

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

Condensed Financial Statements
Unaudited Statements of Financial Position As At 30 June 2016

		The Group		The Bank	
		As at	As at	As at	As at
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
Note	RM'000	RM'000	RM'000	RM'000	RM'000
<u>ASSETS</u>					
Cash and short-term funds		7,473,964	6,230,283	5,657,847	4,972,372
Deposits and placements with banks and other financial institutions		2,057,351	3,982,119	2,151,449	4,340,892
Securities purchased under resale agreements		4,056,670	12,163,252	4,056,670	12,163,252
Financial assets held-for-trading	A8	5,310,241	7,131,434	5,115,288	7,123,538
Financial investments available-for-sale	A9	25,883,318	20,307,353	23,856,212	17,370,438
Financial investments held-to-maturity	A10	11,771,834	9,950,081	10,005,784	8,618,741
Loans, advances and financing	A11	119,458,051	112,124,109	100,059,119	95,563,493
Other assets	A12	1,703,163	1,295,419	1,433,531	1,149,905
Derivative financial instruments		1,012,367	1,424,929	999,038	1,421,571
Amount due from subsidiaries		-	-	14,476	12,984
Statutory deposits with Central Banks		4,296,119	3,476,192	3,602,936	2,859,590
Subsidiary companies		-	-	1,529,760	1,358,443
Investment in associated company		3,177,768	2,977,776	946,525	946,525
Investment in joint venture		144,875	128,790	76,711	76,711
Property and equipment		1,382,459	678,579	714,784	627,784
Intangible assets		264,766	318,107	246,784	302,801
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		3,957	-	-	-
TOTAL ASSETS		189,828,215	184,019,735	162,238,461	160,680,587
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Deposits from customers	A13	148,523,914	140,276,148	126,240,777	122,337,044
Deposits and placements of banks and other financial institutions	A14	6,201,230	7,096,231	5,813,633	6,133,109
Obligations on securities sold under repurchase agreements		3,494,903	3,691,338	3,494,903	3,691,338
Bills and acceptances payable		350,455	1,900,967	333,952	1,874,138
Other liabilities	A15	3,915,929	3,901,119	3,535,225	3,264,006
Derivative financial instruments		1,549,882	1,287,726	1,532,129	1,269,894
Senior bonds	A16	1,215,643	2,286,380	1,215,643	2,286,380
Tier 2 subordinated bonds	A17	2,401,322	4,619,812	2,000,840	4,219,507
Non-innovative Tier 1 stapled securities	A18	-	1,410,869	-	1,410,869
Innovative Tier 1 capital securities	A19	521,512	530,223	521,512	530,223
Borrowings	A20	384,730	-	-	-
Taxation		31,447	152,240	4,587	160,243
Deferred tax liabilities		120,101	77,090	114,527	75,672
TOTAL LIABILITIES		168,711,068	167,230,143	144,807,728	147,252,423
Share capital		2,167,718	1,879,909	2,167,718	1,879,909
Reserves		19,684,469	15,558,271	15,998,055	12,196,843
Less: Treasury shares		(735,040)	(648,588)	(735,040)	(648,588)
TOTAL SHAREHOLDERS' EQUITY		21,117,147	16,789,592	17,430,733	13,428,164
TOTAL LIABILITIES AND EQUITY		189,828,215	184,019,735	162,238,461	160,680,587
<u>COMMITMENTS AND CONTINGENCIES</u>	A31	150,080,124	148,927,356	143,994,304	142,453,657

Net asset per share attributable to ordinary equity holders of the parent (RM) *

10.32 9.51 8.52 7.61

* 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 2015.

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Statements of Income
For The Financial Year Ended 30 June 2016

		The Group			
	Note	Current Quarter Ended 30/06/2016 RM'000	Corresponding Quarter Ended 30/06/2015 RM'000	Current Year Ended 30/06/2016 RM'000	Corresponding Year Ended 30/06/2015 RM'000
Interest income	A21	1,567,049	1,543,284	6,303,462	6,104,469
Interest expense	A22	(904,117)	(886,117)	(3,648,378)	(3,363,273)
Net interest income		662,932	657,167	2,655,084	2,741,196
Net income from Islamic Banking business	A23	121,146	104,795	467,466	419,758
Other operating income	A24	294,805	278,873	1,055,312	905,994
Net Income		1,078,883	1,040,835	4,177,862	4,066,948
Other operating expenses	A25	(493,855)	(470,982)	(2,086,800)	(1,813,859)
Operating profit before allowances (Allowance for)/write back of impairment losses on loans, advances and financing	A26	585,028	569,853	2,091,062	2,253,089
Write back of impairment losses on financial investments		51,357	(23,566)	(52,606)	51,929
		2,708	9,901	9,838	23,462
		639,093	556,188	2,048,294	2,328,480
Share of profit after tax of equity accounted associated company		79,083	111,471	312,178	401,277
Share of profit after tax of equity accounted joint venture		6,237	4,846	21,227	16,401
Profit before taxation		724,413	672,505	2,381,699	2,746,158
Taxation	B5	(165,869)	(57,654)	(478,282)	(512,971)
Net profit for the financial year		558,544	614,851	1,903,417	2,233,187
Attributable to:					
Owners of the parent		558,544	614,851	1,903,417	2,233,187
Earnings per share - basic (sen)	B13(a)	29.3	34.8	99.8	126.4
Earnings per share - fully diluted (sen)	B13(b)	29.3	34.8	99.8	126.4

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015.

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

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Year Ended 30 June 2016

	The Group			
	Current Quarter Ended 30/06/2016 RM'000	Corresponding Quarter Ended 30/06/2015 RM'000	Current Year Ended 30/06/2016 RM'000	Corresponding Year Ended 30/06/2015 RM'000
Net profit for the financial year	558,544	614,851	1,903,417	2,233,187
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss)/income of associated company	(2,912)	2,692	4,525	13,310
Currency translation differences	90,950	599,458	170,499	690,061
Net fair value changes on financial investments available-for-sale	58,409	1,786	135,027	11,873
Net fair value changes in cash flow hedge	(562)	1,003	(2,477)	216
Income tax relating to components of other comprehensive income	(11,836)	(1,308)	(28,611)	(3,706)
Other comprehensive income for the financial year, net of tax	134,049	603,631	278,963	711,754
Total comprehensive income for the financial year	692,593	1,218,482	2,182,380	2,944,941
Attributable to:				
- Owners of the parent	692,593	1,218,482	2,182,380	2,944,941

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015.

HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Income
For The Financial Year Ended 30 June 2016

		The Bank			
		Current	Corresponding	Current	Corresponding
		Quarter Ended	Quarter Ended	Year Ended	Year Ended
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	A21	1,550,593	1,534,452	6,270,116	6,070,039
Interest expense	A22	(901,786)	(891,037)	(3,673,773)	(3,381,630)
Net interest income		648,807	643,415	2,596,343	2,688,409
Other operating income	A24	293,163	276,945	1,292,459	1,095,896
Net Income		941,970	920,360	3,888,802	3,784,305
Other operating expenses	A25	(428,696)	(413,989)	(1,835,714)	(1,582,281)
Operating profit before allowances (Allowance for)/write back of impairment losses on loans, advances and financing	A26	513,274	506,371	2,053,088	2,202,024
Write back of impairment losses on financial investments		45,566	(18,188)	(38,063)	53,705
		2,708	9,901	9,838	23,462
Profit before taxation		561,548	498,084	2,024,863	2,279,191
Taxation	B5	(142,375)	(51,577)	(420,269)	(503,228)
Net profit for the financial year		419,173	446,507	1,604,594	1,775,963
Attributable to:					
Owners of the parent		419,173	446,507	1,604,594	1,775,963
Earnings per share - basic (sen)	B13(a)	22.0	25.3	84.1	100.5
Earnings per share - fully diluted (sen)	B13(b)	22.0	25.3	84.1	100.5

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015.

HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Year Ended 30 June 2016

	The Bank			
	Current Quarter Ended 30/06/2016 RM'000	Corresponding Quarter Ended 30/06/2015 RM'000	Current Year Ended 30/06/2016 RM'000	Corresponding Year Ended 30/06/2015 RM'000
Net profit for the financial year	419,173	446,507	1,604,594	1,775,963
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	48,845	1,574	158,739	1,901
Net fair value changes on financial investments available-for-sale	53,855	2,787	122,407	6,888
Net fair value changes in cash flow hedge	(562)	1,003	(2,477)	216
Income tax relating to components of other comprehensive income	(10,865)	(946)	(25,869)	(1,775)
Other comprehensive income for the financial year, net of tax	91,273	4,418	252,800	7,230
Total comprehensive income for the financial year	510,446	450,925	1,857,394	1,783,193

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015.

HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2016

	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 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 year	-	-	-	-	-	-	-	-	1,903,417	-	1,903,417
- Share of other comprehensive income of associated company	-	-	-	4,525	-	-	-	-	-	-	4,525
- Net fair value changes in financial investments available-for-sale	-	-	-	105,819	-	-	-	-	-	-	105,819
- Net fair value changes in cash flow hedge	-	-	-	-	(1,880)	-	-	-	-	-	(1,880)
- Currency translation differences	-	-	-	-	-	-	-	170,499	-	-	170,499
Total comprehensive income/(loss)	-	-	-	110,344	(1,880)	-	-	170,499	1,903,417	-	2,182,380
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	345,602	-	-	-	-	-	(345,602)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	199,415	-	(199,415)	-	-
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 ESOS granted	-	-	-	-	-	10,205	-	-	-	-	10,205
Total transactions with owners	287,809	2,699,162	345,602	-	-	10,205	199,415	-	(1,310,566)	(86,452)	2,145,175
At 30 June 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
At 1 July 2014	1,879,909	2,832,383	3,081,128	186,444	-	2,618	10,266	(6,095)	7,189,104	(645,579)	14,530,178
<u>Comprehensive income</u>											
Net profit for the financial year	-	-	-	-	-	-	-	-	2,233,187	-	2,233,187
- Share of other comprehensive income of associated company	-	-	-	13,310	-	-	-	-	-	-	13,310
- Net fair value changes in financial investments available-for-sale	-	-	-	8,221	-	-	-	-	-	-	8,221
- Net fair value changes in cash flow hedge	-	-	-	-	162	-	-	-	-	-	162
- Currency translation differences	-	-	-	-	-	-	-	690,061	-	-	690,061
Total comprehensive income	-	-	-	21,531	162	-	-	690,061	2,233,187	-	2,944,941
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	493,986	-	-	-	-	-	(493,986)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	389,091	-	(389,091)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(724,770)	-	(724,770)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(35,164)	(35,164)
Sale of treasury shares	-	39,800	-	-	-	-	-	-	-	26,821	66,621
ESOS exercised	-	-	-	-	-	(2,618)	-	-	5,070	5,334	7,786
Total transactions with owners	-	39,800	493,986	-	-	(2,618)	389,091	-	(1,602,777)	(3,009)	(685,527)
At 30 June 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

