

Condensed Financial Statements

Unaudited Balance Sheet As At 30 September 2007

	The Group		The Bank	
	Financial	Financial	Financial	Financial
	Period Ended	Year Ended	Period Ended	Year Ended
Note	30/09/2007	30/06/2007	30/09/2007	30/06/2007
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	12,170,547	15,989,916	10,789,741	14,880,849
Deposits and placements with financial institutions	4,317,485	9,147,158	4,317,485	9,047,158
Securities purchased under resale agreements	3,160,384	3,495,309	3,160,384	3,495,309
Securities held at fair value through profit and loss	8 3,525,023	3,487,793	3,046,356	3,217,357
Securities available-for-sale	9 3,606,549	2,826,572	3,439,694	2,678,308
Securities held-to-maturity	10 1,049,719	2,466,821	891,014	2,034,009
Loans, advances and financing	11 32,026,828	31,654,774	28,189,153	27,965,985
Other assets	12 528,453	690,782	724,423	812,195
Statutory deposits with Bank Negara Malaysia	1,214,589	1,206,939	1,072,625	1,036,625
Investment in subsidiary companies	-	-	577,041	577,041
Prepaid land lease payments	6,806	6,815	5,915	5,923
Property, plant and equipment	255,180	245,554	238,966	229,390
Intangible assets	34,908	33,823	33,347	32,171
Deferred tax assets	166,781	164,961	149,979	149,078
General and Family Takaful fund assets	60,566	6,522	-	-
Total Assets	62,123,818	71,423,739	56,636,123	66,161,398
LIABILITIES AND SHAREHOLDERS' FUNDS				
Deposits from customers	13 50,955,728	56,719,397	46,013,680	51,873,299
Deposits and placements of banks and other financial institutions	14 3,292,274	5,113,620	3,092,274	5,038,620
Obligations on securities sold under repurchase agreements	-	1,129,521	-	1,129,521
Bills and acceptance payable	391,642	566,251	387,643	562,495
Other liabilities	15 1,287,158	1,963,074	1,230,009	1,843,864
Subordinated Bonds	681,677	671,657	681,677	671,657
Syndicated loan facility	526,350	509,850	526,350	509,850
Provision for taxation	89,129	85,140	40,866	38,409
General and Family Takaful fund liabilities	52,208	928	-	-
General and Family Takaful policyholders' fund	8,359	5,594	-	-
Total Liabilities	57,284,525	66,765,032	51,972,499	61,667,715
Share Capital	1,580,107	1,580,107	1,580,107	1,580,107
Reserves	3,914,725	3,730,056	3,782,551	3,608,687
Less: Treasury Shares	(699,034)	(695,111)	(699,034)	(695,111)
Total Shareholders' Equity	4,795,798	4,615,052	4,663,624	4,493,683
Minority interest	43,495	43,655	-	-
Total Equity	4,839,293	4,658,707	4,663,624	4,493,683
Total Liabilities and Equity	62,123,818	71,423,739	56,636,123	66,161,398
COMMITMENTS AND CONTINGENCIES				
	25	83,122,251	76,664,716	82,510,405
		76,664,716	82,510,405	76,266,690
CAPITAL ADEQUACY				
Before deducting proposed dividends				
Core capital ratio	21	13.39%	13.34%	14.46%
Risk-weighted capital ratio	21	16.87%	16.79%	16.23%
After deducting proposed dividends				
Core capital ratio	21	12.89%	12.84%	13.90%
Risk-weighted capital ratio	21	16.38%	16.29%	15.68%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.31	3.18	3.22
				3.10

* 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 30 September 2007

The Group

	Note	Current Quarter Ended 30/09/2007 RM'000	Corresponding Quarter Ended 30/09/2006 RM'000	Current Period Ended 30/09/2007 RM'000	Corresponding Period Ended 30/09/2006 RM'000
Interest income	16	751,484	666,818	751,484	666,818
Interest expense	17	(418,961)	(369,518)	(418,961)	(369,518)
Net interest income		332,523	297,300	332,523	297,300
Net income from Islamic Banking business		39,228	36,170	39,228	36,170
Other operating income	18	103,095	88,281	103,095	88,281
Net Income		474,846	421,751	474,846	421,751
Other operating expenses	19	(198,650)	(170,111)	(198,650)	(170,111)
Operating profit before provision		276,196	251,640	276,196	251,640
Allowance for losses on loans, advances and financing	20	(19,485)	(53,240)	(19,485)	(53,240)
Impairment loss - securities		(1,009)	-	(1,009)	-
Profit before taxation (and zakat)		255,702	198,400	255,702	198,400
Taxation		(67,596)	(54,024)	(67,596)	(54,024)
Zakat		-	(9)	-	(9)
Net profit for the period		188,106	144,367	188,106	144,367
Attributable to:					
Equity holders of the parent		188,266	144,367	188,266	144,367
Minority Interest		(160)	-	(160)	-
Net profit for the period		188,106	144,367	188,106	144,367
Earnings per share - basic (sen)		13.0	9.8	13.0	9.8
Earnings per share - fully diluted (sen)		13.0	9.8	13.0	9.8

Hong Leong Bank Berhad

Condensed Financial Statements
Unaudited Income Statement
For The Financial Quarter Ended 30 September 2007

The Bank

	Note	Current Quarter Ended 30/09/2007 RM'000	Corresponding Quarter Ended 30/09/2006 RM'000	Current Period Ended 30/09/2007 RM'000	Corresponding Period Ended 30/09/2006 RM'000
Interest income	16	752,216	671,437	752,216	671,437
Interest expense	17	(419,942)	(374,275)	(419,942)	(374,275)
Net interest income		332,274	297,162	332,274	297,162
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	106,474	88,280	106,474	88,280
Net Income		438,748	385,442	438,748	385,442
Other operating expenses	19	(184,091)	(151,354)	(184,091)	(151,354)
Operating profit before provision		254,657	234,088	254,657	234,088
Allowances for losses on loans and financing	20	(14,252)	(55,356)	(14,252)	(55,356)
Impairment loss - securities		(1,009)	-	(1,009.00)	-
Profit before taxation (and zakat)		239,396	178,732	239,396	178,732
Taxation		(62,032)	(48,936)	(62,032)	(48,936)
Zakat		-	-	-	-
Profit after taxation		177,364	129,796	177,364	129,796
Profit attributable to shareholders		177,364	129,796	177,364	129,796
Earnings per share - basic (sen)		12.2	8.8	12.2	8.8
Earnings per share - fully diluted (sen)		12.2	8.8	12.2	8.8

