

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
THE GROUP		
<u>Assets</u>		
Cash and short term funds	7,533,167	9,429,592
Deposits and placements with banks and other financial institutions	1,761,111	3,033,666
Securities purchased under resale agreements	3,130,591	4,056,670
Financial assets held-for-trading	9,963,063	8,524,673
Financial investments available-for-sale	38,516,897	35,767,092
Financial investments held-to-maturity	12,629,781	12,911,318
Derivative financial instruments	1,056,964	1,062,358
Loans, advances and financing	120,785,101	120,444,892
Clients' and brokers' balances	508,228	395,884
Other receivables	1,512,967	1,818,768
Statutory deposits with Central Banks	3,775,431	4,328,519
Tax recoverable	36,169	29,011
Investment in associates	4,067,132	3,982,091
Investment in joint ventures	150,861	145,183
Property and equipment	1,876,542	1,849,202
Goodwill	2,410,644	2,410,644
Intangible assets	269,699	284,971
Total Assets	209,984,348	210,474,534
<u>Liabilities</u>		
Deposits from customers	149,998,339	149,490,533
Deposits and placements of banks and other financial institutions	6,739,447	8,106,000
Obligations on securities sold under repurchase agreements	2,451,136	3,494,903
Bills and acceptances payable	261,492	350,455
Derivatives financial instruments	1,545,880	1,654,225
Clients' and brokers' balances	380,399	279,919
Payables and other liabilities	6,159,471	6,237,822
Provision for claims	142,854	141,175
Provision for taxation	67,760	39,357
Deferred tax liabilities	239,688	202,237
Borrowings	3,257,157	3,191,919
Subordinated obligations	2,982,060	2,958,641
Recourse obligations on loans sold to Cagamas Berhad	201,091	-
Innovative Tier 1 capital securities	509,117	521,512
Insurance funds	11,092,788	10,628,680
Total Liabilities	186,028,679	187,297,378
<u>Equity</u>		
Share capital	1,147,517	1,147,517
Capital reserves	5,867,920	5,763,641
Retained profits	8,588,026	8,228,437
Fair value reserve	290,539	237,252
Treasury shares for ESOS	(35,712)	(35,712)
Total shareholders' equity	15,858,290	15,341,135
Non-controlling interests	8,097,379	7,836,021
Total Equity	23,955,669	23,177,156
Total Liabilities and Equity	209,984,348	210,474,534
Commitment and Contingencies		
	158,740,334	159,472,609
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)	13.87	13.42

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016	quarter ended 30/09/2015	to date 30/09/2016	to date 30/09/2015
THE GROUP	RM '000	RM '000	RM '000	RM '000
Interest income	1,583,827	1,585,285	1,583,827	1,585,285
Interest expense	(901,555)	(928,629)	(901,555)	(928,629)
Net interest income	682,272	656,656	682,272	656,656
Net income from Islamic banking business	129,601	114,532	129,601	114,532
Non-interest income	369,589	375,434	369,589	375,434
Net income	1,181,462	1,146,622	1,181,462	1,146,622
Overhead expenses	(538,020)	(505,602)	(538,020)	(505,602)
Operating profit before allowances	643,442	641,020	643,442	641,020
Allowance for impairment losses on loans, advances and financing and other losses	(23,041)	(23,973)	(23,041)	(23,973)
Allowance for impairment losses	(4,050)	(22,151)	(4,050)	(22,151)
	616,351	594,896	616,351	594,896
Share of results of associated companies	102,935	97,194	102,935	97,194
Share of results of joint ventures	6,228	4,889	6,228	4,889
Profit before taxation	725,514	696,979	725,514	696,979
Taxation	(142,154)	(115,300)	(142,154)	(115,300)
Net profit for the financial period	583,360	581,679	583,360	581,679
Attributable to:				
Owners of the parent	386,192	386,882	386,192	386,882
Non-controlling interests	197,168	194,797	197,168	194,797
Net profit for the financial period	583,360	581,679	583,360	581,679
Earnings per share - basic (sen)	33.8	36.9	33.8	36.9
Earnings per share - fully diluted (sen)	33.8	36.8	33.8	36.8

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
THE GROUP				
Net profit for the financial period	583,360	581,679	583,360	581,679
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Share of other comprehensive income of associated companies	2,212	4,492	2,212	4,492
Net fair value changes in financial investments available-for-sale	102,263	(156,688)	102,263	(156,688)
Net fair value changes in cash flow hedge	(984)	2,625	(984)	2,625
Currency translation differences	112,107	545,942	112,107	545,942
Income tax relating to components of other comprehensive (income)/loss	(23,675)	40,867	(23,675)	40,867
Other comprehensive income for the financial period, net of tax	191,923	437,238	191,923	437,238
Total comprehensive income for the financial period, net of tax	775,283	1,018,917	775,283	1,018,917
Attributable to:				
Owners of the parent	513,925	679,927	513,925	679,927
Non-controlling interests	261,358	338,990	261,358	338,990
	775,283	1,018,917	775,283	1,018,917

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
THE COMPANY		
<u>Assets</u>		
Cash and short term funds	5,360	9,620
Deposits and placements with banks and other financial institutions	9,300	8,400
Derivative financial instruments	-	80
Other receivables	768	687
Tax recoverable	3,429	2,729
Deferred tax assets	72	330
Investment in subsidiary companies	16,915,160	16,915,160
Property and equipment	1,578	1,729
Intangible assets	81	106
Total Assets	<u>16,935,748</u>	<u>16,938,841</u>
<u>Liabilities</u>		
Derivative financial instruments	1,849	1,455
Payables and other liabilities	11,404	9,351
Borrowings	1,656,589	1,641,717
Total Liabilities	<u>1,669,842</u>	<u>1,652,523</u>
<u>Financed by:</u>		
Share capital	1,147,517	1,147,517
Capital reserves	1,374,482	1,374,482
Retained profits	12,743,910	12,764,322
Treasury shares for ESOS	(3)	(3)
Total Equity	<u>15,265,906</u>	<u>15,286,318</u>
Total Liabilities and Equity	<u>16,935,748</u>	<u>16,938,841</u>
Commitment and Contingencies	<u>100,000</u>	<u>200,000</u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016	quarter ended 30/09/2015	to date 30/09/2016	to date 30/09/2015
THE COMPANY	RM '000	RM '000	RM '000	RM '000
Interest income	148	191	148	191
Interest expense	(16,878)	(9,837)	(16,878)	(9,837)
Net interest expense	(16,730)	(9,646)	(16,730)	(9,646)
Non-interest income	2,159	5,438	2,159	5,438
Net (expense)/income	(14,571)	(4,208)	(14,571)	(4,208)
Overhead expenses	(5,583)	(5,261)	(5,583)	(5,261)
Loss before taxation	(20,154)	(9,469)	(20,154)	(9,469)
Taxation	(258)	196	(258)	196
Net loss for the financial period	(20,412)	(9,273)	(20,412)	(9,273)
Earnings per share - basic (sen)	(1.8)	(0.9)	(1.8)	(0.9)
Earnings per share - fully diluted (sen)	(1.8)	(0.9)	(1.8)	(0.9)

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016	quarter ended 30/09/2015	to date 30/09/2016	to date 30/09/2015
THE COMPANY	RM '000	RM '000	RM '000	RM '000
Net loss for the financial period	(20,412)	(9,273)	(20,412)	(9,273)
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive loss for the financial period, net of tax	(20,412)	(9,273)	(20,412)	(9,273)