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM587,527,000 (30 June 2015: RM388,112,000) 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 (30 June 2015: RM11,245,000)

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HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2016

	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 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 year	-	-	-	-	-	-	-	-	1,604,594	-	1,604,594
- Net fair value changes in financial investments available-for-sale	-	-	-	95,941	-	-	-	-	-	-	95,941
- Net fair value changes in cash flow hedge	-	-	-	-	(1,880)	-	-	-	-	-	(1,880)
- Currency translation differences	-	-	-	-	-	-	-	158,739	-	-	158,739
Total comprehensive income/(loss)	-	-	-	95,941	(1,880)	-	-	158,739	1,604,594	-	1,857,394
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	296,355	-	-	-	-	-	(296,355)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	160,870	-	(160,870)	-	-
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 ESOS granted	-	-	-	-	-	10,205	-	-	-	-	10,205
Total transactions with owners	287,809	2,699,162	296,355	-	-	10,205	160,870	-	(1,222,774)	(86,452)	2,145,175
At 30 June 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
At 1 July 2014	1,879,909	2,832,383	2,640,258	208,942	-	2,618	-	36,897	5,375,070	(645,579)	12,330,498
<u>Comprehensive income</u>											
Net profit for the financial year	-	-	-	-	-	-	-	-	1,775,963	-	1,775,963
- Net fair value changes in financial investments available-for-sale	-	-	-	5,167	-	-	-	-	-	-	5,167
- Net fair value changes in cash flow hedge	-	-	-	-	162	-	-	-	-	-	162
- Currency translation differences	-	-	-	-	-	-	-	1,901	-	-	1,901
Total comprehensive income	-	-	-	5,167	162	-	-	1,901	1,775,963	-	1,783,193
<u>Transactions with owners</u>											
Transfer to statutory reserve	-	-	443,991	-	-	-	-	-	(443,991)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	334,138	-	(334,138)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(724,770)	-	(724,770)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(35,164)	(35,164)
Sale of treasury shares	-	39,800	-	-	-	-	-	-	-	26,821	66,621
ESOS exercised	-	-	-	-	-	(2,618)	-	-	5,070	5,334	7,786
Total transactions with owners	-	39,800	443,991	-	-	(2,618)	334,138	-	(1,497,829)	(3,009)	(685,527)
At 30 June 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

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015.

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Year Ended 30 June 2016

	The Group		The Bank	
	Financial Year Ended 30/06/2016 RM'000	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2016 RM'000	Financial Year Ended 30/06/2015 RM'000
Profit before taxation	2,381,699	2,746,158	2,024,863	2,279,191
Adjustments for non-cash items	(481,420)	(315,322)	(445,836)	(110,499)
Operating profit before working capital changes	1,900,279	2,430,836	1,579,027	2,168,692
Changes in working capital:				
Net changes in operating assets	3,349,297	(16,909,090)	6,893,967	(16,451,664)
Net changes in operating liabilities	5,849,799	11,335,587	2,408,623	10,649,435
Income taxes and zakat paid	(585,060)	(470,131)	(526,843)	(404,410)
Net cash generated from/(used in) operating activities	10,514,315	(3,612,798)	10,354,774	(4,037,947)
Cash flows from investing activities				
Net purchases of financial investments available-for-sale	(4,847,580)	(3,080,563)	(5,774,814)	(3,126,293)
Net purchases of financial investments held-to-maturity	(1,501,125)	(754,885)	(1,053,757)	(501,812)
Purchase of property and equipment	(340,157)	(191,524)	(165,400)	(166,102)
Net proceeds from sale of property and equipment	2,224	219,089	2,222	219,088
Purchase of intangible assets	(17,919)	(41,305)	(16,518)	(37,040)
Dividends received on financial investments available-for-sale	200,769	119,491	200,769	119,491
Investment in subsidiary company	-	-	(168,784)	-
Dividend from associated company	97,888	66,894	97,888	66,894
Dividend from joint venture	3,755	-	3,755	-
Dividends from subsidiary companies	-	-	103,940	110,093
Net cash used in investing activities	(6,402,145)	(3,662,803)	(6,770,699)	(3,315,681)
Cash flows from financing activities				
Dividends paid	(765,549)	(724,770)	(765,549)	(724,770)
Repayment of USD 300.0 million senior bonds	(1,241,100)	-	(1,241,100)	-
Repayment of Tier 2 subordinated loan	(2,200,000)	(250,000)	(2,200,000)	(250,000)
Repayment of non-innovative Tier 1 stapled securities	(1,400,000)	-	(1,400,000)	-
Net proceeds from issuance of rights issue	2,927,036	-	2,927,036	-
Purchase of treasury shares	(26,517)	(35,164)	(26,517)	(35,164)
Sale of treasury shares	-	66,621	-	66,621
Cash received from ESOS exercised	-	7,786	-	7,786
Interest paid on subordinated obligations	(248,533)	(269,410)	(248,714)	(269,630)
Interest paid on non-innovative Tier 1 stapled securities	(70,893)	(70,700)	(70,893)	(70,700)
Interest paid on innovative Tier 1 capital securities	(31,143)	(29,137)	(31,143)	(29,137)
Net cash used in financing activities	(3,056,699)	(1,304,774)	(3,056,880)	(1,304,994)
Net increase/(decrease) in cash and cash equivalents	1,055,471	(8,580,375)	527,195	(8,658,622)
Currency translation differences	188,210	97,869	158,280	1,219
Cash and cash equivalents at the beginning of financial year	6,230,283	14,712,789	4,972,372	13,629,775
Cash and cash equivalents at the end of financial year	7,473,964	6,230,283	5,657,847	4,972,372

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015.

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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 YEAR ENDED 30 JUNE 2016**

A1 Basis of preparation

The unaudited condensed financial statements for the financial year ended 30 June 2016 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad ("HLB" or "the Bank") for the financial year ended 30 June 2015. 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 2015.

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 2015.

Revised BNM Policy Document on Classification and Impairment Provisions for Loans/Financing

On 6 April 2015, BNM issued a revised Policy Document on Classification and Impairment Provisions for Loans/Financing. The issuance of this revised policy document has superseded two guidelines issued by BNM previously, namely Classification and Impairment Provisions for Loans/Financing dated 9 November 2011 and Classification and Impairment Provisions for Loans/Financing – Maintenance of Regulatory Reserves dated 4 February 2014. Some of the key changes introduced in the revised BNM Policy Document include classification of a loan/financing as impaired in BNM's Central Credit Reference Information System ("CCRIS") when the loan/financing is classified as rescheduled and restructured ("R&R") and reclassification of a R&R loan/financing from impaired to non-impaired when repayments based on revised and restructured terms have been observed continuously for a period of at least 6 months.

The requirements in this revised Policy Document are effective on 1 January 2015, except for the following:

- (i) the requirement to classify loans/financing as rescheduled and restructured in the Central Credit Reference Information System ("CCRIS") will be effective on or after 1 April 2015; and
- (ii) the requirement for a banking institution to maintain, in aggregate, collective impairment allowance and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance will be effective beginning 31 December 2015.

The Group and the Bank have complied to the requirements to classify rescheduled and restructured loans/financing as impaired in CCRIS. The regulatory reserve is maintained in addition to the collective impairment allowance required under the MFRS 139 Financial Instruments: Recognition and Measurement, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. The regulatory reserve is not qualified as Common Equity Tier 1 capital under BNM's Capital Adequacy Framework (Capital Components).

During the financial year, the Group and the Bank have transferred RM199.4 million and RM160.9 million respectively from its retained profits to regulatory reserves in accordance with BNM's requirements.

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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 year. 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 2015

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2015.

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 year

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

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 year ended 30 June 2016:

a) Share issuance

During the financial year ended 30 June 2016, the Bank increased its issued and paid-up capital from 1,879,909,100 to 2,167,718,284 via issuance of 287,809,184 new ordinary shares of RM1.00 each on the basis of 4 Rights Share for every 25 existing shares held by the Bank's entitled shareholders on 27 November 2015 at an issue price of RM10.40 per rights share ("Rights Issue"). The Rights Issue was completed on 28 December 2015.

b) Share Buy-back

There were no purchase of ordinary shares of RM1.00 each ('Shares') from the open market during the financial year ended 30 June 2016.

The total number of shares bought back, all of which were held as treasury shares as at 30 June 2016 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

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

c) Purchase of shares pursuant to ESOS

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

During the financial year ended 30 June 2016, the trust had purchased 2,027,100 shares between 7 July 2015 and 3 December 2015 with total costs of RM26.5 million. Pursuant to the Rights Issue exercise, the trust had subscribed for 5,762,900 shares at the issue price of RM10.40. As at 30 June 2016, the total number of Treasury Shares for ESOS was 41,162,900 at an average carrying value of RM7.37 per share.

On 2 April 2015, the Bank has granted the following conditional new incentive share options to eligible executives of the Bank and its subsidiary pursuant to the Bank's Executive Share Scheme (ESS):

- (i) Up to 37,550,000 share options at an exercise price of RM14.24.

The 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.

Arising from the completion of the Bank's Rights Issue on 28 December 2015, the exercise price for the share options granted on 2 April 2015 was adjusted from RM14.24 to RM13.77 and additional share options of 782,657 were allotted to the option holders, in accordance with the provisions of the bye-laws governing the ESS.

During the financial year ended 30 June 2016, a total of 15,317,911 share options lapsed arising from the resignation of some option holders.

d) Repayment of debt and equity securities

On 10 August 2015, the Bank had fully redeemed the RM700.0 million nominal value of Tier 2 Subordinated Notes bearing coupon rate of 4.85% per annum issued by the Bank on 10 August 2010.

On 30 December 2015, the Bank had fully redeemed the third tranche of RM500.0 million nominal value Subordinated Medium Term Notes bearing coupon rate of 4.75% per annum, which were previously issued by Promino Sdn Bhd and vested to the Bank on 1 July 2011.

On 17 March 2016, the Bank had fully redeemed the USD300.0 million Senior Bonds on its maturity date.

On 5 May 2016, the Bank had fully redeemed the RM1.0 billion nominal value of Tier 2 Subordinated Notes bearing coupon rate of 4.35% per annum issued by the Bank on 5 May 2011.

On 5 May 2016, the Bank had fully redeemed the RM1.4 billion Non-Innovative Tier 1 Stapled Securities bearing coupon rate of 5.05% per annum issued by the Bank on 5 May 2011.

A7 Dividends paid

A final single tier dividend of 26.0 sen per share in respect of financial year ended 30 June 2015 amounting to RM458.7 million was paid on 18 November 2015.

An interim single tier dividend of 15.0 sen per share in respect of financial year ended 30 June 2016 amounting to RM306.8 million was paid on 24 March 2016.

