

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
THE GROUP		
<u>Assets</u>		
Cash and short term funds	9,181,148	17,084,360
Deposits and placements with banks and other financial institutions	5,047,420	4,494,097
Securities purchased under resale agreements	8,154,330	2,997,197
Financial assets held-for-trading	12,265,260	13,256,502
Financial investments available-for-sale	28,763,234	27,106,786
Financial investments held-to-maturity	10,355,367	9,851,132
Derivative financial instruments	1,780,577	712,983
Loans, advances and financing	110,373,736	103,665,448
Clients' and brokers' balances	415,659	430,804
Other receivables	1,784,289	695,280
Statutory deposits with Central Banks	3,329,932	3,181,392
Tax recoverable	9,101	11,349
Investment in associates	3,078,463	2,796,943
Investment in joint ventures	103,199	90,912
Property and equipment	1,124,746	1,030,256
Goodwill	2,410,644	2,410,644
Intangible assets	346,067	360,921
Total Assets	198,523,172	190,177,006
<u>Liabilities</u>		
Deposits from customers	137,320,013	130,632,286
Deposits and placements of banks and other financial institutions	9,115,162	9,166,255
Obligations on securities sold under repurchase agreements	5,069,159	4,295,975
Bills and acceptances payable	1,432,151	358,732
Derivatives financial instruments	1,490,366	821,340
Clients' and brokers' balances	265,456	337,686
Payables and other liabilities	5,376,832	6,269,319
Provision for claims	88,778	67,088
Provision for taxation	161,064	38,583
Deferred tax liabilities	223,130	210,017
Borrowings	3,105,855	5,307,604
Subordinated obligations	5,191,610	5,359,614
Non-innovative Tier 1 stapled securities	1,428,190	1,410,252
Innovative Tier 1 capital securities	522,617	541,767
Insurance funds	9,260,232	8,355,757
Total Liabilities	180,050,615	173,172,275
<u>Equity</u>		
Share capital	1,052,768	1,052,768
Capital reserves	3,391,385	2,712,327
Retained profits	7,931,931	7,447,552
Fair value reserve	178,378	287,257
Treasury shares for ESOS	(25,182)	(25,422)
Total shareholders' equity	12,529,280	11,474,482
Non-controlling interests	5,943,277	5,530,249
Total Equity	18,472,557	17,004,731
Total Liabilities and Equity	198,523,172	190,177,006
Commitment and Contingencies	166,746,709	200,529,510
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)	11.96	10.95

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 FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 31-03-2015	quarter ended 31-03-2014	to date 31-03-2015	to date 31-03-2014
THE GROUP	RM '000	RM '000	RM '000	RM '000
Interest income	1,552,189	1,449,575	4,672,305	4,340,334
Interest expense	(895,165)	(817,730)	(2,620,520)	(2,497,854)
Net interest income	657,024	631,845	2,051,785	1,842,480
Net income from Islamic banking business	99,046	108,909	314,963	330,150
Non-interest income	289,888	312,726	905,270	1,230,043
Net income	1,045,958	1,053,480	3,272,018	3,402,673
Overhead expenses	(491,040)	(445,999)	(1,467,866)	(1,446,187)
Operating profit before allowances	554,918	607,481	1,804,152	1,956,486
Writeback of/(allowance for) impairment losses on loans, advances and financing and other losses	6,435	(25,032)	75,154	(27,830)
Writeback of impairment losses	5,784	19,689	12,337	38,895
	567,137	602,138	1,891,643	1,967,551
Share of results of associates	127,647	123,595	340,815	320,045
Share of results of joint ventures	4,932	2,126	10,373	6,016
Profit before taxation	699,716	727,859	2,242,831	2,293,612
Taxation	(150,566)	(117,977)	(472,117)	(435,974)
Net profit for the financial period	549,150	609,882	1,770,714	1,857,638
Attributable to:				
Owners of the parent	363,499	414,680	1,179,493	1,256,622
Non-controlling interests	185,651	195,202	591,221	601,016
Net profit for the financial period	549,150	609,882	1,770,714	1,857,638
Earnings per share - basic (sen)	34.7	39.8	112.6	120.5
Earnings per share - fully diluted (sen)	34.7	39.7	112.5	120.2

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 FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
THE GROUP				
Net profit for the financial period	549,150	609,882	1,770,714	1,857,638
Other comprehensive income/(loss):				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Share of other comprehensive (loss)/ income of associated companies	(170)	-	7,580	(22)
Net fair value changes in financial investments available-for-sale	59,740	(104,456)	(149,281)	(68,869)
Net fair value changes in cash flow hedge	(1,405)	-	(786)	-
Currency translation differences	45,077	(3,431)	110,911	29,363
Income tax relating to components of other comprehensive income/(loss)	(14,584)	26,112	37,517	17,217
Total comprehensive income for the financial period, net of tax	<u>637,808</u>	<u>528,107</u>	<u>1,776,655</u>	<u>1,835,327</u>
Attributable to:				
Owners of the parent	425,584	332,973	1,149,839	1,226,201
Non-controlling interests	212,224	195,134	626,816	609,126
	<u>637,808</u>	<u>528,107</u>	<u>1,776,655</u>	<u>1,835,327</u>

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

**HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
THE COMPANY		
<u>Assets</u>		
Cash and short term funds	185,697	6,882
Deposits and placements with banks and other financial institutions	488	8,762
Financial assets held-for-trading	8	-
Derivative financial instruments	154	1,211
Other receivables	1,944	56,611
Tax recoverable	8,370	10,800
Deferred tax assets	3,278	3,550
Investment in subsidiary companies	15,010,428	14,986,980
Property and equipment	2,534	1,798
Intangible assets	243	172
Total Assets	15,213,144	15,076,766
<u>Liabilities</u>		
Derivative financial instruments	1,932	1,253
Payables and other liabilities	16,038	17,112
Borrowings	871,340	1,311,342
Total Liabilities	889,310	1,329,707
<u>Financed by:</u>		
Share capital	1,052,768	1,052,768
Capital reserves	378,406	376,858
Retained profits	12,907,841	12,332,614
Treasury shares for ESOS	(15,181)	(15,181)
Total Equity	14,323,834	13,747,059
Total Liabilities and Equity	15,213,144	15,076,766
Commitment and Contingencies	775,000	785,308

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 FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 31-03-2015	quarter ended 31-03-2014	to date 31-03-2015	to date 31-03-2014
THE COMPANY	RM '000	RM '000	RM '000	RM '000
Interest income	489	896	3,110	2,461
Interest expense	(9,163)	(12,519)	(35,280)	(38,641)
Net interest expense	(8,674)	(11,623)	(32,170)	(36,180)
Non-interest income	228,451	177,136	768,995	524,749
Net income	219,777	165,513	736,825	488,569
Overhead expenses	(5,814)	(9,176)	(20,423)	(22,977)
Allowance for impairment loss	(2,002)	-	(2,002)	-
Profit before taxation	211,961	156,337	714,400	465,592
Taxation	(2,945)	7,614	(2,703)	(77,894)
Net profit for the financial period	209,016	163,951	711,697	387,698
Earnings per share - basic (sen)	19.9	15.7	67.8	37.1
Earnings per share - fully diluted (sen)	19.9	15.7	67.7	37.0

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 31-03-2015	quarter ended 31-03-2014	to date 31-03-2015	to date 31-03-2014
THE COMPANY	RM '000	RM '000	RM '000	RM '000
Net profit for the financial period	209,016	163,951	711,697	387,698
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period, net of tax	209,016	163,951	711,697	387,698

