

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	The Group		The Bank	
		As at	As at	As at	As at
		31.12.2015	30.06.2015	31.12.2015	30.06.2015
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		242,427	440,318	242,167	438,100
Deposits and placements with banks and other financial institutions		-	200,243	-	200,059
Financial assets at fair value through profit or loss	8	1,131,331	921,047	1,131,331	921,047
Financial investments available-for-sale	9	881,384	799,436	880,989	799,196
Financial investments held-to-maturity	10	446,537	380,255	446,537	380,255
Derivative financial assets	17	62,245	43,059	62,245	43,059
Loans and advances	11	321,442	325,983	321,442	325,983
Clients' and brokers' balances	12	245,776	188,838	245,776	188,838
Other assets	13	45,220	24,391	45,213	24,385
Statutory deposits with Bank Negara Malaysia		27,500	56,180	27,500	56,180
Investment in subsidiaries		-	-	361	384
Deferred tax assets		99,308	95,002	99,308	95,002
Property and equipment		5,911	4,508	5,911	4,508
Intangible assets - computer software		3,372	3,549	3,372	3,549
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		3,541,439	3,511,795	3,541,138	3,509,531
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	687,142	841,747	687,142	841,747
Deposits and placements of banks and other financial institutions	16	1,838,742	1,847,391	1,838,742	1,847,391
Repurchased agreements		67,472	-	67,472	-
Derivative financial liabilities	17	67,294	57,428	67,294	57,428
Clients' and brokers' balances		252,676	165,143	252,676	165,143
Provision for tax		1	-	-	-
Other liabilities	18	107,464	72,226	107,465	70,260
Subordinated obligations	19	50,240	50,194	50,240	50,194
TOTAL LIABILITIES		3,071,031	3,034,129	3,071,031	3,032,163
EQUITY					
Share capital		165,000	165,000	165,000	165,000
Reserves		305,408	312,666	305,107	312,368
TOTAL EQUITY		470,408	477,666	470,107	477,368
TOTAL EQUITY AND LIABILITIES		3,541,439	3,511,795	3,541,138	3,509,531
COMMITMENTS AND CONTINGENCIES					
	25	7,531,873	7,412,838	7,531,873	7,412,838
Net assets per ordinary share (RM)		2.85	2.89	2.85	2.89

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
Interest income	20	31,720	34,216	61,405	65,428
Interest expense	21	(20,356)	(23,198)	(42,153)	(42,879)
Net interest income		11,364	11,018	19,252	22,549
Non-interest income	22	32,983	24,116	56,520	48,669
Net income		44,347	35,134	75,772	71,218
Other operating expenses	23	(23,793)	(20,574)	(43,505)	(40,617)
Net operating profit		20,554	14,560	32,267	30,601
Writeback of allowance for impairment losses on loans and advances and other losses	24	(201)	(118)	(197)	(104)
Profit before taxation		20,353	14,442	32,070	30,497
Taxation		916	524	3,818	(38)
Net profit for the financial period		21,269	14,966	35,888	30,459
Earnings per share (sen)					
- Basic		12.9	9.1	21.8	18.5
- Diluted		12.9	9.1	21.8	18.5

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Individual Quarter		The Group	
	Current	Last year's	Cumulative	Months Ended
	quarter ended	quarter ended	Current	Last
	31.12.2015	31.12.2014	year ended	year's ended
	RM'000	RM'000	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	21,269	14,966	35,888	30,459
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	3,690	(840)	(2,033)	700
Income tax relating to net fair value changes on financial investments available-for-sale	(886)	210	487	(175)
Other comprehensive (expense)/income for the financial period, net of tax	2,804	(630)	(1,546)	525
Total comprehensive income for the financial period, net of tax	24,073	14,336	34,342	30,984

