

Condensed Financial Statements

Unaudited Balance Sheet As At 31 March 2008

	Note	The Group		The Bank	
		Financial Period Ended 31/03/2008	Financial Year Ended 30/06/2007	Financial Period Ended 31/03/2008	Financial Year Ended 30/06/2007
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		19,206,094	15,989,916	17,035,177	14,880,849
Deposits and placements with financial institutions		1,939,754	9,147,158	1,939,754	9,047,158
Securities purchased under resale agreements		1,780,274	3,495,309	1,780,274	3,495,309
Securities held at fair value through profit and loss	8	5,885,529	3,487,793	5,333,447	3,217,357
Securities available-for-sale	9	3,234,619	2,826,572	3,058,985	2,678,308
Securities held-to-maturity	10	1,137,514	2,466,821	1,076,752	2,034,009
Loans, advances and financing	11	33,815,537	31,654,774	29,576,802	27,965,985
Other assets	12	1,572,506	690,782	1,726,013	812,195
Statutory deposits with Bank Negara Malaysia		1,206,964	1,206,939	1,059,700	1,036,625
Investment in subsidiary companies		-	-	592,041	577,041
Prepaid land lease payments		6,805	6,815	5,914	5,923
Property, plant and equipment		283,146	245,554	265,228	229,390
Intangible assets		32,390	33,823	32,390	32,171
Deferred tax assets		169,281	164,961	151,208	149,078
General and Family Takaful fund assets		126,088	6,522	-	-
Total Assets		70,397,501	71,423,739	63,633,685	66,161,398
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	58,553,590	56,719,397	53,246,741	51,873,299
Deposits and placements of banks and other financial institutions	14	3,433,447	5,113,620	2,602,097	5,038,620
Obligations on securities sold under repurchase agreements		-	1,129,521	-	1,129,521
Bills and acceptance payable		512,526	566,251	326,784	562,495
Other liabilities	15	1,980,205	1,963,074	1,930,323	1,843,864
Subordinated Bonds		671,659	671,657	671,659	671,657
Syndicated loan facility		-	509,850	-	509,850
Provision for taxation		122,299	85,140	70,388	38,409
General and Family Takaful fund liabilities		12,469	928	-	-
General and Family Takaful policyholders' fund		113,619	5,594	-	-
Total Liabilities		65,399,814	66,765,032	58,847,992	61,667,715
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		4,072,994	3,730,056	3,904,620	3,608,687
Less: Treasury Shares		(699,034)	(695,111)	(699,034)	(695,111)
Total Shareholders' Equity		4,954,067	4,615,052	4,785,693	4,493,683
Minority interest		43,620	43,655	-	-
Total Equity		4,997,687	4,658,707	4,785,693	4,493,683
Total Liabilities and Equity		70,397,501	71,423,739	63,633,685	66,161,398
COMMITMENTS AND CONTINGENCIES					
	25	88,355,125	76,664,716	87,344,149	76,266,690
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	12.55%	13.34%	13.50%	14.42%
Risk-weighted capital ratio	21	15.67%	16.79%	15.00%	16.17%
After deducting proposed dividends					
Core capital ratio	21	12.55%	12.84%	13.50%	13.86%
Risk-weighted capital ratio	21	15.67%	16.29%	15.00%	15.62%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.42	3.18	3.30	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 31 March 2008

The Group

	Note	Current Quarter Ended 31/03/2008 RM'000	Corresponding Quarter Ended 31/03/2007 RM'000	Current Period Ended 31/03/2008 RM'000	Corresponding Period Ended 31/03/2007 RM'000
Interest income	16	767,498	740,300	2,273,099	2,110,818
Interest expense	17	(419,829)	(441,997)	(1,245,625)	(1,227,357)
Net interest income		347,669	298,303	1,027,474	883,461
Net income from Islamic Banking business		40,194	36,369	119,834	103,156
Other operating income	18	145,035	115,231	384,657	321,831
Net Income		532,898	449,903	1,531,965	1,308,448
Other operating expenses	19	(214,268)	(193,017)	(619,000)	(538,381)
Operating profit before provision Allowance for losses on loans, advances and financing	20	318,630	256,886	912,965	770,067
		(41,690)	(52,824)	(86,226)	(155,173)
Impairment loss - securities		-	-	(1,009)	-
Profit before taxation (and zakat)		276,940	204,062	825,730	614,894
Taxation		(71,537)	(55,992)	(217,934)	(167,362)
Zakat		-	(12)	-	(30)
Net profit for the period		205,403	148,058	607,796	447,502
Attributable to:					
Equity holders of the parent		205,721	148,538	607,831	448,387
Minority Interest		(318)	(480)	(35)	(885)
Net profit for the period		205,403	148,058	607,796	447,502
Earnings per share - basic (sen)		14.2	10.2	41.9	30.6
Earnings per share - fully diluted (sen)		14.2	10.2	41.9	30.6

Hong Leong Bank Berhad

Condensed Financial Statements
Unaudited Income Statement
For The Financial Quarter Ended 31 March 2008

	Note	The Bank			
		Current Quarter Ended 31/03/2008 RM'000	Corresponding Quarter Ended 31/03/2007 RM'000	Current Period Ended 31/03/2008 RM'000	Corresponding Period Ended 31/03/2007 RM'000
Interest income	16	767,515	745,658	2,273,755	2,125,338
Interest expense	17	(420,626)	(447,971)	(1,248,474)	(1,242,881)
Net interest income		346,889	297,687	1,025,281	882,457
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	139,485	115,020	381,763	321,263
Net Income		486,374	412,707	1,407,044	1,203,720
Other operating expenses	19	(198,155)	(179,417)	(572,118)	(492,290)
Operating profit before provision Allowances for losses on loans and financing	20	288,219	233,290	834,926	711,430
Impairment loss - securities		-	-	(1,009)	-
Profit before taxation (and zakat)		250,511	183,505	761,465	558,109
Taxation		(65,634)	(50,266)	(200,893)	(151,823)
Zakat		-	-	-	-
Profit after taxation		184,877	133,239	560,572	406,286
Profit attributable to shareholders		184,877	133,239	560,572	406,286
Earnings per share - basic (sen)		12.8	9.1	38.7	27.7
Earnings per share - fully diluted (sen)		12.8	9.1	38.7	27.7

Condensed Financial Statements
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2008