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Share capital	Share premium	Statutory reserve	Other Capital reserve	Share options reserve	Fair value reserve	Cash flow hedge reserve	Regulatory reserve#	Exchange fluctuation reserve	Retained profits	Treasury shares for ESOS	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
THE GROUP														
At 1 July 2016	1,147,517	1,119,491	3,310,501	134,870	10,205	237,252	(1,129)	602,335	587,368	8,228,437	(35,712)	15,341,135	7,836,021	23,177,156
Comprehensive income														
Net profit for the financial period	-	-	-	-	-	-	-	-	-	386,192	-	386,192	197,168	583,360
Currency translation differences	-	-	-	-	-	-	-	-	74,937	-	-	74,937	37,170	112,107
Share of other comprehensive income of associates	-	-	-	-	-	1,968	-	-	-	-	-	1,968	244	2,212
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	51,319	-	-	-	-	-	51,319	27,032	78,351
Net fair value changes in cash flow hedge, net of tax	-	-	-	-	-	-	(491)	-	-	-	-	(491)	(256)	(747)
Total comprehensive (loss)/income	-	-	-	-	-	53,287	(491)	-	74,937	386,192	-	513,925	261,358	775,283
Transaction with owners														
Transfer to statutory reserve	-	-	13,309	-	-	-	-	-	-	(13,309)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	13,294	-	(13,294)	-	-	-	-
Option charge arising from ESOS	-	-	-	-	3,230	-	-	-	-	-	-	3,230	-	3,230
At 30 September 2016	1,147,517	1,119,491	3,323,810	134,870	13,435	290,539	(1,620)	615,629	662,305	8,588,026	(35,712)	15,858,290	8,097,379	23,955,669

	Share capital	Share premium	Statutory reserve	Other Capital reserve	Share options reserve	Fair value reserve	Cash flow hedge reserve	Regulatory reserve#	Exchange fluctuation reserve	Retained profits	Treasury shares for ESOS	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 2015	1,052,768	117,229	2,964,899	134,868	-	170,409	106	402,388	464,265	7,816,792	(12,698)	13,111,026	6,353,277	19,464,303
Comprehensive income														
Net profit for the financial period	-	-	-	-	-	-	-	-	-	386,882	-	386,882	194,797	581,679
Currency translation differences	-	-	-	-	-	-	-	-	366,923	-	-	366,923	179,019	545,942
Share of other comprehensive income of associates	-	-	-	-	-	2,701	-	-	-	-	-	2,701	1,791	4,492
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	(77,888)	-	-	-	-	-	(77,888)	(37,305)	(115,193)
Net fair value changes in cash flow hedge, net of tax	-	-	-	-	-	-	1,309	-	-	-	-	1,309	688	1,997
Total comprehensive income	-	-	-	-	-	(75,187)	1,309	-	366,923	386,882	-	679,927	338,990	1,018,917
Transaction with owners														
Transfer to statutory reserves	-	-	105,060	-	-	-	-	-	-	(105,060)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	52,610	-	(52,610)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	21,781	-	21,781	(21,781)	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	(14,157)	(14,157)
Option charge arising from ESOS	-	-	-	-	5,177	-	-	-	-	-	-	5,177	-	5,177
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(9,090)	(9,090)	-	(9,090)
At 30 September 2015	1,052,768	117,229	3,069,959	134,868	5,177	95,222	1,415	454,998	831,188	8,067,785	(21,788)	13,808,821	6,656,329	20,465,150

Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM604,384,000 (30 September 2015:RM443,753,000) and the banking subsidiary company in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2015: RM11,245,000).

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

<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 2016	1,147,517	1,119,491	254,991	-	12,764,322	(3)	15,286,318
Net loss for the financial period	-	-	-	-	(20,412)	-	(20,412)
At 30 September 2016	1,147,517	1,119,491	254,991	-	12,743,910	(3)	15,265,906

	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 2015	1,052,768	117,229	254,991	-	12,742,372	(2)	14,167,358
Net loss for the financial period	-	-	-	-	(9,273)	-	(9,273)
At 30 September 2015	1,052,768	117,229	254,991	-	12,733,099	(2)	14,158,085

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	The Group		The Company	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM '000	RM '000	RM '000	RM '000
Profit/(Loss) before taxation	725,514	696,979	(20,154)	(9,469)
Adjustment for non-cash items	103,889	166,214	17,390	8,574
Operating profit before working capital changes	829,403	863,193	(2,764)	(895)
Income tax (paid)/refunded	(115,951)	(135,671)	(700)	4,313
Interest received	148	191	148	191
Changes in working capital				
Net changes in operating assets	1,104,568	827,344	(980)	(409,591)
Net changes in operating liabilities	(1,769,865)	190,683	2,052	1,486
Net cash generated/(used in) from operating activities	48,303	1,745,740	(2,244)	(404,496)
Cash flow from investing activities				
Net purchases of financial investments available-for-sale	(2,677,629)	(3,753,731)	-	-
Net purchases of financial investments held-to-maturity	281,541	(299,260)	-	-
Interest received on financial investments available-for-sale and held-to-maturity	251,289	212,009	-	-
Purchase of intangible assets	(4,983)	(9,612)	(1)	-
Purchase of property and equipment	(53,623)	(19,577)	(10)	-
Proceeds from disposal of property and equipment	3,362	256	-	-
Dividends received from other investments	72,830	39,573	-	639
Dividends received from associated companies	88,634	-	-	-
Dividends received from joint ventures companies	3,428	3,755	-	-
Net cash (used in)/generated from investing activities	(2,035,151)	(3,826,587)	(11)	639
Cash flow from financing activities				
Purchase of treasury shares	-	(9,090)	-	-
Drawdown/(Repayment) of revolving credit	(19,700)	60,000	(19,700)	60,000
Issuance/(Redemption) of medium term notes and commercial paper	(135,000)	375,000	(135,000)	375,000
Drawdown/(Repayment) of term loans	177,913	(25,000)	170,000	(25,000)
Interest paid on subordinated obligations	(6,223)	(9,056)	-	-
Interest paid on borrowings	(15,327)	(26,353)	(17,305)	(4,748)
Interest paid on innovative Tier 1 capital securities	(19,001)	(17,988)	-	-
Net cash used in financing activities	(17,338)	347,513	(2,005)	405,252
Changes in cash and cash equivalents	(2,004,186)	(1,733,334)	(4,260)	1,395
Effect of change in foreign exchange rate	107,761	515,026	-	-
Cash and cash equivalents as at 1 July	9,428,692	8,463,194	8,720	8,345
Cash and cash equivalents as at 30 September	7,532,267	7,244,886	4,460	9,740
Analysis of cash and cash equivalent				
Cash and short terms funds	7,533,167	7,244,886	5,360	9,740
Less: restricted cash	(900)	-	(900)	-
	7,532,267	7,244,886	4,460	9,740

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 30 September 2016 have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale and financial assets/financial liabilities at fair value through profit or loss (including derivative financial instruments).

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of 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 2016. 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 2016.

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 period ended 30 June 2016 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2016:

(i) Amendment to MFRS 11	"Joint Arrangements"
Amendment to MFRS 116	"Property, Plant and Equipment"
Amendment to MFRS 138	"Intangible Assets"

The adoption of the above amendments to MFRSs are not expected to have impact on the financial results of the Group and 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 2016

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2016.

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 period

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

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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 30 September 2016 other than as mentioned

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

As at 30 September 2016, there is no outstanding options to be vested and exercised.

As at 30 September 2016, the total number of Treasury Shares for ESOS is 500 at an average price of RM6.31 per share and the total consideration paid, including transaction costs was RM3,155.

During the financial period ended 30 September 2016, no shares were exercised pursuant to the Company's ESOS.

The remaining number of shares held by the appointed trustee for the insurance subsidiary companies as at 30 September 2016 was 3,963,900 units at an average price of RM9.01 per share with total consideration paid, including transaction costs was RM35,709,188 which have been classified as treasury shares for ESOS at the Group level.

