

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

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 31 December 2016**

		The Group		The Bank	
	Note	As at 31/12/2016 RM'000	As at 30/06/2016 RM'000	As at 31/12/2016 RM'000	As at 30/06/2016 RM'000
<b><u>ASSETS</u></b>					
Cash and short-term funds		6,160,803	7,473,964	5,680,103	5,657,847
Deposits and placements with banks and other financial institutions		2,151,629	2,057,351	1,646,056	2,151,449
Securities purchased under resale agreements		-	4,056,670	-	4,056,670
Financial assets held-for-trading	A8	7,979,328	5,310,241	7,685,149	5,115,288
Financial investments available-for-sale	A9	26,918,865	25,883,318	24,615,414	23,856,212
Financial investments held-to-maturity	A10	12,935,558	11,771,834	10,369,765	10,005,784
Loans, advances and financing	A11	122,219,657	119,458,051	101,972,396	100,059,119
Other assets	A12	1,120,327	1,703,163	1,082,715	1,433,531
Derivative financial instruments		1,539,886	1,012,367	1,531,285	999,038
Amount due from subsidiaries		-	-	165,970	14,476
Statutory deposits with Central Banks		3,600,106	4,296,119	2,843,896	3,602,936
Subsidiary companies		-	-	1,623,385	1,529,760
Investment in associated company		3,415,224	3,177,768	946,525	946,525
Investment in joint venture		162,664	144,875	76,711	76,711
Property and equipment		1,414,555	1,382,459	742,893	714,784
Intangible assets		236,019	264,766	218,017	246,784
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		5,012	3,957	-	-
<b>TOTAL ASSETS</b>		<b>191,690,945</b>	<b>189,828,215</b>	<b>162,971,827</b>	<b>162,238,461</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Deposits from customers	A13	150,598,840	148,523,914	127,675,796	126,240,777
Deposits and placements of banks and other financial institutions	A14	5,667,247	6,201,230	5,217,063	5,813,633
Obligations on securities sold under repurchase agreements		2,775,648	3,494,903	2,745,281	3,494,903
Bills and acceptances payable		327,579	350,455	304,149	333,952
Other liabilities	A15	4,251,738	3,915,929	3,570,685	3,535,225
Derivative financial instruments		1,618,281	1,549,882	1,554,589	1,532,129
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		203,007	-	203,007	-
Senior bonds	A16	1,353,688	1,215,643	1,353,688	1,215,643
Tier 2 subordinated bonds	A17	2,402,117	2,401,322	2,001,618	2,000,840
Innovative Tier 1 capital securities	A18	517,890	521,512	517,890	521,512
Borrowings	A19	-	384,730	-	-
Taxation		138,082	31,447	97,643	4,587
Deferred tax liabilities		15,677	120,101	15,677	114,527
<b>TOTAL LIABILITIES</b>		<b>169,869,794</b>	<b>168,711,068</b>	<b>145,257,086</b>	<b>144,807,728</b>
Share capital		2,167,718	2,167,718	2,167,718	2,167,718
Reserves		20,388,473	19,684,469	16,282,063	15,998,055
Less: Treasury shares		(735,040)	(735,040)	(735,040)	(735,040)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>21,821,151</b>	<b>21,117,147</b>	<b>17,714,741</b>	<b>17,430,733</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>191,690,945</b>	<b>189,828,215</b>	<b>162,971,827</b>	<b>162,238,461</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>	A30	<b>159,642,588</b>	<b>150,080,124</b>	<b>153,385,484</b>	<b>143,994,304</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		10.67	10.32	8.66	8.52

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

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

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

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 31 December 2016**

	Note	The Group			
		Current Quarter Ended 31/12/2016 RM'000	Corresponding Quarter Ended 31/12/2015 RM'000	Current Period Ended 31/12/2016 RM'000	Corresponding Period Ended 31/12/2015 RM'000
Interest income	A20	1,541,468	1,579,594	3,085,459	3,129,449
Interest expense	A21	(832,892)	(901,748)	(1,686,440)	(1,791,646)
Net interest income		708,576	677,846	1,399,019	1,337,803
Net income from Islamic Banking business	A22	138,410	117,640	268,011	232,172
Other operating income	A23	331,754	278,024	607,952	526,771
Net Income		1,178,740	1,073,510	2,274,982	2,096,746
Other operating expenses	A24	(500,701)	(658,135)	(991,386)	(1,120,876)
Operating profit before allowances		678,039	415,375	1,283,596	975,870
Allowance for impairment losses on loans, advances and financing	A25	(28,381)	(60,083)	(51,435)	(84,060)
Write back of/(allowance for) impairment losses on financial investments		1,626	2,073	(1,734)	4,922
		651,284	357,365	1,230,427	896,732
Share of profit after tax of equity accounted associated company		39,768	63,116	129,016	143,522
Share of profit after tax of equity accounted joint venture		5,578	5,329	11,806	10,390
Profit before taxation		696,630	425,810	1,371,249	1,050,644
Taxation	B5	(146,695)	(81,728)	(278,687)	(203,601)
Net profit for the financial period		549,935	344,082	1,092,562	847,043
<b>Attributable to:</b>					
Owners of the parent		549,935	344,082	1,092,562	847,043
Earnings per share - basic (sen)	B13(a)	26.9	19.4	53.4	47.8
Earnings per share - fully diluted (sen)	B13(b)	26.9	19.4	53.4	47.8

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 31 December 2016**

	<b>The Group</b>			
	<b>Current Quarter Ended 31/12/2016 RM'000</b>	<b>Corresponding Quarter Ended 31/12/2015 RM'000</b>	<b>Current Period Ended 31/12/2016 RM'000</b>	<b>Corresponding Period Ended 31/12/2015 RM'000</b>
Net profit for the financial period	549,935	344,082	1,092,562	847,043
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss)/income of associated company	(5,063)	3,872	(4,355)	9,073
Currency translation differences	227,276	(178,208)	335,392	341,566
Net fair value changes on financial investments available-for-sale	(342,509)	25,922	(253,737)	(55,498)
Net fair value changes in cash flow hedge	2,126	(2,303)	1,142	322
Income tax relating to components of other comprehensive loss/(income)	79,128	(5,555)	58,319	15,964
Other comprehensive (loss)/income for the financial period, net of tax	(39,042)	(156,272)	136,761	311,427
Total comprehensive income for the financial period	<u>510,893</u>	<u>187,810</u>	<u>1,229,323</u>	<u>1,158,470</u>
Attributable to:				
- Owners of the parent	<u>510,893</u>	<u>187,810</u>	<u>1,229,323</u>	<u>1,158,470</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 BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 31 December 2016**

	Note	<b>The Bank</b>			
		Current Quarter Ended 31/12/2016 RM'000	Corresponding Quarter Ended 31/12/2015 RM'000	Current Period Ended 31/12/2016 RM'000	Corresponding Period Ended 31/12/2015 RM'000
Interest income	A20	1,519,540	1,575,483	3,044,858	3,119,400
Interest expense	A21	(822,052)	(912,253)	(1,668,582)	(1,810,763)
Net interest income		697,488	663,230	1,376,276	1,308,637
Other operating income	A23	329,233	483,395	730,038	735,556
Net Income		1,026,721	1,146,625	2,106,314	2,044,193
Other operating expenses	A24	(432,062)	(593,398)	(861,308)	(996,578)
Operating profit before allowances		594,659	553,227	1,245,006	1,047,615
Allowance for impairment losses on loans, advances and financing	A25	(20,981)	(47,566)	(35,033)	(61,001)
Write back of/(allowance for) impairment losses on financial investments		1,626	2,073	(1,734)	4,922
Profit before taxation		575,304	507,734	1,208,239	991,536
Taxation	B5	(128,209)	(75,431)	(277,113)	(184,004)
Net profit for the financial period		447,095	432,303	931,126	807,532
<b>Attributable to:</b>					
Owners of the parent		447,095	432,303	931,126	807,532
Earnings per share - basic (sen)	B13(a)	21.9	24.4	45.5	45.6
Earnings per share - fully diluted (sen)	B13(b)	21.9	24.4	45.5	45.6

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 31 December 2016**

	<b>The Bank</b>			
	<b>Current Quarter Ended 31/12/2016 RM'000</b>	<b>Corresponding Quarter Ended 31/12/2015 RM'000</b>	<b>Current Period Ended 31/12/2016 RM'000</b>	<b>Corresponding Period Ended 31/12/2015 RM'000</b>
Net profit for the financial period	447,095	432,303	931,126	807,532
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	36,352	(393)	52,790	1,837
Net fair value changes on financial investments available-for-sale	(304,775)	19,234	(227,923)	(46,056)
Net fair value changes in cash flow hedge	2,126	(2,303)	1,142	322
Income tax relating to components of other comprehensive loss/(income)	70,425	(3,749)	52,192	13,866
Other comprehensive (loss)/income for the financial period, net of tax	(195,872)	12,789	(121,799)	(30,031)
Total comprehensive income for the financial period	251,223	445,092	809,327	777,501

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 31 December 2016**

	Attributable to owners of the parent										
<u>The Group</u>	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Share Options Reserve RM'000	Regulatory Reserves * RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000
<b>At 1 July 2016</b>	2,167,718	5,571,345	3,920,716	318,319	(1,718)	10,205	598,772	854,465	8,412,365	(735,040)	21,117,147
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	1,092,562	-	1,092,562
- Share of other comprehensive loss of associated company	-	-	-	(4,355)	-	-	-	-	-	-	(4,355)
- Net fair value changes in financial investments available-for-sale	-	-	-	(195,144)	-	-	-	-	-	-	(195,144)
- Net fair value changes in cash flow hedge	-	-	-	-	868	-	-	-	-	-	868
- Currency translation differences	-	-	-	-	-	-	-	335,392	-	-	335,392
Total comprehensive (loss)/income	-	-	-	(199,499)	868	-	-	335,392	1,092,562	-	1,229,323
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	28,800	-	-	-	-	-	(28,800)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	54,208	-	(54,208)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(531,818)	-	(531,818)
Option charge arising from ESOS granted	-	-	-	-	-	6,499	-	-	-	-	6,499
Total transactions with owners	-	-	28,800	-	-	6,499	54,208	-	(614,826)	-	(525,319)
<b>At 31 December 2016</b>	<b>2,167,718</b>	<b>5,571,345</b>	<b>3,949,516</b>	<b>118,820</b>	<b>(850)</b>	<b>16,704</b>	<b>652,980</b>	<b>1,189,857</b>	<b>8,890,101</b>	<b>(735,040)</b>	<b>21,821,151</b>
<b>At 1 July 2015</b>	1,879,909	2,872,183	3,575,114	207,975	162	-	399,357	683,966	7,819,514	(648,588)	16,789,592
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	847,043	-	847,043
- Share of other comprehensive income of associated company	-	-	-	9,073	-	-	-	-	-	-	9,073
- Net fair value changes in financial investments available-for-sale	-	-	-	(39,459)	-	-	-	-	-	-	(39,459)
- Net fair value changes in cash flow hedge	-	-	-	-	247	-	-	-	-	-	247
- Currency translation differences	-	-	-	-	-	-	-	341,566	-	-	341,566
Total comprehensive (loss)/income	-	-	-	(30,386)	247	-	-	341,566	847,043	-	1,158,470
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	223,831	-	-	-	-	-	(223,831)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	63,802	-	(63,802)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(458,731)	-	(458,731)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(26,517)	(26,517)
Rights issue	287,809	2,699,131	-	-	-	-	-	-	-	(59,935)	2,927,005
Option charge arising from ESOS granted	-	-	-	-	-	6,339	-	-	-	-	6,339
Total transactions with owners	287,809	2,699,131	223,831	-	-	6,339	63,802	-	(746,364)	(86,452)	2,448,096
<b>At 31 December 2015</b>	<b>2,167,718</b>	<b>5,571,314</b>	<b>3,798,945</b>	<b>177,589</b>	<b>409</b>	<b>6,339</b>	<b>463,159</b>	<b>1,025,532</b>	<b>7,920,193</b>	<b>(735,040)</b>	<b>20,396,158</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM641,735,000 (31 December 2015: RM451,914,000) in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (31 December 2015: RM11,245,000)