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Note	The Bank			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
Interest income	20	31,720	34,216	61,405	65,428
Interest expense	21	(20,356)	(23,198)	(42,153)	(42,879)
Net interest income		11,364	11,018	19,252	22,549
Non-interest income	22	32,939	24,096	56,420	48,591
Net income		44,303	35,114	75,672	71,140
Other operating expenses	23	(23,743)	(20,530)	(43,409)	(40,527)
Net operating profit		20,560	14,584	32,263	30,613
Writeback of allowance for impairment losses on loans and advances and other losses	24	(201)	(118)	(197)	(104)
Profit before taxation		20,359	14,466	32,066	30,509
Taxation		915	523	3,819	(36)
Net profit for the financial period		21,274	14,989	35,885	30,473
Earnings per share (sen)					
- Basic		12.9	9.1	21.7	18.5
- Diluted		12.9	9.1	21.7	18.5

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	21,274	14,989	35,885	30,473
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	3,690	(840)	(2,033)	700
Income tax relating to net fair value changes on financial investments available-for-sale	(886)	210	487	(175)
Other comprehensive (expense)/income for the financial period, net of tax	2,804	(630)	(1,546)	525
Total comprehensive income for the financial period, net of tax	24,078	14,359	34,339	30,998

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

<u>The Group</u>	Note	Attributable to owner of the parent							Total RM'000
		Share capital RM'000	Redeemable Preference share RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits/ RM'000	
At 1 July 2015		165,000	-	87,950	196,867	3,031	1,778	23,040	477,666
Net profit for the financial period		-	-	-	-	-	-	35,888	35,888
Other comprehensive expense, net of tax		-	-	-	-	-	(1,546)	-	(1,546)
Total comprehensive (expense)/income for the financial period		-	-	-	-	-	(1,546)	35,888	34,342
Transfer to regulatory reserve		-	-	-	-	(217)	-	217	-
Dividend paid		-	-	-	-	-	-	(41,600)	(41,600)
At 31 December 2015		165,000	-	87,950	196,867	2,814	232	17,545	470,408
At 1 July 2014		165,000	1,631	87,950	180,479	-	(690)	39,244	473,614
Net profit for the financial period		-	-	-	-	-	-	30,459	30,459
Other comprehensive income, net of tax		-	-	-	-	-	525	-	525
Total comprehensive income for the financial period		-	-	-	-	-	525	30,459	30,984
Dividend paid		-	-	-	-	-	-	(62,295)	(62,295)
At 31 December 2014		165,000	1,631	87,950	180,479	-	(165)	7,408	442,303

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Redeemable Preference share RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits/ RM'000	
<u>The Bank</u>								
At 1 July 2015	165,000	-	87,950	196,867	3,031	1,778	22,742	477,368
Net profit for the financial period	-	-	-	-	-	-	35,885	35,885
Other comprehensive expense, net of tax	-	-	-	-	-	(1,546)	-	(1,546)
Total comprehensive (expense)/income for the financial period	-	-	-	-	-	(1,546)	35,885	34,339
Transfer from regulatory reserve	-	-	-	-	(217)	-	217	-
Dividend paid	-	-	-	-	-	-	(41,600)	(41,600)
At 31 December 2015	165,000	-	87,950	196,867	2,814	232	17,244	470,107
At 1 July 2014	165,000	1,631	87,950	180,479	-	(690)	38,903	473,273
Net profit for the financial period	-	-	-	-	-	-	30,473	30,473
Other comprehensive income, net of tax	-	-	-	-	-	525	-	525
Total comprehensive income for the financial period	-	-	-	-	-	525	30,473	30,998
Dividend paid	-	-	-	-	-	-	(62,295)	(62,295)
At 31 December 2014	165,000	1,631	87,950	180,479	-	(165)	7,081	441,976