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A8 Financial assets held-for-trading

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Bank Negara Malaysia bills	-	383,325	-	383,325
Government treasury bills	119,332	78,632	119,332	78,632
Malaysian Government securities	103,737	67,769	103,737	67,769
Malaysian Government investment certificates	320,952	609,725	175,880	233,383
Bankers' acceptances and Islamic accepted bills	-	30,404	-	30,404
Negotiable instruments of deposit	3,836,858	5,328,784	3,786,977	5,697,230
Cagamas bonds	55,474	35,446	55,474	35,446
	<u>4,436,353</u>	<u>6,534,085</u>	<u>4,241,400</u>	<u>6,526,189</u>
Quoted securities:				
Shares outside Malaysia	1,804	3,394	1,804	3,394
Foreign currency bonds in Malaysia	488,718	375,822	488,718	375,822
Unquoted securities:				
Corporate bonds and sukuk	330,365	218,133	330,365	218,133
Foreign currency bonds in Malaysia	53,001	-	53,001	-
Total financial assets held-for-trading	<u><u>5,310,241</u></u>	<u><u>7,131,434</u></u>	<u><u>5,115,288</u></u>	<u><u>7,123,538</u></u>

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A9 Financial investments available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Government treasury bills	69,206	168,553	69,206	168,553
Malaysian Government securities	359,838	10,684	359,838	10,684
Malaysian Government investment certificates	3,516,462	3,461,207	2,589,817	1,836,986
Other Government securities	74,297	277,911	-	-
Cagamas bonds	1,004,303	886,276	792,060	704,900
Khazanah bonds	334,686	345,140	334,686	345,140
	<u>5,358,792</u>	<u>5,149,771</u>	<u>4,145,607</u>	<u>3,066,263</u>
Quoted Securities:				
Shares in Malaysia	-	16,225	-	16,225
Shares outside Malaysia	26	25	26	25
Wholesale fund	6,532,411	3,206,328	6,532,411	3,206,328
Foreign currency bonds in Malaysia	3,606,238	4,380,452	3,513,465	4,220,916
Foreign currency bonds outside Malaysia	1,954,369	1,452,826	1,954,369	1,452,826
Unquoted securities:				
Malaysian Government sukuk	820,552	-	789,745	-
Corporate bonds and sukuk	6,058,446	5,447,769	5,368,105	4,753,898
Shares in Malaysia	422,926	390,753	422,926	390,753
Shares outside Malaysia	4,402	4,134	4,402	4,134
Foreign currency bonds in Malaysia	1,125,156	259,070	1,125,156	259,070
Total financial investments available-for-sale	<u>25,883,318</u>	<u>20,307,353</u>	<u>23,856,212</u>	<u>17,370,438</u>

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A10 Financial investments held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Government treasury bills	54,922	-	54,922	-
Malaysian Government securities	3,322,664	2,952,499	3,322,664	2,952,499
Malaysian Government investment certificates	7,465,559	6,529,307	5,315,317	4,965,307
Cagamas bonds	30,356	30,454	20,128	20,127
Negotiable instruments of deposit	-	2,338	501,951	501,817
Other Government securities	395,513	335,159	298,163	124,456
	<u>11,269,014</u>	<u>9,849,757</u>	<u>9,513,145</u>	<u>8,564,206</u>
Unquoted securities in Malaysia:				
Loan stocks	48	49	48	49
Malaysian Government sukuk	470,220	-	460,039	-
Corporate bonds and sukuk	486	46,275	486	486
Redeemable preference shares	32,066	54,000	32,066	54,000
	<u>502,820</u>	<u>100,324</u>	<u>492,639</u>	<u>54,535</u>
Total financial investments held-to-maturity	<u><u>11,771,834</u></u>	<u><u>9,950,081</u></u>	<u><u>10,005,784</u></u>	<u><u>8,618,741</u></u>

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A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,857,485	4,005,025	3,550,226	3,787,272
Term loans/financing:				
- Housing and shop loans/financing	60,462,347	53,828,770	50,023,207	45,074,437
- Syndicated/term loans or financing	9,339,212	9,038,647	7,814,485	7,944,110
- Hire purchase receivables	18,682,098	18,099,246	15,163,055	14,631,741
- Other term loans/financing	8,232,653	8,676,463	6,406,492	7,151,025
Credit/charge card receivables	3,755,348	3,889,314	3,755,348	3,889,314
Bills receivable	1,107,690	1,166,833	1,083,449	1,155,997
Trust receipts	381,531	322,780	308,869	251,752
Claims on customers under acceptance credits	7,439,144	7,369,680	6,962,934	7,051,254
Block discounting	-	14	-	14
Revolving credit	6,757,003	6,549,079	5,406,314	5,301,689
Staff loans/financing	164,843	167,479	153,926	154,767
Other loans/financing	425,282	304,960	425,276	297,986
Gross loans, advances and financing	<u>120,604,636</u>	<u>113,418,290</u>	<u>101,053,581</u>	<u>96,691,358</u>
Unamortised fair value changes arising from terminated fair value hedges	(784)	(2,188)	26	547
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(856,057)	(969,033)	(714,272)	(822,488)
- Individual assessment allowance	(289,744)	(322,960)	(280,216)	(305,924)
Total net loans, advances and financing	<u>119,458,051</u>	<u>112,124,109</u>	<u>100,059,119</u>	<u>95,563,493</u>

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A11 Loans, advances and financing (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Domestic financial institutions	47	-	47	-
Domestic non-bank financial institutions	600,249	638,549	85,824	88,620
Domestic business enterprises:				
- small and medium enterprises	19,226,349	17,771,812	16,898,660	16,036,000
- others	16,882,388	18,372,803	14,205,786	15,997,698
Government and statutory bodies	24,804	24,448	13,029	12,473
Individuals	76,927,972	70,958,690	63,228,460	59,198,892
Other domestic entities	75,714	171,386	37,900	144,676
Foreign entities	6,867,113	5,480,602	6,583,875	5,212,999
Gross loans, advances and financing	<u>120,604,636</u>	<u>113,418,290</u>	<u>101,053,581</u>	<u>96,691,358</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Fixed rate:				
- Housing and shop loans/financing	2,604,333	2,738,194	1,534,310	1,658,497
- Hire purchase receivables	18,200,640	17,779,388	14,681,597	14,311,882
- Other fixed rate loan/financing	7,468,585	7,136,893	6,247,122	6,369,916
Variable rate:				
- Base rate/base lending rate plus	75,993,221	69,749,552	64,400,280	60,182,464
- Cost plus	15,950,281	15,694,860	14,190,272	14,168,599
- Other variables rates	387,576	319,403	-	-
Gross loans, advances and financing	<u>120,604,636</u>	<u>113,418,290</u>	<u>101,053,581</u>	<u>96,691,358</u>

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A11 Loans, advances and financing (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	517,518	704,762	511,065	694,801
Purchase of transport vehicles	18,445,557	18,020,496	14,875,758	14,509,560
Purchase of landed properties				
- residential	51,509,733	45,306,604	42,100,556	37,505,118
- non-residential	14,986,782	14,231,669	13,479,691	12,892,318
Purchase of fixed assets (excluding landed properties)	434,041	462,979	387,990	421,120
Personal use	3,766,429	3,523,573	3,031,505	2,945,941
Credit card	3,755,348	3,889,314	3,755,348	3,889,314
Purchase of consumer durables	387	418	387	418
Construction	1,386,003	1,257,882	1,157,355	1,049,262
Mergers and acquisition	233,364	258,988	233,364	258,988
Working capital	23,495,814	23,432,987	19,718,753	20,396,334
Other purpose	2,073,660	2,328,618	1,801,809	2,128,184
Gross loans, advances and financing	<u>120,604,636</u>	<u>113,418,290</u>	<u>101,053,581</u>	<u>96,691,358</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	114,977,964	109,283,009	96,340,452	93,141,474
Singapore	4,678,961	3,529,821	4,678,961	3,529,821
Hong Kong	34,168	20,063	34,168	20,063
Vietnam	387,576	319,403	-	-
Cambodia	525,967	265,994	-	-
Gross loans, advances and financing	<u>120,604,636</u>	<u>113,418,290</u>	<u>101,053,581</u>	<u>96,691,358</u>

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A11 Loans, advances and financing (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Within one year	26,924,890	26,333,378	24,539,703	24,248,429
One year to less than three years	5,370,116	6,246,939	4,373,344	5,138,963
Three years to less than five years	10,710,736	9,924,271	8,859,782	8,508,374
Five years and more	77,598,894	70,913,702	63,280,752	58,795,592
Gross loans, advances and financing	<u>120,604,636</u>	<u>113,418,290</u>	<u>101,053,581</u>	<u>96,691,358</u>

A11f Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	225	235	225	235
Purchase of transport vehicles	145,428	184,069	112,704	144,718
Purchase of landed properties				
- residential	233,092	207,232	164,739	148,743
- non-residential	99,145	46,190	96,437	43,695
Purchase of fixed assets (excluding landed properties)	22,872	34,188	21,623	32,943
Personal use	36,909	34,714	31,877	30,000
Credit card	44,308	42,907	44,308	42,907
Purchase of consumer durables	-	4	-	4
Construction	9,138	4,114	7,131	2,082
Working capital	346,555	365,444	338,767	348,978
Other purpose	18,907	28,863	18,757	28,495
Gross impaired loans, advances and financing	<u>956,579</u>	<u>947,960</u>	<u>836,568</u>	<u>822,800</u>

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A11 Loans, advances and financing (continued)

A11g Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	942,633	935,235	830,967	822,800
Singapore	5,601	-	5,601	-
Vietnam	8,345	12,725	-	-
Gross impaired loans, advances and financing	<u>956,579</u>	<u>947,960</u>	<u>836,568</u>	<u>822,800</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	947,960	1,231,735	822,800	1,025,115
Impaired during the financial year	1,572,186	1,525,359	1,322,139	1,275,080
Performing during the financial year	(798,443)	(792,443)	(638,653)	(637,758)
Amount written back in respect of recoveries	(338,843)	(480,590)	(289,007)	(403,171)
Amount written off	(426,479)	(541,798)	(380,388)	(436,696)
Exchange difference	198	5,697	(323)	230
At 30 June	<u>956,579</u>	<u>947,960</u>	<u>836,568</u>	<u>822,800</u>
Gross impaired loans as a % of gross loans, advances and financing	<u>0.8%</u>	<u>0.8%</u>	<u>0.8%</u>	<u>0.9%</u>

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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>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</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	969,033	1,076,604	822,488	922,286
Net allowances made during the financial year	263,656	213,457	227,755	189,171
Amount transferred to individual assessment	(109)	(94)	(109)	(94)
Amount written off	(365,615)	(310,003)	(326,899)	(279,587)
Unwinding income	(11,465)	(12,129)	(9,389)	(9,802)
Exchange difference	557	1,198	426	514
At 30 June	<u>856,057</u>	<u>969,033</u>	<u>714,272</u>	<u>822,488</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	322,960	511,453	305,924	433,037
Allowances made during the financial year	57,180	80,769	55,552	63,314
Amount transferred from collective assessment	109	94	109	94
Amount transferred to allowance for impairment losses on securities	(2,566)	(5,274)	(1,450)	(5,274)
Amount written back in respect of recoveries	(61,626)	(130,588)	(56,638)	(105,052)
Amount written off	(22,004)	(132,862)	(19,037)	(75,368)
Unwinding income	(4,404)	(5,360)	(4,203)	(5,057)
Exchange difference	95	4,728	(41)	230
At 30 June	<u>289,744</u>	<u>322,960</u>	<u>280,216</u>	<u>305,924</u>

