

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	The Group		The Bank	
		As at	As at	As at	As at
		30.06.2018	30.06.2017	30.06.2018	30.06.2017
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		55,967	206,739	55,857	206,669
Securities purchased under resale agreements		35,126	35,123	35,126	35,123
Deposits and placements with banks and other financial institutions		40,645	-	40,645	-
Financial assets at fair value through profit or loss	8	1,223,984	1,080,680	1,223,984	1,080,680
Financial investments available-for-sale	9	1,216,214	973,149	1,215,921	972,915
Financial investments held-to-maturity	10	847,659	909,215	847,659	909,215
Derivative financial assets	17	29,351	19,916	29,351	19,916
Loans and advances	11	227,757	236,592	227,757	236,592
Clients' and brokers' balances	12	312,429	267,774	312,429	267,774
Other assets	13	29,088	48,021	29,088	48,020
Statutory deposits with Bank Negara Malaysia		52,500	58,100	52,500	58,100
Investment in subsidiaries		-	-	200	200
Deferred tax assets		87,582	90,153	87,582	90,153
Property and equipment		12,785	4,755	12,785	4,755
Intangible assets - computer software		2,686	4,810	2,686	4,810
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		4,202,759	3,964,013	4,202,556	3,963,908
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	1,082,656	648,867	1,082,656	648,867
Deposits and placements of banks and other financial institutions	16	2,058,960	2,247,733	2,058,960	2,247,733
Obligations on securities sold under repurchase agreements		99,654	149,111	99,654	149,111
Derivative financial liabilities	17	44,428	47,959	44,428	47,959
Clients' and brokers' balances		289,511	220,494	289,511	220,494
Provision for tax		3	-	-	-
Other liabilities	18	75,277	95,599	75,306	95,678
Subordinated obligations	19	50,290	50,262	50,290	50,262
TOTAL LIABILITIES		3,700,779	3,460,025	3,700,805	3,460,104
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		249,030	251,038	248,801	250,854
TOTAL EQUITY		501,980	503,988	501,751	503,804
TOTAL EQUITY AND LIABILITIES		4,202,759	3,964,013	4,202,556	3,963,908
COMMITMENTS AND CONTINGENCIES					
	26	8,853,330	7,931,230	8,853,330	7,931,230
Net assets per ordinary share (RM)		3.04	3.05	3.04	3.05

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		30.06.2018	30.06.2017	30.06.2018	30.06.2017
		RM'000	RM'000	RM'000	RM'000
Interest income	20	40,877	38,310	153,102	148,651
Interest expense	21	(28,996)	(27,505)	(109,978)	(105,859)
Net interest income		11,881	10,805	43,124	42,792
Non-interest income	22	28,911	30,177	111,442	121,017
Net income		40,792	40,982	154,566	163,809
Overhead expenses	23	(23,452)	(26,768)	(91,954)	(95,853)
Net operating profit		17,340	14,214	62,612	67,956
Allowance for impairment losses on loans and advances and other losses	24	(888)	(41)	(732)	(68)
Profit before taxation		16,452	14,173	61,880	67,888
Taxation		(10,383)	(8,085)	(4,093)	(3,054)
Net profit for the financial year		6,069	6,088	57,787	64,834
Earnings per share (sen)					
- Basic		3.7	3.7	35.0	39.3
- Diluted		3.7	3.7	35.0	39.3

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Individual Quarter		The Group Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	6,069	6,088	57,787	64,834
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale				
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale	(3,529)	1,719	(5,151)	(665)
- Net transfer to income statements on disposal of financial investments available-for-sale	(9)	(1,641)	(1,158)	(4,857)
Income tax relating to net fair value changes on financial investments available-for-sale	850	(18)	1,514	1,325
Other comprehensive (expense)/income for the financial year, net of tax	(2,688)	60	(4,795)	(4,197)
Total comprehensive income for the financial year, net of tax	3,381	6,148	52,992	60,637