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	The Group		The Bank	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	32,070	30,497	32,066	30,509
Adjustments for non-cash items	(39,199)	(26,516)	(39,188)	(26,516)
Operating (loss)/profit before changes in working capital	(7,129)	3,981	(7,122)	3,993
Changes in working capital:				
Net changes in operating assets	(56,802)	284,222	(56,973)	284,226
Net changes in operating liabilities	26,991	(440,850)	28,956	(440,875)
Net income tax paid	(2)	(5)	-	-
Net cash used in operating activities	(36,942)	(152,652)	(35,139)	(152,656)
Net cash used in investing activities	(118,013)	(158,925)	(117,858)	(158,925)
Net cash used in financing activities	(42,936)	(12,486)	(42,936)	(12,486)
Net changes in cash and cash equivalents	(197,891)	(324,063)	(195,933)	(324,067)
Cash and cash equivalents at beginning of financial period	440,318	674,965	438,100	674,550
Cash and cash equivalents at end of financial period	242,427	350,902	242,167	350,483
Cash and cash equivalents comprise:				
Cash and short term funds	242,427	350,902	242,167	350,483

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2015.

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

EXPLANATORY NOTES

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 December 2015 have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale and financial assets/financial liabilities at fair value through profit or loss (including derivative financial instruments).

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and should be read in conjunction with the audited annual financial statements for the Group and 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 financial year ended 30 June 2015.

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, except for the revision to Bank Negara Malaysia's ("BNM") Policy:

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 when the loan/financing is classified as rescheduled and restructured ("R&R") in BNM's Central Credit Reference Information System ("CCRIS") 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 the BNM 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 new requirements to classify loans/financing as rescheduled and restructured. The Group and the Bank have early adopted 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 since financial year 30 June 2015. 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).

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

EXPLANATORY NOTES

1. 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 period. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

2. Audit report

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

3. Seasonality or cyclical nature of operations

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

4. Items affecting net income and cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 31 December 2015.

5. Changes in estimates

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 31 December 2015.

6. Issuance and repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 31 December 2015.

7. Dividends

During the financial quarter, a final single-tier dividend of 25.212 sen per share on the Bank's issued and paid-up share capital comprising of 165,000,000 shares, amounting to RM41,599,800 in respect of the financial year ended 30 June 2015 was paid on 9 November 2015.

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

EXPLANATORY NOTES

8. Financial assets at fair value through profit or loss

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
Financial assets held-for-trading		
Money market instruments		
Malaysian Government Securities	-	30,772
Malaysian Government Investment Issues	78,280	-
Negotiable instruments of deposits	712,227	-
Bankers' acceptances	-	426,775
	790,507	457,547
Quoted securities		
In Malaysia:		
Shares	41,818	21,597
Unquoted securities		
Foreign currency bonds	-	62,718
Private and Islamic debt securities	298,844	379,023
	298,844	441,741
	1,131,169	920,885
Financial assets designated at fair value through profit or loss		
Quoted securities		
In Malaysia:		
Shares	162	162
	1,131,331	921,047

9. Financial investments available-for-sale

	The Group		The Bank	
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	40,988	102,399	40,988	102,399
Malaysian Government Investment Issues	110,468	80,368	110,468	80,368
Cagamas bonds	14,965	15,051	14,965	15,051
	166,421	197,818	166,421	197,818
Quoted securities				
Unit trust investment	395	240	-	-
Unquoted securities				
Shares	245	245	245	245
Foreign currency bonds	139,099	199,674	139,099	199,674
Private and Islamic debt securities	575,224	401,459	575,224	401,459
	714,568	601,378	714,568	601,378
	881,384	799,436	880,989	799,196

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

EXPLANATORY NOTES

10. Financial investments held-to-maturity

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	81,319	51,097
Malaysian Government Investment Issues	110,661	20,397
	191,980	71,494
Unquoted securities		
Foreign currency bonds	199,242	248,387
Private and Islamic debt securities	55,315	60,374
	254,557	308,761
	446,537	380,255

11. Loans and advances

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
Term loan financing	116,692	143,066
Share margin financing	205,258	183,183
Staff loans	74	78
Other loans	574	659
Gross loans and advances	322,598	326,986
Less: Allowance for losses on loans and advances		
- individual assessment allowance	(100)	(111)
- collective assessment allowance	(1,056)	(892)
Total net loans and advances	321,442	325,983

