

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

Condensed Financial Statements
Unaudited Statements of Financial Position As At 31 March 2017

	The Group		The Bank	
	As at	As at	As at	As at
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
Note	RM'000	RM'000	RM'000	RM'000
<u>ASSETS</u>				
Cash and short-term funds	7,530,048	7,473,964	6,687,169	5,657,847
Deposits and placements with banks and other financial institutions	2,083,165	2,057,351	1,618,041	2,151,449
Securities purchased under resale agreements	-	4,056,670	-	4,056,670
Financial assets held-for-trading	A8 6,338,352	5,310,241	5,832,342	5,115,288
Financial investments available-for-sale	A9 29,650,496	25,883,318	26,901,520	23,856,212
Financial investments held-to-maturity	A10 12,878,973	11,771,834	10,322,618	10,005,784
Loans, advances and financing	A11 122,300,515	119,458,051	101,428,367	100,059,119
Other assets	A12 1,821,469	1,703,163	1,733,558	1,433,531
Derivative financial instruments	1,844,418	1,012,367	1,839,979	999,038
Amount due from subsidiaries	-	-	17,875	14,476
Statutory deposits with Central Banks	3,398,482	4,296,119	2,690,577	3,602,936
Subsidiary companies	-	-	1,662,410	1,529,760
Investment in associated company	3,506,430	3,177,768	946,525	946,525
Investment in joint venture	166,614	144,875	76,711	76,711
Property and equipment	1,430,528	1,382,459	757,881	714,784
Intangible assets	222,185	264,766	205,381	246,784
Goodwill	1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets	4,843	3,957	-	-
TOTAL ASSETS	195,007,830	189,828,215	164,492,501	162,238,461
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Deposits from customers	A13 152,217,663	148,523,914	127,362,610	126,240,777
Deposits and placements of banks and other financial institutions	A14 5,765,598	6,201,230	5,522,782	5,813,633
Obligations on securities sold under repurchase agreements	3,361,632	3,494,903	3,361,632	3,494,903
Bills and acceptances payable	328,166	350,455	300,086	333,952
Other liabilities	A15 4,544,381	3,915,929	3,906,781	3,535,225
Derivative financial instruments	2,035,946	1,549,882	1,972,093	1,532,129
Recourse obligation on loans sold to Cagamas Berhad	201,031	-	201,031	-
Senior bonds	A16 1,345,770	1,215,643	1,345,770	1,215,643
Tier 2 subordinated bonds	A17 2,429,587	2,401,322	2,024,324	2,000,840
Innovative Tier 1 capital securities	A18 506,604	521,512	506,604	521,512
Borrowings	A19 -	384,730	-	-
Taxation	146,204	31,447	111,285	4,587
Deferred tax liabilities	27,277	120,101	27,277	114,527
TOTAL LIABILITIES	172,909,859	168,711,068	146,642,275	144,807,728
Share capital	2,167,718	2,167,718	2,167,718	2,167,718
Reserves	20,664,214	19,684,469	16,416,469	15,998,055
Less: Treasury shares	(733,961)	(735,040)	(733,961)	(735,040)
TOTAL SHAREHOLDERS' EQUITY	22,097,971	21,117,147	17,850,226	17,430,733
TOTAL LIABILITIES AND EQUITY	195,007,830	189,828,215	164,492,501	162,238,461
<u>COMMITMENTS AND CONTINGENCIES</u>	A30 163,778,617	150,080,124	156,995,430	143,994,304
Net asset per share attributable to ordinary equity holders of the parent (RM) *	10.80	10.32	8.73	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 March 2017

	Note	The Group			
		Current Quarter Ended 31/03/2017 RM'000	Corresponding Quarter Ended 31/03/2016 RM'000	Current Period Ended 31/03/2017 RM'000	Corresponding Period Ended 31/03/2016 RM'000
Interest income	A20	1,535,485	1,606,964	4,620,944	4,736,413
Interest expense	A21	(809,108)	(952,615)	(2,495,548)	(2,744,261)
Net interest income		726,377	654,349	2,125,396	1,992,152
Net income from Islamic Banking business	A22	139,287	114,148	407,298	346,320
Other operating income	A23	258,085	233,736	866,037	760,507
Net income		1,123,749	1,002,233	3,398,731	3,098,979
Other operating expenses	A24	(500,864)	(472,069)	(1,492,250)	(1,592,945)
Operating profit before allowances		622,885	530,164	1,906,481	1,506,034
Allowance for impairment losses on loans, advances and financing	A25	(46,053)	(19,903)	(97,488)	(103,963)
Write back of impairment losses on financial investments		2,563	2,208	829	7,130
		579,395	512,469	1,809,822	1,409,201
Share of profit after tax of equity accounted associated company		112,794	89,573	241,810	233,095
Share of profit after tax of equity accounted joint venture		4,855	4,600	16,661	14,990
Profit before taxation		697,044	606,642	2,068,293	1,657,286
Taxation	B5	(127,507)	(108,812)	(406,194)	(312,413)
Net profit for the financial period		569,537	497,830	1,662,099	1,344,873
Attributable to:					
Owners of the parent		569,537	497,830	1,662,099	1,344,873
Earnings per share - basic (sen)	B13(a)	27.8	26.7	81.3	72.2
Earnings per share - fully diluted (sen)	B13(b)	27.8	26.7	81.2	72.2

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 Comprehensive Income
For The Financial Period Ended 31 March 2017

	The Group			
	Current Quarter Ended 31/03/2017 RM'000	Corresponding Quarter Ended 31/03/2016 RM'000	Current Period Ended 31/03/2017 RM'000	Corresponding Period Ended 31/03/2016 RM'000
Net profit for the financial period	<u>569,537</u>	<u>497,830</u>	<u>1,662,099</u>	<u>1,344,873</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss)/income of associated company	(2,590)	(1,636)	(6,945)	7,437
Currency translation differences	(20,311)	(262,017)	315,081	79,549
Net fair value changes on financial investments available-for-sale	44,817	132,116	(208,920)	76,618
Net fair value changes in cash flow hedge	149	(2,237)	1,291	(1,915)
Income tax relating to components of other comprehensive (income)/loss	<u>(9,104)</u>	<u>(32,739)</u>	<u>49,215</u>	<u>(16,775)</u>
Other comprehensive income/(loss) for the financial period, net of tax	<u>12,961</u>	<u>(166,513)</u>	<u>149,722</u>	<u>144,914</u>
Total comprehensive income for the financial period	<u><u>582,498</u></u>	<u><u>331,317</u></u>	<u><u>1,811,821</u></u>	<u><u>1,489,787</u></u>
Attributable to:				
- Owners of the parent	<u><u>582,498</u></u>	<u><u>331,317</u></u>	<u><u>1,811,821</u></u>	<u><u>1,489,787</u></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
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 March 2017

	Note	The Bank			
		Current Quarter Ended 31/03/2017 RM'000	Corresponding Quarter Ended 31/03/2016 RM'000	Current Period Ended 31/03/2017 RM'000	Corresponding Period Ended 31/03/2016 RM'000
Interest income	A20	1,511,161	1,600,123	4,556,019	4,719,523
Interest expense	A21	(800,342)	(961,224)	(2,468,924)	(2,771,987)
Net interest income		710,819	638,899	2,087,095	1,947,536
Other operating income	A23	255,396	263,740	985,434	999,296
Net income		966,215	902,639	3,072,529	2,946,832
Other operating expenses	A24	(430,790)	(410,440)	(1,292,098)	(1,407,018)
Operating profit before allowances		535,425	492,199	1,780,431	1,539,814
Allowance for impairment losses on loans, advances and financing	A25	(36,192)	(22,628)	(71,225)	(83,629)
Write back of/(allowance for) impairment losses on financial investments		1,447	2,208	(287)	7,130
Profit before taxation		500,680	471,779	1,708,919	1,463,315
Taxation	B5	(108,158)	(93,890)	(385,271)	(277,894)
Net profit for the financial period		392,522	377,889	1,323,648	1,185,421
Attributable to:					
Owners of the parent		392,522	377,889	1,323,648	1,185,421
Earnings per share - basic (sen)	B13(a)	19.2	20.3	64.7	63.7
Earnings per share - fully diluted (sen)	B13(b)	19.2	20.3	64.7	63.7

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 Comprehensive Income
For The Financial Period Ended 31 March 2017

	The Bank			
	Current Quarter Ended 31/03/2017 RM'000	Corresponding Quarter Ended 31/03/2016 RM'000	Current Period Ended 31/03/2017 RM'000	Corresponding Period Ended 31/03/2016 RM'000
Net profit for the financial period	<u>392,522</u>	<u>377,889</u>	<u>1,323,648</u>	<u>1,185,421</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	11,914	108,057	64,704	109,894
Net fair value changes on financial investments available-for-sale	45,785	114,608	(182,138)	68,552
Net fair value changes in cash flow hedge	149	(2,237)	1,291	(1,915)
Income tax relating to components of other comprehensive (income)/loss	<u>(9,207)</u>	<u>(28,870)</u>	<u>42,985</u>	<u>(15,004)</u>
Other comprehensive income/(loss) for the financial period, net of tax	<u>48,641</u>	<u>191,558</u>	<u>(73,158)</u>	<u>161,527</u>
Total comprehensive income for the financial period	<u><u>441,163</u></u>	<u><u>569,447</u></u>	<u><u>1,250,490</u></u>	<u><u>1,346,948</u></u>