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 FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Share capital	Share premium	Treasury shares for ESOS	Statutory reserve	Other Capital reserve	Share options reserve	Fair value reserve	Cash flow hedge reserve	Regulatory reserve#	Exchange fluctuation reserve	Retained profits	Total shareholders' equity	Non-controlling interests	Total equity
THE GROUP	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 July 2014	1,052,768	117,229	(25,422)	2,454,525	134,848	7,806	287,257	-	10,266	(12,347)	7,447,552	11,474,482	5,530,249	17,004,731
Comprehensive income														
Net profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,179,493	1,179,493	591,221	1,770,714
Currency translation differences	-	-	-	-	-	-	-	-	-	79,611	-	79,611	31,300	110,911
Share of other comprehensive income of associates	-	-	-	-	-	-	3,911	-	-	-	-	3,911	3,669	7,580
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	-	(112,790)	-	-	-	-	(112,790)	830	(111,960)
Net fair value changes in cash flow hedge, net of tax	-	-	-	-	-	-	-	(386)	-	-	-	(386)	(204)	(590)
Total comprehensive (loss)/income	-	-	-	-	-	-	(108,879)	(386)	-	79,611	1,179,493	1,149,839	626,816	1,776,655
Transaction with owners														
Transfer to statutory reserve	-	-	-	369,296	-	-	-	-	-	-	(369,296)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	232,088	-	(232,088)	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	36,356	36,356	9,695	46,051
Dividends paid	-	-	-	-	-	-	-	-	-	-	(136,470)	(136,470)	-	(136,470)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	(257,155)	(257,155)
Non-controlling interests share of subsidiaries' treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	33,672	33,672
Option charge arising from ESOS	-	-	-	-	-	1,636	-	-	-	-	-	1,636	-	1,636
Exercise of ESOS	-	-	240	-	-	(3,206)	-	-	-	-	6,403	3,437	-	3,437
Transfer to capital redemption reserve	-	-	-	-	19	-	-	-	-	-	(19)	-	-	-
At 31 March 2015	1,052,768	117,229	(25,182)	2,823,821	134,867	6,236	178,378	(386)	242,354	67,264	7,931,931	12,529,280	5,943,277	18,472,557
	Share capital	Share premium	Treasury shares for ESOS	Statutory reserve	Other Capital reserve	Share options reserve	Fair value reserve	Cash flow hedge reserve	Regulatory reserve#	Exchange fluctuation reserve	Retained profits	Total shareholders' equity	Non-controlling interests	Total equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 July 2013	1,052,768	117,229	(49,958)	1,971,758	134,417	22,768	248,221	-	8,527	(20,501)	6,590,499	10,075,728	4,928,980	15,004,708
Comprehensive income														
Net profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,256,622	1,256,622	601,016	1,857,638
Currency translation differences	-	-	-	-	-	-	-	-	-	21,034	-	21,034	8,329	29,363
Share of other comprehensive loss of associates	-	-	-	-	-	-	(15)	-	-	-	-	(15)	(7)	(22)
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	-	(51,440)	-	-	-	-	(51,440)	(212)	(51,652)
Total comprehensive income	-	-	-	-	-	-	(51,455)	-	-	21,034	1,256,622	1,226,201	609,126	1,835,327
Transaction with owners														
Transfer to statutory reserves	-	-	-	384,052	-	-	-	-	-	-	(384,052)	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(13,302)	(13,302)	13,929	627
Dividends paid	-	-	-	-	-	-	-	-	-	-	(135,905)	(135,905)	-	(135,905)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	(253,003)	(253,003)
Non-controlling interests share of subsidiaries' treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	15,442	15,442
Option charge arising from ESOS	-	-	-	-	-	5,715	-	-	-	-	-	5,715	-	5,715
Exercise of ESOS	-	-	549	-	-	(4,281)	-	-	-	-	8,491	4,759	-	4,759
Transfer to capital redemption reserve	-	-	-	-	431	-	-	-	-	-	(431)	-	-	-
At 31 March 2014	1,052,768	117,229	(49,409)	2,355,810	134,848	24,202	196,766	-	8,527	533	7,321,922	11,163,196	5,314,474	16,477,670

Includes regulatory reserves maintained by the Group's banking subsidiary company in Vietnam with the State Bank of Vietnam of RM10,266,000 (31 March 2014: RM8,527,000)

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 FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

<u>THE COMPANY</u>	Share capital RM '000	Share premium RM '000	Other capital reserve RM '000	Share options reserve RM '000	Retained profits RM '000	Treasury shares for ESOS RM '000	Total equity RM '000
At 1 July 2014	1,052,768	117,229	254,991	4,638	12,332,614	(15,181)	13,747,059
Net profit for the financial period	-	-	-	-	711,697	-	711,697
Dividend paid	-	-	-	-	(136,470)	-	(136,470)
Option charge arising from ESOS	-	-	-	1,548	-	-	1,548
At 31 March 2015	1,052,768	117,229	254,991	6,186	12,907,841	(15,181)	14,323,834

	Share capital RM '000	Share premium RM '000	Other capital reserve RM '000	Share options reserve RM '000	Retained profits RM '000	Treasury shares for ESOS RM '000	Total equity RM '000
At 1 July 2013	1,052,768	117,229	254,991	16,680	12,318,619	(37,161)	13,723,126
Net profit for the financial period	-	-	-	-	387,698	-	387,698
Dividend paid	-	-	-	-	(135,905)	-	(135,905)
Option charge arising from ESOS	-	-	-	3,451	-	-	3,451
At 31 MARCH 2014	1,052,768	117,229	254,991	20,131	12,570,412	(37,161)	13,978,370

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 FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	The Group		The Company	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
	RM '000	RM '000	RM '000	RM '000
Profit before taxation	2,242,831	2,293,612	714,400	465,592
Adjustment for non-cash items	(55,248)	(148,806)	(735,519)	(483,921)
Operating profit before working capital changes	2,187,583	2,144,806	(21,119)	(18,329)
Income tax (paid)/refunded	(393,558)	(372,802)	-	17,429
Interest received	3,110	2,461	3,110	2,461
Changes in working capital				
Net changes in operating assets	(12,749,058)	147,918	67,988	10,986
Net changes in operating liabilities	7,669,354	2,333,151	(394)	(10,777)
Net cash flow (used in)/generated from operating activities	(3,282,569)	4,255,534	49,585	1,770
Cash flow from investing activities				
Net purchases of financial investments available-for-sale	(1,700,869)	(4,668,720)	-	-
Net purchases of financial investments held-to-maturity	(503,905)	(4,740,044)	-	-
Interest received on financial investments available-for-sale and held-to-maturity	552,757	452,107	-	-
Purchase of intangible assets	(39,049)	(90,046)	(137)	(15)
Purchase of property and equipment	(155,227)	(110,623)	(1,140)	(47)
Proceeds from disposal of property and equipment	8,132	825	150	123
Dividends received from other investments	131,888	197,358	651	292
Dividends received from subsidiaries	-	-	766,907	430,674
Dividends received from associated companies	96,876	56,086	-	-
Investment in joint venture	(1,638)	(1,628)	-	-
Subscription of shares in subsidiary company	-	-	(11,352)	-
Subscription of redeemable preference shares	-	-	(52,600)	-
Proceeds from redemption of redeemable preference shares	-	-	38,503	50,843
Net cash flow (used in)/generated from investing activities	(1,611,035)	(8,904,685)	740,982	481,870
Cash flow from financing activities				
Dividends paid to equity holders of the Company	(136,470)	(135,905)	(136,470)	(135,905)
Dividends paid to non-controlling interests	(257,155)	(253,003)	-	-
Cash received from ESOS exercised	3,437	4,759	-	-
(Repayment)/drawdown of revolving credit	(60,000)	65,000	(60,000)	65,000
Redemption of medium term notes and commercial paper	(2,625,000)	(49,000)	(625,000)	(49,000)
Drawdown/(repayment) of term loans	240,000	(180,000)	240,000	(180,000)
Repayment of subordinated obligations	(200,000)	(410,000)	-	-
Interest paid on subordinated obligations	(140,897)	(146,434)	-	-
Interest paid on borrowings	(170,534)	(245,967)	(30,282)	(32,435)
Interest paid on non-innovative Tier 1 stapled securities	(36,146)	(36,482)	-	-
Interest paid on innovative Tier 1 capital securities	(32,925)	(30,142)	-	-
Net cash flow used in financing activities	(3,415,690)	(1,417,174)	(611,752)	(332,340)
Changes in cash and cash equivalents	(8,309,294)	(6,066,325)	178,815	151,300
Effect of change in foreign exchange rate	406,082	111,733	-	-
Cash and cash equivalents as at 1 July	17,084,360	19,797,580	6,882	10,662
Cash and cash equivalents as at 31 March	9,181,148	13,842,988	185,697	161,962

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 FINANCIAL GROUP BERHAD (“HLFG” or “the Company”)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

1. 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, derivative financial instruments and investment properties.

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 Bursa Malaysia Securities Berhad’s Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company 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 Company since the financial 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 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 10 “Consolidated Financial Statements” - Investment Entities
Amendment to MFRS 12 “Disclosures of Interests in Other Entities” - Investment Entities
Amendment to MFRS 127 “Separate Financial Statements” - Investment Entities
Amendment to MFRS 132 “Financial Instruments: Presentation” - Offsetting Financial Assets and
Financial Liabilities
Amendment to MFRS 139 “Financial Instruments: Recognition and Measurement” - Novation
of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 “Levies”
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

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

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 Company’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.

2. Status of matters giving rise to the auditor’s qualified report in the preceding annual financial statement 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.

3. Seasonality or cyclicity of operations

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

4. Exceptional items or unusual events affecting financial statements

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

5. Variation from financial estimates reported in preceding financial year

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

6. Issuance and repayment of debt and equity securities

There was no repayment of debt or equity share, share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares in HLFG for the financial period ended 31 March 2015 other than as mentioned below.

a) Purchase of shares pursuant to Executive Share Option Scheme ("ESOS")

A trust has been set up for the ESOS of HLFG and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company'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 for ESOS" in the shareholders' equity on the statement of financial position.

The Company has previously granted 6,000,000 conditional incentive share options at an exercise price of RM11.77 to eligible executives of the Company pursuant to the ESOS of HLFG subject to the achievement of certain performance criteria over an option performance period. The said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust establish for the ESOS.

During the financial period ended 31 March 2015, no shares were exercised pursuant to the Company's ESOS.

The remaining number of shares held by the appointed trustee for the Company as at 31 March 2015 was 3,000,408 units at an average price of RM5.06 per share and the total consideration paid, including transaction costs was RM15,181,000.