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

**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 31 December 2016**

	← Non-distributable →							Distributable		Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Share Options Reserve RM'000	Regulatory Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000		Treasury Shares RM'000
<b>The Bank</b>											
<b>At 1 July 2016</b>	2,167,718	5,571,345	3,380,604	310,050	(1,718)	10,205	495,008	197,537	6,035,024	(735,040)	17,430,733
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	931,126	-	931,126
- Net fair value changes in financial investments available-for-sale	-	-	-	(175,457)	-	-	-	-	-	-	(175,457)
- Net fair value changes in cash flow hedge	-	-	-	-	868	-	-	-	-	-	868
- Currency translation differences	-	-	-	-	-	-	52,790	-	-	-	52,790
Total comprehensive (loss)/income	-	-	-	(175,457)	868	-	-	52,790	931,126	-	809,327
<u>Transactions with owners</u>											
Transfer to regulatory reserve	-	-	-	-	-	-	40,654	-	(40,654)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(531,818)	-	(531,818)
Option charge arising from ESOS granted	-	-	-	-	-	6,499	-	-	-	-	6,499
Total transactions with owners	-	-	-	-	-	6,499	40,654	-	(572,472)	-	(525,319)
<b>At 31 December 2016</b>	<b>2,167,718</b>	<b>5,571,345</b>	<b>3,380,604</b>	<b>134,593</b>	<b>(850)</b>	<b>16,704</b>	<b>535,662</b>	<b>250,327</b>	<b>6,393,678</b>	<b>(735,040)</b>	<b>17,714,741</b>
<b>At 1 July 2015</b>	1,879,909	2,872,183	3,084,249	214,109	162	-	334,138	38,798	5,653,204	(648,588)	13,428,164
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	-	-	807,532	-	807,532
- Net fair value changes in financial investments available-for-sale	-	-	-	(32,115)	-	-	-	-	-	-	(32,115)
- Net fair value changes in cash flow hedge	-	-	-	-	247	-	-	-	-	-	247
- Currency translation differences	-	-	-	-	-	-	1,837	-	-	-	1,837
Total comprehensive (loss)/income	-	-	-	(32,115)	247	-	-	1,837	807,532	-	777,501
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	201,883	-	-	-	-	-	(201,883)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	58,338	-	(58,338)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(458,731)	-	(458,731)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(26,517)	(26,517)
Rights issue	287,809	2,699,131	-	-	-	-	-	-	-	(59,935)	2,927,005
Option charge arising from ESOS granted	-	-	-	-	-	6,339	-	-	-	-	6,339
Total transactions with owners	287,809	2,699,131	201,883	-	-	6,339	58,338	-	(718,952)	(86,452)	2,448,096
<b>At 31 December 2015</b>	<b>2,167,718</b>	<b>5,571,314</b>	<b>3,286,132</b>	<b>181,994</b>	<b>409</b>	<b>6,339</b>	<b>392,476</b>	<b>40,635</b>	<b>5,741,784</b>	<b>(735,040)</b>	<b>16,653,761</b>

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**HONG LEONG BANK BERHAD**  
**(97141-X)**  
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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 31 December 2016**

	The Group		The Bank	
	Financial Period Ended 31/12/2016 RM'000	Financial Period Ended 31/12/2015 RM'000	Financial Period Ended 31/12/2016 RM'000	Financial Period Ended 31/12/2015 RM'000
Profit before taxation	1,371,249	1,050,644	1,208,239	991,536
Adjustments for non-cash items	<u>(383,828)</u>	<u>80,604</u>	<u>(413,465)</u>	<u>(17,406)</u>
Operating profit before working capital changes	987,421	1,131,248	794,774	974,130
Changes in working capital:				
Net changes in operating assets	(933,739)	197,699	279,309	2,718,678
Net changes in operating liabilities	1,561,728	1,151,212	415,034	244,741
Income taxes and zakat paid	<u>(217,796)</u>	<u>(235,836)</u>	<u>(196,012)</u>	<u>(213,480)</u>
Net cash generated from operating activities	<u>1,397,614</u>	<u>2,244,323</u>	<u>1,293,105</u>	<u>3,724,069</u>
<b>Cash flows from investing activities</b>				
Net purchases of financial investments available-for-sale	(965,230)	(1,365,547)	(665,826)	(2,317,722)
Net purchases of financial investments held-to-maturity	(992,186)	(1,265,665)	(192,171)	(771,660)
Purchase of property and equipment	(75,030)	(89,016)	(69,381)	(86,922)
Net proceeds from sale of property and equipment	3,403	260	3,373	260
Purchase of intangible assets	(6,707)	(17,092)	(6,305)	(11,363)
Dividends received on financial investments available-for-sale	129,653	76,770	129,653	76,770
Dividend from associated company	88,634	97,888	88,634	97,888
Dividend from joint venture	3,428	3,755	3,428	3,755
Dividends from subsidiary companies	-	-	-	72,440
Net cash used in investing activities	<u>(1,814,035)</u>	<u>(2,558,647)</u>	<u>(708,595)</u>	<u>(2,936,554)</u>
<b>Cash flows from financing activities</b>				
Dividends paid	(531,818)	(458,731)	(531,818)	(458,731)
Repayment of Tier 2 subordinated loan	-	(1,200,000)	-	(1,200,000)
Net proceeds from issuance of rights issue	-	2,927,005	-	2,927,005
Purchase of treasury shares	-	(26,517)	-	(26,517)
Interest paid on subordinated obligations	(74,296)	(137,364)	(64,560)	(137,504)
Interest paid on non-innovative Tier 1 stapled securities	-	(35,641)	-	(35,641)
Interest paid on innovative Tier 1 capital securities	(21,950)	(15,347)	(17,851)	(15,347)
Repayment of borrowings	<u>(388,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used in)/generated from financing activities	<u>(1,016,616)</u>	<u>1,053,405</u>	<u>(614,229)</u>	<u>1,053,265</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,433,037)</b>	<b>739,081</b>	<b>(29,719)</b>	<b>1,840,780</b>
<b>Currency translation differences</b>	<b>119,876</b>	<b>76,884</b>	<b>51,975</b>	<b>1,004</b>
<b>Cash and cash equivalents at the beginning of financial period</b>	<b>7,473,964</b>	<b>6,230,283</b>	<b>5,657,847</b>	<b>4,972,372</b>
<b>Cash and cash equivalents at the end of financial period</b>	<b><u>6,160,803</u></b>	<b><u>7,046,248</u></b>	<b><u>5,680,103</u></b>	<b><u>6,814,156</u></b>

*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 BANK BERHAD**  
**(97141-X)**  
**(Incorporated in Malaysia)**

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 31 December 2016 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad ("HLB" or "the Bank") for the financial year ended 30 June 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 Bank since the year ended 30 June 2016.

The unaudited condensed financial statements incorporate the activities relating to Islamic Banking which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year 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 the Bank.

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

**A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements 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.

**A3 Seasonality or cyclicity of operations**

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

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

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

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

**A5 Variation from financial estimates reported in preceding financial period**

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

**A6 Issuance and repayment of debt and equity securities**

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 31 December 2016:

a) Share Buy-back

There were no purchase of ordinary shares of RM1.00 each ("Shares") from the open market during the financial period ended 31 December 2016.

The total number of shares bought back, all of which were held as treasury shares as at 31 December 2016 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

b) Purchase of shares pursuant to ESOS

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

During the financial period ended 31 December 2016, the trust did not purchase any new shares. As at 31 December 2016, the total number of Treasury Shares for ESOS was 41,162,900 at an average carrying value of RM7.37 per share.

The Bank has granted the following conditional new incentive share options to eligible executives of the Bank and its subsidiary pursuant to the Bank's Executive Share Scheme (ESS):

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

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

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

**A7 Dividends paid**

A final single tier dividend of 26.0 sen per share in respect of financial year ended 30 June 2016 amounting to RM531.8 million was paid on 17 November 2016.

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

**A8 Financial assets held-for-trading**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Government treasury bills	99,702	119,332	99,702	119,332
Malaysian Government securities	803,486	103,737	803,486	103,737
Malaysian Government investment certificates	1,031,542	320,952	935,839	175,880
Negotiable instruments of deposit	5,608,949	3,836,858	5,410,473	3,786,977
Cagamas bonds	105,832	55,474	105,832	55,474
	<u>7,649,511</u>	<u>4,436,353</u>	<u>7,355,332</u>	<u>4,241,400</u>
Quoted securities:				
Shares outside Malaysia	-	1,804	-	1,804
Foreign currency bonds in Malaysia	95,368	488,718	95,368	488,718
Unquoted securities:				
Corporate bonds and sukuk	234,449	330,365	234,449	330,365
Foreign currency bonds in Malaysia	-	53,001	-	53,001
Total financial assets held-for-trading	<u><u>7,979,328</u></u>	<u><u>5,310,241</u></u>	<u><u>7,685,149</u></u>	<u><u>5,115,288</u></u>

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

**A9 Financial investments available-for-sale**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Government treasury bills	123,819	69,206	123,819	69,206
Malaysian Government securities	489,082	359,838	489,082	359,838
Malaysian Government investment certificates	3,762,039	3,516,462	2,947,649	2,589,817
Other Government securities	103,579	74,297	-	-
Cagamas bonds	1,246,647	1,004,303	1,115,988	792,060
Khazanah bonds	404,310	334,686	404,310	334,686
	<u>6,129,476</u>	<u>5,358,792</u>	<u>5,080,848</u>	<u>4,145,607</u>
Quoted Securities:				
Shares outside Malaysia	27	26	27	26
Wholesale fund	5,501,064	6,532,411	5,501,064	6,532,411
Foreign currency bonds in Malaysia	3,435,950	3,606,238	3,387,225	3,513,465
Foreign currency bonds outside Malaysia	2,304,192	1,954,369	2,304,192	1,954,369
Unquoted securities:				
Malaysian Government sukuk	2,234,735	820,552	1,963,353	789,745
Corporate bonds and sukuk	6,679,662	6,058,446	5,744,946	5,368,105
Shares in Malaysia	422,926	422,926	422,926	422,926
Shares outside Malaysia	4,896	4,402	4,896	4,402
Foreign currency bonds in Malaysia	205,937	1,125,156	205,937	1,125,156
Total financial investments available-for-sale	<u><u>26,918,865</u></u>	<u><u>25,883,318</u></u>	<u><u>24,615,414</u></u>	<u><u>23,856,212</u></u>

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

**A10 Financial investments held-to-maturity**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Money market instruments:				
Government treasury bills	60,729	54,922	60,729	54,922
Malaysian Government securities	2,814,727	3,322,664	2,814,727	3,322,664
Malaysian Government investment certificates	8,670,804	7,465,559	6,460,628	5,315,317
Cagamas bonds	-	30,356	-	20,128
Negotiable instruments of deposit	-	-	-	501,951
Other Government securities	641,989	395,513	541,397	298,163
	<u>12,188,249</u>	<u>11,269,014</u>	<u>9,877,481</u>	<u>9,513,145</u>
Unquoted securities in Malaysia:				
Loan stocks	48	48	48	48
Malaysian Government sukuk	714,709	470,220	459,684	460,039
Corporate bonds and sukuk	486	486	486	486
Redeemable preference shares	32,066	32,066	32,066	32,066
	<u>747,309</u>	<u>502,820</u>	<u>492,284</u>	<u>492,639</u>
Total financial investments held-to-maturity	<u>12,935,558</u>	<u>11,771,834</u>	<u>10,369,765</u>	<u>10,005,784</u>

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

**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Overdrafts	3,835,364	3,857,485	3,479,120	3,550,226
Term loans/financing:				
- Housing and shop loans/financing	63,302,529	60,462,347	52,118,774	50,023,207
- Syndicated/term loans or financing	9,498,783	9,339,212	8,250,448	7,814,485
- Hire purchase receivables	18,463,895	18,682,098	14,889,252	15,163,055
- Other term loans/financing	8,437,576	8,232,653	6,391,114	6,406,492
Credit/charge card receivables	3,992,897	3,755,348	3,992,897	3,755,348
Bills receivable	1,145,825	1,107,690	1,106,398	1,083,449
Trust receipts	371,239	381,531	295,522	308,869
Claims on customers under acceptance credits	7,018,971	7,439,144	6,533,646	6,962,934
Revolving credit	6,668,386	6,757,003	5,284,828	5,406,314
Staff loans/financing	150,468	164,843	141,311	153,926
Other loans/financing	466,171	425,282	466,165	425,276
Gross loans, advances and financing	<u>123,352,104</u>	<u>120,604,636</u>	<u>102,949,475</u>	<u>101,053,581</u>
Unamortised fair value changes arising from terminated fair value hedges	(263)	(784)	-	26
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(838,457)	(856,057)	(696,362)	(714,272)
- Individual assessment allowance	(293,727)	(289,744)	(280,717)	(280,216)
Total net loans, advances and financing	<u>122,219,657</u>	<u>119,458,051</u>	<u>101,972,396</u>	<u>100,059,119</u>