Condensed Financial Statements

Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 30 September 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			
The Group										
As at 1 July 2007	1,580,107	539,664	1,791,566	(9,508)	39,111	1,369,223	(695,111)	4,615,052	43,655	4,658,707
As previously stated	1,580,107	539,664	1,791,566	(9,508)	39,111	1,369,223	(695,111)	4,615,052	43,655	4,658,707
As at 1 July 2007, as restated	1,580,107	539,664	1,791,566	(9,508)	39,111	1,369,223	(695,111)	4,615,052	43,655	4,658,707
<i>Currency translation differences</i>	-	-	-	(3,580)	-	-	-	(3,580)	-	(3,580)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	(3,580)	-	-	-	(3,580)	-	(3,580)
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	188,266	-	188,266	(160)	188,106
Transfer to statutory reserve	-	-	7,613	-	-	(7,613)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
less: Treasury shares	-	-	-	-	-	-	(3,923)	(3,923)	-	(3,923)
Net fair value changes in available for sale securities	-	-	-	(17)	-	-	-	(17)	-	(17)
Closing Balance @30 Sept 2007	1,580,107.0	539,664.0	1,799,179.0	(9,525.0)	35,531	1,549,876.0	(695,034.0)	4,796,798.0	43,495	4,839,293
As at 1 July 2005	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 2005, 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>	-	-	-	-	3,749	-	-	3,749	-	3,749
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	3,749	-	-	3,749	-	3,749
Net profit for the period	-	-	-	-	-	144,367	-	144,367	-	144,367
Transfer to statutory reserve	-	-	41,257	-	-	(41,257)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(112,197)	(112,197)	-	(112,197)
Net fair value changes in available for sale securities	-	-	-	42,720	-	-	-	42,720	-	42,720
Closing Balance @ 30 Sept 2005	1,580,107	539,664	1,667,660	(36,888)	39,112	1,273,115	(603,222)	4,459,548	-	4,459,548

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Statement of Changes in Equity For The Financial Period Ended 30 September 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	
<u>The Bank</u>							
As at 1 July 2007	1,580,107	539,664	1,741,612	(3,720)	39,111	1,298,020	(695,111)
As previously stated Prior Year Adjustment							
							4,493,683
As at 1 July 2007, as restated	1,580,107	539,664	1,741,612	(3,720)	39,111	1,298,020	(695,111)
							4,493,683
<i>Currency translation differences</i>					(3,580)		
							(3,580)
Net gain/(loss) not recognised in the profit and loss accounts					(3,580)		
						177,364	
Net profit for the period							177,364
Transfer to statutory reserve							
Dividend paid							
less: Purchase of Treasury Shares							(3,923)
Net fair value changes in available for sale securities				80			
							80
Closing Balance@30 Sept 2007	1,580,107	539,664	1,741,612	(9,640)	35,531	1,475,384	(695,034)
							4,663,624
As at 1 July 2006	1,580,107	539,664	1,628,403	(79,608)	35,363	1,170,005	(491,025)
As previously stated Prior Year Adjustment							
							4,380,909
As at 1 July 2006, as restated	1,580,107	539,664	1,628,403	(79,608)	35,363	1,170,005	(491,025)
							4,380,909
<i>Currency translation differences</i>					3,749		
							3,749
Net gain/(loss) not recognised in the profit and loss accounts					3,749		
						144,367	
Net profit for the period							144,367
Transfer to statutory reserve			41,257			(41,257)	
Dividend paid							
Purchase of treasury shares							(112,197)
Net fair value changes in available for sale securities				41,916			
							41,916
Closing Balance@30 Sept 2006	1,580,107	539,664	1,667,660	(37,692)	39,112	1,273,115	(603,222)
							4,458,744

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Cash Flow Statement
For The Financial Quarter Ended 30 September 2007

	The Group		The Bank	
	Financial Period Ended 30/09/2007 RM'000	Financial Period Ended 30/09/2006 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Period Ended 30/09/2006 RM'000
Operating activities				
Profit before taxation	255,702	198,400	239,396	178,732
Adjustments for non-cash items	26,463	115,472	15,135	100,056
Operating profit before working capital changes	282,165	313,872	254,531	278,788
Income taxes and zakat paid	(64,363)	(55,217)	(59,712)	(41,295)
Net changes in working capital	(3,308,712)	(2,443,813)	(3,813,535)	(6,694,996)
Net cash flow from operating activities	(3,090,910)	(2,185,158)	(3,618,716)	(6,457,503)
Net cash flow from investing activities	(709,164)	(3,471,543)	(453,097)	906,276
Net cash flow from financing activities	(20,163)	(112,197)	(20,163)	(112,197)
Changes in cash and cash equivalents	(3,820,237)	(5,768,898)	(4,091,976)	(5,663,424)
Currency translation differences	868	205	868	205
Cash and cash equivalents at the beginning of year	15,989,916	13,565,015	14,880,849	12,294,079
Cash and cash equivalents at the end of period	12,170,547	7,796,322	10,789,741	6,630,860

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2007.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2007 except for the adoption of FRS 117, 'Leases' which is effective for accounting periods beginning on or after 1 October 2006. The Group has adopted FRS 117 commencing from financial period beginning 1 July 2007. The adoption of FRS 117 has resulted in the restatement of the comparative figures as 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 2007

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2007.

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 30 September 2007 other than as mentioned below:-

a) Share Buy-back

During the financial period ended 30 September 2007, the Bank purchased a total of 675,000 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 30 September 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-07	-	-	-	-	-
Aug-07	1,000	5.85	5.85	5.85	5,872
Sep-07	674,000	5.70	5.85	5.81	3,918,232
For the period	675,000	5.70	5.85	5.81	3,924,104

The total number of shares bought back, all of which were held as treasury shares as at 30 September 2007 amounted to 81,089,700 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 period ended 30 September 2007, the trust did not purchase any shares. As at 30 September 2007, the total number of Treasury Shares for ESOS was 50,000,000 at an average carrying value of RM5.35 per share.

During the period ended 30 September 2007, the Bank had granted 4,500,000 share options at an exercise price of RM5.72 per share to eligible executives of the Bank pursuant to the Executive Share Option Scheme of the Bank.

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

There were no dividends paid during the financial period under review.

8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Held-for-trading				
Money market instruments:				
Malaysian Government Treasury				
Bills	88,762	102,211	88,762	102,211
Malaysian Government Securities	446,803	125,232	446,803	125,232
Malaysian Government Investment Certificates	-	55,066	-	25,013
Other Government Securities	-	-	-	-
Bank Negara Malaysia (BNM)				
Bills	979,341	1,506,638	637,133	1,249,510
Cagamas Bonds	370,134	79,045	370,134	79,045
Bankers' Acceptance and Islamic				
Accepted bills	1,161,977	1,132,891	997,993	1,101,223
Negotiable Instruments of Deposit	173,159	111,395	202,497	160,067
	<u>3,220,176</u>	<u>3,112,478</u>	<u>2,743,322</u>	<u>2,842,301</u>
Quoted securities:				
Shares in Malaysia	119,327	130,619	117,514	130,360
Foreign Shares	2,004	-	2,004	-
Foreign Currency Bonds	17,567	-	17,567	-
Unquoted securities:				
Private Debt Securities	126,202	200,825	126,202	200,825
Syndicated Bond	39,747	38,619	39,747	38,619
Others designated at fair value through P&L				
Loan Stock Quoted in Malaysia	-	5,252	-	5,252
Total securities held-for-trading	<u><u>3,525,023</u></u>	<u><u>3,487,793</u></u>	<u><u>3,046,356</u></u>	<u><u>3,217,357</u></u>

9 Securities available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Money market instruments:				
Malaysian Government Investment Certificates	-	-	-	-
Other Government Securities	8,752	8,715	8,752	8,715
Malaysian Government Treasury Bills	856,599	349,600	856,599	349,600
Malaysian Government Securities	1,636,421	1,524,880	1,636,421	1,524,880
Cagamas Bonds	743,925	754,860	643,914	654,475
	<u>3,245,697</u>	<u>2,638,055</u>	<u>3,145,686</u>	<u>2,537,670</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks	3,828	9,554	3,828	5,555
Foreign Currency Bonds	219,022	63,857	219,022	63,857
Unquoted securities:				
Private Debt Securities	138,002	115,106	71,158	71,226
Total securities available-for-sale	<u>3,606,549</u>	<u>2,826,572</u>	<u>3,439,694</u>	<u>2,678,308</u>