7. Dividends paid

There were no dividends paid during the financial period under review

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

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

8. Segmental reporting (continued)

The Group 30 September 2016	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue for the year ended						
External revenue	1,090,817	40,759	63,909	(14,023)	-	1,181,462
Intersegment revenue	5,425	1,924	1,222	2,632	(11,203)	-
	<u>1,096,242</u>	<u>42,683</u>	<u>65,131</u>	<u>(11,391)</u>	<u>(11,203)</u>	<u>1,181,462</u>
Results for the year ended						
Segment results	579,143	18,398	39,925	(20,325)	(790)	616,351
Share of results of associated companies						102,935
Share of results of joint ventures						6,228
Profit before taxation						<u>725,514</u>
Taxation						(142,154)
Net profit for the financial year						<u>583,360</u>
Non-controlling interests						(197,168)
Profit attributable to owners of the parent						<u><u>386,192</u></u>
Other information						
Segment assets	188,733,670	4,149,426	16,878,091	17,108,931	(16,885,770)	<u><u>209,984,348</u></u>
Segment liabilities	166,894,864	3,427,863	14,278,462	1,671,613	(244,123)	<u><u>186,028,679</u></u>

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8. Segmental reporting (continued)

The Group 30 September 2015	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue for the year ended						
External revenue	1,017,475	37,145	99,146	(7,144)	-	1,146,622
Intersegment revenue	5,761	227	1,500	2,937	(10,425)	-
	<u>1,023,236</u>	<u>37,372</u>	<u>100,646</u>	<u>(4,207)</u>	<u>(10,425)</u>	<u>1,146,622</u>
Results for the year ended						
Segment results	539,367	12,860	56,975	(9,481)	(4,825)	594,896
Share of results of associated companies						97,194
Share of results of joint ventures						4,889
Profit before taxation						<u>696,979</u>
Taxation						<u>(115,300)</u>
Net profit for the financial year						581,679
Non-controlling interests						<u>(194,797)</u>
Profit attributable to owners of the parent						<u>386,882</u>
Other information						
Segment assets	187,151,057	3,298,532	14,647,530	15,607,590	(14,948,321)	<u>205,756,388</u>
Segment liabilities	169,399,785	2,633,398	12,226,398	1,288,734	(257,077)	<u>185,291,238</u>

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9. Financial assets held-for-trading

	The Group	
	As at	As at
	30/09/2016	30/06/2016
	RM '000	RM '000
Money market instruments:		
Government treasury bills	294,548	119,332
Malaysian Government securities	457,371	239,083
Negotiable instruments of deposit	4,998,466	4,848,396
Bankers' acceptances and Islamic accepted bills	79,103	-
Malaysian Government investment certificates	1,050,112	320,952
Cagamas bonds	120,425	55,474
Khazanah bonds	14,915	-
Other government securities	345,644	158,666
	<u>7,360,584</u>	<u>5,741,903</u>
Quoted securities:		
Shares in Malaysia	630,246	478,460
Shares outside Malaysia	69,936	66,899
Foreign currency bonds in Malaysia	89,893	488,718
Unit trust investments	248,437	241,851
	<u>1,038,512</u>	<u>1,275,928</u>
Unquoted securities:		
Foreign currency bonds in Malaysia	24,591	53,001
Foreign currency bonds outside Malaysia	81,612	134,406
Malaysian Government sukuk	141,534	-
Corporate bonds and sukuk	1,316,230	1,319,435
	<u>1,563,967</u>	<u>1,506,842</u>
Total financial assets held-for-trading	<u>9,963,063</u>	<u>8,524,673</u>

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10. Financial investments available-for-sale

	The Group	
	As at	As at
	30/09/2016	30/06/2016
	RM '000	RM '000
Money market instruments:		
Government treasury bills	196,760	69,206
Malaysian Government securities	1,012,718	1,040,565
Malaysian Government investment certificates	3,728,874	3,547,351
Khazanah bonds	342,424	334,686
Cagamas bonds	1,165,500	1,019,398
Other government securities	2,207,584	1,790,368
	<u>8,653,860</u>	<u>7,801,574</u>
Quoted securities:		
Shares in Malaysia	1,462,351	1,344,786
Shares outside Malaysia	131,648	135,991
Foreign currency bonds in Malaysia	3,679,726	3,606,238
Foreign currency bonds outside Malaysia	1,781,761	1,954,369
Unit trust investments	7,652,175	7,079,657
	<u>14,707,661</u>	<u>14,121,041</u>
Unquoted securities :		
Shares in Malaysia	425,319	425,319
Shares outside Malaysia	4,514	4,402
Foreign currency bonds in Malaysia	728,186	1,125,156
Foreign currency bonds outside Malaysia	425,881	468,925
Investment-linked funds	300	300
Malaysian Government sukuk	1,378,710	820,552
Corporate bonds and sukuk	12,192,466	10,999,823
	<u>15,155,376</u>	<u>13,844,477</u>
Total financial investments available-for-sale	<u>38,516,897</u>	<u>35,767,092</u>

11. Financial investments held-to-maturity

	The Group	
	As at	As at
	30/09/2016	30/06/2016
	RM '000	RM '000
Money market instruments:		
Government treasury bills	56,521	54,922
Malaysian Government securities	2,005,021	3,403,858
Malaysian Government investment certificates	8,827,380	7,731,720
Cagamas bonds	20,312	30,356
Other Government securities	386,458	395,513
	<u>11,295,692</u>	<u>11,616,369</u>
Unquoted securities:		
Loan stocks	48	48
Malaysian Government sukuk	465,455	470,220
Corporate bonds and sukuk	708,077	667,159
Foreign currency bonds outside Malaysia	128,443	125,456
Redeemable preference shares	32,066	32,066
	<u>1,334,089</u>	<u>1,294,949</u>
Total financial investments held-to-maturity	<u>12,629,781</u>	<u>12,911,318</u>

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12. Loans, advances and financing

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Overdrafts	3,840,803	3,857,485
Term loans:		
- Housing and shop loans/financing	61,814,730	60,462,347
- Syndicated term loan/financing	9,392,139	9,339,212
- Hire purchase receivables	18,574,458	18,682,098
- Other term loans/financing	8,540,702	8,605,184
Credit/charge card receivables	3,960,668	3,755,348
Bills receivables	1,123,312	1,107,690
Trust receipts	344,020	381,531
Claims on customers under acceptance credits	6,874,141	7,439,144
Revolving credits	6,256,351	6,757,003
Policy and premium loans	613,642	614,679
Staff loans/financing	152,888	164,914
Other loans/financing	440,655	425,856
Gross loans, advances and financing	<u>121,928,509</u>	<u>121,592,491</u>
Unamortised fair value changes arising from terminated fair value hedges	(495)	(784)
Allowance for impaired loans, advances and financing:		
- collective assessment allowance	(847,490)	(856,971)
- individual assessment allowance	(295,423)	(289,844)
Total net loans, advances and financing	<u>120,785,101</u>	<u>120,444,892</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group amounting to RM200.0 million (2016: RM Nil).

(a) By type of customer

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Domestic financial institutions	-	47
Domestic non-bank financial institutions	500,930	600,249
Domestic business enterprises		
- small and medium enterprises	19,331,347	19,246,622
- others	16,108,177	17,099,287
Government and statutory bodies	24,563	24,804
Individuals	78,867,189	77,670,558
Other domestic entities	60,408	75,714
Foreign entities	7,035,895	6,875,210
Gross loans, advances and financing	<u>121,928,509</u>	<u>121,592,491</u>

(b) By interest/profit rate sensitivity

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Fixed rate		
- Housing and shop loans/financing	2,408,681	2,604,404
- Hire purchase receivables	18,105,379	18,200,640
- Other fixed rate loan/financing	7,953,289	8,083,838
Variable rate		
- Base lending rate plus	77,179,674	75,993,221
- Cost plus	15,890,456	16,322,812
- Other variables rates	391,030	387,576
Gross loans, advances and financing	<u>121,928,509</u>	<u>121,592,491</u>

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12. Loans, advances and financing (continued)

(c) By economic purpose

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Purchase of securities	831,787	856,080
Purchase of transport vehicles	18,298,115	18,445,657
Purchase of landed properties		
- residential	52,754,342	51,510,277
- non-residential	15,186,662	14,986,782
Purchase of fixed assets (excluding landed properties)	430,597	434,041
Personal use	3,732,422	3,766,429
Credit card	3,960,668	3,755,348
Purchase of consumer durables	380	387
Construction	1,414,119	1,386,003
Mergers and acquisition	233,318	233,364
Working capital	22,404,514	23,529,783
Other purpose	2,681,585	2,688,340
Gross loans, advances and financing	<u>121,928,509</u>	<u>121,592,491</u>

(d) By geographical distribution

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Malaysia	115,992,281	115,965,819
Singapore	4,929,814	4,678,961
Hong Kong	23,000	34,168
Vietnam	391,030	387,576
Cambodia	592,384	525,967
Gross loans, advances and financing	<u>121,928,509</u>	<u>121,592,491</u>

(e) By residual contractual maturity

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Within one year	27,337,030	27,848,217
One year to less than three years	4,929,708	5,434,573
Three years to less than five years	10,960,935	10,710,736
Five years and more	78,700,836	77,598,965
Gross loans, advances and financing	<u>121,928,509</u>	<u>121,592,491</u>