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HONG LEONG BANK BERHAD
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(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2017

Attributable to owners of the parent

The Group	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
At 1 July 2016	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	-	-	-	-	-	-	-	-	1,662,099	-	1,662,099
- Share of other comprehensive loss of associated company	-	-	-	(6,945)	-	-	-	-	-	-	(6,945)
- Net fair value changes in financial investments available-for-sale	-	-	-	(159,395)	-	-	-	-	-	-	(159,395)
- Net fair value changes in cash flow hedge	-	-	-	-	981	-	-	-	-	-	981
- Currency translation differences	-	-	-	-	-	-	-	315,081	-	-	315,081
Total comprehensive (loss)/income	-	-	-	(166,340)	981	-	-	315,081	1,662,099	-	1,811,821
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	43,668	-	-	-	-	-	(43,668)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	44,220	-	(44,220)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(838,658)	-	(838,658)
ESS exercised	-	-	-	-	-	(1,933)	-	-	854	1,079	-
Option charge arising from ESS granted	-	-	-	-	-	7,661	-	-	-	-	7,661
Total transactions with owners	-	-	43,668	-	-	5,728	44,220	-	(925,692)	1,079	(830,997)
At 31 March 2017	2,167,718	5,571,345	3,964,384	151,979	(737)	15,933	642,992	1,169,546	9,148,772	(733,961)	22,097,971
At 1 July 2015	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	-	-	-	-	-	-	-	-	1,344,873	-	1,344,873
- Share of other comprehensive income of associated company	-	-	-	7,437	-	-	-	-	-	-	7,437
- Net fair value changes in financial investments available-for-sale	-	-	-	59,381	-	-	-	-	-	-	59,381
- Net fair value changes in cash flow hedge	-	-	-	-	(1,453)	-	-	-	-	-	(1,453)
- Currency translation differences	-	-	-	-	-	-	-	79,549	-	-	79,549
Total comprehensive income/(loss)	-	-	-	66,818	(1,453)	-	-	79,549	1,344,873	-	1,489,787
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	331,847	-	-	-	-	-	(331,847)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	87,153	-	(87,153)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(765,549)	-	(765,549)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(26,517)	(26,517)
Rights issue	287,809	2,699,162	-	-	-	-	-	-	-	(59,935)	2,927,036
Option charge arising from ESS granted	-	-	-	-	-	10,134	-	-	-	-	10,134
Total transactions with owners	287,809	2,699,162	331,847	-	-	10,134	87,153	-	(1,184,549)	(86,452)	2,145,104
At 31 March 2016	2,167,718	5,571,345	3,906,961	274,793	(1,291)	10,134	486,510	763,515	7,979,838	(735,040)	20,424,483

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM631,747,000 (31 March 2016: RM475,265,000) 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 March 2016: 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 March 2017

	← Non-distributable →							Distributable			
	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	Total RM'000
The Bank											
At 1 July 2016	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	-	-	-	-	-	-	-	-	1,323,648	-	1,323,648
- Net fair value changes in financial investments available-for-sale	-	-	-	(138,843)	-	-	-	-	-	-	(138,843)
- Net fair value changes in cash flow hedge	-	-	-	-	981	-	-	-	-	-	981
- Currency translation differences	-	-	-	-	-	-	-	64,704	-	-	64,704
Total comprehensive (loss)/income	-	-	-	(138,843)	981	-	-	64,704	1,323,648	-	1,250,490
<u>Transactions with owners</u>											
Transfer to regulatory reserve	-	-	-	-	-	-	27,054	-	(27,054)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(838,658)	-	(838,658)
ESS exercised	-	-	-	-	-	(1,933)	-	-	854	1,079	-
Option charge arising from ESS granted	-	-	-	-	-	7,661	-	-	-	-	7,661
Total transactions with owners	-	-	-	-	-	5,728	27,054	-	(864,858)	1,079	(830,997)
At 31 March 2017	2,167,718	5,571,345	3,380,604	171,207	(737)	15,933	522,062	262,241	6,493,814	(733,961)	17,850,226
At 1 July 2015	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	-	-	-	-	-	-	-	-	1,185,421	-	1,185,421
- Net fair value changes in financial investments available-for-sale	-	-	-	53,086	-	-	-	-	-	-	53,086
- Net fair value changes in cash flow hedge	-	-	-	-	(1,453)	-	-	-	-	-	(1,453)
- Currency translation differences	-	-	-	-	-	-	-	109,894	-	-	109,894
Total comprehensive income/(loss)	-	-	-	53,086	(1,453)	-	-	109,894	1,185,421	-	1,346,948
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	296,355	-	-	-	-	-	(296,355)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	70,251	-	(70,251)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(765,549)	-	(765,549)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(26,517)	(26,517)
Rights issue	287,809	2,699,162	-	-	-	-	-	-	-	(59,935)	2,927,036
Option charge arising from ESS granted	-	-	-	-	-	10,134	-	-	-	-	10,134
Total transactions with owners	287,809	2,699,162	296,355	-	-	10,134	70,251	-	(1,132,155)	(86,452)	2,145,104
At 31 March 2016	2,167,718	5,571,345	3,380,604	267,195	(1,291)	10,134	404,389	148,692	5,706,470	(735,040)	16,920,216

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

Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2017

	The Group		The Bank	
	Financial Period Ended 31/03/2017 RM'000	Financial Period Ended 31/03/2016 RM'000	Financial Period Ended 31/03/2017 RM'000	Financial Period Ended 31/03/2016 RM'000
Profit before taxation	2,068,293	1,657,286	1,708,919	1,463,315
Adjustments for non-cash items	(638,401)	(531,250)	(570,236)	(575,482)
Operating profit before working capital changes	1,429,892	1,126,036	1,138,683	887,833
Changes in working capital:				
Net changes in operating assets	(211,794)	3,506,670	1,922,944	5,545,198
Net changes in operating liabilities	4,423,098	3,264,473	1,637,353	1,332,263
Income taxes and zakat paid	(191,673)	(345,923)	(159,629)	(311,603)
Net cash generated from operating activities	<u>5,449,523</u>	<u>7,551,256</u>	<u>4,539,351</u>	<u>7,453,691</u>
Cash flows from investing activities				
Net purchases of financial investments available-for-sale	(3,489,363)	(3,491,941)	(2,746,022)	(4,435,282)
Net purchases of financial investments held-to-maturity	(845,686)	(1,518,326)	(56,409)	(1,100,013)
Purchase of property and equipment	(114,860)	(127,895)	(106,323)	(128,198)
Net proceeds from sale of property and equipment	4,239	2,050	4,111	2,005
Purchase of intangible assets	(11,837)	(17,857)	(11,327)	(12,483)
Dividends received on financial investments available-for-sale	189,077	132,566	189,077	132,566
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	-	-	-	103,940
Net cash used in investing activities	<u>(4,176,368)</u>	<u>(4,919,760)</u>	<u>(2,634,831)</u>	<u>(5,335,822)</u>
Cash flows from financing activities				
Dividends paid	(838,658)	(765,549)	(838,658)	(765,549)
Repayment of USD 300.0 million senior bonds	-	(916,350)	-	(916,350)
Repayment of Tier 2 subordinated loan	-	(1,200,000)	-	(1,200,000)
Net proceeds from issuance of rights issue	-	2,927,036	-	2,927,036
Purchase of treasury shares	-	(26,517)	-	(26,517)
Interest paid on subordinated obligations	(74,473)	(157,628)	(64,726)	(162,611)
Interest paid on non-innovative Tier 1 stapled securities	-	(35,642)	-	(35,642)
Interest paid on innovative Tier 1 capital securities	(35,355)	(33,446)	(35,355)	(33,446)
Repayment of borrowings	(388,436)	-	-	-
Net cash used in financing activities	<u>(1,336,922)</u>	<u>(208,096)</u>	<u>(938,739)</u>	<u>(213,079)</u>
Net (decrease)/increase in cash and cash equivalents	(63,767)	2,423,400	965,781	1,904,790
Currency translation differences	119,851	116,402	63,541	109,619
Cash and cash equivalents at the beginning of financial period	7,473,964	6,230,283	5,657,847	4,972,372
Cash and cash equivalents at the end of financial period	<u>7,530,048</u>	<u>8,770,085</u>	<u>6,687,169</u>	<u>6,986,781</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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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 MARCH 2017**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2017 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.