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Money market instruments:				
Malaysian Government Securities	106,549	107,353	106,549	107,353
Malaysian Government Investment Certificates	172,367	171,059	34,327	33,991
Cagamas bonds	-	275,033	-	-
Negotiable Instruments of Deposit Khazanah Bonds	650,000	1,781,273	650,000	1,781,273
	-	-	-	-
	<u>928,916</u>	<u>2,334,718</u>	<u>790,876</u>	<u>1,922,617</u>
Quoted securities:				
Foreign currency bonds	-	10,242	-	10,242
Unquoted securities:				
Shares	27,053	27,053	26,478	26,478
Private debt securities	83,080	83,108	62,990	62,972
Loan Stocks	10,670	11,700	10,670	11,700
	<u>120,803</u>	<u>121,861</u>	<u>100,138</u>	<u>101,150</u>
Total securities held-to-maturity	<u><u>1,049,719</u></u>	<u><u>2,466,821</u></u>	<u><u>891,014</u></u>	<u><u>2,034,009</u></u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial</u>	<u>Financial</u>	<u>Financial</u>	<u>Financial</u>
	<u>Period</u>	<u>Year</u>	<u>Period</u>	<u>Year</u>
	<u>Ended</u>	<u>Ended</u>	<u>Ended</u>	<u>Ended</u>
	<u>30/09/2007</u>	<u>30/06/2007</u>	<u>30/09/2007</u>	<u>30/06/2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	2,659,510	2,624,460	2,654,224	2,618,889
Term loans:				
- Housing loans/financing	17,277,311	16,559,484	15,511,742	14,900,084
- Syndicated term loan/financing	1,526,222	1,526,094	1,209,161	1,190,997
- Hire purchase receivables	5,771,072	5,695,681	2,944,894	2,987,444
- Lease receivables	29,323	29,374	-	-
- Other term loans/financing	1,646,233	1,721,550	1,478,295	1,545,907
Credit/charge card receivables	1,767,990	1,667,901	1,767,990	1,667,901
Bills receivables	267,571	310,842	267,571	310,842
Trust receipts	151,205	150,249	151,205	150,249
Claims on customers under acceptance credits	2,900,599	3,023,892	2,695,200	2,875,309
Block discounting	18,400	18,480	17,715	17,784
Revolving credits	618,765	783,949	618,765	783,949
Staff loans:				
Directors				
Staffs other than Directors	111,139	112,345	111,076	112,259
Other loans/financing	55,976	53,354	54,912	52,178
	<u>34,801,316</u>	<u>34,277,655</u>	<u>29,482,750</u>	<u>29,213,792</u>
Unearned interest and income	(1,887,649)	(1,760,915)	(488,935)	(457,303)
Gross loans, advances and financing	<u>32,913,667</u>	<u>32,516,740</u>	<u>28,993,815</u>	<u>28,756,489</u>
Fair value changes arising from fair value hedges	27,492	32,540	16,031	16,058
Allowance for bad and doubtful debts and financing:				
- General	(487,667)	(481,746)	(429,357)	(425,782)
- Specific	(426,664)	(412,760)	(391,336)	(380,780)
Net loans, advances and financing	<u>32,026,828</u>	<u>31,654,774</u>	<u>28,189,153</u>	<u>27,965,985</u>

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Domestic banking institutions	301	320	301	320
Domestic non-bank financial institutions	162,939	159,547	119,374	115,991
Domestic business enterprises				
- Small and medium enterprises	3,493,390	3,351,870	3,186,451	3,057,918
- Others	5,744,348	6,172,934	5,091,467	5,552,248
Government and statutory bodies	92,800	91,102	92,800	91,102
Individuals	22,399,502	21,502,145	19,509,304	18,734,077
Other domestic entities	57,959	41,907	56,285	40,532
Foreign entities	962,428	1,196,915	937,833	1,164,301
Gross loans, advances and financing	<u>32,913,667</u>	<u>32,516,740</u>	<u>28,993,815</u>	<u>28,756,489</u>

11 Loans, advances and financing (continued)**11b By interest/profit rate sensitivity**

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Fixed rate				
- Housing loans/financing	3,191,967	3,512,263	2,600,449	2,879,880
- Hire purchase receivables	5,002,155	4,942,068	2,510,551	2,546,490
- Other fixed rate loan/financing	2,778,475	2,588,420	2,478,432	2,270,764
Variable rate				
- Base lending rate plus	18,595,304	17,829,234	18,059,363	17,415,214
- Cost plus	3,278,770	3,582,814	3,278,024	3,582,200
- Other variables rates	66,996	61,941	66,996	61,941
Gross loans, advances and financing	<u>32,913,667</u>	<u>32,516,740</u>	<u>28,993,815</u>	<u>28,756,489</u>

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Purchase of securities	634,681	582,681	633,565	581,558
Purchase of transport vehicles	4,565,435	4,469,163	2,311,393	2,324,994
Purchase of landed properties				
- residential	12,551,458	12,136,525	11,875,923	11,482,101
- non-residential	4,081,408	3,926,088	3,943,077	3,786,768
Personal use	2,383,578	2,114,929	2,330,613	2,063,696
Credit card	1,767,990	1,667,901	1,767,990	1,667,901
Purchase of consumer durables	188	157	184	152
Construction	518,348	565,931	474,832	509,865
Working capital	6,317,396	6,961,765	5,563,121	6,247,930
Others	93,185	91,600	93,117	91,524
Gross loans, advances and financing	<u>32,913,667</u>	<u>32,516,740</u>	<u>28,993,815</u>	<u>28,756,489</u>

11 Loans, advances and financing (continued)

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Purchase of securities	20,945	21,229	20,317	20,616
Purchase of transport vehicles	88,901	86,393	53,578	53,705
Purchase of landed properties				
- residential	276,937	289,258	255,621	268,008
- non-residential	100,361	102,970	99,212	101,628
Personal use	51,496	44,580	51,162	44,435
Credit card	26,329	26,674	26,329	26,674
Purchase of consumer durables	82	154	82	154
Construction	53,175	55,039	52,267	54,294
Working capital	400,497	407,083	393,531	400,859
Others	6	-	6	-
	<u>1,018,729</u>	<u>1,033,380</u>	<u>952,105</u>	<u>970,373</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>	
	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
At beginning	1,033,380	1,381,983	970,373	1,303,964
Non-performing during the period/year	679,015	3,008,575	625,793	2,755,989
Reclassified as performing	(589,919)	(2,640,341)	(547,654)	(2,428,846)
Amount written back in respect of recoveries	(84,132)	(465,517)	(76,983)	(418,294)
Amount written off	(20,252)	(249,843)	(20,061)	(240,963)
Exchange differences	637	(1,477)	637	(1,477)
Closing balance	1,018,729	1,033,380	952,105	970,373
Specific allowance	(426,664)	(412,760)	(391,336)	(380,780)
Net non-performing loans, advances and financing	<u>592,065</u>	<u>620,620</u>	<u>560,769</u>	<u>589,593</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.8%</u>	<u>1.9%</u>	<u>2.0%</u>	<u>2.1%</u>