The insurance subsidiary companies exercised a total of 50,300 ordinary shares of RM1 each pursuant to the Company's ESOS at the granted exercise price of RM8.09 during the financial period ended 31 March 2015.

The remaining number of shares held by the appointed trustee for the insurance subsidiary companies as at 31 March 2015 was 2,103,992 units at an average price of RM4.75 per share with total consideration paid, including transaction costs was RM10,002,000 which have been classified as treasury shares for ESOS at the Group level.

b) Issuance of Tier 2 Subordinated Notes

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB"), a wholly owned subsidiary of Hong Leong Capital Berhad and also an indirect subsidiary of HLFG, had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 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 5.30% 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.

c) Repayment of debt and equity securities

On 2 December 2014, Hong Leong Bank Berhad ("HLB"), a subsidiary of HLFG, 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.

7. Dividends paid

A single-tier interim dividend of 13.0 sen per share amounting to RM136.5 million was paid on 23 December 2014.

8. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

Inter-segment pricing is based on internally computed cost of funds.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

Business segments

The Group comprises the following main business segments:

Commercial banking	Commercial banking business
Investment banking and asset management	Investment banking, futures and stockbroking, fund and unit trust management
Insurance	Life and general insurance business
Other operations	Investment holding and provision of management services

8. Segmental reporting (continued)

The Group 31 March 2015	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue for the period ended						
External revenue	3,021,161	122,776	143,143	(15,062)	-	3,272,018
Intersegment revenue	4,952	805	2,203	780,169	(788,129)	-
	<u>3,026,113</u>	<u>123,581</u>	<u>145,346</u>	<u>765,107</u>	<u>(788,129)</u>	<u>3,272,018</u>
Results for the period ended						
Segment results	1,772,292	50,996	95,370	742,548	(769,563)	1,891,643
Share of results of associates						340,815
Share of results of joint ventures						10,373
Profit before taxation						<u>2,242,831</u>
Taxation						(472,117)
Net profit for the financial period						<u>1,770,714</u>
Non-controlling interests						(591,221)
Profit attributable to owners of the parent						<u>1,179,493</u>
Other information						
Segment assets	179,820,211	3,859,850	14,248,529	15,386,915	(14,792,333)	<u>198,523,172</u>
Segment liabilities	164,214,870	3,230,890	11,872,988	887,901	(156,034)	<u>180,050,615</u>

8. Segmental reporting (continued)

The Group 31 March 2014	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue for the period ended						
External revenue	3,022,201	119,219	269,166	(7,913)	-	3,402,673
Intersegment revenue	10,441	352	1,788	528,081	(540,662)	-
	<u>3,032,642</u>	<u>119,571</u>	<u>270,954</u>	<u>520,168</u>	<u>(540,662)</u>	<u>3,402,673</u>
Results for the period ended						
Segment results	1,718,862	49,774	223,513	496,983	(521,581)	1,967,551
Share of results of associates						320,045
Share of results of joint ventures						6,016
Profit before taxation						<u>2,293,612</u>
Taxation						<u>(435,974)</u>
Net profit for the financial period						<u>1,857,638</u>
Non-controlling interests						<u>(601,016)</u>
Profit attributable to owners of the parent						<u><u>1,256,622</u></u>
Other information						
Segment assets	166,018,130	3,050,303	14,440,344	15,638,805	(14,910,584)	<u>184,236,998</u>
Segment liabilities	152,035,022	2,497,428	12,080,104	1,481,200	(334,426)	<u>167,759,328</u>

9. Financial assets held-for-trading

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Money market instruments:		
Government treasury bills	179,201	197,064
Malaysian Government securities	66,289	33,224
Negotiable instruments of deposit	9,049,321	9,274,432
Bankers' acceptances and Islamic accepted bills	193,540	576,717
Bank Negara Malaysia bills	41,875	848,000
Malaysian Government investment certificates	746,457	528,352
Cagamas bonds	41,130	65,787
Khazanah bonds	-	37,439
Other government securities	2,617	2,567
	<u>10,320,430</u>	<u>11,563,582</u>
Quoted securities:		
Shares in Malaysia	511,004	553,550
Shares outside Malaysia	109,992	187,200
Foreign currency bonds	98,468	243,175
Unit trust investments	188,137	89,452
Warrants quoted in Malaysia	204	1,012
	<u>907,805</u>	<u>1,074,389</u>
Unquoted securities:		
Foreign currency bonds	67,223	134,366
Private and Islamic debts securities	969,802	484,165
	<u>1,037,025</u>	<u>618,531</u>
Total financial assets held-for-trading	<u>12,265,260</u>	<u>13,256,502</u>

	The Company	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Quoted securities:		
Unit trust investments	<u>8</u>	<u>-</u>

10. Financial investments available-for-sale

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Money market instruments:		
Government treasury bills	107,732	546,703
Malaysian Government securities	792,449	1,645,275
Malaysian Government investment certificates	2,371,682	2,677,845
Khazanah bonds	287,529	208,615
Caqamas bonds	1,032,199	965,610
Other government securities	1,693,814	1,442,202
	<u>6,285,405</u>	<u>7,486,250</u>
Quoted securities:		
Shares in Malaysia	1,295,921	1,319,110
Shares outside Malaysia	283,659	230,410
Foreign currency bonds in Malaysia	4,722,337	3,224,143
Foreign currency bonds outside Malaysia	1,278,803	727,868
Warrants in Malaysia	493	1,062
Unit trust investments	3,919,215	4,658,678
	<u>11,500,428</u>	<u>10,161,271</u>
Unquoted securities :		
Shares in Malaysia	366,202	366,202
Shares outside Malaysia	4,044	3,506
Foreign currency bonds in Malaysia	96,958	143,242
Foreign currency bonds outside Malaysia	543,278	394,078
Investment-linked funds	300	300
Private debt securities	9,966,619	8,551,937
	<u>10,977,401</u>	<u>9,459,265</u>
Total financial investments available-for-sale	<u>28,763,234</u>	<u>27,106,786</u>

11. Financial investments held-to-maturity

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Money market instruments:		
Malaysian Government securities	3,102,013	3,120,731
Malaysian Government investment certificates	5,824,573	5,399,565
Negotiable instruments of deposit	2,339	55,217
Caqamas bonds	76,393	96,455
Other Government securities	364,840	253,646
	<u>9,370,158</u>	<u>8,925,614</u>
Unquoted securities:		
Loan stocks	49	49
Private and Islamic debt securities	707,853	678,317
Foreign currency bonds outside Malaysia	223,321	194,666
Unquoted bonds	486	486
Investment in preference shares	53,500	52,000
	<u>985,209</u>	<u>925,518</u>
Total financial investments held-to-maturity	<u>10,355,367</u>	<u>9,851,132</u>

12. Loans, advances and financing

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Overdrafts	3,923,470	4,104,535
Term loans:		
- Housing and shop loans/financing	51,870,524	46,563,762
- Syndicated term loan/financing	9,029,275	7,939,722
- Hire purchase receivables	17,994,611	17,405,481
- Other term loans/financing	8,399,993	8,684,556
Credit/charge card receivables	4,051,423	4,192,192
Bills receivables	1,129,773	1,116,670
Trust receipts	306,521	296,587
Claims on customers under acceptance credits	7,178,715	8,118,324
Block discounting	302	253
Revolving credits	6,478,447	5,545,623
Policy and premium loans	672,241	654,958
Staff loans	166,319	172,011
Other loans/financing	437,194	461,848
Gross loans, advances and financing	111,638,808	105,256,522
Unamortised fair value changes arising from terminated fair value hedges	(2,469)	(1,516)
Allowance for impaired loans, advances and financing:		
- collective assessment allowance	(930,556)	(1,077,911)
- individual assessment allowance	(332,047)	(511,647)
Total net loans, advances and financing	110,373,736	103,665,448

(a) By type of customer

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Domestic non-bank financial institutions	620,126	278,231
Domestic business enterprises		
- small and medium enterprises	17,073,325	16,368,945
- others	18,526,605	19,298,810
Government and statutory bodies	24,682	28,345
Individuals	70,200,852	64,825,999
Other domestic entities	144,893	158,579
Foreign entities	5,048,325	4,297,613
Gross loans, advances and financing	111,638,808	105,256,522

(b) By interest/profit rate sensitivity

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Fixed rate		
- Housing and shop loans/financing	2,804,800	2,838,669
- Hire purchase receivables	17,608,564	17,254,282
- Other fixed rate loan/financing	7,984,436	7,559,790
Variable rate		
- Base lending rate plus	67,293,389	61,970,968
- Cost plus	15,636,590	15,320,089
- Other variables rates	311,029	312,724
Gross loans, advances and financing	111,638,808	105,256,522

12. Loans, advances and financing (continued)

(c) By economic purpose

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Purchase of securities	979,696	1,054,079
Purchase of transport vehicles	17,958,897	17,292,319
Purchase of landed properties		
- residential	43,545,391	39,001,580
- non-residential	14,002,526	12,370,138
Purchase of fixed assets (excluding landed properties)	468,369	530,527
Personal use	3,513,485	3,370,722
Credit card	4,051,423	4,192,192
Purchase of consumer durables	425	445
Construction	1,239,509	1,163,043
Mergers and acquisition	267,527	303,096
Working capital	22,377,564	22,713,474
Others	3,233,996	3,264,907
Gross loans, advances and financing	<u>111,638,808</u>	<u>105,256,522</u>