(ii) Adoption of the Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except Section 241 and Division 8 of Part III of the New Act, will be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Bank upon the commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Group and the Bank will cease to have par or nominal value; and
- (c) the Group and the Bank’s share premium account will become part of the Group and the Bank’s share capital.

Notwithstanding this provision, the Group and the Bank may within 24 months from the commencement of the New Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The adoption of the New Act is not expected to have any financial impact on the Group and the Bank for the current financial period as any accounting implications will only be applied prospectively, if applicable.

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

A1 Basis of preparation (continued)

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.

A4 Exceptional items or unusual events affecting financial statements

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

A5 Variation from financial estimates reported in preceding financial period

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

A6 Issuance and repayment of debt and equity securities

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 31 March 2017:

a) Share Buy-back

There were no purchase of ordinary shares of the Bank from the open market during the financial period ended 31 March 2017.

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2017 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 Executive Share Scheme ("ESS")

A trust has been set up for the ESS 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 ESS 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 March 2017, the trust did not purchase any new shares. As at 31 March 2017, the total number of Treasury Shares for ESS was 41,016,542 at an average carrying value of RM7.37 per share.

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

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

b) Purchase of shares pursuant to Executive Share Scheme ("ESS") (continued)

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 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.

During the financial period ended 31 March 2017, a total of 4,652,798 share options lapsed arising from the resignation of some option holders.

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.

During the financial period ended 31 March 2017, a total of 146,358 ordinary shares were vested and transferred pursuant to the Bank's ESS.

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.

An interim single tier dividend of 15.0 sen per share in respect of financial year ended 30 June 2017 amounting to RM306.8 million was paid on 23 March 2017.

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

A8 Financial assets held-for-trading

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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:				
Bank Negara Malaysia bills	92,493	-	92,493	-
Government treasury bills	681,501	119,332	627,101	119,332
Malaysian Government securities	1,233,567	103,737	1,233,567	103,737
Malaysian Government investment certificates	552,879	320,952	201,061	175,880
Negotiable instruments of deposit	3,160,053	3,836,858	3,060,261	3,786,977
Cagamas bonds	118,787	55,474	118,787	55,474
	<u>5,839,280</u>	<u>4,436,353</u>	<u>5,333,270</u>	<u>4,241,400</u>
Quoted securities:				
Shares outside Malaysia	-	1,804	-	1,804
Foreign currency bonds in Malaysia	77,218	488,718	77,218	488,718
Unquoted securities:				
Corporate bonds and sukuk	377,545	330,365	377,545	330,365
Foreign currency bonds in Malaysia	44,309	53,001	44,309	53,001
Total financial assets held-for-trading	<u><u>6,338,352</u></u>	<u><u>5,310,241</u></u>	<u><u>5,832,342</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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	-	69,206	-	69,206
Malaysian Government securities	308,002	359,838	308,002	359,838
Malaysian Government investment certificates	4,431,971	3,516,462	3,143,604	2,589,817
Other Government securities	72,305	74,297	-	-
Cagamas bonds	1,356,361	1,004,303	1,224,240	792,060
Khazanah bonds	402,180	334,686	402,180	334,686
	<u>6,570,819</u>	<u>5,358,792</u>	<u>5,078,026</u>	<u>4,145,607</u>
Quoted securities:				
Shares outside Malaysia	28	26	28	26
Wholesale fund/unit trust	6,601,897	6,532,411	6,601,897	6,532,411
Foreign currency bonds in Malaysia	3,506,677	3,606,238	3,467,385	3,513,465
Foreign currency bonds outside Malaysia	2,590,821	1,954,369	2,590,821	1,954,369
Unquoted securities:				
Malaysian Government sukuk	2,133,966	820,552	1,945,646	789,745
Corporate bonds and sukuk	7,613,579	6,058,446	6,585,008	5,368,105
Shares in Malaysia	422,926	422,926	422,926	422,926
Shares outside Malaysia	4,820	4,402	4,820	4,402
Foreign currency bonds in Malaysia	204,963	1,125,156	204,963	1,125,156
Total financial investments available-for-sale	<u><u>29,650,496</u></u>	<u><u>25,883,318</u></u>	<u><u>26,901,520</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>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Money market instruments:				
Government treasury bills	59,933	54,922	59,933	54,922
Malaysian Government securities	2,546,922	3,322,664	2,546,922	3,322,664
Malaysian Government investment certificates	8,881,526	7,465,559	6,676,044	5,315,317
Cagamas bonds	-	30,356	-	20,128
Negotiable instruments of deposit	-	-	-	501,951
Other Government securities	650,426	395,513	552,191	298,163
	<u>12,138,807</u>	<u>11,269,014</u>	<u>9,835,090</u>	<u>9,513,145</u>
Unquoted securities in Malaysia:				
Loan stocks	48	48	48	48
Malaysian Government sukuk	707,566	470,220	454,928	460,039
Corporate bonds and sukuk	486	486	486	486
Redeemable preference shares	32,066	32,066	32,066	32,066
	<u>740,166</u>	<u>502,820</u>	<u>487,528</u>	<u>492,639</u>
Total financial investments held-to-maturity	<u><u>12,878,973</u></u>	<u><u>11,771,834</u></u>	<u><u>10,322,618</u></u>	<u><u>10,005,784</u></u>

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

A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Overdrafts	3,737,099	3,857,485	3,333,112	3,550,226
Term loans/financing:				
- Housing and shop loans/financing	64,819,146	60,462,347	53,201,114	50,023,207
- Syndicated/term loans or financing	9,428,791	9,339,212	8,126,427	7,814,485
- Hire purchase receivables	18,246,040	18,682,098	14,645,161	15,163,055
- Other term loans/financing	7,928,116	8,232,653	5,822,751	6,406,492
Credit/charge card receivables	3,662,299	3,755,348	3,662,299	3,755,348
Bills receivable	1,078,702	1,107,690	1,021,285	1,083,449
Trust receipts	354,336	381,531	286,197	308,869
Claims on customers under acceptance credits	7,077,454	7,439,144	6,599,839	6,962,934
Revolving credit	6,494,822	6,757,003	5,104,386	5,406,314
Staff loans/financing	146,011	164,843	140,868	153,926
Other loans/financing	474,586	425,282	474,582	425,276
Gross loans, advances and financing	<u>123,447,402</u>	<u>120,604,636</u>	<u>102,418,021</u>	<u>101,053,581</u>
Fair value changes arising from fair value hedges	(101)	-	(101)	-
Unamortised fair value changes arising from terminated fair value hedges	(108)	(784)	-	26
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(849,648)	(856,057)	(703,522)	(714,272)
- Individual assessment allowance	(297,030)	(289,744)	(286,031)	(280,216)
Total net loans, advances and financing	<u><u>122,300,515</u></u>	<u><u>119,458,051</u></u>	<u><u>101,428,367</u></u>	<u><u>100,059,119</u></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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	639,098	600,249	227,239	85,824
Domestic business enterprises:				
- small and medium enterprises	20,060,328	19,226,349	17,657,808	16,898,660
- others	15,028,380	16,882,388	12,240,230	14,205,786
Government and statutory bodies	28,957	24,804	17,328	13,029
Individuals	80,241,407	76,927,972	65,089,937	63,228,460
Other domestic entities	289,330	75,714	250,808	37,900
Foreign entities	7,159,902	6,867,113	6,934,671	6,583,875
Gross loans, advances and financing	<u>123,447,402</u>	<u>120,604,636</u>	<u>102,418,021</u>	<u>101,053,581</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	4,009,648	2,604,333	2,808,320	1,534,310
- Hire purchase receivables	17,815,737	18,200,640	14,214,858	14,681,597
- Other fixed rate loan/financing	6,900,420	7,468,585	5,826,835	6,247,122
Variable rate:				
- Base rate/base lending rate plus	78,238,390	75,993,221	66,037,616	64,400,280
- Cost plus	16,056,619	15,950,281	13,530,392	14,190,272
- Other variables rates	426,588	387,576	-	-
Gross loans, advances and financing	<u>123,447,402</u>	<u>120,604,636</u>	<u>102,418,021</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>	
	<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	490,950	517,518	486,577	511,065
Purchase of transport vehicles	17,871,705	18,445,557	14,205,652	14,875,758
Purchase of landed properties				
- residential	55,682,415	51,509,733	45,151,157	42,100,556
- non-residential	15,719,065	14,986,782	14,437,653	13,479,691
Purchase of fixed assets (excluding landed properties)	406,495	434,041	352,389	387,990
Personal use	3,719,775	3,766,429	2,809,034	3,031,505
Credit card	3,662,299	3,755,348	3,662,299	3,755,348
Purchase of consumer durables	-	387	-	387
Construction	1,357,829	1,386,003	1,054,333	1,157,355
Mergers and acquisition	213,744	233,364	213,744	233,364
Working capital	22,423,274	23,495,814	18,490,148	19,718,753
Other purpose	1,899,851	2,073,660	1,555,035	1,801,809
Gross loans, advances and financing	<u>123,447,402</u>	<u>120,604,636</u>	<u>102,418,021</u>	<u>101,053,581</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	117,060,502	114,977,964	97,212,469	96,340,452
Singapore	5,189,476	4,678,961	5,189,476	4,678,961
Hong Kong	16,076	34,168	16,076	34,168
Vietnam	426,588	387,576	-	-
Cambodia	754,760	525,967	-	-
Gross loans, advances and financing	<u>123,447,402</u>	<u>120,604,636</u>	<u>102,418,021</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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	25,899,636	26,924,890	22,985,549	24,539,703
One year to less than three years	5,222,621	5,370,116	4,412,425	4,373,344
Three years to less than five years	10,668,226	10,710,736	8,903,147	8,859,782
Five years and more	81,656,919	77,598,894	66,116,900	63,280,752
Gross loans, advances and financing	<u>123,447,402</u>	<u>120,604,636</u>	<u>102,418,021</u>	<u>101,053,581</u>