(i) Gross loans and advances disbursed by type of customers are as follows:

Domestic business enterprises		
- Small and medium enterprises	16,131	45,111
- Others	152,457	158,948
Individuals	132,856	122,927
Foreign entities	21,154	-
	322,598	326,986

(ii) Gross loans and advances analysed by interest rate sensitivity are as follows:

Variable rate	321,950	326,249
Fixed rate		
- Staff housing loans	74	78
- Other fixed rate loans	574	659
	322,598	326,986

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

EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
(iii) Gross loans and advances analysed by residual contractual maturity are as follows:		
Maturing within one year	265,120	276,377
One year to three years	57,404	30,703
Three years to five years	-	19,829
Over five years	74	77
	322,598	326,986
(iv) Loans and advances analysed by their economic purposes are as follows:		
Working capital	76,157	103,359
Purchase of securities	245,793	222,890
Purchase of transport vehicles	100	112
Purchase of landed properties	548	625
	322,598	326,986
(v) Gross loans and advances analysed by geographical distribution are as follows:		
Malaysia	322,598	326,986
(vi) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	623	853
Impaired during the financial period/year	-	3
Amount written-back during the financial period/year	(38)	(233)
Amount written-off during the financial period/year	(11)	-
At 31 December/30 June	574	623
(vii) Movements in allowance for loans and advances are as follows:		
Individual assessment allowance		
At 1 July	111	194
Allowance written-back during the financial period/year	-	(83)
Allowance written-off during the financial period/year	(11)	-
At 31 December/30 June	100	111
Collective assessment allowance		
At 1 July	892	1,307
Allowance written-back during the financial period/year	164	(415)
At 31 December/30 June	1,056	892

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

EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
(viii) Impaired loans and advances analysed by their economic purposes are as follows:		
Purchase of transport vehicles	100	111
Purchase of landed properties	474	512
	574	623

12. Clients' and brokers' balances

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
Performing accounts	244,534	187,690
Impaired accounts	1,659	1,532
	246,193	189,222
Less: Allowance for bad and doubtful debts		
- individual assessment allowance	(394)	(361)
- collective assessment allowance	(23)	(23)
	245,776	188,838

13. Other assets

	The Group		The Bank	
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	6	6	-	-
Amount due from related companies	666	192	666	192
Deposits and prepayments	5,580	4,860	5,580	4,860
Fee income receivables	11,922	7,123	11,922	7,123
Collaterals pledged for derivative transactions	19,741	8,965	19,741	8,965
Other receivables	7,305	3,245	7,304	3,245
	45,220	24,391	45,213	24,385

14. Valuation of property and equipment

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

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

EXPLANATORY NOTES

15. Deposits from customers

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
Fixed Deposit	687,142	841,747
(i) By Type of deposit		
Fixed Deposit	687,142	841,747
(ii) By Type of customer		
Government & statutory bodies	610,359	561,996
Business enterprises	64,772	265,602
Individuals	12,011	14,149
	687,142	841,747
(iii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	686,110	841,747
- one year to five years	1,032	-
	687,142	841,747

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
Licensed banks	886,720	459,790
Licensed investment banks	-	34,384
Other financial institutions	952,022	1,353,217
	1,838,742	1,847,391

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

EXPLANATORY NOTES

17. Derivative financial assets/liabilities

	The Group and the Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
31.12.2015			
Interest rate related contracts:			
- Interest rate swaps	4,328,500	11,081	(14,407)
- Futures	140,142	183	-
- Cross currency swaps	257,550	23,803	(16,652)
Foreign exchange related contracts:			
- Foreign currency swaps	2,013,451	25,258	(36,043)
- Foreign currency forwards	24,674	9	(160)
Equity related contracts:			
- Futures	20,906	-	(32)
- Call options	7,000	1,911	-
	6,792,223	62,245	(67,294)

