

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Balance Sheet As At 31 March 2007

	Note	The Group		The Bank	
		Financial Period Ended 31/03/2007	Financial Year Ended 30/06/2006	Financial Period Ended 31/03/2007	Financial Year Ended 30/06/2006
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		17,271,030	13,565,015	15,765,385	12,294,079
Deposits and placements with financial institutions		10,191,538	1,484,812	10,406,538	1,844,812
Securities purchased under resale agreements		4,241,107	4,496,814	4,241,107	4,496,814
Securities held at fair value through profit and loss	8	2,905,038	3,881,514	2,686,563	3,752,487
Securities available-for-sale	9	3,327,993	5,824,132	3,191,266	5,645,608
Securities held-to-maturity	10	2,433,616	1,029,789	2,001,641	440,452
Loans, advances and financing	11	30,456,759	28,618,868	26,741,806	24,671,107
Other assets	12	423,386	388,481	415,797	363,844
Statutory deposits with Bank Negara Malaysia		1,152,439	881,524	1,006,025	718,100
Investment in subsidiary companies		-	-	577,041	522,041
Property, plant and equipment		281,034	252,000	260,891	235,513
Deferred tax assets		161,578	173,301	145,622	154,238
General and Family Takaful fund assets		1,268	-	-	-
Total Assets		72,846,786	60,596,250	67,439,682	55,139,095
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	49,457,309	44,276,122	44,483,767	39,058,948
Deposits and placements of banks and other financial institutions	14	4,136,206	2,796,260	3,920,806	2,661,259
Obligations on securities sold under repurchase agreements		4,668,145	6,872,399	4,668,145	6,872,399
Bills and acceptance payable		798,341	546,209	794,399	541,557
Short Term Corporate Placements	15	6,916,635	-	6,916,635	-
Other liabilities	16	1,016,200	934,706	977,854	935,051
Subordinated Bonds		688,679	704,049	688,679	704,049
Syndicated loan facility		518,625	-	518,625	-
Provision for taxation		97,897	85,596	57,618	30,504
General and Family Takaful fund liabilities		904	-	-	-
General and Family Takaful policyholders' fund		364	-	-	-
Total Liabilities		68,299,305	56,215,341	63,026,528	50,803,767
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		3,555,804	3,291,827	3,465,592	3,246,246
Less: Treasury Shares		(632,545)	(491,025)	(632,545)	(491,025)
Total Shareholders' Equity		4,503,366	4,380,909	4,413,154	4,335,328
Minority interest		44,115	-	-	-
Total Equity		4,547,481	4,380,909	4,413,154	4,335,328
Total Liabilities and Equity		72,846,786	60,596,250	67,439,682	55,139,095
COMMITMENTS AND CONTINGENCIES	25	71,082,136	48,083,936	70,698,668	47,656,567
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	13.15%	13.76%	14.51%	15.78%
Risk-weighted capital ratio	21	16.72%	17.52%	16.34%	17.96%
After deducting proposed dividends					
Core capital ratio	21	13.15%	13.24%	14.51%	15.18%
Risk-weighted capital ratio	21	16.72%	17.00%	16.34%	17.37%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.09	2.95	3.02	2.92

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

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Income Statement
For The Financial Quarter Ended 31 March 2007

The Group

	Note	Current Quarter Ended 31/03/2007 RM'000	Corresponding Quarter Ended 31/03/2006 RM'000	Current Period Ended 31/03/2007 RM'000	Corresponding Period Ended 31/03/2006 RM'000
Interest income	16	740,300	615,803	2,110,818	1,747,879
Interest expense	17	(441,997)	(351,268)	(1,227,357)	(1,013,755)
Net interest income		298,303	264,535	883,461	734,124
Net income from Islamic Banking business		36,369	41,040	103,156	124,342
Other operating income	18	115,231	133,484	321,831	321,627
Net Income		449,903	439,059	1,308,448	1,180,093
Other operating expenses	19	(193,017)	(157,185)	(538,381)	(458,990)
Operating profit before provision Allowance for losses on loans, advances and financing	20	256,886	281,874	770,067	721,103
Impairment loss - securities		-	-	-	(3,039)
Profit before taxation (and zakat)		204,062	229,423	614,894	562,978
Taxation		(55,992)	(64,818)	(167,362)	(157,943)
Zakat		(12)	(10)	(30)	(40)
Net profit for the period		148,058	164,595	447,502	404,995
Attributable to:					
Equity holders of the parent		148,463	164,595	448,387	404,995
Minority Interest		(405)	-	(885)	-
Net profit for the period		148,058	164,595	447,502	404,995
Earnings per share - basic (sen)		10.2	10.8	30.6	26.6
Earnings per share - fully diluted (sen)		10.2	10.8	30.6	26.6

Hong Leong Bank Berhad

Condensed Financial Statements
Unaudited Income Statement
For The Financial Quarter Ended 31 March 2007

The Bank

	Note	Current Quarter Ended 31/03/2007 RM'000	Corresponding Quarter Ended 31/03/2006 RM'000	Current Period Ended 31/03/2007 RM'000	Corresponding Period Ended 31/03/2006 RM'000
Interest income	16	745,658	623,093	2,125,338	1,767,740
Interest expense	17	(447,971)	(359,097)	(1,242,881)	(1,034,540)
Net interest income		297,687	263,996	882,457	733,200
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	115,020	133,299	321,263	320,983
Net Income		412,707	397,295	1,203,720	1,054,183
Other operating expenses	19	(179,417)	(136,955)	(492,290)	(397,435)
Operating profit before provision Allowances for losses on loans and financing	20	233,290	260,340	711,430	656,748
Impairment loss - securities		-	-	-	(3,039)
Profit before taxation (and zakat)		183,505	213,693	558,109	512,468
Taxation		(50,266)	(60,767)	(151,823)	(144,675)
Zakat		-	-	-	-
Profit after taxation		133,239	152,926	406,286	367,793
Profit attributable to shareholders		133,239	152,926	406,286	367,793
Earnings per share - basic (sen)		9.1	10.0	27.7	24.1
Earnings per share - fully diluted (sen)		9.1	10.0	27.7	24.1

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2007

	← Non-distributable					Distributable			Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000				
<u>The Group</u>											
As at 1 July 2006	1,580,107	539,664	1,626,403	(79,608)	35,363	1,170,005	(491,025)	4,380,909		4,380,909	
As previously stated	1,580,107	539,664	1,626,403	(79,608)	35,363	1,170,005	(491,025)	4,380,909		4,380,909	
As at 1 July 2006, as restated	1,580,107	539,664	1,626,403	(79,608)	35,363	1,170,005	(491,025)	4,380,909		4,380,909	
<i>Currency translation differences</i>	-	-	-	-	3,748	-	-	3,748		3,748	
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	3,748	-	-	3,748		3,748	
Investment of shares in a subsidiary	-	-	-	-	-	-	-	45,000		45,000	
Net profit for the period	-	-	-	-	-	448,387	-	448,387	(885)	447,502	
Transfer to statutory reserve	-	-	47,472	-	-	(47,472)	-	-	-	-	
Dividend paid	-	-	-	-	-	(256,413)	-	(256,413)	-	(256,413)	
less: Treasury shares	-	-	-	-	-	-	(141,520)	(141,520)	-	(141,520)	
Net fair value changes in available for sale securities	-	-	-	68,255	-	-	-	68,255	-	68,255	
Closing Balance @ 31 March 2007	1,580,107	539,664	1,673,875	(11,353)	39,111	1,314,507	(632,545)	4,503,366	44,115	4,547,481	
As at 1 July 2005	1,580,107	539,664	1,479,216	5,279	36,153	1,040,133	(274,375)	4,400,898	-	4,400,898	
As previously stated	1,580,107	539,664	1,479,216	5,279	36,153	(4,181)	-	4,400,898	-	4,400,898	
Prior Year Adjustment	-	-	-	-	-	-	-	1,098	-	1,098	
As at 1 July 2005, as restated	1,580,107	539,664	1,479,216	5,279	36,153	1,035,952	(274,375)	4,401,996	-	4,401,996	
<i>Currency translation differences</i>	-	-	-	-	256	-	-	256		256	
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	256	-	-	256		256	
Net profit for the period	-	-	-	-	-	404,995	-	404,995		404,995	
Transfer to statutory reserve	-	-	108,782	-	-	(108,782)	-	-		-	
Dividend paid	-	-	-	-	-	(288,679)	-	(288,679)		(288,679)	
Purchase of treasury shares	-	-	-	-	-	-	(61,234)	(61,234)		(61,234)	
Net fair value changes in available for sale securities	-	-	-	(65,196)	-	-	-	(65,196)		(65,196)	
Closing Balance @ 31 March 2006	1,580,107	539,664	1,587,998	(59,917)	36,409	1,063,486	(335,609)	4,412,138	-	4,412,138	