(d) By geographical distribution

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Malaysia	107,900,974	102,176,684
Singapore	3,203,521	2,675,129
Hong Kong	3,778	4,816
Vietnam	311,029	312,724
Cambodia	219,506	87,169
Gross loans, advances and financing	<u>111,638,808</u>	<u>105,256,522</u>

(e) By residual contractual maturity

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Within one year	28,610,511	27,881,173
One year to less than three years	7,802,862	8,208,065
Three years to less than five years	10,235,985	9,726,789
Five years and more	64,989,450	59,440,495
Gross loans, advances and financing	<u>111,638,808</u>	<u>105,256,522</u>

12. Loans, advances and financing (continued)

(f) Impaired loans, advances and financing by economic purpose

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Purchase of securities	609	758
Purchase of transport vehicles	214,188	225,812
Purchase of landed properties		
- residential	230,223	214,321
- non-residential	36,579	47,737
Purchase of fixed assets (excluding landed properties)	35,545	37,484
Personal use	32,724	34,940
Credit card	41,655	53,058
Purchase of consumer durables	4	4
Construction	5,539	4,379
Working capital	359,784	572,014
Others	31,515	42,081
	988,365	1,232,588

(g) Impaired loans, advances and financing by geographical distribution

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Malaysia	975,033	1,219,374
Vietnam	13,332	13,214
	988,365	1,232,588

(h) Movements in impaired loans, advances and financing are as follows:

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
As at beginning of the financial period/year	1,232,588	1,360,566
Impaired during the financial period/year	1,134,103	1,705,583
Performing during the financial period/year	(588,734)	(897,336)
Amount written back in respect of recoveries	(393,464)	(507,495)
Amount written off	(401,555)	(431,273)
Exchange differences	5,427	2,543
As at end of the financial period/year	988,365	1,232,588
Gross impaired loan as a % of gross loans, advances and financing	0.9%	1.2%

12. Loans, advances and financing (continued)

(i) Movements in allowance for impaired loans, advances and financing are as follows:

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
<u>Collective assessment allowance</u>		
As at beginning of the financial period/year	1,077,911	1,260,301
Net allowance made during the period/year	154,245	255,275
Amount transferred to individual assessment allowance	(94)	(1,915)
Amount written off	(255,870)	(367,890)
Unwinding income	(45,973)	(68,545)
Exchange differences	337	685
As at end of the financial period/year	930,556	1,077,911
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	1.04%	1.03%
<u>Individual assessment allowance</u>		
As at beginning of the financial period/year	511,647	526,270
Net allowance made during the period/year	49,486	140,025
Amount transferred from collective assessment allowance	94	1,915
Amount transfer to allowance for impairment losses on securities	(5,274)	-
Amount written back in respect of recoveries	(113,920)	(108,868)
Amount written off	(106,782)	(41,618)
Unwinding income	(4,364)	(7,112)
Exchange differences	1,160	1,035
As at end of the financial period/year	332,047	511,647

13. Other receivables

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Investment properties	1,760	1,760
Foreclosed properties	1,023	1,112
Sundry debtors and other prepayments	210,667	132,150
Treasury related receivable	1,350,071	242,573
Other receivables	220,768	317,685
	1,784,289	695,280

	The Company	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Amount due from subsidiary companies	1,203	54,535
Sundry debtors and other prepayments	467	932
Other receivables	274	1,144
	1,944	56,611

14. Deposits from customers

(a) By type of deposits

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Fixed deposits	78,335,003	74,243,402
Negotiable instruments of deposit	13,771,812	11,598,134
	<u>92,106,815</u>	<u>85,841,536</u>
Demand deposits	19,867,985	18,913,794
Savings deposits	15,370,076	15,020,628
Short term corporate placement	9,460,370	10,556,968
Others	561,187	381,524
Gross deposits from customers	<u>137,366,433</u>	<u>130,714,450</u>
Fair value changes arising from designation at fair value through profit or loss*	(46,420)	(82,164)
Total net deposits from customers	<u><u>137,320,013</u></u>	<u><u>130,632,286</u></u>

*Note:

The 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.

(b) By type of customers

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Government and statutory bodies	3,228,757	2,299,321
Business enterprises	61,740,543	56,739,253
Individuals	69,852,281	66,662,907
Others	2,544,852	5,012,969
Gross deposits from customers	<u>137,366,433</u>	<u>130,714,450</u>

(c) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Due within six months	67,234,886	65,302,503
More than six months to one year	20,400,490	16,537,616
More than one year to five years	3,691,439	3,501,417
More than five years	780,000	500,000
	<u>92,106,815</u>	<u>85,841,536</u>

15. Deposits and placements of banks and other financial institutions

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Licensed banks and investment banks	7,009,531	6,153,972
Licensed Islamic banks	164,014	901,261
Other financial institutions	1,941,617	2,111,022
	<u>9,115,162</u>	<u>9,166,255</u>
The maturity structure of deposits and placements of banks and other financial institutions:		
- One year or less (short term)	<u>9,115,162</u>	<u>9,166,255</u>

16. Payables and other liabilities

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Trade payables	1,518,840	1,325,059
Amount due to Cagamas Berhad	-	84,160
Loan advance payment	2,159,985	1,882,838
Post employment benefits obligations - defined contribution plan	4,493	4,236
Treasury and cheque clearing	186,093	1,219,056
Treasury related payables	184,836	56,425
Sundry creditors and accruals	572,672	563,165
Provision for bonus and staff related expenses	94,968	186,734
Advance payments received for corporate exercise	-	416,545
Others	654,945	531,101
	<u>5,376,832</u>	<u>6,269,319</u>
	The Company	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
Amount due to subsidiary companies	-	24
Sundry creditors and accruals	2,983	3,507
Provision for bonus and staff related expenses	13,014	13,541
Post employment benefits obligations - defined contribution plan	41	40
	<u>16,038</u>	<u>17,112</u>

17. Interest income

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Loans, advances and financing	1,111,736	1,043,967	3,299,877	3,096,550
Money at call and deposit placements				
with financial institutions	46,324	109,871	229,185	370,959
Securities purchased under resale agreements	39,239	12,272	126,730	29,133
Financial assets held-for-trading	157,209	121,246	453,987	389,185
Financial investments available-for-sale	125,894	109,837	349,942	321,292
Financial investments held-to-maturity	67,702	51,514	202,808	130,673
Others	4,085	868	9,776	2,542
	<u>1,552,189</u>	<u>1,449,575</u>	<u>4,672,305</u>	<u>4,340,334</u>
Of which:				
Interest income earned on impaired loans, advances and financing	14,380	37,100	44,619	47,653

	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Money at call and deposit placements				
with financial institutions	195	264	1,206	658
Others	294	632	1,904	1,803
	<u>489</u>	<u>896</u>	<u>3,110</u>	<u>2,461</u>

18. Interest expense

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Deposits and placements of banks and other financial institutions	19,608	28,952	63,421	95,517
Deposits from customers	705,548	595,752	2,022,999	1,795,168
Short term corporate placements	59,274	43,333	162,174	147,944
Borrowings	28,325	69,372	116,267	211,290
Subordinated bonds	54,691	51,999	171,188	162,165
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	2,451	3,925	8,252	11,885
	<u>895,165</u>	<u>817,730</u>	<u>2,620,520</u>	<u>2,497,854</u>
	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Borrowings	9,136	12,292	34,643	38,305
Others	27	227	637	336
	<u>9,163</u>	<u>12,519</u>	<u>35,280</u>	<u>38,641</u>

19. Non-Interest Income

	The Group		The Group	
	Current	Last year	Current year	Last year
	quarter ended 31-03-2015 RM '000	quarter ended 31-03-2014 RM '000	to date 31-03-2015 RM '000	to date 31-03-2014 RM '000
Net income from insurance business	25,079	92,689	125,033	246,702
Net brokerage and commissions from stockbroking business	14,215	14,969	43,907	42,688
Net unit trust and asset management income	3,786	3,818	11,911	14,366
Fee income:				
Commissions	38,998	35,244	116,180	104,418
Service charges and fees	11,498	11,170	36,935	38,117
Guarantee fees	5,587	4,484	15,316	19,904
Credit card related fees	59,405	30,765	179,972	182,385
Corporate advisory fees	2,261	1,023	11,699	5,609
Commitment fees	8,309	9,038	26,429	27,558
Fee on loans, advances and financing	14,176	16,661	45,229	53,814
Placement fees	1,849	994	6,099	1,075
Arranger fees	2,558	975	5,983	11,559
Other fee income	11,064	4,369	36,498	33,911
	155,705	114,723	480,340	478,350
Gain/(loss) arising from sale of financial assets:				
Net gain from sale of financial assets held-for-trading	15,440	2,337	45,721	10,813
Net gain from sale of financial investments available-for-sale	55,849	10,751	95,756	57,070
Net gain from redemption of financial investments held-to-maturity	59	561	330	625
Net gain/(loss) from sale of derivatives financial instruments	11,964	14,053	(20,711)	32,351
	83,312	27,702	121,096	100,859
Gross dividend income from:				
Financial assets held-for-trading	292	416	1,356	11,144
Financial investments available-for-sale	35,592	62,680	130,532	186,214
	35,884	63,096	131,888	197,358
Net unrealised gain/(loss) on revaluation of:				
Financial assets held-for-trading	10,692	(4,815)	5,277	16,534
Derivatives financial instruments	(82,120)	(12,507)	(65,498)	13,247
	(71,428)	(17,322)	(60,221)	29,781
Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges	(480)	(2,098)	(2,924)	(6,677)
Other income:				
Foreign exchange gain	31,371	8,717	27,954	109,307
Rental income	1,528	1,584	4,605	4,543
Gain on disposal of property and equipment (net)	4,953	337	6,684	625
Others	5,963	4,511	14,997	12,141
	43,815	15,149	54,240	126,616
Total non-interest income	289,888	312,726	905,270	1,230,043