30.06.2015

Interest rate related contracts:			
- Interest rate swaps	4,169,500	6,968	(18,976)
- Futures	301,872	625	(265)
- Cross currency swaps	226,395	2,999	(6,016)
Foreign exchange related contracts:			
- Foreign currency swaps	1,908,226	28,910	(32,165)
- Foreign currency forwards	61,802	457	(6)
- Foreign currency spots	1,166	3	-
Equity related contracts:			
- Call options	8,500	3,097	-
	6,677,461	43,059	(57,428)

18. Other liabilities

	The Group		The Bank	
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	458	317	458	317
Remisiers' trust deposits	13,475	13,544	13,475	13,544
Other payables and accrued liabilities	93,385	58,221	93,386	56,255
Provision for post employment benefits	146	144	146	144
	107,464	72,226	107,465	70,260

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

EXPLANATORY NOTES

19. Subordinated obligations

	The Group and the Bank	
	31.12.2015	30.06.2015
	RM'000	RM'000
RM50.0 million Tier 2 subordinated notes, at par	50,000	50,000
Add: Interest payable	407	407
	50,407	50,407
Less: Unamortised discounts	(167)	(213)
	50,240	50,194

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

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

20. Interest income

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Loans and advances	5,255	5,964	10,672	12,133
Money at call and deposit placements				
with financial institutions	1,300	4,094	2,840	10,933
Financial assets at fair value through profit or loss	7,958	10,957	14,955	17,540
Financial investments available-for-sale	9,114	7,384	17,585	13,892
Financial investments held-to-maturity	3,518	2,823	7,012	5,451
Derivative financial instruments	2,259	794	3,745	1,458
Others	2,316	2,200	4,596	4,021
Total interest income	31,720	34,216	61,405	65,428

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

EXPLANATORY NOTES

21. Interest expense

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	6,559	5,144	10,328	8,331
Deposits from customers	9,443	15,826	22,988	30,437
Derivative financial instruments	3,701	1,700	7,339	3,454
Subordinated notes	671	396	1,382	396
Others	(18)	132	116	261
	20,356	23,198	42,153	42,879

22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,925	4,578	2,720	7,483
Arranger fees	5,879	2,540	9,153	3,425
Underwriting commissions	285	-	497	-
Brokerage income	14,441	13,527	27,673	29,692
Fees on loans and advances	264	545	368	1,205
Other fee income	12,049	2,243	13,180	6,326
	34,843	23,433	53,591	48,131
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at fair value through profit or loss	(287)	(629)	405	(489)
- financial investments available-for-sale	(329)	7	(354)	438
- derivative financial instruments	(21,744)	(131)	(46,558)	(5,933)
Net unrealised gain/(loss) on revaluation of:				
- financial assets at fair value through profit or loss	1,988	(1,236)	(4,663)	(4,476)
- derivative financial instruments	22,572	(1,955)	8,715	(2,138)
Dividend income from:				
- financial assets at fair value through profit or loss	791	129	1,587	445
	2,991	(3,815)	(40,868)	(12,153)
<u>Other income:</u>				
Loss on disposal of property and equipment	-	(1)	-	(1)
Gain on liquidation of subsidiaries	590	-	590	-
Foreign exchange (loss)/gain	(5,303)	4,458	43,634	12,539
Other non-operating (expense)/income	(138)	41	(427)	153
	(4,851)	4,498	43,797	12,691
	32,983	24,116	56,520	48,669