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2007

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	Non-distributable			Distributable			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	
The Bank							
As at 1 July 2006	1,580,107	539,664	1,604,855	(77,795)	35,363	1,144,159	4,335,328
As previously stated							
Prior Year Adjustment							
As at 1 July 2006, as restated	1,580,107	539,664	1,604,855	(77,795)	35,363	1,144,159	4,335,328
Currency translation differences	-	-	-	-	3,748	-	3,748
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	3,748	-	3,748
Net profit for the period	-	-	-	-	-	406,286	406,286
Transfer to statutory reserve	-	-	34,367	-	-	(34,367)	-
Dividend paid	-	-	-	-	-	(256,413)	(256,413)
less: Purchase of Treasury Shares	-	-	-	-	-	-	(141,520)
Net fair value changes in available for sale securities	-	-	-	65,725	-	-	65,725
Closing Balance @ 31 March 2007	1,580,107	539,664	1,639,222	(12,070)	39,111	1,259,665	4,413,154
As at 1 July 2005							
As previously stated	1,580,107	539,664	1,479,216	-	36,153	1,040,103	4,400,868
Prior Year Adjustment	-	-	-	5,279	-	(4,180)	1,099
As at 1 July 2005, as restated	1,580,107	539,664	1,479,216	5,279	36,153	1,035,923	4,401,967
Currency translation differences	-	-	-	-	(790)	-	(790)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	(790)	-	(790)
Net profit for the period	-	-	-	-	-	367,793	502,556
Transfer to statutory reserve	-	-	91,949	-	-	(91,949)	-
Dividend paid	-	-	-	-	-	(268,680)	(268,680)
Purchase of treasury shares	-	-	-	-	-	-	(216,650)
Net fair value changes in available for sale securities	-	-	-	(83,074)	-	-	(83,074)
Closing Balance @ 31 March 2006	1,580,107	539,664	1,571,165	(68,644)	36,409	1,043,087	4,356,179

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Cash Flow Statement
For The Financial Period Ended 31 March 2007

	The Group		The Bank	
	Financial Year Ended 31/03/2007 RM'000	Financial Year Ended 31/03/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Period Ended 31/03/2006 RM'000
Operating activities				
Profit before taxation	614,894	562,978	558,109	512,468
Adjustments for non-cash items	341,097	303,907	299,278	385,225
Operating profit before working capital changes	955,991	866,885	857,387	897,693
Income taxes and zakat paid	(169,517)	(175,282)	(141,300)	(115,210)
Net changes in working capital	1,831,376	(2,372,007)	1,901,296	(3,152,705)
Net cash flow from operating activities	2,617,850	(1,680,404)	2,617,383	(2,370,222)
Net cash flow from investing activities	1,231,343	(59,689)	997,101	(520,315)
Net cash flow from financing activities	(141,520)	(61,234)	(141,520)	(61,234)
Changes in cash and cash equivalents	3,707,673	(1,801,327)	3,472,964	(2,951,771)
Currency translation differences	(1,658)	6,694	(1,658)	6,694
Cash and cash equivalents at the beginning of year	13,565,015	11,124,578	12,294,079	11,125,551
Cash and cash equivalents at the end of period	17,271,030	9,329,945	15,765,385	8,180,474

HONG LEONG BANK BERHAD ("HLB" or "Bank")

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 31 MARCH 2007

1 Basis of preparation

The condensed financial statements of the Group and of the Bank have been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standard Board ("MASB") and Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia and should be read in conjunction with the Group's audited annual financial statements for the year ended 30 June 2006.

The accounting policies and methods of computation applied in the audited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the changes in accounting policies and presentation which are expected to be reflected in the financial statements for the financial year ending 30 June 2007 resulting from the adoption of applicable FRSs adopted by Malaysian Accounting Standards Boards that are effective for the financial period beginning 1 July 2006 as follows:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 5, 108, 101, 110, 116, 121, 127, 133 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new and revised FRSs are disclosed in Note 29.

2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2006.

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2006.

3 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.

4 Exceptional items or unusual events affecting financial statements

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

5 Variation from financial estimates reported in preceding financial period/year

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

6 Issuance and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 March 2007 other than as mentioned below:-

a) Share Buy-back

During the financial period ended 31 March 2007, the Bank purchased a total of 15,339,000 of its issued share capital from the open market. The shares purchased are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Details of the shares bought back for the financial period ended 31 March 2007 are as follows:

Month	No of shares bought back RM	Lowest price paid RM	Highest price paid RM	Average price paid RM	Total consideration (including transaction cost) RM
Jul-06	-	-	-	-	-
Aug-06	6,086,600	5.25	5.30	5.30	32,322,328.78
Sep-06	5,546,100	5.30	5.40	5.39	29,963,772.73
Oct-06	-	-	-	-	-
Nov-06	3,661,300	5.35	5.45	5.44	19,984,395.91
Dec-06	40,000	5.45	5.45	5.45	218,777.70
Jan-07	-	-	-	-	-
Feb-07	-	-	-	-	-
Mar-07	5,000	5.85	5.85	5.85	29,357.51
For the period	15,339,000	5.25	5.85	5.38	82,518,632.63

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2007 amounted to 78,881,500 shares, at an average price per share of RM5.30. None of the treasury shares were resold or canceled to date.

6 Issuance and repayment of debt and equity securities (Continued)

b) Purchase of shares pursuant to ESOS

A trust has been set up for the ESOS of the Bank and 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 to FRS 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' Funds on the Balance Sheet.

During the financial period, the trust bought 11,043,800 shares at an average price of RM5.34 per share. Total consideration paid, including transaction costs was RM59,000,575. As at 31 March 2007, the total number of Treasury Shares for ESOS was 41,523,800 at an average carrying value of RM5.17 per share. There were no ESOS granted during the financial year.

c) Subordinated Bonds

On 3 August 2005, the Bank issued USD200 million in aggregate principal amount of Subordinated Bonds ("the Bonds") due 2015 callable with step-up in 2010. The Bonds bear interest at the rate of 5.25% per annum from, and including 3 August 2005 to, but excluding 3 August 2010 and, thereafter, at a rate per annum equal to the 5 Year US Treasury Rate plus 2.717%. The interest is payable semi-annually in arrears on 3 February and 3 August in each year, commencing on 3 February 2006. The Bonds were issued at a price of 99.848 per cent of the principal amount of the Bonds. The Bonds will, subject to the prior written approval of Bank Negara Malaysia, if required, be redeemable in whole but not in part, at the option of the Bank on 3 August 2010 or in the event of certain changes affecting taxation in Malaysia or any other jurisdiction where the Bank has to pay tax in relation to the Bonds, at their principal amount plus accrued interest.

The Bonds constitute unsecured liabilities of the Bank, and are 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.

7 Dividends paid

An interim dividend of 9.0 sen per share less income tax of 27% in respect of financial year ending 30 June 2007 amounting to RM96.0 million was paid on 28 March 2007.

8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
At Fair Value				
Held-for-trading				
Malaysian Government Treasury				
Bills	114,457	24,652	104,670	16,702
Malaysian Government Securities	169,976	246,604	169,976	246,604
Other Government Securities	-	-	-	-
Bank Negara Malaysia (BNM)				
Bills	1,371,361	69,158	1,177,391	49,263
Cagamas Bonds	65,663	742,369	35,636	742,369
Bankers' Acceptance and Islamic				
Accepted bills	217,068	15,312	183,706	15,312
Negotiable Instruments of Deposit	437,388	2,592,938	486,059	2,491,756
Khazanah Bond	24,619	-	24,619	-
Foreign Currency Bonds	-	53,098	-	53,098
	<u>2,400,532</u>	<u>3,744,131</u>	<u>2,182,057</u>	<u>3,615,104</u>
Quoted securities:				
Shares in Malaysia	138,306	38,802	138,306	38,802
Unquoted securities:				
Private Debt Securities	335,948	82,826	335,948	82,826
Syndicated Bond	25,000	-	25,000	-
Others designated at fair value through P&L				
Loan Stock Quoted in Malaysia	5,252	15,755	5,252	15,755
Total securities held-for-trading	<u>2,905,038</u>	<u>3,881,514</u>	<u>2,686,563</u>	<u>3,752,487</u>

9 Securities available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
At Fair Value				
Malaysian Government Investment				
Certificates	-	24,615	-	-
HK Government Exchange Fund	8,819	23,562	8,819	23,562
Government Treasury Bills	406,695	224,115	406,695	224,115
Malaysian Government Securities	1,784,154	2,764,685	1,784,154	2,764,685
Cagamas Bonds	931,283	1,422,395	830,700	1,324,036
Foreign Currency Bonds	63,635	1,003,278	63,635	1,003,278
	<u>3,194,586</u>	<u>5,462,650</u>	<u>3,094,003</u>	<u>5,339,676</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks	3,666	99,367	3,666	99,367
Unquoted securities:				
Private Debt Securities	129,741	262,115	93,597	206,565
Total securities available-for-sale	<u><u>3,327,993</u></u>	<u><u>5,824,132</u></u>	<u><u>3,191,266</u></u>	<u><u>5,645,608</u></u>

