

**Condensed Financial Statements**  
**Hong Leong Bank Berhad**  
**Audited Balance Sheet As At 30 June 2007**

	Note	The Group		The Bank	
		Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<b>ASSETS</b>					
Cash and short-term funds		15,989,916	13,565,015	14,880,849	12,294,079
Deposits and placements with financial institutions		9,147,158	1,484,812	9,047,158	1,844,812
Securities purchased under resale agreements		3,495,309	4,496,814	3,495,309	4,496,814
Securities held at fair value through profit and loss	8	3,487,793	3,881,514	3,217,357	3,752,487
Securities available-for-sale	9	2,826,572	5,824,132	2,678,308	5,645,608
Securities held-to-maturity	10	2,466,821	1,029,789	2,034,009	440,452
Loans, advances and financing	11	31,654,774	28,618,868	27,965,985	24,671,107
Other assets	12	690,782	388,481	812,195	363,844
Statutory deposits with Bank Negara Malaysia		1,206,939	881,524	1,036,625	718,100
Investment in subsidiary companies		-	-	577,041	522,041
Property, plant and equipment		252,369	230,865	235,313	214,378
Intangible assets		33,823	21,135	32,171	21,135
Deferred tax assets		164,961	173,301	149,078	154,238
General and Family Takaful fund assets		6,522	-	-	-
<b>Total Assets</b>		<b>71,423,739</b>	<b>60,596,250</b>	<b>66,161,398</b>	<b>55,139,095</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>					
Deposits from customers	13	56,719,397	44,276,122	51,873,299	39,058,948
Deposits and placements of banks and other financial institutions	14	5,113,620	2,796,260	5,038,620	2,661,259
Obligations on securities sold under repurchase agreements		1,129,521	6,872,399	1,129,521	6,872,399
Bills and acceptance payable		566,251	546,209	562,495	541,557
Other liabilities	15	1,963,074	934,706	1,843,864	935,051
Subordinated Bonds		671,657	704,049	671,657	704,049
Syndicated loan facility		509,850	-	509,850	-
Provision for taxation		85,140	85,596	38,409	30,504
General and Family Takaful fund liabilities		928	-	-	-
General and Family Takaful policyholders' fund		5,594	-	-	-
<b>Total Liabilities</b>		<b>66,765,032</b>	<b>56,215,341</b>	<b>61,667,715</b>	<b>50,803,767</b>
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		3,730,056	3,291,827	3,608,687	3,246,246
Less: Treasury Shares		(695,111)	(491,025)	(695,111)	(491,025)
<b>Total Shareholders' Equity</b>		<b>4,615,052</b>	<b>4,380,909</b>	<b>4,493,683</b>	<b>4,335,328</b>
Minority interest		43,655	-	-	-
<b>Total Equity</b>		<b>4,658,707</b>	<b>4,380,909</b>	<b>4,493,683</b>	<b>4,335,328</b>
<b>Total Liabilities and Equity</b>		<b>71,423,739</b>	<b>60,596,250</b>	<b>66,161,398</b>	<b>55,139,095</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	25	<b>76,664,716</b>	<b>48,083,936</b>	<b>76,266,690</b>	<b>47,656,567</b>
<b>CAPITAL ADEQUACY</b>					
<b>Before deducting proposed dividends</b>					
Core capital ratio	21	13.34%	13.76%	14.42%	15.78%
Risk-weighted capital ratio	21	16.79%	17.52%	16.17%	17.96%
<b>After deducting proposed dividends</b>					
Core capital ratio	21	12.84%	13.24%	13.86%	15.18%
Risk-weighted capital ratio	21	16.29%	17.00%	15.62%	17.37%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.18	2.95	3.10	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  
Audited Income Statement  
For The Financial Quarter Ended 30 June 2007

The Group

	Note	Current Quarter Ended 30/06/2007 RM'000	Corresponding Quarter Ended 30/06/2006 RM'000	Current Year Ended 30/06/2007 RM'000	Corresponding Year Ended 30/06/2006 RM'000
Interest income	16	753,343	640,117	2,864,161	2,387,996
Interest expense	17	(467,680)	(360,702)	(1,695,037)	(1,374,457)
Net interest income		285,663	279,415	1,169,124	1,013,539
Net income from Islamic Banking business		40,671	42,369	143,827	166,711
Other operating income	18	133,408	128,856	455,239	450,483
Net Income		459,742	450,640	1,768,190	1,630,733
Other operating expenses	19	(209,636)	(148,694)	(748,017)	(607,684)
Operating profit before provision Allowance for losses on loans, advances and financing	20	250,106	301,946	1,020,173	1,023,049
Impairment loss - securities		(1,825)	(6,670)	(1,825)	(9,709)
Profit before taxation (and zakat)		241,704	201,263	856,598	764,241
Taxation		(69,752)	(56,329)	(237,114)	(214,272)
Zakat		(5)	(9)	(35)	(49)
Net profit for the period		171,947	144,925	619,449	549,920
<b>Attributable to:</b>					
Equity holders of the parent		172,407	144,925	620,794	549,920
Minority Interest		(460)	-	(1,345)	-
Net profit for the period		171,947	144,925	619,449	549,920
Earnings per share - basic (sen)		11.8	9.6	42.4	36.4
Earnings per share - fully diluted (sen)		11.8	9.6	42.4	36.4

**Hong Leong Bank Berhad**

**Condensed Financial Statements  
Audited Income Statement  
For The Financial Quarter Ended 30 June 2007**

**The Bank**

	Note	Current Quarter Ended 30/06/2007 RM'000	Corresponding Quarter Ended 30/06/2006 RM'000	Current Year Ended 30/06/2007 RM'000	Corresponding Year Ended 30/06/2006 RM'000
Interest income	16	756,743	644,120	2,882,081	2,411,860
Interest expense	17	(472,915)	(364,947)	(1,715,796)	(1,399,487)
Net interest income		283,828	279,173	1,166,285	1,012,373
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	117,837	129,076	439,100	450,059
Net Income		401,665	408,249	1,605,385	1,462,432
Other operating expenses	19	(194,471)	(129,955)	(686,761)	(527,390)
Operating profit before provision Allowances for losses on loans and financing	20	207,194 (4,034)	278,294 (86,973)	918,624 (157,355)	935,042 (228,214)
Impairment loss - securities		(1,825)	(6,670)	(1,825.00)	(9,709)
Profit before taxation (and zakat)		201,335	184,651	759,444	697,119
Taxation		(60,590)	(49,888)	(212,413)	(194,563)
Zakat		-	-	-	-
Profit after taxation		140,745	134,763	547,031	502,556
Profit attributable to shareholders		140,745	134,763	547,031	502,556
Earnings per share - basic (sen)		9.7	8.9	37.4	33.2
Earnings per share - fully diluted (sen)		9.7	8.9	37.4	33.2

Condensed Financial Statements  
Hong Leong Bank Berhad

Audited Statement of Changes in Equity For The Financial Year Ended 30 June 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			
<b>The Group</b>										
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
<b>Currency translation differences</b>	-	-	-	-	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	-	-	-	-	-	620,794	-	620,794	(1,345)	619,449
Transfer to statutory reserve	-	-	165,163	-	-	(165,163)	-	-	-	-
Dividend paid	-	-	-	-	-	(256,413)	-	(256,413)	-	(256,413)
less: Treasury shares	-	-	-	-	-	-	(204,086)	(204,086)	-	(204,086)
Net fair value changes in available for sale securities	-	-	-	70,100	-	-	-	70,100	-	70,100
<b>Closing Balance @ 30 June 2007</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,791,566</b>	<b>(9,508)</b>	<b>39,111</b>	<b>1,369,223</b>	<b>(695,111)</b>	<b>4,615,052</b>	<b>43,655</b>	<b>4,658,707</b>
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)	1,098	4,400,898	-	4,400,898
Prior Year Adjustment	-	-	-	-	-	(4,181)	-	(4,181)	-	(4,181)
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
<b>Currency translation differences</b>	-	-	-	-	(790)	-	-	(790)		(790)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	(790)	-	-	(790)		(790)
Net profit for the period	-	-	-	-	-	549,920	-	549,920		549,920
Transfer to statutory reserve	-	-	147,187	-	-	(147,187)	-	-		-
Dividend paid	-	-	-	-	-	(268,680)	-	(268,680)		(268,680)
Purchase of treasury shares	-	-	-	-	-	-	(216,650)	(216,650)		(216,650)
Net fair value changes in available for sale securities	-	-	-	(84,887)	-	-	-	(84,887)		(84,887)
<b>Closing Balance @ 30 June 2006</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,626,403</b>	<b>(79,608)</b>	<b>35,363</b>	<b>1,170,005</b>	<b>(491,025)</b>	<b>4,380,909</b>	<b>-</b>	<b>4,380,909</b>