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

EXPLANATORY NOTES

22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,925	4,578	2,720	7,483
Arranger fees	5,879	2,540	9,153	3,425
Underwriting commissions	285	-	497	-
Brokerage income	14,441	13,527	27,673	29,692
Fees on loans and advances	264	545	368	1,205
Other fee income	12,016	2,223	13,091	6,248
	34,810	23,413	53,502	48,053
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at fair value through profit or loss	(287)	(629)	405	(489)
- financial investments available-for-sale	(329)	7	(354)	438
- derivative financial instruments	(21,744)	(131)	(46,558)	(5,933)
Net unrealised gain/(loss) on revaluation of:				
- financial assets at fair value through profit or loss	1,988	(1,236)	(4,663)	(4,476)
- derivative financial instruments	22,572	(1,955)	8,715	(2,138)
Dividend income from:				
- financial assets at fair value through profit or loss	791	129	1,587	445
	2,991	(3,815)	(40,868)	(12,153)
<u>Other income:</u>				
Loss on disposal of property and equipment	-	(1)	-	(1)
Gain on liquidation of subsidiaries	579	-	579	-
Foreign exchange (loss)/gain	(5,303)	4,458	43,634	12,539
Other non-operating (expense)/income	(138)	41	(427)	153
	(4,862)	4,498	43,786	12,691
	32,939	24,096	56,420	48,591

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

EXPLANATORY NOTES

23. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	15,541	12,058	27,427	24,035
Promotion and marketing related expenses	553	982	988	1,557
Establishment related expenses	3,656	3,792	7,401	7,708
General administrative expenses	4,043	3,742	7,689	7,317
	23,793	20,574	43,505	40,617
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	13,413	10,043	22,873	19,719
Defined contribution plan	1,390	1,363	2,788	2,714
Option charge arising from ESOS	-	(4)	-	358
Other employee benefits	738	656	1,766	1,244
	15,541	12,058	27,427	24,035
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	34	39	35	39
Entertainment and business improvement	421	911	817	1,444
Others	98	32	136	74
	553	982	988	1,557
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	419	434	767	910
Amortisation of intangible assets	270	175	642	336
Rental expenses	1,380	1,453	2,771	2,721
Others	1,587	1,730	3,221	3,741
	3,656	3,792	7,401	7,708
(iv) General administrative expenses comprise the following:				
Auditors' remuneration				
- Statutory audit fees	69	78	139	144
Legal and professional fees	823	802	1,544	1,597
Others	3,151	2,862	6,006	5,576
	4,043	3,742	7,689	7,317

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

EXPLANATORY NOTES

23. Other operating expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	15,508	12,028	27,360	23,974
Promotion and marketing related expenses	553	982	988	1,557
Establishment related expenses	3,645	3,783	7,381	7,690
General administrative expenses	4,037	3,737	7,680	7,306
	23,743	20,530	43,409	40,527
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	13,385	10,017	22,816	19,667
Defined contribution plan	1,385	1,358	2,778	2,705
Option charge arising from ESOS	-	(4)	-	358
Other employee benefits	738	657	1,766	1,244
	15,508	12,028	27,360	23,974
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	34	39	35	39
Entertainment and business improvement	421	911	817	1,444
Others	98	32	136	74
	553	982	988	1,557
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	419	434	767	910
Amortisation of intangible assets	270	175	642	336
Rental expenses	1,371	1,445	2,754	2,705
Others	1,585	1,729	3,218	3,739
	3,645	3,783	7,381	7,690
(iv) General administrative expenses comprise the following:				
Auditors' remuneration				
- Statutory audit fees	67	76	135	140
Legal and professional fees	823	802	1,544	1,597
Others	3,147	2,859	6,001	5,569
	4,037	3,737	7,680	7,306

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

EXPLANATORY NOTES

24. Write-back of/(allowance for) impairment losses on loans and advances and other losses

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2015 RM'000	Last year's quarter ended 31.12.2014 RM'000	Current year ended 31.12.2015 RM'000	Last year's ended 31.12.2014 RM'000
Write-back of/(allowance for) losses on impaired loans and advances:				
(a) Individual assessment allowance				
- written-back during the financial period	-	5	-	84
(b) Collective assessment (made)/written-back during the financial period	(171)	(179)	(164)	(215)
Write-back of/(allowance for) losses on clients' and brokers' balances:				
(a) Individual assessment allowance				
- made during the financial period	(48)	(25)	(112)	(141)
- written-back/(made) during the financial period	14	(9)	79	86
(b) Collective assessment written-back/(made) during the financial period	4	(5)	-	(13)
Write-back of losses on other debtors				
(a) Individual assessment allowance				
- written-back during the financial period	-	95	-	95
	(201)	(118)	(197)	(104)