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12. Loans, advances and financing (continued)

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

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Purchase of securities	328	225
Purchase of transport vehicles	150,941	145,528
Purchase of landed properties		
- residential	222,146	233,566
- non-residential	89,601	99,145
Purchase of fixed assets (excluding landed properties)	19,611	22,872
Personal use	43,750	36,909
Credit card	43,676	44,308
Construction	8,740	9,138
Working capital	410,374	346,555
Other purpose	25,305	18,907
Gross impaired loans, advances and financing	1,014,472	957,153

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

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Malaysia	999,118	943,207
Singapore	5,744	5,601
Vietnam	9,610	8,345
Gross impaired loans, advances and financing	1,014,472	957,153

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

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
As at beginning of the financial period/year	957,153	948,583
Impaired during the financial period/year	436,615	1,572,187
Performing during the financial period/year	(206,631)	(798,443)
Amount written back in respect of recoveries	(84,146)	(338,880)
Amount written off	(88,883)	(426,490)
Exchange differences	364	196
As at end of the financial period/year	1,014,472	957,153
Gross impaired loan as a % of gross loans, advances and financing	0.8%	0.8%

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12. Loans, advances and financing (continued)

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

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
<u>Collective assessment allowance</u>		
As at beginning of the financial period/year	856,971	969,925
Net allowance made during the period/year	70,222	263,678
Amount transferred to individual assessment allowance	(744)	(109)
Amount written off	(77,071)	(365,615)
Unwinding income	(2,103)	(11,465)
Exchange differences	215	557
As at end of the financial period/year	<u>847,490</u>	<u>856,971</u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.2%</u>	<u>1.2%</u>
<u>Individual assessment allowance</u>		
As at beginning of the financial period/year	289,844	323,071
Net allowance made during the period/year	17,201	57,180
Amount transferred from collective assessment allowance	744	109
Amount transfer to allowance for impairment losses on securities	-	(2,566)
Amount written back in respect of recoveries	(9,809)	(61,626)
Amount written off	(807)	(22,014)
Unwinding income	(1,946)	(4,404)
Exchange differences	196	94
As at end of the financial period/year	<u>295,423</u>	<u>289,844</u>

13. Other receivables

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Investment properties	1,940	1,940
Foreclosed properties	46	46
Sundry debtors and other prepayments	189,714	337,397
Treasury related receivable	475,463	629,659
Fee income receivable	6,821	7,743
Collateral pledged for derivative transactions	644,260	684,890
Other receivables	194,723	157,093
	<u>1,512,967</u>	<u>1,818,768</u>
	The Company	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Amount due from subsidiary companies	23	48
Sundry debtors and other prepayments	516	410
Other receivables	229	229
	<u>768</u>	<u>687</u>

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14. Deposits from customers

(a) By type of deposits

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Fixed deposits	87,485,718	85,737,639
Short-term placement	16,521,840	16,429,616
Negotiable instruments of deposits	6,863,450	7,816,740
	<u>110,871,008</u>	<u>109,983,995</u>
Demand deposits	20,081,498	20,559,745
Savings deposits	16,618,035	16,581,413
Others	1,001,017	943,461
Gross deposits from customers	<u>148,571,558</u>	<u>148,068,614</u>
At fair value through profit and loss		
Collable range accrual notes	1,461,175	1,442,912
Fair value changes arising from designation at fair value through profit or loss*	(34,394)	(20,993)
Total net deposits from customers	<u>149,998,339</u>	<u>149,490,533</u>

*Note:

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

The fair value changes of the structured deposits that are attributable to the changes in own credit risk are not significant.

(b) By type of customers

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Government and statutory bodies	4,534,737	2,891,538
Business enterprises	60,462,744	62,776,728
Individuals	82,510,673	81,366,305
Others	2,490,185	2,455,962
Gross deposits from customers	<u>149,998,339</u>	<u>149,490,533</u>

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

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Due within six months	88,892,488	90,130,671
More than six months to one year	18,253,921	16,791,342
More than one year to five years	3,724,599	3,044,069
More than five years	-	17,913
	<u>110,871,008</u>	<u>109,983,995</u>

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
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15. Deposits and placements of banks and other financial institutions

	The Group	
	As at	As at
	30/09/2016	30/06/2016
	RM '000	RM '000
Licensed banks and investment banks	5,211,261	6,842,865
Licensed Islamic banks	173,014	-
Other financial institutions	1,355,172	1,263,135
	<u>6,739,447</u>	<u>8,106,000</u>
The maturity structure of deposits and placements of banks and other financial institutions:		
- One year or less (short term)	<u>6,739,447</u>	<u>8,106,000</u>

16. Payables and other liabilities

	The Group	
	As at	As at
	30/09/2016	30/06/2016
	RM '000	RM '000
Trade payables	2,020,623	1,964,896
Loan advance payment	2,715,627	2,641,139
Post employment benefits obligations - defined contribution plan	1,796	1,774
Treasury and cheque clearing	110,081	163,202
Treasury related payables	181,038	189,958
Sundry creditors and accruals	418,548	560,146
Provision for bonus and staff related expenses	203,581	151,062
Others	508,177	565,645
	<u>6,159,471</u>	<u>6,237,822</u>
	The Company	
	As at	As at
	30/09/2016	30/06/2016
	RM '000	RM '000
Sundry creditors and accruals	1,612	1,462
Provision for bonus and staff related expenses	9,749	7,846
Post employment benefits obligations - defined contribution plan	43	43
	<u>11,404</u>	<u>9,351</u>

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17. Interest income

	The Group		The Group	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016 RM '000	quarter ended 30/09/2015 RM '000	to date 30/09/2016 RM '000	to date 30/09/2015 RM '000
Loans, advances and financing	1,165,674	1,155,337	1,165,674	1,155,337
Money at call and deposit placements with financial institutions	29,615	36,193	29,615	36,193
Securities purchased under resale agreements	24,371	54,055	24,371	54,055
Financial assets held-for-trading	108,783	123,881	108,783	123,881
Financial investments available-for-sale	157,206	134,694	157,206	134,694
Financial investments held-to-maturity	94,083	77,315	94,083	77,315
Others	4,095	3,810	4,095	3,810
	<u>1,583,827</u>	<u>1,585,285</u>	<u>1,583,827</u>	<u>1,585,285</u>
Of which:				
Interest income earned on impaired loans, advances and financing	6,537	13,325	6,537	13,325

	The Company		The Company	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016 RM '000	quarter ended 30/09/2015 RM '000	to date 30/09/2016 RM '000	to date 30/09/2015 RM '000
Money at call and deposit placements with financial institutions	148	191	148	191

18. Interest expense

	The Group		The Group	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016 RM '000	quarter ended 30/09/2015 RM '000	to date 30/09/2016 RM '000	to date 30/09/2015 RM '000
Deposits and placements of banks and other financial institutions	24,643	15,452	24,643	15,452
Deposits from customers	722,624	727,720	722,624	727,720
Short term placements	83,006	71,711	83,006	71,711
Borrowings	26,453	33,031	26,453	33,031
Subordinated obligations	29,642	50,662	29,642	50,662
Recourse obligation on loans sold to Cagamas	1,041	-	1,041	-
Non-innovative Tier 1 stapled securities	-	17,904	-	17,904
Innovative Tier 1 capital securities	8,739	8,019	8,739	8,019
Others	5,407	4,130	5,407	4,130
	<u>901,555</u>	<u>928,629</u>	<u>901,555</u>	<u>928,629</u>
	The Company		The Company	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2016 RM '000	quarter ended 30/09/2015 RM '000	to date 30/09/2016 RM '000	to date 30/09/2015 RM '000
Borrowings	16,869	9,536	16,869	9,536
Others	9	301	9	301
	<u>16,878</u>	<u>9,837</u>	<u>16,878</u>	<u>9,837</u>