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A12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Foreclosed properties	46	1,023	46	1,023
Sundry debtors and other prepayments	280,940	257,391	272,313	155,892
Treasury related receivables	629,659	429,244	459,522	429,244
Cash collateral pledged for derivative transactions	657,620	509,483	657,620	509,483
Other receivables	134,898	98,278	44,030	54,263
	<u>1,703,163</u>	<u>1,295,419</u>	<u>1,433,531</u>	<u>1,149,905</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Amortised cost				
Fixed deposits	84,718,710	77,791,311	72,777,468	67,159,273
Negotiable instruments of deposits	7,816,740	11,257,419	6,438,947	10,127,594
Short-term placements	16,438,300	13,145,658	13,452,725	12,295,104
	<u>108,973,750</u>	<u>102,194,388</u>	<u>92,669,140</u>	<u>89,581,971</u>
Demand deposits	20,603,371	20,065,136	17,673,888	17,553,946
Saving deposits	16,581,413	15,823,857	13,976,887	13,348,698
Others	943,461	640,821	910,078	630,045
	<u>147,101,995</u>	<u>138,724,202</u>	<u>125,229,993</u>	<u>121,114,660</u>
At fair value through profit and loss				
Callable range accrual notes, at cost	1,442,912	1,621,641	1,025,580	1,284,949
Fair value changes arising from designation at fair value through profit or loss *	(20,993)	(69,695)	(14,796)	(62,565)
	<u>1,421,919</u>	<u>1,551,946</u>	<u>1,010,784</u>	<u>1,222,384</u>
	<u>148,523,914</u>	<u>140,276,148</u>	<u>126,240,777</u>	<u>122,337,044</u>

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

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

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A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	2,017,632	3,011,265	1,301,940	2,127,107
Business enterprises	62,697,264	65,026,828	48,886,621	55,067,415
Individuals	81,353,056	70,162,288	73,853,739	63,216,735
Others	2,455,962	2,075,767	2,198,477	1,925,787
	<u>148,523,914</u>	<u>140,276,148</u>	<u>126,240,777</u>	<u>122,337,044</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>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within six months	89,121,480	78,595,826	74,496,461	68,010,495
More than six months to one year	16,791,342	21,105,271	15,132,505	19,165,497
More than one year to five years	3,043,015	2,493,291	3,022,261	2,405,979
More than five years	17,913	-	17,913	-
	<u>108,973,750</u>	<u>102,194,388</u>	<u>92,669,140</u>	<u>89,581,971</u>

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A14 Deposits and placements of banks and other financial institutions

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Licensed banks	6,201,230	6,389,746	5,813,633	6,133,109
Licensed investment banks	-	123,241	-	-
Licensed Islamic banks	-	49,004	-	-
Other financial institutions	-	534,240	-	-
	<u>6,201,230</u>	<u>7,096,231</u>	<u>5,813,633</u>	<u>6,133,109</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
- One year or less (short-term)	<u>6,201,230</u>	<u>7,096,231</u>	<u>5,813,633</u>	<u>6,133,109</u>

A15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Zakat	350	350	-	-
Post employment benefits obligation				
- defined contribution plan	291	288	291	288
Loan advance payment	2,641,139	2,268,769	2,140,340	1,845,747
Amount due to subsidiary companies	-	-	300,862	29,016
Treasury and cheque clearing	163,202	589,704	163,202	469,163
Treasury related payables	189,958	174,206	188,815	173,063
Sundry creditors and accruals	521,090	534,896	429,544	436,044
Provision for bonus and staff related expenses	109,074	93,525	104,106	89,442
Others	290,825	239,381	208,065	221,243
	<u>3,915,929</u>	<u>3,901,119</u>	<u>3,535,225</u>	<u>3,264,006</u>

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A16 Senior bonds

		<u>The Group and The Bank</u>	
	Note	<u>30/06/2016</u> <u>RM'000</u>	<u>30/06/2015</u> <u>RM'000</u>
USD 300 million senior bonds, at par	(a)	-	916,350
USD 300 million senior bonds, at par	(b)	919,200	919,200
Foreign exchange translations		290,550	435,750
		<u>1,209,750</u>	<u>2,271,300</u>
Add: Interest payable		7,561	19,401
		<u>1,217,311</u>	<u>2,290,701</u>
Less: Unamortised discounts		(1,668)	(4,321)
		<u><u>1,215,643</u></u>	<u><u>2,286,380</u></u>

- (a) On 17 March 2011, the Bank issued USD300.0 million in aggregate principal amount of Senior Bonds ("the Bonds"), which will mature in 2016. The Bonds bear interest at the rate of 3.75% is payable semi-annually. The Bonds were issued at a price of 99.761 per cent of the principal amount of the Bonds.

The Bonds will constitute direct, general, unsubordinated and (subject to the provisions of Negative Pledge Condition) unsecured obligations of the Bank which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Bank.

On 17 March 2016, the Bank had fully redeemed the Bonds of USD300.0 million on its maturity date.

- (b) 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>	
	Note	<u>30/06/2016</u> <u>RM'000</u>	<u>30/06/2015</u> <u>RM'000</u>	<u>30/06/2016</u> <u>RM'000</u>	<u>30/06/2015</u> <u>RM'000</u>
RM700 million Tier 2 subordinated debt, at par	(a)	-	700,000	-	700,000
Add: Interest payable		-	13,115	-	13,115
		<u>-</u>	<u>713,115</u>	<u>-</u>	<u>713,115</u>
Less: Unamortised discounts		-	(2)	-	(2)
		<u>-</u>	<u>713,113</u>	<u>-</u>	<u>713,113</u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	-	1,000,000	-	1,000,000
Add: Interest payable		-	6,793	-	6,793
		<u>-</u>	<u>1,006,793</u>	<u>-</u>	<u>1,006,793</u>
Less: Unamortised discounts		-	(124)	-	(124)
		<u>-</u>	<u>1,006,669</u>	<u>-</u>	<u>1,006,669</u>

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A17 Tier 2 subordinated bonds (continued)

		<u>The Group</u>		<u>The Bank</u>	
		<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>	<u>30/06/2015</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Subordinated medium term notes, at par	(c)	-	500,000	-	500,000
Add: Interest payable		-	65	-	65
		-	500,065	-	500,065
Less: Unamortised discounts		-	(350)	-	(350)
Fair value adjustments on completion of business combination accounting		-	(147)	-	(147)
		-	499,568	-	499,568
RM1.5 billion Tier 2 subordinated debt, at par	(d)	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable		1,480	1,664	1,480	1,664
		1,501,480	1,501,664	1,501,480	1,501,664
Less: Unamortised discounts		(589)	(1,027)	(589)	(1,027)
		1,500,891	1,500,637	1,500,891	1,500,637
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(e)	400,000	400,000	-	-
Add: Profit payable		736	736	-	-
		400,736	400,736	-	-
Less: Unamortised discounts		(254)	(431)	-	-
		400,482	400,305	-	-
RM500 million Tier 2 subordinated notes, at par	(f)	500,000	500,000	500,000	500,000
Add: Interest payable		526	526	526	526
		500,526	500,526	500,526	500,526
Less: Unamortised discounts		(577)	(1,006)	(577)	(1,006)
		499,949	499,520	499,949	499,520
		<u>2,401,322</u>	<u>4,619,812</u>	<u>2,000,840</u>	<u>4,219,507</u>

(a) On 10 August 2010, HLB had completed the first issuance of RM700.0 million nominal value of Tier 2 Subordinated Debt ("Sub Debt") out of its RM1.7 billion Tier 2 Subordinated Notes Programme. The RM700.0 million Sub Debt will mature in 2020 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Sub Debt which bears interest of 4.85% per annum is payable semi-annually in arrears.

The Sub Debt constitute unsecured liabilities of 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.

On 10 August 2015, HLB had fully redeemed the RM700.0 million nominal value of this Sub Debt.

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A17 Tier 2 subordinated bonds (continued)

- (b) On 5 May 2011, HLB issued the remaining RM1.0 billion nominal value of Sub Debt which will mature in 2021 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The second issuance of Sub Debt bears interest at the rate of 4.35% per annum and is payable semi-annually in arrears.

The Sub Debt constitute unsecured liabilities of 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.

On 5 May 2016, HLB had fully redeemed the RM1.0 billion nominal value of this Sub Debt.

- (c) On 27 February 2009, Promino Sdn Bhd ("Promino"), a wholly owned subsidiary of the Bank, has successfully issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should Promino decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

Subsequently, on 2 December 2009, Promino issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should Promino decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

Subsequently, on 30 December 2010, Promino issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should Promino decide not to exercise its call option on the fifth (5) year from the issue date, or at each anniversary date thereafter, the coupon rate of this third tranche will be remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

On 1 July 2011, the above Subordinated MTN was vested to HLB. The above tranches of Subordinated MTNs constitute unsecured liabilities of HLB and are subordinated to all deposit liabilities and all other liabilities except those liabilities, which by their terms, rank equally in rights of payment with the Subordinated MTNs. The Subordinated MTNs qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

On 27 February 2014, HLB had fully redeemed the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years subordinated MTNs bearing coupon rate of 5.75% per annum.

On 2 December 2014, HLB had fully redeemed the second tranche of RM250.0 million nominal value of the 10 non-callable 5 years subordinated MTNs bearing coupon rate of 5.75% per annum.

On 30 December 2015, HLB had fully redeemed the third tranche of RM500.0 million nominal value of the 10 non-callable 5 years subordinated MTNs bearing coupon rate of 4.75% per annum.

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A17 Tier 2 subordinated bonds (continued)

- (d) 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.

- (e) 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.

- (f) 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.

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A18 Non-innovative Tier 1 stapled securities

	<u>The Group and The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>
RM1.4 billion Non-Innovative Tier 1 Stapled Securities, at par	-	1,400,000
Add: Interest payable	-	11,040
	-	1,411,040
Less: Unamortised discounts	-	(171)
	-	1,410,869

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

The NIT-1 Stapled Securities constitute unsecured liabilities of 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 1 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

On 5 May 2016, HLB had fully redeemed the RM1.4 billion NIT-1 Stapled Securities.

A19 Innovative Tier 1 capital securities

	<u>The Group and The Bank</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>
RM500 million Innovative Tier 1 capital securities, at par	500,000	500,000
Add: Interest payable	12,771	12,771
	512,771	512,771
Less: Unamortised discounts	(5,858)	(7,367)
Fair value adjustments on completion of business combination accounting	14,599	24,819
	521,512	530,223

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

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

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

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A20 Borrowings

	<u>The Group</u>	
	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>RM'000</u>	<u>RM'000</u>
Secured		
Bridging loan	284,730	-
Term loan	100,000	-
	<u>384,730</u>	<u>-</u>

The borrowings are part of the net assets of a subsidiary, DC Tower Sdn Bhd ("DCT"), that was acquired during the financial year.