**Condensed Financial Statements**  
**Hong Leong Bank Berhad**  
**Audited Statement of Changes in Equity For The Financial Year Ended 30 June 2007**

	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	
<b>The Bank</b>							
As at 1 July 2006	1,580,107	539,664	1,604,855	(77,795)	35,363	1,144,159	(491,025)
As previously stated							
Prior Year Adjustment							
<b>As at 1 July 2006, as restated</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,604,855</b>	<b>(77,795)</b>	<b>35,363</b>	<b>1,144,159</b>	<b>(491,025)</b>
<i>Currency translation differences</i>					3,748		
Net gain/(loss) not recognised in the profit and loss accounts					3,748		
Net profit for the period						547,031	
Transfer to statutory reserve			136,757			(136,757)	
Dividend paid						(256,413)	
less: Purchase of Treasury Shares							(204,086)
Net fair value changes in available for sale securities				68,075			
<b>Closing Balance @ 30 June 2007</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,741,612</b>	<b>(9,720)</b>	<b>39,111</b>	<b>1,298,020</b>	<b>(695,111)</b>
<b>As at 1 July 2005</b>							
As previously stated	1,580,107	539,664	1,479,216		36,153	1,035,922	(274,375)
Prior Year Adjustment				5,279			
<b>As at 1 July 2005, as restated</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,479,216</b>	<b>5,279</b>	<b>36,153</b>	<b>1,035,922</b>	<b>(274,375)</b>
<i>Currency translation differences</i>					(790)		
Net gain/(loss) not recognised in the profit and loss accounts					(790)		
Net profit for the period						502,556	
Transfer to statutory reserve			125,639			(125,639)	
Dividend paid						(268,680)	
Purchase of treasury shares							(216,650)
Net fair value changes in available for sale securities				(83,074)			
<b>Closing Balance @ 30 June 2006</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,604,855</b>	<b>(77,795)</b>	<b>35,363</b>	<b>1,144,159</b>	<b>(491,025)</b>

**Hong Leong Bank Berhad**  
**Condensed Financial Statements**  
**Audited Condensed Cash Flow Statement**  
**For The Financial Year Ended 30 June 2007**

	The Group		The Bank	
	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<b>Operating activities</b>				
Profit before taxation	856,598	764,241	759,444	697,119
Adjustments for non-cash items	59,237	135,399	65,925	113,972
Operating profit before working capital changes	915,835	899,640	825,369	811,091
Income taxes and zakat paid	(255,513)	(186,715)	(225,000)	(186,114)
Net changes in working capital	(79,049)	5,016,354	426,071	4,881,274
Net cash flow from operating activities	581,273	5,729,279	1,026,440	5,506,251
Net cash flow from investing activities	1,831,255	(3,471,543)	1,589,696	(3,072,070)
Net cash flow from financing activities	42,146	184,847	(18,592)	184,847
<b>Changes in cash and cash equivalents</b>	<b>2,454,674</b>	<b>2,442,583</b>	<b>2,613,282</b>	<b>2,619,028</b>
Currency translation differences	(29,773)	(2,146)	(26,512)	(2,078)
Cash and cash equivalents at the beginning of year	13,565,015	11,124,578	12,294,079	11,125,551
Effect of cash transferred to Hong Leong Islamic Bank Berhad				(1,448,422)
Cash and cash equivalents at the end of period	<u>15,989,916</u>	<u>13,565,015</u>	<u>14,880,849</u>	<u>12,294,079</u>

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

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 JUNE 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**

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 cyclical nature 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 30 June 2007 other than as mentioned below:-

**a) Share Buy-back**

During the financial year ended 30 June 2007, the Bank purchased a total of 16,872,200 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 year ended 30 June 2007 are as follows:

Month	No of shares bought back	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	32,322,329
Sep-06	5,546,100	5.30	5.40	5.39	29,963,773
Oct-06	-	-	-	-	-
Nov-06	3,661,300	5.35	5.45	5.44	19,984,396
Dec-06	40,000	5.45	5.45	5.45	218,778
Jan-07	-	-	-	-	-
Feb-07	-	-	-	-	-
Mar-07	5,000	5.85	5.85	5.85	29,358
Apr-07	-	-	-	-	-
May-07	-	-	-	-	-
Jun-07	1,533,200	6.25	6.30	6.29	9,661,205
<b>For the period</b>	<b>16,872,200</b>	<b>5.25</b>	<b>6.30</b>	<b>5.46</b>	<b>92,179,838</b>

The total number of shares bought back, all of which were held as treasury shares as at 30 June 2007 amounted to 80,414,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled 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 year, the trust bought 19,520,000 shares at an average price of RM5.73 per share. Total consideration paid, including transaction costs was RM111,905,570. As at 30 June 2007, the total number of Treasury Shares for ESOS was 50,000,000 at an average carrying value of RM5.35 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**

A final dividend of 15.0 sen per share less income tax of 27% in respect of financial year ended 30 June 2006 amounting to RM160.4 million was paid on 17 November 2006. 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>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
<b>Held-for-trading</b>				
Money market instruments:				
Malaysian Government Treasury				
Bills	102,211	24,652	102,211	16,702
Malaysian Government Securities	125,232	246,604	125,232	246,604
Malaysian Government Investment				
Certificates	55,066	-	25,013	-
Other Government Securities				
	-	-	-	-
Bank Negara Malaysia (BNM)				
Bills	1,506,638	69,158	1,249,510	49,263
Cagamas Bonds	79,045	742,369	79,045	742,369
Bankers' Acceptance and Islamic				
Accepted bills	1,132,891	15,312	1,101,223	15,312
Negotiable Instruments of Deposit	111,395	2,592,938	160,067	2,491,756
	<u>3,112,478</u>	<u>3,691,033</u>	<u>2,842,301</u>	<u>3,562,006</u>
Quoted securities:				
Shares in Malaysia				
	130,619	38,802	130,360	38,802
Foreign Currency Bonds				
	-	53,098	-	53,098
Unquoted securities:				
Private Debt Securities				
	200,825	82,826	200,825	82,826
Syndicated Bond				
	38,619	-	38,619	-
<b>Others designated at fair value through P&amp;L</b>				
Loan Stock Quoted in Malaysia	5,252	15,755	5,252	15,755
<b>Total securities held-for-trading</b>	<u><u>3,487,793</u></u>	<u><u>3,881,514</u></u>	<u><u>3,217,357</u></u>	<u><u>3,752,487</u></u>

9 Securities available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Money market instruments:				
Malaysian Government Investment Certificates	-	24,615	-	-
Other Government Securities	8,715	23,562	8,715	23,562
Malaysian Government Treasury Bills	349,600	224,115	349,600	224,115
Malaysian Government Securities	1,524,880	2,764,685	1,524,880	2,764,685
Cagamas Bonds	754,860	1,422,395	654,475	1,324,036
	<u>2,638,055</u>	<u>4,459,372</u>	<u>2,537,670</u>	<u>4,336,398</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks	9,554	99,367	5,555	99,367
Foreign Currency Bonds	63,857	1,003,278	63,857	1,003,278
Unquoted securities:				
Private Debt Securities	115,106	262,115	71,226	206,565
<b>Total securities available-for-sale</b>	<u><u>2,826,572</u></u>	<u><u>5,824,132</u></u>	<u><u>2,678,308</u></u>	<u><u>5,645,608</u></u>