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19. Non-Interest Income

	The Group		The Group	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Net income from insurance business	43,476	90,040	43,476	90,040
Net brokerage and commissions from stockbroking business	15,073	21,200	15,073	21,200
Net unit trust and asset management income	6,328	4,516	6,328	4,516
Fee income:				
Commissions	38,060	34,956	38,060	34,956
Service charges and fees	9,647	9,988	9,647	9,988
Guarantee fees	2,890	3,566	2,890	3,566
Credit card related fees	58,697	58,775	58,697	58,775
Corporate advisory fees	985	1,223	985	1,223
Commitment fees	8,870	8,773	8,870	8,773
Fee on loans, advances and financing	12,466	13,019	12,466	13,019
Placement fees	-	33	-	33
Arranger fees	600	3,274	600	3,274
Other fee income	14,074	9,253	14,074	9,253
	<u>146,289</u>	<u>142,860</u>	<u>146,289</u>	<u>142,860</u>
Gain/(loss) arising from sale of financial assets:				
Net gain from sale of financial assets held-for-trading	26,084	(5,960)	26,084	(5,960)
Net gain from sale of financial investments available-for-sale	28,855	6,643	28,855	6,643
Net gain from redemption of financial investments held-to-maturity	4	17	4	17
Net loss from sale of derivatives financial instruments	(16,185)	(39,544)	(16,185)	(39,544)
	<u>38,758</u>	<u>(38,844)</u>	<u>38,758</u>	<u>(38,844)</u>
Gross dividend income from:				
Financial assets held-for-trading	522	1,539	522	1,539
Financial investments available-for-sale	72,308	38,034	72,308	38,034
	<u>72,830</u>	<u>39,573</u>	<u>72,830</u>	<u>39,573</u>
Net unrealised gain/(loss) on revaluation of:				
Financial assets held-for-trading	8,715	(11,748)	8,715	(11,748)
Derivatives financial instruments	2,219	27,578	2,219	27,578
	<u>10,934</u>	<u>15,830</u>	<u>10,934</u>	<u>15,830</u>
Amortisation of fair value changes arising from terminated fair value hedges	(21)	(251)	(21)	(251)
Other income:				
Foreign exchange gain	30,374	97,898	30,374	97,898
Rental income	1,141	1,720	1,141	1,720
Gain on disposal of property and equipment (net)	1,088	12	1,088	12
Others	3,319	880	3,319	880
	<u>35,922</u>	<u>100,510</u>	<u>35,922</u>	<u>100,510</u>
Total non-interest income	<u>369,589</u>	<u>375,434</u>	<u>369,589</u>	<u>375,434</u>

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19. Non-Interest Income (continued)

	The Company		The Company	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Fee income:				
Management fees	2,632	2,927	2,632	2,927
Net loss from sale of financial assets held-for-trading	-	(2)	-	(2)
Gross dividend income from:				
Financial assets held-for-trading	-	639	-	639
Subsidiary companies	-	-	-	-
Net unrealised (loss)/gain on revaluation of:				
Financial assets held-for-trading	-	(78)	-	(78)
Derivatives financial instruments	(393)	1,946	(393)	1,946
Other income	-	6	-	6
Total non-interest income	2,159	5,438	2,159	5,438

20. Overhead expenses

	The Group		The Group	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	276,050	261,031	276,050	261,031
- Medical expenses	5,698	7,297	5,698	7,297
- Training and convention expenses	8,804	7,545	8,804	7,545
- Staff welfare	3,714	2,039	3,714	2,039
- Others	11,352	10,462	11,352	10,462
	305,618	288,374	305,618	288,374
<u>Establishment costs</u>				
- Depreciation of property and equipments	24,258	22,209	24,258	22,209
- Amortisation of intangible assets	20,171	18,231	20,171	18,231
- Rental of premises	22,665	24,052	22,665	24,052
- Information technology expenses	39,384	30,439	39,384	30,439
- Security services	6,543	6,809	6,543	6,809
- Electricity, water and sewerage	6,337	6,147	6,337	6,147
- Hire of plant and machinery	3,405	3,699	3,405	3,699
- Others	6,651	5,300	6,651	5,300
	129,414	116,886	129,414	116,886
<u>Marketing expenses</u>				
- Advertisement and publicity	5,725	5,974	5,725	5,974
- Credit card related fees	28,293	28,996	28,293	28,996
- Others	4,358	5,211	4,358	5,211
	38,896	40,181	38,896	40,181
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,579	3,355	4,579	3,355
- Stationery and printing expenses	3,496	3,999	3,496	3,999
- Professional fees	14,939	14,875	14,939	14,875
- Insurance fees	9,518	8,899	9,518	8,899
- Credit card fees	9,133	9,147	9,133	9,147
- Travelling and transport expenses	1,136	1,036	1,136	1,036
- Registration and license fees	2,529	2,504	2,529	2,504
- Brokerage and commission	1,615	1,486	1,615	1,486
- Stamp, postage and courier	4,704	6,121	4,704	6,121
- Others	12,443	8,739	12,443	8,739
	64,092	60,161	64,092	60,161
	538,020	505,602	538,020	505,602

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20. Overhead expenses (continued)

	The Company		The Company	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	3,886	3,492	3,886	3,492
- Medical expenses	17	24	17	24
- Training and convention expenses	2	1	2	1
- Staff welfare	125	79	125	79
- Others	159	155	159	155
	<u>4,189</u>	<u>3,751</u>	<u>4,189</u>	<u>3,751</u>
<u>Establishment costs</u>				
- Depreciation of property and equipments	160	163	160	163
- Amortisation of intangible assets	27	28	27	28
- Rental of premises	190	165	190	165
- Electricity, water and sewerage	10	9	10	9
- Hire of machinery	5	8	5	8
- Others	40	78	40	78
	<u>432</u>	<u>451</u>	<u>432</u>	<u>451</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	9	7	9	7
- Stationery and printing expenses	5	6	5	6
- Professional fees	170	416	170	416
- Management fees	563	563	563	563
- Travelling and transport expenses	48	13	48	13
- Others	167	54	167	54
	<u>962</u>	<u>1,059</u>	<u>962</u>	<u>1,059</u>
	<u>5,583</u>	<u>5,261</u>	<u>5,583</u>	<u>5,261</u>

21. Allowance for impairment losses on loans, advances and financing and other losses

	The Group		The Group	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Allowance for/(writeback of) impairment losses on loans, advances and financing:				
- Individual assessment allowance/(writeback)	7,392	(5,419)	7,392	(5,419)
- Collective assessment allowance	70,222	75,217	70,222	75,217
(Writeback of)/allowance for impairment losses on clients' and brokers' balances:				
- Individual assessment allowance/(writeback)	37	(1)	37	(1)
- Collective assessment allowance	(2)	4	(2)	4
Impaired loans and financing:				
- written off	5,251	3,269	5,251	3,269
- recovered	(59,859)	(49,097)	(59,859)	(49,097)
	<u>23,041</u>	<u>23,973</u>	<u>23,041</u>	<u>23,973</u>

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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 and its revised version on 13 October 2015 (the "Framework"). The Framework sets out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirement on Capital Conservation Buffer ("CCB") and Counter Cyclical Buffer ("CCyB"). The minimum capital adequacy requirements for Common Equity Tier I (CET I) capital ratio, Tier I capital ratio and Total Capital ratio are 4.50%, 6.00% and 8.00% respectively. The Group are also required to maintain CCB of up to 2.50% of total risk weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019. The CCyB which ranges from 0% up to 2.50% is determined as the weighted average of prevailing CcyB rates applied in the jurisdictions in which a financial institution has credit exposures. There is no BNM announcement on the CcyB rates yet.