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

EXPLANATORY NOTES

25. Commitments and contingencies

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

	The Group and the Bank	
	31.12.2015	30.06.2015
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	8,000
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	9,157	1,781
- maturity over one year	83,673	2,719
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	645,820	722,877
	739,650	735,377
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	1,126,842	1,555,070
- Over one year to five years	2,944,350	2,617,697
- Over five years	655,000	525,000
Foreign exchange related contracts:		
- One year or less	2,038,125	1,971,194
Equity related contracts:		
- One year or less	20,906	-
- Over one year to five years	7,000	8,500
	6,792,223	6,677,461
	7,531,873	7,412,838

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

EXPLANATORY NOTES

26. Fair value of financial instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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

EXPLANATORY NOTES

26. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
31.12.2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss	41,818	1,089,513	-	1,131,331
- Money market instruments	-	790,507	-	790,507
- Quoted securities	41,818	162	-	41,980
- Unquoted securities	-	298,844	-	298,844
Financial investments available-for-sale	395	880,744	245	881,384
- Money market instruments	-	166,421	-	166,421
- Quoted securities	395	-	-	395
- Unquoted securities	-	714,323	245	714,568
Derivative financial assets	-	62,245	-	62,245
	42,213	2,032,502	245	2,074,960
Financial liability				
Derivative financial liabilities	-	67,294	-	67,294
30.06.2015				
Financial assets				
Financial assets at fair value through profit or loss	21,597	899,450	-	921,047
- Money market instruments	-	457,547	-	457,547
- Quoted securities	21,597	162	-	21,759
- Unquoted securities	-	441,741	-	441,741
Financial investments available-for-sale	240	798,951	245	799,436
- Money market instruments	-	197,818	-	197,818
- Quoted securities	240	-	-	240
- Unquoted securities	-	601,133	245	601,378
Derivative financial assets	-	43,059	-	43,059
	21,837	1,741,460	245	1,763,542
Financial liability				
Derivative financial liabilities	-	57,428	-	57,428

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

EXPLANATORY NOTES

26. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Bank	Level 1	Level 2	Level 3	Total
31.12.2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss	41,818	1,089,513	-	1,131,331
- Money market instruments	-	790,507	-	790,507
- Quoted securities	41,818	162	-	41,980
- Unquoted securities	-	298,844	-	298,844
Financial investments available-for-sale	-	880,744	245	880,989
- Money market instruments	-	166,421	-	166,421
- Unquoted securities	-	714,323	245	714,568
Derivative financial assets	-	62,245	-	62,245
	41,818	2,032,502	245	2,074,565
Financial liability				
Derivative financial liabilities	-	67,294	-	67,294
30.06.2015				
Financial assets				
Financial assets at fair value through profit or loss	21,597	899,450	-	921,047
- Money market instruments	-	457,547	-	457,547
- Quoted securities	21,597	162	-	21,759
- Unquoted securities	-	441,741	-	441,741
Financial investments available-for-sale	-	798,951	245	799,196
- Money market instruments	-	197,818	-	197,818
- Unquoted securities	-	601,133	245	601,378
Derivative financial assets	-	43,059	-	43,059
	21,597	1,741,460	245	1,763,302
Financial liability				
Derivative financial liabilities	-	57,428	-	57,428

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

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

EXPLANATORY NOTES

26. Fair value of financial instruments (continued)

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

The Group and the Bank	Financial investments available-for-sale	
	31.12.2015	30.06.2015
	RM'000	RM'000
At beginning/end of financial year/period	<u>245</u>	<u>245</u>

27. Capital adequacy

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

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

	The Group		The Bank	
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	22.241%	23.695%	22.222%	23.683%
Tier 1 capital ratio	22.241%	23.695%	22.222%	23.683%
Total capital ratio	26.175%	27.380%	26.142%	27.355%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	22.241%	20.847%	22.222%	20.832%
Tier 1 capital ratio	22.241%	20.847%	22.222%	20.832%
Total capital ratio	26.175%	24.532%	26.142%	24.504%

Note:

⁽¹⁾ Proposed dividends of RM Nil (2015: RM41,600,000).