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		The Bank				
		Individual Quarter		Cumulative Months Ended		
		Current	Last year's	Current	Last	
Note		quarter ended	quarter ended	year ended	year's ended	
		30.06.2018	30.06.2017	30.06.2018	30.06.2017	
		RM'000	RM'000	RM'000	RM'000	
	Interest income	20	40,865	38,299	153,051	148,577
	Interest expense	21	(28,996)	(27,505)	(109,978)	(105,859)
	Net interest income		11,869	10,794	43,073	42,718
	Non-interest income	22	28,853	30,155	111,231	120,966
	Net income		40,722	40,949	154,304	163,684
	Overhead expenses	23	(23,405)	(26,715)	(91,745)	(95,635)
	Net operating profit		17,317	14,234	62,559	68,049
	Allowance for impairment losses on loans and advances and other losses	24	(888)	(41)	(732)	(68)
	Profit before taxation		16,429	14,193	61,827	67,981
	Taxation		(10,375)	(8,085)	(4,085)	(3,054)
	Net profit for the financial year		6,054	6,108	57,742	64,927
	Earnings per share (sen)					
	- Basic		3.7	3.7	35.0	39.4
	- Diluted		3.7	3.7	35.0	39.4

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	6,054	6,108	57,742	64,927
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale				
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale	(3,529)	1,719	(5,151)	(665)
- Net transfer to income statements on disposal of financial investments available-for-sale	(9)	(1,641)	(1,158)	(4,857)
Income tax relating to net fair value changes on financial investments available-for-sale	850	(18)	1,514	1,325
Other comprehensive (expense)/income for the financial year, net of tax	(2,688)	60	(4,795)	(4,197)
Total comprehensive income for the financial year, net of tax	3,366	6,168	52,947	60,730

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Attributable to owner of the parent						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Group</u>							
At 1 July 2017	252,950	-	-	2,504	1,440	247,094	503,988
Net profit for the financial year	-	-	-	-	-	57,787	57,787
Other comprehensive expense, net of tax	-	-	-	-	(4,795)	-	(4,795)
Total comprehensive (expense)/income for the financial year	-	-	-	-	(4,795)	57,787	52,992
Transfer from regulatory reserve	-	-	-	(433)	-	433	-
Dividend paid	-	-	-	-	-	(55,000)	(55,000)
At 30 June 2018	252,950	-	-	2,071	(3,355)	250,314	501,980
At 1 July 2016	165,000	87,950	196,867	3,563	5,637	36,634	495,651
Net profit for the financial year	-	-	-	-	-	64,834	64,834
Other comprehensive expense, net of tax	-	-	-	-	(4,197)	-	(4,197)
Total comprehensive (expense)/income for the financial year	-	-	-	-	(4,197)	64,834	60,637
Transfer pursuant to Companies Act 2016	87,950	(87,950)	-	-	-	-	-
Transfer from statutory reserve	-	-	(196,867)	-	-	196,867	-
Transfer from regulatory reserve	-	-	-	(1,059)	-	1,059	-
Dividend paid	-	-	-	-	-	(52,300)	(52,300)
At 30 June 2017	252,950	-	-	2,504	1,440	247,094	503,988

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Non-distributable				Distributable		Total
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Bank</u>							
At 1 July 2017	252,950	-	-	2,504	1,440	246,910	503,804
Net profit for the financial year	-	-	-	-	-	57,742	57,742
Other comprehensive expense, net of tax	-	-	-	-	(4,795)	-	(4,795)
Total comprehensive (expense)/income for the financial year	-	-	-	-	(4,795)	57,742	52,947
Transfer from regulatory reserve	-	-	-	(433)	-	433	-
Dividend paid	-	-	-	-	-	(55,000)	(55,000)
At 30 June 2018	252,950	-	-	2,071	(3,355)	250,085	501,751
At 1 July 2016	165,000	87,950	196,867	3,563	5,637	36,357	495,374
Net profit for the financial year	-	-	-	-	-	64,927	64,927
Other comprehensive expense, net of tax	-	-	-	-	(4,197)	-	(4,197)
Total comprehensive (expense)/income for the financial year	-	-	-	-	(4,197)	64,927	60,730
Transfer pursuant to Companies Act 2016	87,950	(87,950)	-	-	-	-	-
Transfer from statutory reserve	-	-	(196,867)	-	-	196,867	-
Transfer from regulatory reserve	-	-	-	(1,059)	-	1,059	-
Dividend paid	-	-	-	-	-	(52,300)	(52,300)
At 30 June 2017	252,950	-	-	2,504	1,440	246,910	503,804