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	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016	30/09/2016	30/06/2016
Before deducting proposed dividends						
CET I capital ratio	13.314%	13.176%	12.551%	12.493%	28.798%	29.202%
Tier I capital ratio	13.716%	13.577%	13.018%	12.961%	28.798%	29.202%
Total capital ratio	15.231%	15.104%	14.915%	14.858%	33.087%	33.576%
After deducting proposed dividends						
CET I capital ratio	12.881%	12.745%	12.047%	11.991%	24.635%	24.986%
Tier I capital ratio	13.284%	13.146%	12.515%	12.458%	24.635%	24.986%
Total capital ratio	14.798%	14.673%	14.412%	14.355%	28.924%	29.360%

(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	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016	30/09/2016	30/06/2016
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
CET I capital						
Paid up share capital	2,167,718	2,167,718	2,167,718	2,167,718	165,000	165,000
Share premium	5,571,345	5,571,345	5,571,345	5,571,345	87,950	87,950
Retained profit	8,385,376	8,412,365	6,026,587	6,035,024	36,357	36,357
Other reserves	5,095,325	4,939,875	3,773,809	3,727,869	199,528	199,404
Less: Treasury shares	(735,040)	(735,040)	(735,040)	(735,040)	-	-
Less: Other intangible assets	(250,155)	(264,766)	(232,696)	(246,784)	-	-
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(35,063)	(34,379)
Less: Deferred tax assets	(4,196)	(3,957)	-	-	(91,882)	(91,882)
Less: Investment in subsidiary companies/ associated company/joint venture	(2,039,087)	(1,993,586)	(1,532,715)	(1,531,798)	(120)	(217)
Total CET I capital	16,359,974	16,262,642	13,267,461	13,216,787	361,770	362,233
Additional Tier I capital						
Innovative Tier I capital securities	494,617	494,142	494,617	494,142	-	-
Total additional Tier I capital	494,617	494,142	494,617	494,142	-	-
Total Tier I capital	16,854,591	16,756,784	13,762,078	13,710,929	361,770	362,233

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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	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016	30/09/2016	30/06/2016
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Tier II Capital						
Collective assessment allowance ^ and regulatory reserves #	1,220,905	1,214,681	1,026,863	1,029,079	3,962	4,394
Subordinated obligations	1,999,502	1,999,411	1,999,502	1,999,411	50,000	50,000
Tier II capital before regulatory adjustments	3,220,407	3,214,092	3,026,365	3,028,490	53,962	54,394
Less: Investment in subsidiary companies/ associated company/joint venture	(1,359,391)	(1,329,057)	(1,021,810)	(1,021,198)	(80)	(144)
Total Tier II capital	1,861,016	1,885,035	2,004,555	2,007,292	53,882	54,250
Total capital	18,715,607	18,641,819	15,766,633	15,718,221	415,652	416,483

^ 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 of RM601,207,000 (2016:RM587,527,000), Hong Leong Bank Berhad of RM503,445,000 (2016: RM495,008,000) and Hong Leong Investment Bank Berhad of RM3,178,000 (2016: RM3,563,000) 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	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016	30/09/2016	30/06/2016
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit risk	110,762,600	111,838,090	94,242,400	95,233,431	480,881	520,091
Market risk	4,449,906	3,951,986	4,750,631	3,857,577	473,777	416,042
Operational risk	7,666,776	7,633,295	6,719,302	6,698,869	301,583	304,287
Total RWA	122,879,282	123,423,371	105,712,333	105,789,877	1,256,241	1,240,420

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

	Hong Leong Islamic Bank	
	30/09/2016	30/06/2016
Before deducting proposed dividends		
CET I capital ratio	10.567%	10.383%
Tier I capital ratio	10.567%	10.383%
Total capital ratio	14.149%	13.855%
After deducting proposed dividends		
CET I capital ratio	10.567%	10.383%
Tier I capital ratio	10.567%	10.383%
Total capital ratio	14.149%	13.855%

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23. Events after Balance Sheet date

There are no materials events subsequent to the end of the financial period ended 30 September 2016.

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) Wah Tat Nominees (Tempatan) Sdn Bhd, a wholly-owned subsidiary of WTB Corporation Sdn Bhd which in turn is a wholly-owned subsidiary of HLF Credit (Perak) Bhd, a wholly-owned subsidiary of Hong Leong Bank Berhad ("HLB"), was dissolved on 15 October 2016.
- (b) HLG Nominee (Asing) Sdn Bhd, a wholly-owned subsidiary of Hong Leong Investment Bank Berhad ("HLIB") which in turn is a wholly-owned subsidiary of Hong Leong Capital Berhad ("HLCB"), was dissolved on 15 October 2016.
- (c) On 7 September 2016, HLCB announced that the liquidator of HLG Nominee (Tempatan) Sdn Bhd ("HLG Nominee"), a wholly-owned subsidiary of HLIB, had convened the final meeting for HLG Nominee to conclude the member's voluntary winding-up of HLG Nominee. The Return by Liquidator Relating to Final Meeting of HLG Nominee was lodged on 7 September 2016 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, HLG Nominee will be dissolved.
- (d) On 26 September 2016, HLCB announced that HLG Capital Markets Sdn Bhd, a wholly-owned subsidiary of HLCB, had placed its wholly-owned subsidiary, HLG Principal Investments (L) Limited ("HLCBPI"), under member's voluntary winding-up pursuant to Section 131 of the Labuan Companies Act, 1990. HLCBPI is dormant.
- (e) On 5 October 2016, HLB announced that it had placed its wholly-owned subsidiary, Prominic Berhad ("Prominic"), under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. Prominic is dormant.

25. 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.

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26. 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	
	30/09/2016	30/06/2016
	RM'000	RM'000
Direct credit substitutes	128,755	121,679
Certain transaction related contingent items	1,586,262	1,621,014
Short-term self liquidating trade related contingencies	936,614	766,350
Irrevocable commitments to extend credit:		
- less than one year	18,428,227	17,515,111
- more than one year	14,249,353	16,125,773
Any commitments that are unconditionally cancellable at any time by the Group without prior notice		
- less than one year	658,781	686,780
Foreign exchange related contracts		
- less than one year	32,491,514	30,866,808
- one year to less than five years	4,936,975	4,950,940
- five years and above	924,063	895,329
Interest rate related contracts		
- less than one year	30,241,145	35,439,838
- one year to less than five years	42,054,248	39,926,819
- five years and above	4,182,424	2,532,411
Equity related contracts		
- less than one year	416,843	296,489
- one year to less than five years	223,444	219,299
Commodity related contracts		
- less than one year	3,084	4,949
Unutilised credit card lines	7,278,602	7,503,020
Total	158,740,334	159,472,609

	The Company	
	30/09/2016	30/06/2016
	RM'000	RM'000
Interest rate swaps		
- less than one year	-	100,000
- one year to less than five years	100,000	100,000
	<u>100,000</u>	<u>200,000</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 30 September 2016 (30 June 2016: RM1 million).

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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 market data.

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such 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.

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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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2016				
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	7,360,584	-	7,360,584
- Quoted securities	1,038,512	-	-	1,038,512
- Unquoted securities	-	1,563,967	-	1,563,967
Financial investments available-for-sale				
- Money market instruments	-	8,653,860	-	8,653,860
- Quoted securities	14,707,661	-	-	14,707,661
- Unquoted securities	-	14,725,544	429,832	15,155,376
Derivative financial instruments	765	1,052,987	3,212	1,056,964
	<u>15,746,938</u>	<u>33,356,942</u>	<u>433,044</u>	<u>49,536,924</u>
<u>Financial liabilities</u>				
Derivative financial instruments	791	1,541,877	3,212	1,545,880
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,426,781	-	1,426,781
	<u>791</u>	<u>2,968,658</u>	<u>3,212</u>	<u>2,972,661</u>
30 June 2016				
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	5,741,903	-	5,741,903
- Quoted securities	1,275,928	-	-	1,275,928
- Unquoted securities	-	1,506,842	-	1,506,842
Financial investments available-for-sale				
- Money market instruments	-	7,801,574	-	7,801,574
- Quoted securities	14,121,041	-	-	14,121,041
- Unquoted securities	-	13,414,757	429,720	13,844,477
Derivative financial instruments	11	1,054,352	7,995	1,062,358
	<u>15,396,980</u>	<u>29,519,428</u>	<u>437,715</u>	<u>45,354,123</u>
<u>Financial liabilities</u>				
Derivative financial instruments	1,564	1,644,666	7,995	1,654,225
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,421,919	-	1,421,919
	<u>1,564</u>	<u>3,066,585</u>	<u>7,995</u>	<u>3,076,144</u>

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (30 June 2016 - RM Nil).