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
At Amortised Cost				
Money market instruments:				
Malaysian Government Securities	108,163	239,789	108,163	239,789
Malaysian Government Investment Certificates	169,752	155,866	33,642	32,658
Cagamas bonds	275,107	440,359	-	-
Foreign currency bonds	10,376	11,039	10,376	11,039
Negotiable Instruments of Deposit	1,748,318	-	1,748,317	-
Khazanah Bonds	-	4,875	-	-
	<u>2,311,716</u>	<u>851,928</u>	<u>1,900,498</u>	<u>283,486</u>
Unquoted securities:				
Shares	27,053	27,160	26,478	26,585
Private debt securities	83,091	128,199	62,909	107,879
Loan Stocks	11,756	22,502	11,756	22,502
	<u>121,900</u>	<u>177,861</u>	<u>101,143</u>	<u>156,966</u>
Total securities held-to-maturity	<u><u>2,433,616</u></u>	<u><u>1,029,789</u></u>	<u><u>2,001,641</u></u>	<u><u>440,452</u></u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Overdrafts	2,644,364	2,959,945	2,637,520	2,952,054
Term loans:				
- Housing loans/financing	16,015,164	13,687,545	14,406,901	12,646,072
- Syndicated term loan/financing	1,667,238	1,270,824	1,314,813	1,270,574
- Hire purchase receivables	5,742,861	6,166,419	2,989,070	2,823,033
- Lease receivables	30,644	19,450	-	-
- Other term loans/financing	1,558,182	1,601,129	1,375,939	1,049,224
Credit/charge card receivables	1,571,628	1,204,604	1,571,628	1,204,604
Bills receivables	345,778	479,948	345,778	479,948
Trust receipts	135,223	153,710	135,223	153,710
Claims on customers under acceptance credits	2,571,918	2,478,691	2,431,255	2,372,172
Block discounting	22,370	19,540	20,493	16,640
Revolving credits	725,179	635,503	725,179	635,503
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	115,365	117,073	115,270	116,950
Other loans/financing	56,776	61,966	55,542	60,575
	<u>33,202,690</u>	<u>30,856,347</u>	<u>28,124,611</u>	<u>25,781,059</u>
Unearned interest and income	(1,682,804)	(1,327,429)	(413,627)	(289,477)
Gross loans, advances and financing	<u>31,519,886</u>	<u>29,528,918</u>	<u>27,710,984</u>	<u>25,491,582</u>
Allowance for bad and doubtful debts and financing:				
- General	(463,832)	(436,233)	(407,238)	(376,043)
- Specific	(599,295)	(473,817)	(561,940)	(444,432)
Net loans, advances and financing	<u><u>30,456,759</u></u>	<u><u>28,618,868</u></u>	<u><u>26,741,806</u></u>	<u><u>24,671,107</u></u>

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Domestic banking institutions	355	148	355	148
Domestic non-bank financial institutions	160,593	123,561	117,049	78,340
Domestic business enterprises				
- Small and medium enterprises	3,314,061	3,746,882	3,016,113	3,437,602
- Others	6,035,769	5,776,117	5,384,319	5,100,581
Government and statutory bodies	339,346	114,638	339,346	114,638
Individuals	20,728,742	18,809,221	17,946,761	15,823,765
Other domestic entities	29,849	29,113	28,315	28,060
Foreign entities	911,171	929,238	878,726	908,448
Gross loans, advances and financing	<u>31,519,886</u>	<u>29,528,918</u>	<u>27,710,984</u>	<u>25,491,582</u>

11 Loans, advances and financing (continued)

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Fixed rate				
- Housing loans/financing	3,697,975	3,665,259	3,034,294	3,157,071
- Hire purchase receivables	4,950,823	5,476,042	2,520,255	2,541,057
- Other fixed rate loan/financing	2,402,062	1,871,034	2,073,563	1,489,868
Variable rate				
- Base lending rate plus	17,211,902	15,195,330	16,830,738	15,092,088
- Cost plus	3,200,423	3,223,618	3,197,186	3,117,091
- Other variables rates	56,701	97,635	54,948	94,407
Gross loans, advances and financing	31,519,886	29,528,918	27,710,984	25,491,582

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

11c By economic sector

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Agriculture	345,709	310,643	268,859	229,981
Mining and quarrying	27,669	37,146	24,737	33,565
Manufacturing	2,271,797	2,531,467	2,113,999	2,359,264
Electricity, gas and water	15,462	22,640	9,303	14,289
Construction	559,538	643,895	498,076	565,368
Real estate	381,568	387,432	347,403	347,096
Purchase of landed properties				
(of which:- residential)	11,728,257	10,448,532	11,077,723	9,965,150
- non-residential)	3,886,430	3,354,428	3,741,702	3,252,766
General commerce	2,248,590	2,108,620	2,038,326	1,935,744
Transport, storage and communication	286,543	307,911	220,975	234,414
Finance, insurance and business services	654,804	669,818	555,936	483,486
Purchase of securities	569,692	703,516	567,395	699,941
Purchase of transport vehicles	4,469,298	4,703,448	2,305,693	2,136,029
Consumption credit	3,205,525	2,548,124	3,161,293	2,530,734
Others	869,004	751,298	779,564	703,755
Gross loans, advances and financing	31,519,886	29,528,918	27,710,984	25,491,582

11 Loans, advances and financing (continued)

11d Non-performing loans by sector

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Agriculture	1,777	4,405	1,661	4,319
Mining and quarrying	3,152	4,294	3,152	4,294
Manufacturing	181,580	178,329	178,322	175,393
Electricity, gas and water	180	280	40	162
Construction	77,446	107,267	76,429	106,729
Real estate	96,137	93,646	96,102	92,961
Purchase of landed properties				
(of which:- residential)	339,675	337,276	315,191	312,551
- non-residential)	127,638	160,412	117,097	147,368
General commerce	75,284	96,046	73,610	94,206
Transport, storage and communication	27,100	26,788	26,767	26,507
Finance, insurance and business services	109,590	123,336	109,049	122,374
Purchase of securities	21,011	33,461	19,201	31,119
Purchase of transport vehicles	118,543	107,102	79,982	77,355
Consumption credit	75,895	71,278	75,666	70,717
Others	24,751	38,063	24,546	37,909
	<u>1,279,759</u>	<u>1,381,983</u>	<u>1,196,815</u>	<u>1,303,964</u>

11 Loans, advances and financing (continued)

11e Movements in non-performing loans, advances and financing ("NPL") are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
At beginning	1,381,983	1,657,683	1,303,964	1,651,770
Non-performing during the period/year	2,306,603	3,251,908	2,113,945	3,011,306
Reclassified as performing	(1,997,640)	(2,757,428)	(1,839,585)	(2,561,509)
Amount written back in respect of recoveries	(353,237)	(481,955)	(323,559)	(447,873)
Amount written off	(56,864)	(289,746)	(56,864)	(280,814)
Amount vested to HLIB*	-	-	-	(70,437)
Exchange differences	(1,086)	1,521	(1,086)	1,521
Closing balance	1,279,759	1,381,983	1,196,815	1,303,964
Specific allowance	(599,295)	(473,817)	(561,940)	(444,432)
Net non-performing loans, advances and financing	680,464	908,166	634,875	859,532
Net NPL as a % of gross loans, advances and financing less specific allowance	2.2%	3.1%	2.3%	3.4%

* Note: HLIB - Hong Leong Islamic Bank Berhad

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

11f Movements in allowance for bad and doubtful debts (and financing) accounts are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<u>General Allowance</u>				
At beginning	436,233	412,877	376,043	412,817
Net provisions made during the year	27,758	23,057	31,354	17,936
Amount vested to HLIB*	-	-	-	(55,009)
Exchange differences	(159)	299	(159)	299
Closing balance	<u>463,832</u>	<u>436,233</u>	<u>407,238</u>	<u>376,043</u>
As a % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
<u>Specific Allowance</u>				
At beginning	473,817	465,254	444,432	459,679
Allowance made during the period/year	254,462	386,511	237,935	359,349
Amount written back in respect of recoveries	(71,538)	(89,250)	(62,982)	(81,767)
Amount written off	(56,865)	(289,746)	(56,864)	(280,814)
Amount transferred to provision for diminution in value	-	-	-	-
Amount vested to HLIB*	-	-	-	(13,063)
Exchange differences	(581)	1,048	(581)	1,048
Closing balance	<u>599,295</u>	<u>473,817</u>	<u>561,940</u>	<u>444,432</u>

* Note: HLIB - Hong Leong Islamic Bank Berhad

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Interest/Income receivable	202,861	179,322	194,656	167,026
Other debtors, deposits and prepayments	217,516	206,150	218,132	193,809
Foreclosed properties	3,009	3,009	3,009	3,009
	<u>423,386</u>	<u>388,481</u>	<u>415,797</u>	<u>363,844</u>

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<u>By type of customer</u>				
Government and statutory bodies	356,862	650,612	152,724	215,657
Business enterprises	17,149,732	14,670,010	14,417,001	11,582,262
Individuals	30,180,197	27,055,017	28,997,142	26,129,670
Others	1,770,518	1,900,483	916,900	1,131,359
	<u>49,457,309</u>	<u>44,276,122</u>	<u>44,483,767</u>	<u>39,058,948</u>

14 Deposits and placements of banks and other financial institution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Licensed banks	3,999,006	2,494,760	3,783,606	2,359,759
Other financial institutions	137,200	301,500	137,200	301,500
	<u>4,136,206</u>	<u>2,796,260</u>	<u>3,920,806</u>	<u>2,661,259</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000

15 Short Term Corporate Placements

Corporate placements	<u>6,916,635</u>	<u>-</u>	<u>6,916,635</u>	<u>-</u>
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Short term corporate placements is to allow the Bank to provide an alternative to corporate customers for short term placement of their excess funds. The funds are placed for a fixed tenure at prevailing interbank money market rates which are agreed upfront and will be remunerated at maturity.