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	61,880	67,888	61,827	67,981
Adjustments for non-cash items	(108,215)	(100,267)	(108,206)	(100,258)
Operating loss before changes in working capital	(46,335)	(32,379)	(46,379)	(32,277)
Changes in working capital:				
Net changes in operating assets	(200,963)	323,478	(200,963)	323,643
Net changes in operating liabilities	244,254	90,674	244,204	92,214
Net income tax (paid)/refund	(4)	5	-	-
Net cash (used in)/generated from operating activities	(3,048)	381,778	(3,138)	383,580
Net cash used in investing activities	(90,081)	(390,869)	(90,031)	(390,999)
Net cash used in financing activities	(57,643)	(54,965)	(57,643)	(54,965)
Net changes in cash and cash equivalents	(150,772)	(64,056)	(150,812)	(62,384)
Cash and cash equivalents at beginning of financial year	206,739	270,795	206,669	269,053
Cash and cash equivalents at end of financial year	55,967	206,739	55,857	206,669
Cash and cash equivalents comprise:				
Cash and short term funds	55,967	206,739	55,857	206,669
Deposit and placements with bank and other financial institutions	40,645	-	40,645	-
	96,612	206,739	96,502	206,669
Less:				
Deposits and placements with banks and other financial institutions with original maturity of more than three months	(40,645)	-	(40,645)	-
	55,967	206,739	55,857	206,669

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2017.

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)

EXPLANATORY NOTES

1. Basis of preparation

The unaudited condensed financial statements for the financial year ended 30 June 2018 have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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 should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 30 June 2017. 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 financial year ended 30 June 2017.

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 2017 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

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

2. Audit report

The audit report of the latest audited annual financial statements was not subject to any qualification.

3. Seasonality or cyclicity of operations

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

4. Items affecting net income and cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 30 June 2018.

HONG LEONG INVESTMENT BANK BERHAD
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EXPLANATORY NOTES

5. Changes in estimates

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 30 June 2018.

6. Issuance and repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 30 June 2018.

7. Dividends

There were no dividends paid during the financial quarter ended 30 June 2018.

8. Financial assets at fair value through profit or loss

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Financial assets held-for-trading		
Money market instruments		
Malaysian Government Securities	10,029	-
Malaysian Government Investment Issues	81,076	30,561
Negotiable instruments of deposits	864,200	831,596
Bankers' acceptances	55,084	-
	1,010,389	862,157
Quoted securities		
In Malaysia:		
Shares	6,152	19,501
Unquoted securities		
Foreign currency bonds	20,095	-
Corporate bond and/or sukuk	187,248	198,943
	207,343	198,943
	1,223,884	1,080,601
Financial assets designated at fair value through profit or loss		
Quoted securities		
In Malaysia:		
Shares	100	79
	1,223,984	1,080,680

HONG LEONG INVESTMENT BANK BERHAD
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EXPLANATORY NOTES

9. Financial investments available-for-sale

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	81,306	30,378	81,306	30,378
Malaysian Government Investment Issues	101,874	60,896	101,874	60,896
Cagamas bonds	55,233	65,442	55,233	65,442
	238,413	156,716	238,413	156,716
Quoted securities				
Unit trust investment	293	234	-	-
Unquoted securities				
Shares	245	245	245	245
Foreign currency bonds	93,197	74,832	93,197	74,832
Corporate bond and/or sukuk	884,066	741,122	884,066	741,122
	977,508	816,199	977,508	816,199
	1,216,214	973,149	1,215,921	972,915

10. Financial investments held-to-maturity

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	216,787	211,031
Malaysian Government Investment Issues	518,318	518,643
	735,105	729,674
Unquoted securities		
Foreign currency bonds	36,861	93,757
Corporate bond and/or sukuk	75,693	85,784
	112,554	179,541
	847,659	909,215

HONG LEONG INVESTMENT BANK BERHAD
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EXPLANATORY NOTES

11. Loans and advances

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Term loan financing	19,874	25,685
Share margin financing	208,125	210,707
Staff loans	58	64
Other loans	490	586
Gross loans and advances	228,547	237,042
Less: Allowance for losses on loans and advances		
- individual assessment allowance	(119)	(110)
- collective assessment allowance	(671)	(340)
Total net loans and advances	227,757	236,592
 (i) Gross loans and advances disbursed by type of customers are as follows:		
Domestic business enterprises		
- Small and medium enterprises	112	110
- Others	112,062	120,574
Individuals	108,243	108,535
Foreign entities	8,130	7,823
	228,547	237,042
 (ii) Gross loans and advances analysed by interest rate sensitivity are as follows:		
Variable rate	227,999	236,392
Fixed rate		
- Staff housing loans	58	64
- Other fixed rate loans	490	586
	228,547	237,042
 (iii) Gross loans and advances analysed by residual contractual maturity are as follows:		
Maturing within one year	208,615	225,988
One year to three years	19,874	10,990
Over five years	58	64
	228,547	237,042