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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

30 September 2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments	-	1,849	-	1,849

30 June 2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial assets				
Derivative financial instruments	-	80	-	80

Financial liabilities				
Derivative financial instruments	-	1,455	-	1,455

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

	Financial Assets		Financial Liability
	Financial investments available-for-sale RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
The Group			
30 September 2016			
As at beginning of the financial year	429,720	7,995	7,995
Fair value changes recognised in statements of income	-	(360)	(360)
Net fair value changes recognised in other comprehensive income	112	-	-
Settlements	-	(4,423)	(4,423)
As at end of the financial period	429,832	3,212	3,212
Fair value changes recognised in statement of income relating to assets/liability held on 30 September 2016	-	(360)	(360)
Total gain recognised in other comprehensive income relating to assets held on 30 September 2016	112	-	-

	Financial Assets		Financial Liability
	Financial investments available-for-sale RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
The Group			
30 June 2016			
As at beginning of the financial year	397,279	6,952	6,952
Fair value changes recognised in statements of income	-	(3,023)	(3,023)
Net fair value changes recognised in other comprehensive income	32,441	-	-
Purchase	-	4,171	4,171
Disposal	-	(105)	(105)
As at end of the financial period	429,720	7,995	7,995
Fair value changes recognised in statement of income relating to assets/liability held on 30 June 2016	-	(3,023)	(3,023)
Total gain recognised in other comprehensive income relating to assets held on 30 June 2016	32,441	-	-

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

1 Review of performance

Current quarter against previous corresponding quarter

HLFG Group recorded a profit before tax of RM725.5 million for the current quarter ended 30 September 2016 compared to RM697.0 million in the previous corresponding quarter, an increase of RM28.5 million or 4.1%. The increase was mainly due to higher contribution from its commercial banking and investment banking divisions.

Hong Leong Bank Group recorded a profit before tax of RM674.6 million for the current quarter ended 30 September 2016 compared to RM624.8 million in the previous corresponding quarter, an increase of RM49.8 million or 8.0%. The increase was mainly due to higher revenue of RM73.0 million and higher share of profit from Bank of Chengdu and Sichuan Jincheng Consumer Finance Joint Venture of RM10.0 million. This was however offset by higher operating expenses of RM28.0 million and higher allowance for impairment losses from securities of RM6.2 million.

HLA Holdings Group recorded a profit before tax of RM53.6 million for the current quarter ended 30 September 2016 compared to RM73.8 million in the previous corresponding quarter, a decrease of RM20.2 million or 27.4%. The decrease was mainly due to higher actuarial reserve provisioning of RM48.5 million, higher operating expenses of RM5.8 million and lower share of profit from associated company of RM3.1 million. This was however mitigated by a higher revenue of RM12.9 million and lower allowance for impairment losses on securities of RM24.3 million.

Hong Leong Capital Group recorded a profit before tax of RM18.4 million for the current quarter ended 30 September 2016 compared to RM12.9 million in the previous corresponding quarter, an increase of RM5.5 million or 42.6%. This was mainly due to higher contribution from its investment banking and stockbroking divisions.

2 Current quarter against preceding quarter

HLFG Group recorded a profit before taxation of RM725.5 million for the current quarter ended 30 September 2016 compared to RM788.8 million in the preceding quarter, a decrease of RM63.3 million or 8.0%. The decrease in profit before tax was mainly due to lower contribution from the banking and insurance divisions.

Hong Leong Bank Group recorded a profit before tax of RM674.6 million for the current quarter ended 30 September 2016 as compared to RM724.4 million in the preceding quarter, a decrease of RM49.8 million or 6.9%. The decrease was mainly due to higher allowance for impairment losses on loans, advances and financing of RM74.4 million and higher allowance for impairment losses on securities of RM6.1 million. This is however mitigated by higher revenue of RM17.4 million, lower operating expenses of RM3.2 million and higher share of profit from Bank of Chengdu and Sichuan Jincheng Consumer Finance Joint Venture of RM10.1 million.

HLA Holdings Group recorded a profit before tax of RM53.6 million for the current quarter ended 30 September 2016 as compared to RM75.2 million in the preceding quarter, a decrease of RM21.6 million or 28.7%. The decrease was mainly due to higher actuarial reserve provisioning of RM4.7 million and lower share of profit from associated company of RM7.5 million in the current quarter as well as Participating fund surplus transfer of RM39.6 million in the preceding quarter. This is however mitigated by lower operating expenses of RM11.5 million and lower allowance for impairment losses on securities of RM19.1 million.

Hong Leong Capital Group recorded a profit before tax of RM18.4 million for the current quarter ended 30 September 2016 compared to RM15.7 million in the preceding quarter, an increase of RM2.7 million or 17.2%. This was mainly due to higher contribution from its investment banking and stockbroking divisions.

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
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3 Prospects for the current year

Barring unforeseen circumstances, the Group is expected to maintain its performance in line with market conditions for the current financial year.

4 Variance of actual profit from forecasted profit

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

5 Taxation

	The Group		The Group	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Malaysian income tax	140,311	180,729	140,311	180,729
Transfer from deferred tax	1,819	(65,271)	1,819	(65,271)
	<u>142,130</u>	<u>115,458</u>	<u>142,130</u>	<u>115,458</u>
Prior year over provision				
- Malaysia	24	(158)	24	(158)
	<u>142,154</u>	<u>115,300</u>	<u>142,154</u>	<u>115,300</u>

	The Company		The Company	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Malaysian income tax	-	164	-	164
Transfer from deferred tax	258	(360)	258	(360)
	<u>258</u>	<u>(196)</u>	<u>258</u>	<u>(196)</u>

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

6 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.

7 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.

8 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 30 June 2016, the Company announced that Bank Negara Malaysia has no objection for Company and its wholly owned subsidiary, HLA Holdings Sdn Bhd (“HLAH”), to commence negotiations with certain parties for the possible acquisition by them of HLAH's equity interest in Hong Leong Assurance Berhad, a 70% subsidiary of HLAH, and Hong Leong MSIG Takaful Berhad, a 65% subsidiary of HLAH, subject to the negotiations being concluded within 6 months from 23 June 2016.

On 4 November 2016, the Company announced that the Company and HLAH could not reach an acceptable commercial agreement with the BNM approved negotiating parties and have mutually agreed to cease negotiations.

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

9 Borrowings

		The Group	
		As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
	Note		
Revolving credit	(i)	285,441	305,450
Commercial papers	(ii)	214,749	349,347
Medium term notes	(ii)	755,355	756,286
Term loans/bridging loan	(iii)	744,582	565,193
Senior bonds	(iv)	1,257,030	1,215,643
		<u>3,257,157</u>	<u>3,191,919</u>
Repayment of revolving credit			
- less than one year		285,441	305,450
Repayment of commercial papers			
- less than one year		214,749	349,347
Repayment of medium term notes			
- less than one year		152,116	150,484
- one to three years		353,049	352,528
- three years and above		250,190	253,274
Repayment of term loans/bridging loan			
- less than one year		200,304	10,463
- one to five years		544,278	554,730
Repayment of senior bonds			
- less than one year		-	1,215,643
- one to three years		1,257,030	-
		<u>3,257,157</u>	<u>3,191,919</u>
		The Company	
		As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
	Note		
Revolving credit	(i)	285,441	305,450
Commercial papers	(ii)	214,749	349,347
Medium term notes	(ii)	806,067	806,457
Term loans	(iii)	350,332	180,463
		<u>1,656,589</u>	<u>1,641,717</u>
Repayment of revolving credit			
- less than one year		285,441	305,450
Repayment of commercial papers			
- less than one year		214,749	349,347
Repayment of medium term notes			
- less than one year		152,116	150,484
- one to three years		403,761	402,705
- three years and above		250,190	253,268
Repayment of term loans			
- less than one year		200,303	10,463
- one to three years		150,029	170,000
		<u>1,656,589</u>	<u>1,641,717</u>

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
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9 Borrowings (continued)

- (i) The unsecured revolving credit facilities carried an interest rate ranging from 3.43% to 3.69% (30 June 2016: ranging from 3.64% to 3.92%) 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 ranging from 3.38% to 3.57% (30 June 2016: 3.58% to 3.86%).

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 4.80% (30 June 2016: 4.30% to 4.80%) per annum.

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

- (iii) The Company has the following term loans for the financial year:

- (a) an unsecured short-term loan facility of RM150 million maturing on 11 January 2018. The term loan with one month interest period bears an interest rate ranging from 3.53% to 3.69% (30 June 2016: 3.70% to 3.92%) per annum.
- (b) an unsecured 1 year term loan of RM200 million maturing on 2 July 2017. The term loan with one month interest period bears an interest rate ranging from 3.53% to 3.69% (30 June 2016: 3.70% to 3.92%) per annum.