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>	
	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 30/09/2007 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
<u>General Allowance</u>				
At beginning	481,746	436,233	425,782	376,043
Net provisions made during the year	5,728	45,805	3,382	50,031
Exchange differences	193	(292)	193	(292)
Closing balance	<u>487,667</u>	<u>481,746</u>	<u>429,357</u>	<u>425,782</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	412,760	473,817	380,780	444,432
Allowance made during the period/year	59,985	296,243	54,179	274,437
Amount written back in respect of recoveries	(26,203)	(106,256)	(23,936)	(95,984)
Amount written off	(20,252)	(250,137)	(20,061)	(241,198)
Amount transferred to provision for diminution in value	374	(907)	374	(907)
Exchange differences				
Closing balance	<u>426,664</u>	<u>412,760</u>	<u>391,336</u>	<u>380,780</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Interest/Income receivable	155,813	192,812	151,566	184,586
Other debtors, deposits and prepayments	313,505	494,961	513,722	624,600
Treasury clearing	56,378		56,378	-
Foreclosed properties	2,757	3,009	2,757	3,009
	<u>528,453</u>	<u>690,782</u>	<u>724,423</u>	<u>812,195</u>

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
<u>By type of customer</u>				
Government and statutory bodies	935,028	362,135	732,031	140,569
Business enterprises	19,027,206	24,673,743	15,926,664	22,032,474
Individuals	29,889,713	30,054,518	28,578,406	28,815,459
Others	1,103,781	1,629,001	776,579	884,797
	<u>50,955,728</u>	<u>56,719,397</u>	<u>46,013,680</u>	<u>51,873,299</u>

14 Deposits and placements of banks and other financial institution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Licensed banks	3,242,274	5,113,620	3,092,274	5,038,620
Other financial institutions	50,000	-	-	-
	<u>3,292,274</u>	<u>5,113,620</u>	<u>3,092,274</u>	<u>5,038,620</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Interest/Profit payable	250,504	387,353	222,511	349,188
Zakat	42	42	-	-
Post employment benefits obligation				
- defined contribution plan	3,396	3,391	3,396	3,391
Loan advance payment	394,097	337,636	386,175	331,742
Amount due to subsidiary companies	-	-	42,655	49,914
Treasury clearing	36,083	481,626	-	481,626
Others	603,036	753,026	575,272	628,003
	<u>1,287,158</u>	<u>1,963,074</u>	<u>1,230,009</u>	<u>1,843,864</u>

16 Interest income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	406,239	343,724	406,239	343,724
- Recoveries from NPLs	31,427	41,786	31,427	41,786
Money at call and deposit placements with financial institutions	206,622	129,973	206,622	129,973
Securities purchased under resale agreements	17,427	39,254	17,427	39,254
Securities held-for-trading	54,688	58,883	54,688	58,883
Securities available-for-sale	26,286	53,998	26,286	53,998
Securities held-to-maturity	9,262	7,364	9,262	7,364
Others	2,241	2,550	2,241	2,550
	<u>754,192</u>	<u>677,532</u>	<u>754,192</u>	<u>677,532</u>
Amortisation of premium less accretion of discount	(454)	(8,009)	(454)	(8,009)
Interest suspended	(2,254)	(2,705)	(2,254)	(2,705)
	<u><u>751,484</u></u>	<u><u>666,818</u></u>	<u><u>751,484</u></u>	<u><u>666,818</u></u>

16 Interest income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	406,075	343,675	406,075	343,675
- Recoveries from NPLs	31,427	41,780	31,427	41,780
Money at call and deposit placements with financial institutions	207,307	134,649	207,307	134,649
Securities purchased under resale agreements	17,427	39,254	17,427	39,254
Securities held-for-trading	54,899	58,883	54,899	58,883
Securities available-for-sale	26,286	53,998	26,286	53,998
Securities held-to-maturity	9,262	7,364	9,262	7,364
Others	2,241	2,551	2,241	2,551
	<u>754,924</u>	<u>682,154</u>	<u>754,924</u>	<u>682,154</u>
Amortisation of premium less accretion of discount	(454)	(8,010)	(454)	(8,010)
Interest suspended	(2,254)	(2,707)	(2,254)	(2,707)
	<u><u>752,216</u></u>	<u><u>671,437</u></u>	<u><u>752,216</u></u>	<u><u>671,437</u></u>

17 Interest expense

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	33,014	87,818	33,014	87,818
Deposits from customers	263,034	272,136	263,034	272,136
Short term corporate placements	105,970	-	105,970	-
Subordinated bonds	8,872	9,564	8,872	9,564
Others	8,071	-	8,071	-
	<u>418,961</u>	<u>369,518</u>	<u>418,961</u>	<u>369,518</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	33,700	92,492	33,700	92,492
Deposits from customers	263,329	272,219	263,329	272,219
Short term corporate placements	105,970	-	105,970	-
Subordinated bonds	8,872	9,564	8,872	9,564
Others	8,071	-	8,071	-
	<u>419,942</u>	<u>374,275</u>	<u>419,942</u>	<u>374,275</u>

18 Other operating income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Group				
(a) Fee income:				
Commissions	25,134	20,337	25,134	20,337
Service charges and fees	8,983	8,025	8,983	8,025
Guarantee fees	1,543	1,447	1,543	1,447
Other fee income	41,906	36,305	41,906	36,305
	<u>77,566</u>	<u>66,114</u>	<u>77,566</u>	<u>66,114</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading and derivatives	19,497	15,725	19,497	15,725
Net gain from sale of securities available-for-sale	2,439	23,983	2,439	23,983
Net gain from redemption of securities held-to-maturity	2	(10)	2	(10)
	<u>21,938</u>	<u>39,698</u>	<u>21,938</u>	<u>39,698</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	1,992	494	1,992	494
Securities available-for-sale	-	656	-	656
Securities held to maturity	2,340	-	2,340	-
	<u>4,332</u>	<u>1,150</u>	<u>4,332</u>	<u>1,150</u>

18 Other operating income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	(3,161)	(10,728)	(3,161)	(10,728)
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(8,954)	(1,988)	(8,954)	(1,988)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(6,226)	(23,250)	(6,226)	(23,250)
(g) <u>Other income:</u>				
Foreign exchange gain	12,198	12,094	12,198	12,094
Rental income	168	108	168	108
Gain on disposal of property and equipment (net)	555	407	555	407
Profit from Takaful investments	1,278		1,278	
Others	3,401	4,676	3,401	4,676
	<u>17,600</u>	<u>17,285</u>	<u>17,600</u>	<u>17,285</u>
Total other operating income	<u>103,095</u>	<u>88,281</u>	<u>103,095</u>	<u>88,281</u>

18 Other operating income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Bank				
(a) <u>Fee income:</u>				
Commissions	25,133	20,336	25,133	20,336
Service charges and fees	8,983	8,025	8,983	8,025
Guarantee fees	1,543	1,447	1,543	1,447
Other fee income	41,921	36,305	41,921	36,305
	<u>77,580</u>	<u>66,113</u>	<u>77,580</u>	<u>66,113</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	19,497	15,725	19,497	15,725
Net gain from sale of securities available-for-sale	2,439	23,983	2,439	23,983
Net gain from redemption of securities held-to-maturity	2	(10)	2	(10)
	<u>21,938</u>	<u>39,698</u>	<u>21,938</u>	<u>39,698</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	-
Securities held-for-trading	1,992	494	1,992	494
Securities available-for-sale	-	656	-	656
Securities held to maturity	2,340	-	2,340	-
	<u>4,332</u>	<u>1,150</u>	<u>4,332</u>	<u>1,150</u>