**10 Securities held-to-maturity**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Money market instruments:				
Malaysian Government Securities	107,353	239,789	107,353	239,789
Malaysian Government Investment Certificates	171,059	155,866	33,991	32,658
Cagamas bonds	275,033	440,359	-	-
Negotiable Instruments of Deposit	1,781,273	-	1,781,273	-
Khazanah Bonds	-	4,875	-	-
	<u>2,334,718</u>	<u>840,889</u>	<u>1,922,617</u>	<u>272,447</u>
Quoted securities:				
Foreign currency bonds	10,242	11,039	10,242	11,039
Unquoted securities:				
Shares	27,053	27,160	26,478	26,585
Private debt securities	83,108	128,199	62,972	107,879
Loan Stocks	11,700	22,502	11,700	22,502
	<u>121,861</u>	<u>177,861</u>	<u>101,150</u>	<u>156,966</u>
Total securities held-to-maturity	<u>2,466,821</u>	<u>1,029,789</u>	<u>2,034,009</u>	<u>440,452</u>

## 11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Overdrafts	2,624,460	2,959,945	2,618,889	2,952,054
Term loans:				
- Housing loans/financing	16,559,484	13,687,545	14,900,084	12,646,072
- Syndicated term loan/financing	1,526,094	1,270,824	1,190,997	1,270,574
- Hire purchase receivables	5,695,681	6,166,419	2,987,444	2,823,033
- Lease receivables	29,374	19,450	-	-
- Other term loans/financing	1,721,550	1,601,129	1,545,907	1,049,224
Credit/charge card receivables	1,667,901	1,204,604	1,667,901	1,204,604
Bills receivables	310,842	479,948	310,842	479,948
Trust receipts	150,249	153,710	150,249	153,710
Claims on customers under acceptance credits	3,023,892	2,478,691	2,875,309	2,372,172
Block discounting	18,480	19,540	17,784	16,640
Revolving credits	783,949	635,503	783,949	635,503
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	112,345	117,073	112,259	116,950
Other loans/financing	53,354	61,966	52,178	60,575
	<u>34,277,655</u>	<u>30,856,347</u>	<u>29,213,792</u>	<u>25,781,059</u>
Unearned interest and income	(1,760,915)	(1,327,429)	(457,303)	(289,477)
Gross loans, advances and financing	<u>32,516,740</u>	<u>29,528,918</u>	<u>28,756,489</u>	<u>25,491,582</u>
Fair value changes arising from fair value hedges	32,540	-	16,058	-
Allowance for bad and doubtful debts and financing:				
- General	(481,746)	(436,233)	(425,782)	(376,043)
- Specific	(412,760)	(473,817)	(380,780)	(444,432)
Net loans, advances and financing	<u>31,654,774</u>	<u>28,618,868</u>	<u>27,965,985</u>	<u>24,671,107</u>

**11 Loans, advances and financing (continued)****11a By type of customer**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Domestic banking institutions	320	148	320	148
Domestic non-bank financial institutions	159,547	123,561	115,991	78,340
Domestic business enterprises				
- Small and medium enterprises	3,351,870	3,746,882	3,057,918	3,437,602
- Others	6,172,934	5,776,117	5,552,248	5,100,581
Government and statutory bodies	91,102	114,638	91,102	114,638
Individuals	21,502,145	18,809,221	18,734,077	15,823,765
Other domestic entities	41,907	29,113	40,532	28,060
Foreign entities	1,196,915	929,238	1,164,301	908,448
Gross loans, advances and financing	<u>32,516,740</u>	<u>29,528,918</u>	<u>28,756,489</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>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Fixed rate				
- Housing loans/financing	3,512,263	3,665,259	2,879,880	3,157,071
- Hire purchase receivables	4,942,068	5,476,042	2,546,490	2,541,057
- Other fixed rate loan/financing	2,588,420	1,871,034	2,270,764	1,489,868
Variable rate				
- Base lending rate plus	17,829,234	15,195,330	17,415,214	15,092,088
- Cost plus	3,582,814	3,223,618	3,582,200	3,117,091
- Other variables rates	61,941	97,635	61,941	94,407
Gross loans, advances and financing	<u>32,516,740</u>	<u>29,528,918</u>	<u>28,756,489</u>	<u>25,491,582</u>

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

**11c By economic purpose**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Purchase of securities	582,681	713,374	581,558	709,549
Purchase of transport vehicles	4,469,163	4,703,092	2,324,994	2,134,593
Purchase of landed properties				
- residential	12,136,525	10,559,272	11,482,101	10,075,891
- non-residential	3,926,088	3,366,592	3,786,768	3,264,947
Personal use	2,114,929	1,369,847	2,063,696	1,348,437
Credit card	1,667,901	1,204,604	1,667,901	1,204,604
Purchase of consumer durables	157	427	152	268
Construction	565,931	641,347	509,865	563,152
Working capital	6,961,765	6,856,981	6,247,930	6,076,759
Others	91,600	113,382	91,524	113,382
<b>Gross loans, advances and financing</b>	<b>32,516,740</b>	<b>29,528,918</b>	<b>28,756,489</b>	<b>25,491,582</b>



11 Loans, advances and financing (continued)

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Purchase of securities	21,229	33,461	20,616	31,119
Purchase of transport vehicles	86,393	106,304	53,705	76,636
Purchase of landed properties				
- residential	289,258	337,411	268,008	312,686
- non-residential	102,970	167,468	101,628	154,364
Personal use	44,580	37,436	44,435	37,088
Credit card	26,674	26,306	26,674	26,306
Purchase of consumer durables	154	5,429	154	5,277
Construction	55,039	104,820	54,294	104,282
Working capital	407,083	563,348	400,859	556,206
Others	-	-	-	-
	<u>1,033,380</u>	<u>1,381,983</u>	<u>970,373</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>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
At beginning	1,381,983	1,657,683	1,303,964	1,651,770
Non-performing during the period/year	3,008,575	3,251,908	2,755,989	3,011,306
Reclassified as performing	(2,640,341)	(2,757,428)	(2,428,846)	(2,561,509)
Amount written back in respect of recoveries	(465,517)	(481,955)	(418,294)	(447,873)
Amount written off	(249,843)	(289,746)	(240,963)	(280,814)
Amount vested to HLIB*	-	-	-	(70,437)
Exchange differences	(1,477)	1,521	(1,477)	1,521
Closing balance	1,033,380	1,381,983	970,373	1,303,964
Specific allowance	(412,760)	(473,817)	(380,780)	(444,432)
Net non-performing loans, advances and financing	<u>620,620</u>	<u>908,166</u>	<u>589,593</u>	<u>859,532</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.9%</u>	<u>3.1%</u>	<u>2.1%</u>	<u>3.4%</u>

\* 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>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
<u>General Allowance</u>				
At beginning	436,233	412,877	376,043	412,817
Net provisions made during the year	45,805	23,057	50,031	17,936
Amount vested to HLIB*	-	-	-	(55,009)
Exchange differences	(292)	299	(292)	299
Closing balance	<u>481,746</u>	<u>436,233</u>	<u>425,782</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	296,243	386,511	274,437	359,349
Amount written back in respect of recoveries	(106,256)	(89,250)	(95,984)	(81,767)
Amount written off	(250,137)	(289,746)	(241,198)	(280,814)
Amount transferred to provision for diminution in value	-	-	-	-
Amount vested to HLIB*	-	-	-	(13,063)
Exchange differences	(907)	1,048	(907)	1,048
Closing balance	<u>412,760</u>	<u>473,817</u>	<u>380,780</u>	<u>444,432</u>

\* Note: HLIB - Hong Leong Islamic Bank Berhad

**12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Interest/Income receivable	192,812	179,322	184,586	167,026
Other debtors, deposits and prepayments	494,961	206,150	624,600	193,809
Foreclosed properties	3,009	3,009	3,009	3,009
	<u>690,782</u>	<u>388,481</u>	<u>812,195</u>	<u>363,844</u>

**13 Deposits from customers**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<u>By type of customer</u>				
Government and statutory bodies	362,135	650,612	140,569	215,657
Business enterprises	24,673,743	14,670,010	22,032,474	11,582,262
Individuals	30,054,518	27,055,017	28,815,459	26,129,670
Others	1,629,001	1,900,483	884,797	1,131,359
	<u>56,719,397</u>	<u>44,276,122</u>	<u>51,873,299</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 Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Licensed banks	5,113,620	2,494,760	5,038,620	2,359,759
Other financial institutions	-	301,500	-	301,500
	<u>5,113,620</u>	<u>2,796,260</u>	<u>5,038,620</u>	<u>2,661,259</u>