19. Non-Interest Income (continued)

	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Fee income:				
Management fees	2,589	2,236	7,965	6,717
Loss arising from sale of financial assets:				
Net loss from sale of financial assets held-for-trading	-	-	(50)	-
Net loss from sale of derivatives financial instruments	-	(3,285)	(5,363)	(6,034)
Gross dividend income from:				
Financial assets held-for-trading	13	63	651	292
Subsidiary companies	228,290	173,290	766,907	516,469
Net unrealised (loss)/gain on revaluation of derivatives financial instruments	(2,459)	4,824	(1,313)	6,664
Other income	18	8	198	641
Total non-interest income	228,451	177,136	768,995	524,749

20. Overhead expenses

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	275,933	238,416	774,200	734,632
- Medical expenses	7,588	6,359	20,221	16,824
- Training and convention expenses	(6,480)	7,560	8,604	17,507
- Staff welfare	2,358	3,943	7,072	10,340
- Others	9,666	6,554	25,954	23,388
	289,065	262,832	836,051	802,691
<u>Establishment costs</u>				
- Depreciation of property and equipments*	18,682	29,108	55,823	85,930
- Amortisation of intangible assets*	19,366	25,451	55,802	72,956
- Rental	22,216	20,134	65,680	61,238
- Information technology expenses	28,640	29,706	89,758	87,217
- Security services	7,032	7,100	19,972	23,893
- Electricity, water and sewerage	6,262	6,316	18,878	18,155
- Hire of plant and machinery	3,588	3,432	10,372	10,460
- Others	6,663	7,761	19,462	23,760
	112,449	129,008	335,747	383,609
<u>Marketing expenses</u>				
- Advertisement and publicity	11,432	10,775	24,442	21,360
- Credit card related fees	29,116	28,773	87,022	71,340
- Others	4,622	9,647	13,986	26,107
	45,170	49,195	125,450	118,807
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,087	3,513	11,381	9,867
- Stationery and printing expenses	4,896	4,841	14,593	12,776
- Professional fees	8,894	17,284	47,764	55,523
- Insurance fees	9,891	6,293	28,245	20,612
- Travelling and transport expenses	1,543	1,616	4,749	5,024
- Registration and license fees	2,202	1,364	5,102	4,258
- Brokerage and commission	1,511	1,557	5,262	4,577
- Stamp, postage and courier	5,493	6,132	16,631	15,789
- Others	5,839	(37,636)	36,891	12,654
	44,356	4,964	170,618	141,080
	491,040	445,999	1,467,866	1,446,187

* 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.

20. Overhead expenses (continued)

	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	3,451	6,873	13,716	16,273
- Medical expenses	71	46	125	102
- Training and convention expenses	3	17	17	33
- Staff welfare	85	85	222	201
- Others	647	1,185	2,065	3,523
	<u>4,257</u>	<u>8,206</u>	<u>16,145</u>	<u>20,132</u>
<u>Establishment costs</u>				
- Depreciation of property and equipments	111	61	396	207
- Amortisation of intangible assets	39	1	74	5
- Rental	209	208	595	630
- Electricity, water and sewerage	11	11	33	38
- Hire of plant and machinery	8	5	26	20
- Others	102	47	231	119
	<u>480</u>	<u>333</u>	<u>1,355</u>	<u>1,019</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	6	4	16	18
- Stationery and printing expenses	8	9	32	41
- Professional fees	642	240	1,074	748
- Management fees	337	129	1,646	387
- Travelling and transport expenses	9	107	20	243
- Others	75	148	135	389
	<u>1,077</u>	<u>637</u>	<u>2,923</u>	<u>1,826</u>
	<u>5,814</u>	<u>9,176</u>	<u>20,423</u>	<u>22,977</u>

21. (Writeback of)/allowance for impairment losses on loans, advances and financing and other losses

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Allowance for/(writeback of) impairment losses on loans, advances and financing:				
- Individual assessment allowance	2,421	20,564	(64,434)	16,291
- Collective assessment allowance	38,557	61,932	154,245	188,199
Allowance for/(writeback of) impairment losses on clients' and brokers' balances:				
- Individual assessment allowance	139	(44)	194	(32)
- Collective assessment allowance	(15)	10	(2)	(4)
Writeback of impairment losses on other assets				
- Individual assessment allowance	-	(40)	(95)	(153)
Impaired loans and financing:				
- written off	12,184	4,841	40,273	16,687
- recovered	(59,721)	(62,231)	(205,335)	(193,158)
	<u>(6,435)</u>	<u>25,032</u>	<u>(75,154)</u>	<u>27,830</u>

22. Capital adequacy

The banking subsidiaries' regulatory capital is governed by BNM Capital Adequacy Framework guidelines. With effect from 1 January 2013, the capital adequacy ratios of the banking subsidiaries 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 banking subsidiaries 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 banking subsidiaries are as follows:

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31-03-2015	30-06-2014	31-03-2015	30-06-2014	31-03-2015	30-06-2014
Before deducting proposed dividends						
CET I capital ratio	9.904%	10.903%	9.136%	10.172%	18.707%	20.108%
Tier I capital ratio	11.057%	12.306%	10.451%	11.777%	18.707%	20.108%
Total capital ratio	13.638%	15.072%	13.294%	14.657%	22.289%	20.259%
After deducting proposed dividends						
CET I capital ratio	9.904%	10.480%	9.136%	9.689%	18.707%	16.401%
Tier I capital ratio	11.057%	11.883%	10.451%	11.294%	18.707%	16.401%
Total capital ratio	13.638%	14.649%	13.294%	14.173%	22.289%	16.552%

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

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31-03-2015	30-06-2014	31-03-2015	30-06-2014	31-03-2015	30-06-2014
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
CET I capital						
Paid up share capital	1,879,909	1,879,909	1,879,909	1,879,909	165,000	165,000
Share premium	2,871,624	2,832,383	2,871,624	2,832,383	87,950	87,950
Retained profit	6,771,400	7,189,104	5,033,031	5,375,070	(23,392)	38,903
Other reserves	3,637,247	3,171,817	3,105,254	2,773,797	182,597	179,789
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)	(30,722)	(29,978)
Less: Deferred tax assets	-	-	-	-	(103,671)	(103,671)
Less: Investment in subsidiary companies/ associated company/joint venture	(959,394)	(430,676)	(952,168)	(475,075)	-	-
Less: Other regulatory adjustments	-	-	-	-	(1,318)	(77)
Total CET I capital	11,425,598	11,817,855	9,236,831	9,633,639	276,444	337,916
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	276,444	337,916

22. Capital adequacy (continued)

Basel III

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

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31-03-2015	30-06-2014	31-03-2015	30-06-2014	31-03-2015	30-06-2014
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Tier II Capital						
Redeemable preference shares	-	-	-	-	1,631	1,631
Collective assessment allowance ^ and regulatory reserves #	864,586	732,980	749,930	639,439	1,531	1,204
Subordinated obligations	3,552,000	3,988,000	3,552,000	3,988,000	50,000	-
Tier II capital before regulatory adjustments	4,416,586	4,720,980	4,301,930	4,627,439	53,162	2,835
Less: Regulatory adjustments						
Investment in subsidiary companies	-	-	(814,311)	(1,081,727)	(230)	(306)
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	52,932	2,529
Total capital	15,733,094	16,336,131	13,440,509	13,880,778	329,376	340,445

^ 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 Hong Leong Bank Group and Hong Leong Bank Berhad of RM232,088,000 (2014: Nil) and RM203,146,000 (2014: Nil) respectively.