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.

The bridging loan is repayable over the periods from years 2018 to 2022 and bears interest rates ranging from 4.49% to 4.54% per annum during the financial year.

The term loan is repayable in year 2020 and bears interest at rates ranging from 4.49% to 5.02% per annum during the financial year.

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A21 Interest income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loan, advances and financing	1,166,997	1,128,925	4,644,584	4,410,482
Money at call and deposit placements with financial institutions	38,587	43,355	183,034	257,445
Securities purchased under resale agreements	27,292	91,338	145,767	218,068
Financial assets held-for-trading	114,829	110,553	515,881	536,960
Financial investments available-for-sale	135,862	100,623	502,737	418,380
Financial investments held-to-maturity	83,362	68,429	311,041	262,819
Others	120	61	418	315
	<u>1,567,049</u>	<u>1,543,284</u>	<u>6,303,462</u>	<u>6,104,469</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>13,254</u>	<u>13,561</u>	<u>49,997</u>	<u>58,180</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loan, advances and financing	1,149,697	1,118,116	4,583,409	4,372,625
Money at call and deposit placements with financial institutions	35,420	43,883	175,119	263,384
Securities purchased under resale agreements	27,292	91,338	145,767	218,068
Financial assets held-for-trading	116,250	113,735	543,834	547,630
Financial investments available-for-sale	134,933	96,942	497,932	395,205
Financial investments held-to-maturity	86,913	70,385	323,699	272,830
Others	88	53	356	297
	<u>1,550,593</u>	<u>1,534,452</u>	<u>6,270,116</u>	<u>6,070,039</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>13,254</u>	<u>13,561</u>	<u>49,997</u>	<u>58,180</u>

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A22 Interest expense

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	16,470	16,217	73,163	66,491
Deposits from customers	751,153	705,058	2,953,038	2,683,217
Short-term placements	84,365	70,499	307,746	232,673
Senior bonds	9,876	19,484	75,082	74,259
Tier 2 subordinated bonds	27,060	49,020	145,627	202,140
Non-innovative Tier 1 stapled securities	6,588	17,738	60,024	71,317
Innovative Tier 1 capital securities	8,312	7,876	32,652	30,516
Others	293	225	1,046	2,660
	<u>904,117</u>	<u>886,117</u>	<u>3,648,378</u>	<u>3,363,273</u>
	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	17,251	17,860	79,181	71,420
Deposits from customers	748,042	708,336	2,972,411	2,696,652
Short-term placements	84,365	70,499	307,746	232,673
Senior bonds	9,876	19,484	75,082	74,259
Tier 2 subordinated bonds	27,059	49,019	145,631	202,133
Non-innovative Tier 1 stapled securities	6,588	17,738	60,024	71,317
Innovative Tier 1 capital securities	8,312	7,876	32,652	30,516
Others	293	225	1,046	2,660
	<u>901,786</u>	<u>891,037</u>	<u>3,673,773</u>	<u>3,381,630</u>

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A23 Net income from Islamic Banking business

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	250,854	229,153	986,299	903,576
of which Finance income	247,846	228,631	978,017	897,446
of which other operating income	3,008	522	8,282	6,130
Income derived from investment of shareholders' funds	37,000	28,178	124,306	92,445
of which Finance income	30,087	19,882	85,045	78,038
of which other operating income	6,913	8,296	39,261	14,407
Income attributable to depositors	(166,708)	(152,536)	(643,139)	(576,263)
	<u>121,146</u>	<u>104,795</u>	<u>467,466</u>	<u>419,758</u>

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A24 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
<u>Group</u>				
(a) <u>Fee income:</u>				
Commissions	37,106	38,806	147,595	157,092
Service charges and fees	12,825	11,566	51,963	48,501
Guarantee fees	4,457	4,772	17,167	19,871
Credit card related fees	71,951	54,492	256,917	234,464
Corporate advisory fees	248	142	1,009	2,372
Commitment fees	8,376	8,745	34,624	35,174
Fee on loans, advances and financing	14,503	8,543	56,624	52,654
Other fee income	9,103	16,919	50,836	50,616
	<u>158,569</u>	<u>143,985</u>	<u>616,735</u>	<u>600,744</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading	16,358	5,257	38,521	29,847
Net (loss)/gain from sale of derivative financial instruments	(7,203)	15,036	(2,149)	81
Net gain from sale of financial investments available-for-sale	53,608	22,515	90,339	111,345
Net gain from redemption of financial investments held-to-maturity	-	20	31	350
	<u>62,763</u>	<u>42,828</u>	<u>126,742</u>	<u>141,623</u>
(c) <u>Gross dividend income from:</u>				
Financial investments available-for-sale	<u>68,203</u>	<u>34,598</u>	<u>200,769</u>	<u>119,491</u>

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A24 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
(d) <u>Net unrealised loss on revaluation of:</u>				
- Financial assets held-for-trading	(16,510)	(3,682)	2,728	(463)
- Derivatives financial instruments	4,515	(5,897)	(62,114)	(38,352)
	<u>(11,995)</u>	<u>(9,579)</u>	<u>(59,386)</u>	<u>(38,815)</u>
(e) <u>Amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(42)</u>	<u>(355)</u>	<u>(519)</u>	<u>(3,279)</u>
(f) <u>Other income:</u>				
Foreign exchange gain/(loss)	12,806	17,501	150,835	12,717
Rental income	937	1,429	3,798	5,511
Gain on disposal of property and equipment	9	44,604	1,266	50,695
Other non-operating income	3,555	3,862	15,072	17,307
	<u>17,307</u>	<u>67,396</u>	<u>170,971</u>	<u>86,230</u>
Total other operating income	<u>294,805</u>	<u>278,873</u>	<u>1,055,312</u>	<u>905,994</u>

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A24 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	36,786	38,545	146,419	156,091
Service charges and fees	12,715	11,489	51,527	48,162
Guarantee fees	4,394	4,721	17,052	19,736
Credit card related fees	71,951	54,492	256,917	234,464
Corporate advisory fees	248	142	1,009	2,372
Commitment fees	8,280	8,701	34,303	35,056
Fee on loans, advances and financing	13,928	8,105	54,026	51,192
Other fee income	9,091	16,881	50,761	50,450
	<u>157,393</u>	<u>143,076</u>	<u>612,014</u>	<u>597,523</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading	16,358	5,257	38,521	29,847
Net (loss)/gain from sale of derivative financial instruments	(7,203)	15,036	(2,149)	81
Net gain from sale of financial investments available-for-sale	53,608	21,503	90,339	101,692
Net gain from redemption of financial investments held-to-maturity	-	20	31	350
	<u>62,763</u>	<u>41,816</u>	<u>126,742</u>	<u>131,970</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	103,940	110,093
Associated company	-	-	134,143	91,669
Investment in joint venture	-	-	5,145	-
Financial investments available-for-sale	68,203	34,598	200,769	119,491
	<u>68,203</u>	<u>34,598</u>	<u>443,997</u>	<u>321,253</u>

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A24 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
(d) <u>Net unrealised loss on revaluation of:</u>				
- Financial assets held-for-trading	(16,510)	(3,682)	2,728	(463)
- Derivatives financial instruments	4,515	(5,897)	(62,114)	(38,352)
	<u>(11,995)</u>	<u>(9,579)</u>	<u>(59,386)</u>	<u>(38,815)</u>
(e) <u>Amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(42)</u>	<u>(345)</u>	<u>(519)</u>	<u>(2,886)</u>
(f) <u>Other income:</u>				
Foreign exchange gain/(loss)	12,409	17,595	149,694	13,474
Rental income	937	1,429	3,798	5,511
Gain on disposal of property and equipment	9	44,604	1,266	50,695
Other non-operating income	3,486	3,751	14,853	17,171
	<u>16,841</u>	<u>67,379</u>	<u>169,611</u>	<u>86,851</u>
Total other operating income	<u>293,163</u>	<u>276,945</u>	<u>1,292,459</u>	<u>1,095,896</u>

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A25 Other operating expenses

	4th Quarter Ended		Cumulative Twelve Months Ended	
<u>Group</u>	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	255,876	244,628	960,308	939,976
- Mutual separation scheme ("MSS") *	406	-	172,064	-
- Medical expenses	8,986	7,033	30,986	26,804
- Training and convention expenses	8,059	3,257	33,498	11,763
- Staff welfare	859	1,764	7,177	8,745
- Others	4,787	4,759	28,578	24,260
	<u>278,973</u>	<u>261,441</u>	<u>1,232,611</u>	<u>1,011,548</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	25,213	18,287	83,512	70,819
- Amortisation of intangible assets	18,306	17,681	72,838	69,487
- Rental of premises	20,969	20,146	84,129	78,772
- Information technology expenses	23,832	28,765	110,367	111,449
- Security services	8,079	6,205	27,686	26,177
- Electricity, water and sewerage	8,640	5,798	26,329	23,870
- Hire of plant and machinery	3,496	3,495	15,409	13,841
- Others	4,045	5,691	18,147	22,979
	<u>112,580</u>	<u>106,068</u>	<u>438,417</u>	<u>417,394</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	1,593	11,195	27,139	33,229
- Credit card related fees	28,894	25,568	119,434	112,590
- Others	4,152	4,530	15,826	15,621
	<u>34,639</u>	<u>41,293</u>	<u>162,399</u>	<u>161,440</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,690	3,727	12,979	14,499
- Stationery and printing expenses	3,792	4,585	16,664	18,271
- Professional fees	22,264	20,553	75,605	70,342
- Insurance fees	9,408	7,794	38,124	35,567
- Stamp, postage and courier	6,352	4,902	20,892	20,585
- Travelling and transport expenses	1,294	1,418	4,791	6,131
- Registration and license fees	2,226	2,071	8,707	6,564
- Brokerage and commission	1,819	1,521	6,723	6,710
- Credit card fees	8,874	8,010	36,327	31,822
- Others	7,944	7,599	32,561	12,986
	<u>67,663</u>	<u>62,180</u>	<u>253,373</u>	<u>223,477</u>
	<u>493,855</u>	<u>470,982</u>	<u>2,086,800</u>	<u>1,813,859</u>

* Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad had implemented a MSS as part of its move to strengthen operational efficiencies. This scheme was offered to all permanent staff at all levels, functions and locations on a voluntary basis, which will create an opportunity for both the Bank and employees to gain mutual benefits.