HONG LEONG INVESTMENT BANK BERHAD
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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
(iv) Loans and advances analysed by their economic purposes are as follows:		
Working capital	6,395	25,685
Purchase of securities	221,604	210,707
Purchase of transport vehicles	119	110
Purchase of landed properties	429	540
	228,547	237,042
(v) Gross loans and advances analysed by geographical distribution are as follows:		
Malaysia	228,547	237,042
(vi) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	11,576	574
Impaired during the financial year	34	11,002
Amount written-back during the financial year	(4,726)	-
At 30 June	6,884	11,576
(vii) Movements in allowance for loans and advances are as follows:		
Individual assessment allowance		
At 1 July	110	100
Allowance made during the financial year	9	10
At 30 June	119	110
Collective assessment allowance		
At 1 July	340	914
Allowance made/(written-back) during the financial year	331	(574)
At 30 June	671	340
(viii) Impaired loans and advances analysed by their economic purposes are as follows:		
Purchase of transport vehicles	119	110
Purchase of landed properties	371	476
Working capital	6,394	10,990
	6,884	11,576

HONG LEONG INVESTMENT BANK BERHAD
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EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Performing accounts	309,980	266,955
Impaired accounts	2,828	1,264
	312,808	268,219
Less: Allowance for bad and doubtful debts		
- individual assessment allowance	(351)	(417)
- collective assessment allowance	(28)	(28)
	312,429	267,774

13. Other assets

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	-	1	-	-
Amount due from holding company	39	-	39	-
Amount due from related companies	389	20	389	20
Deposits and prepayments	8,641	5,004	8,641	5,004
Fee income receivables	2,842	16,076	2,842	16,076
Collaterals pledged for derivative transactions	3,922	22,531	3,922	22,531
Treasury related receivables	4,080	-	4,080	-
Equity related receivables	4,706	913	4,706	913
Other receivables	4,469	3,476	4,469	3,476
	29,088	48,021	29,088	48,020

14. Valuation of property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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EXPLANATORY NOTES

15. Deposits from customers

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Fixed Deposit	1,082,656	648,867
 (i) The deposits are sourced from the following customers:		
Government & statutory bodies	841,509	456,337
Business enterprises	215,116	171,984
Individuals	26,031	20,546
	1,082,656	648,867
 (ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	1,081,537	642,665
- six months to one year	1,119	6,202
	1,082,656	648,867

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Licensed banks	50,084	778,053
Licensed investment banks	159,570	50,004
Other financial institutions	1,849,306	1,419,676
	2,058,960	2,247,733

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17. Derivative financial assets/liabilities

	The Group and the Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
30.06.2018			
Interest rate related contracts:			
- Interest rate swaps	4,915,000	7,665	(12,910)
- Futures	272,531	368	(6)
- Cross currency swaps	80,750	5,031	-
Foreign exchange related contracts:			
- Foreign currency swaps	2,848,060	15,958	(31,506)
- Foreign currency forwards	57,563	308	(6)
- Foreign currency spots	4,070	2	-
Equity related contracts:			
- Call options	7,000	19	-
	8,184,974	29,351	(44,428)
30.06.2017			
Interest rate related contracts:			
- Interest rate swaps	5,015,000	12,806	(23,881)
- Futures	322,498	337	-
- Cross currency swaps	171,770	83	(16,724)
Foreign exchange related contracts:			
- Foreign currency swaps	1,520,828	5,883	(7,345)
- Foreign currency forwards	73,399	171	(6)
- Foreign currency spots	17,735	1	(3)
Equity related contracts:			
- Call options	7,000	635	-
	7,128,230	19,916	(47,959)

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18. Other liabilities

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	-	265	-	265
Amount due to a subsidiary companies	-	-	293	-
Remisiers' trust deposits	13,799	13,786	13,799	13,786
Treasury related payables	30,449	-	30,449	-
Other payables and accrued liabilities	30,822	81,346	30,558	81,425
Provision for post employment benefits	207	202	207	202
	75,277	95,599	75,306	95,678