**15 Other liabilities**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
Interest/Profit payable	387,353	311,173	349,188	278,153
Zakat	42	44	-	-
Post employment benefits obligation				
- defined contribution plan	3,391	3,443	3,391	3,443
Loan advance payment	337,636	190,450	331,742	187,942
Amount due to subsidiary companies	-	-	49,914	49,725
Treasury clearing	481,626	-	481,626	-
Others	753,026	429,596	628,003	415,788
	<u>1,963,074</u>	<u>934,706</u>	<u>1,843,864</u>	<u>935,051</u>

**16 Interest income**

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	384,737	317,102	1,452,826	1,196,132
- Recoveries from NPLs	37,023	47,905	150,165	184,550
Money at call and deposit placements with financial institutions	251,252	139,736	790,240	455,495
Securities purchased under resale agreements	37,212	43,994	118,208	215,115
Securities held-for-trading	(3,290)	40,938	129,264	136,338
Securities available-for-sale	27,296	61,040	154,195	205,827
Securities held-to-maturity	19,941	6,402	85,144	28,589
Others	2,131	(2,397)	9,607	5,573
	<u>756,302</u>	<u>654,720</u>	<u>2,889,649</u>	<u>2,427,619</u>
Amortisation of premium less accretion of discount	(2,516)	(13,255)	(18,328)	(31,737)
Interest suspended	(443)	(1,348)	(7,160)	(7,886)
	<u>753,343</u>	<u>640,117</u>	<u>2,864,161</u>	<u>2,387,996</u>

16 Interest income (continued)

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007 RM'000	30/06/2006 RM'000	30/06/2007 RM'000	30/06/2006 RM'000
<b>Bank</b>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	384,825	316,750	1,452,836	1,195,222
- Recoveries from NPLs	37,022	47,941	150,156	184,550
Money at call and deposit placements with financial institutions	254,351	143,901	805,922	480,116
Securities purchased under resale agreements	37,212	43,994	118,208	215,115
Securities held-for-trading	(2,863)	40,938	131,501	136,338
Securities available-for-sale	27,296	61,040	154,195	205,827
Securities held-to-maturity	19,941	6,402	85,144	28,589
Others	2,131	(2,396)	9,607	5,573
	<u>759,915</u>	<u>658,570</u>	<u>2,907,569</u>	<u>2,451,330</u>
Amortisation of premium less accretion of discount	(2,516)	(13,256)	(18,328)	(31,738)
Interest suspended	(656)	(1,194)	(7,160)	(7,732)
	<u>756,743</u>	<u>644,120</u>	<u>2,882,081</u>	<u>2,411,860</u>

17 Interest expense

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	51,800	86,219	300,166	316,963
Deposits from customers	307,798	264,627	1,224,646	1,021,239
Short term corporate placements	91,876	-	116,118	-
Subordinated bonds	8,547	9,508	35,551	35,089
Others	7,659	348	18,556	1,166
	<u>467,680</u>	<u>360,702</u>	<u>1,695,037</u>	<u>1,374,457</u>

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	54,900	90,382	315,849	341,663
Deposits from customers	309,933	264,709	1,229,722	1,021,569
Short term corporate placements	91,876	-	116,118	-
Subordinated bonds	8,547	9,508	35,551	35,089
Others	7,659	348	18,556	1,166
	<u>472,915</u>	<u>364,947</u>	<u>1,715,796</u>	<u>1,399,487</u>



**18 Other operating income**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Cumulative twelve Months Ended</b>	
	<b>30/06/2007</b>	<b>30/06/2006</b>	<b>30/06/2007</b>	<b>30/06/2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Fee income:</b>				
Commissions	20,855	25,113	88,016	78,966
Service charges and fees	19,301	15,404	55,639	42,450
Guarantee fees	1,332	1,431	5,385	5,656
Other fee income	40,357	46,107	150,519	160,159
	<u>81,845</u>	<u>88,055</u>	<u>299,559</u>	<u>287,231</u>
<b>(b) Gain/loss arising from sale of securities:</b>				
Net gain from sale of securities held-for-trading and derivatives	47,142	(10,528)	57,163	2,926
Net gain from sale of securities available-for-sale	1,107	(20,660)	38,715	11,154
Net gain from redemption of securities held-to-maturity	1	-	948	4,277
	<u>48,250</u>	<u>(31,188)</u>	<u>96,826</u>	<u>18,357</u>
<b>(c) Gross dividend income from:</b>				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	1,580	249	3,013	813
Securities available-for-sale	207	1,264	1,669	2,506
Securities held to maturity	677	1,093	1,001	1,834
	<u>2,464</u>	<u>2,606</u>	<u>5,683</u>	<u>5,153</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	(1,390)	60,304	(10,018)	65,920
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(4,700)	-	(17,157)	1,649
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(4,663)	(1,382)	(6,368)	(1,733)
(g) <u>Other income:</u>				
Foreign exchange gain	9,007	7,897	72,455	62,444
Rental income	178	57	368	343
Gain on disposal of property and equipment (net)	11	95	407	634
Profit from Takaful investments	918	-	1,026	-
Others	1,488	2,412	12,458	10,485
	<u>11,602</u>	<u>10,461</u>	<u>86,714</u>	<u>73,906</u>
Total other operating income	<u>133,408</u>	<u>128,856</u>	<u>455,239</u>	<u>450,483</u>

18 Other operating income

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>(a) Fee income:</b>				
Commissions	20,856	25,112	88,016	78,965
Service charges and fees	19,301	15,404	55,639	42,450
Guarantee fees	1,332	1,431	5,385	5,656
Other fee income	40,372	46,121	150,578	160,212
	<u>81,861</u>	<u>88,068</u>	<u>299,618</u>	<u>287,283</u>
<b>(b) Gain/loss arising from sale of securities:</b>				
Net gain from sale of securities held-for-trading and derivatives	47,142	(10,528)	57,163	2,926
Net gain from sale of securities available-for-sale	1,107	(20,660)	38,715	11,154
Net gain from redemption of securities held-to-maturity	1	-	948	4,277
	<u>48,250</u>	<u>(31,188)</u>	<u>96,826</u>	<u>18,357</u>
<b>(c) Gross dividend income from:</b>				
Subsidiary companies	-	-	-	-
Securities held-for-trading	1,580	249	3,013	813
Securities available-for-sale	207	1,264	1,669	2,506
Securities held to maturity	677	1,093	1,001	1,834
	<u>2,464</u>	<u>2,606</u>	<u>5,683</u>	<u>5,153</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	8,155	60,304	(25,387)	65,920
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(29,614)	-	(17,157)	1,649
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(5,770)	(1,382)	(7,475)	(1,733)
(g) <u>Other income:</u>				
Foreign exchange gain	9,007	7,897	72,455	62,444
Rental income	177	56	367	343
Gain on disposal of property and equipment (net)	11	95	407	634
Others	3,296	2,620	13,763	10,009
	<u>12,491</u>	<u>10,668</u>	<u>86,992</u>	<u>73,430</u>
Total other operating income	<u>117,837</u>	<u>129,076</u>	<u>439,100</u>	<u>450,059</u>

19 Other operating expenses

<u>Group</u>	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	87,537	60,595	334,271	266,447
- Others	9,861	8,506	29,465	23,345
<u>Establishment costs</u>				
- Depreciation	8,389	13,794	49,831	53,463
- Rental	9,886	9,133	38,281	35,305
- Information technology expenses	11,124	11,278	37,875	34,717
- Others	15,148	8,030	41,565	33,818
<u>Marketing expenses</u>				
- Advertisement and publicity	16,362	(7,861)	44,528	16,067
- Handling fees	3,766	2,436	13,539	16,549
- Others	11,125	8,095	40,602	25,281
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,101	2,634	9,725	8,859
- Stationery & printing	5,093	5,866	16,136	17,734
- Others	28,244	26,188	92,199	76,099
	<u>209,636</u>	<u>148,694</u>	<u>748,017</u>	<u>607,684</u>