The Group	Non-distributable					Distributable			Total Equity RM'000		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000		Total Shareholders' Equity RM'000	Minority Interest RM'000
As at 1 July 2007	1,580,107	539,864	1,781,566	(6,508)	-	39,111	1,369,223	(885,111)	4,615,052	43,655	4,658,707
As at 1 July 2007, as restated	1,580,107	539,864	1,781,566	(6,508)	-	39,111	1,369,223	(885,111)	4,615,052	43,655	4,658,707
<i>Currency translation differences</i>	-	-	-	-	-	(3,582)	-	-	(3,582)	-	(3,582)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(3,582)	-	-	(3,582)	-	(3,582)
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	607,831	-	607,831	(85)	607,786
Transfer to statutory reserve	-	-	23,874	-	-	-	(23,874)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(257,346)	-	(257,346)	-	(257,346)
less: Treasury shares	-	-	-	-	-	-	-	(3,923)	(3,923)	-	(3,923)
Net fair value changes in available for sale securities	-	-	-	(4,673)	-	-	-	-	(4,673)	-	(4,673)
Options charge arising from ESOS granted	-	-	-	-	707	-	-	-	707	-	707
Closing Balance @31 March 2008	1,580,107.0	539,864.0	1,815,440.0	(14,181.0)	707.0	35,829	1,985,335.0	(699,034.0)	4,954,087.0	43,620	4,997,687
As at 1 July 2005	1,580,107	539,864	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	539,864	1,626,403	(79,608)	-	35,363	1,170,005	(491,025)	4,380,909	-	4,380,909
<i>Currency translation differences</i>	-	-	-	-	-	3,748	-	-	3,748	-	3,748
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	3,748	-	-	3,748	-	3,748
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	45,000	45,000
Net profit for the period	-	-	-	-	-	-	448,387	-	448,387	(885)	447,502
Transfer to statutory reserve	-	-	47,472	-	-	-	(47,472)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(256,413)	-	(256,413)	-	(256,413)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
less: Treasury shares	-	-	-	-	-	-	-	(141,520)	(141,520)	-	(141,520)
Net fair value changes in available for sale securities	-	-	-	68,255	-	-	-	-	-	-	68,255
Shares in subsidiary issued to minority interest	-	-	-	-	-	-	-	-	-	-	-
Closing Balance @ 31 March 2007	1,580,107	539,864	1,673,875	(11,393)	-	39,111	1,314,507	(632,545)	4,503,366	44,115	4,547,481

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2008

	Non-distributable					Distributable		Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000		Treasury Shares RM'000
The Bank									
As at 1 July 2007	1,580,107	539,864	1,741,612	(9,720)	-	39,111	1,298,020	(695,111)	4,483,653
As previously stated Prior Year Adjustment:									
As at 1 July 2007, as restated	1,580,107	539,864	1,741,612	(9,720)	-	39,111	1,298,020	(695,111)	4,483,653
Currency translation differences	-	-	-	-	(3,582)	-	-	-	(3,582)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	(3,582)	-	-	-	(3,582)
Net profit for the period	-	-	-	-	-	560,572	-	-	560,572
Transfer to statutory reserve	-	-	-	-	-	(257,345)	-	-	(257,345)
Dividend paid	-	-	-	-	-	-	-	-	-
less: Purchase of Treasury Shares	-	-	-	-	-	-	-	(3,923)	(3,923)
Net fair value changes in available for sale securities	-	-	-	(4,419)	-	-	-	-	(4,419)
Options charge arising from ESOS granted	-	-	-	-	707	-	-	-	707
Closing Balance@31 Mar 2008	1,580,107	539,864	1,741,612	(14,139)	707	35,529	1,601,247	(699,034)	4,785,693
As at 1 July 2006									
As previously stated	1,580,107	539,864	1,604,865	(77,765)	-	35,363	1,144,159	(491,025)	4,335,328
Prior Year Adjustment:									
As at 1 July 2006, as restated	1,580,107	539,864	1,604,865	(77,765)	-	35,363	1,144,159	(491,025)	4,335,328
Currency translation differences	-	-	-	-	-	3,748	-	-	(780)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	3,748	-	-	3,748
Net profit for the period	-	-	-	-	-	406,286	-	-	406,286
Transfer to statutory reserve	-	-	34,367	-	-	-	(34,367)	-	-
Dividend paid	-	-	-	-	-	-	(256,413)	-	(256,413)
Purchase of treasury shares	-	-	-	-	-	-	-	(141,520)	(141,520)
Net fair value changes in available for sale securities	-	-	-	65,725	-	-	-	-	65,725
Closing Balance @31 Mar 2007	1,580,107	539,864	1,639,222	(12,070)	-	39,111	1,259,665	(632,546)	4,413,154

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Cash Flow Statement
For The Financial Quarter Ended 31 March 2008

	The Group		The Bank	
	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2007 RM'000
Operating activities				
Profit before taxation	825,730	614,894	761,465	558,109
Adjustments for non-cash items	64,876	341,097	45,710	299,278
Operating profit before working capital changes	890,606	955,991	807,175	857,387
Income taxes and zakat paid	(182,228)	(169,517)	(168,507)	(141,300)
Net changes in working capital	1,807,660	1,831,376	927,025	1,901,296
Net cash flow from operating activities	2,516,038	2,617,850	1,565,693	2,617,383
Net cash flow from investing activities	881,166	1,231,343	769,660	997,101
Net cash flow from financing activities	(181,887)	(141,520)	(181,887)	(141,520)
Changes in cash and cash equivalents	3,215,316	3,707,673	2,153,466	3,472,964
Currency translation differences	862	(1,658)	862	(1,658)
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	19,206,094	17,271,030	17,035,177	15,765,385

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 31 MARCH 2008

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 31 March 2008 other than as mentioned below:-

a) Share Buy-back

During the financial period ended 31 March 2008, 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 31 March 2008 were 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
Oct-07	-	-	-	-	-
Nov-07	-	-	-	-	-
Dec-07	-	-	-	-	-
Jan-08	-	-	-	-	-
Feb-08	-	-	-	-	-
Mar-08	-	-	-	-	-
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 31 March 2008 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 31 March 2008, the trust did not purchase any shares. As at 31 March 2008, 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 31 March 2008, 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

An interim dividend of 9.0 sen per share less income tax of 26% in respect of financial year ended 30 June 2008 amounting to RM96.5 million was paid on 18 March 2008.

8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Held-for-trading				
Money market instruments:				
Malaysian Government Treasury Bills	159,169	102,211	159,169	102,211
Malaysian Government Securities	61,773	125,232	61,773	125,232
Malaysian Government Investment Certificates	-	55,066	-	25,013
Bank Negara Malaysia (BNM) Bills	1,499,440	1,506,638	1,291,828	1,249,510
Cagamas Bonds	140,160	79,045	130,425	79,045
Bankers' Acceptance and Islamic Accepted bills	3,223,954	1,132,891	2,980,044	1,101,223
Negotiable Instruments of Deposit	354,751	111,395	265,591	160,067
	<u>5,439,247</u>	<u>3,112,478</u>	<u>4,888,830</u>	<u>2,842,301</u>
Quoted securities:				
Shares in Malaysia	80,817	130,619	79,153	130,360
Foreign Currency Bonds	159,474	-	159,474	-
Unquoted securities:				
Private Debt Securities	165,070	200,825	165,069	200,825
Syndicated Bond	40,921	38,619	40,921	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>5,885,529</u></u>	<u><u>3,487,793</u></u>	<u><u>5,333,447</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 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Money market instruments:				
Malaysian Government Investment Certificates	-	-	-	-
Other Government Securities	8,199	8,715	8,199	8,715
Malaysian Government Treasury Bills	560,449	349,600	560,449	349,600
Malaysian Government Securities	1,345,662	1,524,880	1,345,661	1,524,880
Cagamas Bonds	877,084	754,860	777,172	654,475
	<u>2,791,394</u>	<u>2,638,055</u>	<u>2,691,481</u>	<u>2,537,670</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks	2,963	9,554	2,963	5,555
Foreign Currency Bonds	273,445	63,857	273,445	63,857
Unquoted securities:				
Private Debt Securities	166,817	115,106	91,096	71,226
Total securities available-for-sale	<u>3,234,619</u>	<u>2,826,572</u>	<u>3,058,985</u>	<u>2,678,308</u>