16 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Interest/Profit payable	336,440	311,173	302,109	278,153
Zakat	74	44	-	-
Post employment benefits obligation				
- defined contribution plan	3,444	3,443	3,444	3,443
Loan advance payment	293,778	190,450	288,600	187,943
Amount due to subsidiary companies	-	-	42,590	49,725
Others	382,464	429,596	341,111	415,787
	<u>1,016,200</u>	<u>934,706</u>	<u>977,854</u>	<u>935,051</u>

16 Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	366,912	301,726	1,068,089	886,208
- Recoveries from NPLs	37,010	52,787	113,142	136,645
Money at call and deposit placements with financial institutions	226,320	126,755	538,988	315,759
Securities purchased under resale agreements	20,352	44,155	80,996	171,121
Securities held-for-trading	33,001	38,875	132,554	95,400
Securities available-for-sale	30,772	54,695	126,899	144,787
Securities held-to-maturity	30,332	7,435	65,203	22,187
Others	2,105	1,805	7,476	7,969
	<u>746,804</u>	<u>628,233</u>	<u>2,133,347</u>	<u>1,780,076</u>
Amortisation of premium less accretion of discount	(4,096)	(8,025)	(15,812)	(18,482)
Interest suspended	(2,408)	(4,405)	(6,717)	(13,715)
	<u>740,300</u>	<u>615,803</u>	<u>2,110,818</u>	<u>1,747,879</u>

16 Interest income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	366,881	301,305	1,068,011	885,649
- Recoveries from NPLs	37,009	52,751	113,134	136,609
Money at call and deposit placements with financial institutions	229,833	134,502	551,571	336,215
Securities purchased under resale agreements	20,352	44,155	80,996	171,121
Securities held-for-trading	34,811	38,875	134,364	95,400
Securities available-for-sale	30,772	54,695	126,899	144,787
Securities held-to-maturity	30,332	7,435	65,203	22,187
Others	2,105	1,805	7,476	7,969
	<u>752,095</u>	<u>635,523</u>	<u>2,147,654</u>	<u>1,799,937</u>
Amortisation of premium less accretion of discount	(4,096)	(8,025)	(15,812)	(18,482)
Interest suspended	(2,341)	(4,405)	(6,504)	(13,715)
	<u>745,658</u>	<u>623,093</u>	<u>2,125,338</u>	<u>1,767,740</u>

17 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	74,101	84,089	248,366	230,744
Deposits from customers	327,418	257,683	916,848	756,612
Short term corporate placements	24,242	-	24,242	-
Subordinated bonds	8,542	9,180	27,004	25,581
Others	7,694	316	10,897	818
	<u>441,997</u>	<u>351,268</u>	<u>1,227,357</u>	<u>1,013,755</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	77,614	91,836	260,949	251,281
Deposits from customers	329,879	257,765	919,789	756,860
Short term corporate placements	24,242	-	24,242	-
Subordinated bonds	8,542	9,180	27,004	25,581
Others	7,694	316	10,897	818
	<u>447,971</u>	<u>359,097</u>	<u>1,242,881</u>	<u>1,034,540</u>

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
Group				
(a) <u>Fee income:</u>				
Commissions	21,193	17,197	67,161	53,853
Service charges and fees	10,563	13,050	36,338	27,046
Guarantee fees	1,136	1,139	4,053	4,225
Other fee income	40,981	41,666	110,162	114,052
	<u>73,873</u>	<u>73,052</u>	<u>217,714</u>	<u>199,176</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading	9,022	3,455	23,615	11,881
Net gain from sale of securities available-for-sale	8,280	23,642	37,608	31,814
Net gain from redemption of securities held-to-maturity	-	235	947	4,277
	<u>17,302</u>	<u>27,332</u>	<u>62,170</u>	<u>47,972</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	697	274	1,433	564
Securities available-for-sale	379	497	1,462	1,242
Securities held to maturity	-	-	324	741
	<u>1,076</u>	<u>771</u>	<u>3,219</u>	<u>2,547</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
(d) <u>Unrealised losses on revaluation of securities held-for-trading and derivatives</u>	4,045	6,444	(36,384)	8,488
(e) <u>Other income:</u>				
Foreign exchange gain	15,710	22,912	63,448	54,547
Rental income	30	138	190	286
Gain on disposal of property and equipment (net)	(11)	274	396	539
Profit from Takaful investments	108	-	108	-
Others	3,098	2,561	10,970	8,072
	<u>18,935</u>	<u>25,885</u>	<u>75,112</u>	<u>63,444</u>
Total other operating income	<u>115,231</u>	<u>133,484</u>	<u>321,831</u>	<u>321,627</u>

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
Bank				
(a) Fee income:				
Commissions	21,193	17,197	67,160	53,853
Service charges and fees	10,563	13,050	36,338	27,046
Guarantee fees	1,136	1,139	4,053	4,225
Other fee income	40,996	41,680	110,206	114,091
	<u>73,888</u>	<u>73,066</u>	<u>217,757</u>	<u>199,215</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading	9,022	3,455	23,615	11,881
Net gain from sale of securities available-for-sale	8,280	23,642	37,608	31,814
Net gain from redemption of securities held-to-maturity	-	235	947	4,277
	<u>17,302</u>	<u>27,332</u>	<u>62,170</u>	<u>47,972</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held-for-trading	697	274	1,433	564
Securities available-for-sale	379	497	1,462	1,242
Securities held to maturity	-	-	324	741
	<u>1,076</u>	<u>771</u>	<u>3,219</u>	<u>2,547</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
(d) <u>Unrealised losses on revaluation of securities held-for-trading and derivatives</u>	4,045	6,444	(36,384)	8,488
(e) <u>Other income:</u>				
Foreign exchange gain	15,710	22,912	63,448	54,547
Rental income	30	139	190	287
Gain on disposal of property and equipment (net)	(11)	274	396	539
Others	2,980	2,361	10,467	7,388
	<u>18,709</u>	<u>25,686</u>	<u>74,501</u>	<u>62,761</u>
Total other operating income	<u>115,020</u>	<u>133,299</u>	<u>321,263</u>	<u>320,983</u>

19 Other operating expenses

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	86,784	69,714	246,734	205,852
- Others	7,149	5,319	19,604	14,840
<u>Establishment costs</u>				
- Depreciation	13,527	14,078	41,442	41,782
- Rental	9,975	8,959	28,395	26,172
- Information technology expenses	9,154	8,252	26,751	23,439
- Others	9,057	8,172	26,417	23,675
<u>Marketing expenses</u>				
- Advertisement and publicity	11,665	6,269	28,166	23,928
- Handling fees	2,922	3,798	9,773	14,113
- Others	9,040	6,500	29,477	17,186
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,085	2,387	6,624	6,225
- Stationery & printing	4,142	4,004	11,043	11,868
- Others	27,517	19,733	63,955	49,910
	<u>193,017</u>	<u>157,185</u>	<u>538,381</u>	<u>458,990</u>

19 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007 RM'000	31/03/2006 RM'000	31/03/2007 RM'000	31/03/2006 RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	77,338	60,699	219,170	179,116
- Others	6,273	4,506	17,270	12,620
<u>Establishment costs</u>				
- Depreciation	13,069	13,962	40,723	41,571
- Rental	9,360	7,988	26,366	23,323
- Information technology expenses	8,460	7,340	24,731	20,913
- Others	8,161	5,613	21,415	16,149
<u>Marketing expenses</u>				
- Advertisement and publicity	11,853	5,819	26,780	20,508
- Handling fees	3,473	1,231	8,145	5,393
- Others	9,012	6,292	29,026	16,550
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,035	1,901	6,315	5,390
- Stationery & printing	3,963	3,662	10,608	10,796
- Others	26,420	17,942	61,741	45,106
	<u>179,417</u>	<u>136,955</u>	<u>492,290</u>	<u>397,435</u>