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A25 Other operating expenses (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	215,041	207,247	805,139	787,268
- Mutual separation scheme ("MSS") *	86	-	167,160	-
- Medical expenses	7,775	5,918	26,482	22,579
- Training and convention expenses	7,151	3,273	29,912	10,959
- Staff welfare	582	1,489	6,025	7,419
- Others	3,597	3,475	23,025	19,875
	<u>234,232</u>	<u>221,402</u>	<u>1,057,743</u>	<u>848,100</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	23,778	17,049	77,617	66,691
- Amortisation of intangible assets	17,410	17,011	69,148	66,693
- Rental of premises	17,412	16,521	70,020	64,883
- Information technology expenses	20,528	25,777	100,071	101,046
- Security services	6,636	4,940	22,422	21,077
- Electricity, water and sewerage	7,512	5,037	22,935	20,659
- Hire of plant and machinery	3,331	3,254	14,704	12,762
- Others	271	2,063	4,713	8,612
	<u>96,878</u>	<u>91,652</u>	<u>381,630</u>	<u>362,423</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	858	10,234	23,875	29,405
- Credit card related fees	28,894	25,568	119,434	112,590
- Others	3,391	3,735	13,107	13,427
	<u>33,143</u>	<u>39,537</u>	<u>156,416</u>	<u>155,422</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,587	3,669	12,584	14,190
- Stationery and printing expenses	3,635	4,517	16,071	17,653
- Professional fees	21,518	20,284	73,187	68,289
- Insurance fees	8,371	7,765	34,205	31,537
- Stamp, postage and courier	6,203	4,831	20,582	20,371
- Travelling and transport expenses	1,014	1,117	3,682	4,863
- Registration and license fees	1,996	1,814	7,759	5,923
- Brokerage and commission	921	1,122	3,945	5,250
- Credit card fees	8,874	8,010	36,327	31,822
- Others	8,324	8,269	31,583	16,438
	<u>64,443</u>	<u>61,398</u>	<u>239,925</u>	<u>216,336</u>
	<u>428,696</u>	<u>413,989</u>	<u>1,835,714</u>	<u>1,582,281</u>

* Hong Leong Bank Berhad had implemented a MSS as part of its move to strengthen operational efficiencies. This scheme was offered to all permanent staff at all levels, functions and locations on a voluntary basis, which will create an opportunity for both the Bank and employees to gain mutual benefits.

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A26 Allowance for/(write back of) impairment losses on loans, advances and financing

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	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	(3,294)	59,539	263,656	213,457
- individual assessment allowance	10,738	14,532	(4,446)	(49,819)
Impaired loans and financing:				
- written off	5,232	5,344	22,054	45,617
- recovered from bad debt written off	(64,033)	(55,849)	(228,658)	(261,184)
	<u>(51,357)</u>	<u>23,566</u>	<u>52,606</u>	<u>(51,929)</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	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	(3,315)	50,397	227,755	189,171
- individual assessment allowance	10,682	14,645	(1,086)	(41,738)
Impaired loans and financing:				
- written off	4,750	3,770	17,482	35,290
- recovered from bad debt written off	(57,683)	(50,624)	(206,088)	(236,428)
	<u>(45,566)</u>	<u>18,188</u>	<u>38,063</u>	<u>(53,705)</u>

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A27 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 Year Ended	Financial Year Ended	Financial Year Ended	Financial Year Ended
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Before deducting proposed dividends				
CET I capital ratio	13.176%	11.147%	12.493%	9.861%
Tier I capital ratio	13.577%	12.297%	12.961%	11.179%
Total capital ratio	<u>15.104%</u>	<u>14.715%</u>	<u>14.858%</u>	<u>14.226%</u>
After deducting proposed dividends				
CET I capital ratio	12.745%	10.750%	11.991%	9.406%
Tier I capital ratio	13.146%	11.900%	12.458%	10.724%
Total capital ratio	<u>14.673%</u>	<u>14.318%</u>	<u>14.355%</u>	<u>13.771%</u>

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A27 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 Year Ended 30/06/2016 RM'000	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2016 RM'000	Financial Year Ended 30/06/2015 RM'000
CET I capital				
Paid-up share capital	2,167,718	1,879,909	2,167,718	1,879,909
Share premium	5,571,345	2,872,183	5,571,345	2,872,183
Retained profits	8,412,365	7,819,514	6,035,024	5,653,204
Other reserves	4,939,875	4,363,914	3,727,869	3,219,396
Less: Treasury shares	(735,040)	(648,588)	(735,040)	(648,588)
Less: Deferred tax assets	(3,957)	-	-	-
Less: Other intangible assets	(264,766)	(318,107)	(246,784)	(302,801)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less : Investment in subsidiary companies/ associated company/joint venture	(1,993,586)	(1,242,626)	(1,531,798)	(952,672)
Total CET I capital	16,262,642	12,894,887	13,216,787	9,949,084
Additional Tier I capital				
Non-innovative Tier I stapled securities	-	980,000	-	980,000
Innovative Tier I capital securities	494,142	350,000	494,142	350,000
Total additional Tier I capital	494,142	1,330,000	494,142	1,330,000
Total Tier I capital	16,756,784	14,224,887	13,710,929	11,279,084
Tier II capital				
Collective assessment allowance ^ and regulatory reserves #	1,214,681	1,109,877	1,029,079	951,123
Subordinated bonds	1,999,411	3,552,000	1,999,411	3,552,000
Tier II capital before regulatory adjustments	3,214,092	4,661,877	3,028,490	4,503,123
Less : Investment in subsidiary companies/ associated company/joint venture	(1,329,057)	(1,863,940)	(1,021,198)	(1,429,008)
Total Tier II capital	1,885,035	2,797,937	2,007,292	3,074,115
Total capital	18,641,819	17,022,824	15,718,221	14,353,199

^ 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 RM587,527,000 (2015: RM388,112,000) and RM495,008,000 (2015: RM334,138,000) respectively.

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A27 Capital adequacy (continued)

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

	The Group		The Bank	
	Financial Year Ended 30/06/2016 RM'000	Financial Year Ended 30/06/2015 RM'000	Financial Year Ended 30/06/2016 RM'000	Financial Year Ended 30/06/2015 RM'000
Credit risk	111,838,090	105,009,787	95,233,431	91,202,163
Market risk	3,951,986	3,052,311	3,857,577	3,065,215
Operational risk	7,633,295	7,620,076	6,698,869	6,627,632
Total RWA	123,423,371	115,682,174	105,789,877	100,895,010

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

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	Financial Year Ended 30/06/2016	Financial Year Ended 30/06/2015
Before deducting proposed dividends		
CET I capital ratio	10.383%	11.323%
Tier I capital ratio	10.383%	11.323%
Total capital ratio	13.855%	15.240%
After deducting proposed dividends		
CET I capital ratio	10.383%	11.253%
Tier I capital ratio	10.383%	11.253%
Total capital ratio	13.855%	15.170%

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A28 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 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 30/06/2016

	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	613,035	123,538	359,286	58,224	(75,336)	136	1,078,883
Inter-segment revenue	(14,969)	111,794	(183,972)	-	87,147	-	-
Segment revenue	598,066	235,332	175,314	58,224	11,811	136	1,078,883
Segment profit before taxation	347,627	150,936	148,642	12,531	(21,069)	426	639,093
Share of profit after tax of equity accounted associated company				79,083			79,083
Share of profit after tax of equity accounted joint venture				6,237			6,237
Profit before taxation							724,413
Taxation							(165,869)
Profit after taxation							558,544

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A28 Group segmental reporting on revenue, profit and assets (continued)

Financial year ended 30/06/2016

	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	2,568,774	456,826	1,358,805	218,177	(182,079)	(242,641)	4,177,862
Inter-segment revenue	(218,444)	493,542	(749,448)	-	474,350	-	-
Segment revenue	2,350,330	950,368	609,357	218,177	292,271	(242,641)	4,177,862
Segment profit before taxation	995,000	684,048	504,634	24,788	81,826	(242,002)	2,048,294
Share of profit after tax of equity accounted associated company				312,178			312,178
Share of profit after tax of equity accounted joint venture				21,227			21,227
Profit before taxation							2,381,699
Taxation							(478,282)
Profit after taxation							1,903,417
Segment assets	83,495,783	30,868,878	55,173,253	11,250,947	-	-	180,788,861
Unallocated assets							9,039,354
Total assets							189,828,215

Corresponding quarter ended 30/06/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	622,689	118,493	321,063	46,170	(68,987)	1,407	1,040,835
Inter-segment revenue	(52,006)	98,046	(179,094)	-	133,054	-	-
Segment revenue	570,683	216,539	141,969	46,170	64,067	1,407	1,040,835
Segment profit before taxation	255,084	148,462	119,426	(821)	32,532	1,505	556,188
Share of profit after tax of equity accounted associated company				111,471			111,471
Share of profit after tax of equity accounted joint venture				4,846			4,846
Profit before taxation							672,505
Taxation							(57,654)
Profit after taxation							614,851

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A28 Group segmental reporting on revenue, profit and assets (continued)

Corresponding financial year ended 30/06/2015

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	2,539,832	487,640	1,272,474	191,446	(227,681)	(196,763)	4,066,948
Inter-segment revenue	(163,238)	409,241	(775,398)	-	529,395	-	-
Segment revenue	<u>2,376,594</u>	<u>896,881</u>	<u>497,076</u>	<u>191,446</u>	<u>301,714</u>	<u>(196,763)</u>	<u>4,066,948</u>
Segment profit before taxation	1,084,981	785,422	403,230	4,030	247,137	(196,320)	2,328,480
Share of profit after tax of equity accounted associated company				401,277			401,277
Share of profit after tax of equity accounted joint venture				16,401			16,401
Profit before taxation							<u>2,746,158</u>
Taxation							<u>(512,971)</u>
Profit after taxation							<u>2,233,187</u>
Segment assets	77,317,312	31,191,829	56,337,222	10,234,054	-	-	175,080,417
Unallocated assets							8,939,318
Total assets							<u>184,019,735</u>

A29 Property and equipment

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

A30(a) Material events subsequent to the end of the reporting year

There are no material events subsequent to the end of the financial year ended 30 June 2016.

A30(b) Changes in the composition of the Group

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

- (i) Promitol Sdn Bhd, a wholly-owned subsidiary of the Bank, was dissolved on 29 July 2015.
- (ii) The Bank had on 29 June 2016 completed the acquisition of the entire issued and paid-up share capital of DCT from Hong Leong Real Estate Holdings Sdn Bhd. Accordingly, DCT had become a wholly-owned subsidiary of the Bank on the event date.
- (iii) On 15 July 2016, the Bank announced that the liquidators of Wah Tat Nominees (Tempatan) Sdn Bhd ("Wah Tat Nominees (Tempatan)") had convened the final meeting for Wah Tat Nominees (Tempatan) to conclude the member's voluntary winding-up of Wah Tat Nominees (Tempatan). The Return by Liquidator Relating to Final Meeting of Wah Tat Nominees (Tempatan) was lodged on 15 July 2016 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 (Tempatan) will be dissolved.

Wah Tat Nominees (Tempatan) 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.