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Money market instruments:				
Malaysian Government Securities	503	107,353	503	107,353
Malaysian Government Investment Certificates	34,993	171,059	-	33,991
Cagamas bonds	230,343	275,033	230,343	-
Negotiable Instruments of Deposit	727,474	1,781,273	727,474	1,781,273
Khazanah Bonds	-	-	-	-
	<u>993,313</u>	<u>2,334,718</u>	<u>958,320</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	106,478	83,108	81,284	62,972
Loan Stocks	10,670	11,700	10,670	11,700
	<u>144,201</u>	<u>121,861</u>	<u>118,432</u>	<u>101,150</u>
Total securities held-to-maturity	<u><u>1,137,514</u></u>	<u><u>2,466,821</u></u>	<u><u>1,076,752</u></u>	<u><u>2,034,009</u></u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Overdrafts	2,472,427	2,624,460	2,466,687	2,618,889
Term loans:				
- Housing loans/financing	18,765,622	16,559,484	15,986,872	14,900,084
- Syndicated term loan/financing	1,430,531	1,526,094	1,168,469	1,190,997
- Hire purchase receivables	6,054,454	5,695,681	3,043,893	2,987,444
- Lease receivables	25,522	29,374	-	-
- Other term loans/financing	2,130,442	1,721,550	1,983,765	1,545,907
Credit/charge card receivables	1,851,457	1,667,901	1,851,457	1,667,901
Bills receivables	439,770	310,842	439,770	310,842
Trust receipts	136,365	150,249	136,365	150,249
Claims on customers under acceptance credits	3,180,817	3,023,892	2,937,213	2,875,309
Block discounting	9,621	18,480	8,987	17,784
Revolving credits	791,447	783,949	791,447	783,949
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	105,997	112,345	105,949	112,259
Other loans/financing	49,379	53,354	48,562	52,178
	<u>37,443,851</u>	<u>34,277,655</u>	<u>30,969,436</u>	<u>29,213,792</u>
Unearned interest and income	(2,682,091)	(1,760,915)	(539,544)	(457,303)
Gross loans, advances and financing	<u>34,761,760</u>	<u>32,516,740</u>	<u>30,429,892</u>	<u>28,756,489</u>
Fair value changes arising from fair value hedges	18,527	32,540	5,706	16,058
Allowance for bad and doubtful debts and financing:				
- General	(515,034)	(481,746)	(450,615)	(425,782)
- Specific	(448,716)	(412,760)	(408,181)	(380,780)
Net loans, advances and financing	<u><u>33,816,537</u></u>	<u><u>31,654,774</u></u>	<u><u>29,576,802</u></u>	<u><u>27,965,985</u></u>

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Domestic banking institutions	-	320	-	320
Domestic non-bank financial institutions	558,925	159,547	486,233	115,991
Domestic business enterprises				
- Small and medium enterprises	3,341,214	3,351,870	3,034,044	3,057,918
- Others	6,389,969	6,172,934	5,721,040	5,552,248
Government and statutory bodies	41,630	91,102	41,568	91,102
Individuals	23,339,112	21,502,145	20,089,326	18,734,077
Other domestic entities	28,163	41,907	28,048	40,532
Foreign entities	1,062,747	1,196,915	1,029,633	1,164,301
Gross loans, advances and financing	34,761,760	32,516,740	30,429,892	28,756,489

11 Loans, advances and financing (continued)

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Fixed rate				
- Housing loans/financing	2,147,550	3,512,263	1,624,257	2,879,880
- Hire purchase receivables	5,243,819	4,942,068	2,597,344	2,546,490
- Other fixed rate loan/financing	2,908,686	2,588,420	2,660,160	2,270,764
Variable rate				
- Base lending rate plus	20,631,041	17,829,234	19,718,127	17,415,214
- Cost plus	3,642,020	3,582,814	3,641,360	3,582,200
- Other variables rates	188,644	61,941	188,644	61,941
Gross loans, advances and financing	<u>34,761,760</u>	<u>32,516,740</u>	<u>30,429,892</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 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Purchase of securities	528,787	582,681	527,734	581,558
Purchase of transport vehicles	4,880,838	4,469,163	2,432,157	2,324,994
Purchase of landed properties				
- residential	12,983,498	12,136,525	12,083,951	11,482,101
- non-residential	4,228,122	3,926,088	4,048,208	3,786,768
Personal use	2,622,017	2,114,929	2,560,642	2,063,696
Credit card	1,851,457	1,667,901	1,851,457	1,667,901
Purchase of consumer durables	162	157	154	152
Construction	561,761	565,931	524,039	509,865
Working capital	7,060,128	6,961,765	6,356,612	6,247,930
Others	44,990	91,600	44,938	91,524
Gross loans, advances and financing	34,761,760	32,516,740	30,429,892	28,756,489

11 Loans, advances and financing (continued)

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>
Purchase of securities	17,711	21,229	17,102	20,616
Purchase of transport vehicles	93,968	86,393	57,012	53,705
Purchase of landed properties				
- residential	273,046	289,258	253,867	268,008
- non-residential	94,559	102,970	93,459	101,628
Personal use	46,109	44,580	45,976	44,435
Credit card	33,342	26,674	33,342	26,674
Purchase of consumer durables	1	154	1	154
Construction	48,260	55,039	47,620	54,294
Working capital	361,887	407,083	355,244	400,859
Others	4	-	4	-
	<u>968,887</u>	<u>1,033,380</u>	<u>903,627</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 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 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	1,926,764	3,008,575	1,784,855	2,755,989
Reclassified as performing	(1,649,448)	(2,640,341)	(1,532,903)	(2,428,846)
Amount written back in respect of recoveries	(262,121)	(465,517)	(239,217)	(418,294)
Amount written off	(80,542)	(249,843)	(80,335)	(240,963)
Exchange differences	854	(1,477)	854	(1,477)
Closing balance	968,887	1,033,380	903,627	970,373
Specific allowance	(448,716)	(412,760)	(408,181)	(380,780)
Net non-performing loans, advances and financing	<u>520,171</u>	<u>620,620</u>	<u>495,446</u>	<u>589,593</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.9%</u>	<u>1.7%</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 31/03/2008 RM'000</u>	<u>Financial Year Ended 30/06/2007 RM'000</u>	<u>Financial Period Ended 31/03/2008 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	33,015	45,805	24,560	50,031
Exchange differences	273	(292)	273	(292)
Closing balance	<u>515,034</u>	<u>481,746</u>	<u>450,615</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	194,378	296,243	178,971	274,437
Amount written back in respect of recoveries	(78,340)	(106,256)	(71,695)	(95,984)
Amount written off	(80,645)	(250,137)	(80,438)	(241,198)
Amount transferred to provision for diminution in value	-	-	-	-
Exchange differences	563	(907)	563	(907)
Closing balance	<u>448,716</u>	<u>412,760</u>	<u>408,181</u>	<u>380,780</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Interest/Income receivable	125,129	192,812	121,172	184,586
* Other debtors, deposits and prepayments	1,444,782	494,961	1,602,246	624,600
Foreclosed properties	2,595	3,009	2,595	3,009
	<u>1,572,506</u>	<u>690,782</u>	<u>1,726,013</u>	<u>812,195</u>

