promitol was lodged on 29 April 2015 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, Promitol will be dissolved.

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

A30 Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

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

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2015	30/06/2014	31/03/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Principal Amount				
Direct credit substitutes	211,271	356,167	210,298	355,108
Certain transaction related contingent items	1,667,949	1,706,130	1,572,623	1,609,051
Short term self liquidating trade related contingencies	848,839	765,904	834,662	737,856
Forward asset purchases	-	37,432	-	37,432
Irrevocable commitments to extend credit:				
- maturity more than one year	18,336,713	17,251,829	15,265,876	14,568,131
- maturity less than one year	17,478,623	15,821,707	15,997,181	14,681,470
Foreign exchange related contracts:				
- less than one year	38,091,224	41,760,495	37,508,539	40,980,702
- one year to less than five years	4,503,638	4,369,268	4,501,486	4,369,456
- five years and above	764,913	598,871	764,913	598,871
Interest rate related contracts:				
- less than one year	20,464,256	45,035,485	20,364,256	44,935,485
- one year to less than five years	43,155,175	49,018,223	39,850,175	47,758,223
- five years and above	3,895,124	8,501,058	6,795,124	8,451,058
Equity related contracts:				
- less than one year	310,746	207,936	310,746	207,936
- one year to less than five years	50,000	94,310	50,000	94,310
Unutilised credit card lines	7,338,249	7,610,596	7,338,249	7,610,596
Total	157,116,720	193,135,411	151,364,128	186,995,685

A31 Related party transactions

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

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

A32 Fair value of financial instruments

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

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

(a) Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

A32 Fair value of financial instruments (continued)

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

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

	The Group			
	31 March 2015			
	Fair value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	9,733,058	-	9,733,058
- Quoted Securities	102,538	-	-	102,538
- Unquoted Securities	-	320,849	-	320,849
Financial investments available-for-sale				
- Money market instrument	-	4,546,585	-	4,546,585
- Quoted Securities	9,236,612	-	-	9,236,612
- Unquoted Securities	-	5,187,472	367,854	5,555,326
Derivative financial instruments	941	1,652,673	75,674	1,729,288
	<u>9,340,091</u>	<u>21,440,637</u>	<u>443,528</u>	<u>31,224,256</u>
<u>Financial Liability</u>				
Derivative financial instruments	3,392	1,308,091	70,477	1,381,960

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

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

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

A32 Fair value of financial instruments (continued)

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

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

	The Bank			
	31 March 2015			
	Fair value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	7,728,781	-	7,728,781
- Quoted Securities	102,538	-	-	102,538
- Unquoted Securities	-	320,849	-	320,849
Financial investments available-for-sale				
- Money market instrument	-	2,611,854	-	2,611,854
- Quoted Securities	9,143,453	-	-	9,143,453
- Unquoted Securities	-	4,426,866	367,807	4,794,673
Derivative financial instruments	941	1,650,891	64,587	1,716,419
	<u>9,246,932</u>	<u>16,739,241</u>	<u>432,394</u>	<u>26,418,567</u>
<u>Financial Liability</u>				
Derivative financial instruments	3,392	1,311,310	59,390	1,374,092

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

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

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

A32 Fair value of financial instruments (continued)

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

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

	Financial investments available-for-sale	
	The Group RM'000	The Bank RM'000
At 1 July	367,316	367,269
Net fair value changes recognised in other comprehensive income	<u>538</u>	<u>538</u>
At 31 March	<u><u>367,854</u></u>	<u><u>367,807</u></u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2015	<u><u>538</u></u>	<u><u>538</u></u>
	Financial investments available-for-sale	
	The Group RM'000	The Bank RM'000
At 1 July	329,963	329,897
Net fair value changes recognised in other comprehensive income	<u>37,353</u>	<u>37,372</u>
At 30 June	<u><u>367,316</u></u>	<u><u>367,269</u></u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2014	<u><u>37,353</u></u>	<u><u>37,372</u></u>