19. Subordinated obligations

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
RM50.0 million Tier 2 subordinated notes, at par	50,000	50,000
Add: Interest payable	399	392
	50,399	50,392
Less: Unamortised discounts	(109)	(130)
	50,290	50,262

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 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 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

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

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EXPLANATORY NOTES

20. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Loans and advances	3,807	3,741	14,920	19,026
Money at call and deposit placements with financial institutions	768	493	3,600	1,672
Financial assets at fair value through profit or loss	10,493	8,122	37,123	40,852
Financial investments available-for-sale	11,612	11,105	39,832	39,959
Financial investments held-to-maturity	8,174	8,206	32,894	27,754
Derivative financial instruments	1,560	2,036	8,131	8,032
Others	4,463	4,607	16,602	11,356
Total interest income	40,877	38,310	153,102	148,651

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Loans and advances	3,807	3,741	14,920	19,026
Money at call and deposit placements with financial institutions	756	482	3,549	1,598
Financial assets at fair value through profit or loss	10,493	8,122	37,123	40,852
Financial investments available-for-sale	11,612	11,105	39,832	39,959
Financial investments held-to-maturity	8,174	8,206	32,894	27,754
Derivative financial instruments	1,560	2,036	8,131	8,032
Others	4,463	4,607	16,602	11,356
Total interest income	40,865	38,299	153,051	148,577

21. Interest expense

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	8,147	8,979	32,381	30,340
Deposits from customers	17,372	13,806	58,105	57,110
Derivative financial instruments	1,751	3,479	11,423	15,012
Subordinated notes	666	667	2,671	2,680
Others	1,060	574	5,398	717
	28,996	27,505	109,978	105,859

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22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Corporate advisory fees	1,418	1,235	5,446	5,630
Arranger fees	254	3,303	4,439	9,633
Underwriting commissions	-	94	-	1,795
Placement fees	775	399	2,243	12,451
Brokerage income	15,371	17,286	65,650	59,321
Fees on loans and advances	136	-	554	785
Commission from future contracts	172	152	855	620
Other fee income	8,979	10,327	23,487	13,792
	27,105	32,796	102,674	104,027
Net income from securities				
Net realised (loss)/gain arising from sale/early redemption of:				
- financial assets at fair value through profit or loss	(14,922)	3,804	8,153	5,735
- financial investments available-for-sale	134	936	1,212	3,990
- financial investments held-to-maturity	-	74	-	189
- derivative financial instruments	(469)	(3,415)	(49,935)	18,129
Net unrealised gain/(loss) on revaluation of:				
- financial assets at fair value through profit or loss	13,941	(3,529)	(5,975)	(5,622)
- derivative financial instruments	12,753	434	12,232	9,937
Dividend income from:				
- financial assets at fair value through profit or loss	603	142	3,092	1,751
- financial investments available-for-sale	3	3	70	12
	12,043	(1,551)	(31,151)	34,121
Other income:				
Gain on disposal of property and equipment	-	19	-	121
Loss on liquidation of subsidiaries	-	-	-	(7)
Foreign exchange (loss)/gain	(10,246)	(1,098)	39,884	(17,280)
Other non-operating income	9	11	35	35
	(10,237)	(1,068)	39,919	(17,131)
Total non-interest income	28,911	30,177	111,442	121,017

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22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Corporate advisory fees	1,418	1,235	5,446	5,630
Arranger fees	254	3,303	4,439	9,633
Underwriting commissions	-	94	-	1,795
Placement fees	775	399	2,243	12,451
Brokerage income	15,371	17,286	65,650	59,321
Fees on loans and advances	136	-	554	785
Commission from future contracts	172	152	855	620
Other fee income	8,924	10,307	23,285	13,750
	27,050	32,776	102,472	103,985
Net income from securities				
Net realised (loss)/gain arising from sale/early redemption of:				
- financial assets at fair value through profit or loss	(14,922)	3,804	8,153	5,735
- financial investments available-for-sale	134	936	1,212	3,990
- financial investments held-to-maturity	-	74	-	189
- derivative financial instruments	(469)	(3,415)	(49,935)	18,129
Net unrealised gain/(loss) on revaluation of:				
- financial assets at fair value through profit or loss	13,941	(3,529)	(5,975)	(5,622)
- derivative financial instruments	12,753	434	12,232	9,937
Dividend income from:				
- financial assets at fair value through profit or loss	603	142	3,092	1,751
- financial investments available-for-sale	-	-	61	-
	12,040	(1,554)	(31,160)	34,109
Other income:				
Gain on disposal of property and equipment	-	19	-	121
Loss on liquidation of subsidiaries	-	-	-	(4)
Foreign exchange (loss)/gain	(10,246)	(1,098)	39,884	(17,280)
Other non-operating income	9	12	35	35
	(10,237)	(1,067)	39,919	(17,128)
Total non-interest income	28,853	30,155	111,231	120,966