* Included in other debtors is amount of RM581M for the partial payment for the subscription of shares in Chengdu Bank and pending issuance of shares.

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
<u>By type of customer</u>				
Government and statutory bodies	464,832	362,135	375,535	140,569
Business enterprises	27,071,668	24,673,743	23,258,621	22,032,474
Individuals	30,445,824	30,054,518	29,159,717	28,815,459
Others	571,266	1,629,001	452,868	884,797
	<u>58,553,590</u>	<u>56,719,397</u>	<u>53,246,741</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 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Licensed banks	2,768,991	3,677,870	2,451,141	3,602,870
Other financial institutions	664,456	1,435,750	150,956	1,435,750
	<u>3,433,447</u>	<u>5,113,620</u>	<u>2,602,097</u>	<u>5,038,620</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Interest/Profit payable	250,340	387,353	221,763	349,188
Zakat	42	42	-	-
Post employment benefits obligation				
- defined contribution plan	3,382	3,391	3,382	3,391
Loan advance payment	474,645	337,636	458,183	331,742
Amount due to subsidiary companies	-	-	42,593	49,914
Treasury clearing	154,457	481,626	611,639	481,626
Others	1,097,339	753,026	592,763	628,003
	<u>1,980,205</u>	<u>1,963,074</u>	<u>1,930,323</u>	<u>1,843,864</u>

16 Interest income

<u>Group</u>	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing				
- Interest income other than recoveries from NPLs	403,680	366,912	1,243,158	1,068,089
- Recoveries from NPLs	44,885	37,010	91,197	113,142
Money at call and deposit placements with financial institutions	192,557	226,320	585,481	538,988
Securities purchased under resale agreements	18,927	20,352	55,500	80,996
Securities held-for-trading	68,943	33,001	185,439	132,554
Securities available-for-sale	24,287	30,772	80,397	126,899
Securities held-to-maturity	8,602	30,332	26,337	65,203
Others	1,839	2,105	6,076	7,476
	<u>763,720</u>	<u>746,804</u>	<u>2,273,585</u>	<u>2,133,347</u>
Amortisation of premium less accretion of discount	4,320	(4,096)	5,169	(15,812)
Interest suspended	(542)	(2,408)	(5,655)	(6,717)
	<u>767,498</u>	<u>740,300</u>	<u>2,273,099</u>	<u>2,110,818</u>

16 Interest income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	403,697	366,881	1,242,916	1,068,011
- Recoveries from NPLs	44,885	37,009	91,197	113,134
Money at call and deposit placements with financial institutions	192,557	229,833	586,166	551,571
Securities purchased under resale agreements	18,927	20,352	55,500	80,996
Securities held-for-trading	68,943	34,811	185,652	134,364
Securities available-for-sale	24,287	30,772	80,397	126,899
Securities held-to-maturity	8,602	30,332	26,337	65,203
Others	1,839	2,105	6,076	7,476
	<u>763,737</u>	<u>752,095</u>	<u>2,274,241</u>	<u>2,147,654</u>
Amortisation of premium less accretion of discount	4,320	(4,096)	5,169	(15,812)
Interest suspended	(542)	(2,341)	(5,655)	(6,504)
	<u>767,515</u>	<u>745,658</u>	<u>2,273,755</u>	<u>2,125,338</u>

17 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	36,446	74,101	97,759	248,366
Deposits from customers	273,403	327,418	803,435	916,848
Short term corporate placements	100,943	24,242.00	304,858	24,242
Subordinated bonds	8,345	8,542	25,898	27,004
Others	692	7,694	13,675	10,897
	<u>419,829</u>	<u>441,997</u>	<u>1,245,625</u>	<u>1,227,357</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	36,446	77,614	98,445	260,949
Deposits from customers	274,200	329,879	805,598	919,789
Short term corporate placements	100,943	24,242.00	304,858	24,242.00
Subordinated bonds	8,345	8,542	25,898	27,004
Others	692	7,694	13,675	10,897
	<u>420,626</u>	<u>447,971</u>	<u>1,248,474</u>	<u>1,242,881</u>

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Group				
(a) <u>Fee income:</u>				
Commissions	18,477	21,193	69,148	67,161
Service charges and fees	6,969	10,563	26,056	36,338
Guarantee fees	1,316	1,136	4,308	4,053
Other fee income	40,732	40,981	140,083	110,162
	<u>67,494</u>	<u>73,873</u>	<u>239,595</u>	<u>217,714</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	4,637	(1,180)	15,448	10,021
Net gain from sale of securities available-for-sale	3,164	8,280	5,744	37,608
Net gain from redemption of securities held-to-maturity	(354)	-	(352)	947
	<u>7,447</u>	<u>7,100</u>	<u>20,840</u>	<u>48,576</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	2,268	697	5,233	1,433
Securities available-for-sale	-	379	12	1,462
Securities held to maturity	70	-	2,723	324
	<u>2,338</u>	<u>1,076</u>	<u>7,968</u>	<u>3,219</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	13,085	7,184	17,439	(8,628)
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	3,988	(8,139)	(11,234)	(12,457)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(385)	15,202	(6,030)	(1,705)
(g) <u>Other income:</u>				
Foreign exchange gain	45,987	15,710	97,720	63,448
Rental income	47	30	267	190
Gain on disposal of property and equipment (net)	712	(11)	1,385	396
Profit from Takaful investments	1,939	108	7,643	108
Others	2,383	3,098	9,064	10,970
	51,068	18,935	116,079	75,112
Total other operating income	145,035	115,231	384,657	321,831