19 Other operating expenses (continued)

	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	77,450	51,664	296,620	231,662
- Others	8,169	7,353	25,439	20,042
<b><u>Establishment costs</u></b>				
- Depreciation	8,300	13,480	49,023	52,938
- Rental	9,335	8,092	35,701	31,455
- Information technology expenses	10,533	9,942	35,264	30,872
- Others	13,828	5,669	35,243	24,010
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	18,117	(5,040)	44,897	13,632
- Handling fees	3,480	688	11,625	6,081
- Others	9,654	7,786	38,680	24,418
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	3,079	2,267	9,394	7,689
- Stationery & printing	4,997	5,366	15,605	16,215
- Others	27,529	22,688	89,270	68,376
	<u>194,471</u>	<u>129,955</u>	<u>686,761</u>	<u>527,390</u>

20 Allowance for losses on loans, advances and financing

<u>Group</u>	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	18,047	21,390	45,805	23,057
- specific allowance	41,781	115,264	296,243	386,511
- specific allowance written back	(34,718)	(22,378)	(106,256)	(89,250)
Bad debts and financing written off	3,285	1,814	8,331	7,640
Bad debts and financing recovery	(21,818)	(22,077)	(82,373)	(78,859)
	<u>6,577</u>	<u>94,013</u>	<u>161,750</u>	<u>249,099</u>

<u>Bank</u>	4th Quarter Ended		Cumulative twelve Months Ended	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	18,677	19,939	50,031	17,936
- specific allowance	36,502	106,336	274,437	359,349
- specific allowance written back	(33,002)	(20,100)	(95,984)	(81,767)
Bad debts and financing written off	3,104	1,811	7,970	6,980
Bad debts and financing recovery	(21,247)	(21,013)	(79,099)	(74,284)
	<u>4,034</u>	<u>86,973</u>	<u>157,355</u>	<u>228,214</u>

During the year, the Bank has used a "Loss Given Default" ("LGD") approach to arrive at the level of specific allowances required for the following two categories of non-performing loans (NPLs) secured on properties:

- NPLs aged 5 to 7 years and
- NPLs aged more than 7 years

The LGD data is derived from the historical data of the Bank and is used to determine the percentage reduction of the force sale value or valuation for the collateral of the said NPLs

## 21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
<b><u>Components of Tier-1 and Tier-2 Capital</u></b>				
<b>Tier-1 capital</b>				
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	1,369,223	1,170,005	1,298,020	1,144,159
Other reserves	1,830,677	1,661,766	1,780,723	1,640,218
Less: Treasury shares	(695,111)	(491,025)	(695,111)	(491,025)
Less: Deferred tax	(164,961)	(173,301)	(149,078)	(154,238)
Add: Minority interest	43,655	-	-	-
<b>Total tier-1 capital</b>	<b>4,503,254</b>	<b>4,287,216</b>	<b>4,354,325</b>	<b>4,258,885</b>
<b>Tier-2 capital</b>				
General provision	481,746	436,233	425,782	376,043
Subordinated bonds	682,800	734,900	682,800	734,900
<b>Total tier-2 capital</b>	<b>1,164,546</b>	<b>1,171,133</b>	<b>1,108,582</b>	<b>1,110,943</b>
<b>Total capital</b>	<b>5,667,800</b>	<b>5,458,349</b>	<b>5,462,907</b>	<b>5,369,828</b>
Less: Investment in subsidiary companies	-	-	(577,041)	(522,041)
<b>Total capital base</b>	<b>5,667,800</b>	<b>5,458,349</b>	<b>4,885,866</b>	<b>4,847,787</b>
<b><u>Before deducting proposed dividends</u></b>				
Core Capital Ratio	13.34%	13.76%	14.42%	15.78%
Risk-weighted Capital Ratio	16.79%	17.52%	16.17%	17.96%
<b><u>After deducting proposed dividends</u></b>				
Core Capital Ratio	12.84%	13.24%	13.86%	15.18%
Risk-weighted Capital Ratio	16.29%	17.00%	15.62%	17.37%



22 Group segmental reporting on revenue, profit and assets

Current Quarter Ended 30/06/2007

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b>By business segment</b>					
External revenue	212,839	94,091	151,900	912	459,742
Inter-segment revenue	115,717	(11,822)	(103,895)	-	-
Segment revenue	<u>328,556</u>	<u>82,269</u>	<u>48,005</u>	<u>912</u>	<u>459,742</u>
Segment profit before taxation	146,217	72,778	23,433	(724)	241,704
Taxation and zakat					(69,757)
Profit after taxation					<u>171,947</u>

Financial year ended 30/06/2007

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b>By business segment</b>					
External revenue	779,390	360,754	626,145	1,901	1,768,190
Inter-segment revenue	487,798	(72,883)	(414,915)	-	-
Segment revenue	<u>1,267,188</u>	<u>287,871</u>	<u>211,230</u>	<u>1,901</u>	<u>1,768,190</u>
Segment profit before taxation	573,722	162,648	122,918	(2,690)	856,598
Taxation and zakat					(237,149)
Profit after taxation					<u>619,449</u>
Segment assets	24,407,021	7,425,408	37,321,041	107,826	69,261,296
Other assets					2,162,443
Total assets					<u>71,423,739</u>

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

Corresponding Quarter Ended 30/06/2006

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	185,457	99,578	165,605	-	450,640
Inter-segment revenue	119,839	(11,469)	(108,370)	-	-
Segment revenue	<u>305,296</u>	<u>88,109</u>	<u>57,235</u>	-	<u>450,640</u>
Segment profit before taxation	135,907	30,263	35,093		201,263
Taxation and zakat					(56,338)
Profit after taxation					<u>144,925</u>

Financial year ended 30/06/2006

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	529,454	395,981	705,298	-	1,630,733
Inter-segment revenue	536,913	(60,914)	(475,999)	-	-
Segment revenue	<u>1,066,367</u>	<u>335,067</u>	<u>229,299</u>	-	<u>1,630,733</u>
Segment profit before taxation	434,352	167,211	162,678	-	764,241
Taxation and zakat					(214,321)
Profit after taxation					<u>549,920</u>
Segment assets	21,364,429	7,439,191	29,737,227	-	58,540,847
Unallocated assets					2,055,403
Total assets					<u>60,596,250</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 30 June 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 year ended 30 June 2007 except for the follow:-

On 9 May 2007, the Bank announced that further to its announcement dated 29 June 2006 in connection with the Member's Voluntary Liquidation of its subsidiaries; namely HLB Ventures Sdn Bhd ("HLBV"), Chew Geok Lin Nominees (Tempatan) Sendirian Berhad ("CGLN(T)") and Chew Geok Lin Nominees (Asing) Sendirian Berhad ("CGLN(A)"), the Liquidator of HLBV, CGLN(T) and CGLN(A) had convened Final Meetings to conclude the Member's Voluntary Liquidation of HLBV, CGLN(T) and CGLN(A).

Returns by the Liquidator Relating to the Final Meetings were lodged on 9 May 2007 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, HLBV, CGLN(T) and CGLN(A) will be dissolved.

**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 Year Ended 30/06/2007			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
<b>The Group</b>						
Direct credit substitutes	168,884	168,884	168,884	190,074	190,074	190,074
Transaction-related contingent items	282,088	141,043	141,043	242,907	121,454	121,454
Short-term self liquidating trade-related contingencies	606,280	121,256	121,256	633,426	126,685	126,685
Other assets sold with recourse and commitment	45,452	45,452	45,452	31,987	31,987	31,987
Irrevocable commitments to extend credit:						
- maturity more than 1 year	4,336,920	2,168,460	2,168,460	4,257,875	2,128,938	2,128,938
- maturity less than 1 year	13,947,338	-	-	10,943,047	-	-
Foreign exchange related contracts	22,717,926	560,034	70,693	8,666,574	259,954	129,978
Interest rate related contracts	34,430,038	454,567	3,051	23,109,339	277,279	138,641
Equity related contracts	129,340	1,940	-	8,288	415	208
Miscellaneous	450	-	-	419	-	-
<b>Total</b>	<b>76,664,716</b>	<b>3,661,636</b>	<b>2,718,839</b>	<b>48,083,936</b>	<b>3,136,786</b>	<b>2,867,965</b>