18 Other operating income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	<u>(3,161)</u>	<u>(10,728)</u>	<u>(3,161)</u>	<u>(10,728)</u>
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>(8,954)</u>	<u>(1,988)</u>	<u>(8,954)</u>	<u>(1,988)</u>
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>(1,205)</u>	<u>(23,250)</u>	<u>(1,205)</u>	<u>(23,250)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	12,198	12,094	12,198	12,094
Rental income	168	108	168	108
Gain on disposal of property and equipment (net)	555	407	555	407
Others	3,023	4,676	3,023	4,676
	<u>15,944</u>	<u>17,285</u>	<u>15,944</u>	<u>17,285</u>
Total other operating income	<u>106,474</u>	<u>88,280</u>	<u>106,474</u>	<u>88,280</u>

19 Other operating expenses

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	91,532	77,663	91,532	77,663
- Others	7,477	5,879	7,477	5,879
<u>Establishment costs</u>				
- Depreciation	13,059	13,954	13,059	13,954
- Rental	10,555	9,128	10,555	9,128
- Information technology expenses	10,213	7,333	10,213	7,333
- Others	9,820	8,772	9,820	8,772
<u>Marketing expenses</u>				
- Advertisement and publicity	10,645	8,712	10,645	8,712
- Handling fees	3,919	3,297	3,919	3,297
- Others	10,057	9,691	10,057	9,691
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,184	2,139	2,184	2,139
- Stationery & printing	3,638	3,364	3,638	3,364
- Others	25,551	20,179	25,551	20,179
	<u>198,650</u>	<u>170,111</u>	<u>198,650</u>	<u>170,111</u>

19 Other operating expenses (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	83,929	69,120	83,929	69,120
- Others	6,641	5,164	6,641	5,164
<u>Establishment costs</u>				
- Depreciation	12,726	13,822	12,726	13,822
- Rental	9,994	8,336	9,994	8,336
- Information technology expenses	9,796	6,625	9,796	6,625
- Others	8,610	6,199	8,610	6,199
<u>Marketing expenses</u>				
- Advertisement and publicity	10,552	7,638	10,552	7,638
- Handling fees	1,594	1,208	1,594	1,208
- Others	9,926	9,417	9,926	9,417
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,164	1,887	2,164	1,887
- Stationery & printing	3,602	3,138	3,602	3,138
- Others	24,558	18,800	24,558	18,800
	<u>184,091</u>	<u>151,354</u>	<u>184,091</u>	<u>151,354</u>

20 Allowance for losses on loans, advances and financing

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	5,728	5,469	5,728	5,469
- specific allowance	59,985	90,372	59,985	90,372
- specific allowance written back	(26,203)	(23,886)	(26,203)	(23,886)
Bad debts and financing written off	1,389	1,806	1,389	1,806
Bad debts and financing recovery	(21,414)	(20,521)	(21,414)	(20,521)
	<u>19,485</u>	<u>53,240</u>	<u>19,485</u>	<u>53,240</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	3,382	6,449	3,382	6,449
- specific allowance	54,179	83,073	54,179	83,073
- specific allowance written back	(23,936)	(16,194)	(23,936)	(16,194)
Bad debts and financing written off	1,300	1,727	1,300	1,727
Bad debts and financing recovery	(20,673)	(19,699)	(20,673)	(19,699)
	<u>14,252</u>	<u>55,356</u>	<u>14,252</u>	<u>55,356</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2007</u> <u>RM'000</u>	<u>Financial Year Ended 30/06/2007</u> <u>RM'000</u>	<u>Financial Period Ended 30/09/2007</u> <u>RM'000</u>	<u>Financial Year Ended 30/06/2007</u> <u>RM'000</u>
<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	1,369,223	1,369,223	1,298,020	1,298,020
Other reserves	1,830,677	1,830,677	1,780,723	1,780,723
Less: Treasury shares	(699,034)	(695,111)	(699,034)	(695,111)
Less: Deferred tax	(164,961)	(164,961)	(149,078)	(149,078)
Add: Minority interest	43,655	43,655	-	-
Total tier-1 capital	4,499,331	4,503,254	4,350,402	4,354,325
Tier-2 capital				
General provision	487,667	481,746	429,357	425,782
Subordinated bonds	682,800	682,800	682,800	682,800
Total tier-2 capital	1,170,467	1,164,546	1,112,157	1,108,582
Total capital	5,669,798	5,667,800	5,462,559	5,462,907
Less: Investment in subsidiary companies	-	-	(577,041)	(577,041)
Total capital base	5,669,798	5,667,800	4,885,518	4,885,866
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	13.39%	13.34%	14.46%	14.42%
Risk-weighted Capital Ratio	16.87%	16.79%	16.23%	16.17%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	12.89%	12.84%	13.90%	13.86%
Risk-weighted Capital Ratio	16.38%	16.29%	15.68%	15.62%

22 Group segmental reporting on revenue, profit and assets

Current Quarter Ended 30/09/2007

	Personal	Wholesale Banking		Takaful Business RM'000	Total RM'000
	Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	254,274	58,639	160,655	1,278	474,846
Inter-segment revenue	67,240	11,944	(79,184)	-	-
Segment revenue	<u>321,514</u>	<u>70,583</u>	<u>81,471</u>	<u>1,278</u>	<u>474,846</u>
Segment profit before taxation	153,137	46,608	56,313	(356)	255,702
Taxation and zakat					(67,596)
Profit after taxation					<u>188,106</u>
Segment assets	22,712,054	9,600,068	27,872,462	158,880	60,343,464
Other assets					1,780,354
Total assets					<u>62,123,818</u>

Financial Period ended 30/09/2006

	Personal	Wholesale Banking		Takaful Business RM'000	Total RM'000
	Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	150,195	98,368	173,188	-	421,751
Inter-segment revenue	124,875	(19,657)	(105,218)	-	-
Segment revenue	<u>275,070</u>	<u>78,711</u>	<u>67,970</u>	<u>-</u>	<u>421,751</u>
Segment profit before taxation	109,510	39,633	49,257	-	198,400
Taxation and zakat					(54,033)
Profit after taxation					<u>144,367</u>
Segment assets	22,404,126	6,759,027	30,362,180	-	59,525,333
Other assets					1,781,054
Total assets					<u>61,306,387</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 September 2007 to be disclosed other than disclosed in Note 8 appearing on page 43.

(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 30 September 2007 except for the following :-

On 29 June 2006, HLB announced that HLB Ventures Sdn Bhd ("HLBV"), Chew Geok Lin Nominees (Tempatan) Sendirian Berhad ("CGLN(T)") and Chew Geok Lin Nominees (Asing) Sendirian Berhad ("CGLN(A)") and Wah Tat Properties Sdn Bhd ("WTP") were placed under Member's Voluntary Liquidation pursuant to Section 254(1) of the Companies Act, 1965.