20 Allowance for losses on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	11,716	3,980	27,758	1,667
- specific allowance	80,686	91,156	254,462	271,247
- specific allowance written back	(21,085)	(25,840)	(71,538)	(66,873)
Bad debts and financing written off	1,544	1,631	5,046	5,826
Bad debts and financing recovery	(20,037)	(18,476)	(60,555)	(56,781)
	<u>52,824</u>	<u>52,451</u>	<u>155,173</u>	<u>155,086</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	12,684	2,328	31,354	(2,003)
- specific allowance	77,063	83,844	237,935	253,013
- specific allowance written back	(22,162)	(23,918)	(62,982)	(61,668)
Bad debts and financing written off	1,503	1,261	4,866	5,169
Bad debts and financing recovery	(19,303)	(16,868)	(57,852)	(53,270)
	<u>49,785</u>	<u>46,647</u>	<u>153,321</u>	<u>141,241</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<u>Components of Tier-1 and Tier-2 Capital</u>				
Tier-1 capital				
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107
Share premium	539,664	539,664	539,664	539,664
Retained profit	1,166,044	1,170,005	1,126,426	1,144,159
Other reserves	1,709,238	1,661,766	1,674,585	1,640,218
Less: Treasury shares	(632,545)	(491,025)	(632,545)	(491,025)
Less: Deferred tax	(156,711)	(173,301)	(138,899)	(154,238)
Add: Minority interest	44,115	-	-	-
Total tier-1 capital	4,249,912	4,287,216	4,149,338	4,258,885
Tier-2 capital				
General provision	463,832	436,233	407,238	376,043
Subordinated bonds	691,500	734,900	691,500	734,900
Total tier-2 capital	1,155,332	1,171,133	1,098,738	1,110,943
Total capital	5,405,244	5,458,349	5,248,076	5,369,828
Less: Investment in subsidiary companies	-	-	(577,041)	(522,041)
Total capital base	5,405,244	5,458,349	4,671,035	4,847,787
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	13.15%	13.76%	14.51%	15.78%
Risk-weighted Capital Ratio	16.72%	17.52%	16.34%	17.96%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	13.15%	13.24%	14.51%	15.18%
Risk-weighted Capital Ratio	16.72%	17.00%	16.34%	17.37%

The profit after tax of the Group and the Bank for the half year ended 31 December 2006, had been subjected to a limited review by our external auditors. As such the Group's and the Bank's profit after tax for the half year ended 31 December 2006 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios respectively

22 Group segmental reporting on revenue, profit and assets

Current Quarter Ended 31/03/2007

	Personal Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	227,137	88,478	133,299	989	449,903
Inter-segment revenue	121,473	(20,499)	(100,974)	-	-
Segment revenue	<u>348,610</u>	<u>67,979</u>	<u>32,325</u>	<u>989</u>	<u>449,903</u>
Segment profit before taxation	167,772	28,455	8,736	(901)	204,062
Taxation and zakat					(56,004)
Minority interest					405
Profit after taxation & Minority interest					<u>148,463</u>

Financial period ended 31/03/2007

	Personal Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	566,551	266,663	474,245	989	1,308,448
Inter-segment revenue	372,081	(61,061)	(311,020)	-	-
Segment revenue	<u>938,632</u>	<u>205,602</u>	<u>163,225</u>	<u>989</u>	<u>1,308,448</u>
Segment profit before taxation	427,505	89,870	99,485	(1,966)	614,894
Taxation and zakat					(167,392)
Minority interest					885
Profit after taxation & Minority interest					<u>448,387</u>
Segment assets	23,697,152	6,964,278	40,251,071	194,366	71,106,867
Unallocated assets					1,739,919
Total assets					<u>72,846,786</u>

22 Group segmental reporting on revenue, profit and assets

Corresponding Quarter Ended 31/03/2006

	Personal Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	140,320	115,451	183,288	-	439,059
Inter-segment revenue	131,136	(12,353)	(118,783)	-	-
Segment revenue	<u>271,456</u>	<u>103,098</u>	<u>64,505</u>	-	<u>439,059</u>
Segment profit before taxation	111,823	70,716	46,884	-	229,423
Taxation and zakat					(64,828)
Minority interest					-
Profit after taxation & Minority interest					<u>164,595</u>

Financial period ended 31/03/2006

	Personal Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	343,997	296,403	539,693	-	1,180,093
Inter-segment revenue	417,073	(49,445)	(367,628)	-	-
Segment revenue	<u>761,070</u>	<u>246,958</u>	<u>172,065</u>	-	<u>1,180,093</u>
Segment profit before taxation	298,445	136,948	127,585	-	562,978
Taxation and zakat					(157,983)
Minority interest					-
Profit after taxation & minority interest					<u>404,995</u>
Segment assets	20,630,624	6,777,511	33,597,470	-	61,005,605
Unallocated assets					1,953,770
Total assets					<u>62,959,375</u>

23 Property, plant and equipment

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

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

There were no material events subsequent to the end of the financial period ended 31 March 2007 to be disclosed.

(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 March 2007 except for the follow:-

On 29 June 2006, the Bank announced that HLB Ventures Sdn Bhd, Chew Geok Lin Nominees (Tempatan) Sdn Bhd, Chew Geok Lin Nominees (Asing) Sdn Bhd and Wah Tat Properties Sdn Bhd were placed under Member's Voluntary Winding-up pursuant to Section 254(1) of the Companies Act, 1965 ('Liquidation'). The liquidation is pending completion.

25 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.

The commitments and contingencies constitute the following:

	Financial Period Ended 31/03/2007			Financial Year Ended 30/06/2006		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
The Group						
Direct credit substitutes	164,495	164,495	164,495	190,074	190,074	190,074
Transaction-related contingent items	269,559	134,780	134,780	242,907	121,453	121,453
Short-term self liquidating trade-related contingencies	886,513	177,303	177,303	633,426	126,685	126,685
Other assets sold with resource and commitment	81,905	81,905	81,905	31,987	31,987	31,987
Irrevocable commitments to extend credit:						
- maturity more than 1 year	4,216,817	2,108,409	2,108,409	4,257,875	2,128,938	2,128,938
- maturity less than 1 year	10,566,681	-	-	10,943,047	-	-
Foreign exchange related contracts	23,371,937	507,230	71,492	8,666,574	259,954	129,977
Interest rate related contracts	31,468,583	342,796	280	23,109,340	277,279	138,640
Equity related contracts	55,259	84	-	8,288	415	208
Miscellaneous	387	-	-	418	-	-
Total	71,082,136	3,517,002	2,738,664	48,083,936	3,136,785	2,867,961

25 Commitments and contingencies (continued)

	Financial Period Ended 31/03/2007			Financial Year Ended 30/06/2006		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
The Bank						
Direct credit substitutes	164,495	164,495	164,495	190,074	190,074	190,074
Transaction-related contingent items	269,435	134,718	134,718	242,669	121,334	121,334
Short-term self liquidating trade-related contingencies	881,083	176,217	176,217	627,655	125,531	125,531
Irrevocable commitments to extend credit:						
- maturity more than 1 year	3,938,860	1,969,430	1,969,430	3,883,289	1,941,645	1,941,645
- maturity less than 1 year	10,549,507	-	-	10,929,166	-	-
Foreign exchange related contracts	23,371,059	507,230	71,492	8,665,667	259,954	129,977
Interest rate related contracts	31,468,583	342,796	280	23,109,340	277,279	138,640
Equity related contracts	55,259	84	-	8,288	415	208
Miscellaneous	387	-	-	419	-	-
Total	70,698,668	3,294,970	2,516,632	47,656,567	2,916,232	2,647,408

26 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.

27 a) Interest/Profit rate risk

Group As at 31 March 2007	Non-trading book					Non Interest Sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short term funds	16,831,310	-	-	-	-	439,720	-	17,271,030	3.8
Deposits & placement with banks & other financial instrument	-	8,698,396	1,493,142	-	-	-	-	10,191,538	3.8
Securities purchased resale agreement	940,156	2,991,900	309,051	-	-	-	-	4,241,107	3.8
Securities held at fair value through profit and loss	-	-	-	-	-	-	2,905,038	2,905,038	4.0
Securities available-for-sale	49,515	644,241	10,000	165,351	2,408,484	50,402	-	3,327,993	4.4
Securities held-to-maturity	842,927	620,000	872,649	61,053	11,890	25,097	-	2,433,616	4.8
Loans, advances and financing									
- performing	19,085,743	1,310,691	1,013,486	3,981,230	4,848,978	(453,626)	-	29,786,502	6.6
- non-performing	-	-	-	-	-	670,257	-	670,257	-
Other assets	-	-	-	-	-	423,386	-	423,386	-
Statutory deposits with BNM	-	-	-	-	-	1,152,439	-	1,152,439	-
Investment in subsidiary	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	281,034	-	281,034	-
Deferred tax assets	-	-	-	-	-	161,578	-	161,578	-
General and Family Takaful fund assets	-	-	-	-	-	1,268	-	1,268	-
Total assets	37,749,651	14,265,228	3,698,328	4,207,634	7,269,352	2,751,555	2,905,038	72,846,786	
Liabilities									
Deposits from customers	20,977,200	8,154,076	14,753,900	810,981	-	4,761,152	-	49,457,309	2.9
Deposits & placement of banks & other financial institutions	3,994,772	70,575	70,575	-	-	284	-	4,136,206	3.7
Obligations on securities sold under repurchase agreements	2,640,915	2,027,230	-	-	-	-	-	4,668,145	3.3
Bills and acceptance payable	9,566	244,334	72,339	-	-	472,102	-	798,341	3.8
Short Term Corporate Placements	5,740,805	1,175,830	-	-	-	-	-	6,916,635	3.4
Other liabilities	-	-	-	-	-	1,016,200	-	1,016,200	-
Subordinated obligations	-	-	-	-	688,679	-	-	688,679	5.2
Short term syndicated loan	-	-	518,625	-	-	-	-	518,625	5.8
Provision for taxation	-	-	-	-	-	97,897	-	97,897	-
General and Family Takaful fund liabilities	-	-	-	-	-	904	-	904	-
General and Family Takaful fund policyholders' fund	-	-	-	-	-	364	-	364	-
Total liabilities	33,363,258	11,672,045	15,415,439	810,981	688,679	6,348,903	-	68,299,305	
Shareholders funds	-	-	-	-	-	4,547,481	-	4,547,481	
Total liabilities and Shareholders' funds	33,363,258	11,672,045	15,415,439	810,981	688,679	10,896,384	-	72,846,786	
On-balance sheet profit sensitivity gap	4,386,393	2,593,183	(11,717,111)	3,396,653	6,580,673				
Off-balance sheet profit sensitivity gap	(302,000)	(2,936,035)	(6,285,100)	(5,365,265)	124,350				
Total profit sensitivity gap	4,084,393	(342,852)	(18,002,211)	(1,968,612)	6,705,023				