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A31 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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Principal Amount				
Direct credit substitutes	120,678	212,983	116,441	211,578
Certain transaction related contingent items	1,621,014	1,606,465	1,519,689	1,508,972
Short-term self liquidating trade related contingencies	766,350	755,587	737,179	741,482
Irrevocable commitments to extend credit:				
- maturity more than one year	16,125,180	18,158,775	12,612,922	14,680,331
- maturity less than one year	17,512,946	17,262,934	15,734,240	15,610,783
Foreign exchange related contracts:				
- less than one year	27,999,735	31,118,946	27,144,612	30,203,845
- one year to less than five years	4,950,940	4,409,157	4,950,940	4,409,157
- five years and above	846,826	819,693	846,826	819,693
Interest rate related contracts:				
- less than one year	33,951,130	21,887,447	33,981,130	21,857,447
- one year to less than five years	36,296,189	42,671,138	36,461,189	42,386,138
- five years and above	1,877,411	2,129,631	1,877,411	2,129,631
Equity related contracts:				
- less than one year	291,457	360,330	291,457	360,330
- one year to less than five years	212,299	102,937	212,299	102,937
Commodity related contracts:				
- less than one year	4,949	1,471	4,949	1,471
- one year to less than five years	-	3,826	-	3,826
Unutilised credit card lines	7,503,020	7,426,036	7,503,020	7,426,036
Total	150,080,124	148,927,356	143,994,304	142,453,657

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A32 Related party transactions

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

(a) Connected parties exposures

	The Group		The Bank	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposures with connected parties	2,451,812	5,341,771	2,388,949	5,129,116
Outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	1.78%	4.04%	2.06%	4.52%
Outstanding credit exposures with connected parties which is non-performing or in default as a proportion of total credit exposures (%)	0.0002%	0.0004%	0.0002%	0.0004%

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A33 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.

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A33 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 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	-	4,436,353	-	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 Liability</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				
Financial Year Ended 30/06/2015				
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	-	6,534,085	-	6,534,085
- Quoted Securities	379,216	-	-	379,216
- Unquoted Securities	-	218,133	-	218,133
Financial investments available-for-sale				
- Money market instrument	-	5,149,771	-	5,149,771
- Quoted Securities	9,055,856	-	-	9,055,856
- Unquoted Securities	-	5,706,839	394,887	6,101,726
Derivative financial instruments	42	1,417,935	6,952	1,424,929
	<u>9,435,114</u>	<u>19,026,763</u>	<u>401,839</u>	<u>28,863,716</u>
<u>Financial Liability</u>				
Derivative financial instruments	2,959	1,277,815	6,952	1,287,726
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,551,946	-	1,551,946
	<u>2,959</u>	<u>2,829,761</u>	<u>6,952</u>	<u>2,839,672</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 year (2015: RM Nil).

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A33 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 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 Liability</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>
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets held-for-trading				
- Money market instrument	-	6,526,189	-	6,526,189
- Quoted Securities	379,216	-	-	379,216
- Unquoted Securities	-	218,133	-	218,133
Financial investments available-for-sale				
- Money market instrument	-	3,066,263	-	3,066,263
- Quoted Securities	8,896,320	-	-	8,896,320
- Unquoted Securities	-	5,012,968	394,887	5,407,855
Derivative financial instruments	42	1,414,577	6,952	1,421,571
	<u>9,275,578</u>	<u>16,238,130</u>	<u>401,839</u>	<u>25,915,547</u>
<u>Financial Liability</u>				
Derivative financial instruments	2,959	1,259,983	6,952	1,269,894
Financial liabilities designated at fair value				
- Callable range accrual notes	-	1,222,384	-	1,222,384
	<u>2,959</u>	<u>2,482,367</u>	<u>6,952</u>	<u>2,492,278</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 year (2015: RM Nil).

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A33 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 RM'000	Derivative financial instruments RM'000	Liability Derivative financial instruments 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 RM'000	Derivative financial instruments RM'000	Liability Derivative financial instruments 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>

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A33 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	Financial Assets		Financial
	Financial	Derivative	Liability
2015	investments	financial	Derivative
	available-for-sale	instruments	financial
	RM'000	RM'000	instruments
			RM'000
At 1 July	367,316	-	-
Fair value changes recognised in statements of income	-	(480)	(480)
Net fair value changes recognised in other comprehensive income	27,596	-	-
Purchases	-	7,432	7,432
Disposal	(25)	-	-
At 30 June	<u>394,887</u>	<u>6,952</u>	<u>6,952</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2015	<u>-</u>	<u>(480)</u>	<u>(480)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2015	<u>27,596</u>	<u>-</u>	<u>-</u>
The Bank	Financial Assets		Financial
	Financial	Derivative	Liability
2015	investments	financial	Derivative
	available-for-sale	instruments	financial
	RM'000	RM'000	instruments
			RM'000
At 1 July	367,269	-	-
Fair value changes recognised in statements of income	-	(480)	(480)
Net fair value changes recognised in other comprehensive income	27,618	-	-
Purchases	-	7,432	7,432
At 30 June	<u>394,887</u>	<u>6,952</u>	<u>6,952</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2015	<u>-</u>	<u>(480)</u>	<u>(480)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2015	<u>27,618</u>	<u>-</u>	<u>-</u>

A34 Liquidity risk

Please refer to Appendix A.

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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 RM724.4 million for the current financial quarter ended 30 June 2016, an increase of RM51.9 million or 7.7% as compared to previous year corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM38.1 million and higher write back on allowance for impairment losses on loans, advances and financing of RM74.9 million. This is however mitigated by higher operating expenses of RM22.9 million, lower write back of impairment losses from securities of RM7.2 million and lower share of profit from associated company of RM32.4 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 RM347.6 million for the fourth quarter ended 30 June 2016 as compared to previous corresponding quarter of RM255.1 million. The increase in pre-tax profit was mainly contributed by higher total income and higher allowance for impairment on loans, advances and financing written back, offset by higher operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM150.9 million for the fourth quarter ended 30 June 2016 as compared to previous corresponding quarter of RM148.5 million. Higher pre-tax profit was mainly due to higher total income, offset by higher operating expenses, higher allowance for impairment on loans, advances and financing and lower write back of impairment losses.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM148.6 million for the fourth quarter ended 30 June 2016 as compared to previous corresponding quarter of RM119.4 million. The increase in pre-tax profit was due to higher total income, offset by higher operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM97.9 million for the fourth quarter ended 30 June 2016 as compared to previous corresponding quarter of RM115.5 million. The decline in performance was mainly contributed by lower share of profit from associated company in China as they have experienced a series of an unanticipated lending rates cut by their Central Bank and increase in impairment provisioning, eroding their profit.

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B1 Review of performance (continued)

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

The Group pre-tax profit for the financial year ended 30 June 2016 stood at RM2,381.7 million, a decrease of RM364.5 million or 13.3% as compared to RM2,746.2 million in the previous financial year. The decrease was mainly due to higher operating expenses of RM273.0 million, higher charge on allowance for impairment losses on loans, advances and financing of RM104.5 million, lower write back of impairment losses from securities of RM13.6 million coupled with lower share of profit from associated company of RM89.1 million. This is however mitigated by higher net income of RM110.9 million and higher share of profit from joint venture of RM4.8 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 RM995.0 million for the financial year ended 30 June 2016 as compared to previous financial year of RM1,085.0 million. Lower pre-tax profit mainly arising from lower total income and higher operating expenses, mitigated by lower allowances for impairment on loans, advances and financing.

Personal Financial Services's loan base grew from RM76.9 billion in June 2015 to RM83.1 billion in June 2016. Deposit base registered a growth from RM73.0 billion to RM82.5 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM684.0 million for the financial year ended 30 June 2016 as compared to previous financial year of RM785.4 million. Lower pre-tax profit was driven by higher allowances for impairment on loans, advances and financing, higher operating expenses and lower write back of impairment, mitigated by higher total income.

Business and Corporate Banking's loan base decreased from RM31.1 billion in June 2015 to RM30.8 billion in June 2016. Deposit base decreased from RM35.7 billion to RM33.0 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM504.6 million for the financial year ended 30 June 2016 as compared to previous financial year of RM403.2 million. The increase in pre-tax profit was mainly contributed by higher total income primarily arising from forex revaluation profit with USD strengthening against MYR and increase in forex franchise business transactions.

Treasury earning assets registered a decreased from RM54.0 billion in June 2015 to RM52.8 billion in June 2016.

International Banking

The International Banking's segment recorded a pre-tax profit of RM358.2 million for the financial year ended 30 June 2016 as compared to previous financial year of RM421.7 million. The decline in performance was mainly contributed by lower share of profit from associated company in China as they have experienced a series of an unanticipated lending rates cut by their Central Bank and increase in impairment provisioning, eroding their profit.

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B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM724.4 million as compared to RM606.6 million in the preceding quarter, an increase of RM117.8 million mainly contributed by higher net income of RM76.7 million and higher write back of allowance for impairment losses on loans, advances and financing of RM71.3 million. This is however offset by higher operating expenses of RM21.8 million, coupled with lower share of profit from associated company of RM10.5 million.

B3 Prospects for the new financial year 2016/2017

The moderate growth prospects are expected to extend into 2017. While the world economy is expected to improve, overall macro conditions remain uncertain. Anticipation of further recovery from post-GST implementation shocks and dissipating domestic issues will be the overall catalysts supportive of growth. An improving external environment will also lend further support to Malaysia exports.

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

Given a challenging operating environment, we continue to strengthen our digital offerings and customer analytics capabilities to differentiate our products and services. There will be strong emphasis on improving operations efficiency and scaling productivity through strategic cost management for superior return and sustainable growth in the new financial year.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
The Group				
Income tax	163,573	111,394	467,839	573,348
Transfer (to)/from deferred taxation	2,296	(53,740)	10,443	(60,377)
	<u>165,869</u>	<u>57,654</u>	<u>478,282</u>	<u>512,971</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income tax	141,493	105,962	407,283	564,250
Transfer (to)/from deferred taxation	882	(54,385)	12,986	(61,022)
	<u>142,375</u>	<u>51,577</u>	<u>420,269</u>	<u>503,228</u>

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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 year under review.

B7 Purchase and disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year 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.