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

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31-03-2015	30-06-2014	31-03-2015	30-06-2014	31-03-2015	30-06-2014
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit risk	104,841,762	96,729,672	91,358,969	84,227,557	787,275	896,087
Market risk	2,947,864	4,126,372	3,162,743	3,912,418	423,094	571,557
Operational risk	7,574,785	7,532,731	6,583,537	6,563,115	267,359	212,853
Total RWA	115,364,411	108,388,775	101,105,249	94,703,090	1,477,728	1,680,497

(d) The capital adequacy ratios of Hong Leong Bank Group's subsidiary company are as follows:

	Hong Leong Islamic Bank	
	31-03-2015	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	15.027%	15.587%
After deducting proposed dividends		
CET I capital ratio	11.275%	11.392%
Tier I capital ratio	11.275%	11.392%
Total capital ratio	15.027%	15.150%

23. Events after Balance Sheet date

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, HLFG announced the grant by HLA of options to purchase up to an aggregate of 12,200,000 ordinary shares of RM1.00 each ("HLFG share") at an exercise price of RM16.88 per HLFG share to the eligible executives of HLA on 2 April 2015 pursuant to HLFG'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 2017 ("FY 2017"). The achievement of the performance targets and the number of shares (if any) to be vested shall be determined at the end of FY 2017.
- (b) On 7 April 2015, HLB announced the grant of options to purchase up to an aggregate of 37,550,000 ordinary shares of RM1.00 each ("HLB share") at an exercise price of RM14.24 per HLB share to the eligible executives and/or Director of HLB and its subsidiary on 2 April 2015 pursuant to HLB'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 ("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.

24. Changes in composition of the Group

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

- (a) RC Nominees (Tempatan) Sdn Bhd, a wholly-owned subsidiary of Hong Leong Investment Bank Berhad ("HLIB"), which in turn a wholly-owned subsidiary of HLFG's subsidiary, Hong Leong Capital Berhad ("HLCB"), was dissolved on 1 July 2014.
- (b) HL Asset Management Pte. Ltd. ("HLAMPL"), a wholly-owned subsidiary of Hong Leong Asset Management Bhd, which in turn a wholly-owned subsidiary of HLCB, had submitted an application to the Accounting and Corporate Regulatory Authority ("ACRA"), Singapore, to strike off its name from the Register of Companies under Section 344 of the Singapore Companies Act, Chapter 50. Accordingly, the name of HLAMPL had been struck off from the Register by the Registrar of Companies with effect from 20 November 2014.
- (c) On 26 November 2014, Hong Leong Bank Berhad ("HLB"), a subsidiary of HLFG, announced that it had placed Promitol Sdn Bhd ("Promitol"), a wholly-owned subsidiary of HLB, 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.
- (d) On 5 March 2015, HLCB announced that the liquidator of RC Nominees (Asing) Sdn Bhd ("RC Nominees"), a wholly-owned subsidiary of HLIB which in turn a wholly-owned subsidiary of HLCB, had convened the final meeting for RC Nominees to conclude the member's voluntary winding-up of RC Nominees. The Return by Liquidator Relating to Final Meeting of RC Nominees was lodged on 5 March 2015 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, RC Nominees will be dissolved.
- (e) On 29 April 2015, HLB 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.

25. Commitments and contingencies

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

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group	
	31-03-2015	30-06-2014
	RM'000	RM'000
Direct credit substitutes	219,271	376,792
Certain transaction related contingent items	1,667,949	1,706,130
Short-term self liquidating trade related contingencies	848,839	765,904
Forward asset purchases	-	37,432
Underwriting obligation	-	299,154
Irrevocable commitments to extend credit:		
- maturity less than 1 year	17,478,623	17,251,829
- maturity more than 1 year	18,336,713	15,821,707
Any commitments that are unconditionally cancellable at any time by the Group without prior notice	721,352	627,233
Foreign exchange related contracts		
- less than one year	40,721,671	43,902,047
- one year to less than five years	4,503,638	4,369,268
- five years and above	764,913	598,871
Interest rate related contracts		
- less than one year	22,285,534	45,759,521
- one year to less than five years	46,310,780	51,939,223
- five years and above	4,431,975	8,501,058
Equity related contracts		
- less than one year	325,854	207,936
- one year to less than five years	51,500	105,810
Unutilised credit card lines	7,338,249	7,610,596
Others	739,848	648,999
Total	166,746,709	200,529,510

	The Company	
	31-03-2015	30-06-2014
	RM'000	RM'000
Forward foreign exchange	-	110,308
Interest rate swaps	775,000	675,000
	<u>775,000</u>	<u>785,308</u>

- b. Hong Leong Asset Management Bhd, a wholly-owned subsidiary company of Hong Leong Capital Berhad ("HLCB"), is the Manager of Hong Leong Consumer Products Sector Fund ("Funds"). HLCB provided a guarantee to Deutsche Trustee Malaysia Berhad, the trustee of the Funds, that if the funds fall below the minimum fund size of RM1 million, HLCB would invest cash, equivalent to the shortfall, into the relevant fund.

The size of the fund was above the minimum of RM1 million as at 31 March 2015.

26. 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.

27. 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.

Determination of fair value and fair value hierarchy

The Group and the Company 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

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 instrument 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.

27. Fair value of financial instruments (continued)

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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	10,320,430	-	10,320,430
- Quoted securities	907,805	-	-	907,805
- Unquoted securities	-	1,037,025	-	1,037,025
Financial investments available-for-sale				
- Money market instruments	-	6,285,405	-	6,285,405
- Quoted securities	11,500,428	-	-	11,500,428
- Unquoted securities	-	10,607,155	370,246	10,977,401
Derivative financial instruments	941	1,703,962	75,674	1,780,577
	<u>12,409,174</u>	<u>29,953,977</u>	<u>445,920</u>	<u>42,809,071</u>

Financial liabilities

Derivative financial instruments	3,392	1,416,497	70,477	1,490,366
	<u>3,392</u>	<u>1,416,497</u>	<u>70,477</u>	<u>1,490,366</u>

30 June 2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
--------------	-------------------	-------------------	-------------------	-----------------

Recurring fair value measurements

Financial assets

Financial assets held-for-trading				
- Money market instruments	-	11,563,582	-	11,563,582
- Quoted securities	1,074,389	-	-	1,074,389
- Unquoted securities	-	618,531	-	618,531
Financial investments available-for-sale				
- Money market instruments	-	7,486,250	-	7,486,250
- Quoted securities	10,161,271	-	-	10,161,271
- Unquoted securities	-	9,089,557	369,708	9,459,265
Derivative financial instruments	1,417	711,566	-	712,983
	<u>11,237,077</u>	<u>29,469,486</u>	<u>369,708</u>	<u>41,076,271</u>

Financial liabilities

Derivative financial instruments	13,745	807,595	-	821,340
	<u>13,745</u>	<u>807,595</u>	<u>-</u>	<u>821,340</u>

27. Fair value of financial instruments (continued)

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 Company

31 March 2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
----------------------	---------------------------	---------------------------	---------------------------	-------------------------

Recurring fair value measurements

Financial assets

Financial assets held-for-trading

- Quoted securities	8	-	-	8
Derivative financial instruments	-	154	-	154
	<u>8</u>	<u>154</u>	<u>-</u>	<u>162</u>

Financial liabilities

Derivative financial instruments	-	1,932	-	1,932
	<u>-</u>	<u>1,932</u>	<u>-</u>	<u>1,932</u>

30 June 2014

Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
---------------------------	---------------------------	---------------------------	-------------------------

Recurring fair value measurements

Financial assets

Derivative financial instruments	-	1,211	-	1,211
	<u>-</u>	<u>1,211</u>	<u>-</u>	<u>1,211</u>

Financial liabilities

Derivative financial instruments	-	1,253	-	1,253
	<u>-</u>	<u>1,253</u>	<u>-</u>	<u>1,253</u>

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

The Group	Financial investments available-for-sale	
	31-03-2015 RM'000	30-06-2014 RM'000
As at beginning of the financial period/year	369,708	332,796
Net fair value changes recognised in other comprehensive income	538	37,353
Redeemed during the period/year	-	(441)
As at end of the financial period/year	<u>370,246</u>	<u>369,708</u>
Total gain recognised in other comprehensive income relating to assets held at the end of financial period/year	<u>538</u>	<u>37,353</u>

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD LISTING REQUIREMENTS**

1 Review of performance

Current quarter against previous corresponding quarter

HLFG Group recorded a profit before tax of RM699.7 million for the current quarter ended 31 March 2015 as compared to RM727.9 million in the previous corresponding quarter, a decrease of RM28.2 million or 3.9%. The overall decrease was mainly due to lower contribution from insurance division. However, this was mitigated by higher contribution from banking division.

Hong Leong Bank Group recorded a higher profit before tax of RM662.7 million for the current quarter ended 31 March 2015 as compared to RM639.5 million in the previous corresponding quarter, an increase of RM23.2 million or 3.6%. 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 Sichuan Jincheng Consumer Finance 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.

HLA Holdings Group registered a profit before tax of RM35.3 million for the current quarter ended 31 March 2015 as compared to RM100.1 million in the previous corresponding quarter, a decrease of RM64.8 million or 64.7%. The decrease was due to lower net income of RM65.6 million and higher impairment loss of RM1.2 million. This was mitigated by higher share of profit from associate company by RM2.0 million.

Hong Leong Capital Group recorded a profit before tax of RM16.7 million for the current quarter ended 31 March 2015 as compared to RM14.3 million in the previous corresponding quarter, an increase of RM2.4 million or 16.8%. This was mainly due to higher contribution from its investment banking and stockbroking divisions.