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EXPLANATORY NOTES

23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	13,712	18,105	56,537	61,594
Promotion and marketing related expenses	453	448	2,110	2,352
Establishment related expenses	3,978	3,911	15,424	15,320
General administrative expenses	5,309	4,304	17,883	16,587
	23,452	26,768	91,954	95,853
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	12,036	16,021	48,457	53,055
Defined contribution plan	1,519	1,501	6,123	5,884
Other employee benefits	157	583	1,957	2,655
	13,712	18,105	56,537	61,594
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	1	2	39	35
Entertainment and business improvement	395	402	1,869	2,063
Others	57	44	202	254
	453	448	2,110	2,352
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	569	493	1,693	1,604
Amortisation of intangible assets	646	586	2,665	2,657
Rental expenses	694	954	4,113	4,005
Others	2,069	1,878	6,953	7,054
	3,978	3,911	15,424	15,320
(iv) General administrative expenses comprise the following:				
Management fee	745	639	2,717	2,725
Teletransmission expenses	1,180	1,149	5,193	4,764
Auditors' remuneration				
- Statutory audit fees	109	88	313	285
- Regulatory related fees	53	23	53	23
- Tax compliance fee	15	15	15	15
- Other fees	102	168	102	168
Legal and professional fees	1,716	1,113	4,121	3,930
Others	1,389	1,109	5,369	4,677
	5,309	4,304	17,883	16,587

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EXPLANATORY NOTES

23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	13,678	18,065	56,388	61,440
Promotion and marketing related expenses	453	448	2,110	2,352
Establishment related expenses	3,969	3,901	15,377	15,270
General administrative expenses	5,305	4,301	17,870	16,573
	23,405	26,715	91,745	95,635
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	12,008	15,987	48,331	52,924
Defined contribution plan	1,514	1,495	6,101	5,861
Other employee benefits	156	583	1,956	2,655
	13,678	18,065	56,388	61,440
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	1	2	39	35
Entertainment and business improvement	395	402	1,869	2,063
Others	57	44	202	254
	453	448	2,110	2,352
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	569	493	1,693	1,604
Amortisation of intangible assets	646	586	2,665	2,657
Rental expenses	686	945	4,080	3,971
Others	2,068	1,877	6,939	7,038
	3,969	3,901	15,377	15,270
(iv) General administrative expenses comprise the following:				
Management fee	744	638	2,716	2,724
Teletransmission expenses	1,180	1,149	5,193	4,764
Auditors' remuneration				
- Statutory audit fees	107	86	306	278
- Regulatory related fees	53	23	53	23
- Tax compliance fee	15	15	15	15
- Other fees	102	168	102	168
Legal and professional fees	1,716	1,113	4,121	3,930
Others	1,388	1,109	5,364	4,671
	5,305	4,301	17,870	16,573

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EXPLANATORY NOTES

24. Allowance for impairment losses on loans and advances and other losses

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.06.2018 RM'000	Last year's quarter ended 30.06.2017 RM'000	Current year ended 30.06.2018 RM'000	Last year's ended 30.06.2017 RM'000
(Allowance for)/write-back of losses on impaired loans and advances:				
(a) Individual assessment allowance				
- made during the financial year	(3)	(10)	(9)	(10)
(b) Collective assessment (made)/written-back during the financial year	(91)	108	(331)	574
(Allowance for)/write-back of losses on clients' and brokers' balances:				
(a) Individual assessment allowance				
- made during the financial year	(108)	37	(204)	(245)
- written-back during the financial year	1	16	270	110
(b) Collective assessment written-back/(made) during the financial year	2	(12)	-	(11)
Bad debts on clients' and brokers' balances				
- written-off	-	(12)	-	(12)
- recovered	-	13	-	513
Allowance for losses on fee income receivables:				
(a) Individual assessment allowance				
- made during the financial year	(689)	(181)	(816)	(987)
- written-back during the financial year	-	-	358	-
	(888)	(41)	(732)	(68)