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Bank				
(a) Fee income:				
Commissions	18,402	21,193	69,072	67,160
Service charges and fees	6,969	10,563	26,056	36,338
Guarantee fees	1,316	1,136	4,308	4,053
Other fee income	40,743	40,996	140,126	110,206
	<u>67,430</u>	<u>73,888</u>	<u>239,562</u>	<u>217,757</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading and derivatives	4,637	(1,180)	15,448	10,021
Net gain from sale of securities available-for-sale	3,164	8,280	5,744	37,608
Net gain from redemption of securities held-to-maturity	(354)	-	(352)	947
	<u>7,447</u>	<u>7,100</u>	<u>20,840</u>	<u>48,576</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held-for-trading	2,268	697	5,233	1,433
Securities available-for-sale	-	379	12	1,462
Securities held to maturity	70	-	2,723	324
	<u>2,338</u>	<u>1,076</u>	<u>7,968</u>	<u>3,219</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	<u>13,086</u>	<u>(17,730)</u>	<u>17,440</u>	<u>(33,542)</u>
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>3,988</u>	<u>16,775</u>	<u>(11,234)</u>	<u>12,457</u>
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>(4,577)</u>	<u>15,202</u>	<u>(2,370)</u>	<u>(1,705)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	45,987	15,710	97,720	63,448
Rental income	47	30	267	190
Gain on disposal of property and equipment (net)	712	(11)	1,385	396
Others	3,027	2,980	10,185	10,467
	<u>49,773</u>	<u>18,709</u>	<u>109,557</u>	<u>74,501</u>
Total other operating income	<u>139,485</u>	<u>115,020</u>	<u>381,763</u>	<u>321,263</u>

19 Other operating expenses

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	96,677	87,767	281,440	246,734
- Others	8,389	6,166	24,283	19,604
<u>Establishment costs</u>				
- Depreciation	15,038	13,527	42,712	41,442
- Rental	10,878	9,975	31,979	28,395
- Information technology expenses	11,359	9,154	31,701	26,751
- Others	9,973	9,057	30,879	26,417
<u>Marketing expenses</u>				
- Advertisement and publicity	14,845	11,665	38,681	28,166
- Handling fees	4,261	2,922	12,345	9,773
- Others	11,966	9,040	34,535	29,477
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,568	2,085	7,486	6,624
- Stationery & printing	4,074	4,142	11,116	11,043
- Others	24,240	27,517	71,843	63,955
	<u>214,268</u>	<u>193,017</u>	<u>619,000</u>	<u>538,381</u>

19 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	88,786	77,338	258,434	219,170
- Others	7,539	6,273	21,723	17,270
<u>Establishment costs</u>				
- Depreciation	14,690	13,069	41,690	40,723
- Rental	10,256	9,360	30,261	26,366
- Information technology expenses	10,894	8,460	30,438	24,731
- Others	8,734	8,161	26,933	21,415
<u>Marketing expenses</u>				
- Advertisement and publicity	14,738	11,853	38,317	26,780
- Handling fees	2,168	3,473	5,874	8,145
- Others	10,764	9,012	31,191	29,026
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,548	2,035	7,427	6,315
- Stationery & printing	4,002	3,963	10,987	10,608
- Others	23,036	26,420	68,843	61,741
	<u>198,155</u>	<u>179,417</u>	<u>572,118</u>	<u>492,290</u>

20 Allowance for losses on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	12,450	11,716	33,015	27,758
- specific allowance	69,666	80,686	194,378	254,462
- specific allowance written back	(23,492)	(21,085)	(78,340)	(71,538)
Bad debts and financing written off	1,297	1,544	4,928	5,046
Bad debts and financing recovery	(18,231)	(20,037)	(67,755)	(60,555)
	<u>41,690</u>	<u>52,824</u>	<u>86,226</u>	<u>155,173</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	9,121	12,684	24,560	31,354
- specific allowance	65,885	77,063	178,971	237,935
- specific allowance written back	(21,008)	(22,162)	(71,695)	(62,982)
Bad debts and financing written off	1,248	1,503	4,726	4,866
Bad debts and financing recovery	(17,538)	(19,303)	(64,110)	(57,852)
	<u>37,708</u>	<u>49,785</u>	<u>72,452</u>	<u>153,321</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended	Financial Year Ended	Financial Period Ended	Financial Year Ended
	31/03/2008 RM'000	30/06/2007 RM'000	31/03/2008 RM'000	30/06/2007 RM'000
<u>Components of Tier-1 and Tier-2 Capital</u>				
Tier-1 capital				
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107
Share premium	539,664	539,664	539,664	539,664
Retained profit	1,498,509	1,369,223	1,416,370	1,298,020
Other reserves	1,846,862	1,830,677	1,781,429	1,780,723
Less: Treasury shares	(699,034)	(695,111)	(699,034)	(695,111)
Less: Deferred tax	(163,899)	(164,961)	(147,372)	(149,078)
Add: Minority interest	43,620	43,655	-	-
Total tier-1 capital	4,645,828	4,503,254	4,471,163	4,354,325
Tier-2 capital				
General provision	515,034	481,746	450,615	425,782
Subordinated bonds	638,800	682,800	638,800	682,800
Total tier-2 capital	1,153,834	1,164,546	1,089,415	1,108,582
Total capital	5,799,662	5,667,800	5,560,579	5,462,907
Less: Investment in subsidiary companies	-	-	(592,041)	(577,041)
Total capital base	5,799,662	5,667,800	4,968,538	4,885,866
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	12.55%	13.34%	13.50%	14.42%
Risk-weighted Capital Ratio	15.67%	16.79%	15.00%	16.17%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	12.55%	12.84%	13.50%	13.86%
Risk-weighted Capital Ratio	15.67%	16.29%	15.00%	15.62%

The profit after tax of the Group and the Bank for the six months period ended 31 December 2007, had been subjected to a limited review by our external auditors. As such the Group's and the Bank's profit after tax for thenine months period ended 31 December 2007 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios respectively

22 Group segmental reporting on revenue, profit and assets

Financial Quarter ended 31/03/2008

	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	264,422	60,730	205,971	1,774	532,898
Inter-segment revenue	67,170	13,224	(80,393)	-	-
Segment revenue	<u>331,592</u>	<u>73,954</u>	<u>125,578</u>	<u>1,774</u>	<u>532,898</u>
Segment profit before taxation	146,638	25,302	105,707	(707)	276,940
Taxation and zakat					(71,537)
Profit after taxation					<u>205,403</u>

Financial Period ended 31/03/2008

	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	813,047	186,076	525,199	7,643	1,531,965
Inter-segment revenue	219,062	39,598	(258,659)	-	-
Segment revenue	<u>1,032,109</u>	<u>225,674</u>	<u>266,539</u>	<u>7,643</u>	<u>1,531,965</u>
Segment profit before taxation	493,590	130,311	201,913	(84)	825,730
Taxation and zakat					(217,934)
Profit after taxation					<u>607,796</u>
Segment assets	26,459,102	7,575,234	32,812,455	107,826	66,954,618
Unallocated assets					3,442,883
Total assets					<u>70,397,501</u>

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

Corresponding Quarter Ended 31/03/2007

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	227,137	88,478	133,299	989	449,903
Inter-segment revenue	121,473	(20,499)	(100,974)	-	-
Segment revenue	<u>348,610</u>	<u>67,979</u>	<u>32,325</u>	<u>989</u>	<u>449,903</u>
Segment profit before taxation	167,772	28,455	8,736	(901)	204,062
Taxation and zakat					(56,004)
Profit after taxation					<u>148,058</u>

Financial period ended 31/03/2007

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	566,551	266,663	474,245	989	1,308,448
Inter-segment revenue	372,081	(61,061)	(311,020)	-	-
Segment revenue	<u>938,632</u>	<u>205,602</u>	<u>163,225</u>	<u>989</u>	<u>1,308,448</u>
Segment profit before taxation	427,505	89,870	99,485	(1,966)	614,894
Taxation and zakat					(167,392)
Profit after taxation					<u>447,502</u>
Segment assets	23,697,152	6,964,278	40,251,071	194,366	71,106,867
Unallocated assets					1,739,919
Total assets					<u>72,846,786</u>

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

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

On 15 January 2008, HLB announced that the China Banking Regulatory Committee had approved the application by HLB to subscribe for 650 million shares in Chengdu Bank, representing 20% of the enlarged share capital of Chengdu Bank.