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

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

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

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic financial institutions	-	47	-	47
Domestic non-bank financial institutions	542,583	600,249	95,323	85,824
Domestic business enterprises:				
- small and medium enterprises	20,149,966	19,226,349	17,949,747	16,898,660
- others	15,872,460	16,882,388	13,092,712	14,205,786
Government and statutory bodies	28,323	24,804	16,643	13,029
Individuals	79,382,471	76,927,972	64,739,332	63,228,460
Other domestic entities	60,757	75,714	22,751	37,900
Foreign entities	7,315,544	6,867,113	7,032,967	6,583,875
Gross loans, advances and financing	<u>123,352,104</u>	<u>120,604,636</u>	<u>102,949,475</u>	<u>101,053,581</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	3,033,171	2,604,333	2,072,010	1,534,310
- Hire purchase receivables	18,010,923	18,200,640	14,436,280	14,681,597
- Other fixed rate loan/financing	7,295,773	7,468,585	6,274,089	6,247,122
Variable rate:				
- Base rate/base lending rate plus	78,154,115	75,993,221	66,241,900	64,400,280
- Cost plus	16,445,507	15,950,281	13,925,196	14,190,272
- Other variables rates	412,615	387,576	-	-
Gross loans, advances and financing	<u>123,352,104</u>	<u>120,604,636</u>	<u>102,949,475</u>	<u>101,053,581</u>

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

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

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2016 RM'000	30/06/2016 RM'000	31/12/2016 RM'000	30/06/2016 RM'000
Purchase of securities	449,834	517,518	445,170	511,065
Purchase of transport vehicles	18,123,769	18,445,557	14,485,400	14,875,758
Purchase of landed properties				
- residential	54,217,551	51,509,733	44,107,979	42,100,556
- non-residential	15,591,812	14,986,782	14,341,903	13,479,691
Purchase of fixed assets (excluding landed properties)	462,208	434,041	407,446	387,990
Personal use	3,761,922	3,766,429	2,900,412	3,031,505
Credit card	3,992,897	3,755,348	3,992,897	3,755,348
Purchase of consumer durables	364	387	364	387
Construction	1,368,562	1,386,003	1,068,598	1,157,355
Mergers and acquisition	217,461	233,364	217,461	233,364
Working capital	23,207,064	23,495,814	19,370,573	19,718,753
Other purpose	1,958,660	2,073,660	1,611,272	1,801,809
Gross loans, advances and financing	<u>123,352,104</u>	<u>120,604,636</u>	<u>102,949,475</u>	<u>101,053,581</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2016 RM'000	30/06/2016 RM'000	31/12/2016 RM'000	30/06/2016 RM'000
Malaysia	117,077,434	114,977,964	97,804,386	96,340,452
Singapore	5,124,542	4,678,961	5,124,542	4,678,961
Hong Kong	20,547	34,168	20,547	34,168
Vietnam	412,617	387,576	-	-
Cambodia	716,964	525,967	-	-
Gross loans, advances and financing	<u>123,352,104</u>	<u>120,604,636</u>	<u>102,949,475</u>	<u>101,053,581</u>



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

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

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Within one year	27,045,643	26,924,890	24,183,614	24,539,703
One year to less than three years	5,090,398	5,370,116	4,428,287	4,373,344
Three years to less than five years	10,790,321	10,710,736	9,001,982	8,859,782
Five years and more	80,425,742	77,598,894	65,335,592	63,280,752
Gross loans, advances and financing	<u>123,352,104</u>	<u>120,604,636</u>	<u>102,949,475</u>	<u>101,053,581</u>

A11f Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	2,771	225	2,771	225
Purchase of transport vehicles	147,204	145,428	116,913	112,704
Purchase of landed properties				
- residential	251,689	233,092	187,705	164,739
- non-residential	118,465	99,145	116,038	96,437
Purchase of fixed assets (excluding landed properties)	15,201	22,872	13,992	21,623
Personal use	42,585	36,909	35,484	31,877
Credit card	47,622	44,308	47,622	44,308
Construction	9,230	9,138	7,133	7,131
Working capital	400,132	346,555	342,839	338,767
Other purpose	25,590	18,907	25,432	18,757
Gross impaired loans, advances and financing	<u>1,060,489</u>	<u>956,579</u>	<u>895,929</u>	<u>836,568</u>

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

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

A11g Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	1,045,096	942,633	889,698	830,967
Singapore	6,231	5,601	6,231	5,601
Vietnam	9,162	8,345	-	-
Gross impaired loans, advances and financing	<u>1,060,489</u>	<u>956,579</u>	<u>895,929</u>	<u>836,568</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	956,579	947,960	836,568	822,800
Impaired during the financial period/year	848,419	1,572,186	663,265	1,322,139
Performing during the financial period/year	(392,859)	(798,443)	(304,890)	(638,653)
Amount written back in respect of recoveries	(167,726)	(338,843)	(139,547)	(289,007)
Amount written off	(185,311)	(426,479)	(160,097)	(380,388)
Exchange difference	1,387	198	630	(323)
At 31 December	<u>1,060,489</u>	<u>956,579</u>	<u>895,929</u>	<u>836,568</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.9%</u>	<u>0.8%</u>	<u>0.9%</u>	<u>0.8%</u>

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

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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2016</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Collective Assessment Allowance</u>				
At 1 July	856,057	969,033	714,272	822,488
Net allowances made during the financial period/year	140,361	263,656	117,087	227,755
Amount transferred to individual assessment	(744)	(109)	(744)	(109)
Amount written off	(153,435)	(365,615)	(130,719)	(326,899)
Unwinding income	(4,521)	(11,465)	(3,779)	(9,389)
Exchange difference	739	557	245	426
At 31 December	<u>838,457</u>	<u>856,057</u>	<u>696,362</u>	<u>714,272</u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>
<u>Individual Assessment Allowance</u>				
At 1 July	289,744	322,960	280,216	305,924
Allowances made during the financial period/year	38,810	57,180	32,734	55,552
Amount transferred from collective assessment	744	109	744	109
Amount transferred to allowance for impairment losses on securities	-	(2,566)	-	(1,450)
Amount written back in respect of recoveries	(20,783)	(61,626)	(18,116)	(56,638)
Amount written off	(11,496)	(22,004)	(11,418)	(19,037)
Unwinding income	(4,090)	(4,404)	(4,074)	(4,203)
Exchange difference	798	95	631	(41)
At 31 December	<u>293,727</u>	<u>289,744</u>	<u>280,717</u>	<u>280,216</u>

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

**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2016 RM'000	30/06/2016 RM'000	31/12/2016 RM'000	30/06/2016 RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	145,720	280,940	134,511	272,313
Treasury related receivables	6,229	629,659	6,229	459,522
Cash collateral pledged for derivative transactions	770,586	657,620	770,586	657,620
Other receivables	197,746	134,898	171,343	44,030
	<u>1,120,327</u>	<u>1,703,163</u>	<u>1,082,715</u>	<u>1,433,531</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2016 RM'000	30/06/2016 RM'000	31/12/2016 RM'000	30/06/2016 RM'000
<b>Amortised cost</b>				
Fixed deposits	87,637,608	84,718,710	73,670,939	72,777,468
Negotiable instruments of deposits	6,888,182	7,816,740	5,542,915	6,438,947
Short-term placements	15,240,393	16,438,300	13,803,304	13,452,725
	<u>109,766,183</u>	<u>108,973,750</u>	<u>93,017,158</u>	<u>92,669,140</u>
Demand deposits	20,884,038	20,603,371	18,163,740	17,673,888
Saving deposits	16,894,798	16,581,413	14,299,001	13,976,887
Others	965,887	943,461	870,664	910,078
	<u>148,510,906</u>	<u>147,101,995</u>	<u>126,350,563</u>	<u>125,229,993</u>
<b>At fair value through profit and loss</b>				
Callable range accrual notes, at cost	2,240,474	1,442,912	1,421,807	1,025,580
Fair value changes arising from designation at fair value through profit or loss *	(152,540)	(20,993)	(96,574)	(14,796)
	<u>2,087,934</u>	<u>1,421,919</u>	<u>1,325,233</u>	<u>1,010,784</u>
	<u>150,598,840</u>	<u>148,523,914</u>	<u>127,675,796</u>	<u>126,240,777</u>

\* 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 fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the callable range accrual notes that are attributable to the changes in own credit risk are not significant.

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

**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Government and statutory bodies	3,900,986	2,017,632	1,943,931	1,301,940
Business enterprises	60,929,044	62,697,264	49,079,484	48,886,621
Individuals	83,194,733	81,353,056	74,331,312	73,853,739
Others	2,574,077	2,455,962	2,321,069	2,198,477
	<u>150,598,840</u>	<u>148,523,914</u>	<u>127,675,796</u>	<u>126,240,777</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Due within six months	84,252,132	89,121,480	70,223,761	74,496,461
More than six months to one year	21,557,104	16,791,342	18,913,984	15,132,505
More than one year to five years	3,956,947	3,043,015	3,879,413	3,022,261
More than five years	-	17,913	-	17,913
	<u>109,766,183</u>	<u>108,973,750</u>	<u>93,017,158</u>	<u>92,669,140</u>

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

**A14 Deposits and placements of banks and other financial institutions**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Licensed banks	5,548,609	6,201,230	5,217,063	5,813,633
Licensed investment banks	550	-	-	-
Licensed Islamic banks	115,019	-	-	-
Other financial institutions	3,069	-	-	-
	<u>5,667,247</u>	<u>6,201,230</u>	<u>5,217,063</u>	<u>5,813,633</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
- One year or less (short-term)	<u>5,667,247</u>	<u>6,201,230</u>	<u>5,217,063</u>	<u>5,813,633</u>

**A15 Other liabilities**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/12/2016</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Zakat	525	350	-	-
Post employment benefits obligation - defined contribution plan	293	291	293	291
Loan advance payment	2,811,498	2,641,139	2,270,653	2,140,340
Amount due to subsidiary companies	-	-	-	300,862
Treasury and cheque clearing	362,833	163,202	362,833	163,202
Treasury related payables	365,725	189,958	364,582	188,815
Sundry creditors and accruals	356,690	521,090	303,475	429,544
Provision for bonus and staff related expenses	165,356	109,074	160,780	104,106
Others	188,818	290,825	108,069	208,065
	<u>4,251,738</u>	<u>3,915,929</u>	<u>3,570,685</u>	<u>3,535,225</u>

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

**A16 Senior bonds**

		<b><u>The Group and The Bank</u></b>	
		<b>31/12/2016</b>	<b>30/06/2016</b>
		<b>RM'000</b>	<b>RM'000</b>
	Note		
USD 300 million senior bonds, at par	(a)	919,200	919,200
Foreign exchange translations		426,600	290,550
		<u>1,345,800</u>	<u>1,209,750</u>
Add: Interest payable		8,411	7,561
		<u>1,354,211</u>	<u>1,217,311</u>
Less: Unamortised discounts		(523)	(1,668)
		<u><u>1,353,688</u></u>	<u><u>1,215,643</u></u>

(a) On 20 April 2012, the Bank completed its inaugural US dollar senior unsecured notes issuance of USD300.0 million (the “Senior Notes”) under its Euro Medium Term Note Programme of up to USD1.5 billion (or its equivalent in other currencies) in nominal value (the “Programme”) which was established on 9 April 2012.

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

**A17 Tier 2 subordinated bonds**

		<b><u>The Group</u></b>		<b><u>The Bank</u></b>	
		<b>31/12/2016</b>	<b>30/06/2016</b>	<b>31/12/2016</b>	<b>30/06/2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	Note				
RM1.5 billion Tier 2 subordinated debt, at par	(a)	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable		1,850	1,480	1,850	1,480
		<u>1,501,850</u>	<u>1,501,480</u>	<u>1,501,850</u>	<u>1,501,480</u>
Less: Unamortised discounts		(416)	(589)	(416)	(589)
		<u>1,501,434</u>	<u>1,500,891</u>	<u>1,501,434</u>	<u>1,500,891</u>
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(b)	400,000	400,000	-	-
Add: Profit payable		684	736	-	-
		<u>400,684</u>	<u>400,736</u>	-	-
Less: Unamortised discounts		(185)	(254)	-	-
		<u>400,499</u>	<u>400,482</u>	-	-
RM500 million Tier 2 subordinated notes, at par	(c)	500,000	500,000	500,000	500,000
Add: Interest payable		592	526	592	526
		<u>500,592</u>	<u>500,526</u>	<u>500,592</u>	<u>500,526</u>
Less: Unamortised discounts		(408)	(577)	(408)	(577)
		<u>500,184</u>	<u>499,949</u>	<u>500,184</u>	<u>499,949</u>
		<u><u>2,402,117</u></u>	<u><u>2,401,322</u></u>	<u><u>2,001,618</u></u>	<u><u>2,000,840</u></u>

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

**A17 Tier 2 subordinated bonds** (continued)

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

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

- (b) On 17 June 2014, Hong Leong Islamic Bank Berhad ("HLISB"), a wholly owned subsidiary of the Bank, had completed the first issuance of RM400.0 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 RM400.0 million Subordinated Sukuk Ijarah will mature in 2024 and is callable at end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Subordinated Sukuk Ijarah which bears profit rate of 4.80% per annum is payable semi-annually in arrears.