A11f Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	2,322	225	2,322	225
Purchase of transport vehicles	138,311	145,428	108,303	112,704
Purchase of landed properties				
- residential	276,611	233,092	207,332	164,739
- non-residential	124,672	99,145	122,673	96,437
Purchase of fixed assets (excluding landed properties)	8,238	22,872	7,008	21,623
Personal use	45,413	36,909	37,002	31,877
Credit card	45,475	44,308	45,475	44,308
Construction	7,328	9,138	5,233	7,131
Working capital	414,837	346,555	359,866	338,767
Other purpose	22,865	18,907	22,715	18,757
Gross impaired loans, advances and financing	<u>1,086,072</u>	<u>956,579</u>	<u>917,929</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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	1,073,920	942,633	911,784	830,967
Singapore	6,145	5,601	6,145	5,601
Vietnam	6,007	8,345	-	-
Gross impaired loans, advances and financing	<u>1,086,072</u>	<u>956,579</u>	<u>917,929</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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	1,268,369	1,572,186	1,008,824	1,322,139
Performing during the financial period/year	(600,777)	(798,443)	(468,747)	(638,653)
Amount written back in respect of recoveries	(256,820)	(338,843)	(215,513)	(289,007)
Amount written off	(282,455)	(426,479)	(243,747)	(380,388)
Exchange difference	1,176	198	544	(323)
At 31 March	<u>1,086,072</u>	<u>956,579</u>	<u>917,929</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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</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	229,772	263,656	192,348	227,755
Amount transferred to individual assessment	(729)	(109)	(744)	(109)
Amount written off	(228,763)	(365,615)	(196,473)	(326,899)
Unwinding income	(7,470)	(11,465)	(6,240)	(9,389)
Exchange difference	781	557	359	426
At 31 March	<u>849,648</u>	<u>856,057</u>	<u>703,522</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	65,317	57,180	57,569	55,552
Amount transferred from collective assessment	729	109	744	109
Amount transferred to allowance for impairment losses on securities	-	(2,566)	-	(1,450)
Amount written back in respect of recoveries	(28,093)	(61,626)	(25,094)	(56,638)
Amount written off	(24,956)	(22,004)	(21,587)	(19,037)
Unwinding income	(6,380)	(4,404)	(6,361)	(4,203)
Exchange difference	669	95	544	(41)
At 31 March	<u>297,030</u>	<u>289,744</u>	<u>286,031</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>	
	31/03/2017 RM'000	30/06/2016 RM'000	31/03/2017 RM'000	30/06/2016 RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	142,168	280,940	132,149	272,313
Treasury related receivables	847,974	629,659	830,278	459,522
Cash collateral pledged for derivative transactions	694,058	657,620	694,058	657,620
Other receivables	137,223	134,898	77,027	44,030
	<u>1,821,469</u>	<u>1,703,163</u>	<u>1,733,558</u>	<u>1,433,531</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2017 RM'000	30/06/2016 RM'000	31/03/2017 RM'000	30/06/2016 RM'000
Amortised cost				
Fixed deposits	86,673,186	84,718,710	71,625,721	72,777,468
Negotiable instruments of deposits	5,601,525	7,816,740	4,602,467	6,438,947
Short-term placements	17,876,480	16,438,300	15,686,346	13,452,725
	<u>110,151,191</u>	<u>108,973,750</u>	<u>91,914,534</u>	<u>92,669,140</u>
Demand deposits	21,415,552	20,603,371	18,488,484	17,673,888
Saving deposits	17,384,382	16,581,413	14,634,471	13,976,887
Others	1,001,199	943,461	890,773	910,078
	<u>149,952,324</u>	<u>147,101,995</u>	<u>125,928,262</u>	<u>125,229,993</u>
At fair value through profit and loss				
Callable range accrual notes, at cost	2,373,402	1,442,912	1,484,360	1,025,580
Callable inverse floater, at cost	43,370	-	43,370	-
Fair value changes arising from designation at fair value through profit or loss *	(151,433)	(20,993)	(93,382)	(14,796)
	<u>2,265,339</u>	<u>1,421,919</u>	<u>1,434,348</u>	<u>1,010,784</u>
	<u>152,217,663</u>	<u>148,523,914</u>	<u>127,362,610</u>	<u>126,240,777</u>

* The Group and the Bank have issued structured deposits (callable range accrual notes and callable inverse floater) 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 and callable inverse floater 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>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Government and statutory bodies	3,309,907	2,017,632	1,763,925	1,301,940
Business enterprises	61,161,154	62,697,264	47,770,362	48,886,621
Individuals	85,059,347	81,353,056	75,442,302	73,853,739
Others	2,687,255	2,455,962	2,386,021	2,198,477
	<u>152,217,663</u>	<u>148,523,914</u>	<u>127,362,610</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>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>31/03/2017</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>
Due within six months	87,309,879	89,121,480	72,380,419	74,496,461
More than six months to one year	19,210,638	16,791,342	15,975,092	15,132,505
More than one year to five years	3,630,674	3,043,015	3,559,023	3,022,261
More than five years	-	17,913	-	17,913
	<u>110,151,191</u>	<u>108,973,750</u>	<u>91,914,534</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>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	5,478,823	6,201,230	5,339,417	5,813,633
Licensed investment banks	192,216	-	147,412	-
Other financial institutions	94,559	-	35,953	-
	<u>5,765,598</u>	<u>6,201,230</u>	<u>5,522,782</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>5,765,598</u>	<u>6,201,230</u>	<u>5,522,782</u>	<u>5,813,633</u>

A15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</u>	<u>30/06/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat	612	350	-	-
Post employment benefits obligation				
- defined contribution plan	294	291	294	291
Loan advance payment	2,918,365	2,641,139	2,356,041	2,140,340
Amount due to subsidiary companies	-	-	-	300,862
Treasury and cheque clearing	638,579	163,202	638,579	163,202
Treasury related payables	306,205	189,958	306,205	188,815
Sundry creditors and accruals	327,036	521,090	293,089	429,544
Provision for bonus and staff related expenses	120,027	109,074	115,070	104,106
Others	233,263	290,825	197,503	208,065
	<u>4,544,381</u>	<u>3,915,929</u>	<u>3,906,781</u>	<u>3,535,225</u>

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

A16 Senior bonds

		<u>The Group and The Bank</u>	
		<u>31/03/2017</u>	<u>30/06/2016</u>
		<u>RM'000</u>	<u>RM'000</u>
	Note		
USD 300 million senior bonds, at par	(a)	919,200	919,200
Foreign exchange translations		408,000	290,550
		<u>1,327,200</u>	<u>1,209,750</u>
Add: Interest payable		18,664	7,561
		<u>1,345,864</u>	<u>1,217,311</u>
Less: Unamortised discounts		(94)	(1,668)
		<u><u>1,345,770</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

		<u>The Group</u>		<u>The Bank</u>	
		<u>31/03/2017</u>	<u>30/06/2016</u>	<u>31/03/2017</u>	<u>30/06/2016</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	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		18,494	1,480	18,494	1,480
		<u>1,518,494</u>	<u>1,501,480</u>	<u>1,518,494</u>	<u>1,501,480</u>
Less: Unamortised discounts		(343)	(589)	(343)	(589)
		<u><u>1,518,151</u></u>	<u><u>1,500,891</u></u>	<u><u>1,518,151</u></u>	<u><u>1,500,891</u></u>
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(b)	400,000	400,000	-	-
Add: Profit payable		5,418	736	-	-
		<u>405,418</u>	<u>400,736</u>	<u>-</u>	<u>-</u>
Less: Unamortised discounts		(155)	(254)	-	-
		<u><u>405,263</u></u>	<u><u>400,482</u></u>	<u>-</u>	<u>-</u>
RM500 million Tier 2 subordinated notes, at par	(c)	500,000	500,000	500,000	500,000
Add: Interest payable		6,510	526	6,510	526
		<u>506,510</u>	<u>500,526</u>	<u>506,510</u>	<u>500,526</u>
Less: Unamortised discounts		(337)	(577)	(337)	(577)
		<u><u>506,173</u></u>	<u><u>499,949</u></u>	<u><u>506,173</u></u>	<u><u>499,949</u></u>
		<u><u>2,429,587</u></u>	<u><u>2,401,322</u></u>	<u><u>2,024,324</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>The Group and The Bank</u>	
	31/03/2017	30/06/2016
	RM'000	RM'000
RM500 million Innovative Tier 1 capital securities, at par	500,000	500,000
Add: Interest payable	2,486	12,771
	<u>502,486</u>	<u>512,771</u>
Less: Unamortised discounts	(4,586)	(5,858)
Fair value adjustments on completion of business combination accounting	8,704	14,599
	<u>506,604</u>	<u>521,512</u>