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25. Related party transactions

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

Credit transactions and exposure with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	The Group and the Bank	
	30.06.2018	30.06.2017
	RM'000	RM'000
Outstanding credit exposures with connected parties	4,171	10,525
Percentage of outstanding credit exposures with connected parties as a proportion of total credit exposures	2.78%	0.35%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.00%	0.00%

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26. Commitments and contingencies

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

	The Group and the Bank	
	30.06.2018	30.06.2017
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	-	130,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	4,914	10,352
Other commitments, such as formal standby facilities and credit lines - maturity less than one year	-	326
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice - maturity less than one year	662,442	661,322
	668,356	803,000
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	1,472,531	1,778,383
- Over one year to five years	3,580,750	3,485,885
- Over five years	215,000	245,000
Foreign exchange related contracts:		
- One year or less	2,909,693	1,611,962
Equity related contracts:		
- Over one year to five years	7,000	7,000
	8,184,974	7,128,230
	8,853,330	7,931,230

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EXPLANATORY NOTES

27. Fair value of financial instruments

Determination of fair value and fair value hierarchy

The Group and the Company measures 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 market 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, unit trust investments 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 determine 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). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
30.06.2018	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss	6,152	1,217,832	-	1,223,984
- Money market instruments	-	1,010,389	-	1,010,389
- Quoted securities	6,152	100	-	6,252
- Unquoted securities	-	207,343	-	207,343
Financial investments available-for-sale	293	1,215,676	245	1,216,214
- Money market instruments	-	238,413	-	238,413
- Quoted securities	293	-	-	293
- Unquoted securities	-	977,263	245	977,508
Derivative financial assets	-	29,351	-	29,351
	6,445	2,462,859	245	2,469,549
Financial liability				
Derivative financial liabilities	-	44,428	-	44,428
30.06.2017				
Financial assets				
Financial assets at fair value through profit or loss	19,501	1,061,179	-	1,080,680
- Money market instruments	-	862,157	-	862,157
- Quoted securities	19,501	79	-	19,580
- Unquoted securities	-	198,943	-	198,943
Financial investments available-for-sale	234	972,670	245	973,149
- Money market instruments	-	156,716	-	156,716
- Quoted securities	234	-	-	234
- Unquoted securities	-	815,954	245	816,199
Derivative financial assets	-	19,916	-	19,916
	19,735	2,053,765	245	2,073,745
Financial liability				
Derivative financial liabilities	-	47,959	-	47,959

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EXPLANATORY NOTES

27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Bank	Level 1	Level 2	Level 3	Total
30.06.2018	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss	6,152	1,217,832	-	1,223,984
- Money market instruments	-	1,010,389	-	1,010,389
- Quoted securities	6,152	100	-	6,252
- Unquoted securities	-	207,343	-	207,343
Financial investments available-for-sale	-	1,215,676	245	1,215,921
- Money market instruments	-	238,413	-	238,413
- Unquoted securities	-	977,263	245	977,508
Derivative financial assets	-	29,351	-	29,351
	6,152	2,462,859	245	2,469,256
Financial liability				
Derivative financial liabilities	-	44,428	-	44,428
30.06.2017				
Financial assets				
Financial assets at fair value through profit or loss	19,501	1,061,179	-	1,080,680
- Money market instruments	-	862,157	-	862,157
- Quoted securities	19,501	79	-	19,580
- Unquoted securities	-	198,943	-	198,943
Financial investments available-for-sale	-	972,670	245	972,915
- Money market instruments	-	156,716	-	156,716
- Unquoted securities	-	815,954	245	816,199
Derivative financial assets	-	19,916	-	19,916
	19,501	2,053,765	245	2,073,511
Financial liability				
Derivative financial liabilities	-	47,959	-	47,959

There were no transfers between Level 1 and 2 during the financial year.

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EXPLANATORY NOTES

27. Fair value of financial instruments (continued)

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy are as follows:

The Group and the Bank	Financial investments available-for-sale	
	30.06.2018	30.06.2017
	RM'000	RM'000
At beginning/end of financial year	<u>245</u>	<u>245</u>

28. Capital adequacy

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

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

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	33.091%	29.759%	33.073%	29.744%
Tier 1 capital ratio	33.091%	29.759%	33.073%	29.744%
Total capital ratio	37.634%	33.928%	37.619%	33.912%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	29.135%	25.414%	29.115%	25.398%
Tier 1 capital ratio	29.135%	25.414%	29.115%	25.398%
Total capital ratio	33.679%	29.583%	33.661%	29.566%

Note:

⁽¹⁾ Proposed dividends of RM45,500,000 (2017: RM55,000,000).