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

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

The Sub Notes constitute unsecured liabilities of the Bank, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub Notes. The Sub Notes may be written off, either fully or partially, at the discretion of BNM at the point of non-viability as determined by BNM or Perbadanan Insurans Deposit Malaysia. The Sub Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.



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

**A18 Innovative Tier 1 capital securities**

	<u><b>The Group and The Bank</b></u>	
	<u><b>31/12/2016</b></u>	<u><b>30/06/2016</b></u>
	<u><b>RM'000</b></u>	<u><b>RM'000</b></u>
RM500 million Innovative Tier 1 capital securities, at par	500,000	500,000
Add: Interest payable	12,432	12,771
	<u>512,432</u>	<u>512,771</u>
Less: Unamortised discounts	(5,042)	(5,858)
Fair value adjustments on completion of business combination accounting	10,500	14,599
	<u>517,890</u>	<u>521,512</u>

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

The RM500.0 million IT-1 Capital Securities has a tenor of 30 years and Promino has the option to redeem the RM500.0 million IT-1 Capital Securities at the 10th anniversary, subject to BNM approval. The RM500.0 million IT-1 Capital Securities has a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities is not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

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

**A19 Borrowings**

	<u><b>The Group</b></u>	
	<u><b>31/12/2016</b></u>	<u><b>30/06/2016</b></u>
	<u><b>RM'000</b></u>	<u><b>RM'000</b></u>
<b>Secured</b>		
Bridging loan	-	284,730
Term loan	-	100,000
	<u>-</u>	<u>384,730</u>

Bridging loan and term loan are secured by a deed of assignment assigning all the rights and titles, interests and benefits under the sale and purchase agreements which incorporates the assignment of development rights, including ownership over the property work-in-progress and a third party legal charge on a parcel of freehold land of its related company.

On 11 November 2016, DC Tower Sdn Bhd, a wholly-owned subsidiary of the Bank, had fully redeemed and settled the bridging loan and term loan.

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

**A20 Interest income**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Group</b>				
Loan, advances and financing	1,163,641	1,158,520	2,323,536	2,308,440
Money at call and deposit placements with financial institutions	22,739	49,482	51,529	83,537
Securities purchased under resale agreements	10,908	33,040	35,279	87,095
Financial assets held-for-trading	97,244	138,332	193,172	255,095
Financial investments available-for-sale	162,409	123,851	308,368	245,037
Financial investments held-to-maturity	84,339	76,262	173,240	150,083
Others	188	107	335	162
	<u>1,541,468</u>	<u>1,579,594</u>	<u>3,085,459</u>	<u>3,129,449</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,930</u>	<u>11,588</u>	<u>12,467</u>	<u>24,913</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Bank</b>				
Loan, advances and financing	1,144,636	1,143,673	2,285,799	2,280,664
Money at call and deposit placements with financial institutions	21,064	48,189	49,069	82,637
Securities purchased under resale agreements	10,908	33,040	35,279	87,095
Financial assets held-for-trading	98,623	147,244	195,124	271,240
Financial investments available-for-sale	161,071	122,719	305,810	241,505
Financial investments held-to-maturity	83,098	80,514	173,512	156,103
Others	140	104	265	156
	<u>1,519,540</u>	<u>1,575,483</u>	<u>3,044,858</u>	<u>3,119,400</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,930</u>	<u>11,588</u>	<u>12,467</u>	<u>24,913</u>

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

**A21 Interest expense**

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Deposits and placements of banks and other financial institutions	19,759	22,962	38,049	34,645
Deposits from customers	697,899	724,939	1,405,088	1,439,114
Short-term placements	67,811	64,297	150,817	136,008
Senior bonds	10,743	22,950	20,865	44,833
Tier 2 subordinated bonds	23,226	40,459	46,472	84,694
Non-innovative Tier 1 stapled securities	-	17,877	-	35,781
Innovative Tier 1 capital securities	8,773	8,073	17,512	16,092
Recourse obligation on loans sold to Cagamas	1,916	-	2,957	-
Borrowings	2,214	-	3,822	-
Others	551	191	858	479
	<u>832,892</u>	<u>901,748</u>	<u>1,686,440</u>	<u>1,791,646</u>

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	20,462	24,697	39,298	39,314
Deposits from customers	688,757	733,710	1,389,994	1,453,570
Short-term placements	67,811	64,297	150,817	136,008
Senior bonds	10,743	22,950	20,865	44,833
Tier 2 subordinated bonds	23,226	40,458	46,468	84,686
Non-innovative Tier 1 stapled securities	-	17,877	-	35,781
Innovative Tier 1 capital securities	8,773	8,073	17,512	16,092
Recourse obligation on loans sold to Cagamas	1,916	-	2,957	-
Others	364	191	671	479
	<u>822,052</u>	<u>912,253</u>	<u>1,668,582</u>	<u>1,810,763</u>

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

**A22 Net income from Islamic Banking business**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income derived from investment of depositors' funds and others	267,592	238,442	532,732	471,402
of which Finance income	268,638	236,355	528,264	470,089
of which other operating income	(1,046)	2,087	4,468	1,313
Income derived from investment of shareholders' funds	38,116	34,796	73,821	67,210
of which Finance income	23,363	23,285	45,938	40,878
of which other operating income	14,753	11,511	27,883	26,332
Income attributable to depositors	(167,298)	(155,598)	(338,542)	(306,440)
	138,410	117,640	268,011	232,172

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

**A23 Other operating income**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
(a) <u>Fee income:</u>				
Commissions	39,022	39,519	78,750	76,387
Service charges and fees	13,873	13,595	23,520	23,583
Guarantee fees	4,209	4,226	7,099	7,761
Credit card related fees	64,781	65,804	123,478	124,579
Corporate advisory fees	1,221	272	1,221	700
Commitment fees	8,976	8,981	17,846	17,754
Fee on loans, advances and financing	11,210	15,731	23,625	28,646
Other fee income	19,812	6,289	29,114	15,864
	<u>163,104</u>	<u>154,417</u>	<u>304,653</u>	<u>295,274</u>
(b) <u>(Loss)/gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets held-for-trading	(5,403)	11,722	10,565	5,292
Net gain/(loss) from sale of derivative financial instruments	681	1,326	(12,214)	(13,404)
Net (loss)/gain from sale of financial investments available-for-sale	(8,964)	7,437	15,683	10,519
Net gain from redemption of financial investments held-to-maturity	31	12	35	29
	<u>(13,655)</u>	<u>20,497</u>	<u>14,069</u>	<u>2,436</u>
(c) <u>Gross dividend income from:</u>				
Financial investments available-for-sale	<u>64,512</u>	<u>44,412</u>	<u>129,653</u>	<u>76,770</u>

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

**A23 Other operating income** (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets held-for-trading	(30,740)	3,522	(25,689)	1,748
- Derivatives financial instruments	124,605	289	134,324	39,778
	<u>93,865</u>	<u>3,811</u>	<u>108,635</u>	<u>41,526</u>
(e) <u>Amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(5)</u>	<u>(153)</u>	<u>(26)</u>	<u>(404)</u>
(f) <u>Other income:</u>				
Foreign exchange gain	11,494	50,579	33,311	100,864
Rental income	1,051	916	1,902	1,870
Gain on disposal of property and equipment	6	8	1,013	20
Other non-operating income	11,382	3,537	14,742	8,415
	<u>23,933</u>	<u>55,040</u>	<u>50,968</u>	<u>111,169</u>
Total other operating income	<u>331,754</u>	<u>278,024</u>	<u>607,952</u>	<u>526,771</u>

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

**A23 Other operating income** (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	38,417	39,267	77,644	75,780
Service charges and fees	13,701	13,504	23,215	23,388
Guarantee fees	4,184	4,202	7,064	7,720
Credit card related fees	64,781	65,804	123,478	124,579
Corporate advisory fees	1,221	272	1,221	700
Commitment fees	8,873	8,902	17,652	17,613
Fee on loans, advances and financing	9,691	15,141	21,509	27,372
Other fee income	19,654	6,274	28,941	15,815
	<u>160,522</u>	<u>153,366</u>	<u>300,724</u>	<u>292,967</u>
<b>(b) <u>(Loss)/gain arising from sale of financial assets:</u></b>				
Net (loss)/gain from sale of financial assets held-for-trading	(5,403)	11,722	10,565	5,292
Net gain/(loss) from sale of derivative financial instruments	681	1,326	(12,214)	(13,404)
Net (loss)/gain from sale of financial investments available-for-sale	(9,161)	7,437	15,486	10,519
Net gain from redemption of financial investments held-to-maturity	31	12	35	29
	<u>(13,852)</u>	<u>20,497</u>	<u>13,872</u>	<u>2,436</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Subsidiary companies	-	72,440	-	72,440
Associated company	-	134,143	121,461	134,143
Investment in joint venture	-	-	4,698	5,145
Financial investments available-for-sale	64,512	44,412	129,653	76,770
	<u>64,512</u>	<u>250,995</u>	<u>255,812</u>	<u>288,498</u>

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

**A23 Other operating income** (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets held-for-trading	(30,740)	3,522	(25,689)	1,748
- Derivatives financial instruments	124,605	289	134,324	39,778
	<u>93,865</u>	<u>3,811</u>	<u>108,635</u>	<u>41,526</u>
(e) <u>Amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(5)</u>	<u>(153)</u>	<u>(26)</u>	<u>(404)</u>
(f) <u>Other income:</u>				
Foreign exchange gain	11,214	50,473	32,836	100,348
Rental income	1,051	916	1,902	1,870
Gain on disposal of property and equipment	6	8	1,013	20
Other non-operating income	11,920	3,482	15,270	8,295
	<u>24,191</u>	<u>54,879</u>	<u>51,021</u>	<u>110,533</u>
Total other operating income	<u>329,233</u>	<u>483,395</u>	<u>730,038</u>	<u>735,556</u>



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

**A24 Other operating expenses**

<u>Group</u>	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	256,324	233,936	506,214	467,341
- Mutual separation scheme	-	171,658	-	171,658
- Medical expenses	6,490	7,555	12,047	14,678
- Training and convention expenses	8,680	12,577	17,466	20,112
- Staff welfare	2,514	1,557	6,014	3,427
- Others	8,169	6,412	16,353	15,082
	<u>282,177</u>	<u>433,695</u>	<u>558,094</u>	<u>692,298</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	20,976	19,360	42,923	38,154
- Amortisation of intangible assets	18,498	18,114	36,933	35,934
- Rental of premises	21,193	20,543	41,740	42,380
- Information technology expenses	32,774	32,897	70,762	60,863
- Security services	7,653	7,656	14,196	14,465
- Electricity, water and sewerage	5,787	5,973	11,925	11,813
- Hire of plant and machinery	3,743	4,101	7,135	7,785
- Others	5,721	4,327	10,555	9,037
	<u>116,345</u>	<u>112,971</u>	<u>236,169</u>	<u>220,431</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	8,101	9,716	12,798	15,090
- Credit card related fees	28,752	32,795	57,045	61,791
- Others	4,000	4,075	7,422	8,084
	<u>40,853</u>	<u>46,586</u>	<u>77,265</u>	<u>84,965</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,066	4,258	8,543	7,440
- Stationery and printing expenses	4,837	4,433	8,215	8,142
- Professional fees	15,653	18,561	31,496	34,798
- Insurance fees	10,156	9,982	19,674	18,712
- Stamp, postage and courier	4,695	5,106	9,173	10,934
- Travelling and transport expenses	963	1,135	2,029	2,131
- Registration and license fees	2,243	2,148	4,542	4,435
- Brokerage and commission	1,406	1,858	3,021	3,344
- Credit card fees	8,922	8,935	17,989	18,031
- Others	8,385	8,467	15,176	15,215
	<u>61,326</u>	<u>64,883</u>	<u>119,858</u>	<u>123,182</u>
	<u>500,701</u>	<u>658,135</u>	<u>991,386</u>	<u>1,120,876</u>