25 Commitments and contingencies (continued)

	Financial Year Ended 30/06/2007			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
<b>The Bank</b>						
Direct credit substitutes	168,884	168,884	168,884	190,074	190,074	190,074
Transaction-related contingent items	281,719	140,859	140,859	242,669	121,335	121,335
Short-term self liquidating trade-related contingencies	599,083	119,817	119,817	627,656	125,531	125,531
Irrevocable commitments to extend credit:						
- maturity more than 1 year	4,010,990	2,005,495	2,005,495	3,883,289	1,941,645	1,941,645
- maturity less than 1 year	13,929,119	-	-	10,929,166	-	-
Foreign exchange related contracts	22,717,067	560,021	70,693	8,665,667	259,954	129,978
Interest rate related contracts	34,430,038	454,567	3,051	23,109,339	277,279	138,641
Equity related contracts	129,340	1,940	-	8,288	415	208
Miscellaneous	450	-	-	419	-	-
<b>Total</b>	<b>76,266,690</b>	<b>3,451,583</b>	<b>2,508,799</b>	<b>47,656,567</b>	<b>2,916,233</b>	<b>2,647,412</b>

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

<b>Group</b> <b>As at 30 June 2007</b>	← Non-trading book →					<b>Non Interest Sensitive</b> <b>RM'000</b>	<b>Trading book</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective interest rate</b> <b>%</b>
	<b>Up to 1 month</b> <b>RM'000</b>	<b>&gt;1-3 months</b> <b>RM'000</b>	<b>&gt;3-12 months</b> <b>RM'000</b>	<b>1-5 years</b> <b>RM'000</b>	<b>Over 5 years</b> <b>RM'000</b>				
<b>Assets</b>									
Cash and short term funds	15,628,461	-	-	-	-	361,455	-	15,989,916	3.6
Deposits & placement with banks & other financial institution		6,597,697	2,549,461					9,147,158	3.6
Securities purchased under resale agreement	2,366,332	1,128,977						3,495,309	3.5
Securities held at fair value through profit and loss							3,487,793	3,487,793	4.0
Securities available-for-sale	121,182	302,279	159,573	2,133,412	99,003	11,123		2,826,572	4.3
Securities held-to-maturity	1,140,242	876,306	340,604	70,916		38,753		2,466,821	3.8
Loans, advances and financing									
- performing	23,192,470	381,157	1,783,313	3,746,824	2,395,496	(455,921)		31,043,339	6.6
- non-performing						611,435		611,435	
Other assets						690,782		690,782	
Statutory deposits with BNM						1,206,939		1,206,939	
Investment in subsidiary								-	
Property, plant and equipment						252,369		252,369	
Intangible assets						33,823		33,823	
Deferred tax assets						164,961		164,961	
General and Family Takaful fund assets						6,522		6,522	
<b>Total assets</b>	<b>42,448,687</b>	<b>9,286,416</b>	<b>4,832,951</b>	<b>5,951,152</b>	<b>2,494,499</b>	<b>2,922,241</b>	<b>3,487,793</b>	<b>71,423,739</b>	
<b>Liabilities</b>									
Deposits from customers	30,279,180	8,153,411	13,031,987	518,465	-	4,736,354	-	56,719,397	3.0
Deposits & placement of banks & other financial institutions	4,289,046	755,524	68,820	-	-	230	-	5,113,620	3.5
Obligations on securities sold under repurchase agreements	1,087,015	42,506						1,129,521	3.6
Bills and acceptance payable	57,423	45,905	6,727	117	-	456,079		566,251	3.6
Other liabilities						1,963,074		1,963,074	-
Subordinated obligations				671,657		-		671,657	5.2
Short term syndicated loan			509,850			-		509,850	5.1
Provision for taxation						85,140		85,140	
General and Family Takaful fund liabilities						928		928	
General and Family Takaful fund policyholders' fund						5,594		5,594	
<b>Total liabilities</b>	<b>35,712,664</b>	<b>8,997,346</b>	<b>13,617,384</b>	<b>1,190,239</b>	<b>-</b>	<b>7,247,399</b>	<b>-</b>	<b>66,765,032</b>	
Shareholders funds						4,658,707	-	4,658,707	
<b>Total liabilities and Shareholders' funds</b>	<b>35,712,664</b>	<b>8,997,346</b>	<b>13,617,384</b>	<b>1,190,239</b>	<b>-</b>	<b>11,906,106</b>	<b>-</b>	<b>71,423,739</b>	
On-balance sheet profit sensitivity gap	6,736,023	289,070	(8,784,433)	4,760,913	2,494,499				
Off-balance sheet profit sensitivity gap	(70,000)	(2,379,668)	(4,820,000)	(5,901,100)	50,000				
<b>Total profit sensitivity gap</b>	<b>6,666,023</b>	<b>(2,090,597)</b>	<b>(13,604,433)</b>	<b>(1,140,187)</b>	<b>2,544,499</b>				

27 b) Interest/Profit rate risk

Group 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				
<b>Assets</b>									
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 under 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	-	-	-	-	-	230,865	-	230,865	-
Intangible assets	-	-	-	-	-	21,135	-	21,135	-
Deferred tax assets	-	-	-	-	-	173,301	-	173,301	-
<b>Total assets</b>	<b>31,630,242</b>	<b>4,338,491</b>	<b>2,175,899</b>	<b>9,362,360</b>	<b>6,009,749</b>	<b>3,197,995</b>	<b>3,881,514</b>	<b>60,596,250</b>	
<b>Liabilities</b>									
Deposits from customers	20,824,731	7,579,329	11,191,947	636,102	-	4,044,013	-	44,276,122	2.9
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	-
<b>Total liabilities</b>	<b>29,984,275</b>	<b>8,078,279</b>	<b>11,236,500</b>	<b>636,147</b>	<b>704,049</b>	<b>5,576,091</b>	<b>-</b>	<b>56,215,341</b>	
Shareholders funds						4,380,909		4,380,909	
<b>Total liabilities and Shareholders' funds</b>	<b>29,984,275</b>	<b>8,078,279</b>	<b>11,236,500</b>	<b>636,147</b>	<b>704,049</b>	<b>9,957,000</b>	<b>-</b>	<b>60,596,250</b>	
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)				
<b>Total profit sensitivity gap</b>	<b>980,967</b>	<b>(6,664,981)</b>	<b>(13,349,601)</b>	<b>4,362,106</b>	<b>4,965,000</b>				

## 27 c) Interest/Profit rate risk

<b>Bank</b> <b>As at 30 June 2007</b>	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			
<b>Assets</b>									
Cash and short term funds	14,527,000					353,849		14,880,849	3.6
Deposits & placement with banks & other financial instrument		6,497,697	2,549,461					9,047,158	3.6
Securities purchased under resale agreement	2,366,332	1,128,977						3,495,309	3.5
Securities held at fair value through profit and loss							3,217,357	3,217,357	4.0
Securities available-for-sale	121,182	302,279	144,325	2,047,916	51,483	11,123		2,678,308	4.4
Securities held-to-maturity	1,140,242	601,273	218,391	35,925		38,178		2,034,009	3.8
Loans, advances and financing									
- performing	22,515,294	345,259	1,628,970	2,223,467	1,089,184	(416,938)		27,385,236	6.7
- non-performing						580,749		580,749	
Other assets						812,195		812,195	
Statutory deposits with BNM						1,036,625		1,036,625	
Investment in subsidiary						577,041		577,041	
Property, plant and equipment						235,313		235,313	
Intangible assets						32,171		32,171	
Deferred tax assets						149,078		149,078	
<b>Total assets</b>	<b>40,670,050</b>	<b>8,875,485</b>	<b>4,541,147</b>	<b>4,307,308</b>	<b>1,140,667</b>	<b>3,409,384</b>	<b>3,217,357</b>	<b>66,161,398</b>	
<b>Liabilities</b>									
Deposits from customers	27,362,555	7,175,119	12,262,800	336,471	-	4,736,354	-	51,873,299	2.9
Deposits & placement of banks & other financial institutions	4,289,046	680,524	68,820	-	-	230	-	5,038,620	3.8
Obligations on securities sold under repurchase agreements	1,087,015	42,506						1,129,521	3.6
Bills and acceptance payable	55,104	45,159	6,727	5	-	455,500		562,495	3.8
Other liabilities						1,843,864		1,843,864	
Subordinated obligations				671,657				671,657	5.2
Short term syndicated loan			509,850					509,850	5.1
Provision for taxation						38,409		38,409	
General and Family Takaful fund liabilities								-	
General and Family Takaful fund policyholders' fund								-	
<b>Total liabilities</b>	<b>32,793,720</b>	<b>7,943,308</b>	<b>12,848,197</b>	<b>1,008,133</b>	<b>-</b>	<b>7,074,357</b>	<b>-</b>	<b>61,667,715</b>	
Shareholders funds						4,493,683		4,493,683	
<b>Total liabilities and Shareholders' funds</b>	<b>32,793,720</b>	<b>7,943,308</b>	<b>12,848,197</b>	<b>1,008,133</b>	<b>-</b>	<b>11,568,040</b>	<b>-</b>	<b>66,161,398</b>	
On-balance sheet profit sensitivity gap	7,876,330	932,177	(8,307,050)	3,299,175	1,140,667	(8,158,656)		(3,217,357)	
Off-balance sheet profit sensitivity gap	(70,000)	(2,379,668)	(4,820,000)	(5,901,100)	50,000	-		(13,120,768)	
<b>Total profit sensitivity gap</b>	<b>7,806,330</b>	<b>(1,447,490)</b>	<b>(13,127,050)</b>	<b>(2,601,925)</b>	<b>1,190,667</b>			<b>(8,179,469)</b>	