HLBV, CGLN(T) and CGLN(A) were dissolved on 9 August 2007. The liquidation of WTP 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 30/09/2007			Financial Year Ended 30/06/2007		
	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	167,777	167,777	167,777	168,884	168,884	168,884
Transaction-related contingent items	275,068	137,534	137,534	282,088	141,043	141,043
Short-term self liquidating trade-related contingencies	635,042	127,008	127,008	606,280	121,256	121,256
Other assets sold with recourse and commitment	-	-	-	45,452	45,452	45,452
Underwriting Obligations	24,341	12,171	12,171			
Irrevocable commitments to extend credit:						
- maturity more than 1 year	4,359,983	2,179,992	2,179,992	4,336,920	2,168,460	2,168,460
- maturity less than 1 year	13,397,803	-	-	13,947,338	-	-
Foreign exchange related contracts	30,309,436	839,786	230,286	22,717,926	558,094	70,693
Interest rate related contracts	33,909,861	618,535	133,548	34,430,038	454,567	3,051
Equity related contracts	42,560	4,410	-	129,340	3,796	-
Miscellaneous	380	-	-	450	-	-
Total	83,122,251	4,087,213	2,988,316	76,664,716	3,661,552	2,718,839

25 Commitments and contingencies (continued)

	Financial Period Ended 30/09/2007			Financial Year Ended 30/06/2007		
	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	167,777	167,777	167,777	168,884	168,884	168,884
Transaction-related contingent items	274,649	137,325	137,325	281,719	140,859	140,859
Short-term self liquidating trade-related contingencies	631,295	126,259	126,259	599,083	119,817	119,817
Underwriting Obligations	24,341	12,171	12,171	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	3,770,513	1,885,257	1,885,257	4,010,990	2,005,495	2,005,495
- maturity less than 1 year	13,380,469	-	-	13,929,119	-	-
Foreign exchange related contracts	30,308,561	839,773	70,693	22,717,067	558,081	70,693
Interest rate related contracts	33,909,861	618,535	3,051	34,430,038	454,567	3,051
Equity related contracts	42,560	4,410	-	129,340	3,796	-
Miscellaneous	379	-	-	450	-	-
Total	82,510,405	3,791,507	2,402,533	76,266,690	3,451,499	2,508,799

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 30 September 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	12,042,408					128,139		12,170,547	3.6
Deposits & placement with banks & other financial institution		2,861,571	1,455,914					4,317,485	3.6
Securities purchased under resale agreement	2,119,551	1,040,833						3,160,384	3.5
Securities held at fair value through profit and loss							3,525,023	3,525,023	4.0
Securities available-for-sale	99,518	175,976	1,807,561	1,472,435	40,000	11,058		3,606,549	4.3
Securities held-to-maturity	109,298	600,000	258,342	63,470	-	18,609		1,049,719	3.8
Loans, advances and financing									
- performing	23,491,538	386,072	1,806,309	3,795,139	2,426,386	(461,800)		31,443,644	6.6
- non-performing						583,184		583,184	
Other assets						528,453		528,453	
Statutory deposits with BNM						1,214,589		1,214,589	
Investment in subsidiary									
Prepaid land lease payments						6,806		6,806	
Property, plant and equipment						255,180		255,180	
Intangible assets						34,908		34,908	
Deferred tax assets						166,781		166,781	
General and Family Takaful fund assets						60,566		60,566	
Total assets	37,862,313	5,064,452	5,328,125	5,331,045	2,466,386	2,546,473	3,525,023	62,123,818	
Liabilities									
Deposits from customers	26,335,082	5,537,450	12,700,368	1,228,015		5,154,812		50,955,728	3.0
Deposits & placement of banks & other financial institutions	2,624,503	597,861	68,814			1,096		3,292,274	3.5
Obligations on securities sold under repurchase agreements									3.6
Bills and acceptance payable	1,596	8,488	8,913			372,645		391,642	3.6
Other liabilities						1,287,158		1,287,158	
Subordinated obligations				681,677				681,677	5.2
Short term syndicated loan			526,350					526,350	5.1
Provision for taxation						89,129		89,129	
General and Family Takaful fund liabilities						52,208		52,208	
General and Family Takaful fund policyholders' fund						8,359		8,359	
Total liabilities	28,961,181	6,143,799	13,304,445	1,909,692	-	6,965,408	-	57,284,525	
Shareholders funds						4,839,293		4,839,293	
Total liabilities and Shareholders' funds	28,961,181	6,143,799	13,304,445	1,909,692	-	11,804,701	-	62,123,818	
On-balance sheet profit sensitivity gap	8,901,132	(1,079,347)	(7,976,319)	3,421,353	2,466,386				
Off-balance sheet profit sensitivity gap	(70,000)	(3,481,358)	(894,200)	(4,377,348)	234,329				
Total profit sensitivity gap	8,831,132	(4,560,705)	(8,870,519)	(956,495)	2,700,715				

27 b) Interest/Profit rate risk

Group As at 30 June 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	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									
Prepaid land lease payments						6,815		6,815	
Property, plant and equipment						245,554		245,554	
Intangible assets						33,823		33,823	
Deferred tax assets						164,961		164,961	
General and Family Takaful fund assets						6,522		6,522	
Total assets	42,448,687	9,286,416	4,832,951	5,951,152	2,494,499	2,922,241	3,487,793	71,423,739	
Liabilities									
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
Short Term Corporate Placements									
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	
Total liabilities	35,712,664	8,997,346	13,617,384	1,190,239	-	7,247,399	-	66,765,032	
Shareholders funds						4,658,707		4,658,707	
Minority interest									
Total liabilities and Shareholders' funds	35,712,664	8,997,346	13,617,384	1,190,239	-	11,906,106	-	71,423,739	
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				
Total profit sensitivity gap	6,666,023	(2,090,597)	(13,604,433)	(1,140,187)	2,544,499				

27 c) Interest/Profit rate risk

Bank As at 30 September 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	10,662,856					126,885		10,789,741	3.6
Deposits & placement with banks & other financial instrument		2,861,571	1,455,914					4,317,485	3.6
Securities purchased under resale agreement	2,119,551	1,040,833						3,160,384	3.5
Securities held at fair value through profit and loss							3,046,356	3,046,356	4.0
Securities available-for-sale	99,518	144,844	1,752,289	1,392,016	40,000	11,026		3,439,694	4.4
Securities held-to-maturity	109,298	600,000	136,677	28,478	-	16,561		891,014	3.8
Loans, advances and financing									
- performing	22,722,118	348,431	1,643,934	2,243,892	1,099,189	(420,768)		27,636,796	6.7
- non-performing						552,357		552,357	
Other assets						724,423		724,423	
Statutory deposits with BNM						1,072,625		1,072,625	
Investment in subsidiary						577,041		577,041	
Prepaid land lease payments						5,915		5,915	
Property, plant and equipment						238,966		238,966	
Intangible assets						33,347		33,347	
Deferred tax assets						149,979		149,979	
Total assets	35,713,341	4,995,679	4,988,813	3,664,387	1,139,189	3,088,357	3,046,356	56,636,123	
Liabilities									
Deposits from customers	23,244,680	4,964,225	11,607,222	982,740	-	5,154,812		46,013,680	2.9
Deposits & placement of banks & other financial institutions	2,574,503	447,861	68,814			1,096		3,092,274	3.8
Obligations on securities sold under repurchase agreements									3.6
Bills and acceptance payable	1,291	7,685	6,648			372,019		387,643	3.8
Other liabilities						1,230,009		1,230,009	
Subordinated obligations				681,677				681,677	5.2
Short term syndicated loan			526,350					526,350	5.1
Provision for taxation						40,866		40,866	
General and Family Takaful fund liabilities									
General and Family Takaful fund policyholders' fund									
Total liabilities	25,820,474	5,419,771	12,269,034	1,664,417	-	6,798,801	-	51,972,499	
Shareholders funds						4,663,624		4,663,624	
Total liabilities and Shareholders' funds	25,820,474	5,419,771	12,269,034	1,664,417	-	11,462,427	-	56,636,123	
On-balance sheet profit sensitivity gap	9,892,867	(424,092)	(7,280,221)	1,999,969	1,139,189				
Off-balance sheet profit sensitivity gap	(1,594,402)	(3,481,358)	(894,200)	(4,377,848)	234,329				
Total profit sensitivity gap	8,298,465	(3,905,450)	(8,174,421)	(2,377,879)	1,373,518				