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

**A24 Other operating expenses (continued)**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	213,802	196,182	422,497	391,929
- Mutual separation scheme	-	167,074	-	167,074
- Medical expenses	5,458	6,392	10,032	12,478
- Training and convention expenses	7,908	11,096	15,754	18,011
- Staff welfare	2,104	1,368	5,339	2,883
- Others	6,392	5,058	13,011	12,248
	<u>235,664</u>	<u>387,170</u>	<u>466,633</u>	<u>604,623</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	19,338	17,922	39,741	35,216
- Amortisation of intangible assets	17,542	17,274	35,072	34,366
- Rental of premises	17,405	17,213	33,939	35,358
- Information technology expenses	29,130	30,678	63,555	55,936
- Security services	6,184	6,216	11,442	11,681
- Electricity, water and sewerage	4,984	5,248	10,287	10,310
- Hire of plant and machinery	3,496	3,903	6,738	7,435
- Others	817	1,095	2,170	2,633
	<u>98,896</u>	<u>99,549</u>	<u>202,944</u>	<u>192,935</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	7,645	8,814	11,721	13,169
- Credit card related fees	28,752	32,795	57,045	61,791
- Others	3,331	3,488	6,292	6,835
	<u>39,728</u>	<u>45,097</u>	<u>75,058</u>	<u>81,795</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	3,976	4,151	8,380	7,239
- Stationery and printing expenses	4,679	4,290	7,925	7,862
- Professional fees	14,799	17,633	30,272	33,502
- Insurance fees	9,043	9,021	17,548	16,869
- Stamp, postage and courier	4,587	5,041	9,005	10,817
- Travelling and transport expenses	659	851	1,465	1,594
- Registration and license fees	1,992	1,915	4,059	3,784
- Brokerage and commission	662	1,224	1,518	2,157
- Credit card fees	8,922	8,935	17,989	18,031
- Others	8,455	8,521	18,512	15,370
	<u>57,774</u>	<u>61,582</u>	<u>116,673</u>	<u>117,225</u>
	<u>432,062</u>	<u>593,398</u>	<u>861,308</u>	<u>996,578</u>

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

**A25 Allowance for impairment losses on loans, advances and financing**

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	70,091	103,266	140,361	178,490
- individual assessment allowance	10,635	3,975	18,027	(1,444)
Impaired loans and financing:				
- written off	5,432	7,840	10,683	11,109
- recovered from bad debt written off	(57,777)	(54,998)	(117,636)	(104,095)
	<u>28,381</u>	<u>60,083</u>	<u>51,435</u>	<u>84,060</u>

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	58,245	89,067	117,087	149,676
- individual assessment allowance	11,129	3,678	14,618	(2,418)
Impaired loans and financing:				
- written off	4,944	4,885	9,531	7,750
- recovered from bad debt written off	(53,337)	(50,064)	(106,203)	(94,007)
	<u>20,981</u>	<u>47,566</u>	<u>35,033</u>	<u>61,001</u>

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

**A26 Capital adequacy**

The Group's and the Bank's regulatory capital is governed by BNM Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) 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 and the Bank are also required to maintain CCB of up to 2.500% of total risk weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. There is no BNM announcement on the CCyB rates yet.

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation in deriving the RWA.

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/12/2016</b>	<b>Financial Year Ended 30/06/2016</b>	<b>Financial Period Ended 31/12/2016</b>	<b>Financial Year Ended 30/06/2016</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	13.693%	13.176%	12.882%	12.493%
Tier I capital ratio	14.097%	13.577%	13.353%	12.961%
Total capital ratio	<u>15.590%</u>	<u>15.104%</u>	<u>15.249%</u>	<u>14.858%</u>
<b>After deducting proposed dividends</b>				
CET I capital ratio	13.442%	12.745%	12.590%	11.991%
Tier I capital ratio	13.847%	13.146%	13.061%	12.458%
Total capital ratio	<u>15.339%</u>	<u>14.673%</u>	<u>14.956%</u>	<u>14.355%</u>

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

**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/12/2016 RM'000</b>	<b>Financial Year Ended 30/06/2016 RM'000</b>	<b>Financial Period Ended 31/12/2016 RM'000</b>	<b>Financial Year Ended 30/06/2016 RM'000</b>
<b>CET I capital</b>				
Paid-up share capital	2,167,718	2,167,718	2,167,718	2,167,718
Share premium	5,571,345	5,571,345	5,571,345	5,571,345
Retained profits	8,749,279	8,412,365	6,393,678	6,035,024
Other reserves	5,220,791	4,939,875	3,708,202	3,727,869
Less: Treasury shares	(735,040)	(735,040)	(735,040)	(735,040)
Less: Deferred tax assets	(5,012)	(3,957)	-	-
Less: Other intangible assets	(236,019)	(264,766)	(218,017)	(246,784)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less : Investment in subsidiary companies/ associated company/joint venture	(2,146,733)	(1,993,586)	(1,587,973)	(1,531,798)
<b>Total CET I capital</b>	<b>16,755,017</b>	<b>16,262,642</b>	<b>13,528,366</b>	<b>13,216,787</b>
<b>Additional Tier I capital</b>				
Innovative Tier I capital securities	494,958	494,142	494,958	494,142
<b>Total Tier I capital</b>	<b>17,249,975</b>	<b>16,756,784</b>	<b>14,023,324</b>	<b>13,710,929</b>
<b>Tier II capital</b>				
Collective assessment allowance <sup>^</sup> and regulatory reserves #	1,257,854	1,214,681	1,049,536	1,029,079
Subordinated bonds	1,999,584	1,999,411	1,999,584	1,999,411
<b>Tier II capital before regulatory adjustments</b>	<b>3,257,438</b>	<b>3,214,092</b>	<b>3,049,120</b>	<b>3,028,490</b>
Less : Investment in subsidiary companies/ associated company/joint venture	(1,431,156)	(1,329,057)	(1,058,648)	(1,021,198)
<b>Total Tier II capital</b>	<b>1,826,282</b>	<b>1,885,035</b>	<b>1,990,472</b>	<b>2,007,292</b>
<b>Total capital</b>	<b>19,076,257</b>	<b>18,641,819</b>	<b>16,013,796</b>	<b>15,718,221</b>

<sup>^</sup> Excludes collective assessment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment.

# Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM641,735,000 (2016: RM587,527,000) and RM535,662,000 (2016: RM495,008,000) respectively.

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

**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/12/2016 RM'000</b>	<b>Financial Year Ended 30/06/2016 RM'000</b>	<b>Financial Period Ended 31/12/2016 RM'000</b>	<b>Financial Year Ended 30/06/2016 RM'000</b>
Credit risk	110,459,426	111,838,090	93,724,897	95,233,431
Market risk	4,140,330	3,951,986	4,495,992	3,857,577
Operational risk	7,763,971	7,633,295	6,797,705	6,698,869
<b>Total RWA</b>	<b>122,363,727</b>	<b>123,423,371</b>	<b>105,018,594</b>	<b>105,789,877</b>

The Bank and its Islamic subsidiary, HLISB's profit after tax for the half year ended 31 December 2016, had been subjected to a limited review by our external auditors. As such the Bank's and HLISB's profit after tax for the half year ended 31 December 2016 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios accordingly.

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

<b>Hong Leong Islamic Bank Berhad</b>		
	<b>Financial Period Ended 31/12/2016</b>	<b>Financial Year Ended 30/06/2016</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	10.724%	10.383%
Tier I capital ratio	10.724%	10.383%
Total capital ratio	<u>14.249%</u>	<u>13.855%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	10.724%	10.383%
Tier I capital ratio	10.724%	10.383%
Total capital ratio	<u>14.249%</u>	<u>13.855%</u>

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

**A27 Group segmental reporting on revenue, profit and assets**

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

The various business segments are described below:

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

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

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

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

Other operations refers to head office and other business segments.

	<b>Financial quarter ended 31/12/2016</b>						
	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	648,407	185,293	351,057	58,196	(59,974)	(4,239)	1,178,740
Inter-segment revenue	(12,263)	101,577	(193,761)	-	104,447	-	-
Segment revenue	<u>636,144</u>	<u>286,870</u>	<u>157,296</u>	<u>58,196</u>	<u>44,473</u>	<u>(4,239)</u>	<u>1,178,740</u>
Segment profit before taxation	313,210	208,684	130,780	6,411	(3,205)	(4,596)	651,284
Share of profit after tax of equity accounted associated company				39,768			39,768
Share of profit after tax of equity accounted joint venture				5,578			5,578
Profit before taxation							<u>696,630</u>
Taxation							(146,695)
Profit after taxation							<u><u>549,935</u></u>

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

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

**Financial period ended 31/12/2016**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	1,270,355	335,509	690,129	116,848	(6,001)	(131,858)	2,274,982
Inter-segment revenue	(38,861)	208,217	(382,644)	-	213,288	-	-
Segment revenue	<u>1,231,494</u>	<u>543,726</u>	<u>307,485</u>	<u>116,848</u>	<u>207,287</u>	<u>(131,858)</u>	<u>2,274,982</u>
Segment profit before taxation	569,286	385,619	250,130	19,369	136,997	(130,974)	1,230,427
Share of profit after tax of equity accounted associated company				129,016			129,016
Share of profit after tax of equity accounted joint venture				11,806			11,806
Profit before taxation							<u>1,371,249</u>
Taxation							(278,687)
Profit after taxation							<u><u>1,092,562</u></u>
Segment assets	85,761,582	30,549,319	53,376,006	12,433,809	-	-	182,120,716
Unallocated assets							9,570,229
Total assets							<u><u>191,690,945</u></u>

**Corresponding quarter ended 31/12/2015**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	671,993	118,498	353,879	52,422	83,156	(206,438)	1,073,510
Inter-segment revenue	(82,251)	119,794	(172,996)	-	135,453	-	-
Segment revenue	<u>589,742</u>	<u>238,292</u>	<u>180,883</u>	<u>52,422</u>	<u>218,609</u>	<u>(206,438)</u>	<u>1,073,510</u>
Segment profit before taxation	198,902	166,124	155,992	7,093	35,558	(206,304)	357,365
Share of profit after tax of equity accounted associated company				63,116			63,116
Share of profit after tax of equity accounted joint venture				5,329			5,329
Profit before taxation							<u>425,810</u>
Taxation							(81,728)
Profit after taxation							<u><u>344,082</u></u>



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

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

Corresponding financial period ended 31/12/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<b><u>By business segment</u></b>							
External revenue	1,328,820	229,512	669,949	104,899	(25,017)	(211,417)	2,096,746
Inter-segment revenue	(145,896)	247,278	(362,379)	-	260,997	-	-
Segment revenue	<u>1,182,924</u>	<u>476,790</u>	<u>307,570</u>	<u>104,899</u>	<u>235,980</u>	<u>(211,417)</u>	<u>2,096,746</u>
Segment profit before taxation	447,545	350,487	257,402	10,867	41,602	(211,171)	896,732
Share of profit after tax of equity accounted associated company				143,522			143,522
Share of profit after tax of equity accounted joint venture				10,390			10,390
Profit before taxation							<u>1,050,644</u>
Taxation							<u>(203,601)</u>
Profit after taxation							<u>847,043</u>
Segment assets	80,939,832	30,954,404	55,271,688	11,120,605	-	-	178,286,529
Unallocated assets							9,493,639
Total assets							<u>187,780,168</u>

**A28 Property and equipment**

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

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

There are no material events subsequent to the end of the financial period ended 31 December 2016.

**A29(b) Changes in the composition of the Group**

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

- (i) Wat Tat Nominees (Tempatan) Sdn Bhd, an indirect wholly-owned subsidiary of the Bank, was dissolved on 15 October 2016.
- (ii) On 6 January 2017, the Bank announced that the liquidator of Wah Tat Nominees (Asing) Sdn Bhd ("Wah Tat Nominees (Asing)") had convened the final meeting for Wah Tat Nominees (Asing) to conclude the member's voluntary winding-up of Wah Tat Nominees (Asing). The Return by Liquidator Relating to Final Meeting of Wah Tat Nominees (Asing) was lodged on 6 January 2017 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, Wah Tat Nominees (Asing) will be dissolved.