On 10 September 2009, Promino Sdn Bhd ("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>The Group</u>	
	31/03/2017	30/06/2016
	RM'000	RM'000
Secured		
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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing	1,148,134	1,169,147	3,471,670	3,477,587
Money at call and deposit placements with financial institutions	38,278	60,910	89,807	144,447
Securities purchased under resale agreements	5	31,380	35,284	118,475
Financial assets held-for-trading	100,185	145,957	293,357	401,052
Financial investments available-for-sale	159,026	121,838	467,394	366,875
Financial investments held-to-maturity	89,915	77,596	263,155	227,679
Others	(58)	136	277	298
	<u>1,535,485</u>	<u>1,606,964</u>	<u>4,620,944</u>	<u>4,736,413</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,958</u>	<u>11,830</u>	<u>18,425</u>	<u>36,743</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Loan, advances and financing	1,129,654	1,153,048	3,415,453	3,433,712
Money at call and deposit placements with financial institutions	33,067	57,062	82,136	139,699
Securities purchased under resale agreements	5	31,380	35,284	118,475
Financial assets held-for-trading	101,953	156,344	297,077	427,584
Financial investments available-for-sale	157,998	121,494	463,808	362,999
Financial investments held-to-maturity	88,615	80,683	262,127	236,786
Others	(131)	112	134	268
	<u>1,511,161</u>	<u>1,600,123</u>	<u>4,556,019</u>	<u>4,719,523</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,958</u>	<u>11,830</u>	<u>18,425</u>	<u>36,743</u>

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

A21 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	22,666	22,048	60,715	56,693
Deposits from customers	660,840	762,771	2,066,044	2,201,885
Short-term placements	80,814	87,373	231,631	223,381
Senior bonds	10,848	20,373	31,713	65,206
Tier 2 subordinated bonds	22,718	33,873	69,190	118,567
Non-innovative Tier 1 stapled securities	-	17,655	-	53,436
Innovative Tier 1 capital securities	8,830	8,248	26,342	24,340
Recourse obligation on loans sold to Cagamas	1,875	-	4,832	-
Borrowings	-	-	3,706	-
Others	517	274	1,375	753
	<u>809,108</u>	<u>952,615</u>	<u>2,495,548</u>	<u>2,744,261</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	23,026	22,616	62,324	61,930
Deposits from customers	651,726	770,799	2,041,720	2,224,369
Short-term placements	80,814	87,373	231,631	223,381
Senior bonds	10,848	20,373	31,713	65,206
Tier 2 subordinated bonds	22,706	33,886	69,174	118,572
Non-innovative Tier 1 stapled securities	-	17,655	-	53,436
Innovative Tier 1 capital securities	8,830	8,248	26,342	24,340
Recourse obligation on loans sold to Cagamas	1,875	-	4,832	-
Others	517	274	1,188	753
	<u>800,342</u>	<u>961,224</u>	<u>2,468,924</u>	<u>2,771,987</u>

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

A22 Net income from Islamic Banking business

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds and others	274,098	264,043	806,830	735,445
of which Finance income	274,495	260,082	802,759	730,171
of which other operating income	(397)	3,961	4,071	5,274
Income derived from investment of shareholders' funds	33,518	20,096	107,339	87,306
of which Finance income	23,867	14,080	69,805	54,958
of which other operating income	9,651	6,016	37,534	32,348
Income attributable to depositors	(168,329)	(169,991)	(506,871)	(476,431)
	139,287	114,148	407,298	346,320

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

A23 Other operating income

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	36,982	34,102	115,732	110,489
Service charges and fees	14,400	15,555	37,920	39,138
Guarantee fees	3,154	4,949	10,253	12,710
Credit card related fees	56,991	60,387	180,469	184,966
Corporate advisory fees	867	61	2,088	761
Commitment fees	8,479	8,494	26,325	26,248
Fee on loans, advances and financing	8,207	13,475	39,153	42,121
Other fee income	16,897	25,869	46,011	41,733
	<u>145,977</u>	<u>162,892</u>	<u>457,951</u>	<u>458,166</u>
(b) <u>(Loss)/gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets held-for-trading	(15,518)	16,871	(4,953)	22,163
Net gain from sale of derivative financial instruments	14,230	18,458	2,016	5,054
Net gain from sale of financial investments available-for-sale	1,092	26,212	16,775	36,731
Net gain from redemption of financial investments held-to-maturity	-	2	35	31
	<u>(196)</u>	<u>61,543</u>	<u>13,873</u>	<u>63,979</u>
(c) <u>Gross dividend income from:</u>				
Financial investments available-for-sale	59,424	55,796	189,077	132,566

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

A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets held-for-trading	20,937	17,490	(4,752)	19,238
- Derivatives financial instruments	(8,720)	(106,407)	125,604	(66,629)
	<u>12,217</u>	<u>(88,917)</u>	<u>120,852</u>	<u>(47,391)</u>
(e) <u>Amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(15)</u>	<u>(73)</u>	<u>(41)</u>	<u>(477)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>(37)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>
(g) <u>Other income:</u>				
Foreign exchange gain	36,374	37,165	69,685	138,029
Rental income	884	991	2,786	2,861
Gain on disposal of property and equipment	162	1,237	1,175	1,257
Other non-operating income	3,295	3,102	10,716	11,517
	<u>40,715</u>	<u>42,495</u>	<u>84,362</u>	<u>153,664</u>
Total other operating income	<u>258,085</u>	<u>233,736</u>	<u>866,037</u>	<u>760,507</u>

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

A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	36,559	33,853	114,203	109,633
Service charges and fees	14,216	15,424	37,431	38,812
Guarantee fees	3,133	4,938	10,197	12,658
Credit card related fees	56,991	60,387	180,469	184,966
Corporate advisory fees	867	61	2,088	761
Commitment fees	8,369	8,410	26,021	26,023
Fee on loans, advances and financing	7,317	12,726	36,147	40,098
Other fee income	16,858	25,855	45,799	41,670
	<u>144,310</u>	<u>161,654</u>	<u>452,355</u>	<u>454,621</u>
(b) <u>(Loss)/gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets held-for-trading	(15,518)	16,871	(4,953)	22,163
Net gain from sale of derivative financial instruments	14,230	18,458	2,016	5,054
Net gain from sale of financial investments available-for-sale	680	26,212	16,166	36,731
Net gain from redemption of financial investments held-to-maturity	-	2	35	31
	<u>(608)</u>	<u>61,543</u>	<u>13,264</u>	<u>63,979</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	31,500	-	103,940
Associated company	-	-	121,461	134,143
Investment in joint venture	-	-	4,698	5,145
Financial investments available-for-sale	59,424	55,796	189,077	132,566
	<u>59,424</u>	<u>87,296</u>	<u>315,236</u>	<u>375,794</u>

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

A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets held-for-trading	20,937	17,490	(4,752)	19,238
- Derivatives financial instruments	(8,720)	(106,407)	125,604	(66,629)
	<u>12,217</u>	<u>(88,917)</u>	<u>120,852</u>	<u>(47,391)</u>
(e) <u>Amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(15)</u>	<u>(73)</u>	<u>(41)</u>	<u>(477)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>(37)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>
(g) <u>Other income:</u>				
Foreign exchange gain	35,957	36,937	68,793	137,285
Rental income	884	991	2,786	2,861
Gain on disposal of property and equipment	162	1,237	1,175	1,257
Other non-operating income	3,102	3,072	11,051	11,367
	<u>40,105</u>	<u>42,237</u>	<u>83,805</u>	<u>152,770</u>
Total other operating income	<u>255,396</u>	<u>263,740</u>	<u>985,434</u>	<u>999,296</u>