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

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

B1 Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a pre-tax profit of RM662.7 million for the current financial quarter ended 31 March 2015, an increase of RM23.2 million or 3.6% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM39.8 million, higher write back on allowance for impairment losses on loans, advances and financing of RM31.8 million coupled with higher share of profit from Bank of Chengdu and joint venture totaling RM4.0 million. This was however offset by higher operating expenses of RM39.9 million and lower write back of impairment losses from securities of RM12.7 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM269.8 million for the 3rd quarter ended March 2015 as compared to previous corresponding quarter of RM299.3 million. The decrease in pre-tax profit was mainly due to lower total income and higher operating expenses, mitigated by lower allowance for impairment losses on loans, advances and financing.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM175.8 million for the 3rd quarter ended March 2015 as compared to previous corresponding quarter of RM214.1 million. Lower pre-tax profit was mainly due to lower total income and higher operating expenses.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM97.9 million for the 3rd quarter ended March 2015 as compared to previous corresponding quarter of RM53.9 million. The increase in pre-tax profit was due to higher total income and lower operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM107.4 million for the 3rd quarter ended March 2015 as compared to previous corresponding quarter of RM108.4 million.

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

The Group pre-tax profit for the financial period ended 31 March 2015 stood at RM2,073.7 million, an increase of RM71.4 million or 3.6% as compared to RM2,002.3 million in the previous corresponding period. The increase was due to higher write back of allowance for impairment losses on loans, advances and financing of RM103.2 million and higher share of profit from Bank of Chengdu and joint venture totaling RM18.0 million. This is however mitigated by lower net income by RM6.5 million, higher operating expenses of RM17.8 million, and lower write back of impairment losses from securities of RM25.5 million.

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

B1 Review of performance (continued)

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

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM829.9 million for the financial period ended March 2015 as compared to previous corresponding period of RM854.5 million. The decrease in pre-tax profit was mainly driven by lower total income and higher operating expenses, mitigated by lower allowance for impairment losses on loans, advances and financing.

Personal Financial Services's loan base grew from RM67.9 billion in March 2014 to RM75.2 billion in March 2015. Deposit base registered a growth from RM67.8 billion to RM73.0 billion.

Business and Corporate Banking

The Group Business and Corporate Banking's segment recorded a pre-tax profit of RM637.0 million for the financial period ended March 2015 as compared to corresponding period of RM628.3 million. Higher pre-tax profit was contributed by higher impairment writeback and recoveries on loans, advances and financing, offset by lower net interest income on loan and higher operating expenses.

Business and Corporate Banking's loan base grew from RM28.8 billion in March 2014 to RM30.4 billion in March 2015. Deposit base registered a marginal growth from RM34.4 billion to RM35.3 billion.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM283.8 million for the financial period ended March 2015 as compared to corresponding period of RM273.8 million. The increase in pre-tax profit was mainly contributed by higher interest income and lower operating expenses.

Treasury earning assets registered a decrease from RM50.6 billion in March 2014 to RM45.9 billion in March 2015.

International Banking

The International Banking's segment recorded a pre-tax profit of RM306.2 million for the financial period ended March 2015 as compared to previous corresponding period of RM311.4 million.

B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM662.7 million as compared to RM707.0 million in the preceding quarter, a decrease of RM44.3 million arising from lower net income of RM35.3 million and lower write back on allowance for impairment losses on loans, advances and financing of RM47.3 million. This is however netted off by lower operating expenses of RM13.0 million, higher write back of impairment losses from securities of RM5.3 million and higher share of profit from Bank of Chengdu and joint venture of RM20.0 million.

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

B3 Current year prospects

Moving into 2015, global economy is expected to remain on moderate pace of growth. While the US is expected to post steady recovery, growth uncertainties from the Eurozone, Japan, and China are expected to cloud the global landscape.

The 2015 outlook for Malaysian economy is challenging, as a result of both domestic and external headwinds brought about by lower oil prices and uncertain global demand, as well as flow-through impact from GST implementation and subsidies rationalisation on consumer spending and business sentiment. Nonetheless, Malaysian economy growth is expected to remain healthy albeit at a moderate rate of 4.5%-5.5% (2014: 6.0%) on the back of resilient domestic demand.