Wah Tat Nominees (Asing) is a wholly-owned subsidiary of WTB Corporation Sdn Bhd which in turn is a wholly-owned subsidiary of HLF Credit (Perak) Bhd. HLF Credit (Perak) Bhd is a wholly-owned subsidiary of the Bank.

- (iii) On 17 February 2017, the Bank announced that the liquidator of Prominic Berhad ("Prominic") had convened the final meeting for Prominic to conclude the member's voluntary winding-up of Prominic. The Return by Liquidator Relating to Final Meeting of Prominic was lodged on 17 February 2017 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, Prominic will be dissolved.

Prominic is a wholly-owned subsidiary of the Bank.

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

**A30 Commitments and contingencies**

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

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

	The Group		The Bank	
	31/12/2016 RM'000	30/06/2016 RM'000	31/12/2016 RM'000	30/06/2016 RM'000
<b>Principal Amount</b>				
Direct credit substitutes	35,381	120,678	30,943	116,441
Certain transaction related contingent items	1,438,259	1,621,014	1,331,737	1,519,689
Short-term self liquidating trade related contingencies	971,728	766,350	946,196	737,179
Irrevocable commitments to extend credit:				
- maturity more than one year	13,757,399	16,125,180	10,460,753	12,612,922
- maturity less than one year	17,618,227	17,512,946	16,204,549	15,734,240
Foreign exchange related contracts:				
- less than one year	28,439,207	27,999,735	27,963,919	27,144,612
- one year to less than five years	5,037,141	4,950,940	5,037,141	4,950,940
- five years and above	1,144,417	846,826	1,144,417	846,826
Interest rate related contracts:				
- less than one year	43,539,803	33,951,130	43,369,803	33,981,130
- one year to less than five years	36,273,153	36,296,189	36,158,153	36,461,189
- five years and above	3,830,779	1,877,411	3,180,779	1,877,411
Equity related contracts:				
- less than one year	142,854	291,457	142,854	291,457
- one year to less than five years	309,567	212,299	309,567	212,299
Commodity related contracts:				
- less than one year	7,991	4,949	7,991	4,949
Unutilised credit card lines	7,096,682	7,503,020	7,096,682	7,503,020
<b>Total</b>	159,642,588	150,080,124	153,385,484	143,994,304

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

**A31 Related party transactions**

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

**(a) Connected parties exposures**

	The Group		The Bank	
	31/12/2016 RM'000	30/06/2016 RM'000	31/12/2016 RM'000	30/06/2016 RM'000
Aggregate value of outstanding credit exposures with connected parties	2,476,479	2,457,624	2,408,256	2,394,761
Outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	1.77%	1.78%	2.06%	2.07%
Outstanding credit exposures with connected parties which is non-performing or in default as a proportion of total credit exposures (%)	0.0004%	0.0002%	0.0005%	0.0002%

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

**A32 Fair value of financial instruments**

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

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

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

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

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

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

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

**A32 Fair value of financial instruments (continued)**

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

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

	<b>The Group</b>			
	<b>Financial Period Ended 31/12/2016</b>			
	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets held-for-trading				
- Money market instrument	-	7,649,511	-	7,649,511
- Quoted Securities	95,368	-	-	95,368
- Unquoted Securities	-	234,449	-	234,449
Financial investments available-for-sale				
- Money market instrument	-	6,129,476	-	6,129,476
- Quoted Securities	11,241,233	-	-	11,241,233
- Unquoted Securities	-	9,120,334	427,822	9,548,156
Derivative financial instruments	57	1,534,412	5,417	1,539,886
	<u>11,336,658</u>	<u>24,668,182</u>	<u>433,239</u>	<u>36,438,079</u>
<b><u>Financial Liability</u></b>				
Derivative financial instruments	810	1,612,054	5,417	1,618,281
Financial liabilities designated at fair value				
- Callable range accrual notes	-	2,087,934	-	2,087,934
	<u>810</u>	<u>3,699,988</u>	<u>5,417</u>	<u>3,706,215</u>

	<b>The Group</b>			
	<b>Financial Year Ended 30/06/2016</b>			
	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets held-for-trading				
- Money market instrument	-	4,436,353	-	4,436,353
- Quoted Securities	490,522	-	-	490,522
- Unquoted Securities	-	383,366	-	383,366
Financial investments available-for-sale				
- Money market instrument	-	5,358,792	-	5,358,792
- Quoted Securities	12,093,044	-	-	12,093,044
- Unquoted Securities	-	8,004,154	427,328	8,431,482
Derivative financial instruments	11	1,004,361	7,995	1,012,367
	<u>12,583,577</u>	<u>19,187,026</u>	<u>435,323</u>	<u>32,205,926</u>
<b><u>Financial Liability</u></b>				
Derivative financial instruments	1,564	1,540,323	7,995	1,549,882
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,421,919	-	1,421,919
	<u>1,564</u>	<u>2,962,242</u>	<u>7,995</u>	<u>2,971,801</u>

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

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

**A32 Fair value of financial instruments (continued)**

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

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

	<b>The Bank</b>			
	<b>Financial Period Ended 31/12/2016</b>			
	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets held-for-trading				
- Money market instrument	-	7,355,332	-	7,355,332
- Quoted Securities	95,368	-	-	95,368
- Unquoted Securities	-	234,449	-	234,449
Financial investments available-for-sale				
- Money market instrument	-	5,080,848	-	5,080,848
- Quoted Securities	11,192,508	-	-	11,192,508
- Unquoted Securities	-	7,914,236	427,822	8,342,058
Derivative financial instruments	57	1,525,811	5,417	1,531,285
	<u>11,287,933</u>	<u>22,110,676</u>	<u>433,239</u>	<u>33,831,848</u>
<b><u>Financial Liability</u></b>				
Derivative financial instruments	810	1,548,362	5,417	1,554,589
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,325,233	-	1,325,233
	<u>810</u>	<u>2,873,595</u>	<u>5,417</u>	<u>2,879,822</u>

	<b>The Bank</b>			
	<b>Financial Year Ended 30/06/2016</b>			
	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets held-for-trading				
- Money market instrument	-	4,241,400	-	4,241,400
- Quoted Securities	490,522	-	-	490,522
- Unquoted Securities	-	383,366	-	383,366
Financial investments available-for-sale				
- Money market instrument	-	4,145,607	-	4,145,607
- Quoted Securities	12,000,271	-	-	12,000,271
- Unquoted Securities	-	7,283,006	427,328	7,710,334
Derivative financial instruments	11	991,032	7,995	999,038
	<u>12,490,804</u>	<u>17,044,411</u>	<u>435,323</u>	<u>29,970,538</u>
<b><u>Financial Liability</u></b>				
Derivative financial instruments	1,564	1,522,570	7,995	1,532,129
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,010,784	-	1,010,784
	<u>1,564</u>	<u>2,533,354</u>	<u>7,995</u>	<u>2,542,913</u>

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

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

**A32 Fair value of financial instruments (continued)**

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

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

<b>The Group</b> <b>2017</b>	<b>Financial Assets</b>		<b>Financial</b>
	<b>Financial</b>	<b>Derivative</b>	<b>Liability</b>
	<b>investments</b>	<b>financial</b>	<b>Derivative</b>
	<b>available-for-sale</b>	<b>instruments</b>	<b>financial</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>instruments</b>
			<b>RM'000</b>
At 1 July	427,328	7,995	7,995
Fair value changes recognised in statements of income	-	2,662	2,662
Net fair value changes recognised in other comprehensive income	494	-	-
Purchases	-	2,425	2,425
Settlements	-	(7,665)	(7,665)
At 31 December	<u>427,822</u>	<u>5,417</u>	<u>5,417</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 December 2016	<u>-</u>	<u>2,662</u>	<u>2,662</u>
Total gain recognised in other comprehensive income relating to assets held on 31 December 2016	<u>494</u>	<u>-</u>	<u>-</u>

<b>The Bank</b> <b>2017</b>	<b>Financial Assets</b>		<b>Financial</b>
	<b>Financial</b>	<b>Derivative</b>	<b>Liability</b>
	<b>investments</b>	<b>financial</b>	<b>Derivative</b>
	<b>available-for-sale</b>	<b>instruments</b>	<b>financial</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>instruments</b>
			<b>RM'000</b>
At 1 July	427,328	7,995	7,995
Fair value changes recognised in statements of income	-	2,662	2,662
Net fair value changes recognised in other comprehensive income	494	-	-
Purchases	-	2,425	2,425
Settlements	-	(7,665)	(7,665)
At 31 December	<u>427,822</u>	<u>5,417</u>	<u>5,417</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 December 2016	<u>-</u>	<u>2,662</u>	<u>2,662</u>
Total gain recognised in other comprehensive income relating to assets held on 31 December 2016	<u>494</u>	<u>-</u>	<u>-</u>

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

**A32 Fair value of financial instruments (continued)**

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

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

<b>The Group 2016</b>	<b>Financial Assets</b>		<b>Financial Liability</b>
	<b>Financial investments available-for-sale RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Derivative financial instruments RM'000</b>
At 1 July	394,887	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	-	-
Purchases	-	4,171	4,171
Disposal	-	(105)	(105)
At 30 June	<u>427,328</u>	<u>7,995</u>	<u>7,995</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2016	<u>-</u>	<u>(3,023)</u>	<u>(3,023)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2016	<u>32,441</u>	<u>-</u>	<u>-</u>
<b>The Bank 2016</b>	<b>Financial Assets</b>		<b>Financial Liability</b>
	<b>Financial investments available-for-sale RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Derivative financial instruments RM'000</b>
At 1 July	394,887	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	-	-
Purchases	-	4,171	4,171
Disposal	-	(105)	(105)
At 30 June	<u>427,328</u>	<u>7,995</u>	<u>7,995</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2016	<u>-</u>	<u>(3,023)</u>	<u>(3,023)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2016	<u>32,441</u>	<u>-</u>	<u>-</u>

**A33 Liquidity risk**

Please refer to Appendix A.



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

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

**B1 Review of performance**

**Current Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a pre-tax profit of RM696.6 million for the current financial quarter ended 31 December 2016, an increase of RM270.8 million or 63.6% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM105.2 million, lower operating expenses of RM157.4 million and lower charge on allowance for impairment losses on loans, advances and financing of RM31.7 million. However, this is mitigated by lower share of profit from associated company of RM23.3 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM313.2 million for the second quarter ended 31 December 2016 as compared to previous corresponding quarter of RM198.9 million. The increase in pre-tax profit was mainly contributed by higher total income, lower allowance for impairment on loans, advances and financing and lower operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM208.7 million for the second quarter ended 31 December 2016 as compared to previous corresponding quarter of RM166.1 million. Higher pre-tax profit was mainly due to higher total income, offset by higher operating expenses and higher allowance for net impairment on loans, advances and financing.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM130.8 million for the second quarter ended 31 December 2016 as compared to previous corresponding quarter of RM156.0 million. The decrease in pre-tax profit was due to lower net interest income and higher operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM51.8 million for the second quarter ended 31 December 2016 as compared to previous corresponding quarter of RM75.5 million. The decrease in performance was mainly attributed to lower total income and higher operating expenses from overseas operation.

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

**B1 Review of performance** (continued)

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

The Group pre-tax profit for the financial period ended 31 December 2016 stood at RM1,371.2 million, an increase of RM320.6 million or 30.5% as compared to RM1,050.6 million in the previous corresponding period. The increase was mainly due to higher net income of RM178.2 million, lower other operating expenses of RM129.5 million, lower charge on allowance for impairment losses on loans, advances and financing of RM32.6 million. This is however mitigated by higher allowance for impairment losses on financial investments of RM6.6 million and lower share of profit from associated company of RM14.5 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM569.3 million for the financial period ended 31 December 2016 as compared to previous corresponding period of RM447.5 million. Higher pre-tax profit mainly arising from higher total income and lower allowances for impairment on loans, advances and financing, offset by higher operating expenses.

Personal Financial Services's loan base grew from RM80.5 billion in 31 December 2015 to RM85.5 billion in 31 December 2016. Deposit base registered a growth from RM74.1 billion to RM83.8 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM385.6 million for the financial period ended 31 December 2016 as compared to previous corresponding period of RM350.5 million. Higher pre-tax profit was driven by higher total income, offset by higher allowances for impairment on loans, advances and financing and higher operating expenses.