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EXPLANATORY NOTES

28. Capital adequacy (continued)

(b) The components of CET1, Tier 1 and total capital of the Group and the Bank are as follows:

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
CET1 Capital				
Paid-up ordinary share capital	252,950	252,950	252,950	252,950
Retained profits	250,314	247,094	250,085	246,910
Other reserves	(3,355)	1,440	(3,355)	1,440
Less: goodwill and intangibles	(31,672)	(33,796)	(31,672)	(33,796)
Less: deferred tax assets	(87,582)	(90,153)	(87,582)	(90,153)
Less: investment in subsidiary companies	-	-	(200)	(160)
Less: 55% of cumulative gains of financial instruments available-for-sale	-	(792)	-	(792)
Total CET1 Capital	380,655	376,743	380,226	376,399
Tier 1 Capital	380,655	376,743	380,226	376,399
Tier 2 Capital				
Collective assessment allowance ⁽²⁾ and regulatory reserve ⁽³⁾	2,266	2,783	2,266	2,783
Subordinated obligations	50,000	50,000	50,000	50,000
Regulatory adjustments:				
- Investment in subsidiary companies	-	-	-	(40)
Total Tier 2 Capital	52,266	52,783	52,266	52,743
Total Capital	432,921	429,526	432,492	429,142

Note:

(2) Excludes collective assessment allowance attributable to loans and advances classified as impaired.

(3) Includes the qualifying regulatory reserve for non-impaired loans and advances of RM2,071,000 (2017: RM2,504,000).

(c) Breakdown of risk-weighted assets in the various risk weights:

	The Group		The Bank	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Credit risk	407,913	462,211	407,598	461,963
Market risk	457,231	517,433	457,231	517,433
Operational risk	285,193	286,353	284,840	286,064
	1,150,337	1,265,997	1,149,669	1,265,460

HONG LEONG INVESTMENT BANK BERHAD

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EXPLANATORY NOTES

29. Significant events during the financial quarter ended 30 June 2018

There were no material significant events during the financial quarter.

30. Changes in the composition of the Group

There were no changes in composition of the Group since last financial quarter.

31. Significant events subsequent to the financial quarter

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited financial statements.

32. Review of performance for the financial quarter ended 30 June 2018 against the corresponding financial quarter

For the current financial quarter ended 30 June 2018, the Group recorded a profit before tax of RM16.5 million, as compared to a RM14.2 million recorded in the corresponding financial quarter. The increase in profit of RM2.3 million was primarily attributable to lower variable overhead expenses incurred for current quarter.

33. Prospects for 2018

Despite a recovery in economic growth throughout FY2017, the outlook for FY2018 remains challenging as investors' sentiment remains susceptible to global economic uncertainties. However, the Bank will continue to focus on driving long-term sustainable growth for our businesses. The Bank's team of dedicated staff will also strengthen our efforts to build resilience towards disruptions in the market in the way we manage our processes, assets and businesses.

On the investment banking front, despite the challenging market conditions and operating environment, emphasis will continue to be placed on the offering of innovative financing solutions which has been the foundation of growth for HLIB since its inception in Year 2009. Moving forward, resources will be channeled towards further widening the deals origination universe and to strengthen the distribution and placement capability for the Bank to compete vigorously in the market.

For Stockbroking business, the Bank will continue with its efforts to drive and scale up our ranking with our Institutional clients. In addition, there are also initiatives to complement our client base, leveraging on our newly set up Islamic Trading platform. As for the Retail Business, the Bank aspires to retain our leadership position in Malaysia with eBroking being our main focus. The Bank will continue with our efforts to strengthen our brand image as a valued broker via tailored product offerings and build value research. Digital initiatives will be continuously refreshed to sustain customer experience for our online business. Overall, the Stockbroking business will remain challenging due to the volatile and cautious market sentiment and uncertain commodity price trend. The stiff competition in the retail broking segment with the introduction of new online foreign trading platform will put further pressure on brokerage rates.