The Malaysian banking sector is also expected to moderate in 2015, in line with the economy as well as continued impact from Bank Negara Malaysia's prudential measures to rein excessive household debt on consumer lending. In addition, intensifying competition for market share and liquidity in an increasingly regulated business environment will continue to put pressure on banks' margins.

Despite the headwinds, the Group continues to focus on accelerating business performance to achieve financial sustainability. It remains a strategic imperative for the Group to continue focusing on building a high performance business and strengthening the foundations for sustainable profitability through a full Universal Banking Model in the domestic market while at the same time deepening our niche market offerings in regional businesses.

The Group is committed to accelerating fee-based activities with key focus on strengthening our Wealth Management offerings to individual customers and serving our Corporate and SME customers' treasury product needs.

Earning customer advocacy remains an important agenda for the Group as we continue to embed service excellence by enhancing customer experience. The Group continues to focus on digitisation efforts, enhancing multi-channel integration, improving analytics for deeper customer engagement, and aiming to reinforce the connections between the branches and their respective communities.

For regional business growth, we will strengthen our core businesses by focusing on appropriate customer segments and scalable business propositions which would create substantive business value. M&A are opportunistic in nature and we would continue to explore them as opportunities arise.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/3/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
The Group				
Malaysian income tax	145,739	141,685	461,954	444,079
Transfer to deferred taxation	(2,212)	(2,212)	(6,637)	(6,635)
	<u>143,527</u>	<u>139,473</u>	<u>455,317</u>	<u>437,444</u>

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

B5 Taxation (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/3/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax	143,175	122,600	458,288	426,148
Transfer to deferred taxation	(2,212)	(2,212)	(6,637)	(6,635)
	<u>140,963</u>	<u>120,388</u>	<u>451,651</u>	<u>419,513</u>

B6 Profit on sale of unquoted investments/properties

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

B7 Purchase and disposal of quoted securities

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

B8 Status of corporate proposals

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

- (a) On 6 April 2015, the Bank announced that it had entered into a sale and purchase agreement with Hong Leong Assurance Berhad (“HLA”) in respect of the proposed disposal by the Bank of a parcel of land (the “Land”) together with a commercial office building known as Menara Raja Laut erected on the Land to HLA for a cash consideration of RM220,000,000 (“Proposed Disposal”). The Proposed Disposal is subject to the approval of the shareholders of Hong Leong Financial Group Berhad, HLA’s holding company.

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

B9 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2015:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	29,779,733	998,311	(434,877)
(ii) 1 year to 3 years	85,005	877	(2,520)
Swaps			
(i) Less than 1 year	5,516,842	100,679	(118,599)
(ii) 1 year to 3 years	2,072,883	150,096	(125,983)
(iii) More than 3 years	3,110,663	125,619	(248,944)
Options			
(i) Less than 1 year	2,794,649	37,744	(33,685)
Interest rate related contracts			
Futures			
(i) Less than 1 year	7,428,163	1,076	(3,427)
(ii) 1 year to 3 years	47,758	-	(162)
Swaps			
(i) Less than 1 year	13,036,093	23,292	(26,211)
(ii) 1 year to 3 years	27,499,291	68,739	(67,870)
(iii) More than 3 years	19,503,250	220,831	(317,658)
Equity related contracts			
(i) Less than 1 year	310,746	2,024	(2,024)
(ii) 1 year to 3 years	50,000	-	-
Total	111,235,076	1,729,288	(1,381,960)

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

B9 Off-balance sheet financial instruments (continued)