## 27 d) Interest/Profit rate risk

<b>Bank</b> <b>As at 30 June 2006</b>	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			
<b>Assets</b>									
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 under 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	-	-	-	-	-	214,378	-	214,378	-
Intangible assets	-	-	-	-	-	21,135	-	21,135	-
Deferred tax assets	-	-	-	-	-	154,238	-	154,238	-
<b>Total assets</b>	<b>30,330,528</b>	<b>4,530,075</b>	<b>1,874,769</b>	<b>6,576,937</b>	<b>4,571,469</b>	<b>3,502,830</b>	<b>3,752,487</b>	<b>55,139,095</b>	
<b>Liabilities</b>									
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	-
<b>Total liabilities</b>	<b>27,313,303</b>	<b>5,907,795</b>	<b>10,743,393</b>	<b>603,790</b>	<b>704,049</b>	<b>5,531,437</b>	<b>-</b>	<b>50,803,767</b>	
Shareholders funds						4,335,328		4,335,328	
<b>Total liabilities and Shareholders' funds</b>	<b>27,313,303</b>	<b>5,907,795</b>	<b>10,743,393</b>	<b>603,790</b>	<b>704,049</b>	<b>9,866,765</b>	<b>-</b>	<b>55,139,095</b>	
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)				
<b>Total profit sensitivity gap</b>	<b>2,352,225</b>	<b>(4,302,913)</b>	<b>(13,157,624)</b>	<b>1,609,040</b>	<b>3,526,720</b>				

## 28 Operations of Islamic Banking

28a Unaudited Balance Sheet as at 30 June 2007

	<b><u>The Group</u></b>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	1,355,818	1,370,943
Deposits and placements with bank and other financial institutions	100,000	-
Securities - Held-for-trading	318,848	129,027
Securities - Available-for-trading	136,210	178,524
Securities - Held-to-maturity	432,812	589,337
Financing, advances and other financing	3,672,900	3,944,758
Other assets	19,875	36,525
Statutory deposits with Bank Negara Malaysia	170,314	163,424
Property, plant and equipment	1,630	2,060
Deferred tax assets	15,883	19,063
<b>Total Assets</b>	<b><u>6,224,290</u></b>	<b><u>6,433,661</u></b>
<b><u>LIABILITIES AND SHAREHOLDERS' FUNDS</u></b>		
Deposits from customers	5,250,725	5,701,544
Deposits and placements of banks and other financial institutions	75,000	135,000
Bills and acceptance payable	3,756	1,424
Other liabilities	292,119	52,037
Provision for taxation	2,555	2,373
<b>Total Liabilities</b>	<b><u>5,624,155</u></b>	<b><u>5,892,378</u></b>
Islamic banking capital fund	500,000	500,000
Reserves	100,135	41,283
<b>Islamic Banking Funds</b>	<b><u>600,135</u></b>	<b><u>541,283</u></b>
<b>Total Liabilities and Islamic Banking Funds</b>	<b><u>6,224,290</u></b>	<b><u>6,433,661</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b><u>398,025</u></b>	<b><u>427,370</u></b>

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 4th Quarter and Cumulative 12 Months Ended 30 June 2007

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2007</b>	<b>30/06/2006</b>	<b>30/06/2007</b>	<b>30/06/2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derive from investment of deposits' funds and others	69,680	77,032	295,106	293,792
Income derive from investment of shareholders' funds	10,211	6,297	33,251	27,359
Allowance for losses on financing	(2,573)	(7,638)	(5,196)	(23,007)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	4,885	4,560	(126)	10,035
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
<b>Total distributable income</b>	<b>82,203</b>	<b>80,251</b>	<b>323,035</b>	<b>308,179</b>
Income attributable to deposits	(44,105)	(45,521)	(184,403)	(164,231)
<b>Total net income</b>	<b>38,098</b>	<b>34,730</b>	<b>138,632</b>	<b>143,948</b>
Other operating expenses	(13,763)	(19,093)	(57,327)	(81,502)
<b>Profit before taxation and zakat</b>	<b>24,335</b>	<b>15,637</b>	<b>81,305</b>	<b>62,446</b>
Zakat	(5)	(9)	(35)	(49)
Taxation	(9,077)	(6,210)	(24,459)	(19,301)
<b>Profit after taxation and zakat</b>	<b>15,253</b>	<b>9,418</b>	<b>56,811</b>	<b>43,096</b>
Profit attributable to shareholders	15,253	9,418	56,811	43,096
Earning per share - basic (sen)	3.05	1.88	11.36	11.83
Earning per share - fully diluted (sen)	3.05	1.88	11.36	11.83

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**

	<b><u>The Group</u></b>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Cash line	7,457	10,196
Term financing		
- Housing financing	1,659,400	1,045,491
- Hire purchase receivable	2,708,237	3,343,399
- Lease receivable	25,976	15,098
- Other term financing	510,740	548,171
Claims on customers under acceptance credit	148,583	103,291
Staff financing	86	123
Revolving credit	696	2,900
Others	1,176	1,096
	<u>5,062,351</u>	<u>5,069,765</u>
Less: Unearned income	(1,303,602)	(1,037,941)
	<u>3,758,749</u>	<u>4,031,824</u>
Less: Allowance for bad and doubtful financing		
- General	(55,932)	(60,158)
- Specific	(29,917)	(26,908)
Total net financing, advances and other financing	<u><u>3,672,900</u></u>	<u><u>3,944,758</u></u>

**(ii) By contract**

	<b><u>The Group</u></b>	
	<b>Financial Period Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Bai' Bithaman Ajil (deferred payment sale)	1,020,885	979,754
Ijarah (lease)	24,086	13,794
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,407,069	2,934,985
Murabahah (cost-plus)	306,709	103,291
	<u><u>3,758,749</u></u>	<u><u>4,031,824</u></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>	
	<b>Financial Period Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
At beginning	75,637	70,437
Amount transferred from HLF	-	-
Amount transferred to HLIB	-	-
Classified as non-performing during the period	252,574	240,128
Reclassified as performing	(211,495)	(195,844)
Amount recovered	(46,766)	(32,270)
Amount written off	(8,880)	(6,814)
At end	<u>61,070</u>	<u>75,637</u>
Net non-performing financing, advances and other financing	<u>31,153</u>	<u>48,729</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.8%</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**

	<b>The Group</b>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
<b>General allowance</b>		
At beginning	60,158	55,009
Allowance made / (written back)	(4,226)	5,149
At end	<u>55,932</u>	<u>60,158</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
<b>Specific allowance</b>		
At beginning	26,908	13,063
Allowance made / (written back)	21,795	26,771
Amount recovered	(9,848)	(6,111)
Amount written off	(8,938)	(6,815)
At end	<u>29,917</u>	<u>26,908</u>

**28 Operations of Islamic Banking (continued)**28d Deposits from customer**By type of deposit**

	<b><u>The Group</u></b>	
	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	299,018	127,218
Saving deposits	522,418	433,735
Negotiable Islamic Debt Certificate	198,077	1,739,230
Others	-	-
	<u>1,019,513</u>	<u>2,300,183</u>
<b>Mudharabah</b>		
Demand deposits	-	-
Saving deposits	423,792	292,243
General investment deposits	2,002,058	2,094,070
Specific investment deposits	1,805,362	1,013,613
Others	-	1,435
	<u>4,231,212</u>	<u>3,401,361</u>
	<u>5,250,725</u>	<u>5,701,544</u>

## **29 Change in accounting policies and prior year adjustments**

During the financial period ended 30 June 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.