(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 March 2008 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.

On 3 March 2008, HLB announced that it had incorporated a wholly-owned subsidiary in Labuan known as HLB Principal Investments (L) Limited to undertake the business of holding of or dealing in offshore securities.

25 Commitments and contingencies

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

The commitments and contingencies constitute the following:

	Financial Period Ended 31/03/2008			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	198,486	198,486	198,486	168,884	168,884	168,884
Transaction-related contingent items	254,231	127,116	127,116	282,088	141,043	141,043
Short-term self liquidating trade-related contingencies	691,407	138,281	138,281	606,280	121,256	121,256
Other assets sold with recourse and commitment	-	-	-	45,452	45,452	45,452
Underwriting Obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	3,885,715	1,942,858	1,562,855	4,336,920	2,168,460	2,168,460
- maturity less than 1 year	14,602,358	-	2,416,494	13,947,338	-	-
Foreign exchange related contracts	29,628,721	1,195,096	629,003	22,717,926	558,094	70,693
Interest rate related contracts	38,735,593	202,399	99,101	34,430,038	454,567	3,051
Equity related contracts	358,614	24,331	15,143	129,340	3,796	-
Miscellaneous	-	-	-	450	-	-
Total	88,355,125	3,828,567	5,186,479	76,664,716	3,661,552	2,718,839

25 Commitments and contingencies (continued)

	Financial Period Ended 31/03/2008			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	198,486	198,486	198,486	168,884	168,884	168,884
Transaction-related contingent items	253,634	126,817	126,817	281,719	140,859	140,859
Short-term self liquidating trade-related contingencies	687,487	137,497	137,497	599,083	119,817	119,817
Underwriting Obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	3,209,815	1,604,908	1,300,688	4,010,990	2,005,495	2,005,495
- maturity less than 1 year	14,271,799	-	2,351,026	13,929,119	-	-
Foreign exchange related contracts	29,628,721	1,195,096	629,003	22,717,067	558,081	70,693
Interest rate related contracts	38,735,593	202,399	99,101	34,430,038	454,567	3,051
Equity related contracts	358,614	24,331	15,143	129,340	3,796	-
Miscellaneous	-	-	-	450	-	-
Total	87,344,149	3,489,534	4,857,761	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 31 March 2008	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	18,658,618					547,476		19,206,094	3.8
Deposits & placement with banks & other financial institution		1,939,754						1,939,754	3.8
Securities purchased under resale agreement	1,205,249	575,025						1,780,274	3.5
Securities held at fair value through profit and loss							5,885,529	5,885,529	3.8
Securities available-for-sale	65,543	15,043	568,211	533,828	63,991	2,168,003	-	3,234,619	4.3
Securities held-to-maturity	35,187		15,081	21,564		1,065,682		1,137,514	4.0
Loans, advances and financing									
- performing	26,005,144	426,696	1,329,348	3,431,382	2,618,629	(507,231)		33,304,168	6.4
- non-performing						512,368		512,368	
Other assets						1,572,506		1,572,506	
Statutory deposits with BNM						1,206,964		1,206,964	
Investment in subsidiary									
Prepaid land lease payments						6,805		6,805	
Property, plant and equipment						283,146		283,146	
Intangible assets						32,390		32,390	
Deferred tax assets						169,281		169,281	
General and Family Takaful fund assets						126,088		126,088	
Total assets	45,969,742	2,956,517	1,912,640	3,806,974	2,682,620	7,183,478	5,885,529	70,397,500	
Liabilities									
Deposits from customers	33,334,642	3,132,072	13,599,936	985,230	-	5,501,711	-	58,553,590	3.0
Deposits & placement of banks & other financial institutions	2,573,096	790,441	68,814	-	-	1,096		3,433,447	3.5
Obligations on securities sold under repurchase agreements									
Bills and acceptance payable	3,094	8,431	6,648	112	-	494,241		512,526	3.6
Other liabilities						1,980,205		1,980,205	-
Subordinated obligations				671,659				671,659	5.2
Short term syndicated loan									
Provision for taxation						122,299		122,299	
General and Family Takaful fund liabilities						12,469		12,469	
General and Family Takaful fund policyholders' fund						113,619		113,619	
Total liabilities	35,910,832	5,930,943	13,675,398	1,657,001	-	8,225,640	-	65,399,814	
Shareholders funds						4,997,687		4,997,687	
Total liabilities and Shareholders' funds	35,910,832	5,930,943	13,675,398	1,657,001	-	13,223,327	-	70,397,501	
On-balance sheet profit sensitivity gap	10,058,910	(2,974,426)	(11,762,757)	2,149,974	2,682,620				
Off-balance sheet profit sensitivity gap	(1,746,225)	1,422,508	103,643	(278,878)	198,953				
Total profit sensitivity gap	8,312,685	(1,551,919)	(11,659,115)	1,871,096	2,881,573				