2 Current year-to-date against previous year-to-date

HLFG Group recorded a profit before tax of RM2,242.8 million for the period ended 31 March 2015 as compared to RM2,293.6 million in the previous corresponding period, with a decrease of RM50.8 million or 2.2%. The overall decrease in profit before tax was mainly due to lower contribution from insurance division. However, this was mitigated by better performance from banking division.

Hong Leong Bank Group recorded a higher profit before tax of RM2,073.7 million for the period ended 31 March 2015 as compared to RM2,002.3 million in the previous corresponding period, an increase of RM71.4 million or 3.6%. 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 Sichuan Jincheng Consumer Finance joint venture totaling RM18.0 million. This is however offset by lower write back of impairment losses from securities of RM25.5 million, higher operating expenses of RM17.8 million and lower net income by RM6.5 million.

HLA Holdings Group registered a profit before tax of RM146.6 million for the period ended 31 March 2015 as compared to RM267.9 million in the previous corresponding period, a decrease of RM121.3 million or 45.3%. The decrease was largely due to lower net income of RM125.9 million, higher operating expenses of RM1.5 million and higher impairment loss of RM1.1 million. This was mitigated by higher share of profit from associate company by RM7.2 million.

Hong Leong Capital Group recorded a profit before tax of RM51.0 million for the period ended 31 March 2015 as compared to RM49.8 million in the previous corresponding period, an increase of RM1.2 million or 2.4%. This is mainly due to higher contribution from its investment banking and stockbroking segment, offset by lower contribution from its assets management division.

3 Current quarter against preceding quarter

HLFG Group recorded a profit before taxation of RM699.7 million for the current quarter ended 31 March 2015 as compared to RM796.1 million in the preceding quarter, a decrease of RM96.4 million or 12.1%. The overall decrease in profit before tax was mainly due to lower contribution from banking and insurance division.

Hong Leong Bank Group recorded a profit before tax of RM662.7 million for the current quarter ended 31 March 2015 as compared to RM707.0 million in the preceding quarter, a decrease of RM44.3 million or 6.3% arising from lower write back on allowance for impairment losses on loans, advances and financing of RM47.3 million and lower net income of RM35.3 million. This is however mitigated by higher share of profit from Bank of Chengdu and Sichuan Jincheng Consumer Finance joint venture totalling RM20.0 million, lower operating expenses of RM13.0 million and higher write back of impairment losses from securities of RM5.3 million.

HLA Holdings Group recorded a profit before tax of RM35.3 million for the current quarter ended 31 March 2015 as compared to RM70.6 million in the preceding quarter, a decrease of RM35.3 million or 50.0%. The decrease was mainly due to lower net income of RM37.8 million, higher impairment loss of RM1.2 million and higher operating expense of RM0.5 million. This was mitigated by higher share of profit from associate company by RM4.2 million.

Hong Leong Capital Group recorded a profit before tax of RM16.7 million for the current quarter ended 31 March 2015 as compared to RM15.3 million in the preceding quarter, an increase of RM1.4 million or 9.2%. This was mainly due to higher contribution from its investment banking and stockbroking divisions.

4 Prospects for the current year

Barring unforeseen circumstances, the Group is expected to perform satisfactorily for the current financial year.

5 Variance of actual profit from forecasted profit

There was no profit forecast or profit guarantee issued by the Group.

6 Taxation

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Malaysian income tax	153,197	124,810	481,221	416,012
Transfer from deferred tax	(2,586)	5,818	(1,002)	32,720
	<u>150,611</u>	<u>130,628</u>	<u>480,219</u>	<u>448,732</u>
Prior year over provision - Malaysia	(45)	(12,651)	(8,102)	(12,758)
	<u>150,566</u>	<u>117,977</u>	<u>472,117</u>	<u>435,974</u>

	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Malaysian income tax	1,359	(9,930)	2,430	75,865
Transfer from deferred tax	1,586	2,316	273	2,029
	<u>2,945</u>	<u>(7,614)</u>	<u>2,703</u>	<u>77,894</u>

The effective tax rate for the Group and the Company for the current financial year is lower than the statutory rate of taxation as certain income was not subjected to tax.

7 Sale of properties/unquoted investments

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.

8 Purchase/sale of quoted securities of the Group

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

9 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, HLFG announced that Hong Leong Assurance Berhad ("HLA"), a 70% indirect subsidiary of HLFG, had entered into a sale and purchase agreement with HLB in respect of the proposed acquisition by HLA of a parcel of land (the "Land") together with a commercial office building known as Menara Raja Laut erected on the Land from HLB for a cash consideration of RM220,000,000 ("Proposed Disposal"). The Proposed Disposal is subject to the approval of the shareholders of HLFG and the shareholders of HLFG had, at the Extraordinary General Meeting held on 28 April 2015, approved the Proposed Disposal.

10 Borrowings

		The Group	
		As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
	Note		
Revolving credit	(i)	5,005	65,254
Commercial papers	(ii)	109,864	584,212
Medium term notes	(ii), (iii)	405,771	2,611,879
Term loans	(iv)	350,700	110,052
Senior bonds	(v)	2,234,515	1,936,207
		<u>3,105,855</u>	<u>5,307,604</u>
Repayment of revolving credit			
- less than one year		5,005	65,254
Repayment of commercial papers			
- less than one year		109,864	584,212
Repayment of medium term notes			
- less than one year		-	150,466
- one to three years		152,101	2,210,550
- three years and above		253,670	250,863
Repayment of term loans			
- less than one year		350,700	110,052
Repayment of senior bonds			
- one to three years		2,234,515	1,936,207
		<u>3,105,855</u>	<u>5,307,604</u>
		The Company	
		As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
	Note		
Revolving credit	(i)	5,005	65,254
Commercial papers	(ii)	109,864	584,212
Medium term notes	(ii)	405,771	551,824
Term loans	(iv)	350,700	110,052
		<u>871,340</u>	<u>1,311,342</u>
Repayment of revolving credit			
- less than one year		5,005	65,254
Repayment of commercial papers			
- less than one year		109,864	584,212
Repayment of medium term notes			
- less than one year		-	150,466
- one to three years		152,101	150,495
- three years and above		253,670	250,863
Repayment of term loans			
- less than one year		350,700	110,052
		<u>871,340</u>	<u>1,311,342</u>

10 Borrowings (continued)

- (i) The unsecured revolving credit facilities carried an interest rate of 3.75% (30 June 2014: ranging from 3.55% to 3.58%) per annum and repayable within 12 months.
- (ii) On 14 October 2011, the Company entered into RM1.8 billion CP/MTNs Programme comprising a seven (7) years Commercial Papers (CP) programmes and a twenty (20) years Medium Term Notes (MTNs) programmes which were constituted by a Trust Deed between the Company and Malaysian Trustees Berhad as trustee. The CPs are issued at a discount and the issue price is calculated in accordance with the Rules on Fully Automated System for Issuing/Tendering ("FAST") issued by Bank Negara Malaysia at the tenure of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months as the Company may select. The CPs carry an interest rate of 3.75% (30 June 2014: 3.22% to 3.38%).

The MTNs are issued at par and the issue price is calculated in accordance with the FAST Rules, at the tenure which shall be more than one (1) year as the Company may select. The MTNs carry interest rates ranging from 4.30% to 4.50% (30 June 2014: 4.05% to 4.50%) per annum.

The CP/MTNs are unsecured and the Company is required to maintain a debt to equity ratio for these facilities.

- (iii) On 14 August 2012, HLAH completed its RM2.0 billion MTN issuance under a proposed MTN Programme to raise funds for investment purpose. The MTN has a maturity of 5 years and has a call option to redeem the MTN at anytime.

On 12 September 2014, HLAH has fully redeemed the RM2.0 billion MTN.

- (iv) The Company has the following term loans for the financial period:
- (a) an unsecured short-term loan facility of RM150 million maturing on 11 January 2016 of which the Company has drawdown RM150 million. The term loan with one month interest period bears an interest rate of 3.75% (30 June 2014: 3.65%) per annum.
- (b) an unsecured 1 year term loan of RM200 million maturing on 23 April 2015 of which the Company has drawdown RM200 million. The term loan with one month interest period bears an interest rate of 3.75% (30 June 2014: 3.65%) per annum.
- (v) The Group has the following senior bonds:

		The Group	
		As at	As at
		31-03-2015	30-06-2014
		RM '000	RM '000
	Note		
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, HLB 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 HLB which will at all times rank parri passu among themselves and at least parri passu with all other present and future unsecured obligations of HLB.

- (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%.