## 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 RM241.7 million for the current financial quarter ended 30 June 2007, an increase of RM40.4 million as compared to previous corresponding quarter. This was due to lower loan loss provision of RM87.4 million.

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

The Group pre-tax profit for the twelve months ended 30 June 2007 stood at RM856.6 million, an increase of RM92.4 million as compared to RM764.2 million in the previous corresponding period. Net income increased by RM137.5 million or 8%, which was spurred by the increase in net interest income of RM155.6 million.

**2 Review of performance of current quarter against preceding quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM241.7 million as compared to RM204.1 million in the preceding quarter, an increase of RM37.6 million.

**3 Prospect for the new financial year 2007/2008**

The Group will aggressively increase its customer base across all business segments and accelerate cross-selling for a sustainable and diversified earnings portfolio. The Group will further consolidate its positioning as the main distribution franchise for the Hong Leong Financial Services Group.

**4 Variance in profit forecast and shortfall in profit guarantee**

This note is not applicable to the Group.

**5 Taxation**

	<b>Current Quarter Ended 30/6/2007 RM'000</b>	<b>Corresponding Quarter Ended 30/6/2006 RM'000</b>	<b>Financial Year Ended 30/6/2007 RM'000</b>	<b>Financial Year Ended 30/6/2006 RM'000</b>
<b>The Group</b>				
Malaysian income tax	74,075	82,697	256,474	239,784
Oversea tax	-	-	-	-
	<u>74,075</u>	<u>82,697</u>	<u>256,474</u>	<u>239,784</u>
Transfer from/(to) deferred taxation	(4,323)	(26,368)	(19,360)	(25,512)
	<u><u>69,752</u></u>	<u><u>56,329</u></u>	<u><u>237,114</u></u>	<u><u>214,272</u></u>

**5 Taxation (continued)**

	<b>Current Quarter Ended 30/6/2007 RM'000</b>	<b>Corresponding Quarter Ended 30/6/2006 RM'000</b>	<b>Financial Year Ended 30/6/2007 RM'000</b>	<b>Financial Year Ended 30/6/2006 RM'000</b>
<b>The Bank</b>				
Malaysian income tax	65,095	76,467	234,092	220,611
Oversea tax	-	-	-	-
	<u>65,095</u>	<u>76,467</u>	<u>234,092</u>	<u>220,611</u>
Transfer from/(to) deferred taxation	(4,505)	(26,579)	(21,679)	(26,048)
	<u>60,590</u>	<u>49,888</u>	<u>212,413</u>	<u>194,563</u>

The effective tax rate for the period is much higher than the statutory rate due mainly to the transfer of deferred tax to the income statement arising from a change in statutory tax rate from 28% to 27%

**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 Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<b>Deposits from customers</b>				
Fixed deposits	29,286,082	27,071,336	25,820,415	24,436,102
Negotiable instruments of deposit	3,247,184	6,229,198	3,097,778	4,489,968
Demand deposits	5,021,169	4,328,335	4,736,354	4,213,037
Saving deposits	7,117,265	6,402,925	6,171,055	5,676,948
Short term corporate placement	11,836,509	-	11,836,509	-
Other	211,188	244,328	211,188	242,893
	<u>56,719,397</u>	<u>44,276,122</u>	<u>51,873,299</u>	<u>39,058,948</u>

The maturity structure of fixed  
deposits and negotiable  
instruments:

One year or less (short term)	31,700,881	32,696,790	28,175,737	28,322,326
More than one year (medium/long term)	832,385	603,744	742,456	603,744
	<u>32,533,266</u>	<u>33,300,534</u>	<u>28,918,193</u>	<u>28,926,070</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/06/2006 RM'000
<b>Deposits and placements of banks and other financial institutions</b>				
Licensed banks	5,038,620	2,494,760	5,038,620	2,359,760
Other financial institutions	75,000	301,500	-	301,499
	<u>5,113,620</u>	<u>2,796,260</u>	<u>5,038,620</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)	5,113,620	2,796,260	5,038,620	2,661,259
More than one year (medium/long term)	-	-	-	-
	<u>5,113,620</u>	<u>2,796,260</u>	<u>5,038,620</u>	<u>2,661,259</u>

## 11 Subordinated bonds

### The Group and The Bank

	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Subordinated bonds		
- USD200 million	<u>671,657</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

### The Group and The Bank

	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/06/2006 RM'000</b>
Syndicated loan facility		
- USD150 million	<u>509,850</u>	<u>-</u>

During the financial year, 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 30 June 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	3,166,705	1,790,877	915,444	360,671	99,713	-	
- swaps	17,319,390	5,437,683	3,144,426	5,685,892	1,392,911	1,300,960	357,518
- options	2,231,831	1,095,089	455,496	604,642	76,604	-	
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	16,850,333	-	3,158,333	2,627,000	3,173,000	7,892,000	
- swaps	17,579,706	250,000	919,980	180,000	2,035,900	13,206,233	987,593
<b>Total</b>	<b>57,147,965</b>	<b>8,573,649</b>	<b>8,593,678</b>	<b>9,458,205</b>	<b>6,778,129</b>	<b>22,399,193</b>	<b>1,345,111</b>

#### 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	3,165,846	1,790,018	915,444	360,671	99,713	-	
- swaps	17,319,390	5,437,683	3,144,426	5,685,892	1,392,911	1,300,960	357,518
- options	2,231,831	1,095,089	455,496	604,642	76,604	-	
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	16,850,333	-	3,158,333	2,627,000	3,173,000	7,892,000	
- swaps	17,579,706	250,000	919,980	180,000	2,035,900	13,206,233	987,593
<b>Total</b>	<b>57,147,106</b>	<b>8,572,790</b>	<b>8,593,678</b>	<b>9,458,205</b>	<b>6,778,129</b>	<b>22,399,193</b>	<b>1,345,111</b>

### 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 year, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM492,598,221 (FYE June 2006: RM340,585,000) and RM20,343,653,750 (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 year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM133,572,118 (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

A final dividend of 15.0 sen per share less income tax of 26% has been proposed for the current quarter.

- (i) Amount per share: 15.0 sen (less 26% taxation).
- (ii) Previous corresponding quarter: 15.0 sen per share (less 27% taxation).
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

#### 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 30/6/2007 RM'000	Corresponding Quarter Ended 30/6/2006 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Year Ended 30/6/2006 RM'000
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	172,407	144,925	620,794	549,920
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	(123,004)	(72,928)	(115,898)	(67,970)
	<u>1,457,103</u>	<u>1,507,179</u>	<u>1,464,209</u>	<u>1,512,137</u>
<b>Basic earnings per share (sen)</b>	11.8	9.6	42.4	36.4
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	140,745	134,763	547,031	502,556
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	(123,004)	(56,854)	(115,898)	(55,495)
	<u>1,457,103</u>	<u>1,507,179</u>	<u>1,464,209</u>	<u>1,512,137</u>
<b>Basic earnings per share (sen)</b>	9.7	8.9	37.4	33.2



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.

	<b>Current Quarter Ended 30/6/2007 RM'000</b>	<b>Corresponding Quarter Ended 30/6/2006 RM'000</b>	<b>Financial Year Ended 30/06/2007 RM'000</b>	<b>Financial Year Ended 30/6/2006 RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	172,407	144,925	620,794	549,920
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,457,103	1,507,179	1,464,209	1,512,137
- adjustment for ESOS	-	-	-	-
	<u>1,457,103</u>	<u>1,507,179</u>	<u>1,464,209</u>	<u>1,512,137</u>
<b>Fully diluted earnings per share (sen)</b>	11.8	9.6	42.4	36.4
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	140,745	134,763	547,031	502,556
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,457,103	1,507,179	1,464,209	1,512,137
- adjustment for ESOS	-	-	-	-
	<u>1,457,103</u>	<u>1,507,179</u>	<u>1,464,209</u>	<u>1,512,137</u>
<b>Fully diluted earnings per share (sen)</b>	9.7	8.9	37.4	33.2