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

A24 Other operating expenses

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	254,776	237,091	760,990	704,432
- Mutual separation scheme	-	-	-	171,658
- Medical expenses	8,757	7,322	20,804	22,000
- Training and convention expenses	4,186	5,327	21,652	25,439
- Staff welfare	2,604	2,891	8,618	6,318
- Others	6,153	8,709	22,506	23,791
	<u>276,476</u>	<u>261,340</u>	<u>834,570</u>	<u>953,638</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	23,485	20,145	66,408	58,299
- Amortisation of intangible assets	18,604	18,598	55,537	54,532
- Rental of premises	20,527	20,780	62,267	63,160
- Information technology expenses	37,520	25,672	108,282	86,535
- Security services	6,543	5,142	20,739	19,607
- Electricity, water and sewerage	5,992	5,876	17,917	17,689
- Hire of plant and machinery	3,730	4,128	10,865	11,913
- Others	5,458	5,065	16,013	14,102
	<u>121,859</u>	<u>105,406</u>	<u>358,028</u>	<u>325,837</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	9,064	10,456	21,862	25,546
- Credit card related fees	23,999	28,749	81,044	90,540
- Others	3,985	3,590	11,407	11,674
	<u>37,048</u>	<u>42,795</u>	<u>114,313</u>	<u>127,760</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,856	1,849	12,399	9,289
- Stationery and printing expenses	3,764	4,730	11,979	12,872
- Professional fees	20,591	18,543	52,087	53,341
- Insurance fees	10,386	10,004	30,060	28,716
- Stamp, postage and courier	4,957	3,606	14,130	14,540
- Travelling and transport expenses	1,057	1,366	3,086	3,497
- Registration and license fees	2,321	2,046	6,863	6,481
- Brokerage and commission	1,901	1,560	4,922	4,904
- Credit card fees	10,919	9,422	28,908	27,453
- Others	5,729	9,402	20,905	24,617
	<u>65,481</u>	<u>62,528</u>	<u>185,339</u>	<u>185,710</u>
	<u>500,864</u>	<u>472,069</u>	<u>1,492,250</u>	<u>1,592,945</u>

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

A24 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	210,035	198,169	632,532	590,098
- Mutual separation scheme	-	-	-	167,074
- Medical expenses	7,506	6,229	17,538	18,707
- Training and convention expenses	3,528	4,750	19,282	22,761
- Staff welfare	2,080	2,560	7,419	5,443
- Others	4,588	7,180	17,599	19,428
	<u>227,737</u>	<u>218,888</u>	<u>694,370</u>	<u>823,511</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	21,803	18,623	61,544	53,839
- Amortisation of intangible assets	17,635	17,372	52,707	51,738
- Rental of premises	16,605	17,250	50,544	52,608
- Information technology expenses	33,932	23,607	97,487	79,543
- Security services	5,235	4,105	16,677	15,786
- Electricity, water and sewerage	5,136	5,113	15,423	15,423
- Hire of plant and machinery	3,480	3,938	10,218	11,373
- Others	1,693	1,809	3,863	4,442
	<u>105,519</u>	<u>91,817</u>	<u>308,463</u>	<u>284,752</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	8,368	9,848	20,089	23,017
- Credit card related fees	23,999	28,749	81,044	90,540
- Others	3,343	2,881	9,635	9,716
	<u>35,710</u>	<u>41,478</u>	<u>110,768</u>	<u>123,273</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,758	1,758	12,138	8,997
- Stationery and printing expenses	3,604	4,574	11,529	12,436
- Professional fees	19,874	18,167	50,146	51,669
- Insurance fees	9,085	8,965	26,633	25,834
- Stamp, postage and courier	4,867	3,562	13,872	14,379
- Travelling and transport expenses	802	1,074	2,267	2,668
- Registration and license fees	2,049	1,979	6,108	5,763
- Brokerage and commission	1,063	867	2,581	3,024
- Credit card fees	10,919	9,422	28,908	27,453
- Others	5,803	7,889	24,315	23,259
	<u>61,824</u>	<u>58,257</u>	<u>178,497</u>	<u>175,482</u>
	<u>430,790</u>	<u>410,440</u>	<u>1,292,098</u>	<u>1,407,018</u>

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

A25 Allowance for impairment losses on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for/(write back of) impairment losses on loans, advances and financing:				
- collective assessment allowance	89,411	88,460	229,772	266,950
- individual assessment allowance	19,197	(13,740)	37,224	(15,184)
Impaired loans and financing:				
- written off	5,886	5,713	16,569	16,822
- recovered from bad debt written off	(68,441)	(60,530)	(186,077)	(164,625)
	<u>46,053</u>	<u>19,903</u>	<u>97,488</u>	<u>103,963</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for/(write back of) impairment losses on loans, advances and financing:				
- collective assessment allowance	75,261	81,394	192,348	231,070
- individual assessment allowance	17,857	(9,350)	32,475	(11,768)
Impaired loans and financing:				
- written off	4,984	4,982	14,515	12,732
- recovered from bad debt written off	(61,910)	(54,398)	(168,113)	(148,405)
	<u>36,192</u>	<u>22,628</u>	<u>71,225</u>	<u>83,629</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:

	The Group		The Bank	
	Financial Period Ended 31/03/2017	Financial Year Ended 30/06/2016	Financial Period Ended 31/03/2017	Financial Year Ended 30/06/2016
Before deducting proposed dividends				
CET I capital ratio	12.685%	13.176%	12.061%	12.493%
Tier I capital ratio	13.086%	13.577%	12.531%	12.961%
Total capital ratio	<u>15.132%</u>	<u>15.104%</u>	<u>14.912%</u>	<u>14.858%</u>
After deducting proposed dividends				
CET I capital ratio	12.685%	12.745%	12.061%	11.991%
Tier I capital ratio	13.086%	13.146%	12.531%	12.458%
Total capital ratio	<u>15.132%</u>	<u>14.673%</u>	<u>14.912%</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:

	The Group		The Bank	
	Financial Period Ended 31/03/2017 RM'000	Financial Year Ended 30/06/2016 RM'000	Financial Period Ended 31/03/2017 RM'000	Financial Year Ended 30/06/2016 RM'000
CET I capital				
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	8,437,720	8,412,365	6,100,438	6,035,024
Other reserves	5,229,499	4,939,875	3,735,821	3,727,869
Less: Treasury shares	(733,961)	(735,040)	(733,961)	(735,040)
Less: Deferred tax assets	(4,843)	(3,957)	-	-
Less: Other intangible assets	(222,185)	(264,766)	(205,381)	(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	(2,938,435)	(1,993,586)	(2,148,517)	(1,531,798)
Total CET I capital	15,675,546	16,262,642	12,715,916	13,216,787
Additional Tier I capital				
Innovative Tier I capital securities	495,414	494,142	495,414	494,142
Total Tier I capital	16,170,960	16,756,784	13,211,330	13,710,929
Tier II capital				
Collective assessment allowance [^] and regulatory reserves #	1,263,044	1,214,681	1,047,872	1,029,079
Subordinated bonds	1,999,657	1,999,411	1,999,657	1,999,411
Tier II capital before regulatory adjustments	3,262,701	3,214,092	3,047,529	3,028,490
Less : Investment in subsidiary companies/ associated company/joint venture	(734,609)	(1,329,057)	(537,129)	(1,021,198)
Total Tier II capital	2,528,092	1,885,035	2,510,400	2,007,292
Total capital	18,699,052	18,641,819	15,721,730	15,718,221

[^] 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 RM631,747,000 (2016: RM587,527,000) and RM522,062,000 (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:

	The Group		The Bank	
	Financial Period Ended 31/03/2017 RM'000	Financial Year Ended 30/06/2016 RM'000	Financial Period Ended 31/03/2017 RM'000	Financial Year Ended 30/06/2016 RM'000
Credit risk	112,529,167	111,838,090	95,019,338	95,233,431
Market risk	3,168,964	3,951,986	3,529,551	3,857,577
Operational risk	7,873,584	7,633,295	6,880,818	6,698,869
Total RWA	123,571,715	123,423,371	105,429,707	105,789,877

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

	Hong Leong Islamic Bank Berhad	
	Financial Period Ended 31/03/2017	Financial Year Ended 30/06/2016
Before deducting proposed dividends		
CET I capital ratio	10.262%	10.383%
Tier I capital ratio	10.262%	10.383%
Total capital ratio	<u>13.687%</u>	<u>13.855%</u>
After deducting proposed dividends		
CET I capital ratio	10.262%	10.383%
Tier I capital ratio	10.262%	10.383%
Total capital ratio	<u>13.687%</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.

Financial quarter ended 31/03/2017

	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
<u>By business segment</u>							
External revenue	653,444	171,532	297,192	57,979	(62,081)	5,683	1,123,749
Inter-segment revenue	(9,246)	106,376	(183,891)	-	86,761	-	-
Segment revenue	<u>644,198</u>	<u>277,908</u>	<u>113,301</u>	<u>57,979</u>	<u>24,680</u>	<u>5,683</u>	<u>1,123,749</u>
Segment profit before taxation *	297,375	197,752	86,962	8,656	(17,494)	6,144	579,395
Share of profit after tax of equity accounted associated company				112,794			112,794
Share of profit after tax of equity accounted joint venture				4,855			4,855
Profit before taxation							<u>697,044</u>
Taxation							(127,507)
Profit after taxation							<u><u>569,537</u></u>

* Effective this financial year, certain product revenue i.e. foreign exchange income which was previously recognised under Global Markets, is now being shared among Personal Financial Services and Business & Corporate Banking segments.