Business and Corporate Banking's loan base decreased from RM30.9 billion in 31 December 2015 to RM30.5 billion in 31 December 2016. Deposit base decreased from RM38.5 billion to RM32.1 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM250.1 million for the financial period ended 31 December 2016 as compared to previous corresponding period of RM257.4 million. The decrease in pre-tax profit was mainly due to higher operating expenses.

Treasury earning assets registered a decrease from RM53.1 billion in 31 December 2015 to RM51.0 billion in 31 December 2016.

International Banking

The International Banking's segment recorded a pre-tax profit of RM160.2 million for the financial period ended 31 December 2016 as compared to previous corresponding period of RM 164.8 million.

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

**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM696.6 million as compared to RM674.6 million in the preceding quarter, an increase of RM22.0 million mainly arising from higher net income of RM82.5 million and write back of impairment losses on financial investments of RM5.0 million. However, this is offsetted by higher operating expenses of RM10.0 million, higher allowance for impairment losses on loans, advances and financing of RM5.0 million and lower share of profit from associated company of RM49.5 million.

**B3 Current year prospects**

A moderate recovery is expected in 2017, led by signs of improvement in the US, EU, Japan as well as stabilization in China. For Malaysia, private consumption shall remain the main anchor for growth with further support from export recovery. However, global uncertainties from impending policy shift in the US, weak investment flows and a harsh UK exit from the EU could weigh on the prospects across many economies.

The Group remains focused on executing our strategy in building a high performance business and strengthening the foundation for sustainable profitability.

The Group will continue to strengthen its digital offerings whilst bolstering our customer analytics capabilities to add value and differentiate our multi-channel banking services. At the same time, we will also place strong emphasis on improving operations efficiency and scaling productivity through strategic cost management for superior return and sustainable growth.

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

This note is not applicable to the Group.

**B5 Taxation**

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>				
Income tax	191,282	141,008	325,345	306,966
Transfer to deferred taxation	(44,587)	(59,280)	(46,658)	(103,365)
	<u>146,695</u>	<u>81,728</u>	<u>278,687</u>	<u>203,601</u>

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>				
Income tax	172,796	134,711	323,771	287,369
Transfer to deferred taxation	(44,587)	(59,280)	(46,658)	(103,365)
	<u>128,209</u>	<u>75,431</u>	<u>277,113</u>	<u>184,004</u>

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

**B6 Profit on sale of unquoted investments/properties**

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

**B7 Purchase and disposal of quoted securities**

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

**B8 Status of corporate proposals**

There were no corporate proposals announced but not completed at the latest practicable date which was not earlier than 7 days from the issue of this report.

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

**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 31 December 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	19,467,887	693,300	(213,806)
Swaps			
(i) Less than 1 year	6,421,575	123,982	(256,307)
(ii) 1 year to 3 years	4,500,833	283,611	(620,516)
(iii) More than 3 years	1,644,075	143,074	(72,175)
Options			
(i) Less than 1 year	2,549,745	36,920	(20,744)
(ii) 1 year to 3 years	36,650	422	(422)
Interest rate related contracts			
Futures			
(i) Less than 1 year	24,669,222	57	(810)
Swaps			
(i) Less than 1 year	18,870,581	14,340	(10,733)
(ii) 1 year to 3 years	20,317,833	72,228	(91,104)
(iii) More than 3 years	19,786,099	166,087	(325,831)
Equity related contracts			
(i) Less than 1 year	142,854	1,771	(1,771)
(ii) 1 year to 3 years	309,567	3,646	(3,646)
Commodity related contracts			
(i) Less than 1 year	7,991	448	(416)
<b>Total</b>	<b>118,724,912</b>	<b>1,539,886</b>	<b>(1,618,281)</b>

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

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

Details of financial instruments with off-balance sheet risk as at 30 June 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	20,195,540	180,469	(444,831)
(ii) 1 year to 3 years	18,146	461	(101)
Swaps			
(i) Less than 1 year	5,362,232	140,154	(102,945)
(ii) 1 year to 3 years	4,565,055	271,552	(492,519)
(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	10,082,057	11	(1,564)
Swaps			
(i) Less than 1 year	23,869,073	12,983	(23,264)
(ii) 1 year to 3 years	18,590,299	53,773	(95,535)
(iii) More than 3 years	19,583,301	222,017	(330,796)
Equity related contracts			
(i) Less than 1 year	291,457	7,011	(7,011)
(ii) 1 year to 3 years	212,299	984	(984)
Commodity related contracts			
(i) Less than 1 year	4,949	875	(852)
<b>Total</b>	<b>106,430,936</b>	<b>1,012,367</b>	<b>(1,549,882)</b>

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

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

Details of financial instruments with off-balance sheet risk as at 31 December 2016:

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	18,993,046	688,175	(209,900)
Swaps			
(i) Less than 1 year	6,421,128	123,982	(256,307)
(ii) 1 year to 3 years	4,500,833	283,611	(620,517)
(iii) More than 3 years	1,644,075	143,074	(72,175)
Options			
(i) Less than 1 year	2,549,745	36,920	(20,744)
(ii) 1 year to 3 years	36,650	422	(422)
Interest rate related contracts			
Futures			
(i) Less than 1 year	24,669,222	57	(810)
Swaps			
(i) Less than 1 year	18,700,581	14,218	(10,490)
(ii) 1 year to 3 years	20,067,834	71,128	(90,424)
(iii) More than 3 years	19,271,098	163,833	(266,967)
Equity related contracts			
(i) Less than 1 year	142,854	1,771	(1,771)
(ii) 1 year to 3 years	309,567	3,646	(3,646)
Commodity related contracts			
(i) Less than 1 year	7,991	448	(416)
<b>Total</b>	<b>117,314,624</b>	<b>1,531,285</b>	<b>(1,554,589)</b>

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

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

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

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	19,562,747	167,982	(434,227)
(ii) 1 year to 3 years	18,146	461	(101)
Swaps			
(i) Less than 1 year	5,139,902	134,111	(97,229)
(ii) 1 year to 3 years	4,565,055	271,552	(492,519)
(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	10,082,057	11	(1,564)
Swaps			
(i) Less than 1 year	23,899,073	12,585	(22,930)
(ii) 1 year to 3 years	18,365,299	53,213	(94,619)
(iii) More than 3 years	19,973,301	228,176	(330,613)
Equity related contracts			
(i) Less than 1 year	291,457	7,011	(7,011)
(ii) 1 year to 3 years	212,299	984	(984)
Commodity related contracts			
(i) Less than 1 year	4,949	875	(852)
<b>Total</b>	<b>105,770,813</b>	<b>999,038</b>	<b>(1,532,129)</b>



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

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

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM35,119,290 (FYE June 2016: RM20,017,001) and RM87,179,296,179 (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 period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM1,657,113,164 (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 (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

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

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

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

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

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

**Credit risk** (continued)

Derivatives (continued)

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

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

**Liquidity risk**

Derivatives

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

**Related accounting policies**

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

Fair value hedge

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

Cash flow hedge

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

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

**B10 Material litigation**

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

**B11 Dividend**

An interim single tier dividend of 15.0 sen per share has been proposed for the current quarter.

- (i) Amount per share: 15.0 sen.
- (ii) Previous corresponding quarter: single tier dividend of 15.0 sen per share.
- (iii) Entitlement date: 9 March 2017
- (iv) Payment date: 23 March 2017

**B12 Realised and unrealised profits**

	<b>The Group</b>	
	<b>Financial Period Ended 31/12/2016</b>	<b>Financial Year Ended 30/06/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of Hong Leong Bank Berhad and subsidiaries		
- Realised	5,865,198	5,858,481
- Unrealised	1,171,861	743,693
	7,037,059	6,602,174
Total share of retained profits from associated company		
- Realised	2,145,955	2,016,939
Total share of retained profits from joint venture		
- Realised	62,803	50,997
	9,245,817	8,670,110
Less: Consolidation adjustment	(355,716)	(257,745)
Total Group's retained profits	8,890,101	8,412,365

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

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

**B13 Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share from operations is calculated by dividing the net profit attributable to ordinary equity holders of the Bank after taxation by the weighted average number of ordinary shares in issue during the financial period, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	549,935	344,082	1,092,562	847,043
Weighted average number of ordinary shares in issue ('000)	2,167,718	1,886,166	2,167,718	1,886,166
Less: Treasury shares held	(122,264)	(115,390)	(122,264)	(115,390)
	<u>2,045,454</u>	<u>1,770,776</u>	<u>2,045,454</u>	<u>1,770,776</u>
<b>Basic earnings per share (sen)</b>	26.9	19.4	53.4	47.8
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	447,095	432,303	931,126	807,532
Weighted average number of ordinary shares in issue ('000)	2,167,718	1,886,166	2,167,718	1,886,166
Less: Treasury shares held	(122,264)	(115,390)	(122,264)	(115,390)
	<u>2,045,454</u>	<u>1,770,776</u>	<u>2,045,454</u>	<u>1,770,776</u>
<b>Basic earnings per share (sen)</b>	21.9	24.4	45.5	45.6

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

**B13 Earnings per share (continued)**

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

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

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
<b><u>The Group</u></b>				
Net profit attributable to equity holders	549,935	344,082	1,092,562	847,043
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,045,454	1,770,776	2,045,454	1,770,776
- adjustment for ESOS	-	-	-	-
	2,045,454	1,770,776	2,045,454	1,770,776
<b>Fully diluted earnings per share (sen)</b>	26.9	19.4	53.4	47.8
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	447,095	432,303	931,126	807,532
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,045,454	1,770,776	2,045,454	1,770,776
- adjustment for ESOS	-	-	-	-
	2,045,454	1,770,776	2,045,454	1,770,776
<b>Fully diluted earnings per share (sen)</b>	21.9	24.4	45.5	45.6

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

**A33 Liquidity risk**

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Bank to meet its contractual or regulatory obligations when they become due without incurring substantial losses. The liquidity risk is identified based on concentration, volatility of source of fund and funding maturity structure and it is measured primarily using Bank Negara Malaysia's New Liquidity Framework and depositor's concentration ratios. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2016 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>31 December 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	5,856,514	304,289	-	-	-	-	-	6,160,803
Deposits and placements with banks and other financial institutions	-	-	1,702,779	448,850	-	-	-	2,151,629
Financial assets held-for-trading	1,200,616	2,148,326	2,161,779	209,649	80,797	2,178,161	-	7,979,328
Financial investments available-for-sale	5,500,966	40,255	204,782	167,267	1,493,745	19,084,000	427,850	26,918,865
Financial investments held-to-maturity	48	-	312,640	351,514	1,407,203	10,864,153	-	12,935,558
Loans, advances and financing	10,349,359	6,247,815	6,419,415	2,295,829	1,186,572	95,720,667	-	122,219,657
Other assets	118,164	2,035	4,318	5,266	2,778	23,963	963,803	1,120,327
Derivative financial instruments	111,551	62,990	176,565	180,702	339,010	669,068	-	1,539,886
Statutory deposits with Central Banks	-	-	-	-	-	-	3,600,106	3,600,106
Investment in associated companies	-	-	-	-	-	-	3,415,224	3,415,224
Investment in joint venture	-	-	-	-	-	-	162,664	162,664
Property and equipment	-	-	-	-	-	-	1,414,555	1,414,555
Intangible assets	-	-	-	-	-	-	236,019	236,019
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	5,012	5,012
<b>Total assets</b>	<b>23,137,218</b>	<b>8,805,710</b>	<b>10,982,278</b>	<b>3,659,077</b>	<b>4,510,105</b>	<b>128,540,012</b>	<b>12,056,545</b>	<b>191,690,945</b>

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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2016 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>31 December 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	51,911,220	28,511,309	26,002,215	16,556,276	21,570,104	6,047,716	-	150,598,840
Deposits and placements of banks and other financial institutions	2,619,822	782,848	2,149,300	99,763	15,514	-	-	5,667,247
Obligations on securities sold under repurchase agreements	617,191	93,131	2,065,326	-	-	-	-	2,775,648
Bills and acceptances payable	69	44,147	22,298	13,453	11	-	247,601	327,579
Other liabilities	4,035,911	-	-	-	161,663	-	54,164	4,251,738
Derivative financial instruments	103,608	66,488	107,887	37,936	188,670	1,113,692	-	1,618,281
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	203,007	-	203,007
Senior bonds	-	-	-	1,353,688	-	-	-	1,353,688
Tier 2 subordinated bonds	-	-	-	-	-	2,402,117	-	2,402,117
Innovative Tier 1 capital securities	-	-	-	-	-	517,890	-	517,890
Taxation	-	-	-	-	-	-	138,082	138,082
Deferred tax liabilities	-	-	-	-	-	-	15,677	15,677
<b>Total liabilities</b>	<b>59,287,821</b>	<b>29,497,923</b>	<b>30,347,026</b>	<b>18,061,116</b>	<b>21,935,962</b>	<b>10,284,422</b>	<b>455,524</b>	<b>169,869,794</b>
Total equity	-	-	-	-	-	-	21,821,151	21,821,151
<b>Total liabilities and equity</b>	<b>59,287,821</b>	<b>29,497,923</b>	<b>30,347,026</b>	<b>18,061,116</b>	<b>21,935,962</b>	<b>10,284,422</b>	<b>22,276,675</b>	<b>191,690,945</b>
<b>Net liquidity gap</b>	<b>(36,150,603)</b>	<b>(20,692,213)</b>	<b>(19,364,748)</b>	<b>(14,402,039)</b>	<b>(17,425,857)</b>	<b>118,255,590</b>	<b>11,601,021</b>	<b>21,821,151</b>