11 Subordinated obligations

	Note	The Group	
		As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
RM700 million Tier 2 subordinated debt, at par	(a)	685,000	685,000
Add: Interest payable		4,209	12,535
		<u>689,209</u>	<u>697,535</u>
Less: Unamortised discounts		(23)	(207)
		<u>689,186</u>	<u>697,328</u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	1,000,000
Add: Interest payable		17,519	6,793
		<u>1,017,519</u>	<u>1,006,793</u>
Less: Unamortised discounts		(205)	(570)
		<u>1,017,314</u>	<u>1,006,223</u>
Subordinated medium term notes, at par	(c)	500,000	750,000
Add: Interest payable		5,986	1,207
		<u>505,986</u>	<u>751,207</u>
Less: Unamortised discounts		(557)	(1,138)
Add: Fair value adjustments on completion of business combination accounting		(170)	210
		<u>505,259</u>	<u>750,279</u>
RM1.5 billion Tier 2 subordinated debt, at par	(d)	1,500,000	1,500,000
Add: Interest payable		18,493	1,479
		<u>1,518,493</u>	<u>1,501,479</u>
Less: Unamortised discounts		(1,156)	(1,590)
		<u>1,517,337</u>	<u>1,499,889</u>
RM500 million Tier 2 subordinated debt, at par	(e)	500,000	500,000
Add: Interest payable		3,082	8,815
		<u>503,082</u>	<u>508,815</u>
Less: Unamortised discounts		(1,841)	(1,974)
		<u>501,241</u>	<u>506,841</u>
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(f)	400,000	400,000
Add: Interest payable		5,523	736
		<u>405,523</u>	<u>400,736</u>
Less: Unamortised discounts		(483)	(658)
		<u>405,040</u>	<u>400,078</u>
RM500 million Tier 2 subordinated notes, at par	(g)	500,000	500,000
Add: Interest payable		6,510	526
		<u>506,510</u>	<u>500,526</u>
Less: Unamortised discounts		(1,132)	(1,550)
		<u>505,378</u>	<u>498,976</u>
RM50 million Tier 2 subordinated notes, at par	(h)	50,000	-
Add: Interest payable		1,060	-
		<u>51,060</u>	<u>-</u>
Less: Unamortised discounts		(205)	-
		<u>50,855</u>	<u>-</u>
		<u>5,191,610</u>	<u>5,359,614</u>

11 Subordinated obligations (continued)

- (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 HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB 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 HLB.

- (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 HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB 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 HLB.

- (c) On 27 February 2009, Promino Sdn Bhd ("Promino") (formerly known as EON Bank Berhad), a wholly-owned subsidiary of HLB, 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 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.

- (d) On 22 June 2012, HLB 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 HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB 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 HLB.

- (e) On 19 September 2012, HLA has created and issued up to RM500 million in nominal value of Subordinated Notes ("Sub-Notes") under a proposed Subordinated Notes Programme to raise funds for general working capital and/or business operations purpose.

On 20 March 2013, the Securities Commission approved the application subject to certain operational terms and conditions being fulfilled.

On 7 February 2013, the HLA completed its RM500 million Sub-Notes issuance. The Sub-Notes were issued for a period of 12 years on a 12 non-callable 7 basis with a coupon rate of 4.5% per annum.

The Sub-Notes are classified as tier 2 capital under Risk-Based Capital Framework for Insurers.

11 Subordinated obligations (continued)

- (f) On 17 June 2014, Hong Leong Islamic Bank Berhad ("HLISB"), a wholly owned subsidiary of HLB, 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 extent 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.

- (g) 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 HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB 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 HLB.

- (h) On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB"), a wholly owned subsidiary of Hong Leong Capital Berhad and also an indirect subsidiary of HLFGB, had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 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 5.30% 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 HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB 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 HLIB.

12 Non-innovative Tier 1 stapled securities

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

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

The NIT-1 stapled securities constitute unsecured liabilities of HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB 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 HLB.

13 Innovative Tier 1 capital securities

	The Group	
	As at	As at
	31-03-2015	30-06-2014
	RM '000	RM '000
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)
Add: Fair value adjustments on completion of business combination accounting	27,795	37,742
	<u>522,617</u>	<u>541,767</u>

On 10 September 2009, Promino, an indirect subsidiary of the Company, 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 HLB.

14 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	30,462,949	999,091	(458,066)
(ii) 1 year to 3 years	85,005	877	(2,520)
- Swaps			
(i) Less than 1 year	7,463,493	133,930	(175,223)
(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)
- Spots			
(i) Less than 1 year	580	-	(8)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	7,836,301	1,364	(4,529)
(ii) 1 year to 3 years	47,758	-	(162)
(iii) More than 3 years	11,851	-	-
- Swaps			
(i) Less than 1 year	14,449,233	29,846	(26,901)
(ii) 1 year to 3 years	30,058,896	72,649	(81,577)
(iii) More than 3 years	20,624,250	221,987	(330,743)
Equity related contracts			
(i) Less than 1 year	325,854	6,545	(2,025)
(ii) 1 year to 3 years	50,000	-	-
(iii) More than 3 years	1,500	829	-
Total	119,395,865	1,780,577	(1,490,366)

The Company

Items	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
- Swaps			
(i) 1 year to 3 years	775,000	154	(1,932)
Total	775,000	154	(1,932)

14 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	32,432,966	192,759	(240,251)
(ii) 1 year to 3 years	351,223	2,160	(3,928)
- Swaps			
(i) Less than 1 year	7,232,436	75,238	(53,666)
(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)
- Spots			
(i) Less than 1 year	255	-	-
Interest rate related contracts			
- Futures			
(i) Less than 1 year	29,035,661	1,196	(3,015)
(ii) 1 year to 3 years	9,071,717	868	(1,359)
- Swaps			
(i) Less than 1 year	16,723,860	12,255	(18,607)
(ii) 1 year to 3 years	24,064,854	66,960	(80,927)
(iii) More than 3 years	27,303,710	239,345	(302,798)
Equity related contracts			
(i) Less than 1 year	207,936	1,149	(1,149)
(ii) 1 year to 3 years	94,310	-	-
(iii) More than 3 years	11,500	3,851	-
Total	155,383,734	712,983	(821,340)

The Company

Items	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Swaps			
(i) Less than 1 year	110,308	423	-
Interest rate related contracts			
- Swaps			
(i) 1 year to 3 years	675,000	788	(1,253)
Total	785,308	1,211	(1,253)

14 Off-Balance Sheet financial instruments (continued)

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 (ie, 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 (ie, 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.

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 balance sheet 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.

14 Off-Balance Sheet financial instruments (continued)

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 income statements 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 income statement. 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 income statement.

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 income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged items affects the income statement.

15 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.

16 HLFG Dividends

A second single-tier interim dividend of 25 sen per share has been proposed by the Company for the current quarter.

- (i) Amount per share : 25 sen per share
- (ii) Previous corresponding period : 25 sen per share
- (iii) Entitlement date : 12 June 2015
- (iv) Payment date : 26 June 2015

For the financial period ended 31 March 2015, a total single-tier dividend of 38 sen per share was declared (2014: 38 sen per share).

17 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial period.

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Net profit attributable to equity holders of the Company	363,499	414,680	1,179,493	1,256,622
Weighted average number of ordinary shares ('000)	1,047,663	1,042,847	1,047,663	1,042,847
Basic earnings per share (Sen)	<u>34.7</u>	<u>39.8</u>	<u>112.6</u>	<u>120.5</u>

	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Net profit attributable to equity holders of the Company	209,016	163,951	711,697	387,698
Weighted average number of ordinary shares ('000)	1,049,767	1,045,423	1,049,767	1,045,423
Basic earnings per share (Sen)	<u>19.9</u>	<u>15.7</u>	<u>67.8</u>	<u>37.1</u>

(b) Fully diluted earnings per share

The Company 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 Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	The Group		The Group	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Net profit attributable to equity holders of the Company	363,499	414,680	1,179,493	1,256,622
Weighted average number of ordinary shares ('000)				
- during the period	1,047,663	1,042,847	1,047,663	1,042,847
- adjustment for ESOS	958	2,312	958	2,312
	<u>1,048,621</u>	<u>1,045,159</u>	<u>1,048,621</u>	<u>1,045,159</u>
Fully diluted earnings per share (Sen)	<u>34.7</u>	<u>39.7</u>	<u>112.5</u>	<u>120.2</u>

	The Company		The Company	
	Current quarter ended 31-03-2015 RM '000	Last year quarter ended 31-03-2014 RM '000	Current year to date 31-03-2015 RM '000	Last year to date 31-03-2014 RM '000
Net profit attributable to equity holders of the Company	209,016	163,951	711,697	387,698
Weighted average number of ordinary shares ('000)				
- during the period	1,049,767	1,045,423	1,049,767	1,045,423
- adjustment for ESOS	955	2,080	955	2,080
	<u>1,050,722</u>	<u>1,047,503</u>	<u>1,050,722</u>	<u>1,047,503</u>
Fully diluted earnings per share (Sen)	<u>19.9</u>	<u>15.7</u>	<u>67.7</u>	<u>37.0</u>

18 Realised and unrealised profit

	The Group	
	As at 31-03-2015 RM '000	As at 30-06-2014 RM '000
Total retained profits of the Group and its subsidiaries		
- Realised	17,897,854	18,663,319
- Unrealised	2,502,958	1,325,961
Total share of retained profits from associated companies		
- Realised	1,853,503	1,513,429
- Unrealised	2,315	1,574
Total share of retained profits from joint ventures		
- Realised	22,960	12,587
	<u>22,279,590</u>	<u>21,516,870</u>
Less: Consolidation adjustments	(14,347,659)	(14,069,318)
Total Group's retained profits as per consolidated accounts	<u>7,931,931</u>	<u>7,447,552</u>

The breakdown of realised and unrealised profits is based on the Guidance of 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.

Dated this 26 May 2015