27 d) Interest/Profit rate risk

Bank As at 30 June 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	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	
Prepaid land lease payments						5,923		5,923	
Property, plant and equipment						229,390		229,390	
Intangible assets						32,171		32,171	
Deferred tax assets						149,078		149,078	
Total assets	40,670,050	8,875,485	4,541,147	4,307,308	1,140,667	3,409,384	3,217,357	66,161,398	
Liabilities									
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
Short Term Corporate Placements									
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									
Total liabilities	32,793,720	7,943,308	12,848,197	1,008,133	-	7,074,357	-	61,667,715	
Shareholders funds						4,493,683		4,493,683	
Total liabilities and Shareholders' funds	32,793,720	7,943,308	12,848,197	1,008,133	-	11,568,040	-	66,161,398	
On-balance sheet profit sensitivity gap	7,876,330	932,177	(8,307,050)	3,299,175	1,140,667				
Off-balance sheet profit sensitivity gap	(70,000)	(2,379,668)	(4,820,000)	(5,901,100)	50,000				
Total profit sensitivity gap	7,806,330	(1,447,490)	(13,127,050)	(2,601,925)	1,190,667				

28 Operations of Islamic Banking

28a Unaudited Balance Sheet as at 30 September 2007

	<u>The Group</u>	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
ASSETS		
Cash and short-term funds	1,380,749	1,355,818
Deposits and placements with bank and other financial institutions	-	100,000
Securities - Held-for-trading	525,523	318,848
Securities - Available-for-trading	135,723	136,210
Securities - Held-to-maturity	158,705	432,812
Financing, advances and other financing	3,826,395	3,672,900
Other assets	20,119	19,875
Statutory deposits with Bank Negara Malaysia	141,964	170,314
Property, plant and equipment	1,937	1,630
Deferred tax assets	16,802	15,883
Total Assets	<u>6,207,917</u>	<u>6,224,290</u>
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	5,079,324	5,250,725
Deposits and placements of banks and other financial institutions	200,000	75,000
Bills and acceptance payable	3,999	3,756
Other liabilities	305,321	292,119
Provision for taxation	3,958	2,555
Total Liabilities	<u>5,592,602</u>	<u>5,624,155</u>
Islamic banking capital fund	500,000	500,000
Reserves	115,315	100,135
Islamic Banking Funds	<u>615,315</u>	<u>600,135</u>
Total Liabilities and Islamic Banking Funds	<u>6,207,917</u>	<u>6,224,290</u>
COMMITMENTS AND CONTINGENCIES	<u>611,845</u>	<u>398,025</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 1st Quarter and Cumulative 3 Months Ended 30 September 2007

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Group				
Income derive from investment of deposits' funds and others	71,660	76,799	71,660	73,799
Income derive from investment of shareholders' funds	7,963	7,589	7,963	7,589
Allowance for losses on financing	(5,507)	1,566	(5,507)	1,566
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	1,043	1,000	1,043	1,000
Other expenses directly attributable to the investment of the deposits and shareholders' funds				
Total distributable income	75,159	86,954	75,159	83,954
Income attributable to deposits	(41,436)	(49,217)	(41,436)	(49,217)
Total net income	33,723	37,737	33,723	34,737
Other operating expenses	(13,092)	(18,849)	(13,092)	(18,849)
Profit before taxation and zakat	20,631	18,888	20,631	15,888
Zakat	-	(9)	-	(9)
Taxation	(5,405)	(5,100)	(5,405)	(5,100)
Profit after taxation and zakat	15,226	13,779	15,226	10,779
Profit attributable to shareholders	15,226	13,779	15,226	10,779
Earning per share - basic (sen)	3.05	2.76	3.05	2.76
Earning per share - fully diluted (sen)	3.05	2.76	3.05	2.76

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	Financial
	Period	Year
	Ended	Ended
	30/09/2007	30/06/2007
	RM'000	RM'000
Cash line	6,944	7,457
Term financing		
- Housing financing	1,765,569	1,659,400
- Hire purchase receivable	2,826,178	2,708,237
- Lease receivable	25,900	25,976
- Other term financing	484,999	510,740
Claims on customers under acceptance credit	205,399	148,583
Staff financing	63	86
Revolving credit	685	696
Others	1,065	1,176
	<u>5,316,802</u>	<u>5,062,351</u>
Less: Unearned income	(1,398,704)	(1,303,602)
	<u>3,918,098</u>	<u>3,758,749</u>
Less: Allowance for bad and doubtful financing		
- General	(58,278)	(55,932)
- Specific	(33,425)	(29,917)
	<u>(91,703)</u>	<u>(85,849)</u>
Total net financing, advances and other financing	<u>3,826,395</u>	<u>3,672,900</u>

(ii) By contract

	<u>The Group</u>	
	Financial	Financial
	Period	Year
	Ended	Ended
	30/09/2007	30/06/2007
	RM'000	RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,183,282	1,020,885
Ijarah (lease)	23,895	24,086
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,505,522	2,407,069
Murabahah (cost-plus)	205,399	306,709
	<u>3,918,098</u>	<u>3,758,749</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

	The Group	
	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
At beginning	61,070	75,637
Classified as non-performing during the period	53,215	252,574
Reclassified as performing	(42,265)	(211,495)
Amount recovered	(7,108)	(46,766)
Amount written off	(191)	(8,880)
At end	<u>64,721</u>	<u>61,070</u>
Net non-performing financing, advances and other financing	<u>31,296</u>	<u>31,153</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.8%</u>	<u>0.8%</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 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
General allowance		
At beginning	55,932	60,158
Allowance made / (written back)	2,346	(4,226)
At end	<u>58,278</u>	<u>55,932</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific allowance		
At beginning	29,917	26,908
Allowance made / (written back)	5,796	21,795
Amount recovered	(2,097)	(9,848)
Amount written off	(191)	(8,938)
At end	<u>33,425</u>	<u>29,917</u>

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

	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Non-Mudharabah		
Demand deposits	280,738	299,018
Saving deposits	526,641	522,418
Negotiable Islamic Debt Certificate	246,411	198,077
Others	-	-
	<u>1,053,790</u>	<u>1,019,513</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	429,138	423,792
General investment deposits	1,625,654	2,002,058
Specific investment deposits	1,970,742	1,805,362
Others	-	-
	<u>4,025,534</u>	<u>4,231,212</u>
	<u>5,079,324</u>	<u>5,250,725</u>

29 Change in accounting policies and prior year adjustments

During the financial period ended 30 September 2007, the Group have adopted the new and revised FRSs issued by MASB that are applicable with effect from 1 July 2007 which resulted in changes in accounting policies as follows:

(i) FRS 117: Leases

Prior to 1 July 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating and finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and the building element of the lease at the inception of the lease. The up-front payment represent prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. There were no effects on the income statements of the Group for the 1st quarter ended 30 September 2007.

(ii) The following comparative figures have been restated for the effects of adopting the above changes in accounting policies to conform with the current period's presentation:

	The Group		The Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
Balance Sheet as at 30 June 2007				
Prepaid land lease payments	6,815	-	5,923	
Property and equipment	245,554	252,369	229,390	235,313

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 RM255.7 million for the current financial quarter ended 30 September 2007, an increase of RM57.3 million as compared to previous corresponding quarter. This was due to lower loan loss provision of RM33.8 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM255.7 million as compared to RM241.7 million in the preceding quarter, an increase of RM14.0 million.