- (iv) The Group has the following senior bonds:

	Note	The Group	
		As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
USD 300 million senior bonds, at par	(a)	919,200	919,200
Foreign exchange translations		321,450	290,550
		<u>1,240,650</u>	<u>1,209,750</u>
Add: Interest payable		17,447	7,561
		<u>1,258,097</u>	<u>1,217,311</u>
Less: Unamortised discounts		(1,067)	(1,668)
		<u><u>1,257,030</u></u>	<u><u>1,215,643</u></u>

- (a) 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%.

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
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10 Subordinated obligations

	Note	The Group	
		As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
RM1.5 billion Tier 2 subordinated debt, at par	(a)	1,500,000	1,500,000
Add: Interest payable		18,494	1,480
		<u>1,518,494</u>	<u>1,501,480</u>
Less: Unamortised discounts		(498)	(589)
		<u>1,517,996</u>	<u>1,500,891</u>
RM500 million Tier 2 subordinated debt, at par	(b)	500,000	500,000
Add: Interest payable		3,268	8,692
		<u>503,268</u>	<u>508,692</u>
Less: Unamortised discounts		(1,576)	(1,620)
		<u>501,692</u>	<u>507,072</u>
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(c)	400,000	400,000
Add: Interest payable		5,576	736
		<u>405,576</u>	<u>400,736</u>
Less: Unamortised discounts		(218)	(254)
		<u>405,358</u>	<u>400,482</u>
RM500 million Tier 2 subordinated notes, at par	(d)	500,000	500,000
Add: Interest payable		6,575	526
		<u>506,575</u>	<u>500,526</u>
Less: Unamortised discounts		(489)	(577)
		<u>506,086</u>	<u>499,949</u>
RM50 million Tier 2 subordinated notes, at par	(e)	50,000	50,000
Add: Interest payable		1,074	407
		<u>51,074</u>	<u>50,407</u>
Less: Unamortised discounts		(146)	(160)
		<u>50,928</u>	<u>50,247</u>
		<u>2,982,060</u>	<u>2,958,641</u>

(a) 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.

(b) 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.

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

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10 Subordinated obligations (continued)

(d) 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.

(e) 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.

11 Innovative Tier 1 capital securities

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
RM500 million Innovative Tier 1 capital securities, at par	500,000	500,000
Add: Interest payable	2,034	12,771
	502,034	512,771
Less: Unamortised discounts	(5,383)	(5,858)
Add: Fair value adjustments on completion of business combination accounting	12,466	14,599
	509,117	521,512

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 Group and HLB.

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
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12 Off-Balance Sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 2016

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	22,628,994	170,161	(225,644)
(ii) 1 year to 3 years	55,830	420	(81)
(iii) More than 3 years	48,503	-	(25,304)
- Swaps			
(i) Less than 1 year	7,252,784	137,194	(152,452)
(ii) 1 year to 3 years	4,474,581	235,171	(508,566)
(iii) More than 3 years	1,129,720	112,583	(36,678)
- Options			
(i) Less than 1 year	2,609,736	16,430	(14,510)
(ii) 1 year to 3 years	152,404	1,193	(1,193)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	13,772,392	765	(691)
(ii) 1 year to 3 years	1,240,649	-	(101)
- Swaps			
(i) Less than 1 year	16,468,753	11,986	(17,693)
(ii) 1 year to 3 years	23,452,854	113,324	(193,243)
(iii) More than 3 years	21,543,169	253,010	(366,021)
Equity related contracts			
(i) Less than 1 year	416,843	2,904	(2,588)
(ii) 1 year to 3 years	216,444	624	(624)
(iii) More than 3 years	7,000	694	-
Commodity related contracts			
(i) Less than 1 year	3,084	505	(491)
Total	115,473,740	1,056,964	(1,545,880)

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	100,000	-	(1,849)
Total	100,000	-	(1,849)

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
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 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

12 Off-Balance Sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2016

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	20,753,954	189,142	(445,724)
(ii) 1 year to 3 years	18,146	461	(101)
(iii) More than 3 years	48,503	-	(23,462)
- Swaps			
(i) Less than 1 year	7,670,891	158,501	(133,542)
(ii) 1 year to 3 years	4,565,055	271,551	(492,518)
(iii) More than 3 years	1,045,237	98,987	(31,804)
- Options			
(i) Less than 1 year	2,441,963	21,343	(15,929)
(ii) 1 year to 3 years	169,328	1,747	(1,747)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	10,221,950	11	(3,131)
- Swaps			
(i) Less than 1 year	25,217,888	16,890	(25,216)
(ii) 1 year to 3 years	20,390,929	54,982	(110,631)
(iii) More than 3 years	22,068,301	238,602	(361,562)
Equity related contracts			
(i) Less than 1 year	296,489	7,011	(7,022)
(ii) 1 year to 3 years	212,299	984	(984)
(iii) More than 3 years	7,000	1,271	-
Commodity related contracts			
(i) Less than 1 year	4,949	875	(852)
Total	115,132,882	1,062,358	(1,654,225)

The Company

Items	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
- Swaps			
(i) Less than 1 year	100,000	80	-
(i) 1 year to 3 years	100,000	-	(1,455)
Total	200,000	80	(1,455)

12 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 year, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM28,375,893 (FYE June 2016: RM20,017,001) and RM73,850,643,698 (FYE June 2016: RM76,308,873,177) 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 RM1,044,393,687 (FYE June 2016: RM1,031,399,571). 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.

12 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 years when the hedged items affects the income statement.

13 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.

14 HLFG Dividends

A single-tier interim dividend of 13 sen per share has been proposed by the Company for the current quarter.

- (i) Amount per share : 13 sen per share
- (ii) Previous corresponding period : 13 sen per share
- (iii) Entitlement date : 8 December 2016
- (iv) Payment date : 23 December 2016

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

15 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 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Net profit attributable to equity holders	386,192	386,882	386,192	386,882
Weighted average number of ordinary shares ('000)	1,143,552	1,049,859	1,143,552	1,049,859
Basic earnings per share (Sen)	33.8	36.9	33.8	36.9

	The Company		The Company	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Net profit attributable to equity holders	(20,412)	(9,273)	(20,412)	(9,273)
Weighted average number of ordinary shares ('000)	1,147,516	1,052,767	1,147,516	1,052,767
Basic earnings per share (Sen)	(1.8)	(0.9)	(1.8)	(0.9)

(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 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Net profit attributable to equity holders	386,192	386,882	386,192	386,882
Weighted average number of ordinary shares ('000)				
- during the year	1,143,552	1,049,859	1,143,552	1,049,859
- adjustment for ESOS	-	407	-	407
	<u>1,143,552</u>	<u>1,050,266</u>	<u>1,143,552</u>	<u>1,050,266</u>
Fully diluted earnings per share (Sen)	33.8	36.8	33.8	36.8

	The Company		The Company	
	Current quarter ended 30/09/2016 RM '000	Last year quarter ended 30/09/2015 RM '000	Current year to date 30/09/2016 RM '000	Last year to date 30/09/2015 RM '000
Net profit attributable to equity holders	(20,412)	(9,273)	(20,412)	(9,273)
Weighted average number of ordinary shares ('000)				
- during the year	1,147,516	1,052,767	1,147,516	1,052,767
- adjustment for ESOS	-	-	-	-
	<u>1,147,516</u>	<u>1,052,767</u>	<u>1,147,516</u>	<u>1,052,767</u>
Fully diluted earnings per share (Sen)	(1.8)	(0.9)	(1.8)	(0.9)

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

16 Realised and unrealised profit

	The Group	
	As at 30/09/2016 RM '000	As at 30/06/2016 RM '000
Total retained profits of the Group and its subsidiaries		
- Realised	20,732,262	20,418,733
- Unrealised	772,244	908,372
Total share of retained profits from associated companies		
- Realised	2,303,880	2,201,404
- Unrealised	3,033	2,574
Total share of retained profits from joint ventures		
- Realised	53,926	47,698
	<u>23,865,345</u>	<u>23,578,781</u>
Less: Consolidation adjustments	(15,277,319)	(15,350,344)
Total Group's retained profits as per consolidated accounts	<u><u>8,588,026</u></u>	<u><u>8,228,437</u></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 22 November 2016.