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

The Group

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

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

B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2015:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	29,325,180	995,221	(431,320)
(ii) 1 year to 3 years	82,853	878	(2,579)
Swaps			
(i) Less than 1 year	5,388,710	100,592	(118,581)
(ii) 1 year to 3 years	2,072,883	150,096	(125,983)
(iii) More than 3 years	3,110,663	125,619	(248,944)
Options			
(i) Less than 1 year	2,794,649	37,744	(33,685)
Interest rate related contracts			
Futures			
(i) Less than 1 year	7,428,163	1,076	(3,427)
(ii) 1 year to 3 years	47,758	-	(162)
Swaps			
(i) Less than 1 year	12,936,093	23,208	(26,211)
(ii) 1 year to 3 years	25,899,291	69,036	(66,679)
(iii) More than 3 years	20,698,250	210,925	(314,497)
Equity related contracts			
(i) Less than 1 year	310,746	2,024	(2,024)
(ii) 1 year to 3 years	50,000	-	-
Total	110,145,239	1,716,419	(1,374,092)

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

B9 Off-balance sheet financial instruments (continued)

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

The Bank

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

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

B9 Off-balance sheet financial instruments (continued)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM71,962,025 (FYE June 2014: RM2,836,683,390) and RM64,148,185,973 (FYE June 2014: RM75,231,277,308) respectively.

Derivatives

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

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM1,787,029,380 (FYE June 2014: RM796,624,194). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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

B9 Off-balance sheet financial instruments (continued)

Credit risk (continued)

Derivatives (continued)

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

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

Liquidity risk

Derivatives

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

Related accounting policies

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

Fair value hedge

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

Cash flow hedge

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

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

B10 Material litigation

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

B11 Dividend

No interim dividend has been proposed for the current quarter.

For financial period ended 31 March 2015, a total single tier dividend of 15.0 sen per share has been paid (2013/2014 : single tier dividend of 15.0 sen per share).

B12 Realised and Unrealised Profits

	The Group	
	Financial Period Ended 31/03/2015	Financial Year Ended 30/06/2014
	RM'000	RM'000
Total retained profits of Hong Leong Bank Berhad and it's subsidiaries		
- Realised	4,291,743	5,327,227
- Unrealised	1,709,188	637,892
	6,000,931	5,965,119
Total share of retained profits from associated company		
- Realised	1,593,290	1,303,484
Total share of retained profits from joint venture		
- Realised	24,924	13,369
	7,619,145	7,281,972
Less: Consolidation Adjustment	(132,789)	(92,868)
Total Group's Retained Profit	7,486,356	7,189,104

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

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

B13 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit after taxation and minority interest by the weighted average number of ordinary shares (excluding treasury shares) in issue during the period.

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/3/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	519,166	500,049	1,618,336	1,564,823
Weighted average number of ordinary shares in issue ('000)	1,879,909	1,879,909	1,879,909	1,879,909
Less: Treasury shares held	(113,554)	(119,134)	(113,554)	(119,134)
	<u>1,766,355</u>	<u>1,760,775</u>	<u>1,766,355</u>	<u>1,760,775</u>
Basic earnings per share (sen)	29.4	28.4	91.6	88.9
<u>The Bank</u>				
Net profit attributable to shareholders of the company	414,011	351,297	1,329,456	1,221,844
Weighted average number of ordinary shares in issue ('000)	1,879,909	1,879,909	1,879,909	1,879,909
Less: Treasury shares held	(113,554)	(119,134)	(113,554)	(119,134)
	<u>1,766,355</u>	<u>1,760,775</u>	<u>1,766,355</u>	<u>1,760,775</u>
Basic earnings per share (sen)	23.4	20.0	75.3	69.4

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

B13 Earnings per share (continued)

(b) Fully diluted earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/3/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	519,166	500,049	1,618,336	1,564,823
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,766,355	1,760,775	1,766,355	1,760,775
- adjustment for ESOS	-	680	-	680
	<u>1,766,355</u>	<u>1,761,455</u>	<u>1,766,355</u>	<u>1,761,455</u>
Fully diluted earnings per share (sen)	29.4	28.4	91.6	88.8
<u>The Bank</u>				
Net profit attributable to shareholders of the company	414,011	351,297	1,329,456	1,221,844
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,766,355	1,760,775	1,766,355	1,760,775
- adjustment for ESOS	-	680	-	680
	<u>1,766,355</u>	<u>1,761,455</u>	<u>1,766,355</u>	<u>1,761,455</u>
Fully diluted earnings per share (sen)	23.4	19.9	75.3	69.4