27 b) Interest/Profit rate risk

<u>Group</u> <u>As at 30 June 2006</u>	Non-trading book					Non Interest Sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short term funds	12,690,102	-	-	-	-	874,913	-	13,565,015	3.7
Deposits & placement with banks & other financial instrument	-	1,045,823	365,454	73,535	-	-	-	1,484,812	3.9
Securities purchased resale agreement	2,860,972	1,635,842	-	-	-	-	-	4,496,814	3.8
Securities held at fair value through profit and loss	-	-	-	-	-	-	3,881,514	3,881,514	3.8
Securities available-for-sale	23,301	233,894	596,237	4,316,851	547,089	106,760	-	5,824,132	4.3
Securities held-to-maturity	10,001	174,958	149,313	631,090	15,344	49,083	-	1,029,789	3.8
Loans, advances and financing									
- performing	16,045,866	1,247,974	1,064,895	4,340,884	5,447,316	(422,598)	-	27,724,337	6.5
- non-performing	-	-	-	-	-	894,531	-	894,531	-
Other assets	-	-	-	-	-	388,481	-	388,481	-
Statutory deposits with BNM	-	-	-	-	-	881,524	-	881,524	-
Tax recoverable	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	252,000	-	252,000	-
Deferred tax assets	-	-	-	-	-	173,301	-	173,301	-
Total assets	31,630,242	4,338,491	2,175,899	9,362,360	6,009,749	3,197,995	3,881,514	60,596,250	
Liabilities									
Deposits from customers	20,824,731	7,579,329	11,191,947	636,102	-	4,044,013	-	44,276,122	2.8
Deposits & placement of banks & other financial institutions	2,304,100	455,175	36,768	-	-	217	-	2,796,260	4.1
Obligations on securities sold under repurchase agreements	6,842,399	30,000	-	-	-	-	-	6,872,399	3.3
Bills and acceptance payable	13,045	13,775	7,785	45	-	511,559	-	546,209	3.8
Floating rate certificate of deposits	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	934,706	-	934,706	-
Subordinated obligations	-	-	-	-	704,049	-	-	704,049	5.3
Provision for taxation	-	-	-	-	-	85,596	-	85,596	-
Total liabilities	29,984,275	8,078,279	11,236,500	636,147	704,049	5,576,091	-	56,215,341	
Shareholders funds						4,380,909		4,380,909	
Total liabilities and Shareholders' funds	29,984,275	8,078,279	11,236,500	636,147	704,049	9,957,000	-	60,596,250	
On-balance sheet profit sensitivity gap	1,645,967	(3,739,788)	(9,060,601)	8,726,213	5,305,700				
Off-balance sheet profit sensitivity gap	(665,000)	(2,925,193)	(4,289,000)	(4,364,107)	(340,700)				
Total profit sensitivity gap	980,967	(6,664,981)	(13,349,601)	4,362,106	4,965,000				

27 c) Interest/Profit rate risk

Bank As at 31 March 2007	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non Interest Sensitive RM'000			
Assets									
Cash and short term funds	15,329,061	-	-	-	-	436,324	-	15,765,385	3.8
Deposits & placement with banks & other financial instrument	-	8,913,396	1,493,142	-	-	-	-	10,406,538	3.8
Securities purchased									
- resale agreement	940,156	2,991,900	309,051	-	-	-	-	4,241,107	3.7
Securities held at fair value through profit and loss	-	-	-	-	-	-	2,686,563	2,686,563	4.0
Securities available-for-sale	49,515	644,241	10,000	64,002	2,373,484	50,024	-	3,191,266	4.4
Securities held-to-maturity	842,927	620,000	487,331	26,064	11,890	13,429	-	2,001,641	5.8
Loans, advances and financing									
- performing	19,051,307	1,185,647	731,403	1,901,385	3,644,427	(397,715)	-	26,116,454	6.7
- non-performing	-	-	-	-	-	625,352	-	625,352	-
Other assets	-	-	-	-	-	415,797	-	415,797	-
Statutory deposits with BNM	-	-	-	-	-	1,006,025	-	1,006,025	-
Investment in subsidiary	-	-	-	-	-	577,041	-	577,041	-
Property, plant and equipment	-	-	-	-	-	260,891	-	260,891	-
Deferred tax assets	-	-	-	-	-	145,622	-	145,622	-
Total assets	36,212,966	14,355,184	3,030,927	1,991,451	6,029,801	3,132,790	2,686,563	67,439,682	
Liabilities									
Deposits from customers	18,387,540	7,165,387	13,494,208	675,480	-	4,761,152	-	44,483,767	2.9
Deposits & placement of banks & other financial institutions	3,779,372	70,575	70,575	-	-	284	-	3,920,806	3.7
Obligations on securities sold under repurchase agreements	2,640,915	2,027,230	-	-	-	-	-	4,668,145	3.3
Bills and acceptance payable	7,728	243,949	71,160	-	-	471,562	-	794,399	3.8
Short Term Corporate Placements	5,740,805	1,175,830	-	-	-	-	-	6,916,635	3.4
Other liabilities	-	-	-	-	-	977,854	-	977,854	-
Subordinated obligations	-	-	-	-	688,679	-	-	688,679	4.4
Short term syndicated loan	-	-	518,625	-	-	-	-	518,625	-
Provision for taxation	-	-	-	-	-	57,618	-	57,618	-
General and Family Takaful fund liabilities	-	-	-	-	-	-	-	-	-
General and Family Takaful fund policyholders' fund	-	-	-	-	-	-	-	-	-
Total liabilities	30,556,360	10,682,971	14,154,568	675,480	688,679	6,268,470	-	63,026,528	
Shareholders funds	-	-	-	-	-	4,413,154	-	4,413,154	
Total liabilities and Shareholders' funds	30,556,360	10,682,971	14,154,568	675,480	688,679	10,681,624	-	67,439,682	
On-balance sheet profit sensitivity gap	5,656,606	3,672,213	(11,123,641)	1,315,971	5,341,122				
Off-balance sheet profit sensitivity gap	(302,000)	(2,936,035)	(6,285,100)	(5,365,265)	124,350				
Total profit sensitivity gap	5,354,606	736,178	(17,408,741)	(4,049,294)	5,465,472				

27 d) Interest/Profit rate risk

Bank As at 30 June 2006	← Non-trading book →					Non Interest Sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short term funds	11,423,741	-	-	-	-	870,338	-	12,294,079	3.8
Deposits & placement with banks & other financial instrument	-	1,405,823	365,454	73,535	-	-	-	1,844,812	3.8
Securities purchased resale agreement	2,860,972	1,635,842	-	-	-	-	-	4,496,814	3.7
Securities held at fair value through profit and loss	-	-	-	-	-	-	3,752,487	3,752,487	3.8
Securities available-for-sale	23,301	233,893	586,202	4,182,670	512,782	106,760	-	5,645,608	4.3
Securities held-to-maturity	10,001	9,917	144,438	212,244	15,344	48,508	-	440,452	4.4
Loans, advances and financing									
- performing	16,012,513	1,244,600	778,675	2,108,488	4,043,343	(363,139)	-	23,824,480	6.6
- non-performing	-	-	-	-	-	846,627	-	846,627	-
Other assets	-	-	-	-	-	363,844	-	363,844	-
Statutory deposits with BNM	-	-	-	-	-	718,100	-	718,100	-
Tax recovery	-	-	-	-	-	522,041	-	522,041	-
Property, plant and equipment	-	-	-	-	-	235,513	-	235,513	-
Deferred tax assets	-	-	-	-	-	154,238	-	154,238	-
Total assets	30,330,528	4,530,075	1,874,769	6,576,937	4,571,469	3,502,830	3,752,487	55,139,095	
Liabilities									
Deposits from customers	18,232,211	5,469,574	10,698,920	603,745	-	4,054,498	-	39,058,948	2.8
Deposits & placement of banks & other financial institutions	2,229,099	395,175	36,768	-	-	217	-	2,661,259	4.2
Obligations on securities sold under repurchase agreements	6,842,399	30,000	-	-	-	-	-	6,872,399	3.3
Bills and acceptance payable	9,594	13,046	7,705	45	-	511,167	-	541,557	3.8
Floating rate certificate of deposits	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	935,051	-	935,051	-
Subordinated obligations	-	-	-	-	704,049	-	-	704,049	5.3
Provision for taxation	-	-	-	-	-	30,504	-	30,504	-
Total liabilities	27,313,303	5,907,795	10,743,393	603,790	704,049	5,531,437	-	50,803,767	
Shareholders funds						4,335,328		4,335,328	
Total liabilities and Shareholders' funds	27,313,303	5,907,795	10,743,393	603,790	704,049	9,866,765	-	55,139,095	
On-balance sheet profit sensitivity gap	3,017,225	(1,377,720)	(8,868,624)	5,973,147	3,867,420				
Off-balance sheet profit sensitivity gap	(665,000)	(2,925,193)	(4,289,000)	(4,364,107)	(340,700)				
Total profit sensitivity gap	2,352,225	(4,302,913)	(13,157,624)	1,609,040	3,526,720				