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	42,148,687	9,286,416	4,832,951	5,951,152	2,494,499	2,922,341	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	755,324	68,820	-	-	230	-	5,113,620	3.5
Obligations on securities sold under repurchase agreements	1,087,015	42,306						1,129,321	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	3.1
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	-	7,347,399	-	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 31 March 2008	Non-trading book					Non Interest Sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short term funds	16,488,335					546,842		17,035,177	3.8
Deposits & placement with banks & other financial instrument		1,939,754						1,939,754	3.8
Securities purchased under resale agreement	1,205,249	575,025						1,780,274	3.5
Securities held at fair value through profit and loss							5,333,447	5,333,447	3.9
Securities available-for-sale	65,543		528,266	273,620	63,991	2,127,565		3,058,985	4.3
Securities held-to-maturity	35,187		15,081	21,564		1,004,920		1,076,752	4.0
Loans, advances and financing									
- performing	25,131,556	388,340	1,202,529	1,662,078	1,147,467	(443,183)		29,088,787	6.5
- non-performing						488,014		488,014	
Other assets						1,726,013		1,726,013	
Statutory deposits with BNM						1,059,700		1,059,700	
Investment in subsidiary						592,041		592,041	
Prepaid land lease payments						5,914		5,914	
Property, plant and equipment						265,228		265,228	
Intangible assets						32,390		32,390	
Deferred tax assets						151,208		151,208	
Total assets	42,925,871	2,903,118	1,745,876	1,957,262	1,211,458	7,536,632	5,333,447	63,633,685	
Liabilities									
Deposits from customers	30,097,690	4,153,780	12,738,996	754,565	-	5,501,711		53,246,741	2.9
Deposits & placement of banks & other financial institutions	1,816,746	715,441	68,814	-	-	1,096		2,602,097	3.8
Obligations on securities sold under repurchase agreements									
Bills and acceptance payable	775	7,685	6,648	-	-	311,676		326,784	3.8
Other liabilities						1,930,323		1,930,323	
Subordinated obligations				671,639				671,639	3.2
Short term syndicated loan									
Provision for taxation						70,388		70,388	
General and Family Takaful fund liabilities									
General and Family Takaful fund policyholders' fund									
Total liabilities	31,915,211	4,876,905	12,814,458	1,426,224	-	7,815,194	-	58,847,992	
Shareholders funds						4,785,695		4,785,695	
Total liabilities and Shareholders' funds	31,915,211	4,876,905	12,814,458	1,426,224	-	12,600,887	-	63,633,685	
On-balance sheet profit sensitivity gap	11,010,660	(1,973,787)	(11,068,581)	531,039	1,211,458				
Off-balance sheet profit sensitivity gap	(1,746,235)	1,422,508	103,643	(278,878)	198,953				
Total profit sensitivity gap	9,264,425	(551,280)	(10,964,939)	252,161	1,410,410				

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	1,138,977						3,495,309	3.5
Securities held at fair value through profit and loss							3,217,337	3,217,337	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	3,217,337	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						1,843,864		1,843,864	
Other liabilities				671,657				671,657	5.2
Subordinated obligations			509,850					509,850	5.1
Short term syndicated loan						38,409		38,409	
Provision for taxation									
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 31 March 2008

	<u>The Group</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
ASSETS		
Cash and short-term funds	2,170,525	1,355,818
Deposits and placements with bank and other financial institutions	-	100,000
Securities - Held-for-trading	599,088	318,848
Securities - Available-for-trading	135,196	136,210
Securities - Held-to-maturity	60,762	432,812
Financing, advances and other financing	4,226,924	3,672,900
Other assets	10,571	19,875
Statutory deposits with Bank Negara Malaysia	147,264	170,314
Property, plant and equipment	1,989	1,630
Deferred tax assets	18,073	15,883
Total Assets	7,370,392	6,224,290
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	5,433,700	5,250,725
Deposits and placements of banks and other financial institutions	831,350	75,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	185,742	3,756
Other liabilities	264,332	292,119
Provision for taxation	7,619	2,555
Total Liabilities	6,722,743	5,624,155
Islamic banking capital fund	500,000	500,000
Reserves	147,649	100,135
Islamic Banking Funds	647,649	600,135
Total Liabilities and Islamic Banking Funds	7,370,392	6,224,290
COMMITMENTS AND CONTINGENCIES	1,010,975	398,025

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

28 Operations of Islamic Banking (continued)

28b Unaudited Income Statements for the 3rd Quarter and Cumulative 9 Months Ended 31 March 2008

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
Group				
Income derive from investment of deposits' funds and others	70,007	73,171	213,224	225,426
Income derive from investment of shareholders' funds	10,671	8,220	26,585	23,040
Allowance for losses on financing	(4,156)	(3,162)	(15,892)	(2,623)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	(1,939)	(400)	(1,145)	(5,011)
Other expenses directly attributable to the investment of the deposits and shareholders' funds				
Total distributable income	74,583	77,829	222,772	240,832
Income attributable to deposits	(38,545)	(44,624)	(118,831)	(140,298)
Total net income	36,038	33,205	103,941	100,534
Other operating expenses	(13,387)	(12,164)	(39,446)	(43,564)
Profit before taxation and zakat	22,651	21,041	64,495	56,970
Zakat	-	(12)	-	(30)
Taxation	(5,860)	(5,681)	(16,747)	(15,382)
Profit after taxation and zakat	16,791	15,348	47,748	41,558
Profit attributable to shareholders	16,791	15,348	47,748	41,558
Earning per share - basic (sen)	3.36	3.07	9.55	8.31
Earning per share - fully diluted (sen)	3.36	3.07	9.55	8.31

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

28 Operations of Islamic Banking (continued)

28c Financing, advances and other financing

(i) By type

	<u>The Group</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Cash line	7,153	7,457
Term financing		
- Housing financing	2,778,750	1,659,400
- Hire purchase receivable	3,010,561	2,708,237
- Lease receivable	22,218	25,976
- Other term financing	408,740	510,740
Claims on customers under acceptance credit	243,604	148,583
Staff financing	48	86
Revolving credit	634	696
Others	817	1,176
	<u>6,472,525</u>	<u>5,062,351</u>
Less: Unearned income	(2,142,537)	(1,303,602)
	<u>4,329,988</u>	<u>3,758,749</u>
Less: Allowance for bad and doubtful financing		
- General	(64,387)	(55,932)
- Specific	(38,677)	(29,917)
Total net financing, advances and other financing	<u><u>4,226,924</u></u>	<u><u>3,672,900</u></u>

(ii) By contract

	<u>The Group</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,402,053	1,020,885
Ijarah (lease)	20,979	24,086
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,663,352	2,407,069
Murabahah (cost-plus)	243,604	306,709
	<u><u>4,329,988</u></u>	<u><u>3,758,749</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>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
At beginning	61,070	75,637
Classified as non-performing during the period	141,896	252,574
Reclassified as performing	(116,545)	(211,495)
Amount recovered	(22,828)	(46,766)
Amount written off	(191)	(8,880)
At end	<u>63,402</u>	<u>61,070</u>
Net non-performing financing, advances and other financing	<u>24,725</u>	<u>31,153</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.6%</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 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
General allowance		
At beginning	55,932	60,158
Allowance made / (written back)	8,455	(4,226)
At end	<u>64,387</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)	15,389	21,795
Amount recovered	(6,438)	(9,848)
Amount written off	(191)	(8,938)
At end	<u>38,677</u>	<u>29,917</u>

28 Operations of Islamic Banking (continued)

28d Deposits from customer

By type of deposit

	<u>The Group</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Non-Mudharabah		
Demand deposits	334,895	299,018
Saving deposits	551,707	522,418
Negotiable Islamic Debt Certificate	365,090	198,077
Others	-	-
	<u>1,251,692</u>	<u>1,019,513</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	471,489	423,792
General investment deposits	1,345,632	2,002,058
Specific investment deposits	2,364,887	1,805,362
Others	-	-
	<u>4,182,008</u>	<u>4,231,212</u>
	<u>5,433,700</u>	<u>5,250,725</u>

29 Change in accounting policies and prior year adjustments

During the financial period ended 31 December 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 RM276.9 million for the current financial quarter ended 31 March 2008, an increase of RM72.9 million as compared to previous corresponding quarter. The increase in profitability was due to higher net income which increased by RM83.0 million coupled with lower loan loss provision.