3 Current year prospect

The Group will continue to build on the growth prospects in both traditional and newer, fast growing segments such as wealth management and Islamic financial services. The Group has a comprehensive network of branches and business centres throughout the country, and are investing in our franchise overseas. Barring unforeseen circumstances, the Group is optimistic of creating a better value for shareholders and stakeholders in the current financial year

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 Taxation

	Current Quarter Ended 30/9/2007 RM'000	Corresponding Quarter Ended 30/9/2006 RM'000	Financial Period Ended 30/9/2007 RM'000	Financial Period Ended 30/9/2006 RM'000
The Group				
Malaysian income tax	69,136	59,145	69,136	59,145
Oversea tax	-	-	-	-
	<u>69,136</u>	<u>59,145</u>	<u>69,136</u>	<u>59,145</u>
Transfer from/(to) deferred taxation	(1,540)	(5,121)	(1,540)	(5,121)
	<u>67,596</u>	<u>54,024</u>	<u>67,596</u>	<u>54,024</u>

5 Taxation (continued)

	Current Quarter Ended 30/9/2007 RM'000	Corresponding Quarter Ended 30/9/2006 RM'000	Financial Period Ended 30/9/2007 RM'000	Financial Period Ended 30/9/2006 RM'000
The Bank				
Malaysian income tax	62,962	54,322	62,962	54,322
Oversea tax	-	-	-	-
	<u>62,962</u>	<u>54,322</u>	<u>62,962</u>	<u>54,322</u>
Transfer from/(to) deferred taxation	(930)	(5,386)	(930)	(5,386)
	<u>62,032</u>	<u>48,936</u>	<u>62,032</u>	<u>48,936</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

On 25 October 2007, Hong Leong Bank Berhad announced that it had entered into a Share Subscription Agreement ("SSA") with Chengdu City Commercial Bank Co., Ltd ("Chengdu Bank") to subscribe for new shares representing 19.99% equity interest of the enlarged capital in Chengdu Bank for a total subscription price of RMB1.95 billion or approximately RM877.5 million (Proposed Subscription).

The Proposed Subscription is conditional upon the approvals of the following:-

1. the board of directors/general meeting of shareholders of Chengdu Bank; and
2. the China Banking Regulator and all other relevant regulatory government departments in China

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	Financial Year Ended	Financial Period Ended	Financial Year Ended
	30/09/2007 RM'000	30/06/2007 RM'000	30/09/2007 RM'000	30/06/2007 RM'000
Deposits from customers				
Fixed deposits	29,543,914	29,286,082	26,021,560	25,820,415
Negotiable instruments of deposit	919,810	3,247,184	722,070	3,097,778
Demand deposits	5,121,023	5,021,169	4,854,848	4,736,354
Saving deposits	7,060,291	7,117,265	6,104,512	6,171,055
Short term corporate placement	8,103,775	11,836,509	8,103,775	11,836,509
Other	206,915	211,188	206,915	211,188
	<u>50,955,728</u>	<u>56,719,397</u>	<u>46,013,680</u>	<u>51,873,299</u>
The maturity structure of fixed deposits and negotiable instruments:				
One year or less (short term)	29,390,431	31,700,881	25,760,266	28,175,737
More than one year (medium/long term)	1,073,293	832,385	983,364	742,456
	<u>30,463,724</u>	<u>32,533,266</u>	<u>26,743,630</u>	<u>28,918,193</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended	Financial Year Ended	Financial Period Ended	Financial Year Ended
	30/09/2007 RM'000	30/06/2007 RM'000	30/09/2007 RM'000	30/06/2007 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	3,242,274	5,038,620	3,092,274	5,038,620
Other financial institutions	50,000	75,000	-	-
	<u>3,292,274</u>	<u>5,113,620</u>	<u>3,092,274</u>	<u>5,038,620</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
One year or less (short term)	3,292,274	5,113,620	3,092,274	5,038,620
More than one year (medium/long term)	-	-	-	-
	<u>3,292,274</u>	<u>5,113,620</u>	<u>3,092,274</u>	<u>5,038,620</u>

11 Subordinated bonds

The Group and The Bank

	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Subordinated bonds - USD200 million	<u>681,677</u>	<u>671,657</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

	Financial Period Ended 30/09/2007 RM'000	Financial Year Ended 30/06/2007 RM'000
Syndicated loan facility - USD150 million	<u>526,350</u>	<u>509,850</u>

During the last 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 September 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	2,909,948	1,801,841	703,907	273,343	130,858	-	
- swaps	23,702,164	7,281,623	7,611,558	5,117,402	1,142,210	2,262,885	286,486
- options	3,697,324	1,200,069	1,540,497	719,633	237,125	-	
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	14,411,899	123,419	2,983,300	1,816,180	2,794,000	6,695,000	
- swaps	19,497,962	10,000	549,980	755,000	1,930,300	15,178,453	1,074,229
Total	64,219,297	10,416,952	13,389,242	8,681,558	6,234,492	24,136,338	1,360,715

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	2,909,948	1,801,841	703,907	273,343	130,858	-	
- swaps	23,702,164	7,281,623	7,611,558	5,117,402	1,142,210	2,262,885	286,486
- options	3,696,449	1,199,194	1,540,497	719,633	237,125	-	
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	14,411,899	123,419	2,983,300	1,816,180	2,794,000	6,695,000	
- swaps	19,497,962	10,000	549,980	755,000	1,930,300	15,178,453	1,074,229
Total	64,218,422	10,416,077	13,389,242	8,681,558	6,234,492	24,136,338	1,360,715

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 RM1,369,605,877 (FYE June 2007: RM492,598,221) and RM22,050,860,830 (FYE June 2007: RM20,343,653,750) 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 RM144,884,992 (FYE June 2007: RM133,572,118). 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.

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 30/09/2007 RM'000	Corresponding Quarter Ended 30/09/2006 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Period Ended 30/09/2006 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	188,266	144,367	188,266	144,367
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	(130,534)	(104,949)	(130,534)	(104,949)
	<u>1,449,573</u>	<u>1,475,158</u>	<u>1,449,573</u>	<u>1,475,158</u>
Basic earnings per share (sen)	13.0	9.8	13.0	9.8
<u>The Bank</u>				
Net profit attributable to shareholders of the company	177,364	129,796	177,364	129,796
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	(130,534)	(104,949)	(130,534)	(104,949)
	<u>1,449,573</u>	<u>1,475,158</u>	<u>1,449,573</u>	<u>1,475,158</u>
Basic earnings per share (sen)	12.2	8.8	12.2	8.8

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 30/09/2007 RM'000	Corresponding Quarter Ended 30/09/2006 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Period Ended 30/09/2006 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	188,266	144,367	188,266	144,367
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,573	1,475,158	1,449,573	1,475,158
- adjustment for ESOS	-	-	-	-
	1,449,573	1,475,158	1,449,573	1,475,158
Fully diluted earnings per share (sen)	13.0	9.8	13.0	9.8
<u>The Bank</u>				
Net profit attributable to shareholders of the company	177,364	129,796	177,364	129,796
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,573	1,475,158	1,449,573	1,475,158
- adjustment for ESOS	-	-	-	-
	1,449,573	1,475,158	1,449,573	1,475,158
Fully diluted earnings per share (sen)	12.2	8.8	12.2	8.8