28 Operations of Islamic Banking

28a Unaudited Balance Sheet as at 31 March 2007

	<u>The Group</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
ASSETS		
Cash and short-term funds	1,520,986	1,370,943
Deposits and placements with bank and other financial institutions	135,000	-
Securities - Held-for-trading	267,146	129,027
Securities - Available-for-trading	136,727	178,524
Securities - Held-to-maturity	431,975	589,337
Financing, advances and other financing	3,713,950	3,944,758
Other assets	11,639	36,525
Statutory deposits with Bank Negara Malaysia	146,414	163,424
Property, plant and equipment	1,703	2,060
Deferred tax assets	15,956	19,063
Tax recoverable	3,819	-
Total Assets	<u>6,385,315</u>	<u>6,433,661</u>
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>		
Deposits from customers	5,511,744	5,701,544
Deposits and placements of banks and other financial institutions	215,400	135,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	2,189	1,424
Other liabilities	70,611	52,037
Provision for taxation	-	2,373
Total Liabilities	<u>5,799,944</u>	<u>5,892,378</u>
Islamic banking capital fund	500,000	500,000
Reserves	85,371	41,283
Islamic Banking Funds	<u>585,371</u>	<u>541,283</u>
Total Liabilities and Islamic Banking Funds	<u>6,385,315</u>	<u>6,433,661</u>
COMMITMENTS AND CONTINGENCIES	<u>383,468</u>	<u>427,370</u>

Note: The Bank does not have any Islamic business since 1 July 2005 after vesting of the Islamic business to HLIB on the same date.

28 **Operations of Islamic Banking** (continued)

28b Unaudited Income Statements for the 3rd Quarter and Cumulative 9 Months Ended 31 March 2007

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	RM'000	RM'000	RM'000	RM'000
Income derive from investment of deposits' funds and others	73,171	76,270	225,426	216,760
Income derive from investment of shareholders' funds	8,220	7,669	23,040	21,062
Allowance for losses on financing	(3,162)	(6,215)	(2,623)	(15,369)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	(400)	1,500	(5,011)	5,475
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
Total distributable income	77,829	79,224	240,832	227,928
Income attributable to deposits	(44,624)	(44,398)	(140,298)	(118,710)
Total net income	33,205	34,826	100,534	109,218
Other operating expenses	(12,164)	(20,372)	(43,564)	(62,409)
Profit before taxation and zakat	21,041	14,454	56,970	46,809
Zakat	(12)	(10)	(30)	(40)
Taxation	(5,681)	(3,960)	(15,382)	(13,091)
Profit after taxation and zakat	15,348	10,484	41,558	33,678
Profit attributable to shareholders	15,348	10,484	41,558	33,678
Earning per share - basic (sen)	3.07	2.10	8.31	6.74
Earning per share - fully diluted (sen)	3.07	2.10	8.31	6.74

Note: The Bank does not have any Islamic business since 1 July 2005 after vesting of the Islamic business to HLIB on the same date.

28 **Operations of Islamic Banking** (continued)

28c Financing, advances and other financing

(i) **By type**

	<u>The Group</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Cash line	8,977	10,196
Term financing		
- Housing financing	1,612,941	1,045,491
- Hire purchase receivable	2,753,586	3,343,399
- Lease receivable	27,114	15,098
- Other term financing	530,355	548,171
Claims on customers under acceptance credit	138,910	103,291
Staff financing	95	123
Revolving credit	2,392	2,900
Others	559	1,096
	<u>5,074,929</u>	<u>5,069,765</u>
Less: Unearned income	(1,269,167)	(1,037,941)
	<u>3,805,762</u>	<u>4,031,824</u>
Less: Allowance for bad and doubtful financing		
- General	(56,562)	(60,158)
- Specific	(35,250)	(26,908)
	<u>(91,812)</u>	<u>(87,066)</u>
Total net financing, advances and other financing	<u><u>3,713,950</u></u>	<u><u>3,944,758</u></u>

(ii) **By contract**

	<u>The Group</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,193,698	979,754
Ijarah (lease)	24,975	13,794
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,448,179	2,934,985
Murabahah (cost-plus)	138,910	103,291
	<u>3,805,762</u>	<u>4,031,824</u>

28 **Operations of Islamic Banking** (continued)

28c Financing, advances and other financing (continued)

Non-performing financing

(i) Movements in non-performing financing, advances and other financing

	<u>The Group</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
At beginning	75,637	70,437
Amount transferred from HLF	-	-
Amount transferred to HLIB	-	-
Classified as non-performing during the period	192,646	240,128
Reclassified as performing	(158,055)	(195,844)
Amount recovered	(29,271)	(32,270)
Amount written off	-	(6,814)
At end	<u>80,957</u>	<u>75,637</u>
Net non-performing financing, advances and other financing	<u>45,707</u>	<u>48,729</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>1.2%</u>	<u>1.2%</u>

28 **Operations of Islamic Banking** (continued)

28c Financing, advances and other financing (continued)

(ii) **Movements in allowance for bad and doubtful financing**

	<u>The Group</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
General allowance		
At beginning	60,158	55,009
Amount transferred from HLF	-	-
Amount transferred to HLIB	-	-
Allowance made / (written back)	(3,596)	5,149
At end	<u>56,562</u>	<u>60,158</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific allowance		
At beginning	26,908	13,063
Amount transferred from HLF	-	-
Amount transferred to HLIB	-	-
Allowance made / (written back)	16,517	26,771
Amount recovered	(8,175)	(6,111)
Amount written off	-	(6,815)
At end	<u>35,250</u>	<u>26,908</u>

28 **Operations of Islamic Banking (continued)**

28d Deposits from customer

By type of deposit

	<u>The Group</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Non-Mudharabah		
Demand deposits	221,264	127,218
Saving deposits	515,731	433,735
Negotiable Islamic Debt Certificate	48,671	1,739,230
Others	-	-
	<u>785,666</u>	<u>2,300,183</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	403,192	292,243
General investment deposits	2,117,878	2,094,070
Specific investment deposits	2,203,789	1,013,613
Others	1,219	1,435
	<u>4,726,078</u>	<u>3,401,361</u>
	<u>5,511,744</u>	<u>5,701,544</u>

29 Change in accounting policies and prior year adjustments

During the financial period ended 31 March 2007, the Group have adopted the new and revised FRSs issued by MASB that are applicable with effect from 1 July 2006 which resulted in changes in accounting policies as follows:

(i) FRS 2: Share-based Payment

FRS 2 requires an entity to recognise share-based payments in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statements over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2006 as provided in the transitional provision of FRS 2.

For the current quarter under review, there were no share options granted under the ESOS and accordingly, the adoption of FRS 2 has not resulted in any financial impact to the Group.

In connection with the ESOS, a trust has been set up and is administered by an appointed trustee. The trustee will be entitled from time to time to accept advances from the Group to purchase the Company's ordinary shares from the open market for the purposes of the ESOS.

In accordance with IC Interpretation 112 Consolidation - Special Purpose Entities, the advances given to the trustee is consolidated and classified as Treasury Shares held for ESOS.

29 Change in accounting policies and prior year adjustments (continued)

(ii) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in the Group ceasing amortisation of goodwill. Goodwill carried at cost less accumulated impairment losses, is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. Impairment losses are recognised in the income statement when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds the recoverable amount.

In prior periods, goodwill arising on consolidation is stated at cost except it is written off if, in the opinion of the Directors, it is impaired.

(iii) FRS 101: Presentation of Financial Statements

The adoption of revised FRS 101 requires new presentation of the financial statements.

In the consolidated income statement, minority interests are presented as an allocation of the total profit for the financial period between the equity holders of the parent and minority interests. In the consolidated balance sheet and consolidated statement of changes in equity, minority interests are presented within total equity. FRS 101 also requires disclosure on the face of the consolidated statement of changes in equity, a total for recognised income and expenses for the financial period, showing separately the amount attributable to the equity holders of the parent and the minority interests.

**HONG LEONG BANK BERHAD ("HLB" or "Bank")
 ADDITIONAL INFORMATION REQUIRED BY THE LISTING
 REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

1 Review of performance

Current quarter against previous corresponding quarter

The Group recorded a pre-tax profit of RM204.1 million for the current financial quarter ended 31 March 2007, a decrease increase of RM25.4 million as compared to previous corresponding quarter. Operating expenses increased by RM35.8 million, mainly from higher personnel cost due to additional headcount particularly from the Personal Financial Services for its rapid business growth.