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

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

Financial period ended 31/03/2017

	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
<u>By business segment</u>							
External revenue	1,923,799	507,041	987,321	174,827	(68,082)	(126,175)	3,398,731
Inter-segment revenue	(48,107)	314,593	(566,535)	-	300,049	-	-
Segment revenue	<u>1,875,692</u>	<u>821,634</u>	<u>420,786</u>	<u>174,827</u>	<u>231,967</u>	<u>(126,175)</u>	<u>3,398,731</u>
Segment profit before taxation *	866,661	583,371	337,092	28,025	119,503	(124,830)	1,809,822
Share of profit after tax of equity accounted associated company				241,810			241,810
Share of profit after tax of equity accounted joint venture				16,661			16,661
Profit before taxation							<u>2,068,293</u>
Taxation							(406,194)
Profit after taxation							<u><u>1,662,099</u></u>
Segment assets	86,623,318	29,685,327	56,154,089	12,959,334	-	-	185,422,068
Unallocated assets							9,585,762
Total assets							<u><u>195,007,830</u></u>

* Effective this financial year, certain product revenue i.e. foreign exchange income which was previously recognised under Global Markets, is now being shared among Personal Financial Services and Business & Corporate Banking segments.

Corresponding quarter ended 31/03/2016

	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
<u>By business segment</u>							
External revenue	626,919	103,776	329,570	55,054	(81,726)	(31,360)	1,002,233
Inter-segment revenue	(57,579)	134,470	(203,097)	-	126,206	-	-
Segment revenue	<u>569,340</u>	<u>238,246</u>	<u>126,473</u>	<u>55,054</u>	<u>44,480</u>	<u>(31,360)</u>	<u>1,002,233</u>
Segment profit before taxation	199,828	182,625	98,590	1,390	61,293	(31,257)	512,469
Share of profit after tax of equity accounted associated company				89,573			89,573
Share of profit after tax of equity accounted joint venture				4,600			4,600
Profit before taxation							<u>606,642</u>
Taxation							(108,812)
Profit after taxation							<u><u>497,830</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 31/03/2016

	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
<u>By business segment</u>							
External revenue	1,955,739	333,288	999,519	159,953	(106,743)	(242,777)	3,098,979
Inter-segment revenue	(203,475)	381,748	(565,476)	-	387,203	-	-
Segment revenue	<u>1,752,264</u>	<u>715,036</u>	<u>434,043</u>	<u>159,953</u>	<u>280,460</u>	<u>(242,777)</u>	<u>3,098,979</u>
Segment profit before taxation	647,373	533,112	355,992	12,257	102,895	(242,428)	1,409,201
Share of profit after tax of equity accounted associated company				233,095			233,095
Share of profit after tax of equity accounted joint venture				14,990			14,990
Profit before taxation							<u>1,657,286</u>
Taxation							(312,413)
Profit after taxation							<u>1,344,873</u>
Segment assets	82,217,304	30,576,451	57,113,464	9,498,052	-	-	179,405,271
Unallocated assets							9,177,068
Total assets							<u>188,582,339</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 March 2017.

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) 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.

- (ii) 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	
	31/03/2017 RM'000	30/06/2016 RM'000	31/03/2017 RM'000	30/06/2016 RM'000
Principal amount				
Direct credit substitutes	84,095	120,678	29,935	116,441
Certain transaction related contingent items	1,408,434	1,621,014	1,307,245	1,519,689
Short-term self liquidating trade related contingencies	808,167	766,350	780,870	737,179
Irrevocable commitments to extend credit:				
- maturity more than one year	13,392,829	16,125,180	9,909,763	12,612,922
- maturity less than one year	17,255,049	17,512,946	15,683,129	15,734,240
Foreign exchange related contracts:				
- less than one year	39,243,455	27,999,735	38,702,900	27,144,612
- one year to less than five years	4,867,364	4,950,940	4,867,364	4,950,940
- five years and above	1,349,800	846,826	1,349,800	846,826
Interest rate related contracts:				
- less than one year	36,920,870	33,951,130	36,800,870	33,981,130
- one year to less than five years	35,506,615	36,296,189	35,321,615	36,461,189
- five years and above	4,873,939	1,877,411	4,173,939	1,877,411
Equity related contracts:				
- less than one year	453,806	291,457	453,806	291,457
- one year to less than five years	234,263	212,299	234,263	212,299
Commodity related contracts:				
- less than one year	-	4,949	-	4,949
Unutilised credit card lines	7,379,931	7,503,020	7,379,931	7,503,020
Total	163,778,617	150,080,124	156,995,430	143,994,304

A31 Related party transactions

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

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

A32 Fair value of financial instruments

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

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

(a) Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

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

A32 Fair value of financial instruments (continued)

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

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

	The Group			
	Financial Period Ended 31/03/2017			
	Fair Value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	5,839,280	-	5,839,280
- Quoted securities	77,218	-	-	77,218
- Unquoted securities	-	421,854	-	421,854
Financial investments available-for-sale				
- Money market instrument	-	6,570,819	-	6,570,819
- Quoted securities	12,699,423	-	-	12,699,423
- Unquoted securities	-	9,952,508	427,746	10,380,254
Derivative financial instruments	2,120	1,836,234	6,064	1,844,418
	<u>12,778,761</u>	<u>24,620,695</u>	<u>433,810</u>	<u>37,833,266</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	1,848	2,028,034	6,064	2,035,946
Financial liabilities designated at fair value				
- Callable range accrual notes and Callable inverse floater	-	2,265,339	-	2,265,339
	<u>1,848</u>	<u>4,293,373</u>	<u>6,064</u>	<u>4,301,285</u>
	The Group			
	Financial Year Ended 30/06/2016			
	Fair Value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
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>
<u>Financial Liabilities</u>				
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)

	The Bank			
	Financial Period Ended 31/03/2017			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	5,333,270	-	5,333,270
- Quoted securities	77,218	-	-	77,218
- Unquoted securities	-	421,854	-	421,854
Financial investments available-for-sale				
- Money market instrument	-	5,078,026	-	5,078,026
- Quoted securities	12,660,131	-	-	12,660,131
- Unquoted securities	-	8,735,617	427,746	9,163,363
Derivative financial instruments	2,120	1,831,795	6,064	1,839,979
	<u>12,739,469</u>	<u>21,400,562</u>	<u>433,810</u>	<u>34,573,841</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	1,848	1,964,181	6,064	1,972,093
Financial liabilities designated at fair value				
- Callable range accrual notes and Callable inverse floater	-	1,434,348	-	1,434,348
	<u>1,848</u>	<u>3,398,529</u>	<u>6,064</u>	<u>3,406,441</u>

	The Bank			
	Financial Year Ended 30/06/2016			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	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>
<u>Financial Liabilities</u>				
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:

The Group 2017	Financial Assets		Financial
	Financial	Derivative	Liability
	investments	financial	Derivative
	available-for-sale	instruments	financial
	RM'000	RM'000	instruments
			RM'000
At 1 July	427,328	7,995	7,995
Fair value changes recognised in statements of income	-	2,614	2,614
Net fair value changes recognised in other comprehensive income	418	-	-
Purchases	-	3,010	3,010
Settlements	-	(7,555)	(7,555)
At 31 March	<u>427,746</u>	<u>6,064</u>	<u>6,064</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2017	<u>-</u>	<u>2,614</u>	<u>2,614</u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2017	<u>418</u>	<u>-</u>	<u>-</u>
The Bank 2017	Financial Assets		Financial
	Financial	Derivative	Liability
	investments	financial	Derivative
	available-for-sale	instruments	financial
	RM'000	RM'000	instruments
			RM'000
At 1 July	427,328	7,995	7,995
Fair value changes recognised in statements of income	-	2,614	2,614
Net fair value changes recognised in other comprehensive income	418	-	-
Purchases	-	3,010	3,010
Settlements	-	(7,555)	(7,555)
At 31 March	<u>427,746</u>	<u>6,064</u>	<u>6,064</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2017	<u>-</u>	<u>2,614</u>	<u>2,614</u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2017	<u>418</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:

The Group 2016	Financial Assets		Financial
	Financial investments available-for-sale	Derivative financial instruments	Liability Derivative financial instruments
	RM'000	RM'000	RM'000
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>
The Bank 2016	Financial Assets		Financial
	Financial investments available-for-sale	Derivative financial instruments	Liability Derivative financial instruments
	RM'000	RM'000	RM'000
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>