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

EXPLANATORY NOTES

27. Capital adequacy (continued)

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

	The Group		The Bank	
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RM'000	RM'000	RM'000	RM'000
CET1 Capital				
Paid-up ordinary share capital	165,000	165,000	165,000	165,000
Share premium	87,950	87,950	87,950	87,950
Retained profits	(18,560)	23,040	(18,858)	22,742
Other reserves	197,099	198,645	197,099	198,645
Less: goodwill and intangibles	(32,358)	(32,535)	(32,358)	(32,535)
Less: deferred tax assets	(95,002)	(95,002)	(95,002)	(95,002)
Less: investment in subsidiary companies	-	-	(144)	(154)
Less: 55% of cumulative gains of financial instruments available-for-sale	(128)	(978)	(128)	(978)
Total CET1 Capital	304,001	346,120	303,559	345,668
Tier 1 Capital	304,001	346,120	303,559	345,668
Tier 2 Capital				
Collective assessment allowance ⁽²⁾ and regulatory reserve ⁽³⁾	3,773	3,825	3,773	3,825
Subordinated obligations	50,000	50,000	50,000	50,000
Regulatory adjustments:				
- Investment in subsidiary companies	-	-	(217)	(230)
Total Tier 2 Capital	53,773	53,825	53,556	53,595
Total Capital	357,774	399,945	357,115	399,263

Note:

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

(3) Includes the qualifying regulatory reserve for non-impaired loans and advances of RM2,814,000 (2015: RM3,031,000).

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

	The Group		The Bank	
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Credit risk	663,691	678,755	663,243	678,033
Market risk	389,748	483,713	389,748	483,713
Operational risk	313,416	298,237	313,043	297,840
	1,366,855	1,460,705	1,366,034	1,459,586

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

EXPLANATORY NOTES

28. Significant events during the financial quarter ended 31 December 2015

There were no material significant events during the financial quarter.

29. Changes in the composition of the Group

There were no changes in composition of the Group since last financial quarter except for the following: .

- (a) On 29 October 2015, the liquidator of ECS Jaya (1969) Sdn Bhd (“ECS Jaya”), a wholly-owned subsidiary of Hong Leong Investment Bank Berhad (“HLIB”), had convened the final meeting for ECS Jaya to conclude the member’s voluntary winding-up of ECS Jaya.

The Return by Liquidator Relating to Final Meeting of ECS Jaya was lodged on 29 October 2015 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, ECS Jaya will be dissolved.

- (b) On 8 December 2015, the liquidator of RC Research Sdn Bhd (“RC Research”), a wholly-owned subsidiary of HLIB, had convened the final meeting for RC Research to conclude the member’s voluntary winding-up of RC Research.

The Return by Liquidator Relating to Final Meeting of RC Research was lodged on 8 December 2015 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, RC Research will be dissolved.

30. Significant events subsequent to the financial quarter

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

31. Review of performance for the financial quarter ended 31 December 2015 against the corresponding financial quarter

For the current financial quarter ended 31 December 2015, the Group recorded a profit before tax of RM20.4 million, as compared to a RM14.4 million recorded in the corresponding financial quarter. The increase in profit of RM6.0 million was primarily attributable to the higher income earned from its Investment Banking Division.

32. Prospects for 2016

The key focus for the coming financial year is to strengthen and build on the existing stockbroking business and to offer innovative investment banking solutions while leveraging on Hong Leong Group relationship.

On top of this, the Bank seek to capitalize on its enlarged scale from the vesting of business from former HLIB to further improve our market presence.