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

The Group pre-tax profit for the nine months ended 31 March 2008 stood at RM825.7 million, an increase of RM210.8 million as compared to RM614.9 million in the previous corresponding period. Net income increased by RM223.5 million or 17%, which was spurred by the increase in net interest income of RM144.0 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM276.9 million as compared to RM293.0 million in the preceding quarter, a decrease of RM16.2 million mainly from higher specific provision charged coupled with lower recoveries.

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 31/03/2008 RM'000	Corresponding Quarter Ended 31/03/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2007 RM'000
The Group				
Malaysian income tax	75,154	63,029	220,582	182,399
Overseas tax	-	-	-	-
	<u>75,154</u>	<u>63,029</u>	<u>220,582</u>	<u>182,399</u>
Transfer from/(to) deferred taxation	(3,617)	(7,037)	(2,648)	(15,037)
	<u>71,537</u>	<u>55,992</u>	<u>217,934</u>	<u>167,362</u>

5 Taxation (continued)

	Current Quarter Ended 31/03/2008 RM'000	Corresponding Quarter Ended 31/03/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2007 RM'000
The Bank				
Malaysian income tax	67,934	58,731	201,726	168,997
Oversea tax	-	-	-	-
	<u>67,934</u>	<u>58,731</u>	<u>201,726</u>	<u>168,997</u>
Transfer from/(to) deferred taxation	(2,300)	(8,465)	(833)	(17,174)
	<u>65,634</u>	<u>50,266</u>	<u>200,893</u>	<u>151,823</u>

The Group's and the Bank's effective tax rate is higher than the statutory tax rate due to deferred tax expense charged arising from the change in the Malaysian corporate tax rate for the year of assessment 2009 from 26% to 25%.

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 are no outstanding corporate proposals for the current financial period.

9 Group borrowings

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

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Deposits from customers				
Fixed deposits	31,470,206	29,286,082	27,823,202	25,820,415
Negotiable instruments of deposit	1,193,592	3,247,184	877,173	3,097,778
Demand deposits	5,821,212	5,021,169	5,500,983	4,736,354
Saving deposits	7,364,691	7,117,265	6,341,494	6,171,055
Short term corporate placement	12,507,431	11,836,509	12,507,431	11,836,509
Other	196,458	211,188	196,458	211,188
	<u>58,553,590</u>	<u>56,719,397</u>	<u>53,246,741</u>	<u>51,873,299</u>
The maturity structure of fixed deposits and negotiable instruments:				
One year or less (short term)	31,631,375	31,700,881	27,945,811	28,175,737
More than one year (medium/long term)	1,032,423	832,385	754,564	742,456
	<u>32,663,798</u>	<u>32,533,266</u>	<u>28,700,375</u>	<u>28,918,193</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	2,768,991	3,677,870	2,451,141	3,602,870
Other financial institutions	664,456	1,435,750	150,956	1,435,750
	<u>3,433,447</u>	<u>5,113,620</u>	<u>2,602,097</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)	3,433,447	5,113,620	2,602,097	5,038,620
More than one year (medium/long term)	-	-	-	-
	<u>3,433,447</u>	<u>5,113,620</u>	<u>2,602,097</u>	<u>5,038,620</u>

11 Subordinated bonds

The Group and The Bank

	Financial Period Ended 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Subordinated bonds - USD200 million	<u>671,659</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 31/03/2008 RM'000	Financial Year Ended 30/06/2007 RM'000
Syndicated loan facility - USD150 million	<u>-</u>	<u>509,850</u>

The Syndicated Transferable Short Term Loan Facility ("the Facility") of USD150 million has matured on 21 November 2007

13 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2008:

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	5,417,455	3,050,932	941,149	671,695	753,679	-	
- swaps	22,697,007	10,650,569	5,185,867	1,946,356	1,246,101	3,069,115	598,999
- options	1,514,259	667,340	636,991	156,491	53,437	-	
Interest rate related contracts							
- forwards	-						
- futures	13,932,294	171	2,890,202	1,652,883	2,840,788	6,548,250	
- swaps	24,803,299	8,622,872	12,677,348	1,543,689	515,622	1,411,568	32,200
Total	68,364,314	22,991,884	22,331,557	5,971,114	5,409,627	11,028,933	631,199

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	5,417,455	3,050,932	941,149	671,695	753,679	-	
- swaps	22,697,007	10,650,569	5,185,867	1,946,356	1,246,101	3,069,115	598,999
- options	1,514,259	667,340	636,991	156,491	53,437		
Interest rate related contracts							
- forwards	-						
- futures	13,932,294	171	2,890,202	1,652,883	2,840,788	6,548,250	
- swaps	24,803,299	8,622,872	12,677,348	1,543,689	515,622	1,411,568	32,200
Total	68,364,314	22,991,884	22,331,557	5,971,114	5,409,627	11,028,933	631,199

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 RM561,611,164 (FYE June 2007: RM492,598,221) and RM29,339,093,400 (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 RM209,373,361 (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.

For financial period ended 31 March 2008, a total dividend of 9 sen per share less tax at 26% has been paid (2006/2007 : 9 sen per share less tax at 27%).

16 Earnings per share

a) Basic earnings per share

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

	Current Quarter Ended 31/03/2008 RM'000	Corresponding Quarter Ended 31/03/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2007 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	205,085	148,538	607,831	448,387
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	(131,090)	(116,845)	(130,904)	(110,897)
	<u>1,449,017</u>	<u>1,461,170</u>	<u>1,449,203</u>	<u>1,466,569</u>
Basic earnings per share (sen)	14.2	10.2	41.9	30.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	184,877	133,239	560,572	406,286
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	(131,090)	(116,845)	(130,904)	(110,897)
	<u>1,449,017</u>	<u>1,461,170</u>	<u>1,449,203</u>	<u>1,466,569</u>
Basic earnings per share (sen)	12.8	9.1	38.7	27.7

16 Earnings per share (continued)

b) Fully diluted earnings per share

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

	Current Quarter Ended 31/03/2008 RM'000	Corresponding Quarter Ended 31/03/2007 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2007 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	205,085	148,463	607,831	448,387
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,017	1,461,170	1,449,203	1,466,569
- adjustment for ESOS	-	-	-	-
	<u>1,449,017</u>	<u>1,461,170</u>	<u>1,449,203</u>	<u>1,466,569</u>
Fully diluted earnings per share (sen)	14.2	10.2	41.9	30.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	184,877	133,239	560,572	406,286
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,017	1,461,170	1,449,203	1,466,569
- adjustment for ESOS	-	-	-	-
	<u>1,449,017</u>	<u>1,461,170</u>	<u>1,449,203</u>	<u>1,466,569</u>
Fully diluted earnings per share (sen)	12.8	9.1	38.7	27.7