Financial year-to-date against previous financial year-to-date

The Group pre-tax profit for the nine months ended 31 March 2007 stood at RM615.0 million, an increase of RM51.9 million as compared to RM563.0 million in the previous corresponding period. Net income increased by RM128.4 million or 11%, which was spurred by the increase in net interest income of RM149.3 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM204.1 million as compared to RM212.4 million in the preceding quarter, a decrease of RM8.4 million.

3 Current year prospect

The Group is optimistic of delivering better results, through leveraging on innovative products in the current financial year and continue to be sensitive to changes in market conditions and outlook with the appropriate risk management mindset.

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 Taxation

	Current Quarter Ended 31/3/2007 RM'000	Corresponding Quarter Ended 31/3/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Period Ended 31/3/2006 RM'000
The Group				
Malaysian income tax	63,029	65,715	182,399	157,087
Oversea tax	-	-	-	-
	<u>63,029</u>	<u>65,715</u>	<u>182,399</u>	<u>157,087</u>
Transfer from/(to) deferred taxation	(7,037)	(897)	(15,037)	856
	<u>55,992</u>	<u>64,818</u>	<u>167,362</u>	<u>157,943</u>

5 Taxation (continued)

	Current Quarter Ended 31/3/2007 RM'000	Corresponding Quarter Ended 31/3/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Period Ended 31/3/2006 RM'000
The Bank				
Malaysian income tax	58,731	61,424	168,997	144,144
Oversea tax	-	-	-	-
	<u>58,731</u>	<u>61,424</u>	<u>168,997</u>	<u>144,144</u>
Transfer from/(to) deferred taxation	(8,465)	(657)	(17,174)	531
	<u><u>50,266</u></u>	<u><u>60,767</u></u>	<u><u>151,823</u></u>	<u><u>144,675</u></u>

The Group's and the Bank's effective tax rate for the financial year approximates the statutory tax rate.

6 Profit on sale of unquoted investments/properties

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

7 Purchase and disposal of quoted securities

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

8 Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

9 Group borrowings

This note is not applicable to the Group because there are no borrowings.

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Deposits from customers				
Fixed deposits	29,944,497	27,071,336	26,076,507	24,436,102
Negotiable instruments of deposit	7,574,828	6,229,198	7,574,828	4,489,968
Demand deposits	4,629,967	4,328,335	4,444,557	4,213,037
Saving deposits	7,069,272	6,402,925	6,150,349	5,676,948
Other	238,745	244,328	237,526	242,893
	<u>49,457,309</u>	<u>44,276,122</u>	<u>44,483,767</u>	<u>39,058,948</u>
The maturity structure of fixed deposits and negotiable instruments:				
One year or less (short term)	36,973,374	32,696,790	33,154,055	28,322,326
More than one year (medium/long term)	545,951	603,744	497,280	603,744
	<u>37,519,325</u>	<u>33,300,534</u>	<u>33,651,335</u>	<u>28,926,070</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	3,999,006	2,494,760	3,783,606	2,359,760
Other financial institutions	137,200	301,500	137,200	301,499
	<u>4,136,206</u>	<u>2,796,260</u>	<u>3,920,806</u>	<u>2,661,259</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
One year or less (short term)	4,136,206	2,796,260	3,920,806	2,661,259
More than one year (medium/long term)	-	-	-	-
	<u>4,136,206</u>	<u>2,796,260</u>	<u>3,920,806</u>	<u>2,661,259</u>

11 Subordinated bonds

	<u>The Group and The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Subordinated bonds		
- USD200 million	<u>688,679</u>	<u>704,049</u>

On 3 August 2005, the Bank issued USD200 million in aggregate principal amount of Subordinated Bonds ("the Bonds") due 2015 callable with step-up in 2010. The Bonds bear interest at the rate of 5.25% per annum from, and including 3 August 2005 to, but excluding 3 August 2010 and, thereafter, at a rate per annum equal to the 5 Year US Treasury Rate plus 2.717%. The interest is payable semi-annually in arrears on 3 February and 3 August in each year, commencing on 3 February 2006. The Bonds were issued at a price of 99.848 per cent of the principal amount of the Bonds. The Bonds will, subject to the prior written approval of Bank Negara Malaysia, if required, be redeemable in whole but not in part, at the option of the Bank on 3 August 2010 or in the event of certain changes affecting taxation in Malaysia or any other jurisdiction where the Bank has to pay tax in relation to the Bonds, at their principal amount plus accrued interest.

The Bonds constitute unsecured liabilities of the Bank, and are 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.

12 Syndicated loan facility

	<u>The Group and The Bank</u>	
	Financial Period Ended 31/03/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Syndicated loan facility		
- USD150 million	<u>518,625</u>	<u>-</u>

During the financial period, the Bank entered into a Syndicated Transferable Short Term Loan Facility ("the Facility") of USD150 million repayable in bullet repayment on the date falling 364 days from the drawdown date. Proceeds from the Facility would be used for general funding purposes.

13 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2007:

The Group

Items	Principal Amount	1 mth or less	>1 - 3 Mths	>3 - 6 Mths	>6 - 12 Mths	>1 - 5 Years	> 5 years
RM'000							
Foreign exchange related contracts							
- forwards	2,910,857	2,100,952	447,790	282,986	76,178	2,951	-
- swaps	17,801,244	8,583,194	4,382,530	1,244,484	1,217,433	1,796,190	577,413
- options	2,659,836	1,566,402	360,201	407,598	325,635	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	17,379,000	140,000	2,506,000	2,616,000	3,633,000	8,484,000	-
- swaps	14,089,583	142,800	1,127,180	770,000	1,225,000	10,004,089	820,514
Total	54,840,520	12,533,348	8,823,701	5,321,068	6,477,246	20,287,230	1,397,927

The Bank

Items	Principal Amount	1 mth or less	>1 - 3 Mths	>3 - 6 Mths	>6 - 12 Mths	>1 - 5 Years	> 5 years
RM'000							
Foreign exchange related contracts							
- forwards	2,909,979	2,100,952	446,912	282,986	76,178	2,951	-
- swaps	17,801,244	8,583,194	4,382,530	1,244,484	1,217,433	1,796,190	577,413
- options	2,659,836	1,566,402	360,201	407,598	325,635	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	17,379,000	140,000	2,506,000	2,616,000	3,633,000	8,484,000	-
- swaps	14,089,583	142,800	1,127,180	770,000	1,225,000	10,004,089	820,514
Total	54,839,642	12,533,348	8,822,823	5,321,068	6,477,246	20,287,230	1,397,927

13 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 RM533,043,786 (FYE June 2006: RM340,585,000) and RM17,336,877,056 (FYE June 2006: RM14,197,940,190) respectively.

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 RM79,024,735 (FYE June 2006: RM115,302,951). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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 income statements 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 income statement. 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 income statement.

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 income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged items affects the income statement.

14 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.

15 Dividend

No interim dividend has been proposed for the current quarter.

For the financial period ended 31 March 2007, a total dividend of 9 sen per share less tax at 27% has been paid (2005/2006: 9 sen per share less tax at 28%).

16 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit after taxation and minority interest by the weighted average number of ordinary shares (excluding treasury shares) in issue during the period.

	Current Quarter Ended 31/3/2007 RM'000	Corresponding Quarter Ended 31/3/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Period Ended 31/3/2006 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	148,463	164,595	448,387	404,995
Weighted average number of ordinary shares in issue ('000)	1,580,107	1,580,107	1,580,107	1,580,107
Less: Treasury shares held	(118,937)	(56,854)	(113,538)	(55,495)
	<u>1,461,170</u>	<u>1,523,253</u>	<u>1,466,569</u>	<u>1,524,612</u>
Basic earnings per share (sen)	10.2	10.8	30.6	26.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	133,239	152,926	406,286	367,793
Weighted average number of ordinary shares in issue ('000)	1,580,107	1,580,107	1,580,107	1,580,107
Less: Treasury shares held	(118,937)	(56,854)	(113,538)	(55,495)
	<u>1,461,170</u>	<u>1,523,253</u>	<u>1,466,569</u>	<u>1,524,612</u>
Basic earnings per share (sen)	9.1	10.0	27.7	24.1

16 Earnings per share (continued)

b) Fully diluted earnings per share

For the fully diluted earnings per share, the weighted average number of ordinary shares in issue (excluding treasury shares) is adjusted to assume conversion of all ESOS options into ordinary shares.

	Current Quarter Ended 31/3/2007 RM'000	Corresponding Quarter Ended 31/3/2006 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Period Ended 31/3/2006 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	148,463	164,595	448,387	404,995
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,461,170	1,523,253	1,466,569	1,524,612
- adjustment for ESOS	-	-	-	-
	<u>1,461,170</u>	<u>1,523,253</u>	<u>1,466,569</u>	<u>1,524,612</u>
Fully diluted earnings per share (sen)	10.2	10.8	30.6	26.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	133,239	152,926	406,286	367,793
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,461,170	1,523,253	1,466,569	1,524,612
- adjustment for ESOS	-	-	-	-
	<u>1,461,170</u>	<u>1,523,253</u>	<u>1,466,569</u>	<u>1,524,612</u>
Fully diluted earnings per share (sen)	9.1	10.0	27.7	24.1