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B9 Off-balance sheet financial instruments

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)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2015:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	23,707,594	766,526	(400,525)
(ii) 1 year to 3 years	98,423	2,110	-
Swaps			
(i) Less than 1 year	4,863,797	120,320	(111,200)
(ii) 1 year to 3 years	2,833,122	137,620	(216,453)
(iii) More than 3 years	2,297,305	136,315	(185,756)
Options			
(i) Less than 1 year	2,547,555	32,001	(26,254)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,776,870	146	(2,987)
(ii) 1 year to 3 years	48,832	-	(220)
Swaps			
(i) Less than 1 year	13,110,577	23,456	(24,403)
(ii) 1 year to 3 years	25,100,649	55,592	(66,360)
(iii) More than 3 years	19,651,288	143,586	(246,332)
Equity related contracts			
(i) Less than 1 year	360,330	3,075	(3,075)
(ii) 1 year to 3 years	102,937	3,877	(3,877)
Commodity related contracts			
(i) Less than 1 year	1,471	87	(81)
(ii) 1 year to 3 years	3,826	218	(203)
Total	103,504,576	1,424,929	(1,287,726)

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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)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2015:

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	22,807,289	766,384	(388,406)
(ii) 1 year to 3 years	98,423	2,110	-
Swaps			
(i) Less than 1 year	4,849,001	120,320	(111,152)
(ii) 1 year to 3 years	2,833,122	137,620	(216,453)
(iii) More than 3 years	2,297,305	136,315	(185,756)
Options			
(i) Less than 1 year	2,547,555	32,001	(26,254)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,776,870	146	(2,987)
(ii) 1 year to 3 years	48,832	-	(220)
Swaps			
(i) Less than 1 year	13,080,577	23,398	(24,079)
(ii) 1 year to 3 years	24,780,649	52,915	(63,136)
(iii) More than 3 years	19,686,288	143,105	(244,215)
Equity related contracts			
(i) Less than 1 year	360,330	3,075	(3,075)
(ii) 1 year to 3 years	102,937	3,877	(3,877)
Commodity related contracts			
(i) Less than 1 year	1,471	87	(81)
(ii) 1 year to 3 years	3,826	218	(203)
Total	102,274,475	1,421,571	(1,269,894)

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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 RM20,017,001 (FYE June 2015: RM33,684,338) and RM76,308,873,177 (FYE June 2015: RM63,369,478,507) 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 RM1,031,399,571 (FYE June 2015: RM1,520,741,372). 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.

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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.

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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

A final single tier dividend of 26.0 sen per share has been proposed for the current quarter.

- (i) Amount per share: 26.0 sen.
- (ii) Previous corresponding quarter: single tier dividend of 26.0 sen per share.
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

B12 Realised and unrealised profits

	The Group	
	Financial Year Ended 30/06/2016	Financial Year Ended 30/06/2015
	RM'000	RM'000
Total retained profits of Hong Leong Bank Berhad and subsidiaries		
- Realised	5,858,481	5,206,647
- Unrealised	743,693	1,010,241
	6,602,174	6,216,888
Total share of retained profits from associated company		
- Realised	2,016,939	1,704,761
Total share of retained profits from joint venture		
- Realised	50,997	29,770
	8,670,110	7,951,419
Less: Consolidation adjustment	(257,745)	(131,905)
Total Group's retained profits	8,412,365	7,819,514

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.

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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 year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	558,544	614,851	1,903,417	2,233,187
Weighted average number of ordinary shares in issue ('000)	2,026,173	1,879,909	2,026,173	1,879,909
Less: Treasury shares held	(118,809)	(113,185)	(118,809)	(113,185)
	<u>1,907,364</u>	<u>1,766,724</u>	<u>1,907,364</u>	<u>1,766,724</u>
Basic earnings per share (sen)	29.3	34.8	99.8	126.4
<u>The Bank</u>				
Net profit attributable to equity holders	419,173	446,507	1,604,594	1,775,963
Weighted average number of ordinary shares in issue ('000)	2,026,173	1,879,909	2,026,173	1,879,909
Less: Treasury shares held	(118,809)	(113,185)	(118,809)	(113,185)
	<u>1,907,364</u>	<u>1,766,724</u>	<u>1,907,364</u>	<u>1,766,724</u>
Basic earnings per share (sen)	22.0	25.3	84.1	100.5

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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.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	558,544	614,851	1,903,417	2,233,187
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,907,364	1,766,724	1,907,364	1,766,724
- adjustment for ESOS	-	-	-	-
	<u>1,907,364</u>	<u>1,766,724</u>	<u>1,907,364</u>	<u>1,766,724</u>
Fully diluted earnings per share (sen)	29.3	34.8	99.8	126.4
<u>The Bank</u>				
Net profit attributable to equity holders	419,173	446,507	1,604,594	1,775,963
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,907,364	1,766,724	1,907,364	1,766,724
- adjustment for ESOS	-	-	-	-
	<u>1,907,364</u>	<u>1,766,724</u>	<u>1,907,364</u>	<u>1,766,724</u>
Fully diluted earnings per share (sen)	22.0	25.3	84.1	100.5

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A33 Liquidity risk

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

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity:

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

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity: (continued)

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

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity:

	The Group 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	5,647,973	582,310	-	-	-	-	-	6,230,283
Deposits and placements with banks and other financial institutions	-	-	1,769,433	1,377,167	835,519	-	-	3,982,119
Securities purchased under resale agreements	2,310,095	8,052,072	1,801,085	-	-	-	-	12,163,252
Financial assets held-for-trading	779,168	603,871	2,913,273	702,851	42,196	2,090,075	-	7,131,434
Financial investments available-for-sale	2,834,853	616,078	877,241	226,376	703,901	14,231,440	817,464	20,307,353
Financial investments held-to-maturity	557	182,895	387,872	70,687	1,667,421	7,640,649	-	9,950,081
Loans, advances and financing	11,156,180	6,114,565	5,234,950	2,641,519	653,793	86,323,102	-	112,124,109
Other assets	430,315	4,475	8,696	11,465	2,423	18,793	819,252	1,295,419
Derivative financial instruments	120,924	304,629	261,789	144,110	114,159	479,318	-	1,424,929
Statutory deposits with Central Banks	-	-	-	-	-	-	3,476,192	3,476,192
Investment in associated companies	-	-	-	-	-	-	2,977,776	2,977,776
Investment in joint venture	-	-	-	-	-	-	128,790	128,790
Property and equipment	-	-	-	-	-	-	678,579	678,579
Intangible assets	-	-	-	-	-	-	318,107	318,107
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Total assets	23,280,065	16,460,895	13,254,339	5,174,175	4,019,412	110,783,377	11,047,472	184,019,735

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity: (continued)

	The Group 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	50,904,161	22,757,242	24,955,477	16,496,263	21,108,308	4,054,697	-	140,276,148
Deposits and placements of banks and other financial institutions	2,405,045	2,132,006	2,082,482	454,087	22,611	-	-	7,096,231
Obligations on securities sold under repurchase agreements	301,670	974,237	1,993,913	421,518	-	-	-	3,691,338
Bills and acceptances payable	276,954	800,826	517,585	16,226	734	-	288,642	1,900,967
Other liabilities	3,702,641	-	-	-	92,436	-	106,042	3,901,119
Derivative financial instruments	121,158	105,872	122,575	161,338	57,583	719,200	-	1,287,726
Senior bonds	-	-	-	-	1,143,718	1,142,662	-	2,286,380
Tier 2 subordinated bonds	-	-	713,113	499,568	1,006,669	2,400,462	-	4,619,812
Non-innovative Tier 1 stapled securities	-	-	-	-	1,410,869	-	-	1,410,869
Innovative Tier 1 capital securities	-	-	-	-	-	530,223	-	530,223
Taxation	-	-	-	-	-	-	152,240	152,240
Deferred tax liabilities	-	-	-	-	-	-	77,090	77,090
Total liabilities	57,711,629	26,770,183	30,385,145	18,049,000	24,842,928	8,847,244	624,014	167,230,143
Total equity	-	-	-	-	-	-	16,789,592	16,789,592
Total liabilities and equity	57,711,629	26,770,183	30,385,145	18,049,000	24,842,928	8,847,244	17,413,606	184,019,735
Net liquidity gap	(34,431,564)	(10,309,288)	(17,130,806)	(12,874,825)	(20,823,516)	101,936,133	10,423,458	16,789,592

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity:

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

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity: (continued)

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

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity:

	The Bank 30 June 2015							Total RM'000
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	
Assets								
Cash and short-term funds	3,993,253	979,119	-	-	-	-	-	4,972,372
Deposits and placements with banks and other financial institutions	-	-	2,128,206	1,377,167	835,519	-	-	4,340,892
Securities purchased under resale agreements	2,310,095	8,052,072	1,801,085	-	-	-	-	12,163,252
Financial assets held-for-trading	778,353	553,916	3,132,004	653,347	292,185	1,713,733	-	7,123,538
Financial investments available-for-sale	2,800,134	529,008	756,595	172,563	437,755	11,856,919	817,464	17,370,438
Financial investments held-to-maturity	49	127,012	273,794	20,130	1,276,306	6,921,450	-	8,618,741
Loans, advances and financing	9,854,089	5,929,729	4,965,051	2,463,439	532,197	71,818,988	-	95,563,493
Other assets	426,556	4,342	8,442	11,156	2,413	16,926	680,070	1,149,905
Derivative financial instruments	120,883	304,660	261,789	143,949	114,130	476,160	-	1,421,571
Amount due from subsidiaries	-	-	-	-	-	-	12,984	12,984
Statutory deposits with Central Banks	-	-	-	-	-	-	2,859,590	2,859,590
Subsidiary companies	-	-	-	-	-	-	1,358,443	1,358,443
Investment in associated companies	-	-	-	-	-	-	946,525	946,525
Investment in joint venture	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	627,784	627,784
Intangible assets	-	-	-	-	-	-	302,801	302,801
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Total assets	20,283,412	16,479,858	13,326,966	4,841,751	3,490,505	92,804,176	9,453,919	160,680,587

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2016 based on the remaining contractual maturity: (continued)

	The Bank 30 June 2015							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	44,055,893	20,453,431	21,061,472	13,901,575	19,215,889	3,648,784	-	122,337,044
Deposits and placements of banks and other financial institutions	2,176,976	1,972,999	1,831,223	129,300	22,611	-	-	6,133,109
Obligations on securities sold under repurchase agreements	301,670	974,237	1,993,913	421,518	-	-	-	3,691,338
Bills and acceptances payable	276,948	800,712	516,695	15,029	734	-	264,020	1,874,138
Other liabilities	3,068,871	-	-	-	89,442	-	105,693	3,264,006
Derivative financial instruments	115,917	104,406	117,194	161,169	57,348	713,860	-	1,269,894
Senior bonds	-	-	-	-	1,143,718	1,142,662	-	2,286,380
Tier 2 subordinated bonds	-	-	713,113	499,568	1,006,669	2,000,157	-	4,219,507
Non-innovative Tier 1 stapled securities	-	-	-	-	1,410,869	-	-	1,410,869
Innovative Tier 1 capital securities	-	-	-	-	-	530,223	-	530,223
Taxation	-	-	-	-	-	-	160,243	160,243
Deferred tax liabilities	-	-	-	-	-	-	75,672	75,672
Total liabilities	49,996,275	24,305,785	26,233,610	15,128,159	22,947,280	8,035,686	605,628	147,252,423
Total equity	-	-	-	-	-	-	13,428,164	13,428,164
Total liabilities and equity	49,996,275	24,305,785	26,233,610	15,128,159	22,947,280	8,035,686	14,033,792	160,680,587
Net liquidity gap	(29,712,863)	(7,825,927)	(12,906,644)	(10,286,408)	(19,456,775)	84,768,490	8,848,291	13,428,164