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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2015 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	5,819,643	1,654,321	-	-	-	-	-	7,473,964
Deposits and placements with banks and other financial institutions	-	-	1,721,584	303,091	32,676	-	-	2,057,351
Securities purchased under resale agreements	-	4,056,670	-	-	-	-	-	4,056,670
Financial assets held-for-trading	21,803	1,784,002	2,102,414	90,384	-	1,311,638	-	5,310,241
Financial investments available-for-sale	7,157,135	118,016	330,395	568,570	652,684	16,629,164	427,354	25,883,318
Financial investments held-to-maturity	16,435	20,373	1,379,218	923,763	612,340	8,819,705	-	11,771,834
Loans, advances and financing	10,969,090	6,148,011	5,792,698	2,813,164	684,413	93,050,675	-	119,458,051
Other assets	1,113,595	77	12,871	8,304	3,999	20,965	543,352	1,703,163
Derivative financial instruments	108,179	72,416	66,940	67,182	48,129	649,521	-	1,012,367
Statutory deposits with Central Banks	-	-	-	-	-	-	4,296,119	4,296,119
Investment in associated companies	-	-	-	-	-	-	3,177,768	3,177,768
Investment in joint venture	-	-	-	-	-	-	144,875	144,875
Property and equipment	-	-	-	-	-	-	1,382,459	1,382,459
Intangible assets	-	-	-	-	-	-	264,766	264,766
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	3,957	3,957
<b>Total assets</b>	<b>25,205,880</b>	<b>13,853,886</b>	<b>11,406,120</b>	<b>4,774,458</b>	<b>2,034,241</b>	<b>120,481,668</b>	<b>12,071,962</b>	<b>189,828,215</b>



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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2015 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	48,732,383	34,503,798	23,849,064	20,106,824	16,841,113	4,490,732	-	148,523,914
Deposits and placements of banks and other financial institutions	1,964,900	1,179,785	2,791,364	170,268	94,913	-	-	6,201,230
Obligations on securities sold under repurchase agreements	230,836	1,562,179	1,701,888	-	-	-	-	3,494,903
Bills and acceptances payable	43,503	7,531	26,062	15,155	4	-	258,200	350,455
Other liabilities	3,650,467	-	-	-	101,443	-	164,019	3,915,929
Derivative financial instruments	62,573	68,382	170,906	191,864	102,672	953,485	-	1,549,882
Senior bonds	-	-	-	-	1,215,643	-	-	1,215,643
Tier 2 subordinated bonds	-	-	-	-	-	2,401,322	-	2,401,322
Innovative Tier 1 capital securities	-	-	-	-	-	521,512	-	521,512
Borrowings	-	-	-	-	-	384,730	-	384,730
Taxation	-	-	-	-	-	-	31,447	31,447
Deferred tax liabilities	-	-	-	-	-	-	120,101	120,101
<b>Total liabilities</b>	<b>54,684,662</b>	<b>37,321,675</b>	<b>28,539,284</b>	<b>20,484,111</b>	<b>18,355,788</b>	<b>8,751,781</b>	<b>573,767</b>	<b>168,711,068</b>
Total equity	-	-	-	-	-	-	21,117,147	21,117,147
<b>Total liabilities and equity</b>	<b>54,684,662</b>	<b>37,321,675</b>	<b>28,539,284</b>	<b>20,484,111</b>	<b>18,355,788</b>	<b>8,751,781</b>	<b>21,690,914</b>	<b>189,828,215</b>
<b>Net liquidity gap</b>	<b>(29,478,782)</b>	<b>(23,467,789)</b>	<b>(17,133,164)</b>	<b>(15,709,653)</b>	<b>(16,321,547)</b>	<b>111,729,887</b>	<b>11,498,195</b>	<b>21,117,147</b>

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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2016 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b> <b>RM'000</b>
	<b>31 December 2016</b>							
	<b>Up to</b> <b>1 week</b> <b>RM'000</b>	<b>1 week to</b> <b>1 month</b> <b>RM'000</b>	<b>1 to 3</b> <b>months</b> <b>RM'000</b>	<b>3 to 6</b> <b>months</b> <b>RM'000</b>	<b>6 to 12</b> <b>months</b> <b>RM'000</b>	<b>Over 1</b> <b>year</b> <b>RM'000</b>	<b>No specific</b> <b>maturity</b> <b>RM'000</b>	
<b>Assets</b>								
Cash and short-term funds	5,376,805	303,298	-	-	-	-	-	5,680,103
Deposits and placements with banks and other financial institutions	-	-	1,197,206	448,850	-	-	-	1,646,056
Financial assets held-for-trading	1,400,531	1,798,951	2,112,762	209,649	60,564	2,102,692	-	7,685,149
Financial investments available-for-sale	5,500,966	33,638	189,501	162,228	1,322,677	16,978,554	427,850	24,615,414
Financial investments held-to-maturity	48	-	312,640	140,594	1,285,891	8,630,592	-	10,369,765
Loans, advances and financing	9,239,360	5,634,556	6,048,847	2,101,129	639,174	78,309,330	-	101,972,396
Other assets	102,105	1,984	4,217	5,135	2,658	23,963	942,653	1,082,715
Derivative financial instruments	111,425	63,253	172,373	179,632	338,888	665,714	-	1,531,285
Amount due from subsidiaries	-	-	-	-	-	-	165,970	165,970
Statutory deposits with Central Banks	-	-	-	-	-	-	2,843,896	2,843,896
Subsidiary companies	-	-	-	-	-	-	1,623,385	1,623,385
Investment in associated companies	-	-	-	-	-	-	946,525	946,525
Investment in joint venture	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	742,893	742,893
Intangible assets	-	-	-	-	-	-	218,017	218,017
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
<b>Total assets</b>	<b>21,731,240</b>	<b>7,835,680</b>	<b>10,037,546</b>	<b>3,247,217</b>	<b>3,649,852</b>	<b>106,710,845</b>	<b>9,759,447</b>	<b>162,971,827</b>

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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2016 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>31 December 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	44,614,150	23,330,360	21,307,199	14,254,213	18,952,835	5,217,039	-	127,675,796
Deposits and placements of banks and other financial institutions	2,538,827	652,310	1,991,588	18,824	15,514	-	-	5,217,063
Obligations on securities sold under repurchase agreements	617,191	62,764	2,065,326	-	-	-	-	2,745,281
Bills and acceptances payable	43	43,962	19,466	12,086	11	-	228,581	304,149
Other liabilities	3,403,309	-	-	-	160,267	-	7,109	3,570,685
Derivative financial instruments	103,590	65,665	107,000	35,515	188,669	1,054,150	-	1,554,589
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	203,007	-	203,007
Senior bonds	-	-	-	1,353,688	-	-	-	1,353,688
Tier 2 subordinated bonds	-	-	-	-	-	2,001,618	-	2,001,618
Innovative Tier 1 capital securities	-	-	-	-	-	517,890	-	517,890
Taxation	-	-	-	-	-	-	97,643	97,643
Deferred tax liabilities	-	-	-	-	-	-	15,677	15,677
<b>Total liabilities</b>	<b>51,277,110</b>	<b>24,155,061</b>	<b>25,490,579</b>	<b>15,674,326</b>	<b>19,317,296</b>	<b>8,993,704</b>	<b>349,010</b>	<b>145,257,086</b>
Total equity	-	-	-	-	-	-	17,714,741	17,714,741
<b>Total liabilities and equity</b>	<b>51,277,110</b>	<b>24,155,061</b>	<b>25,490,579</b>	<b>15,674,326</b>	<b>19,317,296</b>	<b>8,993,704</b>	<b>18,063,751</b>	<b>162,971,827</b>
<b>Net liquidity gap</b>	<b>(29,545,870)</b>	<b>(16,319,381)</b>	<b>(15,453,033)</b>	<b>(12,427,109)</b>	<b>(15,667,444)</b>	<b>97,717,141</b>	<b>9,410,437</b>	<b>17,714,741</b>

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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2015 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	4,203,895	1,453,952	-	-	-	-	-	5,657,847
Deposits and placements with banks and other financial institutions	-	-	1,815,682	303,091	32,676	-	-	2,151,449
Securities purchased under resale agreements	-	4,056,670	-	-	-	-	-	4,056,670
Financial assets held-for-trading	21,802	1,734,122	2,102,414	90,384	-	1,166,566	-	5,115,288
Financial investments available-for-sale	7,157,135	97,504	330,395	513,207	626,412	14,704,205	427,354	23,856,212
Financial investments held-to-maturity	48	10,145	1,379,218	697,387	902,827	7,016,159	-	10,005,784
Loans, advances and financing	9,537,823	5,860,023	5,447,286	2,616,171	585,697	76,012,119	-	100,059,119
Other assets	605,351	-	12,742	8,133	3,920	19,118	784,267	1,433,531
Derivative financial instruments	107,939	68,900	59,027	60,261	47,791	655,120	-	999,038
Amount due from subsidiaries	-	-	-	-	-	-	14,476	14,476
Statutory deposits with Central Banks	-	-	-	-	-	-	3,602,936	3,602,936
Subsidiary companies	-	-	-	-	-	-	1,529,760	1,529,760
Investment in associated companies	-	-	-	-	-	-	946,525	946,525
Investment in joint venture	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	714,784	714,784
Intangible assets	-	-	-	-	-	-	246,784	246,784
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
<b>Total assets</b>	<b>21,633,993</b>	<b>13,281,316</b>	<b>11,146,764</b>	<b>4,288,634</b>	<b>2,199,323</b>	<b>99,573,287</b>	<b>10,115,144</b>	<b>162,238,461</b>

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

**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2015 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2016</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	39,874,251	30,842,738	18,973,217	17,297,906	15,192,729	4,059,936	-	126,240,777
Deposits and placements of banks and other financial institutions	2,087,108	1,082,908	2,556,283	45,271	42,063	-	-	5,813,633
Obligations on securities sold under repurchase agreements	230,836	1,562,179	1,701,888	-	-	-	-	3,494,903
Bills and acceptances payable	43,491	6,816	24,201	13,836	4	-	245,604	333,952
Other liabilities	3,052,965	-	-	-	98,197	-	384,063	3,535,225
Derivative financial instruments	62,472	66,516	163,298	185,088	102,368	952,387	-	1,532,129
Senior bonds	-	-	-	-	1,215,643	-	-	1,215,643
Tier 2 subordinated bonds	-	-	-	-	-	2,000,840	-	2,000,840
Innovative Tier 1 capital securities	-	-	-	-	-	521,512	-	521,512
Taxation	-	-	-	-	-	-	4,587	4,587
Deferred tax liabilities	-	-	-	-	-	-	114,527	114,527
<b>Total liabilities</b>	<b>45,351,123</b>	<b>33,561,157</b>	<b>23,418,887</b>	<b>17,542,101</b>	<b>16,651,004</b>	<b>7,534,675</b>	<b>748,781</b>	<b>144,807,728</b>
Total equity	-	-	-	-	-	-	17,430,733	17,430,733
<b>Total liabilities and equity</b>	<b>45,351,123</b>	<b>33,561,157</b>	<b>23,418,887</b>	<b>17,542,101</b>	<b>16,651,004</b>	<b>7,534,675</b>	<b>18,179,514</b>	<b>162,238,461</b>
<b>Net liquidity gap</b>	<b>(23,717,130)</b>	<b>(20,279,841)</b>	<b>(12,272,123)</b>	<b>(13,253,467)</b>	<b>(14,451,681)</b>	<b>92,038,612</b>	<b>9,366,363</b>	<b>17,430,733</b>