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 RM697.0 million for the current financial quarter ended 31 March 2017, an increase of RM90.4 million or 14.9% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM121.5 million and higher share of profit from associated company of RM23.2 million. However, this is mitigated by higher operating expenses of RM28.8 million and higher charge on allowance for impairment losses on loans, advances and financing of RM26.2 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 RM297.4 million for the third quarter ended 31 March 2017 as compared to previous corresponding quarter of RM199.8 million. The increase in pre-tax profit was mainly contributed by higher total income, lower allowance for impairment losses 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 RM197.8 million for the third quarter ended 31 March 2017 as compared to previous corresponding quarter of RM182.6 million. Higher pre-tax profit was mainly due to higher total income, offset by higher operating expenses and higher allowance for impairment losses on loans, advances and financing.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM87.0 million for the third quarter ended 31 March 2017 as compared to previous corresponding quarter of RM98.6 million. The decrease in pre-tax profit was due to lower total income, partially offset by lower operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM126.3 million for the third quarter ended 31 March 2017 as compared to previous corresponding quarter of RM95.6 million. The increase in performance was mainly contributed by higher share of profit from associated company in China and higher total income, lower allowance for impairment losses on loans, advances and financing and lower operating expenses from other 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 March 2017 stood at RM2,068.3 million, an increase of RM411.0 million or 24.8% as compared to RM1,657.3 million in the previous corresponding period. The increase was mainly due to higher net income of RM299.8 million, lower other operating expenses of RM100.7 million, lower charge on allowance for impairment losses on loans, advances and financing of RM6.5 million and higher share of profit from associated company of RM8.7 million. This is however mitigated by lower write back of impairment losses on financial investments of RM6.3 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 RM866.7 million for the financial period ended 31 March 2017 as compared to previous financial period of RM647.4 million. Higher pre-tax profit was mainly arising from higher total income and lower allowance for impairment losses on loans, advances and financing, offset by higher operating expenses.

Personal Financial Services's loan base grew from RM81.8 billion as at 31 March 2016 to RM86.3 billion as at 31 March 2017. Deposit base registered a growth from RM80.1 billion to RM87.5 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM583.4 million for the financial period ended 31 March 2017 as compared to previous financial period of RM533.1 million. Higher pre-tax profit was driven by higher total income, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

Business and Corporate Banking's loan base decreased from RM30.5 billion as at 31 March 2016 to RM29.7 billion as at 31 March 2017. Deposit base decreased from RM34.5 billion to RM29.1 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM337.1 million for the financial period ended 31 March 2017 as compared to previous financial period of RM356.0 million. The decrease in pre-tax profit was mainly due to lower total income, higher impairment losses on financial investments and higher operating expenses.

Treasury earning assets registered a decrease from RM54.5 billion as at 31 March 2016 to RM52.7 billion as at 31 March 2017.

International Banking

The International Banking's segment recorded a pre-tax profit of RM286.5 million for the financial period ended 31 March 2017 as compared to previous financial period of RM260.3 million. Higher pre-tax profit mainly contributed by higher share of profit from associated company in China, higher total income, lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses from other overseas operation.

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 RM697.0 million as compared to RM696.6 million in the preceding quarter, an increase of RM0.4 million mainly arising from higher share of profit from associated company of RM73.0 million. However, this is offsetted by lower net income of RM55.0 million and higher charge on allowance for impairment losses on loans, advances and financing of RM17.7 million.

B3 Current year prospects

The world economy is expected to maintain its moderate growth path in 2017, led by recovery in the US and major commodity-exporting economies and stabilization in China lends further support. At the local front, the Malaysian economy is expected to witness slightly better growth this year, underpinned by sustained domestic demand and a rebound in net exports.

The Group remains committed towards our strategic priorities of building a high performance business by upholding operational efficiency through a balance of productivity growth and strategic cost management. We will continue to strengthen our current digital offerings to differentiate our multi-channel banking services whilst bolstering our customer analytics capabilities to cater to the changing needs of the customers. Going forward, the Group is well positioned to grow our domestic franchise and regional businesses while being mindful of credit discipline.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Income tax	125,139	(2,700)	450,484	304,266
Transfer (to)/from deferred taxation	2,368	111,512	(44,290)	8,147
	<u>127,507</u>	<u>108,812</u>	<u>406,194</u>	<u>312,413</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income tax	105,765	(21,579)	429,536	265,790
Transfer (to)/from deferred taxation	2,393	115,469	(44,265)	12,104
	<u>108,158</u>	<u>93,890</u>	<u>385,271</u>	<u>277,894</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 March 2017:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	29,993,456	1,032,796	(745,381)
(ii) 1 year to 3 years	132,720	166	-
Swaps			
(i) Less than 1 year	6,680,527	245,707	(174,863)
(ii) 1 year to 3 years	4,131,632	125,325	(585,577)
(iii) More than 3 years	1,952,812	140,831	(67,442)
Options			
(i) Less than 1 year	2,569,472	17,986	(11,337)
Interest rate related contracts			
Futures			
(i) Less than 1 year	20,495,286	2,120	(1,848)
Swaps			
(i) Less than 1 year	16,425,584	17,241	(15,799)
(ii) 1 year to 3 years	18,693,095	59,670	(84,170)
(iii) More than 3 years	21,687,459	196,512	(343,465)
Equity related contracts			
(i) Less than 1 year	453,806	2,592	(2,592)
(ii) 1 year to 3 years	234,263	3,472	(3,472)
Total	123,450,112	1,844,418	(2,035,946)

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)
Total	106,430,936	1,012,367	(1,549,882)

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

B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2017:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	29,454,201	1,031,531	(743,178)
(ii) 1 year to 3 years	132,720	166	-
Swaps			
(i) Less than 1 year	6,679,227	245,707	(174,863)
(ii) 1 year to 3 years	4,131,632	125,325	(585,577)
(iii) More than 3 years	1,952,812	140,831	(67,442)
Options			
(i) Less than 1 year	2,569,472	17,986	(11,337)
Interest rate related contracts			
Futures			
(i) Less than 1 year	20,495,286	2,120	(1,848)
Swaps			
(i) Less than 1 year	16,305,584	17,237	(15,677)
(ii) 1 year to 3 years	18,393,096	58,710	(83,600)
(iii) More than 3 years	21,102,458	194,302	(282,507)
Equity related contracts			
(i) Less than 1 year	453,806	2,592	(2,592)
(ii) 1 year to 3 years	234,263	3,472	(3,472)
Total	121,904,557	1,839,979	(1,972,093)

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)
Total	105,770,813	999,038	(1,532,129)

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 RM69,313,000 (FYE June 2016: RM98,374,000) and RM79,120,219,000 (FYE June 2016: RM76,308,873,000) 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 RM1,954,701,000 (FYE June 2016: RM1,031,399,000). 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

For financial period ended 31 March 2017, a total single tier dividend of 15.0 sen per share has been paid (2015/2016 : single tier dividend of 15.0 sen per share).

B12 Realised and unrealised profits

	The Group	
	Financial Period Ended 31/03/2017 RM'000	Financial Year Ended 30/06/2016 RM'000
Total retained profits of Hong Leong Bank Berhad and subsidiaries		
- Realised	5,550,025	5,858,481
- Unrealised	1,631,833	743,693
	7,181,858	6,602,174
Total share of retained profits from associated company		
- Realised	2,258,749	2,016,939
Total share of retained profits from joint venture		
- Realised	67,658	50,997
	9,508,265	8,670,110
Less: Consolidation adjustment	(359,493)	(257,745)
Total Group's retained profits	9,148,772	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.

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	569,537	497,830	1,662,099	1,344,873
Weighted average number of ordinary shares in issue ('000)	2,167,718	1,979,334	2,167,718	1,979,334
Less: Treasury shares held	(122,248)	(117,665)	(122,248)	(117,665)
	<u>2,045,470</u>	<u>1,861,669</u>	<u>2,045,470</u>	<u>1,861,669</u>
Basic earnings per share (sen)	27.8	26.7	81.3	72.2
<u>The Bank</u>				
Net profit attributable to equity holders	392,522	377,889	1,323,648	1,185,421
Weighted average number of ordinary shares in issue ('000)	2,167,718	1,979,334	2,167,718	1,979,334
Less: Treasury shares held	(122,248)	(117,665)	(122,248)	(117,665)
	<u>2,045,470</u>	<u>1,861,669</u>	<u>2,045,470</u>	<u>1,861,669</u>
Basic earnings per share (sen)	19.2	20.3	64.7	63.7

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

B13 Earnings per share (continued)

(b) Fully diluted earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	569,537	497,830	1,662,099	1,344,873
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,045,470	1,861,669	2,045,470	1,861,669
- adjustment for ESS	551	-	551	-
	2,046,021	1,861,669	2,046,021	1,861,669
Fully diluted earnings per share (sen)	27.8	26.7	81.2	72.2
<u>The Bank</u>				
Net profit attributable to equity holders	392,522	377,889	1,323,648	1,185,421
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,045,470	1,861,669	2,045,470	1,861,669
- adjustment for ESS	551	-	551	-
	2,046,021	1,861,669	2,046,021	1,861,669
Fully diluted earnings per share (sen)	19.2	20.3	64.7	63.7